



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

The binge is bad! Eating, drinking, drugs, gambling & more – it’s a list of the seven deadly sins! But these days, the *binge* has come to be associated with livestreaming a TV series! But is *binging* a favorite series – catching up on missed episodes or whole seasons, finding a brand-new show or, for the younger viewer, watching a series you weren’t allowed to as a kid, *bad*? Maybe, if you find yourself asking questions like: *How did it get this late? How much popcorn did I eat? Is that the sun coming up? Should I call in sick today?* We all have our favorite shows & recently for **The Litchfield Fund** it is the *Netflix* series, *The Ranch*!

The Ranch: *All Ears!!* has never been shy in expressing our admiration & respect for the men, women & families of America’s rural areas that provide all of us with our daily sustenance. The values we bring to our own enterprise – hard work, self-reliance, faith & family – are certainly displayed by the lovable, if often flawed, characters on *The Ranch*. And we hope that Heaven has internet service for our good friend Doris who had a lifetime crush on that silvered-hair fox, Sam Elliot. And we could not be more thrilled than to read a report in *Food Dive*, that although absent the resonating tones of Mr. Elliot or Robert Mitchum & that a reference to *Old McDonald had a Farm* has replaced a stirring Copland ballet, that one of our all-time favorite commercials has been refreshed & brought back: [Beef, It’s What’s for Dinner!](#)

Industry News: *Kellogg* acquired the *Chicago Bar Company*, makers of *RXBAR*, for \$600M. Sam Wolf, the *Lucky Vitamin* founder who sold to *GNC* six years ago, has acquired the brand back with help from *TSG Consumer Partners*. *Coca-Cola* will purchase Mexico’s sparkling water brand *Topo Chico* for \$220M from Coke bottler *Arca Continental*. *Unilever* has purchased Brazilian *Mãe Terra*, a large natural & organic food producer & distributor. *Farmstead*, a tech-driven on-line grocer (\$2.8M in seed-funding), offers consumers a selection of local farm produce delivered directly same-day or within an hour. Since completing the *Whole Foods* acquisition, *Amazon* has sold \$1.6M in *Whole Foods’* store brands on-line. Reports show traffic increased at *Whole Foods* in the first few days following the acquisition with *Thasos Group* reporting that of new shoppers, 24% were from Walmart & 10% were from Trader Joe’s, but demographically more affluent. However, per *Gordon Haskett*, prices on certain items in New Jersey are increasing since *Amazon’s* initial price cut. *Amazon* may be looking at Europe, especially France, for its next grocery store acquisition. *ConAgra* will continue to grow through acquisition.

Costco finished 4th QTR with revenue & EPS beating estimates. The stock price fell due to margin contraction. *Costco* will offer 2-day delivery of shelf stable groceries & expand its *Instacart* relationship for fresh delivery, a likely defensive move to compete with *Amazon*. With a 1% rise in sales, *PepsiCo* had an 8% gain in net income as the snack segment provided growth while North

American beverages slumped. Analysts suggest a *Kroger & Ahold* merger, with *Kroger* gaining access to the *Peapod* platform, would produce cost & marketing synergies. *Sprouts Farmers Market's* coming 30-store expansion includes the mid-Atlantic with an initial store in Maryland. *Lidl* premium organic produce is winning the price war against its competition, *Aldi & Walmart*, per a *Hartman Group* survey. *Walmart* has purchased same day fresh & frozen delivery service *Parcel*. *Albertsons* will raise more than \$700M on the sale & leaseback of 71 locations. *Hy-Vee* will open a 10K sqft. convenience store in Des Moines, *Fast & Fresh*, with groceries, grill & gas. *Ball*, the tin-can maker, will cut production as consumer demand shifts to more alternatively-packaged fresh foods. Following a trend, *Snyder's-Lance* will work on SKU rationalization, automation & supply chain efficiency. *Cal-Maine* is adjusting cage-free egg production to meet demand as foodservice, restaurants & retailers are not progressing as quickly as planned.

An online *Reuters/Ipsos* survey states 52% of adults are willing to pay more for local, 84% want nutritional labels on packaged foods & 64% on restaurant offerings. Label readers look for sugar, sodium, fat & calorie content. Congressional Representatives are introducing a bill to give the USDA more ability to crackdown on fake organic foreign imports. Eggs in California cost consumers 9% more on average to cover humane animal regulations. A study reported in *JAMA Internal Medicine* cited that consumption of meat protein did not impact mortality without another health-related factor in play. However, consumption of plant protein did lower all-cause mortality rate.

Halo Top Creamery will debut non-dairy & vegan friendly ice creams in several flavors. *Chipotle's* introduced real food queso dip to meet a customer demand, but the restaurant's natural standards kept the dip from being gooey enough to gain customer satisfaction. *Rule Breaker* snacks will introduce shelf stable brownies. *One Degree Organics* will offer certified glyphosate-free products. *Who hasn't lived on ramen for some period of their life?* *Top Ramen* announced this week they are cleaning up the recipe by removing MSG & artificial flavors & reducing sodium.

Market News: The markets hit amazing records this week, pausing on Friday as investors digested economic news. Ignoring the job loss headlines (mostly in foodservice, restaurants & bars due to hurricanes, NFL controversy & minimum wage hikes), workers moving to full-time higher paying jobs – wages are up, more people are in the workforce & underemployment is down – stoked fears of inflation & rate hikes. USA factory output rose to a 13-year high in September amid strong gains in new orders & raw material prices. Construction spending rose 0.5% to \$1.21T in August, adding to the robust economic data. September retail sales rose 0.6% & surveys suggest consumers will spend 6% more this holiday season.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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