



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



CHARLES DOW WAS WORKING at the *Providence Journal* in 1879 when he took the train to Colorado to report on the silver industry. The trip included bankers, investors, financiers & mining tycoons. After this taste of high finance, he became a financial reporter on Wall Street. Joined by his friend Edward Jones, the two newsmen, known for their unbiased & uncorruptible reporting in a time of corruption, formed the *Dow Jones Company* in 1882 with Charles Bergstresser. On July 8, 1889, they published the first issue of *The Wall Street Journal!* After 130 years of continuous publication, *The Journal* remains the 'Daily Diary of the American Dream!'

WALL STREET JOURNAL: When *The Wall Street Journal* was first published in 1889, America was in the midst of its Second Industrial Revolution. John D. Rockefeller, already a success brokering produce to the Union Army, built his first oil refinery in 1863. Producing kerosene from oil was cheaper & more efficient than producing it from coal, so the oil industry & industries using oil, boomed. Innovation, invention & other discoveries created new industries, new consumer products & gave stimulus to existing industries. The telephone, the incandescent light bulb & the electric street car all came about in this era. The availability of electricity & the genius Thomas Alva Edison produced new consumer products. The discovery of additional Minnesota iron fields, with processes for creating steel by Siemens & Bessemer using the high temperature very efficient Cowper oven, caused cities along the Great Lakes to smoke & burn! By 1889, machinery & steel replaced cotton & lumber as America's leading industries! New chemical processes for dyes & rubber, new processes for machining tools & even new ways of producing paper came into use. Machinery & steam power increased agricultural output, needed to feed a growing & expanding America! By the end of this Second Revolution, designated as the start of WWI, Detroit & the Midwest were rolling out cars, using the assembly line. As industrial output grew, modern business management processes & techniques were born. Of course, production supplies & finished products needed to be moved across the country, Maine to Texas to California. The railroad industry grew exponentially & quickly, the miles of railroad track tripling in just the 20 years after the Civil War! This created the Barons of Transportation, who required financing. The buying & selling of railroad stocks & the need for financing led to the growth & importance of Wall Street. Charles Dow & Edward Jones saw the need for unbiased, objective business reporting & they stepped into that arena at a very important time in America's industrial & economic history! Through depressions & recessions, booms & slowdowns, war & peace, yellow journalism & fake news, *The Wall Street Journal* has focused on business, economics & finance, documenting the success of American capitalism! So intense has been their focus, we offer with respect the age-old joke: *If WWII breaks out, it will be covered in The Wall Street Journal as a page 7 article on its effect on banana futures!*

INDUSTRY NEWS: Flavored ghee brand *4th & Heart* closed on \$7.6M led by *Harbinger Ventures*, with *Cambridge Companies SPG*, *Blueberry Ventures*, *Boulder Food Group*, *Monogram Capital Partners*, *Finn Capital Partners* & *Everplus Capital* involved. *Yo! Sushi* (London) will acquire a majority stake in Houston-based *SnowFox*, with 700 USA supermarket sushi kiosks, for more than \$100M. The company expects \$425M in annual sales. *Campbell Soup* will sell its Danish snack unit *Kelsen Group* to *Ferrero* for \$300M. *TreeHouse Foods* will sell its snacks division to *Atlas Holdings* for \$90M, expecting net sales of \$670M. Frozen food & snack maker *McCain Foods* announced a new partnership with *Nuggs*, leading a

\$7M investment in the pea protein-based chicken nugget alternative focused start-up. *Lactalis* acquired *Ehrmann Commonwealth Dairy* for an undisclosed amount. Vertical farm operator *AeroFarms* brought its total funding to \$238M after a \$100M round led by *Ikea* parent *Ingka Group*. *Halla*, an AI platform providing personalized recommendations for retailers placing food orders, raised \$1.4M led by *E&A Venture Capital*. *Surterra Wellness*, cannabis-based retailer, closed on \$100M from new & existing investors. *TPG Growth Partners* acquired *Crunch Fitness*.

PepsiCo beat analyst projections on 2nd QTR sales & income on strong snack & beverage sales while confirming full year expectations. A variety of issues in *Cargill's* 4th QTR resulted in a 1% revenue dip & a 67% drop in earnings.

Target will open 3 small format C-stores near college campuses in East Lansing, MI; Lexington, KY & Seattle, WA, offering grab & go & household products. *Target* plans to add 30 more C-stores over the next few years. Some *Costco Kirkland Signature* private label products are now available on *Amazon*. *HEB* will pilot autonomous vehicle delivery with *Udelv* in San Antonio. *Sam's Club* will offer same day pickup at all its stores. *Giant Food* has initiated customer pick-up. *Publix* will begin to tag sustainably sourced seafood. *The Rodale Institute* is establishing a *Southeast Organic Center* in Georgia, focused on the challenges of southeast USA farmers. *Kroger & Ocado* will build a 4th automated customer fulfillment center (375K sq. ft.) south of Atlanta. *Bristol Farms* will pilot unpackaged versions of *Before the Butcher's* plant-based meats & entrées in its butcher section & deli case. *Lavazza & PepsiCo* will launch an RTD iced cappuccino in the U.K. with more products coming next year. *General Mills & Good Belly* will partner on a line of lactose-free yogurts & cereal aimed at younger consumers. *Perfect Day*, having raised over \$60M for its animal free alternative milk ingredients, launched its first product, 3 skus of animal free ice cream. *Brazi Bites*, frozen grain-free cheese snacks, is introducing empanadas. The CEO of *Newman's Own* was removed after allegations of inappropriate behavior. *JetBlue Airways* filed suit against *Walmart & Jet.com* over the name *Jetblack* for *Jet's* text-based personal shopping service. *Restaurant Unlimited*, operator of 35 well-known upscale west coast restaurants, will file for bankruptcy protection, affecting the jobs of over 2K employees, due to restrictive free market minimum wage legislation in Seattle, San Francisco & Portland. Coffee growers are meeting in Brazil to determine what can be done about low coffee prices, which have fallen below the cost of production.

The Journal of Nutrition Education & Behavior found that new middle- & high-income parents increase their spending on fresh produce by 20%, making it 12% of their total food budget. In a study from the *National Center for Health Statistics*, Americans are well below the guideline that 50% of grain intake should be from whole grains. Retailers offering the most alternative meat products include *Whole Foods Market*, *Trader Joe's*, *Sprouts Farmers Market*, *Publix Super Markets & Harris Teeter*, per *inMarket*. From an *eMarketer* report *DoorDash* (27.6%), *Grubhub* (26.7%) & *Uber Eats* (25.2%) share the food delivery market. These services that will be used by 23% of smartphone owners in 4 years.

MARKET NEWS: The markets broke milestones during the week; the DOW moving past 27,000 for the first time, the Nasdaq breaking 8,200 & the S&P breaking 3,000, all closing the week at record highs. The FED signaled that interest rates could be lowered, indicating that their tightening & inflation policies were too restrictive. Weekly jobless claims fell to 209K.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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