



# 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**

**Perhaps growing up in the Midwest** is the reason we love pumpkin so much. After all, the states of Pennsylvania, Ohio, Indiana & Illinois lead the nation in pumpkin output. From our perspective, you can do just about anything delicious with a pumpkin. The traditional pie, muffins, cookies & butter, or to be a bit more flamboyant, pumpkin ravioli in a pumpkin sauce. And adding ginger & cinnamon to each of those creates the wonderful taste of autumn! Of course, pumpkins, along with the other traditional treats of autumn, like apples, cider, fancy gourds, are all part of that dark & spooky path that leads us to Halloween!

**Linus & Thoreau:** Like most holidays, Halloween traditions come from pagan myths. Jack-o-lanterns were used to keep goblins away; masks were worn to look like the monsters believed to roam the forest & bobbing for apples was done to honor the harvest gods. Perhaps this is one time **The Litchfield Fund** is a bit more *Nouveau Traditional*. We see ourselves a bit more like Linus Van Pelt, sitting in the sincerest pumpkin patch, waiting for The Great Pumpkin to arrive with gifts for all the good little boys & girls. Like Thoreau, [we] *would rather sit on a pumpkin and have it all to myself, than be crowded on a velvet cushion*. But in either case, we want to be home by midnight, lest we, & our coach, turn into a *pumpkin*!

**Industry News:** *Purple Carrot* is testing vegan meal kits at *Whole Foods Market* in Boston. There will be 3 different kits offered at \$20 each. So far, investors have been more enamored with meal kits & meal kit delivery than consumers. *1010Data* reports that most meal kit delivery customers do not reorder. *Food Mix Marketing* reported that 63% of consumers have brands they love & have an emotional bond with the product. The biggest reason for their attachment is the product’s functional attributes.

Avocado prices have risen 3X due to the Mexican growers’ strike & the California harvest peaking in July. The strike has been resolved but high prices are expected to remain through spring. The FDA is beginning to define healthy fats, including avocados, macadamia nuts, sunflower seeds, pistachios, chia seeds & almonds on their list. Britain’s Prince Charles announced a global initiative to protect the health of soil around the world.

Publix, HEB & other conventional markets are outlining plans to increase sales of natural & organic products through private labeling. In conventional grocery stores, natural & organic product sales have been growing by more than 20% amongst otherwise lackluster sales growth. However, *Wakefern Food*, parent of *ShopRite*, *Price Rite* & others, reported a 4.3% sales

growth. *Albertson's* reported flat same store sales growth. *Topco's* retail members are pushing their just rebranded *Full Circle* product line, which features better-for-you ingredients.

*Coca-Cola* reported a 7% revenue decline in 3<sup>rd</sup> QTR citing slow growth in emerging markets, currency headwinds & political instability. Like *Pepsi*, *Coke* announced plans to reduce sugar in its products. *Pinnacle Foods* announced 19.3% sales growth with a 7.3% earnings growth, beating estimates. Growth came from the *Boulder Brands'* acquired product lines. *Dr. Pepper Snapple* reported a 3% revenue growth in 3<sup>rd</sup> QTR. *Hain Celestial* is still working through accounting practices that have delayed 4<sup>th</sup> QTR earnings reporting. *GNC* has announced another makeover as it continues to battle its recent poor performance. The company will focus on technology, pricing & customer service. The biotech industry got a shock this week as *Nestle* announced plans to increase its non-GMO range of products to meet changing consumer demands. *Amazon*, which had previously announced developing brick & mortar convenience stores, is seeking to test 20 grocery stores by year-end 2018 with thoughts of 2,000 stores in the coming decade.

At NACS (National Association of Convenience Stores) *snackification* was definitely the buzz. Interesting snacks & flavor combinations appear to reflect the changing demographics & food tastes of the American consumer. *Hi-Ball Energy* announced that they will be appearing on *CVS* shelves. *High Brew Coffee* has a new product that offers added protein.

*Campbell Soup* has invested \$32M in *Habit*, a personalized nutrition meal delivery startup. The founder of *Habit* previously co-founded baby food brand *Plum Organics* which was acquired by *Campbell Soup* in 2013. *Habit* delivers meals designed for an individual's specific needs based on their biology & metabolism. *Habit* will also provide personalized health & wellness coaching. *Campbell*, through its *C-Fresh* division, will launch ready to eat refrigerated soups.

**Market News:** Broader markets fell slightly this week as data on home sales & GDP, along with FED comments, increased the belief that a December rate hike is coming. Oil prices retreated about 4% for the week. Otherwise, earnings season continued without having much impact on stock prices, at least from this observer's perspective.

***Seeds, Sprouts, Grow, Harvest!***

**The Litchfield Fund**

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