



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!!!!”



“Bond, James Bond!” Ian Fleming’s consummate spy was a composite of men he worked with when he was a member of Britain’s Naval Intelligence during WWII. One of those men actually named *James Bond!* While Sean Connery is the consummate 007, *with a license to kill*, our personal favorite will always be Roger Moore! While still debonair, suave, charming & just as deadly, he approaches Her Majesty’s super spy with a bit more humor & sardonic wit! Our favorite Bond movie is *Live & Let Die*: voodoo, tarot cards, speedboat chases, second line street parades, Jane Seymour’s stunning beauty & the music of *Paul McCartney & Wings!*

Second Line: In *Live & Let Die*, the bad guys cleverly dispose of a murder victim during a New Orleans funeral parade with an empty *trick* coffin, scooping up the body as the parade passes! The brass band immediately stops playing hymns & dirges & livens it with some soul-inspiring jazz! The mourners following the band suddenly start twirling parasols & improvising dance steps, forming the *second line*! The tradition of the *second line* seems to have taken hold after the Civil War, as military brass bands were combined with West African dances! The *first line* is the group holding the parade & the brass band! The *second line* are members of the community who have come out to show their support & enjoy the music! New Orleans-based *Supereats* (A **Litchfield Fund** partnership brand) has long supported community school programs to educate children & young adults on the benefits of healthy snacking! Now, to further their commitment to supporting their mission & providing a healthy, nutrient dense snack, *Supereats* has rebranded as *Second Line Snacks!* The sachi inchi based low-carb protein puff now comes in six flavors (Sweet Heat, Jalapeno Cheddar, Rosemary Truffle, White Cheddar, Bolo Nacho & Zesty Ranch)! Learn more about the mission of *Second Line Snacks* & the amazing nutrient profile at www.seconelinesnacks.com. And don’t let the parade pass you by! Grab some *Second Line Snacks*, listen to King Oliver or Bennie Moten, improvise some dance moves & find a way to support your community. And if that doesn’t make you feel like you are really alive, you can always race a speedboat through the Louisiana Bayou!

Industry News: *TeaRIOT* closed a \$3M funding round. *Mondelez’s* innovation venture arm, *SnackFutures*, has taken a minority investment in prebiotic food start-up *Uplift Food*. *Pipcorn* received a \$6M investment from *Factory*. London-based startup *Stable* has launched a price volatility mitigation platform for food buyers & sellers with \$6M in funding from *Anthemis*, *Syngenta Ventures*, *Baloise*, & *Ascot Underwriting*. *Ronnoco Coffee* continued its acquisitions by picking up *Beverage Solutions Group*, maker of beverages & beverage equipment for the C-stores & food service. *Kraft Heinz* will consider selling cottage cheese, sour cream & butter brand *Breakstone*. *CNBC* reports the brand could get \$400M in a sale. The *Real Good Food Company*, maker of high-protein, low-carb frozen foods, received a minority investment from *Strand Equity*. According to *AgFunder*, AgriFood tech investment rose 43% in 2018 to \$16.9B.

BJ’s Wholesale Club beat 4th QTR expectations with a 44¢ EPS on a 2.8% comparable sales increase, though sales dropped 3.9%. Restructuring costs impacted full year results at *Maple*

Leaf Foods as EPS in the 4th QTR fell 80% on a 2% sales improvement. Revenue rose 2.9% & adjusted EPS, though down YOY, beat analyst targets in *Loblaw's* 4th QTR. Sales at *Hostess* rose 9% in 4th QTR as a result of the *Cloverhill Bakery* acquisition, with adjusted EPS flat.

Gelson's Markets will offer *True Chef & Chef'd* meal-kits. *Freshii*, fresh casual restaurant chain, will sell ready-to-eat items at select *Walmart Canada* stores in Ontario. *Amazon* will offer milk, *Happy Belly*, under its private label plan. As part of its restructuring efforts, *General Mills* will close a yogurt plant in Carson, CA that makes *Yoplait & Mountain High Brands*. *Walmart & Whole Foods* have quietly ended the selling of ugly produce as customers appear not to be interested. *Gordon Food Service* will partner with *Square Roots*, indoor container farming, to expand distribution. *SpartanNash* has reformulated & redesigned packaging of more than 425 *Our Family & Open Acres* products in order to offer cleaner label private brands. The retailer will add another 175 products in 2019. *Target* will introduce a *Target Clean* label icon that indicates personal care products have been formulated without parabens, phthalates, formaldehyde, etc. Celebrity chef Jeff Mauro will open his *Pork & Mindy's* restaurants in 28 Chicago *Mariano's* stores, a *Kroger* subsidiary. *Rapid Fire Pizza* will open in select *Kroger* Ohio locations. *Kroger* will move their autonomous delivery pilot from Scottsdale to Houston. *Bloomberg* reports *Kroger* may be exploring a healthcare business partnership with healthcare providers. *Publix* will expand its partnership with the Florida health network *Flagler Health+* to provide retail pharmacy & primary care services. *Meijer* is expanding its Shop & Scan program to the Greater Chicago area after a successful Michigan pilot. *Aldi's* private labels won almost 50% of *BrandSpark International's* 2019 Best New Product Awards, as voted by consumers.

Per *FMI*, 50% of shoppers head to supermarkets for produce, but 66% of older millennials choose supercenters & alternative channels for produce. Per *Offers.com*, 39% of consumers chose *Walmart* for grocery pick-up, 25% used local grocery chains & *Target* was third with 15%. *Amazon* led *Walmart* in grocery delivery, 30% to 20%. In a report from *BRP*, more grocery consumers are using mobile apps for ordering & in-store shopping. Grocers are making enhancing the app experience a priority. In a survey from *Spoon Guru*, 46% of vegan consumers have difficulty finding food that fits their diet when shopping at a store or online. The same holds true for vegetarians (39%) & those on gluten free diets (33%). Poor labeling is cited as part of the problem by 54% of respondents. *NPD* reports 93M Americans want to try meal-kits. Meal-kit purchasers tend to be millennials, households with children & higher income households. Per *Rabobank*, the transition of 300M egg-laying hens to cage free could cost companies like *Walmart, McDonald's* & others \$7B collectively & that these companies have completed 25% of the conversion. The *Egg Industry Center* (Iowa State University) suggests it is just 17% complete.

Market News: Markets rose on data indicating the USA's economic success. The CPI rose 0.2% in February & was up just 1.5% YOY. Prices have been flat since November. Core CPI rose only 0.1% & the PPI rose just 0.2% in February. January construction spending rose 1.3%. The NFIB small business index rose to 101.7. Job openings, consumer sentiment, durable goods & capital goods orders were also higher. Jobless claims rose 6k for the week & new home sales were lower.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malanga*

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