



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE INQUISITIVE CHILD. Why is the sky blue? Why is the grass green? Why is a giraffe's neck so long? Often, the list of questions is never ending. The child is not looking for, or perhaps quite ready for, a discussion about the light spectrum; or the process by which plants make chlorophyll & then absorb & reflect light; or that a giraffe & a human both have just seven neck vertebrae, but that the giraffe's bones evolved longer so that it could feed on the tender leaves toward the top of trees where there is less competition for food! While any answer may suffice the child's question, hopefully as they grow, they can retain an enquiring mind, because *enquiring minds want to know!*

ENQUIRING MINDS: During most of the 20th century, Americans got their news through the daily newspaper. Newspapers often printed several times a day, a new edition out on the streets with breaking news. "*Stop the presses!*" was not just a phrase shouted in movies like *The Front Page*, *His Girl Friday*, *Foreign Correspondent* or *Deadline: USA*. All over America, newspapers tried to be the first on the street with a scoop! The reporter who broke the story would suddenly be a star reporter, à la Clark Kent or Lois Lane! The reporters of the day, for the most part, held true to the investigative process, long established in philosophical works from Aristotle to Aquinas: *Who, What, Where, When & Why*. Who, what, where & when are the facts on the ground, the basis of all good reporting. *Why* is the factor that takes a story from simple news to journalism & changes a reporter into a journalist. Because there have always been reporters (& always will be) who willingly enhance or make up the 'why' to create some form of sensationalism, it is important for each of us to retain an inquisitive mind. Most people who read the *National Enquirer* in the 1980s knew, despite their slogan, that what they were reading was hogwash. But in today's world, with a host of authoritative voices – leaders, media personalities, washed-up athletes & celebrities, teachers, doctors & more – it is incumbent on each of us to ask that all important last question of the 5 W's ourselves - *WHY?* Why are they saying this? Why is this happening? Why is this important? Why has this all just suddenly changed? Why is one thing 'bad' but another similar thing 'good'? Why are they an authority on the subject? Why do they know better than me? Why do they know me, my family, my situation, better than me? Why are they doing this, why do they care or why do they pretend to care? Why should I care, & more importantly, why am I listening? Asking why is the path to truth, understanding, inner peace & harmony. Asking why can also lead to some unsightly truths & knowledge, self-doubts & uncertain, scary choices or consequences in the way we lead our lives. Which may be the reason many people stop asking why. They accept what they are told & the perceived authority of those speaking. But that is not why we humans were gifted the ability to reason. From Aristotle, "*Be a free thinker... don't accept everything you hear as truth. Be critical & evaluate what you believe in.*" Critically evaluating a situation, asking why it is happening & why we should believe what we hear, can be unsettling, making us doubt what we know & believe. But as Aristotle also wrote, "*Doubt is the beginning of wisdom.*" Asking why; to garner an understanding of the real reasons for what is happening in the world around us, is important, not just for ourselves, but for those we love & care about. From Thomas Aquinas, "*The greatest kindness one can render to any man consists in leading him from error to truth.*" Hopefully, people never lose the spirit of that 1980s *National Enquirer* advertising slogan! Yes, *enquiring minds want to know!*

INDUSTRY NEWS: *Everything Legendary*, plant-based foods, closed a \$6M round led by *CircleUp Growth Partners* with additional investments from *301 INC*. *Splendid Spoon*, ready-to-eat meal delivery service, raised \$12M led by *Nicoya* with participation from *Danone Manifesto Ventures & Torch Capital*. *Endless West*, molecularly-engineered & aged whisky & spirits, raised \$60M led by *Level One Fund & UBS O'Connor Investment group*. *Chapul* raised \$2.5M, led by *Nexus PMG*, to launch *Chapul Farms*, regenerative insect agriculture, with Daniel Lubetzky, *Equilibria Ventures*, involved. *WP Strategic Holdings* acquired a majority stake in *Larry's All-Natural*, salsas and cooking sauce; terms not disclosed. *Cooks Venture*, slow raised heirloom chickens & regenerative agriculture, raised \$50M from technology company *PIUS*. *ZOA Energy* received a \$10M financing line from *Gerber Finance*. *7shifts*, a shift management platform for restaurants, raised \$80M

led by *SoftBank Vision Fund 2*, with existing investors *Ten Coves Capital & Enlightened Hospitality Investments* involved. *Protix*, ingredients made from *Black Soldier Fly* insects, raised €50M from *ECBF, BNP Paribas, the Prince Albert II Foundation & The Good Investors*. Robotic catering startup *Bolk*, which can produce 60 meals an hour, raised €4M with *Kima Ventures* involved. *Agritask*, soil & crop health technology, raised \$26M led by *Liechtenstein Group* with *Bridges Israel & Smart Agro Fund* involved. *Ingredient* has taken an equity stake in Israeli chickpea ingredient developer *InnovoPro* & its protein extraction technology. Plant-based food company *Above Food* acquired *Sonic Milling Systems*, oat-focused extraction technology for clean-label plant-based ingredients & products. *Upfield*, margarine & plant-based foods supplier, has taken a minority stake in *Alternative Foods London*, maker of egg-free bakery brand *Oggs*. *GrubMarket* acquired Chicago-based *Nova Libra*, SaaS provider of eCommerce & supply chain software solutions. *Acosta* has acquired *OeP*, a service solution to increase brand presence & ROI on *Amazon*. *Harpe Bioherbicide Solutions*, pre-revenue natural herbicide solutions, raised \$3M led by *Alexandria Venture Investments & iSelect Fund Management*, with *AgriTech Capital* & agricultural angel investors involved. Swedish insect-based dog food, *Petgood* (formerly known as *FUNCiFUR*) raised \$2.1M from *Civitus & Course Corrected*.

Net income more than doubled in *Natural Grocers by Vitamin Cottages'* 1st QTR as strong comparables drove sales 4.6% higher. *Hershey* beat 4th QTR analysts estimates, despite supply chain issues. In the 4th QTR, *Kellogg's* net income was up 111% & sales fell 1.2%, impacted by strikes & supply cost, but the company met full year guidance. *Post Holdings* reported a \$20M loss in 1st QTR despite higher sales, as increases in demand & pricing actions were offset by costs of raw materials, freight & higher manufacturing costs. *Tyson* saw 1st QTR sales improve 24% & net income rise 241%. Both *Coca-Cola & PepsiCo* beat 4th QTR Wall Street estimates but warned that they will pass inflationary costs along to the end consumer. French spirits company *Pernod Ricard* saw strong revenue & operating profit growth in the first half of their fiscal year. *Blue Apron* saw good 4th QTR revenues & order growth, but lost 93¢ per share, well below estimates. *Aramark* reported a 1st QTR revenue increase of 44% with USA Food & Support Services growing 68%. For *Yum! Brands'* 4th QTR, net EPS rose slightly on an 8% revenue growth. Arizona-based & **ALL EARS!!** favorite, 16-unit *Original ChopShop*, boasted a 35% gain in sales in 2021.

Save A Lot has completed the licensing of its retail locations to now be a wholesale only operation. *The Giant Company* reported the theft of three beehives & their colonies of 60K bees from their corporate headquarters in Carlisle, PA. *Aldi* plans for 150 new USA stores in 2022, entering the Gulf Coast market. *DoorDash* has launched flower delivery. Following a pilot, *AxleHire*, last mile electric bike & trailer delivery, will now go live in Los Angeles. *Deliveroo* extends its partnership with specialty grocer *Waitrose* for 10-minute delivery on certain items such as organic hummus, fresh sourdough bread & Belgian butter waffles. *Coca-Cola's fairlife* has reached \$1B in annual sales. *Monogram Foods* is investing \$53.5M in a new plant in Tennessee, creating 400 jobs. *Soli Organic*, a provider of organic, soil-based, greenhouse grown produce, will build a new 130K sq. ft. greenhouse in Marysville, WA. *Square Roots & Gordon Food Service* opened an indoor farm in Wisconsin, their 3rd indoor farm, to provide produce for consumers in the broader Chicago & Milwaukee areas. *BrightFarms* is adding salad kit offerings.

From *NielsenIQ*, retailers lost \$82B in 2021 CPG sales because items were not available. From *Coresight Research*, growth for the USA grocery market will slow to a 3.3% annual rate in 2022, down from 4.5% in 2021, as Americans take back their lives & return to away-from-home dining. USA labor statistics show grocery stores are losing workers. From *Symphony RetailAI*, because of soaring inflation, shoppers are buying less meat, poultry & dairy & prioritizing fresh produce. Fresh produce is 40% of the shopper's basket & is driving return grocery visits. *Walmart* is the eGrocery choice for 35% of consumers, ahead of *Amazon* at 23% of the consumer base, from research by *Chicory*. From *Salsify*, nearly half of shoppers won't buy a product if they don't find detailed information online & 30% say they won't purchase an item if images are missing or of poor quality. Grocery prices rose 7.4% YOY in January, the fastest rate in 41 years, with 5 of 6 major categories showing increases. The 2022 *Farm Income report* shows overall net farm income will decrease \$5.4B, totaling \$113.7B, as government policies, inflation & supply chain issues hit American farmers & their families.

MARKET NEWS: Markets were lower this week. Inflation rose at another 40-year high (7.5%), the result of the government's disastrous economic policies. Predictions are for 5 to 7 interest rate hikes this year.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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