



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**IN LEGEND, LT. JAMES COOK** & Sir Joseph Banks were exploring Australia after the *HMS Endeavour* ran aground on the Great Barrier Reef. Seeing a strange animal, they asked the native Guugu Yimithirr people for the name of the animal. The response was "*gangurru*." Cook & Banks thought this meant "*I don't know*," & it took until 1972 for the etymology to be corrected. The kangaroo is the largest marsupial (pouched) & macropod (large-foot) & the largest animal that uses hopping as its main means of locomotion. Kangaroos can travel at 30 MPH & can cover 42 feet in a single hop, which is why a speedy trial, jumping to a predetermined conclusion, is termed a kangaroo court.

**KANGAROOS AND JUSTICE:** The United States Department of Justice was formed this week in 1870, signed into law by President Ulysses S. Grant. Up until this time, the Attorney General (who advised the President & Congress on legal matters & argued cases before the Supreme Court) ran a very lean shop. During the Civil War, at a time when Abraham Lincoln often exercised his Presidential war powers (such as suspending the Writ of Habeas Corpus), Attorney General Edward Bates had just six attorneys on his staff! Today the DOJ includes the FBI, ATF, DEA, U.S. Marshals, the U.S. prison system & has thousands & thousands of attorneys across the country. The department now has about 120K employees! One of the main purposes of the DOJ is to be a legal & law enforcement watchdog – to assure *equal justice under law*, the words inscribed on the façade of the Supreme Court building. Equal justice, protection, treatment under law is guaranteed – to USA citizens – under the 14<sup>th</sup> Amendment to the USA Constitution. The 14<sup>th</sup> Amendment is in place to assure that no matter a person's race, religion, creed, gender, political views or opinions, that we are a society governed by laws applied equally to each citizen. In totalitarian societies (the socialist, communist & fascist societies that all spring from the same root that a single person or a central ruling elite hold all power & make all decisions for everyone) the law - & justice - are not applied equally. These regimes use the media to target individuals or groups. They use law enforcement to spy, harass & abuse honest law-abiding citizens. They use the brainwashed, coerced, masses to ostracize & intimidate the dissenters. They use the legal system & their institutions to mainstream perversity. And they use their Kangaroo Courts to leap to foregone conclusions & eliminate their social & political enemies. Lavrentiy Beria, Josef Stalin's secret police chief, summed up everything one needs to know about how totalitarian regimes operate with this comment: "*Show me the man & I'll show you the crime.*" The 14<sup>th</sup> Amendment protects everyone, no matter who they are, from the overreach of the justice system or government, requiring the law be applied fairly. Often, this is not the case – the guilty go unpunished, the innocent get charged & justice is applied unfairly. Eleanor Roosevelt reminds us, "*Justice cannot be for one side alone, but must be for both.*" A truly just society is ruled by laws, not by the whims of law enforcement, prosecutors, politicians, causes-de-jour or their wealthy donors. From Aristotle, "*At his best, man is the noblest of all animals; separated from law & justice he is the worst.*" Laws applied unequally hurt everyone in society; from Publilius Syrus, "*He who spares the bad injures the good.*" George Washington believed that equal justice was a governmental mandate: "*The due administration of justice is the firmest pillar of good government, I have considered the first arrangement of the judicial department as essential to the happiness of the country & to the stability of its political system.*" And while we need good government to enforce laws, we see what can happen in totalitarian states. From Pascal, "*Justice without force is powerless; force without justice is tyrannical.*" Justice applied equally not only prevents tyranny, it prevents anarchy; as Edmund Burke shares, "*Justice is itself the great standing policy of civil society; any imminent departure from it, under any circumstances, lies under the suspicion of being no policy at all.*" Each & every citizen should want equal justice, for the safeguard of both society & their family; & expect it from our governing institutions. From Plato, "*Justice in the life & conduct of the State is possible only as first it resides in the hearts & souls of the citizens.*" And justice for all should be the goal of any decent society; for as President John Adams said, "*Let justice be done though the heavens should fall.*"

**INDUSTRY NEWS:** *Hawaii Volcanic Water* raised \$10M with *L.A. Libations* involved. *Tony Chocoloney* raised €20M from existing investors. Energy drink brand *Gorgie* raised \$6.5M from private investors. DTC baby product brand *Lalo* raised \$10.1M led by *Spin Master Ventures* with participation from *Babylist* & *35V*. Los Angeles-based startup *Omeat* emerged

from stealth, raising \$40M. British startup *Adamo Foods* raised £1.5M in pre-seed funding from *SFC Capital* & grants from government agency *Innovate UK* for its whole-cut mycelium steaks. *VFC* will buy UK vegan meat company *Meatless*, preventing *Meatless's* impending bankruptcy. *Foodomarket*, French B2B food marketplace for the hospitality industry, raised \$9.5M led by *Alven Capital*. Food tech startup *BetterBrand* raised a \$6M Series A funding round at a pre-money \$170M valuation led by *VERSO Capital* with participation from *Gaingels Fund*, *Seven Seven Six*, *Craft Lane* & others. *Guardian Agriculture* raised \$20M led by *Fall Line Capital* to expand its autonomous drone technology to farms across the USA. *Brown-Forman* will sell the vodka brand *Finlandia* to *Coca-Cola HBC AG* for \$220M. *Ferraro Foods*, specialty distributors of food & supplies to pizzerias & Italian restaurants, acquired New Jersey-based *GDS Foods Inc.*, an importer & distributor of Italian food for pizzerias. *Pacific Coast Fruit Company*, produce distributor, acquired *King Harvest Hummus*. Japanese food service company *Zensho Holdings* purchased *The Snowfox Group* for \$621M from *Mayfair Equity Partners*. Japanese bakery *Taguchi & Co.* acquired artisanal New York baking company *Brooklyn Brands*, a subsidiary of *Astor Group*; terms not disclosed. *Arbor Investments* acquired *Golden Malted & Heartland Waffles* companies from *Roch Capital*; terms not disclosed. UK PE firm *IK Partners* acquired frozen snack foods brand *GoodLife Foods*. *PepsiCo's Pioneer Foods* bought the remaining 50% stake of South African nutritional cereal brand *Future Life Health Products*. Toronto e-commerce platform *Local Line* acquired *Forager*, a platform that connects local food producers & retailers. Express delivery platform *Getir* will exit the French market & is seeking a buyer for all or part of its French business. Oregon-based *BranchOut Food*, fruit-drying tech, raised \$7.1M in a Nasdaq IPO while securing a distribution deal with *Walmart*. From *Silverwood Partners*, ghost kitchen funding more than doubled to \$1.7B from 2019 to 2022, but has dried up through May of this year. From *Rabobank*, after a dozen years of increased investment in innovative food products, investment is recent years in declining; suggesting a tapering in food innovation.

*Aldi* opened 3 stores – Tempe, AZ; Miami; & St. Mary's, PA. *Dollar General* opened its first store in Montana. *Lowes* has 5 new stores planned in North & South Carolina. Another *Amazon Go* location has closed in Seattle. A new *Caper Cart* smart cart will be used at *Wakefern* stores, slimmer & holding 65% more items than the previous model. *Kroger* will donate \$10B in meals through 2025. *HEB* opened a Plano, TX, eCommerce fulfillment center. *Natural Grocer* expanded its private label brand with sparkling water in an aluminum can. *Coca-Cola's* launched *BodyArmor Flash I.V.*, rapid hydration, the brand's first new major product launch in 2 years. *SunOpta* & *Seven Sundays* have launched *Oat Protein Cereal* a byproduct from *SunOpta's* oat milk production. *Boursin* launched *Black Truffle & Sea Salt* cheese for a limited time. Spain's *HEVO Group* launched *Ouvegg*, a vegan egg alternative made with chickpea & flax flour. *Impossible Foods* launched a higher fat & calorie version of its flagship burger. *Nestlé* subsidiary *Tivall* will launch clean label meat alternatives made from pumpkin & sunflower seeds with Israel-based *More Foods*. *Café Valley* invested \$5M+ in its Marion, IN, baking plant, adding high-speed production equipment & adding 83 jobs. Following a trend, restaurant ordering software startup *Olo* cut 11% of its workforce as did Singapore-based food delivery app *GrabFood*, cutting 1K jobs. *Firehouse Subs* will expand internationally to Switzerland & Mexico. *Carbon Robotics* announced that its *LaserWeeder* has been named best AI-based agriculture solution by the *AI Breakthrough Awards*. From *Treehouse Foods* leadership, the company will change its focus from cost cutting to growth. From *Food Navigator*, *Kraft Heinz* will invest in marketing as opposed to price cuts to address falling sales volume. France has asked 75 CPG companies, including *Danone* & *Kellogg*, to cut consumer prices. NYC grocers are upset on a proposed law that will ban facial recognition to stop shoplifting & crime. *Canada Bread Co.* was fined C\$50M after pleading guilty for its role in an industry-wide price-fixing scandal with certain packaged bread products.

From *dunnhumby*, *Lidl*, *Food 4 Less*, *Aldi*, *Costco*, *Kroger-owned Fry's*, *Amazon*, *BJ's Wholesale Club*, *H-E-B*, *Shoprite* & *WinCo* are best positioned for long-term growth in the grocery industry. From *Wells Fargo* & *Rabobank*, government policy induced inflation will make America's Fourth of July celebrations more expensive than last year. From *Deloitte*, 55% of restaurant customers say they are dining in restaurants more often than before government mandated lockdowns, 40% want less pricey options & 40% of take-out customers prefer ordering on the restaurants website with only 13% using third-party apps. Truckload freight volumes rose slightly in May & national average rates were stable for a second straight month, per *DAT Freight & Analytics*. Peruvian blueberry production grew 37.5% in 1<sup>st</sup> QTR.

**MARKET NEWS:** Markets were lower with little financial news & expanding geopolitical concerns.

## **SEEDS, SPROUTS, GROW, HARVEST!**

**THE LITCHFIELD FUND** – *Tom Malenka*

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