



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



NAUGHTY OR NICE? This is Santa's big job! Making a list of 7.8B customers, then checking it twice, just to find out who is naughty or nice! An annual review of each & every customer covering every minute of their day! It is amazing at his age, now a couple millennia old, that he maintains his perspective, still stoically sorting the naughty from the nice! In our world today, the naughty get much more attention! Being naughty has become a requirement to achieve celebrity status. But Santa, being a jolly old elf who loves his job, repeats this daunting task every year. This is just one of Santa's many jobs; each necessary to deliver to his customers that promised *Merry Christmas!*

THE SANTA ENTERPRISE: We previously stated our opinion that Santa is a marketing & branding genius in [The Claus Copyright](#). But Santa is the complete renaissance CEO, responsible for & managing a worldwide customer base & logistics network that makes *Amazon* look like pikers. He has industrial acumen that puts *Apple, Samsung & Toyota* to shame, producing a shattering volume of output from a massive workshop! Santa is Welch, Ford, Deming, Watson, Knudsen, Ishikawa, Kolb & Shewhart all rolled into one! Let's start with his workforce, which he somehow manages to keep happy & productive. His first group of workers are the flying reindeer! These are the celebrities of Santa's operation. Eight tiny reindeer – the only ones in existence that can fly! They are the prima donnas, draw the crowds, wear sunglasses & everybody knows their names: *Dasher, Dancer, Prancer, Vixen, Comet, Cupid, Donner & Blitzen!* They are the social media attentions hounds (*whoops, make that attention reindeer!*); with their own personal trainers, personal masseuses & personal chefs. Of course, Rudolph, a worldwide hero, is by far the most famous & popular, having saved Christmas with his glowing red nose! Santa must have to manage a lot of jealousy & infighting among these media stars, as reindeer are known for *playing games!* By comparison, the massive elf operation is easy to manage. The elves have one job - *to make toys!* They all get paid equally & all of their work output belongs to the state – *a perfect socialist/communist regime!* And they better not want to do another job, try to do better or fulfill their own personal dreams (remember what happened to Herbie the elf, who wanted to be a *Den-Tist!*) The elves meet a demanding production schedule, all work must be complete before nightfall, December 24th. And they can't miss the deadline as the customer impact, a child's broken heart, is completely unacceptable. But the elves seem to enjoy their high-pressure jobs, at least as far as we know, as Santa's favorable media is possibly covering up any scandals! The elves excel at warehousing & shipping, fitting billions of gifts into one bag for Santa's sleigh! Then Santa himself, a logistics master, begins delivery! Starting at nightfall, stopping on every rooftop, his GPS tracking the milliseconds away from the sleigh that are allowed to make each of those billions of stops & to stay on time! Santa meets a performance standard tougher than *UPS, FedEx & Prime!* When the night is over & all the customers are satisfied, while those lucky reindeer are basking in the sun by the pool, nibbling on gourmet tree bark, tweeting to their millions of fans & getting a massage, Santa & his elves get right back to work, to meet next year's production output. Santa clearly believes, as did Thomas Watson, Sr., "*Whenever an individual or a business decides that success has been attained, progress stops.*" Santa's drive & passion has created a worldwide phenomenon, for as Jack Welch said, "*The world belongs to passion driven people.*" And of course, Santa once being a toymaker himself, exemplifies William S. Knudsen's opinion: "*The genius of America is production; & a large percentage of our productive enterprises are headed by men who have come up from the worker's bench.*"

INDUSTRY NEWS: *Gotham Greens*, indoor high-tech greenhouses, raised \$87M in debt & equity with *Manna Tree* involved. *Fody Foods*, low FODMAP comfort foods, raised \$6.6M with *District Ventures Capital*, *Export Development Canada* & *New Acres Capital* involved. *Mosa Meat* received \$19.7M led by *Blue Horizon Ventures*; *ArcTern Ventures*, *Mitsubishi Corp.*, & *Rubio Impact Ventures* participating. *Karakuri*, London-based food robotics company, raised £6.5M (\$8.68M), for *DK-One*, a meal assembly robot, led by *firstminute capital* with *Hoxton Ventures*, *Taylor Brothers*, *Ocado Group* & the *Future Fund* participating. Fungi protein food tech company *Nature's Fynd* raised \$45M in equity & financing from *Oxford Finance* & *Trinity Capital*. *TopGum*, functional gummy supplement manufacturer, finalized an investment from *AP Partners Fund*, Tel Aviv. *Molson Coors* invested in *Arriba*, a brand of michelada mixers from *LA Libations*, deepening its partnership relationship. *GrubMarket* expands into New York City with the acquisition of *Leo's Apples*, area provider of fresh fruits. *J.M. Smucker* will divest its *Natural Balance* premium pet food business to *Nexus Capital* for \$50M. *Post Holdings* will buy the *Peter Pan* peanut butter brand from *Conagra*. *Great Kitchens Food Company*, a newly-formed portfolio company of *Brynwood Partners*, has acquired the market-leading private label take-and-bake pizza business of *Aryzta North America*. *Blue Ridge Bucha* has been acquired by Hank Heyming, co-founder & a managing partner of *Trolley Ventures*. *DoorDash* closed 85% higher than its opening IPO offer price.

Kroger had a 6% 3rd QTR sales jump, digital sales rose 108%, comparables 10.9% & profit more than double YOY. *Dollar General* beat 3rd QTR revenue & earnings targets, growing 17.3% & 14.5% respectively. *Big Lots* missed earnings targets despite 3rd QTR increase in sales (18%) & comparables (17.6%). *Ingles Markets* reported a 177% 4th QTR net income gain on an 11.3% revenue gain. *UNFI* had a 6% sales increase on strong eCommerce sales, but \$43M in 1st QTR charges led to \$1M loss. Net sales rose 7% on strong beverage & meal demand for *Campbell Soup* in 1st QTR, as net income jumped 86%.

Kroger's ecommerce sales rose 79% in 2020 moving it to #9, ahead of *Costco*, on *eMarketer's* 2020 top sales list. *Amazon* & *Walmart* remain solidly in the top 2 spots. *Mondelez* willing be looking at bakery, pastries & bars as takeover targets, per management. A new chicken price-fixing lawsuit is being brought forth by *Chick-fil-A* against *Tyson* & *Pilgrim's Pride*. *Food Dive* picked *HEB* as their Grocer of the Year; *Sprouts Farmers Market* CEO Jack Sinclair was named Executive of the Year & *Mondelez* was named Company of the Year. *Chobani* is adding a probiotic line of yogurt cups & drinks.

USA online grocery sales hit \$8.1B during November with 60.1M households placing an average 2.8 orders during the month, per *Brick Meets Click/Mercatus*. *Inmar* reports that despite brand loyalty, 61% of shoppers have switched to less expensive brands since March, with 70% seeking new brands & 83% saying they will continue to buy these new finds. From *ACI Worldwide/PYMNTS.com*, 35% of consumers would leave their preferred grocery store for a store that provides touchless payment. Per the *National Restaurant Association*, 17% of restaurants (more than 110K) are closed long-term or permanently while more than 500K are in distress. Per *NPD Group*, November restaurant sales were down 8% YOY, though buoyed by stronger off-premise/quick service sales. Sadly, restaurant transactions have returned to decline as state governors force lockdowns & closures. Per *Oxford University*, non-meat eaters, due to a lack of protein & calcium, experience more bone fractures.

MARKET NEWS: Markets set & hovered around new records. New unemployment filings rose.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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