



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

Western civilization was formed around salt, beer & bread. Bread is so important to our society that the English word *Lord* was derived from the Old English *hlāford*, meaning *breadkeeper!* For Dostoevsky, *not a thing* was more positive than bread; Bromfield thought bread was the king of the table, the other dishes merely its court; Browning thought a crust of bread was the taste of the stars & the heavens & Burt Lancaster judged restaurants by the bread & coffee. So, if you know which *side your bread is buttered on*, then you can *cast your bread upon the water*, as you sit down to *break bread* with a friend & savor your *daily bread!*

The Staff of Life: Growing up in an Italian household, bread certainly was the *Staff of Life!* The house was always filled with the aroma of homemade bread & biscotti. Homemade pasta filled our plates, covered in meatballs & sauce. But today we have realized the problems of a high-carb diet & have, as we have mentioned before, reduced our carb intake, cutting back on our bread & pasta consumption significantly. This week, Dr. Andreas Eenfeldt, [The Diet Doctor](#), responded to a Stanford University study which misleadingly stated that low-carb diets were not superior to low-fat diets. But the study had both test groups reduce refined carbohydrate & sugar intake! Not only that, the study concluded that the weight loss of a low-carb diet compared to a low-fat diet, *which was 13%*, was *NOT* significant! In response, Dr. Eenfeldt discussed 57 recent low-carb vs. low-fat diet studies. Of those papers, 29 reported low-carb to have superior results, 28 concluded that the result was neutral, while *NONE* favored a low-fat diet! We see many studies that cite the benefits of a low-carb, healthy-fat (Keto) diet! Besides weight loss, benefits include reducing risks for heart disease, diabetes & cancer; improving brain health, energy levels & sleep; reducing inflammation & stabilizing hormones. For weight reduction, we began this journey at less than 20 carbs a day & saw many positive results. For maintenance, we now try to stay around 40 carbs per day. And while Emerson felt *the sky was the daily bread of the eyes*, at 40 carbs a day intake, we can sit beneath those skies enjoying a few crusts of bread, *dipped in olive oil*, of course!

Industry News: *General Mills* will become the natural pet food leader with an \$8B purchase of *Blue Buffalo Pet Products*. *Albertsons* will acquire more than 2,500 *Rite Aid* stores for an undisclosed amount & around 2,000 locations will be sold to *Walgreens Boots Alliance* in an agreement with federal legislators. With *Rite-Aid*, *Albertsons* will have \$83B in revenue & operate 4,900 stores, 4,300 pharmacies & 320 clinics. *H-E-B* acquired Austin-based one-hour delivery company *Favor* (for an undisclosed amount) which operates in 50 Texas cities. With investors seeking improved earnings, *Danone* reduced its ownership of Japan’s *Yakult* from 21% to 7% by selling \$1.8B of its position. Terms were not disclosed as *Ezaki Glico*, the Japanese maker of *Pocky* snacks, acquired premium organic chocolatier *TCHO*.

The e-commerce growth rate fell significantly for *Walmart's* 4th QTR. The retailer missed earnings forecasts, although they reported a 4.1% increase in revenue & a 2.6% comparable sales increase. *Treehouse Foods* will continue to restructure as it reported a down 4th QTR with lower net sales & a fully-diluted \$5.40 EPS loss. *Kraft Heinz* continued to struggle with USA sales as it missed analysts 4th QTR estimates. *Campbell Soup* continued to have soup & fresh sales issues in its 2nd QTR, though adjusted earnings beat analyst expectations. Revenue rose 2.2% & EPS jumped 12¢ (56¢) for *Hormel's* 1st QTR, though turkey sales still lagged. The company will be increasing wages & bonuses due to tax reform. *Sanderson Farms' 1st QTR* revenue jumped 12% with significant EPS growth, helped by tax reform. *Pilgrim's Pride* finished a record year, following the acquisition of *Moy Park*, with strong 4th QTR sales & earnings. Tax reform, cost containment & growth across most segments led to a good 3rd QTR for *Smucker* as revenue went up 1.3% & EPS jumped significantly. *Kerry Group* reported a 4.5% revenue jump & a 6% adjusted earnings growth for 2017. *Sprouts Farmers Market* reported that 4th QTR earnings were up 16% & diluted EPS rose 30%. Comparable same store sales came in at 4.6% with 2-year growth at 5.3%. *SpartanNash's* 4th QTR EPS met analyst expectations as net sales increased 5.3%.

Tyson Foods will partner with *Plug and Play* in Silicon Valley & *1871* in Chicago on innovation & technology while lending expertise to emerging food businesses. *Amazon* may be consolidating its two grocery delivery services, *Amazon Fresh* & *Prime Now*, as part of last week's announced layoffs & restructuring. *Amazon* will offer its prime members 5% back on *Whole Foods* purchases when using the *Amazon Prime Rewards Visa Card* & 3% to non-Prime members. *Kroger* opened a new Culinary Innovation Center with a state-of-the-art test kitchen & education center to develop products & foodservice offerings. *Bi-Lo* & *Tops Friendly Markets*, both with large debt, will file for Chapter 11. *PepsiCo* announced a new beverage system, *Drinkfinity*, that includes a water bottle with 12 different flavored pods. *Wedderspoon* has launched both a new look & products based on manuka honey. *Califia Farms* is following the trend with a coconut, almond & oat drinkable non-dairy yogurt line using a proprietary *Califia Culture Blend*.

Partnership Update: Both [B'more Organic](#) & [Genius Juice](#) are reducing their bottles sizes. *B'more* will feature a whole new [brand image with a 12.8 oz. bottle & new distribution at 7-Eleven in the mid-Atlantic](#). *Genius* will reduce to a [10 oz. bottle & a lower retail price!](#) [Harvest Soul](#) has gained [distribution at Earth Fare](#).

Market News: FED meeting minutes revealed a strong economy, a lower full year inflation projection & little impact of wage growth while indicating four interest hikes this year might not be necessary. As a result, markets, especially tech, ended the week on an upswing!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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