



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

NOBODY LIKES TO SEE THEIR MONEY WASTED. Yet, we all do waste a few dollars here or there. We try to make a salad only to find the romaine is wilted & the strawberries are fuzzy. Or, we find a very out-of-date yogurt at the back of the fridge. *Should we chance it?* Hey, when was the last time we watched a show on *Hulu* or ordered food through *UberEats*? And for many people, there is the dreaded, unused, gym membership! No one likes to see their money just flittered away. But there are politicians who want to freely spend our taxpayer dollars on abhorrent, worthless projects & causes just to get their kickbacks! Our money! Your money! My money! *It's our money, Doge-gonit!*

DOGE-GONIT: During my more than thirty-year corporate career I was part of & actually led a number of efficiency projects. Some were driven by innovation & technological improvements that most often were simply replacing outdated manual or inefficient operations. Others were driven by site closures & operations consolidations. All of these projects impacted people – their jobs, their livelihoods, their families. It was tough to look hard working, good people in the eye & tell them they no longer had a job. But you manned up (*we are allowed to say that again*) & faced them honestly & sympathetically. It is the nature of organizations to get bloated, to make their own work to do (*Parkinson's Law*), to continue to do work that has become unnecessary & end up wasting money. Efficiency projects help you find where money is draining out of the company. So cutting unnecessary activities, streamlining processes, applying technology, & automating controls reduces costs & improves quality, thereby increasing shareholder value. Increasing shareholder value is the purpose of any business organization. Oh, CEOs like to say things like, "*We work for our customers*" or "*Our customers come first.*" Or they may say, "*Our employees come first & we try everyday to make this a place where every employee thrives,*" etc., etc., babbling on about mission, purpose & focus. But the purpose of any organization – big, medium, small or start-up – is to return value to the stakeholders, that is, the investors. Look at how many companies over the past few years stopped operations because investors lost confidence & refused to keep the *money tap* open & running. We, the American people, are the stakeholders in our Nation. We invest our money – unwillingly – with the expectation that the government will use it purposely & efficiently. But after almost 249 years, our government has become bloated. The National Debt is now \$35T, increasing \$13T in the past 5 years due to a corrupt Congress & a corrupt President & his administration. This means every child born today is burdened with more than \$100,000 in debt! So like any organization, it's time to reduce spending, improve efficiency, ferret out corruption & get an honest day's work from every government employee! Why would anybody stand in the way of improving efficiency? Of spending taxpayers' money appropriately? Of seeing employees work a full day on necessary activities? Wouldn't you expect this in your own organization? Wouldn't your investors want this? Yet, there are Congress members & judges opposing these efficiency efforts! Why would they do that, you ask? (*By the way, an absolutely brilliant & insightful question, thank you for asking!*) Congress members currently get paid about \$175K per year; those in leadership positions about \$195K. If someone has been in Congress 35 or 40 years, their average salary has been about \$130K, which means they have earned about \$5M in their career. *Yet, they have fortunes amounting to over \$100M!!* Even Congress members who have only been in office a few years have amassed small fortunes after coming to Congress with few assets. How does this happen? Is it possible that the recently found \$4.7T in government transfers, without any reason or tracking information identified, have something to do with it? Could it be that the money sent to foreign governments & NGOs that has disappeared has made its way to the bank accounts of our Congress members? Explore the judges who have issued injunctions. Many of them or their family members serve on boards, work for or run NGOs that are funded by your tax dollars! Heaven forbid that all of this is true, but don't we, the American people & America's stakeholders & investors, have a right to know? Wouldn't the investors in your company want to know if money was leaking out of your operations to serve some nefarious purpose? Judges jump in & claim the President has no right to fire employees or cut spending, but all government agencies & programs fall under the responsibilities of the Executive Branch, led by the President. Imagine a judge telling you where you had to spend your money, that you could not investigate suspected fraud or fire a disloyal employee not living up to your company's mission! Would you accept that? And if you could pick anybody to actually bring efficiency to your company & reduce any waste, why wouldn't you hire the guy who fired 85% of the employees at *Twitter*, can parallel park a rocket, turn on the internet for hundreds of thousands hurricane victims with the flip of a switch & who believes in total transparency? And what's wrong with transparency? Don't we all want to bring wasteful & corrupt spending into the light where it can be examined? Supreme Court Justice Louis Brandeis wrote, "*Sunlight is said to be the best of disinfectants,*" in a 1913 article in *Harper's Weekly*; believing transparency could reduce financial crimes. The American people need to know why 20M people over the age of 100 are collecting Social Security – with 75% of them between the ages of 110 & 200 years old! (*Talk about compounding interest!*) We need to know all about the billions of dollars the government spent on consultants to teach racist & depraved behaviors in the government & even in other countries! We need to uncover (& recover, as the Department of Homeland Security did this past weekend, to claw back \$59M in funding) what has been spent on housing, feeding & supporting illegal aliens who broke the law when they entered this country. We need to expose the pure stupidity of government spending on projects, research & grants that serve no scientific purpose but only provide succor to those pursuing social agendas. And we need to trace all these payments – follow the money - to find if dollars ended up in our politicians' & bureaucrats' pockets! As Neil Diamond might say, "*I'm not a man who likes to swear, but I don't care for the sound*" of our taxpayer money dripping, no, pouring, out of the government. So yes "*I am... I said,*" mad! It's our money! Your money! My money! *It's our money Doge-gonit!*

INDUSTRY NEWS: *Constellation Brands* acquired a minority stake in *Hiyo*, a nonalcoholic tonic containing a blend of functional ingredients, including adaptogens, nootropics & botanicals. *YES Cacao*, botanical-infused chocolate products, raised \$200K from undisclosed investors. Canadian plant-based food tech company *UMYUM* raised \$6M. *Brother's Bond Bourbon* raised \$7.5M. In Japan, *Kinish*, casein from rice

farming, raised \$800K in a seed round, from *Genesia Ventures, Lifetime Ventures, Full Commit Partners & Mitsubishi UFJ Capital*. Startup *Proteins for All* raised €16.9M to launch a plant-based protein plant in Spain. In Europe, *Kynda* raised €3M for its fungal-based fermentation & mycoprotein development led by *Enjoy Ventures* with *PHW Group, Clima Now & C.E.L.L. Investment*. *ZYMBOL*, a Spanish biotech company performing enzyme discovery & design, raised €3M led by *Faber Ventures*, with participation from *Elaia Partners & Übermorgen Ventures*. Texas ag drone maker *Hylio* raised \$2M through *StartEngine*. *Lanch*, a studio that develops social media influencer food brands, raised \$27M co-led by *Felix Capital & HV Capital*. *Spore.Bio*, AI contamination sensing for CPG manufacturing, raised a \$23M Series A with participation from *Point 72 Ventures, 1st Kind Ventures, Station F including LocalGlobe, No Label Ventures & Famille C. Imperia*, supply chain management platform, raised €10M co-led by *Burda Principal Investments & Samaipata*, with participation from *Acurio Ventures & Draper B1*. In Spain, bio-fermentation *MOA Foodtech* raised €2.3M from the *European Innovation Council* & a commitment for another €12.5M from EIC. *Next in Natural* acquired *Aura Bora*. *Celsius* acquired *Alani Nutrition*, wellness products for younger consumers, for \$1.8B. *Vandemoortele* acquired Italian frozen bakery *Lizzi* from *Forno d'Asolo SpA*; terms not disclosed. *Ahisma Corporation* acquired vegan wings & pizza maker *Blackbird Foods*. Asian shrimp & seafood distributor *CenSea* acquired Mexican & Ecuadorian shrimp company *Ocean Garden*. *Valio* acquired *Raisio's* plant protein business, including the *Härkis & Beanit* fava bean brands, for €7M. *Pernod Ricard* purchased the remaining shares of South African distiller *Inverroche*. *Dora's Naturals* sold its HPP assets to *Universal Pure Holdings*. *GrubMarket* acquired *Bay Cities Produce*, a foodservice distributor based in San Leandro, CA. In the UK, *Remy*, an AI platform to tackle food waste at home, was acquired by *Kitche*, a home food waste prevention app. *Unilever* acquired British personal care company *Wild* for \$286M. *Kraft Heinz* is reportedly working with investment bank *Houlihan Lokey* to sell its Italy-based infant food product brand *Plasmon*.

Walmart beat 4th QTR estimates on grocery & eCommerce results & gained market share, but future revenue guidance caused a drop in the stock price. *US Foods* reported that 4th QTR net sales increased 6.2% & gross profit rose 4.8%. French mega-grocer *Carrefour* reported 2024 sales growth of 9.9% while adjusted EBITDA grew by 1.7%. Limited time promotions drove *Wendy's* 4th QTR income up 1.4% & revenue 5.4%. Revenue increased 7% & operating income 9% in 2nd QTR for traceability platform *ReposiTrak*.

Sprouts Farmers Market will launch a nationwide consumer loyalty program nationwide, its first, planned for 3rd QTR. *BJ's* opened a club store in Brooksville, FL. *King Soopers* employees have suspended their strike & will return to negotiations. *Loblaw* will invest \$10B in its store network by 2030. *Stop & Shop* workers across New England are threatening a strike. *Sullivan's Grocery* will open its 10th location in Mississippi. *HEB* has opened another eCommerce fulfillment center in Houston. In the UK, *Lidl* is the first grocer to open a *TikTok Shop*. *Ahold Delhaize USA* renewed its data partnership with *Circana*. Using *Divert*, *Giant Food* has prevented 80M pounds of food from being wasted. In the UK, *Sainsbury's* is converting food waste into fuel for 30 trucks at one of its distribution centres (*that's English for centers*). *Coca-Cola* launched a prebiotic soda, *Simply Pop*, with fiber for gut health & Vitamin C & zinc for immunity support. *Mondelez* launched *belVita* energy snack bites. *Seven Sundays* launched *Little Crispies* sorghum cereal. Netherlands infant formula brand *Kabrita*, made with goat milk, will enter Canada. *Huxley*, superfruit energy drink, won the *Brandjectory+DreamMakers Pitch Slam*, awarded first place by a panel of some of the CPG industry's most knowledgeable investors. *Cascade Milling* will expand its organic flour milling facility in central Washington. *Charms* will invest \$97.7M to expand its *Blow Pop* factory in Covington, TN. *PepsiCo* will close its *PopCorners* plant in Liberty, NY, affecting more than 200 workers. *Yum! Brands* will relocate the *KFC* corporate offices to Plano, TX, from Louisville, KY. Indonesian aquatech platform *eFishery* accelerated its mass layoffs due to financial stress. *Brighter Bites & +BOX* will combine resources to accelerate their missions of improving health outcomes & providing knowledge to make healthier choices. *Walmart* will partner with *Helios AI*, using the tech provider's agricultural commodity pricing & supply chain platform. *Agritask*, crop supply data intelligence, rebranded as *Acclym*. *Serve Robotics'* sidewalk delivery robots will enter Miami, making deliveries from *Shake Shack & Mister O1 Extraordinary Pizza*. *Dutch Bros* will pilot a food menu test. The new Administration has indicated an intent to change HPAI policy away from mass culling, which has resulted in high prices & 100M destroyed chickens. Nebraska has passed a law requiring manufactured proteins be labeled 'lab-grown' or 'cell-cultured.' *PepsiCo* joins the list of companies ending their racist & discriminatory hiring, promoting & operation processes. *Uber* sued *DoorDash* over alleged anti-competitive practices with restaurants. C-stores are suing *PepsiCo & Frito-Lay*, claiming discounts provided to big box retailers are not made available to them.

Per *FMI*, shoppers for fruits & vegetables are quickly migrating their purchases from traditional grocery stores & supermarkets to mass retailers & supercenters. From a *Harris* poll completed for *Mondelez*, 91% of consumers eat at least one snack each day, 63% eat two snacks & 31% consume three snacks; 62% of consumers prefer small meals & snacks to meals. An *Acosta* survey shows that 75% of consumers purchase natural or organic products, but 40% think the terms mean the same thing. From *Conagra*, mini snacks & bites have a 21% CAGR over five years. A survey from *Kroger's 84.51°* reveals 83% of consumers are aware of the Food & Drug Administration's ban on Red No. 3 synthetic dye in foods & beverages, 47% avoid foods with Red dye No. 3. Foodservice operations are projected to generate \$1.5T in sales in 2025, according to the *National Restaurant Association*. The index for all food-at-home, meanwhile, increased 0.8%. British Columbia created a new \$10M fund to help tree fruit growers overcome low yields. Strong volume offset cold wet weather across the USA to ease most produce prices, but flooding on the west coast & in the southeast drove up the prices of berries & avocados. Worldwide soybean production will increase 5% year over year to 418M tons.

MARKET NEWS: Markets were lower for the week on FED minutes as investors continue to weigh tariffs & the budget bill. Reporting S&P companies boast revenues 5% higher than a year ago & 1.1% higher than estimates; 74% of companies reporting have beaten Wall Street estimates. Building permits were higher than expected, housing starts were below estimates, existing home sales fell & jobless claims were higher than expected. February consumer sentiment was lower than January coinciding with the uptick in inflation. The manufacturing PMI was reported higher than expected while the services PMI came in lower.

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