



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE BEST TEACHERS, my favorites, were the toughest. My junior year English teacher & my AP history teacher were demanding; the assignments & tests required thorough & in-depth analysis. My entire undergrad math department was tough; my favorite prof's take-home final exam required a 200-page proof! In economics, my favorite prof gave us her famed "*Israeli Tank Commander*" problems with traps & feints worthy of a desert battlefield! In grad school, there was an Operations Research prof who literally wrote the book, the definitive text on the subject. They felt that students could rise to a challenge, that students should graduate having learned to think.

LEARN TO THINK: In my parents' upbringing, education was not highly valued. My Uncle Sam went to work in the coal mines at age 10. My dad dropped out of school at age 14 when his dad died. He had reached the 4th grade. He went to work picking potatoes. Mom dropped out at age 15 to work in a macaroni factory. She was a good student, but as the oldest, her dad wanted her to go to work to help the large family. Her principal & English teacher (Mr. Learn, believe it or not, who also drove the school bus) came to the house to try to convince her father to let her stay in school. Of course, her father, with another war about to start, felt a job was more valuable than education for a girl! And while my Nono may have been expressing the views that were prevalent for the times, it seems today that society does not value education for anyone! When I was in elementary school, not only did we learn the three R's, but we had to memorize Longfellow's *The Midnight Ride of Paul Revere* & *The Village Blacksmith*; Frost's *The Road Not Taken*; *The Gettysburg Address* & *The Declaration of Independence*. Daily, we said the *Pledge of Allegiance*. Along with the three R's (reading, 'riting & 'rithmetic; Taught to the tune of a hickory stick!), these should be part of a basic education to produce a solid American citizen capable of being a contributing member of society. But today, schools are instructed not to expect children to read at grade level or get the correct answer in math. Society feels it is unjust, unfair or worse to expect children to meet such standards. As such, as reported in Chicago this week, 75% of graduates do not read or do math at minimum expected standards. But it is not just our public or city schools that have this problem. Last week, a commentator on a major news channel said that there are terrible people in the United States who believe their rights come from God, not from the government or Supreme Court. The commentator was absolutely appalled about this! This person likely has both an undergraduate degree & graduate degree! Yet, she missed a very basic part of American education, & the one statement responsible for the founding of this Great American Nation: "*We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty & the pursuit of Happiness. That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed...*" She clearly missed school on the day her teachers covered, if the school ever did, the history of the United States Constitution. The Founding Fathers were fearful that a strong central government could usurp our God-Given Rights. In order to pass the Constitution, they added the Bill of Rights to curb the power & authority of the federal government over our individual God-Given Rights: To freely speak, worship & publish; to bear arms in defense of ourselves, our families, & property; to maintain our privacy & to be treated fairly under the law! Think how it would be if your rights were set by the government! They could mandate what type of car you are allowed to drive, the type of appliances you have in your house or how much water you may use! They could mandate when you are able to leave your house or under what circumstance you may enter a building. They could mobilize governmental departments against their political opponents, those who speak out against the government or those who disagree with their point-of-view & policies. They could work with the justice systems to charge their political opponents with crimes never before charged, bankrupt them, prevent them from attaining political office or even appearing on a ballot. They could mandate your health care decisions. They could work with traditional & social media to limit both your right to free expression & right to be aware of all views. They could even work with the educational system to keep children from learning & thinking but be well-versed on their social & political mantras. But this would never happen in America, *would it?* If this were happening in America, it would be the path to socio-fascism, a dictatorial & totalitarian rule. Should we worry when an educated news commentator does not understand or know the basic principles of America? From Benjamin Franklin, "*We are all born ignorant, but one must work hard to remain stupid.*" Filling children's heads with facts (or nonsense) should not be the purpose of school. From Robert Maynard Hutchins, 20th century American educational philosopher, "*The purpose of education is not to fill the minds of students with facts... it is to teach them to think.*" From cultural anthropologist Margeret Mead, "*Children must be taught how to think, not what to think.*" Emerson, Santayana & Einstein felt that education fell short if it only taught children facts & provided indoctrination. Twain, Hugo & MLK felt that proper education would mean less crime & a better society. Let's teach our children to think & trust them to comprehend the truth to prevent a societal breakdown. Frederick Douglass wrote, "*It is easier to build strong children than to repair broken men.*"

INDUSTRY NEWS: *Prefer*, bean-free coffee from fermented & upcycled bread, soy & barley, raised \$2M led by *Forge Ventures*, with

participation from *Better Bite Ventures*, *Sopoong Ventures* & *Seeds Capital*. Vertical farm *Oishii* raised \$134M led by Japan's *NTT*. Prague-based *Choice*, a B2B SaaS platform for restaurants, raised €2.3M led by *J&T Ventures*. Plant-based pet food brand *PawCo Foods* raised a \$2M led by *Elevate Ventures*, even though healthy dogs require meat. *Protein Industries Canada* has invested in a project for *Avena Foods* to create oat & pulse ingredients that will be used by *Big Mountain Foods*, *Danone Canada* & *Old Dutch* to replace current ingredients. *Convergent Finance* & *Samara Capital* led an acquisition of 51.8% of *Agro Tech Foods (ACT II Popcorn)*. *Dole plc* will sell its 65% equity stake in *Progressive Produce* (\$400M in revenue) to *PTF Holdings*. *Lipman Family Farms* acquired of *Northeast Produce*. *Driscoll's* acquired *Costa Group*, Australian fresh fruit & vegetable grower, packer & marketer. Dairy co-operative *First Milk* acquired *BV Dairy*, dairy products for foodservice. *Vegan Food Group* will acquire German tofu manufacturer *Tofutown* for an undisclosed sum. *Molson Coors* now owns 40% of *Zoa Energy*, with the option to increase its ownership to 50%. *Danone* will sell its Russian interests to local producer of cheese & butter, *Vamin Tatarstan*, for \$191M. *Atria Group* acquired RTD meal maker *Gooh*, from agri-food business *Lantmännen*; terms not disclosed. Two frozen foods companies merged; *Twin City Foods* & *Smith Frozen Foods* will operate under parent company *TCF Holdings*. *Fonterra* merged its New Zealand & Australian business units, now *Fonterra Oceania*. *FreshPro Food Distributors* in New Jersey filed for Chapter 11. *BFG* launched its third fund to invest in companies from seed to Series B. *Chipotle* doubled its pledge to *Cultivate Next* fund to \$100M to in innovating farming, supply chain, robotics & plant-based food companies. *Panera Bread* overhauling its menu to improve revenue may indicate a renewed interest in an IPO.

Sprouts Farmers Market reported strong 4th QTR results as net sales increased 8%, comps rose 3.3%, digital sales rose 17% & earnings beat expectations. *Weis Markets* had a down 4th QTR; sales & income were down & comparables were flat. *Grocery Outlet* saw growth & an earnings beat, but profit margin fell; the retailer plans to launch 100 private label SKUs later this year. *Danone* reported a down 4th QTR capping a down year; like sales increases were driven by price hikes. Third quarter sales were up 1% at *Smucker* but the *Hostess* acquisition weighed on earnings. *B&G Foods* posted solid 4th QTR gains & projected 2024 growth. *KDP* missed on revenue in 4th QTR though earnings beat estimates; the company beat fiscal estimates despite pressure on its coffee segment. *SunOpta* beat 4th QTR estimates & the stock rose more than 15%. *Gruma USA's* tortilla business drove 4th QTR results; ending a positive fiscal year. *Hormel* beat 1st QTR estimates as foodservice & *Planters* volume growth drove results. *Pilgrim's Pride* had a bounce back 4th QTR with higher revenues & positive net income after a previous year loss. *Beyond Meat* lost \$155.1M in 4th QTR (more than \$300M in the full year) on shrinking sales; the company will discontinue its jerky line. Spain-based plant-based meat maker *Heura* posted a 22% increase in sales to €38.3M in 2023 & expects a profit in 2024. *Monster's* 4th QTR saw a 100% spike in sales & net income rose 21.6%; the company is reaching \$1B in annual revenue. *Vita Coco* had a positive 4th QTR, the stock rose 15%. *Zevia* won on 4th QTR revenue, but took an earnings loss as volume fell. *Celsius* stock rose 14% as 1st QTR sales jumped 95%. *Weight Watchers* took a hit on earnings & the stock price fell 25% as their famous spokesperson & board member Oprah Winfrey announced she was on a weight loss drug; Oprah will leave the board this year.

Dollar General opened its 20,000th store in Alice, Texas. *Fareway* plans to open its first full-service store in Kansas. *Focus Brands*, parent company of *Auntie Anne's*, *Carvel*, *Cinnabon*, *Jamba*, *McAlister's Deli*, *Moe's Southwest Grill* & *Schlotzsky's*, changed its name to *GoTo Foods*. *Wayne-Sanderson* will build a new feed mill to produce 8,500 tons of feed weekly. *Del Monte Foods* will close two plants in Washington & Wisconsin impacting more than 200 employees. *Mary's Gone Crackers* has doubled its manufacturing capacity. *Rich Products* will invest \$27M to expand manufacturing & jobs in Hamblen County, TN. *Oatly* is adding oat milk creamers. *Topo Chico* will add *Ginger Beer*, *Tonic Water* & *Club Soda* offerings as *Coca-Cola* brings the brand closer to \$1B. *KFC* debuted an LTO fried chicken pizza, *The Chizza*. *Kodiak Robotics* & *Martin-Brower* will partner on autonomously delivering time-critical refrigerated freight for QSRs between Dallas & Oklahoma City. *Perfect Day* & *Breyers* will partner on animal-free ice cream. Mycelium tech company *Infinite Roots* will partner with South Korean food manufacturer *Pulmuone* to develop protein products for the South Korean market. California's new minimum wage law appears to exempt *Flynn Restaurant Group*, franchise owner of many *Panera Bread* locations in California, since the founder is a large donor to the governor. The litigious New York AG is suing *JBS*, the largest beef producer, over methane outputs. *Family Dollar* will pay a \$41.7M fine for a rodent-infested warehouse. Los Angeles county is suing *Grubhub* for deceptive business practices, advertising & pricing. *Nestlé* is facing a lawsuit in France alleging that *Perrier* & *Vittel* are tap water & for using illegal processing methods. The FTC will sue to prevent the *Kroger/Albertsons* merger. France banned meat from the branding of alt-meat products.

Per *Circana*, consumers are visiting stores more often & buying fresh deli & bakery to combat the higher prices they see, shying away from higher priced meat, seafood & produce. From the *Private Label Manufacturers Association* & *Circana*, private label sales increased 4.7% in 2023 while national brands dollar sales grew 3.4%. From *Bushel's State of the Farm* report, there is aggressive adoption of farm technologies by the younger farming generations, despite technology's cost.

MARKET NEWS: The S&P & Nasdaq hit records tech stocks continued to trend upward. GDP was revised downward for 4th QTR. PCE & Core PCE came in at expectations, 2.4% & 2.8% YOY. Merely hitting inflation expectations resulted in a market uptick in hopes for a rate cut later this year despite the data indicating prices are still rising & families are falling further behind.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND — *Tom Malenka*

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