



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



ROBERT FROST IS AN AMERICAN INSTITUTION! His use of early 20th century rural New England imagery to describe larger societal issues certainly makes him an *ALL EARS!!* favorite. For children of my generation, far more was required than just reading Frost's poems. We were to analyze them, memorize them & recite them before our classmates. Still to today, poems like *The Road Not Taken* & *Mending Wall* reverberate in my head, much like a catchy tune that can't be shaken. Frost's use of friendly, ordinary rural settings combined with his simple, relaxed writing style is at first warm & inviting, until the sudden realization of his deeper, somewhat disconcerting, concept *hits home*.

HITTING HOME: Gunpowder emerged in China in the 9th & 10th century. Soon, the fire lance, a spear fired from a bamboo shoot, was invented. Cannon & other such weapons were quickly developed, but it was not until the mid-14th century that a more modern firearm appeared across Europe & the Middle East. Interestingly, the bow & arrow was in use for some 60,000 to 70,000 years before the firearm was invented, appearing in prehistoric African cultures. By the last climatic glacial event, 12,000 BC to 10,000 BC, the bow & arrow was pervasive across cultures & geographies. The term *hitting home* likely stems from archery, meaning to be true to one's mark - hitting the target. This makes sense, home is most often our destination & goal, the definitive center of our world, the place we want to be with family, feeling safe, warm & wanted. From Frost's *The Death of the Hired Man*, "Home is the place where, when you have to go there, they have to take you in." For many, home fits this exact description, a place of protection from the ills & curses of the world. Four walls that provide safety, security & isolation from the tempest on the streets. For these families, home becomes an Ivory Tower, far away from the crime, violence, homelessness & drugs ravaging less secure & safe homes & families. Wealth & secure jobs may insulate them from the burdens of excessive government – inflation, job insecurity, oppressive regulations, failing schools & rising taxes. In the Ivory Tower, warm & safe, it is easy to be high-minded, to have a John Lennon *Imagine* view of the world, being separated from reality. By expressing a gracious understanding of the society's problems & preaching encompassing platitudes of acceptance & tolerance, the Ivory Tower denizens provide themselves personal comfort & confirm their social superiority. Believing these platitudes eases any personal guilt or doubts they carry as they turn a blind eye to the harsh realities that are impacting others, until those harsh realities finally hit close to home. When the crime, violence, lawlessness, drugs, price increases, wage erosion & social upheaval violate the sanctity of their home & belief system, they finally recognize the obvious. From Frost, "How many times it thundered before Franklin took the hint! How many apples fell on Newton's head before he took the hint! ...How many things have to happen to you before something occurs to you?" Maybe not so suddenly, people's tolerance of society problems, & the policies that allow & encourage those ills, begins to ebb. Government, politicians, business people, celebrities & tolerance preaching elites finally say, "Enough!" They reverse their previous policies, finally admitting that the crime, violence, drugs, homelessness, influx of people & social change happening is too much. Like Franklin & Newton, perhaps they saw the tempest occurring & always knew deep-down that their tolerant approach & acceptance would fail. Again, from Robert Frost, "Tolerance is the uncomfortable feeling that in the end the other could be right." Basic to human existence is the need to protect ourselves & our loved ones & to ensure the safety & sanctity of our home & community. And perhaps that is why Robert Frost reminds us in *Mending Wall*, "Good fences make good neighbors." Laws & societal norms exist for a reason, & these are the fences preventing chaos & anarchy. From *The Drift of Domesticity*, written in 1929 by author & philosopher G.K. Chesterton, "In the matter of reforming things, as distinct from deforming them, there is one plain & simple principle; a principle which will probably be called a paradox. There exists in such a case a certain institution or law; let us say, for the sake of simplicity, a fence or gate erected across a road. The more modern type of reformer goes gaily up to it & says, "I don't see the use of this; let us clear it away." To which the more intelligent type of reformer will do well to answer: "If you don't see the use of it, I certainly won't let you clear it away. Go away & think. Then, when you can come back & tell me that you do see the use of it, I may allow you to destroy it."

INDUSTRY NEWS: *Impact Capital* acquired a majority stake in *Junkless Foods*, chewy granola bars; terms not disclosed. *Umiami*, plant-based meat, raised €32.5M led by *SPI fund* & *French Tech Seed*. *Whipnotic*, keto-friendly & gluten-free whipped cream, raised \$2.5M from *GTM Investments*, *East Dune Holdings* & *Crenshaw Ventures*. In Australia, *Eden Brew*, fermentation to make casein proteins, raised A\$24.4M led by *Main Sequence Ventures*. *Oceanium*, cultivated & processed seaweed producer, raised \$2.6M led by *Builders Vision*, *BDT*, *MSD Partners* with other participants. London-based biotech firm *FlexSea* raised £2M for its

easily compostable seaweed developed bioplastics; the round was led by *Indico Capital Partners*. *Pow.Bio* raised \$9.5M led by *Re:Food* & *Thia Ventures* to expand its continuous fermentation technology. Israeli brewer's yeast precision fermentation startup *Phytolon* raised an undisclosed sum from *Nextgen Nutrition Investment Partners* & others. NY-based *LocalCoho*, premium Coho salmon raised in an indoor farm, received multimillion-dollar investment *Cuna del Mar*, an investor in aquaculture farms. Vietnam-based food manufacturer *Masan Group* secured \$200M from *Bain Capital*; its first investment in Vietnam. *Kern Tec* raised €12M to make alt-dairy products made from upcycled fruit pits; the round was led by *Telos Impact*. *Scention Bio* raised a \$2.1M seed round to develop biosensors for food quality control led by *Finistere Ventures* & *Toyota Ventures*. *Bonsai Robotics*, autonomous orchard vehicles, raised a \$13.5M seed round led by *Acre Venture Partners* with participation from *E14*, *Congruent*, *Serra Ventures*, *Fall Line Capital*, *SNR Ventures* & *Andros*. Spray drone service *Rantizo* has raised \$6M led by *Leaps by Bayer* with *Fulcrum Global Capital* & *Innova Memphis*. *Helios*, maker of the *Cersi* AI-powered supply chain analyzer, raised \$1.85M led by *Supply Change Capital* with *January Ventures* involved. Newly-formed *Avalon Spirits Corporation* acquired the maker of *Whiskey Row Bourbon*, *TSS Brands*. *Brenntag*, a German ingredient distributor acquired North Carolina gum producer *Colony Gums*; terms not disclosed. Fishing & seafood processing company *Océano Seafood* bought fresh & frozen squid processing company *Sea Fresh*, terms not disclosed. PE-firm *Graham Partners* acquired Ontario-based *Commercial Bakeries Corp*. *Agrinam* will acquire *Freight Farms*, fresh grower. *Invafresh* acquired *Whywaste* & its retail food waste management solutions. Plant-based baby & toddler food maker *Neptune Wellness Solutions* completed a \$4.5M public offering. *Krispy Kreme* is exploring strategic alternatives for *Insomnia Cookies*, including an all-cash sale. *Trailhead Capital* closed an inaugural \$50M fund to invest in early-stage companies with regenerative agriculture tech-enabled solutions. *Kellogg's* market value dropped \$1.3B in its first day of trading as separate companies, *Kellanova* & *WK Kellogg Co*.

Costco finished its fiscal year with positive 4th QTR growth for revenue, income & comparables. *Nissan Foods* had positive growth in 1st QTR, its fourth straight quarter of growth. *UNFI* posted a 4th QTR loss, its third straight quarter with declining earnings. *McCormick* beat 3rd QTR estimates, but slow growth in some geographies caused the stock price to drop. *Conagra* reported a down 1st QTR but raised hopes for later in the year.

HEB opened its 4th store in the DFW Metroplex & *Hannaford* opened its 66th store in Maine. *Kroger* added a private label Hispanic-inspired brand, *Mercado*, with more than 50 items across several product categories. *Rite Aid* launched a new private label, *Ello Market*, featuring snacks & pantry essentials. *Instacart* will accept *Medicare Advantage* & *Kaiser Permanente* for grocery orders & *Meijer* will also accept the *Medicare*. *Gelson's* will partner with *Rove* for EV charging in a c-store concept allowing people to shop while their cars are being inefficiently charged at stations funded from government subsidies paid for by hardworking taxpayers. *Starbucks* will close seven downtown San Francisco stores due to renovation costs & high crime. *Utz* will close one manufacturing plant & sell two idled plants, leaving *Utz* with 13 manufacturing centers. *Jackson's* will expand its sweet potato chip plant in Wisconsin, adding 10K sq. ft. *Hilton Foods* will open a meat protein product manufacturing facility for *Walmart Canada*. *Tyson* will layoff 250 people at its Wilkesboro, NC, poultry processing plant. *Cargill* will open its first *European Protein Innovation Hub* in France. *Mastronardi Produce* added two Kentucky hi-tech greenhouses formerly operated by *AppHarvest*. Flavor solution companies *OC Flavors* & *Novotaste* have rebranded as *Mosaic Flavors* to operate as one brand. *RXBAR* will expand its *Mooski* granola bar presence. *Nestlé* wants to increase its sales of healthier foods before 2030 by 50% to reach \$27.3B. *Molson Coors* will look to get one-third of its future revenue from upscale liquor brands. *Dr. Praegers* is launching two new burger offerings, a crunchy cauliflower & crunchy southwestern sweet potato. Precision fermentation startup *The EVERY Co* will partner with Colombian CPG giant *Nutresa* to test *EVERY's* animal-free egg whites in alt meat products. With 65% of its orders for bowls & salads, *Chipotle* is testing an automated digital makeline with *Hyphen*. A New York State judge denied an injunction sought by *Uber Eats*, *DoorDash* & *Grubhub* against New York City's overreaching minimum wage law; the drivers will be paid more while the lawsuit continues. Sandy Douglas will take over the dual role of CEO & president as *UNFI's* current president departs. *Eataly* named Tommaso Brusò as North American CEO & plans to open 20 North American stores.

Per *Brick Meets Click/Mercatus*, *Walmart* accounts for 36% of all eGrocery dollars. From *FMI*, 96% of grocery shoppers purchase store brands at least occasionally, 46% purchase private brands most or all of the time & 90% will buy store brands after inflation subsides. From *Deloitte*, 68% of consumers will pay a premium for fresh food & 64% of grocery executive cite fresh as a strategic focus. From *Circana*, frozen dollar sales are growing at the same rate as the rest of the grocery categories, but unit sales are falling faster. *Rabobank* foresees growth in the chicken market as feed costs drops, but lower than historic growth

MARKET NEWS: Markets were mixed this week as bond yields & job reports frustrated investors. Per *ADP*, private job market growth cooled to its lowest in 2 years. Prices are up 17.3% since January 20, 2021 & interest rates are at a 23-year high.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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