



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



REMEMBER OUR CAVEMAN FRIEND, THUK? When we last checked in Thuk had learned to grow grain, left his nomad ways behind, moved into a cave with Mrs. Thuk & the little Thuks & opened a corner bar ([All Ears!! 12/01/18](#)). But during Thuk's wanderings, he likely reached the shore & found the sea. He learned that life teemed underneath the calm waters, saw the violence of a storm, looked upon the boundless bounty, his soul stirred & he felt the lure of the ocean. He then hollowed out a log & set sail, heeding the words of that ancient Celtic, *Van-uck Morrison* "Hark, now hear the sailors cry, smell the sea & feel the sky, let your soul & spirit fly, into the mystic."

THE START-UP SEA: It was likely the Polynesians of the South Pacific who were the first to navigate the open oceans, paddling a canoe. Near the Marshall Islands, they used "stick charts" that described the swells & current as well as the motion of the stars, land masses, wildlife & weather to navigate the ocean. Ancient mariners watched for fires on hills that marked the coast, reefs, rocks, swells & ancient ports until Egypt started constructing actual lighthouses. The *compass*, able to find magnetic north, was invented in China in the 2nd century B.C. & was first used for navigation in the 11th century. *Astrolabes*, invented by the ancient Greeks, were used to triangulate latitude based on the sun & time. It was first used for navigation in the 13th century. Prince Henry the Navigator used the compass & astrolabe to expand Portugal's colonies & trade routes in the 15th century. He made maritime navigation one of the sciences & mechanical arts! The Portuguese then perfected the *mariner's astrolabe* for the open seas. We often see characterizations of early explorers using a sextant, which measured angle & distance between the moon & another object to determine local time & longitude. Yet, the sextant does not get described until the works of Gosnold (late 16th century) & Newton (17th century). It came into common use in the early 18th century. Despite the risks of heading onto the open seas, the lure for early sailors was much too great. Humans looked at the sky & wanted to fly like birds; saw the stars & wished to soar amongst them; saw the vastness & beauty of the ocean, but *actually could set sail upon it*. The earliest sea goers, from the ancients like the Greeks & Egyptians, to the Norse & the earliest European explorers, took to the sea knowing very little about where they were headed & what they would find. This is no different than today's entrepreneur, setting sail onto a risky ocean, weathering storms & waves, to make their way to a new horizon. Van Gogh said, "*The fishermen know that the sea is dangerous & the storm terrible, but they have never found these dangers sufficient reason for remaining ashore.*" Like those early sea goers, entrepreneurs have few tools to navigate their way across that stormy *Start-up Sea*; the vastness of retail outlets, the whirlpool of distribution, the wave of eCommerce, the swell of production costs, the consumers who nibble but don't take the hook! They may end up swimming with the sharks! But like those early explorers, entrepreneurs learn as they sail & bring their stories & the lore back to shore! They share that lore other entrepreneurs, & more importantly, with potential investors! Explorers, like Columbus needed backers like Queen Isabella. Entrepreneurs need investors to help fund their exploration of the Start-up Sea. Andre Gide wrote, "*One doesn't discover new lands without consenting to lose sight, for a very long time, of the shore.*" But entrepreneurs need to keep potential & current investors updated even while they are navigating that stormy sea. They need tools, like astrolabes & sextants, to help them do just that, as they will be on that sea a long-time, for as William Makepeace Thackeray wrote, "*...make the horizon your goal; it will always be ahead of you.*"

INDUSTRY NEWS: *Memphis Meats* closed on \$161M, led by *SoftBank Group*, *Norwest & Temasek* with *Tyson Foods & Cargill* participating. *The Good Bean* acquired *Beanitos*, bringing together two bean-based snacks. Swedish startup *Noquo Foods* raised €3.25M in seed funding to develop plant-based cheese, led by *Astanor Ventures*. *RootWave*, a UK startup to kill weeds with precise hits of electricity, raised €6.5M led by *V-Bio Ventures & the Rabo Food & Agri Innovation Fund*. *Coca-Cola* will invest €1B in France over the next five years to develop new brands & beverages, improve bottling capacity & modernize *Coca-Cola* production plants. *Our Life Foods* (maker of *A Cajun Life*) added Louisiana-based *Swamp Pop* premium sugarcane soda to its portfolio, terms not disclosed. *Calavo Growers'* subsidiary, *Renaissance Food Group*, will acquire *Simply Fresh Fruit*. *Cann*, cannabis-infused social elixir, closed a \$5M round led by *Imaginary & JM10 Partners*, with *Navy Capital*, *Global Founders Capital & Cresco Capital* involved. Australia's *F45 Training*, group workout classes, is filing for an IPO in the USA & personalized online trainer provider *Trainiac* received \$2.2M in funding from undisclosed sources.

The Fresh Market is launching revamped online eCommerce & mobile app platforms. *Publix & Instacart* will partner on *Instacart Meals*, an app which includes customers able to custom build their own subs to add to their grocery order. *SpartanNash* has initiated a product shelf tagging system, *Nutrition Pathways*, to identify 22 health, wellness & nutritional attributes (heart healthy, sustainable, nothing artificial, organic, etc.) for customers. *Albertsons*, *Pinterest & Vestcom* will partner to allow customers to view *Pinterest* recipes from tags next to the product price. Per *Business Insider*, *Whole Foods* is experiencing shelf shortages due to supplier related issues. *Hy-Vee* opened its first stand-alone *HealthMarket*, focused on a healthy lifestyle, offering more than 11K items. *Kroger* will add a 350K sq. ft. *Ocada* fulfillment center in Frederick, MD. *Walmart* opened its first facility to support its new Angus beef supply chain, bringing more than 200 jobs to Georgia. *KeHE* introduced an incubator program for emerging brands, providing a high-touch platform to build market presence & reach more shelves. *Coca-Cola* will not ban plastic bottles because of consumer preferences & a switchover to aluminum & glass could increase their carbon footprint. *Nestlé* will develop plant protein ingredients for *Nestlé's* products with ingredient manufacturers *Merit Functional Foods & Burcon Nutrascience*. *Perdue* has completed a \$29M Iowa pork harvest facility. *MATI Energy* has shut down production due to a lack of funding. *Halo Top* will introduce 7 keto friendly SKUs. *Q Mixers* will be the exclusive mixer partner for *Arizona Cocktail Weekend* on President's Day weekend. *Canopy Growth* will delay the release of its Canadian CBD beverage line. Food & ingredient manufacturers who incorporate food waste into products have formed *the Upcycled Food Association*. *Tyson Foods* has formed the *Coalition for Global Protein* to develop sustainable protein options. New York City Council passed a ban on cashless food & retail establishments, standing in the way of technological process, if signed by the mayor. Charles Fry, founder of Arizona's iconic *Fry's Food Stores*, passed away at age 92.

The specialty food category grew 9.8% (2016 to 2018) to \$148.7B in sales & is 16% of the total food market industry. Growth is still outpacing conventional grocery sales, but is slowing with maturity, according to *Mintel*. Infants who ate grains have more fiber, nutrients & vitamins in their diet than infants not eating grains, according to a study in *Nutrients*. In a study from Penn State, USA households are wasting \$240B worth of food annually, 31.9% of their purchases.

MARKET NEWS: Markets fell on virus concerns. GDP exceeded expectations in 4th QTR & home prices rose.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malengo*

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