



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

Christmas angels! Our vision of an angel may come from Linus reciting the Christmas story ("*Lights, please*"), Henry Travers' befuddled Clarence, Cary Grant's somewhat sardonic Dudley, Jack Benny's naïve Athanael or John Travolta's anti-angel-Michael-antics. While we personally favor the iconic warrior *St. Michael*, sword in hand, driving Satan & his fallen angels from heaven, angels come in all forms, like the patient store clerk who helps you pick a gift for that so hard to buy person. And these angels all have something in common, they enter our lives on a mission to help, to protect & do us - *maybe the world* - some good.

Investing Angels: These are exactly the same reasons start-up entrepreneurs seek angel investors. And they will always be their best investors. Family, friends, maybe a former boss or colleague who know the entrepreneur, believe in his or her abilities & product, & want the best for the entrepreneur! The terms might be the most favorable the entrepreneur may ever get – from a parent's "*It's okay, pay me back if you can*" or Old Uncle Joe's "*That's nice, I get a piece of your business?*" to a former boss's "*Explain to me how I get a return!*" but there is one thing all these people have in common, they will be there to unequivocally support & back the entrepreneur as the company grows.

After that point, raising money becomes more difficult & more complicated. That statement is at odds with another fact – *there is a lot of 'easy' money to be had!* Many investors are '*shotgunning*' – they invest in multiple companies knowing they will 'hit' on one! They even invest in competing brands, knowing one will succeed, and care little as to which one wins! At BevNET Live earlier this month we heard from David Smith, CEO & Founder of *High Brew Coffee*. Mr. Smith mentioned *the importance of taking money from those who understand your brand, not just from a checkbook*. There are many platforms & ways in which entrepreneurs & start-ups can acquire investors, but as we have mentioned before in *All Ears!!* money talks & votes. Investors may just be seeking a quick exit & return. Worse, they may have ideas as to how the company should be run & expect their views to hold some sway. These interests may not align with the entrepreneur's goals! Unlike angel investors, or investors where there is a relationship & a shared vision, these investors may not provide support, backing & guidance to help the entrepreneur achieve objectives.

Believing in brand becomes even more important as the start-up grows & seeks money from an investment firm. Assuring an alignment of goals & operating practice is essential. An investment firm has to make money for itself & its participants. But an investment firm brings

resources, connections, knowledge & influence to a start-up. Shared visions harness all this resource & help the entrepreneur reach a goal!

With so much easy money available, why should entrepreneurs worry? Seek the advice of the angels & investors who share the vision, for as 17th century poet Alexander Pope warned “*Fools rush in where angels fear to tread!*”

Industry News: *Ripple Foods*, looking to introduce plant-based non-dairy milk in 2016 along with other plant-based foods, took in \$14M in financing. *Ripple Foods* is co-led by Adam Lowry, founder of *Method*. Investment dollars continue to flow into AgTech & farming. Purdue University created a new initiative called the Ag-celerator program with \$2M in funding focused on advancing crop traits & generating higher yields, & helping to launch startup businesses. Bill Weiland, Duane Primozich & Carole Buyers, who managed the investment arm of Boulder Brands (**BDBD**), filed paperwork with the SEC indicating that they are launching a private-equity investment fund, *Bigr Ventures LP*.

Earnings News: General Mills (**GIS**) met analyst expectations with an 82¢ EPS despite missing slightly on revenue. **GIS**'s revenue has dropped 7 times in the last 8 quarters but through cost cutting has met profit targets in 5 of the last 8 quarters. The strong dollar & shifting customer demand hurt revenue. **GIS** has forecasted lower revenue growth in coming quarters.

Portfolio News: Kroger (**KR**) completed the \$800M acquisition of Roundy's. Pinnacle Foods initiated the tender offer for **BDBD** at \$11 per share. Both Cal-Maine Foods (**CALM**) & Zoe's Kitchen (**ZOES**) have seen price pullbacks despite fundamentally sound analysis as to the potential for growth.

Market News: A quarter percent rate hike may have been priced into stocks but \$35 per barrel oil may not have been. Volatility (the Fear Index) went up as the week went on, clearly indicating investors have concerns about global growth, the dollar, government spending & uncontrolled terrorism.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

V2issue27.12.19.15

The Litchfield Fund is a family owned & operated joint venture. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours and should not be considered investment advice or recommendations.