



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!!!!”



As many have said, every American citizen should have the chance to visit Yellowstone & the Grand Canyon! These two spots, beyond their geological wonder, best exemplify the American Spirit - *Wild, vast, untamed & uncompromising!* This is the way our Founding Fathers & the early settlers saw our land; knowing it would take rugged individualism & American Exceptionalism to create our noble, fragile experiment in self-government. But preserving the treasure of this land’s beautiful landscape is an important part of American idealism! One hundred years ago this month that the Grand Canyon became a national park.

Grand Ideals: President Woodrow Wilson signed the bill authorizing the creation of Grand Canyon National Park. Wilson was a man of grand ideals, but besides the Grand Canyon & the 19th Amendment, it would be hard to call the Wilson administration successful. Many of the policies & actions of the Wilson administration were disastrous for America & for the world. Under Wilson, America got an income tax, the Federal Reserve, the 17th Amendment which violated States’ Rights & the 18th Amendment which led to 14 years of crime, violence, death & corruption. His ego bruised after being rebuked by the Europeans as a peace mediator in the early years of WWI, Wilson brought the USA into The Great War. Besides the death that took place in Europe, the returning GIs (& the large rallies held for the troops) quickly spread the Spanish Flu, which killed 700K Americans. As a participant in the war, Wilson got what he wanted, a seat at the peace conference & a role on the world stage. He spent six months in Versailles leading the USA delegation! In order to get his coveted League of Nations (which the USA would never join), Wilson allowed retribution & revenge on Germany, including stripping it of its territories, instituting enormous financial reparations & limiting Germany’s industry & economy. The result was an economic disaster for Germany, which led to the rise of Hitler & his National Socialist German Workers' Party (the Nazis), WW2 & the Holocaust! The Treaty of Versailles & the League of Nations gave false hope that countries would abide by treaties. But Japan consistently violated the treaties to which they agreed! They built a war machine, left the League in 1933 & sought to brutally conquer the Pacific. Because of WW2, the communistic USSR became recognized as a world power. This led to the spread of communism throughout Asia & South America, resulting in loss of freedom & death. A pessimistic view could say that Wilson’s policies & actions led to more than 100M 20th century deaths! President Wilson is perhaps a good example of a man with lofty ideals yet unable to grasp the reality around him. Thomas Aquinas said *“Distinctions drawn by the mind are not necessarily equivalent to distinctions in reality.”* President Theodore Roosevelt, an advocate for preserving our wild landscapes, felt it was fine to *“Keep your eyes on the stars & your feet on the ground.”* But Comedian Groucho Marx was even more practical, *“I’m not crazy about reality, but it’s still the only place to get a decent meal.”*

Industry News: Kombucha beverage *Rowdy Mermaid* completed a \$3.5M raise led by private investment firm *KarpReilly*. *Szent*, bottle water with an oil infused fragrance ring to enhance the drinking experience, raised \$2.2M from previous investors who invested \$1.5M in 2017. The *Wall Street Journal* reports that *DoorDash* is seeking \$500M in capital with a \$6B valuation.

Revenues dropped 6% due to currency impacts & the refranchising of company-owned bottling operations during *Coca-Cola's* 4th QTR, but EPS met estimates. The stock fell on a weak forecast. *PepsiCo* also forecasted a weaker 2019, though 4th QTR sales were flat YOY but in line with estimates. Earnings rose 13.7% & met analyst forecasts. *Walmart* reported revenues up 1.9%, diluted EPS up 73.9%, eCommerce sales up 43% & comparables up 4.2% on strong 4th QTR holiday sales. Poor weather & chicken commodity prices hurt *Pilgrim's Pride* in 4th QTR as the company lost \$7.3M compared to net income of \$134.3M a year ago. Sales fell 3.1%.

Kellogg used a virtual reality headset to test people's reactions in determining proper product placement & other factors appealing to the consumer. In this pilot, *Kellogg* determined that placing *Pop Tart Bites* on lower shelves was optimal, subsequently increasing sales by 18%. Startup *Tastewise* has launched an AI platform to analyze billions of food & beverage data points, billions of food photos shared each month on social media, 153K USA restaurant menus & a million online recipes to understand consumer trends & demand. Their first report reveals that zhoug, Yemeni hot sauce, has had a 129% increase in social media mentions. Per *Reuters*, *Amazon Go* will open its first store in London. *Amazon* will ship to lockers that it will set up at the Coachella Valley Music & Arts Festival this year with no extra charge for shipping. *Amazon*, which was to build a second headquarters in New York City that could have employed up to 25K people, decided to look elsewhere, costing New York state & local governments \$27B in additional tax revenue! *Jet.com* will provide fresh seafood from *Fulton Fish Market* for same-day delivery in New York City. Per the *Chicago Tribune*, *Health Care Service Corporation* & *Blue Cross Blue Shield Institute* have launched *foodQ*, a healthy food delivery service to bring balanced meals to people living in food deserts with diet-related chronic illnesses. *Costco* is reported to be looking at establishing farms in Hawaii. *Kroger* has plans to add *Ocado* customer fulfillment centers in Central Florida & the Mid-Atlantic while they finish building their Cincinnati-area facility. *Kroger* will seek its first-ever creative advertising agency partnership. *Allegiance Retail Services* will open up a Brooklyn store under the old *A&P Pathmark* banner, a NYC area mainstay. *Stonyfield* will launch *YoBaby* in veggie flavors to introduce kids to vegetables. *Flower Foods* CEO Alan Shriver will retire after 41 years at the company & 6 years as CEO & be replaced by COO Ryals McMullian. *Lidl USA* appointed *Aldi* veteran Roman Heini to the new post of chairman.

Per the USDA, sales of antimicrobials for use on livestock fell 33% between 2016 to 2017. Various reports show that more than 70% of all antibiotic sales are for livestock & that 64% of all livestock still receive antibiotics. Congress may consider a bill that allows whole milk to be an option in schools, in addition to the skim milk & 2% milk now offered.

Partnership Update: *Genius Juice*, the organic whole pure coconut smoothie that mixes just the coconut water & coconut meat into a deliciously creamy plant-based beverage, has added a turmeric smoothie & a coffee smoothie to its offerings! Find out more at www.geniusjuice.com!

Market News: Markets rose for the 9th straight week. The FED will remain patient on interest rate hikes, jobless claims fell & the President met with the head of China's trade delegation.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malongo*

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