



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE DAY COMES AT US WITH all sound & fury. It begins with the sounds of an active family, with screaming happy, or maybe unhappy, children. Landscapers, garbage trucks, traffic, phone calls, zoom meetings, radios, TV, internet, co-workers & neighbors. A constant stream of sounds & images, constantly building & often remaining in our brain. It's as if the *prestissimo, staccato, agitato* notes of Gershwin's *Rhapsody in Blue* are resonating inside our heads; a cacophonous, atonal, symphony playing relentlessly, until reaching a *grandioso, fortissimo, colossale* ending, as we collapse mindlessly into a favorite chair or into bed, thankful for a bit of quiet, peaceful solitude.

SOLITUDE: Philosophers & self-help gurus tell us that it is important to be comfortable & happy by & within ourselves. Even in today's world, where technology has placed fewer restraints on work, play & human interaction, we all yearn for the right amount of solitude. A time to readjust our brains, be it through meditation, prayer or just time for quiet repose, truly alone, or with that one special person who makes alone feel even better. For some it may be a walk on the beach, in a park, on a mountain or in the desert. For others, it may be the idle but busy work of hands at a garage workbench, chopping veggies while preparing dinner, the quiet corner of the house to read, the early or late hours when the rest of the house is sleeping quietly in their beds. As humans, we constantly fight the need for both human interaction & quiet contemplation. C.S. Lewis thought this to be true: "*We live, in fact, in a world starved for solitude, silence & privacy; therefore starved for meditation & true friendship.*" Solitude is not, by any means, loneliness, from theologian Robert J. Foster, "*Loneliness is inner emptiness. Solitude is inner fulfillment.*" Solitude is peaceful, calming, rejuvenating, the comfortable time to recharge & reset. It should be no surprise to any regular reader that this author's favorite artist is mid-20th century painter Edward Hopper. Hopper himself would suggest his work reflected his own inner loneliness. For me, his canvases suggest a peaceful, contemplative, calm of being by oneself – over coffee at the diner counter, crossing a meadow with a single house bathed in sunlight or an empty city street, crossing from shadow to streetlight. The Buddha tells us, "*Delight in meditation & solitude. Compose yourself, be happy. You are a seeker.*" Solitude does allow us to seek & find, as Virginia Woolf wrote, "*In solitude we give passionate attention to our lives, to our memories, to the details around us,*" & from Albert Camus, "*In order to understand the world, one has to turn away from it on occasion.*" Franz Kafka also saw solitude as a path to understanding, "*...simply wait, be quiet, still & solitary. The world will freely offer itself to you to be unmasked, it has no choice, it will roll in ecstasy at your feet.*" Aristotle apparently was not a fan of solitude: "*Whosoever is delighted in solitude is either a wild beast or a god.*" Even nihilist Friedrich Nietzsche was willing to exchange his solitude for company: "*I hate who steals my solitude without, in exchange, offering me true company.*" It's not surprising that John Milton, author of *Paradise Lost*, felt, "*Solitude sometimes is best society.*" Both Voltaire & Thomas Mann must have believed in the 'idle hands' proverb! From Voltaire, "*The happiest of all lives is a busy solitude,*" & from Mann, "*Solitude gives birth to the original in us, to beauty unfamiliar & perilous; to poetry. But also, it gives birth to the opposite: to the perverse, the illicit, the absurd.*" In our busy lives, with our need for companionship & living & dealing with the world around us, that rare chance to be in peaceful, contemplative, rejuvenating solitude actually resides inside each of us. From Pearl Buck, "*Inside myself is a place where I live all alone & that is where I renew my springs that never dry up.*"

INDUSTRY NEWS: *Good Good*, Icelandic breakfast brand of no-sugar-added & keto-friendly products, closed a \$20M Series B round to support new products & USA distribution. USA biotech firm *Vestaron*, peptide-based insecticide, raised \$82M in a series C round co-led by *Ordway Selections* & with *Cavallo Ventures, Argonautic Ventures, Endeavor8, Fortistar* & current investors involved. Cultivated meat company *CellX* raised \$14.7M from *Lever VC, Agronomics, Better Bite Ventures, Joyvio Capital & SALT*. *Motif Food Works* announced an undisclosed investment from *FootPrint Coalition Ventures*. *Imagindairy* added \$15M in funding (an extension of a \$28M seed round) led by *Target Global*. Germany's *Bosque Foods* received \$3M for its whole-cut mycelium-based pork & chicken led by *FoodLabs*, with participation from *Blue Horizon, Happiness Capital & SOSV*. France's *Willcroft*, legume-based cheese, raised \$2.1M led by *PINC & Rockstart* with participation from *Döhler & Feast Ventures*. USA-based *Change Foods* received a \$3.1M from the Australian government to partner with Queensland University of Technology to commercialize fermented dairy products. *Gopuff* added Bob Igor as an investor & advisor. E-grocer *Buymie* raised €7M from *Grosvenor Food & AgTech, Act Venture Capital* & others, to expand across the UK & Ireland. German instant

delivery grocery startup *Flink* acquired France's *Cajoo* for \$93M, with funding from *Carrefour*, estimated to be \$65M at \$5B valuation. *J&J Snack Foods* will acquire *Dippin' Dots* for \$222M. *Above Food* will acquire *Northern Quinoa Production (NorQuin)*, quinoa producer; terms were not disclosed. Michigan-based *Lipari Foods* will acquire New York-based distributor *Deli-Boy* & its subsidiary *Big Apple* to expand *Lipari's* distribution footprint throughout the adjacent markets. Analysts suggest *Sprouts Farmers Market's* recent lagging performance could lead the company to return to private ownership. *McDonald's* will sell its Russia business interests. *Darling Ingredients*, repurposed animal-based co-products & natural materials, acquired animal & supermarket rendering company *Valley Proteins* for \$1.1B. Insurer *Axa* & *Unilever* will invest in a new \$1.06B regenerative agriculture fund managed by *Tikehau Capital*; *Axa* & *Unilever* each invested \$105M.

Target posted strong 1st QTR revenue & comparables, but income fell significantly due to costs & the write off of discretionary goods that did not sell. Despite a 2.4% growth in 1st QTR revenue, *Walmart* took a significant hit to income due to cost increases. The company intends to keep prices low. *BJ's* reported 1st QTR income up 40% on a 4.1% sales increase, excluding gasoline. *SunOpta* returned to a profit in 1st QTR, new capacity kicking in that helped increase sales 16%. Sales at *Utz Brands* grew at 27% in 1st QTR with a \$31.9M net loss due to direct-delivery buy out transactions & higher costs. For *Laird Superfoods*, 1st QTR sales rose 26% to \$9.6M while reporting a \$14M loss. *JBS* reported 1st QTR sales increases of 20.8% & net income rose 151%; strong sales growth across all segments. *Celsius* scored another quarter of beating estimates with its 1st QTR report. In 1st QTR, *MGPI* saw a 142% net income increase with an 80% revenue increase. *IFF* raised prices & full year guidance in 1st QTR with a net income of \$246M compared to a \$40M loss a year ago; net sales increased 31%. *AppHarvest* more than doubled revenue in 1st QTR YOY, with a slightly greater loss due to business investments, but in line with expectations. *Blue Apron* saw a 9% revenue decrease while extending its loss in 1st QTR to \$30.7M from \$6.1M. In its first public report, *Boxed* reported a 1st QTR revenue increase of 14.1% & net loss widening from \$14.2M to \$36.2M. *Aramark* reported a 51% 2nd QTR revenue increase in its USA foodservice business, its 4th straight quarter of 50%+ revenue growth. *Compass Food Group* reported a strong 1st half with an overall gain in revenue of 37.9% led by its USA segment. *Papa John's* felt labor shortage impacts as net income fell 67% in 1st QTR on a slight sales gain. Net sales rose 16% in *Krispy Kreme's* 1st QTR, shifting net income from a \$3.1M loss to a \$4M gain. A disappointing 1st QTR for *Wendy's* will lead management to shift focus to price increases. In 1st QTR, Scottsdale-based digital supply chain & fulfillment software *Blue Yonder* reported net revenue rose 37%.

HEB Wellness is a new platform, currently in 7 stores, that incorporates medical clinics, pharmacy services, nutrition counseling & products. *Amazon Fresh* will expand in New York & New Jersey. *Albertsons* will partner with *Veeva* on smart checkout carts. *Uber* will test autonomous robot delivery. *Cargill* will build a new soybean processing facility in Missouri. *RiceBran Technologies* will double capacity of its *MGI Grain* pearling mill in Minnesota to meet growing demand. *ADM* will expand its starch production facility in Marshall, MN for the same reason. *Eat Just* division *GOOD Meat* will partner with *ADM* to speed production & lower costs. *Happy Fresh*, an Indonesian dark store operator, upgraded its warehouse management system with software from Scottsdale-based *Blue Yonder*. *Kalera* & *US Foods* will partner on new produce products for *US Foods'* distribution. *NotCo* will debut a foodservice option at *Shake Shack*. *Motif FoodWorks* debuted three finished products for foodservice providers, distributors & retailers with private labels. *Tomorrow Farms* launched its first product & brand, *Bored Cow*, which uses *Perfect Day's* animal-free whey protein to recreate a cow-free version of flavored milk. *Do Good Foods* introduced its first product, *Do Good Chicken*, chickens fed on upcycled surplus grocery store food. *Meati Foods* will launch its first mushroom-based meat analog in the USA. Yellowstone National Park will offer *Nature's Fynd* fungi-based meats, developed from fungi discovered in Yellowstone in 2008. Chickpea protein maker *InnovoPro* & *Milkadamia* are collaborating on a plant-based ice cream made with *InnovoPro's CP-Pro 70* protein. *Sysco* purchased 800 electric vehicles. Cleveland's *Stouffers*, which started as a dairy stand at the Old Arcade, celebrates its 100th anniversary.

Coresight research suggests shoppers are using on-line services more than their own expectations & that a higher percentage of shoppers are now buying the bulk of their groceries on-line. From the *Brookings Institute*, 93% of the USA consumers & 90% living in what is termed food deserts, have access to food delivery from either *Amazon Fresh*, *Whole Foods Market*, *Instacart*, *Uber Eats* or *Walmart*. From *Toast*, restaurant data provider, on-premise dining sales were up 46% in 1st QTR while takeout & delivery sales were down 7%. Also, Indiana, West Virginia & Ohio were the best tipping states, while New York, Washington & California were the worst. From a study at Toronto's *St. Michael's Hospital*, children on a vegetarian diet are highly likely to be underweight. Hard red winter production is down 21%, soft red winter wheat is down 2%. Wheat supply is at a 6-year low.

MARKET NEWS: For the first time in 90 years, the height of the worst economic time in American history, markets closed lower for 8 consecutive weeks. Gas prices reached a record high in every single state, for the first time ever.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – Tom Malenka

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