



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 merry, merry month of May. New York City’s Central Park opened in 1858 & among its designers was Frederick Law Olmsted, who was born 195 years ago this past week. *The Fountain in the Park*, the song with the iconic verse, “*I was strolling through the park one day, in the merry, merry month of May, when I was taken by surprise...*,” dates from 1880 & was first published in 1884. May is a great time for strolling, walking & hiking. **The Litchfield Fund** does all of the above on a regular basis. The physical & mental health benefits of walking are well-documented! As usual, *All Ears!!* has its own unique perspective on walking!

Walk the Walk: Many significant historical figures found walking beneficial! To many, the mental benefits were the most important! Nietzsche believed great ideas were conceived while walking, so it should be no surprised that J.K. Rowling felt nighttime strolls led to great ideas. Rousseau said his feet worked his mind! Thoreau saw a morning walk as a blessing! Muir & Huxley, likewise, felt walking brought them closer to heaven, they were likely pleased when Jimmy Page & Robert Plant built a *Stairway* for them. Muir also thought walking was discovery & his *walking* discoveries helped build our national park system! Of course, Neal Armstrong walked on the moon for all mankind. Voltaire thought those on the well-trodden path threw stones at those who opened new roads. One wonders if Robert Frost, after finding the diverging road & taking the less-travelled, *had to avoid projectiles?* Fred Allen liked long walks, especially when taken by people who annoyed him! Now it’s the beautiful month of May, *the best of spring & the harbinger of summer*, so whether it’s *Walking on Sunshine, On the Sunny Side of the Street or on the Wild Side*, get walking & enjoy the benefits of a healthy mind & body!

Industry News: *Powerplant Ventures, Tate & Lyle Ventures & Blueberry Ventures* were part of an \$8M raise for Richmond, VA chickpea protein powder maker *Nutriati*. *Kidfresh*, with hidden veggies & now in 9,000 locations, completed a \$10M round with *Monogram Capital Partners & Emil Capital Partners* among the investors. *Tyson Foods* bought Cincinnati-based prepared foods processor *AdvancePierre Foods* for \$4.3B, which includes debt. *Tyson* will divest its *Sara Lee Bakery, Vans & Kettle* brands. *U.S. Foods* took over specialty meat & seafood producer *First Class Foods* which has about \$55M in annual sales. *Treehouse Foods* sold its soup & infant food sections to *Riverbend Foods*. *Green Park Brands*, an L.A.-based food innovator, is partnering with *Ugly Drinks* to launch in the U.S. The U.K.-based *Ugly Drinks* is founded by two brand managers from *Vita Coco*, Hugh Thomas & Joe Benn.

Albertsons is rumored to be exploring a bid for *Whole Foods Market*. *The Fresh Market* will close 5 stores while rolling out a new format to change their stores from an upscale foodie destination

to more of an everyday grocery with sharp pricing. Indy-based *Marsh Supermarkets*, with continuing profit issues, will look to divest some locations to *Kroger* or *Giant Eagle*. *Supervalu's* 4th QTR earnings showed significant declines in same-store-sales-growth, transaction size, customer counts, sales & earnings. *Supervalu* may also eye divesting weaker performers. On *Supervalu's* wholesale side, there was a slight sales improvement. *Lidl* is looking to expand into western Pennsylvania & Ohio.

Danone reported weak, though mostly in-line with expectations, earnings for 1st QTR. Overall, sales grew just 0.7% as dairy sales fell 2.3%. Early-life & medical nutrition segments showed strong growth. Post-*Whitewave* merger EPS growth is projected higher, but investors were not impressed, as the stock price fell. *Coco-Cola* will be cutting 1,200 corporate jobs after reporting 1st QTR earnings down 20% with an 11% sales drop. At the opposite end of the spectrum, rival *Pepsi* had a 2% increase in revenue & a 40% plus increase in earnings, with an estimate-beating EPS of 94¢ in their 1st QTR. *Pepsi* credited higher pricing & will look to expand its *Quaker Oats* brand in the center store. *Panera* will add 10,000 delivery & café jobs while seeking to expand delivery by 40%. *Panera* reported its best quarter in many years, with EPS up 25% & revenue up 6%. *The Hershey Company* had a good 1st QTR with adjusted earnings up over 18% & sales up 6%. *Pinnacle Foods* was also in the plus column, with a 1.6% increase in revenue & a 25% jump in comparable net income. *Dr. Pepper Snapple* reported flat income with results impacted by marketing costs for its recently acquired *Bai Brands*.

Sonny Perdue was sworn in as the 31st Secretary of Agriculture with much praise from industry organizations. Secretary Perdue gave an inspiring speech to the USDA, harkening his farming roots by taking off his suit coat & rolling up his sleeves to get to work. The President indicated that his administration will work to restore dairy trade with Canada, who has falsely reduced prices & raised tariffs to restrain U.S. dairy trade in Canada. A University of Copenhagen Department of Nutrition study shows that eating protein from beans & peas versus pork & veal lowers calorie intake at subsequent meals. Convenience is the reason 1 in 4 adults have used meal kits, & why 70% do repeat business, according to a *Harris Poll*. When purchasing packaged foods, 58% of consumers seek labels that say humanely-raised, cage-free, pasture-raised, etc.

Market News: It was an up week for the markets with record highs being set along the way. News concerning trade, taxes, healthcare reform, consumer confidence, home sales & earnings buoyed investors. Sluggish 1st QTR GDP, still reflecting the previous administration's policies, provided the only downer for investors.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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