



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

Halloween is all about the candy; Valentine’s Day, the chocolate; Christmas is for cookies & for July 4th it is barbeque! But no holiday is more about food than Thanksgiving! Thanksgiving arises from ancient Harvest Festivals! Once prehistoric nomads stopped chasing herds & started building civilizations, their very survival depended on 3 things. Salt, to preserve meat; beer, wine & other fermented beverages for clean liquid & the art of annually growing & harvesting the grains & berries that grew wild! At harvest time, these ancient cultures partied like it was 1999 B.C., to thank the gods for their plenty & their winter survival!

Let’s Talk Turkey: The Thanksgiving decision tree matrix is more complicated than most operational & application systems! It starts with a choice of turkey, but includes goose, ham, rib roast, prime rib, brisket or for the *nouveau gourmets*, the turducken (which should have one more layer, bacon, for a *turduckencon*)! If we go conventional with turkey then preparation becomes the next choice! Shall we do a basic oven roast? Maybe we should use a deep fryer or smoker! How about finishing the wings & drumsticks on the barbeque? And of course, how do we season the turkey? Peppered? Garlic & Italian herbs? Dill & cilantro? Then comes basting! Do we just use butter or olive oil; or our favorite, the drippings from the roaster, supplemented by the neck & giblets? We must make a choice of in-the-bird stuffing or in-the-pan dressing! Again, here there are traditional choices: chestnut, oyster, seasoned bread & croutons, or as this Italian boy grew up on, sausage! Now if we move to the side dishes, this decision matrix becomes even more complex! Potatoes? Mashed, roasted or au gratin? If mashed, whipped or lumpy; with garlic, herbs, cream or sour cream added? What about sweet potatoes or yams? Candied, cinnamon, buttered or do we serve them mashed? Even cranberries have choices, jellied or whole or for a true traditionalist, the mid-20th century classic: *can-ridged & quivery*? Vegetables offer so many choices, they are hard to cover! Green beans, corn (which can be done so many ways, creamed, whole, on-the-cob or in a baked casserole) or do we stick with seasonal squash & root veggies? Finally, dessert! Pumpkin pie is the choice of most, but other choices are fruit pies, bread (*bourbon-laced*) pudding & cheesecake in its many versions including pumpkin! Our favorite is pecan pie...*just not too sweet!* So, as we give our thanks for the many blessing we have been granted, let us not forget the family chefs who navigate this decision tree matrix without an app for that (*though there probably is*) to prepare this wonderful annual feast!

Industry News: *Flowers Foods* purchased gluten-free bakery *Canyon Bakehouse* for \$205M. *Deliv*, same-day delivery, raised \$40M from *GV & Enterprise Holdings*. Pizza making robot company *Zume Pizza* attained \$375M in capital from *SoftBank*. *Sovos Brands* will acquire *Noosa* Yoghurt for an undisclosed amount. *Kraft Heinz* will sell its Canadian natural cheese business to *Parmalat Group* for \$1.23B. *Krupa Global Investments*, with \$100M in *Kraft Heinz* stock, is urging

the company to go private at \$80/share. *Aliph Brands* closed its acquisition of *Kiss My Face*. *Suja* may be looking to sell itself, *Coca-Cola* which already owns a stake is a possible buyer.

Publix saw net earnings rise 42.7% from last year's 3rd QTR on a 3.6% sales increase, corporate tax & accounting changes drove earnings. Net income increased 26.7% in *Ahold Delhaize's* 3rd QTR as USA sales grew 3%, comparables rose 2.5% & ecommerce (*Peapod*) sales rose 11.8%. *Dean Foods* lost \$26.7M in 3rd QTR, on a slight sales decrease amid plant consolidations & higher freight costs. *Flower Foods* had a slight sales increase & moved from a loss of \$33.6M to earning \$39.6M in 3rd QTR, led by *Dave's Killer Bread*. *Hain Celestial* had 1st QTR sales drop 5%; earning 9¢ a share & missing analyst forecasts by 4¢. *Hostess's* overall 3rd QTR revenue rose 9.7% based on its *Cloverhill* acquisition but EPS fell 31% due to integration costs. Sales at *Keurig Dr. Pepper* rose 2.9% & EPS beat forecasts at 30¢. *Vitamin Shoppe* saw a small 3rd QTR loss as sales slipped 2.1%. *Monster Energy* had a 12% sales & 22% earnings increase for 3rd QTR. Revenue at *Spartan Nash* grew 1% in 3rd QTR, driven by its food distribution segment. Diluted EPS fell 4¢ to 50¢.

Lowes Foods will expand its online grocery delivery across Carolina with *Shipt*. *Whole Foods* will rollout *Amazon's Prime Now Pickup* to 8 additional cities. After several months of testing *Instacart* will expand store pickup to retailers nationwide. *7-Eleven* will test a scan-and-go cashierless technology in 14 stores. *Peapod* will expand its delivery service on Long Island. *Albertsons* will increase its premium *Signature Reserve* private label offerings. *Tops Markets* has received court approval of its restructuring efforts & will soon exit Chapter 11. *Perdue AgriBusiness* will open an organic grain facility in eastern Baltimore county due to rising demand for organic feed. *Impossible Foods*, plant-based burgers now in 5K restaurants, will be offered in USA grocery stores next year. *Raley's* will promote healthy cereal options by placing sugary cereals on the bottom shelf. *Kroger* has launched a voice ordering application. *Monster Energy* is in arbitration with stakeholder *Coca-Cola* over their energy drink non-compete clause. *Lenny & Larry's* settled a \$5M lawsuit over its protein claims. *Dirty Lemon* will cease production of its CBD products pending state & federal regulatory direction.

According to *Retail Feedback Group*, *Walmart* is the favorite choice for online groceries, followed closely by *Amazon*, then local supermarkets. Organic Pork sales are not enjoying an uptick in sales like beef & chicken, per *Nielsen*.

Market News: Markets fell this week due to interest rate concerns, oil prices falling & investor concern that possible House legislation could deter economic growth. Small business optimism, riding on lower gas prices & not enough employees to meet demand, hit a 45-year high!

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malenka*

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