



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

**APRIL MORNING.** Dawn rises over Lexington Green. A small group of American Patriots wait. They are fully aware, warned during the night, that a much larger force of British Regulars are marching on Lexington & Concord. They know what the British intend to do. Here, they have chosen to make a stand. Soon, there will be no returning to what there was before. Yet their commander, Captain John Parker, may have understood the historic tipping point upon which they stood. He issues one last measure of caution, "*Stand your ground. Don't fire unless fired upon, but if they mean to have a war, let it begin here.*" But there is no turning back, these Patriots have reached their *last straw*.

**THE LAST STRAW:** Those American Patriots, standing there at the dawn of April 19, 1775, & their forefathers before them, had been through a lot since the first settlers established a colony at Jamestown, VA in 1607. They had survived in a wild, untamed wilderness to build a functioning society rife with commerce, community & progress, thousands of miles from their homeland. Because of this, the colonists' sense & awareness of independence, self-reliance, freedom, community & individuality had rapidly matured. And while Mother England had always exercised some control over these independent minded Americans, the desire to take advantage of the Americans for the benefit of the crown took a turn for the worse after 1763. The French & Indian War, the Americas' engagement of the 7-Year's War, had left Britain in massive debt. They felt the prosperous Americans should pay for the protection they were provided. The British raised taxes. They taxed sugar & every piece of paper produced. They taxed imports that the Americans could not produce themselves such as paint, paper, lead, glass & tea. In response to the Americans' resistance to these new taxes, the British allowed their troops to search homes & businesses without warrant; they established British boards to collect taxes & British courts to try smugglers, took over the charter of the Massachusetts colony, closed the port of Boston, required citizens to house British troops & prohibited British officials accused of crimes from being tried in the colonies. The British limited freedom of speech, shut down publishers & removed clerics from their churches! Finally, in 1774, the British banned the import of guns & gunpowder from Britain & began to violently confiscate weapons & gunpowder. When those Patriots standing at Lexington Green had heard the British were marching on the armories at Lexington & Concord, they had had enough! They knew that the seizure of their weapons meant that they could no longer protect themselves & their families, not just from their harsh wilderness environment, but from the tyranny of the British government. This was the *last straw*. Thomas Hobbes, English sociopolitical philosopher, described the *last straw*, the last cause, as not perhaps the most important cause, or the one with the most significance or greatest impact, but the one that simply sums up all the preceding causes the human psyche had experienced. Those American Patriots had tolerated a lot, but the final, *last straw*, was the realization that they would no longer have the means to even begin to protect their *sacred freedoms*. The Patriots at Lexington were overwhelmed. The British marched on to Concord. There, at the North Bridge, the British met 400 Patriots. Emerson described the moment as the 'shot heard 'round the world.' The British were turned back & marched to Boston. Patriots arrived from across the countryside to attack the 1700 British Regulars for the entire march & then the Patriots laid siege to Boston. But the real shot came not on that fateful April morning, but just over 14 months later, when our forefathers founded what would become the greatest, most prosperous & freest nation ever on Earth. Our Founders, & those great American Patriots at Lexington, understood the responsibility that comes with freedom, for as Greek statesman & general Pericles wrote 2,000 years earlier, "*Freedom is the sure possession of those alone who have the courage to defend it.*"

**INDUSTRY NEWS:** E-grocer *Misfits Market* raised \$200M at a \$1B+ valuation, with *D1 Capital Partners*, *Accel*, *Valor Equity Partners*, *Greenoaks Capital*, *Sound Ventures* & *Third Kind Ventures* participating. Plant-based meat startup *Hungry Planet* closed on \$25M led by *Post Holdings* & included Singaporean investment group *TRIREC*. Powder-based hydration drink *Hydrant* has raised \$8.5M from private investors. Last mile delivery company *AxelHire* raised \$20M led by *Ajax Strategies*, with additional participation from *Eclipse Ventures*, *Quiet Logistics*, *Bee Partners* & *Acorn Pacific Ventures*.

*OneSoil*, technology that helps farmers monitor fields & increase yields, has raised \$5M from *Almaz Capital & Portfolio*. *Ocado* will invest £10 million in *Oxbotica*, a UK startup developing software for self-driving vehicles. *Home Delivery Services*, a new grocery delivery start-up, raised \$3M from a private investor. USA grain trading platform *Bushel* has raised \$47 million in a Series C round led by *Continental Grain Company & Lewis & Clark AgriFood*, with *Germin8 Ventures*, *Cargill*, *Scoular & Consolidated Grain & Barge* involved. *The Fresh Factory*, manufacturer of plant-based, clean label brands, will acquire *Phyter Food*, maker of refrigerated bars. *Blue Road Capital* acquired *Sweet Harvest Foods*, distributor & processor of honey & natural sweeteners, from *Peak Rock Capital*. *JBS SA* will acquire *Vivera*, a large European plant-based food company, at a value of \$410M. Per *Reuters*, British market research firm *Kantar* is close to acquiring USA competitor *Numerator* from *Vista Equity Partners* in a possible \$1.5B deal. *Morton Salt* won an antitrust lawsuit to be acquired by *Stone Canyon* for \$3.2B, though *Stone Canyon* must divest its evaporated salt business. *2X Growth Partners* closed its third fund, at \$60M, and has rebranded as *Loft Growth Partners*.

*Conagra's* 3<sup>rd</sup> QTR earnings beat estimates & net sales grew more than 8% on elevated at home eating. Strong snacking pushed *PepsiCo* past 1<sup>st</sup> QTR targets for revenue & income. *Coca-Cola* beat 1<sup>st</sup> QTR revenue & earnings targets. *Hello Fresh* is setting expectations that 1<sup>st</sup> QTR revenue will beat analyst forecasts. *Oatly*, preparing for its IPO, reports 2020 revenue of \$421.4M sold in 20 countries, an increase of 106% over sales in 2019, but with a \$60M plus loss. Sales were down 3.3% in *Danone's* 1<sup>st</sup> QTR, but the company expects to make 2021 targets. Canada's *Metro* saw gains in 2<sup>nd</sup> QTR sales, comparables & income.

*Raley's* has converted another store to its *O-N-E Market* format. *Walmart* has added *La Madeleine Express & Nathan's Famous* to its in-store restaurants. *Walmart* is phasing out its automated indoor pickup towers as customers prefer curbside delivery. *Amazon* will launch its *Amazon One* technology at *Whole Foods* that will allow customers to pay with a palm scan. High-end grocer *Lunds & Byerlys* will use software (*Itasca Magic*) from *Itasca Retail Management System* for computer-generated ordering & inventory optimization in all of its retail locations. Estonian technology firm *Cleveron*, specializing in last-mile parcel lockers & robots, now has a driverless, semi-autonomous delivery vehicle that can carry 500 pounds & travel within a 30-minute range of the warehouse or store at a maximum speed of 30 MPH. *Kerry Group* will invest \$36.2M to build its 3<sup>rd</sup> manufacturing facility in Indonesia. *Cargill* will invest \$25M to expand soybean production at its processing plant in Fayetteville, NC. *Swift Prepared Foods*, a subsidiary of *JBS USA*, will invest \$200M in a new 325K sq. ft. Italian meats & charcuterie production facility in Columbia, MO. *PepsiCo* will expand its regenerative farming programs to 7M acres by 2030, equal to roughly all the land it uses. *Fonterra*, will invest in its *NZMP* ingredients business in an effort to uncover health attributes in milk; they are already deriving proteins used for sports nutrition, muscle recovery & weight management. *Nestlé* is incorporating *Banza* chickpea pasta into a pair of its newest *Life Cuisine* offerings. *Sunbasket* has transitioned its *Fresh & Ready* meals to individual, single-serve portions. They also plan to launch more than 65 new *Fresh & Ready* recipes. *Clara Foods & ZX Ventures* will partner to produce cell-cultured egg proteins at a large production scale. *DouxMatok*, Israeli firm that enhances sugar sweetness to reduce sugar content, launched two new chocolate spreads in the USA. *Post & Anheuser Busch* will launch *EverGrain*, a partnership to create snacks from the brewer's spent barley grains. *The Upcycled Foods Association* launched their certification & seal program. Both *Nestlé* & *Coca-Cola* warn of price increases to overcome rising inflation caused by government economic policies.

*Pampered Chef*, in its *Kitchen Confidence* study, reported 65% of people are spending more time in the kitchen, 80% are the main family meal preparer, but only 37% feel confident in the kitchen. The *Consumer Brands Association* reports the grocery industry has recovered 125K of 170K jobs lost in 2020. Soft red winter wheat forecasts are 25% higher than last year. Garlic demand is up & could cause supply shortages.

**PARTNERSHIP UPDATE: THE LITCHFIELD FUND** partnership brand *Genius Juice* has expanded into *Sprouts*, *Costco* & *Albertsons*, has launched a new *Genius Chocolate Protein Smoothie* & *Genius Vanilla Protein Smoothie* line & has introduced new branding! [Read more about Genius in this BevNET article!](#)

**MARKET NEWS:** Markets were lower as the government signaled higher capital gains taxes that will crush economic growth. Jobless claims were lower than expected; home sales were higher.

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

THE LITCHFIELD FUND – *Tom Malenga*

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