



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**CLIFF WAS BORN IN CINCINNATI** in 1893. His father was a noted violinist. Cliff attended the Cincinnati Conservatory of Music to become a concert pianist, but dropped out due to a 3-year bout with tuberculosis. Moving to Los Angeles, he was befriended by legend Al Jolson & songwriter Buddy De Sylva, who wrote *April Showers*, *California*, *Here I Come*, *If You Knew Suzie* & other hits for Jolson. They encouraged the young man to take his musical talents to Tin Pan Alley in NYC. Charles was born in Massachusetts into a musical family of songwriters. He too went to Tin Pan Alley, where eventually the two songwriters would collaborate over a rabbit, a duck, a pig & a War!

**A TEST OF CHARACTER:** Cliff Friend's career in New York City was helped along by Al Jolson, who included Friend's songs in his Broadway shows of the 1920s. Friend's hit songs of that era include *Lovesick Blues*, which was already a standard when Hank Williams took it to immortality in 1949. Charles Tobias wrote *Those Lazy-Hazy-Crazy Days of Summer* & *Don't Sit Under the Apple Tree (With Anybody Else but Me)*, classics of the *Great American Songbook*. Both men wrote songs for *Warner Brothers*. Charles wrote the theme for the *Warner Brothers'* classic cartoon series *Merrie Melodies*, an adaptation of the tune *Merrily We Roll Along* & Cliff wrote *The Merry-Go-Round Broke Down*, the famous theme song of *Looney Toons!* Then on December 7, 1941, the two songwriters speedily collaborated on a song that became one of the first hit songs of WWII, *We Did It Before and We Can Do It Again*. The song was used in many films during the war & featured in a *Warner Brothers'* cartoon classic, *Fifth-Column Mouse*. In the cartoon, a group of fun-loving brown mice are enjoying themselves with games & music. Lurking outside the house is a sinister, evil looking cat. The cat starts whispering into the ear of a dim-witted grey mouse (the fifth-columnist, a traitor subversively working for the enemy). The cat promises the grey mouse that he will give the mice everything they want & need, that is, a lot of cheese. The grey mouse tells the brown mice the cat is there to save them, convincing the brown mice to appease the cat. They do & the cat enslaves them all! He forces them to do all of his bidding. But this is not enough... The cat then decides to eat all of the mice! The mice finally go to war, building a mechanical bulldog that chases the cat from the house to the tune of the Friend/Tobias collaboration. The cat ends up shaved of all of its fur, except for 3 dots & a dash – *morse code for "V" for Victory*. The cartoon is a powerful lesson of how the common-rooted ideologies of fascism & communism governments gain power - they promise a utopia but then enslave & destroy their own citizens to maintain control. The song itself refers to America. The America that went to Europe in 1917 to end *The War to End all Wars* & the America that was ready to meet the challenge again in both Europe & the South Pacific. This was an America that did not back down from challenges! American diplomat Walter Annenberg stated, "*The test of character is having the ability to meet challenges.*" The American Spirit was aroused & rose to meet this challenge. From William Ellery Channing, a leading American preacher of the early 19<sup>th</sup> century: "*Difficulties are meant to rouse, not discourage. The human spirit is to grow strong by conflict.*" This was an America that pumped up its chest with pride & was a believer in its own goodness, prowess & power! American author & businessman Orison Swett Marden tells us, "*Obstacles will look large or small to you according to whether you are large or small.*" This was an America that stood up for its Allies & for innocents enslaved by totalitarian regimes & won its wars – defeat, disgrace, humiliation & abandoning its allies were not even imagined. This was an America that not just understood evil but identified & called out the evil of its enemies; an America that would not seek peace through foolish appeasement or degradation of its own eternal values. English writer Virginia Woolf wrote, "*You cannot find peace by avoiding life.*" This was an America that would lead the free world to victory in that challenging time & had capable leaders of character who understood the challenges of the mission, like General George S. Patton: "*Accept the challenges so that you can feel the exhilaration of victory.*"

**INDUSTRY NEWS:** *Sophie's Kitchen*, maker of plant-based alt-seafood, raised \$5.6M led by *Billy Goat Brands*. *Immi*, instant ramen, raised \$3.8M from *Siddhi Capital*, *Palm Tree Crew*, *Constellation Capital*, *Animal Capital*, *Pear Ventures* & *Collaborative Fund*. *Honey Mama's*, refrigerated cocoa truffle bars, closed a \$10M funding round led by *Amberstone*. *BrightFox*, electrolyte beverage, received an investment from *Hartbeat Ventures*. *Formo*, fermented milk protein, raised \$50M led by *EQT Ventures*, *Lowercarbon Capital* & *Elevat3 Capital*. The company has raised \$70M to date. *GrubMarket* has raised an additional \$120M (valuation \$1B +) from *Liberty Street Funds*, *Walleye Capital*, *Japan Post Capital*, *Joseph Stone Capital*, *Pegasus Tech Ventures*, *Tech Pioneers Fund* & other existing investors. *Misfits Market*, online grocery platform, closed a \$225M round led by *SoftBank*

*Vision Fund 2.* Chef-to-consumer meal subscription platform *CookUnity* raised \$47M led by *Insight Partners* with *Endeavor Capital*, *IDCV*, *Fuel Venture* & *Gaingels* involved. *AgBiome*, biological crop protection, raised \$116M co-led by *Blue Horizon Ventures* & *Novalis LifeSciences*. *Wild Earth*, plant-based pet food, raised a \$23M from *At One Ventures*, *Veginvest*, *Big Idea Ventures*, *Bitburger Ventures* & *Gaingels*. *Warburg Pincus's Full Sail IP Partners* acquired the *Odwalla* brand, which had ceased operations, from *Coca-Cola*. The *Derbyshire Group* has acquired *Smallcakes Cupcakery & Creamery*, the largest gourmet cupcake company in the USA, terms not disclosed. Investment business *True* acquired a majority stake in DTC energy drink *Sneak* & will help with international expansion. *Prinova Group* will acquire *The Ingredient House*, a supplier of sweeteners & ingredients to the global food & beverage industry. *Unilever* may get a bid for its tea business (including *Lipton Tea*) from *Advent International* & Singapore's *Government Investment Corp*. Alt-protein investor *Lever VC* closed its first fund at \$80M, seeking early-stage plant-based, cultivated meat & dairy companies. Breakfast chain *First Watch* will file for an IPO.

*Dollar General* will alter its product mix & offerings to avoid passing inflation along to the consumer. *Kroger* has partnered with *Instacart* to launch *Kroger Delivery Now*, a virtual C-store offering delivery of 25K fresh groceries & household staples in as soon as 30 minutes from its 2,750 stores. *Instacart* will rollout delivery for retailers who are open 24/7. *Giant Eagle* will partner with *RangeMe* to offer a wider range of products on eCommerce that there is not space for on the shelf. Per *Deutsche Bank*, *Walmart+* has 32M members. Publisher *Meredith Corp.* & *Walmart* will provide an end-to-end solution for consumers to browse recipes on *Meredith's* many platforms & order directly from *Walmart* for pickup or delivery. As logistics are impacted by rising gasoline prices, weather & labor shortages, *Amazon* will add to the mix by raising wages to attract 125K fulfillment & transportation workers. *Ford Motor*, *Argo AI* & *Walmart* will launch an autonomous vehicle delivery service in Miami, Austin & Washington, D.C. *Buyk* is another entry in the NYC 15-minute delivery market. Instant grocery delivery startup *1520* moves outside NYC with service in selected parts of Chicago. To support growth, online grocer *Imperfect Foods* has selected *Manhattan Associates* warehouse management system to help modernize its distribution. With a pending IPO, online bulk-products retailer *Boxed.com* has begun to license its e-commerce platform internationally, starting with *Aeon Co. BHD*, a mass merchant, grocery store operator & shopping mall developer in Malaysia. Ecommerce platform provider *ThryveAI* has rebranded as *Wynshop*, a name they feel better expresses their services to its customers. *Hershey* is launching its largest ever assortment of Christmas Holiday products. *General Mills* & *McCormick* add their names to the list of companies raising consumer prices to combat economic policy driven inflation. *Mondelēz's* Dirt Kitchen will test a pressed snack bar by using technology developed by *Torr FoodTech* in Israel, which uses mechanical pressure & ultrasound energy to create a product without the use of binders & added sugar. *Blue Apron* will enter the heat & eat segment with a new line of single-serve prepared meals. *Meatable* & *Royal DSM* will partner on developing cell-cultured alt-proteins. *Givaudan* will partner with Boston's *Ginkgo Bioworks* to produce a series of ingredients using cell-based fermentation. *Givaudan*, *Bühler* & *Migros* formed a new company, *The Cultured Food Innovation Hub*, to accelerate the development of cell cultured meat.

A study from the University of Southampton shows store-wide confectionery sales decrease & fruit/vegetable sales increase when non-food items & water are placed at checkouts & at the end of the opposite aisles. From *Brick Meets Click/Mercatus*, online grocery generated \$8.6B in sales during August, a gain of 4.7% versus a year ago. Ship-to-home sales dropped nearly 22% & combined delivery/pickup segment grew over 16% to \$6.6B. *ACI Worldwide* reports that 76% of shoppers choose online grocery shopping for ease & convenience versus 56% who are avoiding stores for health concerns. From *Inmar Intelligence* & reported in *Food Dive*, 80% of consumers purchased a different brand from the one they normally purchase in the past three months, 65% choosing a lower cost alternative & 51% changing due to out-of-stocks, with 65% changing brands frequently. Per *IRI* & *210 Analytics*, shifting consumer demand caused July frozen food sales to pull even with their highly elevated 2020 levels. From the *Food Industry Association*, 80% of retailers say they are facing hiring challenges that are negatively impacting their businesses, experiencing 58% turnover. Researchers from the *Liver & Digestive Diseases Networking Biomedical Research Center* have proven through a study what *everyone obviously knew* – a plant-based diet for human causes increased gaseous emissions. From data published in the *Journal of Clinical Medicine*, ashwagandha as a regular supplement increases the functions of the immune system. Herbal supplement sales grew 17% in 2020, reaching \$11.3B with elderberry sales growing 150% to \$320M. Durum wheat prices are up 90% due to poor harvests in Europe & Canada & higher transportation costs driven by higher gasoline prices. Prices are higher for large onions as medium sized onions dominate the harvest.

**MARKET NEWS:** Markets were lower this week as investors continue to deal with risk factors. The Atlanta FED dropped its GDP forecast by more than 40%. Inflation growth was slower, but still at elevated levels. August retail sales showed a slight increase after a down July but jobless claims were higher than expected.

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

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

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