



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



It was 1985. The *Ford T-Bird* & the *Mercury Cougar* were the hot cars. They shared the same genes – the same chassis, same components & built on the *Ford Fox* production line. The *Cougar* was sleeker, more stylish, with upgraded components & engine. The *Cougar* TV ads connected with a mid-twenties single guy. A young, pretty executive throws her keys on her boss's desk & takes to the open road in a *Cougar* as Tina Turner sings, "*Left a good job in the city!*" In another, a couple is on the town; everywhere the young man looks he sees a *Cougar*. The music? *Survivor's* Jimi Jamison singing the American classic *I'll Be Seeing You*. So yes, a TV ad influenced my purchase decision!

INFLUENCE: Charles Dickens is credited with originating the phrase 'Sandwich Man,' a popular form of advertising in the late 19th & early 20th century. The author described the man walking the sidewalk with advertising signs hanging from his shoulders as "a piece of human flesh between two slices of pasteboard." As Americans took to the open road, billboards littered the landscape, from the rhymes of *Burma Shave* to the simple phrase, *Eat at Joe's*. On radio & early TV, the announcer or emcee would read a commercial during a break. Often, ads were worked right into the radio or TV script. "Hey Fibber," says Molly, "Light me a Lucky!" "Sure Molly," responds Fibber, "Lucky Strike's fine tobacco is perfect for a tasty, relaxing smoke!" Or, American bombshell Lana Turner walks into Bob Hope's *Pepsodent Show* studio. Bob says, "Hi Lana, it is always nice to see your bright smile!" To which Lana replies, "Well thank you, Bob! I use Pepsodent to make sure I have the whitest teeth in my close-ups with Johnny Garfield in our upcoming new movie from MGM, *The Postman Always Rings Twice!*" Then the studio orchestra would break into the then current *Pepsodent* jingle. Magazines were at their peak distribution in mid-century America; the ads in magazines were actually fine artwork, with catchy slogans & an abundance of information! The 1960s, 1970s & 1980s brought classic TV commercials, with slogans & taglines that will be forever etched into our national culture: *I would rather fight than switch! I can't believe I ate the whole thing! That's a spicy meatball! Plop, plop, fizz, oh what a relief it is. You'll tell two friends, & they'll tell two friends, & so on & so on. Where's the beef? Wassup! You deserve a break today! Let's give it to Mikey, he hates everything. Who likes short shorts?* Of course, there were rugged workmen selling *Winston* & handsome cowboys selling *Marlboro*. Classy women puffed on menthol *Salem* or *Virginia Slims*. Naturally, good-looking women sold hair & beauty products. Every automobile ad featured a beautiful woman standing next to a hot car! (Or was it a hot woman standing next to a beautiful car?) Gorgeous women sold just about everything, including showcasing an everyday household appliance on *The Price is Right* with Bob Barker. Everyone took a double take at the *Doublemint* twins & in 1980, a fifteen year old Brooke Shields told us that nothing came between her & her *Calvin Kleins*. But some time ago (probably around 2009 because that is when everything rotten in America seemed to begin) political correctness (the fancy term for woke) infiltrated TV, movies, media & advertising. Over the last few years, this effort has accelerated; these media offerings must push the standard, brainwashed, sociopolitical agenda items. Suddenly, all these mediums were seemingly required by the sociopolitical police to have characters of every race, ethnicity & sexual preference even if the actors did not fit in the role, the time period, actual history or serve the plot! It's hard to believe that commercials, once just annoying but fun & entertaining interruptions from a TV show, became laced with these sociopolitical agenda mantras. For many years now, advertising & commercials have tried to program us to adhere to an acceptable form of beauty, family & biology. No longer was it fine just to have a beautiful woman in TV or print advertising, that woman had to fit certain elements of a certain sociopolitical groups' acceptable forms of beauty. All forms of media - TV, movies, news media & even advertising & TV commercials - can influence people, not just their buying decision, but even their societal perceptions. But frequently, this backfires. *Gillette's* stock & sales fell drastically after they showed a father teaching his daughter (whom the dad seems to believe could actually be male) how to shave. *Jaguar* lost 97% of sales after its androgynous model commercials. *Target* lost sales & is still recovering from pushing sexual mantras at children. And of course, *Bud Lite* lost its standing as the world's biggest selling beer by pushing a man who thinks he is a woman at consumers, a far cry from the days of Spuds Mackenzie, bikinis & "*Tastes great! Less filling!*" This week, the politically correct, woke police were infuriated that a pretty woman, standing next to a hot car, was advertising blue jeans! They have leveled her with unparalleled hate, instead of just saying, "*Hey, I will buy Dockers, instead!*" So why the hate? Because she is beautiful, blond, blue-eyed & white? Because she does not fit their 'socially acceptable' sense of beauty? Because she reminds them of a time in American culture when society appreciated something or someone of beauty? Because she, & the commercial, are reminiscent of a time in America when men were only men, women were only women, & everyone was really happy about that? Or simply because she is proud of her good jeans? (Note: *That is J-E-A-N-S not G-E-N-E-S!*) They called her a fascist, racist & Nazi, which is hysterically hypocritical! These exact same people, these woke, politically correct, antisemitic & close-minded Karens are the ones shouting about killing the Jewish people, wiping Israel off the face of the map, protesting on campuses in support of terrorists, attacking ICE agents & hiding illegal aliens all while eating way too many pints of *Ben & Jerry's* antisemitic ice cream - in truth, they are the fascists! Let's be honest, some people win the gene pool! They are beautiful, handsome, tall, well-built, athletic and/or smart. These people will always have some influence, because guess what - as fellow humans who did not win the gene pool, it is in our nature to enjoy looking at & listening to these people! We want to associate, directly or indirectly, with winners! The biggest influencer in the world today is our President – tall, handsome, smart – a gene pool winner who every day uses his influence to win for the American people. He is influencing millions of young people, who are tired of the woke police, to view America & the world more traditionally. A poll from *Pew Research* this week showed Gen Z - our young people - have become much more conservative in their thoughts & beliefs, a shift (44% for men, 18% for women) that could last generations. *American Eagle*, *Dunkin*, *Hey Dude*, *Arby's* & other companies recognize this, & like any good marketer, they are appealing to their core customer! Yes, a pretty, young executive, a ride on the wide open American road, a bit of Bayou Rock & nostalgic classic song from the Great American Songbook influenced me! Just like K.C. Douglas, "*I bought me a Mercury to cruise up & down the road!*"

INDUSTRY NEWS: Stoli invested \$3.6M in non-alc beverage *Pathfinder*. UK-based food-tech brand *Modern Baker* secured £2.5M from *Adjuvo*. Beesou, an aperitif made from British honey & bottled at 11% ABV raised €500K from an undisclosed investor. Czech cultivated faux-meat maker *Mewery* raised €2.9M in grants, led by a €2.5M grant via *Horizon Europe's* EIC Accelerator. In the Netherlands, *MUCHgroup* raised €375K for its shiitake-based faux-meat alternatives; *Remagine Food* was among the investors. *TRIC Robotics*, autonomous robots with pest destroying UV-C light & bug vacuums raised \$5.5M led by *Version One Ventures*. In Canada, *4AG Robotics* raised \$29M for its autonomous mushroom harvesting technology; the round was led by *Astanor* & *Cibus Capital* with *Voyager Capital*, *InBC*, *Emmertech*, *BDC Industrial Innovation Fund*, *Jim Richardson Family Office* & *Stray Dog Capital*. *Farmers Business Network (FBN)* raised \$50M from *GV*,

Temasek & others for its digital ag intelligence platform. In Saudi Arabia, personalized meal subscription platform *Calo* raised \$39M by *Al Jazeera Capital* with *Nuwa Capital*, *STV*, *Al Faisaliah Group*, *Oraseya Capital* & *Khwarizmi Ventures*. In Greece, virtual kitchen provider *StiQ* raised €20M from the *European Investment Bank*. Tech investor *Prosus* is offloading \$250M of its \$4B investment in Chinese food delivery company *Meituan*; the investment company plans to divest its entire stake. *Wayne-Sanderson Farms* acquired *Harrison Poultry* in Crawfordsville, GA. Natural flavors supplier *FlavorSum* was acquired by PE firm *Warburg Pincus*. *Rémy Cointreau* acquired a minority stake in *JNPR*, a French non-alcoholic spirits brand founded in 2020. *Turri's Italian Foods* (owned by *Benford Capital Partners*) has acquired *Joseph's Gourmet Pasta* from *LaSalle Capital*. *Starco Brands* will acquire its contract manufacturer, *The Starco Group*. *Tilaknagar Industries* bought *Imperial Blue* whisky from *Pernod Ricard* for \$485M; *Pernod Ricard* also sold *Knappogue Castle* & *Clontarf* whiskey to *Cobblestone Brands*. *Coca-Cola* is selling *CHI*, a Nigerian food producer that it bought six years ago. *Ardent Mills* will acquire *Stone Mill*, a specialty cleaning facility in North Dakota. *Levine Leichtman Capital Partners* acquired *QSR Shipley Do-Nuts* from *Peak Rock Capital*. *Union Pacific* will acquire *Norfolk Southern* for \$85B uniting two of North America's Class I freight railroads, both major USA grain & produce shippers. Iowa's *Growers Edge*, financial products & data tools for agricultural retailers, manufacturers & lenders, acquired Palo Alto's *FarmTest*, a provider of an automated performance testing platform for commercial farms. *Sprouts Farmers Market* refinanced its credit facility at \$600M (from \$700M) arranged by *JP Morgan Chase*. Belgium's *FlyBlast*, genetically engineered black soldier flies to produce insulin and other high-value proteins, filed for bankruptcy. Indoor farm, *Vertical Future* is for sale on an insolvency market after posting pre-tax losses that exceed £10M.

Sprouts Farmers Market soared past 2nd QTR estimates posting another quarter of across the board growth. *Amazon* beat 2nd QTR estimates but a mixed outlet caused the stock price to fall. *Kraft Heinz* beat 2nd QTR estimates; the company took a \$9B non-cash impairment charge. *Kellanova* missed on 2nd QTR earnings but beat estimates on revenue. Foodservice drove positive results for *Pilgrim's Pride* in 2nd QTR with gains in sales & net income. Net sales were higher at *Seaboard*, but higher costs in poultry & a loss in its pork segment kept earnings flat. *Hershey* beat 2nd QTR estimates; *Stifel* raised their stock price. *Mondelez* beat 2nd QTR estimates but warned on cocoa prices. *Danone* beat 2nd QTR expectations on demand in China for infant milk formula & medical nutrition products. *Bunge* beat 2nd QTR estimates despite a down quarter bolstered by asset sales. *Unilever* beat 2nd QTR expectation; results were driven by its ice cream business which is set for a 4th QTR spin-off. *CVS Health* beat 2nd QTR earnings expectations & raised guidance; the stock price jumped with investors' faith in the company's turnaround. *CH Robinson* beat 2nd QTR expectations. *Starbucks* saw 3rd QTR revenue growth, but net income missed targets; same-store sales fell for the sixth straight quarter.

Erewhon opened a new location in Manhattan Beach. *Sprouts* launched its loyalty program nationwide. *Hannaford* has completed six store remodels. *Kroger* will use the *Flashfood* app to offer perishable items approaching their best-by dates at special pricing. The Department of Homeland Security reportedly found more than 200 illegal aliens working at *Market Basket*. *DoorDash* added six small regional grocers, including *Dave's Market* in Northeast Ohio & *Lucky's* in central Ohio. *Upshop* & *Inmar Intelligence* will partner to offer personalized marketing with reliable, real-time product availability. *Kraft Heinz* will bring its products to concerts in partnership with *Live Nation*. *Mondelēz* & *Hershey* will partner on *Reese's Oreo* cups & cookies. *Pressed Juicery* will launch at *Costco*. *PopUp Bagels* is looking to grow a dozen shops mostly in metropolitan New York to over 300 stores with franchise locations signed in Massachusetts, Connecticut, New York, Florida, North Carolina, South Carolina, Tennessee, Georgia, California & Maine. *Hain Celestial's Celestial Seasonings* will introduce functional teas formulated to meet specific consumer needs. *Beyond Meat* will rebrand as *Beyond*, which makes much more sense! *Starbucks* will test protein beverages featuring coconut water & artisanal food. *Mars* will invest \$2B in USA manufacturing through 2026; they opened a new production plant for its *Nature's Bakery* snack bar brand in Salt Lake City. *Chomps* opened a new 300K sq. ft. plant in Missouri. *Ahimsa Companies* will invest \$12M into its plant-based food manufacturing plant in Heath, OH. *KeHE* opened its new 530K sq. ft. distribution center, in Elkton, FL. *Traditional Medicinals*, makers of *Throat Coat* & *Smooth Move* teas, will invest almost \$50M in a new manufacturing facility. *Utz* will close a Michigan plant & release 75 workers as it streamlines operations. Finland's *Paulig*, maker of Tex Mex & snacks, will invest \$13.8M to expand production capacity at its plant in Barcelona. Canadian bread baker *Vibrant Health Products* (*Silver Hills Bakery*) will open its first USA manufacturing facility in Rossville, TN in a former *Eggo* plant that was leggo. *Reveam* & the *Mandich Group* have teamed up to build the nation's largest electronic cold pasteurization & cold chain processing facility at the port of Miami. USA indoor strawberry farmer *Oishi* will spend \$34M to build a R&D facility in Japan. Tech provider *Square Roots* launched *Sage*, an AI-powered assistant to support indoor farms. *Agri Advanced Technologies* partnered Brazilian egg producer *Raiar Orgânicos* to implement the first in-ovo determination machine in Latin America. The FDA approved foreign cultivated faux-meat from *Believer*; the company has completed its North Carolina factory. *Grupo Bimbo* will remove all artificial colors by the end of 2026. Prebiotic beverage brand *poppi*, recently acquired by *PepsiCo*, settled a nearly \$9M class action lawsuit concerning its gut health claims. *Danone* is suing *Chobani* for allegedly copying its cold brew packaging. In a recall, canned cocktail maker *High Noon* warned customers that some of its vodka seltzers were accidentally labeled as *Celsius* energy drinks. To *Make America Healthy Again* & improve the health of America's children, the President reinstated the Presidential Fitness Test; the test was discontinued in 2012. Cees Talma is the new CEO of *Welch's*. Upholding our family's farming tradition, my sister took home three first place ribbons, three second place ribbons & five third place ribbons for her vegetables at the Medina County Fair!

From digital commerce platform *VTEX*, online shoppers prefer to buy directly from a grocer's owned digital channel, expect loyalty programs to be accessible & want personalization. Consumer confidence in the safety of the USA food supply is at a 13-year low according to the *International Food Information Council*. According to *Numerator*, consumer spending on drinks is up 4.4%, with non-alcoholic sales surging 6.2% compared to just 2.4% growth in alcohol; 60% of consumers plan to drink more tap & bottled water for hydration. From *JD Power*, pharmacy customers are finding a better experience at mail order pharmacies, mass market merchandisers & supermarkets as opposed to chain drug stores. Avocado shipments coming into the USA hit a weekly high.

MARKET NEWS: Markets were lower for the week, a not unexpected pullback. Also, investors, who likely can't see the beauty of an *American Eagle* ad, don't understand the beauty of tariffs! The July jobs report was disappointing. It was uncovered that a deep state operator appointed by the previous administration was adjusting current numbers lower. This person was the one who falsely raised numbers during the previous administration. The first read on 2nd QTR GDP came in at 3%, well above expectations. The GDP price index came in at just 2.1%, below expectations. The PCE Price Index remained calm at 2.6% YOY. *Truflation* (which used 30M real time data points & precedes the CPI by 45 days) put end of month inflation at 1.67%! The Chicago Business Barometer rose but the ISM Manufacturing Index showed contraction. Job openings fell slightly. Initial jobless claims were below expectations. Gas prices in 17 states are now below \$3 per gallon. The President's trip to Scotland cost taxpayers \$10M but netted \$1.7T in USA trade benefit & investment, a peace treaty between Cambodia & Thailand & a new golf course! That's a 170,000% return on investment!! Upon his return to the USA, President Trump closed on deals with South Korea & Pakistan, bringing in more than \$500M in trade benefit to the USA! Mexico agreed to remove all non-tariff restrictions, so the White House extended the deadline for a trade deal with Mexico. Meanwhile, tariff letters went out to all other countries. The politically motivated FED left rates unchanged, even though interest rates remain at 20-year highs & GDP is higher than inflation! For the first time in 32 years, members of the Federal Reserve Board of Governors publicly dissented, calling for an immediate rate cut.

SEEDS, SPROUTS, GROW, HARVEST!
THE LITCHFIELD FUND — *Tom Malenka*
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