



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



WITH THE DAY'S WORK done, Nono would sit at the kitchen table before dinner. His spot was next to the stove as Nona cooked. In winter, the coal burning stove kept him warm. In summer, the open windows let in the smells of rural Appalachia - manure, outhouses & the outlet ditch for the inside bathroom. A deck of cards was always on the table. Nono could spend hours playing solitaire. My sister may have taught me the finer points, but I imagine I learned the game watching him. In solitaire, every move opens a new sequence of possible moves. The same deal played differently yields a different result; these choices lead to either a win or loss. The outcome is no coincidence.

No Coincidence: In many ways, the game of Solitaire is an allegory for life. We play the cards we are dealt as best we can. Every choice we make in life opens another choice, sometimes more than one. We play the hand we are dealt until we either win or lose. But whether we win or lose, once we cannot play anymore, we then try to shuffle our lives & get a new deal! Nothing in life is a coincidence, we are who we are & where we are mostly because of our choices & actions or by our reactions to what people have done to us. Humans try to use coincidence to explain the unexplainable. Yet, Newton's Third Law proves there are no coincidences, in solitaire or life: *For every action there is an equal & opposite reaction.* Newton's Third Law applies to planetary motion. Think about this: A *Big Bang* sends objects & gases hurtling through space. Suddenly, the forces of motion & gravity, not coincidence, rest our solar system at the perfect spot for the planets to orbit around the sun, moons & asteroids to orbit the planets, staying in motion & not colliding. More so, the Earth rests at the one spot where the sun & atmosphere allowed for life. The structure of our solar system is not random or a coincidence. Still believe in coincidence? With the same logic, Newton's Third Law proves the existence of a Supreme Creator: The structure of our solar system is not random, the sun, planets & other objects are placed in the one spot that allows for life on Earth. From Carl Sagan, "*A universe that is unknowable is no fit place for a thinking being. The ideal universe for us is one very much like the universe we inhabit. And I would guess that this is not really much of a coincidence.*" Humans like to believe in coincidence, it is romantic, serendipitous. Two lovers meet on a balcony on a rainy night. They talk, then kiss. The rain stops, the moon fills the sky & Cary Grant & Grace Kelly fireworks burst in the sky! But it is not serendipity or coincidence; it is two people having made choices that led each to a certain spot in life, made them a person of certain qualities, open to the opportunity of giving love & being loved, & needing the other person to fill the cracks of their own existence. From 20th century Hungarian journalist Arthur Koestler, "*Coincidence may be described as the chance encounter of two unrelated causal chains which - miraculously, it seems - merge into a significant event.*" I will argue that this romantic encounter being no coincidence makes it even more romantic; it makes the love won more fulfilling than winning a single knightly joust - it is a joust won by the summation of one's life choices. Every good mystery relies on the fact that there are no coincidences. Whether it is Hammett, Chandler, Queen, Christie, Marsh or Gardner, the reader must look at every detail in the story to discover who done it! Suspense author Charlotte Armstrong tells us exactly how to read a mystery novel, "*Coincidence means only a connection that's not seen. Roots meet underground.*" So whether it is a mystery novel or an event like finding true love, we only need to dig up the roots to see the connections! Even a factor that seems to be a coincidence actual leads us down a path to solve a mystery. Carl Jung, in discussing the unconscious behavior of the mind, tells us, "*[I] kept on coming across connections which I simply could not explain... what I found were coincidences which were connected so meaningfully that their chance concurrence would represent a degree of improbability that would have to be expressed by an astronomical figure.*" This is how the human brain travels from coincidence to conclusion. Suppose a boss or a leader has a 91.5% staff turnover rate in a three-year period. This is not a coincidence & we can draw the conclusion that this boss or leader is Brat, in the traditional sense. Jung's '*degree of improbability*' explains how we discover conspiracies. When there are too many coincidences in an event or series of events - be it dossiers, election results, assassination attempts, presidential decline or kangaroo courts - the number of coincidental improbabilities leads us to a probable conspiracy. Mathematically this is expressed as $CY = \sum_{i=0}^n CO_i$ where CO_i is each individual & improbable coincidence & n is the total number of coincidences. The summation of all the coincidences leads us to CY , a conspiracy. The larger CY , the greater likelihood of a conspiracy! So it is not just Jung's thoughts about the unconscious mind & the conclusions that we draw, we can mathematically determine the existence of a conspiracy, like defrauding a country. From real-life spy & James Bond author Ian Fleming, "*Once is happenstance. Twice is coincidence. Three times is enemy action.*" When there are too many coincidences linked together, it takes time to dig & follow each root to determine where they interconnect. This is why humans like coincidences - they require no research, are easy & offer a quick, satisfying answer to life's uncertain events. Perhaps it is too much for the populace to embrace a mathematical formula & put their intellectual & emotional shovels to work digging up roots to determine if a conspiracy exists & we should just trust the simple, bold, logical philosophy of Yogi Berra: "*That's too coincidental to be a coincidence.*"

INDUSTRY NEWS: RxDiet, medically tailored food plans, raised \$3M led by *Giant Ventures*. In the Netherlands, *NoPalm Ingredients*, yeast oils alternatives, raised €5M led by *Rubio Impact Ventures*, *Oost NL*, *Fairtree Elevant Ventures* & *Willow Capital Investments*. *Agrobiomics* raised \$4.3M from *NOON Ventures* for its soil & plant biostimulants. *Micropep*, micropeptide technology, raised \$29M led by *Zebra Impact Ventures* & *BPI Green Tech Investment* with *Fall Line Capital*, *FMC Ventures*, *Sofinnova Partners*, *Supernova Invest* & *IRD Capital Investissement* participating. *HerdDogg* closed a \$6M Series A4 round for its smart ear tags led by *Serra Ventures* & *Wonder Fund North Dakota*, with participation by *Lever VC Fund II* & others.

Monarch Tractor, electric tractors, raised \$133M led by *Astanor Ventures*, *HH-CTBC Partnership*, *At One Ventures*, *PMV* & *The Welvaartsfonds*. *Farmblox*, AI farm automation, raised \$2.5M led by *Hyperplane*, with participation from *Slow Ventures*, *MHS Capital* & *Service Provider Capital*. *InnerPlant*, DNA changes to speed crop distress signaling for pests or disease, raised \$30M in an alliance of large growers, led by operator & investor *Coutts Agro*, with *John Deere*, *Bison Ventures* & others. Portuguese clean clam grower *Oceano Fresco* raised €17M with *Indico Capital Partners*, *Banco Português de Fomento*, *AquaSpark* & *BlueCrow* involved. In Brazil, *Meu Pescado*, aquaculture management services, raised \$420K led by *Aimorés Investimentos* & *Incubate Fund*. *Verlinvest* & *Mistral Equity Partners* acquired *Insomnia Cookies* from *Krispy Kreme* for \$127.4M. *Refresco*, global beverage solutions, acquired Spain's plant-based beverage producer *Frías Nutrición* from *Alantra Private Equity*. *Manna Tree* took controlling interest in *Verde Farms* & its organic & grass-fed products. In the UK, *Regal Food Products* purchased artisan cheesecake maker *Love Cheesecakes*. *Ferrero's* Belgian holding company *CTH Invest* will acquire cookie maker *Nonni's Bakery* from *Vestar Capital Partners*. In Germany, food & beverage manufacturer *Krüger Group* acquired Swiss sweetener brand *Hermes Süsstoff* from pharmaceutical company *Klosterfrau*. In Switzerland, *TowerBrook Capital Partners* acquired a majority stake in *IDAK Food Group* from *Invision* & *Nord Holding*. In India, B2B seafood startup *Captain Fresh* will acquire Poland-based food & beverage manufacturer *Koral* to expand its footprint in the European market. In Australia, *Wine Holdco* bought *Pernod Ricard's* international wine brands (*Jacob's Creek*, *Stoneleigh*, *Campo Viejo*, etc.). *Gruppo Montenegro* purchased *Pampero Rum* from *Diageo*. *FreshEdge* acquired *Western Sky Produce* from *West Point Partners*, & *Frontier Produce* in Oklahoma; *FreshEdge* now operates more than 1.3M sq. ft. of warehouse space across 35 facilities & more than 1,100 trucks. *Healthier Choices Management* acquired *GreenAcres Market*, an organic & natural health food & vitamin chain with five stores in Kansas & Oklahoma. *Califia Farms* acquired *Uproot* & its plant milk foodservice dispenser system to expand its foodservice offerings. SE Asian order & delivery platform *Grab* acquired financially stressed restaurant reservation app *Chope*. *AgFunder* VC closed its 4th fund at \$102M for deep tech investment. A judge ruled *Kroger* & *Albertsons* must delay their merger until the Colorado lawsuit filed against the merger is settled. *Lineage* completed its IPO at \$4.4B, the largest IPO of 2024.

Kroger saw EPS drop for the first time in 12 quarters but met 1st QTR expectations & confirmed full year guidance. *Albertsons'* revenue grew 1% in 1st QTR, with a slight comparable growth, but net income dropped by 42%. *Coca-Cola* beat 2nd QTR estimates & raised guidance, though inflated prices contributed to the results. *KDP* reported 2nd QTR revenue & income in line with estimates though the coffee segment struggled; the company confirmed its full year forecast. Despite the impact of avian flu, *Cal-Maine* reported 4th QTR EPS & revenue growth; analysts were comfortable with 2025 projections & the stock rose. *Lamb Weston's* revenue & EPS missed estimates during 2nd QTR & its full year forecast disappointed Wall Street. *Chipotle* beat 2nd QTR earnings on increased foot traffic but warned on margin pressures. *Domino's Pizza* posted a 29.8% increase in net income for 2nd QTR & a 7.1% revenue increase. *Oatly* beat 2nd QTR EPS & revenue estimates; EPS was negative 7¢.

Target added three new stores in July. *Kroger* will update its fulfillment centers with a new upgraded system from *Ocado*; *Kroger* attributed automated fulfillment to a 17% increase in online orders. *Lowes* will close three Carolina stores with weak performance. *Save a Lot* expanded their *DoorDash* partnership. *Amazon* is facing consumer backlash for selling hateful post presidential assassination attempt merchandise. *Wakefern's ShopRite* & *The Fresh Grocer* locations will add a digital wallet with *Paze* & the *Aurus* payment platform. *Thrive Market* has new quality standards for all products to be non-GMO, free of more than 1,000 restricted ingredients & follow sustainable & ethical practices. *Inmar Intelligence* expanded its partnership with *Northeast Grocery* (*Price Chopper/Market 32* & *Tops Markets*) for an omnichannel retail media network. *GrubMarket* released its mobile app for *GrubAssist*, which provides food supply chain businesses with data, insights & automated ordering. *Spresso*, AI-powered eCommerce solutions, partnered with *MSG Distributors* to relaunch *Boxed*, purchased by *Spresso* last year out of bankruptcy. *Flashfood* launched a new platform for independent retailers. Pennsylvania grocers can now sell RTD cocktails. Chicken chain *Zaxbys* will launch a sauce line in retail nationwide. The Kelce brothers & *General Mills* will launch *Kelce Mix Cereal* with *Cinnamon Toast Crunch*, *Lucky Charms* & *Reese's Puffs*. *Herbalife* added a line of protein chips. *Beyond Meat* launched *Sun Sausage*, a plant-based protein that does not replicate beef, pork or poultry & claims clean ingredients. *Juicy Marbles* is launching a new alt-baby ribs product made with soy & edible bones. *Elmhurst* will add a plant-based alt-chicken made from hemp protein, *Elmhurst TerraMeat Plant-Based Chick'n*. *Morinaga* will invest \$130M in a new production facility for its *Hi-Chew* branded confections. *Amano Enzyme*, specialty enzyme manufacturer, will add 30K sq. ft. to expand its manufacturing site in Elgin, IL. Infant formula maker *Bobbie* has opened a 90K sq. ft. manufacturing facility in Heath, OH. Ice cream manufacturer *Wells Enterprises*, part of *Ferrero Group*, will increase its Dunkirk, NY, manufacturing facility investment from \$250M to \$425M. *KDP* will close a *K-Cup* manufacturing plant in Windsor, VA with 379 employees impacted; production will move to South Carolina. *SpartanNash* will close a plant in Landover, MD impacting 141 workers. *Rich Products* will close a baking plant in Fridley, MN, by the end of the year, laying off 170 employees. *Monogram Foods* will close its Dickson, TN, sandwich facility, impacting 237 employees. A *Jose Cuervo* factory exploded in Mexico causing injuries, the cause is unknown. *Danone* will look at a multi-year collaboration with *Microsoft* to integrate artificial AI throughout its operations & jobs. Australia's *Nourish Ingredients* will partner with dairy giant *Fonterra* to develop dairy products with fats produced via fermentation. *Vayu Robotics* released an AI enhancement to its delivery robot. Since 2022, *JBS* has created 1.2M tonnes of renewable fuels for the transportation & shipping sectors from animal waste. *Lineage* announced \$8.8M in food donations. *Lundberg Family Farms Sustainable Wild Blend Gourmet Rice* is being recalled due to rodent contamination. Brazil voluntarily stopped poultry exports to 44 countries due to *Newcastle* disease which affects poultry. Pressure from *The National Cattlemen's Beef Association* caused the Department of Defense to reverse sponsoring a research grant to develop lab-grown meat by *BioMADE*. *Meati* is facing a class action lawsuit alleging that its alt-meat is not made of mushroom root but a mycelium red mold that grows on bread. *George Weston & Loblaw* settled their part of a Canadian industry wide bread price-fixing arrangement for C\$500M.

From *Avery Dennison*, 65% of food retailers indicate theft has reached a crisis point with 38% seeing a rise in crime over the past year. USA milk production has been at a more than 20 years lows for the last 9 months with projections of lower volumes for the next several months; some factors include high input costs, weak prices & lack of cows. Tomato prices are higher this summer due to weather & fewer acres planted.

MARKET NEWS: Markets ended a turbulent week mixed as investors moved from overpriced tech talks to small caps. Second quarter GDP was a mild 2.8%. The Core PCE inflation index came in higher than expected. Durable goods orders fell 6.6%. New home sales were lower. The services PMI indicated expansion, but the manufacturing PMI indicated contraction.

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