



# 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**

**This week we think about stewardship.** Arbor Day was first held in Spain in 1594. Nebraska established Arbor Day in 1872. National Arbor Day is traditionally celebrated on the last Friday of April. In 1907, President Theodore Roosevelt sent a proclamation to school children asking them to plant a tree & think about conservation. Arbor Day is still celebrated in countries around the world. In 1970, Arbor Day was surpassed by its cousin, Earth Day, backed by its Madison Avenue marketing glitz. Clearly, stewardship for our land, water & air is nothing new & the consequences of neglecting our natural resources can be devastating.

**The Dust Bowl:** It was not just drought that caused the Dust Bowl of the Great Depression that saw acres of the once fertile plains states to turn to dust & drive farmers & ranchers west for better prospects. Years of increased immigration, over-utilization, over-grazing & failed government policies destroyed native trees, grasses & plants that held the soil in place. In May 1933 & April 1935 clouds of dust arose that blackened the sky as far east as Washington D.C. Red snow was reported in New England the following winter. The social & economic impact was immense. So whether you are celebrating Arbor Day or Earth Day remember that for many years people have been concerned about the conservation of our natural resources & history has shown the problems resulting from the lack of appropriate stewardship.

**Industry News:** In the *It’s Still the Same Old Story* category, acquisitions once again headline this week’s news. *Post Holdings* grabbed U.K. whole grain cereal, cookie & drink maker *Weetabix* from *Bright Foods* for \$1.76B. *Powerplant Ventures* acquired rice & bean chip maker *Beanfields*. Unilever, maker of the iconic *Hellman’s* mayonnaise, acquired condiment maker *Sir Kensington’s*. *Unilever* had just sold its spreads business in a major reorganization of its business efforts.

*Amazon Fresh* had \$10M in 1<sup>st</sup> QTR sales with produce & dairy leading the way. *Amazon’s* total 1<sup>st</sup> QTR grocery sales were \$350M. *GNC Holdings’* 1<sup>st</sup> QTR earnings were once again disappointing, though management cited increased store traffic but an unfortunate decline in transaction size. *Nestlé* reported 1<sup>st</sup> QTR earnings in line with analyst projections & on track with suggested modest 2017 growth. *Amplify Snacks*, makers of *Skinny Pop*, is entering legal action with *Snyder-Lance* over their *Metcalfe’s Skinny Popcorn’s* use of the word *skinny*. We wonder if Joe Tex, Alex Beven & Tom Robbins will be called as expert witnesses. *Lifeway Foods* is seeing legal action about its 99% lactose-free claim. *CVS* will be adding 27 free-from products to its *Gold Emblem Abound* private label brand. *CVS* will add store space for better-for-you health, food & beverage products. *Hy-Vee* will expand its *Health Market*, a separate section shelving healthy products, into additional stores. *Supervalu* will continue to offer recently acquired *Unified*

*Grocers' private label brands, including Natural Directions. Hollandia will combine Hollandia Living Lettuce, Grower Pete's & Live Gourmet into one brand, Pete's Living Greens.*

The USDA reports that certified organic farm operations grew at 13% in 2016, the highest growth rate in almost ten years. Meanwhile, the need for certification increases, as organic grain imports surged with a great deal going toward animal feed. Analysts report that meat production continues to grow at modest rates with more than 100B pounds expected this year. Per *Technomic Advisory Group*, burgers are the most popular of all hand-held sandwiches, constituting 49% (\$90B) of all sales. Fast & casual restaurants account for 57% of those burger sales. In March, for the second straight month, deflationary pressure on food prices eased. *The Journal of Pharmacy Practice* reported a small study that shows Vitamin D reduced the muscle breakdown & pain resulting from daily statin use. *BMC Medicine* reported 20 grams of nuts a day can reduce the risk of heart disease, kidney disease, stroke, cancer, diabetes & more. Interestingly, consuming more than 20g of nuts provides no additional benefits.

**Partnership Brand Update:** Great news for two of **The Litchfield Fund's** partnership brands. First, *B'more Organic* continues expansion into conventional supermarkets announcing it will be on the shelves in *Ingles' Market, Weis Market & Top's Friendly Markets*. *B'more* offers a tasty & functional drinkable skyr yogurt. Read the full story in BevNET [B'more Organic Expands Availability](#) & remember to *B'more Healthy, B'more Green, B'more Giving & B'more Organic*. As mentioned recently in *All Ears!!*, *Harvest Soul* cut the ribbon on April 21 for a new 28,000 sq. ft. production facility just south of Atlanta. The new facility provides a 2M gallon production capacity & control for *Harvest Soul* over its supply chain & production. *Harvest Soul*, now with nationwide distribution in *Sprouts Farmers Market*, offers high fiber 100% organic chewable & probiotic juices. Read the full story in the Atlanta Daybook [Harvest Soul Opens New Production Facility](#) & join the *Chewtrition Revolution*. Congratulations to the great folks at *B'more Organic & Harvest Soul*. Both these young companies have adapted well to the demands of the consumer market to grow & expand their businesses! We are proud to be partners with both teams & look forward to what comes next for these great brands.

**Market News:** It was a cumbersome week on Wall Street. Bank earnings & falling oil prices seemed to stall a possible market rally. The French elections appear to be in play along with continued geopolitical concerns. Markets rallied toward the end of the week, with the S&P finishing up for the week. Investors seemed to take heart on the potential of tax reform & healthcare actions. Expectations for a June rate hike fell below 50%.

**Seeds, Sprouts, Grow, Harvest!**

The Litchfield Fund

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