



# 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 early 1900s a very short-lived artistic** movement “*fauvism*” made its debut in France. *Les fauves*, French for The Wild Beasts, emphasized bold colors and artistic techniques over impressionistic interpretations of reality. Fauvism was greatly influenced by Vincent van Gogh’s work which continued to gain in popularity through exhibitions after van Gogh’s 1890 death at the Auberge Ravoux in the village of Auvers-sur-Oise. Henri Matisse was the leader of *fauvism* which peaked during exhibitions from 1904 to 1908. Matisse, whose works over time became somewhat less intense, once said “Creativity takes courage.”

**Creative Courage:** Creativity certainly takes courage. And sometimes, most certainly in the case of van Gogh, a touch of *madness*. This same *maddening* character trait can be attributed to the creative genius of Michelangelo, Beethoven, Oscar Wilde, Tesla, Turing & a host of others. Many creative geniuses certainly have had their demons (drugs, drink, etc.) such as Dashiell Hammett, Preston Sturges, Jim Morrison, Robert Downey Jr. and Kurt Cobain. But much creative output can be attributed to necessity. During World War II inventions arose from need: jet engines, pressurized cabins, synthetic rubber & oil, radar, computers, fiberglass, penicillin, rockets, etc. were either invented or took leaps forward. Iconic M&Ms were a World War II invention – *it melts in your mouth not in your hand*. During the space race technological advances included freeze dried food, water reclamation, smoke & CO detectors, the laptop computer, open stack computer storage & yes, the Dustbuster! In these cases, great minds were brought together to think differently & accomplish something that did not even exist a moment before a revelation! Sometimes creativity comes from the simple desire to do something better than it has ever been done before like the assembly line; or to use a well-known technology such as electricity to develop the electric light! But in all cases, creativity takes *passion*! Passion to do something different, better, exciting, more worthwhile. Often, the passion simply comes from wanting a better life & to take care of one’s family much like Howard Wolowitz in the last two episodes of *The Big Bang Theory*!

Here at **The Litchfield Fund** we not only thrive on our own passion for the Natural & Organic industry but also we are constantly overwhelmed by the passion, creativity & innovation we see from the industry’s entrepreneurs! That passion, along with a host of new creative products, was on display this week at Natural Products Expo West in Anaheim. The passion these entrepreneurs have for the products & companies they have created is awesome! The desire we see them all share to assure their companies give back or help improve the lives of people in communities across the world makes us proud to be part of the industry. We respect what these entrepreneurs are doing, *it is not easy* to create a product & start a business. Being a

creative entrepreneur can best be described by Kurt Vonnegut's comment on creativity, "We have to continually be jumping off cliffs and developing our wings on the way down."

**Industry News:** It would be impossible to summarize all of the new product innovations, financing deals, news announcements & revelations from Natural Products Expo West in the space available in *All Ears!!* Over the next few weeks we will document those that we find to be the most exciting & disruptive! We are looking forward to delving into the details of the products, companies & deals!

**Earnings News:** United Natural Foods (**UNFI**) beat analyst expectations by 1¢ coming in at 49¢ EPS for 2<sup>nd</sup> QTR on just over \$2B in revenue. Margins shrank due to product mix, currency headwinds & a reduction in fuel surcharges. **UNFI** announced another acquisition with its *Albert's Organics* subsidiary acquiring certain assets of *Global Organic*. The company confirmed 2016 projections & the stock rose 14.5% this week.

**Portfolio News:** Rumors have *3G Capital*, after achieving positive impact from their takeover and restructuring of *Kraft Heinz*, to be looking at a possible purchase of General Mills (**GIS**). **GIS** meanwhile seeks to double its organic acreage sourcing. **GIS**'s investment arm *301 Inc.* invested alongside *CAVU Partners* in *Good Culture* organic cottage cheese. Hain Celestial (**HAIN**) announced new beauty products under its *Alba Botanica*, *Avalon Organics*, & *JASON* brands at this week's Expo West. Whole Foods Market (**WFM**) will expand *Instacart* grocery delivery to additional cities. **WFM** will take another step toward sustainability as it seeks to use solar energy at many stores.

**Market news:** The market reached 2016 highs as the rally (or correction reversal) continued into a fourth week. Reports that the oversupply of oil may be dwindling raised oil prices to over \$38 per barrel. Oil's effective price to fuel economic growth is reported to be in the \$25 to \$45 per barrel range. News of continued aggressive European economic stimulus also pushed markets upward.

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

**The Litchfield Fund**

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