



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



SANTA CLAUS! This week we had several encounters with the Jolly Old Elf & toymaker. Each did justice to the image of Père Noël, in looks, style & spirit. It does not matter how old you are, or how you're feeling at the time, there is something about seeing & speaking with Santa that makes you believe! For that moment, you are talking with the real Santa, the one & only. Yes, your head tells you this is just a nice elderly gentleman to whom you should be passing along some nutritional tips for his weight & cholesterol, but your heart tells you this is really Santa, right here, right now! You silence your inner Susie Walker & for that moment, this kindly old gentleman becomes Santa!

EMBRACE THE SPIRIT: I was one of those kids who knew Santa Claus was not real at an early age. My young mind could get on board with every department store Santa being one of Santa helpers, but I had deduced the truth. In Kindergarten, all the other children were leaving milk & cookies under the tree for Santa Claus on Christmas Eve. We were leaving beer & cigarettes! (*Don't get excited it was, after all, 1964!*) My young mind, already with a logical & mathematical bent, quickly figured out who consumed beer & cigarettes in our little family. But unlike Susie Walker, who refused to believe, I didn't want to stop believing. Why should I, at age five? Believing in Santa was fun! There was a whole month of preparing for his arrival! Thirty days of decorating, trimming, baking & seeing lights. And while sometimes the gifts were sparse, or too much of that beer was consumed, Santa himself was a joyous, happy, & giving fantasy. This week, when I saw & spoke with Santa, I fully admit to being a kid, a little boy, again. And why not? Why not, whether you believe in Santa or not, whether you are a believer in the Reason for this season or not, whatever age you are, whatever mood you are in, embrace the spirit of the happy, jolly man in a red suit, who each year fulfills his destiny by delivering gifts to each & every child, man & women in the world in just 24 hours, & does so only because of the unparalleled goodness of his heart. There are more than enough grinchers in the world. There are those, personally, professionally, in our government or just have too loud a voice, who seem only to want to dampen the happiness of others, to drag others down into their own despair & misery. Hopefully, while Santa is visiting all the good little boys & girls, these people are getting visited by the *Spirits of Christmas Past, Present & Yet to Come*, & awake on Christmas morn with a renewed spirit. It is easy to spot those with the Christmas Spirit, by their smile, their joy, their kind heartedness. These people are all around us; bringing toys & clothes to shelters, taking meals to the elderly, planning events for children at schools & churches. There are real Santa Clauses everywhere, even if we don't spot them at first. It was years ago, very near to Christmas. There was some frantic last minute, stressful, shopping. It was close to closing time, making matters worse. I did my best to help. A patient clerk, a grandmotherly lady, quietly watched. Finally, the gift was found, purchased & paid for. The lady wrapped & bagged the gift, brought it around the counter, handed it to the purchaser, to whom she gave a warm embrace & said, "*It is all going to be okay, honey.*" There are those who live the Spirit of Christmas, the joy, happiness & laughter of Christmas, all around us. They hold that spirit inside them. And when you come across those people, embrace their spirit, embrace their joy, *embrace them!*

INDUSTRY NEWS: *Creadev, Desert Bloom, Wheatsheaf, Investeco & Beta Angels* were part of jackfruit meat company *jack & annie's* \$23M Series B. *Provectus Algae* raised \$11.4M to scale its biomanufacturing platform to create ingredients from algae, led by *Hitachi Ventures & Vectr Ventures*. *Oddlygood Global*, oat-based milks & yogurts as well as plant-based cheese & other dairy alternatives, raised \$28M in funding from the private equity division of *Mandatum Asset Management*. Argentine farm implement & financing marketplace, *Agrophy*, raised \$30M led by *Yara Growth Ventures*, with *Bunge Ventures, Cresud, Syngenta Ventures, SP Ventures, Fall Line Capital, Acre Venture Partners & Brasil Agro* involved. *Elsewhere, Softbank's Vision Fund 2*, led a \$100M raise for *ezCater* (valued at \$1.6B), for further expansion into catering for healthcare, retail & manufacturing workers. *Phytoform Labs* raised \$5.7M to scale up its AI-based plant genome-editing platform led by *Eniac Ventures* with *Wireframe Ventures, Fine Structure Ventures, FTW Ventures, Pale Blue Dot, Refactor Capital & Backed VC*. *Infarm*, an urban farming company, raised \$200M from *Qatar Investment Authority, Partners in Equity, Hanaco, Atomico, Lightrock & Bonnier*. *Carnivore Meat Company*, frozen & freeze-dried pet food manufacturer, received an undisclosed investment from *Arbor Investments*. *JBS* will acquire Italy-based delicatessen company *Grupo King* for \$92.38M. *Hain Celestial* will acquire *That's How We Roll*, the producer & marketer of *ParmCrisps & Thinsters*, for \$259M from *Clearlake Capital Group*.

Private equity firm *Nexus Capital Management* acquired the *R.W. Knudsen & TruRoots* businesses from the *J.M. Smucker* & entering into a licensing agreement for *Santa Cruz Organic* beverages, a \$110M transaction. *The Urgent Co.*, a *Perfect Day* subsidiary, acquired specialty ice cream brand *Coolhaus* from *Sunrise Strategic Partners*; terms were not disclosed. *Kraft Heinz* acquired an 85% stake in *Just Spices GmbH*, of Germany; terms were not disclosed. *Taylor Farms* acquired *Curation Foods'* fresh packaged salads, green beans & fresh cut vegetables business (the *Eat Smart* brand) from *Landec Corporation*. *Neogen* will acquire *3M's* food safety business in a stock transaction. Cannabis company *Tilray* acquired Colorado-based *Breckenridge Distillery*, looking to create THC-infused spirits. *Green Circle Capital Partners* raised \$13M for its first fund *Green Circle Foodtech Ventures*, with an anchor investment from *Hormel Foods' VC arm 199 Venture*. *Symbotic*, automated fulfillment solutions for retailers & distributors, will go public in a \$5.5B SPAC with *SoftBank*-affiliated *SVF Investment Corp 3*. Investors put a record \$1.54B into AI Agtech companies so far this year, from *PitchBook Data*.

Costco reported that 1st QTR income was up 18% on a 16.7% revenue increase. *Sobey's* reported a strong 2nd QTR across all indicators. *UNFI* reported that 1st QTR sales increased 4.7% & net income was a positive \$76M after reporting a loss last year. The usual suspects, inflation & supply chain, caused a 1st QTR drop in sales & income at *Campbell*. *Hormel* ended a strong year with 4th QTR EPS increasing more than 20%.

Kroger has opened an eCommerce fulfillment site in Indianapolis. *Meijer* will expand its smaller store concept into Ohio. *Hy-Vee* will add a telehealth, online pharmacy & tele-health subsidiary, *RedBox Rx*. *Albertsons* launched eTools *Meal Plan & Schedule & Save*, features that enable loyalty members to integrate menu planning with shopping list creation & auto-replenish. *Costco* expects to add pickup lockers to more than 200 stores next year. *WOWorks (Saladworks, Frutta Bowls, Garbanzo Mediterranean Fresh & The Simple Greek)* will add more co-located outlets in *Giant*. *Kroger* will discriminate against its workers who believe in personal medical choice. *UNFI* will partner with *Sampler*, a digital product sampling platform, to enable CPG brands to send samples to consumers' homes. *Danone North America & Givaudan* are seeking help from startups to develop breakthrough solutions in an *Innovation Challenges* launched in partnership with the organizers of the *Future Food-Tech* series. *Clif Bar* will launch *Trailblazers Incubator*, an in-house new ventures group to create new opportunities, beginning with *Clif Pet*, a new line of pet food & treats. *Motif FoodWorks* received GRAS status For *HEMAMI* protein. The expanding market for non-alcoholic beverages has led industry leaders to form the *Adult Non-Alcoholic Beverage Association*. *McCain Foods* will invest \$169M to expand its appetizer processing plant in Wisconsin & add new cheese-based product lines. *General Mills* will invest \$65M to upgrade technology & equipment at its *Yoplait* yogurt & *Pillsbury* refrigerated & frozen dough products plant in Tennessee. *Drinkworks*, an *Anheuser-Busch & KDP* partnership, a platform that allows consumers to make alcoholic drinks at home in seconds, will stop sales of its machines immediately. Arizona-based *Shamrock Farms* was named the official milk sponsor of *USA Pickleball*. A judge stopped *AutoStore's* patent infringement lawsuit against *Ocado*. CEOs from the top grocers have joined other retailers to urge Congress to do something about the uptick of crime in major cities resulting from cutbacks in police funding & non-prosecution of criminals. *Instacart* president & former *Facebook* executive *Carolyn Everson* will step down from the role at year-end, 3 months after accepting the position.

BrandSpark's Most Trusted Grocery Awards placed *Walmart* as the most trusted grocery, *7-Eleven* took #1 for C-stores, *Aldi* for discounters, *Dollar General & Dollar Tree* for the dollar store category & *Whole Foods* in the natural category. Nearly 69M USA households bought groceries online last month (per *Brick Meets Click*), a 15% jump from November 2020. They spent \$8.6B, a 6% increase, with pick-up sales increasing 29%. Data from *Lumina* shows the USA probiotic market grew 30% to \$580M in 2020 with a forecast of a 15% growth in 2021. From *Spins*, USA sales of keto-differentiated bread & baked foods rose 23% in the last 52-week period YOY & 53% on a two-year period. From *Catalina*, 33% of USA consumers plan to avoid alcohol this holiday season, 37% plan to consume the same as last year, 15% less & 15% more. Research led by Penn State College of Medicine reveals that mushrooms may benefit a person's mental health due to their high levels of the anti-inflammatory amino acid ergothioneine, which the human body does not naturally produce. The *Journal of Dairy Science* reports that food scientists at Ohio State University created a successful & nutritional blend of pea-protein & casein for dairy product use. Per the USDA, sugar supply & wheat supply are forecasted lower. Reports indicate a strong winter strawberry crop.

MARKET NEWS: Markets were decidedly lower this week as investors continue to appreciate the current state of the economy. The November Producer's Price Index jumped 9.6%, the largest increase ever recorded. Jobless claims rose. The Philly FED Manufacturing Index came in 50% below expectations. Retail sales dropped drastically. Congress, along party lines, passed an economic damaging increase in the debt-ceiling, burdening American families & workers with government excess & greed.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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