



ALL EARS!!

*The Litchfield Fund
Weekly Newsletter*

"We just don't hear it on the street, we have our ears spread across all the fields!!!!!"



Litchfield

Imagine growing up studying philosophy, then becoming a carpenter. But you work hard to deliver your message in front of the people. You rise to become an icon, an idol, a hero to millions, not just on Earth & but in the stars & heavens! Well, that is exactly what happened for Harrison Ford, who has played Earthly heroes like Indiana Jones & a hero in the stars & heavens, Han Solo! Mr. Ford is the highest grossing box office star of all-time! No matter what your profession, it is important to do it well. As long time Speaker of the House, Sam Rayburn said, "*Any jackass can kick a barn down, but it takes a carpenter to build one!*"

Bang-Up Job: The USA economy generated 313K jobs in February, surpassing the expectations of the experts, who forecasted 200K new jobs. January job creation was revised upward. Wage growth was steady at under 3%, which satisfied investors that inflation & FED interest rate hikes would stay on course. Unemployment filings remain at near 50-year lows. President Theodore Roosevelt once said, "*Far & away the best prize that life has to offer is the chance to work hard at work worth doing.*" We agree! Whether you are a philosopher, carpenter or actor, nothing is more satisfying than learning a skill, employing that skill & being rewarded for that work. Being able to earn enough to support yourself & your family, while seeing the opportunity to grow your skills & your financial prospects, is what the USA is all about! The wage-earning consumer is the spark for economic growth! They will choose to use those hard-earned dollars for what is important to them & their family, be it food, education, vacations or toys! As employers continue to seek workers, here is *The Bull Moose's* advice for the next job interview, "*When you are asked if you can do a job, tell 'em, 'Certainly I can!' Then get busy & find out how to do it.*"

Industry News: *Thrive Market Ventures*, a new investment arm of *Thrive Market*, closed a \$500K convertible note with snack brand *Square Organics* for its first investment. *Softbank* led a \$535M investment in *DoorDash*, valuing the company at \$1.4B. Ketogenic bone broth protein supplement, *Ancient Nutrition*, raised \$103M in a minority investment led by *VMG partners*, *Hillhouse Capital* & *Iconiq Capital* with more than 100 industry veterans participating in the round. One of **The Litchfield Fund's** favorite farm-to-table chains, *Modern Market*, was acquired by Los Angeles based *Butterfly*, a private equity firm specializing in the food sector. *Aspire Food Group* (edible insect farming technology) has acquired *Exo*, maker of cricket-based protein bars. The companies will look to use *Aspire's* farming & supply chain operations to fuel new products & growth. *Food Business News* reported that *Smucker's* may sell its struggling baking brands (*Pillsbury*, *Robin Hood*, etc.) for \$700M. The FTC's challenge to *Smucker's* \$285M purchase of *Wesson Oil* (*Crisco*) from *ConAgra*, due to *Smucker* gaining more than 70% of the total branded canola & vegetable oil USA market, put an end to the proposed deal. *First Beverage Group* has spun off its investment arm & merged with *Cascadia Capital*.

Costco's 2nd QTR sales reached \$32.2B, up 10.8% as same store sales rose more than 8% & EPS increased 22%, excluding tax reform benefits. *Kroger's* 4th QTR came in with a 12.4% sales increase to \$31B & net income rose almost 10%. *Kroger's* stock price fell as the company projected 2018 earnings below analyst projections. *Target* reported 4th QTR increases in sales (10%), profit (35%), comparables (3.6%) & traffic (3.2%) but missed analyst projections by 1¢. During 4th QTR, *Monster* saw a 16% increase in income of 16% as sales grew more than 7%. Though coming short of analyst projections, *Dollar Tree* saw 4th QTR sales rise almost 13% & net income double, mostly due to tax reform. *Dollar Tree* will put the tax benefit back into employee wages & benefits while adding 650 stores in 2018. *United Natural Foods* beat analyst 2nd QTR estimates with a 10.6% increase in sales & an almost 35% jump in EPS.

Kraft Heinz has launched an incubator for emerging on trend disruptive, innovative brands called *Springboard*. *Publix* will invest \$1.5B on its stores. Steve Oakland, formerly running *Smucker's* food & beverage unit, will become CEO of *TreeHouse Foods*. Industry executive Jim Donald, formerly of *Starbucks*, *Haggen Food*, *Extended Stay America* & *Rite Aid's* board, has been named CEO of *Albertsons*. *Walmart* will significantly expand its assortment of meal kits & 'heat & eat' prepared foods & make them available in more than 2000 stores in 2018. *EFFI FOODS®* will launch the first ever legume-based granola, a new organic, vegan product line of chickpea granola. *Unilever* will introduce four organic, gluten-free, plant-based snacks (flax, chia & sesame seed) under the name *Growing Roots*. *McDonald's* USA has begun to rollout fresh not frozen beef for all its *Quarter Pounder* & *Signature Crafted Recipe* burgers & will be served in all USA restaurants by early May. *Anheuser-Busch's Michelob Ultra* will add organic grain *Michelob Ultra Pure Gold* to its offerings. *Drink Maple* is rebranding as *Drink Simple*, reflecting its expansion beyond maple water. *General Mills' Cascadian Farm* will contribute \$125K over the next five years to *Grain Millers* for oat farm soil research in the upper Midwest. *The Salvation Army* will open a grocery store in a Baltimore food desert named *DMG (Doing the Most Good) Foods* that will also offer workforce development & nutritional guidance.

Research published in the *Journal of Alzheimer's Disease*, found that consuming more protein led to lower levels of the blood biomarker amyloid beta in their blood, a precursor to Alzheimer's. *Surveygoo* reported that 40% of Americans are willing to try lab-grown meat, including 28% of meat eaters. The FDA updated its Nutritional Facts label changes, which will go into effect in 2020 (companies greater than \$10M in sales) & 2021 (all others). The guidelines include details on which non-digestible carbohydrates can be added to food & be considered fiber. A Canadian government-funded incubator put more than \$150M in funding with \$400M in private sector spending commitments to companies & organizations developing plant-based proteins.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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