



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

"Just the facts, Ma'am" was the parodied response for Jack Webb's character Sgt. Joe Friday, Badge 714, in the hit radio & television series *Dragnet*. Though Mr. Webb never actually said the line, it became emblematic for a professional, no-nonsense police detective that has been copied over the years. Mr. Webb's radio success led to his being cast as the iconic straight-shooting Sergeant, though he thought other actors should play the role. Mr. Webb was not opposed however, to parodying himself, with the great Johnny Carson, in the Case of the [Clean Copper Clappers Copped by Kleptomaniac Claude Cooper from Cleveland](#).

Just the Facts: In June, **The Litchfield Fund & All Ears!!** celebrate a 4-year anniversary. We thank those of you who have been regular readers & welcome those who may just be discovering our weekly newsletter. *All Ears!!* came about as our own way of staying on top of trends in our fast-moving industry! Each week we pull together headlines & significant events for entrepreneurs & investors, trying not to add too much of our own opinion! We believe each reader has their own unique perspective, concern & business. They will review the information, taking from it what is valuable to them. We hope this is the value we provide; along with an interesting factoid or two & perhaps, *hopefully*, a chuckle. We will continue to give *just the facts* & humbly close with the motto of *EW Scripps'* newspapers, "*Give light & the people will find their own way.*"

Industry News: *SnackNation* gained \$12M in funding led by *3L Capital*, almost doubling *SnackNation's* venture backing. *KP Snacks*, an *Intersnack Group* subsidiary, will acquire the *Tyrrells'* snack business from *Hershey*. *Impact Group* has added three independent food brokerage companies in the Midwest to enhance its coverage: *Impact Sales & Associates*, *Ritt-Beyer & WJ Pence*. *Kroger* acquired meal kit company *Home Chef* for \$200M, with \$500M in on-line & in-store performance goals. *Home Chef* will continue its e-commerce business, will offer meal kits in *Kroger* stores & *Kroger* on-line & be responsible for managing *Kroger's* meal portfolio. *Crowd Cow*, an online platform providing consumers direct access to ranches & meat suppliers, raised \$8M. *Madrona Venture Group* led the round, with *Sound Ventures*, *Liquid 2 Ventures* & *Ashton Kutcher* participating. Ingredient provider *Tate & Lyle* purchased a 15% stake in *Sweet Green Fields* which offers a range of stevia products. *PepsiCo* acquired *Bare Snacks*, maker of baked fruit & vegetable snacks, for an undisclosed amount. *Spangler Candy* won an almost \$19B bid for *Necco*, maker of *Necco Wafers* & *Sweethearts*. The fate of the company's other brands (*Clark Bar*, *Mary Jane*, *Sky Bar*) is unknown. *BJ's Wholesale Club Holdings* has filed an IPO registration statement for an initial public offering with the SEC, applying for the ticker symbol BJ. *PepsiCo North America Nutrition*, which focuses on the company's nutrition brands, will partner with the local incubator *The Hatchery Chicago*. Former *Voss of Norway* CEO, Jack Belsito, has joined *First Beverage Ventures* as a managing partner.

Traffic at *Target* stores increased 3.7% in 1st QTR, more than it has in 10 years. Comparables rose 3% & digital sales grew 28%. *Target* did miss analyst projections on revenue & earnings. *Hormel* saw a 2nd QTR revenue rise 6.5% to a record \$2.33B with a 13% income gain but missed targets. Increased shipping costs dragged on income, similar to other CPG companies this earnings season. *Spartan Nash* reported a 1.3% net sales gain driven by increases in both wholesale & military distribution while retail sales dragged. A 55¢ EPS beat analyst estimates by 2¢.

The *Arizona Republic* reports that *Aldi* will build a distribution center & possibly nine stores in the Phoenix area, though plans are unclear. Plans appear to be developing for *Hershey's Krave Jerky* to move from NorCal to Austin, where *Hershey's* other better-for-you brand *Skinny Pop* is located. The *Food Marketing Institute* is launching *FMI Emerge*, a subscription-based online community for emerging food & beverage brands that offers education, mentoring & access to capital sources. *Tyson* continues to innovate with a line of "protein crisps" called *jYAPPAH!*, made from chicken breasts, juice byproducts & spent grain from *Molson Coors*.

According to *Nielson*, worldwide pasta sales rose 2.3% in 2016 & 0.6% in 2017. According to *IRI*, for the year ending in February, bread sales were basically flat at \$9.1B. *Comax* reports that consumers feel bread is unhealthy. Eighty-nine percent of millennials ate at least one better-for-you snack each week with 50% driving at least five miles to buy a snack they were craving. They are searching for snacks with fewer ingredients (64%) & 79% trust a snack with understandable ingredients. Per *Morning Consult*, 67% of USA consumers have never purchased packaged food or a beverage product on-line. *Euromonitor* reports 70% of in-store snack purchases are unplanned. From *Food Navigator*, 16% of all spontaneous snacks sales are in the convenience channel growing 27% since 2012. However, ecommerce & specialty diets are slowing growth. According to *Temkin Group's* 2018 *Temkin Trust Ratings*, *Wegmans* & *H-E-B* are among the businesses most trusted by consumers. Studies from China & the U.K. show that daily egg consumption lowers risk of cardiovascular disease by 18%, haemorrhagic stroke by 26%, death from haemorrhagic stroke by 28% & ischaemic heart disease was 12%. Families with higher education & household income levels are more likely to consume eggs, try new dietary patterns & to take multivitamins. The USDA has been petitioned by consumer groups to require stronger recordkeeping for produce & leafy greens.

Market News: Markets swayed with political unrest (then rest) in Italy, tariffs & job growth. In May, USA jobs grew by 223K, soaring past the experts' forecasts. The unemployment rate fell to 3.8%, coming in lower than the projected 3.9%, with unemployment among all groups falling! Wages rose 0.3% over the prior month, reaching 2.7% over the prior year. *Just the facts!*

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malenjo*

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