



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

Willful waste makes woeful want! The phrase is from a book of poetry, *Paradise of Dainty Devices*, by 16th century poet, playwright & composer Richard Edwardes, noted for his comedies. He was rumored to be among the many thought to be an illegitimate son of King Henry VIII, as the Tudor king got around. The proverb reappeared in 1772 as “*waste not, want not!*” Past generations saw thrift as a virtue. Like my immigrant grandparents & depression-era parents, I save for reuse every nail, nut, bolt, screw, broken tool, piece of cloth or wood! To this day ageing veggies with an unknown frozen slab of meat is good stew!

Waste Not: Thomas Edison believed *the scope of thrift was limitless*. A shocking new study in the *Journal of the Academy of Nutrition & Dietetics* by Johns Hopkins shows daily food waste could provide 1,217 calories, 33 grams of protein, 5.9 grams of fiber, 1.7 mcg of vitamin D, 286 mg of calcium and 880 mg of potassium to each person in the U.S. each day! Think of how that compares to a recommended daily diet! We remember a study that indicated 58¢ of every dollar of fruits & veggies in the cycle was lost due to spoilage! That is bad for businesses & consumers! Local sourcing, greenhouses that can grow year-round & companies that manufacture from ugly produce will help reduce waste! Continued clarification of *use by* dates, whether to clearly identify taste loss or health concerns, will be beneficial! Another way not to waste food? Think like Yogi Berra: *You better cut the pizza in four pieces because I'm not hungry enough to eat six!*

Industry News: There are reports of a bidding war developing for *Stonyfield Yogurt*, being sold by *Danone* after its acquisition of *Whitewave Foods*. Tea-based cocktail mixer maker *Owl's Brew* closed a \$4M series A funding round. The round included participation from investment firms *Cambridge Companies SPG* & *Anheuser-Busch InBev's ZX Ventures*. *KRa Organic Sports Drink* now has Roy Hibbert, former NBA player, as an investor & advisor. *R.e.d.d.* announced closing a \$0.85M funding round with several investors participating. *Rabobank* has initiated a VC fund to invest in early-stage innovative food & agricultural companies in the U.S. The Rabo Food & Agri Innovation Fund will be part of *Rabo Private Equity*. *Rabo Bank* will make their entire team of Food/Agricultural experts available to these companies.

Jewel Food, an *Albertsons* company, had offered \$100M for 19 *Strack & Van Til* stores prior to *Central Grocers* filing for bankruptcy. *Ahold* will close the remaining 9 *Martin's Food Market* stores in Virginia. *ShopRite* launched an in-store messaging program, *Well Everyday*, to promote better food choices for consumers. *Lidl*, planning 20 summer store openings, announced that the first stores will open mid-June. Many locations will compete directly with *Walmart* locations. *Walmart* beat expectations for EPS & showed growth in comparables & traffic during 1st QTR.

Target still intends to continue to improve food sales as 1st QTR earnings beat analyst & the company's own expectations. Results were mixed despite a year-over-year improvement in EPS (\$1.23 compared to 91¢) with comparables & sales declining, but still beating expectations. *Weis Markets'* 1st QTR sales rose 15.4% with the acquisition of 38 *Food Lion* stores, but profit slid due to deflation, good winter weather & lower margins.

Mondelez reported an almost 20% increase in EPS for its 1st QTR & will continue to emphasize healthy foods. While *Dave's Killer Bread* had a good 1st QTR, sales & adjusted earnings fell 11% for parent *Flower Foods*. The company adjusted full year guidance to the lower end of the previous range. *Inventure Foods*, after the divestiture of its *Fresh Frozen Foods* business, reported EBITDA from continuing operations of \$1.6M in 1st QTR compared to \$3.7M from the year prior. Net revenue fell 13%. After more than a year, *Hain Celestial* appears prepared to release financial reports following an extensive accounting & audit review.

Bird's Eye is introducing new mashed, veggie & pasta frozen foods with organics & superfoods. *Conagra Brands* is following the protein/fiber/international flavors & ingredients trend with new *Healthy Choice Power Bowls*, frozen entrees with unique flavors & trendy ingredients. Each of the four SKUs contains more than 16 grams of protein & 6 to 8 grams of fiber. *DanoneWave* is reducing fat & sugar while increasing nutrient content across many of its products, including *Oikos*, *Light & Fit* & *Activia*. *Essentia Water*, a **Litchfield Fund** pantry favorite, is introducing an updated logo & design. *Hawthorn Suites by Wyndham* is piloting grocery delivery through *Instacart* & *Peapod*, offering guests the convenience for delivery of their favorite foods without hunting down a nearby grocery store.

The International Food Information Council Foundation's 12th Annual Food & Health Survey provided several statistics indicating that consumers are experiencing a great deal of confusion in determining the nutritional content of food as related to ingredients, price, health impact, etc.

A Litchfield Fund update: The **Litchfield Fund** is looking forward to participating this week in the [Phoenix FundingPost Investor Roundtable](#) on Thursday, May 25. We are excited to be part of a panel reviewing entrepreneur pitches! Watch our Twitter/LinkedIn social media for updates!

Market News: Markets rolled with the tide of the political news, ending slightly lower for the week. Oil prices moved upward, finishing at more than \$50 bbl. The Atlanta Federal Reserve GDP Now forecast model has projected GDP growth of more than 4% for 2nd QTR.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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