



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



GREAT LEADERS ARE OPTIMISTIC! No one wants to follow a leader who screams the sky is falling! JFK inspired us to reach for the stars. Reagan made us picture that shining, gleaming city on a hill! Lincoln reminded us of what our Nation & we as a people were & would always be, "*The last best hope of Earth.*" Ike believed, "*Pessimism never won any battle,*" & Colin Powell felt, "*Optimism is a force multiplier.*" Helen Keller said, "*No pessimist ever discovered the secret of the stars, or sailed to an uncharted land, or opened a new doorway for the human spirit.*" But we have to wonder what can be accomplished by a nation that had a 143% April sales increase of *pajamas!*

OPTIMISM: As mentioned in last week's *ALL EARS!!*, we are eternal, perpetual & perhaps, *hopeless optimists!* Besides those we have mentioned, there have been leaders in many fields who were optimistic: Teddy Roosevelt, Albert Einstein, Thomas Edison, J. Robert Oppenheimer, Walt Disney, John Wooden, Vince Lombardi, Albert Schweitzer & Robert Schuller were all optimists! Winston Churchill, leading through the most desperate time in England's & freedom's history, offered the people of England nothing but, "*Blood, toil, sweat & tears,*" yet remained an optimist! He said, "*I am an optimist. It does not seem too much use being anything else.*" It seems many in history, who like Sir Winston, saw the worst the world could offer, apparently remained optimistic in spite of what they knew the world & reality were truly like. Among our founding fathers, George Washington, Thomas Jefferson & Benjamin Franklin were optimistic about the people of this fledging Republic & the future of our Nation, so they did often clash with pessimists like John Adams & Alexander Hamilton! The Dalai Lama believed, "*It is very rare or almost impossible that an event can be negative from all points of view.*" Nelson Mandela remained an optimist, saying, "*Part of being optimistic is keeping one's head pointed toward the sun, one's feet moving forward. There were many dark moments when my faith in humanity was sorely tested, but I would not & could not give myself up to despair. That way lays defeat & death.*" Mahatma Ghandi felt, "*Man often becomes what he believes himself to be.*" MLK believed, "*Even if I knew that tomorrow the world would go to pieces, I would still plant my apple tree.*" While we may be living through a difficult period, this is far from the worst the world or the universe has placed upon humankind. The historical figure we perhaps most admire, who openly fought against the ultimate forces of evil, hate & tyranny, only to find himself to be imprisoned & hung, Dietrich Bonhoeffer said, "*The essence of optimism is that it takes no account of the present, but it is a source of inspiration, of vitality & hope where others have resigned; it enables a man to hold his head high, to claim the future for himself.*"

INDUSTRY NEWS: *Target* will acquire soon-to-be defunct same-day delivery *Deliv's* technology & some of its staff. Keto friendly *Unbun Foods* raised \$1.9M through a private placement led by *Canaccord Genuity*. *Hain Celestial* sold *Rudi's Organic Bakery* brands to an affiliate of *Promise Gluten Free*. *Utz* is in talks with *Collier Creek Holdings*, with a possible \$1B price tag for the snack maker. Providing farmers with microclimate data & predictive analytics, Australia's *The Yield* raised \$7.3M led by *Yamaha Motor Ventures*. According to the *Good Food Institute*, alt-protein investment was \$930M in 1st QTR.

Net income tripled for *Grocery Outlet* in 1st QTR with a positive revenue increase & a 17.4% comparables growth. Net sales rose 14% in 2nd QTR for *Ingles Market*, comparable-store sales climbed 17.5% & net

income jumped 268%. *UNFI* reported a 3rd QTR sales increase of 12% & a net income increase of 54%. The distributor will delay the sale of *Cub Foods & Shoppers* for 12 to 18 months due to the current environment. Mounting debt & a 1st QTR loss may drive *GNC* to file chapter 11 bankruptcy. *Post Holdings* saw 2nd QTR revenue rise 7.7% with a \$191.4M net income loss due to a variety of accounting issues. *Mondelez* saw 1st QTR revenue growth & a beat on earnings as stay-at-home snacking increased. *Hostess* had a lower 1st QTR net income of \$2.6M (down \$21.1M) due to lower sales of high margin single serve items; sales grew 9%. *TreeHouse Foods* extended a year ago loss to \$31.2M for a variety of reasons, with flat 1st QTR sales. The loss of foodservice sales caused a 3rd QTR drop in *Lancaster Colony's* net income (down 27%) though sales rose 1.1%. *ADM's* 1st QTR revenue fell 2.2% but net earnings rose 68% on commodity pricing & the stock-up of basic ingredients like flour. *Aramark* is reducing 1st QTR revenue forecasts by \$325M (8%) due to lower foodservice activity. *Celsius* saw a significant rise in revenue & despite a dramatic drop in income, beat analyst 1st QTR forecasts. *Reed's* 1st QTR saw a 13% revenue increase as it narrowed its loss from \$3.3M to \$2.3M. *New Age Beverage* had a slight 1st QTR revenue increase but disruptions led to a 14¢ loss, missing analyst estimates. *Wendy's* had a 58% income drop in 1st QTR as revenue fell about 1%. *Dunkin' Brands* saw a 2% decline in comparables due to closures in the last three weeks of 1st QTR; income was slightly lower. *Restaurant Brands International* (*Burger King, Tim Horton's, Popeye's*) had 1st QTR net income fall 9% & revenue fall 3.3%. In 1st QTR, *Shake Shack* had an 8% revenue increase but a 70% drop in net income on higher beef costs, though supply was not an issue.

Whole Foods converted its sixth store to a fulfillment-only center. *Publix* will provide same day prescription delivery with medication delivery specialist *ScriptDrop*. *Instacart* has reported its delivery times have stabilized after weeks of missing delivery times. *Hy-Vee* has added a two-hour delivery option. *Meijer* purchased 750K KN95 face masks to distribute to frontline workers & first responders. L.A.-based *Golden West Food Group* will donate \$2M of premium meats to the City of Hope Hospital, LAPD, LAFD, Salvation Army, the Los Angeles Regional Food Bank & others in need. *Cornershop*, on-line delivery that allows customers to curate from local retailers, debuted in Miami & Dallas. *PepsiCo* has launched DTC platforms *PantryShop.com* (allowing consumers to buy product bundles like *Rise & Shine* or *Workout & Recovery*) & *Snacks.com* (where consumers can curate products from the *PepsiCo* snack line.) Tech start-up *Home Delivery Service* (from *WebVan* founder Louis Borders) will go live next year offering same-day grocery delivery on a full assortment of grocery products, with no added fees, no driver tip & no required subscription. *Ingredion* will globally distribute & market quinoa flour from *Northern Quinoa Production* with an option for a future investment in *NorQuin*. Several state Attorneys General are looking at price-fixing & collusion as meat prices are rising but cattle prices are at record lows. *Tyson* did report they are lowering some meat prices as much as 30% to reduce retail shelf prices.

Per *Coresight Research*, on-line grocery shopping will surge about 40% in 2020. For the first time in their surveys, more than 50% of consumers are shopping on-line. The world will have a record wheat harvest in 2020/2021 per the USDA. Sugar supply & demand will be lower. USA corn will have a record harvest.

MARKET NEWS: Markets bounced along again this week, ending lower. Inflation fell despite an increase in food costs. Once again, the House of Representatives is asking America's future generations to bear the burden of another \$3T of debt stimulus, much of which supports their pet projects & has nothing to do with re-growing & restarting our great economic engine.

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

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