



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 greatest songwriting duo of the folk/rock era is Lennon & McCartney! But Taupin & John, Richards & Jagger, Jones & Strummer, Perry & Tyler, Page & Plant, Cummings & Bachman all deserve mention! Let’s not forget Carol King & Gerry Goffin, whose hits include *Will You Love Me Tomorrow*, *Take Good Care of My Baby*, *You Make Me Feel*, *The Locomotion*, *Up on the Roof*, as well as the 1967 Monkees’ #3 *Billboard* hit, *Pleasant Valley Sunday*. This song is a forerunner to a *Stepford Wives* or ‘John Updike-ian’ suburban dystopia, portraying the blandness & conformity of a status symbol-seeking, keeping up with the Jones’s, society!

Conformity: As the Roman Empire fell, the Catholic Church rose to power! The Pope & the Vatican became the leaders of the western world. Yes, there were kingdoms & fiefdoms, but the loftiest royals & lowliest serfs took their orders from the Church! Conformity to the Church’s power was required! But in the 13th century, Marco Polo opened trade routes to the East & farmers migrated to cities when a cooling climate made farming difficult! People began trades & the bourgeoisie grew. Italy began a Renaissance! Art became more secular (CANYWIP: *Classicism, Anatomy, Nature, Youth, Wisdom, Individualism, Perspective*) & Gutenberg invented the printing press. Intellectual pursuits such as philosophy, science, mathematics, anatomy & theological reformation thrived! Works from Descartes, Luther, Newton, Spinoza, Hume, Locke, Burke & others led to the *Declaration of Independence*, which declared the God-given, innate, rights of the *individual*. But as we discussed last week in *All Ears!!*, immediate & constant technological access leads us to only seek the social media, news, entertainment & other information that agree with our own point of view. We may be on the path toward a feudal, tribal-like conformity, the boring barbeques of another *Pleasant Valley Sunday*, that safe, routine, unchallenging, unchanging environment, perhaps predicted in the words of Chinese philosopher Laozi, “*If you do not change direction, you may end up where you are heading.*” Rudyard Kipling understood the value of individualism though, writing, “*The individual has always had to struggle to keep from being overwhelmed by the tribe. If you try it, you will be lonely often & sometimes frightened. But no price is too high to pay for the privilege of owning yourself.*”

Industry News: Kraft Heinz will acquire *Primal Kitchen* (about \$50M in sales) for \$200M. *Yerbae*, sparkling water with yerba mate, raised \$5M (led by the Arizona-based firm *Zenfinity Capital*) to fund expansion including its *Big Geyser* distribution partnership. *ArchPoint Group*, a professional services company, acquired *Watusee Foods*, terms not disclosed. *New Age Beverages* will acquire *Morinda Holdings*, a Utah-based healthy lifestyles & beverage company. The combined entity (the world’s 40th largest non-alcoholic beverage company) will have \$300M in net revenue, \$20M in adjusted EBITDA & \$200M in assets. *Coborn’s* acquired *Hornbacher’s* (Fargo, North Dakota) grocery chain, from *United Natural Foods* & its *Supervalu* subsidiary for an undisclosed sum.

Cargill acquired *Campollo S.A.*, Colombia-based producer of chicken & protein products, for an undisclosed amount. *Keyto*, a health & wellness company with ketosis-determining technology, closed a \$2.5M seed round with *Craft Ventures*. *Copper Cow Coffee* finalized a \$2M round led by *Silverton Partners*; *CRCM Ventures*, *Montage Ventures* & *Social Starts* participating.

J.M. Smucker reported a 5.2% increase in 2nd QTR revenue but net income fell \$6.1M to \$188.5M. *Aryzta Group* had 1st QTR revenue of €862.3M, down 5.2%. *Dollar Tree's* 3rd QTR net sales rose 4.2% to \$5.54B, comparables rose 1% & adjusted earnings rose 16.8%. Overall the company was dragged down by its *Family Dollar* banner. *Dollar General* reported 3rd QTR net sales up 8.7% to \$6.4B as net income rose 32% & same store sales gained 2.8%.

HelloFresh Canada projects a 60% share of the Canada meal-kit market in 2019, with revenue of \$200M, including its *Chefs Plate* offerings. Per *Grocery Dive*, *Instacart* has significantly reduced fees for its *Instacart Express* membership service, dropping the annual fee from \$149 to \$99. Without a membership, fees for home delivery fall from \$5.99 to \$3.99. *Instacart* eliminated other service fees, too. *Walmart* is testing same day delivery in China with its *Walmart To Go* service, accessed through its partner *Tencent's WeChat*, a Chinese messaging app. *BJ's Wholesale Club* announced expansion into Michigan. *Amin Maredia*, *Sprouts Farmers Markets* CEO, is resigning as of December 30 to pursue other interests. *Walgreens & Kroger* are moving quickly to offer more *Kroger* products, including *Home Chef* meal-kits & *Simple Truth* at *Walgreens* outlets. *Ahold Delhaize* will invest \$175M in remodeling *Giant Food* stores in the Mid-Atlantic region. *Aldi* will offer home delivery in Cincinnati. Big Food price increases may be due to a shortage of truck drivers, per several analysts. *Sanderson Farms*, advocate for antibiotic use in chickens, will discontinue the use of two specific antibiotics. Among *Food Dive & Grocery Dive's* annual awards were *Nestlé* for Company of the Year & *Kroger* for Retailer of the Year.

USA grocery eCommerce will reach \$26.9B by 2025, per *Hexa Research* as technology, service offerings & innovation drive growth. Per *Kadence International*, only 17% of USA consumers were familiar with the concept of clean lab grown meat. Only 27% were willing to purchase, though 66% said they would try a taste! *Packaged Facts* predicts a slowing in the growth of meal kits. Whole cranberry powder can limit gut problems from an animal-based diet, per a study led by *Tufts University* & published in *The Journal of Nutritional Biochemistry*. *DietDetective.com* & the *Hunter College New York City Food Policy Center* released a study as to which USA & Canada airlines serve the healthiest menus. *Alaska Airlines*, *Delta* & *JetBlue* were at the top of the list.

Market News: Markets fell on trade concerns. Labor markets remain tight as jobless claims fell. Unemployment stayed near historic lows at 3.7% & oil prices rose due to OPEC production cuts.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malanga*

V5issue25.12.08.18