



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

IT HAPPENED IN ITALY! No, this is not a 1960s technicolor romantic comedy, a love triangle starring Sophia Loren, Audrey Hepburn, Marcello Mastroianni, Sergio Fantonire & directed by Roberto Rossellini; with a midnight tryst at the Spanish Steps, lunch on a terrace overlooking the Tyrrhenian Sea, a walk in the gardens of the stunning Villa Mondragone, a stroll among the sculptures of Florence or a romantic getaway to a Tuscany vineyard! No, this happened in Italy about 1300 AD. Italian society, a feudal society, began to give way to a new societal structure based on trade & an appreciation of art & artisans – The Renaissance - when even common people could become rich!

HARD WORKING RICH: For much of history, wealth was concentrated with the rulers - the kings, queens, monarchs & emperors. The disparity was immense. Those in power had the money. The feudal peasants – the serfs, peons & pawns – scratched out a living, simply trying to survive. But when Marco Polo opened trade with the East, Italy's economy & social structure began to change. While much of The Renaissance was due to the patronage of the wealthy for art, science & literature, there was also a sudden appreciation for artisans & craftsmen. Those with wealth wanted to display it, not just with goods brought from the exotic East, but with other fine goods about them – clothes, furnishings, jewelry, etc. This *'keeping up with the Colavecchios'* attitude drove them to find the skilled craftsmen & tradesmen who could provide them the best, most beautiful & most expensive trappings of their wealth. Suddenly, the once lowly merchant or serf, through hard work, could sell his services, move into the middle class, & using his talents & skills, could become wealthy - first as a member of Bob Seger's *UMC* & eventually be part of the *"nouveau riche."* Several of America's Founding Fathers were among the richest people in the world in colonial times – self-made men who built a fortune in an entrepreneurial America. Robert Morris, John Hancock & Benjamin Franklin (publisher, author, inventor & whose popularity likely meant he never paid for dinner or a drink!) were among the wealthy. John Jacob Astor became the wealthiest person in the world, & its first multi-millionaire, trading furs (& smuggling)! The names that follow on the list of wealthiest include Vanderbilt, Carnegie, Rockefeller, Ford, Hunt, Hughes, Getty, Morgan, Mellon, Gates, Musk & Bezos. In the '80s & '90s, several Japanese Industrialists made that list. Lately, names like Buffett & Carlos Slim (Helú) have been at the top. All these people had something in common – they all built businesses that helped others build wealth: fur to turn into clothes & hats; oil to run machines; trains, ships, cars, planes & rockets to move people & goods; banks to supply credit & make investments; software to drive business & commerce. Even investors like Buffett & Slim invest in businesses such as construction companies, oil producers, manufacturers & more. This week, Bernard Arnault, CEO & majority owner of *LVMH*, was named the richest person in the world. *Louis Vuitton Moet Hennessy* is a great company & brand, a producer & seller of exceptionally fine, high-quality goods, but they are essentially an *'image retailer.'* This seems to be an indication of our current society; one that values show over substance, unproven axioms over investigative truth or self-identification above character & values. There is a big difference between serving the proper bottle of champagne or lugging a showy suitcase through the airport versus making the automobile available to the masses, producing enough oil to power the world or creating software that maximizes business efficiency. We are now a society that places perceived status above the hard work & character that actually takes to get there! English philosopher John Ruskin wrote, *"The highest reward for a person's toil is not what they get for it, but what they become by it."* From President Grover Cleveland, *"Honor lies in honest toil."* Horace felt, *"Life grants nothing to us mortals without hard work."* And from the ever-humble Sir Isaac Newton, *"If I am anything, which I highly doubt, I have made myself so by hard work."* Andrew Carnegie believed wealth & status were achievable by anyone: *"There is a power under your control that is greater than poverty, greater than the lack of education, greater than all your fears & superstitions combined. It is the power to take possession of your own mind & direct it to whatever ends you may desire."* If wealth & status does result from desire & the hard work to fulfill that desire, Carnegie also reminds us, *"No man becomes rich unless he enriches others."*

INDUSTRY NEWS: Functional hydration brand *Cure* raised \$5.6M led by *Lerer Hippeau* with participation from *Valedor Partners, Simple Food Ventures, Great Oaks Venture Capital, Joyance Partners & Silas Capital*. Dutch aquaculture investor

Aqua-Spark led a €11M round for *EniferBio*, mycoprotein powder producer. France's *Ynsect*, insects for pet & human food, raised €160M from undisclosed investors. Insect farm *Flybox* received more than £1M in grants from *Innovate UK* & the *European Union*. Farm management systems provider *CropX* raised \$30M led by *Aliaxis SA*. *Odeko*, restaurant equipment & supply ordering, raised \$53M in Series D funding led by existing investor *B Capital* & included *GGV Capital*, *Tiger Global Management*, *Amex Ventures*, *KSV Global* & *FJ Labs*. Fitness platform brand *Tonal* raised \$130M led by *L Catterton*, *Cobalt*, *Dragoneer*, *Kindred Ventures* & *THVC*. *Sabatino Tartufi*, truffle-based products, received a strategic investment from *Traub Capital Partners* with *THCP* involved. *Corborn's* will expand to Illinois with the purchase of 11 *Sullivan's Foods* locations. *Hershey* acquired two popcorn manufacturing plants that manufacture *Skinny Pop*, in Pennsylvania & Indiana from *Weaver Popcorn Manufacturing* to gain more control of the brand's supply chain. *Carlsberg Group* purchased the UK rights for French beer brand *Kronenbourg* from *Heineken*. *Brothers International Food Holdings*, packaged bulk goods, acquired *Hosh International*, fruit & vegetable juice concentrates. French dairy company *Savencia Fromage & Dairy* bought *Argentinian* dairy company *Sucesores de Alfredo Williner* for an undisclosed sum. *Tilray Brands* purchased Canadian cannabis company *Hexo Corp* for \$56M.

Albertsons posted a strong 4th QTR, beating forecasts, but sees a tough 2023 environment as inflation & labor costs mount. *Rite Aid* reported another loss in 4th QTR, with full year losses at \$750M; the company is seeking a major turnaround. Sales rose 22% & income 14% in *Gruma's* 2nd QTR.

Whole Foods will cut hundreds of corporate jobs as it restructures amid *Amazon's* pursuit of a mass marketer grocery platform. With café traffic dropping, *Wegman's* is looking to offer self-serve coffee options. *Giant Eagle* will bring back a weekly paper flyer. *HEB* will refurbish & rebrand its 12 c-stores as *Fresh Bites*. *Walmart* is adding a compressed natural gas truck to its fleet. After a 2-year pilot, *Loblaws* used its first electric transport truck. *Olymel*, Canadian pork processor, will close a Quebec plant, laying off 994 people. *Nature Fresh Farms* is adding a new distribution center in Delta, OH. *Edible Gardens* will open a facility in Grand Rapids to support in *Meijer's* business. Tech company employees are upset as the giant tech companies cut back on meal perks. *Dave's Killer Bread* will introduce organic snack bars. *7th Heaven*, non-dairy chocolate, formulated with cocoa, soy & coconut, launched in USA. *Kellogg* discontinued the *MorningStar Farms' Incogmeato* burger, though the company will continue its alt-protein product innovation. The *Smeraldina* brand of artesian water was named the world's best tasting water at *The Berkeley Springs International Blind Water Tasting*. *Aleph Farms* is ready to launch its first product, cell-cultivated alt-steak cuts. *Coca-Cola* will license fresh fruit under the *Minute Maid* & *Simply* brands. *Coca-Cola* & *Molson Coors* launched a hard beverage, *Peace Tea*. *Molson Coors* debuted RTD cocktail *Topo Chico Spirited*. *Tillamook* & *New Seasons Market* will partner on a regenerative agriculture project. *Kind Company* will partner with *Olam Food* on a regenerative ag pilot. Biotech company *Ginkgo Bioworks* announced a research partnership with *Syngenta Seeds* to find more resilient seed characteristics. Rice, which supplies 50% of the world's population with 80% of their dietary nutrition, is being targeted by eco-activists.

From *Tracegrains*, 64% of industry executives see a rebound in product R&D in 2023. From *Placer.ai*, foot traffic in 1st QTR is down at club, superstores, & large supermarkets, but smaller grocery chains gained in volume. *The Hartman Group* reports that shoppers remain concerned about rising food prices, but a majority are increasing their budgets to continue to purchase what they need & switching stores to find value. From the USDA, a family of four on a tight food budget is spending close to \$1,000 per month on groceries, 45% higher than just 24 months ago. From *Numerator*, women are the primary shopper in 78% of households. Also from *Numerator*, 72M USA households are flexitarian, purchasing both plant & meat-based products. From *Morning Consult*, remote & hybrid workers are more likely to purchase groceries on-line as compared to workers who are going into an office. Unsurprisingly, a study from *One Poll* & *Hello Fresh* determined lettuce was the most wasted grocery product. *Vericast* found that although Americans consume more than 3B pizzas per year; about 40% of consumers have no preference on a specific pizza brand or restaurant. The *National Restaurant Association* reports data that forecasts restaurant sales in 2023 may reach almost \$1T, up 11% from 2022 sales estimates. From *Technomic*, foodservice inflation increased restaurant sales by 8.2%, but also caused a decrease in M&A. From *Kyowa Hakko*, 40% of consumers take supplements to support immunity & 75% do so for long-term immune support.

MARKET NEWS: Markets were lower this week.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

V9issue45.04.22.23

The Litchfield Fund is a family owned & operated limited liability corporation. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours & should not be considered investment advice or recommendations.