



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!!!!!"



Litchfield

Dogs were first domesticated some 15k to 30k years ago! Humans wanted dogs around for their superior hunting skills, playfulness, friendship & keen senses for security around the campfire. Dogs sought out humans for food, shelter, companionship & brood survival. So was born a relationship that has lasted these many millennia! This relationship is strong because of the dog, who by nature has qualities we would all dream to possess: *loyalty, faithfulness, compassion, understanding, forgiveness & love!* Actor Robert Wagner, said of a dog's unconditional love: *"If you can have that in your life, things won't be too bad"*

Warm Puppies: Some 75% of the world's 1B dogs are feral or at best, community pets. Only in the western world have dogs been fully domesticated. As pack animals, dogs are naturally communicative, sensory, helpful & playful! They have served many roles in human history -- on the hunt, on the farm, on police patrol, on the battlefield & in the hospital. But their best role is as a part of our families! Their unconditional love & understanding makes *us* dote on *them!* And because we live in a prosperous, capitalistic society, we are free to pamper & please them as we choose. *Edge by Ascential* reports that pet owners will spend \$281B on premium pet products by 2023, a 37% jump. *Stop & Shop* is following *QFC* by offering customers a Dog Spot (a private doghouse) to keep dogs safe, happy & clean while shopping! But our dogs deserve this kind of attention! Philosophers, authors & many others have felt dogs were nicer than most people & more worthy of a place in heaven! Outdoorsman & writer Gene Atkins Hill said, *"His head on my knee can heal my human hurts. His presence by my side is protection against my fears of dark & unknown things. He has promised to wait for me; whenever; wherever; in case I need him. And I expect I will; as I always have. He is just my dog."* Charles Schulz said, *"Happiness is a warm puppy!"* & this week **The Litchfield Fund** family added a ball of furry Goldendoodle happiness!

Industry News: *DoorDash* closed on \$600M (giving the company a \$12.6B valuation) led by *Darsana Capital Partners*, just months after *DoorDash* had raised \$400M. Subscription meal kit company *Sun Basket* raised \$30M led by *PivotNorth Capital*, with several others involved. Canned-kombucha *Tribucha* raised \$1.5M from *Blue Ram* & Mike Hockenberry of *Disruptive Enterprises*. *Silo*, an on-line marketplace for perishable food producers & distributors, raised \$3M in funding led by *Initialized Capital*. *Wild Earth* (biotech pet food) closed on \$11M led by *VegInvest*, a prior investor. *Clayton, Dubilier & Rice* invested \$150M in *MOD Pizza* to accelerate growth. *TowerBrook Capital Partners* has taken an undisclosed minority share in *KeHe*. *S CAP* made their first food & beverage investments, with *eighteen94 capital*, in *Bright Greens*, (blender-free frozen smoothies), *Libre Naturals* (allergen-free snacks) & with *Break Trail Ventures* in single-serve, cold-steeped tea packets, *Cusa Tea* (\$2.5M). *Perdue* acquired *Panorama Meats*, the nation's largest producer of 100% grass-fed & finished certified organic beef. *JAB Holdings'* *Pret A Manger*, British sandwich & coffee shop, acquired rival *EAT* to enter the vegan & vegetarian market. Plant-based meal company *Purple Carrot* was acquired last month by Japanese e-grocer *Oisix ra daichi* for \$12.8M, with an additional \$17M based on attaining certain financial targets. Cannabis company *Caliva* acquired *Zola*, plant-based energy beverage, from *KarpReilly* for an

undisclosed sum. *Givaudan* will acquire *Golden Frog*, Vietnamese flavor company. Per *CNBC*, *Goya Foods* (\$250M in earnings) may be exploring a sale, possibly fetching up to \$3B.

Target reported 1st QTR increases in revenues (5.1%), comps (4.8%), ecommerce (42%) & net income (10.8%). Supply chain challenges caused EPS to fall to 21¢ in 1st QTR for *Spartan Nash*, a drop from 34¢ a year ago. Sales rose 6.3% due to the *Martin's Super Market* acquisition. *BJ Wholesale Club* came in above 1st QTR EPS estimates on a 2.5% sales jump & good comparables. *Reed's* had a 2% sales increase in 1st QTR with a \$2.9M loss on increased marketing investment.

Per the *Wall Street Journal*, *Nestlé*, in an effort to cut costs, will close or repurpose one manufacturing plant a month, planning to save up to \$2.5B. *Walmart* has hired 6K military spouses since launching its *Military Spouse Career Connection!* *Walmart* will have over 3K locations offering free curbside pickup, up to 13% of customers will use the service which will soon be 33% of *Walmart's* digital sales, per *Cowen & Company*. The *Fresh Market* will offer same-day delivery with *Instacart* at all its stores. *Instacart Pickup* is now available in more than 30 states via nearly 25 retail partners. *Amazon* will eliminate small suppliers to focus on major brands to better compete with *Walmart* & other major retailers. *Lidl* plans to open 25 new East Coast stores by next spring, focusing on Maryland, New Jersey, New York, North Carolina, Pennsylvania, South Carolina & Virginia. *SpartanNash* will spend \$18.3M to re-brand 18 *Family Fare* supermarkets to focus on value, local products & wellness. *Albertsons* is updating its *Signature Select* brand, adding more than 300 new products. *Raley's* private label chicken is now 100% antibiotic, hormone & preservative free. *IRI & Label Insight* will combine point-of-sale & purchasing data with product label & ingredient attributes to study how products perform. *7-Eleven* will test almost 100 healthier products. *Kroger* is rolling out its current digital health screening kiosks from *higi* to all its *Roundy* stores. *Kroger & Loop*, a circular ecommerce platform developed by *TerraCycle*, will pilot 100 plus products from leading consumer brands with redesigned durable containers. *Whole Foods* will eliminate plastic straws from all 500 of its stores in the USA, U.K. & Canada by July. The plastic industry is pushing back on plastic reductions as alternatives are made from less sustainable resources & deplete important natural resources. *Keurig Dr Pepper*, will open a 2nd headquarters at the *Dallas Cowboys World Corporate Headquarters* in Frisco, TX. *Burger King's* test of the *Impossible Whopper* saw St. Louis locations outperform the chain's national foot traffic average by 18.5%!

USA organic food sales rose 5.9% in 2018 to reach \$47.9B, according to the *OTA*. Organic food accounted for 5.7% of overall USA food sales, which rose only 2.3%. Sales of organic fruits & vegetables were 36% of total sales. Organic non-food sales rose 11%, adding \$4.6B in sales. *Future Marketing Insights* reports that 2019 food waste is \$46.7B & will grow over the next 10 years at a 5% CAGR. *CNBC* reports a *Barclay's* study showing that the alt & cell cultured meat market could grow to \$140B over the next 10 years to be about 10% of the global meat industry.

Market News: Markets were lower on trade & tariff concerns although most economic indicators remained strong. Income rose, inflation stayed tame & consumer confidence hit a 6-month high!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malanga*

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