



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

ON EASTER EVE. I said to my friend's young daughter, "Hey, you need to get to bed so daddy can hide the Easter eggs." Then, I realized what I said! Her dad looked at me & said, "She may still believe in a magical Santa Claus, but no way if she is so naïve to think a six-foot rabbit is coming into the house to hide eggs!" We watch what we say around kids because they're highly impressionable & quick to absorb what they hear. That's why a dad who slams his thumb with a hammer, or the mom who sees the pot of pasta boiling over, ready to unleash a string of words that would make a sailor blush, stop themselves before their words start echoing off the wall.

ECHOES: Children may not know what the words mean, but they pick up on their importance. They can feel the emotion. They see the reaction. And they are sure to believe trusted sources, whether it's parents, relatives, teachers, the talking head on TV or the post on social media. Even if they do not know what these words mean, or what an idea, concept or thought conveys, they know these words & ideas are meaningful. Parents work hard to prevent children from being exposed to words, thoughts or ideas that will negatively influence their growth & social development. Yet, parents send their children to schools & eventually allow them (or on their own get) access to social media. Suddenly, children are inside an echo chamber, where they repeatedly hear the same thing, constantly & consistently. But it is not just children who find themselves in an echo chamber. Studies show that it only takes a few times of hearing the same thing for it to be accepted as truth, with the biggest jump in acceptance happening within the first or second exposure! Also, someone who is not familiar with the subject, whether an adult or child, is more easily & quickly influenced, persuaded, or we might even say gaslighted, into approving & believing a new idea. We saw the echo chamber on full display this week. At an event that is supposed to celebrate the freedom of the press, a would-be assassin, living in the echo chamber the press themselves created, tried to breach the perimeter to attack our President. In the aftermath some of the media acts surprised, "How could this happen?" while others in the media & leadership double down on the echoes. A late night host tries to justify his comment that, "The First Lady is an expectant widow." Clinton's campaign strategist, longtime advisor & confidante commented, "I do not want that man to die. I want to watch him suffer." And the Democrat House leader called for "extreme warfare" against Republicans. For more than 10 years, the walls of the echo chamber – the media, entertainment, Democrat leadership & academic institutions – have repeated a simple mantra. Not just a handful of times. Endlessly. All day. Every day. 24X7. Everywhere. And because people see it so often, in so many places, they believe it must be true. This is called the Baader-Meinhof Phenomenon & was later studied as the frequency illusion, the psychological effect where a person suddenly encounters a recently learned concept then sees it everywhere, giving the illusion it has suddenly become more common. It was coined in a 1994 letter to the *St. Paul Pioneer Press* after a man learned of the Baader-Meinhof Gang, a radical West German leftist militant group engaging in anti-capitalist violence, including bombings, kidnappings & assassinations to overthrow the government. He noticed that after recently learning about the gang, he suddenly encountered the name everywhere. We have all noticed this effect, like when we buy a new car & suddenly see that model everywhere on the road. The brain is doing two things. First, it is paying selective attention, unconsciously looking for it. Then, your brain confirms that thought every time you see the vehicle, reinforcing the idea. This is not persuasion or propaganda; this is stronger because it is self-confirmed – my own observations tell me it must be correct. From Blaise Pascal, "People are generally better persuaded by the reasons which they have themselves discovered than by those which have come into the mind of others." So let's think about the resounding echo chamber, with the same message coming from all four of the walls. Multiple trusted sources – media, celebrities, political leaders, academics – all deliver the same message. This confirms it must be true because it has been observed so often & it is so overwhelming, all dissenting examples are filtered out or ignored. Because of the frequency it creates the illusion of truth. And that truth is then taken to the extreme. Is this being done on purpose? One of the prominent voices from well inside the echo chamber, Cass Sunstein, writes, "People who live in echo chambers tend to become more extreme in their views." This is exactly what the echo chamber participants are hoping to do. A single, simple thought, repeated often, creates overconfidence, "I must be right;" while continued exposure hardens the belief & the lack of dissent drives the view to the extreme. The echo chamber is Plato's cave. The shadows on the wall are all people see so the shadows become reality, because that is all that is presented & it is presented continually. Plato is warning that people can live in a world of perception, never knowing the truth. While Plato warns us that this can happen, Aristotle explains in his *Rhetoric* how it is done, how people can be persuaded into extreme views. It begins with ethos, the credibility & reputation of the speaker. Then comes pathos, the speaker creates a strong, powerful emotion. And finally, there is logos, the self-persuasion caused by repetition. Aristotle nails the hateful rhetoric of the echo chamber, "Rhetoric may be defined as the faculty of observing in any given case the available means of persuasion." This explains why the message from the echo chamber must be relentless. From Nobel Prize winner, psychologist Daniel Kahneman, "A reliable way to make people believe in falsehoods is frequent repetition, because familiarity is not easily distinguished from truth." Think of how the narrative has been repeated so often on so many different fronts, that total falsehoods are now accepted truth. The echo chamber is showing them shadows on the wall in Plato's cave, so these are now their truth: He's a rapist. He's a pedophile. He's a conman. He's a financial criminal. He's a bankrupt businessman. He's a misogynist. He knows nothing about the economy. He is a war criminal. He is a Russian asset. He will take away our rights. He has bruises on his hands. His ankles are swelling. He is dying. He is in the hospital. He will cause World War one-hundred-eleven (IYKYK). He has dementia. He is losing it. He is insane. His wife hates him. He is isolated on the world stage. He will put his enemies in jail. His supporters are white supremacists. He wants to be a king. It's no wonder there have been three assassination attempts carried out on him & the assassination of a 'spokesman of the truth' with this one sided, echo chamber narrative. People no longer seek the truth, & in fact, dismiss it as irrelevant. From 19th century French polymath Gustave Le Bon, "The masses have never thirsted after truth. They turn aside from evidence that is not to their taste." Media theorist & cultural critic Neil Postman offers the 20th century view, "What we need to fear is not that information will be withheld from us, but that we will be given so much that we reduce ourselves to passivity." But this is exactly what the echo chamber hopes for, that these falsehoods will be passively accepted as truths. This is why they can't catch themselves, why there is no voice shouting "Stop!" in their heads. From another prominent voice inside the chamber, Noam Chomsky, "The smart way to keep people passive & obedient is to strictly limit the spectrum of acceptable opinion but allow very lively debate within that spectrum." Within the echo chamber, the same thoughts are repeated, just in a different way. Holocaust survivor Hannah Arendt worried about 'the narrative' overwhelming the truth, writing, "The ideal subject of totalitarian rule is not the convinced Nazi or the convinced Communist, but people for whom the distinction between fact & fiction no longer exists." She also wrote, "Freedom of opinion is a farce unless factual information is guaranteed." This is the echo chamber at work – creating strong convictions that negate any

noise. As we saw this weekend, these convictions are more powerful, more dangerous & more deadly. From Nietzsche, “*Convictions are more dangerous enemies of truth than lies.*” We reach the point that the echo chamber wants, when it becomes impossible to see the truth, even when it is obvious. From George Orwell, “*To see what is in front of one’s nose needs a constant struggle.*” But is it? Because right in front of our noses we saw the truth this week, when the Democrat leaders in Congress, the people who will not stand to honor the widows of our fallen police or service members, the mother of a child killed by an illegal immigrant, a child overcoming cancer who wants to enter law enforcement, a wounded hero from the Maduro raid & more; the people who lead the litany of lies & organize the “*No Kings*” rallies, stood in hypocritical unison for a long, loud, powerful applause of approval for an actual, real-life, flesh & blood king, a direct descendent of more than a thousand years of kings!

INDUSTRY NEWS: *Smearcase* raised an undisclosed amount from *Listen Ventures*. Celebrity founded *818 Tequila* secured a minority investment from *Sazerac*. Another celebrity founded brand, the non-alc beer *Crazy Mountain*, raised \$15M led by *CAVU Consumer Partners* with *Coatue & Discovery Land Company* participating. *Gymkhana Fine Foods*, the consumer goods arm of London restaurant *Gymkhana*, raised \$8.5M also led by *CAVU Capital Partners*. Nootropic supplement *Neutonic* raised \$6M at a \$60M valuation. *Wet Hydration* raised \$10M from undisclosed investors & NBA star Paul George. *Falfurrias Management Partners* made an investment in packaged meat processor *Young American Food Brands*, formerly known as *Miami Beef*. Global plant-based ingredient supplier *Green Boy Group* has led an investment in *Fudi Protein*, protein derived from alfalfa. In Germany, *Primogene* raised €4.1M for its functional human-milk ingredients used for infant, elderly nutrition, personal care products; the round as led by *High-Tech Gründerfonds* with *Technologiegründerfonds Sachsen, Better Ventures, Sächsische Beteiligungsgesellschaft, Golzern Holding, FS Life Science Investment* & others involved. In Canada, *Opalia* raised C\$3.2M for its cell-based milk platform; the round was led by *Nàdarra Ventures* with *Spring Capital, UCEED,ANGES Quebec, Investissement Québec, Cycle Momentum & BoxOne Ventures* involved. *Advanced Growing Resources (AGR)* secured \$2M in grants led by NASA & the USA for its AI-assisted satellite imagery for early diagnosing of crop afflictions. In Argentina, developing extreme ecosystem microorganisms for crop nutrition, secured an investment from *AgrofoodBIC & Eatable Adventures*. *Fermeate*, a tech provider using light to turbocharge cell productivity in biomanufacturing, raised \$2M led by *Newfund Capital*. Non-alc maker *St. Agrestis*, maker of *Phony Negroni* RTD mocktails, was acquired by *The Wine Group* for an undisclosed sum. *SK Capital* purchased food products supplier *Brothers International* from *Benford Capital*. Global juice & ingredient solutions company *Prodalim* acquired *Better Juice*, natural sugar reduction technologies. Mexican consumer packaged goods company *Sigma Foods* acquired USA smoked meats producer *Roger Wood Foods*. In the UK, *Finsbury Food Group* acquired BFY snack brand *Flower & White*. In Canada, *Appetronix*, automated robot kitchen tech, acquired fellow Canadian robotics firm *Cibotica*, which specializes in automated ingredient dispensing & portioning for salad bowls. *FreshRealm* filed for Chapter 11 bankruptcy protection. *Potato Specialty Company* in Lubbock, TX, filed a voluntary Chapter 7. *Purely Elizabeth* is exploring a \$600M sale. *Brown-Forman* has ended discussions with *Pernod Ricard*. *KKR* is supposedly looking to sell its *Flora Foods Group* spreads business. *KDP* announced plans to split the coffee & beverage businesses into two public companies. *Ingles Markets* lost its proxy war as a representative of activist investment firm *Summer Road* was added to the grocery chain’s board of directors.

Amazon posted a significant beat on 1st QTR estimates. *Sprouts Farmers Market* beat 1st QTR estimates on new store productivity & an increase in eCommerce that more than offset a drop in same-store sales. *Walmart Mexico* beat 1st QTR estimates. *Coca-Cola* beat 1st QTR estimates & raised guidance. *KDP* beat 1st QTR estimates despite headwinds in the coffee business. *Unilever* reported strong volume & revenue growth in 1st QTR amid the sale of its foods business. *Smithfield Foods* had a positive 1st QTR driven by packaged meats. North American growth fueled an unexpectedly strong 1st QTR at *Grupo Bimbo*; the company raised guidance. Revenue was up but income was down at *Pilgrim’s Pride* in 1st QTR despite strong chicken demand. *Mondelez* reported a beat in 1st QTR & the stock rose on analyst reports. *Hershey & Molson Coors* beat 1st QTR estimates on price increases. Income & revenue in 1st QTR took a hit at *Gruma USA* on weak consumer demand. In 1st QTR, *Vita Coco* beat consensus estimates for the third time in the last four quarters. *Bunge* beat 1st QTR analyst expectations & the stock price rose on upbeat guidance. *Boston Beer* posted a 1st QTR loss & lowered guidance; the stock price dropped on analyst downgrades. *YUM! Brands* beat 1st QTR estimates as *Taco Bell’s* same store growth topped 8%. *Chipotle* had a strong 1st QTR report also driven by same-store-sales growth. *Starbucks* had all around growth in 2nd QTR as global & same-store sales rebound amid easing inflation.

Natural Grocers has added a second location in Rapid City. *Gelson’s* will partner with *FlashFood* for all its 26 locations. *Target* opened a 1.2M sq. ft. facility in Houston to store then distribute merchandise to stores & customers. *Walmart* opened a \$350M Texas milk-processing plant, its third in the nation, to supply 650 *Walmart & Sam’s Club* locations. *Loblaws* opened a new *No Frills* banner store in Edmonton. Supermarket cooperative *Allegiance Retail Services* launched its newest grocery banner *Pathmark Daily*, a small-format concept. *DoorDash* will partner with *Empire (Sobey’s)* across Canada & with *Brookshire, FreshDirect, Harps Food & Market of Choice* in the Good Ol’ US of A. *Ahold Delhaize USA* will use *SmartCommerce’s Click2Cart* across all its USA stores to allow consumers to add items from digital ads directly to their cart. *Starship Technologies* claims to have made 10M autonomous deliveries across Europe & the USA. *Zoup!* is launching a line of USDA certified organic chicken & beef bone broths. *Bitchin’ Sauce* will add a bean dip. *Seven Sundays* introduced a new peanut butter – wait for it - protein cereal. *Simple Mills* launched two new regenerative organic certified oat flour baking mixes. *Pura Beverage*, South African soda, is launching in *Sprouts Farmers Market* retailers nationwide. *Siete* will introduce maiz tortillas & sourdough style tortillas. *Lifeway* will partner with *Erewhon* on a LTO *Tropical Lifeway Smoothie*. *LA Libations* will launch canned water under its own name using *Re:Lid USA’s* resealable aluminum can lids. *Coors Light* will introduce a non-alcohol beer. *Friends & Family Pet Food* launched a faux cultivated meat pet food in Singapore. *Ferrero* opened a new \$75M *Nutella* peanut production line in Franklin Park, IL, to support its new peanut product. The University of Idaho opened a new \$17.5M meat science lab for processing education. In Lithuania, *Pentasweet* will build a facility to produce brazzein, a sweet protein 1,500x sweeter than sugar. *Kraft Heinz, PepsiCo* & other packaged food makers have been named in a consumer lawsuit claiming their ultra processed products are designed to be addictive. Washington state is alleging that *Albertsons* & its banner stores used BOGO deals to overcharge consumers covering 3M transactions over five years. The pesticide liability protection clause was removed from the Farm Bill before it was passed by the House of Representatives. Italy’s antitrust authority fined snack makers *Amica Chips, Pata & Preziosi Food* €23.3M for fixing prices in the private-label savory snack market. Germany will tax sugary drinks despite studies showing it has little impact on obesity rates. *Fresh Direct Produce* appointed Adri De Wet as CEO. Terry Stanley, CEO of Alabama-based *Fresh Value*, will step down & be replaced by Shane Holliday. *Market Basket* has named company veteran Chuck Casassa as its president.

HEB & Trader Joe’s are seeing more store visits each month than the wider grocery industry in 2026, according to *Placer.ai*. *Newsweek* named *Whole Foods* the most trusted grocer - they should really pay more attention to the ingredient lists. *Amazon*, with more than \$150B in grocery sales, claims to be the second largest grocer in the USA. Per *Global Data*, 66% of consumers base their purchasing decisions on a product’s perceived health impact. Good weather has corn plantings already at 25%, above the 19% average for this time of year & soybean plantings at 23%, well above the 12% average.

MARKET NEWS: The S&P & Nasdaq finished the week at record highs on strong 1st QTR earnings & good underlying economic numbers, closing their best month since 2020, when the President was last in office. (*That’s a strong mathematical correlation, isn’t it?*) The ISM Manufacturing PMI rose, its strongest expansion in three years. The Consumer Confidence Index rose. Durable goods orders jumped. Initial jobless claims were well under expectations. PCE & Core PCE for March came in tame & as expected, as MAGAnomics reverses the economic nightmare caused by the previous administration.

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