



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**THERE WERE SURELY MANY EVERYDAY HEROES** among the hardy people of Western Pennsylvania during the first half of the 20<sup>th</sup> century! The coal miners & farmers who managed to feed & raise their families during the Depression & then their sons who defended America during WW2 were all heroes! But just 20 miles from where my parents grew up, in the little town of Indiana PA, there was a true hometown hero! A man who won acclaim as one of the greatest actors ever & a veteran of combat airfare who retired as a USAF Brig. General, but never forgot his homespun, midwestern values! He remained humble & simple, like the characters he played, Jimmy Stewart!

**HOMETOWN HEROES:** Mr. Stewart often visited his hometown! He walked the streets & spoke with friends & fans. Truly humble, his Best Acting Oscar for *The Philadelphia Story* sat in the window of his Father's hardware store! A man of great faith & patriotism, he stayed true to his values throughout his life! He most certainly qualifies as a Hometown Hero! More often than not, we think of a Hometown Hero as an athlete! Sometimes this is the local high school athlete, but more often than not, it is the pro athlete! Most likely he grew up somewhere else, but adopted his new city, bringing excitement, pennants & championships! And while parents should always be a child's most important role model, unfortunately, because of the media attention they draw, these athletes become role models for many young children. The vast majority of these athletes are active in the community & do a great deal of good! They can be terrific role models! But it only takes a glance at the police blotter to see those who fall prey to alcohol, drugs or violence! But let's imagine being the youngest of 21 siblings born in Virginia just as WWII begins. Your family eventually moves to the big city, where you grow up near a Major League ballpark! As a high schooler, you hit a homerun in that ballpark & win the city's high school championship! You then play for your own hometown Major League team, right there where you grew up! You win batting titles, become an All-Star & win a World Series along the way in a stellar career! Now imagine early in your career, in the heat of a late July summer week, you see your neighborhood, right there by the ballpark, on fire! You see violence, people burning cars & homes, breaking windows & looting stores! There seems to be no end in sight to the violence. Would you go to the ballpark, put on your uniform, walk those violent streets, stand on a car & plead to the mob for calm & peace? Gen. Norman Schwarzkopf said, "It doesn't take a hero to order men into battle. It takes a hero to be one of those men who goes into battle." The Detroit Tigers have a long list of heroes & Hall-of-Famers: Ty Cobb, Charlie Gehringer, Hank Greenberg, Alan Trammell, to name a very, very few! But in that hot, violent 1967 summer, #23, outfielder Willie Horton, put on his uniform, went into the fray, becoming the epitome of a Hometown Hero!

**INDUSTRY NEWS:** Livio Bisterzo (*Hippeas*) & Dan Obegi (*GNC* & *dermstore.com*) raised \$1.7M to launch a personalized nutrition service to provide supplements through food, *Buddy Nutrition*. *Liquid I.V.*, powdered hydrating mix, has raised \$5M from a long list of celebrities. Dwayne 'The Rock' Johnson joins Voss as an investor, adviser & spokesman. *Bobo's* oat bars raised \$5.5M led by *Boulder Food Group* with *Ridgeline Ventures* & *VIGR Ventures* also participating. *Standard Cognition*, a platform using cameras & algorithms to track customer activity, raised \$35M led by *EQT Ventures*, with participation from *Initialized Capital*, *CRV* & *Y Combinator*, adding to a \$40M raise in November. Plant-based protein startup *Emergy Foods* closed \$4.8M to increase production capacity of a yet unknown ingredient used to create

meat alternatives. The round was led by *Congruent Ventures*, with other taking part, including *Prelude Ventures*, *Better Ventures*, *50 Years*, *New Crop Capital*, *The March Fund*, *Trust Ventures*, & *Bluestein & Associates*. *Tierra Farm* acquired *Señor Sabor*, bulk freshly ground organic spices & seasonings. *PepsiCo* will acquire South Africa's *Pioneer Foods Group*, manufacturer of several brands, for \$1.7B. *Starbucks Coffee* invested in *Brightloom*, a restaurant technology company creating a digital customer experience platform for the food services industry. The sale of *Treehouse Foods'* ready-to-eat cereal business to *Post* will be delayed as the FTC reviews the transaction. For a variety of reasons, including lack of buyers, leadership changes & criticism, *Kraft Heinz* may not sell *Breakstone*, the *Plasmon* baby food business & *Ore-Ida*, but will still pursue selling the *Maxwell House* brand. *Vintage Capital Management* is rumored to have offered \$40 a share (over \$500M in total) to acquire all outstanding common shares of the burger chain *Red Robin*. CBD sparkling water *Sweet Reason* raised \$2.5M, led by *Lerer Hippeau*, *RiverPark Ventures*, *Max Ventures* & *Subversive Capital*. CBD-infused snack & beverage maker *Weller* raised \$3M led by *Brand Foundry Ventures*.

*Coca-Cola* beat all analyst projections for 2<sup>nd</sup> QTR. *Albertsons* 1<sup>st</sup> QTR revenue grew 0.5% on a 1.5% pick-up in identical store sales & a 33% increase in eCommerce, with a small increase in profit margin. *Loblaw's* 2<sup>nd</sup> QTR sales were up 2.9% & operating income rose 19.2%. *GNC* saw 2<sup>nd</sup> QTR sales fall 4.6% but net income rise 8.3%. *GNC* will close additional stores. *Lamb Weston* reported strong 4<sup>th</sup> QTR earnings with sales up 9% & earnings up 14% on strong across segment performance. *McDonald's* had flat 2<sup>nd</sup> QTR revenue & met earnings estimates on a 5.7% same store sales growth. Menu innovation led to *Chipotle* doubling eCommerce sales & beating 2<sup>nd</sup> QTR estimates for revenue, earnings & same store growth.

*Amazon* will open its largest *Amazon Go* store in Seattle's Capitol Hill area, a supermarket with their first meat, seafood, cheese monger & produce sections. *Weis Markets* will expand its *Weis 2 Go* pickup & delivery service to 61 additional stores. *Wakefern* will test micro-fulfillment for on-line orders from several *ShopRite* stores in the New York & New Jersey area, using *Takeoff Technologies*. *Kroger* selected *DDB New York* as its creative ad agency to increase its eCommerce & omnichannel presence. *Mars* selected 6 start-ups for its accelerator program. *MVP Dairy*, producer of non-GMO milk for *Danone N.A.*, will open another dairy with 4500 cows & 35 new jobs. *Starbucks* will enter the refrigerated creamer category with its popular flavors. *Dunkin'* will offer a *Beyond Meat* sausage breakfast sandwich. *Dunkin' Brands' Baskin-Robbins* will offer two new plant-based flavors. Due to the economic boom that began in 2017, now that more Americans are employed than ever before, with all-time record unemployment lows for Blacks, Hispanics, other minorities, the Disabled, teenagers & a 65-year unemployment low for women, the USDA is closing loopholes, that are currently allowing those earning over program income maximums, to access benefits. The *Food Marketing Institute* urged Congress to pass the USMCA.

Per *Mintel*, 23% of British consumers use plant-based milk. Consuming nuts, seeds & plant oils rich in linoleic acid, an Omega-6 fatty acid, may reduce the risk of developing type 2 diabetes, according to a study in *Diabetes Care*.

**MARKET NEWS:** The S&P & Nasdaq closed the week at record highs. The GDP grew at 2.1% in 2<sup>nd</sup> QTR, well outpacing the experts' forecasts of 1.8% growth. June retail sales rose a healthy 0.4% on a seasonally adjusted basis, the fourth straight monthly increase. New unemployment applications were just 206K.

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

**THE LITCHFIELD FUND** – *Tom Malengo*

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