



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



MY DAD, AS I RECENTLY MENTIONED, worked at the three hardest jobs possible in the first half of the Great American century – a farmer, a coal miner & soldier – all before age 25! There are still many tough jobs in America! Last week, I had breakfast with my best friend of the last 50 plus years who was visiting. He is an OB/GYN & surgeon, a tough job, bringing a still innocent & precious soul into the universe. The hardest job in the world is supposed to be President of the USA, the leader of the free world. But as the last 3.5 years have proven, one can sleep through the Presidency, especially if the *wrong* people are behind the scenes running the show. No, being President is *not that tough*.

NOT THAT TOUGH: Being President of the USA requires many decisions to be made. But those decisions are not that tough. First off, the President is guided by the most sacred document written by *the hand of a human*, the USA Constitution. (But as we have seen in the past 3.5 years, the President will ignore the Constitution & Supreme Court, the keepers of Constitutional truth, causing lengthy legal battles & societal division.) But besides the Constitution's instructions, the President actually has only four responsibilities & duties. Remembering these four duties can make each Presidential decision extremely straightforward. **The President's first & most critical duty is to protect & secure our Nation!** This means having both an economy & military strong enough to deter any enemy from messing with us. Then, we will not need to kowtow to our enemies' demands, such as swapping terrorists, gun dealers & billions in cash for kidnapped Americans. It means not giving in to our enemies' territorial demands or claims & protecting our tried & true allies; allies who share our common values & respect for human life & freedom. It means building the strongest economy in the world on the back of our endless supply of natural energy to prevent our enemies from taking advantage of us through trade & monetary exchange. Protecting our Nation also means securing our borders – not allowing our country to be overwhelmed by illegal immigrants who come here to live off & take advantage of our hard-earned taxes. Protecting the Nation also means fully funding & supporting our police, locking up criminals & not allowing cashless bail (such as a former DA now Presidential candidate did.) It also means protecting our campuses & streets from radical, hate-incensed mobs that burn & loot (& not happily endorsing this behavior like a governor, now Vice Presidential candidate, did) or promoting bail funds for these violent offenders (as the same certain Presidential candidate did.) **The second duty of the President is to always remember it is our money!** The government owns & produces NOTHING! Every part of the government belongs to & operates for us, the American people. Every President should promise & implement tax cuts, such as ending taxes on tips & on social security payments; leaving in place the 2017 middle-class & lower-income tax breaks & even doubling down on these tax reductions! The President should never promise or implement tax increases (which deter & destroy economic growth) or support wealth transfer payments - transferring the wealth of hard-working Americans to immigrants, criminals, students who won't pay their loans & money that enables our enemies! The President should cut spending drastically, reducing all non-essential programs & workers (think IRS, Education, Labor, Commerce), end payouts to radical colleges & schools & end foreign entitlements to countries that hate us & do not share our values. The President needs to support programs that grow the economy, like drilling for our inexpensive natural energy resources & end programs supporting economy-busting sociofascist mantras such as building windmills, solar farms & 8 EV charging stations for \$9B. A President needs to support the growth of small businesses & entrepreneurs, not just with grant money, but by creating an economic environment that promotes wealth creation & job growth with low taxes & incentives that encourage taking a risk! The President needs to close the border & remove the illegal immigrants, some of whom are stealing jobs from low-income workers; & others who are criminals, preying on our society; immigrants place a strain on & drain our human & economic resources! **The third duty of the President is to protect the weakest among us.** This begins with children. Schools, pre-K through college & university, must focus on education, not indoctrination. School is a place for reading, writing & arithmetic, not the nonsensical, scientifically false sociofascist & Marxist economic, social & sexual mantras. We need to close our borders to the drugs & human traffickers preying on our children & women; & protect our children from all forms of abuse (not signing in to law a bill to protect pedophilia, as the certain governor VP candidate did)! Our streets need to be decent & crime free. We need to provide help to those on the street with honest medical & emotional attention, not enabling them with free needles & drug & alcohol permitted housing. Once again this means fully funding & supporting the police; removing radical, crime promoting DAs (like that certain Presidential candidate); & allowing ICE, the FBI & ATF to arrest & deport illegal immigrant criminals, terrorists & gang members. The President needs to fully support our veterans who served so valiantly, providing for their physical & emotional needs (and not attempt to steal their valor, like a certain VP candidate). The President needs to speak for those who cannot speak for themselves by eliminating all forms of censorship; that is to say, the President must be fiercely committed to Free Speech. The President must support a free & honest press, media & social media, where all voices are equally heard. This means an end to fascist, Stalinist media & platforms supporting their 'chosen;' covering for the 'chosen's' health, misdeeds & failings & relying on the Nazi & communist playbook's #1 tactic: accuse your opponent of the crimes you are committing yourself! And as for those who cannot speak for themselves, the President must speak for the unborn - our future - & respect life. While the President's first & most critical duty is protecting the Nation; the President's fourth & final duty is the most important: **LEAVE US ALONE!** The President must reduce all forms of regulation & taxes – business & personal – supporting a capitalistic free market. The President must not dictate what kind of car we buy, shower head we use, appliances we install or food we eat. Let us raise our children as we see fit, teach them the values we hold; & even more important, support our God-given right to protect ourselves, our family & our property as we need to! The President needs to allow all people to worship their God as they see fit; say Merry Christmas when they want (which a certain Presidential candidate is against) & not desecrate Holy Days with social-engineering nonsense. In essence, the President needs to stay out of our lives, our homes, our kitchens, our bedrooms, our schools, our businesses & our churches, synagogues & temples! Thomas Jefferson understood all of this: *"Our legislators are not sufficiently apprised of the rightful limits of their power; that their true office is to declare & enforce only our natural rights & duties & to take none of them from us."* If a President understands the duties & the limits of their power, we can return America to the exceptional status which she once enjoyed. You may translate that as you see fit!

INDUSTRY NEWS: *Realm Artesian Water* raised \$1.5M in capital from undisclosed investors. Non-alc *Sèchey* received an investment from *InvestBev*; terms of the deal were not disclosed. *Naturaz*, a clean health & beauty company, raised \$1M led by *Philadelphia Community Impact Fund* with additional angels involved. UK-based personalized nutrition company *Zoe* raised \$15M for USA expansion led by *Coefficient Capital*. *Lallemand* made

a strategic equity investment in Turkish enzyme company *Livzym Biotechnologies* that includes marketing & distribution. *Plonts* raised \$12M led by *Lowercarbon Capital* for its aged soy milk cheddar. In Germany, *Veganz* raised €10M from *Global Corporate Finance* to scale production of *Mililk*, 2D-printed milk alternatives. *Agrizy* raised \$9.8M led by *Omnivore & Accion* for its marketplace to connect India's small food processors with global markets. In the UK, *DELIVERS.AI*, robotic delivery, completed a raise from *Japan Post Capital*, *Turkey Development Fund*, *Impetus Capital* & Istanbul Technical University. Supply chain data insight platform *Terrantic* raised \$3.5M led by *Supply Change Capital* with participation from *York IE*, *Vitalize VC* & *Array Ventures*. *Golden State Foods* was acquired by PE firm *Lindsay Goldberg*. *Lipman Family Farms* acquired *Jones & Church Farms* to expand its fresh produce availability. Recipe designer *AB Mauri* acquired food blending business *Romix Foods*. *GrubMarket* acquired financially troubled fresh food delivery startup *Good Eggs*. *Carlsberg* acquired the remaining 33% of *Carlsberg South Asia* for \$744M. In the UK, two large food companies joined to create the *New Princes Group* as *Newlat Foods* acquired *Princes Limited* for £700M. *Benford Capital Partners* acquired *Turri's Italian Foods*, quick frozen pasta & rice. *AB InBev's* incubator arm *ZX Ventures* sold UK-based eCommerce drinks business *Atom Group* back to its founder. In the UK, *Cerealto Siro Foods* purchased *Hill Biscuits* from PE-firm *LDC*. *Ya YA Foods* acquired Ontario, CA beverage manufacturer *Truss Beverage*. In Italy, *Probios* acquired *Biotobio*, combining two organic food companies. *Corbion* will acquire the bread improver ingredient business from *Novotech Food*, based in Delhi. *GoodLife Foods* acquired frozen food products *Pure Ingredients* to expand its offerings across Europe. Switzerland's *Gamaya* & Singapore's *Terraview* will merge to use their AI crop data analytics platforms on the tropical crop sector. *Mars* is said to be exploring an acquisition of *Kellanova*. *Buca di Beppo* is entering chapter 11 to restructure for the future.

Ahold Delhaize posted sales growth & an earnings beat during 2nd QTR; USA sales were weak but the company confirmed guidance. *Natural Grocers by Vitamin Cottage* saw a 9.7% revenue increase & a 41% jump in operating profit in a stellar 3rd QTR. Despite a drop in 2nd QTR net income, *Grocery Outlet* bounced back from the previous quarter to top analyst estimates; the retailer will seek to improve its customer value pricing. *US Foods* missed estimates on earnings but beat revenue targets during its 2nd QTR. *Weis Markets* stalled in 2nd QTR; sales grew just 0.2%, impacted by Easter holiday sales coming during 1st QTR; comparable-store sales rose only 0.5% & earnings dropped 23.4%. *Ingles Markets* reported results for its 3rd QTR with net sales at \$1.39B compared with \$1.43B for 3rd QTR last year; gross profit was flat but net income fell to \$31.7M compared to \$48.3M one year ago. Operating and administrative expenses totaled \$286.3 million, an uptick from \$270.9 million in the year-ago period. Interest expenses remained unchanged, totaling \$5.4 million. Despite beating 2nd QTR earnings, *CVS Health* lowered its future outlook & will initiate a \$2B efficiency effort. *Costco* reported net sales of \$19.26 billion, up 7.1% compared to July 2023; USA sales were 5.3% over last year when YOY growth was 4.5% & July sales in Canada jumped 7.1% YOY. In the UK, grocery giant *Asda* reported a down last quarter, with comparables falling 5.3%. *Tyson* saw YOY 3rd QTR improvements due to efficiencies in the chicken & prepared foods segments. *Utz Brands* returned to profit though 2nd QTR revenue was slightly lower. *Treehouse Foods* had 2nd QTR losses on a variety of issues but forecasts second half improvements. *WK Kellogg* beat 2nd QTR revenue but missed on earnings; the stock price fell as the company lowered future estimates; the company will invest \$500M to improve supply chain efficiencies. *Post Holdings* had an up 3rd QTR driven by the acquisition of *Smucker's* pet food business. *Fresh Del Monte* saw 2nd QTR increases in revenue but lower profit due to higher costs. *Belling Brands* had all-around growth in 3rd QTR; reaching more than a half billion in sales. *Monster* missed on 2nd QTR estimates, a rare event for the beverage company. Market share, earnings & revenue were higher for *Celuis's* 2nd QTR. While *Beyond Meat's* 2nd QTR revenue dropped almost 9%, sales beat expectations for the quarter; the company lost 53¢ per share. *Ingredion* had a down 2nd QTR; management felt customers were destocking existing inventories. *DoorDash* beat *Wall Street's* 2nd QTR estimates delivering strong order & volume growth. *Instacart's* share price surged despite a 2nd QTR loss as grocery orders & advertising revenues rose. *J&J Snacks* posted a slight miss on 3rd QTR expectations. *Shopify* had a blowout 2nd QTR claiming a boost from its AI investments; the stock opened 25% higher. Despite closing locations due to world conflict, *YUM! Brands* showed growth in 2nd QTR revenue & operating profit, though net income was impacted by charges. *DINE Brands* beat on 2nd QTR earnings but had a revenue miss.

Aldi will expand its *Instacart* relationship globally with smart carts & use *Instacart* omnichannel solution at all USA stores. *Aldi* also opened a second store in Savannah, GA. *Costco* will increase its diligence of card-sharing by its members. *Associated Wholesale Grocers* will bring automated salad bar *Picadeli* technology to its AWG member retailers. *Weis Markets* will use *SymphonyAI's* *CINDE AI* for customer analytics & category management. *Kind Snacks* launched *Kind Kids*, school-friendly allergen-free breakfast snack bars designed for children. *7-Eleven* will launch a line of energy & hydration drinks. In the case of brand mashup going one step too far (*Jumping the Shark* as us *Happy Days* viewers would say); *Thomas'* launched a *Froot Loops Mini Bagels* offering. *Krispy Kreme* will enter Spain in partnership with retailer *Glaseadas Originales*. *JM Smucker* will lay off 79 employees at the former *Hostess Brands* corporate offices. *WK Kellogg* will close its Omaha, NE cereal plant & cut back on production at its Memphis, TN facility to consolidate production in other locations. *Michigan Sugar* opened a new molasses desugarization facility in Bay City. Israel's *Oshi*, plant-based salmon, has relocated production from Israel to California while its R&D team will stay in Israel. The Pennsylvania State Police are investigating \$16K of raw meat stolen from *Nicholas Meat* in Loganton, PA, an APB is out for a giant BBQ party! *Boar's Head* faces class multiple actions suit over its listeria outbreak; three deaths have been reported. Bottler *Refresco* filed a lawsuit against Congo Brands, owner of *Prime*, alleging Congo backed out of an agreement to produce the hydration drink; *Refresco* is seeking \$67.7M in damages. Recent lawsuits in Minnesota & California accuse *General Mills' Cocoa Puffs* of having high levels of lead. *Tyson Foods* appointed a new president of international business, Devin Cole, a former 20-year employee of the meat giant. Todd Peneger succeeded Ravi Thanawala as CEO of *Papa Johns*.

Walmart (excluding *Sam's Club*) captured 37% of the USA online grocery market in the second quarter of 2024, its highest share ever, per *Brick Meets Click/Mercatus*. From *Numerator*, 80% of units sold at *Aldi* were private label products; *Trader Joe's* sold 69% of all units, followed by *Costco* (34%), *Sam's Club* (33%), *H-E-B* (33%), *Walmart* (30%), *Dollar Tree* (29%) & *Kroger* (27%). *Amazon* scored just 3% of sales as private label & *Kroger's Smart Way* collection led growth at 135%. From an Illinois Institute of Technology study, strawberry consumption can help reduce cardiovascular risk. Whole wheat production is higher YOY but has hit its lowest share of total production. Avocado prices are rising on lighter supply. June's beef exports hit a 2-year high & pork is set to hit record sales this year.

MARKET NEWS: Markets were lower for the week. Global markets crashed on Monday due to recession & election fears. USA markets lost almost \$2T in value. Stocks spent the week trying to claw back some value. The trade deficit grew in June. Jobless claims were lower than expected.

SEEDS, SPROUTS, GROW, HARVEST!
THE LITCHFIELD FUND – Tom Maloney
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