



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



COMMON SENSE IS NOT COMMON. This phrase has been uttered by many a philosopher, writer, pundit & parent. Aristotle saw common sense as the way all the senses worked together to identify & understand objects similarly, even among unique individuals. Roman teachings began to extend the understanding of common sense into a universal & accepted set of societal standards. C.S. Lewis felt the Roman notion was close to his modern definition, "*the elementary mental outfit of the normal person.*" For many years, the accepted standard for common sense has been '*knowing to come in from the rain,*' but a better standard is knowing that *living free is just common sense.*

COMMON SENSE: Thomas Paine did not arrive in America until November 30, 1774, just months before the "*shot heard 'round the world.*" He was 37 years old & had written his first political essay just a few years earlier, petitioning Parliament for better pay for excise officers, that is, tax collectors (which had been one of his many occupations). In England he had been introduced to Benjamin Franklin, who invited him to America. Paine was ill when he arrived in Philadelphia, the ship he crossed the ocean on was infected with typhoid. Upon recovery he took a job as editor of Pennsylvania Magazine. On January 10, 1776, he released his 47-page pamphlet, *Common Sense*. *Common Sense* was, to say the least, a media sensation. While historical numbers vary, the pamphlet sold 100,000 copies in just 3 months. (Based upon the current population of the USA, that is the equivalent of selling 17M copies in just 3 months!) Paine believed the American people were so self-reliant, that they could be "*led by a thread & ruled with a reed.*" In *Common Sense*, Paine argues for equality of all, points out the fallacy of Divine Right, proposes a self-governing republic & ends with a warning & premonition of America's commercial & military potential. Paine clearly understood the need for *Common Sense*, not just in government, but among people: "*To argue with a person who has renounced the use of reason is like administering medicine to the dead.*" Like many of our Founding Fathers, he had a natural distrust & disdain for government, politicians & a political class, writing, "*A body of men holding themselves accountable to nobody ought not to be trusted by anybody,*" & "*When extraordinary power & extraordinary pay are allotted to any individual in a government, he becomes the center, round which every kind of corruption generates & forms.*" He also understood the risks of pervasive, unfounded, social causes; from Paine, "*The greatest tyrannies are always perpetuated in the name of the noblest causes.*" He foretold what would happen if police & the law were disrespected: "*You cannot undermine police authority & then complain about rising crime.*" Without common sense & reason, humans become subject to totalitarianism, as Paine wrote, "*Reason obeys itself; & ignorance submits to whatever is dictated to it.*" Paine believed that it was each citizen's responsibility to be watchful & protect freedom. He knew that this effort would be strenuous & fatiguing, but that "*It is the duty of every man, as far as his ability extends, to detect & expose delusion & error*" & "*Where knowledge is a duty, ignorance is a crime.*" Using common sense is just being honest, & from Paine, "*He who dares not offend cannot be honest.*" So here is some honest, common sense. Low inflation is better than high inflation. Low taxes are better than high taxes. Low interest rates are better than high interest rates. Energy independence is better than buying energy from enemies. Reliable energy sources are better than inconsistent energy sources. A short fill-up is better than a long charge. Free market capitalism is better than government funded socioeconomic initiatives & regulations. Strong borders are better than no borders. Law enforcement & low crime is better than weak district attorneys & high crime. Protecting life is better than destroying life. Education is better than indoctrination. Honest leaders are better than corrupt leaders. Personal freedom & democracy is better than totalitarianism in all its evil, communistic & socio-fascist forms. Fair & honest elections are better than persecuting political opponents to keep them from being elected. Small government is better than large government. These are just common sense statements. Because of the dearth of common sense, America has gone through much over the last few years. We may be at a pivotal crossroad. But by applying simple, honest common sense, the path forward can return America to the Greatness that Thomas Paine predicted possible. Perhaps these years will then have been worth the turmoil & struggle, for as Thomas Paine wrote, "*The harder the conflict, the more glorious the triumph.*"

INDUSTRY NEWS: *Voyage Foods* raised approximately \$22M from previous investors *Valor Equity Partners*, *Horizons Ventures*, *UBS O'Connor* & *Level One Fund*. *Seal the Seasons* received a loan from *Whole Foods Market* to expand in new Carolina native variety specialty fruits. Paris-based non-animal casein producer *Standing Ovation* received €3M in grants & loans. In Iceland, *GeoSalmo*, raised €13.4M with the participation of Norwegian, Swedish, Icelandic & Dutch investors for its hybrid-flow salmon farm. Finnish startup *Enifer* raised a €12M grant for a large-scale facility growing a strain of mycelium first commercialized 50

years ago as a source of pig & chicken feed. Bulgaria's *Nasekomo*, insect farm platform, raised €8M led by private equity fund *Invenio Partners* & included high-net-worth individuals. Biological company *Biobest* raised \$75M from *M&G Investments*. *FA Bio*, microbial crop-tech, raised £5.3M led by *Clean Growth Fund* & *Pymwymic* with other existing shareholders & new private investors participating. *GeneNeer*, crop seed innovation platform, received \$1M led by *Tall Grass Ventures* & *2b AHEAD Ventures*. Barcelona-based *RIP Foods*, a B2B plant-based meat startup for foodservice, announced its closure after four years of operations. Dutch online grocery store *Picnic* raised \$388M from investors, including Germany's largest supermarket group, *Edeka* & has plans to further expand in France & Germany. *JBT Corp.* was given a two-week extension by the Icelandic Financial Supervisory Authority to issue a decision regarding its takeover bid for all shares in fellow food equipment company *Marel*. *Altamont Capital Partners* purchased a controlling interest in prepackaged ice cream cup producer *Mini Melts USA*. *Clayton Dubilier & Rice* will acquire *Shearer's Foods* from the *Ontario Teachers' Pension Plan Board*. Hong Kong-based *DayDayCook (DDC)* has made its third acquisition in six months, taking a 51% share of Italian Asian ready-made meal maker *G.L. Industry*. *Lallemund* subsidiary *Danstar Ferment AG* acquired *Evolva AG*. *Hyle Capital Partners* acquired a majority share of potato gnocchi producer *Ciemme Alimentari*; terms not disclosed. Charcuterie specialist, *Veroni*, acquired Italian-based pig producer cooperative *ProSus Gardenia*; terms not disclosed. *Proof of the Pudding*, part of *Bruin Capital*, acquired *Southern Crust Catering Company*, a mobile catering company for Italian food; terms were not disclosed. *EW Grobbel*, corned beef, acquired a closed *Alexander & Hornung* Michigan facility for expansion. *Mercatus*, based in Toronto & *Stor.ai*, Tel Aviv, have merged, bringing together their platforms for regional & independent grocers. Following a \$13M raise in 2021 & allegations of contaminants, *Rowdy Energy* will cease operations. Denmark's *Kost Capital* launched a €25M fund looking for foodtech innovations & bioeconomy growth opportunities. Kroger will partner its 84.51° analytics with MidOcean Partners in a new equity fund, MPearlRock, to invest in companies between \$50M to \$150M in revenue before EBITDA.

Albertsons delivered across the board positive results for its 3rd QTR. *Lamb Weston's* net sales & income were higher in 2nd QTR but the company took a write-off on excess potatoes. *Ardent Mills* reported a comeback 2nd QTR after a down 1st QTR.

Bristol Farms is closing its innovation-focused & test center store in Irvine after less than two years. *Hannaford* will offer free pick-up. *Aldi* will eliminate plastic bags. Fast growing *Filipino Seafood City Supermarket* opened its first Texas location in Houston. Non-alc retailer *Boisson* will expand its business model making a national wholesale push. *Walmart* is looking to upgrade its *Inhome Delivery* program with automated replenishment. *Instacart* will link its advertising solutions to its AI-powered *Caper Cart* smart carts. *Fresh Direct* is restructuring & eliminating jobs amid its sale from *Ahold Delhaize* to *Getir*. *Edible Garden* will distribute in NY & NJ through *Uncle Giuseppe's Marketplace*, part of *RBest Produce*. One of our favorites, *Salad & Go*, is planning aggressive growth for 2024. Snowstorms closed *Tyson & Cargill* processing center in Kansas. *NoDak Meats* opened a new meat processing facility in Steele, ND. *JBS* will invest \$117M to build three new feed factories in the southern part of Brazil. In Minnesota, 7% of dairies have closed due to high costs. *Albertsons* will debut *Signature Select Mix + Match* line includes frozen entrees, sides & vegetables that can be cooked all at one time. *Suja Organic* will launch a line of plant-based *Organic Protein Shakes*. *Bel Brands* launched *Laughing Cow* plant-based products at *Whole Foods* plans to expand to *Kroger* & other retailers this spring. Oatly is launching Unsweetened & Super Basic Oatmilks, its first new product in 5 years. *Hain Celestial* will launch a better-for-you *Garden Veggie* tortilla chip. Arizona is looking to ban cultivated meat. Farmer protests in Germany are blocking roads in response to the German government's draconian environmental initiatives. *Perfect Day* appears to have parted with co-founders Ryan Pandya & Perumal Gandhi & installed current president Tim Narayan as interim CEO.

From *dunnhumby*, *HEB* is the top USA grocer, followed *Amazon* & *Costco*, the same as last year. From *Brick Meets Click/Mercatus*, the online grocery market finished 2023 with \$95.8B in total sales, down 1.2% compared to 2022. From *PYMNTS*, high prices cause 61% of female consumers to cut down on nonessential grocery spending compared to 53% of male consumers. From *SurveyGoo*, USA & UK vegetarians' satisfaction with the available food choices has fallen drastically in the last 5 years. A study from the University of Toronto & the *Ocean Conservancy* found little difference in the amount of plastic in seafood, meat, & plant-based proteins; micro plastics can also be found in bottled water. USA pork exports reached its highest value in 30 months.

MARKET NEWS: Markets were higher for the week, though Boeing's problems took the markets lower at the beginning of the week. December inflation came in higher than expected, remaining above 3%. Real wages dropped 2.5%. Both food & energy prices are up 33% since January 20, 2021 – I continually wonder what is the significance of that particular day?

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malanga*

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