



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



APRIL SHOWERS (BRING MAY FLOWERS) entered the Great American songbook in October, 1921, on Broadway, sung by the legendary Al Jolson. Too many young Americans, for a variety of reasons, will never take the time to listen to Jolson, considered the Greatest Entertainer of the first half of the *Great American Century*. Jolson's emotional voice & style could take audiences to the deepest of despair, & then within just a few bars, to extreme elation. *April Showers* was a great fit for Jolson's style, telling us to "*keep on looking for that bluebird & listening for his song, whenever April Showers come along,*" or as I have always believed, *everything that happens, happens for a reason!*

FOR A REASON: There are many sayings & adages that tell us to look for a bright side or to find the silver lining. My Nona, my dad's mother, always used the old saying, "*God never closes a door without opening a window.*" She was a grand lady, & among my grandparents, the one with whom I was closest. When I was very little, we would bring her to Cleveland from Pennsylvania to spend time with us during the summer months. She was born in Nice in 1881, of mixed Italian & French heritage. As my dad would say, his people were *Piedmontese*, from the mountainous Piedmont region along the French/Italian border, which houses the cities of Genoa, Turin & interestingly, Marengo. My Nona came to America legally in 1912, with three children, & had four more; two of whom died in their childhood. My Nono, my dad's dad, died in 1934. Two of my Nona's sons served in WWII, along with one of her grandsons. She was a warm, easy going lady. She sang songs in French & Italian while she worked around the house & garden. She wove brightly colored floor rugs from old rags & sheets. She did needlepoint & crocheted doilies & table runners. Because she was in a runaway horse cart as a youngster, she did not like riding in cars. So whenever she could, she walked! And she dragged us kids with her. When we visited her in Pennsylvania, she walked us along the railroad tracks, to church on Sunday, along the fields to collect huckleberries & up & down every hill. She passed away 50 years ago this month. I was just 11 & really devastated. She was the first person close to me that I would lose, and what made it worse, I hadn't seen her since leaving Pennsylvania at the end of the previous summer. We went to Pennsylvania to be with family for several days. Upon my return home, my sixth-grade class had already left for a week of camp, a big event in our school system. My parents had to get back to work, so instead of driving me out to camp, I went back to school for the remainder of the week, being placed in a classroom with a group of kids I really did not know. I sat next to a really nice young girl who befriended me & helped me get through the next few days. The following year, in 7th grade, I met a guy who would become my best friend, & he would soon begin dating that nice girl from that sixth-grade class. A few months after we graduated from college, I was the best man in their wedding. And even though we have lived thousands of miles apart since age 18, they remain my best friends. We still talk or text several times a day. The door that closed when I lost my dear Nona opened the window on a lifelong friendship that has brought much joy & happiness. Being placed in that classroom, at that time, happened *for a reason*. True friendship develops over time. George Washington wrote, "*True friendship is a plant of slow growth & must undergo & withstand the shocks of adversity, before it is entitled to the appellation.*" From Emerson, "*The glory of friendship is not the outstretched hand, not the kindly smile, nor the joy of companionship; it is the spiritual inspiration that comes to one when you discover that someone else believes in you & is willing to trust you with a friendship.*" And yes, the test of true friendship comes in the face of adversity, for as Groucho Marx quipped, "*When you're in jail, a good friend will be trying to bail you out. A best friend will be in the cell next to you saying, 'Damn, that was fun.'*"

INDUSTRY NEWS: *Owen's Craft Mixers* closed a \$7.5M round from private investors & a strategic investment from the *Mass Family Office*. *Rowdy Energy* raised \$13M from several firms & private investors. *Copper Cow Coffee*, a specialty Vietnamese coffee company, raised \$8.5M co-led by *Cultivan Sandbox* & *Arborview Capital*, with *Siddhi Capital*, *Silverton Partners*, *Social Starts*, *Montage Ventures*, *CRCM* & *Stormbreaker Ventures* involved. *Hwy Haul*, a supply chain freight platform that connects shippers directly to carriers, raised \$10M led by *Eileses Capital* & *BluePointe Ventures*, with *AgFunder*, *True Blue Partners* & several private angel investors involved. *Burnett Land & Livestock* invested \$1.5M in *CubicFarm Systems*, whose indoor farming platform grows fresh wheat & barley for livestock with much less land & water usage. *LIFEBRANDS Natural Food GmbH* acquired *Revolution Tea*. *JBS* will acquire Netherland's plant-based protein brand *Vivera* for \$409M. *Laird Superfood* acquired *Picky Bars*, energy bars & nutritionally enhanced oatmeal & granola, for \$12M in cash & stock. *Tattooed Chef* acquired *Foods*

of New Mexico (New Mexico Food Distributors & Karsten Tortilla Factory), for \$35M, to expand its plant-based food capabilities. Aramark acquired Next Level Hospitality (culinary services to skilled nursing & rehabilitation centers). Compass Group acquired EAT Club, a virtual cafeteria firm that offers individually ordered & packaged meals in one delivery for companies without dedicated food facilities. Pete & Gerry's Organics sold a majority stake to venture firm Butterfly.

With a general drop in consumer activity & traffic, Sprouts Farmers Market reported lower across the board 1st QTR numbers. The same held true for Natural Grocers by Vitamin Cottage in their 2nd QTR. Sales rose 3.9% in 1st QTR at Publix & earnings rose on securities gains. Ingles Market had 2nd QTR sales growth of 3.4%, while net income grew almost 30%. Net sales rose 2.1% in Weis Markets' 1st QTR but net income fell 9.1%, as YOY traffic fell. In LoBlaw's 1st QTR, sales & comps were flat but net income was up 36%. Amazon's strong earnings also showed a 15.5% decline in brick & mortar sales, including Whole Foods. Uber's 1st QTR bookings rose 27% to \$19.5B, 64% coming from food delivery. Despite a modest growth in customers, Blue Apron saw a 27.1% increase in revenue while posting a \$15.7M loss. Hello Fresh posted wide jumps in 1st QTR USA sales & customers, both YOY & from 4th QTR. Bunge's 1st QTR net income ended at \$831M, after a loss last year of \$184M, while sales rose 41%. ADM saw 1st QTR income increase 76% with a 26% revenue increase, Ag Services & oilseeds driving gains. Beyond Meat shares sank as the company posted wide misses on 1st QTR sales & revenues. Despite lower YOY revenue & earnings, Molson Coors beat analysts' 1st QTR forecasts. Net sales rose 6.5% & net income rose 233% at Pilgrim's Pride in 1st QTR, despite labor shortages & weather-related operations interruptions. Lancaster Colony saw 3rd QTR net income rise 29% & net sales for the quarter gained 11%. The loosening of government mandated lockdowns helped volume return to quick serve restaurants. Net income for Yum! Brands' 1st QTR rose 75% & total revenues grew 18%, driven by new & returning menu items. Starbucks saw 2nd QTR net income double on an 11% revenue gain. McDonald's topped all 1st QTR estimates.

Target & Safeway shoppers can now find weekly deals at these stores in the Google Pay app. Walgreens will offer same-day & 2-hour delivery on more than 24K non-prescription items through its website & app. Kroger, in partnership with Drone Express (a division of TELEGRID Technologies) will pilot autonomous drones for grocery delivery in test locations in Ohio & California. Uber will provide delivery for convenience item platform Gopuff to customers in 95 USA cities. Farmstead will open in the Austin area sometime around mid-year. After an East Coast pilot, Danish surplus food for sale app Too Good to Go is launching its USA expansion. Fast casual chain, Wow Bao, will open 100 locations in the USA & Canada, many of which will be inside Walmart stores, in partnership with Ghost Kitchen Brands. 7-Eleven opened its 8th Evolution store in Manassas, Virginia, with two restaurants, Raise the Roost Chicken & Biscuits & Parlor Pizza, as part of a plan to open more than 100 new restaurants in stores this year. Per their CEO, Saladworks will open hundreds of locations inside grocery stores during the next few years. Weis Markets will spend \$135M on remodels this year. UK potato supplier Branston is building a £6M facility to turn unwanted potatoes into plant protein. Fruit breeding & licensing company IFG plans a new R&D headquarters, Fruitworks, The IFG Discovery Center, in McFarland, CA. Lavazza Group has begun construction on its first USA roasting & packing facility. Swiss ingredient companies Bühler & Givaudan opened a joint R&D center in Singapore to develop plant-based ingredients & products. PepsiCo is opening Pep's Place, a delivery only restaurant featuring Pepsi beverages, snacks & traditional bar food. PepsiCo is also launching Soulboost, a functional sparkling water brand available in two varieties, Lift & Ease. Tyson will add a line of plant-based burger patties & sausages to its Raised & Rooted brand. Maple Hill Creamery launched Zero Sugar Organic Ultra-Filtered Milk, the first product of a new line of sugar free dairy made without sweeteners or additives. Nature's Heart Crunch makes its USA debut, a line of nut cluster snacks from Terrafertil, an Ecuadorian company in which Nestlé owns a majority stake. Nestlé will introduce a pea-based milk in Europe, Wunda. UNFI has added 53 electric refrigerated semis to its fleet. Four months after being acquired by Ahold Delhaize, FreshDirect co-founder & CEO David McInerney is stepping down. A bill was introduced in the Senate to prevent the EPA from issuing regulations on the cattle industry involving biological emissions. The USDA has lowered pork processing line speeds which will raise pork prices.

From Survey Monkey, 86% of USA adults, across age & gender, want to buy groceries themselves at the store. Of the remaining consumers, 7% prefer picking up groceries & the remaining 7% prefer home delivery. ButcherBox reports that 46% of Americans plan to host more at-home dinner parties this year. Due to the inflation of most input costs, chicken prices are rising. While still near all-time highs, flour production fell in the 1st QTR.

MARKET NEWS: The Dow & S&P ended higher, Nasdaq was down, on a bevy of mixed economic news. Job growth was a wide missed, despite lower first-time unemployment claims. The unemployment rate remained higher than expected. Manufacturing came in lower than expected, auto sales higher than forecasts. Factory orders were lower. However, productivity rose & labor costs fell.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – Tom Malenga

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