



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



"SMILE WHEN YOU SAY THAT, PARDNER," was not a movie quote. The actual line spoken by Gary Cooper in 1929's *The Virginian* is, "If you wanna call me that, smile." But the real line, from Owen Wister's iconic 1902 novel, *The Virginian*, (& used by Joel McCrea in the 1946 remake) is "When you call me that, smile." Now we cannot attest if a smile will prevent an old west gunfight, but we do know a smile goes a long way, especially during the holidays, a stressful time of year for many people! With so many people hustling & bustling about trying to create that perfect Christmas, a smile is the essence of what this holiday should be all about, *spreading good cheer!*

SPREADING GOOD CHEER: No one in the 20th century spread Christmas cheer better than comedian Bob Hope! Over 6 decades, Mr. Hope & his band of Merry-Makers brought Christmas & a bit of home to our American heroes across the four corners of the earth. From cold snowy bases in Alaska & aircraft carriers in the middle of the ocean to the battlefronts of Europe, the South Pacific, Korea, Vietnam & the Middle East, Mr. Hope was there spreading good cheer. His annual Christmas specials were required family watching during the holidays, my Dad himself seeing the likes of Mr. Hope, John Wayne, Jack Benny & Al Jolson when they visited the WW2 South Pacific battlefront hospitals where Dad served as a corpsman. Bob Hope's WW2 troupe included comedian Jerry Colonna, guitarist Tony Romano, gag-writer Barney Dean, singer Frances Langford & dancer Patty Thomas. When Mr. Hope would introduce the beautiful Ms. Langford or Ms. Thomas, the boys would whistle, whoop & holler! Mr. Hope, *the master of perfect timing*, would wait until the boys had just about quieted down, step to the mike & say, "I just wanted you boys to remember what you were fighting for!" resulting in another thunderous roar! Mr. Hope brought holiday cheer to hundreds of thousands of GIs for a half of a century & millions of others through his Christmas specials! And while few of us have the ability to spread good cheer like Bob Hope, we all can spread a smile as we rush through the holiday season! With enough of us sharing a warm smile, perhaps we can carry that holiday good cheer right through 2020!

*We wish everyone Merry Christmas, Happy Hanukkah
& a holiday season filled with Good Cheer!*

INDUSTRY NEWS: Nestlé will sell its USA ice cream business (*Dreyer's, Häagen-Daaz, Skinny Cow, Edy's*, etc.) to *Froneri* (a joint venture that includes Nestlé) for \$4B, making *Froneri* the 2nd largest ice cream maker in the world. *I.F.F.* acquired *DuPont's* nutrition division, valued at \$26.2B. *Daring Foods* raised \$10M (cash & support) from distribution partner *Rastelli Foods Group* to make its plant-based chicken available in the USA. Grain-trading platform *Bushel*, which helps farmers route their grain output, raised \$19.5M led by *Continental Grain* with *Gemini8 Ventures* & *Lewis & Clark Agrifund*. *Stride.VC* led a \$7M raise for *Jow*, a French e-grocery app. Netherlands eSupermarket *Picnic* raised €250M from several firms. *Meatable*, Netherlands lab-grown meat, raised \$10M. Australian plant-based meat startup, *v2food*, raised \$35M led by *Main Sequence Ventures* & *Horizons Ventures*. Plant-based ingredient developer *Nutriati* raised

\$12.7M led by *Manna Tree Partners*. Chicken producer *Shenandoah Valley Organic* raised \$15M led by *NRV*, with *Open Prairie*, *S2G Ventures* & *Middleland Capital* involved. *Danone* will invest in dairy-free yogurt maker *Hälsa*. *Wagmo*, which offers everyday pet care for vaccines, checkups & grooming on a subscription service, raised \$3M led by *Harlem Capital* & *Vestigo Ventures*. *Moody's* reports that packaged food companies will face price pressure in 2020, which could impact earnings growth & margins, slowing M&A activity. Beverages & premium products will still experience growth.

Costco beat 1st QTR earnings expectations but missed slightly on sales. Despite a small sales increase & continued comparable growth, *Kroger* missed 3rd QTR earnings projections as income fell 18%. *Ingles Market* had a 13.2% increase in earnings in 4th QTR with sales up 1.5% & comparables, excluding fuel, up 3.7%. Despite a 9.9% sales increase due to the *Supervalu* acquisition, *UNFI* missed expectations in 1st QTR & had a \$383.9M loss, but expects to show improvement in 2020. The sale of its European chip business led to a 14.4% decrease in 1st QTR earnings at *Campbell Soup* with sales flat. Pet food drove a slight increase in sales & a 69% increase in net earnings in *General Mills's* 2nd QTR.

Lidl, now with about 24 stores on Long Island, sees the opportunity to double that number. *Whisk*, a multi-platform app that allows shoppers to find & share recipes, plan meals, build shopping lists & order groceries, has partnered with *Ahold Delhaize*, *Walmart* & *Instacart*. *Albertsons* & medical subscription delivery company *ScriptDrop* will partner to offer one-hour to two-hour prescription drug delivery in selected markets in Texas, California, Louisiana & Washington, D.C. *Earth Fare* saw a 10% lift in dine-in food sales after installing 55-inch digital screens with promos & menus at a cafe inside one of its stores. *Kroger* will begin to test plant-based meats at stores in Denver, Indiana & Illinois, including *Tofurkey*, *Lightlife*, *Beyond Meat*, *Upton's Naturals* & products under its *Simple Truth* label. *Wegmans* will build a new \$175M regional distribution center in Ashland, Va. As part of the first phase of USA/China tariff agreements, *Tyson Foods* received approval to sell poultry products to China, according to *Reuters*. The strike by *UNFI* workers claiming unfair labor practices is expanding to additional states. *The Organic Trade Association* received \$3M in 2020 grants & funding from the FDA.

From *Retail Feedback Group*, *Walmart* gained market share in on-line grocery sales, up 5% to 37%, as *Amazon* fell 2% to 29%, during 2019. Supermarkets' share of online grocery is at 22%. *Amazon* scores slightly higher than *Walmart* in customer satisfaction. Per *Information Resources, Inc.*, USA food bar sales grew 2.4% in the last year. A study from *Nielsen* suggests that while sales of fresh foods (up \$4.6B), organics (up \$925M) & plant-based foods (up \$982M) are increasing, the majority of Americans are still not buying as many healthy foods as they would like. *Charleston/Orwig* reports that 40% of Americans find lab-grown meat scary & many express concerns over its overall healthiness. Madagascar vanilla prices are down 33% from their recent peak.

MARKET NEWS: The booming economy had markets crushing previous highs this week. The DOW is now more than 10K points higher than on election night, November 8, 2016! The House of Representatives officially passed the USMCA, a signature piece of the President's economic policies! The University of Michigan Consumer Sentiment Index rose 2.5 points in December to 99.3. Inflation expectations fell. The *NAHB* home builder sentiment jumped 5 points to 76, its highest level in twenty years. The FED reported that manufacturing production rose 1.1% in November, wiping out the softness reported in October.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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