



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

IN ALMOST ALL CULTURES, from the South Pacific to the Middle East, to the ancients in the Americas, there exists a similar story, myth or lore. At some point an angry God or cadre of gods, see much to dislike among the people of the earth. Evil, decadence & wickedness abounded. The gods decide to destroy the world with a massive flood. For many of us, this is the story of Noah, but similar stories reside in ancient cultures & religions across the world. In these stories, there is a survivor of the tempest, perhaps a family, bringing forth laws & morals to form a better society. Myth or religion, the message of this story is that Mother Nature always offers us a second chance.

SECOND CHANCES: My first visit to Mt. St. Helens was less than ten years after its eruption. Prior to 1980, Mt. St. Helens was considered one of the most beautiful & symmetrical mountains in the world. It was a go-to camping & hiking destination for many families travelling the West. After its eruption, it became a barren moonscape - trees, houses & cars were buried under molten lava & ash. Scientists predicted that life would not return to the mountain for years, perhaps centuries. But less than 10 years later, life abounded on the rocky surface. Trees & shrubs were growing from the cracks, small animals foraged for leaves & seeds while dodging large animals & birds of prey looking for dinner! Mother Nature, in its infinite wisdom, provided a second chance. There is evidence, though archeologists & scientists share different opinions & cite different evidence, of a massive flood some 12,000 years ago, about 10,800 BC, near the end of the Ice Age. This period is called the Younger Dryas. A cataclysmic event occurred, perhaps a volcanic eruption, a large asteroid striking the Earth or a series of meteorites raining down on Earth. Whatever the cause, the Glacial Ice Cap melted very quickly, sweeping the Earth with flooding. Once exposed land disappeared under water. This includes areas that connected the South Pacific islands to the Asian subcontinent & the Caribbean islands to the Americas. (Scientists debate whether certain very symmetrical or identical geographical artifacts from this era are man-made or naturally formed, such as the Bimini Road near the Bahamas.) After the flood, a short period (about 1000 years) of intense cold returned. It was in these years that the Woolly Mammoth, Saber Tooth Tiger & other ancient mammals disappeared. When the weather cleared, nature once again blossomed. Early man survived this tempest; thrived to build civilizations & share this story, the story of a second chance for humanity. Life abounds with second chances; we all get knocked down. Philosophers, generals, coaches & business leaders tell us it's not how often we get knocked down, but that each time we get back up & go at it once more. But actually, there is much more to second chances than just getting up! When given a second chance, the first rule is - *don't blow it!* Don't make the same mistake twice! People forgive, but they don't forget! Third & fourth chances don't & shouldn't be offered. Too often, people who are given a second chance, in life, love, family, careers, etc., don't change their bad behaviors or learn from their past mistakes, continuing to bring misery to themselves & others. December brings us Advent, the Christmas season, another story of second chances. This story is not an angry God, who upon seeing evil, wickedness, injustice & decadence in the world, destroys the world. Instead, a loving God sent his only begotten Son to Earth, with a message of love, forgiveness & goodwill, & to teach humanity about government, freedom, justice & redemption. A second chance for humanity; a second chance for kindness, goodwill, honesty, freedom & peace to rise above hate, lies & wickedness. The question remains, will humanity blow it?

INDUSTRY NEWS: Israeli food tech startup *Amai Proteins* is about to close on \$100M in funding to launch its designer stable sweet protein (3,000 times sweeter than sugar) applicable for a wide range of uses. *Yeasty*, alt-protein from leftover brewer's yeast, raised €1.4M led by *Asterion Ventures*. *SK Group* invested \$7M in cultivated salmon maker *Wildtype*. Plant-based meal replacement company *Huel* closed a \$24M round led by *Highland Europe*. UK's *Julienne Bruno* raised £5M for its cheese made from soy milk, led by *Cherry Ventures*, *Outsized Ventures*, *Seedcamp* & *Nicoya*. Scottish seaweed producer *Shore* raised an undisclosed round from its existing shareholders. *Pursuit Spirits* raised \$8M in equity & loans to expand its USA whiskey business. *BeeHero*, precision pollinator, \$42M from *Convent Capital*, *General Mills* & others. *Verdant Robotics*, robotic crop technology, raised \$46.5M led by *Cleveland Avenue* with *DCVC Bio*, *AgFunder*, *Future Ventures* & others involved. *DeHaat*, India farmer ag marketplace, raised \$60M led by *Sofina Ventures* & *Temasek*. *Nestlé*

is combining its *Freshly* business with *Kettle Cuisine*, a manufacturer of fresh artisanal foods for retail & foodservice owned by *L Catterton*, who will manage the business & hold 59% of the combined entity. California dairy manufacturers *Jackson-Mitchell & Redwood Hill Farm & Creamery* will merge to form *Darey Brands*. *Cargill* acquired Kentucky-based *Owensboro Grain Company's* soybean processing facility & refinery. *Paine Schwartz Partners* will acquire food waste reduction platform *AgroFresh Solutions*. *Full Harvest*, marketplace for surplus & imperfect produce, acquired farm sales & inventory management platform *FarmersWeb*. Pacific Northwest distributor *Harbor Wholesale* acquired *MTC Distributing* of Modesto, CA. *Russ Davis Wholesale* acquired *Liberty Fruit*. *Ironbridge Equity Partners* acquired Ontario's *King's Pastry*, a manufacturer of bakery products. *AppHarvest* is rumored to be facing insolvency, with a looming cash shortage amid a leadership restructure. Due to a drop in its stock price, *Boxed* may be delisted from the NYSE.

Net income in *Kroger's* 3rd QTR was down 17.2% due to supply chain & inflation issues, with sales up 7.3% on digital, private label & fresh sales; the grocer raised 4th QTR guidance. *Ingles Markets* saw an 8.2% sales increase in 4th QTR, but gross margin rates declined amid higher costs, a drain against net income. *Dollar General's* sales rose 11.1% in the 3rd QTR, comparables rose 6.8% & operating profit was up 10.5%, but distribution & transportation costs impacted net income; the company lowered full year expectations. Sales & income were down in 4th QTR for *Hormel*, though full year results were positive.

Per the *Kroger* leadership team, dollar stores may be part of the grocer's future. *Target* reports consumers are willing to delay purchases until deals are available. *Walgreens* will offer 24/7 delivery in several markets. *DoorDash* is laying off 1250 workers in a cost containment effort. *Amazon* will shut down its India food delivery offering & layoff 10K employees. *Food Rocket*, an ultrafast grocery delivery service backed by *Circle K* parent company *Alimentation Couche-Tard*, launched delivery at two *Circle K* locations in Charlotte, NC. *Penske* has begun testing battery powered semis. *Blue Radix*, a Dutch autonomous growing specialist, will provide technology to all of *Revol Greens' USA* greenhouses. *Infarm* will go through layoffs & a restructure, consolidating operations into their key growing centers. *Apeel* will lay off 100 employees in 2023. *Saputo* is expanding its New Mexico facility, adding 300 jobs. After a five-year hiatus, *Campbell* will restart *Goldfish* production in its Lakeland, FL facility. *Louis Dreyfus* has developed a new orange juice with sugar reduced by 30%, with dietary fiber content tripled & the original vitamin C level. *Chr. Hansen & CP Kelco* debuted a 'vegert', an alt yogurt that can be stored outside the fridge & be used in recipes for low-fat, low-sugar, special textures & flavors. *Thrive Market & Lesser Evil* will partner on a popcorn line. *Ingredion* will distribute *InnovoPro's* chickpea ingredients. *Kroger & Albertsons* were called to explain their merger before the Senate, a group of people who likely never worked an honest day in their lives & could not pass an entry level college economics course. *McDonald's* is suing *Smithfield, Tyson, JBS & Hormel* on allegations of pork price-fixing. In an historic era of price inflation & food shortages, the Dutch government will shut down 3,000 farms in homage to the climate change narrative. New Jersey may allow paper bags in grocery stores again after consumer issues arising from a lack of bags, including fewer food bank donations & unsanitary conditions of food donated. Congress will block the railroad strike following the administration's incompetent attempt to broker an agreement. Due to the avian flu, 1.8M birds in Nebraska were destroyed; more birds have been culled this year than in 2015. Wendy Davidson will take over as the CEO of *The Hain Celestial Group*, replacing Mark L. Schiller, who will remain on the board.

From *MLMB*, *Trader Joe's* is number one in connecting with its customers, followed by *Costco*. From 84.51°, 65% of shoppers are looking for deals, 61% are cutting back on snacks, candy & other non-essentials & 39% are purchasing fewer items at the store. *IRI* reports similar survey results, also noting that consumers are purchasing more at mass market & club stores, as well as lower cost grocers & outlets to find deals. From *Daymon*, to fight inflation, consumers are shifting to private label brands, with 95% purchasing private label brands this year versus 70% a year ago. From *Catalina*, yogurt (21%), cereal (20%), soap (19%) & soft drink & water (18%) are the categories experiencing the most inflation, followed by frozen prepared foods, frozen vegetables, coffee & deodorant. The California strawberry harvest will be delayed due to heavy rain. Peru's table grape exports will increase 20% this season.

MARKET NEWS: Markets were relatively flat. Private job growth (ADP) widely missed expectations. FED comments may have been indicative of a slowdown of interest hikes. Home prices fell. The Chicago PMI indicated continued contraction.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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