



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



IN MOVIES AND CARTOONS, a character is often faced with a defining decision. As an example, Bugs Bunny is faced with a dilemma, he has to choose between doing the right thing or the wrong, self-serving, personally advantageous & beneficial thing. Suddenly, on one shoulder appears a little angel & on the other shoulder a little devil – they both look exactly like Bugs! They each whisper their case in his ear, extolling the virtues & benefits of their position. The two little personas may argue, even engage in fisticuffs, until one wins or Bugs sweeps one aside to march off to take action! This argument for Bugs' moral conscience takes place in Bugs' mind & heart, in total & complete privacy.

PRIVACY: Unlike today, when almost any language can be used or any type of discussion can take place in any forum – TV, movies, social media, business settings, schools, etc. – there was a time when Emily Post & Miss Manners defined the Rules of Engagement. Certain topics were not to be discussed in public or among polite company – money, sex, religion & politics! These conversations were to be reserved for only your spouse, maybe family or perhaps a close friend & confidante. In our house we talked about money, or the lack thereof, a lot. But the other topics were not mentioned. We watched the news regularly but rarely discussed anything that was happening in the country or the world. But as I approached my first Presidential election, I began to speak to my mom & dad about the way they & our family had been casting our votes for decades. I gave them examples of how their values, or at least the values they had instilled in me, did not match the way they were voting. The examples were specific - what the candidate of their choice had actually done & how that differed from what the candidate said they would do or believed. My mom & dad changed their voting habits going forward. Voting, in a fair & honest election, is still a very private matter. A person can walk into the voting booth & vote exactly how they see fit. So if a person wants to continue to see millions of illegal immigrants pour across our borders to get access to government provided benefits like healthcare, welfare, phones, housing in posh hotels & prepaid debit cards, all of which are paid for by the hardworking taxpayer's dime (the same hardworking taxpayers whose jobs these illegal immigrants steal away by being willing to be paid less); the person can just walk into the voting booth & pull the lever. If a person likes the idea of drugs like fentanyl (the #1 killer of young people) coming across our borders; the vilest & most despicable people trafficking women & children across our borders; murderers & rapists entering our country illegally to prey on women & children in our towns & cities; gangs overrunning our communities & homeless people with mental disturbances littering our sidewalks; the person just needs to fill in the dot completely. If a person is comfortable seeing religious intolerance, hate & American flags being burned on our campuses & in our Nation's capital; believes murderous hate-filled terrorists are 'victims' & is not upset seeing innocents murdered, raped & kidnapped; they can just fill out their mail-in ballot in the privacy of their own home. If a person likes the idea of a world in turmoil & a weak United States that does not have any respect or standing in the world, or the economic or military capability to ensure peace; they just need to go to their precinct's place of voting, probably between 6 am & 7 pm depending on location. If a person does not care that families are struggling to make ends meet; that inflation continues to rage; that many families will never own a home; that credit card & mortgage debt have depleted these families' savings; that taxes are sure to increase & that small businesses are struggling & failing at record rates; the person can just fill in the circle completely with a black ink pen – but don't use a *Sharpie* (IYKYK)! If a person likes the idea of a failing USA economy just so they can feel good about themselves when they drive an EV across our beautiful amber waves of grain, purple mountain majesties & fruited plains that are now teaming with inefficient & ineffective metal monstrosities in search of a charging station, instead of a thriving USA economy driven to peak prosperity & international strength for centuries to come simply by harvesting our natural God-given bounty of fossil-fuels (oil, natural gas & coal); the person only needs to cast their vote. If a person believes parents should have no say over what their children are taught in schools & that children at all ages, from pre-K through college, should be exposed to & indoctrinated on all topics – money, sex, religion, politics & a host of other ideas rooted in sociofascist doctrine, all a person has to do is to make sure to vote whenever early voting begins. And if a person prefers a governmental ruling class filled with incompetent & biased bureaucrats to spend our money, instead of American people spending their own money the way they prefer; a ruling class that attacks its political enemies with phony news stories, lawsuits, impeachments & maybe even gunshots; a ruling class that suppresses the votes of legal & registered USA citizens just to maintain their power & seeks to give millions of illegal immigrants who have neither earned nor deserve the precious right to vote; then a person only needs to cast their vote as they see fit. Yes, a person's vote is private & we are told to vote our conscience. No one will ever know just how a person votes, unless of course the person shares it on social media with millions of strangers! But in a few months' time, America will face a defining decision & we will know the nature of America's collective conscience. We will all know if the little angel, the one who speaks of America's Greatness & Goodness, or the little devil, the one speaks of the basest evils of the time-worn & failed sociofascist doctrine, has won the collective hearts & souls of the American people. If the devil wins, his voters can ease their moral conscience just like Flip Wilson's Geraldine, simply saying, "*The devil made me do it!*" But the devil's voters, if they have a conscience, before casting their vote should heed Sophocles' warning, "*There is no witness so terrible, no accuser so powerful as the conscience which dwells within us.*"

INDUSTRY NEWS: *Overnight Oats* raised a \$35M series B for expansion led by *Enlightened Hospitality Investments*. Snack, confectionery & baked goods business *G.O.A.T. Foods* secured \$10M from *LAGO Innovation Fund*. *BranchOut Food*, dehydrated fruit & vegetable products, raised almost \$4M from

its leadership, *Eagle Vision Fund LP & Kaufman Capital*. *Jones Soda* closed on \$3M in its first tranche of private placement. *Irresistible Foods Group* (*King's Hawaiian, Grillo's Pickles, Shaka Tea, Innovation Bakers* & the *IFG Restaurant Group*) will enter a strategic partnership with Miamisburg, OH's *Killer Brownie*. *Diamond Brew*, instant coffee that fully dissolves in hot or cold water, emerged from stealth with backing from *Dream Ventures, Entrepreneur Ventures* & the *Kali Mata* family office. Farm data management platform *Leaf Agriculture* raised \$11.3M led by *Spero Ventures* & supported by existing investors. *Agrovision*, a large-scale, fully vertically integrated superfruit business, closed \$100M in equity financing from *Aliment Capital*. In Israel, *Blue Tree Technologies*, technology to remove sugars from juice, milk & beer, raised \$2.26M led by *OurCrowd* with participation from *Sucden Ventures*. Insect farm *Entocycle* raised \$2.6M for expansion from *Blue Ledge Capital, Startup Basecamp, Armajaro Holdings, TVC, Climentum & Teampact*. Sweden's *Millow*, minimally processed alt-meat substitutes from oats & mycelium, secured a €2.4M grant from the *EIC Accelerator* & up to €15M in equity funding from the *EIC Fund*. The *EIC* also awarded *Melt&Marble* a €2.76M grant to support development & commercial launch of its meat-like fat for fake meat. Poland's first cultivated meat startup, *LabFarm*, received \$2M in government grants. Wholesaler *Southern Glazer's Wine & Spirits* acquired New England alcohol distributor *Horizon Beverage Group*. *GrubMarket* acquired *Best Oriental Produce* a large-scale produce import - export business growing a wide variety of Asian produce. Scottish food company *Macallan Food Group* acquired two local meat producers, *Malcolm Allan & Macsween's of Edinburgh*. *Valeo Foods* acquired Canadian maple syrup company *Appalaches Nature*. *Davidson Kempner Capital Management & Afendis Capital Management* acquired *Ysco*, a private-label ice-cream producer. Belgian dairy cooperative *Milcobel*. *Capsa Food*, a large dairy company in Spain, bought a 40% stake in Spanish cream-cheese & mascarpone maker *Innolact*. In Croatia, food business *Podravka* acquired assets from local agri-food business *Fortenova Group* for \$361M. *Casey's* acquired *Fikes*, 198 retail stores in Texas, Alabama, Florida & Mississippi; *Casey's* footprint will reach nearly 2,900 stores. *Rosauers Supermarkets* acquired *Hank's Harvest Foods* in Twisp, WA; *Hank's Harvest Foods* now has 24 stores. *Registrar Corp*, regulatory & compliance software for food, cosmetic & life science companies, acquired *Foodsteps*, a UK-based operational impact platform. The USDA awarded \$7.9M in grants to 11 universities to research microbiomes. *Siddhi Capital* closed a new \$135M fund to invest in the consumer, food, beverage & food tech sectors.

Sprouts Farmers Market had a blowout 2nd QTR, beating estimates; same store sales rose 6.7% & *Sprouts* raised earnings estimates. Sales were higher but earnings lower for *Publix* in 2nd QTR; the retailer blamed timing due to Easter falling in the 1st QTR. Sales were flat through the first half for *Nestlé* though the profit margin rose; management pulled back full-year guidance. *Hershey* missed 2nd QTR numbers & lowered forecasted growth; weak consumer demand & high cocoa prices hurt the chocolate maker. Weak demand led to *Mondelez* missing 2nd QTR estimates. *KDP* reported 2nd QTR numbers in-line with Wall Street expectations; coffee struggled while soda showed strength. *Kellanova* beat 2nd QTR estimates, though sales were lower due to currency exchanges & its Russian divestment. *Kraft Heinz* reported mixed results in 2nd QTR & warned about future sales growth. Sales were down but profit up in *Danone's* first half; *Danone* confirmed forecasts & will seek acquisition & growth in the specialized nutrition segment. *Pilgrim's Pride* saw a 5.8% increase in 2nd QTR sales with a more than a 4X increase in earnings. Revenue & earnings missed in 2nd QTR for *ADM*; EPS fell 48% on soybean crush margins. *Gruma* reported strong 2nd QTR growth in income & sales; USA profitability was higher though sales slowed. Everything was down for the 2nd QTR at *Starbucks* as customers moved to other coffee shop offerings. *McDonald's* 2nd QTR revenue & earnings missed targets as consumers pulled back to deal with this administration's crushing economic policies; same-store sales fell for the first time in 4 years!

Wegmans opened its first store in Connecticut, a 92K sq. ft. facility in Norwalk. *Schnucks* will use *Instacart*-powered electronic *Carrot Tags* shelf tags. *Amazon Fresh* seems to be reigniting its store growth initiative. *Amazon's Just Walk Out* technology will get an AI upgrade to make the system more accurate, efficient & less costly. *Albertsons* will launch *Albertsons Rapid* with *Instacart*, extending pickup services to more than 2,000 locations while adding same-day delivery for *Haggen*. *Kroger* will expand its private label *Our Brands* portfolio with *Field & Vine*, a fresh produce line of USA grown berries. *HelloFresh* launched a new family-friendly menu enabling parents & kids to plan & prepare meals. *Grupo Bimbo* will shut down baked goods sites in Auburn & Olean, New York, impacting 131 workers & another facility in San Antonio, TX. *Flower Foods* will shutter a baking site in Louisiana. *Campbell* will end soup production at its Paris, TX, plant to convert the location into its flagship sauce production facility. *Knockout Butchery* will build a new \$3M+ beef processing facility near Roebuck, SC. *Smithfield Foods* acquired a dry sausage production facility in Nashville from *Cargill*. *Mizkan America* (pasta sauce & vinegar products) will invest \$156M to expand its Owensboro, KY, facility to almost 1M sq. ft. In partnership with organics recycler *Denali*, *Walmart* has installed *Denali* technology at 1400 *Walmart & Sam's Club* locations that separates food from packaging onsite. Swiss company *Hygrow* will build a vertical farm using *iFarm* technology. Food ingredient discovery platform *Shiru & Ajinomoto Health & Nutrition North America* will partner & employ AI to develop & commercialize sweet proteins. In Europe, *GNT* will partner with *Plume Biotechnology* to develop natural colors for food & beverages using fermentation. *Primient* will partner with *Synonym* on a bioproduct innovation center in Decatur, IL. Autonomous delivery company *Nuro* received clearance to test its next generation vehicles in Northern California as it seeks to regain momentum after recent setbacks. *Taco Bell* will roll out voice AI drive-thru ordering at hundreds of locations. *Boar's Head* announced a significant recall of its deli meats due to potential listeria contamination; several grocers, including *Stop & Shop, Big Y & Giant Food*, have closed their deli counters. *Aldi* recalled jalapenos, green peppers & green beans due to listeria risk. *Seaboard* will pay \$15M to settle its pork price-fixing involvement.

The CFO of *LMVH* indicated the champagne sales slump will continue due to the general unhappiness among people who have nothing worth celebrating. In the "Why do we need a study to confirm that" category, a study out of the UK shows adolescents are the most prominent consumers of ultra-processed foods. From *JD Power*, mail-order pharmacies are gaining in customer satisfaction & growth at the expense of traditional brick & mortar pharmacies. According to *Restaurant365*, 39% of restaurant operators are prioritizing investments in sales, marketing & related technologies for the rest of 2024 & 37% are focusing on staff with additional training, recruitment, salaries & benefits. Even with rising prices, cocoa grind rates are exceeding forecasts.

MARKET NEWS: Markets were crushed as the week ended as recession fears overwhelmed a possible September Fed rate cut. The ISM manufacturing index fell for the 7th month in the last 10; all components showed weakness. New unemployment filings reached an 11-month high, new jobs came in at a dismal 114K & the employment rate rose to 4.3%. GDP remains modest & fueled by government spending. Housing starts & consumer sentiment continued to drop. Treasury yields are leading rates lower ahead of any rate cuts. Investors fear a *Brooklyn Bridge 'Worst that can Happen'* election outcome that continues the economic policy mistakes of the current administration & a campaign promise to raise our taxes.

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