



# 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**

**Freud felt life was a hunt for pleasure.** Adler thought it was a quest for power. Austrian psychiatrist Viktor Frankl saw life as a search for meaning. He saw both the worst & the best of human nature in his time at four different Nazi concentration camps. Despite the brutality of the officers & guards, he saw men & women, under the direst circumstances, who could find a way to be kind, generous & caring. Dr. Frankl felt these people had found their life's meaning & were true to their core self: "*Forces beyond your control can take away everything you possess except one thing, your freedom to choose how you will respond to the situation.*"

**To Thine Own Self:** Early this week, a dear family friend, Grace, celebrated her 90<sup>th</sup> birthday. Eternally happy, she has the same infectious laugh & positive attitude that she had when I was three years old! In speaking with her over the holidays, she said to me, "*God chooses when you are born & when you die. What you choose to do in between is nobody's business but your own!*" Greek writer Euripides wrote, "*There is just one life for each of us: our own.*" Ralph Waldo Emerson recognized the difficulty of being your own person, saying, "*To be yourself in a world that is constantly trying to make you something else is the greatest accomplishment.*" Anais Nin thought that not being true to yourself would do damage to your very being! It seems all of them would agree with Grace & Mark Twain, who said, "*Life is short. Break the Rules. Forgive quickly. Kiss slowly. Love truly. Laugh uncontrollably & never regret anything that makes you smile!*"

**Industry News:** Sysco acquired J&M Wholesale Meats & Imperio Foods, sister companies with \$44M in combined annual sales. Viome has raised more capital (this time \$25M from investors including Salesforce CEO Marc Benioff) to continue research into the human microbiome & chronic diseases. Agrifood investor Cultivian Sandbox Ventures raised a third investment fund of \$135M. Ingredion led a funding round for Clara Foods, maker of chickenless egg whites & other animal-free proteins. Hemisphere Ventures, SOS Ventures & Grupo Bimbo's investment arm B37 participated. Hapi Water, a sugar-free drink aimed at kids, won a \$100k grant from PepsiCo's North American Nutrition Greenhouse incubator. Seneca Foods acquired the fruit business of Florida-based Paradise for approximately \$9.3M. Unilever will acquire Olly Nutrition, a maker of snack bars, protein powders, multi-vitamins & supplements. Beyond Meat expects to raise \$183M in its upcoming IPO. However, Tyson Ventures has sold their investment in the company to pursue their own alt-protein product. Tyson Ventures has invested in food safety testing firm Clear Labs. Kraft Heinz, per CNBC, is considering a sale of Ore-Ida, which may fetch \$1.5B to \$2B. Kraft Heinz could be looking to sell its entire frozen division. Britain's regulatory authority, as was expected, finally blocked the sale of Walmart's Asda supermarket chain to Sainsbury's, citing an increase in prices, lower quality & a worse client experience. Walmart would have gained \$4B to invest in other growth strategies.

Barry Callebaut reported a 2.4% volume growth, 6% sales growth & a 18.8% net profit increase for the last six months. Coca-Cola beat 1<sup>st</sup> QTR YOY revenue & earnings & estimates on the strength of sports drinks, zero-sugar beverages & water. Albertsons saw 4<sup>th</sup> QTR same-store

comparable sales rise 1%; private label sales accounted for 25% of the growth. The grocer had a 1% fiscal year sales growth (on strong ecommerce sales) & EBITDA increased more than 10%. *Chipotle* had a net income increase of 48% & revenues rose 14% during 1<sup>st</sup> QTR on sales of its new *Lifestyle Bowls*. *Starbucks* reported 2<sup>nd</sup> QTR earnings that beat estimates; raising full year expectations. *Amazon's* 1<sup>st</sup> QTR earnings doubled last year, far exceeding expectations.

*Alphabet's Wing Aviation* received FAA approval to use drones to deliver goods from local businesses to homes. *Postmates* has added 1K more cities (now in 3.5K cities in all 50 states) as the company prepares for an IPO. *FreshDirect* will source chicken from *Cooks Venture*, *Blue Apron* co-founder Matthew Wadiak's new company. *Trifecta's* organic meal delivery service will add *Beyond Meat* products to its fully cooked meals & à la carte items. *Walmart* will partner with Angus beef cattle ranchers & processors to develop its own beef supply chain. *Albertsons* has set 2025 goals for plastic reduction in its brand portfolio. *Giant Eagle* has launched beer delivery in a few areas of Pittsburgh. *Giant Food* in Washington D.C. will prescribe fruits & veggies in the pharmacy, in a partnership with *DC Greens*, calling it *Produce Rx*. *Stop & Shop's* 31K workers are back on the job after an 11-day strike. *Ahold Delhaize* feels the strike could cost *Stop & Shop* \$100M in operating profit this year. *Tops Markets* will spend \$40M on upgrades. *Target* is introducing a new brand, *Everspring*, with 70 sustainable & environmentally aware household essential products, from soaps to paper goods. Greg Norman & *Caribe Producers* will launch *Greg Norman Signature Wagyu Beef Jerky*. *The Vitamin Shoppe* is now selling supplements containing hemp-derived CBD. *Coca-Cola* has plans to launch a *Coke* soda with coffee in 25 markets for consumers who want more caffeine but less sugar in their drinks. *General Mills* spent \$14.4M on food safety in 2018, slightly lower than the previous two years. *InBev* executive Miguel Patricio will take over as CEO of *Kraft Heinz*. A 2¢ per ounce tax on sugary drinks has stalled in the California legislature & will be placed on hold until next year. The White House announced a multi-focused strategy to reduce USA food waste 50% by 2030.

The *Private Label Manufacturers Association* reports that store brands were 23.2% of overall unit sales growth & 19.3% of overall revenue growth. Store brands grew 9.8% while national brand growth was flat. In the *2K19 Coupon Intelligence Report*, 63% of consumers make all or most of their food purchases in-store, but eCommerce grew 44% for food, 40% for Health & Beauty products & 38% for household items. Per *Valassis*, more than 60% of eCommerce consumers miss touching & seeing the product & dislike allowing someone else to pick out their product. The *Dana-Farber Cancer Institute* determined that supplementing chemotherapy with high doses of vitamin D might delay colorectal cancer progression. A study from the *Journal of America College of Cardiology* found never eating breakfast caused an 87% higher risk of death from cardiovascular disease. A study in *JAMA* indicates, across all age groups, Americans' sitting hours are increasing. Per *Food Business News*, crop stabilization has led to lower vanilla bean prices.

**Market News:** Markets hit all-time highs this week on strong earnings, new home sales & growth. GDP in 1<sup>st</sup> QTR was 3.2%, smashing past the experts' estimates. Disposable income growth (3%) outpaced inflation (0.8%) as White House actions continue to spur USA economic growth!

**Seeds, Sprouts, Grow, Harvest!**

The Litchfield Fund – *Tom Malanga*

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