



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



"IMAGINATION IS MORE IMPORTANT than knowledge. Knowledge is limited. Imagination encircles the world," felt none other than Albert Einstein. Carl Sagan said, *"Imagination will often carry us to worlds that never were. But without it we go nowhere."* As a child, imagination flows freely, with dreams of princesses, fairy godmothers, cowboys, superheroes, mermaids or that giant mouse with big ears. At *Disneyland & Disney World*, a child's imagination not only can soar but becomes reality. A family trip to *Disney World* takes some planning, costs quite a bit of money & is at best, perhaps an annual event. But what if you grew up with an amusement park right in your neighborhood?

EUCLID BEACH PARK: *Euclid Beach Park* was built in the 1890s; soon after, it was purchased by the Humphrey family, concessioners at the park. The park became a Cleveland & national landmark throughout the first 7 decades of the 20th century. My dad & uncles worked at the park part-time on the weekends. In the late afternoon on summer Saturdays, we would walk the few blocks to the park with Mom, stay until closing, then come home with Dad. (Mom's secret plan was to keep Dad from stopping at the bar with the boys.) It was a place made to spur a child's imagination! Dad usually worked the *Great American Racing Derby*, a fast-paced carousel. Built in the early 20th century (like all the park's rides), we would ride those ponies, four in a row, which rocked from first place to last place as we spun. Shouting for our horse to win, slapping its metal behind like a cowboy on the range, we would urge our steed forward. For the less adventurous, there was the musical, gawdy carousel, with horses & coaches! At the *Surprise House*, a scary robot, *Laffing Sal*, greeted patrons. Inside there were halls of mirrors, tilted rooms, staircases that ran into the ceiling. In the tunnels of the *Laff in the Dark*, the cars would almost run into the cave walls & iron doors; scary faces appeared from nowhere! High in the air, the *Rocket Swing* swung its guests well over Lake Erie in giant silver rockets. There was a dance hall on the lake, a boardwalk & colorful fountains. The arcade area had the requisite *Skee Ball & Fascination* booths, with blinking lights, horns & bells. There we could get taffy, custard & the famous *Humphrey Popcorn Balls!* *Euclid Beach Park* had a *Kiddieland* with all the rides that whipped little kids around. A small train ran through the village of *Sleepy Hollow*, adorned with interesting buildings & statues, dangerously close to the roller coasters! The roller coasters were, as Ralph Nader said, *"Unsafe at any speed!"* They were high, fast & wooden; they cracked & whined as the cars sped around their turns & dropped to Earth in steep plunges. The *Racing Coasters* were a favorite, two sets of cars racing side by side! The patrons leaned forward, screaming, urging their racer to win, in an era that didn't frown on healthy competition! The *Thriller*, the most dangerous & the fastest, had only an iron pipe to hold on to! A little kid like me would fly around holding on for dear life! The *Flying Turns* were the highest, the most fun & the most unique. Trackless, with a 3-car train, the coaster rolled in an open chute! (The teenagers loved it; the single seat cars meant a girl had to sit in her boyfriend's lap!) The *Flying Turns* are immortalized in the Beach Boys song, *Amusement Parks USA!* An episode of the early 60s TV show, *Route 66*, was filmed at *Euclid Beach!* The legacy & memories *Euclid Beach Park* live on around Cleveland, even though the park closed in 1969 amid low revenue & urban tensions. *Laffing Sal* & the giant rocket ships make appearances at fairs, parades & parties. The *Great American Racing Derby* still spins at *Cedar Point*. The magical tower gate on Lakeshore Rd. is on the National Register. The carousel was repurchased & plays at University Circle. *Humphrey Popcorn* is still sold around the country. In 1931, an employee at the *Soeder's Dairy* stand at the park asked the owners if he could open up a shop selling their custard, *Dairy Whip*. The dairy agreed, as long as the original recipe & original machines were used to make the custard. The employee opened a family business on Cleveland's West Side, which still stands today & uses those original machines! And as an added bit of serendipity, something that not even Mr. Humphrey could have imagined when he created all those dreams just for me, is that my extremely better half who shares my life, took her first job at Nathan Weber's little custard shop, *Weber's!*

INDUSTRY NEWS: *Hippeas*, chickpea snacks, raised \$50M from *The Craftory Ltd. Sproud*, Swedish pea-based milk, raised \$6.5M from *VGC Partners* to expand in the USA. *Ukko*, AI-designed products for two specific food allergies, gluten & peanut, raised \$40M led by *Leaps by Bayer* with *Continental Grain Company, PeakBridge Ventures, SkyViews Life Science, Fall Line Capital* & current investors participating. *Post Holdings* is investing in *Hungary Planet*, plant-based meat, & will partner to expand its distribution in foodservice & retail outlets. Agronomic research firm *Brandt*, will be the lead investor in *Hellowater's* funding round & partner to use its toxin-elimination & immune-protection technology in a new *Hellowater* beverage line. *Tevel Aerobatics Technologies*, autonomous flying drone robots to pick fruit, raised \$20M from *Kubota, Maverick Ventures Israel, Our Crowd & Agfunder*. Biotech startup *SwissDeCode*, food safety testing tech, raised \$4.18M from *Singapore's VisVires New Protein & EIT Food*. Food delivery robot startup *Starship Technologies* raised \$17M with *Goodyear Ventures*. With 30K restaurants in 129 cities across the globe, Finnish delivery company *Wolt* raised \$530M led by *ICONIQ*, with *Coatue Management, DST, EQT Growth, KKR, Tiger Global, & Prosus Ventures* & current investors involved. *Explore Cuisine*, pasta & rice, acquired high protein pasta & sauce brand *Edamama*. *Cargill* acquired *ProPortion Foods*, a Los Angeles-based processor of fully cooked beef, pork & poultry products for customers in the foodservice & retail. CBD beverage line, *Kona Gold Beverage*, acquired *S&S Beverage*, makers of *LEMEN Superior Lemonade*. Biltong maker, *Stryve Foods*, will combine with *Andina Acquisition Corp III* to go public on the NASDAQ with a SPAC (SNAX) valued at \$170M to form an across category snacking company. *Flow Alkaline Spring Water* will try to raise \$50M in an IPO on the Toronto stock exchange. *Southeastern Grocers* had pulled back on its plan to pursue an IPO; no reasons were immediately given.

The winning ticket for the recent \$1B *Mega Millions* was purchased at a Novi, Michigan, *Kroger*. *Kroger* will add another *Ocado* fulfillment center, this time in the Phoenix area. *Walmart* will add dozens of micro fulfillment centers to its stores, using a number of different tech providers. *Wakefern Food* will close 62 underperforming *ShopRite* pharmacies during the next month & transfer customer prescription files to nearby *CVS* locations. *Rexall Drugstores* will partner with *Uber Eats* to bring health & personal care product deliveries to Canadian customers. *Wild Fork* has expanded its delivery of high-quality meats & grocery items across the USA. *Sunbasket* is revamping to deliver a much broader set of meals, foods & diet needs. *Kellogg* has launched *Special K* keto-friendly bars. *Bimbo Bakeries USA* has launched *SweetSnacking.com*, a new DTC service that allows consumers to have products shipped directly to their homes. *Lundberg Family Farms* has unveiled a new logo, website & snack, part of a brand refresh for the 84-year-old company. *Beyond Meat* & *PepsiCo* have created a joint venture, *Planet Partnership*, to develop & market products in the snack & beverage categories. *Utz Brands* will discontinue the 102-year-old *Husman's* snacks brand, which it acquired along with *Snyder of Berlin* from *Conagra* in 2019. The White House will reverse a regulation that had previously increased the speed of chicken line processing; this reversal will reduce shelf supply & increase chicken prices.

From *NCSolutions*, total USA household CPG spending rose 19% in 2020 & remains elevated for 2021. Per *NielsenIQ*, total online food & beverage sales grew \$106B in 2020, a 125% YOY gain. Grocery accounted for \$66B in growth; restaurant delivery \$40B. Sales remain \$3B higher per month, YOY & expected to hit \$109B this year. Per the *National Restaurant Association*, besides 110K closed restaurants, 2.5M jobs & \$240M in revenue were also lost. *Goldman Sachs* reports that despite a 10% drop in foot traffic in 2020, C-stores expect to see a 5% growth in 2021 with recent increases in beverages, especially energy drinks (10%), leading the way. Per *IRI*, large CPG manufacturers lost 1.3 share points of the industry's \$933B total USA sales to small & extra-small CPG manufacturers & private label brands. *IFIC* reports that 75% of consumers eat animal or plant protein at dinner, while 56% try to eat it for lunch and 49% at breakfast. The USA is the top importer of ginger; imports increased 17% last year, with South American ginger gaining market share. Navel orange prices are expected to rise, due to demand & lower volumes.

MARKET NEWS: Markets fell for many reasons, mostly due to investors seeing risk in the coming economic horizon.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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