



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

St. Crispin’s Day & Task Force Taffy 3! Perhaps October 25th should be renamed *Leadership Day!* It was on St. Crispin’s day morn before the Battle of Agincourt in 1415 that King Henry roused his troops to battle (in Shakespeare’s account) with his stirring phrase “We few, we happy few, we *band of brothers*; For he today that sheds his blood with me shall be my brother”. On October 25, 1944, with Halsey searching for the Japanese surface fleet, *Taffy 3*, just a few destroyers & carrier escorts, was left to protect the Allied landing on Leyte. But a major enemy battleship group doubled back & was headed to Leyte Gulf.

Ernest E. Evans: Faced by the overwhelming number of ships & firepower of the Japanese battleship group, Evans, captain of the destroyer *USS Johnston*, did the only thing he could do – *he attacked*. Steering his small vessel toward the larger battleships & cruisers, firing 5 inch guns that would have little impact, he roared into enemy fire. The other small ships followed his lead, aiming at the enemy bridges. The *Johnston* took heavy fire, & with lost communications, Evans was shouting commands through the hatches, & then the *Johnston* was lost with all hands. But the Japanese thought they were facing a greater than anticipated force & turned away. The landing force was saved. Because of Captain Evans’ leadership a young PFC from Pennsylvania coal & farm country, my father, survived the landing on Leyte. King Henry & Captain Ernest E. Evans define what it means to be a leader.

Industry news: Sales of meat snacks are growing at 10% annually, outpacing the growth of many other snack foods. The kombucha market is expected to reach \$1.8B within 5 years. Greek yogurt sales now make up half of all yogurt sales. There is no doubt that the natural & organic food industry is booming with innovative food & agricultural start-ups & many are looking to invest in this industry. Two of the industry’s leading dealmakers, Michael Burgmaier & Nick McCoy, left *Silverwood Partners* to form their own boutique investment bank named *Whipstitch Capital* (<http://www.bevnet.com/news/2015/silverwood-pair-mccoy-burgmaier-leave-to-start-whipstitch-capital>). Burgmaier & McCoy have been behind the success of brands like *Kevita* & *Essentia Water*. *Horizon Ventures*, the investment arm of China’s richest man, Li Ka-Shing, has invested in *Celsius Drinks* & *Aqua Brands*. *S2G Ventures* has developed a \$125M fund to invest in food & agricultural start-ups with initial investment in companies such as *Maple Hill Creamery*, *Sweetgreens*, & *Beyond Meat*. General Mills (**GIS**) has formed a new unit – *301, Inc.* – to fund new food product start-ups, proof again that this big food company sees value in small food’s capability to meet consumers’ changing demand.

Fresh & Easy, a smaller grocery chain offering convenient access to natural & organic brands will close all 97 of its remaining stores. The chain closed 50 stores in April. Located in California, Nevada, & Arizona, the privately owned *Fresh & Easy* had been purchased in 2013 from UK's *Tesco PLC* by Los Angeles based *Yucaipa Cos.* *The Fresh Market* is considering taking itself private & is rumored to be in talks with Apollo Global Management.

Portfolio News: Hain Celestial (**HAIN**) holds an average price target of \$68.28 from 14 analysts who cover the stock. ConAgra (**CAG**) announced its first round of layoffs as the company moves its headquarters from Omaha to Chicago. Treehouse Foods is rumored to be in late stage talks to purchase **CAG**'s private label operations. Buckingham Research issued a BUY rating & a \$61 target price for United Natural Foods (**UNFI**). Cal-Maine Foods (**CALM**) reached all time highs this week on high egg prices, bird flu concerns, strong growth & a healthy dividend. A downgrade of Whitewave (**WWAV**) by Goldman Sachs was offset by a BUY rating & a \$52 target price from Sanford Bernstein who sees the current price as a great entry point with the high possibility of a take-out. Maxim Group reiterated its BUY rating on Zoe's Kitchen (**ZOES**) with a \$48 price target. Kroger (**KR**) has BUY & STRONG BUY ratings from several analysts. Natural Grocers by Vitamin Cottage (**NGVC**) holds an average BUY rating & a \$32.17 price target from 11 analysts covering the stock. Sprouts Farmers Market (**SFM**) received a STRONG BUY from Zacks & holds a \$29.47 average target price from 15 analysts covering the stock. Whole Foods Market (**WFM**) has an average price target of \$40.82 from 17 analysts covering the stock. The stock prices for **GNC** & Vitamin Shoppe (**VSI**) took a beating this week as the Oregon AG alleged that **GNC** sold supplements with an amphetamine like drug. **GNC** refutes the claim.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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