



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

We have an old-fashioned, idyllic view of Independence Day, of course. Tree lined streets with The Flag hanging from every porch. A parade down Main Street followed by speeches at a Red, White & Blue bunted gazebo on the Town Green! Then, brass bands, kids playing baseball, dogs barking & picnics complete with burgers, hot dogs, corn on the cob, lemonade, sno-cones & as the evening cools, s’mores over an open fire. To cap the day, fireworks light the night! *America*, this yet unfinished experiment in self-government, where each & every person has the right to pursue *their happiness, their passions & their dreams!*

Freedom & Fishing: Among our many freedoms in America, we are free to choose how we make a living. Whether you enter a trade or pursue one or more college degrees, in America people are to be rewarded based on their own merit & effort. Many see entrepreneurship as a great equalizer! Through one’s own energy & capital, the free market rewards the merit of a product or service. Then, in our non-working time (if we have any), we are free to pursue our passions! For some this is family, church or charity. Many people have hobbies & pastimes that bring them pleasure & happiness! Many of Our Nation’s Presidents have had hobbies. Golf, for many, was a favorite pursuit. FDR collected stamps! Truman & Nixon were bowlers, adding & updating a small bowling alley in the White House. Nixon was also a card player, Clinton played the saxophone, Lincoln was a wrestler & Calvin Coolidge liked riding a mechanical horse! Of course, many loved the outdoors! FDR & John Quincy Adams were swimmers! Reagan rode horses on his ranch! Teddy Roosevelt was a great outdoorsman & conservationist. Perhaps it is the freedom to be with nature, the quiet contemplative time or the challenge of landing a big one, many Presidents loved to fish! Washington, Cleveland, Harding, Ike, JFK & others loved standing by a stream or casting from a boat. In the comic strip *Animal Crackers* (written by Roger Bollen in the 1960s), a big fish is about to swallow a smaller fish, who in turn is about to swallow a smaller fish & so on, until the smallest fish is ready to swallow a worm on a hook. The worm, seeing all this, says to the group, “*Gentleman, I would like to point something out!*” This week, *ConAgra* took a \$10.9B swallow of *Pinnacle Foods*, who had previously swallowed *Boulder Brands*, who had previously swallowed *evol, Gardein, Glutino, Udi’s & Earth Balance*.

Industry News: *Rustic Crust* (better-for-you frozen pizza & sauces) completed an \$8M raise, mainly from *ACAP*. *Bright Farms* (hydroponic greenhouses) completed a \$55M round led by *Cox Enterprises* with current investors *Catalyst Investors, WP Global Partners & NGEN Partners* participating. Retail pharmacy stocks took a hit as *Amazon* announced the purchase of *PillPack*, ecommerce pharmacy, for \$1B. *J.M. Smucker & Rev1 Ventures* will partner to help *Smucker* identify start-ups in ingredient & process technology, snacking & supply chain. *Danone Manifesto Ventures* plans to invest \$150M in 20 to 25 companies focused on plant-based foods & new

sources of protein. *Bloomberg* reports *Danone* may be considering a \$500M sale of *Earthbound Farms*. Rumors swirled on a possible *Kraft Heinz* takeover of *Campbell*. Irwin Simon stepped down as CEO of *Hain Celestial*, taking on a non-executive chairman role, causing takeover rumors.

Net sales rose 2.2% & earnings fell 13% for *General Mills*' 4th QTR, but sagging performance in bakery & yogurt will lead to cost & job reductions. *ConAgra* saw 4th QTR sales rise 5.6% as earnings beat projections by 6¢. *McCormick* grew sales 19% & beat 2nd QTR earnings estimates, the consumer segment rising due to acquisitions & growing interest in spicy foods.

Robomart, offering a self-driving consumer-summoned mobile grocery store with fresh, refrigerated products, will pilot in two Norcal markets. *Kroger* will pilot unmanned delivery in a partnership with *Nuro*. *Kroger* is implementing new 90-day payment terms, which trade organizations suggest may violate the Perishable Agricultural Commodities Act. *Nestlé's Sweet Earth Foods* will launch a new line of frozen pizzas with crusts made from ancient grains, carrots & rosemary. *Kill Cliff* will rebrand & launch *Ignite*, a pre-workout energy drink, as they reshape their products to cover the complete workout cycle. *Elmhurst Dairy* will expand suppliers to take advantage of its proprietary process, *HydroRelease*, which extracts nutrients from raw grains, nuts & seeds to make a beverage without chemicals & thickeners. *Albertsons* will sell its three remaining Florida stores to *Publix* as it exits the state. As part of a \$22M refresh, *Giant Food* will open its fifth *Giant To Go* location, offering curbside order pickup & delivery while serving 40% more customers than the *Giant* store it replaces. Per an *IRI* study, the 200 top selling new brands captured first year sales totaling more than \$4.6B. The *FMI & Hartman Group* report that despite the growth of on-line sales, consumers are still visiting brick & mortar & spending regularly! A *Market Force Information* survey of 12.8K consumers, *Wegman's* is the consumers' favorite grocery, followed by *Publix*, *Trader Joe's*, *Aldi* & *H-E-B*. California's Office of Environmental Health Hazard Assessment overruled a court decision requiring coffee to carry a cancer warning. Following other states, California passed a bill to prevent localities from placing taxes on sugary drinks. *RXBAR* is being challenged in the courts on the accuracy of the bar's label.

Partnership Update: In July, *Genius Juice*, the world's first organic coconut smoothie, will be available on *Amazon*! An article in *Dairy Reporter* suggests that plant-based beverages biggest competition will come from premium dairy products, like *B'more Organic's* high-protein, no added sugar, low lactose skyr smoothies!

Market News: Markets were bouncing this week on economic news such as tariffs, May inflation reaching the FED target & the Chicago PMI showing continued manufacturing expansion!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malenka*

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