



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

The ice age retreated about 11,000 BC. Hunters & gathers in the Eastern Mediterranean noticed that the wild plants & seeds they depended on were now dormant in the long, hot, dry summers but then bloomed again in Spring from the seeds & tubers left behind. This realization led to farming in both the Mediterranean & China! It was about the same time that pigs, then cattle, became domesticated. By 9500 BC the founder crops such as einkorn, barley, peas, chick peas, lentil & flax appeared & rice in China. *"When tillage begins, other Arts will follow. Farmers...are the founders of civilization,"* said Daniel Webster.

Farm Respect: Daniel Webster was not alone in his praise & understanding of what farming has meant to civilization. The greatest minds in history, Cicero, Washington, Jefferson, Samuel Johnson & others, considered farming to be the noblest of professions -- the backbone that makes a country proud, strong & rich. Eisenhower, reversing the federal over-management of farmland under The New Deal, warned that *"Farming looks mighty easy when your plow is a pencil & you're a thousand miles from a cornfield."* Likewise, JFK understood the farmer, noting that *"The farmer is the only man in our economy who buys everything at retail, sells everything at wholesale & pays the freight both ways."* George Washington was not just a farmer, but a leading agriculturalist of the 18th century! Long before GMOs & fertilizers, Washington was working to improve crop resistance, yields & soil health. Colonists took their work ethic & morals with them across the Appalachians. They agriculturally conquered the American Heartland, largely in part to *John Deere* literally banging a sword into a plowshare in his blacksmith shop. Mechanization did not decrease the hard work of the farmer, his worry or his devotion to the land. The challenges today remain what they have always been -- weather, soil health & time.

The Litchfield Fund respects our own farming roots; our simple logo paying tribute to hard-working farmers & our shared values. Farming satisfies a basic Maslowian need, that is, *people gotta eat!* But humbly, like those great minds, we see farming at the root of a healthy economy, civilization & culture. We close with Thomas Jefferson: *"Agriculture is our wisest pursuit, because it will in the end contribute most to real wealth, good morals & happiness."*

Industry News: This week, there was positive news for farming. The USDA & the Organic Trade Association partnered to develop transitional certification to help farms move toward organic. The hope is that this will help increase the amount of organic farmland available to meet the growing demand. The USDA also said that local farming & farmer markets have matured into a significant economic driver based on the number of established & new farms engaged in the market. The December Purdue Ag economic survey shows increasing Agricultural optimism. On

the downside, the U.S. Fish & Wildlife Service listed *Bombus affinis*, the rusty patched bumble bee, as an endangered species, the first bee pollinator to be listed. The once prevalent workman has gone from a strong presence in 28 states to small colonies in just 13 states.

The Council for Responsible Nutrition & The International Probiotics Association released guidelines stating products should reflect the number of viable CFUs at the end of product life. These guidelines also covered testing & storage. Many product makers already use these guidelines. Studies from the The Hartman Group indicate significant millennial supplement use.

Ahold joined the *RangeMe* platform for product discovery. *General Mills* announced a host of new products for 2017. *Annie's*, *Larabar*, *Yoplait*, *Häagen-Dazs* & others will be delivering new flavors & innovative choices. *ConAgra* is reformulating *Reddi-wip* with cleaner ingredients, including hormone free dairy. Likewise, *Hormel* is introducing a clean label *Jenni-O* turkey sausage. *Lundberg Family Farm* announced a partnership network to produce organic fair trade Thai Hom Mali Jasmine Rice from Thailand.

Earth Fare began a clean food challenge with the motto “*Live Longer with Earth Fare*” creating a list of chemicals & ingredients new products must be free from. *SuperValu* reported a drop in 3rd QTR revenue & restated their fiscal year. Following the trend, same store sales growth declined 5.7%. *ConAgra* spinoff *Lamb Weston* reported a strong 2nd QTR with a 59¢ EPS up from 50¢ EPS the same QTR last year, despite \$9M in spin-off costs. Net sales were up 7%.

Kuli Kuli finished a \$4.25M funding round that included *Eighteen94 Ventures*, *S2G Ventures* & *InvestEco*. *S2G Ventures* led a \$3.7M growth round in *Shenandoah Organic Chicken Company*. *Sunrise Strategic Partners* invested in snack maker *Pure Growth*. *Renewal Funds* led a \$3M funding round for natural/organic sunscreen maker *Goddess Garden*. Last week, nutraceutical company *OmniActive* finished a \$35M fund raising to accelerate growth. This week they announced acquiring an 85% stake in *Indfrag*, a leading supplier of herbs & botanicals from India & Southeast Asia. *B&G Foods*, having digested *Green Giant*, *Victoria Fine Food* & *ACH Food Companies* plans to continue acquiring & focus on innovation to keep up with consumer trends.

Market News: The Dow was flat, the Nasdaq up significantly with new highs & the S&P slightly up this week. Mostly, bank earnings were the driver as management expressed positive 2017 expectations. Small business confidence rose to a 12-year high with its greatest surge in more than 35 years. December retail sales numbers showed strong demand.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

V3issue30.01.14.17

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.