



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

**"OUR EARS SPAN ALL FIELDS"**



**LITCHFIELD**

**THE NEWBORN OF ANY SPECIES** is helpless & needs a doting parent's care. Yet, fish swim at birth, a gangly foal takes a wobbly stance within the hour & birds fly in just a few weeks. Puppies & kittens join their human parents at 6 or 8 weeks. Gorillas strike out on their own by age 2; elephants at about the age of 5 or 6. But human babies, in today's world, need care & feeding at least until age 18, or age 22, or maybe later - *as some parents will attest*. While most animals live by innate instincts, the highly complex human brain & body take much more time to develop. Studies also indicate it takes many years for young adults to properly contemplate risk & make sound decisions.

**DECISION MAKING:** As a child grows, parents allow them more decision-making freedom. It is somewhat a rite of passage - to decide to buy your first car, rent your first apartment or buy your first house. And while we may take advice & do our research, that final decision remains ours & ours alone. The same is true for starting & running a business. You do all your research, take in all the advice. But what you do, how you do it & your success, should be based only on your decisions. Decision making is not just a *rite*, it's a *God-given right*, protected in our founding documents. You have the right to choose what to say; to decide where to live, shop & work; to make decisions about your health; to choose how to defend yourself & family & to decide where & how to worship. No one, not the government or any entity, can take these rights away from you. This is even reemphasized in the Bill of Rights, in the 9<sup>th</sup> & 10<sup>th</sup> amendments, & in the 14<sup>th</sup> amendment, which all reiterate that these rights cannot be taken away from you - by the federal government, by state or local governments or by entities that conspire to do so. Why would we let anyone tell us what to say, what to believe, where to live or worship? Why would we let someone else tell us what to do for our own health, mind, body or soul? Why would we abdicate decisions about our children's education to someone else? But big tech & social media make decisions as to who can be on their platforms, what people can say, what companies can advertise. Governors & mayors make decisions, beyond their powers, as to where we can worship or if our businesses can be open. Elected & unelected bureaucrats make decisions about our health, the drugs that can save lives, what we have to wear & where we can go. And people who don't know our children make decisions about what a child can or cannot learn or read. Socio-economist Thomas Sowell points out, "*It is hard to imagine a more stupid or more dangerous way of making decisions than by putting those decisions in the hands of people who pay no price for being wrong.*" Who pays the price for a bankrupt business or a child unable to learn? Why would you or I allow someone who does not know us make decisions about the health of our mind or body? And, even more importantly, why would we allow anyone, with any supposed power, tell us what to believe, know & keep protected deep in our soul - *in the very essence of our individual being*. Perhaps people have a fear of making their own decisions. Duke Coach Mike Krzyzewski said, "*The truth is that many people set rules to keep from making decisions.*" But we learn from our decisions, as Mark Twain explains, "*Good decisions come from experience. Experience comes from making bad decisions.*" Choose to do, say & live as you feel is best for you. When making decisions - *business, personal or family* - do your own research, reach your own decision & put aside your fears. General George S. Patton offers, "*The time to take counsel of your fears is before you make an important [battle] decision. That's the time to listen to every fear you can imagine! When you have collected all the facts & fears & made your decision, turn off all your fears & go ahead!*" And finally, from sports writing icon Grantland Rice, "*A wise man makes his own decisions, an ignorant man follows the public opinion.*"

**INDUSTRY NEWS:** *Instacart* raised \$265M, more than doubling its valuation to \$39B, led current investors *Andreessen Horowitz, Sequoia Capital, D1 Capital Partners, Fidelity Management & Research Company & T. Rowe Price*. *NITRO Beverage* closed a \$1.5M seed round led by *VERSO Capital*. *GoodLeaf Farms* raised \$65M from food manufacturer

*McCain Foods* for expansion of its vertical farms network. *teaRIOT* raised \$5M from *PearlRock Partners*. Comedian Kevin Hart has taken a stake in *C4* parent, *Nutrabolt*. Organic hydration beverage brand *HALO* received an investment from tennis star Andy Murray. *Crofter's Organic* sold a majority stake of its jams, spreads & preserves business to PE firm *Frontenac*; terms not disclosed. *Grupo Bimbo* bought Indian bread brand *Modern Foods* from PE firm *Everstone Capital* for an undisclosed sum. *Nestlé* purchased *SimplyCook*, a UK-based recipe kit company. *Prelude Growth Partners* raised a \$250M fund, their second, to invest in distinctive brands. *Kroger's Zero Hunger/Zero Waste Foundation* & partner *Village Capital* will open a second fund with seed grants & assistance to help ten upcycled food start-ups.

*J.M. Smucker* reported 3<sup>rd</sup> QTR net income rose 40% as sales gained 5%. Sales jumped 10% & EPS 42% in *Maple Leaf Foods'* 4<sup>th</sup> QTR. *B&G Foods*, despite an 18.5% sales increase, missed 4<sup>th</sup> QTR estimates for sales & earnings on higher commodity prices. *Monster* beat 4<sup>th</sup> QTR earnings targets on a 17.6% revenue increase. *HelloFresh* had a strong 4<sup>th</sup> QTR that capped a year with a 107.3% global revenue increase & a net profit of \$446M compared to a \$445M loss in 2019. In its first public report, *DoorDash's* 4<sup>th</sup> QTR sales rose 225% YOY to \$970M to beat expectations, but net loss rose to \$312M from \$134M in the prior year. *Target* saw 4<sup>th</sup> QTR same store sales gain 20.5%, digital sales rise 118% & average ticket size grow 13.1%; sales beat targets & EPS rose 7.2%. *Grocery Outlet*, in its 4<sup>th</sup> QTR, saw same-store sales increase 7.9%, net sales increase 23.1% & adjusted net income increase 46.1%. *Publix's* sales climbed 14.8% in 4<sup>th</sup> QTR, same-store sales rose 13.4% & EPS grew 32.4%. *Dollar Tree* reported that 4<sup>th</sup> QTR net sales rose 7.2% & net income jumped over 300%. *Kroger* beat 4<sup>th</sup> QTR estimates but recorded a loss on pension contributions.

*Whole Foods* & *UNFI* extended their primary distribution agreement until 2027. *Presidente Supermarkets* will open 7 grocery stores in Florida this year, focusing on Palm Beach, Broward & Dade counties. Asian e-grocer *Umamicart* launched, with more than 500 products & next day delivery, in the New York metro & Mid-Atlantic areas. *Reasor's* has added *Sally* salad making robots. *Amazon* opened its first overseas store, in London. *Alfalfa's Market's* flagship store in Boulder, Colorado, will close after 40 years due to high rent & low traffic. *DoorDash* will do prepared meal delivery for *Schnuck's*. Airport chain *Hudson* will introduce *Amazon* cashierless technology. *Ahold Delhaize* opened the first of six self-operated distribution centers, serving its *Stop & Shop* banner. *Walmart* will drop the \$35 minimum on express delivery. *Ghost Kitchen Brands* will partner with *Walmart Canada*, its first partnership with a big-box retailer for meal preparation, pickup & delivery. *Gotham Greens* will expand into NorCal. *AAK* is expanding its fats and oils portfolio with organic offerings. *Cargill* will invest \$475M in its USA soy processing operations to modernize & develop crush facilities in seven states. *Canopy Growth's* THC/CBD sparkling water *Quatreau* will launch as a CBD only drink in the USA. *Hu Products* launched frozen food *Snow Days*, pizza bites. *Hershey* will introduce, for a limited time, *Peanut Butter Lovers Cup*, peanut butter in a peanut butter shell. *Halo Top* will offer *Fruit Pops*. *Forager* will launch plant-based cheese. *Brew Dr. Kombucha* will launch shelf stable yerba mate beverage, *Uplift*. *Starbucks* will add *Oatly* to its menus nationwide. *Post* has agreed to a \$15M settlement in a lawsuit that *Post* mislead shoppers by falsely advertising sugary cereals as healthy. *Keurig* reports 3M new users in the past year.

The *Journal of the American Heart Association*, in a 20-year study, finds that post-menopausal women on plant-based diets had lower rates of dementia & heart disease. From the *American Customer Satisfaction Index*, overall consumer satisfaction with grocery stores has fallen; *Trader Joe's*, *Costco*, *H-E-B*, *Publix* & *Wegmans* earned the highest ratings. Online grocery sales in the USA will exceed \$100B for the first time in 2021, per an *eMarketer* forecast. Per *IFIC*, 58% of parents say their children are picky eaters; vegetables, beans, peas, legumes & seafood are the hardest to get them to eat. But 31% of parents feel their child's nutrition has improved in the last year.

**MARKET NEWS:** Markets were mixed this week on continued unemployment & rising gas/oil prices resulting from the closure of the Keystone Pipeline. Congress is working on a \$1.9T covid relief bill. Less than 2.7% goes directly to Americans; more than 97% going to pork barrel projects, bail outs to poorly run cities, states & programs & foreign entities. Several states are lifting covid mandates, trusting their citizens to make sound individual, health decisions.

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

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

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