



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE ARCHIPELAGO OF MALTA is at the crossroads of the Mediterranean Sea, first inhabited nearly 8,000 years ago by Neolithic tribes from Italy, Sicily & Arabia. Malta, an important stopping point for merchants, armies & navies, has been strategically important these many millennia. It has been ruled, sacked & colonized by Phoenicians, Carthaginians, Vandals, Romans, Greeks, Arabs, Normans, Aragonese & others. HRE Charles V granted Malta to The Knights of St. John in 1530, who ruled for centuries. When the British defeated Napoleon, they colonized Malta. During World War Two, the very survival of the free world depended on the survival of the tiny island of Malta.

ON A PEDESTAL: In *ALL EARS!!* tradition, we commemorate Veterans Day with a story that honors those who serve & protect our *precious, fragile, sacred freedoms*. This week, instead of a story about the many soldiers, sailors, airmen & marines who have done their duty, we choose to tell the story of a ship.

Before the bombing of Pearl Harbor, America was the lifeline for the European countries battling the socio-fascist German Nazis, the National Socialist Workers Party. America's industries supplied everything needed for survival – guns, ammo, vehicles, planes, food & fuel. These goods crossed the ocean in ships of the Merchant Marine, the commercial shipping of our Nation. This was dangerous work for ships not designed for war. These ships were quickly mounted with 3-inch & 5-inch guns, & Swedish Bofers. Some ships were given depth charges. Navy gunners were assigned to many ships. These supply ships left in convoys, surrounded by destroyers. But the Nazi U-boats hunted in wolfpacks. They attacked in mass, scattering the convoys, then picking off the weakly armed merchant ships one-by-one. Often, during battle, the untrained merchant seamen were called upon to man the guns. But the Nazis (& especially the Japanese Empire) underestimated these American men, who by today's generational standards would still be boys. These men were literally born with a wrench in one hand & a gun in the other. They survived the depression knowing how to sight & lead a jumping rabbit or sprinting deer, drop a predator with one shot to protect the livestock & anticipate the dancing of a bird in flight. Despite the loss of life & ships, supplies steamed into England, keeping the island alive.

The *SS Ohio* was a merchant ship, an oil tanker, commissioned by *Texaco* to join its fleet. She was built quickly for the era, welded not riveted, in hopes of adding strength to her hull & compartments as she was driven through the ocean by powerful Westinghouse turbines generating 9K horsepower. She was considered the fastest tanker of her time & set a speed record after her April, 1940 launch on the Delaware River, reaching Texas in record time. Then she was filled with more than 103K barrels of oil & sailed for England, the first USA tanker to reach our cousins across the sea.

At this time Malta was under siege. On the island fortress were RAF Spitfires & Royal Navy submarines trying to disrupt Nazi supply lines – men & machinery from Europe to North Africa & oil from the Middle East to Italy. Malta was under constant attack from the Luftwaffe & the Italian air force. The island was surrounded by enemy vessels, including U-boats & speedy Nazi E-boats. England had tried twice to resupply Malta, operations *Harpoon* & *Vigorous*, both of which failed. England was considering abandoning Malta. After the *Ohio* arrived, the British negotiated to have her sail under a British flag in an attempt to resupply Malta: *Operation Pedestal*.

The *Ohio* joined a convoy that was headed for the British fortress on Gibraltar, making it safely. There, other vessels of the Royal Navy joined, including the battleship *HMS Nelson*, the light cruiser *HMS Niagara* & the aircraft carrier *HMS Eagle*. On 9 August 1940, the convoy sailed into the Mediterranean. The next day the convoy was attacked by

U-boats & warplanes. The *Eagle* was lost, 260 men & all but a few planes. The *Ohio* took a torpedo midship & burst into flames. The fire was out of control. The engines were shut down & every crewman fought the fire, the ship still under attack. The fire was put out & the engines were restarted; the *Ohio* moved forward at 13 knots. Having lost her navigation & steering capabilities, the crew manually tried to keep the tanker on course. There was 600+ sq. ft. hole on the portside, more holes starboard & much of the deck was missing. The *Ohio* remained under constant attack from the air. The gunners kept the Nazi Junker bombers from getting close, bombs fell around the broken ship. One of the *Ohio*'s two guns was put out of action, but the other gun kept firing. Though bombs were not hitting the *Ohio*, the deck was littered with crashed Nazi aircraft. Finally, two bombs hit the water close to the tanker; the *Ohio* was lifted clear out of the water! Her modern differential gearing slowed the engines automatically; if she had been built with the standard drive, the engines would have been torn from the hull. Several times she had to be shut down & restarted, all while under a relentless attack. Just before nightfall, a bomb landed in the large hole in her hull. The *Ohio* sat dead in the water, alone, all night.

In the morning, the *Ohio* went under tow, a desperate attempt to bring her fuel to Malta. She was now sinking, crawling through the water, being pulled along. She had a destroyer on each flank, guiding her through the water & trying to keep her upright. Still under attack, bombs sent the *Ohio* quickly forward, snapping the tow lines. Forty-five miles from Malta, the *Ohio* was stranded, sinking. But now, Spitfires from Malta were close enough to provide some air cover while Malta's coastal batteries could fend off the Nazi E-boats. Under tow again, the group of boats reached the mined entrance to Grand Harbour, the *Ohio* was once more abandoned, waiting for Maltese tug boats to guide her through. As she approached the bombed & damaged port, the Maltese citizens lined the shore to cheer & encourage her arrival. At the dock she was quickly unloaded, & once empty, broke in two. A gallant crew & a ship of uncommon valor had kept alive the hopes of Malta & the free world.

It is right that we put the men & women who serve our Nation *on a pedestal*. The actions of these men, and this valiant merchant ship, are why we remain free today. Free of mind, soul & body. Free to think & speak as we please, worship as we believe & protect our person & privacy as we deem appropriate. These *precious, fragile sacred rights* are granted to us not by man or government but by our Creator. And these rights cannot be taken from us, *unless we allow them to be*. Men & women have done their duty & died to give us this freedom. Our duty is to protect & honor their memories. The last ship built by *Texaco*, now operated by *Chevron*, was built in 1964. To honor her memory, that ship sails today, the *Star Ohio*.

INDUSTRY NEWS: Meal delivery *RealEats* raised \$16.3M led by *Hamilton* with *GNC*, *Armory Square Ventures* & *Excell Partners* involved. *Dream Pops* raised \$6M led by *Melitas Ventures* to expand its frozen novelty offerings. Cell-cultured dairy company *TurtleTree* closed a \$30 million Series A funding round; the round was led by *Verso Capital*. Brazilian plant-based meat *Future Farm* raised \$58M led by *BTG Pactual* with *Rage Capital* involved. *Nuro*, autonomous vehicles, raised \$600M led by *Tiger Global Management* with participation from *Baillie Gifford*, *Fidelity Management & Research Company, LLC*, *Gaorong Capital*, *Google*, *Kroger*, *SoftBank Vision Fund 1*, *T. Rowe Price* & *Woven Capital*. Indoor farm *Local Bounti* added \$25M in its funding relationship with *Leo Holdings III Corp*. *Utz Brands* will buy snack maker *RW Garcia* for \$56M. UK vertical farm *Intelligent Growth Solutions* raised £42.2M (\$57.7M) led by Swiss conglomerate *COFRA*, with *Cleveland Avenue*, *DC Thomson* & others involved. *Grupo Bimbo* acquired *Popcornopolis* from private equity firm *NexPhase Capital*, for an undisclosed. *ADM* will acquire GA.-based *Deerland Probiotics & Enzymes*, adding to its core microbiome offerings. *Arbor Investments* acquired a majority interest in *Fontaine Santé Foods*; terms not disclosed. *TerraFresh Organics* CA-based supplier of premium organic fruit, will sell a majority ownership to *Frutura*. *Brookshire Grocery* will buy Oklahoma grocery chain *Reasor's Foods*. *Save a Lot* will sell additional stores to local operator *Yellow Banana*. *FAT (Fresh. Authentic. Tasty) Brands* will acquire fast-casual Italian chain *Fazoli's* for \$130M from *Sentinel Capital Partners*. Military South Korean delivery company *Kurly* will IPO in Korea next year at almost \$6B. Canadian eCommerce service *Veji* will file for an IPO on the CSE. *Impossible Foods* continues to consider an IPO. Veteran focused *Black Rifle Coffee Company* will go in a \$1.7B SPAC deal with *SilverBox Engaged Merger Corp*. The *New York Pension Fund* joins those divesting *Unilever* stock over *Ben's & Jerry's* decision not to sell products in Israel.

Sales & comparables jumped in 3rd QTR for *Publix* but adjusted net income fell slightly. *Sprouts* had a down 3rd QTR, comps & income falling short though sales rose. Though net income declined 9% in 3rd QTR, *Weis Markets* saw sales up 6.1% & comparable-store sales increase 4.6%. *KDP* continued a strong record of results with a 3rd QTR that met

analyst expectations. Despite labor issues, *Kellogg* beat 3rd QTR estimates & reaffirmed full year operating profit guidance. *B&G Foods* saw 3rd QTR income fall 56% on several charges while sales increased 3.9%. *Mondelez* beat 3rd QTR estimates with a 14% net income increase & a 7.8% sales increase. *Del Monte* saw a slight 3rd QTR sales increase but a large drop in net income due to inflation, strained transportation capacity & labor shortages. Sales were up 12% & operating income 13% for *Lancaster Colony* in 1st QTR, driven by garlic bread & *their Chick-fil-a, Buffalo Wild Wings* & other licensing arrangements. In *Maple Leaf Foods*' 3rd QTR sales grew 12% & adjusted EBITDA rose 22%, but its plant-based foods sales fell. *Grupo Bimbo* 3rd QTR North American results were lower than last year but higher than 2019, with inflation & supply chain issues as causes. *Monster* beat 3rd QTR revenue estimates but missed on income. *Ingredion's* 3rd QTR saw a 17% sales increase & a 28% net income increase but adjusted earnings fell on impairment charges & higher corn costs. The number of active customers jumped 39% in *Hello Fresh's* 3rd QTR, as the meal delivery company surpassed estimates & raised full year projections.

Sprouts opened its 25th store in Florida. *Kroger* will offer an in-store & online assortment of home, baby & wellness products from *Bed Bath & Beyond*. *Kroger* is targeting Northeast Ohio for another *Ocado*-powered fulfillment center. *Kroger Boost*, launching in 4 markets, offers no-fee 24-hour delivery for \$59 annually or 2-hour delivery for \$99. *Publix* & *Instacart* have teamed up to launch a convenience service with 30-minute delivery. *7-Eleven* will offer mobile checkout at all its Canadian stores. *Circle K* is piloting checkout-free payments with *Grabango* in the Tucson, AZ, area. *Lifvs* is a new concept of tiny, unattended grocery stores designed to bring staples to rural communities across Sweden. *Buyk*, 15-minute delivery, is expanding across NYC by doubling its footprint to 20 dark stores. *GrubMarket* released *WholesaleWare*, an app built for food industry wholesalers, brokers & distributors for pricing, purchasing & client communications. *Farmstead* will open a dark store & app for quick delivery to retailers. *Unilever's Knorr* rice & seasonings brand will build 50 regenerative farms intended to supply 80% of its key ingredients by 2026. *Iron Ox* released *Grover*, an automated farming robot that can lift more than 1,000 pounds & monitor, water & harvest a wide variety of crops, from leafy greens to strawberries. *Upside Foods* opened its new plant capable of making 50K pounds of cultivated meat a year. *Nature's Fynd* will build a new 200K sq. ft. manufacturing facility in Chicago with an R&D & innovation center. *Tyson Foods* will add 450 jobs with a new \$355M, 400K sq. ft. manufacturing facility in Bowling Green, KY for *Jimmy Dean* & *Wright Brand* bacon products. *Hy-Vee* will launch a private label gluten-free line, *Good Graces*. *Hormel's Applegate Farms* launches *The Do Good Dog*, a hot dog sourced from beef raised on verified regenerative grasslands. *Two Roots Beverage* will partner with *Truss Beverage* to bring hemp infused non-alcoholic beer to Canada with a new brand, *Bedfellows Liquid Arts*. *Mondelez* is expecting to raise prices by 7% in order to cover rising inflation costs by allowing the consumer to pay for it. *Tate & Lyle* will distribute *Nutriati's Artesa* chickpea protein & flour. *Cargill* has a new soluble *SimPure* rice flour, a clean-label bulking agent that has a similar taste, texture & functionality to maltodextrin. During litigation with *Rise Brewing*, *PepsiCo* has been ordered to stop using the *Mountain Dew Rise Energy* name.

The *National Retail Federation* projects November/December retail sales to rise between 8.5% to 10.5% from 2020 results. *Deloitte* projects similar gains, despite shortages & inflation. In research conducted from *PYMNTS.com*, 57% of Americans, or approximately 131M people, are living a paycheck-to-paycheck lifestyle as of September, down from a high of 65% in December 2020, due to economic policy driven inflation. From *Placer.ai*, *Amazon Fresh* locations that have been open for at least eight months have developed a core group of regular customers. *Zebra Technologies Corporation* revealed in its 14th annual *Global Shopper Study* that only 38% of shoppers indicate complete trust in retailers fulfilling their on-line orders as promised. Even retail associates are wary of their employers' capabilities, with only 51% completely trusting their employer's ability to properly fulfill customers' orders. Supplies of erythritol, the most widely used artificial sweetener, are running short. Peru is the leading exporter of blueberries for the third year in a row.

MARKET NEWS: Markets rose this week on a variety of news.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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