



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

Meat, cheese & veggies stuffed into a large bread roll. Everyone has their favorite style, whether they call it a submarine, sub, blimpie, hoagie, grinder, hero or po’boy. This sandwich appeared in the first half of the Great American 20th century; Philadelphia claiming its birthright. A variety of stories suggest the origins of its various monikers, from the shape obviously resembling a submarine or blimp, that only a hog could eat one to simply a fellow named Hogan. We prefer the one about Italian immigrants taking stuffed rolls to work at the Philly Navy Shipyard on *Hog Island*. Our favorite Hoagie? Why Hoagy Carmichael, of course!

Star Dust: Hoagland ‘Hoagy’ Carmichael was born at the turn of the century in America’s heartland, Bloomington, Indiana. His family moved around the Midwest for jobs. So, Mr. Carmichael’s only formal musical training, piano & singing, came from his mother. He finished high school in Bloomington & went on to Indiana University, eventually gaining a law degree. But playing ragtime & jazz & writing songs filled his time, even while working at several law firms. He met the great cornetist Bix Beiderbecke & in 1927, Mr. Carmichael recorded *Star Dust*, with members of Paul Whiteman’s orchestra & Mr. Beiderbecke. For the next half century, *Star Dust* was one of the most oft-recorded songs in history. His songs in the Great American Songbook include *Heart & Soul*, *In the Cool*, *Cool*, *Cool of the Evening*, *The Nearness of You* & *Georgia on My Mind*. He appeared in several movies, his most famous as the piano player, Cricket, in Howard Hawks’ steamy Bogie & Bacall (“*You know how to whistle, don't you, Steve? You just put your lips together and... blow.*”) adaption of Ernest Hemingway’s, *To Have & Have Not*. He wrote many songs for the GIs during WWII & remained a popular songwriter, radio & TV guest into the 1960s. Ray Charles won Grammys in 1960 for his iconic version of Mr. Carmichael’s *Georgia on My Mind*, written 30 years prior! The *Guinness Book of World Records* listed the longest song title ever as one of Mr. Carmichael’s, *I'm a Cranky Old Yank in a Clanky Old Tank on the Streets of Yokohama with My Honolulu Mama Doin' Those Beat-o, Beat-o Flat-On-My-Seat-o, Hirohito Blues*. Which reminds us, *Cheetos* is suing *Peatos*, for trademark infringement.

Industry News: *PepsiCo* will buy *SodaStream* for \$3.2B. Investors may feel the price was too high, as *PepsiCo*’s stock price retreated. *Cava Group*, an operator of Mediterranean restaurants, will purchase *Zoe’s Kitchen* for about \$300M. *Tyson Foods* will acquire beef, chicken, pork & fish supplier *Keystone Foods* from *Marfrig Global Foods* for \$2.16B. *Keystone* supplies processed meats to grocers & restaurants, including *McDonald’s*. *Boxed*, eCommerce bulk retailer, raised \$111M, led by Japanese retailer *Aeon*, who will collaborate on logistics, robotics & data usage. *Sonoma’s Vintage Wine Estates* will enter a partnership with Jon Sebastiani & *Sonoma Brands*. An article in the *Cincinnati Business Courier* suggests *Kroger* may be interested in acquiring *Rite Aid* or more likely, Minnesota grocery chain *Cub Foods*. *Wingate Grocery Business*

indicates speculative interest in *Shoppers Food & Pharmacy's* 50 locations from *Giant, Harris Teeter, ShopRite & Publix*.

J.M. Smucker reported an increase in net sales (9%) & adjusted earnings (18%) for 1st QTR, due to recent acquisitions, but missed expectations. *Target's* stock price jumped as it beat analysts' 2nd QTR forecasts with a 6.4% traffic increase & a 6.5% increase in comparables, a 13-year high. *Hormel* reported 3rd QTR sales rose 7% to \$2.4B & earnings rose 15% to \$210.2M on acquisitions & strong turkey sales, but slightly lowered its future outlook. Weak poultry prices & high feed costs impacted *Sanderson Farms* 3rd QTR, with earnings falling to 50¢ from \$5.09 on a 8.5% revenue drop. Larger corn & soy harvests could lower future feed costs.

Walmart has filed patents suggesting the company will explore virtual reality shopping. *Los Angeles Distributing* will add chain grocery stores such as *Kroger, Safeway & Target* in SoCal. *Great Harvest Bakery* is exploring expansion in Europe, Japan & Canada with *World Franchise Associates*. San Francisco startup *Zippin* launched a small demo store, to compete with *AmazonGo*, with plans to quickly build full-sized, tech driven convenience stores. *Kroger* will begin phasing out plastic bags at Seattle-based *QFC*. All of *Kroger's* 2,800 stores will have reusable bags by 2025. *Raley's* is adding a new nutrition strategist & brand influencer role. Up to eight start-ups will be selected for the *Chipotle Aluminaries Project*, an accelerator program covering the areas of alternative farming, food waste/recovery & plant-based products.

Grand View Research reported the global energy drink market was \$43B in 2016 & will reach \$84.8B in 2025, growing at 7%. From a *Zion Market Research* study, the USA pet food industry was \$26.4B in 2016 & will reach \$30B by 2022. Growth continues in overall snacks & non-alcoholic beverages, sales rising 5% in the past four weeks, per *Nielsen & Wells Fargo Securities*. *Nielsen* also reports consumers prefer to make need-based shopping trips as opposed to big stock up trips, as 46% see grocery shopping as a chore, preferring to visit small stores in high traffic areas for their more immediate needs. Consumers (85%) make their dinner choice just hours before, reports *Acosta & Technomic*, leading to the rise in prepared foods, take-out & delivery. Younger consumers drive most of this activity. *Acosta & FMI* found that while shoppers look for Health & Beauty & General Merchandise at the supermarket, they likely make their purchase in a different channel, costing stores billions of dollars in lost revenue.

Market News: The FED confirmed steady growth. New unemployment benefit claims fell to 210K, lower than expert predictions & remaining at 50-year lows. USA households' savings rate rose to 7.2% from 3.3%, due to tax cuts, per the BEA. Markets rallied to records.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malenka*

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