



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**MY DAD ALWAYS CALLED ME COWBOY**, from my earliest memories until my thirties, when a stroke took his ability to speak. He loved the cowboy movies he saw as a kid & admired those cowboy heroes. It was more than a term of endearment; in his own simple way, he was telling me he loved me, but also showing me the sort of man he wanted me to grow to be & the type of values he expected me to embrace. I was an Opie Taylor kind of little kid. When I wasn't slapping a baseball into my baseball glove, I was sporting six-guns & a cowboy hat, with a toy Winchester on the handlebar reins of my tricycle horse (*with no neighbors freaking out*), dreaming of the *Wild West*.

**COWBOY SPIRIT:** The traditional cowboy hero represented something noble, honest & pure, an analogy for the unblemished western landscape. The cowboy hero often stood alone, protecting the smaller ranchers & farmers from the wealthy land baron, siding with the crusading honest newspaper editor to fight government corruption, protecting the schoolmarm from the lecherous advances of the town villain or standing up to the crooked town sheriff. Often, his bravery inspired the citizens to join him in this crusade, but more likely, he stood like Will Kane, alone in a dusty street. This is the cowboy hero of dime novels & pulp fiction, old movies, radio & early TV. The 1950s brought more complex cowboy movie heroes, still doing the right thing, but taking the longer, more violent & emotional route – Lin McAdam, Ethan Edwards, Chris Larrabee, Vin Tanner. My dad would be happy to know I now live in Arizona. We came here for many reasons, for some of the same reasons that drove early settlers here. Warm weather & 330 days of sunshine, mountain vistas, endless deserts, open spaces, blue lakes, big skies & shocking sunsets, year-round fresh vegetables, gorgeous hiking trails & to fulfill our sense of adventure. And for just a bit of traditional American values & personal freedoms. Much of Arizona stays true to its origins: horses are still basically street legal (traffic lights at horse crossings) & no one freaks out to see a soccer mom carrying. Just like the old west, we see wealthy land developers usurp desert for housing, willfully ignorant media & government corruption at the federal, state & local levels that step on peoples' *sacred personal freedoms*. And in the heritage of the old west, Arizonans call upon their *cowboy spirit* to stand up & fight for what is right – at the school boards, town councils & at the statehouse. Cowboy logic & philosophy is simple, straightforward & pure, like the cowboy himself. From an *All Ears!!* favorite, American cowboy Will Rogers, we get a bit of that cowboy philosophy: "*Never kick a cow chip on a hot day...Never slap a man who's chewing tobacco...Don't squat with your spurs on.*" The Arizona cowboy spirit, standing up for what is right, lives on in the words of John Wayne, "*Courage is being scared to death, but saddling up anyway,*" & even more so, in the words of Texas patriot & General Sam Houston, "*Do right & risk the consequences.*"

**INDUSTRY NEWS:** *Virgo Investment Group* has invested an undisclosed sum in L.A. *Libations*-owned brands *Arriba* & *orro*. Protein bar *Keto Krisp* has closed a \$1.35M round from private investors. *Athletic Brewing*, a non-alcoholic craft beer maker, raised \$50M led by the *Alliance Consumer Growth* & *TRB*. Popcorn brand *Opopop* closed a \$5M round led by *Valor Siren Ventures*, bringing the company's total raise \$11.6M. *Terviva*, cooking oil & highly-soluble plant protein, raised \$54M from *Astera Institute*, *Evans Properties*, *Trustbridge Partners* & others. *Bowery Farming* secured \$300M led by *Fidelity Management & Research*, valuing the company at \$2.3B. *Goldbelly*, online marketplace for regional & artisanal foods, raised \$100M led by *Spectrum Equity* & *Intel Capital*. *Picnic*, pizza-making robots, raised \$16.3M led by *Thursday Ventures* with *Creative Ventures*, *Flying Fish Partners* & *Vulcan Capital* involved. *Ganaz*, USA agrifood industry workforce management platform, raised \$7M led by *Trilogy Equity Partners*. *Kula Bio*, sustainable nitrogen fertilizers for crops, raised \$10M led by *Collaborative Fund* with *AgFunder*, *BOPU*, *BoxGroup*, *Decent Capital*, *Embark Ventures*, *iSelect Fund*, *Lowercarbon Capital* & *Pillar VC* participating. *Invaio Sciences*, crop injections that support crop health, raised \$88.9M led by *Flagship Pioneering*, with *Stage 1 Ventures*, *Bluwave Capital* & *Alexandria Venture Investments* involved. *Sharebite*, enterprise order & management system to manage food expense, raised \$15M led by *Lafayette Square*. *Arugga*, Israeli robotic indoor pollination to replace bees, raised \$4M led by *Cresson Management*, with *Biobest Group*, *Terra Venture Partners*, *Equicelar* & *Smart Agro*. *Sysco* will acquire *Greco & Sons*, independent Italian specialty distributor, from *Arbor Investments* & the Greco family. *L Catterton* acquired a majority stake in *Kodiak Cakes* for an undisclosed amount, with existing shareholders *Sunrise Strategic Partners*, *Trilantic North America* & the company's founders & management team retaining a minority share. Brazilian beef producer *Marfrig Global Foods* bought

almost 25% of pork & poultry exporter *BRF*. *Mondelez* will acquire European baked goods company *Chipita* for \$2B. Egg producer *NestFresh* bought plant-based product maker *New Barn*. *Post* will acquire *Treehouse Foods'* RTE cereal business for \$85M. *Saputo* will pay C\$187M (\$154.8M) to acquire two companies to expand its dairy alternatives & value-added ingredients; *Bute Island Foods* (alt-dairy cheeses) & a facility of *Wisconsin Specialty Protein*, which makes goat whey, organic lactose & other dairy powders. *Swander Pace Capital* & minority partner *Branch Brook Holdings* will buy specialty meat company *Mighty Spark*. *Mondelez* may seek to sell its gum business. *Entrepreneurial Equity Partners (e2p)* closed its inaugural fund with \$423M in aggregate capital commitments.

*Costco* is bringing back its full sampling program & adding back in-store food court seating at all of its stores; *BJ's* will also reinstate sampling. *Kroger* has changed plans & will retain plastic bags in Cincinnati. *Sprouts'* CEO indicated the retailer's perspective is to sell premium products from smaller suppliers that are not generally found in conventional grocers. *Earth Fare* is accelerating its store reopening after the initial success of their first 8 reopened stores. *Smart & Final* marked 150 years since its founding. *The Vitamin Shoppe* will launch franchise stores this year. *Stop & Shop* will hire 1K new employees. *Walmart* has selected more than 1K shelf ready brands to pitch at its 8th annual *Open Call* event. *Walmart* will introduce *McLaren Farms*, a private label no-hormone Black Angus beef. *Walmart* & *Target* are testing their own local delivery, to move away from 3<sup>rd</sup> party to home delivery. With FAA approval, *Flytrex* is expanding its North Carolina drone delivery service for *Walmart* & local retailers. In the U.K., *Ocado* features new functionality that allows customers to easily shop based on dietary & lifestyle needs, using technology from *Foodmaestro*. *Instacart* revealed plans to expand globally. *Instacart* will launch a 30-minute express service in 15 cities & expand its 45 & 60 minute delivery service. *Instacart* & *7-Eleven* will offer half-hour delivery to 4K stores, bringing their total footprint to 60M households. *Gorillas*, the Germany-based startup that provides grocery delivery in 10 minutes or less, is launching in New York City. *Giumarra*, fresh produce growers & distributors, & *The Associated Wholesale Grocers* will test autonomous truck delivery with tech company *TuSimple*. *Amazon* will discontinue its stand-alone *Prime Now* app & website this year, moving its clients to its *Amazon* app. *Amazon Pharmacy* is considering setting up physical stores. *Whole Foods* announced plans for 41 new stores, generally in urban areas where they already have a presence. *BJ's* will add six new stores. *Kraft Heinz* will invest \$198M in its Kitt Green, UK, plant, already Europe's largest food manufacturing facility. *Great Lakes Cheese* is building a new 286K sq. ft. packaging & distribution facility in Abilene. *Nabati Foods* has completed construction of a new manufacturing facility in Edmonton. *JBS USA's* subsidiary, *Swift Prepared Foods*, will open a new \$68M in Missouri to produce fully cooked bacon & employ 200 workers. *Barilla* is looking for startups for its 4<sup>th</sup> *Good Food Makers* global accelerator. *Kind* will move into the plant-based ice cream segment. *Kellogg's* Away-From-Home, a division that works with foodservice, debuted a cereal dispensing robot pilot with *Chowbotics* (a division of *DoorDash*). *Kellogg's* *Bowl Bot* dispenses *Kellogg* cereals as well as different milks, fruits, yogurts & more. *Dr. Bronner's* will venture from soap & personal care products to introduce a new line of organic, vegan chocolate. *Good Catch* will debut plant-based breaded products, including frozen fish sticks, fish fillets & crab cakes. *Unilever* will partner with *ENOUGH*, for its mycoprotein to enhance *Unilever's* plant-based products, beginning with *The Vegetarian Butcher*. *Icelandic Provision* will offer a plant-based skyr made with Nordic oats. *Vous Vitamin* will team with *Higi* to offer their personalized vitamin analysis at *Higi Smart Health Stations* at almost 220 *Giant Eagle* stores, producing a home delivered single-tablet vitamin blend. *KeHe* conducted a *Trend Finder* supplier pitch slam & selected 12 brands to join their assortment based on ingredients, innovation, taste, scalability, packaging, purpose & passion. *JBS* was hit with a ransomware attack. The FDA filed charges against alkaline *Real Water* for contamination that resulted in consumers contracting a non-viral form of hepatitis.

*IRI* forecasts a frightening 7% to 10% price increase in CPG prices this year as USA economic policies drive inflation higher. From *United Fresh Produce Association*, 1<sup>st</sup> QTR produce sales rose, but consumption was lower, as inflation raised prices. Per the *Organic Trade Association*, organic sales rose 12.4% to \$56.4B, sales higher for baking goods (30%), spices (51%) & fish (25%). *Instacart* reports that sales of plant-based meat (42%) & plant-based milk (27%) were higher in 2020. Per the *IFIC*, more consumers are seeking foods that offer healthy ingredients, while fewer seek diet related no/low options. From *Bloomberg News* & *Morning Consult*, 35% of Americans are making a conscious effort to eat less meat. *FMI/Hartman Group* research found that 64% of USA shoppers have purchased groceries online & 29% are buying digitally every week. From *Coresight Research* & *January Digital*, 50.4% of eCommerce shoppers pick a retailer based on delivery speed & 33.4% want to find the same products both on-line & in-store. From *Sysco's* CEO, per *CNBC* & *The Produce Reporter*, restaurant activity is above 2019 levels, indicating a strong recovery. From *Cleveland Clinic* & *Washington University* research, a high sugar & fat diet breaks down healthy gut microbes that support overall immunity. *Rabobank* reports that avocado purchases are at record highs.

**MARKET NEWS:** Markets were higher for the week on mixed economic news, jobs numbers & labor cost reports.

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

**THE LITCHFIELD FUND** – *Tom Malenga*

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