



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

**FOR THE UNPREPARED STUDENT**, there is no more welcome sight than the *true/false test*. Even if the student knows just 50% of the correct answers, there is an even chance at guessing half of the remaining answers correct! The result? A 75% score, a nice solid 'C.' While the *multiple-choice test* provides some relief, the odds do not favor the student. Depending on the number of choices, the student may only be able to correctly guess one-quarter or one-third of the remaining questions, falling short of the coveted 'C,' unless the teacher is an easy grader. The unprepared student thus remains unprepared for life - a constant, ongoing multiple-choice test & *not graded on the curve!*

**DOGS, CATS, MULTIPLE CHOICE:** The proverbs concerning hanging dogs & skinning cats came about in the 17<sup>th</sup> & 18<sup>th</sup> century. It seems English naturalist John Ray used the expression, "*There are more ways to kill a dog than by hanging,*" in a late 17<sup>th</sup> century book of proverbs. In 1840, American humorist Seba Smith wrote, "*There are more ways than one to skin a cat, so are there more ways than one of digging for money,*" in her short story, *The Money Diggers*. While these psychopathic dealings with dogs & cats are overly graphic, they do point out that our lives are a series of choices & options. These choices are not as straightforward as 'T or F' or 'A, B, C or D.' Every choice we make, in life or business, opens us up to new opportunities, changes, chances & risks. Making a choice, then making a choice about the consequences that they then present, lead us along the twists & turns of life's path. These choices do more than create our life story, they determine who we are. From Seneca the Younger, "*You are your choices,*" & Eleanor Roosevelt, "*We all create the person we become by our choices as we go through life. In a real sense, by the time we are adults, we are the sum total of the choices we have made.*" Every choice we make leads to more choices & it is our responsibility to accept the outcomes of our choices & to continue on. From pioneering psychiatrist Elisabeth Kübler-Ross, "*I believe that we are solely responsible for our choices & we have to accept the consequences of every deed, word & thought throughout our lifetime.*" This is why some people prefer going through life with those limited choices, 'T or F' or 'A, B, C or D.' They desire someone to choose for them. It not just absolves them of the responsibility of their decisions, it relieves them of the study required to make rational & sound decisions. These people become followers, & not followers with conviction & purpose, they are simply taking the easy path to a solid 'C.' Our choices, especially the tough choices, determine our character. From Heraclites, "*The content of your character is your choice. Day by day, what you choose, what you think & what you do is who you become. Your integrity is your destiny ... it is the light that guides your way.*" But abdicating the right to determine your own choice, is in fact a choice - a choice to do nothing. From President Theodore Roosevelt: "*In any moment of decision, the best thing you can do is the right thing, the next best thing is the wrong thing & the worst thing you can do is nothing.*" Abdicating the right to choose means losing the chance to grow. From management consultant Robert Fritz, "*If you limit your choices only to what seems possible or reasonable, you disconnect yourself from what you truly want & all that is left is a compromise.*" From novelist George Eliot, "*The strongest principle of growth lies in the human choice,*" & theologian Thomas Merton, "*We must make the choices that enable us to fulfill the deepest capacities of our real selves.*" Our active, rational, cognizant choices is what drives our human development forward. Aristotle wrote, "*Excellence is never an accident. It is always the result of high intention, sincere effort & intelligent execution; it represents the wise choice of many alternatives - choice, not chance, determines your destiny.*" Making our own choices fulfills our destiny, both individually & collectively, drives the future & our future history, for as President Dwight D. Eisenhower said, "*The history of free men is never really written by chance but by choice; their choice!*"

**INDUSTRY NEWS:** *Manna Tree* led a \$15M raise in *New Primal* (meat snacks & sauces) & an \$18M raise in *Urban Remedy* (RTE meals, snacks & juices), which included existing investors *Builders Fund* & *Obvious Ventures*. *Actual Veggies*, plant-based refrigerated burgers, closed on \$2.8M led by *Electric Feel Venture's* founder Austin Rosen with *Big Idea Ventures* & *Rose Street Capital* involved. *The Finnish Long Drink*, RTD spirits, raised \$25M with *Neuberger Berman*. *Athletic Greens*, DTC daily nutrition provider, completed a strategic investment led by *SC Holdings*. *Equilibrium Capital* arranged \$91M in financing for *AppHarvest* to build 12 indoor farms by 2025. *NotCo*, AI plant-based food company, raised \$235M at a \$1.5B valuation led by *Tiger Global* & *EHI*, with participation from *Future Positive*, *L Catterton*, *Kaszek Ventures*, *DFJ Growth Fund* & *Zoma Lab*. *Gourmey*, Paris-based start-up cultivating meat from animal cells, raised \$10M led by *Point Nine* & *VC Air Street Capital*, *Heartcore Capital* &

*Partech* participating. *Prenexus Health*, organic prebiotic ingredients raised \$15M from *Continental Grain*, *Coalescence Partners*, *DSM Venturing*, *ONCE Ventures* & others. To make robotics easier to use in the food & service industry, *Augmentus*, a no-code robotics platform, raised an undisclosed amount of seed funding from early-stage VC firm *Cocoon Capital*. Fast-casual *Just Salad* raised an undisclosed amount from *Closed Loop Partners*, with current investor *Panda Restaurant Group* involved. *GoPuff* is reportedly seeking a \$1B funding round. *Cart.com*, eCommerce provider, acquired 3PL company *Sauceda Industries*, to expand its fulfillment capabilities. *Bimbo* acquired *Emmy's Organics*, premium cookies. *ADM* will acquire *Sojaprotein*, European non-GMO soy ingredient provider, with annual sales of \$100M. *CVC Capital Partners VIII* is in discussions to acquire the *Panzani* dry pasta, couscous, sauces & semolina business of *Ebro Foods*, valued \$650M. *Portillo's*, Chicago-style hot dogs, has filed for an IPO. *The Better Being Co.*, vitamin & supplement maker (*Solaray*, *Heritage Store*, etc.), will seek a \$200M IPO. *Dole* has revised its IPO downward by \$400M to \$1.7B. *Unilever* may spin off its tea business in an IPO, partnership or sale.

*Albertsons'* 1<sup>st</sup> QTR saw lower YOY sales & income, but still higher than 2 years, with flat digital growth but elevated store traffic. *Loblaws* reported an increase in revenue but a significant drop in 2<sup>nd</sup> QTR earnings. *Amazon* beat 2<sup>nd</sup> QTR earnings forecasts, but fell short on revenue, despite an increase in physical store sales. *Coca-Cola* raised full year guidance; reporting a 42% gain in 2<sup>nd</sup> QTR revenue as earnings of 68¢ beat projections by 12¢, away-from-home sales driving performance. *KDP* also raised guidance after beating 2<sup>nd</sup> QTR estimates. *AB InBev* saw 2<sup>nd</sup> QTR increases in earnings & revenue, with 2-year growth, but missed analyst projections. *Hershey* raised forecasts as 2<sup>nd</sup> QTR revenue rose 14.1% & income rose 11.1%. First half sales at *Nestlé* rose 8.1% on strong coffee demand & higher prices, the company raised 2<sup>nd</sup> half forecasts. Sales rose 12.4% for *Mondelez* in 2<sup>nd</sup> QTR & income rose 98%, just slightly better though adjusting for acquisitions. The company raised full year guidance. *Unilever* posted lower than expected results in the first half, indicating price increases to deal with inflation pressures.

*Albertsons* will proceed with additional price increases. *Wegmans* will open its first Manhattan location in the second half of 2023 in a former *Kmart* location in the East Village. *Mother's Market & Kitchen* will open its 10<sup>th</sup> store. In an expanded partnership with *Sobeys*, *Infarm* will build 4 new vertical farms to supply fresh produce to more than 1,000 *Sobeys'* stores. *Walmart* will partner with *Adobe Commerce*, whose retailers & brands will access *Walmart Marketplace* for 2-day, online & pick-up & in-store fulfillment. *HelloFresh* has launched, *HelloFresh Market*, which debuted recently in Europe, offers add-ons to its meal-kit service with breakfast options, quick meals, fresh produce, etc. *Kraft Heinz* is launching an *Innovation Challenge* to find new products & uses for beans & legumes. Twelve start-ups will compete in the *California Milk Advisory Board's Real California Milk Excelsator*. *Lamb Weston* will invest \$415M to modernize its French Fry processing plant in Idaho. *Nestlé* will invest \$70M to retool a candy bar manufacturing plant in Wisconsin to make *Toll House* refrigerated cookie dough. Ten people were injured in an explosion in a *Dippin' Dots* factory in Kentucky, the second in two years. *Wicked Kitchen*, plant-based foods, will launch in *Kroger & Sprouts*. *Molson Coors* will discontinue 11 smaller brands to focus on its premium offerings. *Ben & Jerry's* is facing consumer, retailer & investment backlash over its decision to not sell its product in parts of Israel. *Shake Shack* stores will openly discriminate against certain classes of American citizens. *Treehouse Foods* will pay \$27M in a class action suit concerning its acquisition of *Conagra's* private label business. *Oatly* is facing a short-selling class action suit over its recent IPO. Former *Staples* CEO & *Coca-Cola* veteran Sandy Miller takes over as *UNFI's* CEO with Steve Spinner's retirement.

*H-E-B*, *Food Lion* & *Kroger* led the *Bond Brand Loyalty* report. *J.D. Power* ranked *H-E-B's* pharmacy #1 in a recent study. *ADM* is forecasting that the alt-protein segment to grow to \$30B from \$10B during the next 10 years. Per *MilkPEP*, overall dairy milk sales were flat in the past year as increases in at-home consumption were offset by lower away-from-home consumption. Dairy milk is predicted to drop 4.5%+ in 2021, but *Nielsen* shows strong growth in non-lactose milks. *Kroger's* 84.51° reports that nearly 100% of consumers are using more than one method for grocery shopping & 63% are using more than two. From *ChaseDesign*, almost 90% of alcoholic beverages are purchased in-store, with more than half of consumers citing they enjoy searching the shelves. *Technomic's* index of the foodservice industry indicates not just monthly growth but a slight growth from 2 years ago! From an *FMI/Deloitte* survey, food industry executives' priorities are to attract & retain talented employees while creating flexible work options. From a *Mintel* study, consumer focus on health/immunity & preparing meals at home has fallen in the past year. In a study by *Oldways Whole Grain Council*, 95% of Americans are increasing or holding steady their whole grain consumption with 59% meeting the dietary requirements. Coffee prices are up more than 30%, following frost in Brazil.

**MARKET NEWS:** Markets were lower. GDP for 2<sup>nd</sup> QTR came in lower than expected. Family spending power has decreased since January as wage gains have been more than offset by rocketing inflation & government unemployment benefits. Consumer spending rebounded, driven by policy driven higher inflation.

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

**THE LITCHFIELD FUND** – *Tom Malenka*

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