



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



MILTON FRIEDMAN EXPLAINED that markets, by their very nature, are inherently inefficient. If markets were efficient, there would be no money to be made in the stock market, every stock would be fairly priced at every moment. In the free market, if every consumer had every product they needed or desired, at a fair price, there would be no new product innovation to drive demand & no opportunity for marketing to sway consumer appeal to create demand. Industry, production, manufacturing & sales make an attempt to drive efficiency. In a perfect Deming world, efficiency is driven by quality. Making an error costs time & money, then to correct it, more time & money!

TIME AND MONEY: Frank was born in Maine. His father, a successful hardware store owner & breeder, died suddenly when Frank was 3 years old. His father's family stole the money his father had saved for the family. Eventually Frank's mom left her job as a schoolteacher & opened a boarding house in Boston to support the family. Frank was a bad student. His mom home-schooled him for a while, but soon, Frank found math & science interesting, & excelled. He had an opportunity to attend MIT, but instead, to support the family, he took a job as a bricklayer. It was at this construction company that Frank began to study time & motion & how it impacted productivity & efficiency. He invented numerous design improvements in scaffolding & tools, getting dozens of patents. When at age 27 the construction company refused to make him a partner, Frank formed his own construction company. Frank's companies worked on hundreds of large-scale construction projects - factories, warehouses, dams, paper mills, powerhouses & even canals - across the USA & Canada, applying his efficiency models to both the building's functionality & use, as well as the construction process. Frank had design & patent offices in Europe. Eventually, in partnership with his wife, Lillian, he focused on his time & motion studies & lectured at Purdue, a top engineering school. In the Zero-Sum game of life that we are all playing, we try to find ways to efficiently spend our time & money. When it comes to efficiently spending money, economist Milton Friedman explained the four methods for efficiently spending money. The most efficient method for spending money is when you spend your hard-earned money on you, on the things you need or desire. You will perform an intrinsic cost/benefit analysis & find value in what you purchase that is satisfactory for the price you paid. The next most efficient way to spend money is to spend your money on someone else. You still will perform an intrinsic analysis, but you may have a subjective bias - wanting to do something nice for a loved one. Less efficient is spending other people's money on yourself. Here, there is no trade-off, you simply have cash to burn & buy carelessly, all the fancy trimmings & bells & whistles you may not need or will never use. And the least efficient way is for you to spend other people's money on other people, which is exactly what the government & unions do! They take money from hard-working Americans & distribute it carelessly & unnecessarily, most often to those individuals or entities that support & serve their social & political goals. Long before Friedman's money spending thesis, Frank & Lillian applied their time, motion & efficiency techniques to managing their house & brood of 12 children. In 1948, 24 years after Frank's death, two of his 12 children wrote a book about their family, which became a 1952 movie classic starring Clifton Webb & Myrna Loy, *Cheaper by the Dozen*. From Frank B. Gilbreth, "We're worn into grooves by Time - by our habits. In the end, these grooves are going to show whether we've been second-rate or champions, each in his way, in dispatching the affairs of every day. By choosing our habits, we determine the grooves into which Time will wear us; these are grooves that enrich our lives & make for ease of mind, peace, happiness & achievement." But Frank is also noted for his maxim, often attributed to others, "I will always choose a lazy person to do a difficult job, because a lazy person will find an easy way to do it"

INDUSTRY NEWS: *Square Baby*, nutritious, allergen-free prepared baby foods, raised \$1.8M. *TRIP* closed on \$12M to expand from CBD-infused drinks & oils into gummies. *Kuli Kuli*, raised \$1.3M in debt financing from *Whole Foods Market* & impact investors to launch its gummy supplement line. *Tridge*, a South Korean B2B platform connecting buyers & sellers of fresh agricultural produce & commodities globally, raised \$37.2M led by Seoul-based private equity firm *DSAsset*. *Vive Crop Protection*, Canadian crop protection products, closed a \$26M round led by Canadian agtech venture capital firm

Emmertech, with participation from the *Cibus funds*. India's *Organic Kitchen*, a traceable produce platform, raised \$1M in seed funding round from angel investors. *Creata Inc.*, (parent company of *Creata Ventures*) acquired overnight oats brand *Brave*; terms not disclosed. *GrubMarket* acquired two supply chain software companies, *Frantoni Corporation* & *Granite State Software*. Canadian seafood company *Cooke* acquired Belgian shrimp processor *Morubel* from *Bencis Capital Partners*. *GlacierPoint Enterprises* acquired NYC-based *Marina Ice Cream Corp*, a distributor of ice cream, food & beverage products; terms were not disclosed. *Premium Brands Holdings* acquired *King's Command*, a cooked protein manufacturer based in Ohio & increased its interest in deli meats producer *Golden Valley Farms* from 50% to 100%, the deals a combined \$67.6M. *Fermented Food Holdings* purchased the sauerkraut business of *GLK Foods*, Appleton, WI, for an undisclosed sum. *FlavorSum* acquired natural, non-GMO flavor manufacturer *Meridian Flavors*. *Campari Group* will acquire 15% of *Howler Head* Kentucky bourbon whiskey from *Catalyst Spirits* with an option to acquire total ownership & distribution rights. *PepsiCo* will sell some of its biscuit business in Brazil to a local manufacturer, *Camil Alimentos*.

Inflation drove strong 2nd QTR results at both *Dollar Tree* & *Dollar General*. Revenue increased slightly in the 4th QTR for *Hain Celestial*, driven by an increase in North American sales, though income dropped significantly due to inflation & supply chain disruptions. As always, inflation & supply change issues led to an 8% income drop for *Lancaster Colony* in 4th QTR earnings on a 15% revenue increase. *JM Smucker* had a slight increase in 1st QTR revenue, driven by raising prices 14% & increased coffee sales, with a drop in profit as costs rose. *Vita Coco* reported flat net income in 2nd QTR but sales were up 13% with improvements in margin. Foodservice giant *Elior Group* posted a 20.3% revenue gain through the 3rd QTR of their fiscal year. *Aramark* reported nearly 40% revenue growth across its company in 3rd QTR with an increase in earnings, driven by USA sales.

Stop & Shop opened a new upgraded wellness store concept in Boston. Low sales & traffic has put a halt to plans to expand *Amazon Fresh* in the United Kingdom. *Walmart* will enrich & expand its loyalty programs. *Walmart* will end its partnership with *DoorDash* & start testing its first delivery vehicles from *Canoo*. *Walmart* will also partner with garage-tech firm *myQ* to add garage access to its *InHome* delivery service. *DoorDash* will begin to deliver large items, such as furniture. *Wakefern* is adding focus to fresh, prepared meals. *JM Smucker* suggests *Uncrustables* will be a \$1B brand within the next 5 years. Recognizing that keto & lower carb diets have been underserved, *Hello Fresh* will launch *Green Chef* meal kits, in the Netherlands. *UNFI* is adding condiments to its private label *Woodstock* brand. *BodyArmor* co-founder Lance Collins will launch a premium canned cocktail, *Casa Azul*. *Kalera* will stock its vertical-farm produce at 40 Texas *Trader Joe's*. *Tattooed Chef* plant-based foods will expand into *Walmart*. *Rao's Homemade* will enter the frozen pizza category. Brazilian plant-based protein company *Future Farm* launched in *Sprouts* & *Amazon Fresh*. Sport nutrition brand *MyProtein* & *Perfect Day* will co-brand animal-free *Whey Forward*. *Thai Union (Chicken of the Sea)* will partner with plant-based seafood *Ish Foods* to expand marketing & distribution. Two Finnish companies *Fazer Confectionery* & *VTT*, are partnering to develop bio-engineered, cell cultured chocolate. *Burger King* will test *Impossible Foods* plant-based chicken. *Monster* will be attempting to switch its canning aluminum supply to the USA. *RJW Logistics Group*, logistics solutions for CPG companies, acquired its tenth & largest warehouse in Chicagoland, an 816K sq. ft. facility. *Rosina Foods* opened a new \$73M frozen meatballs, sliced sausage & other toppings. *JTM Foods*, manufacturer of handheld snack pies, will invest \$40M in a new 195K sq. ft. manufacturing plant in Wichita. *Ben & Jerry's* lost its case & *Unilever* will proceed with the sale of *Ben & Jerry's* Israeli business.

From *IRI* & *NPD*, the at-home meal market will grow at a faster pace than the away-from-home category in the next year. From *IRI* & *210 Analytics*, refrigerated plant-based meat sales are declining at a 14.6% rate while frozen plant-based meat sales are growing at 9%; sales of real meat are growing at 5.6%. *Euromonitor* reports that inflation, in some categories, is much higher for lower priced items in the category than the category's premium products. From *Future Market Insights*, meat snacks will reach \$21.3B in sales by 2032 (7.7% CAGR), fueled by high-protein diets & keto lifestyles. The Michigan apple crop is projected significantly higher this year. Broccoli prices are rising as the California growing season concludes & Mexico deals with crop quality issues. Tomato prices are rising due to heavy rains across the eastern USA & Mexico.

MARKET NEWS: Markets sank on Friday on host of poor economic reports during the week & the news that the administration plans an unconstitutional order to use other people's money to pay-off other peoples' legal debts.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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