



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE BEE GEES WERE FORMED in 1958 when the brothers Gibb were not yet teenagers. Their harmonic blends took them to the top of the charts in the 1960s. The early '70s brought a slowdown in their chart toppers. Whether legend, lore or truth, the story is that in late 1974 they were recording a new album in Miami. Every day on the way to the studio they drove over a rickety old bridge. The rhythm stuck in Barry Gibb's head & he tried to recreate the sound he had heard. On February 2, 1975, with Barry on rhythm guitar, Maurice on bass & a pedal bass synthesizer, the Bee Gees recorded the classic bass drift of *Jive Talkin'* & the sound of the '70s *Disco Era* was born.

THAT '70s SHOW: The Bee Gees sound made them one of the biggest selling recording acts of the 1970s, an era of pretty decent music: rock, punk rock, southern rock, easy listening, soul, rhythm & blues & disco. I started the decade in 5th grade. That summer, just 30 miles south of us, *we heard them drumming, four dead in Ohio*, at Kent State University. Just two years later, the end of August led to a Black September, as nine Israeli athletes were killed in a terrorist attack at the 1972 Munich Olympic games. We saw the resignation of a President (Nixon) & the death of a King (Elvis). We saw the desperate attempt of Americans & allied friends to evacuate Saigon, before its fall to the evil of communism. Then we saw more desperation as Vietnamese boarded anything that floated, boats, rafts or old rubber inner tubes to escape that evil & reach their next stop, on a journey to the freedom of America. The decade ended for me as a junior in college, as a failure of foreign policy led to Americans being held by terrorists in Iran. We still feared The Bomb, California was supposed to fall into the ocean due to an earthquake & believe or not, scientists were predicting a new Ice Age! But worse than all of this was the economy. America's industrial strength had fallen into decay, surpassed by Japanese efficiency & products. America became dependent on foreign oil, no longer producing enough oil to be self-sufficient. The oil embargo of the early '70s & another oil crisis a few years later drove gas prices out of control & inflation soared. People thought prices were going to get higher, so they bought more, creating a self-fulfilling prophecy. OPEC had America by the throat. Businesses & factories closed; unemployment rose & GDP fell. My dad lost several jobs as factories moved out. Once, he came home crying & handed me his paycheck, telling me to go to the bank & cash it before the bank found out the company had filed for bankruptcy. I jumped on my bike & rode to the bank as fast as I could. In an era where everybody worked in their own neighborhood, the teller knew my family & cashed the check. I rode home with the little cash that a \$1.98/hour job & 'piece work' brought my dad each week. I myself scoured for every job I could to make some money - my first 'real' job paid just \$1.15/hour. This era brought the term *stagflation*: Prices rising, unemployment rising, GDP falling, interest rates rising. The situation was made worse by a government that believed more spending & price/wage suppression would help. It didn't. And while *That '70s Show* may have been a TV hit, I never watched it. The 1970s were no laughing matter & anyone saying otherwise would just be *Jive Talkin'* & *telling me lies*. The decade is not one I would like to relive, despite the music. It was an era when you couldn't get ahead. Even if you were *Born to Run*, you were always running *Against the Wind*. And with gas prices inflated, you were always *Running on Empty*. Business after business closed their doors, just *Another One Bites the Dust*. That things were going to get worse was *More Than a Feeling*, everything was *Slip-Slidin' Away*. And when the government told us things were going to get better, we said, "*Dream On*, we're just *Stayin' Alive*, but have no fear, *I Will Survive!* America will come back & we will *Fly Like an Eagle!*"

INDUSTRY NEWS: Duckweed-protein company *Plantible Foods* raised \$21.5M led by *Astanor Ventures*, with participation from *Piva Capital*, *CJ CheilJedang*, *Good Friends*, *Vectr Ventures*, *Lerer Hippeau*, *FTW Ventures*, *Unshackled Ventures* & *eighteen94*. Sweden-based *Stockeld Dreamery* raised \$19.5M for its alt-cheese company led by *Astanor Ventures* & *Northzone*, with *Gullspång Re:food*, *Eurazeo*, *Norrskan VC*, *Edastra* & *Trellis Road* joining in. Israeli yogurt startup *Yofix Probiotics* raised \$3.5M led by *Millennium Food-Tech*. *CAVU Venture Partners* led a \$13.5M raise in prebiotic soda pop *Poppi*. *Beta Hatch*, a mealworm farming startup, raised \$10M led by *Lewis & Clark AgriFood* with *Cavallo Ventures* & *Innova Memphis* participating. USA & Israel-based crop management startup *Fieldin* raised \$30M led by *Fortissimo*

Capital, with *Zeev Ventures*, *Icon Ventures*, *Maor Investments* & *Akkadian Ventures* participating. *Jane Technologies*, retail CBD, raised \$100M led by *Honor Ventures* with *Third Point Ventures*, *Gotham Green Partners*, *L2 Ventures*, *Delta Emerald Ventures* & *Artemis Growth Partners* involved. *Mollie Stone's Markets* invested in *Vori*, a digital B2B ordering platform. *Gatik* opened a new autonomous trucking center in Texas & raised \$85M, led by *Koch Disruptive Technologies*, to scale its fleet of autonomous box trucks across new markets in North America. *Tamarix Equity Partners* & *Pacific General* made a strategic investment in 126-store healthy restaurant concept *Playa Bowls*. *Pritzker Private Capital* & *HF Capital* acquired a significant stake in *Monogram Foods*, manufacturer of meat snacks, corn dogs, frozen appetizers, hot dogs, sausages, precooked bacon, etc.; terms were not disclosed. *Saputo* acquired the *Carolina Aseptic* & *Carolina Dairy* for \$118M. *Sole Source Capital's* portfolio company, *Worldwide Produce*, acquired *Vision Produce*, importer & distributor of fresh produce to USA & Canada for an undisclosed amount. *Zesty Paws* (a staple of the **ALL EARS!!** doodle mascot's supplement regimen) was acquired by *Health & Happiness Group International* for an undisclosed amount. *Rubicon Bakers*, a portfolio company of *Trive Capital*, acquired specialty baker *Just Desserts*. *Sweetgreen* acquired robot restaurant *Spyce*. *Dutch Bros.* will file for an IPO. *Sovos*, owner of *Rao's*, *Birch Benders* & *Noosa*, is seeking a \$100M IPO. Several analysts have downgraded food related stocks as inflationary pressure takes a toll on earnings.

J.M. Smucker beat 1st QTR estimates but lowered its full year forecast facing inflation & supply chain disruptions. For *Lancaster Colony*, net sales rose 11% & income rose 4.4%, its *Chick-fil-A* sauces driving growth. *Campbell* more than tripled net earnings in 4th QTR despite a 16% sales drop. Even with a decrease of 12% in revenue, *Hain Celestial* saw a 20% increase in adjusted 4th QTR net income. *Dollar General* finished its fresh & frozen roll out in 2nd QTR as net income fell 19% on a slight sales decrease. *Dollar Tree* saw a 11.8% net income gain on a slight sales increase in 2nd QTR, but missed Wall Street estimates. *Big Lots* made 2nd QTR targets despite a YOY decrease in revenue.

Walmart will be hiring 20K new supply chain associates. *Dollar General* recently met a goal of hiring 50K new employees & is seeking to continue hiring. *Dollar General* also sees opportunity in offering health related services, hiring its first chief medical officer. *Big Y* will roll out mobile check out. *Mercatus* will use *Instacart's* tool, *Instacart Connect*, that lets retailers run their own front-end storefronts while relying on *Instacart's* gig workforce & other tools for fulfillment. *FreshDirect* is adding 250 private label *Ahold Delhaize* products & implementing unspecified price reductions. *Innit* & *Google Cloud* will partner on an integrated meal creation & shopping service for use across multiple channels. *Nuro* is investing \$40M into a factory with a closed-course test track for its robotic delivery vehicles. *Tyson Foods* will invest \$300M to build a 325K sq. ft. production facility for fully cooked chicken products & will buy 60M pounds of chicken raised by local Virginia producers over the next three years. *Bigelow Tea* will invest \$53M in a new 334K sq. ft. facility in Kentucky, replacing its current facility. *Eat Just* will build a production facility in Qatar. *Nestlé* opened its largest R&D accelerator at its Switzerland home base. Through a subsidiary, *Boston Beer* will partner with *Peak Processing Solutions* & grower *Entourage Health* to debut nonalcoholic cannabis-infused beverage in Canada this year. *Nabati Foods*, plant-based liquid eggs, *Nabati Plant Eggz*, debuted in the USA where it will be sold online DTC. Asian plant-based meat *OmniFoods* made its USA debut in *Sprouts* & *Whole Foods* with three products: *OmniPork Ground*, *OmniPork Strips* & *OmniPork Luncheon Meat*. *Barry Callebaut* will continue to supply *Hershey* with chocolate product, extending a current agreement. Chicago is suing *DoorDash* & *Grubhub* for violations of municipal consumer protection laws, charging misleading & hidden fees, adding unaffiliated restaurants & other deceptive marketing & pricing actions. *Ari Raz*, *Once Upon a Farm* co-founder, joins *The Coconut Cult* as CEO.

Per *NPD*, office supply sales are up 8% & back-to-school sales are up 21% YOY. From *Hartman Group*, 25% of consumers report eating early morning snacks compared to just 18% a year ago. A team of researchers reported in *Circulation* that 2.48M cardiovascular disease events could be prevented by cutting 20% of sugar from packaged foods & 40% in beverages. The USDA once again confirmed higher food prices to continue for the foreseeable future. Per *IRI*, the Medjool date harvest volume is up 5.7% YOY. Peru blueberry exports are expected to rise 30% this year.

MARKET NEWS: Markets were mixed as the geopolitical situation worsened. There was a drop in consumer spending, a drop in new home purchases & a 30-year inflation high. New job creation for August missed expectations by more than 70%! Consumer confidence fell, manufacturing & productivity indexes slipped. It seems *The Song Remains the Same!*

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenga*

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