



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

I WAS EXCITED TO GET A CHOICE CLASS from a leading professor in the field of Operations Management in my first semester as an MBA student. His text was a standard for undergraduate Operations Research. As our first mid-term approached, a nervous student asked if we could use calculators. He said, "*Of course,*" & explained that his exams were open book, open notes, bring friends, other texts or research or even leave to make a phone call. He went on to say, "*I never saw a business yet that locked you in a room with paper & pencil & told you to solve a problem. Your job is not to know all the answers, but to do the research & use your reason to find the answers.*"

RESEARCH AND REASON: A research paper in middle school, high school or college meant spending a Saturday at the library. If the topic was assigned to the entire class, then you might be out of luck in finding any books to check out to take home to do your work like you normally did, with the stereo blaring '70s rock. Instead, you were forced to check through every reference book, dive deep into the card catalog for related topics or start digging through the tomes of the Periodic Guide. Then if you found information you could use in your paper, you not only captured the data but identified every source for a footnote & for the bibliography. Having done all your research, you would head home & begin to apply your reason; then write your paper, hoping not just to explain the topic, but try to add some well-reasoned insights. In this era, we pulled out the mechanical *Royal* portable typewriter, banging away at the keys while planning when to stop on each page to leave room for the footnotes. Today, the student has automated footnote tools & does all the research on the internet. The internet is the greatest tool ever invented for research. Sadly, reason needs to be applied not just to findings but to the information's source & veracity. From movie critic Roger Ebert, "*Doing research on the Web is like using a library assembled piecemeal by pack rats & vandalized nightly.*" There are people who insist research is not necessary, to just believe what we are told, as long as it comes from an approved source. But why would anyone do that? Descartes famously wrote, "*Cognito, ergo sum,*" – "*I think, therefore I am.*" Why would anyone give up their opportunity to research & reason through any problem or issue? Why would anyone give up what essentially makes them human, that is, to reason? Marcus Aurelius wrote, "*Nothing has such power to broaden the mind as the ability to investigate systematically & truly all that comes under thy observation in life.*" From Hungarian Nobel Prize winner Albert Szent-Gyorgi, "*Research is to see what everybody else has seen & to think what nobody else has thought.*" Like Roger Ebert, Physicist Arthur Schopenhauer forethought why we must now apply reason to what we find on the internet, "*Just as the largest library, badly arranged, is not so useful as a very moderate one that is well arranged, so the greatest amount of knowledge, if not elaborated by our own thoughts, is worth much less than a far smaller volume that has been abundantly & repeatedly thought over.*" Reason is how we avoid making mistakes or letting only our passions drive us. American patriot Thomas Paine wrote, "*The most formidable weapon against errors of every kind is reason,*" & from Ben Franklin, "*If passion drives you, let reason hold the reins.*" The ability to reason not only makes us human, it is the essence of our sacred Free Will. Lord Byron wrote, "*It is useless to tell one not to reason but to believe; you might as well tell a man not to wake but sleep.*" Throughout history & even today, some tell us loudly, incessantly, angrily, not to reason, to just believe & follow. From French philosopher Michel de Montaigne, "*He who establishes his argument by noise & command shows that his reason is weak.*" Do not abdicate your ability to reason, for as industrialist Andrew Carnegie warned, "*He that cannot reason is a fool. He that will not is a bigot. He that dare not is a slave.*" Strive to do your research, apply your reason & logic. Be the human that Descartes, Aurelius, Alexander Hamilton & Einstein envisioned us to be. From Thomas Jefferson, "*I was bold in the pursuit of knowledge, never fearing to follow truth & reason to whatever results they led & bearding every authority which stood in their way.*"

INDUSTRY NEWS: *HumanCo*, better-for-you & natural brand holding company, raised \$35M from *8VC*, *Jazz Venture Partners* & private investors, then took a majority stake in grain & gluten-free pizza maker *Against the Grain*. *Growthwell Foods*, manufactured plant-based alternatives for meat & seafood, raised \$22M led by *Creade*. *Healthycell*, gel-tech delivery of supplements, raised \$1.57M led by *Keen Growth Capital* & *Balanced Breakfast Fund*. *Ripple Foods* raised \$60M led by *Rage Capital*, *Ajax Strategies* & *S2G Ventures* with *OurCrowd*, *GV*, *Prelude Ventures*, *Euclidean*, *Fall Line Capital* & *Tao Capital Partners* involved. *Eat Just's Good Meat* added \$97M in funding (bringing its total round to \$267M) with *UBS O'Connor*, *Graphene Ventures*, *K3 Ventures* & *Resilience Reserve* involved. *Bregal Partners* invested an undisclosed in *Oggi Foods*, maker of gluten-

free, organic, non-GMO frozen pizza & more. Dutch eGrocer *Picnic* raised \$707M led by the *Gates Foundation*. *Shelf Engine* added a \$2M extension to its current round (\$41M total) from *Capital Plus* & private investors for its food waste AI platform. *Advanced Farm Technologies*, robotic technology for strawberry & apple harvesting, raised \$25M led by *Catapult Ventures* with *Kubota Corporation*, *Yamaha Motor Corporation* & *Impact Ventures* involved. *Iron Ox*, autonomous robot-farming, closed \$53M led by new investor *Breakthrough Energy Ventures*. Israeli autonomous farming startup *Blue White Robotics* raised \$37M led by *Insight Partners* & *Entrée Capital*, with *Clal Insurance*, *Jesselson Family Office*, *Peregrine VC* & *Regah Ventures* participating. *Steward*, a crowdfunding platform to finance small/medium size farms, raised \$8.8M led by *Neglected Climate Opportunities*, *Ponderosa Ventures* & *Tripple*. *Statespace*, an e-sports & sports training solution, captured \$50 led by *Khosla Ventures* & *Lux Capital*. PE firm *Ardian* acquired a majority stake in *Florida Food Products*, formulator & producer of vegetable & fruit-based clean label ingredients; terms not disclosed. *Kraft Heinz* will buy Brazil-based condiments supplier *Companhia Hemmer Indústria e Comércio*. *BelGioioso Cheese* will acquire NY-based *Polly-O*, a manufacturer of Italian cheese; terms not disclosed, from *Lactalis*. *Feel Foods*, agri-food tech holding company, acquired *Black Sheep Vegan Cheese Company Corp.*, a British Columbia vegan cheese company, in a share exchange. *Manna Pro Products* acquired *Dinovite*, an eCommerce platform selling premium supplements & wellness products for dogs & cats, terms not disclosed. *Savos Brands* IPO price is set at \$12, below its original \$14 to \$16 price per share estimate. *Toast*, restaurant POS & management software, topped \$30B in its IPO.

Kroger posted a 3.9% 2nd QTR sales increase; profit increased but margins tightened & identical store & eCommerce sales decreased. *Sobey's* ended 1st QTR with a 3.7% sales increase but saw a slight drop in net income. Rising input costs led to a 2% net income decline in *General Mills*' 1st QTR though sales rose 4%.

Bashas' will pilot *Afresh Technologies* operating system to reduce food waste. *Bashas'* will hold a hiring drive for nearly 1K employees. *Hy-Vee* will hire 2K pharmacy techs. Ben Miller, an associate at *Hy-Vee*, won the NGA's Best Bagger Championship. *Independent Grocers Alliance (IGA)* has teamed with *Flashfood*, a platform that helps move foods closing in expiration. *Giant Foods* is lowering or removing delivery fees & reducing minimum order amounts. *Albertsons* will partner with tech startup *Firework* to develop immersive short-form videos & livestream content to encourage consumer use of digital platforms & make purchases. Also, *Albertsons* & *Pinterest* will partner so shoppers can order directly from *Pinterest* recipes. *DoorDash* now offers alcohol delivery & *DoubleDash*, an option to add a meal from a local restaurant to an *Albertsons'* grocery order. *Food Dive* reports that *DoorDash* is urban delivery from dark stores on behalf of grocers & dedicated delivery for retailers' private labels. *Shipt* will offer free membership to *Visa* cardholders. *PlantX Life* will begin selling hundreds of products on *Walmart Marketplace*. *Mercato*, eCommerce platform for independent grocers, enters the Houston market. *Stor.ai* has launched a new picking app to enable its retail customers to more efficiently manage pickers, process & efficiency. Store-hailing startup *Robomart* will launch a platform for retailers to deploy branded grocery, convenience & fast-food stores on wheels in 2022. *Danone's Evian* will use new recycled plastic bottles from *Loop Industries*, made from plastic & materials like gym bags or flip flops. *Benson Hill* acquired a soybean crushing facility from Indiana-based *Rose Acre Farm*. *Premium Peanut* will invest \$64.3 million to establish operations in South Carolina creating 130 new jobs. *Shearer's* expanding its Pennsylvania snacks plant with a \$27.5M investment. *Nestlé* will invest \$1.29B to support regenerative agriculture with its network of 500K farmers & 150K suppliers. *Banza* will offer new pizza offerings that include plant-based toppings from *Beyond Meat* & *Danone's Follow Your Heart*. *Chobani* launched fruit flavored *Chobani Ends Child Hunger Peanut Butter Flavored Nutrient Spreads*, with all profits going to charity to fight childhood hunger. Patrick Schwarzenegger & Maria Shriver have launched an enhanced snack bar, *MOSH*, intended for brain health. The *Martha Stewart Kitchen* brand will debut more than 40 frozen meals, side dishes & desserts in *Kroger*, *Albertsons*, *Publix* & other chains in November. *DouxMatok* will partner with Italian ingredients company *Hi-Food* to offer its sugar-reduction ingredient *Incredo Sugar*. *Tofurkey* will partner with *Triton Algae Innovations* to launch algae-based meat alternatives using *Triton's* essential red algae. The *Winter Fancy Food Show* will move to Las Vegas.

Wynshop (formerly *ThriveAI*) & *Incisiv* report that 86% of grocers indicate dissatisfaction with their online profitability, with online gross margin at just 9%. More than 80% worry about losing touch with their customers who use third party providers for delivery & that those providers will become competitors. From University of Michigan's C.S. Mott Children's Hospital, 20% of families have increased fast food consumption, citing being too busy or too stressed to cook as the reasons for the increase. The USDA reports higher soy bean, sugar & corn production. Mexican citrus imports have increased 28%.

MARKET NEWS: Markets sold off quickly on Monday on fears of the collapse of China's *Evergrande*, five times larger than *Lehman Brothers*. Markets recovered as the FED assured it would maintain its current market friendly activities.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenga*

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