



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



AT TIMES IN AMERICAN HISTORY, things have seemed hopeless. During the revolution, more than once Washington's ragtag army appeared to be on the verge of defeat. The Civil War pitted brother against brother, turning our country into a battlefield. Prosperity *roared* in The Roaring Twenties, but so did crime. Unemployment hit 25% in the Depression, giving us bread lines & Hoovervilles. Songs like *Eve of Destruction* & *Ball of Confusion* describe the war & civil unrest of the 1960s. The 1970s brought back high unemployment & the uncontrolled inflation that we see today. The past year's events cause some to feel hopeless, but as bad as everything may look today, it is not 1942.

MORALE BOOST: At this time 80 years ago, most of the world was under control of evil, despotic, totalitarian dictatorships. Britain was isolated. Since December 7, 1941, America was on its heels, reeling from defeat after defeat. While the American war production mechanism geared up, young men enlisted or waited for their draft number to be called. Training camps were springing up across America. The losses in the South Pacific mounted. Japan immediately attacked Hong Kong, New Guinea, the Philippines, Wake Island, Kiribati, Thailand, Guam; & in the next few months Singapore, Cambodia, the Dutch East Indies, Malaysia, East Timor, Laos, Vietnam & Nauru. Japan now, with its earlier conquests of China, Taiwan & Korea, held almost 500M people as their slaves. Corregidor & Bataan fell; America not only lost thousands of men, more than 23K American troops & 100K Filipino allies were taken prisoner. For the next 3 years, they would be brutally tortured, beaten & killed. General Douglas MacArthur was secreted away to Australia, replaced by General 'Jim' Wainwright, who would spend the rest of the war as a POW. America desperately needed a victory, something to boost her shaken morale. Then on April 18, 1942, after months of top-secret planning, 16 B-25B Mitchell Bombers launched from the USS Hornet, as the carrier sailed in the Pacific toward Japan. The B-25 was not designed to take off from an aircraft carrier's short runway. The pilots were trained, not knowing the mission, to rev their engines to the point of breaking, then rev them more, to take off quickly. The B-25s were modified, removing gun mounts & adding phony guns to give them the appearance of a Japanese bomber. They carried extra fuel tanks & added steel plates – the bombers would not have a fighter escort; they would be at the mercy of anti-air batteries & Japanese Zeroes. The launch occurred 170 miles earlier than planned, after the Hornet was spotted by Japanese reconnaissance. While these pilots had been trained to launch on a short runway, they had actually never launched from a ship. All 16 made it into the air & led by Lt. Col. Jimmy Doolittle, headed to their target, Tokyo. The 16 bombers passed over Tokyo, dropping their bombs. Then they headed to China; landing in Japanese-occupied territory. The early launch left many planes short of fuel. About 70 of the B-25 crew members were hidden by the Chinese, who nursed their wounds & helped them escape to allied occupied areas. Eight crew members were captured in China by the Japanese; 3 were executed. One plane landed in the Soviet Union, who had a neutrality treaty in place with longtime foe Japan. They were held as POWs for a year, before being allowed to escape to allied occupied Iran. The Doolittle Raiders did very little damage to Tokyo, but the psychological impact to America's morale was immense. America finally had a win – she was not out; she was not beaten. America was on the offensive. In Japan, the raid had a demoralizing impact. The Japanese people had been told their island fortress was impregnable, that Japan could never be invaded or bombed. Like all propaganda, the truth is shattering. The Doolittle Raid gave America hope that she could get the job done. The strategy & secret planning of Jimmy Doolittle, who would be promoted to Brigadier General & put in command of the US Army Air Corps in Africa, the Mediterranean & eventually Europe, proved his point, *"If we should have to fight, we should be prepared to do so from the neck up instead of from the neck down."* When we are down, even a minor victory, one positive moment, can boost our morale; a silver lining, a ray of sunshine on a cloudy day. With a positive morale, anything can be accomplished. From General George Marshall, WWII Army Chief of Staff, *"Morale is the state of mind. It is steadfastness, courage & hope."*

INDUSTRY NEWS: *Upside Foods* raised \$400M to establish commercial production & viability, co-led by *Temasek* & *Abu Dhabi Growth Fund*, with participation from *Cargill*, *Tyson Foods*, *Givaudan* & others. Vertical farm *Kalera* secured a 10-

year \$30M million Senior Secured Credit Facility, with *Farm Credit of Central Florida*, for working capital. Beverage maker *A SHOC Energy* raised \$29M in a series B raise from Keurig Dr Pepper & a host of celebrity investors. Led by *Stray Dog Capital*, plant-based meat *Nowadays* raised a seed round of \$7M, bringing its total funding to nearly \$10M. *Koia* secured an additional undisclosed investment from celebrity participants. *Pearlita*, cultivated oysters, received an undisclosed investment from *Cult Food Science*. *Aliaxis*, fluid management solutions, will invest in & partner with CropX, farm management application. Geneva-based *Planetary*, fermentation tech to efficiently create & scale alt proteins, raised \$8M in a seed round led by *Astanor Ventures* with *XAnge*, *Blue Horizon*, *Nucleus Capital* & others. *Apollo Global Management* acquired Chicago's *Tony's Fresh Market*, founded in 1979 by legal Italian immigrants Tony Ingraffia & Domenico Gambino. *Perfect Day* acquired India-based *Sterling Biotech*, winning the liquidation bidding. *Simply Better Brands*, plant-based & holistic wellness products, will merge with Seattle-based *Jones Soda*, premium craft beverages. *Kestrel Foods*, a Northern Ireland food manufacturer, acquired *Just Live a Little Granola* for an undisclosed sum. New Jersey based *Patriot Pickle*, part of *Swander Pace Capital*, acquired the pickle assets of *Farm Ridge Foods*. *Rite Aid* rejected a buyout offer from investment firm *Spear Point Capital Management*. After a strong 1st QTR earnings report, *Danone* appears to be a target for *Lactalis*. *SpartanNash* has asked its shareholders to reject the requests of activist investors *Macellum Advisors* & *Ancora Holdings Group*. *Nestlé* warned that consumer prices increase will impact earnings. *Boston Beer's* stock tumbled as losses mount on falling demand. *Chipotle* formed *Cultivate Next*, a \$50M venture fund targeting seed to Series B stage companies that provide healthy, sustainable foods & food & restaurant tech that help fulfill *Chipotle's* strategies.

Meijer has new May store openings planned for Indiana & Michigan. *Big Y* will open its first smaller format store, *Big Y Express Fresh Market* in Springfield, MA. Asian grocer *99 Ranch* opened its first New York store, now having 56 stores in 11 states. *Kroger* is looking to hire 200 workers for its Florida eCommerce business. *Whole Foods* will debut Amazon technology allowing customers to pay with a palm scan. *Instacart* debuted *Caper Counter*, contact-free checkout for small format retail as in stadiums or arenas. *Tyson* will build a \$208M 121K sq. ft. chicken rendering facility in Alabama to replace a plant that was lost to fire in 2021. *PepsiCo* will close its Barrington, IL R&D center, home to *Gatorade Sports Science* since 1985, laying off 78 & transferring 212 others to new locations. *Perfect Day* plans a second production facility in Salt Lake City. *Mars Wrigley* is building a new \$40M R&D center for snacks & treats next to its world headquarters on Chicago's Goose Island. *Frito-Lay* will add 40 electric vehicles to its Texas fleet this summer. Students at *Sandy Creek Middle/High School* in Nebraska are raising their own beef steers to learn about beef production & provide the cafeteria with hyper-local beef for school meals. *Del Monte's Gut Love* & *Boost Me Fruit Infusions* have won upcycled certification by reusing 130K lbs. of pineapple juice annually. *DiGiorno* will debut breakfast pizzas. With sales declining, *Halo Top* is changing its formula to create a creamier topping. *Kerry* has introduced a liquid version of its *BC30* probiotic, which will expand the product usage into beverage & other segments. *Simple Mills*, *Daily Harvest* & *Cappello's* are forming *The Almond Project*, to study regenerative soil practices for California almond farms. *Campos Borquez*, a supplier of year-round organic, superfoods became the first farm in Mexico to obtain the Regenerative Organic Certification. Restaurants continue to win price fixing lawsuits against chicken producers as *Tyson Foods* & *Pilgrim's Pride* & other poultry processors settled for \$104M, but \$31M goes to the attorneys. The *Motif Foodworks* & *Impossible Foods* patent dispute is escalating.

From *Chicory*, 66% of consumers bought groceries online in the past 60 days, with 80% planning to continue & 54% intending to keep buying from their current retailer, indicating that such habits are becoming more entrenched. In a study from *Brigham & Women's Hospital*, consuming cocoa flavanols lowered the risk of cardiovascular death by 27%. From *FirstInsight*, 42% of consumers are cutting back on eating out, 33% of consumers will cut on entertainment costs & 30% will reduce their spending on organic or premium groceries & vacation as inflation rages. Total organic fresh produce sales rose 4% YOY, driven by inflation, as total volume fell, per *Organic Produce Network*. Red & green bell pepper market prices remain high as seasonal supply volume shifts from Mexico to the USA.

MARKET NEWS: Markets sold off on Thursday & Friday. Early earnings reports brought disappointment. The FED announced that interest rates hikes would come sooner & faster, in a *likely to fail attempt* to control the runaway inflation caused by government spending & its destructive economic policy decisions. Jobless claims were higher than expected.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenga*

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