



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!!!!”



The sports woes of our hometown, Cleveland, are well known & too numerous to recount in this essay. Many place the blame on the “*Curse of Rocky Colavito*,” which began on April 17, 1960. *The original Rock*, Mr. Colavito turned 85 this week. He was a hero to young Cleveland baseball fans, leading the league in home runs in 1959, as the Indians finished in second place. But on that fateful April date, Tribe GM Frank “Trader” Lane sent Rocky to the Tigers for batting champion Harvey Kuenn! The Indians entered a baseball winning drought that lasted for 35 years & Mr. Lane became forever known as “Traitor” Lane!

Free Agents: Until the mid-seventies, baseball’s superstars stayed with their teams for their entire careers. They became part of a city’s culture, profile & fame! Fans knew their heroes would be on the field each year & there was strong loyalty between the fans & the players. And perhaps, in these simpler times, fans took great comfort in knowing Stan Musial was & forever a Cardinal, Ted Williams a Red Sox, Joe DiMaggio a Yankee & Bob Feller an Indian! It was Curt Flood who paved the way for free agency by fighting the ‘reserve clause’ in the courts, but Andy Messerschmidt & Dave McNally were the first free agents in 1975! Since then, players in all sports have been able to hit free agency as their careers progress. It has led to higher salaries, bigger TV contracts, mega-sponsorship deals, super teams, less loyalty, higher ticket prices & heartbroken fans. Today, in our booming economy spurred by tax cuts & deregulation, USA workers find themselves to be the free agents. Even though there are more Americans working than ever before, there are a record number of job openings. Initial jobless claims continue to fall as a record number of workers leave jobs voluntarily for better jobs. Wages are up, spending is up, tax revenue is up & inflation is moderate. Bottom-line, American workers have more money to spend on themselves, their families & their future. They are today’s free agents, choosing a job they want & being paid for the skills they bring to it! To these workers, we here at *All Ears!!* will always remain loyal! Now, back to baseball! Traitor Lane was not finished! As the 1960 season went along, he felt the Indians needed a change. He swapped Indians manager & former player from the 1948 World Series championship team, Joe Gordon, for Tiger manager Jimmy Dykes! At the end of the season, Traitor Lane sent Harvey Kuenn, who had batted .308, to the San Francisco Giants. About a month later, he left Cleveland for an executive position under Charlie Finley at the Kansas City A’s, another relationship that ended poorly! Mr. Colavito returned to Cleveland in 1965 & led the league in RBIs. As for Messiers. Musial, Williams, DiMaggio & Feller, *All Ears!!* must correct an above erroneous statement. These gentlemen, *these heroes*, did play on other teams – *the U.S. Army, the U.S. Navy & the U.S. Marine Corps!*

Industry News: *New Crop Capital* led an \$8.7M round in *Good Catch Foods* & its plant-based seafood alternatives. *Life on Earth* acquired L-theanine relaxation drink *Just Chill*. Due to

shareholder pressure, *Albertsons & Right Aid* called off their \$24B merger one day before shareholders were to vote on the deal.

Dr Pepper Snapple & Keurig Green Mountain reported separately for the last time before merging in 3rd QTR. *Dr Pepper Snapple's* sales rose & the coffee roaster had a slight bump. On income, the former lost 3.5% while the latter was up 10.8%. At *Monster*, sales grew 12% in 2nd QTR, topping \$1B for the first time. Net income had a 21% increase. Despite a drop in USA sales, *Kraft Heinz* saw revenue rise slightly worldwide, with an earnings beat, in 2nd QTR. There are reports the company is interested in *Campbell*. *Post Holdings* earned \$96.5M in 3rd QTR, countering a loss from the previous year, as revenue rose 26.4%. The company sold a 39.5% stake in its private label business to *Thomas H. Lee Partners* for \$250M. The new unit will be called *8th Avenue Food & Provisions*. In 2nd QTR, *B&G Foods* had a 7.4% revenue increase but had a slight loss due to freight costs. *Hostess* gained 6.2% in revenue but lost 12.8% in net income, citing transportation & other supply chain expenditures. Sales & net income both rose 1.6% at *Flower Foods* during 2nd QTR, growth muted by increased promotional costs & supply issues. The parent of *Dave's Killer Bread*, *Alpine Valley* & others lowered its going forward forecasts. *Dean Foods* posted flat 2nd QTR revenue but had a \$40.9M operating loss due to higher costs & competition. Commodity prices impacted *Pilgrim's Pride* in 2nd QTR as earnings dropped more than 50% on a 2.6% sales increase. *Tyson* saw a significant gain in net income for 3rd QTR, rising 21% with a slight revenue miss, although revenue rose 2% on beef sales. At *Ingredion*, 2nd QTR sales rose 3% but net income fell 12% due to North American operational problems. For *Pinnacle Foods*, sales fell slightly but earnings rose to 47¢ from 16¢ for its 2nd QTR. *Natural Grocers by Vitamin Cottage* saw a 233% increase in 3rd QTR income on a 5.2% comparable store gain & 9.5% net sales jump. *Weis Market* had relatively flat 2nd QTR earnings & revenue, mostly impacted by Easter falling in the 1st QTR. *Ahold Delhaize* delivered 2nd QTR earnings in line with analyst expectations.

Bob Moore will give up the CEO role after 40 years at *Bob's Red Mill* & Indra Nooyi will step down after 12 years in charge of *PepsiCo*, turning the company over to Ramon Laguarta. *Kroger* appears to be buying real estate in Florida to open *Lucky's locations*. *Publix* will add another *GreenWise* market in Boca Raton. *Walmart*, in a test with *Alert Innovations*, will install an automated retrieval system to support its personal shoppers. *Gobble & Walmart* will partner to sell 15-minute meal kits on the retailer's website. *Aldi* will undergo a significant new product increase, adding 20% new shelf offerings. Much of the focus will be on fresh foods & meal prep.

Market News: Markets slipped at the end of the week due to economic unrest in Turkey. Turkey accounts for slightly more than 1% of the world GDP. Job openings reached a 17-year high.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malenjo*

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