



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



JOHN HUSTON'S DIRECTORIAL CAREER began with *The Maltese Falcon!* The movie was an instant classic & the blueprint for two Hollywood genres, the hard-boiled detective & *film noir*. Starring Humphrey Bogart as Dashiell Hammett's Sam Spade, the movie's characters are motivated by the most basic of human emotions: *love, revenge & greed!* The chase ends, the culprits are nabbed & Bogart reveals the core of a character he often played (& *was-oft copied*) a man not quite good, not exactly bad, trying to do the right thing. When police detective Ward Bond asks what the Black Bird statue *is*, Bogart cynically responds, "*The stuff that dreams are made of.*"

THE STUFF OF DREAMS: John Huston had a dream to direct movies. As one of *Warner Brothers* best screenwriters, he was solely responsible or was co-writer for such classics as *Jezebel, Juarez & Sergeant York*. The Warners wanted him to remain a screenwriter, so Mr. Huston made them a bet. If his next script turned out to be a hit, they would give him one shot at directing! His next script, *High Sierra*, was not just a hit for director Raoul Walsh, it became a classic & made a star of the man who would be Mr. Huston's closest friend (& also the biggest Hollywood star of all time) Humphrey Bogart. Warner Brothers gave Mr. Huston a chance to direct & Mr. Huston chose *The Maltese Falcon*, filmed twice in the prior decade & neither time done very well! But after Mr. Huston's adaption became a hit, he went on to write & direct films like *The Treasure of Sierra Madre, The African Queen, Moby Dick, The Man Who Would Be King* & more Hollywood masterpieces than we have space to list. Mr. Huston lived his dreams & broke through the roadblock *Warner Brothers* put in his way. Emerson said, "*Don't be pushed by your problems. Be led by your dreams!*" Mr. Huston envisioned being a director & would appreciate Victor Hugo's thoughts, "*There is nothing like a dream to create the future.*" Joy Page (stepdaughter of studio head Harry Warner, noted for playing Bulgarian refugee Annina Brandel in the movie *Casablanca*) said, "*Dream & give yourself permission to envision a you that you choose to be.*" Former *Coca-Cola* CEO Douglas Ivester said, "*Never let your memories be greater than your dreams,*" & actor John Barrymore felt, "*A man is not old until regrets take the place of dreams.*" Of course, all movie producers, directors & screenwriters are dreamers, from Mr. Huston to Steven Spielberg & George Lucas, we see their dreams come alive on the silver screen! And the greatest of these Dream-makers, Walt Disney, said, "*If you can dream it, you can do it. Always remember that this whole thing was started with a dream & a mouse!*"

INDUSTRY NEWS: Denmark plant-based meal start-up *Simple Feast* completed a \$33M raise led by *14W* with *Balderton Capital*. *Farmwise*, AI-powered weeding robots, raised \$14.5M led by *Calibrate Ventures* alongside *Wilbur Ellis, Xplorer Capital & Alumni Ventures Group*. *Inspire Brands* (*Arby's, Sonic, Buffalo Wild Wings*, etc.) will be the 4th largest restaurant company (\$14B in sales) in the USA as it has agreed to acquire the 2,800 locations of *Jimmy John's*. *Simply Served* added to its cooking sauce portfolio by acquiring *Saso Pepper*. *Cameron's Coffee* was sold for \$113M to Columbia's *Grupo Nutresa*. *Alex Lee* will acquire regional distributor *W. Lee Flowers*, bringing together their operations & retail stores. *Post* will IPO its *Active Nutrition* brand (*Joint Juice, Power Bar*, etc.) & rename it *Bellring Brands*. Per *Bloomberg*, *Fairway Market* may once again be up for sale.

For 4th QTR, *Campbell* saw sales rise 2% but recorded an \$8M loss, mostly due to impairment charges. *Sobey's* saw 1st QTR profit rise 9.8% as comparables rose 2.4% & sales 4.4%. *Kroger's* 2nd QTR sales rose slightly, operating profit rose 1.8%, comparables rose 2.2% & digital sales rose 31%. Same store sales rose 4.8% in *Publix's* 2nd QTR as sales jumped 6.8% & net income rose 8¢ to 92¢.

Several sources cite not just the growth in the on-line grocery segment but that *Walmart* is in the best position to take advantage of the growth. *Tyson*, *Coca-Cola* & *Francis Ford Coppola Winery* have signed on as initial brands in with digital meal planning service *eMeals*, which allows users to plan meals, populate a shopping cart & have items delivered from *Walmart*, *Kroger*, *Amazon*, *Instacart* or *Shipt*. Next year, *Heinen's* plans to roll out a consumer app that helps personalize diet plans to treat specific conditions. *Explorado Market*, a ketogenic & baked treat grocery store in Fort Collins, CO, is launching a subscription baked goods keto box for \$54.99 per month. *Loblaw's Shoppers Drug Mart* has rolled out *Instacart* delivery service across Canada. Local grocery delivery *Farmstead* will partner with grocery company *Alex Lee* for a supply chain to expand its operations to the Carolinas. *Wakefern* will test shelf cameras in 50 stores to track out of stocks. In their downtown Cincinnati store, *Kroger* launched a food hall, *On The Rhine Eatery*, with Asian, Western, barbecue, American bistro & food truck-style fare restaurants. *Kroger* will offer longer-lasting avocados, limes & asparagus from *Apel Sciences*, whose plant-based technology adds extra peel to slow water loss & oxidation, the primary causes of spoilage. *Whole Foods* will expand distribution of topical CBD products to stores in 13 new states. *Ahold Delhaize* will test *Amazon Go*-style, checkout-free C-store under its Netherlands' *Albert Heijn* grocery. *Ahold Delhaize* is eliminating various "chemicals of concern" from its private label product formulations & packaging. *Albertsons* will offer 55 new frozen private label entrees including organic plant-based meals, high-protein power bowls & more. The founders of *Epic Provisions* have started *Force of Nature*, ground meats raised transparently. *Kraft Heinz* & *Baileys* brand will launch a line of non-alcoholic RTD & K-cup coffee products flavored with *Baileys' Original Irish Cream*. *Keurig Dr Pepper* will source, distribute and market all of *McDonald's McCafé* packaged coffee grounds & beans in the USA starting later next year. *McDonald's* will test *Beyond Meat* at 28 Ontario, Canada stores. *Impossible Burger* will launch at *Wegmans* & *Fairway Market*. To better serve all its members, the *Grocery Manufacturers Association* will change its name to the *Consumer Brands Association* in 2020.

A study published in *Science* suggest 60% of animals raised for food are resistant to antibiotics. *Mercaris* reported soybean prices remain higher than last year as the harvest approaches. The administration reached an agreement with Japan who will lower their tariffs on USA agricultural products. The USA government approved nine grants totaling \$3M to research CBD's ability to relieve pain.

MARKET NEWS: Markets were bouncy this week. Consumer sentiment, the PMI manufacturing & services indices rose. New homes sales jumped; home prices rose 3.2% YOY. GDP for 2nd QTR was revised upward.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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