



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



TIME IS A VALUABLE AND SCARCE COMMODITY. While we turn back the clocks this weekend, unlike Cher, we aren't looking to *turn back time*. We do wonder how *Styx* ever had *too much time on their hands* because we find ourselves with *no time*, more like the *Guess Who* & *The Outsiders*, finding that *time won't let us* get done everything we need to get done. We apologize to Mick & the boys; we never feel like *time is on our side*, we are always begging for just a little more time, à la *Chairman of the Board*. Yes, as Cyndi Lauper lamented, this happens *time after time*. Use time wisely! Carl Sandburg said, "*Time is the coin of life. Only you can determine how it will be spent.*"

COIN OF LIFE: Like a lot of people, we are using eCommerce more & more. It saves time when shopping for needed staples (water & household products) & especially for gifts, where we can see a larger variety of options, much more unique items & ship them directly! While eCommerce use contributes to the depersonalization & desocialization of our community, we view our time as the more important commodity. By adding a playful, needy, people-person puppy to our family, we are even more pressed for time. So, we began to use restaurant delivery & grocery delivery! Restaurant delivery has been terrific for breakfast, lunch or dinner, whether during the week or the weekend. Only once did it not meet our expectations, arriving late & a bit cold. On occasion, the added charges have seemed exorbitant (like a cell phone bill) & assuring dietary concerns can be difficult. We found grocery delivery less satisfying. Not all of the products we know are in the store appear online. Navigating the website took time & once again the extra charges seemed costly. But the shopper & the driver were very communicative & we were confident we were getting what we ordered! But with both services, we gained back time to keep working, or to see to our puppy, not needing to make that trip to the store or take time to cook dinner! We made better use of our time, for as William Penn said, "*Time is what we want most, but what we use worst.*" We will likely continue to make use of these services, when needed, because there is never enough time & while it may be the height of hubris to disagree with the genius of Albert Einstein, who said, "*The only reason for time is so that everything doesn't happen at once;*" everything does *indeed* happen at once!

INDUSTRY NEWS: *Nosh* reported that CBD brand *Beam* raised \$5M led by *Obvious Ventures*. *BIGR* led a \$3M round in CBD brand *RE Botanicals*. *Canaccord Genuity Wealth Management* led a \$1.2M round in *Cove Kombucha*, with plans to launch a CBD line. *Planted*, plant-based meats, raised \$7M Swiss francs from several investors. *Pipeline Foods* (supply chain solutions company for organic, non-GMO & regenerative food & feed) will acquire ancient grains & specialty products business *Organic Ventures*. *Nestlé* may look at a \$1B sale of a couple of local Chinese confectionary businesses.

Wakefern reported a slight 3rd QTR revenue gain of 0.7%. Sales rose 8% at *Sprouts Farmers Market* in 3rd QTR, comps rose 1.5%, but net income dropped 32% on lease accounting changes. From last week's *Amazon* earnings, physical store sales dropped 1% YOY in 3rd QTR. *Kellogg* beat analyst expectations on revenue & income as *Pringles* & *Cheez-It* sales offset sagging cereal sales. *Kraft Heinz* continues to face challenges, with net sales down 4.8% & adjusted earnings down 9.2% in 3rd QTR, although beating analyst expectations. *Mondelez* reported 3rd QTR adjusted EPS rose 2¢ to 64¢ on a 1.1% revenue gain, but a

narrowing gross margin caused the stock price to fall. *Maple Leaf Foods* saw a drop in 3rd QTR income, despite increased sales, due to the erratic pork market. *Pilgrim's Pride* saw net income jump 274% recovering from year-ago 3rd QTR issues, with sales rising 3%. Earnings rose 4% for *Ingredion's* 3rd QTR on a slight sales increase, but the company lowered guidance because of future market uncertainties. Sales rose 6% but earnings fell 24% for *Archer Daniels Midland's* 3rd QTR as grain margins hurt performance. Sales fell 10% for *Bunge's* 3rd QTR as major accounting charges created a loss, though core businesses performed well. *Beyond Meat* beat expectations in its 3rd QTR report on both revenue & income, posting its first profit. *Essentia* reported 3rd QTR revenue of over \$100M, with previous 52-week sales of \$271M. *AB InBev* reported a 3rd QTR revenue gain of 2.7%, lower than expected. *Restaurant Brands International* saw a 40% EPS jump in 3rd QTR income & a 6% revenue increase driven by *Impossible Whopper* improving *Burger King* same store sales to 5.0%.

Raley's will close 27 of its in-store pharmacies, citing a challenging environment. *Sprouts* will build 20 stores in 2020 (less than its 2019 total of 28), looking at smaller format stores. *Walmart* will offer alcohol beverage pick-up at 2K locations in 29 states. *Amazon* will offer free two-hour grocery delivery for *Prime* members ordering from *Amazon Fresh* & *Whole Foods*. *Nestlé* will introduce RTD *Garden of Life* protein beverages made with either plant-based protein or grass-fed dairy protein. *Danone* partnered with pediatricians to develop *Horizon Organic Growing Years*, organic whole milk with key nutrients for preschoolers. *Cargill* has a botanical extract ingredient, *ClearFlo*, that can provide sugar-like sweetness to stevia. *Monster* will release a vegan oat milk energy drink. *Edible Brands* will launch *Incredible Edibles*, CBD products offered in its *Edible Arrangement* stores. *Denny's* will add *Beyond Meat* burgers to its menu. *Kind* will eliminate 15% of its workforce, saying the cuts in sales, marketing & accounting staff will help it better manage key accounts, expand markets & attract new consumers. *Molson Coors* will cut between 400 to 500 jobs, through restructure & office closings, in response to lower demand for its offerings. *Fresh Thyme* CEO Chris Sherrill will step down & will be replaced by *Meijer* executive Gerald Melville. *Health-ade* settled a \$4M lawsuit concerning labeling inconsistencies for sugar & alcohol. The *Grocery Manufacturers Association* is lobbying for federal oversight of the CBD market. The USDA released hemp production guidelines for comment. Don't look for a goose liver & onion sandwich in NYC as the sale of foie gras will be banned in 2022.

Deloitte reports that 43% of consumers plan to purchase a food & beverage item for themselves this holiday season. A report from *NPD Group* indicates young people's interest in plant-based foods will be long-lasting as they focus on health concerns & healthy indulgence. *HEB* & *Whole Foods*, according to *Rakuten Ready*, have the fastest order pickup services among grocers, with industry average in-store grocery pickup wait time of 4 minutes, 3 seconds & 5 minutes, 21 seconds for curbside pickup. *IHS Markit* reports Halloween candy prices rose 3.9%, the fastest rise in 8 years.

MARKET NEWS: Markets rallied to all-time highs this week. The economy posted 128K new jobs, 43K higher than the expert forecasts & negating any impact of the GM strike. Upward revisions to the last two months' new jobs totals added another 95K new jobs. African-American unemployment reached another record low. The FED dropped interest rates, with language that this will be the last cut of the year. *Adobe Analytics* predicts record holiday season sales. Housing prices rose & the CCI was strong. GDP 3rd QTR growth slowed on a sluggish world economy, but came in higher than the experts' predications.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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