



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**A GLORIOUS SUNRISE CAN PROVIDE INSPIRATION** for the day! A spectacular sunset seems to bring us comfort, washing away some of our daily troubles. The sunrise & sunset are proof that no matter what, the world keeps on turning & that every 24 hours *Ol' Ma Nature* has set aside a few moments for hope, inspiration, beauty & dreams. Naturalist John Muir offers, "*The grand show is internal, it is always sunrise somewhere.*" Whether it be with spouse, significant other, or a floppy eared, big black-nosed beagle, cartoonist Charles Schulz said, "*Some days, a beautiful sunset with your best friend can be one of the most peaceful & relaxing meditations of the day.*"

**FIRE IN THE SKY:** We enjoy both spectacular sunrises & sunsets here in *The Valley of the Sun*. Most often, it is caused by the wind raising the dry desert dust into the sky, creating a colorful & spectacular vista across mountain & desert, framed by cactus & palm trees. This summer, more than most, forest fires added dust & ash to the atmosphere, helping to decorate the morning & evening skies with red, orange & yellow. Forest fires caused by lightning are part of nature's cycle, but too often these fires are caused by human carelessness, stupidity, neglect & government mismanagement. By the 5<sup>th</sup> century BC, ancient philosophers from Greece, through the Mesopotamia, to the far reaches of Asia, had defined the four classical elements as water, air, Earth & fire. They believed everything in nature & life consisted of these basic elements. A few centuries later, Aristotle added aether, which he used to define that void that existed above the atmosphere. These ancient philosophers were also natural scientists, basing their philosophies on what they saw in the world around them. As early as the 7<sup>th</sup> century BC in Greece, Thales thought water was the underlying element of all matter & life, whereas Anaximenes believed that basic element to be air. Interestingly, considering that nearly 97% of the human body is composed of just 4 elements, oxygen & hydrogen (as both water & gas), carbon & nitrogen, they were correct! But why did they see fire, that destructive element we see in our city streets, as one of the elements that composed all matter? Because as natural scientists, they saw the purpose fire served in the natural cycle. In August '88, my friends & I rolled into *Yellowstone National Park* just as the *Great Fire* began. We worked our way north & out of the park over two days amid red skies, falling ash, muted sunlight & helicopters airlifting bison & moose to safer ground. A *National Geographic* study showed how mismanagement of the park, such as non-burn orders, had left every square foot of surface area resting atop dead organic material equivalent to 300 gallons of gasoline! The fire left broad swatches of land totally barren. Yet, within a few years, vegetation returned, trees sprang up & animals returned to forage. In *Yosemite National Park*, the mighty sequoia, naturally insulated by its fibrous bark, requires a fire to open its fallen spores. Without fire, these massive, millennium-old coniferous trees would eventually be exterminated! When Mt. St. Helens exploded in 1980, it turned a lush green mountain valley, considered one of the most beautiful & symmetrical lake & mountain scenes in the world, into a molten moonscape. Scientists said if life ever did return, it would take centuries. Yet, just a few years later, in the cracks of the harden molten rock, next to half buried houses & cars, sprang saplings & small forest animals who roamed for seeds, nuts & berries. Protecting nature, by properly managing our wild areas, trees, underbrush, etc., away from people, structures & power lines & allowing water to flow naturally when needed, is part of good conservation & our obligation to nature. That *fire in the sky*, no matter the cause, is nature's promise to us that it fulfills each & every day: *to paint the morning dawn with promise & brush the evening sky with solace.*

**INDUSTRY NEWS:** Chilean plant-based tech startup *NotCo* raised \$85M for USA expansion. Non-alcoholic *Partake Brewing* raised \$4M led by *CircleUp Growth Partners*. *Impossible Foods* raised another \$200M at a \$4B valuation led by *Coatue*, with *XN* participating. *Nestlé* will put \$30M into *Closed Loop Partners* to invest in sustainable packaging & recycling technologies. New investment rounds were closed by *Siddhi Capital*, *Tailwind* & *Advantage Solutions*, all seeking to acquire companies. Synthetic biology company *Zymergen*, genetic & microbe modifying technology, raised \$300M led by *Baillie Gifford*, with *Baron Capital*, *DCVC*, *True Ventures* & *SoftBank Group's Vision Fund*. *Atlantic Beverage* distributors acquired non-alcoholic beverage, food & snack brand distributor *Bayside Distribution*. *Beam Suntory* acquired premium RTD cocktail brand *On The Rocks*, terms were not disclosed. *Universal Corporation* will acquire *Silva International*, dehydrated vegetable, fruit & herb processing, for \$170M in cash. Per *AgFunder*, by mid-year 2020, innovative food investment surpassed the total category funding figure for all of 2019, raising \$1.1B, with higher per deal investment.

Ecommerce grew 127% in *Kroger's* 2<sup>nd</sup> QTR with sales rising 8.24% & earnings 65.9%. *Sobey's* saw 1<sup>st</sup> QTR sales jump 9%, same store sales 8.6% & income 48%. *FreshDirect* saw a 46% sales increase over last year's back-to-school period, indicating busy families are continuing to seek convenience.

*Albertsons* will offer at-home Covid-19 tests in select markets. *Whole Foods* will have pick up available at most of its stores by the end of September. *Whole Foods*, in a recently opened Manhattan store, added a mini-vertical-farm installation from *Farm.One*. *Kroger* will integrate & partner on its eCommerce site with *Dinner Daily*, personalized meal planning. *Walmart* will add drone delivery in North Carolina with *Flytrex*. *Walmart* will require suppliers meet stricter delivery times & fulfillment requirements to meet higher on-line demand. *Amazon* will co-locate with a shared store in a downsized *Kohl's* in California. *Amazon* opened a second grocery in Richmond, WA. *Farmstead* doubled its NorCal delivery area. *Wilde Brands* is opening a \$10M distribution facility in Kentucky, adding 50 jobs. *BrightFarms* expanded its Chicago area greenhouse to meet increased demand. *Molson Coors* launched several non-alcoholic SKUs: *Huzzah*, seltzer with added probiotics; *MadVine*, a 100% plant-based, diet soda; *Golden Wing*, grain-based milk alternative & a yet-to-be announced, nootropic performance beverage for focus & nutrition. A bipartisan bill in Congress could create a legal, easier path for legally marketing hemp-based supplements.

Research by the University of Sydney & Curtin University, published in *Frontiers in Nutrition*, found that 72% of Gen Z consumers were not ready to accept cultured meat, despite having a great concern for the environment & animal welfare. Online grocery sales were \$5.7B in August, down from \$7.2B in June but 475% higher than August, 2019, per *Brick Meets Click & Mercatus*. Order value reached a high of \$93, with 75% of customers planning to use online ordering in the coming months.

**PARTNERSHIP UPDATE:** *Genius Juice*, organic coconut smoothies, has doubled its footprint in recent months, reaching nearly 3K stores, adding over 600 *Publix* locations & 110 *HEB* locations. *Genius Juice* will be available in some 350 *Target* & 255 *Smart & Final* locations as well in September. Later this fall, *Genius Juice* will add a new *Vanilla Cinnamon Coconut Smoothie!*

**MARKET NEWS:** Markets were bouncing again this week as investors continue to take profit, decipher economic news which included strong spending reports & lower unemployment filings.

**SEEDS, SPROUTS, GROW, HARVEST!**

**THE LITCHFIELD FUND** – *Tom Malenka*

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