



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

“...do not squander time, for that's the stuff life is made of,” said Benjamin Franklin. We believe people *vote* with their time & their money. This perspective comes from the works of Burke, Locke, Smith, Hume & Jack Kemp. It gives rise to our belief that people will act in their own best interest, economically & socially & by doing so, benefit the broader society. Proof that people will spend their time & money on what is most important to them? Ask any parent who traveled 200 miles just to sit in the pouring rain during a weekend long soccer tourney after buying their bench sitting child a new \$150 pair of cleats!

Time & Money: We certainly can find many examples of people who did not spend their time & money wisely. As the late, great Robin Williams once said, “Cocaine is God's way of telling you, you are making too much money.” But most people use their *time to make money & their money & remaining time* to build a better life for themselves & their families. For example, when the internet sprouted in the 1990s (pre-SEO) the adage was to use a search engine & key in perhaps, a ‘W’. The order of search results would indicate how people were spending their time & money! Then, you would invest in whatever search result came up first: Walmart, Walgreens or warthog steaks! We believe the consumer is king & consumer spending power drives the economy. Each week our **Industry News** section covers trends that report continuing growth in Natural/Organic commerce & ongoing capital investment in & acquisition of young companies. To us, this indicates how & where people are spending their time & money. Following these kinds of trends help investors make important decisions. Yet, as von Goethe wrote, “Many people take no care of their money till they come nearly to the end of it, and others do just the same with their time.” But to end on a more lighthearted note, as 19-year old Lefty Frizzell wrote from prison in 1947, “If you got the money honey, I got the time!”

Industry News: As has been rumored for several weeks now *PepsiCo* completed the purchase of *Kevita*. The purchase expands *PepsiCo*'s health & wellness offerings. *PepsiCo* has indicated that *Kevita* will continue to operate independently. *Kevita* has always been one of **The Litchfield Fund**'s favorite fermented beverages. *Dr. Pepper Snapple* picked up *BAI Brands* for just \$1.7B. *BAI Brands*, founded in 2009, will continue to be led by founder Ben Weiss. The \$12.5B sale of *Whitewave Foods* to *Danone* has been delayed until 1st QTR 2017 as the companies seek to gain regulatory approval.

Sunrise Strategic Partners made a minority investment in *Maple Hill Creamery*, which produces 100% grass-fed organic dairy items, including whole milk yogurt, kefir, cheese & milk. *Sunrise Strategic Partners* is founded by Steve Hughes, former *Boulder Brands*' CEO. *Maple Hill*

Creamery has more than 100 farms which is 25% of all New York State organic dairy farms. *Maple Hill, Organic Valley & Trickling Springs* & others institutions, such as the American Grassfed Association, are working to develop standards for grass-fed dairy products.

Campbell Soup reported strong 1st QTR earnings, notching a \$1.00 EPS compared to a 62¢ EPS same QTR last year. Analysts had estimated a 95¢ EPS. *Campbell* came in on target with \$2.2B in revenue. While *Campbell* is still strategically focused on healthier real food transparency, its C-Fresh division suffered this quarter while recovering from the *Bolthouse Farms Protein Plus* recall. *Campbell* will launch *Well Yes!*, a line of ready-to-serve soups before year-end. *Campbell* plans to introduce reformulated products without artificial colors & soup cans with no B.P.A. lining in the next few months. *Tyson Foods* missed on 4th QTR & fiscal year 2016 earnings amid slumping chicken sales. With a weaker 2017 projection & the announcement of the CEO retiring, the stock dropped this week. *Tyson* will focus on innovation.

Phoenix-based *Shamrock Farms* will begin a 3-year sponsorship of the U.S. Ski Team, U.S. Snowboarding & U.S. Free-skiing. *Shamrock Farms* will be their exclusive milk beverage with its *Rockin' Refuel* line of protein milk beverages.

The U.S. Court of Appeals for the 9th Circuit issued its decisions Friday on whether federal & Hawaii state laws preempt Hawaii counties' authority to regulate genetically engineered crops & pesticide use. The court ruled in favor of localities having the authority to pass their own laws. We applaud this court decision, as we feel localities should be free to determine what is best for their local industry & communities. On a final note, domestic quinoa farming is reported to be on the rise.

Market News: The post-election rally continued with market indices & consumer sentiment striking new highs as the week went along. UBS forecasted a good 2017 for consumer spending, a sign which we as investors in small businesses see as very positive. The post-Brexit GDP for the United Kingdom came in at 2.3%, once again confounding the Brexit doomsayers. Oil prices will be on the watch next week as the world's largest oil producing nations meet to discuss supply & pricing. Our general review of comments seems to indicate most analysts believe we are getting closer to seeing cuts in oil production, though to date there has been no agreement. While we have been enjoying the market ride, we certainly expect some profit taking to come about & see movement to less expensive stocks.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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