



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**DAD TOOK ME WITH HIM** to the bars at the Lithuanian or Croatian Homes when he needed a beer. I drank *7UP* in a beer glass & dad would give me a few dimes to play the arcade games. I remember bowling, skee-ball, disc bowling & pinball machines. These were progressive & inclusive times – the tavern even provided a step stool so little kids could play disc bowling & pinball! Pinball was the game we played as teenagers at the local bowling alley. By that time we had mastered the finer points of the game – the full-front body slam; the pound on the glass; the lift & shake; or the well-placed hip check. But hit the machine too firmly or violently, the lights blinked & bells rang: *TILT!*

**FULL TILT!** Places like our Collinwood neighborhood's Lithuanian & Croatian homes were leftovers from early, turn-of-the-century legal immigration. These homes were usually a large house or building where new immigrants would gather & get integrated into the ethnic community. They were nothing more than a community center, designed to serve the needs of the community or where travelers could find an overnight stop. While helping to preserve their ethnic heritage, these homes or clubs were also a place to do business, network & work on improving the neighborhood & community to successfully integrate into America. Eventually, many of these homes turned into businesses – bars, diners, party centers – serving more than just their ethnic community. The old arcade games in these bars were mostly mechanical. A ball could get lost somewhere inside the machine or a bowling pin might not reset. Inside the old pinball machines there was a tilt bob. The metal bob hung down in a metal circle. If the bob moved enough to touch the metal circle the machine would tilt, essentially short out & end the turn or game. The tilt bob prevented the player from too aggressively shaking the machine to try to alter the course of the ball. This electronic guardrail prevented the player from going at it *full tilt!* The expression '*full tilt*' comes from medieval jousting. Knights, mounted on their steeds with lances leveled, raced at each other with abandon. They cared not about the consequences, be it death or serious injury. Doing anything at full tilt with abandon can often lead to disaster. Work too much, play too much, eat too much, drink too much, drive too fast! That's why we have guardrails! Parents establish our first guardrails from our study habits, screen time, curfews & eating habits to morals, proper public & ethical behavior & hopefully, much more. Schools & society also apply guardrails to maintain proper public behavior. Our communities have guardrails: the laws & penalties for murder, theft, assault & abuse & a variety of other laws about things like smoking in public & speed limits. And on our highways there are *actual* guardrails to prevent people from going over the edge! Sadly, many communities seem to no longer enforce longtime guidelines & laws that have been in place for, in many cases, centuries! Their courts let criminals roam the streets! There are assaults (like what happened to America's favorite DOGE analyst & his girlfriend in Washington DC this week) & brawls on the streets, on cruises, at amusement parks & in malls! Communities allow public drug use & defecation; gangs take over streets & businesses; & leaders help illegal aliens avoid Federal law enforcement agents. Our society, our Nation, has one big guardrail, one that is supposed to keep this country on the straight & narrow – our election process! But in 2016, the sitting USA President refused to accept the will of the people & went full tilt, demanding & directing a hoax to usurp the incoming President's power. He & his people didn't just ignore the guardrails, they drove over them, then backed up & drove over them again, then stopped the car & beat the guardrails with a tire iron! Then, after stealing the 2020 election, these people doubled down on lawlessness & culture change, leading to an almost total destruction of our American society. Now, even after 200 days with a new President in office, these people refuse to recognize that in November 2024 Americans rejected every aspect of their philosophy & legacy! *TILT!* Americans rejected their sociofascist philosophies. Americans rejected Illegal aliens arriving unchecked! Americans rejected crime & drugs on our streets! Americans rejected homelessness! Americans rejected government fraud, corruption, & waste! Americans rejected other countries stealing our wealth through trade, fraud & war! Americans rejected DEI, ESG, climate change, cancel culture, childhood sexual perversion indoctrination & violent protests on our college campuses. And most importantly, Americans rejected hate! And while our new President & Administration move forward to enact the American people's mandate (while achieving record setting approval & popularity), the opposition is going full tilt in the direction that America rejected in 2016, in 2020 (negated by the election fraud) & in 2024! Their governors & mayors refuse to cooperate with ICE & Federal law enforcement who are removing illegal aliens & criminals from our streets; they actually call for & support violent resistance to federal agents. Their state house members run away to avoid engaging in political discussion. Their pundits write false stories about the President & his cabinet members (& get sued & lose)! They attack *American Eagle* commercials, screaming about white supremacy. Their judges are blocking rightfully enacted laws; then their rulings are overturned by the Supreme Court. Their Federal Reserve Chairman holds rates artificially high to delay this President's amazing economic revival, already underway, from achieving its maximum impact at record speed. And worse, in major cities across America, they are running full-fledged sociofascists for mayor! These candidates are promising free housing, free transportation, free childcare, free groceries, higher taxes on the rich, no police, no ICE, stipends for illegal aliens & they even support antisemitism & intifada! They are essentially saying there will be no laws, no rules, no guardrails & hate will be allowed. They are running full tilt on these issues & this will lead to destruction! Oh, they will likely win their elections because their voter base loves free stuff & thrives on hate for rich people, Jewish people, big business, law enforcement, the President & many other people & organizations. But businesses & business owners will leave these cities. The rich will take their wealth with them & invest their wealth elsewhere. The grocery store shelves will be empty. With free housing, owners have no reason to maintain property; the city will be in complete disrepair. Without police, crime will be rampant & the population of illegal criminal aliens will increase due to these cities' sanctuary statuses! This is the legacy of every leftist society – be it socialism, communism or fascism – total despair & destruction; massive crime & corruption; starvation, murder & death. This is why our society has guardrails – our constitution & laws – the metal ring that keeps our society from driving full tilt over the guardrails towards a disaster. And when we do go too fast, the lights should flash, the bells should ring & this machine should shut down & reset! We hit tilt in November 2024 & for the last 200 days, the new Administration has been working on resetting the machine to bring back an American Golden Age! Our Constitution, our laws, our elections & even our traditions are a metal ring surrounding our American tilt bob, because, as actor Steve McQueen once said, "*Nobody trusts anyone, that's why they put tilt on a pinball machine.*"

**INDUSTRY NEWS:** Jesse & Ben's fries raised an undisclosed \$1M+ round with Willow Growth Partners, BrandProject, Midnight Venture Partners, Supernatural Ventures, Siddhi Capital, grt sht ventures & private investors. Doughlicious raised \$5M from Rich Products Ventures & The Angel Group; the company will begin manufacturing in the USA. YOJU, RTD soju cocktail, raised \$1.4M Top Shelf Ventures & No Sleep Beverage. Amylu Foods, food manufacturer founded in 1924 making chicken products including sausages, meatballs, & burgers, raised an undisclosed amount from TowerBrook Capital Partners & Prelude Growth Partners.

In the UK, *Better Nature*, soy-based faux chicken, raised \$1.5M from angel investors. *AeroFarms* refinancing its debt & raised an equity round from *Grosvenor Food & AgTech*, *Ingka Investments*, *Cibus Capital*, *ACEG* & other existing investors to build a second indoor farm. *BioConsortia* raised \$15M from existing investors led by *Otter Capital* for its nitrogen-fixing seed treatment for corn. *Terrablaster*, soil health analytic tech, raised an undisclosed amount from *Trailhead Capital*, *Bidra*, *The Reservoir* & *Khosla Ventures*. In Egypt, *Suplyd*, digital procurement for hospitality, raised \$2M led by *4DX Ventures*, *Camel Ventures* & *Plus VC* with participation from *Seedstars* & existing investors. *Arable Capital Partners'* portfolio company, *organicgirl*, acquired producers *Braga Fresh* & *Dole Fresh Vegetables/Bud Antle* (for \$140M). *B&G Foods* sold *Le Sueur*, premium sweet peas, green beans & carrots to *McCall Farms* for an undisclosed amount; the company is looking to divest its remaining *Green Giant* assets. *Ty Nant*, premium bottled water, bought *Strathmore Water* from *AG Barr*. Australia's *V2food*, plant-based faux-meat, & *Ajinomoto* acquired *Daring Foods*, plant-based faux chicken. *Wakefern* acquired New York City supermarket chain *Morton Williams* which operates 17 stores in the metropolitan area. Farmer cooperative *Central Valley Ag (CVA)* acquired *ADM's* 50% ownership interest in the *81-20 Grain LLC* joint venture, making *CVA* the sole owner of the Randolph, NE, facility. Balkan food manufacturer *Djerdan Burek* acquired *Balkan Bites*, producer of Southeast European comfort foods. *MHP*, Ukraine-based poultry processor, acquired more than a 92% share in *Grupo UVESA*, one of Spain's largest poultry companies. *FrieslandCampina* sold its Romanian subsidiary to *Bonafarm Group*, including brands & processing sites. *CREO Capital Partners* acquired *Bova Fresh*, a Florida food procurement & logistics company serving retail & foodservice. *Prelude Growth Partners* closed its third fund at \$600M; total assets under management are \$1.3B. *MAVRK Capital* raised its second fund to support agricultural funding for perishable produce. Investment in precision agtech startups increased 71.2% in the past quarter. Rumors are circulating that *Northeast Grocery*, parent of *Tops Friendly Markets*, *Price Chopper* & *Market 32*, is seeking a sale.

*Publix* reported 2<sup>nd</sup> QTR sales growth of & comparable store sales growth of 6%; EPS grew from 29¢ to 42¢. *Ahold Delhaize* reported a jump in global 2<sup>nd</sup> QTR performance driven by strong comparables & omnichannel performance. *Grocery Outlet* reported another strong quarter as 2<sup>nd</sup> QTR was the 6<sup>th</sup> straight quarter with more than \$1B in sales; the company confirmed full year guidance. *Ingles Market* showed 3<sup>rd</sup> QTR declines YOY. *DoorDash* beat 2<sup>nd</sup> QTR estimates & hit a record number of deliveries. In the UK, *Deliveroo* posted a loss of £19.2M for the first half of the year citing the cost associated with its upcoming acquisition by *DoorDash*. *Instacart* delivered all around growth in 2<sup>nd</sup> QTR with increases in orders & transaction value. Sales were higher in 2<sup>nd</sup> QTR for *Treehouse Foods* & the company narrowed its loss to \$2.9M, paving an opportunity for future profitability. *J&J Snacks* saw a jump in sales & a slight improvement in 3<sup>rd</sup> QTR income on resurgent theater sales. *WK Kellogg* saw 2<sup>nd</sup> QTR sales fall 8.8% & net income drop 78% as its *Mars* takeover looms. *Tyson* reported stronger than expected earnings for 3<sup>rd</sup> QTR though income was lower YOY while revenues were higher on strong chicken sales; the company raised guidance despite weakness in the beef sector. *Maple Leaf Foods* had an 8% jump in 2<sup>nd</sup> QTR sales driven by pork sales; the company turned a C\$26.2M loss last year into a C\$57M profit. *Bellring Brands* beat 2<sup>nd</sup> QTR expectations but narrowed guidance caused a stock price pullback. *Monster Energy* saw sales surpass \$2B for the first time in 2<sup>nd</sup> QTR & EPS rose 21.1% with a 55.7% gross margin. *Celsius's* stock jumped on a strong 2<sup>nd</sup> QTR with sales up 84%. *Oatly* recorded a loss of \$55.9M in the 2<sup>nd</sup> QTR on a small revenue jump; North American weakness caused the company to lower full year guidance. *Beyond Meat* missed on 2<sup>nd</sup> QTR estimates as plant-based demand continues to wane; the company will lay off 6% of their workforce. Foodservice weakness led to a drop in 2<sup>nd</sup> QTR sales & income at *Gruma USA*. *Corbion's* first half adjusted income rose & sales increased 1.3% driven by meat, dairy & confectionery markets. *ADM* beat expectations despite profit at a five year low in 2<sup>nd</sup> QTR; the stock price rose on confidence in management's forward looking plans. It was a down 2<sup>nd</sup> QTR for *MGP Ingredients*; the specialty wheat proteins segment performed well. *Ingredion's* Texture & Healthful Solutions sector helped drive 2<sup>nd</sup> QTR income up 32%, though sales dropped. *McDonald's* saw 2<sup>nd</sup> QTR gains driven by both domestic & international demand; value offerings helped revenue. *Dutch Bros.* stock jumped on a strong 2<sup>nd</sup> QTR beat & its 64 store expansion.

*Soda Health* members can now use their benefits at *Publix*. *Brookshire Grocery* will partner with *Afresh* for operation management. *Vital Proteins* will debut RTD chocolate-flavored protein & collagen shakes with 30 grams of protein. *Anheuser-Busch* is investing \$9M in its Baldwinsville, NY, brewery. *Gold Medal Bakery* announced the launch of *BakeryBox.com*, an online distribution platform for B2B customers & added an English muffin line at its main facility. The *Boar's Head* deli meat plant at the heart of last year's deadly listeria outbreak was set to reopen in the coming months but has failed recent sanitation inspections. *Pepperidge Farm* launched a new autumn themed cookie variety, *Milano* chai latte. *Kellanova* was named the official snack of the USA Soccer Federation. *Hello Fresh* will invest \$70M in its product development to increase variety, add healthy ingredients, improve convenience & customization. *Baskin-Robbins* is the latest company to place Sydney Sweeney in a commercial! *Mars* will use *Pairwise's* gene-editing *CRISPR* technology to breed a better cocoa plant resistant to weather changes & diseases as global chocolate prices rise. *Schuman Cheese* & *GOOD PLANET Foods* will form a joint venture, *GPV Foods*, that will bring together *Schuman's* plant-based *Vegan* brand & *GOOD PLANET's* retail business. A bipartisan group of Senators are asking the FDA to ban dairy terms from plant-based foods. *Cargill* won a first round with the Commerce Department to stop the dumping of cheap Chinese erythritol so *Cargill* alone can be responsible for poisoning our food with the chemical sweetener. *Boston Beer* founder Jim Koch is returning to *Sam Adams* brewery as the new CEO. *UNFI* named David Best as the president/CEO of retail; he was previously in charge at *Coborn's*. *Smashburger* announced Jim Sullivan as its new CEO. A hotdog spill after a truck accident closed the Pennsylvania interstate until the clean-up crews could bring the charcoal, relish & buns.

*Kearney Consumer Institute* polled 24K consumers in 12 countries & found that 68% prioritize taste over price; 19% look for the highest-quality products; 48% look for a balance of low price & quality & 33% look solely for the lowest-priced products when shopping. Per *Goldman Sachs*, c-store retailers expect beverage sales for this year to grow 3.7%, an increase from the 3.4% they anticipated last quarter. Calories from ultra processed foods account for 53% of adults' calorie intake & 62% of children's diets, per the CDC. *Euromonitor* & *Delta Research* forecast the THC beverage industry to reach \$30M by 2035. Beef exports were at a five year low in June while pork exports rose. Flour production, including whole wheat flour production, were near 15 year lows this past quarter.

**MARKET NEWS:** Markets celebrated the most successful first 200 days of an American President's term in USA history as Nasdaq ended the week at a record high & the S&P 500 within a half point of a record! Early S&P 500 earnings reports are positive, showing growth in revenue & EPS. USA productivity showed gains. Tariffs have added \$152B to USA coffers & the trade deficit continues to shrink; the President has garnered more than \$9T in foreign & domestic investment in *the Good Ol' US of A!!* Additional tariffs went in place this week for countries that could not complete a trade agreement with the USA. The President used the power of doing business with the USA to obtain a peace treaty (the sixth peace treaty since the inauguration) between Armenia & Azerbaijan, ending 40 years of conflict & the current war. The President nominated Stephen Miran, current chairman of the Council of Economic Advisors, to serve on the Federal Reserve Board of Governors, giving investors hope for future interest rate cuts.

## SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malagala*

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