



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE BROWNSTONE AT 34TH AND FIFTH AVENUE was modest compared to the mansions that rose alongside it during the second half of the 19th century. It was a gift from father to son upon his marriage. The wife was a social climber, so while the outside of the house was modest, the inside was a showplace of the Gilded Age with the decorations, furniture & artwork of social status. The husband was not a social animal like his wife. He spent his time away from New York City, in Florida, entertaining ladies on his yacht. Back in the city, the wife became the matriarch of New York society, regularly hosting the city's elites in her ballroom that *modestly* accommodated 400 people!

THE 400: America was changing after the Civil War. Telegraph & trains ran coast to coast. Immigrants were legally coming to the USA to live the American Dream. Many moved west, where fame & fortune awaited. And in many, many cases, they achieved just that. Miners, lumbermen, oilmen, cattlemen, the men who built & ran the trains & shipped trade on ships from California became rich. The elites of NYC feared the nouveau riche. They were the movers & shakers of society. It was they who set proper decorum, made decisions for science, business, politics & art. Their place as leaders of society would not be disrupted by these new arrivals on the scene, from cow towns like Chicago, St. Louis, Denver, San Francisco, & heaven forbid, Cleveland! So, the 400 movers & shakers of New York society met regularly in the modest ballroom of Caroline Astor, wife of William Backhouse Astor & daughter-in-law of the wealthiest man in America, fur trader John Jacob Astor. For many years, the newspapers & magazines speculated as to the real members of the 400. Finally, in 1892, social arbiter Ward McAllister (Mrs. Astor's "friend" when her husband was away) published the list; the who's who of New York Society, the *crème de la crème*, the movers & shakers of society. But in truth, the elites - the rich, the intelligentsia, the political class - have never been the movers & shakers, except in the totalitarian regimes of socialism, communism & fascism. In a democracy, the movers & shakers are the people, at the ballot box in a fair & honest election process, where each citizen, properly registered & identified, gets one vote. And between those elections, the movers & shakers are the people. The entrepreneur who builds a small business, then finds a way to give back to the community. The dad who starts an after-school soccer league to keep kids off the streets & off of drugs. The mom who stands up for her child at a school board meeting. The people who sit in place when they are told to move. The people who remain standing when they are told to sit down. And those who continue to speak the truth when repeatedly called a liar. The people who defy the stereotypes, challenge the norms, challenge the limits, challenge the rules, question the narrative, expose the hypocrisy. The people who still reach out a hand to help others when they themselves are doing all they can do just to stand. These are the movers, the shakers, the people who change society, the men & women of courage. Thomas Jefferson understood who were the best stewards of society, writing, "*I know of no safe depository of the ultimate powers of the society but the people themselves,*" as did Machiavelli, "*Princes & governments are far more dangerous than other elements within society.*" And while the humble musings of this wannabe author will move or shake nary a soul, the way those men & women of courage can, we promise, in this 400th issue of **ALL EARS!!**, to continue to bring forth the important stories & thoughts that we believe have helped shape this *Great American Story*. It is important to remind ourselves how we got here, for as Carl Sandburg warned, "*When a nation goes down, or a society perishes, one condition may always be found; they forgot where they came from. They lost sight of what had brought them along.*"

INDUSTRY NEWS: *Change Foods*, animal-free cheese, raised an additional \$12M, led by *Route 66 Ventures* with *Upfield*, *Sigma*, *Orkla*, *Green Generation Fund*, *Blue Horizon Ventures*, *Plug & Play Ventures*, *Clear Current Capital* & *Better Bite Ventures* involved. Singapore-based *Next Gen Foods* raised \$100M (the largest Series A funding round for a plant-based meat company) from *Alpha JWC*, *EDBI*, *MPL Ventures*, *Temasek*, *GGV Capital*, *K3 Ventures* & *Bits x Bites*. Plant-based functional nutrition brand *KOS* raised \$12M led by industry vets & included *Springdale Ventures*. Functional hydration drink *Barcode* raised \$2.2M from *Trousdale Ventures*, *Midnight Venture Partners*, *Cathexis Ventures*, *Silas Capital*, *Gaingels* & *Erewhon Market*. *Bizzy Coffee* raised \$7.1M led by *Sidekick Ventures*. Brazil-based oat milk *Nude* \$4.8M led by *Vox Capital*. CBD beverage company *Cann* raised \$27M from existing investor *Imaginary Ventures* & a number of celebrity investors. *California Cultured*, a cultured chocolate maker, received an undisclosed strategic investment from *Cult Food Science*, an investment platform focused on cell-based & cultured food. *Elo*, smart, personalized monthly supplement subscription, raised \$5M from private investors. *Agot*

AI, QSR computer vision tech to confirm order accuracy, raised \$12M from *Conti Ventures, Kitchen Fund, Grit Ventures & Yum! Brands*. Israeli *Vanilla Vida*, vanilla yield optimization & curing enhancements, raised \$11.5M led by *Ordway Selections*. *NourishedRx*, a platform bringing food solutions for health problems, raised \$6M led by *S2G Ventures*. *Hyphen*, robotic foodservice makelines, raised \$24M led by *Tiger Global*. *Boosh Plant-Based Brands* acquired *Beanfields*. *Peak Rock Capital* acquired *Ziyad Brothers*, an omni-channel provider of branded Middle Eastern & Mediterranean Foods. *Gordon Food Service* will acquire *Macgregors Meat & Seafood*, a Canadian foodservice supplier, for an undisclosed sum. *Gridiron Capital* acquired *Performance Health & Wellness Holdings*, rehabilitation & wellness products, terms not disclosed. Delivery & fulfillment platform provider *Bringg* acquired *Zenkraft*, a parcel & return delivery solution to diversify its last-mile delivery options. *Bowery Farming* acquired *Traptic*, AI-tech company utilizing computer vision & robotic arms to harvest delicate crops. *SPINS* acquired *Pinto*, merchandising & customer experience technology. *Unilever* will put additional large deals on hold as inflation looms. From *Pitch Book*, venture money in food tech investment reached \$39.3B (1,358 deals) in 2021.

Ahold Delhaize reported a strong 4th QTR with comparables & online growth, beating estimates, but the stock price dropped on future earnings warnings. *Walmart* beat all targets in 4th QTR & confirmed future forecasts. *CVS* had a 10.1% revenue increase in 4th QTR & operating profit rose more than 40%, but the company took a \$1.4B impairment charge. *Nestlé* reported a full year revenue increase of 7.5% & a 38% increase in net profit. Sales at *Kraft Heinz* beat 4th QTR estimates, price increases driving results, though impairment charges on divestitures impacted bottom line results. *Treehouse Foods* beat Wall Street estimates, though supply chain issues impacted certain categories. *Flower Foods* earnings were down 30% & net sales were down 3.9% in 4th QTR, mostly due to an extra week in the previous period. *Bunge's* 4th QTR rose 32% & adjusted earnings per share were \$3.49, up from \$3.05. Net income in 4th QTR at *IFF* rose 34% & net sales were up 139%. Despite a disappointing 4th QTR, vertical farm *Kalera* showed a 440% increase in 4th QTR revenue with a \$12.9M operating loss. *Restaurant Brands International* reported 4th QTR EPS of 74¢ (70¢ expected) & revenue of \$1.55B (\$1.5B expected).

Meijer will set up an avocado ripening room in its Lansing, MI distribution center to ripen avocados in perfect conditions. *Lucky California* has begun autonomous vehicle delivery in NorCal. *Grubhub* will partner with 3,000 *7-Eleven* stores for delivery. *DoorDash* began 30-minute delivery from *Albertsons*. *Sprouts Farmers Market* has added 10 new own-brand offerings to 16 added this past fall. *KeHe* will be the distribution partner for the *Allegiance Retail Services*, 28-member mid-Atlantic co-op. *Farmstead* launched 1-hour delivery from a new warehouse in Chicago. *Sunbasket* will introduce ready-to-heat bowls. *Atkins* is launching keto-friendly protein chips. *Tiny Organics* has introduced a new range of non-puree finger foods for infants aged 4 to 8 months with a balanced mix of fats, protein & carbohydrates. For all the caffeine lovers, *Hostess* will debut caffeinated *Hostess Boost Jumbo Donettes* in two flavors: chocolate mocha 7 caramel macchiato, with the caffeine of about a cup of coffee. *Jamba Juice & Blendid* will continue the rollout of robotic smoothie makers. *White Castle* will expand its partnership with *Miso Robotics* adding the *Flippy 2* robot to 100 standalone *White Castle* locations. *CVS* plans to spend \$3B on its digital presence as it cuts back its brick & mortar locations. Cultivated meat producer *Aleph Farms* has moved into a new 65K sq. ft. headquarters & facility in Israel that will increase its production 6-fold. *Mars Wrigley* will close its historic 1928 candy factory on Chicago's west side over the next two years. NYC groceries are adding security as theft increases in the city. Europe & USA cities are pushing back against rapid grocery delivery services, noting that their dark stores & bicycle couriers are disrupting residential neighborhoods & violating zoning rules. *Lactalis* CEO Philippe Palazzi left the company over a disagreement in strategy.

January online grocery sales were 4.5% lower in January, per *Brick Meets Click*, though the number of household users remained steady. Pickup sales grew slightly. From *InMarket*, *Walmart*, *Meijer* & *HEB* lead all retailers in customer loyalty. Per *1010data*, conventional grocery stores gained share on *Instacart* while club stores lost share of the service. *Dreyer's*, after its sale to *Froneri* by *Nestlé*, posted a 4.7% jump in dollar sales in 2021 as the entire category dropped 1.7% per *IRI*, with *Dreyer's* the only major ice cream manufacturer to record positive growth. The North American frozen seafood market was \$13.4B in 2020 & is forecast to reach \$16.1B by 2026, per *IMARC Group*, with more households purchasing frozen than fresh. From Oregon State University, scientists can now turn apple waste into compostable packaging material for egg cartons, beverage cartons & take-out containers. The USDA suspended inspections & imports from Michoacán, Mexico, as cartel-related violence may have resulted in threats to USA inspectors.

MARKET NEWS: Markets were lower this week, as investors tried to understand geopolitical risk. The product price index hit 9.7% in January, exceeding already inflated estimates. Import prices jumped in January. Unemployment filings were higher than expected, which was not unexpected.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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