



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

This is the era of pampered & overpaid athletes. Sports news focuses more on drug tests, arrest reports, Las Vegas trips & pregame antics. As a sports fan, we want a great game played hard in the spirit of good sportsmanship. The recent passing of one of the true greats, Arnold Palmer, made us think of a past Golden Era when Arnie, Jack & Gary competed against each other. They fought tooth & nail to win, but at the end they were sportsmen & great friends. Seeing Jack’s care for Arnie at this year’s Masters was incredibly touching. A few great postseason baseball moments speak to the real inspiration sports can bring to us!

It’s a game: There have been those moments in postseason baseball that make us remember this is a game, not a business or a sociopolitical platform. Who can forget Boston’s Carlton Fisk waving his home run ball fair in the 12th inning of game 6 in the 1975 World Series & leaping with boyish joy when the ball crossed the fence? It doesn’t matter that the Red Sox lost game 7 to Cincinnati’s Big Red Machine! Or that legend says the only reason that inspiring moment is preserved on film is that the cameraman was distracted by a rat & failed to follow the path of the ball! It is considered to be the most iconic postseason moment. Our favorite moment came in game 1 of the 1988 World Series when the Dodgers’ Kirk Gibson pinch hit with two out in the bottom of the ninth. Legend has it that Gibson, nursing injuries to both legs, was in the tunnel hitting baseballs off a tee, filling the dugout with grunts of pain on every swing. He tells manager Tommy Lasorda, “I can give you ONE swing!” Gibson works the count to 3-2 against the A’s Dennis Eckersley, the best closer of that era! With the string out Gibson takes an off balance swing at a low & off the plate pitch! The ball leaves the park, Gibson limps around the bases pumping his fist! It took 4 more games for the Dodgers to win the World Series but Gibson’s limping out of the dugout to win the game is inspiring -- defying his injuries to help his team. Then there is ‘The Flip’ which gives us hope that there are athletes who never lose their youthful exuberance or forget the true spirit of the game. In the 2001 ALDS, Yankee superstar & *The Captain*, Derek Jeter, hustled like a rookie past the right field foul line to grab an errant cut-off throw! He flipped it to catcher Jorge Posada who tagged Jason Giambi on the leg just before Giambi touched home plate. This is what we love about sports, competitors passionately giving it everything they have to bring joy & amazement to their fans!!

Industry News: *Whitewave Foods* finalized shareholder approval in order to move forward with the *Danone* acquisition. It was reported that \$108.9 M was the price for *ConAgra’s* purchase of *Frontera Foods*. *Bai Brands LLC* is exploring a \$2B sale of its company. *Archer Daniels Midland Company* purchased *Caterina Foods*, maker of specialty gluten-free & high-protein pastas. *Chobani* announced a new incubator whose initial class includes *Banza* chick

pea pasta. *Costco* eked out a slightly positive 4th QTR due mostly to lower credit card fees from their new provider. A bright sales spot for *Costco* was growth in its natural/organic segment. *Sprouts Farmers Market* identified eight 1st QTR store openings including its first store in Tampa, FL. *Whole Foods Market* saw a stock price increase due to speculation that *Kroger* may be interested in acquiring the company. *All Ears!!* believes *Whole Foods* should look for a buyer to take the company private. A private equity purchaser may find *Whole Foods'* metrics more appealing than the NYSE or a large corporate does.

Kraft Heinz is introducing *Simply Good Jell-O* with no artificial flavors, dyes or preservatives. *Papa John's* announced that they have finalized removing 14 ingredients including high fructose corn syrup, artificial ingredients & preservatives. Minneapolis-based *Cargill* has completed its first non-GMO ingredient certification for its commercial-scale cane sugar, erythritol & sunflower oil. Global clean label sales could reach \$180B by 2020. Clean label is getting traction for many reasons, most importantly consumer desire for transparency & high quality. Some analysts believe that companies are pursuing 'clean label' products as it is easier to prove than claims of 'healthy'. Dairy studies this week cited that full fat diets lower diabetes risk.

In 2015 organic vegetables, potatoes & melons sales totaled \$1.5B or 23% of all organic agriculture sales, growing by 12%. Organic spinach farm acreage grew 27% while sales grew 32%. Organic blueberry acreage is up 14% & sales increased 80%. The Organic Center & USDA announced a \$2M grant for 3 programs: sharing organic knowledge to increase organic adoption, examining the use of manure to improve soil health & exploring organic celery powder for curing meat. Interestingly, celery powder is a main ingredient in curing meat but organic celery powder is ineffective.

Market News: The markets were down for the week as stocks meandered while waiting for Friday's underwhelming job report. The economy created just 155K jobs in September. The government's 5.0% unemployment number seems to miss the fact that there are 94.2M workers (the government's number) NOT in the workforce. As a note, there are 200M Americans between the ages of 16 & 65! The government also reported 9.7% of workers have given up looking for full time jobs. If or more likely when the bubble bursts most Americans will be worse off than they were prior to the Great Recession. This will be devastating. As investors, we understand that good jobs equate to not just increased spending power but puts people on the path to improving their standard of living, education & health!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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