



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

Happy Birthday!! According to Guinness, *Happy Birthday to You* is the most recognized song in America. As a kid, birthdays brought the hope of cake, a party, maybe a favorite meal & presents. As we get older, *we want to get older!* We want to reach those birthday milestones: 16, 18 & 21! We have big celebration & nights out with friends! We continue to party hardy as we get older! There comes a time though that birthdays mark the passage of time & give a chance to look upon one’s own life with joy, & we hope, not regret! But as we often hear: *It’s better to have another birthday as opposed to not having another!*

Happy Birthday to You! Most often sung with a big frosted cake & burning candles, in today’s world it is sung to someone’s voice mail or sent through text or email or posted on social media --- performed by *cats, dogs, little blue smurfs & other cartoon characters!* The song was actually written by two sisters in Kentucky. One was a schoolteacher, the other a composer, & the song was entitled *Good Morning to All*. They thought the song was easy for children to learn & sing. The song was never copywritten & the lyrics seemed to have come from popular use when it was first published in the early 1900s. With disputed authorship & ownership, legal cases involving the song have been going on for the past 100 years! And speaking of 100 years, we hope that Golden Age movie actress Marsha Hunt celebrated a wonderful 100th birthday this past week!

Industry News: *Caulipower* (gluten-free cauliflower pizza crust) will add 2,500 stores to distribution with the help of a \$2M investment from *Boulder Food Group*. *Khosla Ventures* invested \$15M in *Gobble*, a meal kit delivery service in 32 states, which had previously secured almost \$15M in funding. *Forto* (coffee shots) has received a venture investment from *JAB Holdings (Peet’s, Caribou, Stumptown)*. *Supervalu* announced the acquisition of *Associated Grocers of Florida* for \$180M. *NRD Capital* will acquire *Ruby Tuesday* (599 locations with sagging sales & traffic) for \$335M. *Roark Capital Group* will take a minority interest in *Culver’s* (ButterBurger & frozen custard) & its 600 locations across 24 states. The Culver family will still be the majority owner. *The Ferrero Group (Nutella, Tic Tac)* will acquire *Ferrara Candy* from private equity company *L Catterton*. Private equity firm *Riverside Company (Tate’s Bake Shop, Uinta Brewing)* acquired specialty baking ingredient company *Parker*. Finding growth in a weak yogurt sales environment, *Siggis Icelandic* will explore a sale as it expects to reach \$200M in sales next year. The Buehler family sold its 13-store supermarket chain to its workers in the form of an employee stock ownership plan (ESOP) & will operate as *Buehler Fresh Foods*.

The Bellevue, WA *Whole Foods 365* will close after just about a year of operation due to location difficulties & poor performance. *Whole Foods* is opening stores in Alabama & North Carolina over the next few weeks. *Amazon* is exploring in-home delivery & delivery to your car trunk.

Giant Eagle will partner with *Deliv* for home delivery services. Continuing to expand beyond its brick & mortar, *Juice Press* will sell its juices & bars at 3 NYC airports through a partnership with airport retailer *OTG*. *Alkaline88* will now be available at *Publix*. *Unilever's Lipton Tea* will introduce an *Organic Black Tea* from the Kenyan rainforest. Protein bar *thinkThin* is introducing *Protein Cakes* with 12 grams of protein that are kosher, gluten-free & non-GMO & contain no artificial colors or flavors. *Cadbury* is introducing an avocado chocolate bar. *Ocean Spray* will introduce a 100% organic juice line. Per *Forbes*, *CVS* will place more emphasis on its better-selling lower-priced private label store brands & less on national brands.

Danone posted a 16.6% sales increase in 3rd QTR with the *Whitewave Food* acquisition included (4.7% sans *Whitewave*) & confirmed a 12% earnings growth. *Supervalu* also benefited from acquisition (*United Grocers*) with a 35% increase in sales & beating analyst 2nd QTR EPS estimates of 36¢ by a dime. *Nestlé* reported a 2.6% sales growth as activist investor *Third Point* hedge fund applies pressure to streamline operations & grow. *Unilever's* 3rd QTR sales missed expectations, the company citing poor weather in both Europe & Texas & earthquakes in Mexico. The company said its ice cream segment suffered as competition (*Halo Top*) took market share. Problems continue at *Blue Apron*, announcing a 6% layoff that will cost \$3.5M in severance.

A *Mintel* study states that 89% of people eat cereal for breakfast & 43% eat it as a snack. A *Reuters/Ipsos* poll reveals that, at least for now, people prefer their grocery store to online ordering. *JPMorgan* reports that on a basket of household, dry & perishable goods, *Costco* is 58% cheaper than *Whole Foods*, as well as cheaper than *Walmart*, *Target* & *Aldi*. Adding to the trials & tribulations of milk pricing & markets are large grocers, such as *Kroger*, *Walmart* & *Albertsons*, opening & operating their own dairies, bringing continued pressure on dairy processors. Millennials have more interest in probiotics than other groups. *Rodale Institute*, with a coalition of farmers, ranchers, nonprofits, scientists & brands, has developed new standards for a Regenerative Organic Certification. The USDA closed an investigation into *Aurora Organic Dairy's* organic compliance with no findings. *New Hampshire Agricultural Experiment Station* scientists are trying to develop varieties of organic strawberries designed to grow well in the USA. The American Heart Association reported a study that indicates that a lack of vitamin D may be the trigger for metabolic syndrome that leads to heart disease & diabetes.

Market News: Continuing its streak of winning weeks & new records, Friday marked the 24th time in 2017 that all three major indices simultaneously finished at new highs! The stock market was buoyed by the Senate actually passing a budget that paves the way for tax reform. The hope for speedy approval in the House, before moving onto tax reform, embolden investors.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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