



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

MANY OF OUR FOUNDING FATHERS, as we mentioned last week, were self-educated. (Roger Sherman, entirely self-educated, was the only person to sign the *Declaration of Independence*, the *Articles of Confederation* & the *Constitution*.) Another great self-educated American was President Abraham Lincoln. Lincoln was also a great orator & great speechwriter, responsible for three of the greatest & most important speeches in American history. Most know Lincoln delivered the *Gettysburg Address*, but his greatest speech, the most important speech ever, is his *Second Inaugural Address*. His rise to national prominence began with his 1858 speech, *A House Divided*.

A HOUSE DIVIDED: Greatness on the playing field is achieved by teamwork. This is not always true. The early 20th century *Chicago Cubs* found success on the shoulders of their great double play combo, Tinkers to Evers to Chance. Supposedly the trio hated each other, whipping the ball at each other as hard they could! The 1970s *Oakland A's* repeatedly won the World Series as the players fought each other to injury & the manager fought the owner. The stories abound as to the troubled Jordan-Pippen-Rodman relationships on the great *Chicago Bulls'* teams. Even Lincoln, in his very own cabinet, created a *Team of Rivals*. Three of his cabinet members had fought him for the 1860 Republican nomination. In his cabinet, William Seward came to respect Lincoln, while Samuel Chase fought & undermined Lincoln throughout his administration. As Lincoln worked to establish a new party with a new vision of freedom, the old political hacks that filled his administration maintained assorted viewpoints & allegiances. (Let's not forget that it also took Lincoln three years to find a general who could win, Ulysses S. Grant.) Lincoln won the nomination in 1860 greatly due to the publication of his 1858 debates with Stephen Douglas, to whom he lost the 1858 Illinois Senate election. *A House Divided* opened that publication, delivered by Lincoln before the Illinois Republican Convention the night of his nomination on June 16. The phrase 'a house divided' was not new, appearing in the Gospels & used by Thomas Paine in *Common Sense* & John Jay in the *Federalist Papers*. Lincoln's grasp of the crumbling democracy was clear: "A house divided against itself, cannot stand." We quickly see the results of a broken home, a broken society & a broken nation. Much of Lincoln's wisdom applies today. He knew why nations crumble: "Nations do not die from invasion; they die from internal rotteness." He spoke of the nonsense of cancel-culture, word fear & pseudoscience: "How many legs does a dog have if you call the tail a leg? Four. Calling a tail a leg doesn't make it a leg." On the allegiance to prescribed mantras, he says: "The trouble with too many people is they believe the realm of truth always lies within their vision." He foretold how corruption & perversion enter our government, institutions, schools, media & businesses: "You must remember that some things legally right are not morally right." Abraham Lincoln addresses the current state of our cities & the lack of meritocracy in our schools & society: "You cannot build character & courage by taking away people's initiative & independence. You cannot help people permanently by doing for them what they could & should do for themselves," & "Any society that takes away from those most capable & gives to the least will perish." And he foresaw what happens when the societal structure collapses: "Violence begins where knowledge ends." Lincoln, through his wisdom, reunited a nation, a people, a society. But of course, to do that today, we must live & commit ourselves to these words from his *Second Inaugural Address*, delivered just six weeks before his assassination: "With malice toward none, with charity for all, with firmness in the right as God gives us to see the right..."

INDUSTRY NEWS: Mediterranean food company *Afia Foods* has raised \$3M led by *Embree Capital Markets Group*. *The Green Coffee Company*, self-acclaimed largest Colombian coffee producer, raised \$25M. French prepared foods maker, *Mama's Meals*, raised €1M from private investors. *Cuzen Matcha* raised a \$3.6M Series A round led by *Digital Garage Group*. Broccoli upcycling startup *Upp*, broccoli harvesting waste into proteins, secured £800K in UK grants. French plant-based cheese startup *Jay&Joy* raised €2M led by *High Flyers Capital*. Lab-grown meat *Uncommon* raised \$30M led by *Balderton Capital* & *Lowercarbon Capital*. Catering tech startup *HUNGRY* closed on \$10M with existing investors *Sands Capital Ventures*, *Motley Fool Ventures* & others participating. Australian chef dinner party scheduling platform *Gathar* raised AUD\$800K. *Growee*, small-scale hydroponics, raised an undisclosed amount from the *Israeli Innovation Authority* & others to expand into the USA. *Advancing Eco Agriculture* led a seed round for precision ag startup *Croptix*. *Arda Biomaterials* raised €1.3M led by *Clean Growth Fund* to make leather from beer byproducts. *Ross Digital*, robots that can cook, make coffee & clean dishes at restaurants raised \$2.6M from the Singapore government. *Unilever* will acquire *Yasso*, frozen Greek yogurt snacks, for an undisclosed amount. *Puratos* acquired Canadian chocolate producer *Foley's Chocolates*. *Paramount Retail Group* bought the

assets of chocolate manufacturer *Montezuma's Chocolate* for an undisclosed amount. *Bunge & Viterro* finalized their \$18B merger. *Ace Beverage Group* will be acquired by *Pernod Ricard's* Canadian subsidiary *Corby* for \$165M. *Del Sol Food* acquired *John Wm. Macy CheeseSticks*, (baked cheese sticks, cheese crisps & crostinis); terms not disclosed. *Associated British Foods* subsidiary *AB Agri* purchased milk recording & data company *National Milk Records* for £48M. *MidOcean Partners* acquired *QualiTech*, a manufacturer of plant nutrition, animal nutrition & food ingredient products & services. *Kanen Wealth Management*, which owns 4.1% of *Lifeway*, is claiming company mismanagement & is calling for the company to be sold. *Walgreens* will divest its home infusion services provider *Option Care Health* for \$330M. *Nestlé* will partner with specialized venture capital fund *Yield Lab Latam* to grow investments in the Latin America food sector. *AppHarvest's* largest indoor farm faces foreclosure as investors lose confidence. *Zume Pizza*, robots & sustainable packaging, is insolvent & will liquidate assets. Vegan startup *Meatless Farm* may cease operations. *QSR Cava's* stock price surged at its IPO.

Kroger had a generally positive 1st QTR but missed some analyst expectations as the divestiture of its pharmacy services provider depressed sales. *Costco* reported a down 3rd QTR with revenue slightly higher driven by inflated prices, comparables flat, eCommerce & net income lower. *Walmart's* 1st QTR income fell 19% despite strong revenue growth for revenue, same store sales & eCommerce. *BJ's* posted record income in 1st QTR with strong across the board numbers. *UNFI* net sales were 3.7% higher in 3rd QTR but earnings fell 89% on forecasting & planning difficulties. Comparables & revenues were higher for *SpartanNash* in 1st QTR, but income was down on rising costs; the company confirmed full year forecasts. *Village Super Market* experienced strong growth across the board in 3rd QTR. Lower net income & margins during 1st QTR led *Dollar General* to cut guidance. *Hormel* confirmed its full year guidance despite missing 2nd QTR earnings *Dollar Tree* saw comparable store growth in 1st QTR but gross profit fell as the company continues its business model transformation. Net sales increased 7% at *Smucker* in 4th QTR, led by higher prices for its coffee brands, *Uncrustables & Jif*; adjusted income was higher, but the company reported a loss on divestitures. *Campbell* had a down 3rd QTR. *Flower Foods* lowered full year guidance after a disappointing 1st QTR impacted by consumers shifting to private label brands. *Calavo* had an overall down 2nd QTR posting a loss.

Hy-Vee has opened its largest store in Gretna, Nebraska. *UNFI* will cut 150 management positions & consolidate some offices. *Dollar Tree* will institute 'defensive marketing' to prevent rising crime. *AeroFarms* will expand its microgreens availability at *Walmart & Ahold Delhaize*. *Grubhub* will lay off 15% of its workforce, about 400 workers. *Fresh Connect* now offers prepaid food prescriptions to 10K grocery stores nationwide. *BioLumic* will deploy its UV light treatment tech at *Gro Alliance's* corn & soybean seed production facilities. *eGrowcery & Auto-Star CompuSystems* will partner to offer retailers a fully integrated sales solution. *Pringles* will launch sweet potato crisps in four flavors. *Climax Foods* launched *Caseed*, plant-based casein, for melty, stretchy non-dairy cheese. *Renewal Mill* has introduced upcycled white corn flour to its product line. *Roquette* opened its new €4.5M food innovation center in Lestrem, France. *Schwan's* opened a 400K sq. ft. expansion of its pizza manufacturing plant in Salina, KS. *FMS Fresh Produce* invested \$15M in a new distribution center. *Hostess* has spent \$140M to upgrade & revitalize its Arkansas baking facility. *ADM* opened a customer creation & innovation center in the UK. *KeHe* will open an innovation center in downtown Boulder to support emerging brands. *WinCo Foods* is planning for a massive distribution facility in Central Washington. *Walmart* will invest \$257M in its first owned & operated case-ready beef facility, to open in Olathe, KS in 2025. *JBS* subsidiary *BioTech Foods* will construct what they say is the world's largest cultivated meat plant in Spain. Steve Mayer, current COO, was named president of *Bashas'*. The USDA approved term 'cell-cultivated chicken' for labeling. New York will interfere in the free market by establishing a minimum wage for food delivery workers. *Modelo Especial* is now the top-selling beer, supplanting *Bud Lite* after the *AB InBev* brand's marketing backlash. *Starbucks* will pay \$25M for violating the civil rights of a manager who followed company policy.

From *Green Giant*, corn replaced broccoli as the nation's favorite veggie; broccoli has been #1 since 2018. *Amazon* accounts for an estimated 48% of USA retail spend; *Walmart* next at 7%. The USA online grocery market finished May at \$6.9B, down 3.4% YOY, per *Brick Meets Click/Mercatus*. From *Atomik*, 70% of USA consumers view the dairy aisle as a "must-stop" & 88% find products that fit their lifestyle. The USA pharmacy market is projected to grow to \$862B by 2028 at a CAGR of 6.3%, per *Fortune Business Insights*. From the Consumer Reports Index, overall food prices rose 6.7% in May; food-at-home still rose a whopping 5.8%. Per the *Journal of Nutrition*, people who consumed foods with medium & high levels of live microbes had decreased blood pressure, BMI & insulin levels. Grape prices are dropping as Mexican volume rises.

MARKET NEWS: Markets rose as the FED paused rate hikes. May inflation was over 4%, more than twice as high as during a previous administration whose economic policies helped Americans prosper. Real wages, adjusted for inflation, fell for the 26 straight month, down 2.7% overall. By comparison, from 2016 to 2020, real wages rose 7.3%.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

V10issue01.06.17.23

The Litchfield Fund is a family owned & operated limited liability corporation. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours & should not be considered investment advice or recommendations.