



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



MACHIAVELLIAN! The word conjures up the image of a cunning, scheming, evil-doer plotting world domination! This is the superficial treatment given by public & higher education to Niccolò Machiavelli's political treatise, *The Prince*, yet Machiavelli was a true Renaissance Man: author, poet, writer of comedies, the Father of Modern Political Science & Philosophy & diplomat. The phrase assigned to him, "*the end justifies the means*," actually came about more than 300 years after his death, written by a Russian terrorist, Sergey Nechayev. While Machiavelli's works may not be Dale Carnegie, they do offer intriguing insight on political, personal & business relations.

OF PRINCES: Machiavelli wrote *The Prince* to 21-year-old Lorenzo de 'Medici when he became ruler of Florence, to teach the young prince how to be a benevolent ruler. So how did a text, so rich in the concepts of human interaction, become the *Madman's Guide to Universal Domination*? Because so-called scholars fail to place themselves (as we often see) in the historical time, circumstances & events of Florence in 1513 A.D. Machiavelli believed the highest duty of a ruler was the security & safety of his citizens. He believed a ruler had to maintain law & order so that the citizenry could thrive & prosper. At this time, kings, princes, still feudal warlords & even Popes waged war, often for the slightest indiscretion or merely to gain the wealth & riches of their neighbors. The main war tactic in this era was siege, which led to famine, pestilence & death of the people. Kings & princes ruled by divine right, so they controlled every aspect of government, including appointing what we would consider to be mayors, governors & judges. Rulers changed only upon death, which was often by assassination & not necessarily from rivals, but from friends, confidants & family members! This is why, in brief, that Machiavelli, believing Lorenzo to be a good man (perhaps a rarity for the de 'Medici family), urged the Prince to ruthlessly retain power. He tells the Prince to maintain a strong army & to attack before being attacked. He tells him to quell unrest quickly. Machiavelli felt by not doing so, not acting decisively & swiftly, the Prince's people would suffer in the long-term: their health, their emotions, their economy. He warns the Prince of awarding favors & prime positions to his friends or those who flatter him, to award his favors only to those of merit, because if he does not, his citizens will know. He reminds the Prince that petty, evil men will try to undo all the good he has done, that at times he must respond strongly & firmly. These comments may seem harsh when we apply today's sensibilities & sensitivities, but at the time made perfect sense. Yet, we could fill these pages with pertinent & inspiring quotes from Niccolò Machiavelli, that apply as much today as they did 5 centuries ago. We will leave these two business-oriented quotes for our readers to ponder:

"Make no small plans for they have no power to stir the soul."

"Entrepreneurs are simply those who understand that there is little difference between obstacle & opportunity & are able to turn both to their advantage."

INDUSTRY NEWS: *Zero Grocery*, online grocer selling products in reusable containers, raised \$3M with venture firm *1984* as the main contributor. *Liquid Death* raised \$23M led by an unnamed family office. *Alliance Consumer Growth & Finn Capital Partners* invested in fresh-frozen pasta *Cappello's*. French easy-to-prepare organic baby food made with locally sourced ingredients, *Yooji*, raised €7.5M from existing investor *Danone*. *Mosa Meat*, cell-based alternatives, raised \$55M led by *Blue Horizon Ventures*, with participation from *Bell Food Group & M Ventures*. UK-based *Meatless Farm* raised \$31M from several

investors. Singapore cell-based shrimp company, *Shiok Meats*, closed a \$12.6M round, led by *Aqua-Spark*. *AppHarvest*, large greenhouse developer & operator, will merge with SPAC *Novus Capital* & will file for an IPO. Minnesota-based greenhouse grower, *Revol Greens*, raised \$68M led by *Equilibrium Capital* to build a third greenhouse. *Utz Brands* will acquire *H.K. Anderson*, peanut butter-filled pretzels, from *Conagra Brands*, reportedly for less than \$10M. Just 3 years after coming out of bankruptcy, *Southeastern Grocers* is considering an IPO.

Costco increased 4th QTR comparables (13.6%), eCommerce (91%), sales (12.5%) & net income (27%). *General Mills* beat expectations for 1st QTR on a 9% sales increase & a 21.1% income jump. *UNFI* reported a strong 4th QTR, with sales up slightly (0.4%) to \$6.75B & net income up 174% to \$52M. *McCormick* beat 3rd QTR expectations with an 8% revenue increase & a 4.8% net income jump.

Whole Foods & other *Amazon* locations will offer in-store promotions but will not participate in *Prime Days*. *Target* will add 130K workers for the holiday season & to enhance same-day delivery. *Walmart's* new store design, rolling out to about 1K locations, incorporates eCommerce touchpoints, contactless payments & improved signage. *Einstein Bros. Bagels* will open several C-stores. *Schnuck Markets* will add *Simbe Robotics' aisle scanner, Tally*, to 46 new locations. *Save Mart* will pilot with *Starship Technologies* for autonomous delivery. *Trifecta*, meal delivery, will partner with health-tech platforms *Onegeivity Health* & *Thorne*, offering personalized nutrition. Following its partnership with *Yuengling*, *Molson Coors* will manufacture, market & distribute *Coca-Cola's Topo Chico Hard Seltzer* in the USA & will distribute *La Colombe Coffee*. In 2021, *Canopy Growth* will launch CBD beverages in legal use markets California & Illinois through a partnership with *Acreage Holdings*. *Sipp* will rebrand & relaunch with a completely new line of better-for-you camu camu enriched seltzers. Plant-based beverage brand *Elmhurst 1925* will launch *Elmhurst Creamery*, oat milk-based soft serve mix. *Gardein* has launched plant-based meat soups. Steve Spinner will retire as CEO of *UNFI* on July 31, 2021.

From *Food Navigator*, oat milk sales were \$213.3M, a 350% YOY increase. Almond milk sales were \$1.5B, for the #1 spot in the plant-based beverage category, with soy milk in 3rd place behind oat milk at \$202M. Meat & poultry sales grew 34.6% YOY (mid-March through July) according to *FMI* & the *Foundation for Meat & Poultry Research & Education*. Also, from *FMI*, there is a large opportunity for food service providers as 46% of consumers are planning dinner a few days in advance & 29% up to a week in advance. Consumers (70%) would be more likely to order foodservice items if they had the option to do so in advance, receive them via curbside pickup (68%) or through a drive-thru system (66%). *Nielson* reports all channel dollar sales for non-alcoholic drinks was up 8.8% YOY for the two-weeks ending on 9/19, somewhat slower though than recent summer sales. Per *Packaged Facts*, coffee sales will increase 8.3% to almost \$116B in 2020, while energy drinks will increase 3.7% to \$24.5B.

MARKET NEWS: Markets rebounded during the week. Consumer sentiment jumped in September, blowing well past the experts' predictions, up 15.5 points from August, to 101.8. In another sign of consumer confidence, pending home sales rose 8.8% in August, to an all-time high, surpassing the expert predictions of 3.1%. Applications for new businesses, a hallmark of job creation, surged 45.1% when compared to last 3rd QTR, another indication of a speedy economic recovery. Unemployment filings were slightly lower & the economy added 661K new jobs.

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

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