



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



"**MATH ENTERS THE BRAIN** through the fingertips," my favorite high school math teacher would say to encourage students to do their homework. As a college math major, this adage was certainly true – I used up many pencils & erasers. As final exams approached senior year of college, I had not missed a single point in my Advanced Linear Algebra class. *Yes, I was that kid!* My prof vowed no one would ever ace one of his classes. When he finally posted final exam grades, I had scored 199 out of 200. At one step of a long algebraic proof (properly completed), I had erased a plus sign to correctly change it to a minus sign. He took a point off for failing to completely erase a plus sign!

ERASING: The first & only deposit of pure graphite (thought at the time to be lead, hence, the *lead pencil*) was discovered in England in the 16th century. Besides being used as a writing implement, graphite had many uses, including cannonballs. As such, the export of graphite, & even the pencils made from it, was highly guarded. It was not until 1802 that a captain in Napoleon's army discovered how to make rods from a mix of graphite, graphite powder & clay (the amount of clay determining hardness) to create the modern pencil. The first rubber eraser was invented as a mathematical tool in 1770 & in 1858 a patent was granted for attaching an eraser to the end of a pencil. Erasers were invented for erasing mistakes – not facts such as history, culture, icons, books, movies, words or otherwise, that are suddenly & randomly deemed bad or offensive. As deadpan comedian Steven Wright wondered, "*When I erase a word with a pencil, where does it go?*" Today, it seems, as nebulous as it sounds, the moment *someone* has a problem with *something*, an attempt is made to erase it from our history & memory. Israeli Prime Minister Golda Meir warned, "*One cannot & must not try to erase the past merely because it does not fit the present.*" Our collective past – good, bad, evil, miraculous or mundane – created who we are today. If something is so terrible, so awful, should it not remain on public display for all to be witness as to how bad it was & how bad it still is? And if a something is erased, does it really disappear from our past & our lives? E.B. White, student of Cornell grammar professor William Strunck, Jr., who enlarged the grammar professor's landmark text, *Elements of Style*, said, "*Life is like writing with a pen. You can cross out your past but you can't erase it.*" Lincoln tells us we can't erase or escape history & we have been amply warned that if we do not learn from the past (Huxley, Hegel, Qualmann), that history will repeat itself (Burke, Santayana). G.K. Chesterton wisely notes, "*The disadvantage of men not knowing the past is that they do not know the present.*" Historian David McCullough offers, "*A nation that forgets its past can function no better than an individual with amnesia.*" We learn, individually or collectively, through open & honest debate. English Poet Laureate Sir John Betjeman said, "*History must not be written with bias, & both sides must be given, even if there is only one side.*" Erasing a fact denies the opportunity to learn from it, despite the angst & instability it may create. Historian Henry Adams points out, "*A society in stable equilibrium is - by definition - one that has no history & wants no historians.*" These facts – history, books, words, movies, events, icons, statues & culture – exist for a reason: to dissect, understand, learn & grow. From Alexis de Tocqueville, "*When the past no longer illuminates the future, the spirit walks in darkness.*" Whether good or bad, the past & its representations are there to teach us, not to be erased, as India Prime Minister Jawaharlal Nehru clearly stated, "*You don't change the course of history by turning the faces of portraits to the wall.*"

INDUSTRY NEWS: SPARX Group led a \$50M raise for *Oishii*, vertical farm growing extra sweet Japanese omakase strawberries. Israeli startup *Seebo*, AI technology aimed to find process inefficiencies & leakages, finalized \$24M in additional funding led by *Vertex Ventures* with participation from *10D*, *The Phoenix* & *Leumi Partners*. *Wefarm*, a best practice & price sharing platform for small farms, raised \$11M led by UK-based *Octopus Ventures*. Dutch *BioPhero*, fermented insect pheromones for crop protection purposes, raised \$17M, led by *DCVC Bio*. *TradeCafe*,

protein commodity buying platform, raised \$7.89M from *Round 13 Capital*. *AcreTrader*, farm land purchasing & investment platform, raised \$12M from *with Jump Capital*, *Narya Capital*, *Revolution's Rise of the Rest Seed Fund* & others. Nut butter maker *Natural Way Food Group* secured \$1M from *Tusk Private Investment*. CBD & functional beverage *Cloud Water* raised \$2.7M. *Oats Overnight* raised \$2M led by *Schnitzel Capital*. *Alec's Ice Cream*, premium organic ice cream made with less air to improve creaminess, raised \$1.4M seed capital from angel investors. *ReGrained* & Tokyo-based *Future Food Fund* (operating under online grocery & meal kit delivery company *Oisix ra Daichi*) have formed a strategic investment partnership. *Thompson Street Capital Partners* acquired *Freddy's Frozen Custard & Steakhburgers*, Kansas-based fast-casual franchised restaurants. *Mondelez* is acquiring Australia's *Gourmet Food Holdings Pty Ltd.*, maker of premium biscuits & crackers. *Ka-Pop! Snacks*, ancient grain popped chips & puffs, merged with *Bubba's Fine Foods*, makers of paleo & keto-friendly snacks & granolas, to become *Awakened Foods*. *Wind Point Partners*, using its portfolio company *Stir Foods*, acquired *Lancaster Fine Foods*, maker of private label sauces, dressings & condiments. *Fruit d'Or*, cranberry & wild blueberry processing, acquired *Decas Cranberry Products*, fresh & dried cranberry product. *WM Partners* acquired *Feel Good Organics*, organic eCommerce superfoods. *Outcast Foods*, upcycled food waste, raised \$7.9M from *District Ventures Capital* & *BDO Capital*. *Diageo* has acquired *Far West Spirits*, maker of hard seltzer brand *Lone River Ranch Water*, a Texas "Ranch Water" cocktail, tequila with lime juice & sparkling water. *Nestlé* acquired *Essentia Water*, with 2020 sales of \$192M. Per the *Wall Street Journal*, *Conagra* is in talks to sell *Hebrew National* hotdogs, as well as *Egg Beaters*, *Odom's Tennessee Pride* & other brands to *JBS* in a deal worth around \$700M. *VMG Partners* closed an \$850M fund, *VMG Growth Fund V*. Canadian digital ag company *Farmers Edge (FDGE)* completed an almost \$100M IPO on the Toronto Stock Exchange. Canadian frozen food maker *Sol Cuisine* will go public on the TSX to fuel USA expansion. *Deliveroo* plans a London IPO. Under investor pressure, *Danone's* board voted to separate the chairman & CEO roles, with current chairman/CEO Emanuel Faber remaining in a non-executive chairman role.

Costco's net sales for 2nd QTR rose 14.7%, same-day delivery rose 450% but the retailer missed on income targets. Record 4th QTR comps helped *Big Lots* beat estimates. *BJ's Wholesale* also had a strong 4th QTR with comps & digital sales driving a 77% increase in operating income. Meat & seafood sales pushed net sales up 13.7% in *Weis Markets'* 4th QTR, with same-store sales up 14.1% & income from operations up 17.3%. *UNFI* had a record setting 2nd QTR with a 7.1% increase in revenue & a 4X in gain EPS. Demand for prepared foods, beverages & snacks drove sales up 5% for *Campbell* in 2nd QTR with an 80¢ EPS. In 4th QTR, *Jones Soda* showed a slight improvement in sales & a small reduction in loss.

Walmart will spend \$350B in the next ten years on supplies produced, grown or assembled in the USA. *Dollar Tree* plans a major expansion of 3K to 4K new concept stores, combining its *Dollar Tree* & *Family Dollar* banners into a single storefront in small-market rural areas. *Kroger* will close three stores in the Los Angeles area due to mandated hazard pay increases & opened its first *Ocado* automated fulfillment center, in the Cincinnati area. *Albertsons* is testing remote-controlled delivery carts developed by tech company *Tortoise*. Following a 15-month pilot, *Kroger* will roll out produce from vertical farm *80 Acres Farms* to more than 300 stores, while *Plenty's* pilot with *Albertsons/Safeway* will be expanded to 400 stores. *Target* is launching a new brand, *The Favorite Day*, with more than 700 innovative sweet & savory products spanning categories such as bakery, trail mix, ice cream, snacks, etc., all priced below \$15. *Walmart* will add more *Beyond Meat* products. *Ocean Hugger Foods* relaunched in a joint venture with Thailand-based food concern *Nove Foods Ltd*. *Brazi Bites* will launch gluten-free breakfast sandwiches. With at-home breakfasts increasing, *KIND* has debuted frozen smoothie bowls. *Niman Ranch* is blending bacon & sausage into its new *Smoked Bacon Uncured Breakfast Sausage* links, made with the brand's applewood smoked bacon. *NotCo* has been granted a USA patent for its proprietary AI, *Giuseppe*, that breaks down foods into their basic molecular compositions, then chooses vegetables to combine to imitate that structure.

MARKET NEWS: Markets rose this week. Congress passed the pork-filled \$1.9T spending bill, which will cost \$5,800 per each American & approximately \$15,000 per each American taxpayer.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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