



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**IN COLLINWOOD**, we lived on the second floor of a duplex. There was a living room, dining room, kitchen, one bathroom & two bedrooms, one for our parents & one for me & my sister. Sixty years ago today, I was asleep on a Sunday night. My sister, six years older than me, was likely still awake. Either she or my mom woke me up. I remember walking sleepily to the living room. The black & white TV was on; I don't recall if it was still the round-tubed Crosley or the new Admiral counsel. My parents were watching *The Farmer's Daughter*, one of my mom's favorite shows. But it was "the really big show" that would be on at the top of the hour that is among my childhood memories.

**CHILDHOOD MEMORIES:** We lived in Collinwood until just past my 6<sup>th</sup> birthday. I have many memories of the neighborhood & the people. The streets were brick & the garage floor was hard packed dirt. We shared a driveway with the house next door. A dilapidated late '20s or early '30s English *Austin* sat on their side of the driveway. I would climb into the mouse-infested automobile & sit behind the wheel, trying to shift the gear stick. I would chalk out bases on the driveway, toss a wiffle ball in the air, take a swing & run the bases – a homer every time. The backyard was so small my sister & I would crash our bikes, my sister banging up her leg badly once. There was a little family run grocer, *Cooper's*, for quick pickups & the *IGA*, with its loud coolers & wooden shelves. *Jepson's Drug* had big shiny chrome soda fountains. I would run around the cement stones & angels at *Kotecki's Gravestones*, pretending to be Sgt. Chip Saunders. I remember walking along with the mailman as he did his route. Our landlady owned the neighborhood funeral parlor & there were coffin linens & such stored in our attic. The family below us were my parents' dear friends from Pennsylvania; their three kids, my sister & I were inseparable. They moved to the suburbs & a new family moved in; their kids older than my sister. I would sit on the front stairs & wait for Robbie to come home from school. He always had a comic book; he would sit on the stairs & read with me. There was our little street gang that would race our bikes up & down the street – me, Ronnie, Patrick, Stevie & Dennis (whose yard had a big buckeye tree). Our family walked to St. Jerome's for mass, the Commodore theater for movies, Euclid Beach Amusement Park, the upside-down ice cream cone shop & of course, Memorial Elementary School. My mom & I would walk to the school to meet my sister, stopping at my newly married aunt's little apartment; she & mom would drink instant coffee, the drink of adults at the time. My sister had a friend Babette; I have been told 'Babette' was my first word. There was a pretty little blond girl in my kindergarten class, Judy, who lived right next to the school & we would play before & after school on the playground. I remember my mom being part of the PTA, spending time at the school with her, including a reunion for the survivors & families of the 1908 Collinwood school fire & the frightening, horrible stories they told. There was the excitement of the early rocket launches, & with my sister, looking for the visible early satellites in the sky. Sonic booms would shatter the quiet at a time when military test trials were not as closely monitored. There are memories I have mentioned in this humble rag before: the taverns my dad frequented; the *McDonald's* & *Big Boy*; missiles in Cuba; the death of a general; the assassination of a president; the murder of his assassin, live on TV; my family watching *White Christmas*; my sister teaching me her school lessons; my uncle teaching me baseball. I recall a blind man in the neighborhood with a muzzled dog – we were told not to pet the dog. I remember the young man next door using a wrench to try to crank his convertible top shut. Once, my dad & the other men going out at night to try to catch a neighborhood prowler; my dad making me stand at the open attic window to watch across the backyards & scream if I saw someone I did not know. I remember the smell of fish in the dying lake & the humidity that would stifle the air in our little flat on a July afternoon. My mom, as the eldest in the family, hosted all the holiday dinners; the number of little cousins getting larger with each holiday, & playing with my cousin, Cindy. Childhood changed after we moved; or perhaps I just became more aware of the family's issues with money & alcohol. From author Graham Greene, "There is always one moment in childhood when the door opens & lets the future in. But our early memories are part of who we become." A child looks out into the world absorbing everything new & different - every sight, sound, smell, taste, emotion. As a child we are perhaps most real, most truly ourselves; caring not about how we present ourselves to others or how others see us – not worried about the future or the past, simply living in the present moment. On Sunday night, February 9, 1964, the family gathered in the present to watch the *Beatles* perform on the *Ed Sullivan Show*. From children's author Sarah Addison Allen, "Don't you wish you could take a single childhood memory & blow it up into a bubble & live inside it forever?" To see the world once more with wonderment, unburdened from the weights that life & age has heaped upon us, would be amazing. From Lewis Carroll, "I'd give all the wealth that years have piled, the slow result of life's decay, to be once more a little child for one bright summer day."

**INDUSTRY NEWS:** *Planet A Foods*, sustainable ingredients, raised \$15.4M led by *World Fund*; *Omnes Capital*, *Cherry Ventures*, *Mudcake* & *Nucleus Capital* participated. *Juneshine*, no sweetener hard kombucha, raised an undisclosed amount from *InvestBev*. *Heura*, alt-meat, raised €40M from *Upfield*, *Unovis Asset Management*, *Newtree Impact* & others. *Starship Technologies*, delivery robots in the USA & Europe, raised €83.6M, co-led by *Plural* & *Iconical*. *Innova Memphis* led a \$2.8M round for dairy sector data provider, *iYOTAH*.

*Jow*, personalized menu recommendation app, raised \$13M led by *Northzone*. *ProducePay*, an agtech produce supply chain platform, raised \$38M led by *Syngenta Group Ventures*. *First Bite*, data platform for manufacturers selling to food service, raised \$2M led by *Bread & Butter Ventures*. *PANOS Brands (Walden Farms, Chatfield's)* acquired the assets of salad dressing brand *Tessemæ*. *Dawn Foods* acquired *Royal Steensma*, a family-owned bakery ingredients manufacturing company based in The Netherlands. Snack maker *Grupo Apex* acquired *Tot Snack*, savory snack manufacturer; terms not disclosed. *Boettger Gruppe (Cavendish & Harvey brands)* acquired ailing confectioner, *Jahnke*, from *Ragolds Invest*; terms not disclosed. Baking company *Middleby Corporation* acquired *GBT GmbH Bakery Technology*. *BC Partners* sold frozen bakery manufacturer & distributor *Forno d'Asolo Group* for €1.1B to *Investindustrial* & the *Bagnoli* family. *Pilot Coffee Group* acquired the *Aegis Group's Bridgehead* coffee for \$3.5M. *Wholesale Produce Supply* acquired *G.O. Corporation*, fresh cut produce processor. *Seviroli Foods*, part of *Mill Point Capital*, acquired a portfolio of Italian food products from *Ajinomoto Foods North America*, including specialty Italian frozen pasta products. *Brookside Flavors & Ingredients* acquired *Sterling Food Flavorings*, a manufacturer of flavoring systems. *Advantage Solutions* sold its restaurant & hospitality services to *Prospect Hill Growth Partners* for approximately \$100M. *Metcash* acquired *Superior Food*, Australian food services, from *Quadrant Private Equity* for A\$412M. *MSD Animal Health* acquired the aquaculture-related assets of *Elanco* for \$1.3B. Canada's government will invest \$89M to support the nation's dairy, poultry egg processors.

*Ingles* reported 1<sup>st</sup> QTR sales & income declines. In 4<sup>th</sup> QTR, *CVS* saw an increase in revenue with a slight drop in income. *Tyson* faced headwinds in 1<sup>st</sup> QTR but income beat estimates. Net income at *J&J Snacks* rose 9.8% in 1<sup>st</sup> QTR; sales fell 1%. Sales rose 26% at *Post* in 1<sup>st</sup> QTR, adjusted earnings showed growth, but net income took a hit on swap activity. *Kellanova* delivered 4<sup>th</sup> QTR results that beat analyst estimates. *Hain Celestial* reported 2<sup>nd</sup> QTR flat revenue with a widening loss. *McCormick* projected a weak 2024 after a 4<sup>th</sup> QTR revenue miss, although income beat estimates. *Mondelez* saw 4<sup>th</sup> QTR sales increase but volume drop due to price hikes; despite strong income a weaker outlook with more price hikes caused a 2% drop in the stock price. Sales & income were up in *Starbucks'* 1<sup>st</sup> QTR but a slow economy in China & Middle East unrest caused management to lower guidance. *McDonald's* was up across the board in 4<sup>th</sup> QTR. *Chipotle* beat estimates in 4<sup>th</sup> QTR, the stock price rose almost 8%. *Hungryroot* grew 40% YOY to \$333M in net revenue with \$9M in profit. *Bunge* had a big 4<sup>th</sup> QTR; income was up 89% on a sales downturn.

*Ahold Delhaize USA* will partner with *DoorDash*. *Hy-Vee* will expand its *Instacart* delivery partnership. *Raley's* will downsize at its corporate offices. Rumors are *Target* is exploring a membership program. *PCC* will launch quiet shopping hours. *Trader Joe's* recalled salads & dressing tied to a dairy listeria outbreak. *Fulfilled by Misfits* features perishable brands they will store, pick, pack, fulfill & deliver their products nationwide. West Coast grocery operator *Good Food Holdings* launched its first private brand, *New Coast Foraging Company*, with empanadas & truffles. *Kraft Heinz*, for the first time in 10 years, introduced three new flavors to its *Singles* offering & *Mixology, Immunity & Energy* drinks to its *Crystal Light* brand. *Coca-Cola Spiced*, *Coke's* first new permanent flavor in 3 years, features raspberry & warm spiced flavors. *Health-Ade* launched a prebiotic soda, *SunSip*. *Subway & Lancaster Colony* will partner on sauces for retail. *General Mills* introduced *Loaded*; new varieties of *Cocoa Puffs, Cinnamon Toast Crunch & Trix* filled with vanilla crême. *Milkadamia* will launch a gum & filler free refrigerated organic artisan macadamia milk. *Corteva Agriscience & John Deere* will partner on comprehensive digital tools to help farmers manage their business. *Evogene & Verb Biotics* will partner on the development of new strains of probiotic bacteria. *Finless Foods*, cultivated seafood, is continuing to shed employees. *Cargill* acquired two case-ready meat plants from *Ahold Delhaize*. *Louis Dreyfus* is constructing a pea protein isolate production plant in Saskatchewan. *Mission Foods Mexico* will build a new tortilla plant located in Hunucma, Yucatan. *Bakery Express Midwest* is building a new 50K sq. ft. facility in Boone County, KY. *Sucro Can Sourcing*, an integrated sugar refiner, will build Canada's largest sugar refinery (1M ton capacity) at a C\$135M cost. *Performance Food Group* is building a 353K sq. ft. distribution facility in Missouri that will include a meat processing & packaging plant. *CJ Logistics America* will partner with *RL Cold* on a 270K sq. ft. facility in Atlanta. *Hershey* indicated some layoffs are coming. Terrorist attacks in the Middle East are now impacting the supply chain with bottlenecks in the Panama Canal. Farmers in Europe appear to have won a victory in opposition to the EU's oppressive regulations based on adherence to an unproven pseudoscience ideology. *Kroger* CFO Gary Millerchip stepped down in a move to *Costco*.

News worth knowing: *The National Chicken Council* estimates Americans will consume 1.45B wings during the *Super Bowl*. From *Kantor*, UK grocery inflation was 6.8% YOY in January, retail sales increased 2.9% & *Lidl* retained the top spot in growth. The size of the world cheese market will increase at a 4.5% CAGR through 2027, a \$39.1B increase per *Technavio*. The *National Restaurant Association* forecasts sales to exceed \$1.1T this year, setting a record. Research from the University of Chicago shows nisin, one of the most widely used food preservatives, has a damaging effect on good gut bacteria. Inflated cocoa prices have inflated the price of *Valentine's Day* chocolate products; sales are up but volume is falling. High prices also caused a fall in bacon purchases.

**MARKET NEWS:** Markets continued upward. The S&P closed above 5,000 for the first time in history. This administration pressed grocers to lower their prices instead of focusing on rescinding their own economic policies that are increasing transportation, supply chain & agriculture production costs. Credit card debt hit a new record, \$1.13T with delinquencies rising by 50% as the Secretary of the Treasury said there is no reason for prices to go down because wages are up. *If so, why are so many families in debt?*

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