



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

A young man attending Yale in 1962 wrote a paper about information delivery in the computer age. His learned professor was not impressed & scoffed at his ideas, saying they were not feasible. The young man’s grade was duly impacted. The scholar graduates, is commissioned as a Lieutenant in the USMC & serves 2 hitches in Vietnam, earning a Silver Star, Bronze Star & 2 Purple Hearts. Upon his return he buys controlling interest in an aviation maintenance company & a year later starts overnight delivery to 25 cities, employing the ideas in his thesis. Professor ‘Scoff’ missed the chance to be an early investor in *FedEx!*

Scoffing: Of course, Frederick W. Smith, Founder, Chairman & CEO of *FedEx*, is not the only person whose ideas have been scoffed at as unrealistic. No one thought the Wright Brothers would get a heavier-than-air ‘vehicle’ off the ground! Some people probably thought JFK’s vision of a man on the moon before the end of the decade was absurd! American psychologist Abraham Maslow said, “*When we free ourselves from the constraints of ordinary goals and uninformed scoffers we will find ourselves roaring off the face of the earth.*” Certainly true for the airplane, the space program & *FedEx!* For Mr. Smith, speedy home delivery was not a new concept. Before urbanization in America, most families owned or shared a cow for milk. But as towns grew into cities, that became impractical. The first farm to town milk deliveries supposedly began in Vermont in 1785, but the iconic Lester milk bottle was not patented until more than 90 years later. As cities grew, followed by suburbs after WWII, delivery of milk, groceries, bakery, even laundry was common as families still had just one car. GIs brought home a taste for pizza & pizza delivery jumped in the 1950s. But as our society became more mobile in the ‘60s & ‘70s, home delivery was not as common. But today, for many reasons -- busy schedules, less desire to cook, prioritization of other activities -- delivery is on the rise for groceries, meals & meal kits, restaurant food & just general purchases. Investors are searching anxiously for the next *FedEx*. It seems both consumers & investors are like Veruca Salt in *Willie Wonka*, *they want it now!*

Industry News: *Instacart* raised \$150M from *Coatue Management*, adding to a \$200M investment from *Coatue & Glade Brook Capital Partners* earlier this year. *Cheating Gourmet* (frozen shrimp & rice bowls) raised \$1.3M from *Arbel Growth Partners*, a new equity firm established by former *Snyder’s Lance* CEO Carl Lee. Additional convertible notes took the raise past \$2.1M. With beef consumption rising, *National Beef Packing Company* sold a 51% stake (valued at almost \$1B) to a subsidiary of Brazil’s *Marfrig Global Foods*. *Farmwise*, with its veggie fries, rings & tots, closed a \$4.5M investment led by former *McDonald’s* CEO Don Thompson’s *Cleveland Avenue*. *Core Nutrition* filed with the SEC that they raised \$39M in the last year. *Tespo*, which offers a home liquid vitamin dispenser that eliminates fillers & other non-active ingredients, finalized a \$3.5M raise led by *DSM Venturing*. Activist investor *Blackwells* is

continuing push for a *SuperValu* sale. Once again *Albertsons* will delay its IPO as it digests the *Rite Aid* merger, though both companies reported strong quarterly earnings.

Kroger is hiring for 11,000 jobs (2,000 management posts), similar to previous years. The positions do not include those due to expansion & acquisitions. *Ace Hardware* has announced four branded locations inside *Giant Eagle* stores. *Natural Grocers by Vitamin Cottage* will open its 5th Portland-area store & 11th in Oregon this month. *Lucky's Market*, with 28 stores now, will open 20 new stores over the next 18 to 24 months, with 16 in Florida, 2 in Colorado, one in Montana & one in Cleveland, Ohio. *Ahold Delhaize's Giant Food* will spend \$70M on new stores in its home state of Pennsylvania. *Walmart* will spend \$477M on new & remodeled stores in Florida & Texas this year, these two states getting the most allocation of *Walmart's* \$11B capital budget. *Walmart* will ease supplier deadlines to compensate for the tight trucking industry. Also, *Walmart* will offer delivery service in Charlotte, North Carolina through *Postmates*. *Whole Foods* stores in Los Angeles & Orange County will offer same-day grocery delivery through *Amazon's Prime Now*. *Peapod* will lower prices on thousands of items, including natural, organic & fresh, to improve its value image & competitiveness. *PCC*, the largest community-owned food market, will launch "Scratch-made Meals at Home" meal kits, available in Seattle through *Instacart* & *Amazon Prime Now*. *Food Dive* reported that *Boxed* will begin a premium service, *Boxed Up*, with membership perks like free delivery & 2% rewards, for \$49 per year. For just the five-week period ending April 8, *Costco* reported total revenue rose 10.9% YOY to \$12.92B, same-store sales rose 8.6% in the period & E-commerce sales were up 33.2%. The iconic All-American *White Castle Slider*, grilling for 97 years, will now share its menu with an *Impossible Foods'* slider.

Frozen foods sales rose 1% for the 12 weeks ending March 10, according to *RBC Capital Markets*, the first growth in five years. The largest increase was for meals & appetizers. Commercial real estate brokerage *JLL* ranked the states the most new grocery space opened last year as California, Virginia, North Carolina, Texas & Florida. Missouri is considering a bill to set strict labeling rules for lab-grown & plant-based meat substitutes, prohibiting labeling any product not from livestock as meat. This year, Major John Reisman's *Dirty Dozen* picks are, in order, strawberries, spinach, nectarines, apples, grapes, peaches, cherries, pears, tomatoes, celery, potatoes & sweet bell peppers. The *Clean Fifteen* (commanding officer unknown) list is avocados, sweet corn, pineapples, cabbages, onions, frozen sweet peas, papayas, asparagus, mangoes, eggplants, honeydew melons, kiwis, cantaloupe, cauliflower & broccoli.

Market News: Markets bounced, ending up for the week, in response to geopolitical news & economic news, which showed consumer sentiment & the job market remaining strong.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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