



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 first tavern likely arose soon after Neolithic man, still a cave dweller, learned to ferment! He liked his brew & invited his buddies for a swig! His wife likely said, "*If you are going to make that foul-smelling stuff, you should at least get them to pay you in grains & eggs! And take this junk to the empty cave on the corner!*" So, he moved his fire & kettles, put up a sign (*Thuk's Place*) & a group of quirky but caring regulars showed up. Someone poured the brew, another beat out a tune on a hollow log while people talked & shared their troubles! A place where everybody knew your name, be it *Uck, Muck, or Nuck: the corner bar!*

Down on the Corner: Everybody's idea of the corner bar is a lot like the 1980s TV smash, *Cheers!* But Archie Bunker strolled into Kelcy's Bar when The Meathead bugged him too much & Homer gets away to Moe's Tavern. (There actually was a short-lived 1972 TV series named *The Corner Bar* starring *Dead End Kid/Bowery Boy* Gabriel Dell!) Growing up, Dad frequented (often too often) a traditional corner bar, Di Cillo's Tavern, with greasy burgers & fries & Friday night fish fries! In college & just after, the corner bar we visited was actually named Moe's Tavern, serving sausage sandwiches & roast beef sandwiches with the best sinus-clearing, brain-numbing horseradish ever! Later, there was an out of the way country bar with live music & dancing followed by a traditional, if upscale, Irish pub! Today, the bar on the corner is the *O.H.S.O.* (Outrageous Homebrewer's Social Outpost); whose very name implies a history similar to our Neolithic buddy, Thuk! Urban, upscale, lots of big-screen TVs & a dog patio larger than the bar, everybody meets there – *to look at their phones!* In a world that seems to be needing social interaction beyond look-at-me selfies & hashtags, perhaps the neighborhood corner bar is the solution. With today's divisiveness & hectic lifestyles, *making your way takes everything you got!* *Wouldn't you like to get away?* Some place *where they're always glad you came?* Some place to go *where people know, that people are all the same, where you can see, our troubles are all the same? Where everybody knows your name!*

Industry News: *Lidl USA* will buy 27 *Best Market* supermarkets in New York & New Jersey, terms not disclosed. Terms were not disclosed as *SpartinNash* purchased *Martin's Super Market*. *Beyond Meat* filed for a \$100M IPO (symbol BYND) with the SEC. *Standard Cognition*, a self-checkout technology, raised \$40M led by *Initialized Capital*. Total funding for the startup is over \$50M. *Ecosystem Integrity Fund* invested in *Flying Embers*, better-for-you alcohol products such as hard kombucha & probiotic beer. *Stonewall Kitchen* acquired (terms not disclosed) *Spruce Naturals*, parent of *Napa Valley Naturals*. *Treehouse Foods* is looking to sell its trail-mix business. *T. Marzetti* (*Lancaster Colony* subsidiary) acquired garlic bread maker *Omni Baking* for \$25M. *Fuji Oil Holding* will acquire *The Blommer Chocolate Co.*, the largest cocoa processor & ingredient chocolate manufacturer in North America, for an undisclosed amount. *Wild Friends Foods*, nut

& seed butters, closed a \$3.5M raise from *Cambridge Companies SPG*. *Campbell Soup* & investor *Third Point* reached an agreement to add two of *Third Point's* proposed directors to its board.

Target bested 3rd QTR revenue expectations on comparables of 5.1%, but earnings, while up 20%, missed expectations. *BJ's Wholesale Club* beat forecasts as 3rd QTR sales increased 4.2% with a comparable store increase of 3.6%. EPS rose 14¢ to 39¢. In 3rd QTR, *Smart & Final* reported revenue rose 2.8% & adjusted EPS was 23¢, up 6¢. Net income grew 68.7% in *Natural Grocers by Vitamin Cottage's* 4th QTR as comparable store sales jumped 6.8% & basket size rose 2.5%. Sales were up almost 10%. *Post Holdings* reported 4th QTR revenue on target with analyst predictions but reported a \$15.6M loss, due to the *Weetabix* business. *Post* will spin off its *Active Nutrition* segment, (protein drinks, powders, nutrition bars & other health products) which has \$827M in sales. *Campbell* had a revenue increase of 25% for 1st QTR due to the purchase of *Snyder's-Lance*. Adjusted EPS of 79¢ beat guidance by 9¢, though higher promo & supply chain costs impacted profit. *Hormel* missed revenue forecasts as 4th QTR grocery & turkey sales fell, but beat EPS estimates. *Jones Soda* saw revenue fall 5.4%, doubling its prior year loss to \$424K.

Lucky's Market will partner with *Shipt* for delivery in 18 cities across six states. Animal-free dairy maker *Perfect Day* announced a plant-based protein development agreement with *Archer Daniels Midland*. *Blue Apron* is temporarily halting its *Costco* meal-kit program. *ShopRite* will offer *Perdue Farms* NAE (no antibiotics ever) chicken in its *Prepared Kitchen* items. *Publix* opened its 6th *GreenWise Market*. *Ahold Delhaize* will launch a data optimization & insight multi-channel digital media service called *Peapod Digital Labs Media Partnerships*. The *Soulfull Project* breakfast brand will separate into its own brand. *Monster Energy* won a trademark infringement suit against *Supply Network, LLC*, owner of the brand *Monster Mobile*.

From *Pew Research Center*, 45% of USA adults feel organic fruits & vegetables are healthier than conventionally grown produce (10% lower than 2 years ago) while 51% are indifferent. Per *Bloomberg*, free-range egg sales increased 8.5%, cage-free eggs were up 3.9% & standard caged eggs rose 0.3%. *IRI* reports pastured egg sales jumped 32%. The FDA & USDA will jointly regulate cell-cultured meats; the FDA will regulate cell collection & storage while the USDA will cover harvesting, production & labeling. In a *Vixxo* survey, 87% of grocery shoppers want to shop in stores (96% for baby boomers & 81% for millennials) with 84% wanting to see & choose products.

Market News: Markets rose this week on FED comments that rates are near neutral, suggesting a less hawkish & anti-economic growth FED action plan. Terms of the historic USMCA trade agreement were finalized & signed, Congress must now approve. Spending & income rose, again.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Maloney*

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