



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**WESTDALE HIGH IS PLAYING FAIRVIEW HIGH** in the big game. Jerry, Fairview's quarterback, sees Marcia hanging pep posters for her beloved Westdale. He goes to his "how to charm a girl" 1970s playbook & woos Marcia. Marcia falls for his play, even though she has probably had other teenage boys run these same plays on her! But Jerry has cleverly disguised his true play. He sends his receivers deep then does a *Quarterback Sneak*, the name of this 1974 *Brady Bunch* episode. He wants to steal Greg's playbook. Greg, Westdale's star halfback, is Marcia's brother. Little brother Bobby sees Jerry try to steal the playbook, but Marcia just refuses to believe she has been played!

**DON'T BE MARCIA:** The football season kicks-off at the end of August. Across America high school, college & pro football teams will begin to battle on the gridiron. *Friday Night Lights, Saturday Heroes & Any Given Sunday!* Sacred to every football team is its playbook. Since the previous season ended, coaches have been reviewing their personnel, both as individuals & collectively, to dust off the plays that worked & design new plays to confuse & stymie the opposition. They will practice the best plays secretly, away from the press & fans. They will hold some plays in reserve for a critical moment or slightly alter a play that they use often, to catch the other team off guard. Innovate College & Pro Football Hall of Fame coach Don Coryell was a genius at play design. Coaching the San Diego Chargers in the late 1970s & 1980s, with Hall of Fame quarterback Dan Fouts taking the snap, he launched Air Coryell! Receivers headed downfield well aware of variables that might appear in the defense, then altered their routes along the way. Fouts, seeing the same variables, seemingly always found the open receiver. Of course, some plays are simple & just work every time. But often the defense sees the play coming & reacts first. Businesses have a plan - a playbook that defines how they run their business. If the playbook brings success, they sometimes run the same plays too many times & don't adjust to the competition. Then the business fails. In most industries, there are very successful service providers, consultants & advisors who have a playbook they employ to help a new client be successful. But again, if the same playbook is used over & over, the competition spots the plays & these individuals fail to deliver results. Yet, there is one playbook that has been used successfully over & over again during the last 150 years by the totalitarian despots who believe they are part of the social & ruling elite! These despots all adhere to a philosophy that holds that those in charge absolutely know what is best for everyone; this is the philosophy from which socialism, communism, fascism & thugism are born. The game plan is so simple, it is surprising that it succeeds so often. Create chaos & violence then step in with laws & power to preserve peace. Invent an enormous phony crisis then substantially change society & government to supposedly protect the people. Encourage divisiveness, whether by race, religion, ethnicity or gender, to ostracize non-desirables & identify those who should be feared. Breakdown the family unit by attacking religion, morals, natural science & biology, traditions & most importantly, the economy, creating poverty to make people dependent upon & subservient to the rulers. Weaponize the police & courts to stifle political opponents, outspoken dissenters & those who do not comply. Create allies in traditional & social media to not just do the same, but also to promote the many phony crises. Limit individual rights to speak, to worship & to defend one's person & property. Curtail movement to know where everyone is at all times; done years ago by requiring identification & clearance ("*Your Papers Please!*") but done today by limiting the natural resources that drive the realistic & affordable technology which allows free movement! And most importantly, tell obvious lies in defiance of natural law; lies so big & so outrageous that there is no logical or sensible way to argue the opposite point of view without sounding like an irrational fool. This playbook is always being used, but many of the specific plays that were used just a few years ago are about to be rerun! *Don't Be Marcia!* Don't be fooled by Jerry's blond hair, blue eyes & slick conversation. Watch for these plays, they are coming once again. From Danish philosopher Søren Kierkegaard, "*There are two ways to be fooled: one is to believe what isn't true, the other is to refuse to believe what is true.*" Marcia did not want to believe she was being fooled, though she knew the truth! The despots rely on this. From Mark Twain, "*It's easier to fool people than it is to convince them that they have been fooled.*" The despots also create fear – fear certain people, fear disease, fear the climate, etc. – to guarantee compliance. They do this because they know, as British entrepreneur Greg Secker reminds us, "*Fear overrides all rational thinking.*" But we can keep ourselves from getting fooled by being aware & recognizing the concrete realities of Natural Law, for as physicist Richard Feynman points out, "*Nature cannot be fooled,*" & like Peter Townsend, then vow that "*We won't get fooled again!*"

**INDUSTRY NEWS:** Mediterranean food company *Afia Foods* raised \$3M in Series A equity financing. South Asian clean beverage brand *Lahori* raised \$15M from *Verlinvest*. Belgium's BFY beverage vending company *Dripl* raised \$2.4M led by *Faraday Venture*

*Partners & The Source*. Feedtech startup *CH4 Global* raised \$29M in a Series B round led by *DCVC, DCVC Bio & Cleveland Avenue*. Singapore's *Qashier*, POS systems for restaurant & retail, raised \$10M in a Series A round co-led by *Delivery Hero Ventures & IFP Securities*. *Superlatus*, which recently merged with *TRxADE HEALTH*, a pharmaceutical exchange platform provider, will acquire *The Urgent Company & the Coolhaus, Brave Robot, Modern Kitchen & California Performance* consumer brands from *Perfect Day*. Cannabis business *Lemonati Family Farms* purchased hard seltzer brand *Mighty Swell*. Foodtech & delivery company *Circus* acquired culinary robotics startup *Aitme* to integrate *Aitme's* robotics infrastructure into its micro-kitchens. *Hostess's* stock price rose 30% as rumors of a company sale re-emerged. *Rite Aid* may be preparing to file for bankruptcy as it deals with legal fallout from selling opioids. *AeroFarms* will auction assets from its New Jersey vertical farm as it restructures. Reports suggest *IndigoAg*, which produces microbes to increase staple crop yields & has expanded to storage, marketing, logistics & more, may have lost 94% of its valuation in its latest round. *Softbank Vision Fund* sold 100M shares in food delivery giant *Zomato* & may offload its remaining 2.18% to exit *Zomato* completely very soon. *PepsiCo* agreed to purchase \$175M of *Instacart's* Series A preferred convertible stock. *Mondelēz* said *SnackFutures* plans to at least double the number of companies in its portfolio by 2030.

*Dollar General's* 2<sup>nd</sup> QTR profit was sharply lower & same store traffic was slightly lower; the retailer lowered guidance. *J.M. Smucker* beat 1<sup>st</sup> QTR profit estimates but sales fell; the company raised full year guidance. *Campbell* beat earnings estimates in 4<sup>th</sup> QTR with an increase in revenue; 10% price increases overcoming 5% volume loss.

*Caputo's* will open its 10<sup>th</sup> Chicago area store. *The Fresh Grocer* will open in Brooklyn. Regional grocer *Fareway* will move its corporate headquarters from Boone, IA, to Johnston, IA, after 85 years in Boone. *Grubhub* will use *Amazon's Just Walk Out* technology at University of Maryland. *Gopuff* will offer media ads to target its consumer base. *Olipop* is adding a ginger ale SKU. *General Mills* added a yogurt-style beverage with 3g of sugar & 5g of carbs to its *:ratio KETO Friendly* snack brand portfolio. *Hain Celestial* will rationalize its SKUs & look to increase its points of distribution. *Nature's Fynd* received Health Canada's approval to commercialize its fermented fungi protein alt meat & dairy. In partnership with *Driscoll's*, *Plenty* will start work on its Richmond, VA strawberry farm. *Saline River Farms* will open a 60K sq. ft. meat processing facility in Illinois creating 400 new jobs. *Toyota* is growing strawberries & cherry tomatoes from one of its production plants, trialing an experimental greenhouse. *Hershey* will close its North Dakota *Dot's Pretzels* factory & move production to more efficient manufacturing sites. *Stern Produce* in Phoenix received a \$165M government contract to supply fresh fruits & vegetables to the military for the next five years. *Pairwise & Bayer* will collaborate on *CRISPR* applications for *Bayer's* stronger short-stature *Smart Corn System*. Bioprocessing company *CellRev & Saint-Gobain Life Sciences* will partner to rejuvenate spent cell cultures in an attempt to reduce the cost of cultivated meat. *Exacta Bioscience* will partner with synthetic biology company *Ginkgo Bioworks* to address scalability challenges for biological crop inputs. Cultivated seafood company *UMAMI Bioworks* will partner with Japan's largest seafood company, *Maruha Nichiro* to build Japan's cultivated seafood industry infrastructure. Biotech company *Pureture* developed vegan casein using yeast-based traditional fermentation producing a lower cost plant-based milk protein. Mexican truck drivers planned a massive two-day strike to protest widespread highway crime & corrupt authorities, but delayed any actions for 3 months to enter into negotiations. *Giant Eagle* appointed Bill Artman as CEO.

*Nestlé* maintained its status as the world's most valuable food brand; *Lays* was number 3 & *Coca-Cola* was the number one non-alcoholic beverage brand. *Walmart* captured nearly 36% of all USA eGrocery sales in 2<sup>nd</sup> QTR, a record for the retailer & up more than 5% from last year. A study from *dunnhumby* suggests *Aldi & Lidl* are positioned to have a significant impact on USA grocery market share. According to the new *American Innovation Index*, *Trader Joe's, Whole Foods Market & ALDI* are seen by consumers as the most innovative grocers. Consumers are opting for animal-based beef over alt-meats due to inflation & desire to eat at home, per Purdue University's Center for Food Demand Analysis. From *Innova*, about 50% of consumers are moving away from clean label products to save money, though younger consumers are less likely to change. *In-N-Out, Chick Fil-A, Tropical Smoothie Café, Five Guys & Culvers* earned top honors *Market Force's QSR/Fast Casual Survey*. From *Restaurant365*, traffic is up YOY at all restaurant types despite inflation & labor shortages. Ultra-processed food significantly raises the risk of high blood pressure, heart disease, heart attacks & strokes, according to two studies cited in *The Guardian*. The wheat harvest has been slowed by rain, fog & humidity. Several categories of produce are experiencing commodity price increase in the wake of recent west coast storms. California's walnut harvest is benefiting from heavy rains. Pork belly prices are now 100% higher, impacting the price of bacon.

**MARKET NEWS:** Markets were higher this week on indications of a cooling job market, higher unemployment rate & Fed comments suggesting a possible easing of rate hikes. GDP was revised downward in 2<sup>nd</sup> QTR & significantly missed estimates.

**SEEDS, SPROUTS, GROW, HARVEST!**

THE LITCHFIELD FUND — Tom Malenka

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