



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

Most people would agree that air travel has become increasingly more difficult & frustrating. Fewer flights, longer security lines, more delays & less patience have changed the friendly skies forever. Gone are the days of ‘dressing up’ for a flight, good meals & quick trips! In the past though we have enjoyed Friday evening flights across the U.S. seeing from the sky what remains a uniquely American tradition, Friday Night Lights! High School football stadiums shine brightly in the middle of cornfields, illuminate small towns & grab your eye even in the middle of big cities, all while drawing communities together to cheer their team!

Kick-off: The Litchfield Fund & All Ears!! admits to being traditional & having a biasedly *Pure-Americana* view of the world. We know, in reality, that Friday night probably does not any longer involve cut-down 1930s roadsters, drive-ins, malt shops & winning quarterbacks getting slapped on their back as they walk into Arnold’s. But in our minds, we will always see the approach of football season as guys in raccoon coats (sorry-PETA) & fedoras waving pennants as they board a train to watch Fordham play Notre Dame. But one thing remains the same, winning teams understand teamwork. Eleven guys on each side of the ball, understanding the mission, knowing their jobs & helping their teammates be at their best. Teamwork is essential – in building a business, constructing a building, revitalizing a community. A good value to learn, and appreciate, as a youngster. So here’s to another football season; *Friday Night Lights*, *Saturday Afternoon Heroes* or *On Any Given Sunday*!

Industry News: Data this week shows energy drink sales growth slacking but still out pacing carbonated drinks. RTD coffee, sparkling water & caffeinated water are showing strong growth. RTD Tea, non-sparkling water & flavored water showed some growth in the last reporting period, but weaker than average. Stevia sales are experiencing growth. In supplements, magnesium sales may surpass calcium sales by 2020. More consumers are recognizing the nutritional benefits of magnesium. The ‘tax-into-submission’ plan appears to be working as Berkeley’s tax on sugary sodas reduced soda sales 21%. However, there was no indication as to how much of the sales reduction was offset by increased sales in other communities, the losses to local business or how much of the reduction came from a general consumer change toward healthier lifestyles.

Jeff Hammering, *General Mills*, President & COO, will likely become CEO next year when CEO Ken Powell steps down. Analyst Jim Cramer praised *General Mills* for adapting to changing consumer demand. *General Mills’* brand *Nature Valley* is facing a lawsuit for its use of ‘all natural’ when pesticides have been found in its bars. Companies may see more of these

lawsuits. *J.M. Smucker* pulled back its full year forecast based on weak pet food sales. With an overall 7% reduction in revenue, but seeing growth in non-GMO & organic lines, *J.M. Smucker* will continue its move toward products that are organic & non-GMO. *Hain Celestial's* accounting issues could make 2016 a complete loss for the company, with weak growth in the first half & 3rd QTR growth now in question. *Pinnacle Foods*, which completed the acquisition of *Boulder Brands* in January, announced that they will move *EVOL's* manufacturing from Boulder to Fayetteville, AR. *EVOL* founder Phil Anson recently left the company after serving as interim general manager.

Kroger has been cutting prices to directly compete with *Walmart*. This week it was reported that *Kroger* cut prices on 1,000 items in its mid-Atlantic region. Its price structure is reported to be closing in on *Walmart*. *Sprouts Farmers Market* has indicated that expansion will add the Carolinas, Florida, Louisiana, Mississippi, & Arkansas. *Sprouts* has 3 stores under construction in Florida. *Natural Grocers by Vitamin Cottage*, which has only sold organic vegetables since adding fresh veggies to its stores, will be advertising themselves as "Your Organic Headquarters" for September, with is Organic Harvest Month. *Natural Grocers* will be doing giveaways & special classes all month long. Next week, *KeHe* will celebrate the opening of a 270,000 sqft Gold-LEED certified distribution center in Aurora, CO.

Market News: Investors seemed confused as the week ended, with Friday seeing a wide swing in stock prices as comments came out from various FED leaders. In general, it appears the FED sees a strengthened case for a year-end rate increase, which seemed to calm some of the more jittery rate worriers! Meanwhile, GDP was revised downward to 1.1% for the spring, once again establishing this administration's failure at producing growth. We are aware we bring the worst Dostoyevsky-esque images to mind, that we are nothing but poor peasants beating an already dead horse, but this economy will not see growth without middle class job expansion that creates wage growth. The FED is seeking an *inflation-rate-via-interest-rate* target without getting dollars in consumers' pockets. This seems to increase the risk of an energy-spiked inflation jump should oil see a rapid reduction in supply. U.S. consumers still drive the world economy & changes in post Great Recession U.S. spending/saving habits are impacting other markets more greatly than here at home. This seems to give the FED data watchers a sense of relative success with their current policies & goals, ignoring the true lack of growth & the changes in the labor demographics of U.S. workers!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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