



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



SOME PEOPLE ARE BORN LEADERS! *Is this true?* There are a host of seminars, classes & other training to teach leadership skills. But there must be some intangible quality in great leaders that makes men endure a Valley Forge winter, advance through waist high grass into deadly machine gun fire at Belleau Wood or follow Norman Cota off of Omaha Beach & march through the Gates of Hell! It is hard to define that special quality that can be found in great leaders. Football executive Ernie Accorsi described it best, when speaking of Hall-of-Fame quarterback Johnny Unitas: *"The purest definition of leadership was watching Johnny Unitas get off the team bus!"*

LEADERSHIP DAY, AGAIN: This is not the first time that *All Ears!!* has promoted October 25th as *Leadership Day*. Our pick of this day is not random. It was on St. Crispin's Day, October 25, 1415 before the Battle of Agincourt that Henry V (in Shakespeare's account) walked among his troops & delivered the "*Band of Brothers*" speech. And it was on 25 October 1944 that Cmdr. Ernest E. Evans, at the Battle of Leyte Gulf, turned his small destroyer (the *USS Johnston*; DD-557) toward an advancing Japanese attack force of battleships & heavy cruisers. His actions drove the Japanese back & saved the landing force on Leyte. Beyond the military, government & sports, there are great leaders in business, our churches & our communities. We expect our leaders to have the wisdom of Solomon, the integrity of Washington, the patience of Lincoln, the fortitude of Churchill, the fierceness of Patton, the courage of MLK & the humility of Dick Winters. Many great leaders, Jack Welch, Henry Ford, Harvey Firestone, Sam Walton, Ronald Reagan, George Patton, W.E. Deming, Bill Gates & others thought an important leadership quality was to inspire others to do & be their best! Teddy Roosevelt said, *"The best executive is one who has sense enough to pick good people to do what he wants done & self-restraint enough to keep from meddling with them while they do it."* John Quincy Adams said, *"If your actions inspire others to dream more, learn more, do more & become more, you are a leader."* So often, leaders must stand alone, apart from the crowd. Canadian businessman James Crooks said, *"You must turn your back to the crowd to lead an orchestra!"*

INDUSTRY NEWS: *M13* raised a second fund (\$175M) with a committed limited partner group. Pontifax (AgTech & FoodTech investor) raised \$140M of a \$250M fund, with \$170M committed. *Food Dive* reports that *Sustainable Bioproducts* (alt-protein made from micro-organisms found in volcanoes) expects to have products on the shelf next year & has amounted \$33M in funding from *ADM* & *Danone*. *Kind* acquired *Creative Snacks*, terms not disclosed. *Milk Bar* plans to close a round with *Sonoma Brands*. *Cracker Barrel* acquired fast-casual restaurant *Maple Street Biscuit* for \$36M in cash. *Forager Project*, plant-based food & beverages, received a minority investment from *Danone Manifesto Ventures*. *Velstar Capital* took an undisclosed minority interest in *Simple Mills*, maker of clean label baked & baking products. *Stripes* group made an investment in organic grocer *Erewhon*. *Lead Edge Capital* led a \$3.4M investment in *Barn2Door*, an eCommerce platform for farms. *Provivi*, a USA AgTech company using pheromones as a pesticide,

closed \$85M co-led by *Pontifax Agtech & Temasek*. *The New York Post* reports that NYC delivery company *FreshDirect* is seeking a buyer following some operational mishaps.

ECommerce firm *Omni ePartners & Presence Marketing* will work together to develop *Presence's* brands' eCommerce businesses. *GNC* will launch a new personalized wellness program, *GNC4U*, a monthly vitamin & supplement subscription service based on a person's health profile. *Giant Foods* has refreshed its delivery platform, now named *Giant Delivers*, replacing *Peapod by Giant*. *Walmart* began in-home delivery in three cities, Kansas City, Pittsburgh & Vero Beach, FL. *Publix* opened a downtown Nashville location. *Sprouts Farmers Market* donated \$3M to charities that specialize in nutrition education & fresh food accessibility. California's inability to keep the lights on impacted grocery stores. *Nestlé* will expand its *New Age Beverages* license agreement for all *Nestea* products. *LA Distributing* will launch an incubator program. *Comet Bio* has launched an arabinoxylan prebiotic plant fiber extract, made from unused farm leftovers such as leaves, stalks & shells, that promotes healthy gut bacteria growth. *BurgerIM* will partner with *Unbun* to offer a truly keto friendly burger. *Tyson* discontinued 1-year old *Yappah!* crisps made from leftovers from chicken processing, residue from juicing & spent brewing barley. *Cargill* will invest \$225M to expand its soybean crush & refined oils facility in Ohio. *McCain Foods* is building a \$300M, 170K sq. ft. expansion at its potato processing facility in Othello, WA, adding 180 jobs. *Michael Foods* (a *Post* subsidiary) opened a new 150K sq. ft. facility in Iowa to process eggs & precooked eggs.

Kantar reports that overall advertising spend in the hard cider, other alcohol beverage category rose 21%, although *White Claw* (#3 in spend) reduced their spend 30%, word-of-mouth driving sales growth. Marketing firm *Numerator* reports the key consumer drivers for plant-based meat is health & curiosity. A study from Tufts University indicates gaining back just 25% of lost weight brings back the risk of cardiovascular events. Researchers at Washington University School of Medicine found that a certain gut microbe can breakdown the harmful chemical fructoselysine in processed foods (baked goods, chips, etc.) & turn it into harmless byproducts. Per *Packaged Facts*, the global cereal market will increase \$5M to \$40M by 2023, with most of the growth occurring outside the USA. *Kantar* research indicates 77% of shoppers find *Aldi* the simplest store to navigate & 90% find it the most cost effective. *KPMG* ranked the grocery store segment as #1 in high quality customer service, with *HEB* as the #2 brand overall. African swine flu has caused a pork shortage in pork-loving China, which will increase USA exports but could cause shortages. Pork prices have risen 69% in China, creating a 6-year high in consumer inflation. The USDA lowered 2019 forecasts for soybean, corn & sugar harvests.

MARKET NEWS: Markets were slightly lower for the week on Boeing, China & Brexit news. USA median income has reached the highest level ever. Real Income Expectations, the difference between income & inflation, hit its highest point ever in the New York FED's survey. Income outpaced inflation by 0.6% in a measure that is usually negative or near zero!

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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