



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



JAMES W. MARSHALL SETTLED in California in 1845 & began work as a carpenter, farmer & rancher. His travels were typical of western America's settlers. Born in New Jersey, he then traveled to Indiana, Illinois & Missouri; then restlessly moved on to Oregon & California. After a stint in the Mexican-American War, he returned to California, to find his livestock had strayed or been stolen. He took a job to build & operate a sawmill near Coloma on the American River. It was there in 1848, at John Sutter's mill, that gold was discovered. Two years later, with a population that had reached 300,000, California joined the Union; the 31st state. America's landscape stretched coast-to-coast.

STRONG SPIRIT: California continued to grow as settlers rushed west for gold & open spaces. Oregon became a state in 1859. There was 2,000 miles of open territory between these two states & the other most western states: Missouri, Iowa, Minnesota & Texas. The railroad lines ran as far as St. Joseph, MO. From there, it was a 24-day stagecoach trip for travelers to reach Sacramento, CA, a route that was filled with danger. Mail could travel by stagecoach, but at a fairly high cost. There were cheaper & slower routes for mail: an arduous trip up the Missouri River, a boat around the horn of South America, or a boat to the Isthmus of Panama, then overland to the Pacific Ocean, then by boat to San Francisco. A growing nation needed to stay in touch, but mail headed west was taking on average two months! None of these options were fast enough, especially as the Nation was headed towards war. Three men, William Russell, Alexander Majors & William B. Waddell, owners of a large freight company, proposed a solution & founded the *Central Overland California & Pikes Peak Express Company* - the *Pony Express*. During the winter of 1860 they acquired hundreds of horses & riders. They set up 190 Pony Express stations along a 2,000-mile route from St. Joe to Sacramento. The horses were crossbred with wild California mustangs & fed the best grains; they had to be faster than the horses of the bandits & Indians the riders would encounter. The riders were the best horsemen; young, but experienced enough to know the route & terrain in the snow, rain or dark. The stations were set up about 10 to 15 miles apart. The riders rode as fast as they could, changing mounts at every station with a new rider taking over every 100 miles or so. The initial cost of a letter was \$5, but was soon reduced to \$2.50 & then to \$1, though regular snail-mail was 2¢! The Pony Express began operation in April, 1860 & averaged 10 days to take mail across desert, plains & mountains. Its riders, like teenager & future Medal of Honor winner Buffalo Bill Cody, became legend, part of America's rich history. Among those legends was 'Pony Bob' Haslem, who made two incredible rides! He once made a 360-mile journey under Indian attack! Another time, he rode 120 miles in 8 hours while wounded, on the fastest run ever for the Pony Express (7 days & 17 hours) carrying Lincoln's Inaugural Address! When the transcontinental telegraph line was completed in the autumn of 1861, the Pony Express stopped operating. As a business, it was a financial failure, the founders losing \$30 on every piece of mail sent. But these men did what Americans of these past eras always did - tackle a big problem with an even bigger & bolder solution, without fear, whining or complaining! The Pony Express was all about getting it done, proving that 2,000 miles of plains & mountains was conquerable, that the American West was open & ready for business! It was about testing ourselves, individually & as a nation. From William Cody, "The first trip of the Pony Express was made in ten days - an average of two hundred miles a day. But we soon began stretching our riders to make better time." The tradition of the Pony Express, & the Spirit of the West, stays alive this week as riders bring mail by horse from Holbrook, AZ, to Scottsdale, arriving at the *Museum of the West* with their mailbags & steeds! *The Hash Knife Pony Express*, the longest continuous Pony Express ride, with dinners & fairs along the way, certainly is far from the harrowing trips of those brave, original riders. But it stands as a living tribute to the inspiration & indomitable spirit of the American West. Buffalo Bill said of the West, "But the West of the old times, with its strong characters, its stern battles & its tremendous stretches of loneliness, can never be blotted from my mind." Nor should that can-do spirit of the American West ever be far from our minds. Today, with all the advanced technology, logistics & thousands of miles of paved road, *USPS*, *FedEX*, *UPS* & *Prime* fail to deliver due to "supply chain & labor issues." But the *Pony Express*, despite dry deserts, 10,000-foot mountain passes, snow, rain, Indians, bandits & miles of empty, lonely, harsh terrain, never lost a single piece of mail!

INDUSTRY NEWS: Granola maker *Purely Elizabeth* raised \$50M led by *SEMCAP Food & Nutrition* with *Swander Pace & LP Fresh DelMonte* involved. Functional soda brand *Olipop* raised \$30M at a \$200M valuation led by *Monogram Capital* partners with a host of celebrity investors involved. *Temasek* led a \$70M raise in *waterdrop*, hydration micro drinks, with *Bitburger Ventures*

& *Founders Future* involved. *TSUMo Snacks*, cannabis-infused snacks, raised \$4M in a seed round led by *Casa Verde Capital*. *Better Booch* raised \$2.5M. Singapore-based *Kind Kones*, plant-based ice cream, raised \$1.1M led by *DSG Consumer Partners*. *Zero Acre Farms*, sustainable healthy oils & fats, closed a \$37M round co-led by *Lowercarbon Capital & Fifty Years*, with *S2G Ventures*, *Virgin Group*, *Collaborative Fund & FootPrint Coalition Ventures*. *Crisp*, an open-data eCommerce platform, raised \$35M in Series B funding led by *3L* with *FirstMark Capital & Spring Capital* involved. *EasyBins*, multi-store consumer ordering & delivery, raised \$2M. *Zero*, plastic-free grocery, home & personal care delivery startup, closed \$11.8M in new seed funding led by *Sway Ventures*. *Retailo*, a Middle Eastern online B2B marketplace for merchants & food suppliers, raised \$36M led by *Graphene Ventures* with *500 Global*, *Agility*, *Aujan*, *Tech Invest Com & Mentor's Fund* involved. *Lunchbox*, ordering solutions for restaurant chains & ghost kitchens, closed on \$50M led by *Coatue* with participation from *Primary & 645 Ventures*. New Zealand's *Cropsy* raised \$1.5M for its tractor mounted visionary technology to analyze crop health. *Nestlé Health Sciences* acquired protein drink & powder company *Orgain* from PE firm *Butterfly*. Meal kit provider *Sunbasket* will merge with *Prüvit Ventures*, a ketogenic lifestyle company, in a \$1.3B deal to provide consumers with at-home, fully ketogenic meal kits. *Benestar Brands*, a manufacturer of pork rinds, tortilla chips & pretzel bread products, acquired protein-snack company *4505 Meats*. *King's Hawaiian* has acquired fellow Hawaiian company *Shaka Tea*. *Ben E. Keith Foods* purchased *Florida Food Service*. *Wild Earth*, plant-based alternatives to traditional dog food, received a \$10M credit facility from *Expresso Capital* to boost customer acquisition. *The Vets*, pet care, raised a \$40M seed round that included *Target Global*, *Pico Venture Partners & Bolt Ventures*. *Kalera*, vertical leafy green indoor farms, will go public on NASDAQ with *Agrico Acquisition Corp.* in a \$375M deal. A projected \$170M loss at *AppHarvest* sent their stock price tumbling.

Mondelez reported a strong 4th QTR sales increase, but a significant decrease in income, with North American operations leading to the drop. Net income was slightly lower for *McCormick's* 4th QTR as sales increased 11.6%. Net income for *J&J Snack Foods'* 1st QTR was \$11.09M, up from \$1.78M a year ago, with a 32% net income increase. Income was up 23% in 1st QTR & sales rose 17% for *Ingles Markets*. *Amazon* reported a strong 4th QTR for sales & income.

Pennsylvania independent grocer *Karns Foods* has started the *Karns Beef Program*, a partnership with family farms for a local & dedicated beef supply. Online grocer *Good Eggs* began delivering orders in Los Angeles. *FastAF Technologies*, quick commerce retailer, will partner with *Uber Eats* to launch 25-minute delivery in New York City, Los Angeles & San Francisco. *Walmart* has partnered with *Quest Diagnostics* to enable consumers to buy on-location & at-home clinical laboratory tests through *Walmart.com*. *Amazon* will raise prices for Prime membership & delivery. *Belbrands* debuted its plant-based *Babybel*. *PepsiCo* launched an energy drink, with caffeine from the coffee fruit & vitamin C, *Baya*, exclusively at *Starbucks*. *PepsiCo* will also launch *Rockstar Unplugged*, an energy drink with hemp seed oil. *Chobani* will launch ultra-filtered milk & half & half. *Anheuser-Busch* is debuting its first zero-carb beer, *Bud Light Next*. *Ball Corporation*, after adding capacity, saw a 7% increase in volume, shipping more than 112B cans in 2021. Mall operator *Simon* will partner on ghost kitchens with *Kitchen United Mix*. Synthetic biology company *Tierra Biosciences* launched its "proteins-on-demand" eCommerce portal for scientists & researchers to get custom proteins synthesized, validated & shipped. Software company *Procurant* has released two new applications to improve management of perishable goods, supply chain & purchasing. *JBS* settled several beef cartel lawsuits for \$53M. *Chicken of the Sea* agreed to new price fixing settlements totaling \$39.5M. Britain's *Advertising Standards Authority* is investigating *Oatly* for its ad campaign comments about the company's CO2 emissions. Cheese snack brand *Whisps* appointed John Ghingo, former president at *Applegate*, as its new leader.

From *Fortune*, the most admired general merchandisers are *Walmart*, *Target & Costco* (ranked #1, #2 & #3) with *BJ's Wholesale Club* at #5. For food & drugstores, *Publix Super Markets* ranked #1, followed by *Walgreens*, *Sprouts Farmers Market*, *Kroger*, *Ahold Delhaize & Weis Markets*. From the *National Restaurant Association*, while growth in sales & employment is expected, continuing impacts of supply, inflation & labor have most restaurant operators not seeing a return to normal for more than a year. From *FMI*, 72% of consumers want ingredient & sourcing transparency in the products they purchase. From the *British Journal of Nutrition*, scientists from *Tate & Lyle* & data analytics company *Crème Global*, found reformulating everyday foods with added fiber could reduce the risk of cardiovascular disease & type 2 diabetes for 72% of adults. From *Packaged Facts*, pet treat sales reached \$10B in 2021. *FAO's Vegetable Oils Price Index* rose 4.2% in January, driving all food prices higher. From *Wells Fargo*, the cost of a Super Bowl party will be up 14% this year! The potato wart problem in Prince Edward Island may be clearing. The *California Avocado Commission* projects a 306M-pound crop, up 15% over last year.

MARKET NEWS: Markets rebounded slightly this week. Private sector jobs fell drastically, missing targets by half a million.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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