



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



THE SCOTTISH ENLIGHTENMENT was the late 18th century intellectual & scientific outpouring from Scotland's five universities (St Andrews, Glasgow, Edinburgh, King's College & Marischal College) & institutional societies. Among the leaders of the movement were *ALL EARS!!* favorites Robert Burns, David Hume & Adam Smith. Smith, the Father of Economics, published *The Wealth of Nations* in 1776, the first treatise to approach economics as a scientific, academic discipline. For Smith, wealth & power did not stem from God's will or ancient heraldry, but the interactions of nature, societal demand, politics, technical creativity & ideas. Smith was describing the American Dream.

BURKIAN DREAM: It is interesting that Smith, among so many great Scottish thinkers, singled out an Anglo-Irish contemporary with whom he had never communicated, as the individual who thought most like him on the subject of economics. Edmund Burke, another *ALL EARS!!* all-time favorite, was born 'just' 294 years ago this week, in Dublin. His mother was a Roman Catholic; his father a member of the Church of Ireland & a descendant of the English knight William de Burgh, who arrived in Ireland after Henry II's invasion, making the Burke family one of the oldest Anglo families in Ireland. Burke published his first work at just age 25, *A Vindication of Natural Society: A View of the Miseries & Evils Arising to Mankind*, & the contemporaneous great minds took notice. Often, Burke presented his arguments using satire, irony or even sarcasm, pointing out the absurdity of traditional thought (*Reductio ad absurdum*). Burke's discussions of society, politics, leadership & economics was not just similar to Smith's treatises, but also similar to the views of our Founding Fathers, learned men who were certainly familiar with Burke's & Smith's philosophies. The Burkian Dream is the American Dream: A virtuous, moral & meritorious society with a limited representative government; having leaders of good conscience who use sound judgement to distinguish between the will of the people & the whim of the people. Burke became a member of Parliament in 1765, supporting the colonists against the overreaches of the English government, but did not favor independence. He saw the differences between the American Revolution & the French Revolution, & spoke loudly against the tyranny that developed in France. Most readers have heard two quotes attributed to Burke, often used in these pages: "*The only thing necessary for the triumph of evil is for good men to do nothing,*" & "*Those who don't know history are destined to repeat it.*" Edmund Burke's wisdom, like so many of the great thinkers, applies in today's world as much or perhaps more, than 250 years ago. It would serve as folly for this one weak, feeble mind to add any value to Burke's thoughts, so we close with just a few samples of his wisdom:

"The people never give up their liberties but under some delusion."

"Liberty does not exist in the absence of morality."

"The Fate of good men who refuse to become involved in politics is to be ruled by evil men."

"The essence of tyranny is the enforcement of stupid laws."

"By gnawing through a dike, even a rat may drown a nation."

"Rage & frenzy will pull down more in half an hour than prudence, deliberation & foresight can build up in a hundred years."

"Manners are of more importance than laws. Manners are what vex or soothe, corrupt or purify, exalt or debase, barbarize or refine us, by a constant, steady, uniform, insensible operation, like that of the air we breathe."

"History consists of the miseries brought upon the world by pride, ambition, avarice, revenge, lust, sedition, hypocrisy, ungoverned zeal; all [from] a disorderly appetite."

"History is a pact between the dead, the living & the yet unborn."

"Hypocrisy can afford to be magnificent in its promises, for never intending to go beyond promise, it costs nothing."

"Never despair, but if you do, work on in despair."

"When you fear something, learn as much about it as you can. Knowledge conquers fear."

"Applause is the spur of noble minds, the end & aim of weak ones."

"When bad men combine, the good must associate; else they will fall one by one, an unpitied sacrifice in a contemptible struggle."

INDUSTRY NEWS: An *ALL EARS!!* favorite, functional beverage *Odyssey Mushroom Elixir* has raised \$6M from undisclosed family offices. *Explorer*, coffee concentrate with varying caffeine content, closed a \$2.5M round co-led by *NewBound Ventures & Table Management*. *Slate Milk* closed a \$10.5M funding round. Canadian alt-meat maker *No Meat Factory*

closed a \$42M series B round led by *Tengelmann Growth Partners*; *Emil Capital Partners* participated. *Hero Guest* raised \$2.3M for its digital restaurant & hotel training with *Grupo MVS*, *Variv Capital* & *Grupo Anderson* participating. *N2 Applied* raised €10M to further develop & expand its fertilizer technology from *The European Innovation Council*. *Omnivore* invested \$1M into India animal health startup *eFeed*. *BIOHM*, microbiomes for food & medicine, raised \$7.5M led by *Middleland Capital's VTC Ventures*. *At One Ventures* led a \$6M seed round to commercialize *enrichAg's* soil testing & analysis platform. *Cropin*, Ag data & analysis, raised another \$13.7M with *Google* & *JSR Corporation* involved. *Sovos Brands* sold *Birch Benders* to *Hometown Food*, parent of *Hungry Jack*; terms not disclosed. *Sovos* will concentrate on its core brands, *Rao's* & *Noosa*. PE firm *PNC Riverarch Capital* acquired baked foods manufacturer *Backerhaus Veit*, Mississauga, Ont., from *Swander Pace Capital*. *Kerry* is in negotiations to sell its sweet ingredients business to food ingredient company *IRCA* for \$538M. Seafood supplier *Orca Bay Foods* was acquired by *Silver Bay Seafoods*; terms not disclosed. *Doctor's Associates*, owner of *Subway*, may be exploring a sale, according to *The Wall Street Journal*, with a \$10B valuation. *Mintec* acquired *AgriBriefing*, publisher of information in the poultry, egg, meat, seafood, plant protein & related segments. *Save A Lot* parent *Moran Foods* completed refinancing \$200M in debt facilities for more liquidity & flexibility. *Rite Aid* is rumored to be a takeover target following its CEO's resignation.

Albertsons posted better than estimated 3rd QTR results, but warned results were boosted by price inflation. A drop in net income due to inflationary costs put a damper on 3rd QTR earnings for *Constellation Brands*, despite an 8% revenue increase; the CEO warned that price hikes hurt sales. *Sodexo* reported a 35.7% revenue increase in 1st QTR of 2023.

Weis Markets & *Instacart* will offer same-day grocery delivery from 133 *Weis* locations. *Albertsons* will expand its *Afresh* technology use to 2,000 stores. *The Fresh Market* will expand the *Invafresh Fresh Retail Platform* for all its grocery retail operations & categories. Chicago's *GoGrocer* is opening locations in Milwaukee. *CVS* & *Walgreens* are now sourcing 100% cage-free eggs across their footprint. *Whole Foods* will open its first store in Montana. Drive-thru/curbside grocer *JackBe* launched its first store, in Oklahoma City. *Kroger's Simple Truth* brand celebrates its 10th year. With *Sierra Mist* sales dwindling, *PepsiCo* will launch a new lemon-lime soda, *Starry*, aimed at younger consumers to compete with *Sprite*. *Breyers* will offer an oat milk vanilla ice cream. *Molson Coors* debuted an online nonalcoholic RTD cocktail line, *Roxie*. *Tetra Pak* will partner with Israeli food tech incubator *Fresh Start* to develop new food solutions. *FrieslandCampina Ingredients* & California-based biotech company *Triplebar Bio* will partner to develop & scale fermented cell-based proteins. *Alphabet* (*Google* parent) launched agtech startup *Mineral* designed to provide data & analytics for companies across food, agriculture & technology. *La Brea Bakery* closed its flagship California locations, redirecting its focus to retail. *New Age Meats* will shed its planned, 90% complete, fermentation showcase facility due to alt-meat market concerns. *Yo-Kai Express* will launch a desktop ramen-making machine for small-format retailers. *General Mills* CEO Jeff Harmening predicts supply chain issues will exist through 2023. *Hormel Foods* veteran *Jeff Frank* will join *Organic Valley* as CEO.

From *Morning Consult*, Dry January participation is down 4%, but overall alcohol intake is down 7% over the past year, per survey results. From *Brick Meets Click/Mercatus*, online grocery orders rebounded in December, dollar volume driven by inflation. From *Incisiv* & *Wynshop's Grocery Doppio*, online grocery is expected to grow to 15.3% of the total market, although inefficiencies in fulfillment are impacting profitability. From *IRI*, almost 100% of grocery shoppers are worried about inflation. A study from *Capgemini* shows a majority of consumers are concerned about the economy & their personal financial situation, are cutting back on non-essentials & worried about food inflation; Gen Z are the most concerned. From the *Produce Reporter*, Consumer Price Index figures show consumers are trading out of meal kits, snacks & condiments in favor of produce, beans & grains in response to food inflation. Grocery inflation was up 11.8% in December, continuing to impact consumers. Peruvian Ag exports increased 17.6% in the first 10 months of 2022, with the USA leading in purchases. Civil unrest in Peru & violence in Mexico are causing reduced produce supplies & higher prices this week. Due to heavy rains, the California strawberry supply is in short supply. Egg prices, already at record highs, will continue to rise in Colorado as a new law requires all eggs sold to be cage-free. Also, inflation drove fresh produce to record sales. Tight global corn supplies are raising prices.

MARKET NEWS: Markets continued higher this week. Inflation was 13.5% from December 2020 to December 2022.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenga*

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