



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE NEW YORK YANKEES GREAT PITCHER. Lefty Gomez, was a notoriously poor hitter, a sure out on the Bronx Bombers' murderous 1930's lineup. One day, Lefty was at the plate facing a 17-year-old Iowa farm boy. This farm boy's 2nd greatest achievement would be to retire as the game's greatest right-handed pitcher - *Bullet* Bob Feller lost 4 years of his storied career to serve as a gun captain on the USS Alabama. On this day though, the farm boy whizzed 2 strikes past Lefty, who didn't see a thing, just hearing a slight buzz as the ball passed. When strike 3 was called, Lefty, sure the ump couldn't see the ball either, said, "*Hey ump, didn't that last pitch sound a bit low?*"

INVISIBLE DETAILS: Lacking the sophistication of today's radar guns, the speed of Bob Feller's fastball was measured by racing a motorcycle next to his pitch, or having him slow down his pitch just enough to throw the ball through a 15-inch triangle. Despite these rudimentary measuring devices, he was always clocked in the upper 90s & often over 100 MPH. But even at that speed, *Rapid Robert's* fastball was not invisible. An object travelling at the speed of sound, 767 MPH, would not be invisible, although the distance & the total field of vision are variables. The human brain can register an object in the field of vision even if it appears for just 1/220th of a second! For a fastball to actually be invisible over the 60' 6" from pitcher's mound to home plate, the ball would have to travel at more than 38,000 MPH! So why is it that life, which by pure math happens at a much slower pace, passes us by so quickly? Why are we always so surprised at how fast a child grew; how long it has been since we were in college or how much time has passed since we last spoke with someone who is special to us? Why do we all have that moment Bob McDill wrote about in the classic country song, *Amanda*: "*It's an awful awakenin' in a country boy's life, To look in the mirror in total surprise, At the hair on my shoulders & the age in my eyes.*" Why do we look around us & often ask, "*How did that happen?*" or "*When did that happen?*" It isn't that life passes by so quickly, it is that we are so distracted by the day-to-day process of living, working, existing, that the smaller details appear to be invisible. When our busy lives are coupled with the sheer amount of information hitting us every day, from every form of media & electronics, important details, those we should heed, slip by unnoticed. These smaller details are often the most important, the ones that provide full understanding & the truth. Criminals, politicians, media, social media stars & others with a nefarious objective count upon our distraction. They want to flash a headline past us in the 1/220th of a second, hoping our brains register the headline, but that the details will forever remain invisible. These reprehensible people know most individuals do not have the time to look at the details – details they want to remain cloaked & invisible. This is why so many people quickly respond to a spam email whose subject line is, "*Your account has been locked,*" still believe hundreds of old headline news stories that have all been disproven or trust a 5,000-page government bill will actually deliver on its misleading title! The last of these is the most disappointing, our own government hoping the details, that we as citizens have every right to know, stay invisible. This is nothing new, from President Theodore Roosevelt more than 100 years ago: "*Behind the ostensible government sits enthroned an invisible government owing no allegiance & acknowledging no responsibility to the people. To destroy this invisible government, to befoul the unholy alliance between corrupt business & corrupt politics, is the first task of the statesmanship of today.*" Roaring twenties NYC Mayor John Francis Hylan said, "*The real menace of our Republic is the invisible government which like a giant octopus sprawls its slimy legs over our cities, states & nation... It operates under cover of a self-created screen, seizes our executive officers, legislative bodies, schools, courts, newspapers & every agency created for the public protection.*" If we are engulfed by the process & overwhelming details of living, we may miss very special moments: the chance to revel a child's success, lend a hand to someone we care about or to say to someone, "*I love you.*" When the mass of details from the constant barrage of inputs are flying at us, the critical details behind media or government activities are obscured – these important details are rendered invisible. When we miss these details, we risk losing our very freedom. From Alexis De Tocqueville: "*It must not be forgotten that it is especially dangerous to enslave men in the minor details of life. For my part, I should be inclined to think freedom less necessary in the great things than in the little ones, if it were possible to be secure of the one without the other.*"

INDUSTRY NEWS: *Momofuku Goods*, pantry essentials, raised \$17.5M led by *Siddhi Capital*. *Oatly* raised \$425M in credit & convertible notes. *Fork and Good*, cultivated meat, raised \$22M from *True Ventures*, *Leaps by Bayer*, *Collaborative Fund*, *Firstminute*, *Green Monday* & *Starlight*. *Cocoon Bioscience* raised \$16M to turn moths into proteins for cultivated meat. *Chipotle's Cultivate Next* invested an undisclosed amount in cultured oil startup *Zero Acre Farms*. *Wingtra*, crop monitoring

drones, raised \$22M; investors include *DiamondStream Partners*, *EquityPitcher Ventures*, *Verve Ventures*, *the European Innovation Council Fund* & *Ace & Company*. Uruguayan startup *The Climate Box* raised \$350K in a pre-seed round led by *The Yield Lab* to expand its frost risk management platform. *OneThird*, food waste AI, raised \$3M led by Dutch impact investor *Pymwymic*. India-based lifestyle brand *Ayurveda* raised \$12.2M from *Sixth Sense Ventures*. Pet care startup *Bundle X Joy* raised \$1M led by *Leap Venture Studio*, with *Mars Petcare Companion Fund* involved. *Pernod Ricard* took a stake in *Skrewball Whiskey*. *Enwave* divested the *Moon Cheese* snack brand to *Creations Foods*; terms not disclosed. Middle Eastern & Mediterranean food provider *Ziyad Brothers* acquired Middle Eastern food distributor *Vintage Food* for an undisclosed sum. *Peter Pan Seafood* acquired *Trapper's Creek Smoking's* brands & smokehouse facility; terms not disclosed. *Cooke Seafood* purchased *Slade Gorton*, a distributor & manufacturer of fresh & frozen seafood; terms not disclosed. *Apollo Funds* acquired *Univar Solutions*, chemical & ingredients distributor, for \$8.1B. Vertical farm *Upward Farms* will close according to filings made to the state of New York. Plant-based prepared foods manufacturer *Tattooed Chef* has informed the SEC that they will not be completing financial filings on time. *IFF* is asking shareholders to turn down an unsolicited below market tender offer from *TRC Capital Investment*. *Family Fund & Founder Community (F3C)*, a new \$25M fund, was launched by *ForceBrands* CEO/founder Josh Wand, *Caroo* founder Sean Kelly & *Vital Proteins* founder Kurt Seidensticker. *CircleUp* is divesting its financing vehicles, including its venture capital fund & credit platform.

Dollar General reported disappointing 4th QTR sales, but gains in net sales, same-store sales, market share & new customers. Sales were up 1.5% for *Empire* in 3rd QTR but earnings dipped due to losses from the *Sobey's* cyberattack. Net sales rose 13% in 3rd QTR for *General Mills*, driven by price hikes, with adjusted EPS rising 17%; management will seek to return to volume growth, which fell for the quarter. Sales were up 13% & net income rose 70% for *Ingredion's* 4th QTR; net income for the year was 4X higher. For *Bunge's* 4th QTR, net income rose 45% on flat sales. Net Income was down 29% & revenues rose 14% in 4th QTR at *MGPI*. *Dominos* squeaked out small 4th increases, impacted by delivery issues. In 4th QTR, vertical farm *AppHarvest* reported net sales of \$4.5M (compared \$3.1M the year before) with a net loss of \$93.3M.

Schnucks will add 22 AI-driven self-service salad bar stations from *Picadeli*. *Kroger* opened its Aurora, CO fulfillment center. *Amazon* is planning another 9K job cuts. *Walmart* will reduce hundreds of jobs across 5 fulfillment centers. Also, *Walmart* will begin to charge 42¢ for single use bags, (which actually have multiple uses) in an ongoing misnomer to drive compliance & profit. *Wakefern* will partner with *NuZee* for new single-serve coffee brew-bag items under its *Bowl & Basket* brand. *Albertsons* will add 12 new plant-based *Open Nature* products with a refreshed logo. *Amazon* & *Rite Aid* will partner on 2-hour delivery in Newark & Burbank. *FlavorSum* will increase the size of its Kalamazoo facility by 35K sq. ft. *Elevate Farms* opened a leafy green vegetable USA farm, its first, in New Jersey. *Tillamook* will open an ice cream manufacturing plant in Decatur, Ill., in late 2024. *Tyson* will invest \$70M in a new hatchery in Hope, AR. *Shiru* launched *OleoPro*, combined proteins & unsaturated oil for functions similar to animal ingredients with less saturated fat. *Hey Planet*, insect-based meats & other foods, will expand from Denmark into the USA. With hard seltzer sales difficult to come by, *White Claw* will look to enter the premium vodka market. *Halo Top* will add popsicles made with Icelandic skyr yogurt, granola & real fruit. *Eat Just's Good Meat* chicken received USDA regulatory approval & will be served at a Washington, D.C. restaurant. *PepsiCo* will invest \$216M in regenerative ag through farmer facing organizations. *Ardent Mills* gifted \$3.5M to Kansas State University to support the grain science department's growth & R&D capabilities. Laxman Narasimhan will succeed Howard Schultz as CEO at *Starbucks*. Bill Artman is taking over the CEO role at *Giant Eagle* from Laura Karet. *Cardenas Markets* named Eric Stover CEO.

From *Incisiv*, retailers anticipate a significant increase in automation & expect up to 70% of routine tasks to be partially or fully automated by 2025. *Kroger* & *Hy-Vee* were the most visited Midwest grocers, according to *Pacer.ai*. From *Brand Finance*, the most valuable restaurant brands are *Starbucks*, *McDonald's*, *Kentucky Fried Chicken*, *Domino's* & *Subway*. From *Numerator*, 53% of consumers expect inflation to impact their holiday plans throughout 2023. From *Adobe Analytics*, economic uncertainty is spurring many consumers to delay payment for purchases by using buy now, pay later (BNPL) options online, usage growing 14% in the last year. From *National Ag Day*, Food & Ag generate \$8.6T yearly for the USA economy. From *FMI*, meat is purchased by 98.3% of households & sales volume grew 5.7% but item volume fell 2.5%. Per *Market Research Future*, the oat milk market will reach \$7.8B by 2030 at a 7.20% CAGR. From government data & reported in *Food Business News*, 33% of shoppers look at allergen claims due to a specific household member allergy. Per the USDA, honey harvest fell 1.1% in 2022, prices rose 12% & hive colonies fell 0.1%.

MARKET NEWS: Markets rose slightly. The FED raised rates 25 basis points. The administration vetoed a bill that would protect consumers' 401ks from fund managers who make poor investment decisions in order to support social & political agendas.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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