



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



JUST TWO YEARS AGO this weekend, our precious golden angel, DJ, a mini-Goldendoodle, blessed our little home. DJ has brought us much joy, happiness, love & laughter. His perpetual smile & unceasing devotion warms not just our hearts, but our inner soul; at times making us feel unworthy of such overwhelming love. He is a Poodle & Golden Retriever mix, both gun dogs, both originally bred to find, flush & fetch game. In the days after we brought him home, sleeping near the open patio door, a flock of geese flew by, squawking loudly. From a sound sleep, this 8-week-old pup stood up & barked; striking a pose reminiscent of Othaus or Rosseau - *his doggone doggie instinct!*

INSTINCTS: Our caveman friend Thuk domesticated the first wild canines about 15,000 years ago, for companionship, protection & to help with the hunt. But despite many millennia of cooing, coddling & cuddling, dogs, like all mammals, remain true to basic instincts. Our DJ demonstrates many instinctive behaviors, that thousands of years of breeding poodles & golden retrievers (even mixed together since 1969 when Monica Dickens, great-granddaughter of Charles Dickens, bred the first goldendoodle), has not vanquished. If we put out DJ's food & he is not hungry, he repeatedly sticks his nose in his food & rubs his jowls on it, with a rhythmic, obsessed, almost spasmodic intensity, before walking away. *Why?* Canines in the wild may come upon food when they are not hungry, so they hide or bury it for another time. Rubbing their nose & jowls on it leaves the scent, so they can track & find it later. DJ's food bowl is always found in the same place, yet he still performs this ritual. When he finishes eating, he rubs his nose & face on his towels or usually, on the living room rug, to wipe off the scent, to be ready for the next piece of organic 'canned carrion' he gets placed in front of him! Despite being given access to the most comfortable furniture in the house, especially the puffy, marshmallow, *put-you-out-like-a-light* easy chair in the living room, he turns in a circle, burrows his paws & nose into it to pack it down before lying down. He will lick our ears with gusto, showing us we are members of the pack. As a member of his pack, he will curl close to us for comfort, protection & warmth, despite there being few cold *Three Dog Nights* on the road to our desert Shambala. He will exercise his husky 'big dog bark' at some unheard noise to protect & warn his pack, though he himself being such a good-hearted soul, we have considered getting him his own German Shepherd for protection! Humans also have basic instincts, such as protecting & nurturing their young. As frightening as a mama bear protecting her cub might be, try facing off against an angry mom at a school board meeting! Curbing some basic human instincts was a precursor to civilization (Cicero, Freud, Einstein). Throughout history despots have tried to put chains on humans, to force their will against their basic instincts, such as the instinct to live & breathe freely. These despots found out that when humans are pushed too far, their basic instinct is to push back. It is instinct that has given us art, poetry, music, invention & innovation. These ideas spring before logic, intelligence & reasoning. From Clarence Day, author of *Life with Father*, "*Reason is the servant of instinct,*" & American philosopher William James, "*Instinct leads, logic does but follow.*" Most philosophers tell us to trust our instincts, as they are not warped by reasoning & logic. From French philosopher Denis Diderot, "*Instinct guides the animal better than the man. In the animal it is pure, in man it is led astray by his reason & intelligence,*" & American philosopher Charles Sanders Peirce, "*We should chiefly depend not upon that department of the soul which is most superficial & fallible (our reason), but upon that department that is deep & sure, which is instinct.*" Mark Twain believed that instinct was surer, "*For all the talk you hear about knowledge being such a wonderful thing, instinct is worth forty of it for real unerringness.*" It is perhaps Emerson who explains best the importance of trusting those basic human instincts & the Grace by which they were given: "*As the traveler who has lost his way, throws his reins on his horse's neck, & trusts to the instinct of the animal to find his road, so must we do with the divine animal who carries us through this world.*"

INDUSTRY NEWS: *Sambazon*, acai-based food & beverages company, raised \$45M from *Nextworld Evergreen*. Canned water maker *Liquid Death* raised \$23M from *Convivialité Ventures*, *Fat Mike* & *Velvet Sea Ventures*. *Good Meat*, an *Eat Just* cell-cultured meat subsidiary, gained \$170M from *UBS O'Connor*, *Graphene Ventures* & *K3 Ventures*. *Tea Drops*, bagless tea blends, closed a \$5M funding round led by *BrandProject*, with participation from *Siddhi Capital*, *AF Ventures*, *Cue Ball Capital* & *Halogen Ventures*. Plant-based chicken startup *Daring* raised \$40M led by *D1 Capital Partners*. *Terviva* raised \$54M to commercialize its sustainable, pongamia tree oil & plant protein. The company launched a collaborative effort with *Danone* & plans to raise an additional \$28M. *Nowadays*, a plant-based chicken company, raised \$2M in pre-seed funding from *Tenacious Ventures* &

others. Online agriculture marketplace *ProducePay* raised \$43M led by *G2VP*, *IFC* & *IDB Invest*; *Anterra Capital*, *CoVenture*, *Astanor Ventures*, *IGNIA 7* & *Finistere Ventures* participated. *Sifter* raised \$4.6M in seed funding for its personalized nutrition shopping platform, led by *Valor Equity Partners* & *Hyde Park Angels*. *Forager*, a platform which connects local farmers with grocers, raised \$4M from several investors. *General Mills* will acquire *Tyson's* line of pet food snacks for \$1.2B. Distributor *Performance Food Group (PFG)* acquired c-store wholesaler *Core-Mark* in a deal valued at \$2.5B. *Smart & Final* will be sold to warehouse-style grocery chain *Bodega Latina*, for \$620M including the assumption of debt. *Danone* completed its sale of 10% of *China Mengniu Dairy* for €1.6B. *Hershey* will buy *Lily's Sweets* for an undisclosed amount. USA US irrigation equipment & services company *Valmont Industries* acquired *Israeli Prospera*, crop analytics, for \$300M. *Synergy Flavors* acquired *Innova Flavors*, a supplier of savory flavors & ingredients, from *Griffith Foods Worldwide*. *Bain Capital* will acquire *Dessert Holdings*, a premium dessert company, from *Gryphon Investors*. In Canada, *Above Food* will acquire *Farmer Direct Organic Foods*, organic legume proteins & grains. *Roark Capital* acquired *Nothing Bundt Cakes* from *Levine Leichtman Capital Partners*. *Oatly* went public at a price 31% higher than asking.

Both *Target's* & *Walmart's* 1st QTR sales, comparables & income results beat Wall Street estimates as consumers continue to shop. *Grocery Outlet* saw decreases in 1st QTR revenue & comps, but income rose 49%. Despite a revenue decrease, *BellRing Brands (Post Holdings' nutrition product holding company)* beat revenue & earnings targets. Revenue for *Hostess* in 1st QTR rose 9% & adjusted net income was up 45% on C-store & dollar store sales. *Treehouse Foods* saw 1st QTR revenue drop 2.5% but recorded an income of \$1.5M, after a loss last year of \$31.2M. Despite numerous issues & an 11% sales drop, *Hain Celestial* posted a 41% increase in 3rd QTR income. *SunOpta* saw improved earnings & profit on flat revenue growth in 1st QTR. *Monster* had a 14.5% revenue increase & an 11.5% net income gain in 1st QTR. Earnings met 1st QTR estimates at *Celsius*, as sales hit \$50M. In *Papa John's* 1st QTR, sales rose 25% & net income grew more than 500%. International foodservice giant *Compass* reported a more than 30% revenue decline in the first 6 months of their 2021 fiscal year.

Following the completion late last week of its *Speedway* purchase, *7-Eleven* will sell 300 stores to 3 separate buyers. *Grocery Outlet* plans 38 new stores. *Walmart* reports they have put about 30% more products on 'special' than usual, to combat economic policy driven inflation. *Walmart* topped *Progressive Grocers* best fresh & consumables retailer list. *Target* will offer same-day pick up & delivery (with *Shipt*) of adult beverages. *Kroger* will build a new fresh distribution center in Florida. Also, *Kroger* is launching the *Go Fresh & Local Supplier Accelerator*, a business incubator for fresh food & related suppliers. *HEB* dropped pickup fees on orders over \$35. *Southeastern Grocers* has partnered with *Pinpoint Software* to roll out *Date Check Pro*, an expiration date management software to reduce food waste. *Anycart* launched a platform to help consumers plan meals that meet their dietary needs & to connect with grocers for purchase & delivery. *PepsiCo's Frito-Lay North America* will invest \$235M to expand its snacks manufacturing (including 2 new *Cheetos'* lines) & warehouse plant in Killingly, Conn. *Boston Beer*, makers of *Sam Adams* & *Truly*, will open a CBD R&D facility in Canada to explore future North American opportunities. *Arizona Beverages* will launch *Sun Brew*, a line of 100% arabica ground coffee. *Honest Tea* will add teas with yerba mate. *Nestlé's Sweet Earth* will launch plant-based jerky & vegan hot dogs. *Jennie-O* will introduce burgers made from turkey mixed with plant-based proteins. *Vital Farms* will introduce an egg-centric *Breakfast Bar*. Failing to gain traction in the 18 months since its release, *Coke* will discontinue the *Coke Energy* line in North America. *Ferrara* will relaunch the fruit snacks business they acquired from *Kellogg*, with a new brand, *Funables*, containing higher quality ingredients & redesigned packaging to rejuvenate the product. The *National Grocers Association (NGA)* is rebranding with a new logo & heightened emphasis on helping independent grocers. There is a growing produce pallet shortage due to high shipments, the increasing cost of repairing/building & the logistics needed to transport empty pallets. The Texas legislature is moving forward on a bill that only allows products from livestock to be labeled as meat.

Per a poll by *Acosta*, consumers will continue to prepare & eat more meals at home. From *Inmar Intelligence*, 83% of consumers are trying to find ways to reduce their grocery bill, with nearly 68% already shopping at a lower cost retailer as inflation rises. *Brick Meets Click* reports that online shopping sales fell almost 10% as shoppers return to stores. Per a recent *IFIC* survey, the number of consumers following diet plans remains fairly consistent in total & by demographic, but more people have returned to basic calorie counting as opposed to a specialty diet. Though low-carb diets gained followers, keto diets fell in usage. Almost 75% of consumers say they understand packaging/nutrition labels & can make decisions about eating healthy. Per the *Journal of Nutrition Education & Behavior*, "Use By" & "Best if Used By" are still confusing to consumers. A study from *Edith Cowan University* suggests those who eat more fresh fruit & vegetables tend to be less stressed than those that eat less.

MARKET NEWS: Markets were mixed this week as inflation worries were slightly offset by positive earnings news & jobless claims.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenga*

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