



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



IN EARLY NOVEMBER, 1942, American ground forces had yet to enter the European theater. FDR & Churchill were committed to a Europe first policy. Meanwhile, the American Navy, Army & Marines were battling for survival in the South Pacific. The Japanese still had control of all the areas they had taken, but their advances had been stymied in the Coral Sea & at Midway. The Marines were in a battle for Guadalcanal & the seabed of the 'Slot,' the New Georgia Sound, was nightly being turned into a steel graveyard. The Americans were managing footholds in New Guinea, Papua & Burma. On November 8, the Americans then entered the European war, landing at Casablanca.

CASABLANCA: In November, 1942, the Nazis were in control of all of Europe. They were well advanced into the Soviet Union. They were entrenched in North Africa & were nearly in control of the Suez Canal & all of the Mediterranean, with just the ancient fortress of Malta standing in their way of complete control. Stalin was pushing FDR & Churchill for a second front in Europe, Operation Sledgehammer, to take several ports in France. Churchill was not in favor, believing American forces & supply lines were not quite up to the task. This was true, USA troops were not battle tested & America's manufacturing power was just kicking in. Churchill proposed an invasion of North Africa, to secure the Suez Canal, open the Mediterranean, & have a launch pad for a proposed 1943 invasion of Southern Europe, whether in Southern France, Sicily or Italy. On 8 November 1942, Operation Torch launched, the invasion of North Africa at three points in Casablanca, Algiers & Tunisia. The situation on the ground in North Africa was more than unclear prior to the invasion. Northern Africa was under the control of the French Vichy government, the provincial government of unoccupied France. At their disposal were more than 100K troops (some members of the French Foreign Legion, mercenaries not necessarily aligned with a Free France), hundreds of tanks, a dozen ships, coastal batteries & 500 English fighter planes. Also, the French Vichy were upset that the British attacked & sank their ships at Mers-el-Kebir in 1940. The British were worried that the Vichy might deploy those ships in support of the Nazis. Leading up to the invasion, the situation on the ground was being managed by diplomat & part spy, Robert Daniel Murphy. Murphy was born in Milwaukee & joined the Foreign Service in 1921 after serving as a cipher clerk in WWI. An expert in French & European political affairs, he was asked personally by FDR to manage the political situation in North Africa. (Murphy's distinguished career in political affairs & intelligence would find him working in the administrations of four USA Presidents: Truman, Eisenhower, Ford & Carter.) Prior to the invasion, Murphy worked to gain the allegiance of the French generals & leaders on the ground. Murphy convinced General Henri Giraud to be the commander of all French military in North Africa, though Giraud wanted command of all the allied forces in the theater. Murphy also negotiated that Admiral François Darlan, whom the French troops loyal to the Vichy most supported, would be the highest authority in North Africa. Murphy also worked hard to keep USA General Mark Clark from firing on the French during the landing. But with all of Murphy's work, it was still unclear where loyalties lied. Among the troops & citizens were Gaullists, pro-Vichy loyalists, French who supported the Nazis, Nazi spies, Soviet spies reporting back to Stalin, paid mercenaries of all nationalities & loyalties. To be more palatable to the French, who still had misgivings about the British after Dunkirk, the invasion was said to be led by the Americans, with British support. In fact, some British troops wore American uniforms, per Churchill's recommendation. The Americans did encounter French resistance & took more casualties than necessary to advance without using overwhelming force. The ground situation unfolded like a master spy novel. The Jewish French Resistance led a coup d'état in Algiers. One French general attempted a coup of the French command in Morocco, only to fail & surrender to the Americans. Murphy himself drove about Morocco trying to convince captured & encircled French generals to surrender. By November 16 the situation was settled. The Nazis sent troops to Tunisia in order to stop future allied advances. Most of the citizens were actually Free French, & looked to General de Gaulle as their leader, despite his lack of authority in the area. The news from North Africa, & its principal port, Casablanca, dominated the headlines in an America starved for good news from the war. It was against this backdrop that on November 26, at the *Hollywood Theater* in midtown Manhattan, that the greatest motion picture ever made, *Casablanca*, premiered to exceptional response! While the impact, legend, myth & cultish aura of the movie deserves its own devotional, it is important to note that this

wartime, black & white, romance movie is really a master class in the application of the ethics & morals expounded by Plato, Aristotle & Machiavelli. Its primary message, its *raison d'être*, is to teach us there are always higher causes that we must serve. In 1942, this message, as the rage of war was daily read in newspaper headlines, heard on the radio or seen in the newsreels, must have seemed incredibly relevant: *"Ilsa, I'm no good at being noble, but it doesn't take much to see that the problems of three little people don't amount to a hill of beans in this crazy world."* And while the movie *Casablanca* is filled with intrigue, suspense, spies & changing loyalties, the real situation in French Morocco was not much different. Murphy continued to manage the situation, including the fallout from the assassination of Admiral Darlan on December 24. Murphy worked closely with British diplomat & future Prime Minister Harold Macmillan to ensure that the *Casablanca* Conference between FDR & Churchill went well. On January 24, after 10 days, the two leaders announced their end of war demand for an unconditional surrender of all axis forces. Interestingly, the headlines from the *Casablanca* Conference added to the mythology of the movie *Casablanca*, which had been released nationally on January 23!

INDUSTRY NEWS: Non-alcoholic Beverage brand *Drink Monday* gained an undisclosed investment from *Decathlon Capital Partners*. *Torr FoodTech* raised \$12M for its tech to use compression & ultrasonic waves instead of sugary binders in snack bars; existing investors *Mondelez* & the *KitchenHub* participated. *Impacked*, B2B marketplace for primary packaging, raised a \$2.5M seed round led by *TenOneTen Ventures*. Israel's *Clarifruit* raised \$12M, led by *Champel Capital* & *Firsttime Ventures*, for its produce quality control platform. English grocery startup *Modern Milkman* raised £50M with *Insight Partners*, *ETF Partners* & *Praetura Ventures* involved. Also in England, *Bright Biotech* raised \$3.2M in seed money to bring cultivated meat to market, led by *FoodLabs*; *Big Idea Ventures* & *FoodHack* are among those involved. *Opo Bio* raised \$1.5M in a seed round to develop cell lines for the cultured meat industry from New Zealand livestock. *Phyx44*, precision fermented alt-dairy products, raised \$1.2M from *Better Bite Ventures*, *Ahimsa VC*, *Big Idea Ventures* & others. *Eden Bio*, a UK-based biotech startup using machine learning to increase protein yield from microorganism strains, raised £1M, led by *SynBioVen*. AI & robotic pest control startup *BigSis* closed on £4.5M led by *Regenerate Ventures*. *Fronterra* sold its Chile dairy assets, *Soprole*, to *Gloria Foods* for \$641M. *Westrock* acquired *Kohana Coffee*, a shelf-stable cold-brewed coffee brand, for \$34.5M. *Molson Coors* will end its *Truss USA* joint venture for CBD beverages, due to lack of clarity on legalization & its distribution partnership with the coffee company *La Colombe*.

Natural Grocers by *Vitamin Cottage* reported a record full year, although 4th QTR results were mixed. *Dollar Tree* reported gains in sales, comparables & income in 3rd QTR but warned inflation will pressure full year margin results. *JM Smucker* beat 2nd QTR estimates & raised full year guidance; the stock price responded favorably. Foodservice helped *Post Holdings* in 4th QTR; sales rose 16.5% & earnings 338%. *Compass Group* reported a global revenue jump of 42.5% for its 2022 fiscal year, 4th QTR revenue up 116% over 2019, before the era of government mandated lockdowns; in North American revenues up 53.6%.

Rite Aid will partner with *Grubhub* for delivery. Quick-grocery startup *JOKR* shut down operations in Santiago, Chile & Medellin, Colombia. Autonomous vehicle company *Nuro* laid off 200 employees. The rail worker settlement brokered by the incompetent administration, has fallen apart; a major strike looms before the end of the year. *Kroger*, however, settled its disputes with its truckers. Scottish vertical farming company *Intelligent Growth Solutions* will expand into the USA, creating more than 100 jobs & establishing Loveland, Colorado, chosen as its USA headquarters. *Tyson Foods* will stop violating its employees' constitutional rights & end its vaccine policy. California will be looking at new packaging laws that will continue to pressure suppliers, retailers & consumers with higher costs & prices. After just taking on new duties, Pat Brown will take a leave from *Impossible Foods*.

From *Phononic*, 70% of consumers are planning to shop in person at stores this holiday. One third of Peru's agriculture exports come to the USA. From the *American Farm Bureau Federation*, Thanksgiving hosts will spend approximately \$64.05 to feed 10 people, up 20% from last year. Colder than normal temperatures are causing a delay in the desert region's lettuce harvests.

MARKET NEWS: In a short week with little news, markets were higher. Inflation may rise again as diesel fuel is at a 14 year high due to the administration's desire to cripple the USA economy with its war on fossil fuel.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malengo*

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