



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



I HAVE ALWAYS HOPED to visit all of America's 63 National Parks. I have been to 32, having visited several parks many times over the years. About 30 years ago, I was hiking solo at Mount Rainier along the Van Trump Creek on the Comet Falls trail. First passing through an old growth forest, the trail then heads upward along sheer rock walls, crowded with rocks & boulders from past rock slides. The trail is never out of eyesight or earshot of the turbulent Van Trump Creek. You pass two smaller waterfalls before reaching your goal, the spectacular 301-foot single drop Comet Falls. On this day, I was halfway to the falls, when the calm, serene quiet was broken by an ominous "crack!"

AVALANCHES: Avalanches are nothing to sneeze at! Yet in movies, TV shows & cartoons a single loud noise, like a sneeze, can start an avalanche. Often in cartoons, Bugs Bunny or some other cartoon character is chased to the top of a snow-covered mountain. He starts a small snowball rolling down the mountain. The snowball picks up speed & size & soon rolls over, even encapsulates Bugs' pursuer be it Elmer Fudd, Yosemite Sam, Daffy Duck or the Abominable Snowman: *"Just what I always wanted. My own little bunny rabbit. I will name him George & I will hug him & pet him & squeeze him...!"* On this day at Mount Rainier, the crack I heard were tree branches breaking as rocks & dirt came tumbling down the steep mountainside! I flattened myself against the sheer rock face & tried to make myself as thin & small as I could. Dirt rained down on me, rocks bounded over me, over the trail & on down the mountain! Football size rocks thudded on the trail & twigs & branches landed like spears! It was over as quickly as it started. I was dirt covered, my heart was pounding, but I somehow miraculously survived! There is an oft-used adage, attributed to many, *"No single snowflake is responsible for the avalanche, but every snowflake involved shares the responsibility."* This avalanche, landslide, may have started with the earth giving way, a tree branch falling or an animal kicking a small pebble. In the 1960s, First Lady, Lady Bird Johnson, launched her beautify America effort. We were told to not be a litterbug & to stop polluting our waterways & air. Not just good ideas, great & necessary ideas & actions, a small pebble. But this small pebble has created an avalanche that has morphed into teaching children that humans (& cow farts) are destroying the environment, causing the earth to overheat & now leading the mayor of the fifth largest USA city to plan to ban meat, dairy & personal automobiles by 2030! (Can't wait for all the Scottsdale 'Steakhouse Park 'n' Ride' locations to open!) These short-sighted 'social missive avalanches' happen frequently in our society. One person suffers an injustice & suddenly we denigrate law enforcement & curb department budgets; District Attorneys refuse to prosecute; our streets become crime ridden & retailers close their doors. A parent or two stand up in a school board meeting to protect their children & suddenly some states pass laws allowing the state to remove children from the family & the Secretary of Education berates parents for *"... acting like they know what is best for their child."* One person seeks asylum from ruthless dictators & criminals in a foreign country & suddenly our borders, unchecked, are flooded with people expecting access to & the privilege of America's bounty. An avalanche is deadly because it gains momentum & weight, reaching a massive size & encompassing everything in its way, forever changing the landscape it leaves behind. The stretch of trail I hiked 30 years ago experienced so many landslides, a crib ladder now traverses the sheer rock face. From professor & sci-fi author Vernor Vinge, *"Even the largest avalanche is triggered by small things."* Once triggered, we can quickly find ourselves buried, not knowing what to do. American novelist Khaled Hosseini writes, *"... if an avalanche buries you & you're lying there underneath all that snow, you can't tell which way is up or down. You want to dig yourself out but pick the wrong way & you dig yourself to your own demise."* As I experienced, when an avalanche comes, options for survival might be few & you need to fear being buried. Heed the warning sci-fi legend Arthur C. Clarke who offers, *"Some dangers are so spectacular & so much beyond normal experience that the mind refuses to accept them as real, & watches the approach of doom without any sense of apprehension. The man who looks at the onrushing tidal wave, the descending avalanche, or the spinning funnel of the tornado, yet makes no attempt to flee, is not necessarily paralyzed with fright or resigned to an unavoidable fate. He may simply be unable to believe that the message of his eyes concerns him personally. It is all happening to somebody else."* The original environmentalist, John Muir, believed the environment would survive. His words begin, *"God has cared for these trees, saved them from drought, disease, avalanches, a thousand tempests & floods."* As we look at the avalanche of social change underway, we should heed the final warning with which Muir ends the quote: *"But He cannot save them from fools."*

INDUSTRY NEWS: Caffeinated gum brand *REV GUM* raised a Series A round led by *YETI Capital*. Indonesia-based *Kin Dairy*, A2 milk & drinkable yogurts, received an investment from *Growtheum Capital*. UK organic butter brand *All Things Butter* raised £530K

in a pre-seed round from their founders & celebrity investors. Non-alc retailer *Boisson* secured \$5M in funding led by *Pernod Ricard's Convivialité Ventures & Connect Ventures*. In France, *Tikehau Capital* invested €120M in *Biobest*, its first investment in regen ag. *MarraBio* raised £500K to develop a protein alternative for biomed research & cultivated meat from *Maven Capital Partners, Northstar Ventures & others*. UK microbiome data science platform *Eagle Genomics* raised £3M from existing investors. Edible insect startup *Cricket One* secured an undisclosed seven-figure series A to open Asia's largest cricket-processing facility for human & pet food. *JM Smucker* will sell *Sahale Snacks* to *Second Nature Brands* for \$34M. *Blue Apron* will be acquired by *Wonder Group* for \$130M. *Cal-Maine* will buy egg production & processing facilities from *Fassio Egg Farms*. *Paine Schwartz Partners* acquired food supplier *Costa Group Holdings* for \$962.6M. *Manna Beverages & Ventures* (an affiliate of *Manna Capital Partners*) acquired California-based co-packer *Nor-Cal Beverage*. In the UK, baked goods manufacturer *Finsbury Food Group* was acquired for £143.4M by *Frisbee Bidco*, formed for the purpose of the acquisition & owned by funds managed by *DBay Advisors*. *This*, UK-based plant-based meat, has sold a minority stake to TV broadcaster *ITV* for \$4.8M in advertising. *Kliro Capital Partners* acquired a minority stake in UK-based RTD *Solo Coffee*. *Heineken* purchased a minority stake in celebrity-backed *Served*, RTD mixed drinks & hard seltzers. Texas-based craft beer *Alamo Beer* acquired beer company *VIVA*. *FAT (Fresh. Authentic. Tasty.)* acquired the *Smokey Bones Bar & Fire Grill* restaurant chain from *Sun Capital Partners*. *Bayer* acquired UK-based *NIAB* to expand its *Crop Science Division* solutions for strawberry growers. *Food-as-Medicine* benefits platform *Tangelo* acquired digital health platform *Diet ID* for an undisclosed sum. *Target Research Group* acquired *Spoonshot* to offer AI-powered insights for food & beverage companies. The Dutch arm of vertical farming startup *Infarm* declared bankruptcy as it closes operations across Europe. *Delivery Hero* slashed jobs at its Asian subsidiaries & may be looking for a sale of these assets. *Paine Schwartz Partners* closed a \$1.7B to invest in the food & agribusiness value chain.

Wawa will expand into Ohio with 60 locations planned in the next 8-10 years. *CVS* plans to close 900 stores, 10% of its locations, citing loss from theft as the reason. *Rite Aid*, entering bankruptcy, plans up to 500 store closings. *Target* will close 9 stores in crime-ridden cities due to theft & customer & employee safety. *Heritage Grocers*, parent company of *Cardenas Markets, El Rancho Supermercado & Tony's Fresh Market*, will partner with digital marketplace *Upside*. In a partnership with *Sesame*, *Costco* will offer a range of outpatient medical care services to its members at a discounted rate. *Amazon* will partner with *FreedomPay Technologies* to evolve frictionless payment options for its *Palm-Power Checkout*. *Uber Eats & Getir* will partner across Europe. *Target* added another private-label product category, kitchen brand *Figmint*, with 250+ items. *Jenny Craig* will launch delivery for its prepared weight loss meals. *Kellogg's Morningstar Farms* will offer a plant-based burger. *BodyArmor* launched a hydration powder; single-serve sticks containing over 2200 mgs of electrolytes. *Impossible's* plant-based burgers & sausages are now at all 1,690 *IHOP* locations. *TreeHouse Foods* sees opportunity in the frozen dough category. *Coca-Cola* reports its contribution annually to the USA economy is almost \$60B. *Afresh* has launched a new AI-powered inventory management solution. *Grupo Bimbo* launched its second *Bimbo Open Door* innovation platform focusing on startups in the cookie & bar categories. *Tessemae's* founder Gregory Vetter has launched a CPG accelerator program to help new start-ups prepare for launch. In Australia, *The Agtech & Logistics Hub* launched a new accelerator for plant-health startups in partnership with *Meat & Livestock Australia*. *JBS* began work on a lab-grown meat facility in Brazil. Granola butter brand *Oat Haus* moved its manufacturing facility from Philadelphia to Cleveland. The FTC is looking at *Amazon's* monopoly power. *Dollar General* is accused of deceptive pricing with claims prices charged at checkout don't match advertised prices on the shelves.

USA Today's Readers' Choice Awards named *The Fresh Market* as America's best grocery store for the third consecutive year. In the *NRF* annual report on security & loss, the average shrink rate in FY 2022 increased to 1.6%, up from 1.4% in FY 2021 amounting to a whopping \$112.1B in losses! From *McKinsey*, 70% of consumers seek coupons to lower the final item cost & 72% of consumers will not pay more for environmentally friendly products. Nearly half of *Amazon Fresh* shoppers will try new grocery products multiple times per month, according *Insider Intelligence*. From *Circana*, lower egg prices drove a drop in August dairy sales. From *Zion Market Research*, the global goat cheese market is expected to reach more than \$8.64B by 2030; a 5.3% CAGR. From *HundredX*, more customers plan to consume a specific diet soda brand during the next 12 months than those who say they will drink less, outpacing regular sodas which saw lower growth for drinking more. According to *Baking Equipment Manufacturers & Allieds*, baking industry leaders are increasingly negative about their business outlook & capital spending. Tomato prices may rise & jobs will be lost as the government considers action to remove economic boosting restrictions put in place by a previous administration. Severely impacting this household, olive oil prices per ton have reached an all-time high! Heavy rains & even snow are impacting harvest & supply in the southeast, northwest & northern Great Plains.

MARKET NEWS: Markets were lower this week; in play were the government shutdown, rising inflation & a reduction in revised GDP. Ten-year bond yields reached a 15 year high. Let's all say "stagflation" together!

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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