



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE ARTIST PREPARES A CANVAS. He selects his brushes & colors, mixing them to create the perfect shade. He applies the paint, adding textures, soft strokes for subtleness, bold strokes for passion. Shadowing takes some images out of focus, while light places emphasis on the subject. Balancing all of these, then adding a bit of perspective, results in amazing masterpieces: boaters having lunch, ballerinas preparing to dance, the creation of man, a beguiling lady with a crooked smile, a wrinkled old man in the shadows, the birth of a goddess, the last meal of a King, lonely diners watching the hours tick by, withering clocks, water lilies, endless staircases & starry nights.

LIFE IS AN ART: Despite the fact that we are carbon-based cells mapped by DNA, life is not a science. Though the mathematician philosophers tried, life is not a mathematical formula or computer algorithm set on RUN to produce a single right answer. There is not a day planner, google calendar, resource guide or playbook to get you through it. They say life is a series of curveballs. But more often it seems like a series of hard sliders, high & tight, designed to back you away & make you wary of the next pitch! In life, we try to mix the colors just right, find the right hues, apply some softly & some with bold passion, to create the images we need in our life. You can shade some images out of focus, shed light on important ones, balance all of this & then add some perspective. In the end, while we hope to create a masterpiece, most of us don't really have that expectation. Yet we don't want to be Ben Rogers, applying whitewash to Tom Sawyer's fence for him! We are constantly bombarded by news, images & information that seems designed just to upset us, worry us, frustrate us & make us fearful. Sometimes it seems like people willingly share their animosity, anger & willful ignorance just to bring us down into the depths of their misery. These are life's hard sliders. But in life, you get another turn at bat. When you step into the box, you take with you your faith, your values & the love & support of those who you know truly care about you. These are the images to shed light on when you paint your canvas! It's your canvas, not Tom Sawyer's or anybody else's. So shade out those images that take you down, place them in the dark shadows where they were born. Add balance & perspective to the images in between, to bring them more clearly into focus. Leonardo da Vinci said, "*Perspective is to painting what the bridle is to the horse, the rudder to a ship.*" You have many methods & tools to shape your masterpiece & your life! Use them all, for as Abraham Maslow said, "*If you only have a hammer, you tend to see every problem as a nail.*"

INDUSTRY NEWS: Alt-dairy maker *GOOD PLANEt Foods* raised \$12M led by *Cleveland Avenue*, with help from *GreatPoint Ventures*, *Tasseo Consumer*, *Stray Dog Capital* & *Lever VC*. CBD sparkling water startup *Infused Brands* raised \$8.6M from an unnamed family office. *DoorDash* raised another \$400M in capital, with a \$16B valuation, from *Durable Capital Partners LP*, *Fidelity Management* & others. Canadian hemp extract company *Charlotte's Web* closed on a C\$77.6M public offering. Livestock AI tech company *Connecterra* raised €7.8M, the round included *ADM Capital*, the French food safety company *Kersia*, *Breed Reply* & *SistemaVC*. Australian startup *Soil Carbon Co* has raised \$6.9M in seed funding, led by *Horizons Ventures*, for its microfungi & melanin crop inoculation process. To commercialize its micro-biome based biofungicide, *Boost Biomes* raised \$5M, led by *Yara International*, with *Viking Global* & *Y Combinator* participating. *TurtleTree Labs*, alt-milk from human milk cells, secured \$3.2M from *Green Monday Ventures*, *KBW Ventures*, *Artesian*, *New Luna Ventures*, *CPT Capital* & the VC arm of *Coller Capital*.

Upcycle & Co., sustainable fertilizer, raised \$825K led by *Tech Coast Angels*. Sustainable agriculture company & online grain marketplace *Indigo Ag* raised \$300M, participants include *Flagship Pioneering*, *Alaska Permanent Fund & Riverstone Holdings*. *PepsiCo* took a minority stake in *Rude Health*, alt-milk & cereal maker. Gaming organization *FaZe Clan* took an ownership stake in meal replacement startup *CTRL*. *Sesajal*, a producer of oils, grains & seeds, took a minority stake in plant-based snack brand *Rhythm Superfoods*. *GNC* has filed Chapter 11 bankruptcy as its largest investor & lenders agreed to a sale.

Kroger beat expectations in 1st QTR with increases in digital sales (92%), comparables (19%), earnings (40%) & sales (12%). *Sobeys* beat 4th QTR earnings expectations with across the board double digit growth.

Schnucks opened its first *EatWell* concept in Missouri. Also, *Schnucks*, with help from marketing/logistics company *Foodshed.io*, will purchase more than \$5M of local produce from farmers in *Schnucks'* footprint. Riding the success of its digital sales, *Kroger* was #51 on the *Computerworld* 2020 Top 100 best IT workplaces, making the list for the 3rd straight year & was the only food retailer listed. *Smart & Final* will use *Hypersonix's* AI analytics to support its digital transformation. *Brandless* will return just six months after closing, featuring a much more limited selection. *Thrive Market* has introduced its own frozen meals; focused on special diets, paleo & plant-based. *Target* will rollout fresh & frozen grocery pickup at all its stores by year end. Online grocer *FreshDirect* has introduced two-hour, on-demand express delivery in parts of New York City. *Voilà* by *Sobeys* has debuted in Toronto with one-hour customer delivery powered by *Ocado* technology. *Foster Farms* will launch *Smart Crust* frozen pizza line, with a crust made of chicken breast, egg whites & cheese, with 25g of protein & 4g of carbs. Grocers are concerned as to the lack of coins in the marketplace, as recent issues have driven online & cashless sales higher. Some retailers are restarting self-service fresh & prepared foods stations while others are converting that space to other uses, the decision based mostly on local guidelines. Several grocery retailers are making recent emergency pay increases permanent. Seattle city council did enact a \$2.50 pay increase per delivery for drivers. After 99 years, *Dreyer's* will drop the *Eskimo Pie* branding. *Bayer* settled its *Roundup* lawsuits for \$10.5B, but will not change the product label, perhaps opening the risk of more lawsuits. The Administration extended farm bailout to the lobster industry.

About 25% of Americans spend \$19B a year avoiding products containing the top nine allergens, per *Food Allergy Research & Education*. Per *Nielsen & the Wall Street Journal*, grocery pickup has risen 81% as customers & retailers seek cost effectiveness. USA co-ops saw a 5.7% April sales decrease & 1.4% in May, according to the USA Census Bureau, with consumers likely seeking price consistency & one-stop shopping at larger groceries. Per *Credit Suisse & Catalina*, packaged food sales are up 20% YOY, with across the board category increases. The *Rudd Center for Food Policy & Obesity* reports beverage companies spent \$1.04B to advertise sugary drinks, a 26% increase over 5 years. Per data from *Nielsen & Goldman Sachs*, the early summer has seen across the board increases in beverage sales. Sparkling water is the fastest growing segment & bottled water reversed a previous slide, growing 4.2% in the most recent period. From a study in the *American Journal of Clinical Nutrition*, snacking on whole almonds improves the endothelial function & lowers LDL cholesterol in adults with above-average risk of cardiovascular disease.

MARKET NEWS: In another up & down week, stocks closed lower on a variety of economic news, some of the news causing investor concern as to the speed of the recovery.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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