



INDEX FRESH®

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CALIFORNIA MARKETING

In our last newsletter, we discussed the positive outlook for the health and growth of the global avocado market and highlighted the premium niche occupied by California avocados.

As we embark on the 2016 California season, Index is accelerating our efforts to accentuate

the flavor, freshness, appearance and consistency that are the hallmarks of California avocados. It is these attributes in conjunction with California's "cachet" that will allow California grown avocados to continue to bring strong prices in the competitive avocado market.

In 2015, Index Fresh conducted a branding survey with growers, retailers and food service customers exploring perceptions of Index's current and past brands. Arising out of

this survey, the decision was made to return to the INDEX FRESH® brand for California avocados while continuing to market imported fruit under the AvoTerra® label.

In order to communicate the positive aspects of California fruit we redesigned all aspects of our presentation to the avocado world. New cartons, a new website, fresh grower and customer advertising were all developed during 2015 with the goal of hitting the ground running in 2016.

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The Index Fresh sales and marketing staff have also worked with our advertising agency to build promotional programs that can be readily adaptable to individual customer needs, increasing the attractiveness of INDEX FRESH® California avocados.

We continue to be excited about the role of California avocados in the expanding avocado market. Please feel free to give us a call if you have questions about our sales and marketing or our new look.

DANA THOMAS **President**

SUNBLOTCH

Sunblotch is a disease, which affects the productivity of an avocado tree and damages fruit quality. It's been present in our groves since commercial avocado production began, but due to the testing and registration

of nursery stock, had all but disappeared from orchards in California. Recently, in-field observations suggest that the disease is making a moderate comeback.

Description

Technically speaking, sunblotch is a viroid which is described at dictionary.com as "An infectious agent that consists solely of a single strand of RNA and causes disease in certain plants. Viroids lack the protein coat (known as a capsid) of viruses and are the smallest known infectious agents." Avocado Sunblotch viroid (AVSB) is also the smallest known viroid that infects plants and is transmitted by pollen, infected seeds, budwood and natural root grafting.

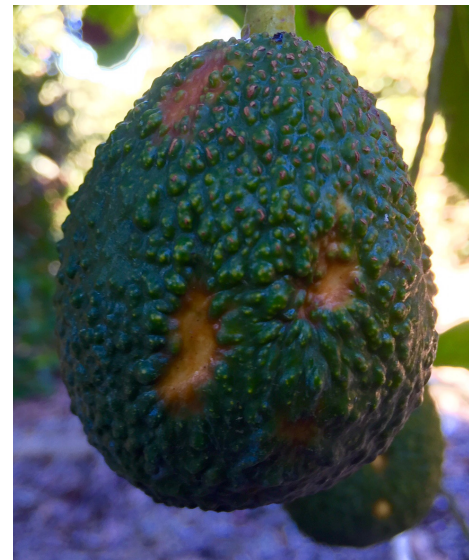
Symptoms

AVSB can exhibit a wide range of symptoms or, in some cases, exhibit no symptoms at all. In many asymptomatic trees the only thing noticeable may be a lack of production with the tree appearing otherwise healthy. More typically, an infected tree will develop necrotic red, yellow or white discolorations

on fruit often appearing in depressions or scars on the fruit surface. These same colorful abnormalities can develop on twigs as well. Leaves may exhibit white and yellow variegated areas and be deformed but these symptoms are rare. Sometimes there is rectangular cracking of the bark called "alligator bark" and trees may be stunted and have reduced yields. In some cases, trees can be symptomless except for the loss of yields. In these cases previously productive trees which become unproductive may indicate the presence of AVSB and should be tested. If the tree is positive, the tree should be removed from the orchard and the surrounding trees tested to insure the disease does not spread. Also any equipment used in the removal of infected trees should be sterilized with a 1.5% bleach solution to kill any viroids left on the cutting surfaces.



Photograph courtesy of Dr. Mary Lu Arpaia





Photograph courtesy of Dr. Mary Lu Arpaia

Management

The first line of defense against AVSB is through careful steps being taken at the nursery to insure that the trees produced are AVSB free. These steps at the nursery mother block level include insuring that all potential rootstock and scion material are selected from healthy trees and insuring that grafting and pruning equipment used in the nursery are kept clean and periodically disinfected. Transmission of the disease is most often done through grafting infected budwood from one tree onto another, using infected pruning or grafting equipment which previously made contact with a diseased tree or through naturally occurring root to root grafting between trees within the grove itself. AVSB can also be transmitted through pollen from an infected tree however only the fruit is infected and the viroid will not spread throughout the tree. The two most important steps that growers can take to minimize the affect of AVSB infection is sanitation and monitoring.

Whenever pruning takes place in the grove, in addition to chain saws, loppers or other pruning equipment, include a spray bottle of 1.5% bleach solution as part of the standard equipment. When finished with one tree and moving on to another, simply spray the cutting surfaces of whatever equipment was used with the bleach solution to kill any viroid on the equipment. Additionally, keep an eye out in the grove for any symptoms of AVSB and note any unproductive trees which were previously productive. If you are suspicious of any tree, have it tested and be prepared to remove any trees that are shown to be infected.



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Conclusion

AVSB, like other pathogens in our groves, is something we should be keeping an eye out for. Careful monitoring in the nursery coupled with vigilant observations in the grove can go a long way toward keeping this disease at bay.

JOHN CORNELL Editor, Index Fresh



Photograph courtesy of Dr. Mary Lu Arpaia



THE FUTURE OF GAP

Over the last several years Good Agricultural Practices (GAP) and Ranch Audits have created a stir in the California avocado industry. In the last five years, major customers began to ask handlers to supplement their packinghouse food safety audits with GAP audits certifying the ranches from which they market avocados. These requests met with varying degrees of enthusiasm from growers concerned about the extra costs and the lack of definition about which audit regime would best meet the needs of the customers. Over time the Primus Ranch Audit with the Costco Addendum emerged as the standard for the industry and growers began to pursue GAP certification.

In 2015, to encourage growers to obtain an audit, Index Fresh became the first and to our knowledge, the only handler to institute a GAP rebate program for fruit delivered from ranches that were certified under a Primus Ranch Audit with Costco Addendum. The

amount of this rebate is one half cent per pound. In 2015 under the GAP Incentive Program, Index Fresh paid 72 growers an average of \$960 toward defraying the costs of auditing.

Index has also made available to growers wishing to achieve GAP certification the services of CQA, a Food Safety Consultant. The GAP incentive and CQA's professional assistance coupled with grower's desire to have access to strong customers, has pushed the percentage of certified fruit handled by Index Fresh to 54%. The GAP rebate program and the offer of CQA's assistance will continue in 2016 with a goal of introducing enough growers into the program to have 75% of Index's California avocado volume certified. In 2017 we would like to reach as close to 100% certification as possible.

As consumer's focus on food-safety intensifies, the retailers and food service operators who provide them avocados are raising the



food safety bar. Wal-Mart has asked that all their produce suppliers certify packinghouses and groves under the Global Food Safety Initiative (GFSI) by the end of 2017. We anticipate that other major customers will also ask for the GFSI Audit regime in the near future. In addition, the U.S. Food and Drug Administration's implementation of the Food Safety Modernization Act (FSMA) during January 2016 will increase the need for solid food safety programs at all levels of the fruit and vegetable distribution system.

The Index Fresh Field Staff is ready to help you through the certification process by arranging for CQA's services and by signing you up for the GAP incentive. Please contact your field representative for more information.



2016 SEASON UPDATE

The 2016 California Avocado season us upon us. Although El Niño is off to a slow start, growers remain optimistic that we will receive adequate and beneficial rainfall over the next few months. Growers

are closely watching the market and weather forecasts as they begin to make harvest plans. Although some very small volumes of fruit made it to market in December and early January, harvest is not expected to reach critical-mass until the second-half of February. It will be at that time that most of the regional and national chains make the switch from imported avocados to California.

Index Fresh will continue to maintain our focus on maximizing grower returns and setting the industry standard for field service. Gary, Jose, Giuseppe, Keith, and Bailey are all available to help with crop estimates, market updates, and harvest coordination. We will continue our regional Avocado Growing seminars this year. Please ask your field rep-

resentative about our Volume Rebates, Haul Credits, and GAP Incentives all of which are designed to help growers maximize their returns. We will also continue our efforts to coordinate leaf and soil analyses for interested growers.

Mexico has been virtually the sole source of avocados in the US market since last Fall. This has been fueled by an increase in acreage (now over 250,000 acres) approved to ship avocados to the USA, as well as an above normal crop per acre. In addition to a large yield, the sizes in Mexico are larger than normal. This has caused smaller fruit to be worth more than the larger sizes, a phenomenon than normally does not take place till near the end of the Mexican season. There is no recent news regarding the possible entrance of Jalisco avocados.

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In preparation for the upcoming 2016 California avocado season, please join Index Fresh February 2nd, 3rd or 4th as we discuss the 2016 MARKETING FORECAST. See page 9 for full details and ask your field representative for more information.



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South America is currently in a holding pattern. The European market remains more attractive than the US market for the Chilean shippers. Currently Chile is shipping less than 40 loads/week to the United States (compared with over 900 loads per week from Mexico). This trend is not expected to change. Preliminary reports from Peru suggest a crop 10-15% larger than 2015. What remains to be seen is what percentage of that fruit will make it the United States. Last year several exporters shipped as much as 70% of their fruit to Europe, resulting in 30% less fruit making it to the US market than in 2014. Our field representatives will keep growers up-to-date as the Peruvian plans develop.

Index Fresh is optimistic that California avocados will continue to occupy a premium niche in the U.S. avocado market, delivering returns significantly higher than offshore fruit.

GIOVANNI CAVALETTO *Vice President, Sourcing*

The Insider by Index Fresh is a complimentary resource for interested avocado growers. To subscribe, contact your area field staff.

CALIFORNIA FIELD COORDINATOR

Keith Blanchard has been promoted to the role of California Field Coordinator. In addition to his ongoing field work in the southern growing region, Keith will coordinate many of the field staff's activities, including weekly crop projections, cultural seminars, newsletters and special projects such as the cultural calendar. Keith has been with Index Fresh for three years as a Field Representative after spending 19 years as an avocado packinghouse manager.



His experience across the avocado business makes Keith invaluable in his new role working with the field staff, packinghouse and sales staff to better service growers. Please join me in congratulating Keith on his new position.

MISSION, VISION & VALUE

In response to the Index's growth over the last decade, the Board of Directors and Management worked together to examine the company we currently are and define who we would like to be in the future. This examination led to updating our Mission Statement and the creation of Vision and Value Statements. We believe that this document expresses both our desire to continue to be a major participant in the global avocado industry while reconfirming our commitment and historical ties to California avocado growers. Please feel free to call and discuss Index's Mission, Vision and Value Statements.

INDEX FRESH Mission

"To consistently provide superior service and returns to our growers and global partners by being an exceptional supplier of premium, fresh avocados to valued customers."

STRATEGIES

1. Provide excellent service for customers and growers.
2. Deliver safe, high quality products.
3. Provide superior returns for growers and trading partners.
4. Aggressively build and market the Index Fresh and Avoceros brands.
5. Operate strong communication and education platforms for our growers.
6. Maintain state of the art packing and marketing infrastructure.

INDEX FRESH Vision

"To be an industry leader as a packer, shipper and premium marketer of avocados domestically and internationally, and recognized by growers as the preferred avocado marketer."

STRATEGIES

1. Work as a team to build unparalleled competence.
2. Grow Index Fresh's market share to 12% over the next 10 years.
3. Commit to preserve the California premium.
4. Nourish a growth oriented culture for employees.
5. Grow shareholder value through long term sustainable growth.

INDEX FRESH Values

To achieve our Mission and Vision, we:

1. Embrace integrity and honesty.
2. Take responsibility for our actions, individually and as a company.
3. Respect our customers, growers, suppliers and each other.
4. Strive to develop innovative products, systems and relationships.
5. Cultivate a dynamic and safe workplace for employees.
6. Communicate openly and transparently.



Mission

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5. Operate strong communication and education platforms for our growers.
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SOUTHERN

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EVENTS

2016 MARKET FORECAST

9:00AM - 11:00AM

February 2nd

Embassy Suites
333 Modonna Road
San Luis Obispo, CA

February 3rd

Hilton Garden Inn
2000 solar Drive
Oxnard, CA

February 4th

Pala Mesa Resort
2001 Old Highway 395
Fallbrook, CA

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JOHN CORNELL

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MEET THE BOSS

At Index Fresh, the avocado inspires everything we do. What else would you expect from a company that's been owned by family farmers for more than a century?



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