



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE ROMAN EMPIRE'S power began to wane in the 4th century AD with the migration of non-Roman people into the empire. After several uprisings, Rome fell in 476 AD. As the Roman Empire lost its power, the Catholic Church gained power & influence. For the next 1300 years, the Church held sway over the western world. The Pope & the Vatican could make or break kings, wage war, put heretics to death, play politics, determine borders & marriages. The church held total & absolute power despite papal assassinations, scandals, war, reformation & the Gutenberg Bible bringing the Word to the masses. The Vatican & its devoted flocks saw the church as the *center of the universe*.

CENTER OF THE UNIVERSE: Until the mid-16th century, it was widely believed that the Earth was at the center of the universe. Most believed the sun, the planets & stars were in orbit around the Earth. Copernicus's heliocentric model of the universe was published in 1543 shortly before his death; Copernicus had kept it under wraps for almost 30 years. Copernicus placed the planets revolving around the sun, with the Earth having a daily rotation, a seasonal tilt & an annular eclipse. He also had the sun as one of many stars in the universe; these other stars distant from our sun. For the same theories, Galileo, the most honored Italian scientist of his day, was brought before the Roman Inquisition in 1615. Rome found heliocentrism to be blasphemy. Galileo continued his studies & publishing; he spent his final years under house arrest, despite recanting his research. Between Copernicus & Galileo, the church put to death another scientist who extended the Copernican model. Giordano Bruno, a Dominican friar who followed Calvinism, proposed that the stars were actually suns, could have their own planets, that there may be life on these planets & that the universe was infinite with no center. For these beliefs & denying other Catholic doctrines, the Inquisition found Bruno guilty & he was burned at the stake on February 16, 1600. But before the friar was put to death, they placed a wooden vice upon his tongue, so he could not speak any more heresy. Of course, this was still the age where the punishment fit the crime. We have become so much more civilized. Today, if someone speaks out against supposedly accepted social mantras, society simply sends its minions to destroy the offender. If you are a person of note, then the media will attempt to destroy you. If you are in politics, the governing regime will indict you & your associates for phony crimes, release fake dossiers, even attempt to destroy democracy by removing you from ballots! If you are an ordinary person, online platforms will censor you or shadow ban you; & as we just found out, the Department of Treasury will track your online presence & transactions! You may be ostracized at school or on the job – even among your friends & family! On social media there are self-described mavens, who believe they can say anything, do anything, & that they are always right. They can reveal intimate details of their life or even level hate at others. Should someone contradict them, they call on their followers, their minions, to destroy the offender. All these people, whether in the government, media, school administration, business leadership or these online social media influencers, feel they need to control & protect the social mantras & that the universe revolves around them! Perhaps they do this to cover for their own insecurities or for knowing their positions stand on weak convictions. American novelist (*The Group*) & critic, Mary McCarthy, knew the reason, "*Modern neurosis began with the discoveries of Copernicus. Science made men feel small by showing him that the earth was not the center of the universe.*" But people need to believe in their own importance. From Canadian journalist J.B. MacKinnon, "*Human beings are the center of the universe from only one perspective, & that is its own.*" Social media & elitist organization insiders allow leaders to believe, rephrasing what my mother would have said, that their own bodily waste is bereft of any odorous scent, & then hold to a childlike belief in their own importance & wisdom. From children's novelist Katherine Paterson, "*I guess real maturity, which most of us never achieve, is when you realize that you're not the center of the universe.*" Safe behind their followers & protected by their elitist cronies, these people never realize their true place in the universe. From Aldous Huxley, "*One thinks one's something unique & wonderful at the center of the universe, when in fact one's just a slight interruption in the ongoing march of entropy.*" These individuals will never see the error in their beliefs, actions & behaviors, for as American Trappist monk Thomas Merton wrote, "*The truth never becomes clear as long as we assume that each one of us, individually, is the center of the universe.*" Most people get knocked down & pushed around by the universe, or destiny, or fate, whatever it may be called. From mystery writer Margaret Maron, "*Every time we start thinking we're the center of the universe, the universe turns around & says with a slightly distracted air, 'I'm sorry. What'd you say your name was again?'*" In truth, the universe has no center, so these people can believe they are at its center - but science moves forward, & as comic book artist Bernard Bailey writes, "*When science discovers the center of the universe a lot of people will be disappointed to find they are not it.*"

INDUSTRY NEWS: Mushroom-based beverage *Odyssey* raised another \$6M. *Margherita* took a majority stake in a fellow pizza-maker, *ProPizza*. *Spacegoods*, functional mushrooms & nootropics, raised €2.9M led by *Five Seasons Ventures*, with participation from *Redrice Ventures*, *Slingshot Ventures* & *G-FUND*. *Cargill* invested an undisclosed amount in Glasgow-based mycoprotein startup *ENOUGH*. Brazil's *Cellva* raised R\$6.5M to develop cultivated pork fat; the round was led by *Seed4Science* with participation from *ProVeg*

Incubator, Rumbo Ventures & EA Angels. Cible Skin, clean ingredient skincare, raised a minority investment from *Verlinvest*. Also, clean ingredient skincare brand *Mantle* raised £2.4M led by *Venrex*. *Hippo Harvest*, greenhouse farming, closed a \$21M Series B funding round led by *Standard Investments* with *Congruent Ventures & Hawthorne Food Ventures* involved. Israel's *FreezeM*, farm insect breeding service, raised a \$14.2M series A round led by undisclosed investors. Keto cookie *Highkey* was acquired by *Creations Foods (Moon Cheese)*. *RIND Snacks* acquired granola producer *Small Batch Organics*. *Whole Earth Brands (Equal & Wholesome Sweeteners)* will be purchased for \$4.875 per share by an affiliate of *Sababa Holdings FREE*, its largest shareholder. *Nestlé* sold *Oscar & Puljonki*, cooking sauces & stocks to *Solina*, a French ingredients supplier; terms not disclosed. *Brita* acquired *LARQ*, healthy hydration products; terms not disclosed. *Grocery Outlet* will acquire *UGO (United Grocery Outlet)* with 40 locations in the Southeast for \$62M. *US Foods* acquired *IWC Food Service*. *Miami Beef* acquired *Hofmann Sausage*. *Westfleisch*, Germany's second largest meat marketer, acquired *The Petfood Company GmbH*, further expanding into the pet food industry. The *Compleat Food Group* acquired food manufacturers, *SK Foods & Zorba Foods*, from *Entrepreneurial Food Group*; terms not disclosed. *Inspire Brands*, the parent company of *Dunkin' & Buffalo Wild Wings*, acquired delivery tech firm *Vromo*. *Campbell's* received approval to complete the acquisition of *Sovos Brands*.

Comparable sales increases drove up 1st QTR sales & earnings at *Natural Grocers*; the retailer raised guidance. *Ahold Delhaize* reported a down 4th QTR as USA sales & comparables fell; income took a hit on the *FreshDirect* divestiture. *SpartanNash* had a down 4th QTR driven by low demand from *Amazon*, whom it supplies. *Flower Foods* missed on 4th QTR earnings & revenue for the fiscal year; the company reduced guidance & will repurchase some 350 distribution rights. Despite the *Quaker* recall, *PepsiCo* doubled 4th QTR income with price hikes driving revenue but volume fell. *Coca-Cola* met EPS targets & beat on revenue with prices up & volume down. *Molson Coors* beat 4th QTR estimates; the company feels the market share shift after the *Bud Light* fiasco will be permanent. *Kraft Heinz* had a down 4th QTR & full year results disappointed investors; shift in consumer demand impacted results. *WK Kellogg* missed its earnings target in 4th QTR, sales fell as volume declines outpaced price hikes. *Instacart* reported a strong 4th QTR but has removed 3 top executives & laid off 250 workers in efficiency moves. *Ingredion* finished off a strong 2024 with positive earnings in 4th QTR, but sales slipped 3%. *YUM! Brands* reported positive 4th QTR growth, but global unrest weighed on results.

Sports gambling kiosks are being installed at *Kroger* stores across Greater Cincinnati. *Safeway* is rolling out receipt scanning gates for self-check-out. *SpartanNash* expanded the *Tally* robot to 60 more stores. *Kroger* announced intentions to lower prices following the *Albertsons* merger. *Target* launched a low price-focused private brand called *Dealworthy*, with 400 everyday basics such as paper towels, paper plates, body wash, charging cables & cotton balls. *Cigna Healthcare* will partner with meal kit provider *HelloFresh* for healthy meal benefits. *Superbrewed Food* will partner with *Döhler* to develop postbiotic protein ingredient manufacturing. *Liquid Death* will add an electrolyte drink. *Eat Just* will relaunch its condiment line discontinued in 2020. *Danone* has converted a fruit yogurt plant in France to producing its *Alpro* oat-based beverage. *UPSIDE* will delay its high-capacity manufacturing facility until efficiency at smaller sites is proven. As part of its efficiency plans, *Kellanova* will close a plant in the USA & one in the UK. Drone tech companies *LahakX & Aero Systems West* will partner on swarm crop spraying. *Gro Intelligence*, AI ag insights, laid off 10% of its staff, about 20 people. *Oppy & Sun Grape* will consolidate grape supply & distribution. Bob Moore, *Bob's Red Mill* founder, passed at age 94. Rob Twyman succeeds Liz Williams as head of *Foxtrot & Dom's Kitchen & Market*; now called *Outfox Hospitality*.

Per *GoPuff*, Super Bowl sales for team colored food increased 600% to 1300%; scoring were: strawberries, red grapes & grape tomatoes. Online grocer orders were higher in January YOY, but order frequencies for pickup & delivery fell, per *Brick Meets Click/Mercatus*. From *Square*, while overall restaurant delivery is down, breakfast delivery is on the rise. Also, 25% of California fast food workers are paid above the \$20 minimum wage! According to *FMI*, 85% of meat shoppers consider at least one better-for attribute when buying meat. According to research from the *Buckley Institute*, this administration's ESG guidelines for farms & food production, based on adherence to unproven pseudoscience mantras, will raise food prices more than 78% & cost USA families thousands more each year for groceries; the very people they are supposed to be helping! *Cobank* reports replacement heifers are at a 20-year low. Cattle inventory is at a 73 year low. USA spirits sales held market share strength in 2023 & beat out beer & wine for the second straight year. *Tequila* exports came to 401.4M liters in 2023, a decrease of 4.2% YOY. After consecutive years of USA dairy exports setting records, exports dropped 7% in 2023. Due to high inventory abroad, the pork industry will see slower growth in the coming weeks though demand remains high. High cocoa prices & supply issues may drive producers to change bar size, formulation or product offerings. Food prices rose 1.2% for January YOY. Produce prices remain 14% above any other year, supply is stable despite heavy Southwest & California rain.

MARKET NEWS: Once again inflation came in higher than expected; January CPI was at 3.9% & core PPI came in much higher than expected. Markets plunged on Tuesday as the hope for rate decreases diminished. Markets recovered as retail sales fell almost 1% in January. In the last 3 years, the foreign-born labor force has increased 10% while the American born workforce has decreased 1%! Meanwhile, the leader of the free world complained about shrinkflation on Super Bowl Sunday, instead of doing something about the disastrous mantra-driven economic policies that have caused inflation to increase 17.6% since January 20, 2021.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND — *Tom Malenga*

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