



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

**"OUR EARS SPAN ALL FIELDS"**



**WE ENJOY LEARNING!** Mahatma Gandhi said, "Live as if you were to die tomorrow. Learn as if you were to live forever." Leonardo Da Vinci thought, "Learning never exhausts the mind." Will Rogers (a LITCHFIELD FUND favorite) felt there were two ways to learn, "One is reading & the other is association with smarter people." Emily Dickenson, Henry Ford & others believed learning kept the mind young. Churchill was ready to learn but did "not always like being taught." For Einstein, "Intellectual growth should commence at birth & cease only at death!" Actress & singer Eartha Kitt agreed with Einstein, saying, "I am learning all the time. The tombstone will be my diploma."

**RUN-AROUND AND LEARN:** What did we *learn* last week as we *ran-around* the *Natural Products Expo East* show? First & foremost, eating, drinking & sampling food, beverage & wellness products all day long is loads of fun! Perhaps even a bit of *Heaven on Earth*! Also, we learned the CBD/hemp segment is alive, well, growing & seemingly ready to thrive. But we also learned a lot about the issues & concerns of CBD/hemp products from people who are much *smarter* than us on the subject! Issues about the extraction process, the way CBD metabolizes in the body & governmental risks. While we did not see the kind of innovation we spoke of in last week's [All Ears!! \(9/14/19\)](#), we did think the coffee creamer & hot beverage category was the most exciting, with some great uses of superfoods & proteins in a variety of tasty products! Also, we saw what closing significant funding rounds has done for several brands – new & expanding SKUs, improved branding & marketing, wider distribution, etc. We were surprised to find out what brands were not there, or significantly reduced their presence! We learned how great it was to reconnect with colleagues, finally meet some folks for the first time & make new connections! And finally, we found out Northeast Ohio native & blues legend John Popper still has it & is better than ever! We wouldn't give you the *Run-around!*

**INDUSTRY NEWS:** Scottsdale, AZ based *Alkaline Water Company (Alkaline88)* will acquire premium water brand *AQUAhydrate* in a stock-only transaction. *Wells Enterprises*, parent of *Blue Bunny* ice cream & other frozen treats, will acquire *Halo Top* from *Eden Creamery* for an undisclosed amount. *US Foods* received FTC approval to acquire *SGA's Food Group* for \$1.8B. *Utz* will purchase *Conagra's* direct-store delivery snacks business, including *Tim's Cascade Snacks*, *Hawaiian Snacks*, *Erin's*, *Snyder of Berlin* & *Husman's* brands, for an undisclosed amount. *ACH Food Companies*, manufacturer of cooking oils & baking products, acquired eCommerce brand *Anthony's Goods*, natural/organic almond flour, coconut flour & other products. *Kite Hill*, almond milk yogurt, cheese & dips, finalized another \$10M in funding, bringing total investment to more than \$75M. Direct-to-consumer cereal brand *Magic Spoon* received \$5.5M in seed funding led by *Lightspeed Venture Partners*. Slow-growth poultry company *Cooks Venture* raised \$12M from *AMERRA Capital Management*. Micro-fulfillment technology start-up *Takeoff Technologies* raised \$25M at a \$500M valuation, led by current investor *Forrestal Capital*. *New Culture*, animal-free dairy cheese, closed a \$3.5M funding round led by *Kraft Heinz's Evolv Ventures*. Smart shopping cart start-up *Caper* (carts with sensors & computer vision to enable autonomous checkout) raised \$10M. *Swiftly*, a

digital operating system for in-store shopping, announced \$15.6M in funding from Ron Burkle, *Novel Private Equity & Mendacre*. *McDonald's* will acquire *Apprente*, AI voiced-based conversational technology to be used in its drive-thrus. Israeli start-up *Redefine Meat* completed a \$6M round led by *CPT Capital, Hanaco Ventures & PHW Group* to print plant-based 3-D meat alternatives. After a strategic review, *Dean Foods* has decided against a sale.

Per *Edge by Ascential*, *Walmart, Costco, 7-Eleven & Kroger* are the biggest groceries in the world when ranked by sales. *Whole Foods Market* will eliminate health care benefits for part-time workers. *KeHE* signed a multi-year primary distribution contract with *MOM's Organic Market's* 19 stores. *The Fresh Market* is adding new items & updated packaging to its 1,500 *Everyday Extraordinary & Signature* private label products. *Hy-Vee* will remodel 14 stores & open a new Kansas City fulfillment center, spending \$90M. *Walmart* will roll out its *Delivery Unlimited* service to 1400 more stores. For an annual \$98 fee, or a monthly \$12.95 fee, consumers can have unlimited online grocery orders. *7-Eleven* will use *Microsoft Surface* devices, *Microsoft 365 & Power BI* for stores to assess performance data, understand purchase trends & other metrics. In Nebraska, which has not had a chicken industry, residents are expressing concern at the large number of chicken farms being quickly started to support *Costco's* new poultry processing plant. While *B&G Foods* will continue to explore innovative uses for its *Green Giant* veggies, alt-meat is not in its plans. Scottsdale-based *True Nopal* will launch two new organic cactus water SKUs with a brand refresh. *La Colombe & MillerCoors* will partner on a low-alcohol, cold-brew coffee line to be piloted soon. *Chick-fil-a* now offers only 'no antibiotics ever' chicken. *Snap Kitchen* prepared meals will be offered at 6 Austin area *Whole Foods Markets*. *Kellogg* will add *Incogmeato* to its *MorningStar Farms* portfolio, ready-to-cook plant-based burgers, Chik'n nuggets & tenders. Israeli-based *CommonSense Robotics* (underground micro-fulfillment) rebranded as *Fabric* & will take a broader focus on last-mile logistics. *Keurig Dr Pepper* will invest \$220M in a more than 1M sq. ft. Pennsylvania manufacturing, warehouse & distribution facility previously belonging to *Kraft Heinz*. In the canned tuna price fixing scandal, *Starkist* was ordered to pay \$100M. Peanut farmers are suing peanut-shelling companies *Birdsong & Golden Peanut* (an *ADM* subsidiary), alleging they conspired to fix the prices. Cleveland Browns wide receiver Odell Beckham Jr. will serve as a creative director & ambassador for *Pedialyte*.

ECommerce grocery sales have grown 15% this year, accounting for 6.3% of USA consumers' total grocery spending, with 25% of consumers ordering on-line, per *Brick Meets Click*. In the *Inmar 2019 Future of Food Retailing Report*, traditional grocers are losing market share as wholesale clubs, supercenters, discounters, dollar stores, drug stores & military commissaries gain customers & sales. A report from the *Trust for America's Health & Robert Wood Johnson Foundation* states USA obesity is at a record high. In *Mercaris' Annual Acreage Report*, farmers will harvest 3.1M acres of USA organic crops, a 7% increase over 2018.

**MARKET NEWS:** Markets fell on trade concerns.

***SEEDS, SPROUTS, GROW, HARVEST!***

**THE LITCHFIELD FUND** – *Tom Malenjo*

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