



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



SUMMERTIME AND THE LIVING IS EASY! The haunting jazz melody of George Gershwin & the simple, yet inspiring lyrics of DuBois Heyward evoke so much emotion. Lazy, mellow, fishing hole summer afternoons, waking up in the loving warmth of caring parents, to the thrill of becoming independent. The song may have been idyllic even when it premiered in 1935 in Mr. Gershwin's opera *Porgy & Bess*, but from that moment until today, the song is considered to be among the finest ever in musical theater & a jazz classic of the Great American Songbook! We have always felt this song is not about the *quality of a singer's voice*, but rather, the *depth of the singer's soul*.

SUMMERTIME: The great 1960s musical artists are hardly a match for the genius of George & Ira Gershwin, but the songs of this particular decade even today still stir that summertime feeling. An *Endless Summer* of *Beach Boys'* songs; hot, sticky *Summer in The City* nights on a rooftop in Greenwich Village; waiting the approach of a *Summer Rain* as thunderstorms cooled the air roaring in from Lake Erie; the *Hot Fun* of a Sly Stone *Summer* & the soul of Janis Joplin in her 1968 version of *Summertime*. Of course, as kids, 1960s' summers started the moment school was out, not at some precise astronomical moment in the Northern Hemisphere on June 21st. In these days before helicoptering parents & summer day camps, we tied a baseball bat to our bike, hung a baseball glove on the handlebars, grabbed a ball & headed to the ball field. No parents, no umpires, no supervision, just a neighborhood of adults who kept an eye out & when needed, rightly corrected our bad behavior. We would play & run until we were tired or hungry. Like a skein of geese, we would land at some waiting mom's kitchen for lunch, then we would be off again! Maybe to explore the woods near the freeway, see how fast we could ride our bikes down Old Mill Road or spend a few dimes on baseball cards & gum. Then we would race home to cut the lawn or clean our rooms before parents came home from work! Often, our parents found us with skinned knees & elbows, crying with a bloody lip & on occasion, bursting with pride because of that bloody lip! Each summer we grew, taller, broader, stronger! We learned what wasn't taught at school or day camp! Simple things, like how to fix a bicycle tire or chain, tie a fishing fly, the limits of our own physical capabilities & perhaps most importantly, how to win with grace & lose with dignity. We *spread our wings* & in the ways we could, *took to the sky!* We agree with The Bard, "*Summer's lease hath all too short a date.*" For Henry James, "*Summer afternoon, summer afternoon; to me those have always been the two most beautiful words in the English language,*" while Wallace Stevens thought, "*The summer night is like a perfection of thought.*" William Carlos Williams wrote, "*In summer, the song sings itself,*" yet Eddie Cochran thought "*There ain't no cure for the summertime blues!*" But critic Ada Louise Huxtable felt very differently, "*Summer is the time when one sheds one's tensions with one's clothes & the right kind of day is jeweled balm for the battered spirit. A few of those days & you can become drunk with the belief that all's right with the world.*"

INDUSTRY NEWS: *Mondelēz International* acquired a majority interest in refrigerated snack *Perfect Snacks*, which has approximately \$70M in sales. Terms were not disclosed, but *Perfect Snacks* leadership will continue to operate the brand. Global franchising company *FAT Brands* acquired *Elevation Burger* for \$10M. Two D.C.-based companies merged as salad chain *sweetgreen* acquired meal-delivery startup *Galley*, terms not disclosed. *Parmela Creamery*, cultured, plant-based nut cheeses, raised \$1.25M led by *25Madison*. *DouxMatok* raised \$22M for production & scale of its sugar reduction, same taste

technology led by *BlueRed Partners* & included *Südzucker AG*, *Royal DSM* & *Singha Ventures*. *Grocery Outlet* opened its IPO at \$31 per share & finished the day at \$28.61.

Kroger's 1st QTR sales fell slightly due to the sale of its C-store business. Earnings were on track, but comparable sales were lower than expected. *Seneca Foods* posted a 59¢ EPS for fiscal 2019, after a 2018 loss, on a 3% sales increase.

Kroger is testing a service that delivers a limited set of quickly needed meals & groceries to customers in 30 minutes. *Walmart* will offer *Delivery Unlimited* for \$98 a year, similar to other grocery delivery subscriptions. *Walmart* is testing autonomous delivery vans with *Gatik AI* technology, running between *Walmart* warehouses & store-adjacent package pickup kiosks, hoping to trim costs for these orders. In Canada, *Loblaw's Shoppers Drug Mart* will begin online grocery delivery with *Instacart*. *Deliv* will start service in California hiring drivers as employees as a result of California's independent contractor laws. To better serve rural communities, *FedEx* & *Dollar General* will partner, allowing *FedEx* to offer secure in-store parcel pickup & drop-off in 8K *Dollar General* stores. *Albertsons* will roll out self-checkout. *Ahold Delhaize's* services company, *Retail Business Services*, opened a 30K sq. ft. office in Quincy, Massachusetts, for 200 technology employees & an innovation lab. *Mondelez International* will invest \$6M in its U.K.-based *Reading Science Centre* to develop new chocolate, biscuit & candy products. The *Reading Science Centre* is one of 11 *Mondelez* tech centers. *Kellogg*, as part of an overall reorganization, will reduce 150 jobs in North America. *Lamb Weston* completed 300K sq. ft. expansion of its Oregon facility. *Sara Lee* has opened a 10K sq. ft. R&D innovation center that has a fully equipped test kitchen, laboratory, storage & presentation space. *ShopRite* will add partnerships with local farms to increase offerings of local in-season produce. *Whole Foods* is expanding *Amazon Meal-kits* to more stores. *7-Eleven* is introducing its own energy drinks called *Quake*, with B vitamins, electrolytes, coenzyme Q10, amino acids & 250 milligrams of caffeine with no sugar or artificial flavors. *Kraft Heinz* is introducing *Fruitlove*, a spoonable smoothie bowl with fresh fruit & veggies. *Caulipower* is introducing breaded chicken tenders. *Hershey* has no plans to introduce CBD candy. *Thrive Market* has stopped selling hemp-based & CBD products as its payment processor demanded the sales be stopped. Sheryl O'Loughlin leaves the CEO role of *Rebbl* & will be replaced by Michele Kessler from *thinkThin*. The USDA will wisely move some offices from inside the beltway to Kansas City to better serve its clients & save taxpayer dollars.

Food & beverage products containing protein & probiotics have seen sales grow 59% in the past year, according to *IRI*; most protein-enhanced segments rose double digits. *Nielsen* predicts the USA CBD/hemp industry will be \$6B by 2025. Urban shoppers are 90% more likely to consider on-line grocery shopping an important experience, according to a new *Acosta* report. Also, they are far more likely to use delivery than suburban & rural dwellers. Per *FMI's USA Grocery Shopper Trends* report, Millennials have the highest frequency of online shopping, however, Generation X-ers shopping online grew from 29% in 2018 to 40% in 2019. Also, by a significant percentage, regular on-line shoppers find the experience every bit as good as brick & mortar shopping. From *Grand View Research*, chilled & deli foods sales will reach \$267.7B by 2025 with a 5.2% CAGR. Per *NACS*, 2018 was the 16th straight year of record C-store sales.

MARKET NEWS: The S&P set records this week as the FED announced it was considering lowering interest rates & the Mexican government's ratification of USAMC.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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