



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



FRANK ABAGNALE was a scammer, con man, fraudster & ex-felon, played by Leonardo DiCaprio in the movie *Catch Me If You Can*. When among my corporate duties was Fraud & Loss Prevention, we asked him to speak to our teams. He said, *"There's no such thing as a foolproof system. That idea fails to take into account the creativity of fools."* When we were building software & operational processes, I often said something similar, *"We can't make it foolproof enough, there are too many fools!"* Our Founding Fathers knew men were weak & flawed; they tried to create a foolproof system of government. History has proven sometimes you just *Kant*.

KANT: Immanuel Kant was born April 22, 1724, in Königsberg in the Kingdom of Prussia. Kant could be described as a moral philosopher, or a moralist. Kant's philosophy was that doing what was right was based on duty, rationality & universal rules over potential consequences. For Kant, it was a categorical imperative that actions were only moral if they can be universalized as law, irrespective of desires or results. Last week, we discussed that in *Nicomachean Ethics, Book V*, Aristotle defines morality as, *"The natural is that which everywhere has the same force & does not exist by people's thinking this or that."* But where Aristotle feels nature or a natural law defines morality, Kant sees morality as reason-defined. Doing the right thing is not determined by outcomes (the ends justify the means) but by applying reason. For Kant, it was as if reason alone could determine the morality of a thing, an action, a belief. Kant was awakened from his self-labeled 'dogmatic slumber' by the works of skeptic David Hume. Hume was one of the great minds of the Anglo-Scottish Enlightenment, & who along with Edmund Burke, John Locke & France's Montesquieu (Charles Louis de Secondat, baron de La Brède et de Montesquieu), was one of the major sources relied upon by our Founding Fathers in drafting our founding documents, the Declaration of Independence & our Constitution. As a skeptic, Hume was highly distrustful of determining motives & even, to an extent, scientific certainty. His empirical view would tell us we observe outcomes & effects & can never know the actual causes. For Hume, we see what we see & we infer causes from experience & habit, not from reasoning. There is no amount of reason that will help someone to understand the ethereal or external world, which would include ethics, values, morals or dogma in religion or elsewhere. Hume's skepticism led him to believe in strong governments, or at least governments where laws were clear, enforced universally, fairly & with certainty. Compared to Hume, Kant could be labeled an optimist or absolutist, but that would be too superficial. Kant would agree that our knowledge comes from our experience, but he believed that man could go beyond his experiences because he can reason: *"All our knowledge begins with the senses, proceeds then to the understanding & ends with reason."* For Kant, there is nothing higher than reason. Hume would characterize that morality, reason & judgements are driven by feelings, sentiments & passion & that these emotions drive human behavior, not reason. Kant believes morality exists from reason, but it is not absolute. First, it must pass the universality test; that it can be applied in all situations equally & therefore justly. Kant is, however, more optimistic than Hume, because he believes all humans are capable of such reasoning! Kant does have some 'absolutes,' because they can be applied consistently to everyone. Lying, even if it were to protect someone or serve the greater good, is never justified or moral: *"But a lie is a lie & in itself intrinsically evil, whether it be told with good or bad intents."* Hypocrisy of any kind would never pass Kant's moral reasoning test. Where Aristotle might argue *'everyone agrees this is okay, so it's okay'*, & Hume might say *'everybody does it, so what did you expect'*, Kant would reject the *'everybody does it so I can too'* rationale as it would destroy society & civilization. While Hume's works were part of the intellectual environment during the founding of our Nation, Kant was contemporaneous. His works were published in the 1780s & were not translated into English until decades after his death in 1804. The Founding Fathers read English, Latin, French & other romance languages, but were not literate in German. Kant was a supporter of our American thought & government change, but perhaps would not have been aligned with a full revolution, as it violated universally accepted laws. (Perhaps why Jefferson felt a Declaration was needed to put the reasons & justifications before the world.) Yet, Kant's philosophy aligns with our founding principles. Kant would say morality, the right thing, exists universally, regardless of government's desire to restrain or shape it, simply another way of saying our Sacred Rights are self-evident, unalienable & come from our Creator. Kant respected the individual; believing that lying, that hypocrisy & that people being used as tools or weapons (the ends justify the means) was always wrong. This certainly aligns with our founding principle that all men are created equal. But Kant, like our Founding Fathers, feared a democracy & favored a republican form of government. Franklin famously remarked, when asked what kind of government the Founding Fathers had created at the Constitutional Convention, *"A republic, if you can keep it!"* The fear of democracy, whether by Kant or our Founding Fathers, was that the majority could impose its will on the minority. This is why our Founding Fathers, Kant & Hume favored a republic, with a strong set of checks & balances (as Montesquieu put forth), with well-established universal laws applied equally. In today's world, Hume's skepticism seems much more realistic than Kant's belief that every human can use reason to develop a moral sense & guidepost. And in today's world, America has much more to fear from a strong vocal & nefarious minority imposing its will on a majority! Madison actually addresses this in Federalist #10. While Madison felt a minority faction is naturally checked by the republican principle & a large republic of diverse thought & interests who could simply outvote the sinister views of the minority, he wrote that there was always the threat of intrigue - that the vocal or powerful minority might use corruption, foreign influence, or intrigue to bypass the will of the people. Kant would say that factionalism is a failure of reason, & that a vocal minority is immoral in that its views would not pass the universality test. Kant would argue that corruption is a violation of the citizen's moral autonomy & of their right to not be used as a means to an end: *"Always recognize that human individuals are ends & do not use them as means to your end."* We could imagine Hume's reaction looking at our society would be, *"See, I told you so,"* & Madison (Jefferson, Adams, Jay & others) saying *"Hey, we more than warned you!"* But we wonder if Immanuel Kant would be questioning how humans have so universally failed to reason properly? Despite the Founding Fathers attempt to create a fool proof system of government, too many creative fools have taken advantage of it & us, mostly in support of the nefarious but vocal minority! We have under investigation the Russia Hoax attempt to overthrow the elected President & subsequent election fraud. We have day care fraud in Minnesota, hospice fraud in California & Medicare, Medicaid & food stamp

fraud just about everywhere. We have powerful Reps-in-sin-atives, Sin-ators & even ex-Pre-sin-dents under investigation for sexual violations. We have these same people making a fortune from kickbacks & stock manipulation. (Really, how could the former Democrat House Leader amass a 16000% investment return over 30 years?) We have race advocates defrauding their donors & living in multiple multi-million dollar homes around the world. We have judges & leaders who refuse to protect the populace by not applying the law universally, strictly or equally. These people then turn their heads to the most vulgar of human indecencies: the trafficking, exploitation & molestation of women & children. Just this week, the SPLC came under investigation for wire & money fraud & is charged with staging scenes to create & stoke race hate & violence, a way of using people to justify their end. Also, the Virginia State House placed a misleading proposal on the ballot to unfairly affect the 2026 midterms & the 2028 general elections. How would Kant react to all these failures of reasoning & morality? What would he say about people using other people to sow evil, hate, resistance & greed? What would he say to our laws not being applied universally & equally? How would he react to a republic that fails to protect both the minority & the majority? We imagine the great man, the father of modern western thinking on ethics & morality, shaking his head, as he most likely was when he wrote, "The greatest human quest is to know what one must do in order to become a human being."

INDUSTRY NEWS: *Taste Tomorrow Ventures* will invest in *Lumen*, clear protein lemonade. Protein ice cream *Frozen One* raised \$2M led by *Supernatural Ventures* & *The Angel Group*. *Leisure Hydration* raised an undisclosed amount led by *Midnight Venture Partners*. Sweet treats brand *Rip Van* raised an undisclosed investment. Protein hydration drink *NUR* raised an undisclosed strategic investment led by *Capital Q Ventures*, who will also take a strategic role in *WAVERS BY DOUGHBRIK'S*. Celebrity-founded *Juice Runners* raised \$2M. In Sweden, *Nomio*, wellness shots for athletes, raised \$4M led by *Collaborative Fund*. *Incapto*, a specialty bean-to-cup coffee startup, raised €10 led by *McWin Capital Partners* & supported by *Cardumen Capital*, *Lever VC*, *Banc Sabadell*, *P101*, *A3 Media* & *JME*. *Afresh*, AI grocery management platform, raised \$34M co-led by *Just Climate* & *High Sage Ventures*. In Toronto, *AuX Labs*, precision fermentation to produce faux dairy proteins, raised \$4M led by *NYA Ventures*, with participation from *Congruent Ventures* & *Bluestein Ventures*. *Cosaic* raised \$6M to scale yeast-derived ingredient platform from *dsm-firmenich Ventures*. Swiss fermentation & licensing platform *Planetary* raised \$20M & a \$7.5M credit facility; the round was led by *Radikal Capital* & *Oetker Ventures* with *Royal Cosun*, *arc investors*, *Green Generation Fund*, *AgriFoodTech Venture Alliance*, *Astanor Ventures* & *XAnge* involved. *Joe & the Juice* received a minority investment from *Emirates International* at a \$1.8B valuation. *Laird Superfood* acquired *Terrasoul Superfoods*. *Nestlé* is selling its *Blue Bottle Coffee* business to China-based *Centurium Capital* for an undisclosed amount. Switzerland's *Hero Group* acquired the UK's *The Gut Stuff*, high-fiber snacks & beverages. *Arvas*, a global olive company uniting *Bell-Carter Foods*, *AG Olives* & *Georgoudis*, acquired *Père Olive*. *Walden Local Meat* will sell its regional meat processor, *Vermont Packing House*, to *Galt Foods*. In Missouri, farmer-owned agricultural cooperative *MFA* will acquire four grain elevators from *ADM*. Also, *MFA* will sell its *Mid-State Seed* soybean processing facility to retail seed company *Beck's*. The *Alpenrose Dairy* manufacturing facility in Clackamas, OR, was acquired by *Plant Based Innovations*, which will continue producing the brand's dairy products at the plant. UK wellness-focused investor *Tooru* will acquire *Mylky*, a Belgian company selling at-home plant-based milk machines, for £12M. *AgroPlantae* acquired the complete product portfolio of *Kemin Crop Technologies*, including its botanical-based biopesticides & plant nutrition solutions. *Reuters* reported that *Brown-Forman* favors a potential sale to French distiller *Pernod Ricard* as opposed to American spirits group *Sazerac*. *Collaborative Fund* raised \$250M for *Collab Holdings*, a PE vehicle for high growth consumer brands.

Nestlé beat its 1st QTR sales estimates. *Barry Callebaut* issued a profit warning as cocoa prices fell.

Publix has two new locations planned for Naples, FL. *Whole Foods* has a new Jacksonville location opening in May; *Harris Teeter* has also begun work on a new store in Jacksonville. *Grocery Outlet* will open stores in Strongsville & Willoughby Hills, Ohio. *Target* will open 6 new stores (Arizona, Missouri, New Jersey & North Carolina) in May as part of its 30 store 2026 goal. *Sam's Club* will speed up its express delivery across the country to one hour. In the UK, *Aldi* has eight new London stores planned. Also, *Aldi* will expand its restricted ingredients list from 13 to 57, removing an additional 44 ingredients from its private label food, vitamin & supplement products by December 2027. *Meijer* is adding high-fiber & high-protein products to its private label wellness offerings which now have more than 800 products available. *Once Again* will expand its portfolio with high-protein nut butter squeeze packs. *Nutella* has introduced *Nutella Peanut*, with the taste of roasted peanuts, its first innovation in 60 years. *PepsiCo* launched *Quaker Protein Rice Crisps* with 6 grams of protein. *Capri Sun* debuted juice pouches with added electrolytes for kids. *Calavo* will find the spirit with special packaging for America's 250th celebration! *Solar Foods* has received a USA patent for its gas fermented proteins to be used in foods. *Zaxby's* will introduce chicken wraps. *Krispy Kreme* has partnered with *Jafa Holding BV* to open stores in The Netherlands beginning later this year. *Ferrara Candy* will spend \$675M to build a new 750K sq. ft. manufacturing site in South Carolina to support demand for its *Nerds* & other candies. *Bimbo Bakeries* will relocate its USA corporate headquarters to Dallas from Horsham, PA. *Simply Good Foods (Quest, Atkins)* will lay off 15% of its workforce & restructure corporate leadership. *Sensient Technologies* will invest \$250M to expand natural color production by adding production capacity at its largest natural color plant in St. Louis. *Charlie's Produce*, an employee-owned produce distributor serving the western USA, will build a new 66K sq. ft 7 facility in Spokane, WA. *Conagra* will invest \$30M to expand processing capacity expansion & upgrade of its facility in Irapuato, Mexico. *Hershey* has added supply chain technology with the expectation of saving \$100M. The USDA & *Palantir Technologies* signed a \$300M agreement to support the National Farm Security Action Plan & modernize farmer service delivery. The *American Bakers Association* & *American Society of Baking* introduced a multi-year partnership that will include expanded educational programming, workforce development and industry advocacy alongside a \$500K investment from the ABA. The California Attorney General is investigating if *Amazon* pushed vendors to set higher prices at retail outlets like *Target* & *Walmart*. The Justice Department will investigate beef prices. Lamb processor *Superior Farms* promoted Shane MacKenzie to CEO. *Amy's Kitchen* promoted Paul Schiefer, president, to CEO. *Jeni's Ice Cream* hired the former *Ben & Jerry's* leader as CEO.

From *Numerator*, *Walmart*, *Kroger* & *Costco* hold the top three spots in grocery share, though *Walmart* & *Kroger's* shares are falling while *Costco* is gaining ground. Per *Consumer Edge*, shoppers are changing where they buy groceries, with specialty retailers gaining market share & traditional supermarkets losing ground; overall grocery spending is down 3% YOY. From *dunnhumby*, nearly 70% of consumers trust personalized product suggestions based on prior purchases created by retail media. Online grocery sales will total \$452B by 2028 according to *FMI* & *NielsenIQ*; online sales account for 72% of the grocery industry's sales growth. Per the USDA, per capita flour consumption has fallen 6.2 pounds since 2018. Onion prices are rising as the season's first crop harvest is winding down. Strawberry supplies will increase in May as the California crop reaches market. Through March, butter prices have fallen 22%.

MARKET NEWS: Markets were mixed for the week, with the S&P 500 & Nasdaq closing the week at record highs. Retail & pending home sales were higher. The PMI manufacturing & services indices showed expansion. Consumer sentiment was higher.

SEEDS, SPROUTS, GROW, HARVEST!
THE LITCHFIELD FUND – Tom Malanga
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