



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**WE RESPECT THE HARD-WORKING** entrepreneur, trying to build a successful business for themselves, their family & their community. They will use any means possible to make their business successful. And they will succeed, *by hook or by crook*. The term *by hook or crook* first appears to be used in print in 1380 AD by the theologian John Wycliffe. At that time, a shepherd carried a staff, with a curled end, called a hook or a crook, to manage the sheep. The locals were allowed to only take firewood on nobles' land from tree branches that they could reach with the hook. Such common everyday expressions unwittingly provide an oral lore of our common, collective history.

**IN MY MIND'S EYE:** For most of us, we use these everyday expressions without knowing their origin. Many of these expressions, idioms & adages have been with us for centuries. Others come from more recent & popular means, such as movies, music, TV & social media. Young people probably ask "*Where's the beef?*" never seeing the commercial or the 1984 Democrat primary debates. Older folks probably tap out *LOL* while still trying to really figure out how to use all the features of their brand-new smartphone. How many people have used or heard the phrase, "*This could be the beginning of a beautiful friendship,*" actually know it is the closing line of the greatest Hollywood movie ever made? Or followed the wayward advice of a friend, only to think, "*This is another fine mess you have gotten me into!*" the signature phrase of a great comedy team. Our personal favorite origin story is the expression '*the whole nine yards.*' The ammo belts on the WWII fighter planes were 27 feet long. Usually, the amount of ammo was balanced to manage weight, speed & fuel consumption. But on D-Day, the flight crews were told to load '*The whole nine yards.*' Surprisingly, the expression has nothing to do with the amount of material needed to make a man's suit or woman's dress! Most of these common day expressions come from literature & are centuries old. Many, *so very many*, originate from just *two* sources, the Bible & Shakespeare. From the Bible, there are everyday expressions we all unknowingly use. Perhaps you finished a project for an important meeting '*at the eleventh hour,*' knowing you would be walking into '*the lion's den!*' Your bosses in the meeting did not really appreciate your work, it was like '*throwing pearls before swine.*' They are like the '*blind leading the blind.*' They are stuck in their ways & '*a leopard will never change his spots.*' You are really '*at your wit's end.*' You would leave in '*the twinkling of an eye,*' but you have '*feet of clay*' & need to support '*the apple of your eye.*' You'll stay on the '*straight and narrow,*' but be a bit of '*a fly in the ointment,*' '*a thorn in the flesh.*' You will survive, by '*the skin of your teeth,*' but it will be like always '*having a millstone around your neck.*' Let's continue with expressions from Shakespeare! You took the job for the fancy title & good pay, but '*all that glitters is not gold.*' Your bosses may have '*a method to the madness*' of this place. Maybe you will '*break the ice*' with that new lady that was just hired. She seems to have a '*heart of gold,*' even if she did get the job you wanted, & you were a bit of a '*green-eyed monster.*' You would love to find a new job, just '*vanish into thin air,*' or just be '*fancy-free,*' but again, you have '*your own flesh & blood*' to support. You really could get angry & '*unleash the dogs of war,*' but that is just not you. Maybe you can '*kill them with kindness.*' '*It's a pickle,*' but it will be okay, '*all's well that ends well,*' right? Just turn '*a blind eye!*' This last expression was not from Shakespeare, but from the Battle at Copenhagen in 1801. The aggressive Horatio Nelson, blinded in one eye early in his career, was informed by signal flag to break from the engagement. He raised his telescope to his blind-eye, & not seeing any orders, continued the battle. There are common English expressions from foreign origins, such as from the Chinese: We '*can't teach an old dog new tricks.*' We love to be efficient by '*killing two birds with one stone.*' And who has not seen that '*love is blind.*' In *my mind's eye* (Geoffrey Chaucer), these expressions are part of our collective consciousness, our collective history; something that links us together. They are not taught, they simply come about as we make our way in the world. This demonstrates, *in my mind's eye*, that there is a common thread, woven to connect us to our past & that keeps us together as part of one human race.

**INDUSTRY NEWS:** *Bobbie*, organic infant formula made with grass-fed milk, raised \$50M led by *Park West*. *Partake Brewing*, a non-alcoholic beer, raised \$16.5M led by *PowerPlant Partners & Amberstone*. *SimplyProtein*, gluten-free, low sugar snack bars & energy bites, raised \$8.5M from undisclosed investors. *Tender Food*, plant-based meats, raised \$12.5M led by *Lowercarbon Capital* with *Rhapsody Venture Partners, Safar Partners, Bread & Butter Ventures, MCJ Collective & Unovis* involved. *Plantish* raised \$12.5M in seed funding to scale its plant-based whole-cut salmon fillets; the round was led by *State of Mind Ventures*. *Stämm* raised \$17M, led by *Varana Capital*, for its desktop bioreactors that can do the work of an entire cultivated meat

production facility. *Getir*, ultrafast grocery delivery, raised \$768M at a \$11.8B led by *Mubadala Investment Company* & included *Abu Dhabi Growth Fund*, *Alpha Wave Global*, *Sequoia Capital* & *Tiger Global*. *Mori*, food-tech to extend shelf-life & improve supply chains, raised \$50M led by *Prelude Ventures* & included previous investors *The Drawdown Fund*, *Acre Venture Partners*, *The Engine*, *Refactor Capital*, *Blindspot*, *Closed Loop Partners*, *Knollwood Investment Advisory*, *Collaborative Fund* & *Thia Ventures*. Frictionless checkout tech provider *AiFi* raised \$65M from *Aldi South Group*, *Zabka Group*, *Rewe* as well as the venture capital arms of *Verizon*, *Qualcomm* & *HP*. *Bear Robotics* raised \$81M led by *IMM*, with participation from *Cleveland Avenue*, bringing the restaurant robotics company's total funding to \$117M. Israeli *SupPlant*, data-driven irrigation tech, raised \$27M led *Red Dot Capital Partners*. Farm crowdfunding platform *AcreTrader* raised \$20M from *Drive Capital*. Restaurant fintech platform *Zitti* raised \$4M, led by *Crossbeam*. *GrubMarket* acquired *Nogales*, AZ *SunFed*, tech-driven fresh produce & fruit provider. *Local Bounty* will acquire indoor farming company *Hollandia Produce Group (Pete's)* for \$122.5M. *LesserEvil* will lead the acquisition of protein bar brand *R.E.D.D.*; terms not disclosed. PE firm *TA Associates* has taken a majority stake in *Stonewall Kitchen*; as former investor *Audax* exited the business. *Treehouse Foods* will not pursue an outright sale but will continue to explore divestitures. *Wellness Pet Food* plans an IPO later this year. Several executives departed *Chobani* as the yogurt-maker delayed its IPO. *Buyk* filed for bankruptcy.

*Costco* posted another strong quarter, with increases in 2<sup>nd</sup> QTR sales & comps & a 36.4% increase in net income. Amid strong 4<sup>th</sup> QTR results (sales up 10.4%, income up 8%), *BJ's* will open a new concept, a *Market Concept* store for innovative products, markets & displays. *Weis Markets* had a 16.4% net income increase in 4<sup>th</sup> QTR with a 10% sales increase. *Sobey's* parent, *Empire Company*, beat the high-end of analyst estimates in 3<sup>rd</sup> QTR. *ShopRite* operator *Village Supermarkets* more than doubled 2<sup>nd</sup> QTR income as revenue, comparables & digital sales all increased. *Dollar General* reported a mixed 4<sup>th</sup> QTR with sales higher, income lower & comps lower but comps for perishables rising significantly. EPS rose 8% for *UNFI* in 2<sup>nd</sup> QTR as sales rose 7.5%; the company raised full year guidance. For *Hormel*, net EPS in 1<sup>st</sup> QTR rose to 44¢ from 41¢ while reporting record net sales of \$3B, up 24%. *Utz Brands* reduced its net loss from \$87.5M to \$16.2M while net sales increase 22.2%. *Campbell* reported lower sales (3%) & earnings (13%) in 2<sup>nd</sup> QTR. *Oatly* saw a \$80M, 4<sup>th</sup> QTR loss on a 46% revenue increase. *Aryzta* reported first half EBITDA up 37% & revenues that rose 11%. *Boxed*, in its first quarterly report since going public, had slight gains in 4<sup>th</sup> QTR revenue with a widening loss due to certain costs related to their IPO.

Arizona grocery *Bashas' Family of Stores* celebrates its 90<sup>th</sup> anniversary. *Giant Food* has dropped pick-up fees. *Walmart* has hired 50K employees in in 1<sup>st</sup> QTR, with another 5K added to its tech operations. *Amazon Fresh* has added plant-based meat & dairy alternatives to its own brand line. Los Angeles-based *PlantX* is launching same-day grocery delivery in Canada. *DoorDash* will introduce a Gas Rewards program for its USA drivers in response to increasing gas prices. *Sunbasket* & *Diet ID* will partner on an integrated solution to provide meals designed to support individual health needs. Cell-cultured meat company *Aleph Farms* is expanding its product line to include collagen. *Driscoll's* & *Plenty Unlimited* will build a new indoor vertical farm dedicated exclusively to strawberries. *Nature's Fynd* is launching fungi-based refrigerated breakfast patties featuring in selected *Whole Foods* stores. *Louis Dreyfus* opened a new R&D facility in the San Francisco Bay Area dedicated to its plant proteins business. *PepsiCo* will invest \$260M to expand its manufacturing facility in Tucker, GA, creating 136 jobs. *Chipotle* will pilot an autonomous robotic kitchen assistant to make tortilla chips, named *Chippy*. *IFF* will increase prices across all its divisions. *Brighter Bites*, nonprofit providing fresh produce & nutrition education to needy families, received a \$1.5M grant from the *Walmart*. Kevin Johnson at *Starbucks* will step down & *Howard Schultz* will return for a third time. Pat Brown will step down as CEO at *Impossible Foods*, with *Chobani* president, Peter McGuinness stepping in to run the company.

From *Adobe Digital Economy Index* & reported in *Supermarket News*, on-line grocery sales accounted for 8.9% of the retail ecommerce almost \$900B in annual sales. From *Attest*, 60% of consumers are seeking healthier products, 52% think these products are overpriced, with only 9% of consumers actually able to identify the healthiest choices. From the *ACSI Retail & Consumer Shopping Report*, *Trader Joes*, *HEB* & *Aldi* were tops in customer service. From *Mazars*, 78% of CPG executives have passed higher costs on to the consumer, with 54% identified higher shipping costs as their primary concern. From *FMI*, retail seafood sales hit a record \$16.9B in 2021. From the *National Coffee Association*, coffee consumption has reached a two-decade high. From the *National Confectioners Association*, comfort snacking & celebrations led to an 11% increase of chocolate & candy sales, a \$37B market. The Ukrainian conflict is impacting the prices of grains & fertilizer, as more multinationals cease operations. The *USDA* is allowing several pork plants to increase processing speeds, returning to the policies of the previous administration which were instrumental in increasing supply & lower cost.

**MARKET NEWS:** Markets recovered some of last week's losses as the FED raised interest rates.

**SEEDS, SPROUTS, GROW, HARVEST!**

THE LITCHFIELD FUND – *Tom Malenka*

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