



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

**"OUR EARS SPAN ALL FIELDS"**



**WE PLAY TO WIN.** This is why we get in the game; it's only human nature to try to win. We try our hardest & do our best. Yes, we want to best ourselves, to do better than we did before, but we always want to beat the other guy, too. When building a business, winning means you have to beat the competition to be successful. And while some frown on a Vince Lombardi, "*Winning is the only thing,*" or Al Davis, "*Just win, baby,*" attitude, do we really remember who came in second? Silver & bronze are nice, but we remember the gold medal winners. Yet, in some ways, renown comes even if you are not always on top, *when you play second violin*, as is the case with *our two Bens*.

**OUR TWO BENS:** Our first Ben was born June 11, 1572. His father was released from debtor's prison & became a clergyman, dying just before Ben's birth. Though Ben was classically educated, he apprenticed with his stepfather as a brick layer, then joined the military. He then entered the competitive world of the Elizabethan Stage. Everyone knows who is the number one, the top dog playwright, of the Elizabethan era, the *Sage of Avon*, William Shakespeare. Yet Ben Jonson, playing somewhat second fiddle, won renown as playwright & poet, leaving his mark, especially with satirical comedies, that influenced English playwrights for several generations. (It is his satirical side that makes him an *All Ears!!* favorite!) Ben Jonson was perhaps comfortable being the second greatest English playwright ever. He wrote, "*Great honours are great burdens,*" & understood that character was more important (with which Coach Lombardi would agree) than winning, writing, "*It is virtue that gives glory; that will endenizen a man everywhere.*" Our second Ben was born almost 350 years later, on June 13, 1918, on a ranch in the Osage Indian reservation in Oklahoma. He rode the rodeo circuit & became an expert rider. He was working on a ranch when Howard Hughes bought some horses for his movie, *The Outlaw*. Young Ben was tasked with taking the horses to Northern Arizona where the movie was being filmed, then on to Hollywood. His mastery of horses led to his Hollywood career, as a wrangler, stunt rider & double. In 1948, on the set of John Ford's *Fort Apache*, horses pulling a wagon with 3 people were spooked & took off. Ben was able to stop the horses & save the people. Director Ford immediately gave Ben a 7-year contract at a still enormous sum of \$5,000 a week! Ben worked in small roles as a character actor in many of Ford's films. In a small but pivotable role in *She Wore a Yellow Ribbon*, Ben takes part in one of the most touching scenes in movie history (a scene so moving, so drenched in honor, commitment & duty, that it deserves an *All Ears!!* all to itself), when John Wayne speaks at Trooper John Smith's burial... "*A gallant soldier & Christian gentleman.*" Ben continued as a character actor in movie westerns & on TV throughout the '50s & '60s, taking time off to win a Team Roping title at the 1953 Rodeo World Championships! Then in 1971, he took a small role in Peter Bogdanovich's classic, *The Last Picture Show*. Ben did not want the part, *Sam the Lion*, because it was too wordy & dirty. John Ford convinced him to take it, supposedly asking Ben, "*Do you want to be Duke's sidekick forever?*" & Ben Johnson won the Academy Award for Best Supporting Actor, actually having rewritten his part to eliminate its most offensive nature! Ben Johnson remained humble throughout his career, having said about his Oscar, "*After I won that old Oscar, everybody thought I knew something. I didn't know any more than I did before I won it, but they thought I did.*" So a happy birthday to our two Bens, for whom it seems, winning did not mean everything, but for whom character certainly meant the most!

**INDUSTRY NEWS:** *Ready, Set, Food*, baby food mix-ins to address allergies, closed on \$3.5M led by *Edward-Elmhurst Health* with existing investors *Danone Manifesto Ventures* & *AF Ventures* involved. *Bobbie*, organic infant formula, raised \$15M in Series A funding led by *VMG*. Craft sparkling water *Aura Bora* raised \$2M from private angel investors. Singapore's *Float Foods*, plant-based whole egg alternative, raised \$1.66M, led by *DSG Consumer Partners* & *Insignia Ventures Partners*, with *Apricot Capital*, *Baksh Capital* & *Teja Ventures* participating. Plant-based meat maker *Hooray Foods* raised \$2M (in a seed round of \$4M) led by *Evolution VC Partners*, with *Gaingels* & *Sand Hill Angels* participating. *Simulate*, parent company of plant-based chicken *Nuggs* & *Discs*, raised \$50M led by *Seven Seven Six* with *NOMO Ventures*, *McCain Foods*, *Imaginary Ventures* & *Day One Ventures* involved. *Cirona Labs*, a CBD supplier for food & beverage brands, raised \$1.5M led by *LiDestri Food & Drink*, *BevSource* & *Sweetener Supply*. *Hungryroot*, AI eCommerce shopping cart builder, raised \$40M led by *L Catterton*. Checkout-free technology developer *Grabango* raised \$39M led by *Commerce Ventures* with *Founders Fund*, *Unilever Ventures*, *Honeywell Ventures* & *Wind Ventures* involved. *Getir*, Turkish quick-delivery, raised \$550M at a \$7.5B valuation, from *Silver*

*Lake, Mubadala, Sequoia & Tiger Global*. *Senterra*, data integration for growers, raised \$25M co-led by Canadian pension fund manager *Caisse de dépôt et placement du Québec* & *S2G Ventures*; *Akroyd LLC, KuE Capital, Continental Grain Company, iSelect Fund & Middleland Capital* participating. *Dot Foods*, food redistributor, acquired eCommerce grocer *ShopHero*. *Ferraro* acquired *Burton's Biscuit* for an undisclosed amount. *Crown Bakeries*, fresh & frozen bread, baked foods & dough products, acquired *Michel's Bakery*, private label baking for distributors & quick-service customers worldwide, for an undisclosed amount. Australia's *Tenacious Ventures* closed its first VC fund at \$26.8M to invest in AgriTech Seed & Series A rounds. The European Commission approved the *Dole & Total Produce* merger, which still requires company board approval. *Grubhub* is facing 14 lawsuits concerning its takeover of *Just Eats Takeaway*, with plaintiffs charging important information & conflicts of interest were not disclosed. *Krispy Kreme*, now owned by *JAB Holdings & BDT Capital Partners*, will file for an IPO.

*BJ's* reported relatively flat sales & earnings though 1<sup>st</sup> QTR as digital sales rose 31%. *Costco* 3<sup>rd</sup> QTR showed increases in sales, comparables & income, showing no sign of slowdowns other retailers are experiencing. Operating income grew 4.9% at *Dollar General* though 1<sup>st</sup> QTR sales were lower. *Dollar Tree* scored increases in all categories for its 1<sup>st</sup> QTR. Sales, comps & earnings were lower for *SpartanNash's* 1<sup>st</sup> QTR, the company will address supply chain efficiencies. *UNFI* saw sales drop 5.9% in 3<sup>rd</sup> QTR & adjusted EPS fell 29.3%, but the distributor feels its growth expectations from 2019 are on target. *J.M. Smucker* reported 1<sup>st</sup> QTR results that beat estimates & shared an upbeat forecast. *Sanderson Farms* beat 2<sup>nd</sup> QTR estimates as chicken prices outpaced supply price increases. *Hormel* saw sales increase 8% in 2<sup>nd</sup> QTR on rebounding foodservice sales, though earnings were flat. Adjusted earnings were flat for *Flower Foods* in 1<sup>st</sup> QTR, sales were down 3.5%. *Campbell's* 3<sup>rd</sup> QTR was hit by rising inflation & lower demand (as at-home cooking demand fell) missing targets & lowering forward looking numbers.

*Instacart* will begin to offer *ButcherBox* grass-fed & other high quality meat products in selected USA cities. *Jokr*, 15-minute delivery of more than 1500 curated products, launched in NYC. *Lowe's Foods* will partner with *Bell & Howell* to provide automated grocery pickup lockers at North & South Carolina office buildings. *Hy-Vee* will partner with *Google* for omnichannel shopping. *Whole Foods* will open a hyper-local store in Tampa, stocking 800 local products. With a new *Ocado* powered DC in Groveland, *Kroger* launched eCommerce sales in Florida. *Kroger's* meal kit brand, *Home Chef*, has seen a more the 100% sales growth & is now offered in 2100 *Kroger* stores. *Sprouts Farmers Market* opened an Orlando DC that will service 33 Florida stores in the coming year. Asian-focused retailer *99 Ranch Market* opened a store in Chandler, AZ. *Kroger* seeks to fill 10K positions. *General Mills'* streamlining efforts will eliminate 1400 jobs globally. Grocery store employment is falling as workers return to reopening restaurants. *The Wall Street Journal* reports, that despite high unemployment, new restaurant & grocer openings are being slowed by a lack of workers, as workers stay on government benefits instead of seeking meaningful jobs. *GNC products* will appear on the shelves of 4K *Walmarts*. *Better Meat* unveiled a 13K sq. ft. mycoprotein fermentation plant, as well as a line of mycoprotein meat analog ingredients. *Cargill* is building a \$200M palm oil refinery in Indonesia to accelerate its efforts for a sustainable palm supply chain & certified deforestation-free products. *AeroFarms*, vertical indoor farm, will expand in the Northeast with additional *Whole Foods, FreshDirect & Amazon Fresh* stores & with *Walmart* in the Mid-Atlantic. USA synthetic biology startup *Ginkgo Bioworks* entered a R&D collaboration with Japan's *Sumitomo Chemical*, agrochemical producer. *J.M. Smucker's* CEO identified wide spread economic policy driven inflation, with plans to pass it on to the consumer. *Tyson* will pay \$4.6M to wholesalers & distributors to settle its turkey price-fixing allegations.

*Edge by Ascential* reports that *DoorDash* will be the number 3 eCommerce banner by 2025, just behind *Amazon & Walmart*, with *Instacart & Uber* rising on the list just behind *DoorDash*. About 25% of online orders placed in 2020 were for delivery, according to *Paytronix's Order & Delivery Report*. For restaurants that delivered themselves, 44% of orders were for delivery, while those who use third-party delivery platforms only had 12% of the orders placed for delivery. From *Artemis*, indoor farming analytics research, nearly 75% of indoor growers plan to expand their footprint; 77% grow more than one crop; leafy greens are the most grown crop & distribution to retail (28%) slightly leads DTC (26%). From the *Specialty Food Association*, specialty foods sold \$170.4B in 2020, a 13% increase since 2018. *Crain's* reports that grocery stores are seeing an average 5.5% drop in same-store sales as people return to eating out. For yogurt, *IFIC* reports that 48% of consumers consider taste the top reason for eating yogurt, 38% do so for its health benefits (gut/digestive care) & 37% for its nutritional value (protein/calcium). *Foresight Commodity Services* reports continuing price increases for fry oils, especially soybean. Per vanilla producer *Aust & Hachmann*, vanilla demand is increasing, as is supply, but pricing is still inflated due to Madagascar's minimum export price. The USDA reports an increase in Florida citrus crops. Mexico's strawberry exports are up 25%.

**MARKET NEWS:** Markets were mixed this week with a sluggish jobs report & the highest reported inflation in 39 years; government agencies & financial media reporting record inflation in food prices.

**SEEDS, SPROUTS, GROW, HARVEST!**

THE LITCHFIELD FUND – *Tom Malenka*

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