



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



SITTING ON THE RAIL of my nono & nona's front porch, I could see across the valley. The ruins of the tipple sat directly across on a steep cliff above the train tracks. Then came the black, smoking rock dump, a bit of forest & plots of leased land once used by the local farmers to grow crops. The main road, Rt. 553 (called Macaroni Street by the locals), ran at the valley's floor. Across 553 rose Side's Hill: emerald green, dotted with trees, a veritable mountain in my young mind. One summer day, my Nona Malengo, then in her late 80s, announced she was going to climb the hill she had gazed upon for some 60 years. So with grand-kids & great-grand-kids in tow, we headed to the mountain.

MOUNTAINS: The hills of Pennsylvania brought me a love for mountains, & climbing Side's Hill gave me a sense of accomplishment. It was something to look back upon the little houses & farms where my parents were raised. In truth, the hill was not a mountain, not that high, nor were we that far away. But in a child's eye, we ascended to the heavens, upward, able to look back in awe. I would have loved to have continued on, to find out what was over the next hill, but the littlest ones were tired. So down we went to Earth, my nona carrying the youngest ones! But it wasn't until my best friends headed west after college that I saw & hiked real mountains. Since then, having travelled the west often with my friends, by myself & with my so-much-better-than-me-other-half, I do have some favorite mountain hikes including Burroughs Mountain in Washington; leave the Sunrise parking lot & ascend a barren, sometimes icy trail to look up at the snow & glaciers of Mt. Rainier. Continue on to a series of peaks, getting closer & closer to the cracked glacier face! But my favorite hike was in Utah's Wasatch, in Big Cottonwood Canyon behind the *Brighton Ski Resort*. The trail leads into dense woods, then a short detour takes you to Dog Lake. You continue up a mild ascent, following the water, to Lake Catherine, the largest of the lakes on the trail & surrounded by granite outcroppings. Soon, you pass Lake Martha, then continue up to Lake Mary: small, tiny, remote & surrounded by five peaks. A walk around Mary brings you to the trail to Sunset Peak, & though a bit more strenuous climb, it's a worthwhile ascent to 10,648 feet to gaze at the world in every direction. The mountain calls us to see what lies beyond. From the top we can detach ourselves from the gravity that weighs us down, perhaps seeing how small the world really is; helping us realize we can rise above our problems & the pitiful pettiness played out in the world. Scottish novelist Josephine Tey tells us, "*Nothing puts things in perspective as quickly as a mountain.*" On the mountain, we also find ourselves closer to something greater - be it God, the sun, the sky & clouds - the heavens itself. Today, living in the aptly named Paradise Valley, we can walk out our front door to see mountains in every direction. An arroyo is next to us; its regular denizens include rabbits, roadrunners, coyotes, javelinas, eagles & hawks. When the rain comes, the arroyo fills with water & suddenly gulls, ducks, geese & the occasional rogue kayaker tread the sudden current. As the water subsides, the brown arroyo turns to a teeming lush green marsh, proving to every activist that God knows best. The water birds remain, with the addition of heron, American coots (birds, not your great granddad's buddies) & egrets (I have a few, but then again, too few to mention). Across the arroyo we gaze upon the area's iconic mountains: Camelback, Mummy & the PC-corrected Piestewa plus a host of unnamed peaks in the Phoenix Mountain Reserve. If we walk to the other side of our complex, we can see the McDowell Mountains, with Thompson Peak & Tom's Thumb. (My so-much-better-than-me-other-half has dubbed the McDowells the Cacao Mountains for the soft powdery purplish brown color they take on as the sun sets.) Nathaniel Hawthorne thought, "*Mountains are Earth's undecaying monuments.*" Monuments are built to teach us & we can learn so much from mountains! They stand tall & weather every storm cast upon them, turning the tempests & deluges pitted against them into beautiful snowcapped peaks, crystal clear mountain lakes & streams, & beautiful forests & valleys. With a firm foundation, mountains are a pillar of strength, never forgetting what they are made of, what they are built on, never forgetting they are capable of supporting all who need them, giving life to the flora & fauna that depends upon them. Mountains age gracefully, from the sharp & striking young Rockies to the old, worn yet still beautiful Appalachians. And through it all, mountains never stop reaching for the sky, to nobly set themselves above the multitude & remain peaceful above the tumult in their quiet quest to touch Heaven. Mountains teach us persistence & that no matter how high the peak, every summit is surmountable. From American merchant & USA Postmaster General John Wanamaker, "*One may walk over the highest mountain one step at a time,*" & UN General Secretary Dag Hammarskjöld, "*Never measure the height of a mountain until you have reached the top. Then you will see how low it was.*" But getting to the top of the mountain is not the goal, the goal is to touch the sky & see the world anew like a bird in flight. Author & academic David McCullough Jr., who caused an uproar by telling graduating seniors that they were not special, said, "*Climb the mountain so you can see the world, not so the world can see you.*" Mountains are a blessing & American anarchist Edward Abbey, with whom we have nothing in common save he was born, like my parents, in Indiana County, Pennsylvania & may have been inspired by the same Appalachian hills as me, offers this: "*May your trails be crooked, winding, lonesome, dangerous, leading to the most amazing view. May your mountains rise into & above the clouds.*"

INDUSTRY NEWS: **KEY**, a ketone energy drink from former *PepsiCo* & *Coca-Cola* leaders, raised \$4M led by *AgFunder* with *Alethia Venture Partners* & *AgFunder SIJ Impact Fund* involved. Mycoprotein producer *Mycorena* received funding from the European Space Agency to develop food for long-distance space missions. *Cultimate Foods*, a biotech startup making fat ingredients for alt-meats, raised €2.3M to scale up production processes, expand commercial collaborations & operation; the round was led by *High-Tech*

Gründerfonds (HTGF) with *Life Science Valley Wachstumsfonds*, *b.value AG*, *Big Idea Ventures* & *Kale United*. *Vertical Harvest Farms* closed on \$59.5M in financing to develop a hydroponic vertical farm in Westbrook, ME. Vertical farm platform *Growcer* raised \$3M led by *Modern Niagara*. Amsterdam-based *Meridia* raised a €5.2M series A for its commodity risk analysis platform; funders included *Intercontinental Exchange*, *Regeneration.VC*, *Edaphon*, *Cerigo Investments*, *Cerulean*, *Sabi Fund* & others. *Pernod Ricard* acquired RTD cocktails *Nude Beverages* for C\$11M from *MXM Beverages*. Belgian produce company *Greenyard* acquired *Crème de la Crème*, a dairy-free ice cream & frozen desserts. *Unilever* & analysts are questioning if it will be able to sell all of its ice cream empire due to its sheer size. Swiss-Italian agritech startup *xFarm Technologies* has integrated with *Greenfield Technologies* & *SpaceSense*, to advance its platform for regenerative agriculture & geospatial AI. *Lavazza* made a deal for an option to buy vending-machine operator *IVS Group*. *Mars* & startup accelerator *Unreasonable Group* will work & invest with 15 early-stage companies to scale food chain innovations. *SOSV* closed a \$306M fund for tech startups in human & environmental health. *Constellation Brands* will convert its *Canopy Growth* shares & withdraw the board, continuing to distance itself from its failed \$4B investment. *Outfox*, the merged *Dom's Kitchen & Market* & *Foxtrot Market* entity, ceased operations with an indication the company will file for chapter 7; a class action suit was filed due to the lack of WARN compliance. Poultry company *Cooks Venture* filed for Chapter 7 bankruptcy. *Kroger* & *Albertsons* updated their merger plans to respond to concerns about store closures in the C&S divestiture & adding 166 more stores to be sold.

Albertsons finished the 4th QTR & the year with increases in sales & traffic; EBITDA was lower. *PepsiCo* beat estimates; international revenue offset a drop in North American sales caused by the *Quaker Oats* recall. Consumer demand for healthy foods drove up 1st QTR sales (2%) & operating income (17%) at *GrumaUSA*. Weaker consumer demand drove a down 1st QTR at *Grupo Bimbo*.

Giant will lower the price on hundreds of private label products. *Prime* will add a \$9.99 monthly fee for unlimited *Whole Foods* & *Amazon Fresh* deliveries over \$35 & for *Amazon.com* retailers such as *Cardenas Markets* & *Save Mart*. Our little **LITCHFIELD FUND** family wonders how our lovable pooch DJ will react to the sight of an *Amazon* delivery drone at our doorstep as the retailer expands the service to its nearby Tolleson facility. *DoorDash* will partner with *Wakefern* banner stores. *Earth Fare* & *GenoPalate* will expand their partnership with a line of meal kits designed for healthy weight & athletic performance. *Whisps* will introduce baked cheese poppers. *General Mills* debuted a line of *Fiber One* donuts. *Lindt* will launch non-dairy truffles. *Boston Beer* released a nonalcoholic brew, *General Admission*, that consists of 40% nonalcoholic beer & 60% fruited seltzer. Before Passover, *Manischewitz* & *Yehuda* released 4 lb. packages of their matzo that cost more than last year's 5 lb. package. *Hellmann's Canada* has partnered with Italian fashion label *ID.Eight* to launch limited-edition sneakers made from food waste. *Brandjectory* member *WunderEggs* won *Albertsons' Innovation Launchpad* competition. *HEB* will build a distribution campus in Hempstead, TX. Frozen pizza manufacturer *Palermo Villa* will build a 200K sq. ft. production plant in West Milwaukee, WI. *Daisy* will invest \$626.5M in a new 750K sq.ft. manufacturing facility in Boone, IA. *Olymel* will close a poultry & pork plant in Quebec, impacting 135 workers. *Coca-Cola* began construction of a 745K sq. ft. *fairlife* facility in New York. Alt-coffee maker *Atomo* opened a 33.5 sq. ft. roastery to produce 4M pounds of alt-coffee a year. *Sodexo* & *Automated Retail Technologies* will partner on thousands of hot food robotic kiosks at *Sodexo* USA locations. Fire destroyed a \$525K sq. ft. *Lineage Logistics'* warehouse in Finley, WA. *Coca-Cola* & *Microsoft* will enter a \$1.1B deal to use *Microsoft's* AI platform. *Dove* has promised to never use AI generated images in its advertising. *Leanpath*, food service waste prevention & *Galley Solutions*, with its culinary operating system, will partner to reduce food waste. *Leaf Brands' Hydrox* will sue *Mondelēz* claiming the *Oreo* owner is intimidating retailers to keep *Hydrox* off the shelves. The USDA issued mandatory HPAI testing for shipping dairy cows. Following SEC accounting issues, *ADM's* CFO will resign. *Mars* promoted Blas Maquivar to global president of *Mars Snacking*. Rafael Pamias succeeds Daniel Servitje as *Grupo Bimbo* CEO.

The three warehouse club leaders (*Costco*, *Sam's Club* & *BJ's*) have been growing at a 6% CAGR since 2007, gaining market share, per *CFRA Research*. *Kroger* surpassed *HEB* as the leading grocer in the Houston area. From *Placer.ai*, *Sprouts'* growth has outpaced the industry over the last year, including store traffic. *Brick Meets Click/Mercatus* is forecasting a slowdown in grocery sales, with in-store sales growing at 1.6% & online sales growing at 4.5%. From *Morgan Stanley*, *Ozempic* users are spending much less on restaurants & groceries. To absolutely no one's surprise, *Numerator* reported CBD & THC users spend a higher percentage of their grocery budget on snacks. From the *Washington Post* & the University of Maryland, a smart 75% of Americans aren't buying that meat & dairy consumption is an environmental problem while 60% find value in recycling. Plant-based meat & seafood sales have declined for two straight years, down slightly to \$8.1B, per the *Good Food Institute*; only 15% of households buy plant-based meats. From USC, junk food consumed in teenage years can lead to memory issues.

MARKET NEWS: Markets eked out gains after bouncing during the week on earnings & economic news. The PMI dropped well below expectations; the PCE core inflation index remained sticky & the GDP missed expectations by a wide margin. Slow growth & high inflation means stagflation, an acceleration of this economic death spiral. This administration seems to be purposefully destroying the economy with out-of-control spending, a war on energy, persecution of political enemies, more regulation & high taxes, preparing to allow the last administration's tax cuts to expire. Those tax cuts averaged 5.5% for families earning under \$200K & just 3.5% for those earning over \$200K, exactly the opposite of the lies this current administration tells.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND — *Tom Malenka*

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