



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



WE MAY DESCRIBE SOMEONE AS A *CLASS ACT* or say they demonstrated *grace under fire*. Yet class & grace are difficult to define, as they evoke the *emotion* of a certain situation. *Merriam-Webster* says *class* is the best or highest standard & *grace* is an act of kindness. This seems insufficient to describe a true act of class & grace. There is an element of self-sacrifice in these classy acts of grace, truly noble acts; doing the right thing at the right moment without thinking of oneself. We hear from Plutarch, "*To do a good action without incurring danger is common enough; but it is the part of a good man to do great & noble deeds, though he risks everything.*"

CLASS, GRACE AND NOBILITY: We live in the age of the mouthy ne'er-do-wells: *celebrities, athletes & politicians!* This makes it difficult to point out good current examples of class, grace & nobility. Perhaps that why we need to (& *frankly, want to*) turn to a classic movie for a proper example. Everyone knows that final *noble act* of the movie *Casablanca*. Casino owner Rick, hurt so badly by the love of his life, has turned cynical & selfish to the world. Yet, at the end of the movie, in the fog of the night, he convinces that same love, Ilsa, to leave him & get on an airplane to America with a man she admires, but does not love. Rick, in turn, rejoins the cause of the free world, to fight the Nazis. But there is another scene earlier in the movie that also evokes the emotion of a class act of grace. Annina, the Bulgarian newlywed, asks Rick if the Prefect of Police is trustworthy. The Prefect has promised to grant her & her husband, Jan, Letters of Transit to reach America, but she must succumb to his favors. She knows Jan will never understand. But she loves Jan & is willing to do anything to fulfill their dream of reaching America. Cynical Rick dismisses her struggle, jealously sneering that no one ever loved him that much! He tells her to go back home, everybody has problems, hers may work out. He then sees the young newlywed at the roulette table holding the last of his chips. Rick looks at the croupier, then whispers to Jan to play twenty-two. Twenty-two amazingly comes up twice in a row! Rick tells Jan to cash it in & get out. Speechless, Annina tries to hug Rick in thanks, but he pushes her away, saying "*Just a lucky guy!*" Rick sees Jan as lucky, for having the love he himself will never have! Columnist Ann Landers describes class as a, "*Sure-footedness that comes with having proved you can meet life.*" English essayist William Hazlitt said, "*Grace is the absence of everything that indicates pain or difficulty, hesitation or incongruity.*" Such classy acts of grace, these *noble acts*, are rare, which is perhaps why Maine college professor & Gettysburg Medal of Honor awardee Joshua Chamberlain said, "*The power of noble deeds is to be preserved & passed on to the future.*"

INDUSTRY NEWS: *Hain Celestial* sold *Arrowhead Mills & SunSpire* to *Hometown Foods*, (owned by *Brynwood Partners*) for \$15M. *VMG Partners* launched a snack platform called *Velocity Snack Brands*, acquiring beleaguered *Popchips*. *NexPhase Capital* made an undisclosed investment in *Popcornopolis*. *Invest Group Zouari* will "*make it so*" acquiring the majority of *Aryzta's* 49% (\$171M) stake in French retailer *Picard*. *Canopy Growth* completed a cash purchase of 72% of *BioSteel Sports Nutrition*. *Highview Capital* acquired

school food distributor *Gold Star Foods*. *Fifth Season*, commercial size vertical farms, raised \$35M for its first 60K sq. ft. facility near Pittsburgh. *Tesco* made an undisclosed investment in *Trigo Vision*, a check-out free AI system being tested in *Tesco's* headquarters. *Future Meat Technologies* closed a \$14M round led by *S2G Ventures & Swiss VC Emerald Technology Ventures* while *Memphis Meats* appears ready to close a \$250M round with *SoftBank*. Russian food company *EFKO* has setup a \$50M FoodTech venture fund.

PepsiCo beat expectations for 3rd QTR as advertising spend produced sales & earnings growth. *Constellation Brands* reported 2nd QTR earnings that exceeded analyst projections, but reported a \$484M loss on its investment in CBD focused *Canopy Growth* & projected more losses to come.

UNFI is trying to divest former *Supervalu* supermarket chains *Shoppers & Cub Foods*. *Schnucks* will end the sale of all tobacco products in 2020 & *Kroger* will end the sale of e-cigarette products. *Kroger* will reduce its workforce as it focuses on eCommerce to compete with *Walmart & Amazon*. *Lidl USA* will invest \$9M to offer medical benefits to 1,200 part-time USA employees regardless of hours worked. *Natural Grocers* has upgraded its meat & seafood section, offering exotic choices & updated standards. *Meijer* is installing a micro-fulfillment center in partnership with supply chain company *Dematic*, who is piloting in Salt Lake City. Also, *Meijer* will expand its pet section to offer a larger assortment of products. *Whole Foods* will test a robot barista from tech company *Briggo*. *Food Business News* reports *Hershey's* incubator, *The Garage*, will move in & out of markets for testing, rather than make large scale market introductions. *Kraft Heinz* will offer *Amazing Grains*, ancient grain *Overnight Oats & Fusion Grain Bowls*. *Imperfect Produce* has rebranded as *Imperfect Foods* & will offer grains, nuts, beverages, dairy & protein products. *Hungryroot*, on-line recipe & product platform, has introduced a more personalized service & a broader product offering. E-grocer platform *Move* will offer a 24/7 personal shopper to its customers. *PepsiCo* will expand its hydration drink *Bolt24* product line. *IHOP* now has a gluten-free menu, featuring buttermilk pancakes, waffles & steamburgers. The *Bel Group (Babybel Cheeses)* will launch a dairy/plant-based hybrid cheese. *The North American Meat Institute* sued California claiming Proposition 12 is unconstitutional & will increase meat prices through its animal welfare rules.

Another confirmation of private label growth (4X faster than national brands) comes from *Coresight Research*, who cites their advantage being store reach & direct customer relationship. *Edison Trends* reports an expanding market has allowed *Instacart* to gain back the business lost when its *Whole Foods* relationship ended, with *Publix, Costco & Kroger* leading the growth. Despite slowing growth in sales, *NBJ* reports that the bar category is now \$5.5B in sales. New York City council passed a resolution encouraging the Department of Education to ban all processed meats in New York City schools.

MARKET NEWS: Markets rose this week on a positive trade talk perspective. Consumer sentiment rose 3 points & the Producer Price Index fell 4/10th of a percent, belying concerns of tariffs raising costs.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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