



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



In M\*A\*S\*H, Hawkeye always fights against the war raging around him. He treats a wounded soldier smelling of moldy water & begins to have nightmares. His childhood friends are meeting violent ends. The war has invaded his dreams! He begins to mentally & physically fall apart. Psychiatrist Sidney Freedman makes Hawkeye realize the smell brought back a suppressed memory - his favorite older, trusted cousin pushed him underwater, then pretended to save him. A small memory took Hawkeye down, not the war. Sidney tells him, "Oh sure, it's the little battlefields, the ponds, the bedrooms, the school yards that can leave some of the worst scars."

**THE WORST SCARS:** The Seven Deadly Sins do not come directly from the Bible. They first appear in 4<sup>th</sup> century AD monastic teachings as the 'eight tempting thoughts.' In 590 AD, Pope Gregory I refined the list to what we know today: Pride, Envy, Gluttony, Lust, Sloth, Greed & Wrath, the Pope saying that Pride was the worst of the sins. These sins arise from an internal weakness in the spirit & soul. They are 'deadly,' because they kill one's soul & the punishment is Hell. But aside from Pride being the worst of these, they are not ranked in severity nor is it clear that they receive different punishments. In the *Inferno* ([All Ears!! 11/7/20](#)), Dante describes the circles of Hell, with the deepest circles of Hell reserved for the worst offenses. Dante looks at any sin based on its impact & the actions & intent of the violator. Dante sees Pride & Envy as punishable in Purgatorio, because these souls are redeemable for their spiritual sin - they were just misguided by their emotions. He sees each of the other five sins as a weakness of control. They are punishable in the first five circles of hell. But then Dante creates four more circles for what he sees as the worst crimes: heresy, violence, fraud & treachery. The last two circles are reserved for the two sins that Dante believed were the most severe, fraud & treachery. Why did Dante, like Plato & Aristotle before him, see fraud & treachery as the worst of sins? These sins involve breaking a promise or trust. It takes cunning, calculation, planning & intent. Dante describes the punishment for fraud, in the eighth circle, as an evil stone ditch, characterizing the decay of civilization & filled with those who caused it: the seducers, panderers & flatterers; the hypocrites & thieves; the falsifiers who sow discord & fraud; & the barrators, the corrupt lawyers & politicians who enrich themselves by trafficking in public office. The barrators & politicians are boiling in black pitch to represent their sticky fingers & dark deals, guarded by creatures with 'evil claws' who tear at their flesh. The ninth circle is an icy Hell for those who committed treachery & betrayal; to their kin (frozen up to their necks in ice, but able to bend their heads from the wind) & worse, to their country (frozen in ice, but unable to move their heads, gnawing on the heads of other traitors). Sidney Freedman was correct: we all carry scars from growing up. Some scars are physical, one too many falls on the playground or trying something foolhardy or dangerous. And some scars are emotional because children are brutal & painfully honest. Everyone growing up has likely been told or heard behind their backs that they were too short, too tall, too skinny, too fat, too dumb, too smart, too poor, too rich & spoiled. They were labeled as a dumb jock, a flirt, a weirdo or just too perfect. Inside every person lurks the remains of the short, ugly, poor kid; the nice girl everyone took advantage of; the rich kid whose friends only wanted to leech off the wealth or the jilted young love with a broken heart. We grow out of these, realizing our self-worth comes from the life we live, the friends we make & the blessings we enjoy. But Hawkeye's nightmare was not just a simple playground incident. He loved & admired his older cousin. Everyone thought his cousin was the best! He was like a big brother to Hawkeye & Hawkeye wanted to be just like him. So when his cousin pushed him under the moldy water of the fishing pond, he betrayed a sacred trust! There is a body of psychological study, & even theological & philosophical thought, about moral betrayal. People who are harmed by those they trust carry their scars much deeper than those harmed by strangers or kids on the playground. These scars, caused by the violation of a moral expectation by a trusted someone, are much more damaging. Those betrayed become sensitive to power's abuse, measure a person's trustfulness, see hypocrisies, seek fairness & justice & have a sharper moral focus, for others & themselves. Sadly, think about the news we read; the victims of betrayal by those who should have been trusted & depended upon - family, teachers, coaches, doctors, lawyers, judges, politicians. 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." Aristotle sees betrayal as the breaking of the natural moral order or code that exists without any relativity or justification. This is why betrayal does not just hurt; it violates all standards of accepted behavior. Think of Judas Iscariot & Peter. Both violated Jesus's trust. Judas for money; Peter because he was fearful. Judas was intentional & calculating. Peter acted with emotion in the spur of the moment. Judas turned inward & self-destructive. Peter is repentant, seeks mercy & finds redemption. Judas's actions were cold & calculated; he falls to the deepest level of Hell. Peter's betrayal & redemption fits with Dante's consideration of intent. Peter acted out of weakness, he is redeemable in Purgatorio. Thomas Aquinas was a strong believer in mercy, "Mercy without justice is the mother of dissolution; justice without mercy is cruelty." But should we ever show those who repeatedly & intently break our trust mercy? Philosophers like Nietzsche, Locke, Hobbes & others all saw how betrayal shapes the victim, finding in the victim a higher sense of justice & morality. Hobbes believed that if betrayal, the breaking of a trusted moral code, went without punishment, society would become fearful, unsafe & fall into chaos, Aquinas's 'mother of dissolution.' From Hobbes, "Covenants, without the sword, are but words & of no strength to secure a man at all." From Locke, "Wherever law ends, tyranny begins;" indicating when repeat offenders continue to get away with betraying others, they become tyrants & society breaks down. Locke also writes, "The end of law is not to abolish or restrain, but to preserve & enlarge freedom," echoing Hobbes' view of a safe & just society. Nietzsche recognized how betrayal & treachery hurt the individual; his writings suggest again the deepest pain burns from the injustice served by being wronged. And while Aristotle would suggest being magnanimous & forgiving, Nietzsche & Hume suggest it is normal to seek revenge to properly put the world in balance. Perhaps this is why people are so distrustful & so angry at our government, the world is not in balance. Our lawmakers are constantly breaking our trust & violating the natural moral code. They refuse to fund the organizations that protect us, despite the tons of money they collect from us on April 15 & throughout the year. They refuse to codify expense reductions. They refuse to protect the sanctity of elections or charge those who clearly committed election fraud. State governments commit billions of dollars of fraud every year, channel money to criminals, & refuse to do anything

about it. Local & state governments tax success. Lawyers & judges appear to be on the side of the lawbreakers, many of them who commit the worst crimes against humanity! And for many years, politicians' dirty deeds have enriched themselves & our Nation's enemies. Politicians commit the worst kinds of assault. These people repeatedly break our trust, & they never seem to be punished. As Locke points out, relationships & governments exist to protect & sustain well-being, but when they harm & exploit, they lose legitimacy; people will continue to commit crimes & even take the law in their own hands, such as attacking our law enforcement officers. From Locke, "Whenever the legislators endeavor to take away & destroy the property of the people, they put themselves into a state of war with the people, who are thereupon absolved from any further obedience." When Locke speaks of 'property' he means our rights, to life, safety & security; our liberty, freedom & autonomy; & our material possessions. Our Sacred Rights are granted by God, not government. When a people have been abused by their government & the lawbreakers are not held responsible, Hobbes tells us society becomes solitary, poor, nasty, brutish & short, falling into despair & self-destruction. With previous administrations having left so many scars, it is no wonder that even after all that has been accomplished over the past 15 months in our country & around the world, people cannot believe – trust- that a good, honest & honorable man sits in the highest office, trying to save America & the world, creating freedom & justice for all!

**INDUSTRY NEWS:** *Chlorophyll Water* raised an investment led by *Blue Scorpion Investment*. In London, nutritious beauty shake brand *Lucille* received an investment from *Iris Ventures*. Frozen stuffed pasta maker *Ripi* raised \$2.4M led by *Cutting Horse*, with *Great Circle Ventures*, *Paperboy Ventures* & *SuperAngel Fund* involved. In the UK, dairy brand *All Things* raised an undisclosed investment led by *The Equity Studio* with *Access Industries* & *Active Partners* participating. Also, in the UK, *Clean Food Group* raised £4.5M led by *Clean Growth Fund* & *New Agrarian* for its production of essential oils & fats through fermentation from food waste. Kingswood Capital Management made an investment in poultry processor *Soulshine Farms* & *Pearl River Foods*. In Japan, *Culta* raised \$4.5M for its AI-based non-GMO crop breeding technology. *Divert* announced a strategic partnership with *Mitsubishi Corporation*, who acted as lead investor in *Divert's* Series C financing for its food waste platform. In France, *Agriodor*, crop protection solutions based on natural plant scents, raised €15M led by the *Environmental & Solidarity Revolution Fund*, with *Région Sud Investissement*, *CAAP Création*, *Capagro*, *CapHorn* & *SWEN Capital Partners* involved. *Mark Anthony Group* will acquire the *Finnish Long Drink*. *GrubMarket* acquired Houston-based *Schoenmann Produce*. *Hood River Distillers* acquired *Crater Lake Spirits*. *Guardian Capital Partners* acquired *Nugredient Solutions*, a nut-butter & plant-based ingredients manufacturer. *No Sleep Beverage* acquired the brands *Whiskey Del Bac*, *Nine Banded Whiskey* & *Ume Plum Liqueur*. *Instacart* will acquire international retail tech platform *Instaleap* for an undisclosed amount. *Chevy* will acquire veterinary platform *Modern Animal* for an undisclosed amount. In the Netherlands, *Prosus* sold its 4.5% stake in *Delivery Hero* to *Uber*; *Prosus* acquired *Just Eat Takeaway* last year. *Sazerac* has bid \$15B for *Jack Daniel's* maker *Brown-Forman*. *Triodos Investment Management* & *Fondation Asset Management* launched a capital fund aimed at transitioning farmland & forests to regenerative farms in North America & Europe. In Great Britain, *Eka Ventures* announced an £80M fund to back UK-founded startups in the health & wellbeing. *Casey's General Stores* has been added to the S&P 500. *Suja Life* filed for its IPO.

*Albertsons* had a 4<sup>th</sup> QTR revenue gain on soft comparables; the grocer reported a net loss due to legal settlements. In 1<sup>st</sup> QTR, *PepsiCo* posted significant gains in revenue & income. *Sodexo* had a weak first half & lowered its full year forecast; the stock price took a double-digit hit.

*7-Eleven* will close 645 stores in 2026 as part of its USA makeover. *Albertsons* plans \$2B in capital expenditures in 2026. *The Giant Company* will open a store in Ephrata Township, Lancaster County, Pennsylvania. *T&T Supermarket* opened its second store in the Ontario city of Mississauga. *Sheets* will invest \$1B to build 100 stores in Indiana over the next 10 years & *New York City* will open a city run grocery store in 2027, illustrating the clear contrast between capitalism & communism. In the UK, retailer *Morrisons* will cut 200 corporate office jobs. *Walmart* will update & refresh its private label brand *Great Value*. Also, *Walmart* will invest billions to upgrade 650+ locations & build 20 new stores by early 2027. *Associated Wholesale Grocers* will launch two private label specialty brands: *The Wellwerks*, a line of functional & and other food products, & *Nüwerks* which includes vitamins, protein powders & other nutraceuticals. *Save A Lot* will consolidate its Hispanic private label brands under one new brand name, *La Tierra de Sabores*. *Winn-Dixie's* grocery delivery by *Amazon* now covers a majority of Florida households. *Uber Eats* began service in Denmark as *Just Eat Takeaway* shut down operations. *Dollar General* will partner with *QSI* to bring in-store ads to 6,000 locations. *Kowalski's Markets* implemented *EmpowerFresh's* AI produce inventory & ordering platform. *Harps* deployed *SmartMeals*, an AI shopping assistant across its chain. *Walmart* will add *Wetzel's Pretzels* to its foodservice options in SoCal with plans for a wider roll out. *Smash Kitchen* will launch salad dressings at *Walmart*. *Hershey* will begin to add protein to its food bar portfolio. *PepsiCo* will remove artificial colors from *Gatorade*. *Mondelēz International* made a dozen milk chocolate bars using faux-cocoa butter produced from cell-cultured technology developed by *Celleste Bio* & plans to manufacture faux-chocolate within two years. *Beyond Meat* will roll out a line of faux breakfast sausages. *Cheney Brothers* opened a 386k sq. ft. refrigerated/freezer distribution center in Florence, SC. Sausage maker *Swaggerty's Farm* opened a new 50k sq. ft. production expansion in Kodak, TN. Food manufacturer *Winland Foods* will invest \$38.5M to expand its pasta production plant in South St. Louis. *Gibbon Packing*, a subsidiary of *American Foods Group*, confirmed a water well undergoing maintenance collapsed at its processing facility. The *Virginia Poultry Growers Cooperative* will make a \$113.9M investment in its operations in Rockingham County to process 4.5M additional turkeys. *BASF* will invest €40M to modernize & expand its seed processing facilities in Nunhem, the Netherlands. Workers at the *JBS* facility in Greeley, Colorado ratified a new contract. *Kroger* has been accused of colluding with trucking companies to prevent drivers from gaining work. The SEC has filed a lawsuit against the founder & former CEO of shuttered *Drake's Organic Spirits*, alleging he orchestrated a years-long investor fraud scheme that raised \$2.4 million. *Albertsons* settled an opioid lawsuit with a \$774M settlement. *John Deere* reached a \$99M settlement in the 'right to repair' lawsuit claiming *Deere* monopolized repair options. The New World screwworm was found 90 miles south of the Texas border. Craig Stevenson was appointed CEO of *Gotham Greens*. John Brase, formally president/CEO at *Smucker's*, has been named CEO of *Conagra Brands* replacing Sean Connolly. *Hershey's* USA president, Andrew Archambault, will leave & a replacement will be sought. Max Mullen, co-founder of *Instacart*, is stepping away from his day-to-day role.

*Kantar* & *The National Retail Federation's* annual ranking of the world's top retailers remained the same at the top as last year with *Walmart* claiming the top spot. In a survey from *OnDeck*, 37% of Americans are allocating the bulk of their grocery spending to local, independent stores, the highest share of any retail category. From *Gallup*, 62% of Democrats drink alcohol, while only 46% of Republicans drink. Broccoli & cauliflower prices are rising with the Salinas Valley harvest behind schedule. The California grape harvest will begin early due to warm weather.

**MARKET NEWS:** The S&P 500 & Nasdaq touched record highs as war news & economic reports were positive. The DOW once again closed in on 50K. The PPI & Core PPI were lower than expected for the month. The Philadelphia & Empire State manufacturing indexes showed significant increases. Our President continues to make the world safer as Iran moves closer to making peace with the world. Oil prices declined rapidly as the President's blockade of Iranian ports forced Iran to capitulate & open the Strait of Hormuz to commercial shipping.

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

THE LITCHFIELD FUND – *Tom Malenka*

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