



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**NOT THAT MANY YEARS AGO**, newspapers editors shouted, "*Stop the presses*" to put out a special edition of a daily or maybe twice a day paper! Evening newscasts were just 15 minutes long! Movie newsreels brought stories from faraway lands & weekly newsmagazines went in depth on major events! Long distance phone calls were costly! Now, 4G & 5G keeps us constantly connected. At home, that powerful little WiFi modem connects phones, pads, laptops, TV, Apple TV, speakers, Playstation or Xbox; Alexa or Echo; security system & the locks, thermostat & lights; & even the stove, microwave, fridge, washer & dryer! Imagine if we really needed all the wires!

**BLAZING TRAILS:** Most people, if watching the Mel Brooks' classic comedy *Blazing Saddles* for the first time today, would certainly find the movie offensive! They definitely would not get the running joke uttered by the comic master Harvey Korman, angrily shouting, "*Hedley, it's Hedley Lamarr*" every time he is called Hedy! The reference is to an Austrian born actress, at birth named Hedwig, of incredible exotic, erotic beauty! Hedwig married wealthy & powerful men; industrialists, playwrights, musicians; became a Hollywood mega-star & had an unquestionable curiosity & spirit for life saying, "*Hope & curiosity about the future seemed better than guarantees. The unknown was always so attractive to me.*" She was a trailblazer! With no formal schooling or training, she tinkered with inventions her whole life, from improving stoplights to redesigning airplanes! She escaped The Third Reich to make her way to the USA & totally supported the Allied war effort. She tried to join the *National Inventors Council*, but was told her celebrity status was more important selling war bonds. But on hearing that radio-controlled torpedoes could easily be jammed & set off course, she decided to do something! Together with her friend, pianist & composer George Antheil, they used her idea of frequency-hopping radio transmissions to develop a device, based on a piano roll, to do just that! On August 11, 1942, their invention was patented, but it was not cost-effective to put into use on a ship for twenty more years. Today, her idea of secure radio transmissions based on frequency-hopping spread spectrum technology, is why your WiFi works securely! And it is why you can watch *Blazing Saddles* from anywhere you prefer! And if you do, you will see Mr. Korman's response of "*Hedley it's Hedley Lamarr,*" every time someone calls him *Hedy Lamarr*! Ms. Lamarr may have been underestimated, but she never underestimated herself, had confidence in her own abilities, the desire to seek the unexpected & an unending love of life, which she summed up this way: *[Just] because you don't live near a bakery doesn't mean you have to go without cheesecake!*

**INDUSTRY NEWS:** To expand its franchising options, *Liberty Tax* will acquire *The Vitamin Shoppe* for \$208M in cash. Israel's *MetoMotion* raised \$1.5M in a seed round from an undisclosed Dutch investment firm for its *Greenhouse Robotic Worker*, called *GROW*, which detects ripeness in greenhouse tomatoes & harvests them. *DuPont* is considering a \$20B sale of its fast-growing nutrition & biosciences business. *Sara Lee Frozen Bakery* will acquire sweet-goods maker *Superior Cake Products* from *Hostess* for \$65M in cash. *Aramark* purchased college campus delivery service *Good Uncle*. Spirits giant *Diageo* acquired non-alcoholic herb & botanical spirits maker *Seedlip*. *FTD Companies*, working their way through bankruptcy, will sell *Shari's Berries* to *1-800-Flowers* for \$20.5M. Argentinian startup *BeeFlow* raised \$3M from *Ospraie Ag Sciences* to help bees improve pollination & teach them to pollinate specific crop types. *Impossible Foods* CEO Pat Brown says there are no plans to take the company public.

Still digesting its merger, *Keurig Dr Pepper* had flat sales but beat EPS expectations for the 2<sup>nd</sup> QTR. *Tyson's* 3<sup>rd</sup> QTR saw sales increase 8% & EPS jump 25%. Higher costs led to a \$64.5M 2<sup>nd</sup> QTR loss on a 5.5% sales drop. After a challenging 2018, *Pilgrim's Pride* saw a slight 2<sup>nd</sup> QTR revenue increase but a 58% increase in net income. *Kellogg* beat Wall Street 2<sup>nd</sup> QTR expectations for revenue & income on the strength of its snack business. Net sales fell slightly due to the sale of *Pirate's Bounty* to *Hershey* for *B&G Foods*, but income beat 2<sup>nd</sup> QTR expectations. Sales fell 14% with a \$171.8M loss in 2<sup>nd</sup> QTR as *Treehouse Foods'* downsizing continues. *Post* was lower for sales (11%) & income (83%) as a result of interest expense, cash adjustments & settlement during 3<sup>rd</sup> QTR. *Natural Grocers by Vitamin Cottage* saw comp sales rise 2.4%, net sales grow 5.3% with net income flat during its 3<sup>rd</sup> QTR. Espresso sales drove *Dunkin'* to a 2.5% revenue increase but income fell slightly on debt-retirement. For *Weis Markets'* 2<sup>nd</sup> QTR sales (1.9%), comparables (1.4%) & income (7%) all rose due to price reductions & grocery pickup & delivery. *Publix* also reported a strong 2<sup>nd</sup> QTR driven by Easter sales with income rising 9.5% on a 6.8% sales increase & comps up 4.8%. Beef & prepared foods drove *Ahold Delhaize* had a flat 2<sup>nd</sup> QTR as better performance offset strike impacts.

*Market Force's* annual survey of favorite fast food chain put *Chick-fil-a* on top with a 79% satisfaction rating while *In-N-Out* took the top burger spot with a 73% satisfaction. *Brandless* will sell in-store instead of just on-line, give up its \$3 price point & enter the CBD market. *Snap Kitchen* has expanded meal delivery to 15 cities. *Food Lion* will accept the *Healthy Savings* card, a plan used by employers & healthcare providers to encourage purchase of healthier foods. *Giant* opened its second *Heirloom Market* in Philadelphia. Per *Placer.ai*, consumers are making more visits to retailers. Visits during 2<sup>nd</sup> QTR increased at *Walmart* (14.1%), *Target* (8.5%) & *Safeway* (7.2%), while *Aldi* dropped 2.4%. *HEB* led the way in visits with 8.5 customer visits in the quarter. Home prices appreciate faster near an *Aldi* grocery store, per real estate information firm *ATTOM Data Solutions*. *HEB* will open a second tech hub in San Antonio. *Giant Eagle* will open a tech hub for 150 workers in suburban Pittsburgh. *Tyson* will open an automation center to develop automated & robotic meat-packing solutions. *Tesco* supermarket will cut 4.5K U.K. jobs at 153 *Metro* stores to improve & meet consumer usage. Meal-kit maker *Home Chef* will triple its production with a move to a 200K sq. ft. in San Bernardino, CA. *Pizza Hut* may close up to 500 dine-in locations as it focuses on carryout & delivery. *Walgreens* will close 200 USA stores. *AriZona Beverages* & *Dixie Brands* will enter a 3-year relationship to produce cannabis products. *Gardein* has launched new plant-based selections in a variety of categories, sausages, breakfast bowls, skillet meals, chicken wings & others. *Subway* will offer a *Beyond Meatball Marinara* selection. A *Bloomberg* article pointed out that restaurants offering alt-meat burgers are likely grilling or frying them on the same surfaces as meat patties. The CPG industry provides 2.3M USA jobs & \$151B in labor income, per the *Grocery Manufacturers Association*.

From the *2019 Chicken Marketing Summit*; consumers see more positive attributes in chicken than in other meats. Flour mill production continued downward in the latest period. World sugar markets are tightening as low prices have caused lower production. The EU & USA signed an agreement to triple the amount of USA hormone-free beef shipped to the 28 EU members. Per the *Purdue Center for Commercial Agriculture* report on farmer sentiment, USA farmer's confidence in the agricultural economy soared in July & expectations that the trade dispute with China will be resolved to the USA farmer's benefit rose to their highest level of the year, the index up to 159 in July, the highest reading in more than two years!

**MARKET NEWS:** Markets fluctuated on trade & China manipulating the yuan.

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

**THE LITCHFIELD FUND** – *Tom Malenjo*

V6issue08.08.10.19

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.