



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**"SPRING HAS SPRUNG**, the grass is riz, I wonder where, the flowers is!" This famous little rhyme is often attributed to Ogden Nash or e.e. cummings, but its author is unknown. It appears to have originated in Brooklyn, at least as some sources cite. Spring sprung this week. Spring is a season of renewal when temperatures warm & flowers bloom. Spring is supposed to be the Earth's reward for surviving the harsh winter – the cold, bitter temperatures; the stinging & biting wind; the blankets of snow & the glassy ice. Winter is a taxing season & takes quite a toll on the mind, body & soul, so it is just a cruel turn of nature that the first rite of Spring is to complete our income tax!

**A TAXING TOLL:** The first system of taxes was put in place in Egypt around 3000 BC. The Pharaoh collected a tithe from everyone, a percentage of what they produced. Even the Bible, in Genesis, mentions that a fifth of the crop goes to the Pharaoh. Those who were too poor to pay a tithe paid what they owed through forced labor. In fact, in ancient Egyptian, the words tax & labor were synonymous. The Rosetta Stone was a decree by Ptolemy V Epiphanes issued in 196 BC, proclaiming the accomplishments of the 13-year-old's first year as ruler. The Rosetta Stone was the key to deciphering Egyptian hieroglyphics as the decree was so important, it was written in hieroglyphics, Egyptian demotic script & Greek. But one of the accomplishments was a tax cut, which probably explains why the stone was used as building material for a fort near Rashid (Rosetta) & lay hidden for 2000 years! (It is important to note, Ptolemy's tax cut set a bad precedent! His courtiers poisoned him when they believed that he intended to tax & seize their property to fund a new war against Syria.) The origin of the word tax, whether from the Greek, Latin, French or Old English, means tribute, charge, censure, damage, penalty, percentage & a host of other nasty words *that the government uses to steal our money*. The origin of the word toll is even worse! A toll was a tribute paid to the conqueror in human lives! So after Ptolemy cut taxes in 196 BC, for the next 2000 years, all kinds of kings, monarchs & despots took a bit of the human soul in tribute, stealing a portion of each person's work product & effort, ingenuity, creativity, invention & livelihood. Yes, legend tells us Robin Hood led a tax revolt sometime during the Middle Ages, but it was just 250 years ago when people revolted, shouting, "No taxation without representation!" And as many have said, whether pundit or President, for the past 250 years, "Look what taxation with representation has gotten us!" Twentieth century writer & humorist Sam Levenson had a better idea, "What we should have fought for was representation without taxation." Almost 200 years ago De Tocqueville famously warned us, "The American Republic will endure until the day Congress discovers that it can bribe the public with the public's money." We have survived long past that, where our money is no longer returned to us as bribes but flittered away in all manners of theft, depravity, stupidity & waste. Our money goes to someone or someplace unknown who benefits from our labor & effort. But politicians get elected again & again, for as George Bernard Shaw pointed out, "A government that robs Peter to pay Paul can always depend on the support of Paul." Likewise, brilliant & preeminent 20<sup>th</sup> century economist Milton Friedman wrote, "Congress can raise taxes because it can persuade a sizable fraction of the populace that somebody else will pay." Knowing that heavy taxation & wasted money was not the way to sustain the government or for the country to prosper is not a new idea of America's current President. Founding Father Thomas Paine would be 100% in support of the activities of the Department of Government Efficiency, the dreaded DOGE of Tesla haters, "We still find the greedy hand of government thrusting itself into every corner & crevice of industry & grasping at the spoil of the multitude. Invention is continually exercised to furnish new pretenses for revenue & taxation. It watches prosperity as its prey & permits none to escape without a tribute." John Marshall would agree & portended that overtaxing the people would create a big, bloated government that would do the country harm, the same bloated government DOGE is now dismantling, "An unlimited power to tax involves, necessarily, a power to destroy; because there is a limit beyond which no institution & no property can bear taxation." Even in England in the early 19<sup>th</sup> century, Parliament member William Cobbett stated, "Nothing is so well calculated to produce a death-like torpor in the country as an extended system of taxation & a great national debt," something we have certainly seen come true over the past many years! Taxation metaphors are often rooted in farming & husbandry. From 1<sup>st</sup> century Roman Emperor Tiberius, "It is the duty of a good shepherd to shear his sheep, not to skin them." Jean-Baptiste Colbert, 17<sup>th</sup> century French Minister of the Navy, wrote "The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least possible amount of hissing." But the excessive taxation America has seen has taken more than just the wool & the down. From American icon Mark Twain, "What is the difference between a taxidermist & a tax collector? The taxidermist takes only your skin." American journalist & essayist, H.L. Mencken, while not specifically mentioning cows, wrote, "When a new source of taxation is found it never means, in practice, that the old source is abandoned. It merely means that the politicians have two ways of milking the taxpayer where they had one before." Which is exactly what the government did when they created the income tax in 1913! They found a new way of taking our money, but didn't remove any of the other taxes we the people pay! Think about this – the excise tax we pay for phone service was first initiated during the Spanish-American War to pay to support a USA phone system! And after all these years, with the move to cellular from landlines & privatization of the industry, we still pay an excise tax on phone service! The income tax just made people's lives, & their moral conscience, more difficult to maintain. The brilliant Albert Einstein, whose theories moved science forward into space & beyond, thought, "The hardest thing to understand in the world is the income tax." This renowned gentleman passed away in 1955, I wonder what he would think today after another 70 years of tax code?! Filing your income tax, even with TurboTax, isn't easy, but it does allow the creative juices to flow. From American Pulitzer Prize winner Herman Wouk, "Income tax returns are the most imaginative fiction being written today." He passed away in 2019 at age 103, likely still paying taxes on the royalties from the *The Caine Mutiny!* Filing income taxes can be a moral dilemma, as even Plato understood, "When there is an income tax, the just man will pay more & the unjust less on the same amount of income." American humorist Will Rogers also saw the dilemma even for the honest person, "Even when you make a tax form out on the level, you don't know when it's through if you are a crook or a martyr." Benjamin Franklin is famous for, "In this world nothing can be said to be certain, except death & taxes," to which Will Rogers responded, "The only difference between death & taxes is that death doesn't get worse every time Congress meets." America's current President's

plan to cut taxes & at the same time cut waste would be approved by Milton Friedman, "I am in favor of cutting taxes under any circumstances & for any excuse, for any reason, whenever it's possible." And those in Congress who do not agree with both the President & the vast majority of Americans who approve of his agenda, we remind them of these words from Steve Forbes, "Politicians say 'we' can't afford a tax cut. Maybe 'we' can't afford the politicians!"

**INDUSTRY NEWS:** *Lucky Energy* raised \$14.2M led by *Brand Foundry Ventures* with *Imaginary Ventures*, *Sapphire Sport*, *Sugar Capital* & others involved. *Melitas Ventures* invested an undisclosed amount in *Harken Sweets*. In Atlanta, *ASW Distillery*, bourbon, rye whiskey, gin & vodka producer, raised almost \$5M from undisclosed investors. Israeli cultivated faux meat maker *Aleph Farms* has raised \$29M & expects a further raise of up to \$15M. *Ecovative* raised \$11M to expand its mycelium-based faux meat & textiles business. In Kalamazoo, MI, *Vestaron*, peptide-based crop protection solutions, closed a funding round of more than \$20M. In Australia, *Gaia Project Australia (GPA)* raised AUD\$1.7M for its patented indoor plant-spacing technology that increases yields. Israel's *Brevel* expanded its seed funding round by \$5M to \$25M for its microalgae-based protein process from *NevaTeam Partners*, *Siddhi Capital*, the *EIC Fund* & others. In the Netherlands, *Grassa*, technology to extract protein from grass, raised €3.6M from *Perspectieffonds Gelderland* (a fund from *Oost NL*), *Fransen Gerrits* & *Brightlands Venture Partners*. *Lumi AI*, tech solution to more easily obtain complex data from ERP systems, raised \$3.7M led by *AgFunder* with *Forum Ventures* & Abu Dhabi sovereign wealth fund *ADQ*. In Germany, *Differential Bio*, a start-up working to help scale biomanufacturing, added €2M in pre-seed funding led by *Ananda Impact Ventures* & *ReGen Ventures* with participation from *Carbon13*, *Climate Capital*, *Better Ventures*, *CDTM Ventures* & angel investors. *Dollar Tree* will sell the *Family Dollar* chain to *Brigade Capital Management* & *Macellum Capital Management* for \$1.007B. *Bunge* will sell its European margarines spreads business to Belgian food group *Vandemoortele*. *Hillandale Farms* was acquired by Brazil's *Global Eggs* for \$1.1B. *Fresh Del Monte* will acquire a majority stake in specialty ingredients & avocado oil supplier *Avolio*. *One Equity Partners* will buy wholesale baker *CraftMark Bakery* from fellow investment firm *CIC Partners*. PE-firm *Nonantum Capital Partners* acquired Indiana-based *MSI Express*, a contract manufacturing & packaging partner for food & beverage companies. *MHexagon AB* acquired *Septentrio* to enhance their autonomous agricultural applications, including their auto-steer kit. *Oishii* acquired *Tortuga AgTech*'s key IP, assets & people to advance their robotic harvesting capabilities. *Plenty* has filed voluntary for Chapter 11 but will maintain operations with \$20.7M debtor in possession financing.

At *Associated Wholesale Grocers*, consolidated sales dropped 2.4% in 4<sup>th</sup> QTR on inflation pressures, but income rose 2.7%. Despite a slight increase in 4<sup>th</sup> QTR revenue & comparables, profit & gross margin took a hit at *Dollar Tree* with shrink from theft impacting results. *McCormick* produced lackluster 1<sup>st</sup> QTR results & missed targets; the stock price dropped. *Smithfield Foods* in its first report since going public bested 4<sup>th</sup> QTR estimates on the strength of their packaged goods segment. Net sales were down slightly in *Hormel's* 1<sup>st</sup> QTR as profitability took a hit. *JBS Global* reported a 4<sup>th</sup> QTR profit jump of more than 33%. In the 4<sup>th</sup> QTR, *Reed's* posted \$9.7M in revenue & a \$3.4M loss.

*Meijer* is opening a new neighborhood market, *Independence Market*, focusing on local products & convenience, in Clackson MI. *HEB* opened its second *Joe V's Smart Shop* in Dallas, its 12<sup>th</sup> overall in the state. *Winn-Dixie* will close four Alabama stores. *Whole Foods* is adding canopies for pick-up at several locations to enhance the customer experience & protect employees from the elements. *Walmart Mexico* will triple its spend in 2025 to \$6B to build new store & finish two distribution centers. In the UK, *Morrisons* will shut 52 cafes, 17 c-stores & realign in-store resources, removing some meat & fish counters, pharmacies and all market kitchen services. Also in the UK, *Tesco* will begin giving away expiring food at the end of the day to customers, employees & non-profits. *Richtech Robotics*, collaborating with *Ghost Kitchens America*, opened a *Walmart One Kitchen* in Peachtree City, GA, featuring its AI-driven service robot *Scorpion*. *Instacart* will expand its smart cart advertising to all its brand partners. *Califia Farms* launched *Creamy Refreshers*, a plant-based fruit juice beverage line in strawberry creme, key lime colada, piña colada & orange creme flavors. *Ghirardelli* will add a gluten-free brownie mix. *Hint* is adding sparkling electrolyte water in four flavors. *McCormick* is reformulating products to align with the MAHA initiative. *Maple Leaf Farms* introduced a new *Tucker Reserve* line of premium duck products for chefs & restaurant operators. *Hearthside Food Solutions*, a contract manufacturer in bankruptcy, will close its Anaheim, CA, facility affecting 175 employees. *Conagra Brands* plans to close a nearly 100-year-old pie-filling plant in Fennville, MI. Baked foods maker *Bauducco Foods* will invest \$200M in a new production & distribution facility in Zephyrhills, FL. As *Panera* rolls out its on-demand bread-baking model, the company will close its fresh dough manufacturing facilities in Lenexa, KS & Greenboro, NC. *Sustainable Beef* completed a 6-year, \$400M plant in North Platte, NE. Canadian commercial bakery *Crust Craft* will invest C\$51M to build a bigger production facility near Edmonton. *ADM* will cut an undisclosed number of jobs from its grain trading & oilseed processing division. *Puratos* opened a new *Sourdough Research Institute* in Belgium. *Benestar Brands* & *Palmex Alimentos*, which merged 2023, announced a new brand name for its Hispanic snacks platform, *Monarca Authentic Snacks*. *Protix* is looking to build a black soldier fly protein site in South Korea. More than 1,000 *UNFI* drivers & warehouse workers are now teamsters members. *McCain Foods*, *McDonald's* & *Waitrose* will partner in a pilot launched to support UK farmers transitioning to regenerative agriculture practice. Product content solution provider *1WorldSync* & digital solutions provider *Mercatus* will team to product data management & user content across *Mercatus's* network. Faux lab-created pork will be the result of a strategic partnership between UK-based *Hoxton Farms* & Japanese trading giant *Sumitomo Corporation*. *Dine Brands* will bring *IHOP* & *Applebee's* under one roof with a new concept with separate entrances but a shared front, menu & kitchen. A *Mars* executive was indicted on charges of stealing \$28M using phony invoices. *Kroger* rejected *Albertsons's* \$800M offer to settle its merger case with the FTC & has filed counterclaims against *Albertsons* for working with *C&S* on a separate regulatory strategy. *Bayer* shares dropped as a jury awarded \$2.1B billion in another *Roundup* case, which has already cost *Bayer* \$10B. In an age where everyone has a smartphone, including illegal aliens who arrived during the Biden administration & got phones for free, San Diego is banning digital coupons because of unequal access! West Virginia & Virginia passed wide-ranging restrictions on food additives. More than 4K packages of *Our Family Traverse City Cherry Decaffeinated Ground Coffee* were recalled as they may not be decaffeinated. *Panera* named Paul Carbone as CEO.

UK retail sales hit an 8 month low. From *FMI*, good, USA retail sales of real, old-fashioned, highly nutritious meat reached a record high of \$104.6B in 2024, up 5% over 2023. Peru, over the past 8 years, has tripled their share of the world blueberry market with 33% share at an almost \$2.3B value. Tomato prices are rising as winter fields are turning over. Egg prices continue to fall as this Administration continues to keep its promises & make Americans' lives better!

**MARKET NEWS:** Markets were lower on the week as economic numbers disappointed. The flash PMI services index was higher but the manufacturing index was lower. New home sales rose from last month. The second revision of 4<sup>th</sup> QTR GDP was 2.4%. February Core PCE was 2.8%. Personal income was above expectations, but spending was below February estimates. Gold prices hit a record high. The *DOGE* clock shows more than \$130B in savings, a savings of \$807.45 per taxpayer!

### SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Maloney*

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