



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**IT WAS A BLIND DATE!** Across from me sat an amazing person. She was smart, sweet, funny & beautiful. I sat there, nervously picking on the traditional meal of blind dates, *a chicken Caesar salad*. I spent the entire dinner trying to work up my nerve to ask her for another date, knowing full well that I didn't have a snowball's chance in hell. Unbelievably, she gave me her phone number. A dear friend, a big sister type who has since passed, afterwards asked how it went. I told her about the evening, then said, *"It seems like she has a really big heart, I wonder what it would be like to be loved by that heart?"* Now, decades later, I know! And for that, *I am truly thankful!*

**THANKFUL:** It is somewhat inappropriate that we set aside just a single day to consider all things for which we are (or at least should be) thankful. No matter what our lives have been like - the joys & sorrows, the surprises & disappointments, the successes or failures, the elation or grief - we are still here, still standing, with a new chance to try again every 24 hours. Tecumseh writes, *"When you rise in the morning, give thanks for the light, for your life, for your strength."* It should be, as the years pass, that we find many things for which to be thankful - those we have earned through hard work & effort & those which Grace has granted upon us. In the daily hubbub of life, we often forget to be thankful, not just for what is incredibly meaningful or momentous, but also for that which is small & seemingly insignificant - the warmth of sun as it breaks the morning chill, the dog that lays his sleeping head upon your foot or an unexpected act of kindness from a stranger. A thankful heart is a humble heart; a realization that the world around us is wonderful & glorious but also petty & evil; & that we are blessed to be who we are & to have what we have. A thankful heart recognizes those that have made a difference in our lives, be it a spouse, family, friends, teachers, mentors or those who serve & protect. And hopefully, whether the events or people in our lives have had a positive or negative effect upon us, we keep with us the best of each, whether remembering a kindly smile or a life lesson learned the hard way. It may be somewhat strange to give thanks even for the hardships we experience, but life is about getting the most from every moment. Coach-philosopher John Wooden tells us, *"Things turn out best for the people who make the best of the way things turn out."* Recognizing & being thankful for the blessings in your life takes practice. Emerson writes, *"Cultivate the habit of being grateful for every good thing that comes to you & to give thanks continuously. And because all things have contributed to your advancement, you should include all things in your gratitude,"* & from the Buddha, *"Let us rise up & be thankful, for if we didn't learn a lot today, at least we learned a little."* Being honestly thankful makes us realize the forces at work are greater than ourselves & that we are truly humbled by its Glory. From G.K. Chesterton, *"I would maintain that thanks are the highest form of thought; & that gratitude is happiness doubled by wonder."* Be thankful every day, not just on a single Thursday in November. From William Arthur Ward, *"Gratitude can transform common days into thanksgivings, turn routine jobs into joy & change ordinary opportunities into blessings."* So, it is with a grateful & humble heart that **ALL EARS!!** wishes you & yours a Happy Thanksgiving! We close with words from the ever-courageous Dietrich Bonhoeffer, *"It is only with gratitude that life becomes rich."*

**INDUSTRY NEWS:** *JuneShine*, hard kombucha, raised \$24M led by *Amberstone & Litani Ventures*. *Goodles*, mac & cheese, raised \$6.4M from *Springdale Ventures*, *Willow Growth Partners*, *Third Craft*, *Gingerbread Capital* & *Purple Arch Ventures*. Sustainable open-sea clam farm, *Oceano Fresco*, raised \$6.9M led by *Aqua-Spark* & *Semapa*. *Grubmarket* raised another \$200M from *Tiger Global Management*, *BlackRock*, *Liberty Street Funds*, *Apeira Capital*, *Japan Post Capital*, *Celtic House Asia Partners*, *We Capital* & *Walleye Capital*. *Farmers Business Network*, a fintech marketplace for farmers & a data analytics platform for online grain & inputs, raised \$300M from *Fidelity Investments*, *Colle Capital Partners*, *Walleye Capital*, *Tudor Investment Corporation* & *ADM*. Australia's *FoodByUs*, an online marketplace that connects chefs & caterers with food & beverage suppliers, raised \$7.29M led by *Macquarie Capital*, with *Base Capital* & *FJ Labs* involved. *Monarch Tractor* raised \$61M in a series B round for autonomous electric tractors, led by *Astanor Ventures*, with participation from *CNH Industrial*, *At One Ventures* & *Trimble Ventures*. *Plastomics*, technology to improve crop yield, raised \$7.1M led by *Lewis & Clark AgriFood*. Israeli sensor-based farmtech company *Fieldin* acquired *Midnight Robotics* for an undisclosed sum. *Acosta* will acquire *Premium Retail Services*, a provider of tech-enabled retail merchandising, in-store sales & training, advanced analytics & other retail solutions. *Hearthside Foods* will acquire the cookies, crackers, cones & wafers division of *Weston Foods*, including six bakeries, for \$296M. *Heineken* plans

to purchase South Africa's *Distell Group Holdings & Namibia Breweries* to form a southern African drinks group worth €4B. *JBS* will acquire a majority stake in Spanish cultivated meat company *BioTech Foods*. *Batory Foods* will enhance its ingredients portfolio with the acquisition of *DMH Ingredients* & its sister company, *NatureStock Foods*; terms not disclosed. *Anheuser-Busch* purchased *Hoop Tea*, tea-infused malt beverages & seltzers. *Unilever* finalized the sale of much of its tea business (34 brands, including *Lipton* & *Tazo*) to *CVC Capital Partners* for \$5.1B. *Restaurant Brands International* will buy *Firehouse Subs*, for \$1B in cash. *Eat Beyond* will acquire Canada's *Mylk Brands* & its subsidiary *Fresh Start Beverage (Banana Wave)*. *Danone* will sell Denmark-based water brand *Aqua d'Or*. Activist firm *Elliott Advisors* (London-based affiliate of USA firm *Elliott Investment Management*) has revealed that it has a 3%+ economic interest stake in *Ahold Delhaize*. *AcreTrader* launched its land brokerage platform that allows users to make fractional investments in farms. *Sweetgreen* will IPO 13M shares at a \$28 offer price. USA agricultural cooperatives *CHS* & *Growmark* have launched a \$50M VC Agtech investment fund.

Grocery sales drove a strong 3<sup>rd</sup> QTR for *Walmart*, with a more than a 9% increase in comparables & adjusted earnings beating estimates. *Target* also surpassed 3<sup>rd</sup> QTR expectations & is stocked for holiday shopping. *BJ's Wholesale* reported 3<sup>rd</sup> QTR sales up 14.4% with a slight increase in net income, driven by grocery. Despite a drop in 3<sup>rd</sup> QTR comps, *Grocery Outlet* beat estimates on sales & income. *Ahold Delhaize* posted strong 3<sup>rd</sup> QTR sales gains in the USA & Europe. *Natural Grocers* saw increases in 4<sup>th</sup> QTR sales (3.2%), comparables (2.5%) & net income (93.3%). *LoBlaw's* saw 3<sup>rd</sup> QTR income rise 32.2% on a 2.4% revenue increase. Despite a 9% drop in sales, price increases helped *Hain Celestial* post a net income of \$19.4M in 1<sup>st</sup> QTR, after losses in the last 2 years. *Hostess* posted a 10% sales gain in 3<sup>rd</sup> QTR & flat net income but raised full year guidance. *J&J Snacks* completed a strong 2021 with 4<sup>th</sup> QTR sales up 28% while almost doubling net income. *Utz Brands* had a strong 3<sup>rd</sup> QTR driven by acquisitions & organic growth. *Treehouse Foods'* 3<sup>rd</sup> QTR saw a slight increase in sales but a 43% drop in income, finding difficulty in keeping up with demand. Preparing for its IPO, *Chobani* revealed its revenue increased 5.2% to \$1.4B in 2020, with net losses of \$58.7M, higher due to a 3X investment increase for new products. *Beyond Meat* saw a 13.9% decline in USA sales (though overall global sales increased) & a larger than expected loss.

*Dollar General* has opened its 18,000 store. *Ahold Delhaize* intends to drive a more than \$10B increase in revenue by 2025 through its omnichannel reach. *Zipline* & *Walmart* will begin drone delivery in Arkansas. More than 2K *Kroger* stores are now using the *Google Maps Pickup* app. *Uber* will offer a new membership, *Uber One*, that offers discounts on rides & deliveries. *Farmstead* will partner with *Halla*, human preference AI-tech for grocery, to help food retailers better personalize their eCommerce offerings. *General Mills* launches *Bold Cultr*, animal free cream cheese made using *Perfect Day* alt-dairy protein technology. *Oatly* & Doug Carlson, co-founder of *Fiji Water*, have relaunched *Good Idea* functional sparkling water in the USA, designed to control blood sugar levels. *Keebler* introduces *Gingerbread Fudge Stripes* with vanilla fudge for a limited time. *Del Monte's Blue Lake Petite Cut* & *Blue Lake Farmhouse Cut Green Beans* will gain upcycled certification. *Imperfect Foods* gained B certification. *CVS Health* will shut about 900 *CVS Pharmacy* drugstores over the next three years under a strategic plan to sharpen its focus on omnichannel health care. *J.M. Smucker* will build a \$1.1B *Uncrustables* plant in Alabama, creating up to 750 jobs. *Byrne Dairy* will invest \$25M in production upgrades for extended-shelf-life & shelf-stable dairy products. Frozen fruits & vegetables co-packer *Meel Corp.* will invest \$5.7M to relocate from Florida to Oxford, NC. *Catalina Snacks* will move to a larger Indiana production facility. *Meijer* & *Dow* will partner to recycle plastic into parking lot pavement. *Ocean Spray* & *Brightseed* will collaborate to explore the total health potential of cranberries. CPG accelerator *SKU* will expand to Atlanta in a partnership with *Coca-Cola*.

From *Acosta*, 23% of online grocery users expect to do more online grocery shopping within the next year & 64% plan to shop online for groceries at their current level. Only 8% plan to shop online less often & just 1% plan to stop completely. *Datasassembly* reports 3<sup>rd</sup> QTR price increases were 3.6% for beverages, 4.2% for meat (driven by bacon & sausage) & 3.68% for snacks, cookies & chips & the greatest increases were in cities like New York, Philadelphia, Detroit, Orlando, Tampa, Portland & Seattle. From *IRI*, *210 Analytics* & the *Produce Marketing Association*, consumers are continuing the shift from fresh to frozen due to ever increasing inflation. In the *Farm Bureau's* 36<sup>th</sup> annual report on the cost of a traditional Thanksgiving dinner, costs rose a whopping 14% this year! Fresh produce industry groups express concern that government driven inflation & supply chain issues could have a long-term impact on the next growing season & business solvency. From *Discover*, Americans as a whole plan to spend more this holiday season, with younger consumers driving the growth.

**MARKET NEWS:** Markets were mixed this week as the people in Washington DC continue to move forward economic destructive spending bills. The Philly Fed reports manufacturer prices paid increased at a 42-year high, prices received at a 47-year high.

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

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

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