



# 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**

***The best supplement*** for a long, healthy life? A daily dose of humor! *The proof, you ask?* Bob Hope & George Burns lived to be 100; Milton Berle & Sid Caesar into their 90s. In their 90s now, Mel Brooks & Carl Reiner are still making people smile! Bob Newhart is approaching 90 & still [answering the phone](#)! *What is it about humor that leads to longevity?* Mr. Brooks thought, “Humor is just another defense against the universe.” Sir Francis Bacon felt, “Imagination was given to man to compensate him for what he is not; a sense of humor to console him for what he is.” Maybe *Reader’s Digest* is correct, *Laughter is the Best Medicine!*

**Daily Dose:** In *Singin’ in the Rain*, Donald O’Connor, explains the surefire path to movie stardom, imping his way through *Make ‘em Laugh!* America has been blessed with many funny men & women who have made us laugh! From the *great vaudevillians* such as Eddie Cantor, George Burns & *America’s Toastmaster General* George Jessel to the *Masters of Perfect Timing*: Hope, Benny & Carson! The line of great stand-up comedians from the ‘60s to the ‘80s included Hackett, Dangerfield, Diller, Carlin, Brenner, Rivers, Pryor, Williams & Murphy. Then there were the *Clown Princes of Comedy*, Red Skelton & Jerry Lewis! *Innovators*, like Charlie Chaplin & Harold Lloyd, gave us physical slapstick comedy using the capabilities of film to add humor & Ernie Kovacs, who used special effects to get laughs on TV! TV also brought skit comedy into our homes. Sid Caesar gathered this amazing group of writers: Mr. Brooks & Mr. Reiner, Steve Allen, Woody Allen, Neil Simon, Larry Gelbert & Selma Diamond. Then came the great original ensemble of SNL: Chase, Radner, Belushi, Ackroyd, Newman, Curtain & Morris. But the *Master of the TV Comedy Skit* appeared weekly on *The Carol Burnett Show!* Tim Conway created innovative characters like the slow-moving old man who made us laugh each time he said “*Koala*,” did slapstick as a novice [dentist](#) trying to use Novocain & dead-panned his [elephant stories](#) to Mama & family. He won accolades, awards & the love & admiration of his fans. Thank you, Mr. Conway, for our daily dose!

**Industry News:** *Aleph Farms*, growing meat cuts directly from cattle cells, raised \$12M led by *VisVires New Protein*. *Cargill Protein*, *Strauss Group* & others participated. *Impossible Foods* raised \$300M in additional funding. *Madrone Venture Group* put \$6.1M into *TerraClear*, using aerial technology, machine vision & robotics to find & destroy rocks in farmers’ fields. *PeakBridge Partners* will manage *EIT’s FoodSparks* seed fund to invest in early stage European agrifood tech startups. *B&G Foods*, expecting to gain about \$75M a year in revenue, acquired *Clabber Girl*. Saudi Arabia-based *Red Sea Farms* raised \$1.9M to grow saline tolerant tomatoes in the desert using saltwater. Online small restaurant-order platform *ChowNow* closed on \$21M with *3L Capital & Catalyst Investors*. *The Good Food Institute* reports that plant-based protein companies received \$16B in funding over the last 10 years, the majority in the last two years.

Reflecting the merger of the 2 companies, *Keurig Dr Pepper* saw 1<sup>st</sup> QTR income surpass expectations while revenues were slightly below target. *Hain Celestial* posted flat 3<sup>rd</sup> QTR adjusted sales, with a significant drop in adjusted net income, as restructuring continues. *Walmart* beat EPS expectations at \$1.33 compared to 72¢ the year before. Revenue was slightly

lower than expected, but eCommerce grew 37% & comps 3.4%, driven by in-store & on-line grocery. *Vitamin Shoppe* saw 1<sup>st</sup> QTR sales fall 4.3% & but gross profit rise 1.8%. The company will close 60 to 80 stores over the next 3 years. Currency rates hit *Ingredion* in 1<sup>st</sup> QTR, causing a 3% sales drop & a 29% net income fall. After a loss a year ago, *SunOpta* had 1<sup>st</sup> QTR EPS of 27¢ due to the sale of certain businesses; revenues were slightly lower. Challenges integrating *Cloverhill* led to an 11% decline in *Hostess's* 1<sup>st</sup> QTR net income as revenue increased 7%. *Pilgrim's Pride* posted a 30% net income drop in 1<sup>st</sup> QTR; sales fell about 8%. Strong comparables propelled *Dunkin Brands* to 1<sup>st</sup> QTR growth in revenue (5.4%) & income (4.3%). The *Morinda* merger led *New Age Beverage's* 1<sup>st</sup> QTR to a 400% revenue uptick & a 15X increase in gross profit.

Per *inMarket*, *Whole Foods*, citing *Prime* member discounts, saw a 6.5% increase in foot traffic in 1<sup>st</sup> QTR, though the number of new shoppers fell 2.5%. Shorter 'micro' trips increased 10%. *The Fresh Market* will offer same-day delivery with *Instacart* at all 161 stores in 22 states. *Buehler's*, *Sobeys* & *IGA* added on-line grocery delivery, the latter two using *Ocado's* fulfillment platform. *Walmart* follows *Amazon's* lead, offering free next-day delivery of eligible items in select markets. *Lidl USA* will test home delivery using on-line retailer *Boxed.com*. *Kroger* & PE firm *Lindsay Goldberg* have formed *PearlRock Partners*, an incubation unit for next-gen consumer products. Per the *New York Post*, *Target*, *Walmart*, *Kroger* & *Safeway* have been exploring CBD & meeting with CBD product manufacturers. *UNFI* will cease to carry topical CBD products, taking a cautious approach to the industry. *Dean Foods* is relaunching *Steve's Ice Cream*, which entered bankruptcy in 2017. *Kashi GoLean* is rebranding as *Kashi Go* to better focus on the health & wellness needs of their customers. *Kellogg* is introducing a soy & whey protein frozen waffle. *Blue Diamond* will launch non-dairy *Almond Breeze Almondmilk Yogurt*, unsurprisingly, topped with almonds! *Hershey* will spend \$104M to expand peanut roasting capabilities at its Virginia plant that makes *Reese's Peanut Butter Cups*. *Tyson* will build a \$300M meat processing plant in Utah that will employ up to 1200 workers. *Utz* paid a \$1.25M settlement accusing they falsely claimed their products were all natural. However, *Utz* admitted no guilt. *Post* is being sued for advertising that there is 'real cocoa' in *Cocoa Pebbles* when the cocoa used is alkalized. Kevin McGahren, formally of *Dancing Deer Baking*, is the new president of *Hain Celestial* North America.

The USA lost 2,731 (6.5%) licensed dairy farms from 2017 to 2018, with 37,468 dairy farms now in the USA. *Rabobank* forecasts lower global milk production. The FDA recommends low calorie sweetener allulose be excluded from nutrition label total & added sugars. In a survey from *Coresight*, 36.8% adults polled bought groceries online in the previous 12 months, up from 23.1% in the 2018 study, indicating an increase of 35M shoppers.

**Market News:** Markets recovered from trade concerns. The NFIB Small Business Optimism Index hit 103.5 in April, the highest level of the year, smashing the expert economists' expectations. The most reliable of economic predictors, the Philly FED May Manufacturing Business Outlook Survey, more than doubled expected increases. The University of Michigan's Consumer Sentiment Index blew by estimates & reached a 15-year high! The *Wall Street Journal* indicates the booming USA economy has given leverage to workers, who are getting better wages, bonuses & benefits. There are 1.5M more jobs available in the USA than available workers.

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

The Litchfield Fund – *Tom Malenka*

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