



# 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**

**Respected poet & literary critic,** William Ernest Henley, was born in Gloucester, England in 1849. As a child, he suffered from tuberculosis, affecting his leg & requiring him to have many painful procedures. Making the best of it, he hopped about on one foot & tried to have fun! But as he approached age 18, his leg was amputated! Faced with amputation of the other leg just a few years later, he sought the counsel of Sir Joseph Lister, surgeon & pioneer of antiseptic surgery. His leg was saved & in the hospital this resolved young British poet wrote in his poem *Invictus*, “*I am the master of my fate, I am the captain of my soul!*”

**Destiny:** Spring, with holidays like Easter & Passover, makes us think about rebirth, renewal & destiny. Ancient myths told of captured goddesses returned to this Earthly world & bringing with them the sunshine & beauty of Spring! Easter brings hope for rebirth & renewal as this week our thoughts turn to the plans to rebuild a burned cathedral! Passover celebrates freedom & a second chance to fulfill our destiny! The great orator, William Jennings Bryan, said, “*Destiny is no matter of chance. It is a matter of choice.*” Each person’s destiny is unique! Author Henry Miller wrote, “*Every man has his own destiny: the only imperative is to follow it, to accept it, no matter where it leads him.*” General George Patton believed, “*A man must know his destiny.*” For some, knowing their destiny leads them to a *true religious calling*. For others, their destiny may lie in the Arts or a field of service, such as medicine, teaching, volunteering, or into the military, law enforcement or to be a first responder! There are those, like Mr. Henley, who fulfill their destiny by the way they inspire others! Because of his *attitude toward life*, despite his illness (dying young at age 53) & handicap, the poet was the inspiration for Robert Louis Stevenson’s *Treasure Island* character *Long John Silver!* (Mr. Henley’s young daughter was herself inspiration for J.M. Barrie’s heroine, Wendy, in the children’s classic *Peter Pan!*) Finally, some fulfill their destiny by becoming an entrepreneur; putting their money, time, hard work, energy & faith into building a business; making a profit; employing others & giving each of them the opportunity to excel, better their lives & experience the *American Dream!* One such entrepreneur, St. Louis chemist Joseph Lawrence, was inspired by Sir James Lister’s work in antiseptics & in 1879 developed an antiseptic known world-wide today as *Listerine!* Work toward the destiny within you! Sir Winston Churchill cautioned, “*It is a mistake to look too far ahead. Only one link of the chain of destiny can be handled at a time.*” Building your destiny is an ongoing effort, as philosopher James Allen pointed out, “*The law of harvest is to reap more than you sow. Sow an act & you reap a habit. Sow a habit & you reap a character. Sow a character & you reap a destiny.*”

**Industry News:** *Campbell* sold *Bolthouse Foods* to Jeff Dunn (former *Bolthouse Foods’* CEO) & *Butterfly Equity* for \$510M, more than \$1.0B less than they paid for the brand in 2012. Beef snack *Stryve Biltong* secured \$16.5M led by *Meaningful Partners*, *Pendyne Capital* & *Murano Group*. *Mondelez’ SnackFutures* unit has taken a minority stake in paleo-inspired *Hu Products* & *Hu Kitchen*. *North Castle Partners* has made an investment in Indian-inspired *Maya Kaimal Foods*. *Taylor Farms* acquired *Earthbound Farm* from *Danone*, terms not disclosed. *Apollo Global Management* will reacquire *Smart & Final* for \$1.1B, a 25% premium on the stock price. *MTY*

*Food Group* will acquire all of the common stock of *Papa Murphy's* for \$190M. Per *Bloomberg*, *Nestlé's Herta Charcuterie* European lunch-meat business could sell for more than \$800M. Possible buyers include *Smithfield Foods*, *Tyson Foods & Cargill*. *Saputo* may be considering acquiring either *Dean Foods* or *Kraft Heinz's Breakstone* brand.

*Organic Valley* posted a 1.1% sales increase with revenues topping \$1.1B, but had a \$12.6M profit loss due to its non-fat dry milk inventory. *Unilever* had a 3.1% sales increase in 1<sup>st</sup> QTR due to strong Asian & household product demand; price hikes accounted for 2/3 of growth. *PepsiCo* had a strong 1<sup>st</sup> QTR with 5.2% revenue growth & 5% income growth. *General Mills'* 1<sup>st</sup> QTR included a big beat on earnings & an improved outlook as cost reductions & price increases took effect. *Danone* came in on target with 1<sup>st</sup> QTR sales up 1% as the company transforms its focus.

*Aldi* is planning 15 more SoCal stores in 2019. Per the *Arizona Republic*, *Aldi* will delay opening Phoenix-area stores until *Aldi* completes construction of its area distribution center in 2020. Direct-to-consumer *Hungryroot* is piloting a brick & mortar pop-up in Manhattan. Montreal based *Metro* stores will accept customers' resealable plastic containers & bags to package food at the deli, meat, ready-to-eat meals, fish, seafood & bakery counters. *Consumer Reports* rated *Target-owned Shipt* as the best grocery delivery service. *Field Agent*, a market research firm, polled consumers as to their likelihood of shopping at the *Aldi & Kohl's* combo store partnership, with 90% moderately likely to shop at both in the same trip & 38% completely likely to do so. *Bristol Farms* will offer *Before the Butcher*, a vegan meat alternative, in the full-service meat case. *Del Taco* will offer tacos with plant-based *Beyond Meat*. *QDOBA Mexican Eats* will roll-out plant-based *Impossible* on its menus across the USA. *Carl's Jr.* will offer a cheeseburger with a CBD-infused sauce at a Denver location (for 1 day), aptly named, The Rocky Mountain High! *Aurora Organic Dairy* has opened a 127K sq. ft. facility in Missouri to produce & distribute shelf-stable organic milk products. *Keurig Dr Pepper* & beverage entrepreneur Lance Collins have partnered on *Adrenaline Shoc*, with better-for-you energy ingredients. *Amazon's Solimo-brand* has launched a private-label energy drink. Per *BevNET*, Clayton Christopher is leaving *CAVU* but will still work with the portfolio's brands.

*Daymon* reports that 85% of consumers trust a private brand just as much as a national brand & 81% purchase a private brand product every shopping trip. Private brand sales rose 4% in 2018, with 20% of the growth coming from premium, trendy or organic products. Per *The American Journal of Gastroenterology*, 32% of gluten-free restaurant offerings have a trace of gluten, but still may be within FDA gluten-free guidelines. Candy will be \$2.5B of consumer's \$18B in Easter spending per the *National Retail Federation*. A *Harris* report shows that a large majority of consumers will not join a loyalty program that requires personal information beyond name & phone number. Per *Consumer Reports*, regional grocers win consumer favor, with Central Market, Wegmans, Heinen's & Gelson's leading the poll.

**Market News:** Markets were higher. News included strong earnings, another jobless claim drop & a jump in retail sales. The trade deficit hit an 8-month low as Chinese imports dropped 20%.

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

The Litchfield Fund – *Tom Malanga*

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