



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



JOHNNY RICHARDS WAS AN ACCOMPLISHED jazz composer who wrote some of the epic & groundbreaking musical compositions for Stan Kenton's big band. Carolyn Leigh was a noted Broadway lyricist, who wrote the lyrics for the musical *Peter Pan*. In 1953, she added lyrics to Richards' jazz composition, *Moonbeam*. The song, recorded by Frank Sinatra, became a massive hit, & was so popular, the title of the movie *Ol' Blue Eyes* was filming with Doris Day was changed to the song's name, *Young at Heart*, now part of the Great American Songbook. Most people know the song's opening line, "*Fairy tales can come true, it can happen to you, if you're Young at Heart.*"

DRAGON TALES: Fairy tales were oral folklore, shared in preliterate societies. Like ancient myths, they were used to explain the unknown. But fairy tales, at their very surface, are true. They were used to teach children the difference between good & evil & provide warnings of the world's dangers. What child has not wanted to take an adventure into a dark forest? And while there may not be a gingerbread house with an evil witch ready to cook & eat every child, there are dangers in that forest, for which a young child is not prepared. And while today's nitpickers take umbrage upon a kiss from a handsome prince, who hasn't needed to be awakened from ill-advised emotional & mental slumber? It often takes a momentous act to bring us back to the real world in full use of our senses, reason & intellect! Only Blanche DuBois always depended upon the kindness of strangers, but who hasn't welcomed an unexpected kindness, like a shoemaker finding happy elves made all the shoes overnight? Is planting magic beans any different than buying a *Scratch'n'Go*? The entire persona of the American Dream, one many of us can personally attest to, is no more than a cinders to the Ball to cinders & back again story! And while some of us are more likely to scream, scratch, fight or crawl to breakout of tower captivity, isn't it nice to know there are real, noble heroes in the world who will come to save us; more often than not in world history, a member of the USA military? Much like old cowboy movies, & much unlike today's world, the roles of good & evil are clearly obvious in fairy tales. The evil is often in the form of wolves, ogres, giants, witches, ghosts, goblins, gnomes, dwarfs, evil kings, queens, stepmothers & stepsisters. While the evil beings that haunt the fairy tales may or may not be true, there is one evil fairy tale creature that definitely exists – dragons! Dragons are not a mere annoyance. They are large, winged, horned, clawed, with scaly armor, spiked-tails, forked-tongues & speak in riddles. Dragons don't go away – they live on the nearest mountain, in the woods, or in a secret lair or dungeon demanding gifts & sacrifices. Worst of all, they are constantly breathing fire down your neck! Some people, unfortunately, have more than one dragon to fight in their life. But fight the dragons we must, to find a happy ending. This is when we reach deep inside, to find what is in there, our inner St. George or Galen Bradwarden, or try to get the perfect *D&D* roll. Dragons should not, cannot, must not, be ignored. From Tolkien, "*It does not do to leave a live dragon out of your calculations, if you live near him.*" American fantasy writer Ursula K Le Guin warns, "*The question is always the same with a dragon: will he talk with you or will he eat you?*" This is why dragons, whether inside of us, breathing on us, or sleeping somewhere close, must be conquered. Both GK Chesterton & fantasy writer Neil Gaiman believe that fairy tales teach children that dragons can be slain & from CS Lewis, "*Since it is so likely that children will meet cruel enemies, let them at least have heard of brave knights & heroic courage. Otherwise, you are making their destiny not brighter but darker.*" If we slay those dragons, we can find happiness, as Alexandre Dumas point out, "*Happiness is like those palaces in fairytales whose gates are guarded by dragons: We must fight in order to conquer it.*" And happiness is the richest, purest of treasures, from Saul Bellow, "*Every treasure is guarded by dragons. That's how you can tell it's valuable.*"

INDUSTRY NEWS: *Aura Bora* closed a Series A funding round led by *Siddhi Capital*. *Kate Farms*, plant-based nutritional formulas, raised \$75M led by *Novo Holdings* with *Goldman Sachs*, *Kaiser Permanente Ventures* & *Main Street Advisors*. *Eataly* raised €200M from *Investindustrial* that will allow the specialty Italian grocer to develop new formats & open more locations. Farm-to-consumer produce platform *Deep Rooted* secured \$12.5M led by *IvyCap Ventures* with participation from *Accel*, *Omnivore* & *Mayfield*. *Swiftly*, grocery tech, raised \$100M from *BRV Capital Management* & others, raising *Swiftly's* valuation over \$1B. *Profuse Technology*, alt-proteins, raised \$2.5M for R&D & commercialization, led by our friends at New York-based *Green Circle*. *MicroHarvest*, precision fermentation, raised €8.5M led by *Astanor Ventures* to build out a faster protein production process. Mexico-based supply chain, produce sourcing startup, *Alima*, raised \$1.5M led by *Soma Capital*, *Y Combinator*, *The Dorm Room*

Fund, Seed9, Pareto & other angel investors. *Zenchef*, front-of-house restaurant tech, raised €50M led by *PSG Equity*. Dutch online reservation & hospitality platform, *Formitable*, raised €8M with *Messagebird* & others. Insect protein company *InnovaFeed* closed a \$250M round with *Qatar Investment Authority, ADM & Cargill*. Pest monitoring & forecasting platform *Trapview* raised €10M led by *European Circular Bioeconomy Fund*. *Pano*, AI-tech to detect & fight wildfires, raised \$20M led by *Initialized Capital* for market expansion in North America & Australia. *GrubMarket* acquired *JC Produce*, fruits & vegetables sourced from South America & Asia. *House Foods Holdings* acquired 100% of *Keystone Natural Holdings*, including the brands *Westsoy, Nature's Soy, JP Veggies & Superior Tofu*. *Bunge* will sell its oilseed processing business in Russia to *Exoil Group*. *Ball Corp.* will sell its Russian operations to *Arnest Group* for \$530M. *Salad Collective* acquired *Tokyo Joe's*, adding to a portfolio with *MAD Greens & Snappy Salads*. *EQT Growth* launched a €2.4B fund to invest in European & Israeli foodtech startups.

Sobeys & parent *Empire Company* saw net sales, same-store & EPS improvements for 1st QTR, but EPS missed analyst estimates. Price hikes drove *General Mills*' 1st QTR earnings up 31% on a 4% sales increase.

Kroger will partner with French weekly meal planning service *Jow*. To help customers fight runaway inflation, *Lidl* will introduce rotating price cuts on more than 100 items. *Shoprite* is expanding its kosher offerings. *Walmart* will add 40K jobs for the holiday season, much less than a few years ago when the economy was booming. *Walmart Canada* will construct an eFulfillment center near Montreal. *General Motors*' commercial EV brand *BrightDrop* debuted *Trace Grocery*, a temperature-controlled eCart that can haul 350 pounds; *Kroger* is its first customer. *Instacart* introduced *Connected Stores*, technology to help grocers build a unified, personalized experience both online & in-store. *Perfect Day* launched *nth Bio*, an enterprise biology business, to help businesses with tech and scale up services, signing *Onego Bio* as its first customer. *AppHarvest* has implemented a touchless growing system at a 15-acre indoor farm in Berea, Kentucky. *Mission Produce* opened a distribution center in the UK. Flavor & functional ingredients producer *Rubix Foods* opened a new innovation center in Florida. *Next Gen Foods* has chosen Chicago as the site of its USA headquarters. Mycoprotein supplier *ENOUGH* opened a flagship, 15K sq. ft. production facility in The Netherlands. *Daytrip* has introduced a non-CBD prebiotic soda. *Beyond Meat Carne Asada* will be introduced at *Yum! Brands*' Dayton-area *Taco Bells*. *Campbell Soup* will launch *FlavorUp*, a concentrated flavor addition & its first product line launch since 2016's *Well Yes* soup line. *Coca-Cola's fairlife* claims to be in 25% of USA households. *Bayer & Perdue AgriBusiness* announced a regenerative farming collaboration. The COO of *Beyond Meat* was arrested after a brawl following a traffic incident & charged with assault for biting a man's nose; *Beyond Meat* suspended the executive. An appellate court ruled that hydroponic crops qualify as organic.

From *Mercatus/Brick Meets Click*, consumers are opting for pick-up due to lower cost & the timeliness of getting their groceries. From *dunnhumby, Market Basket, Aldi, Winco & Grocery Outlet* are the top grocers consumers are turning to save money during these inflationary times. Yet, in a study in a study from *Numerator*, discount grocers are raising prices faster than other retailers. In a study from *InvaFresh*, 58% of grocers cite inflation as their biggest threat, followed by supply chain disruptions (48%) & then labor cost & availability (43%). *LendingTree* reports that more than 75% of pet owners believe that inflation is making pet ownership more expensive & 26% are struggling to afford their pets. From *Advantage Sales*, consumers are ready to spend much more this year on Halloween candy, decorations & costumes. From *The NPD Group*, Gen Z's 18-24-year-olds are visiting quick-service restaurants more often than other groups, but are cutting back on visits due to high prices & looking for organic & better-for-you options. RTD cocktails are the fastest growing spirits category in both revenue & volume in 2021, from the *Distilled Spirits Council of the United States (DISCUS)*, rising 42.3% to \$1.6B. From *IRI*, cookie sales were up 9.4% YOY on price increases, as unit sales fell 1.6%. From an *American Bakers Association* survey, 84% of consumers feel that it is perfectly fine to occasionally treat yourself with baked treats such as cookies, cupcakes, donuts or pie. From Georgetown University, sugary beverages & sweet baked goods add to excess calories more so than chocolate & other confections. Research from the University of Arizona College of Health Solutions & published in *Trends in Cardiovascular Medicine* reveals little connection between refined grains & the development of Type II diabetes or cardiovascular disease. A study conducted by researchers at Tufts University suggests minimal improvement in the healthiness of global diets over the last 30 years. From *McKinsey*, sky-high costs for fertilizer & labor are increasing the number of USA farmers turning to agtech tools & products, with 80% of crop farmers citing inflation as their biggest risk & almost half turning to yield increase products & biofertilizers. Meat prices were up by 7.6% in August, YOY lower than the overall increase in food prices, per *210 Analytics & IRI*. The Northwest potato harvest is making progress easing a high demand but low supply situation. California rains will impact Salinas lettuce crops.

MARKET NEWS: Markets crashed under 30,000 as investor reel from the complete economic incompetence (or the purposeful destructive intention) of the people running Washington DC & now recognize the worst is yet to come in 2023.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

V9issue15.09.24.22

The Litchfield Fund is a family owned & operated limited liability corporation. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours & should not be considered investment advice or recommendations.