



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



PAUL BROWN is the dean of all NFL coaches. He believed in strategy & excellence. He thought it didn't matter if the opposition knew the play that was about to be run, as long as you executed the play properly. He deemed the measure of a quarterback was where the team finished. Brown had Otto Graham, a name only familiar to native Clevelanders & football historians. Graham took the Browns to 10 straight championship games & won seven! Not Brady. Not Montana. Not Mahomes. Graham! In football & military actions, two opposing forces try to take territory from the other to reach a goal. It is strategy, execution & excellence that wins the day!

WIN THE DAY! It was just a year ago that the wise (ass) members of the media were telling the world that the President's pick for Secretary of Defense, now renamed more appropriately Secretary of War, was completely unqualified! He was nothing more than a talking head on the news, a Trump apologist & knew nothing of military tactics. They completely ignored his boots-on-the-ground & leadership experience & his many writings on removing woke & DEI from our military to achieve excellence & maximum lethality! Now, in the span of 195 days, Secretary of War Pete Hegseth & Chairmen of the Joint Chiefs of Staff Dan 'Raizin' Caine pulled off two of the greatest military actions in the history of the US Military. In our history, there have been, in our humble yet well-informed opinion, eight decisive military operational actions & Secretary Hegseth owns two of them! These actions required brilliant planning, excellent execution, deception, surprise & resulted in decisive strategic outcomes. So let's review these operations, starting at the beginning, 250 years ago in 1776. Within a few months, General George Washington would lead the first of these, actual three separate military actions, which delivered a major blow to the British! Washington knew the British prized New York with its deep harbors & ports. It was the perfect place for the Redcoats to invade next & establish a strong base for continued operations. Washington moved to New York, setting up his defenses in Long Island & Manhattan. The British landed in several spots & soon had Washington's army of 9,000 men trapped in Brooklyn Heights. Washington used cannon to continually bombard the British positions. But as night & rain settled in on August 29, Washington's generals convinced him it was time to evacuate. Washington ordered all the flat boats from New Jersey to cross to Long Island, then he had a regiment of Massachusetts men – all fishermen & seafaring men – run the evacuation. His men set up a defensive line & built the campfires high to make sure the British thought the Americans were settled for the night. Slowly, Washington made sure all the men made it across to Manhattan. Dawn arose, but fog settled in, to cover the rest of the evacuation. General Washington, as one would have expected, was the last man to step on a boat. Washington's troops settled in Harlem Heights. The British pursued & ensuing attacks began on September 16. Washington's positions held & inflicted numerous casualties on the British. The encounter fell into a stalemate, when Washington got word the British were sailing north in order to land & outflank him. Once again, Washington evacuated, across the Hudson into New Jersey & Pennsylvania. From there, Washington waited until Christmas night, when he crossed the Delaware in the icy cold to surprise the British & Hessians at Trenton & Princeton, an enormous win for the Continental Army. So why are these three actions among the greatest in USA History? Washington ran an incredibly complicated evacuation, at night, creating cover, moving troops & using boats, to evacuate 9,000 men twice, without a single loss of life! This was the bulk of the Continental Army. And while the Continental Army proved they could hold off the British at Harlem Heights & inflict great damage, a huge psychological boost, Washington knew America's independence could not be won, but only lost, on Manhattan Island. His subsequent Crossing of the Delaware & surprise attack put the British on their heels. The British probably felt that Washington could find them, hit them & defeat them anytime he wanted & they would never see it coming. It's safe to say that without these three military actions, the Continental Army would have been lost & America would never have won her independence. The next three military actions we will discuss should not be diminished simply because they contain an element of luck & displays of individual courage. First, there is Gettysburg. The Union & Confederate moves on the battlefield were hardly perfect; but both sides knew the importance. If Lee won, the South would probably have been able to push through to New York, effectively gutting the Union in two. Eventually, on day two of the battle, July 2, 1863, General George Meade set up his tactically brilliant fishhook defense. Taking strategic advantage of the terrain, Meade set his defenses from the hook, Culp's Hill, across Cemetery Hill & Cemetery Ridge, to the point at Little Round Top. With this alignment, the Union troops could repel any onslaught or flanking move. Let's admit Pickett's Charge across the vast sweeping plain was foolhardy (General George Pickett, if an NFL coach, would have told Matt Ryan to throw the ball in the 4th QTR of Super Bowl LI) but Meade set up a brilliant defense & executed it perfectly. Lee's troops retreated to Virginia on July 4th & the Civil War was theoretically over. **ALL EARS!!** has written extensively on the next two military actions on our list, [Midway](#) & [D-Day](#). Both events took an incredible amount of planning & included numerous units from across all military units & incredible deception. Admiral Nimitz only had weeks to prepare whereas Eisenhower had years. But both men took enormous gambles. On a single piece of intelligence, Nimitz went all-in on the Japanese attacking Midway, ignoring the attack on the Aleutians & gathering antiquated aircraft & under repair aircraft carriers for the battle. Eisenhower, despite massive intelligence, gambled that the weather would hold long enough to cross the Channel, establish the beachheads & then quickly break inland. But luck & bravery won the day. At Midway, Lt. Cmdr. John Waldren defied orders & flew Torpedo Squadron 8 in the wrong direction, to where he believed the Japanese carriers were sailing. He found them, attacked them, & lost his entire squadron. But the Japanese were confused, expecting to attack land targets, not fight an aerial war. And while the Japs were rearming, the USA planes found them! At Normandy, if not for the bravery of the Engineers & Rangers, the landing force would not have broken through on Omaha Beach. And because Hitler had taken a sleeping pill & given orders not to be awakened, the reserve Panzer units were not called into battle. Both the actions decisively changed the outcome of history. Both the Japanese & the Nazis remained on the defensive for the rest of the war. The Nazi's had one last move, at the Battle of the Bulge. But thanks to the brilliant tactics of the troops at [Bastogne](#), including the 101st Airborne & the renowned Easy Company, the Germans were denied a critical transportation hub. The USA forces, badly outnumbered & outgunned, continuously & brilliantly moved their defensive positions to both appear more massive & unexpectedly hit the Germans! In February 1991, Gen Schwarzkopf feinted toward the heavily entrenched Iraqi forces in Kuwait & the USA forces brilliantly executed John Boyd's Left Hook, with Apaches, Blackhawks & Warthogs overwhelming the Iraqi forces & freeing Kuwait in just 100 hours! The action solidified for the world that a volunteer military could attain maximum lethality. And now, with brilliant planning; excellent execution; intelligence (*we know what you ate for lunch, Maduro*), deception & surprise, the American military has drastically changed the geopolitical landscape with two military actions that took just a few hours each to execute! With Iran's loss of its nuclear program, Middle East countries are recognizing the long-term value of peace, economic collaboration & success! Iran seems to be at the doorstep of regime change, led by the people of Iran. With Maduro captured, the flow of sanctioned oil to China & Russia, just as with Iran, is being stopped. The illegal monies funding gangs & flowing drugs (including cocaine & fentanyl from China) will stop. Funding for terrorists across the world will end. We may find how Venezuela helped steal the 2020 election & who Venezuela has been funding to keep borders open & crime on our streets. And more importantly, the people of Venezuela may find freedom. But like Washington making the British aware that he can find them, silently sneak up on them & brilliantly defeat them, Washington DC has put every despot in the world on notice that if you harm America & Americans, you are not safe! The Monroe Doctrine went into effect in 1823, as most Latin & South American countries were achieving independence, stating that any influence from European countries in the Americas would be considered potentially hostile. Post WWII, the doctrine was extended to all global powers. The *Donroe Doctrine* simply additions: we have F-18s, F-22s, F35s, B-2s, B-52s, AWACS, E-2s, EA-2s, Blackhawks, Apaches, Chinooks, a host

of espionage satellites & lethal drones & the best trained troops in the world. Don't mess with us, because you will be taught a brutal lesson – FAFO – & America will win the day!

INDUSTRY NEWS: *L Catterton* has made a majority investment in *Good Culture* at a valuation of more than \$500M. *Honey Mama's* raised a \$4M led by *Bochi Investments*. Frozen breakfast brand *Evergreen* raised \$15.2M with *Melitas Capital & Critical Mass Group* involved. *Quench Ventures* made an undisclosed investment in THC cocktail maker *Jeng*. Coconut water *Zico Rising* announced a \$2.2M investment as part of an open \$7M raise. *Cream Co. Meats* raised \$8M led by *Soilworks Natural Capital*, with *Builders Vision*, *Desert Bloom* & the *Schmidt Family Foundation* involved. Cell-cultivated faux seafood producer *BlueNalu* raised \$11M led by existing investors *Agronomics*, *Siddhi Capital* & others. Healthy shot maker *Splendid Spoon* acquired vegan meal delivery company *Mosaic Foods*, backed by an undisclosed investment from *Gather Ventures*. In Denmark, *Bactolife*, novel gut health ingredients with binding proteins, raised more than €30M for commercialization; the round was led by *Cross Border Impact Ventures & EIFO* with *Novo Holdings & Athos* involved. *Biographica*, AI gene-editing to improve the crop trait development, raised £7M led by *Faber VC* with participation from *SuperSeed*, *Cardumen Capital*, *The Helm*, *Chalfen Ventures & Entrepreneurs First*; the company entered a development partnership with *BASF*. *Foresight Group* made a £2.5M investment in *Bloemteknik*, a precision LED lighting systems for commercial greenhouses & vertical farms. *McCormick* acquired another 25% stake of its Mexican affiliate *McCormick de Mexico* from *Grupo Herdez* for \$750M, now owning 75% of the company. *Pritzker Private Capital* has acquired *NaturPak* in Janesville, WI, a producer & packager of bone broths, soups, sauces, wet pet food & ingredients, as well as co-manufacturer offering *Tetra Pak Recart* packaging. Australia's *Cobram Estate Olives* will acquire *California Olive Ranch* for \$173.5M, merging the largest olive oil producers in Australia & the USA. *Nexture*, food ingredients manufacturer, acquired Italian ingredients maker *Sipral Padana*. In Brazil, *Savencia Fromage & Dairy* will acquire *Quatá Alimentos*, cheese & dairy product manufacturer. *Apollo Funds* will acquire a majority stake in *Prosol Group*, a multi-specialist fresh food business & food retailer in France. *Kroger* sold *Vitacost.com* to eGrocer *iHerb*; terms were not announced. *CookUnity*, NYC chef-to-you service, acquired *flavrs*, a shoppable video platform for food discovery. *Premium Brands Holdings*, a producer, marketer & distributor of specialty foods, completed the acquisition of *Stampede Culinary Partners* for \$688M, expanding its foodservice offerings. *AB InBev* will buy back a minority stake in its USA metal container plants for \$3B at about the same price it sold the 49.9% stake to *Apollo Global Management* in 2020. *Sweetgreen* completed the sale of its kitchen technology company *Spyce* to *Wonder*. *Meati's* property in Thornton, Colorado was seized by the Adams County sheriff over non-payment of almost \$7M in property taxes. In Great Britain, vertical farm *GrowUp Group* owed creditors almost £120M when filing for insolvency a few weeks ago. Faux fish maker *AQUA Cultured Foods* has shut down. *Grit Road Partners* launched *Grit Road Fund II* with \$35M to invest in seed stage startups solving problems across the agriculture & food value chain. *InvestBev Capital* flagship *Fund V* received a \$14M strategic investment from a leading global beverage company with operating expertise across beer, spirits & non-alcoholic beverages.

Albertsons posted a strong 3rd QTR with revenue & identical sales higher & a beat on EPS. The drop in egg prices caused a drop in *Cal-Maine's* 2nd QTR revenue but the egg producer beat earnings targets. *Constellation Brands* posted a beat in 3rd QTR despite continued market share decline. *Tilray* scored a 2nd QTR revenue record, though the company continues to run at a negative net operating margin. *Sodexo* confirmed full year performance after 1st QTR sales disappointed; organic sales were higher but North American sales dragged on results.

Whole Foods opened its first *Daily Shop* in New Jersey. *HEB* has opened a new 120K sq. ft. store in San Antonio. *Gelson's Markets* sold a low-performing location in Carlsbad to *Kroger* banner *Ralphs*. *Buc-ee's* opened its first store in North Carolina. *Hy-Vee* will add its name to four of its *Dollar Fresh* stores in South Dakota, Missouri & Iowa as the company contemplates eliminating the brand conceived as a *Dollar General* rival. *Kroger* will refocus on the Houston area with plans to open several stores in the area & continue remodeling existing locations. *SpartanNash* opened its first small-format *Supermercado Nuestra Familia* location. *Walmart* will launch *Better Care Services*, allowing customers to gain access to third-party providers, access to *LillyDirect*, consultations, pickup & delivery options. *Save Mart*, *Lucky* & *FoodMaxx* added *Amazon* return kiosks to more than 140 stores in California & western Nevada. Customers can now have *Alexa* add items to their *Whole Foods & Amazon Fresh* orders. *Amazon* will roll out updated *Dash Carts* at more *Whole Foods* stores. *Amazon* will not pursue plans to deliver goods by drone in Italy. *Wegmans* is using facial recognition & biometrics to help identify individuals who pose a risk to people, customers or operations in some stores. *Aldi* is planning an additional 50 stores in Spain to reach 800 & 300 new stores in Portugal. *Target* will add to its wellness assortment, expanding the product category by 30% with a focus on offering thousands of items for under \$10. *Sprouts Farmers Market* will enter the THC category with a 120-store, two-state launch featuring seven brands. *80 Acres Farms* will supply more grocery stores across the USA, including *Albertsons*, *Dorothy Lane Markets*, *The Fresh Market*, *H-E-B*, *King Soopers*, *Mariano's*, *Meijer*, *Metro Market*, *Pick 'n Save*, *Safeway* & *Walmart*, *Fred Meyer*, *QFC* & others coming soon. *Catalina Crunch* added two new flavors to its protein cereal lineup, *Strawberry Strudel* & *Apple Turnover*. *Flowers Foods* will add to its *Dave's Killer Bread* brand with the introduction of breakfast bars. *Morehouse Foods* will partner with *Tapatio Foods* to launch *Tapatio* spicy yellow mustard. Freeze-dried food products & ingredients maker *Watershed Foods* will offer RTE popcorn in partnership with *Aunt Em's Gourmet Popcorn*. *Gorgie* will launch a line of protein energy drinks. *Ghost* will partner with *General Mills* to launch *Ghost Protein Cereal x Lilly Charms*. *Mars* will add *Nutri-Grain Crunchy* with more whole grains, fiber & crisp texture. *Dutch Bros Coffee* added three new breakfast-inspired beverages: the maple waffle latte, the banana bread mocha & the smooth strawberry rebel. *Subway* will offer new subs with more protein. *Tropical Smoothie Cafe* will launch a protein smoothie line in three flavors & over 30 grams of protein. *Eshbal Functional Food* selected *Queen St. Bakery* in Toronto to produce its products for the North American market. *Coca-Cola* began corporate restructuring with 75 layoffs; more are expected. *Salad and Go* will close its 25 Texas & 7 Oklahoma & return its headquarters to Arizona where it was founded. Hospitality platform *Toast* has added an AI assistant. Pasta tariffs for some Italian producers will be reduced as the USA concludes a dumping investigation. *The Strawberry Growers for Fair Trade* filed petitions to counter unfairly low-priced Mexican imports that are injuring winter strawberry sales, which are primarily grown in Florida. The founders of *Uncle Nearest Premium Whiskey* filed a civil lawsuit against the company's former chief financial officer, alleging fraud, forgery & misconduct. *Tyson* agreed to pay \$82.5M involving a class action lawsuit brought by food distributors, grocery stores & other businesses that *Tyson* charged inflated prices between 2015 & 2022. West Virginia granted a preliminary injunction against a state law banning food & beverages containing synthetic colors; one of the law's provisions impacting food served at public schools is already in effect. The Secretary of Health & Human Services Robert F. Kennedy, Jr., announced new dietary guidelines, essentially turning the food pyramid upside down & ending the war on beef, meat, dairy, butter, & healthy fat & oils! Due to the amount fraud in Minnesota & Minneapolis, the USDA is stopping all federal payments to the state. Eat Real Food! Samuel Schär stepped into the CEO at *Bühler*. The *Save Mart Companies* has named Jim Perkins president/CEO.

Central Market, *Wegmans*, *Gelson's*, *Heinen's* & *Fresh Thyme Market* are the grocery stores with outstanding produce quality & variety, per *Tasting Table*. From *Numerator*, 44% of consumers plan to make resolutions (down 9.3% from the previous year) with 72% of them setting health goals including exercising more frequently (65%), improving diet & healthy eating habits (63%), losing weight (62%) & increasing everyday physical activity (59%). Pizza has fallen from America's second favorite restaurant category to sixth in 2024 as higher prices have made consumers walk away from what was once considered a filling & nourishing tasty endeavor! *Avocados From Mexico* projects that Mexican avocado imports to the USA will reach 2.5B pounds during the 2025-26 season. A warmer December improved the quantity, quality & size of Arizona & California desert broccoli & lettuce.

MARKET NEWS: Markets were higher on the week, with the DOW, the S&P 500 & the Russell 2000 setting records. The unemployment rate fell to 4.4% despite a soft job report, jobless claims & open jobs were on target, raising investor hopes for lower interest rates. Hourly wages rose YOY. USA car sales reached a six year high. Gas prices hit a five year low. Oil prices fell below \$56 per barrel, down from \$79 per barrel in the Biden years. The ISM Services Index came in much higher than expected while the manufacturing index continued to show contraction. The University of Michigan consumer sentiment index rose in December. As the Supreme Court considers the Constitutionality of tariffs, which are Constitutional as the Executive Office is required to protect the Nation, the Administration reported tariff revenue has hit \$200B. The President ordered Freddie Mae & Freddie Mac to repurchase \$200B in mortgage bonds to help drive down interest rates.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – Tom Malaga

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