



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LIFE CHANGES. Some changes are momentous; others happen slowly over time. Sometimes, these changes come about because we take action; other times we remain passive & the change takes place around us; then we change, transition, adapt to something new. Ten years ago this week, I left a 30+ year corporate career, looking for something new & different. My much better half & I were looking for new adventures, surroundings, activities & places. A once closed gate had opened to these possibilities! We were ready to run through it! We saw a meme that embodied our feelings: A small white dog, joyously flying through the air; *live like someone left the gate open!*

OPEN GATES: When we open the gates of our mind, we gain knowledge & experience. Open the gates of our hearts, we find love & compassion. Open the gates of our soul, we hopefully find humanity. Open the gates of our life, we find adventure & new experiences. *The Doors* told us, "*The gate is straight, deep & wide, break on through to the other side.*" But for most of us, the gates that keep us from changing, then moving forward, doing that which is new & different, most likely appear to us as giant cement roadblocks, immovable & unpassable. We set up these '*gates of our life*' for a reason - for safety & security, to protect our feelings or emotions, to not risk failure or unhappiness. So, perhaps passing through these gates should be done with forethought. From G.K. Chesterton, "*Consider the fence or gate erected across a road. The more modern type of reformer goes gaily up to it & says, 'I don't see the use of this; let us clear it away.'*" To which the more intelligent type of reformer will do well to answer: "*If you don't see the use of it, I certainly won't let you clear it away. Go away & think. Then, when you can come back & tell me that you do see the use of it, I may allow you to destroy it.*" Yet, like that little white dog, we know that happiness lies beyond the gate. And that gate was always ready to be opened. From Emerson, "*The gates of thought - how slow & late they discover themselves! Yet when they appear, we see that they were always there, always open.*" But there are good reasons that the gate should be difficult to break through. From fantasy writer Alice Hoffman, "*That's why there are ten gates to pass through before you reach the garden. If life were easy there would be one gate. There would be no gates at all.*" From Alexandre Dumas, "*Happiness is like those palaces in fairy tales whose gates are guarded by dragons: we must fight in order to conquer it.*" We usually need to summon up the courage or apply some of Chesterton's request for rational thought to pass a difficult gate. But sometimes, like the little dog, we are so fed up being confined & so excited to see what is out there, that we suddenly pass through the gate. That is why Roman polymath Marcus Terentius Varro reminds us, "*The longest part of the journey is said to be the passing of the gate.*" There is excitement & adventure beyond the gate, & again from Emerson, "*We are all inventors, each sailing out on a voyage of discovery, guided each by a private chart, of which there is no duplicate. The world is all gates, all opportunities.*" And the second greatest gate of all is the gate of freedom - the gate that opens up economic prosperity, the free exchange of words, thoughts & ideas & progress in every discipline & cause. But that gate swings two ways & can often be locked. Jurist Billings Learned Hand told us, "*As soon as we come to rely upon accredited bodies of authoritative dogma, not only are the days of our liberty over, but we have lost the password that has hitherto opened to us the gates of success as well.*" Of course, the greatest gate is even more difficult to pass & rightly so. Theologians & philosophers remind us that this gate is low & narrow; only the most humble will pass through. And we also honestly worry, much like 20th century movie star, spitfire & personal favorite, Maureen O'Hara, "*I'm terrified about the day that I enter the gates of heaven & God says to me, just a minute.*"

INDUSTRY NEWS: *Base Culture* bread received an investment led by *Emil Capital Partners* with *Flower Foods* involved. Cookie brand *Last Crumb* closed a \$3M seed round led by *Electric Feel Ventures*, with participation from *Chetrit Ventures* & others. *Oatbox*, organic oat milk, raised C\$7M. South African spirits group *Spearhead* raised \$3M from *Pendulem* to enter the USA with its products. Organic beauty brand *Ogee* raised \$7.07M led by *Birchview Capital* with *FreshTracks Capital* & *Coastal Ventures* involved. Software supply chain platform *Milk Moovement* raised \$20M working with *VMG Catalyst*. *Vegrow*, a B2B agritech marketplace for fruits, raised \$25M led by *Prosus Ventures*. *Micropep* closed on \$8.8M

for its peptide-based crop protection products led by *Fall Line Capital*. *Phospholutions*, efficient phosphorus fertilizer delivery, raised \$5.3M from *Ospraie Ag Sciences*, *Bunge Ventures* & *UPL Ltd*. *Fieldless Farms*, CEA farming, raised \$17.5M in equity & debt, led by *Forage Capital Partners* with *Farm Credit Canada* & *BDC* participating. *Tillable* will expand its digital loan platform that provides enabling farmers & growers financing in partnership with *Evergreen Bank*. B2B marketplace *Pod Foods* has launched *Pod Foods Capital*, debt financing to help emerging brands. The *Fresh Market* canceled its pending IPO.

PepsiCo beat 2nd QTR expectations, raised full year projections & announced price increases for the second straight quarter as a result of government policies causing inflation. *Conagra* reported 4th QTR earnings that beat estimates, though revenues missed targets; the company will raise prices to deal with inflation.

Natural Grocers is looking to hire 500 workers nationwide. *Fareway* will expand into its 7th state with a new *Meat Market* store in Kansas. *Kroger* will work with advertising platform *Pacvue* to offer additional opportunities to CPG brands for on-line campaigns. *Kroger* will add spoke eFulfillment centers in Nashville & Chicago. *Amazon* will update to new, larger capacity smart *Dash Carts* at *Whole Foods Market*. *Schnucks* will expand its *DoorDash* meal delivery offerings. *Big Lots* will use *Shipt* for delivery. In a partnership with recipe platform *SideChef*, *Tyson Foods* will offer items on the *Walmart* marketplace. *DoorDash* will shut down *Chowbotics*, the *Sally* robotic salad maker, just 18 months after *DoorDash* acquired it. Delivery platform *Waitr* will partner with *Elite Extra* & *Burq* to provide delivery for retailers including alcohol, auto parts, apparel, fashion, luxury, sporting goods & more. Fulfillment provider *Fabric* will lay off 40% of its work force & move to selling its software & hardware. *Gopuff*, expecting a significant macro-economic downturn, has implemented its reported plan to downsize staff & warehouses. *Nuro* will close its Phoenix autonomous vehicle center to focus on its Houston & Bay Area activities. *Walmart* will purchase 4500 electric delivery vehicles from *Canoo*, with the option to purchase up to 10K units. *Mondelēz* is adding whole grains to some *Ritz* & *Premium* cracker products. *Bel Group* will partner with protein ingredient company *Superbrewed Food* to make cheese products with *Superbrewed Food's* fermented protein. Germany's *Bitburger Brewery Group* will provide alt-protein maker *Mushlabs* with capacity & side-stream by-products from its beer production for raw materials in a new partnership. *MeaTech 3D* will collaborate with cultured seafood maker *Umami Meats* to develop 3D-printed seafood products for the Asian market. *Peapod Digital Labs*, the digital solutions arm of *Ahold Delhaize USA*, has launched an incubator program to target suppliers for its private-label portfolio. *Kerry* has launched the *Kerry Discovery Hub*, an online learning center for food & beverage startups & entrepreneurs. *Ferrero North America* will open an innovation center in Chicago with a strategic R&D laboratory. *Tyson Foods* completed a \$90M expansion of its Forest, MS plant to increase its chicken processing capacity, adding 320 jobs. *PepsiCo* will build a 1.2M sq. ft. in Colorado, its largest in the USA, creating 250 jobs & invest \$35M in a new bottling line at its Winston-Salem facility. A new California law was enacted that puts the status of 70K independent truckers at risk, requiring them to be classified as employees, which will add to the supply chain issues. *Starbucks* closed 16 stores around the country due to high crime.

New York City grocery retailers are reporting a 30% increase in shoplifting, with criminals filling bags & suitcases, due to the city's soft on crime policies. Employment at grocery stores rose in June by 6.1K positions, to 3.169M; restaurant & bar employment rose by more than 40K per the Bureau of Labor Statistics. Food prices soared 12.2% according to the CPI, the fastest growth since 1979. From the *Mastercard SpendingPulse* report, inflation has driven grocery spending up 14%; fuel & C-store spending is up 42.1%. Total USA online grocery sales climbed 6% YOY in June & was 1% higher for the entire 2nd QTR, YOY, per *Brick Meets Click/Mercatus*. Supermarket yogurt sales are up 8% YOY, according to the *International Dairy Deli Bakery Association*. About 50% of consumers using alt-proteins are willing to purchase more due to inflation & sustainability, per *Boston Consulting Group*. *Hershey* indicates that industry chocolate sales are falling as prices rise. From *TraceGrains*, nearly 90% of manufacturers said higher ingredient prices are causing them to modify or create new formulas. Higher temperatures & low rainfall in Italy could impact the availability of olives & olive oil. Peruvian blueberry exports grew 117% in value during the first part of 2022. Haas avocados hit record sales volume in 1st QTR.

MARKET NEWS: Markets were down, again. June inflation, driven by our government's seeming desire to cripple the American economic engine, was an out-of-control 9.1%. The Producers Price Index was near March's all-time record, at 11.3%! Jobless claims rose. Sales rose 1%. The markets have, per most analysts' perspectives, entered bear status.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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