



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



A POPULAR 1960s afterschool TV show was the gothic soap opera, *Dark Shadows*. Every day the residents of the constantly storm ravaged fishing village of Collinsport, ME, & its societal patriarchs, the Collins family, were tormented by ghosts, vampires, werewolves & witches. There were curses, graveyards, crypts, coffins, supernatural happenings & beautiful governesses romanced by the vampires & werewolves, who weren't all that bad! Collinwood, the dark, stately, door-squeaking mansion & the 'old house', the provincial Collins manor, had many rooms. If a door was opened at the wrong time, the unaware threshold crosser might find themselves stuck in a parallel universe!

PARALLEL UNIVERSE: Perhaps Plato's *Republic* (*ALL EARS!! CAVE MAN THINKING, 3/18/23*) was the first description of a parallel universe. Cave residents had a distorted view of reality, developing their own sense of "the truth" only to see the real truth in the light outside the cave. Thomas More's satirical socio-political commentary, *Utopia*, published in 1516, brought to us a very detailed parallel universe. More derived the word utopia from ancient Greek, which could be dually interpreted as 'no place' or 'good place,' adding to the satirical bent of More's work. In the story, General Utopos cuts through a peninsula to create his isolated kingdom & a 'perfect' society. More describes a society & country based on rational thought with communal property; a strong work ethic & strong economy with no real class distinctions, no poverty or love for money; little crime or immoral behavior; religious tolerance & peace. The essay's narrators argue the virtues of such a society, pointing out both its absurdities & the ideas that might improve current society. Utopia's governmental structure seems to be based on the governing structure that was put in place during the Golden Age of Anglo-Saxon rule in the late first millennium & was still in place at the time. The societal description closely resembles that of the monasteries & the Catholic Church. Utopian society was in many ways a forerunner to the communist philosophies born 300 years later. Parallel universes & fantasy worlds exist throughout literature, in many stories that are very much part of our childhood. Alice fell down a rabbit hole & stepped through the looking glass to a satirical, absurd world of strange characters & where time passes oddly. Wendy & her brothers find adventure in a Never-Never-Land with a boy who refuses to grow up! Whether through a wardrobe or at a train station, children enter Narnia, a world of mythical creatures created by the lion-king Aslan. Edgar Rice Burroughs & JRR Tolkien described the lands of Middle Earth. Adventurers & hunters found hidden cities like Shangri-La & Brigadoon. Gulliver found himself among the Lilliputians & a tornado took Dorothy to the land of Oz. Usually, these worlds seem to offer something better than the real world, but soon the hidden dangers begin to appear. The hero or heroine faces Herculean labors to return to their world or must 'set-things-right' before escaping. Conway & his travelling mates are imprisoned in Shangri-La; if they leave, they will age quickly & die. In Narnia, the White Witch must be defeated to return Narnia to its idyllic state. The Darling children must escape the pirates & of course, Dorothy must defeat the Wicked Witch of the West, unveil the truth of the Great Wizard of Oz & find out she always possessed what she needed for happiness. There is a short fairy tale about a parallel universe. The people of the land were happy. People at all levels of society were doing well! There was work for everyone & the people were paid well for their labor. The economy was good, prices were low, dwellings were affordable & the streets & the land's borders with its neighbors were safe. The world was at peace; the brave knights who defended the land had returned to their homeland, & the people they had gone off to protect were now safe. The land had a strong, brave & directly honest leader. The land's traditional enemies feared & respected the leader & the strength he gave to all the people of the land. But there were influential groups of people who disliked the leader & the peace & prosperity of the land, because they no longer had the power needed to fuel their corruption. On a cold winter's night, while the people of the land slept safely in their beds, these corrupt people removed the leader, replacing him with a weak, feeble leader who would do their bidding. The people of the land awoke in what seemed to be a parallel universe! The corrupt new leaders immediately cut production of the land's most valuable resource, the resource that drove the prosperity & safety of the land. The leaders told everyone this natural & plentiful resource would destroy the world if used, to get the people to comply. This weakened the people of the land, who became more dependent on the leaders. Without these natural resources driving the land's strength & economy, the land's traditional enemies went to war against the land's trusted allies! The brave knights who had defended the land, so they would pose no threat to the leaders, had been ignored & purposely weakened. The knights were in no position to help. But there were still those who remembered the previous leader & the prosperity he brought to the land. So the corrupt leaders tried to silence him, discredit him - they gagged him & threw him in jail. The corrupt leaders also invited others who they believed would support them to come to the land. But many of these people were evil & the land was no longer safe & secure! The leaders supported these newcomers with free things, gifts & jobs, all at the expense of the other people of the land! Likewise, these leaders rewarded all their followers with gifts at the expense of the hard-working laborers of the land. The once great land was now in turmoil. The leader's supporters kept telling the people that everything was all right, that the previous leader was evil & that the weak, feeble, current leader was very much on top of things. The people of the land were confused & began to realize that they were in a parallel universe; that the world they knew had been stolen away on that fateful winter's night. The people began to rally around the previous leader, even those who had not been happy with him in charge! The people of the land were facing a Herculean effort, needing to overcome the corrupt rulers of their land & their mouthpieces whose only job was to keep the people confused. The people were frightened, finally realizing what had happened. But the people knew that if they were strong & brave, they could put an end to the corrupt leaders & return to their rightful universe. But this is just a fairy tale, isn't it? And fairy tales & parallel universes are not true! Author G.K. Chesterton wonderfully disagrees: "Exactly what the fairy tale does is this: it accustoms [us] for a series of clear pictures to the idea that these limitless terrors had a limit, that these shapeless enemies have enemies in the knights of God, that there is something in the universe more mystical than darkness, & stronger than strong fear." The people of our fairytale parallel universe are facing numerous dragons. Could this fairy tale, this parallel universe, be real, be true? From English graphic fiction & comic book author Neil Gaiman, "Fairy tales are more than true: not because they tell us that dragons exist, but because they tell us that dragons can be beaten."

INDUSTRY NEWS: James Watt, former CEO/co-founder of *BrewDog*, invested in *Common*, a functional beverage brand & *Living Things*, a better-for-you soda brand. Busy Phillips joined the low sugar candy brand *Behave* as an investor & advisor. *Wild Common*, an agave spirits company, raised \$5M with *HIPstr*, part of *HighPost Capital*. *RationAle Brewing*, a non-alcoholic beer producer, secured an investment from *bochi investments*. Alt-meat startup *Tender* raised \$11M led by *Rhapsody Venture Partners* with *Lower Carbon Capital* & *Safar Partners* involved; *Tender* secured a distribution deal with Boston food chain *Clover Food Labs*. UK alt-meat company *THIS™* closed a €23.6M round with *Planet First Partners* in a combination of primary & secondary equity financing. Biotech company *Pluri* will invest \$10M in its joint venture with Israel's *Tnuva*, *Ever After Foods*, cell-based meat producer. *TraitSeq*, an AI-based agritech input management, closed a pre-seed round led by *Deeptech Seed Fund* with participation from the *QUBIS Innovation Fund* & angel investors. Australia's *Farmbot*, water monitoring solutions for farms & ranches, raised \$4.6M for its USA expansion with help from shareholders *Telstra* & *Maddock Ventures*. In Scotland, *Beta Bugs Limited* has garnered a £1.72M for its production & supply of Black Soldier Fly eggs & larvae for animal feed protein. Also in Scotland, *OGI Bio*, microbial fermentation technologies, raised £650K led by *TRICAPITAL* with *Scottish Enterprise*, *Merleview*, *Apollo*, *Old College Capital*, *SIS Ventures*, *Beeches Group*, *Climate.vc*, *InnovateUK* & others participating. European companies *Syngenta* & *InstaDeep* will collaborate on AI technology to accelerate crops seeds trait research. *Waabi*, autonomous trucks, raised \$200M led by *Uber* & *Khosla Ventures* & included strategic investors *NVIDIA*, *Volvo Group Venture Capital*, *Porsche Automobil Holding SE*, *Scania Invest*, *Ingka Investments* & others. Private equity firm *TDR Capital* acquired a stake in British supermarket chain *Asda*, bringing *TDR's* share to 67%. *Primo Water* & *BlueTriton* will merge, bringing together many of the top selling bottled water brands. *Rise Baking* purchased 100-year-old pie maker *Table Talk Pies*. The *Emmi Group* acquired Swiss foodservice coffee roaster *Hochstrasser*. *Simply Good Foods* completed the \$280M acquisition of *OWYN* from *GroundForce Capital*. Dutch vegetarian foods producer *GoodLife Foods* purchased Spanish frozen RTE meals maker *Audens Group Solutions*. *DeA Capital* purchased a majority stake in convenience smoothie & sandwich maker *Grupo Ñaming* from *Talde Private Equity*. *Circumspect Capital* purchased specialty cracker brand *Venus Wafers*. *Tate & Lyle* will acquire *CP Kelco*, *Atlanta*, from the *J.M. Huber Corp.* for \$1.8B; *CP Kelco* manufactures ingredients such as carrageenan, citrus fiber, pectin, refined locust bean gum, xanthan gum & other ingredients **ALL EARS!!** avoids. *Lesaffre* acquired the yeast extract segment of *DSM-Firmenich*; the companies will partner on creating yeast derivatives. In the Netherlands, *Staay Food Group*, fruits & veggies, bought Dutch pear grower *Westende Fruitteelt*. *Whetstone Distribution*, part of *Shore Capital Partners*, acquired *Fulton Market*, meat processor, importer & distributor for its second acquisition in the last two months. *Proterra* raised a \$34M fund for agricultural financing. *Protein Industries Canada Roquette*, *Prairie Fava*, *BioNeutra* & *Plant Up* will invest \$24.5M to develop new ingredients & food products.

Kroger beat 1st QTR estimates for revenue & adjusted EPS; the grocer reiterated full-year guidance & halted its stock buyback program as it prepares for the *Albertsons* merger. C-store chain *Casey's* finished off a strong fiscal year with an all-around positive 4th QTR.

Price Chopper/Market 32 opened four new *Market 32* stores in the Albany, NY Rregion. *Loblaws* opened 16 new *Maxi* & *No Frills* discount locations. *Fiesta Mart* will open its first new store in almost a decade in the DFW Metroplex area. *Save a Lot* will add *Uber* to its delivery options. Hispanic grocery retailer *Vallarta Supermarkets* opened a new office headquarters in Santa Clarita, CA. Employees at two California *Smart* & *Final* warehouses are on strike. *Walmart* will partner with *Agritask*, a crop supply intelligence company, to pilot a tech solution that enables sourcing managers to make more well-informed decisions on seasonal fruit crop yields. *Instacart* will bring shoppable ads to *YouTube*. *Just Eat Takeaway.com* will offer *Amazon Prime* members unlimited free delivery on their food orders in Germany, Austria & Spain. Supply chain technology specialists *ThroughPut.AI* & *Intelligistics* will combine their strengths together to improve speed, accuracy & efficiency of fresh food supply chain operations. *Danone*, *Michelin*, *DMC Biotechnologies* & *Crédit Agricole Centre France* will create a *Biotech Open Platform* with a €16M investment to scale up advanced precision fermentation. *Apparo*, crop utilization systems, will work with *Döhler's* applications to create ingredients for the food & beverage industries. *Grand Farm* will partner with agHub Fukaya City, Japan on agTech innovation. *PepsiCo* will build a new \$160M snack plant in Kazakhstan. *Tupperware* will close its last USA plant & move production to Mexico. *Athletic Brewing* acquired a 107K sq. ft. facility in San Diego across the street from its existing brewery. *Cargill* will open a new office hub in Atlanta. Due to California's minimum wage law, the iconic *Arby's* on Hollywood Blvd. will close down after 55 years. *Belgian Boys* will add refrigerated griddle pancakes & bite-size Belgian chocolate chip pancakes. *Hooters* launched a line of frozen appetizers & snacks beginning with wings & popcorn chicken. *Mondelez* leadership will look to create lower priced offerings to make up for slacking unit sales. *Evolution Fresh* launched a fruit soda line. *Grupo Palacios* will use *The EVERY Company's* liquid alt-egg in its flagship Spanish omelets. *Beyond Meat* will add sausage to its fourth-generation fake meat line up. *Ahold Delhaize* will partner with *Kellanova* & grain cooperative *Bartlet* on *Cheez-It* crackers made with regenerative wheat. *Delorio Foods* & *Upcycled Foods* have co-developed *Delorio's SuperGrain*, upcycled flour dough ball for foodservice operators. *ADM* will collaborate with *Ooni Pizza Ovens* in Edinburgh, Scotland to introduce a line of flour produced using regenerative agriculture practices for bake-at-home pizza. *McDonald's* ended its AI voice operated pilot with *IBM*. *Perfect Day* countered a \$144M breach of contract lawsuit from Italian contract manufacturing partner *Olon* with a \$200M counterclaim accusing *Olon* of gross negligence & willful misconduct. Several Ag groups are joining lawsuits challenging the EPA heavy-vehicle emission standards, implemented without Congressional approval; a similar case in SCOTUS pending ruling could put a lid on this administration's destructive pseudoscience nonsense.

From *FMI*, while roughly 25% of shoppers have cut back buying name brands due to this administration's policy-fueled inflation, only 5% have done so for private label brands. In a multinational study, researchers found freshness, quality & taste to be the leading drivers for dairy purchases. From a *Fonterra* survey, despite the increasing price of wellness & healthy brand products, 67% of consumers continue to prioritize these products in their spending, a significant increase over past years. Peruvian mango exports are down 30% in 1st QTR & prices are higher; lemon exports are up 10%. The California avocado forecast was raised 20% mid-season.

MARKET NEWS: Markets were higher for the week. The leading economic indicators index fell sharply, though economists are not sending out recession warnings. Retail sales came in below already weak estimates as households continue to be strangled by this administration's inflation causing policies. Housing starts & building permits were down; mortgage rates ticked higher. Existing home sales hit a 30-year low. The CBO increased the 2024 deficit projection to \$1.9T & projected the deficit will reach \$50T by 2034, all due to this administration's ridiculous pseudoscience spending policies! Note: a 1% increase in interest would double this year's deficit estimate.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND — *Tom Malenko*

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