



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

On a wave & wind swept New England coast an unlit mansion sits near a cliff.

The matriarch has not left its confines in almost 20 years. A young beautiful Jane Eyre-like governess arrives to school the young ward. Unbeknownst to her, she is the image of a beauty who once lived in the house & stole the heart of its young heir. Now a creature of the night, cursed by another love, he roams the night. His immortal soul is in constant turmoil, fighting the curse’s blood lust while protecting his ancestral estate. But down every hallway, beneath every stair, around every cobblestoned corner awaits *Dark Shadows*.

DARK Shadows: Long before *Twilight*, *True Blood* or *The Walking Dead* the daytime gothic soap opera *Dark Shadows* became ABC’s most watched soap opera. Barnabas Collins, the vampire with a good heart, was a cult hero protecting the Collins family & Collinswood, the family estate, from a host of supernatural beings & evil doers. The scripts & acting were often childish, staged, campy & predictable! When the heroine runs into a room she turns around & screams -- hit the minor keys!

Childish, staged, campy & predictable is a great way to describe the U.S. Congress as it continues to move the DARK Act through its less-than-hallowed halls. Appropriately named, the DARK (Deny Americans the Right to Know) Act would prevent states from passing laws requiring GMOs to be labeled & declaring GMO-free growing zones. This is not a Republican/Democrat issue as politicians on both sides of the aisle take money from AgChem, Agtech, Big Food & Farming lobbyists.

At **The Litchfield Fund** we want to see the food system return to the pre-AgChem era of more than 100 years ago. However this planet & its denizen came to be we owe it to those who come after us to leave her in good stead, *conserving* its raw natural energy for future generations. GMOs should be labeled just like preservatives & artificial colors. We believe the free market allows consumers to vote with their hard earned dollars. If consumers want to buy non-GMO products they will spend their money accordingly. The consumer makes the ultimate choice: not law makers in Washington D.C. Likewise, we believe states & communities will make the best decisions for their residents & land. We support the 10th amendment (states’ rights) & believe a decision as to whether a county or state wants to create GMO-free growing zones must be left to the people. Washington D.C. should not play a role in these issues, or other issues, protected under the constitution. We encourage those who oppose the DARK Act to call their senator, *Demoncrat or Refliblican*, and express their opinion in good conscience!

Industry News: *Just Mayo* is moving beyond, well, just mayo, to launch many new products including salad dressings & cookie dough. Much of the new launch will focus on mainstream retailers Walmart & Target. Investment & incubator firm *CAVU* announced a pre-launch investment raise of \$150M. This *supergroup* of partners (Clayton Christopher, Rohan Oza and Brett Thomas) with entrepreneurial, investment & brand building expertise will focus on food & beverage. We look forward to what they can accomplish, much like when Ginger Baker, Jack Bruce & Eric Clapton formed the *supergroup Cream!* Perhaps a new dairy product --*White Room Cream?*-- should be on their short list of investment opportunities! *Steaz* entered the growing cactus water field with a variety of flavors made from prickly pear cactus juice. Cactus water, near & dear to our desert hearts, is a highly functional hydrating drink with electrolytes.

Earnings News: Kroger (**KR**) reported lower than expected 4th QTR earnings citing downward price pressure for meat, produce & gas. Lower costs brought about a 57¢ EPS beating analyst estimates by 3¢ & a record \$2B profit. Earnings rose by almost 10% year over year. But softer than expected same store sales growth shook investors & Kroger's stock price fell 6.6%. **KR** is still forecasting \$2.19 to \$2.28 EPS for 2016 but with a lower same store sales growth.

Portfolio News: Kroger will be selling only cage-free eggs by 2025. United Natural Foods (**UNFI**) purchased Haddon House for \$217M. Haddon House distributes natural, organic & gourmet ethnic foods in the eastern part of the U.S. Haddon House will operate as an independent subsidiary of **UNFI**. **UNFI** released preliminary 2nd numbers below analyst estimates. **UNFI**'s stock price fell 12% to \$34.56 this week.

Market news: The market has been unpredictable & certainly seems to be looking for consistent positive signs. Stock indices appear to be moving out of correction levels but earnings pressure still remains evident. Fears of China's slow growth seem to have subsided this week in favor of the good tidings of a significant bump in oil prices. From a consumer point of view gas prices remain much lower than recent years but general economic fears still seem to temper consumer spending. Increased February non-farm payrolls, albeit with stagnant wage growth clears a path for future rate hikes and eases recessionary concerns.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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