



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



In 1896, **SPERRY AND HUTCHISON** formed what in essence was the first consumer loyalty company. *S&H Green Stamps* (& similar competitors) were distributed by retailers at check out. Consumers chose to shop at the retailers who gave the most stamps for purchases. The stamps were redeemed at *S&H* stores for household items. In my low-income family, stamps were redeemed for Christmas gifts that my family could otherwise not afford. *Green Stamps* reached peak usage in the '50s & '60s, but faded from use in '70s, as inflation & recession took down the economy. Consumers were forced to quickly decide what to do with their last stamps - *get a rowboat or a sewing machine?*

HOUSE OF CARDS: When the *Checker Trading Stamp* company announced it was closing in 30 days, the *Brady Bunch* family had to decide how to use their last remaining stamps. The Brady boys wanted a rowboat & the Brady girls wanted a sewing machine. They decide to face off in a contest to build a house of cards, the loser will be the one who finally topples the flimsily-built house. Now you would think that Marcia would have taken off her dangly bracelet or Greg would have made sure Tiger was in his doghouse, but that is not the case. All it takes is a simple push from Tiger & Greg topples the house of cards, which has no foundation. A house & a life should be built on a strong foundation. My best friends have always seemed to select a house in a precarious location. One of their first places was a basement apartment in an earthquake zone! (I was there during one exhilarating shake!) Three more houses were situated upon a cliff. At one of those houses, an earthquake & freak heavy snow moved the cliff dozens of feet closer to the house. Today they live above the ocean's edge. But your *house* can sit in a perilous location when your *home* is built on the strong foundation of *family, faith & love*. In today's world, we see celebrities, athletes, businesspeople & politicians who are praised, fawned over, even worshipped by the media. Then we see these same people quickly fall in scandal - their image, life & career tumble like the Brady's house of cards. Often, this is because everything written & said about them was mere fabrication. This is what happens when we live a life without a strong foundation & more importantly, the higher you rise, the stronger the foundation that must be laid. From C.S. Lewis, "*If my house has collapsed at one blow, that is because it was a house of cards. The faith which took these things into account was not faith but imagination.*" These people who have fallen may have pushed themselves to the top with their ambition fueled by their hubris from reading their own press clippings! Dutch theologian Thomas à Kempis warns, "*The loftier the building, the deeper must the foundation be laid.*" Hubris is far from the best foundation on which to build a life & reputation. From Confucius, "*Humility is the solid foundation of all virtues.*" Edmund Burke tells us, "*True humility...is the low but deep & firm foundation of all virtues.*" A strong foundation that we carry through life is like a beacon, a guiding light, that keeps our path straight & often makes our life choices easy, setting boundaries which integrity keeps us from crossing. From Coach John Wooden, "*Any structure must have a strong foundation. The cornerstones anchor the foundation... the cornerstones that I chose to begin with I never changed.*" Without that strong foundation, that upon which we build in our lives is always at risk. Hindu spiritualist Sai Baba wrote, "*A house must be built on solid foundations if it is to last. The same principle applies to man, otherwise he too will sink back into the soft ground & becomes swallowed up by the world of illusion.*" There is no reason not to have ambition & strive for success, fame or fortune, but remember these words from Saint Augustine, "*Do you wish to rise? Begin by descending. You plan a tower that will pierce the clouds? Lay first the foundation of humility.*"

BRANDJECTORY NEWS: This week, *Brandjectory* launched a new release with great features to help emerging brands! Want to know more? Here is a great article from *Food Navigator*: [Brandjectory Levels-up](#)

INDUSTRY NEWS: *Brandless* raised \$118M led by *Clarke Capital Partners*. *Super Coffee*, better-for-you cold brew & creamer brand, raised \$106M led by *Durable Capital*. *LifeAid* raised \$20M. *AmplifiedAG*, parent of hydroponic container farm, *Vertical Roots*, secured \$40M in financing for growth. Alt-protein startup *V2food* raised \$53.3M led by Belgian based *Astanor Ventures* with *ABC World Asia*, *Huaxing Growth Capital* & *Main Sequence* involved. Australia's *Fable Food Co*, meat substitutes from shiitake mushrooms, raised A\$6.5M led by *Blackbird Ventures* with participation from *AgFunder*, *Aera VC* & *Better Bite Ventures*. Ohio-based *80 Acres*, vertical farming, closed on \$160M led by *General Atlantic*, with involvement from *Siemens Financial Services*, *Barclays*, *Blue Earth* & *Taurus Investment Holdings*. *GoPuff* acquired European fast delivery operation *Dija*, terms were not

disclosed. *Knowde*, an online marketplace for ingredients, polymers & chemicals, raised \$72M led by *Coatue* with *Sequoia Capital*, *Refactor Capital*, *Bee Partners*, *Cantos Ventures*, *Sound Ventures*, *TQ Ventures* & *K5 Global* participating. *Proteon Pharmaceuticals*, an animal health start-up trying to reduce animal reliance on antibiotic & resistance to antimicrobial drugs, raised \$26.4M co-led by animal health concern *Nutreco* & aquaculture VC firm *Aqua-Spark*. Congratulations to Rob Johnson, founder & CEO of barbecue & broth brand *Born Simple* (& friend of **ALL EARS!!**) which was acquired by *Mizkan America*. Dutch platform *Dacom Farm Intelligence* was purchased by Israeli ag-analytic firm *CropX*. *IUNU*, computer vision systems for greenhouses, acquired integrated pest management consultancy *CropWalk* for an undisclosed sum. *Shiok Meats* has acquired an over 90% stake in *Gaia Foods*, a Singapore-based firm that produces cell-cultured red meat. *Cargill & Continental Grain* will buy *Sanderson Farms* for \$4.53B & will be merged with *Continental Grain's Wayne Farms* subsidiary, which will now have 15% of the USA chicken market. *JBS SA* will acquire 100% of *Huon Aquaculture*, Australia's 2nd largest salmon producer, for \$400M. *JBS* is seeking to buy the remaining 20% of *Pilgrim's Pride* it does not own. *Kalera*, Orlando-based vertical farm, acquired *&ever GmbH*, baby leaf indoor farming, for €130M. Rumors are floating that *DoorDash* has held discussions to buy *Instacart* in a deal that could be worth as much as \$50B.

For 3rd QTR, *Ingles Markets* sales rose 7.4% & net income rose 14.7% as comparables rose on a 2-year basis. *Sprouts Farmers Market* had lower foot traffic, lower sales & income as 2nd QTR saw customers return to restaurants. Net income was up 7.3% for *Natural Grocers* in their 3rd QTR though sales were down. *Grocery Outlet* had a down 2nd QTR for sales, comps & income when compared to the high volumes of a year ago. EPS rose 27.1% for *Monster* in 2nd QTR with revenue up 33.1%. *Kellogg* rode higher sales volume to beat analyst 2nd QTR forecasts. *B&G Foods* had a down 2nd QTR on reduced YOY volume after an extraordinary 2020. For *Post Holdings*, 3rd QTR saw a \$54M net loss on a 19% revenue gain, swaps & tax issues impacting income. *Tyson* raised full year guidance on strong 3rd QTR adjusted earnings (93%) & revenue growth (25%). Sales rose 6% in 2nd QTR for *Maple Leaf Foods* & net income fell 67%, but its plant-based foods division performed well. *JBS SA* reported its best quarter ever, as 2nd QTR net income rose 30% to \$839M. *Chipotle* beat 2nd QTR estimates for revenue & earnings as same-store-sales rose on returning dine-in customers. *Starbucks* raised guidance with a return to profitability in 3rd QTR on a 78% revenue increase. Same store sales rose as customers returned to *Yum!* brand stores in 2nd QTR; revenue & income topped estimates. *Blue Apron* lost 21K customers as 2nd QTR revenue fell 5.3% with an \$18.6M loss. *Aramark* posted 3rd QTR revenue increases of 39% & a 24X increase in adjusted earnings on foodservice rebound.

Presidente Supermarkets will open seven new stores in its home state of Florida this year. C-store *Foxtrot* launched *Foxtrot Anywhere*, a new national online delivery platform offering its highly curated & local products to customers nationwide. *Grocery Outlet* will begin an eCommerce test. *Rite Aid* will launch nationwide delivery with *Shipt*. *Kroger* will partner with *Google* to offer pickup service through *Google Maps* for select stores in Ohio, Kentucky & Indiana. Dallas-based *Urban Value Corner Store* will use eCommerce provider *Vroom Delivery* & last-mile robot operator *Tortoise* to pilot on-demand delivery in Dallas. *Publix* adds a private label plant-based chicken along with its private label plant-based burgers. *Berkshire Grey* disclosed a \$23M order for its grocery packing robots as the company contemplates a public offering. *Oatly* will open its third USA production plant, 280K sq. ft. in Fort Worth, Texas. *SunOpta* is also closing a deal to build a mega plant in the area. *Coca-Cola* will close 2 bottling plants in 2023. *Boston Beer & PepsiCo* will partner on a hard *Mountain Dew*. *Danone* will launch a Greek-style *Silk* offering. *Freshly*, meal delivery, now offers plant-based meals. *Cappello's* debuts a turnip-made keto pizza crust. *REBBL* introduces new products, soda & coffee. *4505 Meats* will offer *Butcher's Snacks*, a move to meat snacks from salty snacks. *Target* launched a line of dog & cat food, *Kindfull*, featuring wet & dry food, toppers & treats. *Oatly* lost its trademark infringement suit against *PureOatly*. The *Fancy Foods Show* was canceled.

Per the *FMI*, 90% of retailers expect to increase investment in private label brands. Per *Gallup*, 23% of consumers shopped online last month, up from 11% in 2019. *NPD* reports restaurant spending for 2nd QTR returned to 2019 levels. *Tufts University* researchers report that 67% of children's & adolescents' calories come from ultra-processed foods. From *Nature Aging*, older mice who are given gut microbiota transplants from young mice show improved brain function & behavior. Through May of this year, Colombia avocado exports rose by 88% YOY. The food pricing index rose 0.7% in July due to inflation.

MARKET NEWS: Markets were generally higher, driven by inflationary fueled earnings. Initial jobless claims remained elevated. The people in Washington DC moved forward with initiatives designed to tax American workers, increase inflationary pressure, reward political allies & destroy the economy. The Producers Price Index (PPI) rose 7.8% in July (faster than in June), higher than expected, & an all-time record.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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