



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



WHAT SIGNIFICANT EVENTS HAPPENING TODAY will affect the future? Did Otto Frederick Rohwedder know how the first commercial use of his invention, introduced on July 7, 1928 (his 48th birthday), would impact the next 90 years of consumer activity? Touted as the greatest innovation ever for the baking industry & a marvel of American ingenuity, Mr. Rohwedder's automated bread slicing machine became so popular that a mere 15 years later during WWII, when rationed for its steel, the ban would last just 2 months due to housewife discontent! From 1928 on, every new innovation tries to claim the title of *the greatest invention since sliced bread!*

SLICED BREAD: It is safe to say, the success of Mr. Rohwedder's invention may have had an unexpected assist when, in 1928, chemist's Joseph Rosefield's new process for making spreadable smooth peanut butter was introduced as *Peter Pan!* But as we enter the final 6 months of this decade, the 'twenty-tens,' we wondered what innovations & events of 2019 might have a *sliced bread* impact? So why don't we, *not quite so randomly*, choose 1959 to see if the occurrences of 60 years ago had significant impact on the future of the world & American culture. For example, in 1959, the first plain paper copier, the *Xerox 914*, became available & much like "*Hand me a Kleenex*," "*Make me a Xerox*" entered the lexicon! Other products introduced that year include *Glen Raven Knitting Mills'* nylon tights, called *Panti-Legs!* Where would have Mike Love & Brian Wilson stored their surf boards on the way to the beach without the *Chevy El Camino?* And did their *Surfer Girl* resemble a *Barbie* doll? Airplane travel became mainstream with the new *Boeing 707*, the first working monorail debuted at *Disneyland* & the *St. Lawrence Seaway* opened shipping between the Great Lakes & the Atlantic Ocean! It was in 1959 that *Bonanza* & *Twilight Zone* premiered on TV, *Ben-Hur* won a record number of Oscars & the murders depicted in Capote's *In Cold Blood* took place. The *Guggenheim Museum* opened; the first *Daytona 500* was won by Lee Petty & the AFL's *Boston Patriots* played football for the first time! Much happened in the world of music! Berry Gordy, Jr. founded *Motown Records*; Miles Davis recorded what many consider jazz's greatest album, *Kind of Blue*; but the music died the day the airplane carrying Buddy Holly, Richie Valens & The Big Bopper crashed in Iowa. On the geopolitical front, Fidel Castro & Che Guevarra turned Cuba from a Caribbean paradise to a socialist/communist gulag, Mao censored his critics to strengthen his grip on China, forced the Dalai Lama into exile & the first major conflict between North & South Vietnam took place. The battle of ideologies & the Race for Space took place, with both the USSR & USA making innovative strides into space, the USA introducing the men with *The Right Stuff* & Nixon defending American values & capitalism, debating Khrushchev in *The Kitchen!* In 1959, who knew the significance of these events, the impact they would have on politics, business, transportation & science, or that they would still be culturally iconic today? Likely no one, just as we cannot, from what has taken place or may still happen in 2019, predict if an innovation will have that 'sliced bread' impact; if a movie, song or performer will be iconic in 60 years or if a geopolitical event will bring world peace or global unrest! But no matter what the future holds, we need to face it with the optimism of Dietrich Bonhoeffer, the fearlessness of Winston Churchill & the interest of Mark Twain, who said, "*The future interests me. I'm going to spend the rest of my life there.*"

INDUSTRY NEWS: *Manna Tree Partners* invested an undisclosed amount in *Vital Farms*. *Mars* will acquire a majority stake in Europe's *Foodspring*, direct-to-consumer nutrition company offering evidence-based,

data-driven sports performance & healthy living products. Specialty online ordering & delivery company *Mercato*, with an eCommerce platform designed specifically for independent & specialty food retailers, recently reported \$4M in funding. *Lamb Weston* acquired Australia's *Ready Meals Pty Ltd.*, adding 70M pounds of frozen potato production. *Falfurrias Capital Partners* acquired the *C.F. Sauer* condiment & spice business. Distributor *Performance Food Group* will acquire *Reinhart Foodservice* for \$2B in cash. Cannabis-infused sparkling water maker *Sweet Reason* raised \$2.5M led by *Lerer Hippea*.

Despite gains from *Blue Buffalo Pet Food*, *General Mills* saw sales fall 2% on slow snack sales, missing 4th QTR targets. EPS was 83¢, beating expectations by 6¢. Canada's *Sobey's* saw 4th QTR sales increase 5.7% with an almost 11% adjusted EPS increase. Same store sales rose 4.1% excluding fuel & pharmacy. *ConAgra* missed 4th QTR sales & earnings forecasts, though its plant-based *Gardein* segment performed well. While it sees potential in its *Gardein* offerings, *ConAgra* lowered 2020 guidance. *McCormick* beat profit expectation as 2nd QTR sales grew 3%.

The National Retail Federation reports 86% of Americans will celebrate Independence Day & spend about \$6.7B on food! *Save Mart* will begin same day delivery across all its banners. *Krispy Kreme* will begin home delivery from certain locations in 15 states. *Publix* opened a 3rd *GreenWise Market* in Alabama. *Walmart* accounts for more than 50% of the grocery sales in 43 larger markets & 160 smaller USA markets per the *Institute for Local Self-Reliance*. *Walmart* gets 25% of all grocery dollars. *Walmart* will invest \$1.2B to increase its Chinese distribution. *Cedar Foods* will open a new 125K sq. ft. facility, creating 125 jobs & doubling its production of hummus & Mediterranean foods to 208M pounds. For cost efficiencies, *Unilever* will move 300 ice cream production jobs from Nevada to Vermont, Missouri & Tennessee. *PepsiCo* will test *Aquafina* products in aluminum cans, shift *bubly* sparkling water to all cans & *Lifewtr* to 100% recycled plastic. *Mondelez's SnackFutures* will introduce two start-up brands; *Dirt Kitchen*, an ugly fruit snack & *CaPao*, a beverage which uses the entire cacao fruit. *Kill Cliff* will offer a CBD recovery drink. *Subway* will partner with *Halo Top Creamery* to test a new line of hand-spun *Halo Top* milkshakes. *Oatly* will remove 'no added sugars' from its unsweetened beverages due to *Pacific Foods* (a *Campbell Soup Company*) citing *Oatly's* production process breaks down oat starch into simple sugars. *Coco-Cola's* dispute with *Monster Energy* has been settled, allowing the new *Coca-Cola* energy drink to hit the market. Seemingly unhappy with the performance of CBD company *Canopy Growth*, 38% stakeholder *Constellation Brands* removed co-CEO Bruce Linton.

Field Agent reports that 82% on-line grocery shoppers buy from *Walmart*, well ahead of *Amazon* & *Target*. Over the next 5 years, 66% of shoppers plan to increase their on-line grocery shopping. Cocoa shells, per the University of Illinois, have 3 bioactive chemicals that have strong effects on fat & immune cells in mice, that may reverse chronic inflammation & obesity related insulin resistance. In a study conducted by *Harris* for *Aramark* & the *American Heart Association*, Americans overwhelmingly seek healthy lunch food but struggle to find good choices. A large majority say that eating healthy at lunch sets the stage for eating healthy all day! Per the USDA, 2019 corn plantings rose 2.9% & will exceed trade expectations.

MARKET NEWS: Markets hit record highs on Wednesday & finished the week near those highs. The economy added 224K jobs in June! USA oil production topped 12M barrels a day in May for the first time ever, the USA becoming the world's largest energy producer.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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