



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**CASABLANCA IS THE GREATEST MOVIE** of all time. I will laugh off suggestions of *Citizen Kane* because honestly, it's boring. We can have the argument about *Gone with the Wind* & *Godfather*, saga & all, but no movie comes close to *Casablanca*. At the top or near the top of every *American Film Institute* all-time list, *Casablanca* is the most-quoted (& misquoted) movie ever. Bandleaders testify its theme song is the most requested at wedding anniversaries. *Casablanca* is good vs. evil; higher causes; petty jealousies; nobility; snappy repartee; the fight for freedom; an epic love & a life lesson: "*The problems of three little people don't amount to a hill of beans in this crazy world.*"

**HILL OF BEANS:** Epic love stories fill history, literature & movies. Besides Rick & Ilsa & Scarlett & Rhett, there is Helen & Paris, Antony & Cleopatra, Lancelot & Guinevere, Tristan & Iseult, Romeo & Juliet, John & Abigail, Napoleon & Josephine, Catharine & Heathcliff, Grace Kelly & Prince Rainier, Taylor & Burton, & Newman & Woodward! Finding that one person to love; that one true, honest, trustworthy person who is willing to spend each & every day of your life by your side, is truly epic. This is the kind of love that lasts forever, because as Michael Martin Murphey would tell us, that's what forever's for! This week is my late parents' 74<sup>th</sup> wedding anniversary. They grew up in a small rural mining & farming community. Their families had small farms next to each other. Dad was five years older than mom, so she was just 12 years old when my dad went to the Civilian Conservation Corp for 2 years with millions of other young impoverished men. When he came home, he went to work in the mines; mom was still a teenager in high school. But Dad would grab an apple from the tree between their houses to say hello to my mom, who he thought was cute. Soon, Dad was off to the South Pacific. Mom dropped out of high school to work in a macaroni factory making pasta shipped to the GIs. They started dating after Dad was mustered out. Mom said he was one of the few men in the small community she had not known all her life, since he was older than her & had been away. But there were many, many months when they didn't date or even talk. Dad stood Mom up, missing a date because he was out drinking with his buddies a few miles away in Barnesboro. So, for a long time, Dad would drink his Sunday morning coffee on the front porch, waiting for Mom to walk by on her way to church. Finally, one Sunday they began speaking again. (I have often wondered if this is why Dad always liked to take his morning coffee to the porch & sing *Some Sunday Morning* from the movie, *San Antonio*.) They were finally married in 1949. Sacred Heart Church was not quite finished being built, so they were married in its basement. It had rained & the floor was flooded. Father Richard, a drinking buddy of my dad, was noted for his short, hungover Sunday morning services. He had been out drinking with the wedding party the night before. Everyone expected a short sermon yet, according to my mom, he delivered a long, beautiful sermon. The reception was at the Miners' Union Hall. They moved in above the general store. Mom didn't like Dad working in the coal mines, her father having had his back broken in a cave-in. The jobs were in Cleveland, which was booming in 1950. They moved, taking rooms above a bakery on Waterloo Rd. I've seen photos from when they were first married; they seemed happy. But what I mostly remember are the arguments - about Dad's drinking, the lack of money, us kids & Dad losing his job one more time. Yes, dad drank too much; mom was a worrier, a screamer & anxiety prone. Eventually, when we kids were on our own, Dad gave up drinking & smoking. They seemed happy again. But 50 years of alcohol & cigarettes took their toll & Dad had a severe stroke. Mom cared for him at home for more than 3 years until he passed away just a few days after their 46<sup>th</sup> wedding anniversary. Is this an epic love story? Perhaps not, at least by standards set in literature, myth & movies. But the power of love - truly real, deep love - is not just that it lasts, it becomes a source of strength. This little blue orb in space never stops spinning. The world & life throws a lot of problems, let's say beans, at each of us. I have lived my life holding fast to *Casablanca's* life lesson. I know there are people in the world whose problems are worse than mine & that my problems don't amount to a hill of beans in this crazy world. But the hill of beans is still there. It takes time & effort to move some of the beans out of the way. That makes the hill smaller, but then you must scale the beans remaining in the hill to get to the other side. Having someone by your side, who loves you enough to help you move the beans & scale the hill, is perhaps in reality what love is all about. Having that kind of love is truly epic, because it is there forever, *As Time Goes By!*

**INDUSTRY NEWS:** *LesserEvil* raised \$19M, some of which will be used to offer liquidity to early investors, from *Aria Growth Partners* & existing investors *Valor Equity*, *Invest Eco* & *Touch Capital*. *Health-ade* secured an undisclosed investment from *iHeart Media* & *Ryan Seacrest*. *NUU*, cassava-based food products, raised \$4M led by *EcoEnterprises Fund*; *CamelFarm*, *GV Angels*, *Gávea Angels*, *Newlin*, *MadFish* & *Bioma Food Hub* were involved. *InvestBev* made a \$1M investment in rum brand *Ten to One*. *HN*

*Novatech*, heme-based alt-meat from seaweed, raised \$4M led by *Logan Ventures*. *Oceanium*, innovative ingredients from seaweed, raised \$2.6M led by *Builders VC*. eGrocery *JOKR* raised \$50M at an \$800M million valuation in a down round, led by *Convivialité Ventures*, the investment arm of *Pernod Ricard* with *G Squared*, *GGV*, *Balderton Capital*, *Monashees*, *Greycroft*, *Tiger Global Management* & others. *Superorder*, an AI platform for restaurant orders, raised \$10M led *Foundation Capital*. Agtech company *Indigo AG* raised \$250M led by *Flagship*. *Pure Harvest* raised a \$150M strategic investment from greenhouse solutions company *Richel Group* to deploy *Pure Harvest's* smart farms to the Middle East & Asia. *RegenX* secured a \$500K pre-seed investment from *Wavemaker Impact* for its *RegenX Flywheel* platform that enables buyers to obtain toxic-free traceable ingredients from regenerative farms. *Micron Agritech* raised £2.3M from *Act VC*, *Atlantic Bridge* & *Yield Lab Europe* for its on-site parasite testing for animals. Distributor *GS Foods Group* (owned by *Highview Capital* & *A&M Capital Partners*) acquired *Lamm Food Service*, a full-line food distributor. Japan's *Boksu*, snack box service, acquired competitor *Japan Crate*; terms not disclosed. *Silver Ventures* sold *NatureSweet* to *Blue Road Capital*. *Starr Ranch Growers* will merge forces with *CMI Orchards*. The median VC deal size in food tech declined 12.4% YOY per *PitchBook* to just \$3M in 2<sup>nd</sup> QTR while the number of deals was up 13.1%. *Sir Kensington's* founder *Scott Norton* will lead a \$300M fund backed by *Fidelity*. *Humble Growth* officially launched with a \$312M fund led by the founders *Nick Giannuzzi* (*Giannuzzi Lewendon*), *Peter Rahal* (*RXBAR*) & *Andrew Abraham* (*Orgain*). *Nàdarra Ventures* launched a C\$20M biotech fund to make seed & Series A investments into biotech startups working in food, agriculture & materials. Impact investor *Astanor Ventures* closed its second agrifoodtech fund at \$384M to invest in early & later-stage agrifood startups & adjacent sectors. *AeroFarms* exited from Chapter 11 with the court approving its purchase, led by *Grosvenor Food & AgTech*, with *Doha Venture Capital* & others involved. *Benson Hill* may face NYSE delisting as its stock price has been below \$1 for 30 days. *DoorDash's* stock price rose more than \$7 during its IPO & its valuation reached \$14.6B.

*General Mills* topped 1<sup>st</sup> QTR expectations as supply chains stabilized & consumers paid inflated prices. *Darden Restaurants* saw net sales rise 11% in its 1<sup>st</sup> QTR, but traffic in its fine-dining category fell; its recent acquisition *Ruth's Chris* was not included.

*Hannaford* will join the *Northeast Organic Family Farm Partnership* to support local dairy farms in New England & New York. *Field Foods* closed its St. Louis stores, designed to bring affordable food to urban areas. As part of its merger, *Kroger* pledged to increase the number of local products in its stores by 10%. *Kroger* opened an eCommerce hub in Johnstown CO & will expand delivery throughout the state. *Harris Teeter* began delivery in Washington DC using temperature-controlled delivery trucks. *ShopRite* will cease self-checkout & return to full-service cashiers. Meanwhile, *Big Y* completed the rollout of a new mobile checkout solution. *Wakefern* added live tracking for grocery deliveries from its *ShopRite* & *The Fresh Grocer* banners. *Village Super Market* expanded its partnership with *Focal Systems* to digitize shelves with AI computer vision. *Stop & Shop* will add *Badger Technologies' Marty the Robot* at another 300+ stores. *Walmart* opened a pet-service center in Georgia. *Food City* paid \$44.5M to settle opioid lawsuits. *Misfits Market* plans to grow through a consolidated private label business & an expanded product assortment. *DoorDash* added 8 new retailers, including *CUB*, *Eataly*, *Lowe's Markets*, *Stater Bros.* & *Strack & Van Til* to its *DoorDash Marketplace*. *DoorDash* will also deliver alcohol for *Aldi*. *New Hope* will end *Expo East* with this year's event, to be replaced with a new offering next year, *Newtopia*, to be held in Savannah. *Ferrero Group* opened its new 45K sq. ft. Innovation Center & R&D Lab in Chicago. *MycoWorks* started production at the world's first commercial scale mycelium plant (136K sq. ft.) to produce *MycoWorks' mycelium-based leather alternative*. *Hormel* workers may strike. *Mondelēz* has ended its *Dirt Kitchen* & *CaPao* brands created by its *SnackFutures* arm; the company will now focus on investing in established brands. *Kemin* has formulated a new line, *BactoCease*, to extend product life for hot dogs & meat products. *Shake Shack* & *Zero Acre Farms* will partner to make fries using oil made by *Zero Acre* from microalgae. *Kraft Heinz* recalled its American cheese as the wrappers could be a hazard. *Tim Cofer* will join *Keurig Dr Pepper* as the COO & will become CEO 2<sup>nd</sup> QTR 2024. California, to support unsupported mantras, is attempting to limit *Blue Triton* (*Arrowhead Water*, et. al.) from drawing water from springs they have used for 100 plus years. California passed a law that will impact the profitability of national restaurant chains, including minimum wage requirements. In Los Angeles, criminals are stealing from autonomous grocery robots. In an economical nonsensical move, Canada may tax grocery stores in retaliation for their higher prices

The *National Retail Federation* ranks Halloween as the second most popular holiday, with this year's total Halloween spending expected to reach its highest level ever, \$12.2B, exceeding last year's record of \$10.6B; 73% of people will participate in Halloween-related activities this year, up from 69% in 2022. London-based *Future Market Insights* reports that the global meat market's demand & packing will be on the increase for the foreseeable future.

**MARKET NEWS:** Markets were lower this week. The FED meeting resulted in no changes to the interest rate. Housing starts & the housing confidence index were both lower for August & September.

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

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

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