



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

Christmas commercialism was a topic of books & movies long before Charlie Brown railed, "*Isn't there anyone who knows what Christmas is all about?!*" Destitute Robert Mitchum, & comparison-Christmas-shopper Janet Leigh figure out what is important in life in 1949's *Holiday Affair*. At the end of 1948's *The Bishop's Wife*, David Niven delivers an impassioned Christmas Eve sermon, titled *The Empty Stocking*. He describes how we remember to give books, ties & that "*Aunt Martha has always wanted an orange squeezer & Uncle Henry can do with a new pipe,*" but that there is one stocking that we all forget to fill!

Gifts: On December 10, 1905, *The New York Sunday World* published a story by William Sidney Porter, better known by his pen name, O. Henry! The story takes place at Christmastime. A young wife without much money wishes to show her husband how much she loves him with a very special Christmas gift. After all the bills are paid, Della has just \$1.87 to buy a Christmas gift for Jim. She searches the winter streets for a gift & finds the perfect one! It's a chain for Jim's gold pocket watch, his one prized possession, passed down to him from his father & grandfather. But she cannot afford to buy it! Della heads home, looks in the mirror & loosens the pins from her hair. Her long, beautiful hair, that reaches nearly to her knees, is her only prized possession! For Jim, she will sell her hair to buy him the watch chain! Inspired, she races out into the cold, has her hair cut & buys the watch chain. With gift in hand, she waits at home for Jim. She is now worried that he will still find her pretty with her short hair. Jim arrives home very late & upon seeing Della is shocked. She tells Jim she cut her hair to buy his present! But before she can give him the gift, Jim gives her a present. It is a set of decorative combs that Della has always desired, now totally useless! She tries to hide her sadness as she hands Jim his gift - *the watch chain*. Jim sadly sits down & reveals he sold his watch to buy Della the combs! The story ends with a comparison of Jim & Della's gifts to the gifts the wise men brought to the baby Jesus: the gold, frankincense & myrrh. Jim & Della's gifts were far greater than *The Gift of the Magi*, as they were gifts given of love & self-sacrifice! The story reminds us that expensive gifts & possessions mean only so much; that love, sacrifice & understanding mean so much more. David Niven ends his sermon by asking what gift the baby Jesus would really want, concluding, "*And then, let each put in his share - loving kindness, warm hearts & a stretched-out hand of tolerance. All the shining gifts that make peace on earth.*"

*May Peace, Joy, Love, Happiness & Kindness
find you & yours this Holiday Season!*

~ ~ The Litchfield Fund ~ ~

Industry News: *Love Good Fats*, ketogenic bars, closed \$5M, now having raised \$9.4M in funding from undisclosed investors. *Roar Organic* closed a \$6.5M convertible debt round. Indoor farm *Bowery Farms* raised \$90M led by GV with *Temasek*, *Uber CEO Dara Khosrowshahi*, *Almanac Ventures*, *First Round Capital*, *GGV Capital* & others participating. *DNA Brands* acquired *NEO Superwater*. *L Catterton* will acquire hot sauce maker *Cholula* for an undisclosed amount. *Arla Foods*, a European dairy co-op, will purchase the *Kraft* branded cheese business (Middle East & Africa) from *Mondelez* for an undisclosed amount. Canada-based *Fresh Prep*, meal kit delivery service, closed on \$3.3M (equity & debt financing) led by *First West Capital*. James Quincy CEO/President at *Coca-Cola*, who will add Chairman to his titles this spring, suggested the company's acquisitions will slow in 2019 to focus on integration.

For 1st QTR, *Costco* reported net sales rose 10.3%, e-commerce rose 32.3% & earnings rose almost 20%. Competition for fresh foods took a bite out of earnings & the retailer missed expectations. *Costco* & *McDonald's* will make efforts to assure responsible use & reduction of antibiotics in their beef supply chain. *Harris Teeter* opened its largest store yet in New Bern, NC & has finished conversion of the first of 16 *Farm Fresh* stores, a recent acquisition by parent *Kroger*. *Amazon* opened a small 450 sqft. C-store style *Go* store in Seattle. *Whole Foods* opened two 365 stores in Atlanta. *Instacart* will begin to exit *Amazon*-owned *Whole Foods*. *Instacart's* contracted 'shoppers' are unhappy with a new pay structure that has impacted their earnings. *Postmates* will introduce *Serve*, an autonomous delivery robot much more sidewalk friendly & yielding to pedestrians. UK supermarket chain *Waitrose* will deploy three autonomous robots, *Tom, Dick & Harry*, from robotics start-up *Small Robot Company*, to farm its Leckford Estate. The supermarket feels the robots could eventually farm autonomously. *Walmart* is testing "Flippy", an automated frying robot from *Miso Robotics*, for basic deli items such as chicken tenders. Per *Bloomberg*, *FreshDirect*, the leading grocery delivery in New York City, is losing market share to *Amazon*, *Walmart* & *Peapod*. HPP juice *So Natural* opened a production facility in Pennsylvania as it enters the USA market. *Hain Celestial* settled, without penalty, the SEC complaint concerning their recent revenue recognition & reporting practices. *RXBAR* laid off 20% of its employees, about 40 people. Director James Cameron's company *Verdient Foods* is participating with *Ingredion* in a \$140M effort to grow the vegan protein market, which includes support for Cameron's Saskatchewan manufacturing facility.

Because of cost & a desire to eat healthy, 77% of USA consumers said they would rather have a homemade meal than eat out, with 43% planning to cook more often, per *Peapod*. In an *Ipsos* study, 70% of Americans are concerned about their sugar intake with 49% seeking sugar alternatives. *Nielsen/Wells Fargo* reports that in the last month carbonated soda drinks gained 2.9%, energy drinks 9% & sparkling water 16.7%. The 2019 Farm Bill, already passed in the Senate, excludes hemp as a controlled substance & contains funding to reduce food waste.

Market News: Markets dipped in pre-holiday trading as the FED unnecessarily raised interest rates with the apparent intent of bringing about a recession to halt the USA economic growth that has taken place since the beginning of 2017.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malanga*

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