



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**TWO PLUS TWO EQUALS FOUR.** It always has & it always will! Maybe that is why I became a math major. No matter the subject (Advanced Calculus, Topology, Advanced Geometry, Number Theory or Algorithmic Theory) or how long the proof (over 200 pages for just one problem on a take-home final); there was always only one right answer! Interestingly, the world's greatest mathematicians, Aristotle, Descartes, Newton, Spinoza, Pascal, Hilbert, Russell & others, were also among its greatest philosophers. They thought by using logic & reason, in the same way in which they solved hard mathematical problems, that they could answer life's deepest questions.

**ANSWERS:** Answering life's questions is at best difficult & at times, impossible. In the nebula of life, there are so many questions & unknowns, that often it seems like there is more than just one answer. Yet, some of life's hardest questions have already been answered for us! Some of these answers are in the Bible, others in the USA Constitution; such as Thou Shall Not Kill, Thou Shall Not Steal, Thou Shall Not Bear False Witness & the right to speak our minds, worship where, when & as we please, the right to the privacy & protection of our person & property & the right not to be excluded based on our race, religion or point of view. These few axioms describe the crucial respect we should have for others & for ourselves. These few statements form the basis of simple human & societal decency. Yet, we so often see these tenets violated by both individuals & groups. Mathematician & philosopher Bertrand Russell reminds us, "*Remember your humanity & forget the rest,*" & from Aristotle we hear, "*Today, see if you can stretch your heart & expand your love so that it touches not only those to whom you can give it easily, but also to those who need it so much.*" None of us should fall into the trap David Hilbert explains, "*Sometimes it happens that a man's circle of horizon becomes smaller & smaller, & as the radius approaches zero it concentrates on one point. And then that becomes his point of view.*" All these mathematician philosophers believed that nature, math & science could solve almost all problems. But to a person, they each believed that all truth, all real understanding, knowledge, respect, dignity & decency, came from within ourselves. These could only be found in the silent contemplation of our soul & heart. We may be living in ongoing troubling times, so let's be like Blaise Pascal, "*In difficult times, carry something beautiful in your heart.*"

**INDUSTRY NEWS:** *Seraphina Therapeutics* raised \$5.5M led by *Domain Associates*. *Finistere Ventures* led a \$20M raise for *Tovala* & their smart oven that automatically cooks their meal-kits & other foods. Farming company *Mahi Pono* led a \$2.3M round in Hawaiian *Shaka Tea*. *NextProtein*, a French-Tunisian startup producing insect-based animal feed & fertilizer, raised €10.2 million led by *Blue Ocean Partners*. *BeeHero*, precision pollination analytics, raised \$4M in seed money from *Rabo Food & Agri Innovation Fund*, *UpWest*, *iAngels*, *Plug-N-Play* & *J Ventures*. *Rise Gardens* raised \$2.6M for its indoor hydroponic growth system, led by *True Ventures*. *HALO Sport* announced that it received an undisclosed six-figure investment from Alabama-based *Gulf Distributing Holdings*. *Hellman & Friedman*, once majority owner of *Grocery Outlet*, will distribute its last 9.6M shares to equity shareholders. *JDE Peet's* IPO raised \$17.3B (one of 2020's biggest IPOs of the year) with *Acorn Holdings* retaining 62% of the shares & *Mondelez* 23%.

*SpartanNash* saw 1<sup>st</sup> QTR sales rise 12.4% while EPS rose 105%. *Walmart* beat earnings expectations, posting a 74% ecommerce sales increase. The retailer decided to discontinue its *Jet.com* platform. *Target*

had a 141% increase in 1<sup>st</sup> QTR eCommerce sales & a 10.8% comparables increase, but earnings were impacted by increased costs. *Costco* beat 3<sup>rd</sup> QTR EPS targets & had a 7.3% sales increase. *ShopRite* parent *Village Super Market* more than doubled 3<sup>rd</sup> QTR earnings on a 15.9% sales increase & a 13.6% comparables increase. *Campbell Soup* jumped 15% in sales & 31% in adjusted earnings. The soup maker raised fiscal guidance. *Flower Foods* had a 6.8% 1<sup>st</sup> QTR sales gain but showed a loss due to accounting charges. *Hormel* had a slight 2<sup>nd</sup> QTR revenue increase but net income fell 20% on higher costs.

*Sprouts* is moving toward a smaller store strategy with a farmers market format. *Ahold Delhaize's Food Lion* grocery chain plans to acquire 62 *Bi-Lo* & *Harveys Supermarket* stores & a distribution center from *Southeastern Grocers*. *Amazon* is launching food delivery in India. *Costco* will begin a slow rollout of customer sampling & demos this summer. Retailers have closed or shortened hours to deal with looting & vandalism. Pantry loading & other factors are causing *Coca-Cola*, *Mondelez*, *Proctor Gamble* & others to trim their SKU offerings to properly meet the demand. *Bang Energy*, *G Zero* & *bubbly* are among the top food & beverage companies in *IRI's 2019 New Product Pacesetters* report, each passing \$100M in sales. *Axiom Foods* will partner with *Brenntag Food & Nutrition* for distribution of *Axiom's* plant-based proteins. Foodservice company *Aramark* has set up over 100 pop-up stores in healthcare facilities. After a 2-year hiatus, the *Spangler Candy Company* will relaunch 173-year old *Necco Wafers*. *Bolthouse Farms* will end its *1915 Organic* line but reports increased sales as consumers seek immunity boosts. Some current & former top executives at *Pilgrim's Pride* & *Claxton Poultry Farms* were indicted for a 5-year conspiracy to fix prices for chickens sold to grocers & restaurants.

Per *Packaged Facts*, the pet sector will contract 17% due to discretionary spending decreases for pet services, leisure services & veterinarian services, slightly offset by increases in pet food & cat litter sales. Per *Coresight Research*, 85% of retailers & 92% of suppliers cite improved collaboration. Per *Nielsen* & reported in *Food Dive*, center store groceries such as rice, beans & canned tuna have shown increases due to pantry loading. From *IRI* & *SPINS*, natural product sales represent more than 8% of store sales & are growing faster than conventional product sales. On-line grocery sales had a record-breaking May, increasing 24% over April to reach \$6.6B, according to *Brick Meets Click* & *Mercatus*. *Acosta* reports that 51% of grocery shoppers expect life to return to normal in less than six months. Year over year sales in the 8 weeks ending April 25<sup>th</sup> for household care items rose 45.6% across all USA retail channels, per *Nielsen*. Per *Allied Market Research*, worldwide global gluten-free products will have a 7.2% CAGR through 2027, growing to \$7.5B. Globally, bottled water volume grew 3.6% in 2019, annual per capita consumption rose 3.1% & sales were up 5.7%. Per *Gallup*, grocery sales growth are flattening as restaurant pickup & delivery are increasing. Per *NPD*, restaurant sales showed slight upward movement, benefitting from Mother's Day. *Whole Foods*, *King Soopers*, *Giant Food* & *Wegmans* had the highest overall scores among plant-based food sellers in terms of product assortment, merchandising & marketing, per *The Good Food Institute*. An international group of scientists suggest that drugs created using ashwagandha & propolis, or even in their natural state, may help as a preventive or therapeutic to fight covid-19. *Motif FoodWorks* is partnering with researchers to replicate positive fats in plant-based foods.

**MARKET NEWS:** Markets, shaking off the impacts to small businesses of the continuing state governor mandated shutdowns & social unrest, rose all week, spiking higher on Friday. The USA added 2.5M jobs in May & the unemployment rate dropped, defying week long reporting that unemployment would rise!

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

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