



# 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!!!!!"



**It is often said that manufacturing** is the backbone of America. In 1913, Henry Ford gathered together several existing ideas to create the assembly line, bringing the automobile to every American, *as long as you wanted it in black*. Mr. Ford is proof of Austrian economist Ludwig von Mises' statement, "*... mass production [is] for the satisfaction of the needs of the masses. It pours a horn of plenty upon the common man. It has raised the average standard of living to a height never dreamed of in earlier ages. It has made accessible to millions of people enjoyments which a few generations ago were only within the reach of a small élite.*"

**Factories:** President Calvin Coolidge, in office during one of the best economic boom cycles in American history, praised manufacturing, "*The man who builds a factory builds a temple, that the man who works there worships there, & to each is due not scorn & blame, but reverence & praise.*" The *National Association of Manufacturers* reported this week that a record 95.1% of manufacturers have a positive future economic outlook. It made us think of those factory tours we took as young children. In grade school our class visited the Cleveland *Fisher Body* plant at E.140<sup>th</sup> & Coit Rd. *Body by Fisher* was the iconic stamp on *General Motors* cars well into the 1990s. We saw car bodies assembled, transported by conveyer belts, then lowered from above onto car frames, bolted & painted! As a family we visited the real-life Willy Wonka in Hershey, PA & sampled chocolate! As adults, we have toured & tasted at *Celestial Seasonings* & *Tillamook Dairy*. Many would prefer to take tours & taste samples at the distilleries in Kentucky bourbon country! *Do the tours at Boeing & Harley Davidson offer a sample 767 or 500cc bike?* It would be difficult though to take a tour at the factory Steven Wright once worked, as the comedian remarked, "*I used to work in a fire hydrant factory. You couldn't park anywhere near the place.*"

**Industry News:** *Emil Capital Partners* & *301 Inc.* invested \$12M in *Next Foods*, *GoodBelly's* parent company, for *GoodBelly's* product expansion. *SnackNation* acquired data analytics company *EdgiLife* to add to its customer insights capabilities. *EdgiLife* also owns subscription service *Love with Food*. *Vita Coco* parent *All Market Inc. (AMI)* acquired organic guayusa energy drink *Runa*. As *Walmart* expands the use of their aisle roaming robot, the designer (*Bossa Nova Robotics*) raised \$29M for R&D & expansion. Per *Reuters*, *Google* is investing \$550M in China's *JD.com*, that nation's 2<sup>nd</sup> leading e-commerce business to offer *Google Shopping* & expand *Google's* Asian presence. *UCAN* (makers of *SuperStarch*, used in slow release energy in sport drinks) completed a \$5.75M round led by *eighteen94 capital* with *S2G Ventures* participating. *Gotham Greens*, urban greenhouses & grower, has raised \$29M with *Creadev* & *The Silverman Group* involved. Daniel Gluck, *Health Warrior* co-founder, will be part of *Powerplant Ventures* as a managing partner, joining Mark Rampolla, Kevin Boylan & T.K. Pillan. Douglas Abrams (*Kevita*, *Core*

*Hydration*) will become CEO of *Purity Organic* & is now a majority stakeholder. *Tech Crunch* reports that venture capital in food & beverage was more \$3B in the past year.

*Kroger* posted a 3.4% sales gain in 1<sup>st</sup> QTR, a 1.4 % increase in comparables & adjusted net income of 73¢, up from 58¢, beating analyst expectations. *Amazon* has approximately 7K private label products, but *Coresight Research* reports that less than 2% are in food & beverage. Capitalizing on the demand for non-dairy options, *ConAgra* will offer plant-based *Reddi-wip Non-Dairy Coconut* & *Reddi-wip Non-Dairy Almond*. *General Mills* will introduce *YQ by Yoplait*, high-protein (17g) & low sugar (1g) plain yogurt, with fruit flavors having up to 9g of sugar. *RW Garcia* will launch another organic offering, *Organic Corn Chips*, in four flavors. *Forrester Research's 2018 U.S. Customer Experience Index* ranked *Trader Joe's* first among retailers. *Lesaffre Yeast* & the *North America Pizza & Culinary Academy* opened a *Pizza Innovation Center* near Chicago bringing *Lesaffre's* customers the latest in technology, equipment, expertise & *we hope, tours & samples!*

In a study from *JAMA Pediatrics*, consumption of herbal cures & nonvitamins has doubled for children; though vitamin use remains constant. Use of multivitamins fell from 30% to 14% between pre-school age & adolescence. Digestive aids, probiotics & energy stimulants were used by 3.1% of all the children & 5% of teenagers. *IFIC* reports that for consumers over 50, heart health (80%), muscle health/mobility (75%), energy & brain function (74% for both) were most important, a shifting focus from weight management. *Mintel* reports that 33% of consumers plan to increase plant-based food purchases, 37% for millennials. Dutch researchers (*VU University Medical Center* & *Leiden University Medical Center*) stated that low vitamin D levels correlated to excess abdominal fat in men & women, total body fat for women & liver fat for men. So far this year, milk supply prices are 9% lower than 2017. *Nielsen* reports vegetable-based carb substitutes such as cauliflower rice & zucchini noodles have reached \$47M. Cauliflower sales have doubled (\$17M). SCOTUS decided that internet retailers need to collect sales taxes even if they do not have a physical state presence. The Senate approved the Farm Bill, which creates, among other provisions, funding for improving soil health & expanding healthy soil practices. To alleviate the trucker shortage, 42 trade associations sent a letter to Congress to encourage passing the DRIVE-Safe Act which would open trucking to those under 21 years old. The Kansas wheat harvest is ahead of average, though recent rains dampened this week's harvesting. Food safety may become part of a new division in the USDA called the Federal Food Safety Agency.

**Market News:** Tariff concerns weighed on the markets. Unemployment filings remain at record lows, claims falling again this week & layoff expectations remain low. OPEC voted to increase production & European business activity grew in the past month.

**Seeds, Sprouts, Grow, Harvest!**

The Litchfield Fund – *Tom Malenka*

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