



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



WE LIVE IN AN ALT-UNIVERSE. Alt-protein, be it alt-meat, alt-dairy, alt-eggs, alt-seafood. Plant-based, mushroom-based, jackfruit-based, soybean-based, algae-based (*hold that thought*). There is lab grown, cell-cultured, fermented & 3-D printed; some with compounds & ingredients seeking GRAS certification. There is big money flowing into these products & there is big money to be made by capturing a share of the consumer dollar. With a still limited consumer base, a turf battle is coming (no, not alt-protein made from turf, though *turf* would likely be GRAS certified). This may not look just like a 1930s gangster movie turf battle, but like those movies, it will feature alt-blood.

FROM GANGSTER TO GREEN: The classic 1930s gangster movie usually featured a guy who rose from the streets to take over a gang, only to fall victim to his own greed, or sometimes, a woman. Three movies defined this genre: *The Public Enemy* (1931), *Scarface* (1932) & *Little Caesar* (1931). *The Public Enemy* starred Jimmy Cagney, a multi-talented actor, dancer, singer, comedian; who among his Oscar nominations would win the 1942 Academy Award for his portrayal of George M. Cohan in *Yankee Doodle Dandy*. *Scarface* starred Paul Muni, a serious actor who would win both Oscar & Tony awards. *Little Caesar* starred Edward G. Robinson, a fine actor who never received an Oscar nomination. *Little Caesar*, like *Scarface*, perpetuates the stereotype of Italian Americans as gangster (don't worry, I'm not offended), with Robinson as a street thug, Caesar Enrico "Rico" Bandello, who rises to control Chicago's Northside mob, rackets & bootlegging. His boyhood friend, Joe Massara, leaves the life of crime behind, but has been witness to many of Rico's crimes & killings. Joe knows too much. Rico tries to kill Joe, but in an incredible scene, Robinson shows amazing emotion as he realizes he cannot pull the trigger on his friend. Eventually, a rival gang guns down Rico & as he dies in the gutter from which he spawned, says these memorable words, "*Mother of Mercy, is this the end of Rico?*" While noted for his gangster roles, Robinson went on to play the insurance investigator catching murderers Barbara Stanwyck & Fred MacMurray in *Double Indemnity*, a Nazi-hunting Federal agent in *The Stranger* & Margaret O'Brien's gentle, loving father in *Our Vines have Tender Grapes*. Moving into character roles in the 50s & 60s, Robinson was featured in movies with the most popular stars – Frank Sinatra, Charlton Heston, Steve McQueen, Jack Lemmon, Kirk Douglas, Gregory Peck. His final film was in 1973, a sci-fi classic, starring Charlton Heston. Heston plays a police detective in a dystopian world where among other things, there is a lack of real food. The CEO of the largest food producing company, making a nutritional *algae-based* food product that is saving the world, has been murdered. To add to this mess, the product is in short supply; there are supply chain disruptions, protests & riots in the street. Heston calls on Robinson, an aged & retired police analyst, for help. Robinson has a small library of now banned material that includes information about real food, animals, forest & farms; now long gone. Heston nears the truth, the real cause of the murder & finds out some things about the food product, but his superiors shut down his investigation. Robinson, in his research, discovers the truth & is so disturbed by what he knows, that he decides to return to 'his Home with God,' & enters the government's euthanasia program. Heston rushes to his friend. As Robinson is dying, he whispers what he found out & begs Heston to get proof. Heston boards the truck taking Robinson's body away – to a waste disposal plant where human remains are turned into food. Heston is spotted, escapes & makes his way back to the government leadership, called the Supreme Exchange, to speak the truth. They capture him & try to silence him, but as he is dragged away, he shouts this now classic movie line, "*Soylent Green is people!*" Oh, we should also mention, Edward G. Robinson's last movie, 1973's *Soylent Green*, is set in the year 2022! Happy New Year!

INDUSTRY NEWS: *Darling Ingredients* will acquire *Valley Proteins* (Winchester, Va.) for approximately \$1.1B, the operator of 18 waste rendering & recycling of waste produced by animal processing, supermarkets & restaurants.

Still/sparkling water brand *Liquid Death* raised \$75M led by *Science*, the company that helped launch the brand, who now owns a significant share. *ReHarvest Provisions* (formerly *ReBlend*), smoothies formulated from rescued produce, raised \$1.5M led by *True Wealth Venture*. Israel-based *Remilk*, fermented dairy-free proteins by precision fermentation, raised \$120M led by *Hanaco Ventures*, with involvement from *Precision Capital*, *Rage Capital*, *CPT Capital*, *Intercap*, *OurCrowd*, *Aliya Capital*, *Chartered Group*, *Indorama Ventures*, *Tal Ventures*, *Fresh Fund*, *Izaki Ventures* & *Paradigm Shift Fund*. *Kernel Mycofoods*, Argentinian fungi protein startup, raised \$15M led by *Union Group Ventures*. AI-powered *Focal Systems* closed a \$25.8M round for its inventory management technology with *Point72 Ventures*, *Costanoa*, *Zetta* & *Zebra Technologies* involved. *BrewBike*, student run coffee businesses, raised \$3M+ from *CEAS Investments*, *Connetic Ventures*, *Koto*, *Techra Investments*, *Be-Cause Ventures*, *Westbrook* & *Venetia Kontogouris*. *Veji*, eCommerce retailer, has acquired Hawaii-based distributor & wholesaler *VedgeCo USA* (for \$6.2M) to help brands move to brick & mortar. Canada's *Plant&Co. Brands* (*Holy Crap Foods* & *YamChops*) will acquire 51% of kettle corn snack company *LumberHeads Food*. *Duncan Family Farms*, a family-owned, multi-regional grower of certified organic & sustainably-grown produce, acquired *Pedersen Farms*, a family-owned farm & certified organic grower located in upstate New York. *Dessert Holdings* acquired *Steven Charles - A Dessert Co.*, gourmet desserts supplying foodservice & retail; terms not disclosed. PE firm *MidOcean Partners* acquired *Casper's Ice Cream*, Cache Valley, Utah, maker of *Churn Baby*, *FatBoy* & *Jolly Llama*. *Benson Hill* acquired *ZFS Creston*, soy flour manufacturing, for \$102M. *Oterra* acquired *Food Ingredient Solutions* (Teterboro, NJ), a supplier of colors & antioxidant ingredients; terms not disclosed. *ADM* will acquire the remaining 40% shareholding of *Invivo Sanpo*, a China-based pet food company. *Kroger* will buy-back \$1B worth of shares.

Net income dropped in *Cal-Maine Foods'* 2nd QTR, sales rose 13%. Canadian independent grocer & plant-based product developer *Organic Garage* reported a 3rd QTR sales drop of 14.4% as net loss improved to just C\$288K.

Schnuck Markets will launch *Good For You*, a program to help shoppers track their purchases of products for healthy eating. *Walmart* plans to make its *InHome Delivery* (straight to the refrigerator) service available to 30M households this year (an increase from 6M households today). Israel-based computer vision company, *Trigo*, will partner with 4K store retailer *Netto Marken-Discount* to pilot its first hybrid checkout-free grocery store. Quick grocery delivery *Gorillas* & nutrition app *Wellory* will make a new *Wellory* recipe available once a week on *Gorillas'* app. *John Deere* launched its first autonomous tractor. *Brain Corp*, AI robotics, has created a data capture accessory that can be added to *Tennant Company's* autonomous floor scrubbers. *Silk* chocolate almond milk frozen dessert is now offered at *Cold Stone Creamery* developed in partnership with *Danone*. *Corona* has launched *SunBrew 0.0%*, a non-alcoholic beer with 330ml of vitamin D. *Coca-Cola* & *Constellation Brands* are teaming up to create spirits-based cocktails under the *Fresca* soda label. Troy Aikman will launch *EIGHT* beer, made from organic grains, having no sugar & features antioxidant-rich Hallertau Taurus hops. Singer Katy Perry launched a non-alcoholic aperitif, *De Soi*. *KFC* will offer *Beyond Meat* chickenless fried offerings nationwide. *Noodles & Company* will test a low-carb linguine. *Chipotle* will open *Chipotle Digital Kitchen*, with only a walk-up window, drive-thru & outdoor seating in Cuyahoga Falls, Ohio. Bjorn Oste, co-founder at *Oatly*, has stepped down after the company's recent IPO.

Walmart, *Target*, *Kroger* & *Albertsons* were recognized as omnichannel customer service leaders in a study from *Incisiv*. From *Euromonitor*, 42% of global consumers are restricting their use of animal-based products, with digestive issues being the main reason. An *NPD* study shows that consumers are upping their protein intake but falling short of other key nutrients, such as fiber. In *TD Bank's* 2021 *Restaurant Franchise Pulse* survey, delivery options have permanently altered the restaurant landscape with more 2/3 of restaurants getting more than 11% of total sales through delivery. Southwest temperatures & frost will delay California & Arizona produce harvests.

MARKET NEWS: Markets were lower this week as new jobs widely missed expectations, as 4.5M people quit the workforce in November.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – Tom Malengo

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