



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

MONA LISA'S SMILE. What is she thinking? Leonardo was a genius, a true Renaissance Man, but he certainly didn't quickly paint this masterpiece. He likely thought about the details, questioned, perhaps even agonized, over the slightest nuances. Look at the details of Rembrandt's *Belshazzar's Feast*, the light & shadows of Raphael's *Sistine Madonna* or the complexity of Botticelli's *Adoration of the Magi*. Pollack likely worked the details of *Number 17A* to the same extent that Seurat did painting *A Sunday Afternoon*. With any great masterpiece, whether art, music, literature, craftsmanship or thinking, every detail matters. Nothing great is created with a simple broad-brush.

BROAD-BRUSH: A broad-brush strategy or approach lacks substance, usually the important details & plans that will make the strategy workable & effective. Politicians are notorious for applying a broad-brush, such as proposing a broad-brush strategy for ending poverty & crime or improving the economy & environment. These same politicians paint groups of people with a broad-brush, raising certain groups up while putting other groups down, their remarks divisively creating either victims or villains. We all use statements like *'Let's thank all teachers'* or *'Support our military,'* which are certainly noble expressions. Society adds days, weeks & even months to the calendar to give honor to many a group of people, with each of us doing our part by posting on social media. Yet, we all know any group is made up of individuals, not all of which deserve our honor. Our country was founded on the principles of personal freedom & rugged individualism. By using broad-brush approaches, we negate the value, contributions & character of the individual. Our founding fathers & many who followed - Abraham Lincoln, Martin Luther King, Ayn Rand & others - all believed in the character, power, capability & spirit of the individual. Rand's objectivism philosophy offers the concept of the heroic being - working productively to achieve happiness. In Rand's philosophy, happiness is not achieved by happenstance. It comes by hard work in a capitalistic system; objective, rational thinking; a respect for reality & facts about human nature & needs; holding to the highest moral integrity & respecting the rights of others. Individualism's respect for personal freedom helps better society; from Ayn Rand, *"Do not make the mistake.... that an individualist is a man who says: 'I'll do as I please at everybody else's expense.' An individualist is a man who recognizes the inalienable individual rights of man—his own & those of others."* One must first respect their own individuality to respect the individual rights of others. From Harlem Renaissance poet Claude McKay, *"If a man is not faithful to his own individuality, he cannot be loyal to anything,"* & poet Robert Frost, *"The best things & best people rise out of their separateness; I'm against a homogenized society because I want the cream to rise."* Often, it seems we are headed toward a society of sameness, well beyond just a commemorative date on the calendar. Erich Fromm, 20th century psychoanalyst & social philosopher, warned, *"We are not on the way to greater individualism, but are becoming an increasingly manipulated mass civilization."* So why is it that our government, education system & media seem to want to push us towards homogeneity? The answer is simple - individuals who do not think for themselves are easier to control. History proves that societies that lack personal freedom & thought do not survive, from Mahatma Gandhi, *"No society can possibly be built on a denial of individual freedom."* Poets, like McKay & Frost, seem to have a unique understanding of individuality in art & society. From 20th century poet Joseph Brodsky, *"The surest defense against Evil is extreme individualism, originality of thinking, whimsicality, even - if you will - eccentricity. That is, something that can't be feigned, faked, imitated; something even a seasoned imposter couldn't be happy with."*

INDUSTRY NEWS: *Oats Overnight* raised \$21M from *Singh Capital Partners, BFG Partners, Impatient Ventures, Watchfire Ventures, Morrison Seger Venture Capital Partners, Vanterra Ventures, Access Capital & Pure Ventures*. Plant-based ramen *immi* raised \$10M in a Series A round led by *Touch Capital*. *Poppy Handcrafted Popcorn* raised \$3M led by Jeff Immelt's family office *JACS Capital*; Immelt will join as an advisor. *Sierra Nevada Brewing* made a minority investment in *Riot Energy*. Plant-based *Barbecue* completed a seed round from *VegInvest, Vegan Capital, Stray Dog Capital, Siddhi Capital, Clear Current Capital, Planthesis, Alwyn Capital* & others. *Nestlé* invested in *YFood*, meal-replacement snack bars, drinks & powder producer, terms not disclosed. *Sparkalis* invested in *Fooditive*, vegan casein & bee-free honey. *Chromologics*, natural food colors, raised €12.6M from *Doehler Ventures & Thia Ventures*. *S2G Ventures* invested an undisclosed amount in *The Plant Based Seafood Company's "Mind Blown"* alt-seafood. *Nalu Bio*, synthetic cannabinoids, secured \$12M led by *Intrinsic Capital Partners*. *Hectacre*, crop & livestock management software, raised a \$20M series A. *Daily Blends*, smart vending machines, raised \$2M co-led by *Hustle Fund & 2048 Ventures*. *Next Gen Foods* purchased plant-based gelato maker *Mwah*; *Next Gen Foods* led *Mwah* previous capital round.

College Hill Capital Partners (CHCP) formed a BFY dairy & plant-based frozen dessert company, *College Circle Creamery*, that acquired *Luke's Ice Cream*; terms not disclosed. *Source Global* acquired *Proud Source Water*. Private label take & bake pizza company *Great Kitchens Food* acquired frozen pizza company *Uno Foods*, Chicago landmark deep dish pizza. Non-dairy desserts *Bon Devil* was acquired by *The Run-A-Ton Group*. *Patagonia Provisions* acquired snack-brand *Moonshot*. *Glanbia* sold its joint-venture stake in mozzarella-maker *Glanbia Cheese* to its partner, *Leprino Foods Company* for €160M & up to €25M in performance considerations. Investment firm *Novax* bought French specialty functional ingredients developer, *Louis François*; terms not disclosed. *OC Flavors*, powdered flavors, acquired *Novotaste*, natural & organic flavor solutions. *Alimentation Couche-Tard (Circle K)* is acquiring 45 fuel & convenience retail sites from *Big Red Stores*, for an undisclosed amount. *GrubMarket* acquired California distributor *Custom Produce*. India's *Kitchens@* acquired food delivery platform *Swiggy*. *Blue Apron* is addressing its market capitalization to avoid being delisted on the NYSE.

Sprouts will be closing stores that do not fit its current store strategy. *BJ's* announced five new club stores, the retailer now in 20 states. *Amazon Go* will close two stores each in Seattle, two in New York City & four in San Francisco; 8 of 29 total stores. *Walmart* will close its last stores in Portland as crime rages. *Green Zebra* will cease its operations in Portland. *Walmart Health* plans to double in size to 75+ stores by the end of 2024. *Target* will add more products under \$15. *Dollar General* is adding new premium private label brands at value prices, including new pet food offerings. *Winn-Dixie* will reduce prices on 150 everyday items. *Tops Friendly Markets* will expand its *Flashfood* program to 18 more New York store locations. Restaurant technology company *Olo* will partner with *Kroger* for sushi & floral delivery offering, the company's first grocery partnership. Rapid delivery startup *Food Rocket* has ceased operations. A store-hailing pilot between *Conjure & Mars* debuted in Los Angeles to bring on-demand mobile ice cream stores directly to consumers. *Instacart* is adding *ChatCPT* to its app; several grocers are testing the app. *Uber Eats* partnered with Tampa International Airport to offer online ordering from its concessions. *NeilsenIQ*, in partnership with *Brandjectory*, opened applications for its \$500K pitch slam. *Whole Foods* is accepting applications for its accelerator. *Tyson Ventures* will hold a *Demo Day* for upcycled foods. The recently merged *IRI & NPD* rebranded to *Circana*. *Good Culture* will partner with *Dairy Farmers of America* on probiotic milk development. *Mondelez's* decision to move some production of *Toblerone* from Switzerland to Slovakia may, per Swiss law, prevent *Toblerone* claiming to be Swiss-made & displaying the Matterhorn on its packaging. *Utz Brands* will hold back on price increases as consumers reduce purchases. *Hershey* debuted a plant-based *Reese's* & oat chocolate bar. *Brewer's Food* introduces upcycled chocolate chip cookies. *SunnyD* will launch RTD cocktail *SunnyD Vodka Seltzer*. *ADM* will collaborate with *Marel*, advanced food processing solutions, to build an innovation center in The Netherlands for new alternative protein products. Crop health startup *Texas Crop Science* will partner with plant genetics company *GDM* to develop high-yielding soybeans that can grow in many conditions. *Vow*, cultivated quail, started the regulatory process to launch cultivated quail in Australia by 2024. Dallas, Texas approved a Comprehensive Urban Agriculture Plan. The USDA is proposing a new rule for "Product of USA" label claims requiring that animals be born, raised, slaughtered & processed in the USA. The state of California will not use *Walgreens* services due to *Walgreens* support for children's health.

The *National Restaurant Association* predicts job & tech growth for the industry in 2023. From *Numerator*, terrible economic conditions are causing consumers to pull back from grocery & restaurant conditions. Per *PwC*, poor economic macros will limit CPG growth in the coming years. According to *Atomik* & the *National Frozen & Refrigerated Foods Association*, 94% of Americans look for food with a longer shelf life to be available for cooking convenience, with 77% parents using frozen meals to adjust dinner plans. From the *National Confectioners Association*, confectionery & chocolate sales grew 11.1% YOY, with a large majority of consumers still seeing treats as affordable & a fun part of life. In a report from *Mintel*, more than 25% of USA consumers have increased their consumption of salty snacks YOY, with relaxing & satisfying cravings (67%) as the primary motivators for consumers followed by hunger (58%). Per *FMI*, inflation has increased produce dollar sales as sales volumes fall. From 84.51° & the *Plant Based Foods Association*, plant-based meat acceptance is plagued by taste, texture & quality issues. From a study in *Nutrients*, short-chain saturated fatty-acids such as coconut oil may be helpful in reducing heart disease. From *Numerator*, 14% more Americans plan to celebrate St. Paddy's Day this year, with beer as the top imbibing choice. The USDA projects the highest production of wheat in 7 years.

MARKET NEWS: Markets rode the down escalator all week. FED Chairman Powell's comments indicate the FED is lost on how to fight inflation except by raising interest rates higher & more frequently. Banks are finally forecasting a coming recession, ignoring the current 12-month recession. The administration is proposing a budget that would increase the national debt by \$19T in 10 years (a 61% increase) & includes an estimated \$2T to \$4.5T in tax hikes. Silicon Valley Bank entered receivership; the economic fallout remains to be seen.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – Tom Malenka

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