



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**GELLETT BURGESS WAS BORN** in Boston in 1866. Raised in a Bohemian lifestyle, it is not surprising that he found himself a professor at Berkeley. It is also not surprising that he was involved in toppling the statue of temperance leader Dr. Henry Cogswell in the early hours of January 1, 1894. Resigning from Berkeley, he began publishing his own magazine, *The Lark*, which featured a poem he had written: "I never saw a Purple Cow..." The poem became so quoted that just 2 years later Burgess regretted ever having written it. When, at the height of the 1950's UFO scare, President Truman was asked about aliens from outer space, he responded, "I never saw a Purple Cow..."

**GREEN OR PURPLE:** Orson Welles was an innovative genius. His 1941 movie *Citizen Kane* introduced many cinematic innovations that became standard in movie production. For six months during 1938, the then 23-year-old Welles created & hosted the weekly radio show *The Mercury Theatre on the Air*. Among the Theatre's performers were Arlene Francis, Agnes Morehead & a personal favorite, Joseph Cotton. On October 30, 1938, the Theatre aired with stage, big screen & soon to be small screen character actors Paul Stewart & Ray Collins. The production was H.G. Wells' *War of the Worlds*. The show begins with the narrator reading from the introduction of Wells' story. Then the story breaks to a radio show with music, interrupted by "Breaking News!" First, there are explosions on Mars. Then strange objects are falling from the sky in Grovers' Mill, New Jersey. Soon, there are live reports from correspondents on the scene. Creatures emerge from the fallen craft; the townspeople approach with a flag of truce. The creatures use a heat ray to kill the townspeople & then feed upon their carcasses. The story eventually shifts to a lone survivor, navigating his way through destroyed cities. The aliens cannot be stopped, until they encounter our earthly germs! Many people tuned into *The Mercury Theatre* after it started, not hearing the introduction, only hearing the breaking news. Panic broke out in several cities, people seeking hiding spots, preparing to fight & even reports of suicide. Within days there were cries for a government investigation & Wells issued an apology. Lately, there has been much in the news about UFO sightings! As a small child I believed aliens walked amongst us. After all, TV shows like *Outer Limits*, *One Step Beyond* & *Twilight Zone* told us so. Also, back in the day when we cared about who was in our country, TV commercials reminded 'foreign aliens' to register at the U.S. Post Office. The only aliens I knew were from outer space! Should we worry about alien life today? Just like *Mad Magazine* spokesman Alfred E. Neuman, I say, "What, me worry?" If an alien species has travelled billions of light years across the universe to visit us, we certainly have no technology that would stop them from destroying us; their own advanced technology would obliterate the Earth in nanoseconds. Apparently, humans are not a food source for them, or we would already be main dish recipes in the Kanamit cookbook [\(GOOD INTENTIONS, ALL EARS!! 9/5/20\)](#). We must not be strong enough or smart enough to serve as their slaves, or we would have been flown back to their planet to work in their factories churning out tennis shoes & team apparel for a real version of *NBA Space Jam*. Perhaps, à la *War of the Worlds*, there is something about our atmosphere, biology, flora & fauna that is deadly to them; or they fear one of our many modern-day-Mengeles will concoct something in a USA-funded secret lab. Most likely, they viewed the people of Earth with utter disgust – our pettiness, our crime, our broken society, our education system, our greed - & moved on; saving us the embarrassment of taking them to our leader. Einstein believed, using epistemic infinitism justification, that the vastness of the universe left the possibility that there was life out there. I believe that if I were a supreme omnipresent being who could create life, I certainly would not be betting the farm on the human race; especially if there was a 5,000-year-old tome detailing all the human failures, frailties & evil despite commandments & warnings. I would have had a backup plan! I suppose that alien life could be advanced amoebas, lizards or eight legged little green men. Let's hope that other life is not a race of advanced, vengeful, warrior Purple Cows, seeking retribution for mocking them in verse & blaming them for heart disease, childhood obesity & climate change. I would prefer an advanced species of Goldendoodle, who will enslave us for tummy rubs, ear scratches, cuddles & our opposable thumbs to open their cans of dog food!

**INDUSTRY NEWS:** Israeli startup *Brevel* raised a \$18.5M round to expand its algae-based ingredient production platform led by *NevaTeam Partners*. Germany's *Oater* raised a 7-figure pre-seed round to localize oat milk production led by *SodaStream* executive Rüdiger Koppelman. *Nona Lim*, Asian products, has secured financing from asset-based lender *JPalmer Collective*. *Nourish Ingredients* received an A\$5.8M in grants from the Australian government to produce animal-like fats made with precision fermentation. France's *Aviwell* raised €9M led by *Elai Partners* & *MFS Impact Investment Development*, for its animal nutrition solutions. *ZoomAgri* raised \$6M for its system to digitize & trace agricultural commodities led by *Graincorp* with

*GrainInnovate & Artesian* involved. *Nitrofix* raised \$3.1M to accelerate production of its green ammonia led by *Clean Energy Ventures* with participation from *SOSV* & others. Frozen pasta manufacturer & specialty foods importer *Seviroli Foods* acquired *Mama Rosie's*, frozen pasta manufacturer, terms not disclosed. *Beliv*, part of *Grupo Mariposa*, completed the acquisition of *High Brew Coffee*. *Ferrara* acquired *Dori Alimentos* of Brazil, a manufacturer & distributor of sweets & snacks. *Azalea Capital* bought confection brand *Brittle-Brittle*. *Doehler Group* acquired *SVZ*, a producer & supplier of liquid fruit & vegetable ingredients for the food and beverage industry. *Alvinesa Natural Ingredients* acquired *Genosa* to expand its ingredients made with olive extract. *Taylor Farms* invested in Spanish fresh-cut & salad firm *Foodiverse*. *FreshEdge*, fresh food distribution backed by *Wind Point Partners*, acquired *Sirna & Sons Produce*, wholesale food distributor & Kosher operational unit *Christine's Cuts*. *Kliro Capital Partners* acquired UK-based independent alcoholic drinks manufacturer, *Intercontinental Brands*. *NPC International*, owner of more than 1300 *Pizza Huts*, has declared bankruptcy & will close 300 stores as it restructures. *AppHarvest* secured a commitment from *Equilibrium Capital* for \$30M of debtor-in-possession financing as it enters Chapter 11 & plans to sell its Berea, KY farm. *Supply Change Capital* closed its \$40M fund. Israel's *FLORA Ventures* closed on \$50M of an \$80M fund for agrifoodtech startup investment.

*Albertsons* beat 1<sup>st</sup> QTR estimates. *Coca-Cola* had a strong 2<sup>nd</sup> QTR, updated its full year guidance & plans to continue price hikes. First half sales at *Mondelez* were higher, driven by inflated pricing, but units & market share fell. *Nestlé* topped first half guidance, also driven by price hikes. Pricing & mix drove top & bottom-line results higher in 2<sup>nd</sup> QTR for *KDP*; the company upped guidance. *Hershey* missed on 2<sup>nd</sup> QTR revenue but beat earnings estimates; price hikes helping their bottom line. *Grupo Bimbo* set records with positive 2<sup>nd</sup> QTR growth, though exchange rates impacted performance. Disappointing 2<sup>nd</sup> QTR revenue led *Oatly* to reduce its forecast. *Subway's* 2<sup>nd</sup> QTR marked its 10<sup>th</sup> straight quarter of growth. Net earnings at *ADM* in the 2<sup>nd</sup> QTR were down 38%; revenue was down 8%. *Gruma USA* closed a positive 2<sup>nd</sup> QTR driven by foodservice & the BFY category.

*Wegmans* will open its Astor Place Manhattan location in October. *Kroger* will debut a cashierless store in Franklin, TN & opened a spoke fulfillment center in Kentucky. *SpartanNash* has reopened Midwest stores *No Frills*, *Sun Mart* & *Dan's Supermarket* under the *Family Fare* banner. *Albertsons* will debut a curated shipped-to-home wine service. *Martie*, online grocer selling discounted surplus groceries & household items in a bid to prevent food waste, is now available in 22 more states as it continues expanding eastward. *Amazon Fresh* has laid off hundreds of employees in a cost reduction move. *Getir* pulled out of Spain, Italy & Portugal. *Dollar General* continues adding offerings to its private label, *Clover Valley*. *Conagra Brands* has launched more than 50 new products across its frozen, grocery & snack brands portfolio this summer. *Maxwell House* launched an *Iced Latte with Foam* instant packet, its first innovation in nearly a decade. *Philadelphia Cream Cheese* will add three new plant-based spreads. *Trader Joe's* recalled its popular broccoli & cheese soup which contained bugs. Spirits company *Absolut* launched a paper bottle in a three-month pilot with UK's *Tesco*. John Mackey moves forward with *Love.Life*, an integrated health & wellness company with concierge physicians focusing on wellness through diet & lifestyle. Mushroom-based *Meati* expanded into *Whole Foods*. *Aleph Farms* has submitted for approval from the Swiss government for its cultivated meat. *PepsiCo* & *Walmart* will partner on a seven-year collaboration to invest \$120M in USA & Canadian farmers looking to improve soil health & water quality. *ADM* will expand its regenerative agriculture program to more than 2M acres this year with a goal of 4M acres by 2025. *Placer.ai* & in-store digital ad provider *Vibonomics* will partner to use *Placer.ai's* data to present ads. *Willow Biosciences* & *Kalsec* will partner on functional ingredients for savory foods. *Campbell* plans to invest \$160M in its Richmond, Utah manufacturing facility to expand the bakery's production of *Goldfish* crackers. Baked foods manufacturer *Breadsource* will invest \$18.4M to build a manufacturing facility in Scarborough, NY, creating new jobs. *Smithfield Foods* will construct a new \$45M wastewater system at its pork processing plant in Sioux Falls, SD. *McKee Foods*, producer of iconic *Little Debbie* snack cakes, opened a *Little Debbie Park* featuring giant sculptures of the company's more popular products, on 10-acres of green space that the company donated to its headquarters city in Collegedale TN. *Bud Lite*, following its recent marketing troubles, will lay off almost 400 brewery workers. *Miyoko's Creamery* continues with staff layoffs.

Per *Datassential*, 71% of menus in Foodservice & 11% of drink menus feature the word "spicy." From *CoBank*, pork consumption has remained flat since 1990 as chicken consumption almost doubled. Fake meat unit sales are down 19.8% YOY, from *Circana*. From *Mintel*, packaged water sales increased an estimated 12.8%, YOY. In my best Claude Rains & Captain Renault voice, *I'm shocked, shocked* to find out that plant-based milk has nowhere near the protein, vitamin D & calcium as cow's milk, announced by the *American Society for Nutrition* at their annual meeting.

**MARKET NEWS:** Markets were higher. Retail sales missed June estimates. According to the Conference Board, consumer confidence ticked higher, as did consumer expectations. The FED raised interest rates with indication of more to come.

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

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

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