



# 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**

**For my generation, Disney was not** about trips to Orlando or Anaheim, summer blockbusters with colorful talking cars & singing kitchenware or stores filled with cartoon-icon-emblazoned clothing & toys! Disney was just one hour on Sunday night, sitting cross-legged on the floor, watching a round tube black & white Crosley TV! Each week, Walt Disney brought us the magic of his Wonderful World, *even in black & white*. This week, we take inspiration from Mr. Disney, who said “*We keep moving forward, opening new doors, and doing new things, because we’re curious and curiosity keeps leading us down new paths.*”

**This is Us:** Three springs ago **The Litchfield Fund** seed was planted. After starched-shirt corporate careers, *we were curious to open new doors & do new things*. With a passion for Natural & Organic living we enjoyed cooking & creating in the kitchen, wanted to use our acquiring business skills & live beneath wide blue skies. Investing allowed us a lifestyle to work from where we wanted beneath those skies. We look to invest in companies that are past angel investment, but not quite ready to pique the interest of larger investment & venture firms. We seek companies with unique, functional, clean products but with a *taste* that has broad consumer appeal. We partner at a stage where we can build a relationship & add value to a company’s growth through our own knowledge, skills, experience, contacts, social media presence, etc. to help them, *and us*, be a success! Yes, like John Houseman, we are old-fashioned enough to want to *earn our success!* And with that success, we are old-fashioned enough to give back, to American farmers – to educational programs, co-ops, organizations, etc. – that support independent American family farms, the kind we grew up around! We have seen the *sprouts* of the *seeds* we planted & each day **The Litchfield Fund** *grows* just a bit! As for *All Ears!!* our newsletter, we always begin with a few self-indulgent musings, then try to bring to our readers a quick recap of the news we gathered in our weekly research of trade journals, market results & important news, fulfilling our tagline, *we have our ears spread across all the fields!* Our goal is to simply point out what is happening – the growth, successes, problems & issues – in our changing industry segment. We offer opinion or thoughts when we have them, but for the most part, we allow the news to stand on its own, *save the times we can’t resist injecting a bit of humor!*

**Industry News:** Investment continues to move forward in our industry. *Project Nosh* reported that *Ruby’s Naturals*, makers of *Ruby’s Rockets*, acquired *Brewla*, bringing together the two frozen treat companies. HPP baby food producer *Pure Spoon* completed an investment led by *Keen Growth Capital & Veritas Family Partners*. *Horizon Ventures* led a \$15M investment in energy drink *Celsius*. *ConAgra Brands* acquired *Thanasi*, producer of *Duke’s* meat snacks & *Bigs Seeds*. *Weis Supermarkets* bucked the trend of lower same store growth comparables with a

strong 4<sup>th</sup> QTR & full year 2016 results. For 4<sup>th</sup> QTR, sales were up 17.6% & net income rose 4.1%. Net of certain 2016 provisions, full year revenue increased 6.9% & net income rose 6.7%. *Hostess* reported a 17% increase in 2016 revenue but a 7% decrease in net income due to a 2016 tax provision. *Smart & Final* believes there is room to grow to 100 stores in the California market, 45 in the Pacific Northwest & 20 in the Nevada/Arizona region. Troubled *Fairway Market* has announced Abel Porter, former *Smith Food & Drug* CEO, as its new leader.

*Ganeden*, makers of the widely used *Ganeden BC30™* probiotic, announced a shelf stable probiotic-based ingredient, *Staimune*. While *Staimune* lacks the digestive benefits of a probiotic it does provide the immunity boost associated with probiotics. It is derived from the cell walls of deactivated BC30™ cells. *Archer Daniels Midland* is launching *Sweet Right Stevia & Very Sweet Monk Fruit*. *Chobani* has replaced *Yoplait* as the biggest selling yogurt brand in America. *High Brew Coffee* will replace stevia with cane sugar. *Caribou Coffee* is eliminating 70-plus ingredients to create a clean label for its products by 2018.

While deflation in retail food prices continues for the 15<sup>th</sup> straight month year-over-year, February does show a slight increase in prices from January. For all of 2016, retail food prices fell 1.3%, the first year with a decrease in food prices since 1967. Vanilla prices, already on the rise, will continue to soar as a cyclone destroyed much of the 2017 crop. Leaders in many industries have been excited about the new administration's various cabinet picks. Scott Gottlieb, the nominee for the Food & Drug Administration, was well received by the supplement industry.

A JAMA article reported that Howard County, MD, reduced soda consumption through a community outreach program involving doctors, media & advertising! We love this type of community solution to a problem that does not rely on government to make changes! A Turkish study indicates that low Vitamin D levels cause an increase in the pain & balance problems associated with fibromyalgia. Children with Irritable Bowel Syndrome also show low Vitamin D levels. An American Heart Association study revealed that eating gluten reduces the risk of Type 2 diabetes as a gluten free diet lacks fiber & promotes the risk of the disease. A recent study showed that *ahiflower* has omega properties & health impacts on par with fish oil.

**Market News:** The markets posted gains this week, despite winter weather tamping down early week volume. Markets rallied as the FED raised rates a quarter percent. Most analysts believe a May hike is off the table, but that the markets are pricing a June adjustment & projecting a year end rate in the 1.25% to 1.5% range. Consumer confidence rose to a 13 week high.

***Seeds, Sprouts, Grow,*** Harvest!

**The Litchfield Fund**

V3issue39.03.18.17

**The Litchfield Fund** is a family owned & operated joint venture. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours and should not be considered investment advice or recommendations.