



# 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**

**William Knudsen worked** in a small auto & bicycle parts production shop in Buffalo. In 1911, Ford Motor bought the company. Mr. Knudsen grew with Ford, becoming an expert in mass production, before leaving for General Motors. In 1937, he became President of GM! His knowledge of production was so great that he became the highest-ever commissioned citizen when FDR appointed him a Lt. General in charge of America's massive war production effort. Mr. Knudsen said, "*Experience is knowing a lot of things you shouldn't do!*" But growth only occurs when we experience something new, different & leave our comfort zone!

**Growth:** Author Henry Miller agrees, "*All growth is a leap in the dark, a spontaneous unpremeditated act without benefit of experience.*" As children we all want to grow; get bigger, stronger & try new things. Parents want the same for their children. They try to provide proper nutrition & a stimulating environment for physical, intellectual & emotional growth. Parents' choices for their kids' nutrition are getting healthier. They put challenges in front of their kids, be it sports, music, dance, science camps, etc. As adults, we should continue to grow, for as Albert Einstein said, "*Intellectual growth should commence at birth & cease only at death.*" The same is true for small businesses! Entrepreneurs start a business & want to see it grow! They have to adapt, change & leap into the unknown. But growth takes effort & hard work. President Calvin Coolidge remarked, "*All growth depends upon activity. There is no development physically or intellectually without effort & effort means work.*" Entrepreneurs work hard, for sure, but a business also needs nutrition & a stimulating environment. The nutrition comes in the form of investment or strong cash flow, to feed that growth. The stimulating environment comes from engaged advisors & a healthy & robust economy -- an economy that is itself growing, where jobs are plentiful, unemployment is low, taxes are low, inflation is tame, regulations promote business growth while protecting our air, water & soil, wages are rising & consumers are both spending & saving. Many have said that small business is the backbone of our economy, the engine of growth & creator of jobs. President Ronald Reagan believed that there was no limit to growth as "*... there are no limits of human intelligence, imagination & wonder.*" He had immense respect for small business owners, saying, "*Small business is the gateway to opportunity for those who want a piece of the American dream... That's where miracles are made, not in Washington, D.C.*"

**Industry News:** *DoorDash* raised \$250M, co-led by *Coatue Management* & *DST Global*, giving the company a \$4B value. *CAVU Venture Partners* invested \$8M in bone broth maker *Kettle and Fire*. *Liquid I.V.*, hydration powder mix, finished a \$5M raise led by *CircleUp Growth Partners*. Berlin-based *Mitte*, a tabletop system that uses cartridges to infuse water with minerals, received \$10.6M in funding from *Danone Manifesto Ventures*. *Picnik*, butter coffee, raised \$7.5M from

*KarpReilly* to grow both its CPG & cafe business. *Sunrise Strategic Partners* made an undisclosed investment in creamery company *Coolhaus*.

For *Lancaster Colony*, foodservice drove 4<sup>th</sup> QTR results, as EPS rose to \$1.18 per share, up 14% & net sales rose 6.6%. *Hain Celestial* lost \$69.9M on a small sales increase for their 4<sup>th</sup> QTR. *BJ Wholesale Club* beat analyst forecasts with 2<sup>nd</sup> QTR adjusted earnings of 31¢ per share, a 4.3% sales gain & a 5% comparables gain. *Dollar General* reported EPS reached \$1.52 on a 10.6% 2<sup>nd</sup> QTR sales bump.

*Campbell* will retain its soups, beverages & snack brands (*Campbell's Soup, Goldfish, Kettle, Pepperidge Farm, V8 & others*) while divesting its international & *Campbell Fresh* products (*Campbell Fresh, Garden Fresh Gourmet, etc.*). The divested brands are over \$2B in revenue. *Butterball* is introducing a new all-natural line of smoked sausage, turkey bacon, breakfast sausage, frozen turkey burgers & meatballs with no artificial ingredients, hormones, steroids, nitrates & are minimally processed as part of an overall consumer oriented rebrand. *Ahold Delhaize* launched *Junk Fruit*, peeled & prepped snacks, to encourage people toward healthier & easier-to-eat snacks. Joe Serventi, with a history of helping small brands get acquired, has been promoted to CEO of *Hippeas*. *Target* will offer frozen meals as opposed to meal-kits. *Publix* is building a new \$400M, 1.8M sqft. refrigerated distribution center in North Carolina, creating 1K jobs. *Weis Markets* will begin mid-Atlantic delivery in 11 markets with *Shipt*. *Smart & Final* has expanded *Instacart* service to more than 90% of its California market. *Kroger & Whole Foods* continue to expand home delivery to new markets. *Kroger* will partner with the University of Cincinnati to create an innovation lab, *1819 Innovation Hub*, which *Kroger* will help staff. *Farmers Business Network* will host an AgTech start-up showcase at its next *Farmer2Farmer Conference*.

Per *Nielsen*, pumpkin flavored products have grown 16% in the past year. *Synchrony* reports that use of supermarket apps has doubled, with 60% of customers downloading & using various functions. Satisfaction is high at 83%. In a survey from *InfoScout*, 57% of click-and-collect users do so just once a year & only 28% used it three times or more annually. *Mercaris* reports that organic hard red spring & winter wheat prices rose but are still lower than a year ago. Prices for durum & soybeans rose but soft red winter wheat declined & corn fell slightly.

**Market News:** Markets set records this week! According to the *Minority 2018 Small Businesses Report*, the number of black owned businesses increased 400% since inauguration. Consumer confidence reached its highest point in 18 years, defying expert surveys. Weekly jobless claims were again lower than forecasted, staying near 50-year lows.

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

The Litchfield Fund – *Tom Malenka*

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