



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



"APRÈS MOI, LE DÈLUGE!" were words uttered by Louis XV after France fell at the Battle of Rossbach in 1757, a decisive moment in the Seven Years' War. Prussia's Frederick the Great, using a speedy cavalry & flanking attack, defeated a much larger force of French & Holy Roman Empire soldiers. Two weeks later, Frederick defeated the Austrians at the Battle of Leuthen, using the same tactics. Britain threw its support behind Frederick & the Seven Years War became the first true world war, fought on a global scale across Europe & its colonies. Louis' comments were not foretelling the French Revolution, only expressing despair at France's defeat, seeing the battle as a turning point.

TURNING POINT: The Battle of Rossbach was a turning point in the Seven Years War & when the war ended in 1763, the world had changed significantly. Britain became *the* world power. The sphere of influence of Spain, the Holy Roman Empire & the Ottoman Empire was greatly reduced. Prussia was now the power of the Germanic states & France was no longer a player on the world stage. As France's global presence waned, her citizens recognized the largesse of the French monarchy. Their unrest led to the French Revolution. Then, for the next 150+ years, despite France's leadership in art, music, architecture, science & medicine; the French government went through continual upheaval: a series of dictatorial Empires, Restorations, Republics & Monarchies! The turning point in a battle or war can be quite obvious. The bravery & courage of the Americans at Omaha Beach on D-Day & at the Siege of Bastogne during the Battle of the Bulge were decisive moments in the outcome of those engagements. The battle at Gettysburg ended any chance of the Confederacy invading the North & the USA Navy's effort during the Battle of the Coral Sea, then a few months later at Midway, changed the Japanese war strategy from offense to defense. Some turning points in human history are monumental; others much more subtle, becoming apparent as history unfolds. Who will ever know what knowledge of the ancient scholars was lost when the Great Library of Alexandria fell to ruin during wars & Roman rule, its loss ushering in the *Dark Ages*?! When the Roman emperor Constantine turned to Christianity, he then, in 313 AD, declared a tolerance of Christians with the Edict of Milan & called for the First Council of Nicaea in 325 AD, which defined mainstream Christian creed. His conversion led to the social & political power of the Catholic Church for the next 1200+ years! Yet it was the quiet crank of Gutenberg's printing press (invented in 1439) that finally broke the Church's societal grip. With the Gutenberg bible, printed in the 1450s, the masses could now start to read, & interpret, the Word of God themselves. Turning points often arise from science & technology. Newton's work in math & physics set the stage for flight, space travel & an understanding of astronomy & the universe. Some two & half centuries later, Einstein's theories ushered in the atomic age. The steam engine & Eli Whitney's practical use of interchangeable parts spurred the Industrial Revolution; a second revolution came about from the discovery of oil in Titusville, PA & the modernization of the railroad system. Edison's light bulb could be seen as a turning point, but it was really Edison's & Westinghouse's ability to light an entire city that changed the way we live! Ford's use of the assembly line changed mass manufacturing. The internet changed the way we do business & communicate. Some turning points can be beautiful. American music was elevated from Tin Pan Alley to world prominence when on February 12, 1924, in a hot & stuffy New York City music hall, the Paul Whiteman Orchestra debuted a symphony written by 25-year-old George Gershwin, *Rhapsody in Blue*. Some turning points happen at the ballot box. The election of 1912 brought us the income tax, WWI, & the geopolitical failure of Wilson at Versailles, a direct cause of WWII. Worse, it gave us the 17th amendment, a violation of Madison & Hamilton's Federalist principles, removing control of Senate representation from state legislatures. The amendment elevated the corruption & cronyism of national political parties, which we suffer with today. The election of 1932 gave the USA a strong spiritual leader, but policies that increased the length of the Great Depression. It ushered in an era, that still exists, of big government, big spending & a misplaced belief that government, not individuals in a free market, can solve problems. In our lives, we see subtle turning points when we look back & say, *"That was the moment, the event, the decision, that changed everything!"* It is difficult to know if events unfolding in front of us are turning points in our lives or history. From George Washington, *"The turning points of lives are not the great moments. The real crises are often concealed in occurrences so trivial in appearance that they pass unobserved."*

INDUSTRY NEWS: *Big Bold Health*, developing foods with the immune benefits of Himalayan Tartary Buckwheat, raised \$4M from S2G Ventures. *Once Upon a Farm* raised \$52M led by CAVU Venture Partners, along with S2G Ventures, Cambridge &

Beechwood. Finless Foods raised \$34M in a series B round to fund production of cell-cultured bluefin tuna, led by *Hanwha Solutions* with *At One Ventures, Olive Tree Capital, Humboldt, Gaingels, SOSV, Draper Associates* & Japanese sea-food firm *Dainichi*. *Lipid* raised \$4M in seed funding to help commercialize its 'PhytoFat' platform, which helps make plant-based foods behave like animal fat. *Mi Terro* raised \$1.5M in a seed round led by *Astanor* for its process to turn agricultural waste into proteins for animal feed, plastic alternatives, etc. Israeli *Tastewise*, AI solutions for food & beverage product development, raised \$17M led by *Disruptive AI* with *PeakBridge & PICO Venture Partners* involved. *Clean Crop Technologies*, high voltage catalyst technology to boost yields, improve food safety & reduce food waste, raised \$6M led by *ReGen Ventures, Trailhead Capital & MassMutual Catalyst Fund*, with *Prime Impact Fund, Innova Memphis, Bread & Butter Ventures, Alchemy Fund, Active Impact, DC Thomson Capital & VTC Ventures* involved. *Swiftly*, digital loyalty technology for grocers & other retailers, closed a \$100M in a Series B round led by *Wormhole Capital*. Chipmaker *Nvidia* will invest \$10M in *Uber's Serve Robotics* to geographically expand its sidewalk delivery robot service. *Fermented Food Holdings (FFH)*, acquired fermented-food brands *Wildbrine & Bubbies*. India's *LT Foods* acquired a 51% stake in family-owned *Golden Star Trading*, jasmine rice products. *AM FRESH Group & Special New Fruit Licensing*, with investment from *EQT Future & Paine Schwartz Partners* will acquire *International Fruit Genetics* to enhance its grape breeding capacity. *Sprouts Farmers Market* has authorized a discretionary \$600M share repurchase plan. India food delivery giant *Swiggy* is planning a \$1B IPO.

Dollar General plans to open 1,110 new stores & add more traditional & *DG Fresh* distribution centers. *BJ's* plans 4 new club stores. *Kroger, Impossible Foods & Custom Made Meals* will partner to develop plant-based products for *Kroger's Home Chef* brand. *Kroger* plans to offer grocery delivery in Austin, San Antonio & Birmingham with *Ocado*-powered fulfillment centers. *Instacart* will pilot a store mapping app to help its shoppers navigate the store aisles. *Walmart* will add a \$1.8M sq. ft. eCommerce fulfillment center in Shippensburg, PA. Looking for USA investors, quick-delivery *Byuk* has suspended service, unable to access its Russian investors' funds. *Gopuff* will launch in France. Australia's *Coles* will use *Google's Wing* to pilot drone delivery in Canberra. *Tortoise* has unveiled mobile smart stores, vending machines for a single product that can be placed where consumers are, such as stadiums, parks, parking lots. *Kitchen United* was named to *Fast Company's* annual list of the *World's Most Innovative Companies & Forbes' Best Start-Up Employers*. *Ginkgo Bioworks* will partner with natural food colorant maker *Phytolon* to help the company efficiently scale its precision fermentation-created pigments. *PepsiCo, Coca-Cola, McDonald's, Starbucks & Yum! Brands* are among those suspending operations in Russia. *Brightseed's* AI platform, *Forager*, discovered liver health compounds in hemp hulls, which typically are discarded. *HumanCo* is rebranding *Coconut Bliss* as *Cosmic Bliss*, & adding a new premium dairy line of ice cream made with 100% organic, sustainably-sourced grass-fed milk. *UNFI* has refreshed its *Wild Harvest Brand*. *Diageo* will build a \$191M *Crown Royal Canadian Whiskey* distillery in Ontario. *Hostess* will invest \$140M to convert an idled factory in Arkadelphia, AR, into a bakery, creating 150 new jobs. *Nestlé* will invest \$675M to build a new 630K sq. ft. beverage plant in Glendale, AZ for *Coffee Mate & Starbucks* brands. Also, *Nestlé* will move *Sweet Earth* production from California to Solon, OH. *Bio-Cat Microbials*, fermented *Bacillus*, will expand its current fermentation production by over 400% at its Troy, VA facility. From the *Wall Street Journal*, the DOJ is investigating whether poultry companies shared employment practices to keep wages lower for employees. *Meati Foods & The Better Meat* are in dispute over intellectual property theft & misrepresentations made to impact fundraising. Another alt-meat IP infringement case is fermenting (*insert laugh track*), as *Impossible Foods* is accusing *Motif FoodWorks* of infringing upon its patent of its heme ingredient. Charles Entenmann, who took his father's bakery national after his father passed away in 1951, died at age 92.

Per the USA Bureau of Labor Statistics, employment in food manufacturing has been on a steady increase, with 40K more jobs in February compared to a year ago. From *FMI*, 25% of shoppers ranked price as the most important factor when deciding to purchase fresh produce, followed by appearance (19%), health benefits (19%) & ripeness (15%). From a *Brightfield Group* analysis of consumer data & social media keywords, stressed Americans are prioritizing sleep & relaxation over plant-based & sustainability in their spending habits. From *Ajinomoto Group*, 64% of consumers know too much sodium is bad for them, 37% said they pay attention to how much sodium they consume & 55% said low-sodium foods are tasteless. USA ashwagandha sales were \$198M in 2020 with 2021, sales expected to reach \$251M, per *Nutrition Business Journal*. From *FMI*, meat sales increased in 2021, driven by inflation. Peru is now the world's leading grape exporter. Chicago wheat futures hit a 14-year high. Cold weather & gas prices are driving iceberg & romaine lettuce prices higher. Food prices jumped 8.6%, another 40-year record.

MARKET NEWS: Markets were down as inflation hit record highs & oil prices soared as a result of an already failed domestic economic policy enhanced by remarkable incompetence on the geopolitical front. Inflation rose to 7.9% YOY, an increase from 1.4% YOY on January 20, 2021. In January, 4.3M people left their jobs.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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