



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



YOUR WORK TAKES YOU TO EUROPE at Christmastime! The snow is starting to fall. You won't make it home for the holidays, but you will get a few days of peace. A few days off of work to watch a movie, catch up on some news, answer some correspondence. Maybe treat yourself a bit better. Eat a decent meal, take a long shower, get your haircut, maybe get some sound sleep. It starts to snow harder; you asked for your winter clothes to be shipped to you, but they haven't arrived. You should have stocked your apartment with more food & supplies. Then the 5th & 6th Nazi Panzer units & the Nazi 7th Army, 400K men & 1500 tanks, burst through your apartment.

BATTERED BASTARDS: The Americans had pulled many of their experienced combat troops off the front lines in December, 1944, for some well-deserved & well needed rest. They had battled hard after D-Day, finally working their way out of the hedgerows & across France, making their way toward Luxembourg & Belgium. Raw, green, inexperienced troops replaced them on the front lines. The weather was terrible, American reconnaissance was unable to fly. The Nazis used the weather to cover their movements, they amassed tanks & men, infiltrated American forces using captured uniforms & moved road signs to confuse American reinforcements. Then, 10 days before Christmas they attacked, overrunning the green American troops. It was a last-ditch effort for the Nazis, to create a *bulge* in the American lines, cut the American forces in half, crush 4 U.S. Army groups & prevent the Allies access to the port at Antwerp. The Nazis believed this would bring the Americans to a negotiated peace, allowing the Nazis to continue to persecute those they hated. Among those American troops recalled from behind the lines were the young men of the 101st Airborne, parachute troops who had spearheaded the American attack since D-Day & then across France & western Europe. They were, along with others, assigned to Bastogne, a major crossroad in Belgium that connected all of Europe. This isn't the first time, nor likely the last time, we will mention the heroes of Bastogne ([All Ears!! 05/26/18](#)). Lacking supplies, winter clothing & ammo, the American troops used just bazookas & grenades to stop panzers. They leveled their artillery pieces to act as anti-tank guns. They moved their defenses constantly, trying to confuse the overwhelming Nazi forces. The Siege of Bastogne lasted until January when the American forces broke through the Nazi attack. The Battle of the Bulge lasted until late January, but in those three weeks at Bastogne, the 101st Airborne lost 341 men with 1,691 wounded & 516 missing. So as you count your blessings this Christmas, in the warmth of your family & friends, in the comfort of a blazing fire with stockings hung by the mantle, in this land where it remains free to speak, worship, live & earn a living as you please, you may want to count among those blessings the men who protected those rights for you during Christmas 75 years ago. Those men that are now known as the *Bloodied Battered Bastards of Bastogne*.

INDUSTRY NEWS: *Perfect Day* (animal-free dairy) closed a \$140M round led by *Temasek*, bringing the company's total funding to \$201.5M. Check-out technology company *Zippin* raised \$12M led by *Kraft Heinz's Evolv Ventures*. AI & computer vision checkout free tech start-up *Accel Robotics* raised \$30M led by *SoftBank*. *FarmlandFinder*, which uses farmland data to aid the buying & selling of farmland, raised \$3M led by *VC Cultivian Sandbox*. *New Seasons Market* will be acquired by *Good Food Holdings* for an undisclosed amount. *PepsiCo* will acquire *BFY Brands*, the maker of *PopCorners* snacks, from private equity firm *Permira*. *GrubMarket* acquired *Doorganics*, a farm-to-table online delivery service in Michigan,

to expand its farm fresh delivery. *Hostess Brands* will acquire *Voortman* cookies from *Swander Pace Capital* for \$320M. *UNFI* will sell 13 of its 43 *Shoppers Food & Pharmacy* stores to three different grocery operators, with 6 going to *Lidl*. *Kroger* divested its stake in *Lucky's Market*, taking a \$238M impairment charge in 3rd QTR, *Kroger* taking a \$131M of that charge. *Lucky's* is not part of *Kroger's* strategic growth path. CPG grocery sales/marketing firm *Acosta* filed for Chapter 11 bankruptcy to reduce \$3B in debt.

Chobani was named *Food Dive's* Company of the Year. *Grocery Outlet* was awarded Retailer of the Year & *Ahold Delhaize* as the eCommerce Player of the Year by *Grocery Dive*. *H-E-B* will spend \$200M in the South Austin market with remodeled & new stores. *Giant Eagle* pharmacy can have *Alexa* remind customers when to take their medications. *Ahold Delhaize* will spend \$480M during the next three years to strengthen & expand its USA supply chain operations. *Albertsons* & *Takeoff Technologies* will focus on further developing micro-fulfillment technology in a strategic partnership. *Kroger* & *Walgreens* are forming a group purchasing organization, *Retail Procurement Alliance*, to combine resources & increase efficiency, reduce cost & drive innovation. *Kroger* will begin to offer scratch-made meals for on-demand delivery through a new service called *Kroger Delivery Kitchen*. *Walmart* will launch driverless delivery with *Nuro* in Houston. *Nestlé* will offer plant-based meat options in its legacy brands such as *Stouffer's* & *DiGiorno*. *Beyond Meat* will enter *Sheetz* C-stores. *UBS* suggest *McDonald's* could sell 250M *Beyond Meat* burgers annually if expanded to all its outlets. *Motif FoodWorks* & the University of Queensland will partner to improve the texture of plant-based meat alternatives. *The Plant Based Foods Association* is releasing voluntary labeling guidelines for plant-based meat alternatives. *The Fresh Market* will partner with venture studio *25madison* to identify food future trends.

Nielsen's Top 25 Breakthrough Innovation winners for 2019 include 15 food products. In *Morning Consult's Fastest Growing Brands* for 2019, 11 of the top 20 spots went to food brands or delivery services with *Door Dash* (1), *White Claw* (2), *Postmates* (3), *Impossible Foods* (4) & *Kind Snacks* (6) near the top. Per *Innova Market Insights*, salty snacks consumption continues to rise with 46% of consumers snacking in the afternoon & 37% in the evening. Also, 23% of consumers are having snacks at lunch, 17% at dinner & 8% at breakfast. Per *SPINS*, elderberry product sales are up 85% YOY. The *International Coffee Organization* reports that coffee consumption will exceed production by 66.4M pounds due to weather & low pricing. The FDA warned not to consume romaine grown "somewhere near Salinas...I let her slip away, looking for that home I hope she finds. But I'd..." Sorry, my inner Kris Kristofferson slipped out!

MARKET NEWS: Once again, markets hit record highs on positive news. After a year of not approving the President's USMCA trade agreement, the House of Representatives will finally vote to approve. A first phase of a China/USA trade deal may be near completion & Japan approved tariff reductions on \$7.2B worth of food products from the USA. The pro-Brexit, pro-Britain Conservative party of Boris Johnson swept Britain's elections. The economy added 266K jobs in November, smashing the expert forecasts of 180K. September & October new jobs were revised upward. More black males are employed in America than ever in our American history, with a 5.1% unemployment rate among black males. Wages rose 3.2% & unemployment fell to 3.5%. Blue collar wages are out pacing white collar wages! New unemployment applications fell 10K & new factory orders rose. The NFIB's *Small Business Optimism Index* rose above the expert predictions. Consumer prices rose just 1/10th of a percent! While tax revenues have increased due to the booming economy, the USA's tax burden fell drastically to the 4th lowest in the world.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malengo*

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