



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



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ATOMS AND SUB-ATOMIC PARTICLES can exist in more than one place at the same time. In the early 20th century, scientists such as Max Born, Erwin Schrödinger, Werner Heisenberg & others developed the theories of quantum physics. Quantum physics differs from classical physics in that it describes the movement (in a sort of haze) of smaller particles & quantizes (restricts the impact) of energy, momentum, angular momentum & other variables that bound the (more linear) world of larger objects. Yet, recent studies have shown that *larger objects could be in different places at the same time*. Maybe this is why it often seems some people live in an alternate universe or reality!

FINDING REALITY: The concepts of alternate universes, parallel universes & alternate realities have existed for thousands of years. Plato's *cave allegory*, proving Plato's version of heaven, was a simple story of an alternate reality. H.G. Wells & Jules Verne wrote of alternate realities, whether in the future or under the sea. In the movies, Arnold battled the rise of the robots & Charlton Heston battled the rise of those "*damn dirty apes*." TV shows are rife with alt-universes, sometimes arising from a simple choice a character makes, in shows such as *The Twilight Zone*, *Star Trek & Outer Limits*; the parallel universes in the different rooms of *Dark Shadows'* Collinwood mansion & the more recent non-existent island in *Lost*. Even in children's literature, Alice finds another world through the looking glass & Lucy finds Narnia in her wardrobe. Recent novels portray chilling alternative outcomes from WWII; Phillip K. Dick's *Man in the High Castle* & Guy Saville's even scarier *Afrika Reich Trilogy*, which brings to reality an actual 1940 Nazi directive, *The Madagascar Plan*, to relocate all of Europe's Jewish population to Africa & create a massive slave continent to support their socialist/fascist totalitarian regime. Today, it seems like people live in different universes, alternate realities, not just between people who live in cities & people that live in the country, but even among neighbors, separated by religious & political views, education, jobs, careers & social status. It seems much of this is driven by biased information from media, entertainment, schools, businesses & arrogant celebrities with a platform. Discerning reality in a world where the information highway runs in a *quantum haze* is difficult, if not impossible. Long before that highway was paved, Nietzsche wrote, "*There are no facts, only interpretations*." Fantasy author Rick Riordan agrees, "*It's funny how humans can wrap their mind around things & fit them into their version of reality*." Author Phillip K. Dick explains reality as, "*that which, when you stop believing in it, doesn't go away*;" & from Lincoln, "*How many legs does a dog have if you call the tail a leg? Four. Calling a tail a leg, doesn't make it a leg*." But Leo Tolstoy offers the best advice on finding reality, "*Seize the moments of happiness, love & being loved! That is the only reality in the world, all else is folly*."

INDUSTRY NEWS: *Uber Technologies* has acquired the *Drizly* alcohol delivery service for \$1.1B. *Post Holdings* will lead a \$12.5M fundraising round for snack brand *Peatos*. Smart oven & self-cooking meal company *Tovala* raised \$30M led by *Left Lane Capital*. *Rosie*, e-commerce service solution for independent retailers, raised \$10M led by *Avenue Growth Partners*. *Red Clay Hot Sauce* raised \$1.5M to support its growth. Making microbiome-based biotherapeutics to prevent & treat respiratory infections in livestock, startup *Resilient Biotics* raised \$7.1M co-led by *Berkeley Catalyst Fund & Fulcrum Global Capital*. Startup *Mealco*, helping chefs launch new restaurants with a delivery focus, raised \$7M. Israel's *Future Meat Technologies* raised \$26.75M for its lower production cost, cell-based chicken from new & existing investors. UK potted pudding & dips maker, *Pots & Co.*, raised \$20M led by *301 Inc*. *Siam Commercial Bank* secured a 26.49% stake in upscale grocer *Dean & DeLuca* through debt conversion. *GrocerKey*, on-line technology to help brick & mortar retailers build out their eCommerce operations, raised \$2.4M from 18 private investors. *Flagship Food Group* will make an investment & become the leading shareholder of *La Tortilla Factory*. *MGP Ingredients*, producer & supplier of distilled spirits, will acquire *Luxco*, alcohol producer &

marketer, for \$475M. *BCI Media Group*, construction information data, will acquire South Carolina-based grocery location data & geospatial technology firm *Planned Grocery*. *Nutritional Growth Solutions* (*Healthy Height* brand of nutritional shakes) has acquired the children's nutrition brand *KidzShake* brand from *Ausmerica Wellness Services*; terms not disclosed. *Sentinel Capital Partners* will sell retailer *Pet Supplies Plus* to *Franchise Group* in a \$700m deal. *Walmart* acquired the technology & intellectual property of *Thunder*, a self-serve ad-tech display solution focused on creative automation. Reports suggest *Nestlé* is in exclusive talks to sell its North American bottled water business to private equity firm *One Rock Capital Partners*. Per the *Wall Street Journal*, *Hormel Foods* may acquire the *Planters* snack brand from *Kraft Heinz* for approximately \$3B.

Sales fell 15% & EPS dropped 90% in *J&J Snacks'* 1st QTR, still impacted by foodservice sales. *Mondelez* beat all its 4th QTR targets. *Metro* saw gains in 1st QTR revenues, comparables, on-line sales & basket size. *Amazon* sales in 4th QTR hit \$125.7B, a 44% jump while EPS of \$14.09 beat analyst estimates of \$7.23.

Whole Foods is being sued over the flour & sugar make up of its *Honey Graham Crackers*. *Hy-Vee* & *Amazon* are both seeking to expand in the Minneapolis/St. Paul area. *The Fresh Market* will debut a monthly magazine. *Giant Food* will offer "All Set in a Box," a main course & side orders for four people starting at \$15. *Heinen's* has introduced *Club Fx*, a program that offers shoppers nutrition guidance tools, including weekly emails, coaching programs that will include a spa-like in-store clinic, one-on-one sessions & proprietary blood tests. *Giant Eagle* is expanding its distribution of greens products from vertical robotic farming specialist *Fifth Season*. The *Raley's Food Lab*, a partnership between *Raley's* & the *Lab@AgStart* incubator, will be a certified food facility where food entrepreneurs & innovators can develop new products, ingredients & recipes for taste testing, sampling & small-volume sales. *PCC Community Markets* has come out against mandatory government pay increases for grocery employees, citing long-term economic damage to the industry, but will provide the pay increases. *Attabotics*, a 3D robotics supply chain company, & *FoodX Technologies*, which sells end-to-end e-grocery management solutions, will work together to gain share in the expanding micro-fulfillment tech sector. *Uber* will expand its prescription delivery service to New York City. *Nationwide Pet Rx Express* will offer *Nationwide* pet insurance members savings on prescription pet medications purchased at *Walmart's* 4,700 pharmacies. *Walmart* now offers grocery delivery at 3K stores. Canada's *Veji*, online vegan/plant-based product delivery, will offer 2-day shipping in the USA, using its relationship with *UNFI*. *Brand Finance* named *Coca-Cola* the most valuable USA brand, beating out *Disney*; *PepsiCo* was ninth. *Smithfield Foods* will reduce sodium & sugar in its products 10% by 2025 & continue to pursue clean labeling across its product portfolio. *Impossible Foods* has reduced the suggested retail price of the *Impossible Burger* to \$5.49 per 12-oz package, a 20% decrease, citing expanded production & scale. *Organic Valley* is piloting a new satellite photography tool to provide real-time feedback about pasture health & nutrition. TV chef *Rachael Ray's* foundation & the *National Restaurant Association Educational Foundation (NRAEF)* will provide up to 25 grants for *ProStart* schools or schools with culinary arts programs to interest students in exploring restaurant or foodservice careers. *Ascent Protein*, clean, made in the USA, sport & fitness protein products, donated \$22K to *Patriot PAWS*, a non-profit service organization dedicated to training service dogs to support veterans in their emotional & physical recovery. *Jeff Bezos* will stepdown as *Amazon* CEO. *Amazon* will pay \$62M to settle FTC charges that they were skimming customer tips to pay delivery drivers' hourly wages.

Confectionery holiday sales were up 1.9% from a year earlier, according to the *National Confectioners Association (NCA)* & *IRI*. The *NCA* also reports that a whopping 86% of Americans intend to share a gift of chocolate or candy this Valentine's Day. Per *DISCUS*, total beverage alcohol sales by volume increased 3% in 2020, with spirits gaining 1.3 share points from beer & wine this past year, the 11th consecutive year of market share gains for spirits. Whole wheat flour production fell 10% in 2020. Louisiana scored a record sugar cane harvest.

MARKET NEWS: Markets continued upward on unemployment & early earnings news.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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