



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

My father grew up on a farm in Pennsylvania coal country. As a young boy in the ‘20s & ‘30s, he would ride in a horse drawn wagon from the family farm to the town of Indiana, the county seat, for farm supplies. The wagon went along a dangerous road that hung over the edge of the valley, unaffectionately known as *Devil’s Elbow*. An important supply stop in town was the hardware store; the owner well respected, his family having served in both the American Revolution & Civil War. The owner’s son wanted to be a pilot & attend the U.S. Naval Academy. His father said no; instead the son went to Princeton to study architecture.

The Rebrand: The son did become a WWII bomber pilot & stayed in the USAF reserve, retiring as a Brigadier General in 1968. But at Princeton he became a fledgling thespian & after college he took a chance at Broadway. It was the depression & Broadway was not doing well, so the young actor packed his bags & headed to Hollywood! By the end of the decade he had not only won an Oscar but established himself as one of Hollywood’s most beloved stars, playing comedic leading men in a natural, down-to-earth, charming manner. But after WWII, Jimmy Stewart began to think about rebranding himself; older, tougher, more sardonic. Partnerships with two directors, Anthony Mann & Alfred Hitchcock, gave Mr. Stewart a chance to create a new persona in the 1950s. For Mr. Mann, Mr. Stewart was a tough vengeful cowboy looking to right past wrongs in darker, psychological movies like *Winchester ’73* & *The Man from Laramie*. For Mr. Hitchcock, Mr. Stewart retained some of his unassuming character, all while caught up innocently in a web of murder, lies & deceit; figuring his way out of disaster in *Rope*, *Vertigo* & *Rear Window*. For the rest of his career Mr. Stewart continued to play characters of all genre; heroes, hapless good-hearted bumbler & tough, forceful protagonists. The rebrand was successful & audiences loved Mr. Stewart until the end of his career. By the way, Mr. Stewart was the highest-ranking actor ever in the U.S. Military!

Rebranding was definitely in the news this week. *Celestial Seasonings* recent rebrand - the streamlining its iconic tea packaging to a sleeker look - did not go over well with consumers. The *Hain Celestial* mainstay has pivoted again, restoring some of the branding customers enjoyed. The company does believe they expanded their market through this process & have a new multifaceted campaign to celebrate *The Magic of Tea*. Following the November 9 spinoff of its *Lamb Weston* segment, *ConAgra Brands* will be an \$8B company focusing on establishing & growing its brands with a distinct focus on new innovation & better-for-you products. *Apollo Global Management’s* recent acquisition, *The Fresh Market*, is rebranding with a new logo, lower prices & more product offerings. The changes will begin at stores in North Carolina this month; lowering prices on many items & adding aisles with more than 1,300 new grocery

products. *The Fresh Market* is trying to change its image as a limited gourmet grocer to a provider of consumer value, all in an effort to improve sales. *Pepsi* set 2025 goals to reduce sugar, sodium, fat & calories in many products. *Pepsi* set targets such as: 67% of its global beverages will have less than 100 calories from added sugar; 75% will have less than 1.1 grams of saturated fat per 100 calories & less than 1.3 mg of sodium per calorie. *Pepsi* wants the sales growth of its everyday nutrition products - those that have whole grains, fruits & veggies, dairy, protein & provide hydration - to outpace the growth of its remaining brands. *Pepsi* is looking to deliver more of its better-for-you products community wide. The company also announced many sustainability goals in an attempt to appeal to younger more social conscious consumers.

Industry News: The Denver based *Clean Label Project* tests & reviews many of the bestselling food products' levels of 130 contaminants. Their first release was the *Magnified Baby Food List* that studied baby food products. The nonprofit's experts - physicians & food scientists - ranked the purity of the products & found 80% did not meet their standards. Among those large food companies looking to move toward a clean label is food giant *Unilever*.

Reports are that *GNC* is still a Chinese takeover target. Los Angeles' *Oaktree Capital*, which specializes in investing in distressed companies, is purchasing 12% of *SunOpta* for \$85M. *Oaktree* will help develop a long-term strategic & operational plan for the organic food company. *SuperValu* sold *Save-a-Lot* to a Canadian private equity company for \$1.37B. *Kroger* may be stepping back from purchasing stores thrown off from the *Walgreens/Rite Aid* merger. *General Mills* is introducing a vegan soup line. Supermarkets believe improving produce sections will bring more customers in the door, as consumers are reluctant to *e-buy* produce.

Califia Farms & *Mamma Chia* are growing their leadership team with new, industry veteran, hires. *Campbell* announced that company veteran Ed Carolan will take the lead for the C-Fresh division as former president Jeff Dunn has been hired to run *Juicero*.

Market News: The markets managed *not* to be negative this week as a rally late on Friday brought indexes off of triple digit lows. Economic news was once again uninspiring as housing starts fell, jobless claims rose, consumer prices rose due to gasoline, industrial output was disappointing & the FED warned of slow growth & the dangers of low rates. The economy needs some sign of real growth & our belief is that this week's data points are just another sign of this docile recovery. Next week brings earnings news, GDP data & some expected FED comments all of which could cause volatility in the markets.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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