



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**A MIDWESTERN AUTUMN GETAWAY** requires a tailgate, a college football game & the requisite harvest festival! We were driving east on Indiana route 6 toward Nappanee; the next day was the *Nappanee Apple Festival!* As we drove through the farmland, a giant full moon rose above us. Suddenly, the landscape became surreal – a newly harvested moonlit field; the golden remains of the stalks still covering the earth. The field was bordered by red & golden trees, the leaves sparkling in the moonlight as they danced with the wind. Neatly bound golden bales, the farmer's hard work, lined the far end, each reflecting a golden beam of moonlight that cut through the midnight blue.

**THE INTANGIBLE HARVEST:** The *Nappanee Apple Festival* features apple cider, deep fried apple fritters right from the boiling cauldron, various versions of apple stews & soups, apple turnovers & of course, apple pie - *including a 7-foot apple pie!* As Ohio natives, we must admit to attending a number of state fairs, county fairs, corn festivals, peach festivals, wheat festivals, pumpkin festivals, potato festivals – if it grows & the harvest is good, throw a party & invite a band or two! The harvest festival has always been a celebration of the farmers' hard work, a spring & summer season of work & worry, followed by the work & worry of the autumn harvest. Will the crops be ready in time to get the best price at market, can it all be harvested before the weather turns, are there enough workers & machinery to get the harvest done? The harvest has always been hard work, but it became easier with mechanization in the mid-19<sup>th</sup> century. Cyrus Hall McCormick, at age 22, improved his father's design to make the first practical reaper for cutting grains. Obed Hussy, however, beat the young McCormick to the patent office in 1833 with his own design. For years there were dueling patents, McCormick's continuing innovations eventually winning out over Hussey's quality. McCormick added a raker, baler, binder & eventually a thresher, which separated the cut stalks. Machines that did these multiple functions became known as combines. McCormick's company eventually became known as *International Harvester*, now *Navistar*. Well into the 20<sup>th</sup> century, these machines would arrive in a farming community, then the farmers & families would work together to complete the harvest as quickly as possible. The men & older children worked in the fields, while the women & younger children kept the food coming to nourish the workers! And when the harvest was completed, it was not just a time to celebrate, but a time to reflect. Many of us always focus on the work & effort, never taking time to see the rewards of our hard work. English poet William Blake wrote, "*In seed time learn, in harvest teach, in winter enjoy,*" & from American author & nun Joan D. Chittister, "*The harvest of youth is achievement; the harvest of middle-age is perspective; the harvest of age is wisdom; the harvest of life is serenity.*" Of course, like farming, there is no harvest in life without the hard work, trying & doing our best, for ourselves & others, with no guarantee of a plentiful harvest. Albert Schweitzer wrote, "*It is not always granted to the sower to see the harvest.*" Yet, we must put in the work, from W.E.B. Du Bois, "*Today is the seed time, now are the hours of work & tomorrow comes the harvest & the playtime.*" Take the time to reflect on the harvest, as time passes quickly. American author & WWI diplomat Henry Van Dyke wrote, "*Like water spilt upon the ground -- alas, our little lives flow swiftly on & pass; Yet may they bring rich harvests & green grass!*" Take the time to reflect on those things, whether large or infinitesimally small, that you harvest from your daily toil. We close with Thoreau: "*The true harvest of my life is intangible - a little star dust caught, a portion of the rainbow I have clutched.*"

**INDUSTRY NEWS:** *New Age Meats* raised \$25M led by *Hanwha Solutions*, with participation from *SOSV's IndieBio*, *TechU Ventures*, *ff VC* & *Siddhi Capital* & will begin manufacturing sausage products combining cell-cultured & plant-based meat at a 20K sq. ft. facility in California. *Oatmilk pudding, Noops*, raised \$2M led by *Lerer Hippeau* just two months after raising \$2M in pre-seed funding. *Avo*, a vertically integrated residential & office delivery platform, completed a \$45M round (\$80M in total funding), led by *Insight Partners*, with *Kleiner Perkins* & *JLL Spark* involved, to expand into ten major markets in the next year. *Perfect Day* reached \$750M in total funding with an additional \$350M from *Temasek*, *Canada Pension Plan Investment Board*, *Horizons Ventures*, *Bob Iger* & *SK, Inc.* *Karp Reilly* & *Stage 1 Fund* led a \$3.3M round in *Spudsy's*, imperfect sweet potato snacks. London dark store fulfillment company *Jiffy* raised \$28M, led by family office *Heartland*, bringing its total raise to date to \$35M. Precision ag-tech company *Semios* raised \$100M led by *Morningside Group*. Livestock platform *Vytelle* closed on \$13.2M for its technology that lets livestock producers reproduce their best genetic cows, co-led by *Open Prairie* & *Fulcrum Global Capital* with *Serra Ventures*, *Innovation In Motion*, *KCRise* & *Wheatsheaf Group* participating. USA ag robotic company *Burro* raised

\$10.9M led by *S2G Ventures & Toyota Ventures*, with involvement from *F-Prime Capital, Cibus Enterprise Fund, Radicle Growth & ff Venture Capital*. *BlackRock's Secondaries & Liquidity Solutions* made an undisclosed but significant investment in *Flagship Food Group*, makers of *505 Southwestern, La Tortilla Factory, Lilly B's, Hatch Kitchen, TJ Farms* & more. The *Canadian Business Growth Fund* made a minority growth equity investment in *Stephano Group*, private label manufacturer of hot & cold cereals, nutrition bars, snacks & granola products. *Pilgrim's Pride* completed the acquisition of *Kerry Consumer Foods' Meats & Meals* business. *AAK* has agreed to acquire *BIC International Holding's* lecithin business, expanding *AAK's* European lecithin market. *Barnana Snacks* will acquire its Latin American supply & manufacturing partner, *Agroapoyo*, based in Quito, Ecuador. *Inmar Intelligence* will acquire digital marketing company *Aki Technologies* to bring together its data collection activities with *Aki's* personalization technology. Startups developing innovative food & ingredients, including alt-proteins, raised a total of \$1.4B between January & June, increasing 25% over last year, according to *AgFunder* data.

*Costco's* 4<sup>th</sup> QTR & full year numbers blasted past previous year results. Despite supply chain disruptions, *UNFI* reported better than expected 4<sup>th</sup> QTR earnings on slightly lower revenue. *McCormick* reported a strong 3<sup>rd</sup> QTR, beating estimates, but share price sunk as the company cited unprecedented inflationary pressure.

*Schnuck's* will reduce hours due to the inability to find workers. *Whole Foods* will expand its additional \$10 fee on *Prime* members for delivery nationwide. *Weis Markets* will partner with *DoorDash* for delivery. *Rite Aid* will partner with *Uber Eats* for delivery. *Giant* will launch 30-minute delivery with *Doordash*. *Target* will hire 100K seasonal workers. *Walmart* will seek 150K new associates for the holiday season. *Hy-Vee* will deploy *Simbe's Tally* robot in 5 stores. *Albertsons* will implement *Procurant's* platform for fresh product purchasing & order management across all of its companies. *Casey's* will acquire 40 *Pilot* c-stores in Kentucky & Tennessee. *Associated Grocers of Baton Rouge* will offer its 180 independent grocers across three states *Rosie's* eCommerce solution. *Gorillas* will lay off personnel & pause its USA expansion to focus on growth & efficiency in the NYC market. *Gopuff* is planning to open an omnichannel store with digital ordering kiosks & built to efficiently manage in-store & on-line orders, with employees picking products. *Koch Foods* will invest in a \$220M expansion of its existing poultry processing facility in Ohio. *Mission Produce* opened a new \$50M facility in Laredo, Texas. *Ball Corporation* will invest \$290M in a new aluminum can plant in Nevada. *Dr. Schär USA*, gluten-free baked foods, will expand its New Jersey manufacturing plant by 42K sq. ft. *Motif FoodWorks* is seeking GRAS approval for a heme-binding protein from cow tissue that allegedly delivers the flavor & aroma of meat. *Barilla* will launch a chickpea pasta. *Anheuser-Busch* will distribute vitamin D enhanced *ShineWater*. Daniel Lubetzky, along with friends & former *KIND* partners, has launched a line of better-for-you Mexican-inspired entrees, sides & chips, *Somos*. John Mackey will retire from *Whole Foods* & will be replaced by COO Jason Buechel.

*Inmar Intelligence* projects that the dollar share for the traditional grocery retail channel will rise just 0.6% to 45% by 2025 while supercenters, mass merchants, wholesale clubs, dollar/extreme value stores, drugstores & military commissaries will see their grocery dollar share grow 1.7% to 42.1% during the same time period. C-store grocery dollar share will shrink 2.3% to 12.9%. From *IRI*, named-brand sales rose 3.6% to \$536B in the past year, while private label sales increased 1.5% to \$14B, with brand names accounting for more than 70% of every food dollar spent. From *Vericast*, 60% of consumers are searching for coupons, deals & discounts to offset higher prices, with 31% saying they are using more deals than last year. From *Deloitte*, consumers, now worried about perishability & cost, are beginning to see frozen as a better option. Per *Spins*, sales of meat & dairy with non-GMO & animal welfare claims are trending higher. From the *National Retail Federation*, Halloween candy sales are predicted to hit \$3B this year, up 15% over 2019 & 20% more than last year. From *ACI Worldwide & PYMNTS*, 55% of on-line grocery shoppers have used mobile devices. From a survey conducted by *Danone*, only 25% of USA consumers plan on adding probiotics to their daily regimen, though 59% will add vitamin C & 49% are looking to add vitamin D & vitamin B. A study from *Frontiers of Nutrition* found that removing foods from the diet that use enriched refined grains has resulted in more Americans not meeting recommendations for several nutrients, including fiber, folate, iron & magnesium. *Leafreport* tested 29 CBD coffee & teas, finding that the content labeling was off by 11.5% to 62%. Due to government mandated lockdowns, data from the CDC & *Prevention* reveals that a total of 16 states now have obesity rates of 35% or higher. Banana exports from Panama are up 7.1%, with the USA as primary destination. Fresh tomato prices are rising due to late summer storms. Broccoli & cauliflower prices rose once again. Pea prices are higher, impacting the cost of pea protein.

**MARKET NEWS:** Markets sold off during the week on treasury yields, inflation reaching a new 30-year high, consumer confidence & the people in Washington DC seeking economically crushing spending & tax hikes designed to cripple American families & burden future generations of Americans with a suffocating debt. Unemployment claims rose.

## **SEEDS, SPROUTS, GROW, HARVEST!**

**THE LITCHFIELD FUND** – *Tom Malenga*

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