



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



TED WILLIAMS IS AMONG the most devastating hitters in baseball history, right alongside Babe Ruth. We have written about the on & off the field heroics ([Six for Eight, All Ears!! 09/30/17](#)) of *The Splendid Splinter*, so named for his long, thin frame. His success on the ballfield, & in the skies of the South Pacific as a decorated fighter pilot in WW2 & Korea, was attributed to his keen eyesight & hand-eye coordination. Legend says his eyesight was 20:5! He could see at 20 feet what a normal person sees at 5 feet – equivalent to the vision of an eagle. Yet we could find, especially at Halloween, that Teddy Ballgame's controversial interest in cryogenics, proves him to be a visionary!

VISION: Civilization was created by visionaries. Think of our good friend Thuk. Thuk looked at the world around him & envisioned a better, more productive & fulfilling place. He became a farmer, a hunter, an investor, an explorer, an entrepreneur & a leader in his community. He created businesses & governments. He saw what was around him, sought to understand it & then look beyond it. This is what visionaries do. They look at the facts on the ground, apply some deductive reasoning, insert a bit of gut feeling, add some inspiration & see an outcome that others cannot. Vision does not depend upon education, especially in today's world where education consists of rote learning of tired, well-worn bureaucratic-driven mantras instead of focusing on independent, critical thinking & analysis. True vision depends on imagination, imagining things that can actually come to be. Visionaries step out from the crowd; they don't fit the norm of rational thinking or action of the masses. They are, at best, called dreamers; at worst, crackpots; & at the very worst, conspiracy theorists. It is visionaries who saw a mountain & climbed it, saw the ocean & sailed it, saw an endless frontier & explored it, saw the skies & left the ground behind. It is visionaries who saw men & women toil at their jobs, then invented tools & machinery. It is visionaries who built cities & commerce on solid bedrock, near calm ocean inlets, by roaring rivers & even in insect-infested swamps. And there are visionaries who warn of the future world, of the real risks & dangers facing their society, only to be dismissed & ignored. Visionaries see what is not there; they see beyond the obvious. From Thoreau, "*It's not what you look at that matters, it's what you see,*" & from Proust, "*The real voyage of discovery consists not in seeking new landscapes, but in having new eyes.*" Our vision can be our motivation. Lebanese-American author Khalil Gibran tells us, "*We are limited, not by our abilities, but by our vision.*" Visionaries see beyond the limits of the world they know & see. They are not those that physicist Arthur Schopenhauer described, "*Every man takes the limits of his own field of vision for the limits of the world.*" And yes, visionaries take a risk, as Ayn Rand wrote, "*Throughout the centuries there were men who took first steps, down new roads, armed with nothing but their own vision.*" That risk is well worth it, as T.S. Eliot wrote, "*Only those who will risk going too far can possibly find out how far one can go.*" Vision requires not being bound by what we see or by our own experiences which likely narrow our perspective. Lillie Langtry, 19th century stage star, reminds us, "*Anyone who limits her vision to memories of yesterday is already dead.*" It is visionaries who keep us focused on tomorrow; a better, more fruitful & more fulfilling tomorrow. From American patriot & patriarch George Washington, "*When there is no vision, there is no hope.*" This is what visionaries bring to us, a new view with the chance of that better tomorrow, for as Sir Alfred Lord Tennyson wrote, "*For I dipped into the future, far as human eye could see, Saw the Vision of the world, & all the wonder that would be.*"

INDUSTRY NEWS: Swedish better-for-you ice cream & snack brand *Nick's* closed a \$100M round led by *Kinnevik, Ambrosia, Temasek & Gullspang*. *Aqua Cultured Foods*, fermented fungi seafood, raised \$2.1M from *Supply Change Capital, Aera VC, Sustainable Food Ventures, Lively VC, Conscience VC, Kingfisher Capital, Hyde Park Angels & Big Idea Ventures*. *Shiru*, food science ingredient company, raised \$17M led by *S2G Ventures, with Lux Capital, CPT Capital, Y Combinator, Emles Venture Partners, The W Fund, SALT & Veronorte* participating. Plant-based meat startup *Abbot's Butcher* closed a Series A funding round led by *Melitas Ventures, with Unovis, SOSV & private investors* involved. Micro-fulfillment technology company *Fabric* closed on \$200M with a \$1B+ valuation with *Temasek, Koch Disruptive Technologies, Union Tech Ventures, Harel Insurance & Finance & Pontifax* involved. CPG AI data analytics platform *Bedrock Analytics* raised \$5M from *Cervin Ventures & Illuminate Ventures*. *Shenandoah Growers*, indoor farming company growing 35% of the USA market, has rebranded as *Soli Organic* & reached a \$120M financing arrangement with real estate development firm *Decennial Group* for expansion. *Pure Harvest Smart Farms*, indoor farming, raised \$64.5M led by *IMM*. Ag marketplace *DeHaat* raised \$115M led by Belgium's *Sofina* & UK's

Lightrock, with involvement from *Temasek*, *RTP Global*, *Sequoia Capital*, *Prosus Ventures* & *FMO*. *GrubMarket* raised \$145M from *BlackRock*, *Liberty Street Funds*, *Japan Post Capital*, *Walleye Capital*, *Celtic House Asia Partners*, *INP Capital*, *Pegasus Tech Ventures*, *RIVC* & *Gaingel*. Then, expanding into Canada, *GrubMarket* acquired Vancouver-based *Funtech Software*, eCommerce storefront developer, to form an overseas software technology R&D center. *FGF Brands* will acquire the *Weston Foods* fresh & frozen bakery businesses of *George Weston Ltd.* for \$1.2B, a 10X multiple of estimated 2021 EBITDA. Plant-based foods maker *Tattooed Chef* will acquire *Belmont Confections*, a Youngstown, Oh manufacturer, for \$18M in cash & stock. *Above Food* will purchase plant-based *Atlantic Natural Foods*, a deal valued at over \$30M. Asian e-grocer *Weee* will acquire online Asian food delivery company *Ricepo*. *1-800-Flowers.com* will add products by acquiring *Vital Choice Wild Seafood & Organics*, a processor of seafood, shellfish, organic food & supplements. *The Puratos Group* acquired *Schobbers*, Netherlands-based supplier of seeds, kernels & flakes for the baking industry, terms not disclosed. *Coca-Cola* is nearing a deal to buy a majority stake in *BodyArmor* that would value the brand at \$8B, per *Bloomberg*. *VMG* will initiate a \$200M IPO for *VMG Consumer Acquisition Corp.* *Credit Suisse* lowered *Oatly's* near term stock price target by 20% amid rising inflation & supply issues.

Albertsons topped the high end of Wall Street's earnings forecasts for 2nd QTR as net (up 4.7%) & identical sales (up 1.5%) surpassed previous year results. *Amazon* reported lower income in 3rd QTR & mild sales growth, signaling a 4th QTR growth warning due to continuing supply chain & labor issues. *Hershey's* 3rd QTR saw a slight sales increase & flat earnings caused by inflation & supply chain issues. *Nestlé* reported a 2.2% sales growth in the first nine months of 2021. The hard seltzer downturn caused a 3rd QTR net loss of \$58.4M for *Boston Beer*. Operating income at *Gruma USA* in 3rd QTR was up 1% & sales increased 4%. *Kraft Heinz* topped estimates in 3rd QTR & raised full year guidance, price increases helping to drive results. *Coca-Cola* posted 3rd QTR increases in income (42%) & sales (16%), on away-from-home sales, raising full year projections. Income (149%) & sales (16%) both rose in *Bunge's* 3rd QTR, raising its full year outlook. *Sodexo* reported an overall decline in fiscal 2021 sales of 9.8% with a 13.3% decrease in North American sales. Sales jumped 22%, comparables were up 15.1% & earnings rose 254% in 3rd QTR for *Chipotle* driven by returning customers & new menu items. *Restaurant Brands International* had a down 3rd QTR on lower comparable sales as *Popeye's* reduced hours due to labor shortages & *Burger King* promotions fell short of expectations. *Beyond Meat's* stock price fell on news of lower plant-based meat sales.

Kroger's Home Chef meals hit \$1B in sales, 3 years after *Kroger* acquired the brand. *Whole Foods* is planning cafes with *La Colombe*. *Dollar Tree* now offers same-day delivery via *Instacart* across nearly 13K locations. *Target* is adding 18K curbside pick-up slots & enhancing its shopping app with a variety of options. *Giant Food* will pilot *Flashfood*, eCommerce app for discounted food near its best-by date, in 3 stores. *Uber* & French retailer *Carrefour* have launched *Carrefour Sprint* on the *UberEats* app with 15 minutes or less delivery across Paris of nearly 2,000 items, including produce, dry goods & cleaning products. *Unilever*, per *Bloomberg*, has increased pricing by 4.1%, its largest increase in almost 10 years. *Hershey* & *The a2 Milk Company* will co-brand a chocolate milk product. *Gordon Food Service* & indoor-farm *Square Roots* debuted a new Michigan indoor farm, starting a strategic partnership. *Agropur*, dairy ingredients, will invest \$168M to build a new facility in Wisconsin.

Per the *NGA*, independent grocer sales increased 17% in the past year (13.5% adjusted for inflation) with eCommerce & basket size driving sales. From *Placer.ai*, visits to grocery & superstores rose 7.6% in 3rd QTR compared to 2019, while dining visits declined. A survey from *Advantage Solutions* indicates food retailers & manufacturers expect to see higher sales, due to higher prices caused by government policy driven inflation, improved supply & reduced trade spend. From a *Mercatus/Incisiv* study, eCommerce sales will be 20% of total grocery sales by 2026, up from 9.5% today. From *IRI*, plant-based meat sales are down 3.1% but real meat sales are 4.1% higher. The global alt-protein market reached \$40B billion in 2021, per *Euromonitor*, up from under \$35B, with projections to grow to \$45B in 2025. From *Mintel*, younger consumers are choosing to buy enhanced water. Also, *Mintel* reports all consumers are becoming more concerned about the price of products they want as they look for products with healthy attributes. From a study by *American Journal of Preventive Medicine*, while consumption of sugar enhanced fruit drinks consumed by children under five dropped 27% from 2006 through 2017, consumption of waters sweetened with sugar or non-nutritional sweeteners rose 68%. From the *New York Times*, the cost of this year's Thanksgiving celebration will be at an all-time high. Cooler California weather is the reported cause of higher bell pepper prices. High demand & industry usage is partly the reason for higher oat prices.

MARKET NEWS: Markets rose again this week despite a collapsing GDP report coupled with high unemployment, a dip in consumer spending, supply chain issues & inflation. The people in Washington DC continue to promote an economic crushing agenda apparently designed to hurt American families.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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