



# 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**

**What would it have been like** to be at the Aeolian Hall in NYC on the afternoon of February 12, 1924? A packed venue is listening to Paul Whiteman’s already famous orchestra presenting *An Experiment in Modern Music*, an educational concert. A long show; ordinary pieces; the audience bored & restless until a 25 year-old former song plugger takes to the piano with a composition he wrote in just 5 weeks. Virtuoso Clarinetist Ross Gorman plays the *glissando*, the orchestra fades in, the piano player starts the solo & the audience witnesses the birth of serious American music: George Gershwin’s *Rhapsody in Blue*!

**Art & Innovation:** Mr. Gershwin was indeed already famous by 1924. He did begin his career at age 15 as a song plugger playing piano on Tin-Pan-Alley to promote sheet music & records. After jobs scoring piano rolls, he then composed for Broadway. At age 21 he wrote *Swanee*! When recorded by Al Jolson in 1920, *Swanee* sold a million copies of sheet music & sold more than 2 million records at a time when less than 40% of U.S. households owned a phonograph!

We will allow music historians & academics to debate just how innovative Mr. Gershwin’s *Rhapsody* was & how much it has meant to American music. For casual *aficionados* such as ourselves, we hear the melodic blues & jazz influenced passages, the hint of ragtime, & the atonal cacophony of sounds & become enveloped in an impressionistic feeling of what embodied the Jazz Age. Who can listen to this piece and not hear what Mr. Gershwin had heard from his youth – a city growing in standing & culture to the sounds of horse carts, street hawkers, trains, automobiles & children’s cries; bulldozers, cranes & pile-drivers wrecking havoc on every corner; music bursting from saloons & honky-tonks; & organized crime’s violent staccato of gunfire? For **The Litchfield Fund**, Mr. Gershwin has always defined American music & a standard by which to judge all other pieces, especially *New York Americana* – even popular attempts by The Lovin’ Spoonful (*Summer in the City*), Neil Diamond (*Beautiful Noise*) & Frank Sinatra (*New York, New York*). Like **The Litchfield Fund**, Mr. Gershwin’s *Rhapsody* relies heavily on tradition, yet seeks to innovate & change. As Winston Churchill said, “Without tradition, art is a flock of sheep without a shepherd. Without innovation, it is a corpse.”

**The Litchfield Fund** invests in innovative companies with exciting brands & disruptive products. We found just such a company in *SuperEats* ([www.supereats.com](http://www.supereats.com))! This week we announced an investment in this New Orleans & Los Angeles based food company. Co-founders Aaron Gailmor & Charlie Ruehr are bringing innovation to the great American tradition of *munching* -- creating simple, clean, healthy & nutritionally packed products. Unlike other companies who just flavor an ordinary corn chip (which for Big Food is likely GMO corn) with kale, *SuperEats*

uses high nutrient value ingredients such as kale, lentils & chick peas to create their crunchy *Kale+Chia Chips* & *Kale Crisps* treats! We are very impressed by Aaron & Charlie's innovative ideas to grow their product offerings & brand. We are thrilled with the opportunity to be part of *SuperEats*! Read more about **The Litchfield Fund** & *SuperEats* at [www.litchfieldfund.com](http://www.litchfieldfund.com).



Super Delicious & Super Nutritious! *SuperEats'* crunchy *Kale Crisps* flavors are Hickory BBQ (our favorite), Sriracha, & Sea Salt with Cracked Pepper! The tasty *Kale+Chia Chips* come in Cheddar, Chili Lime, Ranch, Sea Salt, & Jalapeno Garlic flavors!! *SuperEats'* snacks are Non-GMO Certified, Gluten Free, & Vegan!

**Industry News:** JAB Holdings took struggling Keurig (GMCR) private this week in a \$14B deal. Analysts see a continuing environment for food company M&A. DuPont & Dow announced a merger in an attempt to revitalize their performance in agriculture chemicals & plastics. While both companies & analysts believe that lower crop prices & a strong dollar have hurt their farm chemical business we believe this is somewhat due to the growing consumer demand for organic & natural products, similar to our recent opinion on Monsanto's weak earnings.

**Earnings News:** United Natural Foods (**UNFI**) missed on its 1<sup>st</sup> QTR earnings reporting an EPS of 63¢ versus analyst expectations of 67¢. Revenue was in-line with analyst forecasts at \$2.08B. **UNFI** is most likely seeing the impact of customers moving to conventional supermarkets to purchase natural/organic products, impacting both their revenue & margin. **UNFI** also lowered its 2016 full year guidance.

**Portfolio News:** Zoe's Kitchen (**ZOES**) received strong reports, including one from analyst Jim Cramer, as to its prospects for growth. With Chipotle failing in food safety, **ZOES** has the potential to be the next big trend among millennials.

**Market News:** Markets slid this week as oil fell well below \$40 a barrel amid reports that the energy supply glut will continue into 2016. Investors also looked toward the last pieces of data on consumer spending that will influence the Fed's coming rate decisions.

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

**The Litchfield Fund**

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