



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**AT ALL EARS!! WE LOVE TRADITION!** With Halloween upon us, tradition suggests we celebrate all things scary & frightening. Some people just love a good scare. The horror movie took root during the Silent Era. A century later, some of the most violent, bloody & scary movies ever made are now considered Hollywood classics. Only a scrooge doesn't like giving a *Reese's Peanut Butter Cup* to a Power Ranger, Ninja Turtle or princess but front lawn graveyards, skeletons & zombies on Labor Day weekend may be excessive. A smiling Jack O' Lantern appears innocent, but in our world today it seems shameful to celebrate evil in any of its forms as we wage this epic battle of Good vs. Evil.

**THIS EPIC BATTLE:** If God is all powerful, why after all these years of human existence is there still evil in the world? How can we explain this paradox? I am not a philosopher & I am certainly not a theologian. But Machiavelli justifies that the existence of both God & evil by noting God controls everything, but left men our free will. In *The Prince*, Machiavelli tells young Lorenzo to be virtuous & to do good deeds. He warns Lorenzo that being good breeds hate among the non-virtuous & these men (using their free will) will attempt to destroy his good works while he is alive & after he is gone. Good - good works - stands for something. These good works exist, in real & tangible ways. But evil, & the desire to do evil, stands for nothing, because it only exists to destroy. Evil has no lower bound! It can always find something more destructive, more devious, more violating & violent to use to cause destruction. From mathematician Blaise Pascal, "*Evil is easy & has infinite forms.*" The last hundred & twenty years of history reads like the complete handbook of man's inhumanity to man: the Armenians in Turkey; Pol Pot's Cambodia; Rwanda; Bosnia-Herzegovina; the Japanese Rape of Nanking & Bataan Death March; the forced famines of Stalin & Mao; the Nazi Holocaust. In literature, biblical & otherwise, evil is portrayed as a snake - slimy, slithering unseen, biting the unsuspecting. Perhaps this is why zombies & vampires bite their prey, creating another evil being. Leaders infect their people with evil ideas to then carry out their evil destruction. Plato reminds us, "*False words are not only evil in themselves, but they infect the soul with evil.*" Solzhenitsyn believed that those in power really hold no power over us, we betray & corrupt ourselves, "*The line between good & evil runs not through states, nor between classes, nor between political parties either, but right through every human heart.*" Psychologist Carl Jung thought every heart was at risk to do evil, "*It is a fact that cannot be denied: the wickedness of others becomes our own wickedness because it kindles something evil in our own hearts.*" Evil is attractive; from American philosopher Eric Hoffer, "*It is by its promise of a sense of power that evil often attracts the weak,*" & from Swedish playwright August Strindberg, "*Now I know the full power of evil. It makes ugliness seem beautiful & goodness seem ugly & weak.*" When an evil leader masses a following, it allows those involved to deny culpability; from Aristotle, "*Evil draws men together.*" But there are other ways in which humans are culpable for allowing evil to grow, by their ignorance & inaction. English essayist Willaim Hazlitt tells us, "*The ignorance of the world leaves one at the mercy of its malice.*" It is not just ignorance; it is also the ridiculous mantras imposed upon the masses! From Voltaire, "*As long as people believe in absurdities, they will continue to commit atrocities.*" Think about the current state of the world: a so-called leader bankrupts the economy by spending money to pander popular but needless projects; weakens his country by denying access to its own wealth of resources; refuses to defend its own sovereignty & thereby economically & politically enriches his own state's enemies. When the people turn a blind eye to these actions, evil prospers, from author Ayn Rand, "*The spread of evil is the symptom of a vacuum. Whenever evil wins, it is only by default: by the moral failure of those who evade the fact that there can be no compromise on basic principles... The evil of the world is made possible by nothing but the sanction you give it.*" It seems to 'glorify' evil, the enemy in this epic battle of Good vs. Evil, with Halloween, is risky & disingenuous. From 18<sup>th</sup> century Irish playwright Oliver Goldsmith, "*Don't let us make imaginary evils, when you know we have so many real ones to encounter.*" Shakespeare tells us, "*Hell is empty & all the devils are here,*" & from author Joseph Conrad, "*The belief in a supernatural source of evil is not necessary; men alone are quite capable of every wickedness.*" Every day evil, whether by a nation or individual, finds a new pathway for destruction. As strong as evil is, it can be conquered. While MLK, Gandhi & the Beatles may believe *Love is All You Need*; Thoreau believed, "*There are a thousand hacking at the branches of evil to one who is striking at the root,*" & Aesop tells us, "*Destroy the seed of evil or it will grow up to your ruin.*" It is in our power, our free will, to defeat evil as President Ronald Reagan reminds us, "*Evil is powerless if the good are unafraid.*"

**INDUSTRY NEWS:** TOAST-IT, a Venezuelan arepas brand, received a \$150k at a \$750K valuation from *KIND Snacks* founder Daniel Lubetsky. *Eat the Change* raised another \$14M to widen distribution. *Tia Lupita Foods* raised \$2.6M led by *Santatera Capital*

& *GBM Ventures*. Sweden's *Beta Bugs* secured £1.72M to scale its insect protein production led by the *TRICAPITAL Syndicate*. *DAIZ* raised \$47M to build Japan's largest plant-based meat factory; *Mitsubishi UFJ Capital*, *Roquette* & others participated. *Tyson Foods* will make an undisclosed investment in *Protix*, insect protein, to produce insect protein for animal feed ingredients, aquaculture & pet food. USA's *Zordi*, robotic autonomous greenhouses, emerged from stealth with \$20M in funding from *Khosla Ventures*. *Moolec Science* raised \$30M in cash & in-kind contributions from strategic investors for its molecular farming platform; with *Grupo Insud* taking a \$21M convertible note. *Better Booch* acquired probiotic *Live Beverages* from private equity firm *Great Point Brands*; terms not disclosed. *Nature's Touch*, a processor & marketer of frozen fruit products, acquired certain frozen fruit assets from *SunOpta* for \$141M. *Frutura*, high-quality fruit distributor, will acquire *Giddings Fruit & Sun Belle*. *TreeHouse Foods* will acquire Canadian brands *Bick's* pickles, *Habitant* pickled beets, *Woodman's* horseradish & *McLarens* pickled onions from *J.M. Smucker* for approximately \$20M. *Ferrara Candy*, through its holding company *CTH Invest*, will acquire *Jelly Belly*; terms not disclosed. PE firm *Redwood Holdings* will buy food ingredient company *Newly Weds Foods* for approximately \$4B; *Newly Weds Foods* makes batters, breadings, coatings, spices & seasonings. Retail solutions provider *ECRS* acquired *reciProfity*, which offers cloud-based food-costing & recipe management solutions. *Rite Aid* officially filed for Chapter 11, will begin to close stores in 17 states & received court-approval for \$3.5M in financing to continue operating.

While *Albertsons'* 2<sup>nd</sup> QTR sales & comparables were higher, adjusted earnings dropped. *PepsiCo* had a positive 3<sup>rd</sup> QTR driven by inflated prices; the beverage giant raised forecasts seeing no risk from appetite suppressant drugs. *Walgreens* beat 4<sup>th</sup> QTR sales estimates but earnings dropped; the company will hasten its cost-cutting actions. Despite beating 3<sup>rd</sup> QTR estimates, *McCormick's* stock dropped on slow international recovery & underlying sales weaknesses.

*Meijer* will hold events to help veteran-owned companies reach *Meijer* shelves. *Grocery Outlet* will open its first store in Ohio in November. *Wegmans* opened its much-anticipated New York City store. *Fox trot* opened its 6<sup>th</sup> D.C. location. *Aldi* will offer discounts on Thanksgiving products of up to 50% & *Walmart* will offer Thanksgiving packages at 2021 prices. *Giant Eagle* will partner with *Chicory* for shopper recipe fulfillment. *Walmart* has added a 3<sup>rd</sup> next-gen fulfillment center, this one near Dallas, giving them the ability to reach 95% of USA households. Also, *Walmart* has renewed its relationship with *Denali* to divert edible food waste from landfills for almost *Walmart* 5,000 stores. *General Mills* & *Walmart/Sam's Club* will partner to advance the adoption of regenerative agriculture on 600K USA acres by 2030. *Farmers Business Network* & *ADM* will expand their regenerative ag partnership. *Coca-Cola* unveiled *Olyns'* reverse vending machine to sort plastics & cans & provide rewards through a *Coca-Cola* app. *MycoTechnology* has launched Fermentation as a Service (FaaS) platform to help startups & enterprises with fermentation capacity. Alt-protein companies *Vaess* & *Marlow Ingredients* will partner to develop protein alternatives made from mycoproteins. *Love Beets* launched a *Classic Beet Salad Kit*. *PB2* introduced plant-based protein bars. *REBBL* debuts *WELLNESS*, drinks formulated with Aquamin, a red algae derivative. *Coca-Cola* & *Pernod Ricard* partner will offer *Absolut Vodka* with *Sprite*. *Kenlake Foods*, a subsidiary of *Kroger*, will expand its manufacturing facility in Kentucky, investing \$24M & creating 15 local jobs. *Eli's Cheesecake*, Chicago-style cheesecake & other desserts, spent \$10M to expand its Chicago facility & create 50 new jobs. *Sysco* is building a 353K sq. ft. facility in Mesa, Arizona. *Barilla* will build what it claims to be the largest pasta facility in the United Kingdom. Pretzel manufacturer *Stellar Snacks* will invest \$137M in its West Louisville, Kentucky, facility creating 350 jobs. *Wendy's* will expand into Uzbekistan & Kazakhstan with 55 locations. *Smart & Final* CEO Scott Drew is retiring. *Costco* CEO Craig Jelinek will retire at the end of the year to be replaced by Ron Vachris, current president/COO. *Walgreens* named ex-Cigna exec Tim Wentworth as CEO. *Dollar General* named its former CEO Todd Vasos as CEO to restore investor confidence in the retailer.

From *IFIC*, 74% of consumers believe that food & beverage choices are interconnected with mental & emotional well-being. From *Ayana Bio*, 57% of consumers feel ultra-high-processed foods are bad for their health but 74% will try better-for-you versions of ultra-high processed foods. According to *Bain*, holiday season spending will grow at 3%, its lowest since 2018. From *Wells Fargo*, higher sugar prices are not causing a spike in Halloween candy prices. Fresh produce department dollar sales, units & pounds are all higher per the *International Fresh Produce Association*. Ninety-seven percent of Mexico's berry production is shipped to the USA & Canada. USA Valencia orange production will be 23% higher in the coming season. USA pork production is trending upward. Cauliflower prices are at a ten-year high.

**MARKET NEWS:** Markets were lower this week as geopolitical news filled the headlines. Oil prices rose during the past two weeks. Mortgage rates were over 8% for the first time since 2000. The House of Representatives struggled with finding a leader & FED chairman Powell admitted inflation remains stubborn – no kidding!

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

THE LITCHFIELD FUND – *Tom Malenka*

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