



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



IN MY PARENT'S SMALL coal mining & farming village, in the '20s & '30s, there was no running water. Water was gathered in buckets & jugs at a few water pumps, one of which was by the mine entrance. The water they mustered was used for drinking & cooking; washing, cleaning & laundry. Water was collected in rain barrels for the animals & crops. When electricity arrived in the 1930s, it was available for just a few hours in the morning & evening. Four years after its publishing in 1936, my 15-year-old mom got her hands on a copy of Margaret Mitchell's Pulitzer Prize winning novel, *Gone with the Wind*. She read the 1000-page tome in just 3 nights, using a kerosene lamp.

ELECTRICITY: The ancients realized electricity existed, seeing sparks from rocks, electric fish, static electricity & the magnetism of certain elements. Electricity remained a mystery until the 17th century, when the scientific study of electricity began. Famously, our American forefather & *sage of wisdom*, Benjamin Franklin, sold his fortune in the mid-18th century to conduct experiments in electricity. His experiments proved, "*The electrical matter consists of particles extremely subtle, since it can permeate common matter, even the densest metals, with such ease & freedom as not to receive any perceptible resistance.*" Italian physicist Alessandro Volta invented the battery in 1800 & the 19th century was an era of electrical engineering, discovery & invention. It was not just Morse inventing telegraphy, Bell the telephone & Edison the light bulb, phonograph, stock ticker & so many more; it was in this era the discovery & invention of thermoelectricity, light & electric wave theory, thermomagnetic principles; resistors, relays, fuses, vacuum tubes, cathode ray tubes & coils; and the generation of both direct current (DC) & alternating current (AC). Yet still, even Nikola Tesla thought of electricity as a mystery, saying, "*I cannot exaggerate the effect of this marvelous sight on my childish imagination. Day after day I asked myself what is electricity & found no answer.*" The real power of electricity was not harnessed until September 4, 1882, when Edison lit Pearl Street in lower Manhattan with DC. George Westinghouse (who had invented the railway airbrake, a feature that allowed the brakeman to use compressed air to stop all the cars at once, instead of running from car to car to brake each one individually) saw the power of generating higher voltage AC, which could be sent farther than DC by using transformers. The battle between Westinghouse's AC & Edison's DC (which could have been solved with music by Malcolm & Angus Young) went on for several years. Westinghouse bought up hundreds of AC patents, including those of Tesla, & finally, in 1892, due to patent rights & financing, *Edison Electric* was forced to merge with AC generating companies to form *General Electric*. The early 1900s saw the invention of many electric household convenience options & by the 1920s, Madison Avenue, through radio & print, convinced everyone that they needed electric toasters, stoves, vacuum cleaners, waffle irons, phonographs, refrigerators & blenders. By the 1930s, all large cities & most big towns had full electric power, but only about 10% of rural areas, like where my mom lived, had electricity. Mom was the oldest child in a large family, the youngest 15 years her junior. As a girl, she had many household chores, done without electricity & running water. To iron clothes, a solid metal iron was heated on the coal-fired stove, then used until it cooled, & then placed on the coal-fired stove to heat up once again. Today, you can buy an electric car, plug it into an electric outlet (with electricity likely produced in a coal-fired electric plant) to heat it up, then run it until it cools & then plug it in to heat it up once again. *How's that for a bit of iron-y!*

INDUSTRY NEWS: *Yerbaé Enhanced Sparkling Water* raised \$1M in a crowdfunding effort. *Weee!*, online grocer specializing in Hispanic & Asian foods, raised \$315M, at a \$2.8B valuation, led by existing investor *DST Global*, with *Blackstone Growth*, *Arena Holdings* & *Tiger Global* involved. *Stor.ai* (formerly *Self Point*), a firm that provides end-to-end eCommerce solutions for grocers & grew 250% in 2020, raised \$21M for North American & international expansion. *Fridge No More*, a 15-minute bicycle grocery-delivery startup based in Brooklyn, closed a \$15.4M led by

Insight Partners, with participation from *Altair Capital*, an existing investor. Electric self-driving tractor company, *Monarch Tractor*, raised \$20M from Japanese auto parts maker *Musashi Seimitsu*, ag equipment manufacturer *CNH Industrial*, Indian tractor maker *VST Tillers*, *At One Ventures* & *MUUS*. Switzerland cell-cultured meat startup, *Mirai Foods*, closed a seed round at \$4.5M from several European investment firms. Virginia-based *Babylon Micro-Farms* closed a \$3M round led by the *Center for Innovative Technology* with *Hull Street Capital*, *VentureSouth* & *CAV Angels* (the University of Virginia's alumni angel investor group) involved. Singapore startup, *Float Foods*, raised an undisclosed amount from *Temasek* for its plant-based egg substitute development. Per *The Good Food Institute*, investment in plant-based, cell cultivated & fermented protein companies rose from \$1B in 2019 to \$3.1B in 2020. *Sobey's* parent company, *Empire Company Ltd*, will acquire 51% of Ontario independent family grocer *Longo's* & its *Grocery Gateway* eCommerce business. *GrubMarket* acquired Texas-based *RJ Produce*, increasing its nationwide food supply chain. PE firm *Lindsay Goldberg* will acquire the North American business of Switzerland-based *Aryzta AG* for \$850M. *Cargill* has realigned all of their sector venture units into one centralized venture group, *Cargill Ventures*. *The Fresh Market* has begun looking into a public offering. *Alexandria Agtech/Climate Innovation Acquisition (AACE)*, a SPAC formed by USA real estate investment trust *Alexandria Real Estate Equities*, has filed with the SEC to raise up to \$250M million in an IPO that could be valued at \$313M. *Nabati Foods*, plant-based food maker, raised \$7.7M & plans a Canadian IPO. Alt-meat maker *Monde Nissin Corp.* seeks to be the Philippines' first \$1B IPO, the proceeds to fund international expansion.

Schnucks will debut fresh focused *Schnucks Fresh* with a smaller 18K sq. ft. format in Indiana. Per *Bloomberg*, *Amazon* has 28 *Fresh* stores planned. *Costco* may increase membership fees in the next 18 months. *Dollar General* plans 1K new stores in 2021. *Walgreens* will hold supplier meetups in May to find more local products. *Ardent Mills* is introducing a white all-purpose keto certified low net carb flour, with gluten, which allows for its use in current baking & production systems. *PepsiCo* will deliver select *Chobani* products to harder to reach locations. *PepsiCo* launched *Hilo Life*, a keto-friendly snack brand of tortilla-style chips formulated with defatted almond flour. *Mars Wrigley* & *Danimer Scientific* will partner to develop biodegradable candy wrappers, starting with *Skittles*. *Coca-Cola* is moving its Texas-based *Minute Maid* orange juice operation to Atlanta. *UNFI* believes its new automated DCs will double the throughput of pickups. *Fairlife* has opened a 300K sq. ft. processing facility in Goodyear, AZ & will partner with the *United Dairymen of Arizona* to source milk from dairy farmers in the West Valley. *Tyson* will invest \$42M in a former Arkansas pizza topping & taco filling plant to process pork & beef. *Nestlé* filed a lawsuit against *Danone* claiming *Danone's Silk* brand coffee creamers copy the unique branding & packaging designs from *Nestlé's Coffee-mate Natural Bliss* line. *Sysco* filed a lawsuit against *Tyson Foods*, *JBS USA*, *Smithfield Foods*, *Hormel Foods* & other pork processors charging price fixing over the past decade. There are 43 pending lawsuits against baby food companies for heavy metal contamination. A judge dismissed a lawsuit to block Seattle's \$4/hour mandated pay raise for grocery workers while the *California Grocers Association* filed lawsuits against Irvine & Santa Ana. Nebraska declared March 20th *Meat on the Menu Day* while Colorado had a *Meat-out Day*. Shon Boney, who founded *Sprouts Farmers Market* with a single store in Chandler, AZ, died at age 52 after a battle with cancer.

The *Fresh Produce Association of the Americas'* reports that 2020 retail produce sales were 17.6% higher than in 2019 & outpaced overall retail grocery sales, which grew at 10.1%. Per *Brick Meets Click*, while total online grocery sales fell from \$9.1B in January to \$8B in February, pickup claimed 5 additional market share points. *Shipt* is seeing a snacking increase from March Madness, leading to the delivery of more than 231K bags of *Doritos*, 136K boxes of *Cheez-Its*, 133K bags of *Goldfish* & 107K bags of *Tostitos*. Per *Haas*, super avocado-purchasing households spend at least \$26 or more annually on avocados & make up 70% of all avocado purchases. *EWR* added collard, mustard greens & for the first time, bell peppers & hot peppers to the *Dirty Dozen*. Avocados still topped the *Clean 15*.

MARKET NEWS: Markets were generally lower this week as unemployment rose, treasuring yields increased due to rising inflation & retail sales plummeted 3% in February. This administration is proposing an economy killing tax increase, the largest in 27 years.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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