



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

It's DECEMBER. IT'S COLD AND DARK. You are stranded in a small town, still 40 miles from your destination – *home*. You haven't been home for four years. You have gotten this far by train & bus. You don't have a phone, & even if you did, the people you would call don't have a phone or a car to come get you. Forty miles of wilderness, hills & valleys. But the yearning to be home is strong, so you start to walk. You stick out your thumb as the first motorist comes by. The good Samaritan stops. He knows what boys, men like you, have been through for the last four years. He offers you a ride - *home*. December, 1945, & for the first time in years you will be home. *Home for Christmas!*

HOME FOR CHRISTMAS: Christmas for my dad's family, in the years before WWII, was simple & spartan. The large Italian family would walk, through snow & beneath a starlit sky, to midnight mass at the church Heilwood, about 4 miles away. Afterwards, the children would go straight to bed. Santa Claus would bring the tree, light it with candles & decorate it with apples, pears, nuts & a few pieces of candy, which were also the children's gifts. This picture of a serene, folksy, Pennsylvania mountain Christmas came to a sudden end 80 years ago this week, on Sunday, December 7, 1941. Most of America was just sitting down for Sunday lunch or finishing Sunday worship when the Japanese attacked Pearl Harbor, just before 8 AM in Hawaii. Within 20 minutes, a Japanese bomb went down the smokestack of the USS Arizona, the flagship & pride of the USA fleet, sending 1,177 men to their graves. Most Americans had never heard of Pearl Harbor - they grabbed a globe, an atlas or the National Geographic magazine. Most would not know the names of the islands, nations & cities that would soon fall to the evil of Japan's military – Guam, Wake Island, Corregidor, Bataan, Saipan, Guadalcanal, Midway, Hong Kong, Burma, Thailand & islands all across the Dutch East Indies & the Solomons. Most Americans had hoped the USA would remain neutral in the European war & were not well informed about Japan's aggression in Asia. The media, much like today, knew some of the truth of the evil of these socio-fascist, jingoistic, totalitarian regimes, the Japanese Empire & the National Socialist Workers' Party of Germany, but they did not, for many reasons, report what they knew. In Germany, large groups of people were ostracized & removed from society. Sacred human rights – speech, thought, religion, belief & even movement (*Your Papers, Please!*) were restricted. Life became cheap & people became sheep. They complied to survive; those that didn't, were silenced. Japan had been at war since the early 1930s & to be blunt, had raped & pillaged the areas they had conquered. But for the first time in more than a decade, *Life in these United States* was pretty good, overcoming the depression & FDR's tax & spend mistakes. People were working, cars were rolling off the assembly line in Detroit, coal was being mined in the Appalachians & Cleveland was pounding out steel. All this changed on December 7, as people listened to their radios, wondering what this all meant. The next day it became clear, when FDR spoke to a joint session of Congress, "*Yesterday, December 7, 1941 - a date which will live in infamy...*" FDR stated boldly what was at stake, where America stood & what America needed to hear, concluding with, "*With confidence in our armed forces, with the unbounding determination of our people, we will gain the inevitable triumph -- so help us God. I ask that the Congress declare that since the unprovoked & dastardly attack by Japan on Sunday, December 7th, 1941, a state of war has existed between the United States & the Japanese empire.*" Millions of boys were drafted or enlisted. They soon left home on busses & trains, heading off to places they had never heard of before. When they could communicate home, it was going to be by letter. And many of those letters, over the next few years, would be destroyed by war or weather, never reaching home. Some families would not hear news of their son for years, always dreading the knock on the door from *Western Union*, "*We regret to inform you...*" For GIs & their families, songs like 1942's *White Christmas* & the following year's, *I'll be Home for Christmas*, brought back those simple times of walks to midnight mass & a candlelit tree with goodies for the kids. These boys & their families were sacrificing a lot, some more than just a few Christmases. And perhaps not knowing all the reasons why, they sacrificed because they believed, on December 7, 1941, what many Americans still believe today – that America is good, that America is great & that She will always stand up for those sacred human rights - that are constantly under attack from overreaching, corrupt, power-hungry governments – *Life, Liberty & the Pursuit of Happiness*. My dad's journey in December, 1945, was no different than millions of other boys, men, who after years were returning home – home for Christmas.

INDUSTRY NEWS: *Hooray Foods*, vegan bacon, raised \$2.7M from *Lyra Growth Partners*, *Evolution VC Partners*, *Gaingels & Sand Hill Angels*. *Back To The Roots*, organic gardens, raised \$15M from *S2G Ventures*, *Loft Growth Partners*, *Fenwick Brands*, *Echo*

Capital & others. Jokr, 15-minute delivery, will expand to Boston after a \$260M raise (following a \$170M raise this summer) led by *GGV Capital, Balderton Capital & Tiger Global Management*. *Pepper*, eCommerce platform for food distributors, raised \$16M to enhance the ordering experience for distributors servicing over 25K restaurants & grocery stores in the USA & Canada, led by *Index Ventures* with participation from *Greylock, Imaginary Ventures, BoxGroup & Moving Capital*. Food waste mitigation platform *Spoiler Alert* raised \$11M million led by *Collaborative Fund*, with participation from *Acre Venture Partners, The Betsy & Jesse Fink Family Foundation, Maersk Growth, Spring Point Partners & Valley Oak Investments*. *Flytrex*, a drone food & retail product delivery company, raised \$40M led by *BRM Group*. GoodLeaf Farms will expand its Calgary operations with a \$2.7M investment from Alberta government's *Investment & Growth Fund*. Online bulk-products retailer *Boxed.com* will acquire New York City online grocer *MaxDelivery*; terms not disclosed. *FreshEdge*, produce & specialty food companies backed by *Rotunda Capital Partners*, acquired *Monteverde's*, a fresh produce distributor near Pittsburgh. *Royal DSM* will acquire Norway-based *Vestkorn Milling* (for €65M); a processor of pea & bean-derived ingredients for plant-based protein products. *Florida Food Products* will acquire a majority stake in *Comax Flavors* from the Calabretta family founders; terms not disclosed. *Antelope*, a pet-focused omnichannel platform, acquired *Bocce's Bakery*, a natural, limited-ingredient pet treat company, for an undisclosed sum. *FAT Brands* reached a deal to acquire *Native Grill & Wings*, a chicken wing chain, for \$20M. *AVI Ltd.* is in talks with *Mondelez International* regarding a potential acquisition of *AVI's Snackworks* business.

Kroger beat 3rd QTR estimates & raised guidance, fueled by price inflation. Net sales at *Ingles* increased 11.6% to \$1.34B in 4th QTR with net income up 23.8%. *Dollar General* posted stronger-than-expected 3rd QTR earnings & set higher full-year sales forecast, as shoppers battle the highest inflation in 30+ years. *Treehouse Foods* saw EPS fall from 21¢ to 12¢ on a slight revenue increase in 3rd QTR, despite increasing prices to make the customer pay for inflation. On-line marketplace *Vejji* reported 3rd QTR increases in sales in its first public reporting period & projected a \$1M revenue target for 4th QTR.

Dollar General will add produce to another 1,000 stores. *Trader Joe's* opened a new store in NYC's upper east side, considered the wealthiest neighborhood in the USA. *Starbucks* opened its first *Amazon Go* powered cashierless store. *Sainsbury* has deployed *Amazon's* cashierless technology to a new c-store concept, *SmartShop Pick & Go*, in the Holborn Circus district of London. NYC instant grocery delivery service *1520* shut down due to a lack of funding. *7-Eleven* will pilot autonomous delivery with *Nuro* technology. *Kellogg* has reached a tentative agreement with its striking union workers. University of Arizona will deploy *Yandex's* self-driving robots for *Grubhub* meal delivery. Scientists at UC Davis have developed a reusable, compostable, soft jelly pack made of 90% water & other components that stay frozen for shipping & storage. *Reef Technology's* ghost kitchen growth has been slowed by health & safety violations in several states. *American Peanut Growers Group* will invest \$85M to expand its Georgia shelling plant & open a new food processing facility. *Danone* will transform one of its French dairy factories to a plant-based production facility, in order to produce *Alpro* plant-milks. *JBS' Planterra Foods* opened its new 189K sq. ft. production facility in Denver. *Beneo* will increase its chicory root production capacity by more than 40% with a \$33M investment in production facilities in Chile & Belgium. *Roquette*, a *Beyond Meat* supplier, has opened a 200K sq. ft. pea protein plant in Manitoba, Canada & now has pea protein plants on both sides of the Atlantic.

Researchers from Lithuania's *Institute of Botany Nature Research Center* are using a selected mix of bacteria from families such as *bacillus, acinetobacter & pseudomona* to improve production & nutritional value in blackberries, strawberries & black currents, per *The Economist*. From *Gastroenterology*, carboxymethylcellulose, a widely-used emulsifying & thickening food additive ingredient, can alter the intestinal environment of gut microbiome, disturbing the levels of beneficial bacteria. Balmy weather here in Arizona & in California's desert growing region is increasing growth & volumes, which is causing a price drop for green leaf, iceberg & romaine lettuce. From the *National Peanut Board*, peanut consumption in the USA has hit a record level for the second year in a row, with each American consuming on average 7.9 lbs. of peanuts this year. Mexican blueberry production grew at 2.6% in 2021, the slowest growth in the last 5 years. According to the USDA report, Chile is set to produce 220K tons of avocados in the 2021-22 marketing year, reflecting a 57% increase from 140K tons in the prior year.

MARKET NEWS: Markets were down this week. November new jobs widely missed expectations. The FED Chairman removed the word *transitory* from its inflation comments, finally realizing what even the most casual economic observer has recognized since January, 2021. *RBC Capital Markets* indicates ports will remain clogged well into mid-year 2022. *CNBC* reports Black Friday & Cyber Monday sales came in lower than last year & 2019. The FTC will work with retailers & large producers to investigate the supply chain issues caused by government economic policies that have led to inflation & staffing issues. From President Ronald Reagan, "*The nine most terrifying words in the English language are, I'm from the government & I'm here to help.*"

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenga*

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