



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



RENÉ DESCARTES WAS BORN IN FRANCE but lived much of his life in The Netherlands. He is one of this writer's favorite mathematician/philosophers, as math nerds are allowed to have favorites! He is famous for *cogito, ergo sum: I think therefore I am*. Neil Diamond turned this into a 1971 hit song, *ego ergo locutus sum: I am, I said*. (Descartes' version, "Friesland's mine but it ain't home, La Haye en Touraine's home but it ain't mine, no more," never made the Amsterdam Top 40!) René Descartes is famous for the *Cartesian Plane*, that XY axis used to graph trend lines & is considered the *Father of Rational Thinking*, something we certainly could use more of today!

RATIONAL THINKING: *Rationalists* (Descartes, Spinoza, Leibniz) believe all knowledge stems from certain truths in math, logic, ethics & metaphysics which by denying would create a reasoned contradiction. *Empiricists* (Locke, Hume, Hobbes) believe all knowledge stems from sensory experience. Like Newton, Edison & Einstein; Descartes believed his successes came about not from a superior intellect, but from pushing his limits, making errors, doubting what he knew, recognizing his youthful biases & actually seeking out, discussing & learning from those of differing opinion & thought! He felt all progress would come from the individual, not from the nation's leaders. Like Billy Preston, he believed "*nothing comes from nothing*" & like The Crew Cuts, "*Life could be a dream, Sh-boom, Sh-Boom,*" yet he was much more positive & motivating than *existentialists* like Camus or Sartre. From Descartes, "*Desire awakens only to things that are thought possible,*" "*An optimist may see a light where there is none, but why must the pessimist always run to blow it out?*" & "*There is nothing so far removed from us as to be beyond our reach, or so hidden that we cannot discover it.*"

INDUSTRY NEWS: *Banza*, chickpea pasta, raised \$20M led by *Enlightened Hospitality Investments & Prelude Growth Partners*. Banana milk maker *Mooala* raised \$8.3M led by the *Sweat Equities*. *Because Animals*, a bioscience startup making pet food without animal meat, raised an undisclosed amount from *Keen Growth Capital, Draper Associates & SOSV*. *Green Rabbit*, a food industry cold chain supply & distribution eCommerce platform, raised \$31M from *Guidepost Growth Equity*. *Mable*, a wholesale eCommerce platform in the grocery, convenience, artisanal & health food market spaces used to find & buy products, raised \$3.1M led by *Venrock, Accomplice & Founder Collective*. *InsuResilience Investment Fund* led a \$8.5M investment in *Agritask's* small farm data analytics platform. *Temasek* led a \$50M raise in *Bowery*, bringing the indoor farm startup's to-date capital raise to \$172M. Private equity firm *Butterfly* follows its recent purchase of *Bolthouse Farms* with the purchase of *Orgain*. France's largest grain cooperative, *Axereal*, is completing the acquisition of *Cargill's* malt business by a subsidiary, *Boortmalt Group*. Per *Bloomberg*, *KKR* is making an attempt to take *Walgreens* private in a leveraged buyout. *Dean Foods* will file for Chapter 11 & is reportedly discussing a sale with *Dairy Farmers of America*.

Publix reported 3rd QTR sales & same store sales both grew 6.8% with relatively flat adjusted net earnings, accounting for unrealized gains. Operating income in the USA rose 5% at *Ahold Delhaize* in 3rd QTR, sales rose 2% & comparables rose 1.5%. *SpartanNash* reported a \$300k loss in 3rd QTR due to cancellation of a corporate pension plan & changes in operating expenses, although sales rose 6% on the *Martin's*

Supermarkets acquisition. *Grocery Outlet* raised full-year guidance after posting a 5.8% same store growth in 3rd QTR with an 18.1% growth in income & a 13.1% growth in sales. *The Vitamin Shoppe*, in its last quarterly report before being purchased by *Liberty Tax*, lost \$3.4M on an 8.5% sales drop in 3rd QTR. Sales & income beat last 3rd QTR & analyst predictions at *Keurig Dr Pepper*. Sales at *Hain Celestial* dropped 7% in 3rd QTR with a small decrease in adjusted net income. The company expects to continue brand divestitures & innovations. Sales & net income both grew 11.6% in 3rd QTR at *Monster*. Gross profit & revenue rose 26% & 23%, respectively, at *Celsius*, during 3rd QTR.

Kroger will rebrand with a new logo & the tagline, “*Fresh for Everyone*,” conveying a commitment to fresh, affordable & delicious food. *ShopRite* is piloting a service from *Locai Solutions*, called *Cookit*, that provides recipes, ingredient suggestions & meal costs to customers based on their selections & dietary restrictions. *Meijer* is piloting an app from *Flashfood* that helps reduce food waste by offering close to expiration products at a discount. *Southeastern Grocers* will offer online grocery delivery with *Shipt* & *Instacart* for Louisiana *Winn-Dixie* supermarkets. *Save A Lot* plans to make more than a third of its stores pickup & payment sites for *Amazon* orders. Per *CNBC*, *Costco* & *Instacart* will pilot free prescription delivery, in as little as one hour, on orders over \$35 in Washington & California. *Nestlé* & *Corbion* will partner to combine *Corbion*'s microalgae & fermentation capabilities with *Nestlé*'s experience in developing plant-based products. *Amazon* will open a robotics innovation hub in Massachusetts, investing \$40M. *Bang Energy* will open a new \$52M facility in Phoenix, creating 300 new jobs. *Nielsen* will split into two public companies, *Nielsen Global Media* & *Nielsen Global Connect*, which will continue to provide insights, tools & data aimed at helping consumer & retail brands innovate & grow. *Impossible Foods* will develop *Impossible Pork* to enter the Chinese pork market. *Wendy's* is testing a black bean plant-based burger. *Coca-Cola* will launch its first major new product since 2006, a sparkling water brand, *AHA*, to participate growing zero-calorie sparkling water category. A new launch, *Live to Give* water, will donate 50% of net profits to charities supporting first responders, military members & their families. Olive growers & the largest olive oil producer, *Deoleo*, are asking the FDA to adopt a science-based, enforceable standard for olive oil. *National Grocers Association* & *Retailer Owned Food Distributors* will merge as both work for a robust, independent grocery industry.

Food Marketing Institute & *IRI* found that private labels (a \$153B segment) influence where 46% of customers shop, rising from 35% three years ago. *OnFleet* reports 76% of consumers would prefer to not use *Amazon* & would order household items locally if they could get same-day delivery, with 54% willing to pay for same-day delivery. Surveys by *First Insight* suggest *Walmart* is gaining significant ground on *Amazon*'s eCommerce dominance. From *Ketchum's 2019 Food Tech Consumer Perception Study*, 71% of Gen Z consumers were comfortable eating tech-assisted food, more than millennials (56%), Gen Xers (51%) & baby boomers (58%). Per *NPD Group*, almost 20% of American adults have tried CBD products. A study from *Nature Human Behavior* indicates very deep sleep helps renew & restore the anxious brain. The *National Institute of Health* reports that 17% of children with other food allergies are also allergic to sesame. Milk prices are rising on global demand as China is developing a taste for dairy products.

MARKET NEWS: Investors drove the market to records on a positive trade outlook as the administration scored another USA economic win by opening up the Chinese chicken market after a 4-year ban. Consumer sentiment rose higher & faster than, you guessed it, the forecasts of the economic experts.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

V6issue22.11.16.19

The Litchfield Fund is a family owned & operated limited liability corporation. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours & should not be considered investment advice or recommendations.