



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



IN THE ERA OF PAPER TRANSACTIONS, I ran the areas of a large bank that each night processed millions of checks & posted millions of transactions to customers' accounts. The business officers would complain about the number of errors, questioning our much better than 99.99% accuracy. Being a math major, I patiently explained the law of large numbers & error probability. With such large numbers, despite exemplary performance by both humans & machines, there would still be errors. A business weighs the cost of error repair & loss of reputation against the cost to deliver fewer errors to the customer. The customer expects value, which can be measured as quality for the cost.

THE VALUE OF IT: When I entered college, the world was much different than my recent childhood. It was no longer black & white. It had become a constant shade of grey. This was not just my maturing, moving toward adulthood, becoming more aware of the important choices needed in life & the potential consequences of a poor decision. The world by 1977 accurately resembled the *Temptations* 1970 hit song, *Ball of Confusion*. It seemed this little blue orb in space was indeed spinning toward a massive disaster & "And the band played on." No one, at least anyone who could do something about it, seemed to care. There seemed to be no answers. The givens & constants of my childhood were gone. Crime, drugs, international terrorism & inappropriate sex were rampant. The USA had been in a war without a 'win mission.' And our American leaders & diplomats were being assassinated or captured in an assault on our institutions, beliefs & values. It seemed that the belief in the goodness & greatness of America was being confronted with ideas that originated in Marxism & communism. Career politicians had become demagogues, manipulating & exploiting the citizens to ensure their power. Not only did math provide one & just only one correct answer, using math allowed any thesis to be proved starting from a set of never-changing givens & constants. And beyond that, a consistent formula could be developed to solve almost every problem. Think of $E=MC^2$, Einstein's Mass/Energy Equivalence. Energy can always be explained as a function of the mass times the speed of light squared, a constant. Formulas are not just for the arenas of math, science, business, finance, economics, etc.; formulas apply to our everyday life. Every project we undertake, every goal we set, every purchase we make is driven, perhaps unconsciously, by a formula: Is the value I am going to get from this worth the time, money & effort, where value is measured by the actual or perceived quality. As an example, an intelligent & active teenager may have the opportunity to attend an Ivy League school or a local Jesuit college. Beyond the obvious cost differences, there are differences in the quality of education & degree, reputation, the type of individuals the teen will meet, the time & effort for travel or holding down a job at the same time. Every time we make a purchase decision we apply the same formula. Take the purchase of a new or used car. Value is based on the quality of the automobile – its reliability, comfort, luxury & gas mileage for those of us who want the convenience of the tried & true internal combustion engine – as compared to the purchase price & long-term cost of maintenance. Another factor in the value equation is prestige – how will this car make me feel as I drive around the neighborhood or park it in the company lot? The nice thing about math is that formulas work in both directions. If something is valuable to us, we are willing to spend much more money, time & effort on it. Our spouse, our children, our family. Our job, profession or business. Our home. Our community. Our life. When we see no value in something, the human nature tendency is to push it aside, ignore it, disengage & stop paying attention. Apathy. Apathy is the lifeblood of sociofascist thuggeries. People begin to see no value in life, in living, or taking a stand to make it better. They see no solutions, no way out. In these regimes, people become sheep & life becomes cheap. The value we place on life is based on two factors: the quality of life & the cost of living. Today, much like 1977, the cost of living is soaring & the quality of life is decreasing. All those issues from 1977 are still around but magnified. And life has become cheap. We see innocents abused or murdered with little consequence. We see police officers disrespected & attacked. We see fentanyl killing young people. We see divisiveness & hate being admired & encouraged by our supposed leaders. We see the damage being done to our young people; their pliable minds being assaulted by social-conscious nonsense instead of being taught to apply reasoning & rational thinking. Despite all of this, we seem apathetic. It is okay if there are riots & hate on campuses. It's okay that a boy can steal a trophy from a girl who in her young life trained & worked hard to achieve a goal. It's fine if a baby ceases to live, there is always another coming along. It's fine if we see our honored elders & veterans living scared in their homes, or worse, on the street. And it's alright that those streets are filled with people who desperately need help or who are the worst that humankind can breed. And there is nothing wrong with our borders being overwhelmed by people who do not share our values; instead seeking the bounty of this nation without putting forth any effort to earn it. It is difficult to understand how a decent society would find any of this acceptable. From British theologian John Stott, "Apathy is the acceptance of the unacceptable." The values instilled in me in my early childhood, the givens & constants I believed in, had eroded by the time I entered college. Today, almost five decades later, they have disappeared into a sociofascist apathetic glory. Apathy is a way of dealing with the world, believing nothing can be changed or fixed. From Aldous Huxley, "Most human beings have an almost infinite capacity for taking things for granted." When the news, the media, the government, even the evil itself overwhelms us, we tune out. From American author John Dos Passos, "Apathy is one of the characteristic responses of any living organism when it is subjected to stimuli too intense or too complicated to cope with. The cure for apathy is comprehension." Can people comprehend why the value of our human existence has been so diminished? Soon our democracy will give us a choice, whether or not to apathetically allow those who have done this to us to remain in leadership – exactly what they want! From French political philosopher Montesquieu, whose writing our Founding Fathers relied upon, "The tyranny of a prince in an oligarchy is not so dangerous to the public welfare as the apathy of a citizen in a democracy." Life, the value of life, should never be conceded to the powerful. From American educational philosopher Robert M. Hutchins, "The death of democracy is not likely to be an assassination from ambush. It will be a slow extinction from apathy, indifference & undernourishment."

INDUSTRY NEWS: Doughlicious, The London Dough Company, raised £3.5M in a round led by Triple B. Actual Veggies closed a large investment led by Relentless Consumer Partners with additional participation from New Fare Partners. Infant nutrition firm ByHeart raised \$95M to support its USA

commercial launch & innovation; *Polaris Partners* was among the investors. *The Finnish Long Drink* received a significant investment from *Marcy Venture Partners*. *Pepper*, food distribution tech, raised \$30M led by *ICONIQ Growth*, with *Index Ventures*, *Greylock*, *Imaginary & Harmony Partners*. *Cheetah Technologies*, a restaurant supply & food distribution platform, raised \$14M from undisclosed investors. *ArkeaBio*, vaccines to reduce livestock methane emissions if you can believe it, raised a \$26.5M round that could have gone to some useful startup that would actually help mankind; not surprisingly, the round was led by a Bill Gates investment fund. India-based *Niqo Robotics* closed a \$13M round for its proprietary AI-powered farm equipment add-on camera for precision application; the round was led by *Bidra Innovation Ventures*, with *Fulcrum Global Capital & Omnivore* involved. In Singapore, *Allozymes*, enzyme development, raised \$15M led by *Seventure Partners & Xora Innovation* with *Thia Ventures & NUS Technology Holdings* participating. Switzerland-based *mimic*, robot hands that could be used in food service, raised €2.3M led by *Founderful*, with *another.vc*, *Tiny.vc* & private angels involved. *Rize*, data technology for rice farmers, raised \$14M co-led by *Breakthrough Energy Ventures*, *GenZero*, *Temasek & Wavemaker Impact*. India supply chain tech firm *Poshn* raised \$4M in equity & \$2M in debt led by *Prime Venture Partners & Zephyr Peacock India*. *hexafarms*, AI to optimize data insights for greenhouses, raised €1.3M in pre-seed funding; the round was led by *Speedinvest*, with participation from *Mudcake & Techstars*. New Zealand agritech startup *Metrovate* raised \$1M to develop precision biostimulants with *Sprout Agritech*, *Finistere Ventures*, *Fonterra & OurCrowd*, as well as others, participating. Gourmet cookie chain *Chip City Cookies* completed a \$7.5M Series B round led by *Enlightened Hospitality Investments*. *Constellation Brands* will acquire *Sea Smoke* vineyards in Santa Barbara, a producer of pinot noir & chardonnay. *Above Food* will acquire the high-fiber *GoodWheat* brand of wheat products from *Arcadia Biosciences* for \$4M. *Shallan Group* purchased *Glendale Foods*, a UK supplier of branded & private-label frozen foods. Boutique PE-firm *Next in Naturals* acquired tea maker *Sound*. *Commercial Bakeries*, private label packaged cookie maker, acquired *Imagine Baking* of Sandusky, OH; terms not disclosed. *Uber* is buying *Delivery Hero's* Taiwan business for \$950M & has its eyes set on *FoodPanda* in Taiwan also. *Red Lobster* is reported to be closing more than 100 restaurants & is considering entering chapter 11. *Kraft Heinz* is looking at a possible \$5B sale of its *Oscar Meyer* business. *Fonterra* will look to sell some of its popular consumer brands to focus on its foodservice & B2B channels. After the announcements of their recent partnership, analysts are suggesting an *Instacart & Uber Eats* merger is in the offing. Agrifoodtech investor *PeakBridge* closed its Growth Fund II at \$187M, in partnership with *Edmond de Rothschild Private Equity*, to invest in ingredients, proteins, farming tech, etc. *Fox trot's* assets sold for just \$2.2M to private holding company *Further Point Enterprises* in what appeared to be a limited auction; the retailer filed chapter 7 listing its debt from \$10M to \$50M.

Walmart beat 1st QTR estimates with a 3.8% same store growth, more high-income shoppers & e-commerce growth of 22%; the retailer upped forecasts & the stock price reached an all-time high. A loyal customer base drove an all-around positive 2nd QTR for *Natural Grocers*. *JBS* had a big 1st QTR with across-the-board wins as management claimed a successful turnaround. In 1st QTR, *Laird Superfoods* saw a 10% increase in revenue & significantly reduced their net loss. *Papa John's* reported a down 1st QTR as international sales slumped due to geopolitical conflicts & same store sales slumped.

H-E-B opened its eighth e-commerce fulfillment center, located in Cibolo, Texas. *Harris Teeter* has started offering a LTO selection of prepared food items for \$5 each on weekdays at certain stores in Washington, D.C., & Northern Virginia. *The Fresh Market* is now offering hot restaurant-style pizza. *Costco* will partner with *Uber Eats* for delivery. *Walmart* is laying off hundreds of corporate staff employees, consolidating regional offices & asking remote workers to spend a majority of time in the office. *CVS* launched *Well Market*, a private label with 40 SKUs of snack, beverage & grocery products. *Kellanova* will launch *Pringles Mingles*, a puffed snack & protein-packed waffles, *Eggo Fully Loaded*. *Ferrero* will launch *Tic Tac Chewy*, a fruit candy with a crunchy exterior & chewy inside. *Kraft Heinz* will partner to offer *Girl Scout Jell-O* pudding cups. *Bel Brands USA* unveiled a new limited-edition flavor for its *Boursin* brand, launching *Rosemary & Black Garlic*. *Pizza Hut* will offer an LTO burger. Patrick Mahomes, with beverage veterans, launched *Throne Sport Coffee* – functional & RTD with B vitamins & electrolytes. *Birch Benders* has introduced *Organic Ultimate Fudge Brownie Mix*. *Eat Just's Good Meat* has the first cultivated item (from chicken) on retail shelves in Singapore. *Tetra Pak* expanded its Denton, TX technical training center, with more space for hands-on & virtual training for employees & customers. *Tetra Pak* will also launch a trial facility in Georgia for *Recart*, its effort to replace traditionally canned foods with cartons. *BranchOut Foods* acquired 50K sq. ft. of production capability in Lima, Peru for its dehydrated fruit & veggie products. *Top Seedz*, gluten-free, vegan & non-GMO seed crackers, opened a 35K sq. ft. production plant in Buffalo. *Bimbo Bakeries USA* will close its baking plant in Bellevue, NE, by early July, impacting 172 employees. *Local Bounty* opened a greenhouse facility in Mount Pleasant, Texas. *Swaggerty's Farm*, sausage producer, will add 50K sq. ft. to its headquarters in Kodak, TN. *Frito-Lay* recalled several *Sun Chip* SKUs in Canada due to salmonella risk. *ADM* has pledged \$1M to Kansas State University's *Global Center for Grain & Food Innovation*, to support advances in food product development, food safety & food security. *Fresh Del Monte* will partner to produce *Vellsam Materias Bioactivas*, biotechnological solutions, to turn pineapple residue into biofertilizers. *The EVERY Company* will provide its alt-egg proteins to *Unilever*-owned brand *The Vegetarian Butcher* for use in their alt-meat. *New Culture* will provide its fermented alt-mozzarella to Korean biomanufacturing giant *CJ CheilJedang*. *Oobli*, seeking to be an ingredient supplier, will supply *Grupo Bimbo* with sweet proteins. *USA LettUs Grow & Valoya* in India will combine their indoor crop production to bring their expertise to India & the Middle East. Alabama is seeking to ban the production & sale of cultivated meats.

GrubMarket was named to the 2024 *CNBC Disruptor 50 list*, a list of the top private companies whose innovations are revolutionizing their industries. The April USA online grocery market grew 4.4% YOY per *Brick Meets Click/Mercatus*. Sales of USA certified organic products hit a record \$69.7B, up 3.4% YOY, according to the *Organic Trade Association*. From the Plant Based Food Association, sales of plant-based foods fell in 2023 despite price increases; volumes were down as consumers opted for real dairy & meat. Produce prices rose another 1.7% higher YOY in April. Canada approved Paraguay beef imports. From *Food Navigator*, despite a high demand for almonds & almond milk, almond supply is high & prices are at lows.

MARKET NEWS: The markets set records with the Dow closing over 40K. The NY FED manufacturing index showed contraction. The core PPI inflation came in hotter than the economic mouthpieces forecasted but not surprising for anyone living in the real world seeing the impact of this administration's devastating & politically driven spending policies. The CPI remains stagnate at a much too high rate of 3.4%. Retail sales reflected only inflation growth; core sales were down 0.3%. Inflation, which had been tamed from 2017 to 2021, has increased 19.7% since January 20, 2021, with energy pricing up 38%. Housing starts, builders' confidence, building permits & industrial production all missed expectations.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – Tom Malenka

V10issue48.05.18.24

The Litchfield Fund is a family owned & operated limited liability corporation. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours & should not be considered investment advice or recommendations.