



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



SOON AFTER THEY HAD SETTLED into their first suburban cave, Mrs. Thuk allowed her husband a night out with his buddy, Nuk. During their evening, Nuk became enthralled with a pretty little cave girl (appropriately named Loana) & began talking her up. Thuk suddenly saw a saber-tooth tiger, looking for a midnight snack. Lacking language, Thuk's grunts were dismissed by his friend, who thought Thuk just wanted to go home. A panicked Thuk grabbed his club & thwacked his buddy on the head. Nuk saw the tiger, swept the future Mrs. Nuk into his arms & raced to safety. Thuk realized his club was a form of communication, *because first you have to get their attention!*

COMMUNICATION TOOLS: Effective communication is an art! There are dozens of theories (with names like bow-wow, ding-dong, cuckoo, pooh-pooh, ta-ta, etc.) as to how language developed. Most theorists feel language developed when humans attempted to imitate the sounds of animals & nature, learning the resonance of their own 'voice.' Written cuneiform & hieroglyphics developed in Mesopotamia & Egypt in the 4th millennium B.C. The first alphabets appeared in 1800 B.C. in Egypt & 1200 B.C. in China. From that point forward, with the development of paper to the printing press, telegraphs & telephones to mass communication with radio, television & the internet, effective communication has been the basis for the formation of our societies & communities. Psychologist Rollo May wrote, "*Communication leads to community, that is, to understanding, intimacy & mutual valuing.*" And while it took 600K words to write classic novels such as *Les Misérables*, *Atlas Shrugged* & *War & Peace*; two of the most important, brilliant & significant documents in the history of humankind were short, sweet & to the point. Our *Declaration of Independence* is a mere 1320 words long & Lincoln's *Gettysburg Address* only 275 words! This would please Pythagoras, who said, "*Do not say a little in many words but a great deal in a few.*" Social media & texting force us to be concise. Emerging young brands, to tell their story to consumers & especially to potential investors, need to be concise while still building that '*mutual valuing*' Dr. May describes! Emerging brands need their own *club*, a *tool* that gets investors' attention. Then they need to thoughtfully communicate the right words, pictures, presentations & data to begin to build relationships. Mark Twain said, "*The difference between the right word & the almost right word is the difference between lightning & a lightning bug.*" Choose the right words & methods to communicate your message, for as George Bernard Shaw said, "*The single biggest problem in communication is the illusion that it has taken place!*"

INDUSTRY NEWS: *Olipop* raised \$10M from current investors *Monogram Capital Partners*, *Rocana Capital*, *Finn Capital Partners*, *Boulder Food Group*, *Collaborative Fund* & first-time investor *Döhler Ventures*. AgTech food company *Cooks Ventures* raised \$4M from *Golden West Food Group*. *Thistle*, who makes & delivers fresh, plant-based meals, completed a \$5.65M round led by *PowerPlant Ventures*. Personalized guided healthy meal app *Kaigo* raised \$3M that included the founder of *MyFitnessPal* & *Micromanagement Ventures*. *Lakeview Capital* acquired *Mochi Ice Cream* from *Century Park Capital Partners*. *GrubMarket* acquired *Organic Harvest Network*, helping farmers with crop planning, sales, marketing, logistics & distribution connections. *The Alkaline Water Company* terminated the proposed acquisition of bottled water maker *AQUAhydrate*. *Unilever* is considering selling its tea business, including *Lipton*, *Tazo* & *Pukka* teas, due to sliding demand. Animal-free dairy protein company *Perfect Day* is expanding its product reach & may be considering an IPO.

Coca-Cola met 4th QTR earnings expectations on strong sales of its core products. *Hershey* finished a strong year with small increases in sales & adjusted EPS during 4th QTR. *J&J Snack Foods* saw a 3% net income drop on a 4% sales increase in 4th QTR. *Mondelez* finished 4th QTR on flat adjusted earnings as sales grew 2.1%. *Lancaster Colony* will focus on its core businesses & cost management as net income fell 9% & sales rose 1.5% in 2nd QTR. *Amazon* beat 4th QTR estimates with net income up 8% to \$3.3B & net sales up 21% to \$87.4B. *Whole Foods* grocery sales dropped 1% but online grocery orders doubled. *Grocery Outlet* saw sales, comps & earnings rise in 4th QTR.

Kroger is piloting a program for physicians to write food prescriptions that patients fill. *Albertsons* is relaunching its *Plated* meal-kits. *Amazon Go* will begin to offer hot foods & a soda fountain. *Earth Fare*, unable to refinance its debt, will close all of its stores & its corporate office while looking to sell its remaining assets. Filing for bankruptcy, *Lucky's Market's* founders will buy 7 *Lucky's* stores as *Aldi's*, *Publix*, *Southeastern Grocers* & others will purchase the remaining stores. *Instacart* employees in Chicago have voted to unionize. *KeHE Distributors* will launch an incubator program to help grow promising, early-stage brands. *Chipotle* is launching a farmer focused accelerator program to support ventures that provide solutions to challenges faced by young farmers, including access to land, finance & labor. *General Mills* is collaborating with two dozen central Kansas winter wheat producers for a holistic, regenerative farming pilot program to improve water & soil quality. *Motif FoodWorks* & the University of Massachusetts Amherst will partner to improve the formulation process for plant-based proteins. *Trader Joe's* is launching plant-based *Protein Patties* burgers. *Beyond Meat* is testing a new more chicken-like *KFC* nugget, but *Tim Horton's* dropped the brand due to poor sales. *Beyond Meat* may be liable for \$628K of unpaid invoices to its former co-packer *Don Lee Farms* & several executives may be named in a food safety claim. Comments from the *International Dairy Foods Association's* annual conference suggests dairy manufacturers may be ready to add CBD to their products, ahead of FDA guidelines. *Informa Markets* has launched digital media *Food & Beverage Insider* to lead food & beverage brands through ideation, manufacturing & creating clean labels.

FMI & *Nielsen* raised their predictions for online food & beverage sales from \$100B to \$143B by 2025, which will be 30% of all omnichannel food & beverage sales. Eating one egg a day or less does not increase the risk of heart disease, according to researchers from Canada's *Population Health Research Institute* of McMaster University. A *Gallup* poll suggests 25% of Americans are eating less meat, opting for smaller portions of higher quality meat. In an *IFIC* study, consumers try plant-based meats out of curiosity, find it appealing because of its taste & 45% believe it is healthier than meat. Ireland-based *Safefood* found that a wide majority of gluten-free snacks were high in fat & sugar, quite different than customer expectations.

MARKET NEWS: Markets hit all-time records mid-week on positive economic & political news. The USMCA was signed into law, with expectation that Canada will soon follow. China reduced tariffs on \$75B worth of USA goods. Post Brexit, the UK announced it will slash tariffs on USA goods. *ADP* reported January private job creation in the USA was 291K, almost double expectations, while non-farm payrolls came in at 225K, blowing by estimates. Wages grew 3.1%. Manufacturing & service industry indexes, consumer confidence & home sales, all rose. Productivity came in at a 9-year high. In a 41-year annual poll from *Gallup*, a record high 90% of Americans are satisfied with their personal lives! A record 59% of people are optimistic about their personal finances while a record low of 20% are pessimistic.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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