



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



IT WAS EARLY JUNE. My dad & uncle sat outside at the picnic table in the shade. A small 13-inch black & white TV sat on the table; rabbit ears turned for the best reception. I was in the living room, nervously watching the color *RCA Admiral* console - the Sport of Kings; a chance at horse racing history, a chance for the first Triple Crown since 1948. I had a bet with my dad & uncle. One horse against the field. It had been 5¢ for the *Kentucky Derby*, a dime for the *Preakness* & now 25¢ for the *Belmont Stakes*, a grinding 1½ miles. It was still close at the ¾ mile mark, just two horses running neck to neck. Then it happened. One horse broke away; a horse blessed with body, brains & heart.

A WINNER'S HEART: I have always been a fan of horse racing. My much better half & I would take spring trips to *Keeneland* for the *Coolmore* & *Blue Grass Stakes*, leading up to the *Kentucky Derby*. *Keeneland* dripped of the South – magnolias & azaleas - with horses saddled under a tree & paraded through the crowd. Horse country, horse farms, blue grass, bourbon & hot browns. We would drive through the Kentucky countryside feeling a bit like Gable & Lombard headed to Santa Anita for the day! But on this day, 50 years ago, I raced outside as my horse's lead grew. My dad & uncle had already laid their quarters on the table! Secretariat won the 1973 *Belmont Stakes* by 31 lengths. He had posted the fastest time at all three Triple Crown races, records that still stand today; an unmatched standard of excellence. *Big Red* was not just a great horse, he was indeed a super horse. Secretariat was massive, taller, bigger, heavier than other horses. His chest was so huge, standard racing equipment didn't fit. His hindquarters were powerful. But more than that, his conformation was perfect. Conformation describes how the horse's head, neck, legs, size & structure align. The better the alignment, the faster, longer, harder a horse can run. Secretariat was the horse God envisioned - designed by Michelangelo, Frank Lloyd Wright or Charles Xavier. And Secretariat was smart...and handsome. At Horse High School, he lettered in 3 sports, won the state title, was president of the student body & the honors society & dated all the fillies! Secretariat was horse racing royalty, his sire was Bold Ruler & his grand sire Nasrullah, named for an Afghan prince. His dam was Somethingroyal, a daughter of Princequillo. In his line was Fair Play, sire of Man o' War. And Secretariat had the heart of a lion; he was horse racing's Richard I. The 1973 *Belmont Stakes* was the biggest horse racing event since 1938, when the son of Man o' War & 1937 Triple Crown winner War Admiral raced a one-on-one grudge match against the grandson of Man o' War, Seabiscuit! If Secretariat was the strong, handsome hero of Horse High, Seabiscuit was the small kid nobody noticed. He got shoved in the hallway; the coaches & teachers belittled him (in the days when that was allowed); he didn't make the team; he was blackballed by the cool clubs & ignored by the fillies! Seabiscuit was small, short, stubby - ugly. He was overused as a youngster, routinely run just to fill out the race card. He was whipped when he should have coached. He, & his jockey, were riddled with injuries. Being small, he was easily bumped & thrown off stride by larger horses. If Secretariat was horse racing's Richard I, Richard the Lion-hearted, Seabiscuit was Shakespeare's Richard III. But not quite! Seabiscuit found an owner, trainer & jockeys who could see what was inside the horse. Seabiscuit began to pile on wins, including the match against War Admiral. He became the winningest horse of the era, a synonym for speed & at age 6, won the one prize that had eluded him, the *Santa Anita Derby*. What Seabiscuit had was a winner's heart; an immeasurable desire to win. He simply refused to look at the back end of another horse. From *Boston Bruins* great Phil Esposito, "Play with passion & heart. If you don't carry passion into sport, or into any job for that matter, you won't succeed." Coach John Wooden said, "I do not want players who do not have a keen desire to win & do not play hard & aggressively to accomplish that objective." Heavyweight boxing champion Evander Holyfield understood a competitor, like Seabiscuit, with the heart of a champion, "It is not the size of a man but the size of his heart that matters." But Seabiscuit needed the right coach & training to bring out his inner champion. From Margaret Thatcher, "The desire to win is born in most of us. The will to win is a matter of training. The manner of winning is a matter of honor." But besides heart, Seabiscuit had strength. He carried much more than the 126 pounds that handicapper placed on him. He carried the hope, dreams & spirit of an entire nation on his back. In 1937, America was Seabiscuit. Beaten down, trying to get back on its feet. Each person felt like an underdog. America was filled with people who believed that hard work & a desire to win was far more important than breeding, schooling or even having all the right skills to succeed. It was a nation who believed in the American Dream & Seabiscuit embodied & carried that dream. Seabiscuit was their champion, proving that the underdog, the forgotten, the ignored could become a champion. It feels like the American people could use such a champion today, a champion with a winner's heart!

INDUSTRY NEWS: *Daily Dose*, functional juice, raised £\$5M from *IW Capital*. *VitaminLab*, personalized supplements, closed on an undisclosed amount of capital from *Nimbus Synergies & DSM Venturing*. *Prime Roots*, mycelium-based alt-meat, raised \$30M; investors include *Monde Nissin*, *SOSV/IndieBio*, *Pangaea Ventures*, *Alumni Ventures*, *Gaingels & Hyphen Capital*. Austrian alt-dairy start-up *Fermify* raised \$5M from private investors. Vertical farm *GoodLeaf Farms* secured \$78M in debt financing from *CIBC & Farm Credit Canada*. Plant biotech startup *Resurrect Bio* raised £1.61M led by *SynBioVen*. *Ingarden* raised €500k in funding from private investors. *NIPPN*, a large Japan flour milling business, will enter the USA market with a \$25M investment in *Utah Flour Milling*. *Proofminder*, precision plant-level agtech, raised €400K led by *Impact Ventures*. *Incentivio*, USA restaurant digital ordering & loyalty platform, raised \$10M led by *Osage Venture Partners*. Retail automation provider *Storewise* received a majority investment from PE firm *Nexa Equity*. *Miso Robotics* received a large investment from water hygiene leader *Ecolab* to work on food safety & hygiene in the foodservice. *Engaged Capital* took a 6.6% stake in *Shake Shack*, looking to make board changes in the hamburger stand. *FreshRealm* will acquire *Blue Apron's* operational infrastructure, 2 facilities, for \$50M. Food ingredient & specialty chemical supplier *Azelis* will acquire *Gilco Ingredients*. Ingredient additive company *Nactarome* acquired *Royal Buisman*, caramel ingredients, for an undisclosed amount. *Sea to Sky Farms* acquired *Vertical Choice*, indoor farm sales brokerage & consulting firm. *Vitamin Shoppe* owner *Franchise Group* was taken private by *B. Riley Financial*, *Irradiant Partners* & others in a \$2.6B deal. *Area 15 Ventures* acquired full ownership of *Daddy's Chicken Shack*, a restaurant chain with 160 locations, for an undisclosed amount. *Informa* acquired *Winsight*, B2B information provider to the restaurant industry.

Target reported flat 1st QTR sales; profit took a hit as crime & violence impacted earnings by \$500M. Sales were 4% higher in *Utz's* 1st QTR with adjusted earnings flat. Sales were 17.7% higher in *Oatly's* 1st QTR with a loss of \$75.6M, slightly better than a year ago. Flat 2nd sales & a \$97M loss will focus *Tyson* on cost containment; the company lowered guidance.

Amazon will scrap its Detroit area *Amazon Fresh* store plans as it pulls back, but is being sued by some landlords for leaving locations. *Lidl* will open its second location in Manhattan. *Fareway* will open a new store in Iowa, its 135th store as it celebrates its 85th anniversary. *Jimbo's Naturally* is building another store in San Diego. *Trader Joe's* will stay its course of brick & mortar, continuing to shun eCommerce. *Uber* is adding group ordering for grocery. *Wakefern* will use *Freeosk's* interactive multimedia sampling kiosks in 95 of its stores. *US Foods' CHEF'STORE* will open three new warehouses in Virginia & North Carolina. *General Mills* will introduce *Nature Valley Savory Nut Crunch Bars*. *Franklin Farms* will introduce plant-based tuna. *Kraft Heinz* will debut frozen macaroni & cheese. *Pairwise* & the *Performance Food Group* will partner to bring gene-edited *CRISPR* salads to restaurants. *Cult Foods*, cellular AG-tech investor, will partner with *Peqish Food*, culinary food as medicine food brand, to develop foods within medical foods framework. Dairy company *Megmilk Snow Brand* (Japan) will partner with pulses trader *Agrocorp International* (Malaysia) to manufacture plant-based ingredients. *ADM* will partner with *Air Protein* (in whom they previously had invested) to make meat analogs out of CO2 using 1960s NASA developed research. *Plenty* has opened a new farm in California. *Wendy's* will partner with *Pipedream*, a hyperlogistics company, to pilot its underground autonomous robot system to deliver food from the kitchen to parking spot in seconds. *Keurig* introduced its *K-Iced* platform, allowing consumers to switch from hot to cold beverages & control the size of the drink. Agrifood veteran David Lee & other industry leaders will launch *Inevitable Tech*, proprietary software & hardware for indoor & outdoor farms. Greenhouse grower *AppHarvest* could run out of money as soon as October. Besides losing more than 25% of its sales, *Bud Lite* has lost market share in the lite-beer segment. *Celsius* has reached \$1B in sales. The former first lady's kid's juice drink does not meet health standards set during her husband's time in Washington DC. *Beyond Meat* has been sued by investors for misrepresenting their manufacturing capacity & growth outlook. *Instacart* will pay \$46.5M to settle a lawsuit over driver pay & *CVS* will pay \$6.5M for selling expired baby food & formula. *Trader Joe's* CEO Dan Bane will retire in July & Bryan Palbaum, president/COO will take over. *Maple Leaf Foods* appointed Curtis Frank as its new CEO.

Research from University of California Davis shows that cultivated beef is worse for the environment than beef being raised & produced as it has been for more than 10,000 years. Grocery eCommerce sales rose 0.9% in April to \$8.2B per *Brick Meets Click/Mercatus*; delivery rose 20% & pick-up rose 3%. *Walmart* leads market share in Western Pennsylvania, passing *Giant Eagle*, with *Sam's Club* coming in third, as reported by *Chain Store Guide*. From *Circana*, consumers are spending less on retail purchases; but as they are away from home more often that are buying on-the-go products & meals. From *210 Analytics*, food inflation was up a staggering 8.2% in April; up 23.1% since before this administration's economic crushing policies. Grocery prices in May are already almost 1% higher than April. Mango volume is attaining new highs as summer approaches.

MARKET NEWS: Markets were higher this week. Most indicators were unchanged, but April sales missed expectations, mostly due to auto industry sales. Debt limit increase discussions continued so that the government can continue toward bankruptcy.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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