



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

Boxing boasts two famous Joe Walcotts. Jersey Joe Walcott was a post-war boxing icon. He knocked down Joe Louis twice in a title fight before losing in a 15 round decision. He had three title fights against the great Ezzard Charles, finally defeating Charles on the third try, becoming the oldest man to win the world title until George Foreman. Jersey Joe lost his title to a young, undefeated Rocky Marciano, knocking Marciano down for the first time in the boxer’s career.* But it was Jersey Joe’s predecessor, welterweight ‘Barbados’ Joe Walcott, who coined the phrase “The bigger they are, the harder they fall!”

The bigger they are...! Jersey Joe Walcott was born Arnold Raymond Cream in New Jersey, his father an immigrant from the Danish West Indies. He admired the bull of a boxer from Barbados, so he changed his name to Joe Walcott & took the moniker ‘Jersey’ for his home state. Barbados Joe was welterweight champ in the early 1900s and regularly fought heavyweights. Sometimes Bob Fitzsimmons, a middleweight who won the light-heavyweight & heavyweight titles in the 1890s, is given credit for the ‘bigger they are’ phrase, but it was Barbados Joe, just shy of 5 feet 2 inches tall, who earned the nickname ‘Giant Killer’ in his career. We think Jersey Joe did well by even Barbados Joe’s standards by knocking down the true giants of his era!

Giant agrichemical-company Monsanto has been falling hard of late. While we will not delve into the details of the company’s most recent earnings report or its 30% plus stock price fall this year, we will discuss two interesting aspects of their business. First, sales for their super-duper high-priced bionic GMO corn seed are down! The spin is that corn yields are so high, thereby crushing crop prices and turning farmers to other crops. Sales of Monsanto’s biggest chemical brand *Round-up* are also down. Monsanto announced an overall restructuring at a cost of \$850M & eliminating 2600 jobs, all while repurchasing nearly \$3B in stock.

Certainly a few bad quarters does not mean this giant is falling. But these actions, including the 12% workforce reduction, seem to indicate that Monsanto’s cited ‘*industry headwinds*’ may last for some time. We wonder if something else is in play. Certainly the demand for organic products is on the rise. Consumers recognizing that a healthy environment & eco-system are impacted by the use of agrichemicals. So do we have a *ring-side seat* to a *blow-by-blow account* of this Franken-seed heavyweight taking a few *body shots*? With consumers *in their corner*, has the organic industry *come out swinging*, are *the gloves off*? Can they put

*In the 13th round Walcott was clearly ahead on points and Marciano needed a KO to win. Throwing simultaneous right hand punches, *Marciano beat Walcott to the punch*, knocking Walcott out! Many still say it was the hardest punch ever thrown.

Monsanto on *the ropes*, and maybe land the *knock-out punch*? Or will Monsanto *roll with the punches*? Most importantly, have we forgotten to use any other *boxing idioms*?

Industry news: *Impossible Foods*, plant-based provider of meatless meats, obtained \$108M in financing from investors including Bill Gates & Li Ka-shing. This follows a previous \$75M round & a refusal to sell the company to Google for a reported \$300M. *Impossible Foods* offers a meatless burger that looks, tastes, and reacts to cooking like beef.

Peet's Coffee & Tea bought Portland, Oregon based *Stumptown Coffee Roasters* for an undisclosed amount. *Peet's* CEO Dave Burwick feels the cold-brewed ready-to-drink coffee market will approach \$1B quickly. *Stumptown* will operate independently & both companies' products will not be cross sold.

Beyond Meat, another maker of plant-based protein meat replacements launched a marketing campaign featuring high profile athletes such as David Wright, Eric Bledsoe, Maya Moore & JJ Redick among others citing the performance benefits of plant-based protein diets!

Portfolio News: Hain Celestial (**HAIN**) announced a deal to sell its Earth's Best baby formula in China through a joint venture with Hutchison (Organics) China Med-Tech. The China baby formula market is estimated at \$165B. General Mills (**GIS**) announced recalls of gluten-free cheerios that included wheat & Cascadian Farms frozen cut green beans over Listeria concerns. Technicals indicate a bounce for **HAIN**, Whitewave Foods (**WWAV**) & Whole foods Market (**WFM**). Lifeway Foods (**LWAY**) received a STRONG BUY & a \$22 target price from Zacks. **LWAY** closed the week up more than 18%. JP Morgan Chase placed a \$44 target price on Kroger (**KR**) & 15 analysts have an average target on Sprouts Farmers Market (**SFM**) of over \$29.

Market News: The market enjoyed its best week of the year, with most sectors making gains. Asian stock markets also had a good week. Additional FED minutes assured investors that the FED is worried about growth, Asian markets, & Europe's stimulus taking root and many analysts now feel the FED will not touch rates before the end of the year. With 3rd QTR earnings report about to start next week, expectations are low. Investors have gotten the message that third quarter will likely not be any better than second quarter. This could lead to upside surprises, and with money sidelined from Asian stock selling, perhaps a near-term pop to the S&P!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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