



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



"ADVERTISING IS LEGALIZED LYING!" H.G. Wells, often referred to as the "*Father of Science Fiction*," is credited with this quote. Wells was a futurist, his novels & short stories both a commentary on the current social strata & bold, & often on the mark, predictions of the future. A host of 20th century consumer protection laws certainly changed the scope of advertising, so a pack of *Pall Malls* is no longer a way to relax after a long day at work. In our litigious society, advertising claims, package messages & content information often come under scrutiny. This is especially true for consumables, which must always display a complete & accurate ingredient & nutritional label!

LABELS: For the consumer, product labels have become essential. As more people focus on healthy nutrition, the ingredient & nutritional panel have become required reading. In many cases, accurate panel information can be a life saver, or prevent hours of discomfort, for those who have allergies or food sensitivities. While reading labels has become more mainstream, most studies reveal that few consumers understand the nuances of the information they read. This could range from understanding the differences between organic, non-GMO, regenerative, grass-fed, pasture-raised, cageless to knowing what daily requirements mean & how much hidden sugars & salts they are consuming. Likewise, not all 'natural' products are created equally. A large variety of gums, emulsifiers, flavors & syrups may be derived from plants, but can still be the cause of digestive issues. The advent of new & interesting ingredients & flavors, be it from fruits, mushrooms, nuts or seeds, or ingredients derived in a lab to mirror proteins, flavors or textures found in nature, add to consumer confusion. Despite the fact that producers large & small take great care to properly test the nutritional content of the product & consult with attorneys over proper messaging, there are still lawsuits that arise over simple claims like low-sugar or better-for-you. Cautionary messaging, such as 'has been shown to' or 'studies indicate' are a producer's attempt to hedge any claims as to the product's functionality. While labels on products are useful & necessary, labels should never be applied to people. Labeling people has long been a tactic of tyrants, an attempt to vilify & dehumanize an entire group of people. Labeling people removes their individuality; indicating that those so labeled will all act, believe, think, react & move together. This tactic is used to create fear, hate & ultimately, dissent & divisiveness. And despite our progress, we still see today's headlines, politicians & influencers use labels to attack those with whom they disagree. Sadly, we even see some people willingly self-labeling. Often the labeling has nothing to do with reality or the natural science & philosophies of Plato, Aristotle & centuries of other great thinkers. Just as a product label may include instruction on proper use, these labels seem to be a way of providing instructions for interacting & communicating. But no matter who applies the label, the label negates individuality, which is often a requirement for using the label. The label is apparently meant to 'tell-all', the individual qualities of character, ability, spirit & attitude being shoved aside as meaningless. People, the human mind, the human soul, the human need for freedom & free will, are too complex, too nuanced, for a single label to apply. Part of this great human experience is the opportunity to meet, get to know & learn about people. Sometimes this can turn into a wonderful lifetime of love & friendship; other times, into a cautionary tale for future interactions. But this is the human experience, one that should never be as simple as a label. People's qualities make up their character. Character becomes displayed as we interact & communicate in the world as unique, different, & purposeful human beings. And while labels should never be applied, as an *American*, we should be grateful to be living in a country where the free thought & expression of free unique people, with their own free will, is protected by law for everyone, & be willing to work to save that freedom for every American citizen.

INDUSTRY NEWS: *Mikuna Foods* closed on \$5.6M from private investors for its plant protein ingredient chocho. *Susosu*, a hydration beverage, closed an undisclosed investment from *Union Kitchen*, a beverage accelerator. *Leaft Foods* raised \$15M from *Khosla Ventures* & others for its process to extract a beef-like protein, *RuBisCo*, a vital part of the photosynthesis process in leaves. Soil health startup *Terramera* received \$1M from British Columbia's *Innovative Clean Energy (ICE) Fund*. *Seso*, an agriculture workforce management platform, closed \$25M in Series A funding led by *Index Ventures*, with *NFX*, *Founders Fund*, *K5 Ventures*, *Operator Partners* & *Shrug Capital*. *Choco*, tech for restaurants & suppliers, raised \$111M at \$1.2B valuation, led by *G Squared* & *Insight Partners*. USA synthetic biology company *Ginkgo Bioworks* & *Elanco Animal Health* will partner to develop microbiome-based products & services for improved animal health with a new company, *BiomEdit*, raising \$40M.

backed by *Viking Global Investors & Anterra Capital*. Pet food maker *The Honest Kitchen*, raised \$150M led by *Monarch Alternative Capital* with *Alliance Consumer Growth & White Road Investment* involved. Family-owned *Ohio Processors* will acquire Cleveland's *Pierre's Ice Cream Company*; terms were not disclosed. The ice cream will continue to be made in Cleveland. *Lactalis* will acquire the dairy assets & brands of Germany's *Bayerische Milchindustrie eG (BMI)*. *Kerry* acquired *Natreon*, USA producer of ayurvedic botanic ingredients, for a reported price of \$45.74M. *LesserEvil Healthy Brands* acquired a majority stake in *R.E.D.D. Bar*, terms not disclosed. *Constellation Brands* bought the remaining stake in *RTD Austin Cocktails*. Stockholm's *Bluewater & Denver's FloWater* merged. *GrubMarket* acquired Canada's *WaudWare*, SaaS solutions for the fresh produce industry. Meal-planning & grocery shopping platform *eMeals* acquired *RecipeBox*, an app enabling consumers to save and organize recipes for easy access. *Frutera* acquired *Agri-Cooling & Logistics* (McAllen, TX); cold storage, repacking & cross-docking facility that will be important for its Mexican fruit operation. Market research firms *Information Resources Inc. (IRI)* & *The NPD Group* have signed a definitive agreement to merge. *Aramark* acquired *Forever Resorts*, whose properties include Grand Canyon Lodge North Rim, The Lodge at Bryce Canyon & Red Canyon Village. Per AgFunder, consumer facing agrifoodtech investments increased 124% YOY to \$32B in 2021 on grocery delivery app investment; back-end applications raised \$19M.

Lamb Weston saw improvement in 3rd QTR sales & earnings, though inflation & pricing issues remain a concern. Digital sales grew 5% & identical store sales grew 7.5% & 19.3% on a 1-year & 2-year basis, respectively, as *Albertsons* beat 4th QTR estimates, with revenue up 10.2%, with EPS more than doubling.

Aldi announced that they remain committed to delivering low prices. In select *Albertsons*, *Kraft Heinz* will use scented aroma dispensers around its *Philadelphia Cream Cheese* display to entice purchases. *Frito Lay & Loblaw's* settled a dispute over *Frito Lay* price increases that had temporarily removed the snack-maker's products from its shelves. *Grocery Outlet* will use *Instacart* for delivery across its footprint. Canadian grocer *Sobeys* will begin offering its *Voilà* online grocery delivery service in the Ottawa area. *Miso Robotics* will test a coffee-monitoring system at *Panera*, monitoring volume, temperature & replacement with its *CookRight Coffee* system. *ADM* will invest \$300M to expand its Decatur, Ill., alt-protein production to meet demand growth & add the ability to process non-GMO soybeans at its oil seeds facility in Mainz, Germany. *Tate & Lyle* has completed the first phase of expanding its production of allulose at its Tennessee plant to in a bid to meet surging demand for allulose. *Taylor Farms* will open a new processing facility in Toronto to expand its Canadian market. *Benson Hill* will partner with *Kellogg's MorningStar Farms* to supply soy ingredients for its alt-meat products. *Grupo Bimbo & Barry Callebaut* have renewed their long-term supply agreement that has been in place for 10 years. *Misfits Market* launched a private label line of pantry staples called *Odds & Ends*. *MISTA*, an innovation platform, launched a high-performance plant-based yogurt base, created by its members *AAK, Chr. Hansen, Givaudan & Ingredion*. UK-based *Primeval Foods* is debuting lab-grown meat such as lion burgers, tiger steaks & zebra sushi rolls. *Beyond Meat's* chickenless alt-protein is now in 5K stores. *Beyond Meat* will pay \$515K & make corporate governance changes to settle shareholder lawsuits concerning former co-manufacturer *Don Lee Farms*, though the underlying issues are still under court review. A group of restaurants settled a price-fixing lawsuit with *Smithfield Foods* for \$42M. The United Kingdom is the first country to regulate CBD products as food, compiling a list of 3,500 CBD products allowed for sale in England & Wales. *Pabst* will be hiding pastel painted beer kegs (*keggs*) around Philadelphia, Milwaukee, Tampa & Portland on Saturday, April 16; consumers over 21 who find a keg can keep it.

Publix is one of just four companies that have made *Fortune's* best companies to work for list every year since its debut in 1998; *Wegmans* was number 3 this year. Food prices were 11% higher in March, YOY, the highest since May, 1981; at home food prices rose 10%. Grocery delivery sales grew 15% in 1st QTR, per *Brick Meets Click & Mercatus*, driven by 3rd party eCommerce & speedy service providers. The report also indicates consumers are shifting towards in-store purchases. CPG brands accounted for 17% of the May to January total retail industry advertising spend of \$3B; 76.7% was spent with *Amazon, Walmart & Target*. From *Big Red Rooster*, 30% of diners are skeptical about robots preparing or delivering food, though nearly half said they like the idea of robots bussing tables & cleaning. From the *Journal of Dietary Studies*, 78% of endurance athletes use supplements & 54% use at least three supplements daily. From *IFIC*, 24% of adults surveyed said digestive health was the most important aspect of their overall health, while another 48% said digestive health was among the most important aspects. To date, Chile has exported 2.8K tons of kiwifruit, 42% lower than in the same period last year. Corn has hit its highest price since 2012.

MARKET NEWS: Markets continued to track downward as analysts began to signal recession warnings. Job losses exceeded estimates. Inflation was 8.5% YOY, the highest rate since December, 1981. The Producer Product Index rose 11.2%, an all-time record, as a result of the disastrous economic policies of current leadership.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND — *Tom Malenjo*

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