



# 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**

**‘Life in the Fast Lane...surely make you lose your mind...’** is a hit song from *The Eagles* iconic album *Hotel California*, released 41 years ago this week! The song, according to legend, was born from a guitar rift (voted the best of all-time by *Guitarist* magazine) that Joe Walsh was working on in a rehearsal & a frantic ride on the freeway for Glenn Frey, with one of Los Angeles’ most notorious drug dealers doing the driving! Anyone can feel overwhelmed in this fast-paced, hectic, information-overloaded, plugged-in world, especially as the holiday season begins -- even if you are not sharing the HOV lane with the late Mr. Frey & his friend!

**Slow Down:** For any teenage boy in high school during the mid-1970s, *The Eagles* were a favorite, if only for one classic line: *‘Standing on the corner in Winslow, Arizona!’* What teenage boy could not imagine himself standing there, waiting on that *flat-bed Ford to slow down?* (A few years ago, I did stand on that very corner in Winslow, Arizona & by the *Grace of God*, already in the company of the *sweet love that saved me!*) *Hotel California* was the first *Eagles’* album to feature Mr. Walsh (The Pride of Kent State University) who replaced co-founder Bernie Leadon & the last one for bassist Randy Meisner. The album is considered one of the greatest of the rock era, although it lost the Grammy for Album of the Year to another classic rock album, *Fleetwood Mac’s Rumours!* Besides *Life in the Fast Lane*, other hits from *Hotel California* were *New Kid in Town* & the fantasy-laced, thematic title track, which did win the Grammy for Record of the Year. Like *Fast Lane*, the title track spoke to a crazy out-of-control lifestyle! This hectic lifestyle is not just a common theme in rock’n’roll, but also in all of our busy & *fortunate* lives! Like another ‘70s teenage boy icon, Bob Seger, we find ourselves today with *‘so much more to think about, deadlines & commitments’* & though *‘older... still running Against the Wind!’* So, with this season of mirth & joy upon us, our advice to everyone is, just like *the girl, my Lord, in the flat-bed Ford*, slow down, get your sleep, eat well, exercise & unplug!

**Industry News:** *Danone Manifesto Ventures* & *Grand Crossing Capital* were among investors in the premium bottled deep-ocean-water brand *Kona Deep*, which raised \$5.5M. *Albertsons* announced an investment in *El Rancho Supermercado*, a 16-store Latino-focused chain that has a strong market presence in the Dallas/Fort Worth area. *Phyter Food*, vegetable-based nutrition bars, received \$1M from *Sustainable Local Food Investment Group (SLoFIG)*, a network supporting Chicago-area food start-ups. *S2G Ventures* closed a \$180M fund to focus on agriculture & agritech. *District Ventures Capital* will invest \$3M to accelerate 20 innovative early stage food/beverage/health CPG brands with each receiving \$130K investment & participation in a 5-month program. Pasta-maker *Barilla* will launch a venture capital arm, *Blu1877*, to make investments & nurture innovations in their own facility. *Hain Celestial* stock jumped early in the week on rumors that *Nestlé* may bid for the company. *Hain* sports a valuation of more than

\$4.0B. Last week it was *Sprouts* stock, but this week it was *Blue Apron* stock that *Jana Partners* sold off, shedding its 2% stake in the embattled meal kit service.

*Door to Door Organics* abruptly closed, citing a tough delivery & funding environment & the added insight from the *Amazon & Whole Foods* deal. *Hy-Vee* plans to build three new online fulfillment centers in Kansas City, Omaha & Minneapolis to complement their current one in Iowa. *Hy-Vee* will increase its small-market stores. *Tops Markets* will offer *Chef'd* meal kits. Chicago-based *Home Chef* is introducing 5-minute lunch meal kits. *Goya Foods* will nearly double its 380K sqft. Houston production facility. *Target* has opened its first redesigned store offering grocery shoppers more convenience, such as separate entrances & pickup counters. *Publix* will expand its dairy production, following the trend of other retailers. *Cargill* is investing \$146M to expand its Nashville meat protein production. Reports are that *Southeastern Grocers (Bi-Low, Winn-Dixie)* is seeking debt refinancing to avoid Chapter 11. *Vitamin World* will seek to close more than 120 stores & sell the remainder through bankruptcy proceedings.

*Natural Grocers by Vitamin Cottage* saw a net sales increase of 9.7% in the 4<sup>th</sup> QTR & beat analyst EPS estimates. Despite good same store sales performance, *NGVC* will slow 2018 store growth. *Whole Foods Market* said 4<sup>th</sup> QTR sales rose 4.4% to \$3.65B with a loss due to merger related costs. Due to *Walmart's* soup promotion changes, *Campbell Soup's* 4<sup>th</sup> QTR revenue fell 2% to \$2.16B & net income fell 6% from a year earlier, missing analyst projections. Turkey was the problem for *Hormel's* 4<sup>th</sup> QTR earnings announced just before Thanksgiving. *Hormel* beat analyst projections but fell short of last year's performance. Net sales fell 5% & EPS dropped more than 10% from last year. *Dollar Tree* reported a 6.3% increase in sales (\$5.32B) as same store sales rose 3.2% for 3<sup>rd</sup> QTR. Net income rose almost 40% driven by cost reductions.

*Food Marketing Institute* reported that 20% of the USA economy & 28% of all USA jobs are linked either directly or indirectly to food & agriculture. The *CDC* found that only 12.2% of Americans get the recommended daily amount of fruit (1.5 to 2 cups) & just 9.3% get enough veggies per day (2 to 3 cups). Per *AgFunder* news, your turkey this year likely comes from Minnesota, the state that processes the most turkey. Illinois has *Libby's (Libby's, Libby's, Libby's* on the label, label, label) to thank for processing the most pumpkin! Georgia is tops for the pecans in your pie & that oyster stuffing is from Washington! Wisconsin is the most likely source of cranberries. Those mashed potatoes? Not surprisingly, that is Idaho!

**Market News:** Markets rose to early week records as analysts forecasted a robust 2018. Early post-Thanksgiving sales reports drove the S&P & Nasdaq to records in Friday's shortened trading.

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

The Litchfield Fund

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