



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



AMAZINGLY, I CLEARLY RECALL THE DAY, just a couple of months past my 3rd birthday! My 9-year old sister came home from school that October afternoon, frightened & scared. She grabbed our State Lotto game & we headed under the dining room table. This was our 1960s 'safe space,' where we could play with our games & toys out of the way of giant adult feet in the small upstairs of a Collinwood duplex. She spread the map of the United States on the floor. She didn't start to play the game, asking me state nicknames, their flowers & products. Instead, she pointed at Seattle, saying, *"We're going to move here, it's the only place the Cuban missiles won't reach us!"*

FACING FEAR: Fear can be crippling, preventing us from trying new things; be it starting a relationship or business, relocating or engaging in a new & interesting activity! FDR understood how fear can be crippling, when he said in his first inaugural speech during the depths of the Great Depression, *"We have nothing to fear, but fear itself!"* Yes, we had fall-out shelter drills in our 1960s schools & perhaps we never learned to *stop worrying & love the bomb*; but we went about our childhood playing ball, riding bikes & throwing snowballs. American novelist Frederick Buechner wrote, *"Here is the world. Beautiful & terrible things will happen. Don't be afraid."* But fear is a real emotion! Emerson wrote, *"Fear defeats more people than any other one thing in the world."* Dune author Frank Herbert thought, *"Fear is the mind-killer. Fear is the little-death that brings total obliteration."* Of course, fear is what keeps us from engaging in risky activities or doing stupid things, like walking into traffic. But there are brave men & women who willingly risk their lives, overcoming their fears, to protect us & *our sacred, precious, fragile rights*, both on our streets & in far off lands! Mark Twain wrote, *"Courage is resistance to fear, mastery of fear, not absence of fear."* Conquering your fears is an important part of enjoying life! Anais Nin wrote, *"Life shrinks or expands in proportion to one's courage,"* & from Aristotle, *"He who has overcome his fears will truly be free."* Industrialist Henry Ford said, *"One of the greatest discoveries a man makes, one of his great surprises, is to find he can do what he was afraid he couldn't do,"* & Madame Curie who pioneered discoveries on radiation said, *"Nothing in life is to be feared, it is only to be understood. Now is the time to understand more, so that we may fear less."* Fear rises when events seem to be out of control! Florence Nightingale said, *"How very little can be done under the spirit of fear."* Act upon your fears, as motivational speaker Denis Waitley points out, *"The two greatest fear busters are knowledge & action!"* Be like our caveman friend Thuk, launch your boat on new waters & seek new horizons! Brazilian novelist Paulo Coelho says, *"A boat is safe in the harbor. But this is not the purpose of a boat."* Those waters may be rough, but as Louisa May Alcott wrote, *"I am not afraid of storms for I am learning how to sail my ship!"*

INDUSTRY NEWS: Madhava Foods acquired JJ's Sweets (Cocomels). Proud Source Water raised \$6M led by AF Ventures. Pet Plate, direct-to-consumer fresh pet food, raised \$9M led by DFE Capital Management & 301 Inc. Kerry acquired Spain's Pevesa Biotech, specializing in non-allergenic & organic plant protein ingredients. Israel-based startup WeedOUT, using pollen to sterilize weeds, closed a round led by Syngenta Ventures. It is being reported that DoorDash has filed for an IPO.

Kroger reported a slight 4th QTR sales increase, with increase in identical store sales (2%), digital sales (22%) & earnings (26%). Costco reported that 2nd QTR sales were up 8.1% & an EPS that beat analyst

expectations. *Target* saw 4th QTR revenues rise 1.8% & adjusted EPS rise 10%. *Publix* had a great 4th QTR, as sales rose 5.4%, comparables were up 3.6% & earnings jumped 94% on gains from equity security sales. The retailer will increase its capital expenditures in 2020 to \$1.6B, a 40% increase. *BJ's Wholesale Club* saw a 1.6% 4th QTR revenue increase & a 0.5% comparables increase while adjusted EPS met expectations. Performance across several sectors led to a 4.3% sales in 4th QTR for *KDP*, with an adjusted EPS of 35¢, which was a 16.7% improvement over last year. Sales & snacks drove 2nd QTR earnings for *Campbell*, with a net income of \$1.21B after a one-year ago \$59M loss. Sales were essentially flat. *Maple Leaf Foods* saw a 13.7% increase in 4th QTR sales on strong performance in both meat & plant-based proteins, with a 46.1% increase in net earnings.

Meijer will offer Michigan residents kiosks for vehicle registrations & license plates renewals in 28 stores. *Target* will sell *Boar's Head* packaged products, including sandwiches, wraps, condiments, spreads, deli meats, cheeses, salads & snacks. *Geekwire* determined *Amazon's* new Seattle grocery store is selling a basket of like products for less than the nearby *Kroger QFC*. *Amazon* will open another grocery store in Naperville, IL that will sell alcohol. *BrightFarms* will expand distribution with over 330 *Food Lion* stores. *Publix* will open its 10th distribution center, a 940K sq. ft. facility, its first in North Carolina, creating 1,000 jobs. *Kroger* will close its two Columbus, OH *Fresh Eats MKT* pilot C-stores. *Walmart* will begin testing a membership program called *Walmart+*, which includes the grocery delivery options of previous memberships. Virginia will allow *Amazon* personal delivery robots to operate on streets & sidewalks. Ecommerce platform *Rosie*, which serves independent retailers & their customers, has teamed up with *DoorDash* to provide grocery delivery. *King Arthur Flour*, the country's oldest flour company, will launch keto, organic & gluten-free products. *Bayer* has opened a \$100M 300K sq. ft. greenhouse to grow corn in the heart of the Arizona desert. *Bumble Bee Tuna* will be the first seafood company to partner with an alt-seafood maker, leveraging its sales, distribution & logistics in a partnership with *Good Catch*. *Givaudan* is launching *Vegebrite Veggie Reds*, a natural ingredient line providing meat-like red color to raw plant-based patties. *Impossible Foods*, having reached some scale, is reducing prices to distributors by about 15% on its foodservice products. *Ozo*, a new pea & rice plant-based protein brand from *Planterra Foods (JBS USA)*, will be on retail shelves next month with burgers, ground meats & meatballs. *Canopy Growth* will reduce its Canadian greenhouses & reduce its workforce by 500 jobs due to its struggling financial position. Joe Coulombe (founder of *Trader Joe's*) passed away at age 89.

The *Food Marketing Institute (FMI)* & *Kearney* reported that the foodservice sector will grow to \$365B in 2030 from \$120B, presenting opportunities for retail. The *North American Meat Institute's* 15th annual *Power of Meat* study indicated meat demand is growing, with \$50.5B in sales during 2019. The USDA increased the total red meat & poultry production forecast fractionally to 104.83B pounds. Retail sales of plant-based products reached \$5B in 2019, an 11.4% increase, per the *Plant Based Foods Association* & the *Good Food Institute*. Coronavirus concerns postponed *Expo West* & other industry trade shows.

MARKET NEWS: Markets were on a rollercoaster! The February job numbers smashed all expectations with 275K new jobs created, reaching a many decade low unemployment rate of 3.5%. December & January job numbers were revised upward by a total of 85K! Hourly wages increased once again, at a 3% rate, with a healthy productivity gain! Weekly jobless claims dropped. The service sector showed unexpected expansion. The FED cut rates.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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