



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LEONARD JEROME WAS BORN in 1817 on a farm near Syracuse, NY; one of 10 children. After law school, he made his way to New York City, where he built, lost & built fortunes. He became known as the *King of Wall Street*, doing deals with the Vanderbilts. He raced yachts, built racetracks & founded the *American Jockey Club*. His three grown daughters traveled Europe, attending all the important sporting & cultural events. During the racing season of 1873, at *THE* social event of the British summer season, the *Cowes Week Regatta* on the Isle of Wight, Jerome's daughter Jennie met Randolph. It should be no surprise that their first son would be the most American Englishman!

THE MOST AMERICAN ENGLISHMAN: Their son, Winston, was born the following year. Through his father, Lord Randolph Churchill, Winston was a direct descendant of the 1st Duke of Marlborough & other members of the British aristocracy. From his mother's side, he was related to no less than George Washington; and like our first President, Winston would become one of the most important & consequential leaders in world history; a man, who like our first President, stood alone & then stood up his people in the fight to save freedom. But it is not just Sir Winston's lineage that makes him history's most American Englishman, it is his very American beliefs & philosophies. Churchill deplored the *National Socialist Workers Party* - the evil fascist *Nazis* - & equally despised the socialists/communists of Russia, despite needing to ally with Josef Stalin to defeat Germany. He knew these three types of totalitarian governments stemmed from the exact same root, to rob people of their basic human rights & grant those rights to the government in order to enslave their own people. Churchill believed, "*Socialism is a philosophy of failure, the creed of ignorance & the gospel of envy, its inherent virtue is the equal sharing of misery.*" He understood that socialistic governments promise everything but give nothing, saying, "*There is nothing government can give you that it hasn't taken from you in the first place.*" He knew the tactics used by these despots, "*The Russian Bolsheviks have discovered that truth does not matter so long as there is reiteration. They have no difficulty whatever in countering a fact by a lie which, if repeated often enough & loudly enough, becomes accepted by the people.*" Once that lie is told, it has to be propagated; from Sir Winston, "*A small lie needs a bodyguard of bigger lies to protect it.*" He also saw how socialist empires keep their power by quieting those dissenters who speak out, "*Everyone is in favor of free speech. Hardly a day passes without its being extolled, but some people's idea of it is that they are free to say what they like, but if anyone else says anything back, that is an outrage.*" He believed in our American values - *freedom, small government, capitalism & meritocracy*. On capitalism, "*Some people regard private enterprise as a predatory tiger to be shot. Others look on it as a cow they can milk. Not enough people see it as a healthy horse, pulling a sturdy wagon.*" When it comes to small government, Churchill said, "*If you make 10,000 regulations you destroy all respect for the law.*" Churchill, like all Americans, believed in *self-evident* truths, "*We must never cease to proclaim in fearless tones the great principles of freedom & the rights of man which are the joint inheritance of the English-speaking world & which through Magna Carta, the Bill of Rights, the Habeas Corpus, trial by jury & the English common law find their most famous expression in the American Declaration of Independence.*" Churchill was also a believer in the simple words that define America, "*All the great things are simple & many can be expressed in a single word: freedom, justice, honor, duty, mercy, hope.*" **ALL EARS!!** often discusses our rights as free citizens (07/04/20, [Taking Liberty](#)). These rights: to speak freely, worship freely, to maintain a free & *honest* press, to defend our liberties, the right to privacy, the right of due process, and the right, expressed in no less than three amendments, *to not have these rights taken from us by the government or any entity*, are the essence of America. Our Founding Fathers, in their timeless wisdom, understood what these totalitarian governments would do if they had the chance, so they wrote the Constitution to grant power to the people to protect the people from their own government. Therefore, the Constitution is *not* a living, breathing document driven by popular ideas or whimsical dreams. It is not an allegory such as Plato's cave or Matthew explaining the parables of Christ. It is a statement of truths, a structure that guarantees freedom for all, the basic truth as to how a *government of the people, by the people & for the people* can continue to exist & be true to its inherent values & beliefs. Churchill understood the importance of clearly understanding the past to be able to deal with the present & future: "*A nation that forgets its past has no future,*" & "*If the present tries to sit in judgment of the past, it will lose the future.*" Churchill believed in these Constitutional & American truths, just like our Founding Fathers, Abraham Lincoln & those who serve to protect these truths: "*The truth is incontrovertible. Malice may attack it, ignorance may deride it, but in the end, there it is.*" The British Bulldog, while knowing there would be those attempting to disparage these

truths, had faith in his fellow humans, that guided by their free will, they would see these lies: “Socialism is like a dream. Sooner or later, you wake up to reality.” So this Independence Day, let’s focus on the freedoms we as Americans are blessed to have & remember, it is up to each of us to protect these freedoms for ourselves, our families, for future generations & for humankind. The most American Englishman had faith that we Americans would do just that, saying, “Laws, just or unjust may govern men’s actions. Tyrannies may restrain or regulate their words. The machinery of propaganda may pack their minds with falsehood & deny them truth for many generations of time. But the soul of man, thus held in trance or frozen in a long night, can be awakened by a spark coming from God knows where & in a moment that whole structure of lies & oppression is on trial for its life.”

INDUSTRY NEWS: Having previously led a \$30M growth round in *Harmless Harvest*, *Danone Manifesto* acquired a majority stake in the company. *Kadenwood*, CBD consumer packaged goods company, raised \$30M in cash & \$20M in media buys; the raise led by *The Craftory & Arcadian Capital Management*. *Elite Sweets*, high-protein donuts, raised \$2M led by *Siddhi Capital*, with *Constellation Capital*, *Capital Factory & SputnikATX* involved. Plant meat maker *THIS™*, U.K.–based, closed on £11M led by *BGF & Lever VC*. Barcelona company *Heura*, plant-based meats, raised €16M led by *Impact Fooding*. *Soft Robotics*, a provider of AI robotic automation for food processing, raised \$10M, co-led by *Material Impact*, *Scale Venture Partners & Calibrate Ventures* with *Tyson*, *ABB Technology Ventures & Tekfen Ventures* involved. *FAT (Fresh. Authentic. Tasty.) Brands* will acquire *Global Franchise* (quick service restaurants including *Roundtable Pizza*) from *Serruya Private Equity & Lion Capital LLP* for \$442.5M in cash & stock. *Ampex Brands* (a *Yum! Brands/7-Eleven* franchisee with more than 400 locations) has acquired some 300 *Au Bon Pain* locations from *ABP Corp*. *Medly Pharmacy* will acquire the pharmacy chain *Pharmaca*. *Brand Holdings* acquired *Healthy Skoop*, plant-based protein powder, from *Seurat Investment Group*. *BBQ Holdings (Famous Dave’s & Granite City Brewers)* acquired *VIBSQ Holdco (Village Inn & Bakers Square)* for around \$13.5M. *Crown Bakeries* acquired New England based *Bagel Boy*, premium, New York-style bagels. *Hickory Farms* acquired *Wicked Good Cupcakes*, online mason jar cupcakes. *Zevia* is filing for an IPO. *Eat Just* is contemplating an IPO at around \$3B. *Krispy Kreme’s* IPO completed with nearly a \$3B valuation.

Walmart will offer affordable private brand insulin products. *Walmart* will add AI-functionality to help on-line shoppers find better substitutes for out-of-stock products. *Dollar Tree* will partner with nonprofit *Operation Homefront* on the annual Back-to-School Brigade program to collect school supplies for the children of military families. *Robomart* launched in West Hollywood, allowing shoppers to hail an automated mobile market with their phone & then select products once it arrives; one van contains snacks, while the other contains pharmacy items. Russian bicycle grocery delivery business *Samokat* will launch in NYC. *Ahold Delhaize* will use *Verve Motion’s* exosuit robotic technology to help DC workers with lifting. *Heineken* has launched *B.O.T. (Beer Outdoor Transporter)*, an autonomous robot that follows you around with 12 cans in ice. *Rite Aid* will hold its first-ever *Clean, Green & Better for You* virtual product summit.

From *Vericast/Valassis*, consumers overwhelmingly say they will continue to save money & spend less due to the current economy & economic outlook. From *Advantage Sales’ SMARTeam*, 60% of manufacturers expect to see increases in dollar sales through the second half of 2021 while 70% of retailers foresee decreases. Yet, a *Supermarket News* survey indicates grocers do expect increases in fresh sales & are planning changes to store perimeters to take advantage of consumer interest. From *ChaseDesign*, 54% of shoppers now want to pick out products in person with nearly half saying they won’t buy meat or seafood online for pickup, 40% avoid dairy, produce & frozen products & 35% won’t order deli or bakery. From *Alix Partners*, 46% of USA consumers believe in a healthy lifestyle but healthy options accounts for just 21% of consumers’ purchases. In the 52 weeks ending May 30, frozen foods sales increased 9.2% from the previous year, per a study from *AFFI, FMI & IRI*. The increase was greater than the increase of all food sales in the period. From *Coresight Research*, meal kit market growth is decelerating, but growth will still outperform the total USA grocery market. From *Mintel*, new keto product launches increased to 2.3% of all new products, from 1.2% the prior year. From a study of children’s hospitals conducted by *Pennington Biomedical Research Center* in Baton Rouge, government mandated lockdowns have led to an increase in childhood diabetes due to lack of exercise & weight gain. Per the *American Farm Bureau Federation*, the average cost of a traditional 4th of July cookout will be about the same as last year, with lower beef & pork costs but much higher for fruits, veggies & sides. The *Northwest Cherry Growers* forecast a 17% increase in this year’s cherry crop, unaffected by record heat. Per *Produce IQ*, summer fruit & vegetable prices are heading higher, with strawberry prices at 10-year highs. Supply chain issues & demand are impacting selected specialty sweeteners - notably erythritol & crystalline allulose. Demand & formulation processes has more than doubled the price of locust bean gum, a clean label thickener, in the past year. The price of wheat, corn & soybean rose on lowered forecasts.

MARKET NEWS: Markets rose. The unemployment rate increased, Markit PMIs were lower & factory orders & wages were flat.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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