



# 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**

**Imagine a cozy classic Christmas Season** in a small out of the way town, a *Christmas in Connecticut* or a *Hallmark* movie snow-globe like setting! Perhaps with just that special someone or just your spouse & children. A big tree in the town square, crisp snow-crunching walks with church bells ringing, carolers going door-to-door, s’mores over a crackling fire, followed by eggnog, hot cider or rum toddies! No scrooges, bah-humbuggers or family drama! As this holiday season approaches, it is difficult to think that we could find that place to unplug & relax! The place where no one will bother us – small & out of the way – *Podunk!*

**Podunk:** Almost a year ago ([All Ears!! 12/23/17](#)) we mentioned a favorite Paul Harvey *Rest of the Story*, the origin of the word Podunk! For almost 60 years, Mr. Harvey regaled us on the radio with news, opinion & stories of amusement, from “Paul Harvey...Good Day” until “Paul Harvey... Good Night!” Of course, Podunk means an isolated, far-off in the middle of no place, town. But it is actually the name of an Algonquian tribe, the word *Podunk* meaning a boggy, mired marshland. Per Mr. Harvey, early New England settlers befriended a Podunk tribe located in a village that was isolated & out of the way! After a harsh winter (& quite possibly, a Podunk war with another tribe) the settlers travelled to the Podunk village to check on them! They found the village had completely vanished! The word Podunk, meaning a small out-of-the-way town, came into common usage! So now you know the *Rest of the Story!* **The Litchfield Fund...Good Day!**

**Industry News:** Energy drink *Mati* raised \$2M from a group of investors, bringing to \$7M the total of recent raises. *LesserEvil*, organic snacks, completed an investment round with *InvestEco Capital Corp.* South Korea’s *CJ Group* took an 80% stake in *Schwan* for \$1.84B, who will retain its home delivery business. *Swander Pace Capital* acquired Canadian baker *Bäckerhaus Veit*.

*Walmart* beat analyst expectations for 3<sup>rd</sup> QTR EPS (\$1.08) & comparable store growth (3.4%) despite a slight miss on revenue. Ecommerce sales rose 43%. *Tyson* saw 4<sup>th</sup> QTR sales drop 1.4%, missing analyst targets, mostly from weak chicken demand. Net income rose 21% due to prepared foods & beef. Revenues rose 2.4% at *Wendy’s* for 3<sup>rd</sup> QTR & net income rose significantly, primarily from the sale of its stake in *Inspire Brands*. *GNC* continued to struggle. Third quarter sales fell 5.3% with an \$8.6M loss. At the end of its 2<sup>nd</sup> QTR, *Tate & Lyle* reported flat profit & a 1% revenue drop. *J&J Snacks* reported adjusted 4<sup>th</sup> QTR sales up 3% with net earnings down 4%, though full year earnings rose 31%. *Blue Apron* will layoff 4% of its workers as sales fell 28% in 3<sup>rd</sup> QTR with a \$33.6M loss.

*Ahold Delhaize* will undertake efforts to increase its USA market share through strategic investments & efficiency, investing \$2.25B in 2019. The retailer plans to double online sales to

\$7B over three years. *Ahold Delhaize* will partner with *Delft University*, opening a site to test various types of food-handling robotics. *Kroger* will launch voice-enabled ordering through several apps for customers to access *Kroger Grocery Pickup*. *HEB* will expand its *HEB Go* scan & pay app to more stores. Reports suggest *Mondelez*, *Kraft Heinz & Ferraro* may be interested in *Campbell's* cookie division; a possible price of \$2.5B to \$3B. *Kellogg* is looking to sell its cookie & fruit snack division, which includes *Keebler & Famous Amos*, as part of its restructuring efforts. (How much can you get for a Hollow Tree?) *Kellogg* will introduce *Hi! Happy Inside*, a cereal focused on digestive wellness with probiotics, prebiotics & fiber. A special shout out to *Chobani*, introducing a yogurt to honor veterans & raise \$1M to aid military families through *Operation Homefront*. Veterans at *Chobani* designed the new *Hero Batch*, *Red, White and Blueberry* yogurt.

*Kantar Consulting's PowerRanking* of retailers & suppliers ranked *Walmart*, for the 22<sup>nd</sup> year in a row, as the top retailer followed by *Kroger*, *Amazon*, *Target* & *Costco*. For the third year, *PepsiCo* was at the top of the supplier list, with *Coca-Cola*, *Proctor & Gamble*, *Kraft Heinz & Kellogg* filling out the top five. In the *Siegel+Gale World's Simplest Brands* survey, ranking the companies best at delivering a clear, concise brand promise & experience, *Amazon* was #3, *Costco* was #4, *Publix* was #12, *Trader Joe's* #15 & *Kroger* #17. On the world stage, *Aldi* & *Lidl* came in #2 & #4, respectively. More customers are buying fresh produce, deli items, meats, seafood & prepared meals online, per the *Retail Feedback Group*. Quality & convenience were the reasons for shopping online. In the *IRI Private Label 2018 Report*, private label sales for food, drug, mass, dollar & club retail channels rose 5.8%, while national brands rose 1.5% & overall CPG rose 2.1%. In a study from *Profitero*, *Amazon* is still the lowest priced online grocery followed by *Jet.com* (0.6% higher), *Walmart* (2.5%), *Kroger* (8%), *Target* (8.4%), *Instacart* (17%) & *CVS* (27.8%). In a *Brick Meets Click* survey, *Target* was rated as better than *Walmart* or *Kroger* in offering a seamless omnichannel shopping experience. In a *Nielsen/Wells Fargo Securities* study, total snack & non-alcoholic beverage sales rose 2.9% in the last month. Energy drinks saw a 4.2% increase. A *DuPont Nutrition & Health* study says that 52% of USA consumers are eating more plant-based foods & that they feel healthier. Some 60% said the move was permanent. Those who do not eat plant-based foods cited taste as the reason. *Mintel* research indicates that falling sales in frozen foods are due to an increase in salty snack sales. In a *New England Journal of Medicine* study, fish oil & vitamin D resulted in a significant reduction in heart attacks. Per the *USDA*, soybeans are headed for a record production year & corn is headed for its second highest on record. Also, sugar beet production & sugar use both fell.

**Market News:** Market doldrums continued as investors pulled back from large-cap tech stocks & fearing FED actions. Manufacturing output continued to soar. Jobless claims rose slightly.

**Seeds, Sprouts, Grow, Harvest!**

The Litchfield Fund – *Tom Malenka*

V5issue23.11.24.18

**The Litchfield Fund** is a family owned & operated limited liability corporation. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours & should not be considered investment advice or recommendations.