



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

PERHAPS IT WAS TO CATCH FISH in a stream or to hunt mastodon or mammoth. Maybe there was a warring tribe in the next valley or a local strongman was trying to rule over the community. Prehistoric rodents may have burrowed into the cave or a predator may have come too close to the kids. Of course, there was that no-good cave boy down the valley who had been giving the eye to Thuk's eldest daughter. But at some point, in prehistoric history, our good friend Thuk sharpened a stick to a point. Noticing stone was stronger, he later ground a rock to a point. Then, when a mastodon wandered aimlessly into their camp, Thuk threw his spear, & invented the barbeque!

FORTUNATE BOUNTY: When our good friend Thuk felled that first mastodon in his camp, some part of that big critter probably fell on his camp fire. He smelled the aroma. He felt a pang of hunger in his stomach & his mouth began to water. He needed a bigger fire, so he pulled over a fallen mesquite limb. Now the aroma of roasting mastodon filled the entire village! Soon, neighbors began to show up, wondering what smelled so good & why they were suddenly so very hungry. Mrs. Thuk, being just like my mom a mere 15,000 years later, was afraid there would not be enough mastodon to feed everyone. She dug up a pot of fermenting cabbage & greens. Thuk, being just like my dad, went to his cave brew pub, *Thuk's Place* ([Down on the Corner, All Ears!! 12/01/18](#)) to pick up some of his valley renown *Saber Tooth Tiger Head Pale Ale*. His buddies, Uck & Muck, went to the field to get a load of the tasty herbs & ancient grains that they regularly enjoyed. Mrs. Uck brought a clay bowl of nuts, berries & fruits that she had been planning to serve for dinner. Mrs. Muck thought the mastodon drippings would mix very well with some of the root vegetables she always had stored. The *Cave-a-delics* broke out their logs & sticks to play some catchy tunes. The community danced, the kids played & ran around & Thuk kept his eye on the no-good cave boy from down the valley. Then, they heard the old man on the next mountain, who thought he was in charge of everyone, shout, "*Mastodon meat is bad!*" Thuk looked around at what a good time everyone was having; eating, drinking, grunting & dancing together. He felt free, & for Thuk, this little taste of freedom tasted best rubbed with some wild sage, parsley & peppercorns, roasted over a mesquite fire. He wondered if the wild boar & deer tasted just as good. He thought about *Thuk's Place*, & being an entrepreneur at heart, thought about a new business & the synergy he could create - *booze & food*. If he invested in spears & bigger fires, he could hire some of the community to hunt the mastodon, cook the meat & prepare the meals. He could hire Ick, who had that wheel thing, to haul the meals around the valley, maybe to the next valley. They could set up a stand that traded meals for hides, bowls & that rare shiny soft yellow rock. Maybe when more people got access to fire, families could send up a smoke signal & Ick could *dash* hot meals to their cave *door*. Thuk looked at his community, his happy neighbors, all the food the land had provided, & smiled at his *fortunate bounty*. He knew what the land provided, & that if he took care of the land, it would provide more. He pondered how it all worked: the soil, sun & rain; the plants that died at winter only to return each spring & the mastodon, boar & deer who returned as the weather warmed. In his prehistoric understanding, he thought about how, *maybe he really thought who*, had created this *fortunate bounty* for him & the community he loved. He looked to the sun & sky in an attempt to understand how he & his community had been so blessed. Thuk was just understanding what Henry Ward Beecher wrote, "*That which distinguishes man from the brute is his power in dealing with Nature, to milk her laws, & make them give forth their bounty.*" His first annual barbeque was, in his own way, what American author Ella Wheeler Wilcox described, "*For here lies the pleasure of living: In taking God's bounties & giving the gifts back again.*" His desire to build a business, for the benefit & riches of his family & community, is what Lincoln likely meant, "*We have been the recipients of the choicest bounties of Heaven; we have been preserved these many years in peace & prosperity; we have grown in numbers, wealth & power as no other nation has ever grown.*" And his desire to create a mastodon food business, exercising his own free will, is described by Dante: "*The greatest gift that God in His bounty made in creation & the most conformable to His goodness, that which He prizes the most, was the freedom of will, with which the creatures with intelligence, they all & they alone, were & are endowed.*"

INDUSTRY NEWS: Cell cultured lobster meat, *Cultured Decadence*, raised \$1.6M in pre-seed funding from *Bluestein Ventures*, *Joyance Partners*, *Rise of the Rest Seed Fund* & *Gener8tor*. *SORSE*, water-soluble emulsion tech, completed a \$2M lead investment (for an open \$4M C-note) from *Merida Capital Holdings*. *Room 9 Creative + Venture* led a \$3M round for *Madre*

Mezcal. KKR & DCP led a round in *Adopt-a-Cow*, a DTC dairy provider. *Vence*, GPS collars for cattle to keep them off overgrazed fields, raised \$12M led by *Tyche Partners*, with participation from *Grantham Environmental Trust*, *Rabo Food & Ag Innovation Fund*, *Eniac Ventures & Trailhead Capital*. *RipeLocker*, atmosphere-controlled containers to preserve freshness post-harvest, raised \$5M. *Minnow Technologies*, electronic food-delivery lockers, raised \$3M led by *Branded Strategic Hospitality*, with *Elevate Capital & Portland Seed Fund* involved. Specialty food manufacturer *Tribe 9 Foods* will acquire stuffed pasta maker *Carla's Pasta* for \$26.3M. *King's Hawaiian* bakery acquired *Grillo's Pickles*; terms not disclosed. *Unilever* will acquire *Onnit*, a holistic nootropic wellness company. *Olam International* acquired *Olde Thompson*, manufacturer of dry spices & seasonings, from the private equity firm *Kainos Capital*, for approximately \$950M. *Nestlé SA* will buy *Bountiful Co.*, the maker of *Nature's Bounty* vitamins, *Pure Protein*, which makes protein bars, *Osteo Bi-Flex* joint-care supplements & *Puritan's Pride* vitamins & supplements, for \$5.75B. *Tate & Lyle* may be considering a sale of its sweetener business, separating it from its Food & Beverage Solutions business. *Finistere Ventures & PitchBook Data* report 2020 investment of \$17.3B in Food Tech & \$5B in AgTech. Israeli tech company *Tipa*, compostable flexible packaging, may go public with SPAC merger valued at \$500M plus. A \$1.3B IPO was approved by the Philippine stock exchange for *Monde Nissan*, makers of alt-protein *Quorn*.

With a 282% digital sales increase, *Albertsons* had 4th QTR adjusted net income of 60¢, up from 27¢ a year ago, with sales up 10.5%. *PCC Community Markets (PCC)* reported 2020 grocery sales rose 26.1% from the prior year, with net income up 26.4%. PCC issued its members the first ever dividend totaling \$3.9M. *Amazon* had a 1st QTR revenue increase of 44% & beat earnings estimates. *Nestlé* reported a strong 1st QTR, with sales up 1.6% & strong eCommerce growth. *KDP* saw net sales rise 11.1% & 1st QTR net income more than double. *Grupo Bimbo* set a 1st QTR sales record & North American operating profit nearly tripled. Quarterly sales were lower for *Unilever*, impacted by exchange rates. *Mondelez's* 1st QTR net income rose 31% on an 8% revenue increase, though volume mix impacted North American sales & income. *Kraft Heinz* beat 1st QTR forecasts with a 3.7% sales increase & an almost 50% increase in net income. *Hershey* reported 1st QTR net sales (12.7%) & income (47.3%) gains. Net income for 2nd QTR at *J&J Snack Foods* was down 17% & net sales fell 6%, though management cited areas of growth.

Albertsons, following its *Google* digital partnership, will partner with *Adobe* to better harness data for increased personalization & information. *Natural Grocers* will expand offerings of its own brand of vitamins & supplements. U.K.'s *Asda* launched a vegan butcher shop at one store, in partnership with *Kbox Global*. *Amazon* will expand *Key by Amazon In-Garage Grocery Delivery* to all 5K USA cities & towns in their network. *Uber* is launching new features, including allowing customers to pick up groceries on their ride. *Acosta* will launch an online at-home sampling service. *Ingles Markets* is looking to fill 4K positions across all its locations. *Walmart* is building an eastern Canadian fresh & frozen distribution center. *ADM* opened a new Singapore plant-based innovation laboratory. *Tyson Foods* will invest \$48M to expand capacity at its poultry plant in Pine Bluff, Ark. *Bimbo* will invest \$25M to open a new baking plant in Valdosta, GA. *Cargill* will build a \$350M canola processing plant in Saskatchewan. *Sysco & Cargill* have will invest \$5M to support regenerative grazing practices among ranchers in the Southern Great Plains. *Blue Diamond* will expand with a new line of baking mixes. *General Mills* is debuting *Ratio*, high protein yogurt. *Bob's Red Mill* is launching oat crackers in the snack aisle. *AgroFresh Solutions* launched *VitaFresh™ Botanicals Life Ultra*, a plant-based, edible coating to keep produce fresh & reduce food waste. *Beyond Meat* plans to relaunch its chicken line, which it sidelined two years ago. *Yasso* launched the first product from its incubator - *Jüve Pops*, water-based & made with real fruit, vitamins & electrolytes. As big CPG companies warn of inflation induced prices increases, *Albertsons* will monitor demand to determine product continuance. *Blue Triton Brands* (formerly part of *Nestlé Waters*) is in court with the state of California over water rights. Lawmakers are introducing legislation to require products labeled milk to be from hooved animals.

USA Today readers selected *The Fresh Market* as the best grocer for value selection & service, followed by *Hy-Vee & Lidl*. Per *Acosta*, frozen food sales grew at 2.6% in the last year, higher than the 1.2% growth of all edibles, signaling an ongoing shift. Organic produce sales rose 14.2% in 2020, compared to 10.7% for conventional produce, per the *Organic Produce Network*. *Kerry & NielsenIQ* report that private label sales will continue to grow, as recent consumer buying patterns indicate an ongoing shift to value purchases. From *Inmar Intelligence*, consumers used more digital coupons than physical paper coupons for the first time ever in 2020, with growth occurring across all demographics. Consumer watch dog group *Leafreport.com* found only 13% of CBD companies test for all contaminants, only 42% tested for potency & only 25% tested for purity.

MARKET NEWS: Markets finished the week lower. A week of strong earnings was overshadowed by the people in Washington DC announcing plans to conduct the largest transfer ever (of trillions of dollars through higher tax rates) of private money into government hands for redistribution to pork filled projects. The FED kept interest rates near zero, encouraging an ongoing increase in inflation. Jobless claims were higher than expected. Durable goods orders were lower & the trade deficit widened.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – Tom Malenga

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