



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

**THE TURN OF THE 20<sup>TH</sup> CENTURY** brought millions of legal immigrants to America to become Americans – to be part of our culture, values & way of life. Whether Irish, Italian, German or the Jewish people of Eastern Europe & Russia, the road forward would be difficult & arduous. They would face abject poverty; menial, subservient jobs; prejudice & exclusion. Yet, these legal immigrants pushed forward, if not to better their own lives, to better the lives of their children. For many of the Jewish families who came to America, their children rose in the world of music: Gershwin, Jolson, Hammerstein, Copeland, Bernstein, Kern, Rodgers, Sondheim & America's Berlin.

**AMERICA'S BERLIN:** Born Israel Beilen, Irving Berlin & his family arrived at Ellis Island in 1893 when Irving was just 5 years old, leaving the prejudice & pogroms of Imperial Russia behind. They settled in the tenements of New York City. His father, unable to find work as a cantor, worked in a kosher meat market. The whole family worked, Irving selling newspapers on the street, singing the songs he heard in the saloons & taverns. He left home & school at age 13, joined a group of boys who made their living singing songs on the street & in the saloons. He moved on to being a song plugger & a singing waiter. He worked with other young songwriters & singers, staying after hours to teach himself how to play piano & write melodies. At age 19 he sold his first publishing rights for 33¢, as *I. Berlin*. A few years later, working as a lyricist at Tin Pan Alley's Tim Snyder's publishing house, Irving began to write melodies for his lyrics. In 1911 his song, *Alexander's Ragtime Band*, became an international hit (America's first), spurred a worldwide dance craze, raised a new appreciation & awareness of the great Scott Joplin & made Irving Berlin a celebrity, appearing at theaters & vaudeville houses around the world. In 1919, he left ragtime behind, writing *A Pretty Girl is Like a Melody*, which became the theme song for *Flo Ziegfeld's Follies*. The bulk of the Great American Songbook belongs to Irving Berlin. His many hits include *Blue Skies*, *Heat Wave*, *Always, Doin' What Comes Naturally*, *Anything You Can Do (I Can Do Better)*, *Cheek to Cheek*, *Happy Holidays*, *Easter Parade*, *The Girl That I Marry*, *I've Got My Love to Keep Me Warm*, *Stepping Out with My Baby*, *Puttin' on the Ritz*, *Top Hat*, *White Tie & Tails*, & *There's No Business Like Show Business*. He was proud to show his love for America, writing patriotic songs during WWI & WWII. During his WWI service, he wrote *Oh! How I Hate to Get Up in the Morning*, a comic rendition of *Reveille*, & during WWII, he toured with his musical *This is the Army*, featuring the song *This is the Army Mister Jones*. In 1938, he wrote *God Bless America*, made famous by *America's Songbird*, Kate Smith. But it was during WWII, that Berlin wrote his masterpiece, the world's biggest selling single ever & a perennial chart topper for decades, *White Christmas*. Irving Berlin, born May 11, 1888, died at 101, leaving behind an unmatched musical legacy. He wrote songs of simple words & tunes, understanding his music connected emotionally, universally with anyone & everyone: "Music is so important. It changes thinking, it influences everybody, whether they know it or not. Music knows no boundary lines." He believed in American values. Among his song lyrics: "The world would not be in such a snarl, had Marx been Groucho instead of Karl." Unschooled, untrained at music, he used his God-given talent to succeed, but worked hard to become America's greatest songwriter, stating, "Talent is only a starting point in business. You've got to keep working that talent." It takes a positive attitude to reach 101, from Berlin, "Our attitudes control our lives. Attitudes are a secret power working twenty-four hours a day, for good or bad. It is of paramount importance that we know how to harness & control this great force," & "Life is 10% what you make it & 90% how you take it." As we try to keep our positive attitude in the crazy world around us, we take heed of lyrics from Irving Berlin, as we face another tomorrow, "There may be trouble ahead - But while there's moonlight, & music, & love, & romance - Let's face the music & dance." And try to remember each night, as we lay our heads on the pillow, "When I'm worried & I can't sleep I count my blessings instead of sheep. And I fall asleep, Counting My Blessings."

**INDUSTRY NEWS:** USA's *Sobo Foods*, Asian comfort food, raised \$1M from *Sustainable Food Ventures* & others. *Sourse*, skin care chocolate treats, raised \$2.4M funding from *New Theory Ventures*, *H Ventures*, *JAWS Ventures*, *Satori Capital*, *Short List Capital*, *Harlo Capital*, & *LDR Ventures*. Hydration mix *Buoy* raised \$2.5M with Phoenix Suns point guard Chris Paul involved. *Flash Coffee*, Singapore-based tech-enabled coffee chain, raised \$50M led by *White Star Capital*. *MicroHarvest*, fermented protein, raised €1.5M from *Simon Capital*. *Farmless* raised €1.2M in a pre-seed round for its CO2 fueled fermentation platform from *Revent*, *Nucleus Capital* & *Possible Ventures*. *ChrysaLabs*, soil science tech, raised C\$15M in a Series A round by *Leaps by Bayer*, *TELUS Ventures* & others. *TastyUrban*, Germany-based platform with international chefs developing food brands, raised €1.M led by *Earlybird*. *Deliverect*, online ordering for restaurants, acquired *ChatFood*, food order directly through social media apps.

*Kale United* acquired *Lily & Hanna's*, non-dairy ice cream, for an undisclosed amount. *Tiff's Treats* took a minority stake in cupcake maker *Baked by Melissa*. *Sweets from the Earth* acquired Quebec-based gluten-free biscotti manufacturer *Tutti Gourmet*. *Brevity Coffee* acquired *Red Runner Coffee* for an undisclosed amount. Whiskey concern *MGP* acquired *Penelope Bourbon* for \$105M. *Post Holdings* will unravel its SPAC; *Post Holdings Partnering Corporation*, formed two years ago as it failed to find an acquisition target.

In 1<sup>st</sup> QTR, omni-channel value shoppers at *Ahold Delhaize* & value seeking shoppers at *Grocery Outlet* drove strong results at both grocers. *Natural Grocers* cited consumer loyalty as driving a strong 2<sup>nd</sup> QTR. *Instacart* showed lower 1<sup>st</sup> QTR growth. *Weis Market's* income fell 21% in 1<sup>st</sup> QTR despite revenue & comparables growth. Volume & market share were down for *Hostess* in 1<sup>st</sup> QTR, profit & sales grew slightly as the company confirmed full year guidance. *Lancaster Colony* showed positive results in 3<sup>rd</sup> QTR compared to a loss a year ago. Soft demand & high prices led to a loss (its first in 14 years) on flat sales in *Tyson's* 2<sup>nd</sup> QTR. Price increases helped *Treehouse Foods* beat its 1<sup>st</sup> QTR forecast. Sales & adjusted EBITDA were higher in 2<sup>nd</sup> QTR at *Post Holdings*; foodservice jumped 12% but the company wrote down its *Bellring* investment, impacting earnings. Sales were up & income down in *Kellogg's* 1<sup>st</sup> QTR. Sales & income were down at *B&G Foods* following 1<sup>st</sup> QTR divestitures; the company will focus less on snacks. Sales were down 9% at *Hain Celestial* in 3<sup>rd</sup> QTR; the company recorded a loss due to an impairment charge from its \$259M acquisition of *Parmcrisps*. *Celsius* bested 1<sup>st</sup> QTR earnings estimates by \$40M with a 40¢ EPS. *Monster* beat 1<sup>st</sup> QTR estimates, earnings were almost \$400M. *AppHarvest* reported 1<sup>st</sup> QTR sales rose 250%, with a forecasted loss of \$33.6M. Sales & volume took significant hits in 1<sup>st</sup> QTR at *Beyond Meat* with a \$59M loss. *Aramark* reported 2<sup>nd</sup> QTR revenues of \$4.6B, an organic 19% increase driven by USA activity. Likewise, *Compass Group* reported a 25% first half increase led by strong North American growth. Price increases drove *Corbion's* 1<sup>st</sup> QTR adjusted EBITDA up 21% & net sales up 12%. Sales dropped 9% at *IFF* in 1<sup>st</sup> QTR, the company reported a loss. *Bunge* had a down 1st QTR but confirmed full year estimates. Net income at *MGP Ingredients* decreased 17% & sales increased 3% in 1<sup>st</sup> QTR. Net income & sales at 1<sup>st</sup> QTR were up 47% & 13% respectively for *Ingredion* in 1<sup>st</sup> QTR. Sales rose at *Krispy Kreme* in 2<sup>nd</sup> QTR, driven by eCommerce, but the donut chain still recorded a loss. Digital & late night sales gave *Wendy's* across the board positive 1<sup>st</sup> QTR results. Revenue rose but adjusted income fell at *YUM! Brands* in the quarter.

The UFCW voted against the *Kroger/Albertsons* merger. *Amazon Fresh* will pull back on six planned stores in the Minneapolis area. *Natural Grocers by Vitamin Cottage* closed two non-performing stores in the Dallas area. *Dollar Tree* will lay off about 90 employees in its corporate offices. *Grocery Outlet's* expansion plans include Ohio. *New Seasons Market* will open its 22<sup>nd</sup> store in 2025. *Dollar General* added new distribution centers in Nebraska, Georgia & Texas. *Food Lion* will spend \$50M to remodel its stores. *SpartanNash* will continue its rollout of inventory robot *Tally*. *Wheymard Spirit*, alcoholic beverages from upcycled whey, launched a new barrel-aged spirit it calls *Wheyskey*. *Miller High Life* is partnering with chocolatier *Phillip Ashley* to create *Miller High Life Bar Snack Truffles*. *Hershey* will partner with *Ocean Spray* on chocolate-covered fruit snacks. *Kraft Heinz* will partner with gourmet chocolate brand *Compartés Chocolatier* on *TruffVels*, white chocolate infused with *Velveeta* cheese sauce. Grass fed milk will now be offered by *a2 Milk*. *Wholesum* now offers organic seeds. *Novozymes* introduced a product additive claiming to maintain freshness & moisture in foods like bread without impacting taste. Foodtech startup *Lypid* released its plant-based fat tech products with whole-cut, plant-based pork belly. *Coca-Cola* will build a \$650M *Fairlife* plant in New York state creating 250 jobs. Cultivated meat startup *Mosa Meat* opened a 30K sq. ft. operational facility. *Tyson* will expand its cocktail sausage plant in Kentucky with an \$83M investment. *Mondelez* will close its Jeffersonville, IN, *Enjoy Life Foods* plant. *Nuro*, autonomous delivery, will restructure, shifting focus from commercial operations to a more R&D. *Sweetgreen* opened an automated store in Illinois. The Supreme Court rejected the pork industry's challenge to California's pork producing registration. *BJ's* named CEO Bob Eddy as chairman. Jean-Christophe Flatin will become the new leader of *Oatly* in June.

Supermarkets outscored *Amazon* as well as mass merchandisers such as *Walmart* & *Target* in a recent online grocery satisfaction survey from *The Feedback Group*. From the *Organic Trade Association*, organic sales hit \$67.6B in 2022, the first time over \$60B. Also, conventional produce sales growth outpaced organic produce as consumers seek to fight inflation. Food inflation remained out-of-control in April with prices a still staggering 7.1% higher than a year ago. From *Kantor*, alcohol consumers are drinking less, but shifting to at-home consumption versus on-premise drinking. *Grand View Research* forecasts the vegan cheese market will expand at a 12.6% CAGR through 2030. *Markon Cooperative* says overall lettuce supplies continue are higher, driving prices lower.

**MARKET NEWS:** Markets were mixed this week. Inflation remained at more than twice the 2017 to 2019 average, reflecting the current disastrous economic policies.

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

THE LITCHFIELD FUND – *Tom Malenka*

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