



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**DANNY HAD 'THE JUICE.'** My good friend's grandfather knew who could get things done, who had the right connections & who to ask for a favor with a wink or a handshake. He had influence & respect, because of his personality & a life well lived. Once, my buddies & I were looking to upgrade our Browns' season tickets. Danny told us to call his friend Iggy, who owned a few popular Cleveland restaurants. The next afternoon we did. That evening, home from work, I called Danny! "How's Iggy doing?" Danny good-naturedly asked. "Iggy's dead," I responded, "3 years!" Danny answered, "No wonder I haven't heard from him in quite some time." Yes, Danny had 'The Juice.'

**THE JUICE:** Today, those with 'The Juice,' are influencers on social media. They know who their audience is, what to say to get attention & sell a message. Many influencers have reached that status by organically growing their base of followers, posting excellent content & quality information that people can rely on. Others have gained that status only because of their position in society – a celebrity, movie star, singer or athlete. Still others are influencers only due to the outrageousness of the content they post. Of course, we all have some influence. Parents influence their children; hopefully to be kind, get good grades, tell the truth & so much more. Teachers can help influence not just a child's grades, but their choice of college or career. A boss can help influence a worker's job performance as well as the opportunities & chances for advancement. And while there are many positive ways to be an influencer, there are certainly those who exert a negative influence. Sometimes, this is simply a bad example – a friend, relative, acquaintance – who has demonstrated a life not lived well. Other times, it is someone with nefarious intent – a scammer, con-man or close relative with a Svengali-effect who holds influence upon an unsuspecting person. These people usually hold some sort of power over their target, wielding undue influence. Sadly, we see this same abuse of influence from larger entities – government, colleges & schools, media & Hollywood. These entities use their power & authority (& money!) to uniformly push an agenda that is often divisive, physically or mentally unhealthy, or degenerative to the family nucleus. Because of their position, they weave an enormous amount of influence, & working in unison, can overwhelm the unsuspecting. Motivational speaker, Brian Tracy, warned, "Be selective about your external influences. Your multi-dimensional brain is influenced by everything you see, hear, read, smell, touch, feel or say." Those who wield the most influence should be those with a well-lived life; whose kindness, wisdom, care & support fill our souls & our very being with every encounter. From Emerson, "The best effort of a fine person is felt after we have left their presence," & from Bob Marley, "The greatness of a man is not in how much wealth he acquires, but in his integrity & his ability to affect those around him positively." The strongest influences in our lives should come naturally, not forced from supposed authoritative sources. From Albert Schweitzer, "Example is not the main thing in influencing others. It is the only thing." Cartoonist Scott Adams concurs, "You don't have to be a 'person of influence' to be influential. In fact, the most influential people in my life are probably not even aware of the things they've taught me." Machiavelli believed, "A return to first principles in a republic is sometimes caused by the simple virtues of one man. His good example has such an influence that the good men strive to imitate him, & the wicked are ashamed to lead a life so contrary to his example." Setting a good example, whether a leader, parent, boss or teacher, comes with responsibility, knowing you are in a position to alter others' lives. Clint Eastwood offers, "It takes tremendous discipline to control the influence, the power you have over other people's lives." It is so important to understand the impact each of us may bring on others, use whatever 'Juice' we have squeezed out of our lives positively, & live in a way that makes the world around us better. English biologist Thomas Huxley tells us, "We live in a world which is full of misery & ignorance, & the plain duty of each & all of us is to try to make the little corner he can influence somewhat less miserable & somewhat less ignorant than it was before he entered."

**INDUSTRY NEWS:** Hero Bread raised \$15M; investors include Cleveland Avenue, DNS Capital, Union Grove Venture Partners, GreatPoint Ventures & 444 Capital, the company has now raised \$47.5M. Shelf-life preservation tech It's Fresh! raised £6.M in led by BGF & Zintinus. Refillable alcohol container system ecoSPIRITS raised \$8M led by Closed Loop Partners with Pavilion Capital, Proterra Asia & Pernod Ricard involved. Cold chain solutions provider Coldspace raised \$3.8M from Intudo Ventures, ASSA & Triputra Group. Agriculture service provider Agrii made a strategic investment in Drone Ag for R&D of Drone Ag's tech platform. Sentera, agriculture analytics, raised an undisclosed Series C round led by Conti Ventures & S2G Ventures. Alimentation Couche-Tard (Circle K) will acquire 112 fuel & c-stores from MAPCO Express. Sigma Alimentos, a multinational

food company, will acquire cheese & cream maker *Los Altos Foods*. *Kardia*, kombucha brand, acquired *Good Wolf*, probiotic tonic. *Grupo Bimbo* acquired *Natural Bakery* in Winnipeg. *Chefs' Warehouse* acquired California-based *Greenleaf Produce & Specialty Foods & Hardie's Fresh Foods* in Texas. *FreshEdge* distributors acquired *Testa Produce* in Chicago. In the UK, *A&M Capital* acquired a majority stake in *World of Sweets & Bobby's* snack distributors. *Darden* will acquire *Ruth's Chris* for \$715M. *Getir* is rumored to be in talks to acquire German rival *Flink*. *Olipop* is reaching \$200M in sales & may be an acquisition target for big beverage. Indonesia cloud kitchen *DishServe* ceased operations. From *Good Food Institute*, total funding in alternative protein companies declined 42% last year. The *51 Food & AgTech Fund* closed on a \$30M fund for investment. Canadian ingredients & plant-based consumer product company *Above Food* will go public in a \$319M in a SPAC with *Bite Acquisition*.

*Loblaws* saw 1<sup>st</sup> QTR sales & income increases, sales picked up in beauty, cold medicines & pharmacy. At *Ingles Market*, 2<sup>nd</sup> QTR sales were flat & net income was down on higher administrative costs. *Publix* reports 1<sup>st</sup> QTR sales were up 8.2%, comparable store sales increased 6.4% & earnings doubled. *Sprouts* saw a 6% increase in sales & 24% in earnings with 1<sup>st</sup> QTR comps hitting a 3-year high. *Amazon* beat estimates in 1<sup>st</sup> QTR; the company indicating they are not abandoning grocery. *CVS Health* saw 1<sup>st</sup> QTR revenue increase 11% & adjusted income down 5.1%, the company lowered guidance. *Coca-Cola* reported earnings & revenue that beat expectations. *PepsiCo* also beat estimates, raised guidance & the stock posted a 52-week high; the beverage giant admitted increases in store brand products are a concern. *KDP* topped analyst estimates but the stock price fell as gains were due to price increases & volume was lower. *Hershey* saw 1<sup>st</sup> QTR growth, beating estimates & raising guidance. *Nestlé* showed a strong 1<sup>st</sup> QTR driven by price increases. *Mondelez* raised guidance after 1<sup>st</sup> QTR earnings & revenue beats. *Danone* saw 1<sup>st</sup> sales increase 12% worldwide with comparable sales up 11%, North American coffee & yogurt sales driving results. Economic headwinds & operational efficiency efforts resulted in a down 1<sup>st</sup> QTR at *Pilgrim's Pride*, a large drop in income caused the stock to drop. A generally strong 1<sup>st</sup> QTR at *Kraft Heinz* & 2<sup>nd</sup> QTR at *J&J Snack* were both driven by foodservice results; *Kraft Heinz* will focus on regaining lost market share. For *Grupo Bimbo*, sales were up but net income down in 1<sup>st</sup> QTR. Sales were slightly lower & profit slightly higher at *Fresh Del Monte Produce*. *ADM* saw 1<sup>st</sup> QTR revenue increase 1.8% & net income increase 11%. *Starbucks* income rose 34% to \$908M & sales rose 14% in 2<sup>nd</sup> QTR as the company will focus on efficiency in meeting demand. *HelloFresh* reached a new global revenue high in 1<sup>st</sup> QTR of \$2.2B.

*Giant Eagle* will attack inflation by reducing prices on 800 items for three months. Also, in a partnership will *Allivet*, *Giant Eagle* now offers an online pet pharmacy platform. Cloud networking provider *Extreme Networks* will team up with *Kroger* to deploy its scan-as-you-go technology. *Sprouts Farmers Market* will partner with *Instacart's Carrot Ads* platform to target on-line shoppers. *Hy-Vee* launched a \$99-per-month health & wellness subscription service. *Aldi* plans to open 120 new USA stores in 2023 to reach 2,400 locations across the country. *Weis Markets* will invest \$160M in store growth. Drive-thru grocer *JackBe* opened a 2<sup>nd</sup> location, with a third planned this year. *Giant Foods* will open a Virginia eCommerce fulfillment site. French grocery giant *Auchan* will pilot an autonomous grocery store with Israel-based *Trigo*. *Caribou Coffee* will add 300 new locations to its 735 worldwide locations. *Kraft Heinz* will offer a new brand, *Homebake 425°/30*, frozen main courses, side dishes & vegetables, all of which cook in a 425-degree oven for 30 minutes. *Home Chef* will launch family size meal kits. *So Delicious* launched *Organic Oatmilk*. *Conagra* will debut canned *Wendy's* chili. *General Mills* recalled *Gold Medal* flour linked to an outbreak of salmonella. *Nestlé* has ended its plant-based *UK Garden Gourmet* & *Wunda* brands though remains committed to plant-based. *Ardent Mills* introduced *BakeHaven* flour for manufacturers' private label. *Absolut* & *Ocean Spray* will partner on a cranberry vodka RTD drink for 2024. *The Every Company* & *Alpha Foods* will co-develop plant-based foods from animal-free eggs. *Meati* will expand in *Meijer*. *FGF (Wonder Bread, D'italiano, Country Harvest, etc.)* will build an innovation campus in Ontario, CA. California will ban diesel truck by 2035, further crushing the supply chain & causing inflation, but adhering to the common false narrative. This administration removed tax incentives for American farmers & added additional paperwork & red tape for water access, hurting farmers' businesses, livelihood & families while endangering the USA food supply & economy. Per *Beer Business Daily*, *Bud Lite* has lost more than 25% of its sales in April YOY due to its recent controversial stance.

From *Place.ai* & *Comscore Media Metrix Multi-Platform*, 79% of shoppers found in-store digital media positive, 82% felt the ads were memorable & 56% made unplanned purchases after seeing the ads. From *Talker Research*, grocery costs account for almost 50% of consumers monthly spending budgets. Fresh Chilean cherry exports grew 16.5% over the previous growing season. Rain will delay California's grapefruit harvest.

**MARKET NEWS:** Markets were lower this week. The FED raised rates to over 5%, the first time since 2007. April showed job growth as other important indicators fell. The overall economy remains on edge as banking stocks crumble with regional bank failures.

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

THE LITCHFIELD FUND – *Tom Malenka*

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