



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

**"OUR EARS SPAN ALL FIELDS"**



**"WHO KNOWS WHAT EVIL LURKS** in the hearts of men? *The Shadow* knows." (Cue the ominous laugh.) *The Shadow* may know, as he had the ability to *cloud men's mind!* For us mere mortals, we never know the evil that people really plan to do, hidden behind good intentions. An ancient proverb tells us, "*The road to hell is paved with good intentions.*" Often good intentions have unintended bad consequences. Sometimes, good intentions are just empty promises, remaining unacted upon & unfulfilled. Should we be wary of people's good intentions? Aldous Huxley said, "*Hell isn't merely paved with good intentions; it's walled & roofed with them... & furnished too.*"

**GOOD INTENTIONS:** Rod Serling's TV series, *The Twilight Zone*, often explored social, moral & ethical issues with twisted, sardonic, irony. In an episode from season 3, aliens land on Earth. The Kanamits, an intimidating 9-foot-tall, 350 lbs. species, have come to Earth to help humanity. One Kanamit speaks before an assembled United Nations, which is already dealing with international & humanitarian troubles. The Kanamit tells the United Nations' ambassadors that his people will provide technology that creates inexpensive electricity, a fertilizer that grows enough crops to end famine & a defense system that prevents future international wars. The Kanamit, after explaining his good intentions, leaves behind a book, written in the Kanamit language, that details their intended benevolence. The world leaders are skeptical. The USA goes to work, assigning two cryptographers, Michael & Patty, to translate the alien's manifesto. The Kanamit even submits to a polygraph, the results seem to assure the Earth of his altruism. Michael & Patty can only translate the manifesto's title, *To Serve Man*, which also adds credence to the alien's claim. The Kanamits offer to take humans back with them to their planet, which they say is a paradise. Humans readily volunteer & after much consternation with Patty, Michael decides to go. Amongst great fanfare, the humans board the spacecraft, Michael the last in line. Patty pushes through crowd & just as the doors are about to close. She shouts, "*Don't get on that ship! The rest of the book, To Serve Man, it's... it's a cookbook!*" From H.L. Mencken, "*The urge to save humanity is almost always a false front for the urge to rule.*" (Or in this case, *stir-fry with garlic?*) Ralph Waldo Emerson agrees & warns, "*A good intention clothes itself with sudden power. When a god wishes to ride, any chip or pebble will bud, shoot out winged feet & serve him for a horse.*" C.S. Lewis tells us, "*Of all tyrannies, a tyranny sincerely exercised for the good of its victims may be the most oppressive. It would be better to live under robber barons than under omnipotent moral busybodies.*" But as Lebanese-American philosopher & author Khalil Gibron reminds us, there is something much better than good intentions, commenting, "*The smallest act of kindness is worth more than the greatest intention.*"

**INDUSTRY NEWS:** *Peatos* raised \$7M led by *Jackson Springs Management Partners & Connetic Ventures*. *Kos*, plant-based protein & functional ingredient supplements, closed on \$2.1M led by *Springdale Ventures & Walter Robb*. *Honey Mama's* raised \$4.5M led by *Amberstone Ventures*. *Quinn* snacks raised \$3M with current investors including *BFG Partners & Echo Capital*. *Spudsy*, sweet potato snacks, raised \$2M led by *Karp Reilly* with *Stage One Financial* involved. Coffee subscription service *Trade* raised \$9M in a round led by *Madrona Venture Group*. Data science company *Climax Foods* raised \$7.5M for AI research to make plants taste better than conventional proteins, from several investors. *Sage Robotics*, robotic strawberry pickers & agri-robots that blast fungus with UV light, raised \$11.3M from *Nysno, ADM Capital, Cibos*

*Enterprise Fund & Rabo Food & Agri Innovation Fund.* Bunge made a \$30M capital investment in *Merit Functional Foods*, plant protein manufacturer. *Liquid I.V.*, powdered hydration mix, was acquired by *Unilever*; terms not disclosed. *Nestlé* is buying *Aimmune Therapeutics*, a biopharma firm that reduces childhood peanut allergies, for about \$2.6B. *A2 Milk* made a \$176.1M non-binding offer to buy a 75.1% stake in dairy nutrition company *Mataura Valley Milk*. Specialty food *Premium Brands* will acquire distributor *Allseas Fisheries* & ready-to-eat manufacturer *Gourmet Global Foods*. *Guru* energy drink will file for a public offering in Canada. *Laird Superfood*, with \$13.1M in revenue, is filing for a \$40M IPO.

*Hain Celestial* moved to profitability in 4<sup>th</sup> QTR as 4<sup>th</sup> QTR sales increased 2% & adjusted earnings rose 40.3%. Demand drove sales up 11% at *Smucker* as 1<sup>st</sup> QTR net income rose 53%. *Campbell*, after a 4<sup>th</sup> QTR loss a year ago, posted net income of \$86M on an 18% sales increase, beating expectations. Sales & income in *Hormel's* 3<sup>rd</sup> QTR were basically flat as foodservice & employee health issues weighed on results. *Dollar General* saw a 24.4% 2<sup>nd</sup> QTR sales jump, an 18.8% comparable store increase, with earnings up more than 90%. *Dollar Tree* had 2<sup>nd</sup> QTR earnings increase 44.7% with a 9.4% revenue increase. *Big Lots* beat earnings expectations with a 31.3% same store sale improvement & 31% sales increase.

*Publix* is ending its one-way aisle rule. *Fresh Thyme Market* refreshed its logo & branding. *Southeastern Grocers* is selling 23 *Bi-Lo* & *Harvey's* supermarkets. *Walmart* will roll out *Walmart+*, an enhanced on-line & in-store membership, that includes unlimited same day free delivery. *HelloFresh* will build out several new USA distribution centers to expand its USA delivery presence. *Amazon* won FAA approval for its drone delivery. *Whole Foods* opened an eCommerce only store in Brooklyn. *Heinen's* has a new eCommerce site, built & operated by *Instacart*. *Instacart* will deliver same day from 7,000 *7-Eleven* stores. Washington DC is suing *Instacart* for allegedly charging customers with deceptive service fees & not paying sales tax on those fees. *Giant Eagle* will roll-out *Grabango's* checkout-free technology at a Pittsburgh *GetGo Cafe+Market*. *SpartanNash* will rollout contactless payments to all its stores. *Tops* will pilot a shop & scan application. *Amazon* will bring its cashierless payments to *Whole Foods* in 2021. *Target* will create a premium collection, *Good & Gather Signature*, part of its *Good & Gather* label, adding 600 items. *Loblaws* will add meal-kits from local restaurants. *Tyson* will partner with *Marathon Health* to open health clinics near seven manufacturing locations. DTC brand *Hungryroot* will launch national TV commercial spots. *Herbalife* will pay a \$122M fine for violations of the Foreign Corrupt Practices Act & other business practices. The USDA is establishing seven AI-institutes to explore food technology & science.

Per *NPD Group*, restaurant transactions were just 9% lower YOY in the last period, continuing a steady improvement since April. According to *Agtools*, the kale market has shrunk 25% in the last two years. A *Bloomberg* report indicates the profitability of beef surpassed chicken, due to unexpectedly high beef sales this year & lower chicken price. Chicken had been expected to be the protein of choice for families staying home this spring & summer. Per *Nielsen*, summer apple sales are up 4%, 5% in item volume.

**MARKET NEWS:** Markets hit records early in the week. Reports included strong manufacturing indexes, new jobs beating expectations & unemployment falling to 8.4%, well below the expected 9.6%, despite remaining lockdowns in big state economies like NY, CA, NJ & others. Markets pulled back at the end of the week on profit taking & election uncertainty, which could lead to an economy restricted by higher taxes, increased regulation & new lockdown orders.

**SEEDS, SPROUTS, GROW, HARVEST!**  
**THE LITCHFIELD FUND** – *Tom Malenjo*

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