



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

The prison camp movie has a complex plot! Men & women (like Claudette Colbert, Paulette Goddard & Veronica Lake in *So Proudly We Hail!*) in extreme circumstances must find the will to battle the captors, the elements & if there is a collaborator or squealer, each other! From *La Grand Illusion* to *Unbroken*, these movies show the psychological & sociological pressures on the captives & the worst that war & humans can do! But they also show the courageousness of the human spirit, *though perhaps not quite Viktor Frankel!* And who doesn’t enjoy Steve McQueen as the cocky, Nazi-baiting, baseball-bouncing *Cooler King?*

Chicken, Bees & Tuna: Most critics put Mr. McQueen & *The Great Escape* (mostly based on a true story) among the top P.O.W. movies, along with *The Bridge on the River Kwai* & *Stalag 17*. But there is a list of great P.O.W. movies like *King Rat*, *Von Ryan’s Express*, *The Colditz Story*, *Act of Violence* & many more. For a lighter & perhaps irreverent take there is *Hogan’s Heroes* (this writer’s all-time favorite TV show) or the recent *Chicken Run! Stalag 17* is the ultimate squealer movie. After an escape is foiled, the prisoners believe Bill Holden’s character J.J. Sefton is a spy & to blame. They think it is Sefton because he trades cigarettes & canned goods with the guards for special privileges. The other prisoners hound him & beat him, but he knows who the spy really is – Price, the barracks security chief. Price is using a hollowed-out chess piece to send messages to the Nazis! Finally, to save another prisoner, Sefton accuses Price of being the spy. To expose Price, Sefton asks him what he was doing when Pearl Harbor was bombed, which of course no American would ever forget! Price answers that it was 6 PM & that he was eating dinner, *which was the correct time in Berlin*, but not in Price’s supposed hometown of Cleveland, Ohio! These movies feature a squealer, a collaborator or someone sweating it out, waiting to be uncovered! It was reported this week that *Tri-Union Seafoods (Chicken of the Sea)*, *Bumble Bee Foods* & *Starkist* are in a California federal court being charged with conspiracy to fix the price of tuna. As we speak, the *chicken* is clucking to authorities, the *bee* has already buzzed & agreed to a \$25M fine & *Charlie the Tuna* is sweating it out! We see characters for *Chicken Run 2!*

With all seriousness, please remember the *POW/MIA’s* & their families. *You are not forgotten!*

Industry News: *Nestlé* led a \$77M investment round in *Freshly*, which delivers meals on a weekly basis from its 30-dish menu. *Freshly* has banned 85 ingredients from its meals. To date now *Freshly* has raised \$107M. In this round *Highland Capital*, *Insight Ventures* & *White Star Capital* participated. *Nestlé USA* is partnering with *RaboBank* & *Rocket Space* to support start-ups along with the *Terra Foods + Agtech* accelerator program. *Dean Foods* acquired *Uncle Matt’s Organic*.

Glencoe Capital Management acquired *Robert Rothschild Farms*, makers of gourmet sauces, spreads & dips with organic, gluten-free, clean label & premium offerings. For the first time since May, 2016, *Hain Celestial* reported earnings. The delay was to perform audits concerning a variety of financial reporting concerns & controls. During the first three quarters of fiscal year 2017, *Hain* saw a slight decrease in overall sales, but with sales growth in its markets outside the USA. Adjusted EBITDA fell almost 30%. *Hain* is reducing SKUs to focus on its high performing brands & looking to make \$350M in cost cuts by 2020. *Hain* is seeking 4% to 6% growth for 2018.

Kellogg's will partner with *Moe's Southwest Grill* to produce frozen southwest flavored breakfast bowls, each with a minimum of 12 grams of protein. *Chick-fil-A* will introduce a gluten-free bun across the nation for an extra \$1.15. *Sprouts Farmers Market* will not change its relationship with *Amazon Prime* for on-line ordering & delivery, at least for the time being. Reports are that *Walmart* has told vendors not to develop applications for them with Amazon Web Services. On July 20, *Marsh Supermarkets* will close the remaining stores not sold at auction to *Kroger & Fresh Encounters*. *Kroger* will look to grow by acquiring more stores through bankruptcy, perhaps slowing its new builds.

BevNET reported that Ben Weiss, CEO of Bai Brands, has resigned. Early indications after the *Dr. Pepper Snapple* acquisition was that Mr. Weiss would remain in place. DPS veteran Lane Hancock was announced as the new CEO. Ivan Pollard, formerly SVP of Strategic Marketing for *Coca-Cola North America*, is now Global Chief Marketing Officer for *General Mills*. Rick Anicetti resigned as CEO & from the Board of Directors at *The Fresh Market* amid financial troubles connected to its expansion plans & value proposition. Ian McLeod is leaving *Southeastern Grocers* after two years as CEO. Suspensions exist that *Southeastern Grocers* may be a takeover target.

A *Persea Naturals* scientist has discovered that ground avocado pits produce a natural bright orange color as a food additive. Corn will be more than two-thirds of the USA's total grain & oilseed output. While there is a great demand & good profitability for growing corn, it places farmers at risk for a downturn in demand. Vanilla shortages remain due to the difficult manual harvesting process & recent weather issues in Madagascar. Under the Administration's budget, the Food Safety Modernization Act received a less than 1% budget cut, with \$981M made available for the year.

Market News: The market indices rose since last Friday, again with highs during the week. Crude oil continued to slump & Brexit negotiations began. Otherwise, economic news was light.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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