



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

**"OUR EARS SPAN ALL FIELDS"**



**DEMETER WAS THE GREEK GODDESS** of fertility, the cycle of life & the harvest. Demeter's daughter, Persephone, was captured by Hades, the god of the underworld! Demeter was so sad & in such grief, the world became dark & cold, & there was no harvest. She tried to find her daughter, but couldn't! Zeus intervened, sending his messenger Hermes to retrieve Persephone. Hades let her go but gave her a pomegranate, a symbol of fertility. She ate the seeds & became bound to Hades for a third of each year; *the cold of winter, the summer drought, an early autumn or a wet spring!* It is no wonder people rejoiced with a festival when the harvest was bountiful!

**WE SOW, WE HARVEST:** Over the ages a bountiful harvest meant surviving the bitter winter! People held festivals & gave thanks that the seeds they sowed would provide them plenty for the winter! Besides thanking God for the harvest, the first Thanksgiving was truly an American holiday; the Pilgrims celebrating the fruits of their hard work & labor! We know from the Bible, age old adages & even fables, *you reap what you sow & the more you sow, the more you will reap.* But what we sow goes far beyond the seeds we put in the ground, plow, water, weed & nurture. We plant seeds of kindness, charity, generosity, knowledge, humor, ethics, morals & values! These too, will return more over time, if they are watered & nurtured. But TD Jakes advises not to water what you don't want to grow in your life & that which cannot be fixed, saying, *"Water what works, what's good, what's right...If you water what's alive & divine, you will see harvest like you've never seen before. Stop wasting water on dead issues, dead relationships, dead people, a dead past. No matter how much you water concrete, you can't grow a garden."*

**INDUSTRY NEWS:** *WellWell*, functional plant-based beverage, raised \$3.9M led by *Sweat Equities*. Hard kombucha *Flying Embers* raised \$25M led by the *Ecosystem Integrity Fund & PowerPlant Ventures*. *AB InBev* will purchase 68.8% of *Craft Brew Alliance* for \$321M to own 100% of the brewer. *Refresco*, worldwide bottler, will acquire *AZPACK (Arizona Production & Packaging)* located in Tempe, AZ. *Molson Coors* will take a minority stake in beverage incubator *L.A. Libations*, expanding its access to developing non-alcohol beverages. *First Beverage Group* enters the CBD market with an investment in *Mad Tasty*. *Givaudan* will buy *Ungerer* (\$250M in sales) a flavor, fragrance & specialty ingredients company. Meal-kit delivery company *Purple Carrot & New Crop Capital* are partnering on *The Garden*, a seed investment fund to develop plant-based & cellular food/ beverage brands.

*Target's* 3<sup>rd</sup> QTR revenue rose 4.7%, comparables rose 4.5% & net earnings jumped 22¢ to \$1.39 per share as customers responded well to their new *Good & Gather* brand. Revenue rose 2.5%, comparables 3.1%, eCommerce 41% & income nearly doubled for *Walmart* in 3<sup>rd</sup> QTR. *BJ's Wholesale Club* topped 3<sup>rd</sup> QTR earnings by a penny on flat revenue & comparables. Following a strong 4<sup>th</sup> QTR report & fiscal 2019 report, *Natural Grocers by Vitamin Cottage* will issue a dividend to stockholders for the first time. *Loblaws* reported flat adjusted net earnings in 3<sup>rd</sup> QTR with a 2.3% revenue increase. *Hostess* reported 3<sup>rd</sup> QTR sales rose 8% & net income fell 4% on the sale of certain assets. Branded business sales lifted 3<sup>rd</sup> QTR

results at *Flower Foods*, with sales up 4.7% & income up 9%. In *Lancaster Colony's* 1<sup>st</sup> QTR, net sales rose 6% with a 4% net income gain. *B&G Foods* saw 3<sup>rd</sup> QTR sales & income fall slightly. Sales fell 5.3% at *Treehouse Foods* in 3<sup>rd</sup> QTR with a \$177.8M loss due to impairment charges. Foodservice drove full-year *J&J Snacks'* revenue up 4% while net income fell 9% due to tax advantages realized last year. *Tyson* missed 4<sup>th</sup> QTR estimates. Due to the uncertainty of African swine flu on the Chinese market, *Tyson* did not provide market guidance to analysts. Despite a soft 3<sup>rd</sup> QTR, *Weston Foods* met expectations as the company tries to stabilize performance. *Wendy's* reported 3<sup>rd</sup> QTR sales up 9% but net income down 88% due to the sale of its interest in *Inspire Brands* last year.

*Ahold Delhaize USA* will pilot *Lunchbox*, a cashier-free checkout app. *Kroger & InFarm* will partner to provide fresh greens from farms inside *Kroger* stores. *Arizona Bashas' & Food City* stores will expand their baby departments with 600 new food, formula, diapers, wellness & other products. *Albertsons* is cancelling its *Plated* subscription service bringing the brand under its *Own Brands* products. *Walmart* is refreshing the produce section in all its stores with a dedicated organic section. *Walmart* will now offer voice ordering on its *Apple* mobile app. *Sam's Club* adds alcohol to its *Scan & Go* app. *Target* will offer *Shipt* same day delivery on its mobile app. *Instacart* workers are striking, asking that the tip default be set at 10% not 5%. *Loblaws* will build a 12K sq.ft. micro-fulfillment center with *Takeoff Technologies* inside one of its Toronto area stores. *Kroger* purchased a 58-acre site in Wisconsin for a new fulfillment center. *Big Y* will open two new Connecticut *World Class Market* locations creating 225 new jobs. *Southeastern Grocers* stores *Winn-Dixie & Bi-Lo* now offer 65 CBD products in Florida & South Carolina. *Tyson's* plant-based meat, *Raised & Rooted*, is now in 7K stores. *Nielsen's Global Connect & General Mills* will deepen their partnership as the retail CPG market becomes more competitive & fragmented. *Quiznos* will test plant-based corn beef in Denver. *UBS* reports that *Beyond Meat* may face margin pressure as competition grows. *Chobani* will launch a line of oat-based milk & yogurt products while *PepsiCo* will discontinue its *Quaker Oats* beverage. *AB InBev* will invest \$100M to launch *Bud Light Hard Seltzer*. *ChickP* has developed a patent-pending technology in partnership with Hebrew University researchers that extracts up to 90% pure protein out of the chickpea seed, creating an ingredient with high solubility & a neutral taste. *Burger King* is being sued for cooking the *Impossible Whopper* on the same grill as its burgers. *Brew Dr. Kombucha* will face another lawsuit concerning its stated probiotic bacteria levels.

From *ServiceChannel*, 63% of consumers say they are likely to buy a full meal on-line this holiday season. Per a *Mondelez/Harris* report, 59% of adults (70% of millennials) prefer snacking to meals, looking for fresh, low sugar & low fat. Per *Deloitte*, more than 50% of consumers spend 30% of their budget on fresh foods, with more than two-thirds increasing their spend on fresh. Consumers cite spoilage as an issue. Researchers at several universities found that efficient sleep increased healthy & diverse gut microbiomes.

**MARKET NEWS:** Stocks fluctuated around record highs. Home/building starts & sales, the manufacturer's PMI & consumer sentiment all rose & jobless claims remained steady. Per *Gallup*, approval for the USA's current economic policies reached an all-time high, 57%.

**SEEDS, SPROUTS, GROW, HARVEST!**

THE LITCHFIELD FUND – *Tom Malenjo*

V6issue23.11.23.19

The Litchfield Fund is a family owned & operated limited liability corporation. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours & should not be considered investment advice or recommendations.