



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

The first tavern likely arose soon after Neolithic man, still a cave dweller, learned to ferment! He liked his brew & invited his buddies for a swig! His wife likely said, "*If you are going to make that foul-smelling stuff, you should at least get them to pay you in grains & eggs! And take this junk to the empty cave on the corner!*" So, he moved his fire & kettles, put up a sign (*Thuk's Place*) & a group of quirky but caring regulars showed up. Someone poured the brew, another beat out a tune on a hollow log while people talked & shared their troubles! A place where everybody knew your name, be it *Uck, Muck, or Nuck: the corner bar!*

Down on the Corner: Everybody's idea of the corner bar is a lot like the 1980s TV smash, *Cheers!* But Archie Bunker strolled into Kelcy's Bar when The Meathead bugged him too much & Homer gets away to Moe's Tavern. (There actually was a short-lived 1972 TV series named *The Corner Bar* starring *Dead End Kid/Bowery Boy* Gabriel Dell!) Growing up, Dad frequented (often too often) a traditional corner bar, *Di Cillo's Tavern*, with greasy burgers & fries & Friday night fish fries! In college & just after, the corner bar we visited was actually named *Moe's Tavern*, serving sausage sandwiches & roast beef sandwiches with the best sinus-clearing, brain-numbing horseradish ever! Later, there was an out of the way country bar with live music & dancing followed by a traditional, if upscale, Irish pub! Today, the bar on the corner is the *O.H.S.O.* (*Outrageous Homebrewer's Social Outpost*); whose very name implies a history similar to our Neolithic buddy, Thuk! Urban, upscale, lots of big-screen TVs & a dog patio larger than the bar, everybody meets there – *to look at their phones!* In a world that seems to be needing social interaction beyond look-at-me selfies & hashtags, perhaps the neighborhood corner bar is the solution. With today's divisiveness & hectic lifestyles, *making your way takes everything you got!* *Wouldn't you like to get away?* Some place where they're always glad you came? Some place to go where people know, that people are all the same, where you can see, our troubles are all the same? *Where everybody knows your name!*

Industry News: *Lidl USA* will buy 27 *Best Market* supermarkets in New York & New Jersey, terms not disclosed. Terms were not disclosed as *SpartinNash* purchased *Martin's Super Market*. *Beyond Meat* filed for a \$100M IPO (symbol BYND) with the SEC. *Standard Cognition*, a self-checkout technology, raised \$40M led by *Initialized Capital*. Total funding for the startup is over \$50M. *Ecosystem Integrity Fund* invested in *Flying Embers*, better-for-you alcohol products such as hard kombucha & probiotic beer. *Stonewall Kitchen* acquired (terms not disclosed) *Spruce Naturals*, parent of *Napa Valley Naturals*. *Treehouse Foods* is looking to sell its trail-mix business. *T. Marzetti* (*Lancaster Colony* subsidiary) acquired garlic bread maker *Omni Baking* for \$25M. *Fuji Oil Holding* will acquire *The Blommer Chocolate Co.*, the largest cocoa processor & ingredient chocolate manufacturer in North America, for an undisclosed amount. *Wild Friends Foods*, nut

& seed butters, closed a \$3.5M raise from *Cambridge Companies SPG*. *Campbell Soup* & investor *Third Point* reached an agreement to add two of *Third Point's* proposed directors to its board.

Target bested 3rd QTR revenue expectations on comparables of 5.1%, but earnings, while up 20%, missed expectations. *BJ's Wholesale Club* beat forecasts as 3rd QTR sales increased 4.2% with a comparable store increase of 3.6%. EPS rose 14¢ to 39¢. In 3rd QTR, *Smart & Final* reported revenue rose 2.8% & adjusted EPS was 23¢, up 6¢. Net income grew 68.7% in *Natural Grocers by Vitamin Cottage's* 4th QTR as comparable store sales jumped 6.8% & basket size rose 2.5%. Sales were up almost 10%. *Post Holdings* reported 4th QTR revenue on target with analyst predictions but reported a \$15.6M loss, due to the *Weetabix* business. *Post* will spin off its *Active Nutrition* segment, (protein drinks, powders, nutrition bars & other health products) which has \$827M in sales. *Campbell* had a revenue increase of 25% for 1st QTR due to the purchase of *Snyder's-Lance*. Adjusted EPS of 79¢ beat guidance by 9¢, though higher promo & supply chain costs impacted profit. *Hormel* missed revenue forecasts as 4th QTR grocery & turkey sales fell, but beat EPS estimates. *Jones Soda* saw revenue fall 5.4%, doubling its prior year loss to \$424K.

Lucky's Market will partner with *Shipt* for delivery in 18 cities across six states. Animal-free dairy maker *Perfect Day* announced a plant-based protein development agreement with *Archer Daniels Midland*. *Blue Apron* is temporarily halting its *Costco* meal-kit program. *ShopRite* will offer *Perdue Farms* NAE (no antibiotics ever) chicken in its *Prepared Kitchen* items. *Publix* opened its 6th *GreenWise Market*. *Ahold Delhaize* will launch a data optimization & insight multi-channel digital media service called *Peapod Digital Labs Media Partnerships*. The *Soulfull Project* breakfast brand will separate into its own brand. *Monster Energy* won a trademark infringement suit against *Supply Network, LLC*, owner of the brand *Monster Mobile*.

From *Pew Research Center*, 45% of USA adults feel organic fruits & vegetables are healthier than conventionally grown produce (10% lower than 2 years ago) while 51% are indifferent. Per *Bloomberg*, free-range egg sales increased 8.5%, cage-free eggs were up 3.9% & standard caged eggs rose 0.3%. *IRI* reports pastured egg sales jumped 32%. The FDA & USDA will jointly regulate cell-cultured meats; the FDA will regulate cell collection & storage while the USDA will cover harvesting, production & labeling. In a *Vixxo* survey, 87% of grocery shoppers want to shop in stores (96% for baby boomers & 81% for millennials) with 84% wanting to see & choose products.

Market News: Markets rose this week on FED comments that rates are near neutral, suggesting a less hawkish & anti-economic growth FED action plan. Terms of the historic USMCA trade agreement were finalized & signed, Congress must now approve. Spending & income rose, again.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund – *Tom Malenka*

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