



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

ARIZONA'S NOVEMBER RAINS ARRIVED last week & the dry wash next to our property filled with water. (In a spring storm, the water can flow so fast it becomes a run for kayakers!) As the water recedes, the wash suddenly becomes a grassy marsh, complete with a *convocation of eagles*, a *gaggle of geese*, a *paddling of ducks*, a *siege of herons* & *schools of fish*! The unusual names for animal groups often reflects their physical appearance, behaviors or characteristics! While these group names have been added to through the ages, they mostly stem from what may have been the original *Field & Stream*; a book about hunting, fishing & being a gentleman, written by a nun!

THE BOOK OF SAINT ALBANS: *The Book of Saint Albans* contains treatises on falconry, angling & heraldry. Printed in 1486, it was likely a compilation of earlier works. The suggested authorship belongs to Juliana Berners, a woman of apparent noble birth who was a prioress at a nunnery near St. Albans. The book was used as a source for other books on hunting & fishing for the next four centuries! The names of animal groups range from self-explanatory, interesting & amusing to downright confusing! Confusing group names include a *dopping of sheldrakes*, a *richness of martens*, a *desert of lapwings*, a *risk of lobsters* or a *rally of octopuses*! Some group names make perfect sense, like a *tower of giraffes*, a *squabble of seagulls*, a *flutter of butterflies*, a *hum of bees*, a *gaze of racoons* or a *cloud of gnats*. While a *pounce of kittens* is very descriptive, a *pandemonium* applies to *parrots* & *platypuses*, not to puppies, although that certainly describes our own puppy play group observations! Military names are often applied to animal groups, many animals are found in *troops* or *regiments*. We do wonder if an *army of frogs* should be on the lookout for an *ambush of tigers*. A good defense might be a *phalanx of storks*! The animal kingdom does seem to have its own criminal underworld, with a *skulk of foxes*, a *mischievousness of rats*, a *mob of kangaroos*, a *gang of turkeys* & a *murder of crows*! It would take a *sleuth of bears* to uncover these criminals, perhaps with a stake-out by a *watch of nightingales*! We find *wombats in a wisdom*, while wise old *owls are in parliaments*, *cheetahs in a coalition* & *vultures in a committee*! Despite popular belief, it is (surprisingly) *not true* that collectively *baboons are called a Congress* or for that matter, *politicians a corruption*. Would a *charm of magpies* or a *bouquet of pheasants* change the attitude of an *unkindness of ravens*? Maybe a *flamboyance of flamingoes* or a *dazzle of zebras* would help the effort if not, let's throw them a *party of jays*! Obviously, a *plague of grackles*, contagious or not, sounds like a serious medical issue as does a *fever of stingrays* or an uncomfortable *bloat of hippopotamuses*! A *congregation of plovers* might find guidance from a *convent of penguins* (or the human equivalent, a *drunkship of cobblers* or a *den of thieves* benefitting from the words of a *superfluity of nuns*)! Clearly, it did not take a *shrewdness of apes* to write this piece as it sounds very much like just a *chattering of starlings* or a *bellowing of bullfinches*!

INDUSTRY NEWS: *Impossible Foods*, having raised \$775M to date, will seek \$300M to \$400M in a capital raise with a valuation perhaps as high as \$5B, per *Reuters*. Robotic foodtech company *Picnic* raised \$5M led by *Creative Ventures* with *Flying Fish Partners* & *Vulcan Capital* participating. Brazil's *Marfrig Global Foods* will purchase the remaining *Jefferies Financial Group* stake in *National Beef Packing* for \$860M, bringing their total ownership to 81.7%. *Bumble Bee Foods* declared Chapter 11 bankruptcy & will be purchased by Taiwanese seafood company *FCF* for \$925M. *New Slice Ventures*, which re-launched

carbonated soft drink line *Slice* in 2019, acquired caffeinated sparkling water brand *Somerset*. The *New York Post* reports that *Goya Foods* will remain family owned & not be sold to *Carlyle Group*.

Smucker had a net income gain of 11.4% while sales fell 3%. Coffee & consumer goods offset weakness in pet food. Sales fell 11.5% in *Post's* 4th QTR with a \$61.1M loss due to expense on swaps. *Hormel's* performance in 4th QTR was mostly flat, income beating but sales missing analyst targets. *Reed's* saw a 22% drop in 3rd QTR net sales & an operating loss of \$4.4M. Though revenue jumped more than 400% at *New Age Beverage* in 3rd QTR (due to acquisitions), the company extended its loss to \$10.7M. *Jones Soda* will look at CBD infused beverages as 3rd QTR sales fell 12% with a \$476K loss.

Ahold Delhaize's will pilot a cashier free *Albert Heijn* small format (150 sq. ft.) grocery store at Amsterdam's *Schiphol Airport*, the fourth busiest international airport in the world. *Kroger* has initiated a healthcare program, *Kroger 360care*, partnering with hospitals & healthcare networks to use *Kroger's* pharmacies & healthcare services to provide lower-cost care. Per *Bloomberg*, *Walmart* will end *Jet.com* fresh delivery in NYC due to operational problems. *Shake Shack* is using *GrubHub* exclusively for delivery. *Aldi* will launch alcohol delivery with *Instacart*. *Halo Top* will close its Chicago operation, likely due to its recent acquisition by *Well Enterprises*. *Nestlé* & University of California San Diego's *Center for Microbiome Innovation* will partner to study the relationship between nutrition & gut health. *Symrise* will build an innovation center at *Unilever's* Netherlands headquarters to improve their collaboration. *KFC* is testing plant-based chicken in Canada. According to *Food Dive*, *Pure Market* is a new e-commerce platform that grades the products it sells (using chemical testing) for many contaminants, including pollutants, plasticizers, pesticides & heavy metals. After 22 years, Seth Goldman will leave *Honest Tea* to explore other ventures. In an attempt to make grocery delivery more expensive for the consumer, California lawmakers are looking to add regulations to the service. *Ocean Spray* settled a lawsuit, concerning their no artificial flavors claims, for \$5.4M. CBD-infused beverage brand *Good Day* will launch two new SKUs, chamomile herbal tea & citrus sparkling water. The FDA said it could not conclude that CBD is Generally Recognized As Safe (GRAS) for use in human or animal food, due to the lack of scientific evidence to its safety. The FDA sent warning letters to 15 CBD companies.

In *Mazars' Food & Beverage Industry Outlook*, a significant percentage of industry executives expect sales & profit growth in 2020, with growth coming from expanding sales channels & healthier products, all while creating new jobs. A study from Taiwan suggests omega-3 fatty acids can help to improve attention spans of children with ADHD. From a *Safer Chemical* report, retailers are making progress at removing toxic chemicals from their products, improving their scores in the past three years. In the *American Farm Bureau Federation* 34th annual survey of Thanksgiving dinner costs, the low inflation of this economy caused the price of dinner to rise just 1¢ this year! The cost of turkey is lower, the cost of ham higher this holiday. Per *Placer.ai*, the Wednesday before Thanksgiving is the busiest grocery store day of the year, with foot traffic at most stores often 75% to 90% higher than normal.

MARKET NEWS: Markets broke records as Thanksgiving approached. Consumer confidence for both current & future economic opportunity remains high. Early reports indicate healthy holiday season spending. GDP for 3rd QTR was revised upward to 2.1%. Jobless claims dropped 15K! The FED Chairman indicated a likelihood of continued expansion with a reduced risk of recession.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

V6issue24.11.30.19

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