



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**JAMES BECAME KING OF SCOTLAND** at 13 months of age. His catholic mother, Mary Queen of Scots, was imprisoned by Protestant rebels & forced to abdicate, never seeing her son again. His father, Henry Stuart (Mary's second half-cousin), was killed in retaliation for murdering Mary's treasonous secretary. The suspected killer, James Hepburn, then married Mary. Mary & Henry were descended from Margaret Tudor (daughter of Henry VII, King of England & Lord of Ireland), so on Elizabeth I's death, James became King of England, Scotland & Ireland. With so much bad news in his young life, it's no wonder he was the first to say, "No news is better than evil news."

**GOOD NEWS:** The actual saying, "No news is good news," seems to have appeared in print for the first time about 1645 A.D, in James Howell's *Familiar Letters*. Why do we get a constant, seemingly endless, barrage of bad news? Milton thought, "For evil news rides post, while good news baits." Comedian Tracy Morgan quipped, "Bad news travels at the speed of light; good news travels like molasses." And there are so many sources for bad news! Public affairs Columnist William Raspberry commented, "Scandal has a thousand stringers; good news doesn't know the editor's phone number." And everybody loves a scandal, as philosopher Bertrand Russell wrote, "No one gossips about other people's secret virtues." During WWII, to save paper & weight, magazines & newspapers were distributed to the GIs without any advertisements! After all who wants to read the ads, even during the Golden Age of print advertising? Well, the GIs did! The ads were the only uplifting & good news in the magazines! (And let's not forget, those ads had pictures of pretty girls selling *Pepsodent*!) So, we will close with a bit of good, heartwarming, news we heard this week! Polk County, Iowa, teenager, Tanner Kenen, has organized 15 teenagers from 5 different schools to deliver groceries for free to seniors & others who cannot get out to shop for themselves.

**AND JUST A BIT MORE GOOD NEWS:** *Brandjectory*, our partnership with *The Movitz Group* & *JPG Resources*, is off to a great start! Want to know more about this unique, one-of-a-kind platform to help brands & investors connect & build relationships? Check out [Brandjectory](#) & this great [article from Food Navigator!](#)

**INDUSTRY NEWS:** *Nestlé* has taken a majority stake in *Vital Proteins*, which will operate as an independent subsidiary of *Nestlé Health Science*. Financial details of the transaction were not disclosed. The *Wall Street Journal* reports that *Nestlé* is selling *Buitoni, NA* pasta (\$130M in sales) to *Brynwood Partners*, for an undisclosed amount. Also, *Nestlé* is looking to sell its North American water business which has \$3.6B in sales. *Instacart* closed a \$225M round led by *DST Global* & *General Catalyst*, with existing investor *D1 Capital Partners* participating. Europe's *Just Eats Takeaway* purchased *GrubHub* for \$7.3B. Mushroom Tech ingredient maker *MycoTechnology* raised \$39M from investors *Greenleaf Foods*, *eighteen94capital*, *Tyson Ventures* & others. *Drop*, a smart kitchen platform connecting appliances, recipe publishers & grocers, raised \$13.3M led by *Alpha Edison* & *Morpheus Ventures*. Alcoholic gel-bite maker *Ethyl Ambrosia* has raised \$450K, led by *Third Craft*. *Utz Quality Foods* agreed to be acquired by *Collier Creek Holdings* in a reported \$1.5B deal. *Utz* will IPO on the NYSE, with the *Utz's* founding family & owners retaining more than a 50% ownership. *GrubMarket* acquired *Hung San Foods*, a family-owned Seattle food supplier. Marketplace changes have ended the *King Kullen* & *Stop & Shop* merger. *UNFI*, after deciding *Cub Foods* & *Shoppers* could not be sold at this time, has decided to spin these stores off into a separate unit.

Sales were up over 10% & earnings rose more than 300% in *Smucker's* 4<sup>th</sup> QTR. *Tate & Lyle* finished their fiscal year strong with revenue up 5% YOY & adjusted profit up 4% YOY. Pantry loading led to a 46% increase in revenue at pet eCommerce retailer *Chewy*, with a positive \$3.4M in earnings, one year ahead of projection. *Cargill*, with its upcoming 4<sup>th</sup> QTR & fiscal year reporting, will no longer publicly disclose quarterly earnings, sharing only its annual revenue & reinvestment.

*Instacart's* share of online grocery reached a high of 57% in April, but tapered off in May, per *The Information & Second Measure*. Per *Grocery Dive*, *Bi-Lo* will provide *Instacart* delivery to most of its stores. *C&S Wholesale Grocers* & *Instacart* will offer nationwide eCommerce & same-day delivery solutions to more than 3k independent supermarket retailers. *Instacart* has launched same-day delivery with *Big Lots'* 1400 stores in 47 states. *Sam's Club* will add curbside pickup at all its 597 USA location. *Albertsons' United Supermarkets* will upgrade its *STREETside* pickup with *Radius Networks' FlyBuy Pickup* location-based technology. *Dollar General* has rolled out fresh vegetable & fruit offerings to about 650 of its 16K stores. *Starbucks* will increase the pace of its change over to more convenient formats with drive-thru, curbside & pickup-only location options. *Kroger* will expand its *Ocado* partnership with 3 more automated consumer fulfillment centers located in the West, Pacific Northwest & Great Lakes. *Impossible Foods* is launching a DTC consumer eCommerce website. *Danone, N.A.* will partner with *Brightseed* & their AI technology that maps plant nutrients to human health, for product development. *Taco Bell* will hire 30K new workers. *Ocean Spray Cranberries' Lighthouse Innovation Incubator* will launch *CarryOn*, CBD sparkling water. *Nathan's Famous* will offer meal-kits on *Goldbelly*. The *Food Industry Association* appointed former *Wegmans'* dietician Krystal Register to lead the organization's health & wellness initiatives. *Sprouts* appointed former *Walmart* fresh food executive J. Scott Neal to a newly created role, chief fresh merchandising officer.

Nearly 70% of USA restaurants are now resuming dining services, as almost 1.4M workers are back at work, according to the *NPD Group*. The meal kit delivery market will reach \$19.9B by 2027 (12.8% CAGR), according to *Grand View Research*. Per the OTA, 2019 organic food sales hit \$50B, up 5% YOY, with growth expected in 2020. According to *Nielsen*, recent brick & mortar alcohol sales were up 21% while online sales rose 234% YOY. Alcoholic beverage is the fastest growing CPG segment. Per *Rakuten Ready*, 69% of consumers want to see a store's safety measures for themselves; 80% don't want to wait for a pickup & 58% want contactless payments. Per the *International Food Information Council's Food & Health Survey*, recent events have caused 85% of consumers to change food habits, cook more, eat, shop & think about food differently. *NPD* reports current conditions have led to an increase in family breakfast time. Per research from *Lycored*, a majority of consumers are seeking products that promote the 'calming' of their cardiovascular health. Per *210 Analytics*, meat sales continue to increase despite reported supply shortages & sales limits. The USDA reports cattle, swine & broiler facilities are operating at more than 95% of average capacity. Vanilla prices have dropped 50% since 2018 highs. The USA & Taiwan reached an organic equivalence agreement which will increase trade between the two countries. Taiwan is already the 5<sup>th</sup> largest export market for USA organic products.

**MARKET NEWS:** Markets rode economic news to a record NASDAQ closing mid-week. Markets pulled back on Thursday, with some recovery on Friday. Jobless claims were lower for the 10<sup>th</sup> straight week & the FED indicated they intend to keep interest rates low for the foreseeable future.

**SEEDS, SPROUTS, GROW, HARVEST!**  
**THE LITCHFIELD FUND** – *Tom Malenka*

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