



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



WE HAVEN'T CHECKED IN lately with our caveman friend, Thuk! So let's pay Thuk, Mrs. Thuk & all the little Thuks a visit. We have learned much from our neolithic friend. We have explored love, family & friendship; economics, business & commerce; politics & leadership; & philosophy, religion & adventure! In truth, Thuk & his contemporaries operated mostly on instinct, trying to adapt to the environment around them. But as their community grew, Thuk & his neighbors developed relationships & a spectrum of more subtle human qualities. Some neighbors were kind & dependable; some were lazy; others were mean & nasty; & there was one guy with a super big ego.

SUPEREGO: Thuk's natural instincts were for survival in a harsh world. In Thuk's world, there was danger everywhere. Thuk had few means available to protect himself – his clubs & his wits, that sense of survival. When Thuk was hungry he went out in search of food. When he was thirsty, he went to the nearest watering hole. When it was rainy, cold or snowing, he sought warmth in a nearby cave. When he felt threatened, he retaliated or ran. And when he felt the need to procreate (another instinctual urge for the species to survive), he went in search of Mrs. Thuk, pitching woo & winning her over with a nice dinner of berries & edible plants. But soon, besides surviving on his instincts, Thuk began to rationalize the world around him. He realized fire was good, it provided light, warmth & a tasty leg of wild goat. But he also learned it was dangerous, had to be controlled; could destroy the berry & nut trees & drive away the wildlife he needed for food. When the days got shorter & the air colder, Thuk knew it was time to store some food & collect firewood for the long winter. He learned if he fed the wild dogs, they would stay close, warn of danger, help in the hunt & provide warmth on a cold night. Likewise, he knew which animals to stay away from & those which were good to eat. Thuk even used his memory & experience to problem solve. If the hunt failed, he may look to see if his spear was straight & sharp enough or rationalized that it was because his buddy Uck hurt his spear throwing arm in the last hunt (& it would be some 20,000 years until Tommy John surgery was available). The last step in Thuk's psychological development was his sense of goodness, morals, judgement & conscience. Some of this may have come from his parents. If Mrs. Thuk was not interested in being wooed, he learned from his dad that he needed to apologize, that he had obviously done something wrong, even if he did not know what he had done! He also learned from his dad that after the hunt you don't go around showing off your mastodon tusk to a neighbor's wife! Some of his judgement & morals came from not just his parents, but the community around him. You traded & bartered in good faith. If you were successful at hunting or gathering, you didn't boast; instead, you shared your bounty with the community. And if you saw a neighbor being hurt, you stepped in to help. Thuk's psychological development offers a vivid description of Sigmund Freud's 1920s theories of the ego psychology model - the human psyche consisting of the Id, the Ego & the Superego; the intrinsic nature of the human psyche. The Id is the instinctual part of the psyche, handling the basic needs for survival & its wants, desires, impulses & aggression. The Id seeks immediate gratification. The Ego is the rational part of the human psyche, dealing in reality, taking the power of the Id & controlling it for success in the real world – planning, executing, experiential memory, testing & problem solving. The Superego provides parental (parents, teachers, authority figures, social norms, etc.) guidelines, a moral conscience, to help ensure the Ego controls the base nature of the Id. But as we all know, egos are fragile. So in Freud's model, the ego has mechanisms to deal with reality such as denial, fantasizing, compensation, projection, rationalization, repression, suppression & others. All of these tions & sions allow us to deal with the harsh reality of a cruel & unforgiving world. And while this humble intellect should not be critical of Freud, today it seems the harsh reality of our cruel world comes from the phantasmal rationalizations of those denying reality. With a broken Superego, or societal norms created without a societal Superego based on law & religion, the Ego can rationalize any bad behavior. It only takes looking to the speeches coming from Chicago this week to see these Egos at work. These reality-deniers rationalize their terrible plans & policies on false doctrine planted in their Superego. It also seems their blatant hypocrisy is born from their Ego's rationalization mechanism. They ignore the policies they have put in place, the past statements they have made, the hate & venom they have launched on others to paint themselves as someone they are not & never were! They cackle as they lie & choose to deny their own actions that have impaled *cruel misery* upon our Nation: the breakdown of the family; the crime plaguing our homes, streets & schools; the failing economy; the lack of jobs for Americans & our weakness at securing our borders. Beyond that, their hypocrisy no longer allows the USA to be the Superego for the world - our strength, morality & success being a guiding light for the nations of the world. Yet, these hypocrites now claim they can fix the problems they caused. From Democrat Adlai E. Stevenson, "A hypocrite is the kind of politician who would cut down a redwood tree, then mount the stump & make a speech for conservation." Hypocrites must continue this charade, for as Samuel Johnson points out, "Hypocrisy is the necessary burden of villainy." The hypocrisy & lying becomes part of a hypocrite's state of being. From Andre Gide, "The true hypocrite is the one who ceases to perceive his deception, the one who lies with sincerity," & Tennessee Williams, "The only thing worse than a liar is a liar that's also a hypocrite!" Freud believed that religion placed an unreal & impossible burden on the Superego. Yet, it seems the broken psyche of these hypocrites, the ability to deny their responsibility & lie without remorse, comes from an unconfined Superego that requires a burden – a healthy fear of fire & brimstone!

INDUSTRY NEWS: Functional mushroom chocolate brand *Alice Mushrooms* raised an undisclosed amount led by *L Catterton* with participation from celebrity investors. Peter Rahal raised \$10M for an unknown protein bar called *David* to launch this fall. *Love Corn* secured \$4M in

funding from *Melitas Venture* & others. Regenerative producer *Force of Nature Meats* secured \$5M in funding from *Hamilton Square Investments*. Food safety company *Amulet* raised \$5.8M led by *HealthX Ventures* with participation from *Incite Ventures*, *AllerFund*, *Mendota Venture Capital*, *Great Oaks Venture Capital* & others for its portable molecular sensor technology. *Snak King*, private label & co-manufactured snack products, received an undisclosed investment *Falfurrias Management Partners*. *The Rounds*, an inventory management platform delivering recurring grocery orders in reusable packaging, raised \$24M led by *Moderne Ventures*, with participation from *FJ Labs* & others. *De Novo Foodlabs* in Raleigh, NC, producer of a precision fermented alt-lactoferrin product ingredient, *NanoFerrin*, completed funding led by *Joyful Ventures*. Singapore-based *DiMuto*, agrifood supply chain optimization, raised \$5.9M led by *Yield Labs Asia Pacific*. *Seek Pet Food*, a leading third-party manufacturer of kibbles in China, received an undisclosed investment from *Advent International*. *Butterfly Equity* exited the majority of its stake in *MaryRuth Organics* but will remain an active investor alongside new financing partner *King Street*. *Vestar Capital Partners* closed the recapitalization of *Roland Foods*. *Saco Foods* acquired *Quinoa Corporation*, parent of legacy gluten-free food brands *Ancient Harvest* & *Pamela's* from *Encore Consumer Capital*. UK plant protein maker *The Tofoo Co* was acquired by *Comitis Capital*. *Peterson Farms* acquired shelf-stable juice maker *King Brands*. Global food ingredient & plant/animal nutrition company *QualiTech* acquired wholesale baker *Ellison Bakery* from *Tilia Holdings*. UK-based *New England Seafood International* acquired certain assets of the *Blue Sea Food Company* out of administration. *Giant Eagle* will sell its 270 C-stores spread across Pennsylvania, Ohio, West Virginia, Maryland & Indiana to *Alimentation Couche-Tard*. *Alimentation Couche-Tard*, which owns over 16,000 *Couche-Tard* & *Circle K* stores across North America & Europe, is looking to acquire *Seven & i Holdings*, which runs 85,000 *7-Eleven* stores in Asia & the USA, for \$31B. One of our large local organic produce suppliers, *Duncan Family Farms* in Goodyear, AZ, will form a joint venture with *Coosemans-Phoenix* to create *Duncan Family Farms Specialties* to speed client delivery. *Kroger* has filed a lawsuit against the FTC stating Constitutional violations in their actions concerning the review of the proposed merger with *Albertsons*.

Target's profit & sales beat Wall Street's 2ndQTR expectations as grocery deals raised comparables for the first time in a year. *BJ's* had an across-the-board positive 2nd QTR following a strong 1st QTR. *Flower Foods* had a 5% 2nd QTR net income gain on essentially flat revenue. *Brinker International* (*Chili's* & *Maggiano's*) beat 4th QTR revenue estimates but missed on earnings; the stock price fell. Reports suggest *Beyond Meat* is late on 33% of its supplier payments.

Walmart intends to push large food companies to lower their prices instead of throwing their weight behind a Presidential candidate who will lower prices by reducing the cost of energy & other inputs; reducing worthless regulations, including green energy mandates (FYI – a study this week indicates that the Atlantic Ocean is cooling at the fastest rate ever recorded); support the return of manufacturing & restore the economy to the success experienced between 2017 & 2021. After just launching a monthly grocery delivery subscription, *Amazon* will introduce an annual plan of \$99.99 per year. *Loblaws* will pilot a value-based store called 'no name.' *Food Lion* remodeled 167 stores in North Carolina & Virginia at a \$365M investment. *Rite Aid*, besides closing all its Michigan locations, will exit Ohio closing 234 locations. The *South Dakota Corn Utilization Council* made a \$1.2M donation for swine education & a research building at South Dakota State University. Kansas State received \$1M from *Hill's Pet Nutrition* for a small animal clinical nutrition professorship. *AB InBev* will close a Massachusetts *Anheuser-Busch* distribution facility impacting 193 jobs. *Grainwell Puffed Grains* opened a new full-scale puffed grain production plant, the first controlled puffing facility in North America & world's largest, producing high-quality, custom-puffed grains & legumes at scale. *Newly Weds Foods* will expand its Cleveland, TN, plant to boost production capacity & add 40 jobs. *Farmers Business Network (FBN)* & *ADM* have launched a new company, *Gradable*, to connect grain buyers with farmers using regenerative practices. *Target* will add more than 150 private label grocery items & more than 500 new national brand items this fall. *Fresh Direct* added *GrowUp Farms'* produce to its portfolio. *7-Eleven* will carry greens from vertical farm *Plenty*. Troubled *Charlotte's Web* cut a distribution deal with *Walmart* in an effort to stay afloat in a difficult hemp market. *Nowadays* will launch a canned THC cocktail line. *Big Idea Ventures*, *Mars Petcare*, *AAK* & *Bühler* will partner on the *Next Generation Pet Food Program* to foster innovation in the pet food industry by engaging human food startups to develop sustainable solutions for pet nutrition. France's *Innovafeed* will partner with USA pet food companies *Jiminy's* & *Arch* to launch its *Powered by Hilucia*, co-branding on new insect-based dog foods. *PRIME* beverage now faces a new lawsuit from coconut water supplier *Agrovana* over another breach of contract dispute. *Albertsons* is being sued for allegedly stealing trade secrets from auto-replacement company *Replenium* after installing its own similar platform. *Pilgrim's Pride* denied any wrongdoing but paid \$100M to settle a class action suit alleging the company conspired to underpay chicken growers. Labor disputes shut down Canada's rail system for 24 hours before the government stepped in. *Jack Daniel's* whiskey maker *Brown-Forman* will end DEI goals. *Perdue Foods* recalled 167K pounds of RTE frozen chicken products over foreign material contamination. *Nestlé* named long-serving executive Laurent Freixe, currently head of its Zone Latin America, as its new CEO.

From *Empower*, 62% of Americans believe their purchasing power & income relative to prices have decreased due to this administration's inflation; 79% noted that serving sizes of cereal & chips are dwindling; 27% said they have hit a pricing limit, are not willing to pay anything more for grocery store staples & will drop items from their shopping lists. *GlobalData* found sugar reduction claims (no sugar/low sugar/no added sugar) as the most popular benefit among non-alcoholic beverage launches with 35% of all claims; low-calorie was next at 12% of claims. Dairy, deli & bakery sales grew 9.7%, 3.9% & 1.2% in July, per *Circana*. USA unit mushroom sales totaled 659M in the past year, up 9% from last season; dollar value dropped 4%.

MARKET NEWS: Markets were higher for the week. In the largest downward revision to employment numbers in 15 years, this administration 'cooked-the-books' & lied about the creation of 818,000 jobs in the 12-month period that stretched through the end of March. Jobless claims came in higher & the manufacturing PMI showed continued contraction.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenjo*

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