



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



MY UNCLE DROVE A GOLD 1963 *Oldsmobile Holiday 98* with a white hardtop. It had a 394cc V-8 engine generating 330 HP & eating up 10 miles of roadway for every 29¢ gallon of gas. It was, as described by the B-52s, as big as a whale & sat about 20, especially kids our size. In the 1970s, the *Olds Cutlass* was the best-selling car in America & *Olds* sales peaked in the early '80s. But *Olds'* sales fell as sporty *Trans Ams*, *Camaros*, *Mustangs* & new sleeker, space age designs of *Ford's Taurus*, *T-Bird* & the *Mercury Cougar* stole market share. *Oldsmobile* launched a campaign to revive sales & change their image. In 1988, the American lexicon added the phrase, "*Not your father's...*"

NOT MY NONO'S: Ransom E. Olds was born in Geneva, OH in 1864. His family moved to Cleveland & then to Lansing, MI. Olds dropped out of school to work at his father's company, building steam engines. In 1897, with 11 innovative designs in hand, he formed the *Olds Motor Company*. After he had introduced several innovations, & with his company growing, he was forced out by a partner in 1904. Within a year he formed the *REO Motor Company* which lasted until 1975 & made a small light delivery truck, the *REO Speed Wagon* (Yes, that is where the band's name originated.) *Olds* became part of *General Motors* in 1908. It fit right in the middle of the GM line-up – *Chevy* & *Pontiac* were for entry-level buyers & *Cadillac* & *Buick* were at the top for buyers seeking luxury & quality. *Olds* was reliable & traditional, an old man's car. *Oldsmobile's* sales were already in free-fall when they launched the "*Not your father's Oldsmobile*" campaign. They used celebrities, like William Shanter & Ringo Starr & their offspring to tout a new vision of *Oldsmobile* as hipper & more modern. The campaign failed & by 2004, *Oldsmobile*, the oldest active American car brand at that time, ceased production. But "*Not my father's...*" (like "*Got Milk?*" & "*Where's the beef?*") has remained a universally used phrase, describing something new & different, but not necessarily indicating something better. To say, "*This is not my father's America,*" or even more significantly, "*This is not my grandfather's America,*" would not be an indication that different is better. I often wonder how my maternal grandfather, my Nono, would view America today. For a man who came to America through Ellis Island, followed the rules to become an American citizen, worked hard at the menial jobs (the only jobs available to Italian immigrants) & even served his time as a doughboy in the AEF (*American Expeditionary Force*) in WWI before becoming an American citizen, he would be angered at the easy access illegal immigrants have to America & our bounty. As a man proud of his military service, he would be disappointed that this Nation does more for illegal immigrants than it does for homeless veterans. As a man who worked in the coal mines & raised his vegetables to be able to house & feed his family, he would be disgusted to see people living in the streets. For a man who went to work every day in the mines during the Spanish Flu, he would be appalled that the government shutdown the economy & regulated personal health choices. As a man who survived a mine cave-in & needed innovative surgery to replace two vertebrae with metal disks, only to go back into the mines as a track layer, he would be offended by whiny young people claiming how hard life is for them. He would also be offended that coal, once the life blood of this great Nation (& still can be) has been stigmatized by radical pseudo-science mantras. For a hard talking, hard drinking man, he would be surprised at how quickly & over such seemingly meaningless words & actions that people take umbrage; & he would be aghast that the government & businesses attempt to censor & criminalize free speech. For a man who lived through Teapot Dome, McCarthyism & Watergate, he would be shocked at the corruption of our Nation's current leaders that goes unpunished & unpublished. For a man who escaped Italy's fascism & communism, saw his friends & neighbors fight fascism & whose own son served during the Cold War, he would be amazed at young people & old politicians who are so welcoming to the totalitarian philosophies of socialism, communism & fascism. And for a man who lost children to the natural mortality rate of the early 20th century & was pounding tomato stakes into the ground moments before he passed, he would be shocked at how cheaply our society views life. From the way my Nono lived his life, I think this would be his point of view. And while in many ways change is good, some changes result in decay & chaos; most likely because the change is an affront to basic human & national values. Entropy is the natural & expected progression of any living organism & our society is a living organism. But it's our responsibility to those who came before us to protect what they built. My Nono was far from an educated man, but I believe he would agree with Vaclav Havel, the first freely elected president of Czechoslovakia who fought communism for more than 20 years, "*Just as the constant increase of entropy is the basic law of the universe, so it is the basic law of life to be ever more highly structured to struggle against entropy.*"

INDUSTRY NEWS: Rice, beans, & sauce brand *A Dozen Cousins* raised capital from *Emil Capital Partners* & others. *Beloit Kombucha*, kombucha powder sticks, raised \$800K led by *Grey Collar Ventures* with participation from *Battle Born Venture*, *gener8tor* &

others. *Vivici BV* closed funding for its animal free, fermented dairy proteins with *DSM-Firmenich Venturing & Fonterra*. Brazil-based *Future Cow*, dairy precision fermentation to produce animal free dairy, joined *Big Idea Ventures'* accelerator program with a capital investment from the firm's *New Protein Fund II*. *Grove Collaborative*, a DTC platform for natural home & personal care products, raised \$10M from *Volition Capital*. Grain management platform *Bushel* raised a \$26.55M series C extension. Germany's *NeoTaste*, restaurant-finding app with free marketing services for restaurateurs, raised €5.9M led by *Burda Principal Investments*. Autonomous store-hailing vehicle maker *Robomart* raised \$2M from *Wasabi Ventures & others*. Pet prescription & wellness brand *Mixlab* completed a \$10M round led by *Vanterra Ventures* with participation from *Lakehouse Ventures & others*. *Aldi* will acquire 400 *Winn-Dixie & Harveys Supermarket* locations in Alabama, Florida, Georgia, Louisiana & Mississippi from *Southeastern Grocers*. *Casey's General Stores* will acquire 63 c-stores from *EG America* under the *Minit Mart & Certified Oil* banners. *Apax Partners* purchased *Bazooka Candy Brands* from *Madison Dearborn Partners & Torante* for \$700M. Ingredients manufacturer *Dohler* bought food & beverage flavors producer *Boon Flavors*. *Mars* purchased the assets of veterinary laboratory diagnostics company *SYNLAB Vet*. *Arcadia Biosciences* (*GoodWheat* brand) has engaged *Lake Street Capital Markets* to explore strategic opportunities, including acquisition, sale, merger, an asset sale, a joint venture, a licensing arrangement or a capital raise. *Serve Robotics* raised \$30M, becoming a public company in a reverse merger with *Patricia Acquisition Corp.* & the company will use funds for 2,000 robots with *Uber Eats*. *Anheuser Busch's* heir Billy Busch has offered to buy back the *Budweiser & Bud Lite* business back from *InBev*.

Target had its first down quarter in six years as the retailer's marketing efforts & children's cloth designs were found to offend its core mom customer base; revenue, comps & digital sales were all lower. *Walmart* beat 2nd QTR estimates & raised guidance. *SpartanNash* saw a 1.7% revenue growth in 2nd QTR with an almost 4X increase in earnings. *Flower Foods'* stock price rose as sales & earnings rose on price hikes. *Utz* brands had a small 2nd QTR sales increase but reported a net loss on inflation pressures; the company raised its earnings forecast for the full year. *Dole* reported across the board increases in 2nd QTR driven by inflation. Sales were lower & *JBS* saw a net loss of \$53.2M as market challenges impacted pork, beef & chicken segments. *Hungryroot* reported 1st half revenue increases of 67%.

Kroger will add *80 Acres* products to 1,000 stores. *Trader Joe's* confirmed it will never include self-checkout at its stores. *Erewhon Market* has a new app to improve prepared food ordering experience which is 50% of its business & shipped within & outside its service area. *Hy-Vee* will partner with *Uber* for delivery. *Wakefern* will expand the use of *Simbe Robotics' Tally* robot. *RootWave* launched a tractor-powered e-weeding machine for fruit orchards. *Nestlé* is testing a vending machine that makes *DiGiorno* pizza in 3 minutes. *Storewise* introduced a new competitive pricing tool, *PriceFind*, to help independent grocers' competitors' pricing on hundreds of items. *Dunkin'* has launched *Dunkin' Spiked*, a new retail line of alcoholic iced coffee & iced tea beverages in collaboration with *Harpoon Brewery*. *Kellogg* will offer an *Eggo* brunch liqueur partnering with *Sugarlands Distilling*. *CULT Food Science & Umami Bioworks* will partner on *Marina Cat*, cell-cultivated cat food. *Imagindairy* achieved GRAS status in the USA. Korean alt-meat brand *UNLIMEAT* will partner on plant-based products with *JUST Egg*. *Gotham Greens* opened their 2nd Colorado farm, their 11th in the nation. *Ferraro Foods* will add capacity to its Connecticut facility. *Synergy Flavors* opened a new savory innovation center at its headquarters in Wauconda, IL. *UNFI* will replace an aging distribution center with a new 1M sq. ft. DC in Sarasota, FL. *The American Egg Board* has started a food & beverage *Eggcelerator Lab* for innovation. Interestingly, *Danny Meyer* is closing 2 restaurants in NYC hotels housing illegal immigrants. *Carlos Abrams-Rivera*, the current head of *Kraft Heinz's* North American Division, will become CEO in January. *Don Clark* (former *Whole Foods & Target* executive) is the new CEO of baby food brand *Cerebelly*. *Mary's Gone Crackers'* new CEO is *Michael Finete*. Health food pioneer *Patricia Bragg* passed away at age 94.

In what is a very sad commentary on our society today, *Ketchum* reports that Gen Z's food purchase priorities are taste, value & affordability, trumping societal issues; yet Gen-Zers feel pressure, anxiety & exhaustion to eat or say they eat to support sustainability, animal welfare, diversity & LGBTQ rights. From *Palcer.ai*, *Costco* led all superstores in July foot traffic growth & was also ahead of *Walmart & Target*. While most grocery departments are seeing lower unit sales due to inflation, *Circana* reported that fresh produce bucked the trend with higher July volume sales.

MARKET NEWS: Markets crumbled this week on inflation data, a spike in bond yields & mortgage rates. Since January 2021, each American family is paying \$709 more each month, \$8500 a year, for everyday household goods. Overall inflation since January 2021 is at 15.8%, groceries are 19.8% higher since January 2021 & the average mortgage rose from 3.11% in January 2021 to 8.08% today, the highest rate in more than 20 years! Wow, it seems like something significant must have taken place in January 2021 to impact the American economy. I wonder what it was?

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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