



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

**"OUR EARS SPAN ALL FIELDS"**



**AN EVIL CRIMINAL MASTERMIND**, perhaps with superpowers, has a hold on the city, maybe the world! The police & government are stymied. The populace is in a panic. The world needs a hero & he is needed now! In a large downtown office building or in a telephone booth on the corner (Yes, telephone booths really existed outside of *Dr. Who!*) a man loosens his tie & removes his black, heavy-rimmed glasses. A curl drops to his forehead. He races to the window & leaps into the air shouting, "*This is a job for Superman!*" Only Superman has the superpowers & moral conviction to save the day; fighting for truth, justice & the American Way! Yes, he is the only man for the job!

**THE ONLY MAN FOR THE JOB:** Superman has always saved the day, beginning with *Action Comics #1* in 1938, then onto radio, movie serials, television, big-budget feature films & now the DC Multiverse. Superman could always be counted on to be the hero who sets things right. There is another hero who we count on, especially this time of year – Santa Claus! Imagine being the Personnel Director of *Claus & Company*. You're in your warm cozy office, perhaps with the required yule log burning in the fireplace, eggnog & cookies on your desk, & outside the snow is falling. Santa comes in to tell you he is retiring & you are to hire his replacement – a new CEO, head-honcho, grand tamale, Big Guy (in the non-criminal sense) for *Claus & Company*. Of course, you want to hire the best! Who doesn't? This is the chance to improve the company, to find the best qualified person to fill the job! If you base your hiring on anything but finding the most qualified person, there can be dire consequences (especially in front of a Congressional committee)! The person that *Claus & Company* hires must meet several requirements. First, the person probably should have previous CEO experience in a large corporation. But what kind of corporation? Yes, Santa is a toymaker, but *Claus & Company* excels in customer service, manufacturing, warehousing, logistics, shipping & delivery! As a toymaker, our potential hire must be able to make every kind of toy & a host of electronics, too! As an operations executive, the candidate should be from a large manufacturer, perhaps like *General Electric* & have experience at *Amazon* or *FedEx*. Also, Santa needs to not just manage a large workforce, but a workforce consisting completely of elves! As we know from Herbie in *Rudolph the Rednosed Reindeer*, *The Santa Clause* movie series & *Lord of the Rings*, elves are a quirky bunch, to say the least. No one wants to deal with "*An elf with an attitude*" & Thranduil certainly isn't Santa Claus material. These requirements alone make it difficult to find the right candidate, but it gets even tougher. A possible Santa replacement must be able to drive a sleigh. Not a sleigh pulled by a trotting horse on the snow, but a sleigh pulled by eight, possibly nine, tiny flying reindeer! With only a handful of these remarkable, magical animals, Santa must also be an expert in the care, feeding & general husbandry of flying ungulated ruminant Cervidae! To clarify, Santa has to know how to *fly a sleigh*. Which means Santa will be an expert in navigation, perhaps being able to navigate by the stars. But there are even more difficult requirements. The potential new Santa must be a workaholic & pay attention to every detail. Santa works 365 days a year, keeping track of every child whether they are sleeping or awake, tracking if they are naughty or nice. Santa needs to do this without the help of *Google*, *Facebook* or our federal government; all of whom appear to now be experts in tracking private citizens. Santa must also be willing to work 24 hours straight to deliver all those gifts in one evening. The candidate must love snow, cookies & children; with strong knees & exceptional hearing, to catch all those whispered Christmas wishes. The candidate must have a positive attitude (difficult in today's world) & be enduringly jolly! Above all this, picking a new Santa is much like casting a role in a movie. Santa must look the part, after all, "*No one wants a skinny Santa!*" Finally, there is the most difficult employee requirement. Santa must have an enormous, giving heart. We are lucky that Santa, that jolly old elf, like all elves, is an immortal being. There is no replacement! *Santa Claus is the only man for the job!* Throughout history there are just a few occasions when there was only one man for the job. George Washington is the only man who could be our first President & Father of our Country. Winston Churchill was the only human with the fortitude to stand up Great Britain against the greatest evil on Earth. William Knudsen was likely the only person who could revamp America's entire industrial power to WWII war production in just a few months! Churchill believed that a person should spend their entire lives readying themselves for the moment that history, fate or destiny taps them on the shoulder to step up to the required task. Magic tapped Santa on the shoulder & Santa is irreplaceable. Santa, if we keep his magic in our hearts, reminds us of what the Bible tells us in Acts, "*It is better to give than to receive.*" With the spirit of Santa as a reminder, we become a better version of ourselves, recognizing as did Albert Einstein, "*The value of a man resides in what he gives.*" Yes, Santa is *the only man for this job!*

**INDUSTRY NEWS:** *Jiant*, RTD alcohol, raised \$6M led by *Natureza Growth Partners*, with participation from *G5 Capital*, *Sage Ventures Partners*, *AIR Ventures* & others. Premium canned margarita brand *sipMargs* raised \$2M led by *Lab Capital Advisors*. *Bain Capital Private Equity* has acquired a significant stake in *1440 Foods* & its brands *Pure Protein*, *Body Fortress* & *MET-Rx*; *4x4 Capital* participated. Financial terms of the transaction were not disclosed. PE firm *Heartwood Partners* took a majority stake in *Bush Brothers Provision*, a fifth-generation, family-owned meatpacking & distribution company located in West Palm Beach. *Meati Foods* added gymnast *Aly Raisman* & *Chris Paul* to its list of celebrity investors. Discount eGrocer *Martie* raised \$7M with support from *Upfront Ventures* & *Day One Ventures*. Recipe sharing platform *Clove* raised \$4.15M led by *Blackbird Ventures*. *Seasony*, vertical farm robotics, raised €1.5M led by *North Ventures*. *Keychain*, consumer packaged goods manufacturing platform, raised \$18M in a seed round; *Lightspeed Venture* led the round with involvement from *BoxGroup*, *Afore Capital*, *SV Angel* & others. *Chipotle's Cultivate Next* invested in autonomous ag robot maker *Greenfield Robotics*. *Spore.Bio* raised €8M led by *LocalGlobe* for its technology to detect pathogens in food producing factories. *Chobani* acquired *La Colombe* for \$900M. *Post Holdings' Weetabix* bought fellow UK based *Deeside Cereals*; terms not disclosed. *FreshEdge* acquired Arkansas produce distributor *KT Produce*. PE firm *Clayton Dubilier & Rice* will acquire *Shearer's Foods* from the *Ontario Teachers' Pension Plan Board*; terms not disclosed. USA consumer wellness brand *CV Sciences* acquired *Cultured Foods*, European manufacturer & distributor of vegan food products. *Urapa Produce*, grower, packer & shipper of Mexican tropicals, acquired *Bland Distribution Service*, cold-chain logistics. USA manufacturer of food, beverage & agriculture products, *Kent Corporation* will acquire Australia's *Frosty Boy Global*, maker of desserts, beverages, powders & savory ingredients. *Benestar Brands (Mac's, 4505, Pretzilla, Turkey Creek, Cazo de Oro, PORQ & Chicas Tortilla Chips)* merged with *Palmex*, better-for-you Hispanic snack pellets manufacturer. *Kerry Group* will acquire the lactase enzyme business from merging *Chr. Hansen* & *Novozymes* for \$161.7M. In Greece, agri-food firm *Barba Stathis* purchased an 80% stake in local peer *Halvatzis Makedoniki*, a maker of steamed vegetables, ready-to-eat salads & jams. *Nissui* acquired a majority stake in fish producer *Maxima Seafood*; terms not disclosed. *Yara* will acquire the organic-based fertilizer business of *Agribios Italiana*. With rising costs, *Heather Mills' vegan food business VBites* has entered administration.

*Food Lion To Go* will expand delivery & pick-up at 35 additional stores covering 90% of its 10-state operating area. *Sprouts* will begin the rollout of *UberEats* delivery to its geography. California's *Gus's Community Market* & *New Leaf Community Markets* will partner with *DoorDash* for delivery. *Brookshire Brothers* will team with *eGrowcery* for its consumer digital interaction. *Amazon* is testing a *Prime* member grocery subscription in three metro areas for \$9.99 per month, with unlimited free delivery on orders over \$35 & unlimited 30-minute pickup. *Dollar General* will end its commitment to cage-free eggs due to a lack of customer demand & supply availability; the retailer will be rationalizing additional SKUs. *Gopuff* & *Pure Green* will launch *Gopuff x Pure Green Refreshers*, cold-pressed juices with functional ingredients. *A Friendly Bread* has launched frozen grilled cheese sandwich. *EVERY* launched its liquid alt-egg. *Strive Foods* will expand to *Southeastern Grocers*, *Cub Foods*, *Lunds/Byerly's*, *Fresh Thyme*, *Lowes Foods* & other regional chains. *Cal-Maine* will halt production at a facility in Kansas due to HPAI. *Domino's* plans to add 1100 locations a year over the next five years to have more than 25K locations. *McDonald's* plans to add 10K stores to reach 50K stores by year end 2027. *Tomahawk Processing* will open a new \$5M meat processing facility in South Carolina. *WK Kellogg* reversed its decision to cease cereal production in Battle Creek. *NewTree Fruit Company* will open two new de-sugaring facilities in the next two years. Seattle seafood processor *Trident Seafoods* will restructure; divesting some of its Alaskan processing plants & laying off 10% of the employees at its head office. *ReGrow Israel* is a \$50M fund looking to restore farms recently destroyed by Hamas terrorists. A bill has been introduced in Congress pushing back on the United Nations misguided & ridiculous meat reduction mandate. *Save A Lot* announced *Fred Boehler* as its new CEO, following a short stint as interim CEO.

Online grocery in November jumped 5.2% YOY with delivery increasing the most per *Brick Meets Click/Mercatus*. Also, 42% of USA consumers use mass retailers for grocery. Per *FMI*, half of consumers believe grocery stores are trying to support consumer health choices & needs. From *Cypress Research*, more than 40% of meat producers invested in their businesses in 2023 & more than 40% will invest in 2024, with almost 90% seeing an industry upside in the coming year. Infants fed a novel milk formula containing large milk phospholipids coated droplets were found to have BMI & blood pressure similar to breastfed infants, per a 5-year study by *Danone*. Per *Morning Consult*, consumers still cite food prices as their number-one economic concern for 2024. From *Consumer Affairs*, Pennsylvania has had the largest increase in grocery prices, 8.2% over the last 12 months, followed by Vermont, Maryland, West Virginia & New Jersey while the lowest increases were in Colorado, Arizona, North Carolina, Michigan & Virginia. Groceries prices are up 24.7% since January 21, 2021 & restaurant prices are 19.9% higher. The primary driver for the increase is fertilizer & fuel prices, both up just about 35% since January 21, 2021. There seems to be some significance to that particular date?

**MARKET NEWS:** Markets rallied midweek as the FED decided to hold interest rates flat; markets held gains through the end of the week. The FED suggested continuing inflation, possible future rate reductions & stagnant growth while we await a second bout of inflation, which occurs 87% of the time within a year of deceleration. Core prices rose 4% in November, YOY. Real wages are down 3.7% since January 21, 2021. November sales were up, aligning with the rate of inflation & driven mostly by food purchases away from home. Housing & building material sales were down on higher prices. Stock futures expect 6 interest rate cuts in the next year.

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

THE LITCHFIELD FUND – *Tom Maloney*

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