



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

WE BEGIN EACH DAY WITH PLANS! A promise to ourselves that today we get done a list of things! Work, chores, errands or even plans for some fun! But as many a philosopher, theologian, comedian & sourpuss have told us, *God & the universe laugh at our plans!* We do not know what each day holds & our plans are often interrupted, by flat tires, dead batteries, down internets, sick kids, needy pets & important telephone calls! Yet, it is human nature to plan & look to the future, despite the uncertainty & risk. So, we start each day, full of plans & promise, but as American poet Robert Frost warns us, "*The afternoon knows what the morning never suspected.*"

AFTERNOON RESULTS: American patriot Patrick Henry said, "*I know of no way of judging the future but by the past.*" But on every investment opportunity, every financial report or statement, every stock or mutual fund, we see the disclaimer, "*Past performance is not indicative of future results.*" Investors look at past performance to judge how well a company or entrepreneur has managed, especially in 2020, the upturns, downturns & upturns of the economic cycle. But investors buy stock, or invest in a startup, because they are seeking future return. They are not investing in what a company is today, they are investing for what it will be tomorrow! When it comes to the stock market, investors look to future earnings & the economic climate. The value of stocks rises, like this week, when investors feel the economic climate will be positive with low taxes, reduced regulations, full employment, increased spending & low inflation. Stock prices fall when investors see the opposite, lower future earnings & a restrictive economic future. When it comes to investing in startups, investors want to know what an entrepreneur has done, but they are investing their money in what the company will be! Entrepreneurs need to manage the here & now, but not lose focus of how they are positioning their company for the future, for as Samuel Johnson writes, "*The future is purchased by the present.*" They need to demonstrate that their product is differentiated, in a growing segment, serving a need or solving a problem. Entrepreneurs need to remember the future starts now, this moment. Albert Einstein said, "*The distinction between the past, present & future is only a stubbornly persistent illusion,*" & comedian George Carlin concurs saying, "*There's no present. There's only the immediate future & the recent past.*" It is hard for entrepreneurs, with their morning plans always being interrupted by the needs of their business, to prepare for the afternoon & achieve those elusive future results! But have faith; you can do it! From Harriet Beecher Stowe, "*Every tomorrow has two handles. We can take hold of it with the handle of anxiety or the handle of faith.*"

INDUSTRY NEWS: Sales increases drove a \$50M raise for alcohol delivery company *Drizly*, led by *Avenir* with *Tiger Global* & others participating. *Celsius* raised \$22M from two undisclosed global institutional investors. *Hint*, flavored water, raised \$25M led by *Springboard Growth Capital*, with participants *Gingerbread Capital* & *Medina Heights Capital Partners*. *Lemon Perfect* beverages closed on \$6.6M led by *Skyview Capital*, *Beechwood Capital* & *The Big Squeeze* with *Goat Rodeo Capital*, *LivWell Ventures*, *Melitas Ventures*, *R3 Venture Products*, the *RCV Frontline Fund* & *Stage 1* involved. *Sol Cuisine*, gourmet plant-based protein foods, closed C\$10M led by *BDC Capital Industrial Innovation Venture Fund*, with existing investors *EDC*, *New Acres*, *InvestEco* & *Planted Power*. *Lever VC* raised \$23M to invest in 20 to 25 early stage alt-plant & cell-based protein companies. *L Catterton* made an undisclosed strategic investment in eCommerce brand *Public Goods*; essential grocery, household & personal care products. Dog food

Sundays, air-dried kibble, raised \$2.27M from *Red Sea Ventures*, *Box Group*, *Great Oaks Ventures* & *Shrug Capital*. *Waterloo Sparking Water* has been acquired by *Flexis Capital* & *Eurazeo Brands*. *Nestlé Health Science* will acquire *IM HealthScience*, who produces products for unmet medical needs; terms were not disclosed. *Eat Just* will consider a 2021 IPO, per Reuters, with indications the company's profit is on track.

Walmart's 2nd QTR adjusted earnings rose 22.8%, ecommerce 100%, comparables 9.3% & revenues 5.6%. *Target* saw net income increase more than 80% in 2nd QTR as digital sales grew 195%, same-store sales grew 24.3% & revenues rose 24.7%. *A2 Milk Company* reported in its annual report a 33% global revenue increase & a 93% USA revenue gain. *BJ's Wholesale Club* saw quarterly earnings rise 96% & revenue 18%.

Walmart will extend hours at 85% of their stores. *Afresh*, AI-platform to optimize food freshness, will partner with *Heinen's*. *FreshDirect* will expand its delivery footprint in the suburban NYC area. *DoorDash* will offer delivery from *Smart & Final*, *Meijer* & *Fresh Thyme Farmers Market* & will add *Hy-Vee* in the Midwest & *Gristedes/D'agostino* in NYC. *Shipt* will drop its membership fee to allow for pay-by-order. *Save Mart* will expand its use of *Revionics'* AI-software to guide pricing decisions. *Darigold* is reorganizing to launch a new dairy ingredients business & facility. *Kellogg* will invest \$43M & add 40 jobs to its Zanesville, OH, *Morningstar Farm* manufacturing plant. *Amazon* will invest \$1.4B in its USA tech hub operations, creating 3.5K jobs. Recognizing the growth of ghost kitchens, *US Foods* has created a ghost kitchen program for foodservice operators. *Walmart* has relaunched its private label wine, *Winemaker's Selection*. *Nestlé* will launch a plant-based *Garden Gourmet* tuna made from six ingredients. *Tofurky* launched *Moocho*, a line of dairy-free alternatives for shredded cheese, cream cheese & cheesecake. USA Customs & Border Patrol (CBP) collected a \$575K fine from stevia producer *Pure Circle USA* for importing sweetener that was made by Chinese prison labor. *Stop & Shop* raised more than \$1M to support the USO! A Texas judge dismissed a lawsuit that accused egg producer *Cal-Maine Foods* of price gouging.

Per *TABS Analytics*, *Walmart* overtook *Amazon* for the first time, 30.4% to 27.1% in online grocery transaction share. Grocery sales rose 0.4% in July & 10.6% YOY. Several studies suggest that many consumers plan to continue using on-line grocery shopping even as the environment returns to normal. *Fortune* ranked *Target*, *Wegmans* & *Publix* as among the best places for millennials to work. Fifty-one natural products companies made the *INC. 5000 Fastest Growing Companies* list. *Lidl US* was number one in the *NRF/Kantar 2020 Hot 100 Retailers* list of the fastest-growing retail companies. Thirty-three grocery retailers made the list. Per *Packaged Facts*, increased dog adoptions will drive the pet supply market up 8% this year. *Brightfield Group* reports that 39% of CBD users are increasing use, 48% are stocking up & brick & mortar CBD sales reached \$17.6M annually. All channel CBD baked good sales were \$25.9M. *Global Data* found that 71% of global consumers said plant-based claims are somewhat or very appealing, compared to 42% for meat-free and 39% for vegan. The *Journal of Nutrition* reports that a daily dose of 600 mg of lipoic acid helped overweight individuals reduce weight & lose body fat. Mango demand & prices have been increasing this summer, per *Agtools Inc.*

PARTNERSHIP UPDATE: [Genius Juice, the organic Coconut Smoothie](#), was featured in [this great article in Forbes Online!](#)

MARKET NEWS: The S&P & Nasdaq set several new closing records finishing at record highs on Friday.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

V7issue10.08.22.20

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