



# 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!!!!”



**Before this era of overpaid,** privileged, pampered athletes played *men* like Chuck Bednarik. The son of legal immigrant, Bethlehem, PA steelworkers, he graduated high school & flew 30 missions over Europe as a B-24 waist gunner. He went to Penn before joining the NFL. He played center & linebacker, the entire 60 minutes, the last man to do so! He missed just 3 games in 14 years. His nickname, *Concrete Charlie*, was not for his durability but for his off-season job *selling cement*. On the battle line between offense & defense, playing hand-to-hand combat, Mr. Bednarik epitomized the age-old adage: *football is won in the trenches!*

**Trenches & Truces:** Earthworks, fieldworks, dugouts, redoubts & trenches are as old as warfare. But WWI saw the most extensive use of trenches with 2,000+ miles dug! Trenches were used because the technology, accuracy & firepower of machine guns & long-range artillery had well out-paced the infantry’s speed to move & ability to attack, still using mostly horse & wagon. The armies dug in & took cover from a constant artillery bombardment. This led to a murderous type of warfare & weapons: trench knives that could pierce rubberized trench coats; sharpened mallets, picks & shovels; maces; brass knuckles; hand grenades; submachine guns; pump action shotguns; poison gas & aerial bombings! The first tanks (designed to cross the no man’s land of mines, barb wire & relentless machine gun fire in front of advancing infantry) were not introduced until 2 years after the war started. These vehicles were almost as deadly to the occupants as the enemy, the placement of the engines & exhaust causing carbon monoxide poisoning. Trench warfare came to symbolize the total futility & destruction of war.

In December, 1914, just a few short months after the *Guns of August* first roared, something strange & miraculous took place. Without warning or orders, the heavy guns fell silent. An eerie silence fell upon the smoky wasteland. Men emerged from their emplacements. They approached each other cautiously; then they began to talk; share cigarettes, tobacco & rations & gave each other gifts of buttons, medals & emblems. These combatants showed each other photos of their parents, wives, children & sweethearts. They played soccer & together, in their various languages, sang Christmas carols. The truce spread, again without orders, along a 500-mile front & lasted several days. Eventually they would battle on for almost 4 more years, but during this spontaneous *Christmas Truce*, they were no longer hateful enemies of political & tribal divide! They were men, sharing that for which we all have a common need: *faith, family, friends & a bit of human kindness*. War certainly brings out the very worst in men but perhaps, in some inexplicable way, the very best. These enemies, who had waged war many times over hundreds & hundreds of years (& would again in just 25 years), put aside their differences for a few days during Christmas & joined together in an act of human kindness. It seems that in today’s world, without artillery flying overhead & machine guns firing, we could all show some human kindness for much longer than just a few days. Author Henry James believed there were three important things in human life, “*The first is to be kind. The second is to be kind. And the third is to be kind.*” And an enormous, miraculous battlefield event is not a prerequisite for kindness! In the wisdom of Mark Twain, “*Kindness is the language which the deaf can hear & the blind can see.*”

**Industry News:** *Coca-Cola* took the lead role in an investment in *Gloe* water, which included *Everplus Capital & Synovous Family Asset Management*. Distributor *C&S Wholesale Grocers* will acquire *Olean Wholesale Grocery Co-op*, adding 270 stores to *C&S's* almost 8,000 store reach. *Cece's*, veggie meals, previously raising \$14M, received a significant investment from *Walter Robb*. *Tivity Health*, provider of fitness & health improvement programs, will acquire weight loss meal provider *Nutrisystem* for \$1.3B. *Raley's* will divest its fuel business to *Anabi Oil*.

Adjusted earnings (excluding fuel, acquisitions & divestitures) for *Kroger's* 3<sup>rd</sup> QTR beat estimates by 5¢, though net income fell 5¢. Comparables grew 1.6% as adjusted sales rose 1.7%, but net sales fell 0.3%. *Kroger's* digital sales grew by more than 60%. Net sales for *UNFI* were up 16% to \$2.87B for its 1<sup>st</sup> QTR but due to supplier out-of-stocks, high labor costs, higher-than-expected integration costs & *Supervalu* performance, earnings missed expectations by 14¢. *Ingles* reported 4<sup>th</sup> QTR adjusted sales up 4.7%, comparables up 2.3% & adjusted earnings down slightly.

*GNC* opened an experiential store concept in Pittsburgh offering smoothies, a nutrition dietitian & body composition analysis, alongside *GNC* products. *SpartanNash* introduced *Check Out Now*, a consumer scan & go app. Innovation lab *Chew* will take over *Pilotworks* & create a new venture, known as *Nursery*, to serve as an incubator for emerging brands & eventually *Chew* will take equity in these brands. Reports indicate *Coca-Cola* will add more focus on organizational efforts to mainstream the brands they incubate in their *VEB* unit. *Target* will partner with German retailer/wholesaler *Metro AG* to expand its retail accelerator program globally. *MATI* sparkling energy is now organic certified. *JUST*, Japanese meat producer *Toriyama* & distributor *Awano Food Group* will partner to grow, distribute & sell lab-grown wagyu beef worldwide.

In a report from *Acosta*, 66% of grocery sales are not due to promos, 55% of consumers make decisions in the store & private label brands are given 11% too much space. In a study from *Accenture* of 30K consumers around the world, consumers overwhelmingly prefer companies that have a mission, take a social stance, use good ingredients & support the environment. *Nielsen* reports that cauliflower as an ingredient can be found in 36 different grocery store categories as packaged cauliflower product sales grew 71%. Lunch staple canned tuna has seen sales fall 42% over the last 30 years as consumers move to less processed foods. Data from *Beverage Marketing Corp.* shows the R-T-D coffee market rose 12% in volume & 14% in retail sales during 2017. A study from Germany & published in the *Journal of Agricultural & Food Chemistry* found that bread crust contains an antioxidant not present in the flour of crumbs that increases the activity of the body's cancer preventing enzymes. Per the UN, vegetable oil, dairy & cereal prices lead a decline in November's world food prices to a two-year low.

**Market News:** Markets were lower on China's industrial output. Prices remained flat in November, spending rose & core inflation was well within FED guidelines. Initial jobless claims once again dropped to 50-year lows as the economy remains strong. Consumers plan to spend significantly more this holiday season, despite concern over the economy's continuing growth.

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

The Litchfield Fund – *Tom Malenjo*

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