



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



M*A*S*H BROUGHT TO TV a new combination of comedy that was silly, droll, satirical, biting & reflecting the era, anti-establishment, with a bit of a tug at our heartstrings. One touching moment is when Hawkeye is stitching the wound of a young nervous, scared black soldier. Upon hearing the young man is from Idaville, IN, Hawkeye enthusiastically describes Idaville: *The American Legion* dances, the searchlights at the *Studebaker* dealership & the place with greasy fries outside of town. The soldier asks when Hawkeye had been to Idaville. Hawkeye responds, "*Never, I grew up in the same small town in Maine,*" proving we can all find something in common, even if it's greasy fries.

GREASY FRIES: Like many people, the first restaurant experience I remember is *McDonald's*, long before tables, Ronald McDonald, drive-thrus, *Happy Meals* & eggnog shakes. Get out of the car, walk up to a window under two giant golden arches & the choices were hamburger, cheeseburger, fries, Coca-Cola or a shake. (I was a hamburger fan, having yet to develop a lifelong love of cheese – likely the last time this writer had freely flowing arteries!) There was also *Kenny King's*, the Midwest *Kentucky Fried Chicken* franchise. For actual seating & dining, there was *Manners Big Boy*, with the mysterious conveyor belt that took your dinner tray & dishes back to the kitchen, or ordered from a speaker in the parking lot & served from a tray hanging from the door. Everyone has favorite restaurants, the places returned to time & time again. A move to the suburbs in 1965 brought us pizza places, our favorite was & still is *Master's*, often regaled in these pages. *Arby's* was across the street from the *Mayland Lanes* & after a morning of bowling, my buddies & I would descend on the restaurant for burgers, with *Horsey Sauce*, at 50¢ a burger. Being young teenage boys, we ordered by the dozen & *Arby's* remained a college favorite as the cheapest eats near campus or on the way to work. Also, during college there was *Pizzazz Pizza*, owned by a friend's family & a late night college hang out & *Our Gang*, with its giant onion rings. As the suburbs filled up with popular chains like *Outback*, *Red Lobster*, *Olive Garden* & others, our jobs downtown brought about a host of local restaurants for regular lunch stops or after work hangouts: *Otto Moser's*, *Slyman's* (when the corned beef runs out, they close the doors), *Joe's International*, *The New York Spaghetti House*, *The Middle East* (raw kibbeh), *The Elegant Hog*, *The Theatrical* & *John Q's Steakhouse* on Public Square, where a fortunate blind date brought a lifetime of love, loyalty & friendship while noshing on chicken Caesar salad. Speaking of noshing, this writer has always had a penchant for diners & delis like *Otto Moser's* or *Slyman's*, & while most in Cleveland favor *Corky & Lenny's*, *Jack's* was my personal favorite. (A road trip always means a search for authentic local eats at a diner, like the memory of the *Formica* tables & red vinyl booths at the *Little America* in Flagstaff. A recent favorite is *Green's Pharmacy & Luncheonette* in Palm Beach, so authentic there may be grease on the grill from its opening day in 1938!) Today our regular restaurants focus on healthier alternatives, like *Salad'N'Go*, *The Original ChopShop*, *Modern Market*, *Wildflower* & the corner bar, *O.H.S.O.* Many scenes in the TV show *M*A*S*H* were set in the mess hall; *Seinfeld* was either eating in the deli, picking up soup or pouring cereal; *Friends* & *Frasier* had coffee shops & restaurants & of course, more recently, the *Big Bang Theory*, where it seems almost every scene had the characters pushing food around on their plate. But whether it's *Monk's Café*, *Central Perk*, *Nervosa* or the *Cheesecake Factory*, there is something comforting & satisfying about a regular restaurant, a place to sit or pick-up, then relax to enjoy a meal that is exactly the way it was imagined. Restaurant magnate Warner LeRoy, owner of New York's famous *Tavern on the Green* & *Russian Tea Room* (& son of the great Hollywood producer/director Mervyn LeRoy & grandson of *Warner Brothers* founder Harry Warner) said, "A restaurant is a fantasy - a kind of living fantasy in which diners are the most important members of the cast." Chef Mario Batali believes there is comfort in a good restaurant, "The objective is to achieve a comfort level between the cook & diner... The customers are happy & the cooks are happy, then we have a great experience." But of course, restaurants today are faced with higher costs, higher wages, delivery platforms & ghost kitchens, which of course usually have no tables & where I would be afraid to dine, unless I can share a table with Jefferson, Churchill, Machiavelli & Aristotle!

INDUSTRY NEWS: Pretzel maker *Eastern Standard Provisions* raised a \$13.5M round with participation *SnackFutures*. *Lotus Bakeries'* capital venture fund *FF2032* has taken a minority stake in *IQBAR*. Precision fermentation tech, *Liberation Labs*,

closed a \$20M seed round led by *Agronomics & Siddhi Capital*. *BlakBear*, quality-control sensors for food, raised a £2.3M seed round led by *Ada Ventures* with participation from *Green Circle Food Tech Ventures* & others. Singapore's *Alterpacks*, upcycling of food waste, raised \$1M in a seed round led by *Plug & Play APAC & Seeds Capital*. Also in Singapore, *Reelli*, ingredient discovery technology, raised an undisclosed pre-seed round from *Denis Asia Pacific*. The *Emerging Brands Alliance* awarded three \$20K grants to *Sarilla*, *Pescavore* & *Yishi Foods*. *Dairy Business Builder* granted \$2.5M to 31 companies & cooperatives, small & medium-sized Midwest dairy farmers, entrepreneurs & processors. The *Pacific Coast Coalition Dairy Business Innovation Initiative* made \$5.1M in grant awards to dairy farmers & processors in its six-state region of Arizona, California, Nevada, New Mexico, Oregon & Washington. *Sandy Hill Investors* made a minority investment in *Sevioli Foods* & *Vertullo Imports*, Garden City, NY, manufacturer of frozen pasta & other food products for the foodservice & retail. PE-firm *Butterfly* will acquire *Milk Specialties Global*, a vertically integrated producer of dairy products. *Bohana*, water lily seed snacks, was acquired by Texas-based *Boon Distribution*. *SpartanNash* acquired *Great Lakes Foods*, an independent grocery wholesaler. *Wholesale Produce Supply*, fresh produce logistics & inventory management provider (part of *Cross Rapids Capital*) acquired *Bandwagon Brokerage*, a specialty produce company. *COFRA Holding & Mastronardi Produce* acquired *AppHarvest's* Berea, Kentucky greenhouse for \$127M in a sale leaseback. Phoenix-based *Café Valley Bakery*, a producer & distributor of baked foods, acquired the assets of *Freed's Bakery*, a Manchester, NH-based maker of iced mini cupcakes. *Relationship*, online shopper engagement tools for retailers, acquired Israel-based *Stor.ai*, eCommerce fulfillment services, & operate under the *Stor.ai* name. *Oatly* will divest some manufacturing assets in North America to Canadian contract manufacturer *Ya YA Foods* for \$98.1M. *Benson Hill* will sell its Fresh business to *IMG Enterprises* for \$21M as it focuses on its ingredient business. *Kellogg* divested its operations in Russia to Russian company *Chernogolovka*. Asia's *UglyFood*, surplus food reseller, shut down, unable to raise capital. *Kurly*, South grocery delivery service, ended plans to go public amid worsening economic situations. Online retailer *Boxed* will explore strategic alternatives, including a possible sale of the company. Food tech company *Moolec Science* began trading on Nasdaq following its merger with *LightJump Acquisition Corporation*. *Kalera* shareholders approved a reverse stock split to bring the company in compliance with Nasdaq requirements. *Instacart* has cut its internal valuation to \$10B, 20% lower than its October valuation & 75% than its paper valuation of \$39B at last year's investment stage.

Cal-Maine Foods achieved record highs in net income & net sales in 2nd QTR as supply & production were not impacted by the bird flu. Both *Conagra* & *Lamb Weston* reported 2nd QTR estimate beats, driven by price increases to offset inflation. *Conagra* warned of future price increases.

Hy-Vee's team of registered dietitians will offer free vitamin D screenings at select stores in January. *Plum Market* opened its first Florida location. *Amazon* will lay off 18K employees. Virginia will lower its grocery sales tax. Sylvester Stallone has launched an RTD coffee, *Tiger Eye*, on *GoPuff*. *Nestlé's Freshly* will end its DTC offering & focus on retail, the *Nestlé* CEO seeing little opportunity in delivery. *Kraft Heinz* funded research at the *Wyss Institute* at Harvard University to turn sugar into fiber in the gut, reducing the amount of sugar absorbed into the bloodstream. *Local Bounti* will add a new farm in northeast Texas to strengthen distribution in Texas, Oklahoma, Louisiana, Mississippi, Arkansas, Kansas & Missouri. *Father Sam's Bakery*, a baker of pita bread & tortillas, invested \$8.6M to expand production. Korean alt-meat brand *UNLIMEAT* will enter 1,500 Albertsons stores. *Tattooed Chef*, after losing half its value since going public, may add meat to its offerings. *John Deere* unveiled a robotics-based fertilizer system & excavator. *Partake Foods* has earned B-Corp certification. *Hershey* & *Trader Joe's* are being sued over the lead & cadmium in their dark chocolate. Our Scottsdale-area friend Ken Young was appointed CEO of *Drink Monday*.

A *BrandSpark* survey resulted in *H-E-B*, *Aldi* & *Walmart* ranked as the most trusted stores for affordability, with *H-E-B* also topping the list for fresh produce, in-store experience, private label brands & more. The number of USA restaurants, including chain franchises & independent stores, is at the lowest point per capita in 25 years, per *Mitsubishi UFJ Financial Group*. Minimum wage increases went in place on January 1 in 23 states & numerous counties & cities, another impact to the unrelenting price inflation. Seattle boasts the highest minimum wage.

MARKET NEWS: Markets moved higher this week, celebrating the new year during a shortened holiday week with little data.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenga*

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