



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

In the 12th century, Medieval physician & philosopher Maimonides preferred to treat the man, not the disease! He wrote, *"No disease that can be treated by diet should be treated with any other means."* But long before that in the 5th century BC, Hippocrates, the Father of Medicine said, *"Let food be thy medicine & medicine be thy food."* Food is a joy of life & in our world today, as so many choices abound, it is difficult to maintain a healthy diet! Benjamin Franklin was well-known for his excessive enjoyment of life! But even he said, *"In general, mankind, since the improvement of cookery, eats twice as much as nature requires."*

Keto: Anthropologist Margaret Mead observed, *"It is easier to change a man's religion than to change his diet."* We get accustomed to foods that both satisfy us & make us happy! Then there are the social aspects of dining, gathering together with friends & family to enjoy a meal! The cook feels good having provided sustenance for the family! And what ethnicity's mothers have *not* been characterized as pushing their pasta or brisket or chicken & dumplings on their children at the dinner table? Many scenes in the hit TV sitcom *Big Bang Theory* center around getting food or eating food. Perhaps Dr. Mead is correct! But when most people think about changing their diet they feel like Mark Twain, who said *"The only way to keep your health is to eat what you don't want, drink what you don't like & do what you'd rather not."* Recently, **The Litchfield Fund** tweaked its (Mediterranean-style) diet, after reading all of the data indicating that a good-fat, low-carb diet is much better for you than a high-carb, low-fat diet ([Deep in the Heart 09/02/17](#)). We kept the good fats: avocado, olive oil & coconut oil. We still eat nuts except for cashews, which are higher in carbs! We continue to eat a lot of veggies, but eliminated a few higher carb plants, like potatoes! Pasta is gone because even the ancient grain varieties we prefer are high in carbs. For snacks, we look for those with lower net-carbs (carbs minus dietary fiber) like our partnership brand [Supereats](#). We reduced our bread intake & bake only with coconut & nut flours. We opt for whole-fat milk, cheese, yogurt, butter & sour cream & added a bit more organic, grass-fed, free range meat. This is basically the Keto diet, which has many health benefits such as weight loss, better sleep, improved focus, reduced inflammation & more energy! The Keto diet can fight cancer & heart disease, better improve your body's self-regulation & even darken your graying hair! We have enjoyed our meals & have seen results! This is our experience; we suggest anyone undertaking this diet consult with a nutritionist or a health care professional first, they may suggest a diet that better fits your needs! As an example, *heavyweight* actor & director Orson Welles received the following diet advice from his doctor: *My doctor told me to stop having intimate dinners for four. Unless there are three other people!*

Industry News: *Arca Continental (Wise Snacks)* acquired better-for-you snack brand *Deep River Snacks* for an undisclosed amount. *Arby's Restaurant Group* will acquire *Buffalo Wild Wings* for \$2.9B. *Mars* took a minority interest in *Kind* bar for an undisclosed amount that reports suggest

valued *Kind* at \$4B. *Maple Leaf Foods* will acquire *Field Roast Grain Meat*, grain-based meat & cheese alternatives, for \$120M. Farmer-to-farmer digital network *Farmers Business Network*, that offers data, procurement & marketing services, raised \$110 million with lead investments coming from *T. Rowe Price & Temasek*. Bill Moses will lead a new better-for-you food/beverage investment partnership with *Clearlake Capital* called *Disruptive Brands*.

Kroger's 3rd QTR earnings bested last year by 3¢ & beat analyst forecasts on gross margin & same store sales. *Kroger* saw strong growth in digital commerce. Per the *FMI*, grocers lose 10% (\$75B) of annual sales due to late deliveries, out-of-stock & unsaleable items. Not surprisingly, *Walmart & Kroger* are now charging suppliers for deliveries that fail to make their receipt window. *Albertsons* will team with *Instacart* to offer same-day 1-hour delivery to customers at about 1,800 locations. *Publix* will expand its *GreenWise* natural/organic concept to South Carolina in early 2019. *Bloomberg* reports *Bell & Evans* will build a new 560K sqft. processing plant in Fredericksburg, Pennsylvania to meet the demand for organic poultry. The new site will triple production by 2020 as *Bell & Evans* focuses on slow-raising chickens that improve flavor.

General Mills reformulated its *Gold Medal & Pillsbury* baking mixes & frozen baked goods with no artificial flavors/colors to help bakeries, restaurants & foodservice meet clean label demands. By 2025, *Frito-Lay (PepsiCo)* seeks healthier versions of its name brands, with ¾ its portfolio containing less than 1.3mg of sodium per calorie & less than 1.1g of saturated fat per 100 calories. *Beyond Burger* has added 153 *Shaw's* locations. *Chobani* rebranded with more colorful cup artwork. *Nuttzo*, nut & seed butter, will debut *Bold BiteZ*, a refrigerated bar line, in *Shoprite*.

Per *Packaged Facts*, plant-based salty snacks account for 45% of the alternative snack category, multi-grains 40% & pulses 15%. *Package Facts* also reported that CAGR for nutritional shakes & bars grew 10% from 2010 to 2015 & is now more than \$9B annually. Per *Nielson*, non-GMO snacking products sales grew at 18.2% over the last 5 years, free-from artificial colors/flavors snacks grew 16.2% & no/reduced-sugar snacks grew 11.3%. Families spend \$133 annually on individually packaged snacks. USA grocery ecommerce sales are not growing as fast as other countries, per *FoodBev Media*. However, *Kantar Worldpanel* reveals that 30% of consumers purchase groceries online (\$20B annually). Online will grow from 1.5% to 8% of the USA grocery market by 2025. *Blue Apron* replaced CEO & co-founder Matt Salzberg with CFO Brad Dickerson.

Market News: Markets hit records as 3rd QTR GDP was adjusted upward, 4th QTR GDP was forecasted higher, holiday spending started strong, CCI set another record & the administration's tax reform gained steam in the Senate & passed early Saturday morning!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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