



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE HAT TRICK! No, not pulling a rabbit from a hat! The term 'Hat Trick' originated in cricket. When a bowler took three wickets from three consecutive balls, his team awarded him a hat. Here in the USA, we use the term most frequently for scoring three goals in low-scoring games like hockey & soccer. But pulling off a 'Hat Trick' has come to mean doing, winning or gaining three things in a specific discipline that are difficult to accomplish. There is one Hat Trick that is so rare, the actual feat has only been accomplished twice in the past 100 years, the only two times it has ever happened. It seems appropriate to refer to those who accomplished this amazing feat as legends!

A FIX-IT LEGEND: In the course of American entertainment history, only twice has a performer pulled off an amazing Hat Trick! It was accomplished for only the second time in 1994. Comedian Tim Allen, in the same week, had the #1 movie in the country (*Santa Claus*), the #1 bestseller in the country (*Don't Stand Too Close to a Naked Man*) & the #1 TV show in the country. On the hit TV show *Home Improvement*, Allen played the lovable, but inept, Tim Taylor, the *Tool Man*. More tools & more power meant more laughs. While this inept Fix-It man often needed his trusty sidekick Al to repair what he tried to fix, Tim always seemed to end the show having learned a lesson that helped him fix himself. In the '80s & '90s (spurred by Bob Villa & Norm Abram), new homeowners, especially young men like me, followed the American foundational tradition of self-reliance. Our garages were filled with tools. We built stairs, decks & walls; tiled, painted, put up shelving & did the plumbing; & took down trees. We attempted to be as proficient with a sledgehammer or axe as we were with a grout bit or a miter saw. Yes, every once in a while, we had to call-in a professional, or leave a not-quite-right NOP (Next Owner's Problem), but if we saw a problem, we fixed it. Of course, not all problems are as easy to understand or solve as a creaky stair or broken door lock. It is obviously more difficult to fix a problem within ourselves, our relationships or the mounting problems of our Nation. But any problem can be faced & fixed; it only takes honesty & common sense. Our Nation has a host of problems – runaway inflation, soaring energy prices, lower consumer spending power, crime & education – are among the most important issues. But all have common sense fixes. Stop wasting taxpayer money on projects & causes that provide no return or value. Drill for the oil & mine for the coal, the riches of this great Nation, lying beneath our very feet. Cut taxes to allow every American to spend their dollars as they please, not as elites in Washington DC see fit. Hire more police, support them at their job of policing & hold accountable district attorneys & prosecutors who do not keep serial criminals off our streets. Allow parents to choose where their children go to school & what they are taught: the knowledge & skills they need for their life & not the tired, worn-thin mantras of a noisy few. GK Chesterton tells us to face problems honestly, "*It isn't that people can't see the solution. It is that they can't see the problem.*" And while Voltaire felt, "*Common sense is not so common;*" Harriet Beecher Stowe reminds us that we can employ our common sense, "*Common sense is seeing things as they are & doing things as they ought to be.*" This can be done. President John F. Kennedy provides the encouragement, "*Our problems are man-made; therefore, they may be solved by man...No problem of human destiny is beyond human beings.*" While we can use our tool of common sense to fix these problems, just like Tim Allen's hapless handyman, Tim Taylor, let's keep our sense of humor. Interestingly, the other entertainment industry legend who accomplished this amazing hat trick, was another patriotic, America-loving & troop supporting comedian! At the height of his career, in the early 1940s, within a single week, Bob Hope scored the #1 book, movie & radio show in America!

INDUSTRY NEWS: Canadian bar brand *Buddha Brands* closed on \$5.25M led by Quebec-based investment fund *Fondaction*. *BeatBox*, RTD alcoholic fruit punch, raised \$15M at a \$200M valuation. *Poppi*, a gut soda brand, raised \$13.7M from undisclosed investors. Gourmet startup *Chip City Cookies* (14 stores in New York City) received a \$10M investment from *Enlightened Hospitality Investments*. *GenoPalate* raised \$5.6M for its DNA-based nutrition products. Indonesia's *Youvit*, a vitamin brand, raised \$6M led by *Unilever Ventures* with *DSG Consumer Partners*. *Trigo*, frictionless checkout, raised \$100M from *Temasek*, *83North*, *Hetz Ventures*, *Red Dot Capital Partners*, *Vertex Ventures*, *Viola & Rewe*. *RoboBurger*, autonomous burger making machines, secured \$10M from *Promethean Investments*. Spain's *Heura*, plant-based meats, raised \$20M in bridge funding; *Unovis Capital* was involved. *Target Global* led a \$5.2M seed round for *Forsea*, cultivated meat. Crop health startup *AgroSpheres* raised \$22M to accelerate commercialization, led by *Lewis & Clark AgriFood* & *Ospraie Ag Science*. Farm & forest

integration platform *Propagate* raised \$10M led by *The Nest* with participation from *AgFunder*, the *TELUS Pollinator Fund* & others. *Agroshift*, farmer supply chain platform, raised \$1.8M led by *Shorooq Partners* & *Anchorless Bangladesh*; the round was Bangladesh's largest-ever pre-seed round. Immunity-boosting shots company, *Vive Organic*, was acquired by *Paine Schwartz Partners'* portfolio company *Suja Life* for an undisclosed sum, with *Meaningful Partners* as a co-investor. Relaxation CBD beverage brand *Leilo* was acquired by *Fiji Kava*. *Constellation Brands* will retain its 35.7% ownership of *Canopy Growth* but take a non-active role, including not nominating individuals to the board. *Ironbridge Equity Partners* acquired a controlling interest in Toronto's *North American Produce Buyers*. *Sole Source Capital's Worldwide Produce* acquired *Left Coast Food Company*, distributor of frozen goods, dry goods & produce in San Diego. Brazilian meatpacker *Minerva Foods* purchased *Australian Lamb Company* for \$260M. *Darling Ingredients* acquired Brazilian collagen producer *Glenex* for \$1.2B. *Lamb Weston* will purchase the remaining 50% stake in its European joint venture with *Meijer Frozen Foods* for €700M. *Mubadala Capital* acquired *TruFood*, maker of nutrition bars, protein bars, chocolate products & baked goods, for an undisclosed amount. Shrimp aquaculture recirculating system *Natural Shrimp* will be acquired by *Yotta*, a \$105M SPAC. Arkansas' *Harps* will acquire all seven *The Markets* stores in central Louisiana & southwestern Mississippi. *Bloomberg* reports *Hormel* may be in talks to acquire capital firm *CVC's* stake in snack maker *GarudaFood*. *Global Processing*, a non-GMO soybean processor, filed for bankruptcy after losing in licenses due to a lack of funds to pay for grain purchases. *Forward Foods*, with brands *Overnight Oats* & *Detour*, will undergo a public foreclosure & sell all assets. Vertical farm *Kalera* is preparing for an \$8.84M public offering. State & federal regulators are reviewing the *Albertsons/Kroger* merger. *Verinvest* launched a \$100M *V3 Ventures* fund for food, health & beauty startups. From *GlobalData*, investment in alt-proteins was \$1.05B in the first half of 2022, a 174% increase from 2021.

The bad economy caused *Amazon* to miss estimates for the 2nd straight quarter, the stock price fell after their 3rd QTR announcement. *Albertsons* beat estimates in 2nd QTR as it prepares for its merger with *Kroger*. *Nestlé* reported a 9.2% sales increase during the first 9 months of the year; price increases drive revenue. *Coca-Cola* boasted 3rd QTR numbers that beat estimates, driven by price increases; the company raised full year guidance. The same held true for *Kraft Heinz* in its 3rd QTR, also benefiting from price increases. *KDP's* EPS fell 65% in 3rd QTR & the stock priced dropped.

Target will continue invest in its *Good & Gather* private label products, which has become a \$2B brand since its launch just 3 years ago. *Go Grocer* will expand with another location in Chicago. *Walmart Health* is opening 16 centers in Florida. *Asda* will open its first two standalone c-stores before Christmas, under a new '*Asda Express*' brand. *Albertsons* will fulfill pet prescriptions. *Schnucks* launched 30-minute small order delivery with *Instacart*-powered *Schnucks Now*. UK supermarket *Coles* has begun drone service using *Alphabet's Wing* service. *Giant Food* will use *Loop*, the circular reuse platform developed by *TerraCycle*, on a limited set of products in the Washington DC area. *Kroger* has started using *KroGo*, its smart cart from *Caper*, in a pilot store in Ohio. *Aldi USA* is working with *Spryker Systems* to enhance its eCommerce offerings including grocery delivery & curbside pickup service. *C&S Wholesale Grocers* will use *Relax Solutions* for supply chain planning & forecasting. Indoor grower *AeroFarms* has launched nationally with *Whole Foods*. *Kraft Heinz* will launch plant-based cheese slices through its *NotCo* joint venture. *Panera* will debut additional CPG products to its CPG line. *Simple Mills*, reporting 2X revenue growth in the last 3 years, is beginning an innovation platform for regenerative farming. *Hero Loaf* is the best-selling low-carb white bread on *Amazon*. *Motif FoodWorks* has partnered with Norwegian biotech specialist *Vectron Biosolutions* to use precision fermentation to develop next-gen animal-free proteins. *Nestlé USA* is leveraging its 30K workforce for innovation ideas through its *New Business Ventures* group to test new products & business models for consumer appeal. Mycelium protein maker *The Better Meat Co.* added another patent for *Rhiza*, its alt-meat protein made from the fungus *Neurospora crass*. *UNFI* will partner with *CoupDog* to enhance its digital couponing opportunities. For the first time in its 101-year history, *Flower Foods'* brand *Wonder Bread* will have a float in the *Macy's Thanksgiving Day Parade*.

According to *FMI*, consumer spending on groceries remains consistent while they seek budget relief elsewhere. From *SPINS*, USA retail sales of plant-based cheese are down 2.3% in the past year. From *NielsenIQ*, product innovation decreased by 19% in the 2019 to 2021 period. A survey from *CVS* indicates consumers overwhelmingly trust their local pharmacy, want to see their pharmacy offer more health care & clinical services & want those services covered by insurance. The average USA consumer ate about 40.2 pounds of cheese in 2020 (according to the USDA) & in the past decade USA per capita consumption of cheese has increased by more than 5 pounds. High demand is driving up fresh strawberry prices.

MARKET NEWS: Markets were higher. GDP *falsely* came in higher than expected, as this administration sold much needed USA oil reserves to foreign interests to drive the GDP meaninglessly higher. Mortgage rates hit a 20 year high.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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