



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



A TV COMMENTATOR IS OUT on the street & asks some basic questions, to see what the average person knows. Usually, the questions are pretty simple: *What year did Columbus sail the ocean blue (1492)? When did the Pilgrims land on Plymouth Rock (1620)? When was the Declaration of Independence signed (1776)? When was Pearl Harbor bombed by the Japanese (1941)?* Certainly, we just see those people who gave surprisingly bad answers, & to be fair, some of the questions may be trickier, such as from whom did America win their independence or who did America fight in the Civil War. But seriously, how can someone not know when the War of 1812 was fought?

HINT: IT WAS 1812: Most years don't have that one resounding, stunning event that becomes seared into peoples' minds & the annals of time. Most years just run their course, which when looked back upon, the events of the year begin to show some historical significance, especially when looked at as a whole against the March of Time. As a history buff, A.D. 1908 always seemed to be one of those, perhaps innocuous when looked upon as random, singular events, but of significant importance in the passage of time. In 1908, America as a whole was still very Booth Tarkington small-town Indiana – a collection of small towns & large rural areas. A new car cost \$2,000 to \$3,000; horse & wagon was still the main mode of transportation. But that changed in 1908 as Henry Ford's Model T rolled off the assembly line in Michigan, giving Americans an affordable vehicle! Average Americans could now buy an automobile, making it easier to travel, build a business, seek new opportunities in new towns. In 1908, the *Hoover Company* in Canton, Ohio, purchased the patent for an upright vacuum cleaner. The lives of American housewives, & their families, began the march toward household conveniences, reducing the amount of time that was needed by the family's matriarch to do housework. The *Boy Scouts* were formed in England in 1908. The *Singer* sewing machine company built the largest skyscraper in the world in New York City, 612 ft. tall, only to be surpassed by the *Metropolitan Life* building at 700 ft. a few months later. The skyline of New York City was changing forever, which perhaps was foretold on January 1 when the 'Electric Ball' dropped at *Times Square* for the first time ever. The Wright Brothers dusted off their technology for the first time in a few years, then demonstrated controlled flight in Europe, made the longest plane flight ever (more than 2.5 hours) & the first person died in a plane crash. In France, the first passenger flight & the first woman in flight took place in 1908. Six automobiles left from New York City in an around the world auto race to Paris. Cook claimed to reach the North Pole, Peary left for the North Pole & Shackleton sailed from New Zealand for Antarctica. America was indeed changing. Its small-town perspective & life was being replaced by something bolder, more urban, more worldly, more important. Perhaps the reported deaths in 1908 of Butch Cassidy & the Sundance Kid in South America symbolized this change. America was no longer wild & untamed; it was fully formed, grown up, passing into adulthood, realizing its responsibilities to itself & the world. And though Americans were still digging their way across the Panama Canal, President Theodore Roosevelt launched the *Great White Fleet* to sail around the world. A massive display of America's might, power & *benevolence* - the ships were also carrying gifts, money & friendly greetings to people & nations around the world, a true symbol of America's Greatness. Yes, America was all grown up, accepting the responsibility of its place on the world stage. And a play that has quietly passed into the pages of history opened in Washington DC. The play demonstrated how America rose to Greatness on her ability to absorb legal immigrants, who came to an America they saw as a beacon of hope, with the chance for a new life of freedom & individual achievement; a new country to love, protect & die for, if necessary. And while few people on the street would know the name of the play or its British author, Israel Zangwill, everyone has heard the phrase, *The Melting Pot*.

INDUSTRY NEWS: *MycoWorks* raised \$125M for its animal-free leather, *Reishi*, led by *Prime Movers Lab*, with *Innovation Fund*, *Mirabaud Lifestyle Impact* & *SK Capital Partners*. *AuraPea*, chickpea-based crumbles, raised \$1.5M. C-store *Foxtrot* raised \$100M led by *D1 Capital Partners* with participation from *Monogram*, *Imaginary*, *Almanac*, *Wittington*, *Fifth Wall*, *Beliade*, *Lerer Hippeau* & *Revolution*, with plans for 22 new stores in 2022. Vertical farm *Bowery Farming* secured a \$150M credit facility led by *KKR*. *Bolt*, European on-demand ride hailing, restaurant & grocery delivery raised \$709M at \$8.4B valuation led by *Sequoia* & *Fidelity* with *Whale Rock*, *Owl Rock*, *D1*, *G Squared*, *Tekne* & *Ghisallo* involved. *Gousto*, London-based meal-kit subscription service, raised \$150M in financing from *SoftBank*, *Barclays* & *HSBC*. *PowerPollen* closed a \$7M raise for its on-demand pollination tech. Indonesian startup *eFishery*, which provides technology & other services for aquaculture farmers,

raised \$90M led by *Temasek, Sequoia Capital & SoftBank* with *Aqua-Spark, Wavemaker Partners, Northstar Group & Go-Ventures* participating. *Tipa*, biodegradable plastic, raised \$70M led by *Millenium Food-Tech & Meitav Dash*. *Monster Beverage* will acquire *Canarchy Craft Brewery Collective (Cigar City, Oskar Blues, Deep Ellum, Perrin Brewing, Squatters & Wasatch)*, a craft beer & hard seltzer company, for \$330M in cash, but not the company's restaurant concept. *Sodexo* will acquire *Frontline Food Services (dba Accent Food Services)*, c-store supplier. *The Puratos Group* acquired *THT*, a Belgian supplier of probiotics in bulk or as finished products. Emergency food brand *ReadyWise* was acquired by PE firm *Goode Partners*. PE firm *Rotunda Capital Partners* acquired a majority stake in *Siegel Egg*, a supplier of baking ingredients & other food products. *Enlightened Hospitality Investments* closed its second fund, *Enlightened Hospitality Investments II, LP*, with \$332M in commitments to invest in restaurant concepts & hospitality tech. *Fresh Market* has hired a CFO experienced in IPOs. Turkish grocery delivery company *Getir* is seeking a \$12B valuation in its next funding round. *Stryve* closed on a \$35M share offering, reporting losses of more \$20M in the last 9 months on \$23M in revenue. *Hain Celestial* will continue to pursue acquisition of snack, dairy & meat alternative companies. *Fundsmith*, holder of more than \$1.2B of *Unilever* stock, blames their fund's poor performance on *Unilever's* poor performance, suggesting it is due to *Unilever's* focus on sustainability instead of good business fundamentals.

Albertsons reported a robust 3rd QTR, beating all of Wall Street's estimates. *Sodexo* reported strong 1st QTR revenue growth of 18.8%, with a 28.2% organic increase in its North American operations.

Albertsons has installed time lock safes at its pharmacies to reduce theft. *Food Lion* will add *Vertical Roots* lettuce at 300+ stores. *Instacart* has launched a *Ready Meals* tab featuring RTE meals from grocers, including *Ahold Delhaize, Kroger & Publix*. *Kroger* debuted a ghost *Kitchen United Mix* in a Los Angeles *Ralph's*. *Walmart* will debut *HomeValet's Smart Box* secure delivery in Florida after a successful pilot. *Shipt* will begin delivery for *PPC*. *Kroger & autonomous vehicle maker Nuro* continue their partnership by adding Houston-area delivery with a new generation vehicle. *BrightDrop*, electric vehicle technology, will add *Walmart* for last mile delivery & expand its relationship with *FedEx*. *TuSimple* tested a self-driving class 8 semi-truck on open roads with no human intervention on an 80-mile run from Tucson to Phoenix. On-demand food delivery company *Deliveroo* will launch a restaurant to better understand the restaurant business. *Conagra* will raise prices to pass inflation & supply chain costs along to the consumer, as will *Corona & Modelo* beers. *Welch's* will invest \$26.2M in a new juice bottling line in Michigan. *Conagra* will invest \$60M in its *Slim Jim* factory in Troy, OH. *Univar Solutions*, specialty food ingredients distributor, is setting up a new *Food Solution Center* at Chicago's food & beverage incubator *The Hatchery*. Israel-based *Plantish* will debut its whole-cut, 3D printed, plant-based salmon filets later this year for a full launch in 2024. *Chobani* will add plant-based coffee creamers made with coconut. *PepsiCo's Frito-Lay* will partner with Oregon-based *Eastside Distilling* to create *Lay's Potato Vodka*, a spirit made with the same potatoes used for its popular chip. *TGI Fridays* will add a smaller to-go concept. *Olam Food Ingredients* will partner with USA foodtech startup *Brightseed* to explore potential new health applications of produce, including black pepper & garlic. The FDA reportedly plans to approve gum arabic as dietary fiber (citing the positive effects on blood glucose & insulin levels) & will not object to certain qualified claims that magnesium can help reduce hypertension.

From *Supermarket News*, retailers see 2022 challenges for hiring & supply chain & success for prepared foods & fresh produce. *Amazon, H-E-B, Market Basket, Wegmans, Amazon Fresh, Aldi, Trader Joe's, Sam's Club, Costco & Walmart* led the *dunnhumby's Retailer Preference Index*. USA online grocery sales hit \$8.9B in December (\$97.7B for the year) as 70% of households shopped online at least once, per *Brick Meets Click/Mercatus*. From *Mastercard*, inflation drove YOY grocery retail sales 8.3% higher in December & 16.9% higher on a 2-year basis. *IRI* reports that produce purchases for the week before Christmas were 13% above last year & 30% higher than 2019. From *FMI & the Meat Institute's Foundation for Meat & Poultry Research & Education*, 98% of American households buy meat. In the UK, the *Food Standards Agency* reports 60% of consumers are willing to try plant-based meats, but only 34% will try lab-grown meat & only 26% will try edible insects; food safety being their biggest concern. Almost 20% of consumers plan to participate in Dry January this year, according to *Morning Consult*. American consumers have pushed chocolate sales to \$29B, a 5% increase in the last quarter, driving commodity futures higher by 3.1%. The average price of grade AA butter hit \$2.02 in December, up 40% YOY based on analysis of USDA data by *IndexBox*. Continuing colder weather in California & Arizona is now impacting broccoli & cauliflower prices, which are on the rise. Winter wheat seedings are the highest level in 6 years & the USDA forecasts expanded sugar production in 2022.

MARKET NEWS: Markets were lower this week. Consumer prices increased 7% in 2021, the highest YOY increase in 40 years, on the impacts of government economic policies. Producer prices soared at a 9.7% increase & once again, jobless claims rose. December retail sales & consumer sentiment sank.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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