



# 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**

**Batman & Robin! Fred & Barney.** Lucy & Ethel. Archie & Jughead. The hero & the trusty sidekick! The list goes on & on! Superman & Jimmy Olsen. Don Quixote & Sancho. Charlie Brown & Linus. Sherlock Holmes & Dr. Watson. (Stan Lee’s superheroes were loners, as Mr. Lee thought a superhero did not require a sidekick!) Ralph & Norton. Johnny Carson & Ed McMahon. Jordan & Pippin. Yogi Bear & Boo-Boo Bear. The Lone Ranger & Tonto. More often than not, the sidekick provides some support, some quality or skill the hero needs or lacks! This week, *All Ears!!* will explore the world of these trusty, ever-faithful, sidekicks!

**Trusty Sidekicks\*:** Of course, your spouse or significant other is your sidekick & you are their sidekick! But in literature, movies, TV & comic books the hero (*unless it’s Clint or the Duke*) has a sidekick. Important heroes, like Superman, sometimes have more than one sidekick! Besides Jimmy Olsen there was Lois Lane, Lana Lang, Perry White or the entire Justice League! (*There was once a VIP Superhero who had twelve sidekicks!*) The most iconic example of the trusty, ever-faithful sidekick is Perry Mason’s loyal secretary, Della Street. Often the hero has to get the sidekick out of trouble, the way Andy always rescued Barney! Some sidekicks just serve as a comic foil: Ed for Johnny & Norton for Ralph! Dr. Watson served as a *contemplative ally* for Holmes, allowing Holmes to apply his logic in open discussion. Dr. Watson was also a gentleman of that era, making up for Holmes’ lack of social graces, much like Sheldon & Leonard. Sidekick Leonard often has to bail Sheldon out of trouble! Tonto had a unique set of skills that often saved both the Lone Ranger & the day! Some sidekicks bring a good dose of reality to the hero, like sardonic Rhoda to the always exuberant Mary! Linus often consoles Charlie Brown by providing *philosophic meaning* to his otherwise depressing life! In many cases, the sidekick is the unwilling accomplice in the hero’s schemes! Ethel, Barney & Boo-Boo would have had much quieter & simpler lives if they had not listened to Lucy, Fred & Yogi! Sometimes the sidekick distracts the enemy to assist the hero, à la Scottie Pippin! And some sidekicks rise to the ranks of meriting their own stories, such as Jughead or Dr. Watson! So here’s to all the trusty, ever-faithful, long suffering (*Did Perry ever marry Della? Did Superman eventually marry Lois? What mess did Lucy get Ethel into now?*) & dutiful sidekicks! Time to take a well-deserved bow!

**Industry News:** *Grubmarket*, eCommerce sourcing of produce for business & consumers, finished a \$25M investment led by *WI Harper Group* & *Digital Garage*, with *Kraft Heinz’s Evolv Ventures* participating. Mixer brand *Q Drinks* finalized a \$40M investment from *Eurazeo Brands*. *LifeAID* raised \$7.7M (\$3M in debt financing) with *Everplus Capital* & *Cambridge Companies (SPG)* contributing. For \$1.3B, *Ferrero* will purchase select *Kellogg’s* cookie & snack brands. *Mondelez* is reported to be the winner for *Campbell Soup’s* Australia-based *Arnott’s* & Danish butter-cookie producer *Kelsen Group*, for \$2.5B. *Constellation Brands* sold 30 of its wine & spirits brands to *E&J Gallo Winery* for \$1.7B. *Nestlé Health Science* has taken equity in *Amazentis*, a Switzerland company, to develop products using *Amazentis’* cellular nutrition technology. Cannabis investor *Sol Global* has acquired 9.8% of *Jones Soda*, becoming its largest stockholder.

*\*All Ears!! sends thanks to Michael Movitz, Founder & Managing Partner, The Movitz Group, for this week’s topic!*

*McCormick* saw 1<sup>st</sup> QTR sales increase 1% & adjusted earnings rise 12%, new products gaining momentum. Net earnings rose 14% as 3<sup>rd</sup> QTR revenue fell 4% at *Cargill*, the company gaining operating efficiencies despite volatile markets. Revenue slightly missed estimates for *Walgreens'* 2<sup>nd</sup> QTR with net income falling to \$1.24 per share, down from \$1.36 per share a year ago. *Walgreens* is looking toward its *Kroger* partnership for growth.

*Amazon & Whole Foods* will offer lower prices on select products. *Walmart & Google* will partner so customers can voice order groceries from their *Google Assistant*-enabled devices. *Albertsons* has taken *Plated* meal-kits off its shelves in Boise, though it remains committed to growing the brand. *Plated* will still be offered through eCommerce. *Meijer* will open 3 supercenters in Northeast Ohio. Following *CVS's* announcement, *Walgreens* will offer hemp CBD products in nine states. *Target* is raising its minimum wage to \$13 per hour with plans to reach \$15 per hour by 2020. *Coca-Cola* will launch its first energy drink under the *Coca-Cola* brand in Europe (Spain & Hungary) in April, despite its ownership in *Monster*. *Burger King* has introduced a meatless *Impossible Whopper* at 59 locations. *thinkThin* has rebranded as *think!* *Albertsons* has added 17 compostable & Earth-friendly items to its *Open Nature* private brand, including cutlery, plates, bowls, trash bags, towels, etc. By 2025, 100% of *Aldi's* packaging will be reusable, recyclable or compostable. *Aldi* will also reduce packaging material by at least 15%. New York state has banned single use plastic bags. *Kraft Heinz, Conagra, Nestle USA & Nestle Purina Petcare* filed a lawsuit claiming that *Tyson Foods, Pilgrim's Pride & others* conspired to inflate chicken prices. The FDA has sent letters to 3 CBD companies over health claims & scheduled a public hearing to discuss legal marketing. A jury awarded \$80M in damages to a man who charged that his cancer was caused by *Roundup*. *Jesper Højer*, CEO of *Lidl*, has unexpectedly resigned after two years in the role. *Blue Apron* CEO/President Brad Dickerson is leaving, to be replaced by *Etsy* executive Linda Findley Kozlowski. Established in 1914, the *Salt Institute*, a trade association for companies producing & selling salt for food & industry, closed at the end of March.

*Numerator* estimates Gen Z's buying power will reach \$143B & will be oriented to mobile & experiential shopping. *Nielsen* reports that packaged salad sales have been increasing 6.5% per year since 2011. *IRI* reports that 2018 household penetration for packaged salads was 87.3%. Per *FMI*, 55% of grocery store trips include produce, with 53% of shoppers interested in local sourcing. Only 34% of older millennials cite the supermarket as their primary produce source. Per *Spins*, grass fed meat makes up 15% of natural channel sales & just 1% of conventional channel sales, but sales rose 16% in the year ending February 24<sup>th</sup>. The USDA reports that corn plantings will increase 4%, soybeans will be 5% lower & 4% fewer acres of wheat will be planted.

**Market News:** Markets rose this week. The ISM index of national factory activity climbed to 55.3 in March compared with the prior month's reading of 54.2. New orders jumped to 57.4. The employment index soared to 57.5 from 52.3 in February. The services sector came in at 56.1, indicating continued expansion, but slower than anticipated. The job market beat analyst forecasts as 196K new jobs were created in March! New jobless claims dropped to 202K, the lowest level since December 1969. China's manufacturing sector showed improvement.

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

The Litchfield Fund – *Tom Malanga*

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