



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



ON A COLD WINTER CLEVELAND EVENING, when the season's brutality was finally taking a toll on our health, we had a special stop for renewal. A local family Italian restaurant, with a dish that provided the body with the nutrients & antioxidants needed to face a never-ending winter siege: Cream of Garlic Soup. The restaurant eventually changed hands; the dish was removed from the menu & eventually the restaurant closed. As much as I have tried, I have never quite succeeded in creating the dish myself, at least to the standard my memory sets. Some may find the taste (or just the thought) of garlic soup overwhelming; we prefer powerful tasting veggies, like garlic & broccoli.

SMELL THE BROCCOLI: As a kid, I would pick off the green stems of the garlic & onion plants, then chew on them like gum! I have always liked powerful tasting veggies, perhaps an innate body awareness drawing me to the nourishment needed for my health, long before reading a single study on the subject. Many studies conclude the health benefits of veggies with deep color; bitter, slightly sulfuric tastes or in the best case, both. In general, these types of veggies can be low in carbs, high in fiber & contain a nice amount of protein. They are rich in folates & vitamin A, C & K, & important minerals like iron, potassium & manganese. They contain carotenoids that support eye-health, sulforaphane which prevents cancer & antioxidants like quercetin & kaempferol. These veggies, like kale, cauliflower, cabbage, kohlrabi, Brussel sprouts & broccoli provide benefits that lower cholesterol, lower the risk of heart disease & may prevent cancer. Broccoli is an Italian heritage vegetable, with its cultivation beginning in the 6th century BC. The Romans grew broccoli in Italy & Sicily, using natural selection to breed the hardiest & tastiest varieties. It was not until the 18th century that *broccolo* (flowering head or a sprout) made its way into the rest of Europe. Italian immigrants brought broccoli to the USA in the 1800s. Broccoli's popularity grew after WWII, as breeding & cultivation took a leap forward. Interestingly, broccoli rabe is of the turnip, not the cabbage family; purple cauliflower is actually broccoli & broccolini is broccoli cross bred with the Chinese vegetable kai-lan. Broccoli is considered a cold weather crop, growing best in 60° & 70° temperatures, making it a winter crop here in the desert. Broccoli is without a doubt our household's most consumed veggie, ahead of cucumbers, lettuce, tomatoes, celery, mushrooms, garlic & onions. It is a rare meal in our house that does not contain broccoli, whether raw on a salad; stir-fried with chicken & lemon; mixed in a pasta dish; served as a broccoli mac'n'cheese or served as a side dish in one of the best antioxidant-enriching methods – stir-fried with ground mustard seed (seriously, try this!). Sadly, authors, comedians, actors, politicians & even presidents have bad-mouthed broccoli. American author Richard Paul Evans (*The Christmas Box*, *The Locket*) called chocolate God's apology for broccoli. But broccoli is actually God's gift, a true superfood that can help fight everything from the common cold to heart disease & cancer, which for centuries has been there, strongly scented right under our noses! So wake up & smell the broccoli!

INDUSTRY NEWS: Coconut water *Zico Rising* raised \$14M. *Ugly Co.*, upcycled dried fruit snacks, raised \$9M from a group of investors that include *Value Creation Strategies* & *Sun Valley Packing*. *Perricone Juices*, a producer of premium, craft juices, raised an undisclosed amount from *Trivest*. Mushroom meat startup *Fable* raised \$8.5M led by *VC 3 Ventures* with participation from *Better Bite Ventures* & others. Israel's functional *Meala FoodTech*, functional proteins, raised a \$1.9M pre-seed round led by *The Kitchen FoodTech Hub* & *DSM Venturing*. Plant-based chicken nugget maker *Rebellyous Foods* raised \$9.5M to build its production. Quick delivery *JOKR* secured \$50M led by *G-Squared*, at a \$1.3B valuation. *Reshape Bio* raised \$8.1M for its digitized microbiology lab tech, led by *ACME Capital*; *FundersClub* & *Y Combinator* were among the participants. QR-based restaurant menu startup *Orderli* raised \$938K with *Y Combinator*, *Graduate Entrepreneur*, *Swiss Founders Fund* & *Coco's Outback*. Texas-based *Yesway*, convenience stores operator, received a \$190M investment from *HPS Investment Partners*. Prebiotic hair care start-up *Straand* secured a \$2M pre-seed investment from *Unilever Ventures*. *CVS Health* will acquire nationwide senior-focused primary care provider *Oak Street Health* for about \$10.6B. Foodservice solutions provider *Middleby* acquired *Flavor Burst*, flavor injection technology, terms not disclosed. *Post Holdings* will acquire several pet food brands & manufacturing assets from *Smucker* for \$1.2B; brands include *Nutrish*, *Nature's Recipe*, *9Lives*, *Kibbles 'n' Bits* & *Gravy Train*. *Ferrero* purchased Italian frozen-pastry producer *Fresystem* for an

undisclosed sum. *Flagship Food Group* acquired *Yucatan Foods*, guacamole & dips. Specialty bakery manufacturer *Finsbury Food Group* purchased *Lees Foods*, confectionery & meringues, for £5.7M. UK confectioner, *Serious Sweets* bought its peer *Mallow & Marsh*, marshmallow-based snacks; terms not disclosed. *Cadman Capital Group* purchased Canadian seafood farmer & processor, *Quoddy Savour Seafood*, for an undisclosed sum. Dayton, OH based *Mikesell's*, founded in 1910 & claiming to be the oldest continuously operating potato chip company in the USA, is going out of business & seeking new ownership. *Bacardi* resolved a legal battle with Jay-Z by buying a majority of his stake in *D'Ussé*, bringing their stake to 75.01%. *Tessemae* filed for chapter 11 due to litigation with a former lender. Indoor farming concern *Edible Garden* hopes to raise \$10M in a public offering.

Margin & EBITDA slipped during 1st QTR at *Natural Grocers*, sales edged up slightly. *Amazon's* 4th QTR showed some recovery, but slow growth for 2022 & a weak 1st QTR forecast caused the stock to drop. *Ingles* posted higher 1st QTR sales & income. Price hikes helped *PepsiCo* & *Unilever* beat 4th QTR Wall Street estimates. *Tyson* missed on 1st QTR revenue & net income took a major hit as chicken demand dropped & beef costs increased. *Post Holdings* returned to positive income in 1st QTR as sales beat estimates; foodservice & consumer brands contributed to results. Lack of brand investment due to supply chain challenges led to an overall down 2nd QTR at *Hain Celestial*. *Hershey's* 4th QTR revenue & net income soared past estimates, candy & snacks sales unaffected by price hikes; the stock rose on a bullish forecast. Driven by increases in QSR sales, 2nd QTR net income & sales at *Lancaster Colony* were higher. Restaurant conglomerate *Brinker International* reported 2nd QTR net income up 1.1% & revenues up 10%; price hikes driving results. Sales rose 14% & operating income rose 12% for *Starbucks* in 1st QTR. *Yum! Brands* claimed value-priced menu items led to positive 4th QTR outcomes. Despite labor & supply chain issues, *Chipotle* had a strong 4th QTR & opened 100 new locations.

At a *Giant* location in Pennsylvania, a *Marty the Robot* escaped the store, needing to be wrestled back by employees. *Hy-Vee* has opened two more stores in Wisconsin. *BJ's* opened its first Tennessee location. *Walmart* will close several non-performing locations. *Albertsons* launched a digital wellness platform, *Sincerely Health*, designed to help consumers make informed choices regarding food, physical activity, sleep & mindfulness. *Kroger* will expand its program with *Gotham Greens* from 300 to 1,000 stores by the end of 2023. *Buehler's* will use *Mercatus* for on-line ordering & fulfillment. *Wegmans* is piloting scan & go technology from Israeli startup *Shopic* that attaches to standard shopping carts. NYC indie *Foodcellar Market* will be the first retailer to rollout *Instacart's* *Scan & Pay* checkout tech. Grocery automation platform *Storewise* & retail tech solutions provider *Truno* will partner to provide operational controls to independent retailers. *Tetra Pak* announced a collaboration with *Brandjectory*, to provide their emerging brand partners access to the *Brandjectory* platform for education, coaching & investor connections. *J&J Snacks* will add 3 new distribution centers. *ADM* opened a probiotic & postbiotic production facility in Valencia, Spain, investing \$30M in the plant. *Danone* opened a new R&D center in Paris to focus on fresh dairy & plant-based products & natural mineral water. *Saputo* will invest \$179.9M in a new Wisconsin facility, which will create around 600 jobs; consolidating three other sites. Micro-fulfillment vendor *Takeoff Technologies* is working with an unnamed retailer to allow shoppers to order groceries & *McDonald's* in the same order. *Gopuff* & *Drizzly* will partner on alcohol delivery. *Zomato* closed its delivery in the Philippines after 10 years & *Deliveroo* released 10% of its staff in cutbacks. Greek yogurt *Yasso* will expand with a nationwide rollout at *CVS*. Meal delivery company *Sunbasket* will team with personalized nutrition platform *EatLove* for nutrition prescriptions. *Kerry* will pay \$19.2M to settle a 2018 salmonella outbreak at an Illinois cereal plant.

From *PYMNTS*, 44% of shoppers now make the majority of their grocery purchases at physical stores, compared with 63% who did so in early 2020. Wholesalers are running out of home chickens as people seek to raise chickens to fight rising egg prices. Meanwhile, egg prices are so high, that USA border agents are reporting seizures of illegally transported eggs at already overwhelmed border cities due to this administration's weak stance on illegal immigration. From the USDA, dairy exports were \$9.5B in 2022, the third year in a row of record growth. *S&P Global* projects tighter margins in the near future for meat producers due to supply chain issues & fluctuating prices.

MARKET NEWS: Markets were lower following a lackluster SOTU address. The St. Louis FED reported that last week's BLS jobs report was actually BS: 517K jobs were not added, that in fact USA jobs were lost in January when a random 'seasonal adjustment' is removed from the calculation.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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