



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!!!!”



Litchfield

The Colmar Pocket, 26 January 1945. A just promoted 19-year old sergeant, under relentless Nazi attacks, orders his men to retreat into the woods. He jumps on a burning tank destroyer, then using only his M1 carbine & the mounted 50mm machine gun, holds off advancing troops & tanks for an hour. He is wounded in the leg, but still leads his men on a counterattack to defeat the enemy. This son of a sharecropper picked cotton as a kid. He was like many men of the era, proficient with a gun, needing to hunt to feed his family. This young sergeant, Audie Murphy, was one of the most decorated American soldiers of WWII.

Rodeo: Texas born Sgt. Murphy, who went on to be a movie star, often playing a cowboy, understood the meaning of America: *“The true meaning of America, you ask? It’s in a Texas rodeo, in a policeman’s badge, in the sound of laughing children, in a political rally, in a newspaper. In all these things, and many more, you’ll find America. In all these things, you’ll find freedom. And freedom is what America means to the world.”* As Americans moved west, men learned the skills of ranching & cattle raising from Mexican vaqueros. As young men are apt to do, *especially American young men*, they must compete to see who is the best. This has been happening, though, since the Ancients when the Greeks called truces to hold the Olympic Games to honor the gods. Many of the Greek competitions centered around skills used at war: speed, strength, javelin throwing, wrestling & *pankration*, which was basically the UFC without any rules! But the young men in the American West competed to see who was the best cowboy! The *rodeo*, Spanish for round-up, was to determine who was the best roper, the best rider, who could tie a calf up quickest & who could raise & train the fastest, most agile, American quarter horse! While there is dispute over where the first American rodeo was held, the American Rodeo is *pure Americana*, whether in Boise, Steamboat Springs, Colorado Springs (where the *Rodeo Hall of Fame* resides), Scottsdale (*The West’s most Western Town*) or this very weekend, Cave Creek, AZ or of course, Texas. This week, *H-E-B*, to honor the Texas Rodeo tradition, has introduced a limited-edition line of *rodeo-inspired* scented dish soaps including *Texas Funnel Cake*, *Texas Snowcone* & leather-scented *Texas Rodeo*. *Yee-Haw!*

Industry News: *ADM* will acquire the *Ziegler Group*, a provider of natural citrus flavor ingredients. *TSG Consumer Partners* purchased *CorePower Yoga* from *L Catterton* for an undisclosed amount. *Peak Rock Capital* will buy *Turkey Hill* (beverages, milk, frozen dairy treats & ice cream) from *Kroger*; terms not disclosed. *Starbucks* & *Valor Equity Partners* are creating a \$100M fund to invest in new technologies & products for the food & retail industry. *Blue Apron* founder Matthew Wadiak has launched *Cooks Venture*, focusing on regenerative agriculture & transparency in food production. The venture has acquired two processing facilities in Oklahoma & an 800-acre farm in Arkansas to raise slow-growth heirloom chickens.

Promoting its fresh business, *Dollar General* saw an 8.5% increase in sales & a 4% comparable increase but missed 4th QTR earnings estimates & lowered future guidance. *Dollar General* will migrate to self-distribution of perishables, focusing mainly on fresh & frozen food. *Sobey’s*

reported 3rd QTR sales up 3.6%, comparables including fuel & pharmacy up 3.9% & EPS up almost 15%. Net sales rose 2.7% in *Smart & Final's* 4th QTR but impairment charges led to \$121.8M net loss. *Weis Markets* saw net sales rise 1% & comparables rise 0.9% but net income fell during the 4th QTR due to tax law advantages in the prior year. *General Mills* raised their expectations after 3rd QTR revenue of \$4.2B met forecast & adjusted EPS of 83¢ was well above forecasts. *Conagra* beat a 49¢ 3rd QTR EPS forecast by 2¢ & revenue came in at \$2.71B, up from \$2B a year ago.

Brookshire continues to expand its online grocery & curbside pickup, now available at more than half its locations. *Amazon* meal-kits are now offered at select *Whole Foods* locations in NorCal, SoCal, Nevada & Arizona. *Ocado*, in partnership with *Kroger* to build 20 automated distribution centers in the USA, opened up an *Ocado Solutions* office in Metro D.C. *Giant Eagle* is expanding its rewards program & *New Seasons* is introducing its first ever rewards program. *Aldi* is opening smaller *Aldi Local* stores in London, offering 300 fewer products than a conventional *Aldi*, some items less bulky for the convenience of urban living. *CVS* will offer CBD products at select stores in 8 states. Ingredient maker *Symrise* has introduced certified organic, Non-GMO Project verified flavors named *Code of Nature*. New Jersey follows Philadelphia's lead by banning cashless restaurant & stores. *Biena Snacks* will introduce plant-based baked chickpea & lentil puffs in 3 varieties. Former *Target* executive Kelly Caruso will be the new CEO of *Shipt*. Former *Campbell's* Americas executive Mark Alexander will join *Icelandic Provisions* as CEO. Founder Tina Sharkey is stepping down as CEO of *Brandless* but will remain on the board. Flooding in Nebraska may lead up to \$500M in crop damage.

Per *Statista*, while 81% of consumers have not tried online grocery shopping, sales are forecasted to reach \$22B in 2019 & almost \$30B in 2021. A 30-year study by Harvard shows that those who drank two or more sodas a day were 31% more likely to die from cardiovascular disease & 18% more likely to die of cancer. Sadly, a study from *Finder.com* & *PureProfile* found that Americans spend \$40B a year (52% of that on food) shopping drunk. Second on the list were purchases of shoes & clothing. *Gartner L2* rated grocery retailers on their websites, e-commerce, digital marketing, mobile apps & social media. *Walmart* & *Amazon* were the leaders in *Gartner's USA Grocery 2019 Digital IQ Index*. Strawberries were again at the top of *EWG's Dirty Dozen*, the produce with the highest traces of pesticides. This year, kale made the list.

Partnership Update: Last week, *All Ears!!* discussed the rebrand of *Second Line Snacks!* This [short video](#) provides more information on this nutrient rich snack & the company's mission!

Market News: Markets fell Friday on global manufacturing concerns & trade deals. Tariffs on Chinese goods will stay in place until a fair deal is reached. There are now 1M more jobs available in the USA than unemployed people. Initial jobless claims fell. *The New York Times* reports that the tight labor market & stronger immigration laws have raised wages & working conditions on USA dairy farms. Mortgage applications & new home sales rose. The PMI indicates continuing expansion. The FED will likely hold rates constant for the remainder of the year. More people think the economy is good (71%) than have thought so since 2001, per *CNN* polling.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malanga*

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