



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**GROWING UP EVERYBODY KNEW JOHNNY!** Or you knew a kid who was just like Johnny! Johnny was one cocky little... (*fill in a word with which you are comfortable using*)! Johnny was just too brazen for his own good. He was just too smart for his own good. He was just too naïve for his own good. He was just too brave & too daring for his own good. *He was just too darn good for his own good!* He took every dare, every challenge, every bet. And he always seemed to win, always seemed to come out on top! You sort of didn't like Johnny, but you kind of admired him! You wanted to be like him, with his courage, his chutzpah! Yes, we all knew a kid just like Johnny!

**JOHNNY:** Of course, we were all a little too confident, cocky, self-assured & daring when we were kids. Trying to run until we dropped, farther & faster, than we did yesterday. Best the older boys in a race or shoot more free throws! We not only took every dare; we even took the *dreaded triple dog dare!* We dared ourselves! Ride a bike to SOM Center Road. The next day to Old Mill Road. The day after that down Old Mill Road, steep & curving, passing cars (*No helmet, no knee pads. In those days, parents considered falling on your head a good life lesson!*) to reach Chagrin River Road! Then finally, actually pedal all the way up Mayfield Road hill, plant a proverbial flag in Chesterland & try to get home before parents came home from work! As we grow up & age, we definitely get less daring & adventurous, for many reasons. We can calculate risk vs. reward more clearly in our heads. We have family that depend upon us, responsibilities we have to live up to. And in some cases, we have learned some of those tough life lessons, hard lessons, some real & some laid upon us from those who just want to take us down. But taking on challenges, having new adventures, is part of staying young! American businessman & poet, Samuel Ullman, whose poem [Youth](#) was carried by General Douglas MacArthur, once wrote, "*You are as young as your faith, as old as your doubt; as young as your self-confidence, as old as your fear, as young as your hope, as old as your despair.*" So the next time you are facing a challenge, wondering if you have the courage, the *chutzpah*, to do something difficult & hard, remember to *rosin up your bow* & call on your inner Johnny! It will help remember what it was like to be young & daring! To remember square dancing on a hill in a rainstorm, falling exhausted & sliding down in the mud; all while *Taz, James, Charles, Tom & Fred* kept playing & *Charlie Daniels* kept fiddling! *Fire on the mountain, run boys run!* Run with abandon, run with courage, run like Johnny. You are never too old to be *the best that's ever been!*

**INDUSTRY NEWS:** Ghost kitchen *Karma Kitchen* raised £252M (\$317M) from several investors. *Hu* founder, *HumanCo*, has acquired plant-based ice cream maker *Coconut Bliss*. *Vive Organics* raised \$13M led by *Monogram Capital* with *Cambridge SPG* & *Powerplant Ventures*. *The Very Good Food Company*, plant-based meats, closed \$5.2M with *Canaccord Genuity*. *Grounded Foods*, vegan cheese, raised \$1.7M from *Stray Dog Capital*. *Walmart* invested \$1.2B in India eCommerce platform *Flipkart*. Oat-based pudding *Noops*, from serial entrepreneur Gregory Struck, raised \$2M in seed capital. *Ready, Set, Food!*, a food allergy prevention children's food, raised \$3M led by *Danone Manifesto Ventures* with *AF Ventures*. *Joywell Foods*, a sweet proteins FoodTech, closed on \$6.9M led by *Evolv Ventures*. *Afresh Technologies* raised \$12M for its AI-tech for grocers to manage food orders, inventory & merchandising. The round was led by *Innovation Endeavors* & included *Food Retail Ventures*, *Maersk Growth*, *Impact Engine* & *Baseline Ventures*. Imperfect produce subscription service *Misfits Market*, after a recent sales surge, raised \$85M

led by *Valor Equity Partners*. *Acre Venture Partners* led a \$12M raise for *Mori*, technology reducing food waste with an edible, imperceptible & micro-layer of silk-based proteins. *Crisp*, a food industry demand forecasting platform, raised \$12M led by *FirstMark Capital*, with *Spring Capital & Swell Partners* involved.

*Coca-Cola* topped 2<sup>nd</sup> QTR earnings estimates by 2¢ but sales fell 28%. Net sales fell 3.1% in *PepsiCo's* 2<sup>nd</sup> QTR on lower beverage sales; offset by a slight snack sales increase. Earnings & sales did surpass analyst expectations. Overall retail sales for the first 6 months of the year at *Ocado* were up 27% as revenue rose 23.2% to \$1.3B, although higher costs led to a pre-tax loss of \$50.9M. *Cal-Maine* beat analyst 4<sup>th</sup> QTR earnings targets, reporting positive earnings after a loss a year ago, but missed on revenue. *Loblaws* saw a significant increase in digital sales, but higher costs & investment led to a 2<sup>nd</sup> QTR operating loss. *Chipotle* beat analyst earnings forecast with a large 2<sup>nd</sup> QTR digital sales increase, but saw lower overall sales. Despite lower 2<sup>nd</sup> sales, *Hershey* beat earnings forecasts & expects 2<sup>nd</sup> half growth.

*Aldi* has passed 2K USA stores & is entering the Arizona market with 4 stores in Phoenix. *Walmart Canada* will invest C\$3.5B over the next five years to better coordinate physical & digital shopping while making distribution & fulfillment more efficient. *Walgreens & DoorDash* will provide on-demand delivery service in several cities. *Instacart* has filed an intellectual property lawsuit against *CornerShop*. *Instacart Meals' Digital Deli* is now available across the *Publix* footprint. *Southeastern Grocers* will work with digital companies *Eagle Eye Solutions & Ecrebo* to personalize their omnichannel customer experience. *Kraft Heinz* will invest \$48M in its Springfield, MO, facility. *General Mills*, consultants *Understanding Ag & dairy cooperative Foremost Farms* are piloting regenerative farming practices to participating dairy farmers in the *General Mills* supply chain. Food Tech startup *Arbion* has completed proof of concept for its *SylPro* ingredient, made from fermented wood, as a replacement for common plant-based ingredients. *Coca-cola's Fairlife* will launch ice cream, partnering with *Boardwalk Frozen Treats*. *Flower Foods* will reorganize, combining units & reducing 250 jobs. *Chobani* now has *Chobani Probiotic*, a plant-based beverage & *Chobani Complete*, a lactose-free, protein & amino acid yogurt. Founded by natural meat pioneer Bill Niman, *FoodID (Food In-Depth)* moves manufacturers' label claims to an independent source. *Mosa Meat*, lab grown burgers, has reduced their production costs; now eighty times lower. San Francisco & Massachusetts have reversed their reusable bag ban. Trade association *Kombucha Brewers International* released a practice code that requires kombucha to be made with tea leaves, natural sweeteners, water & symbiotic culture of bacteria & yeast.

From *Euromonitor*, ghost kitchens, or cooking facilities that produce food only for delivery with no dine-in or customer facing areas, could create a \$1T global market by 2030. Per *Goldman Sachs*, beverage sales at C-stores increased 8% YOY in 2<sup>nd</sup> QTR. *Placer.ai* reports grocery stores sales increased in June over May, but were still down 7.1% YOY. The *Consumer Brands Association (CBA)* reports May CPG industry sales grew 9.9%, compared to last year. *Acosta* reports that weekly grocery trips are down 20% but consumers are spending more each time, continuing to pantry load & to cook at home. The USDA's 2020 *Dietary Guidelines Advisory Committee* suggests Americans should eat more fruits & vegetables while lowering consumption of red meat, sugar & alcohol.

**MARKET NEWS:** Markets held their own, slightly off for the week on job numbers & China tensions, although there was a large uptick in home sales, led by suburban housing increases.

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

**THE LITCHFIELD FUND** – *Tom Malenjo*

V7issue06.07.25.20

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