



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

In the 5th century BC, ice cream appeared in Persia & Greece, as snow or ice flavored with fruits, spices & honey. Ice was stored in ice houses to make summer treats for the kings. Legend suggests that in 1533, Catherine de Medici brought recipes for frozen treats with her from Florence for her wedding to future French King Henry II. Folklore also suggests that Charles I of England tried to control the recipe for ice cream, so it would remain the privilege of the royals! By the late 17th century, ice cream recipes appeared in French cookbooks. They must have been good, for Voltaire said, "*Ice cream is exquisite - what a pity it isn't illegal!*"

The Love of Food: George Bernard Shaw felt very deeply about food: "*There is no sincerer love than the love of food.*" So much of our lives center around the love & enjoyment for good food, whether it is an elegant dinner, the Sunday family meal, the backyard barbeque or simply a coffee & a roll by ourselves at a sidewalk café. Lord Byron thought there was much more to our love for food than just sustenance, believing, "*Since Eve ate apples, much depends on dinner.*" Perhaps it was Greek philosopher Epicurus who invented the dinner party, telling his followers, "*We should look for someone to eat & drink with before looking for something to eat & drink.*" Certainly, Julia Child was always up for a dinner party, for as she said, "*People who love to eat are always the best people.*" George Eliot must have enjoyed a great dinner conversation, feeling that, "*One can say everything best over a meal!*" Even moody Oscar Wilde must not have minded a good meal with relatives, because, "*After a good dinner one can forgive anybody, even one's own relations.*" Since we are simmering a large pot of chicken soup for the weekend, we are humbled that Beethoven thought that, "*Only the pure in heart can make a good soup,*" & that master chef Louis P. De Gouy believed, "*Soup is the song of the hearth... & the home.*" So this weekend, as you prepare or purchase a wonderful meal for family, friends or just for yourself, relax & enjoy the experience! Forget your worries & your troubles; savor the flavors, the aromas & the satisfying delight of a tasty meal, for as Franz Kafka, another moody author said, "*So long as you have food in your mouth, you have solved all questions for the time being.*"

Industry News: *Siete* completed a \$90M investment from *Stripes Group*. Biotech firm *Sustainable Bioproducts* (edible protein grown by mimicking the extreme temps of Yellowstone's volcanic springs where organisms thrive with minimal resources) raised \$3M led by *1955 Capital* with *ADM Ventures* & *Danone Manifesto Ventures* participating. *Saco Foods*, specialty consumer goods manufacturer, acquired *California Sun Dry Foods*, dried packaged tomatoes. *Hudson River Foods* will acquire *Dancing Deer Baking* from *Ironwood Capital*. *Unilever* acquired U.K. based healthy snack brand *Graze* from investment firm *The Carlyle Group* for an undisclosed amount. Testing start-up *Viome* will buy personalized nutrition company *Habit* from *Campbell Soup*. CBD store *Cere's Natural Remedies* acquired *Tretap*, maker of organic maple water sparkling beverages. *CNBC* is reporting that *Tyson* may be looking at a \$2B purchase of *Foster Farms*. Per *Reuters*, the 324 stores of *Smart & Final* may be for sale. *TSG Consumer Partners* closed its 8th fund, *TSG8 LP*, with \$4B in commitments. *Nutrition Capital Network* reports 942 investment

transactions in the nutrition/health/wellness industry in 2018, up 3% from 2017 but slower than the 40% pace of previous years.

Year over year, *Unilever* saw a 5% global drop in 4th QTR sales, with salad dressing in the Americas & currency issues impacting results. *Lancaster Colony* saw a 9% increase in 2nd QTR sales & a 4% increase in income as a result of the acquisitions of *Bantam Bagels* & *Omni Baking*. *Amazon* saw 4th QTR revenues rise 20% with a beat on net income though *Whole Foods'* non-eCommerce sales fell 3%. Cereal & *Bob Evans* products helped *Post Holdings* increase 1st QTR adjusted income by 26.1% as revenues fell 1.5%. Belying a positive year, 4th QTR results at *ADM* were mixed, coming in slightly lower on revenue with a significant drop in net income due to restructuring & impairment charges. Profit from operations was positive, though. Comparables rose 3.9% during 1st QTR at *Ingles Markets*, sales rose 4.7% & income was up 10.9%.

Hy-Vee & tech company *Flashfood* will pilot a new app that allows shoppers to buy products nearing their best-before-date at a reduced price. *Hy-Vee* will add its 4th *Wahlburgers* restaurant. With a pilot completed, salad chain *Saladworks* will expand in Philadelphia area *ShopRite* locations. *PCC Community Markets* will remove self-checkout, believing their customers prefer a cashier. *Giant Food Store*, coming off the recent opening of its *Heirloom Market* concept in Philadelphia, plans three more stores this year. *Unilever* will introduce plant-based, indulgent *Magnum Ice Cream* non-dairy frozen dessert bars. *Conagra* will consolidate the jobs still remaining at the former headquarters of *Boulder Brands*, which was acquired in its deal for *Pinnacle Foods*. *UNFI* will build a 1.2M sq.ft. distribution center in Washington state & consolidate its NW Pacific network into fewer distribution centers. *McCormick* will partner with *IBM* to use AI to mine decades of *McCormick* data on customer preferences to reduce the effort of introducing new flavors & ingredients. *Walgreens* is piloting a new line of smart coolers with cameras that scan shoppers' faces to determine demographics behind purchases, such as age & gender. *Amazon* is experimenting with using public buses for mobile delivery to customers near a bus line. *Teton Waters Ranch* has earned *Whole30* approval for eleven of their clean label grass-fed products. Maine will not allow CBD-infused edible products to be sold until their state board completes further review. Other CBD products such as lotions & patches can be sold. The 9th District Court unanimously ruled against San Francisco's 2015 law requiring health warnings on ads for sugary beverages, as it is a violation of the soda companies' First Amendment rights.

Google & *Bain & Company* report that only 3% of grocery shoppers use eCommerce, with only 42% of users saying it is a time-saver. However, with more uses, 63% of users say it saves time. Those who will try eCommerce want to use an app from a brick & mortar store that they already frequent. Per *Ultimate Coupons*, 67% of consumers prefer lower prices to glitzy technology in the purchase process, but 36% do think enhanced shopping technology is helpful. Per the USDA, 2019 chicken production will be up 1.7%, beef production will increase 3.3%, pork will set a new production record with a 5.3% increase, but turkey production will increase just 0.5%.

Market News: Markets rose for the 7th straight week, shaking off trade & Eurozone growth concerns. USA household debt fell to 15.3% in 3rd QTR, near the lowest levels of the past 40 years.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malenka*

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