



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



A QUICK INTERNET SEARCH suggests the phrase "*Come hell or high water,*" was first used in print in the year 1882. The expression had been in use for many years before, likely born as frontiersman & pioneers pushed through the Appalachians & onward westward. These rugged men & women faced both hell & high water, not just during their travels across plains & mountains, but in their everyday lives. But still they drove west, establishing settlements, churches & schools, planting fields, breeding livestock, mining & drilling the earth, building businesses & raising families, all because of faith - faith in their country, families, neighbors, their God, hard work & themselves.

FAITH: When people hear the word faith, they naturally think of faith in a Higher Power. But people, just like those early pioneers, hold a much more expansive view of faith. Those early pioneers had faith in what most would call our traditional American values: God, country, family & friends. They had faith in hard work & meritocracy – that those who worked hard, played by the rules, used their skills & talents to the best of their abilities, would succeed – regardless of race, religion, education, class or origin. This week, the *Wall Street Journal* released a disparaging survey, apparently giving credence to what we observe: Traditional American Values are under attack. In the short span of the last five years, & more clearly seen over the last 25 years, Americans' faith & belief in our traditional values – patriotism, having children, community, religion & hard work, has significantly declined. Is this surprising? It is difficult to be patriotic when the government itself works to destroy our economy & suppress its opponents; when our police & military run from rabble; when criminals freely walk the streets while the innocent are persecuted. It is difficult to raise a family in this crumbling environment, especially when children are exposed - by media, social media, schools & single-view bullies - to information & other nonsense far beyond their years to even begin to comprehend. When divisiveness exists within our communities, when the government & media pit one view against another, it is hard to establish '*the-work-together-to-survive*' value required to survive on the American frontier or in a small town. And even if you truly believe faith does indeed move mountains, you may more likely feel as though you are stuck on the Donner Pass in the winter of 1846 when the secular world indicts your beliefs as intolerant or hateful & the community about you is crumbling – its economy, education & safety. Finally, when the value of a paycheck is eroded by inflation, when a college education only serves as social indoctrination, when meritocracy no longer exists, why should a person work hard? No, it is not surprising that our traditional values are no longer as important as they once were. Can we hope for change, to see what we hope for, as written in Hebrews 11: "*Now faith is being sure of what we hope for & certain of what we do not see.*" Can we have faith that our society will someday change for the better? Should we heed St. Augustine, Thomas Aquinas, Voltaire & even George Michael, who tell us to have faith, or despair at Dante's message above the gates of hell? Think of a 10-month-old child, sitting on the floor. Across the room sits a caring mother. The child reaches up, with a chubby, dimpled hand, & grabs the sofa with the strength of angels. The child stands, then looks over his shoulder. The mother smiles, an approving smile that can only come from a mother's love. The child's eyes smile back; the child happily giggles. And then not knowing what happens next, the child lets go of the sofa, turns & takes a step forward. The child does not know if the pudgy legs will respond or hold, or where a tender, unsure foot might land. But spurred by a mother's love, the child takes a bold unknown step, *a step that is based solely on faith*. Martin Luther King tells us, "*Faith is taking the first step even when you don't see the whole staircase.*" Should we believe, have faith, that we can enact change in what we see around us? Confucius wrote, "*The man who moves a mountain begins by carrying away small stones,*" & Lincoln tells us, "*Let's have faith that right makes might; & in that faith let us, to the end, dare to do our duty as we understand it.*" While the author is unknown, the phrase "*come hell or high water*" first appeared in the Burlington (Iowa) *Weekly Hawk Eye*: "*Since that time the best of my friends had become enemies & strangers have become friends. The devil had broke loose in many parts of the country & keeping up with the old saying, we've had unrevised hell & high water, & a mighty heap of high water, I tell you.*" And while this phrase appears to hold true today, we must cling tightly, *come hell or high water*, to our faith, to our true friends & family, & work hard for both, for as Eleanor Roosevelt said, "*If you lose money you lose much, If you lose friends you lose more, If you lose faith you lose all.*"

INDUSTRY NEWS: *Rob's Backstage Popcorn*, previously a sub-brand of the *Naked Market*, raised \$7M led by the *Palm Tree Crew*, with *Hershey*, *UTA Ventures* & celebrities involved. *Extracellular*, cultivated meat, raised \$1.9M; *Big Idea Ventures* was among the investors. Australia's *Cauldron*, precision fermentation, raised A\$10.5M seed round led by *Main Sequence* & *Horizons*

Ventures. Netherlands-based *EV Biotech*, another precision fermentation company, raised €4.5M led by the *Future Food Fund*. Israel-based startup *PoLoPo* secured \$1.75M in pre-seed funding, for its molecular farming technology, led by *FoodLabs* with participation from *CPT Capital*, *Siddhi Capital*, *Plug & Play Ventures*, *Milk & Honey Ventures* & *HackCapital*. *Local Bounti* secured \$145M through *Cargill Financial Service* & a sale/leaseback of properties. Curbside drive-thru grocer *JackBe* raised \$11.5M from private investors & strategic partners, including *GP Investments*. Italy's *Quisto*, B2B food procurement platform, raised €800K in a pre-seed round. *STEER* closed on \$18M with the *TSX Venture Exchange* for its digital restaurant supply chain business. Cat food company *Smalls* raised \$19M from *301 Inc* & the *Mars Companion Fund*. *AUA Private Equity Partners* acquired *Western Smokehouse Partners*, meat snacks, from *Monogram Capital Partners*; terms were not disclosed. Personal care brand *True Botanicals* received an undisclosed amount of capital from *NextWorld Evergreen*. Pet food brands *Natural Balance* & *Canidae* will merge. *Nestlé* is among the \$1B bidders for India's *Capital Foods* makers of *Ching's Secret* brand of spicy noodles & fusion chutneys. *Kraft Heinz* will sell its Russian baby food business in Russia's *Chernogolovka* for about \$35M. Plant protein processor *Merit Functional Foods* is looking for bidders to prevent being placed in receivership. Cultivated meat maker *New Age Meats* has closed operations.

McCormick reaffirmed strong 2023 guidance after 1st QTR, which saw sales up & income lower, but beating Wall Street expectations. Grocery subscription service *HungryRoot* grew revenue 47% in 2022 to \$237M, a record year. *Local Bounti* reported sales of \$19.5M in 2022, up from \$0.6M with net losses doubling in 2022 to \$111M. Controlled farm *Edible Gardens* reported its 3rd straight quarter of growth to finish the year & projected a positive 2023 cashflow.

Sprouts will eliminate multi-use bags from its stores. *Erewhon* is opening its ninth SoCal location. Convenience retailer *Choice Market* will open at least five more frictionless *Mini-Marts* in 2023 with plans for larger expansion in 2024. *Dollar General* opened a store in Mexico. *Kroger* is building 3 larger format *Marketplace* stores in North Texas in a head-to-head battle with *HEB*. *Whole Foods Market* opened up applications for its *Local & Emerging Accelerator Program*. Dutch grocer *Jumbo* will offer chat checkout lines, slowing down to reach consumers more personally. *Kroger* will slow its rollout of *Ocado* powered fulfillment centers to assure success & growth of current facilities but announced the opening of an Austin facility. *Uber Eats* will deliver concessions in Yankee Stadium. *Grubhub* will expand its partnership with *Transact Campus*, adding restaurants in *Grubhub's* marketplace to the *Transact* app for campuses. *GrubMarket* will expand its fresh produce supply to Ukraine, Romania & will add an Egypt office. *Drizly* is enacting employee layoffs. *Kerry* opened a solutions innovation center in Barcelona, Spain. *Melodea* opened a pilot production facility for its plant-based food packaging technology. *Nestlé* closed the French factory making *Buitoni* frozen pizza, recently hit by E. coli outbreak. *General Mills* expects double digit inflation in the back half of the year but will look for efficiencies in the supply chain to prevent price hikes. *Cargill* & *Nestlé* will invest \$15M in regenerative ranching. *Hershey* will look to reduce lead & cadmium in its products after tests on some of its dark chocolate bars. *Smallhold*, indoor grown mushrooms, will expand with a *Sprouts Farmers Market* partnership. *Supplant* has introduced flour upcycled wheat stalks for foodservice & a DTC dried pasta. *RollinGreens* launched alt-chicken formulated from fermented shiitake mushrooms, peas & rice. *Veggies Made Great* is adding frozen breakfast & snack offerings, egg patties & cornbread. *Barilla* is expanding its chickpea pasta line. Australian cultivated meat company *Vow* made a meatball from cells of an extinct mammoth. *Chick-fil-a* is removing side salads from its menu. The person currently occupying the Arizona governor's office contemptuously vetoed a bill that would have eliminated the grocery tax, displaying an outward animosity for the state's citizens. A court ruled California's soda tax to be unconstitutional. The FDA has extended the comment period on *Red Dye 3* through May. Italy may ban cultivated meat, suggesting it is inconsistent with a traditional Mediterranean diet. *UNFI* is getting sued with a class-action lawsuit alleging investors were misled about expected cost savings. *Wakefern* appointed Mike Stigers to president, effective when current president Joe Sheridan retires.

From *Incise & FMI*, 74% of grocers believe that digital shopping has made shoppers less loyal, with poor 3rd party operations & online platforms the cause. From *Morning Consult*, 66% of parents of young children seek healthy foods like fruit & vegetables for their kids, 46% try to limit sugars, yet 43% eat fast food weekly. From digital personal finance company *Achieve*, 67% of Americans are cutting back on discretionary expenses, 8% are raising chickens for eggs & 18% are considering raising chickens as this administration's economic policies destroy USA citizens' wealth & livelihood. From *Kantar*, grocery inflation rose 17.5% in the UK. The dairy industry is experiencing significant workforce shortages, rural job locations just one of the reasons. Cold & snow is delaying durum wheat plantings.

MARKET NEWS: Markets rose this week. Jobless claims were higher than expected & GDP was lower. Personal spending dropped & personal consumption fell slightly. Housing starts were up slightly & consumer sentiment fell slightly.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenga*

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