



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



LITCHFIELD

TEAMWORK. Attend any corporate offsite or all-hands meeting & there will be some motivational speaker delivering his or her own take on teamwork – why it is so important, what it looks like & why it wins. Teamwork is a beautiful thing! The well-executed outlet pass; the down & out pass; the play action pass; the double play; the double steal & my personal favorite, the hit & run, are things of beauty that could inspire Prokofiev. Effortless, seamless, silky-smooth; each player knows their spot; sees little cues from their teammates to adjust their timing to catch their opponents off guard. Teamwork may win games or even championships, but to build a dynasty, you need unity.

UNITY: "We built this team with the playoffs in mind," is the most infuriating comment that a sports franchise owner, general manager or coach can utter! What fan would be happy to just make the playoffs? To be put through the agony of a game-by-game nightmare of tension just to get eliminated. Think of the great coaches & sports dynasties: Brown, Wooden, Lombardi, Belichick; the Browns, the Bruins, the Packers, the Patriots & of course the Yankees & the Celtics. These teams' leaders, be it coaches or owners, certainly touted the importance of teamwork. Watching these teams play was often that thing of beauty, an intermeshing of people & movement that a Swiss watchmaker could only hope to emulate. But more importantly, each of these coaches focused on unity, a single purpose based on a common set of values. Think of a sports team. Players of all different backgrounds, skills, intelligence, experiences. But with a single purpose in mind, a coach finds a way to blend them all together with common values: playing for themselves, their teammates & fans, & then winning a championship. Think of what would happen if the slow-moving blocking tackle insisted on playing quarterback? What would happen if the players from Michigan, who disliked the players from Ohio due to an age-old rivalry, did not allow the Ohio players to join the team meetings or take the field? What if the running backs insisted on handling the ball every time because they thought their cause, running the ball, was more important than wide receivers catching the ball? What if the defense called the offense names or even worse, insisted the offense didn't even exist? What if the coach indulged these players - understanding their feelings, accepting their actions & then appeased them, allowing their behavior? The result would be chaos! The coach & the players forgot their values & the uniting purpose of the team. The players were self-centered, concerned only with their own beliefs & issues & not the uniting purpose. Unity is not understanding. Unity is not indulgence. Unity is not acceptance. Unity is not appeasement. Unity is not misplaced compassion. And unity does not mean sameness. The rhetoric is that our country has never been this divided since the Civil War & this may be true. But this country is not just divided, it is fractured at its very soul. Our country was founded on just three core principles or values: That all men are created equal; that our rights are God-given & cannot be taken away; & those rights are life, liberty & the pursuit of happiness. And that with these principles, America's purpose will be to achieve greatness for everyone. Those on the street & on the campus claim they are exercising their right to scream & protest. These supposedly educated screamers do not understand that a right does not come at the expense of someone else's rights! You cannot block a road or campus square to prevent others from getting to their job or class. You cannot create violence, breaking into an administration building to shut down a university. You are not allowed to prevent someone from attending their own college graduation. And you cannot scream hate, violence or call for death. This is not acting on your rights, this is committing a crime against society. This is why there is no right to housing, healthcare or education – someone has to pay for these things, they come at someone else's expense. It may be shocking to some reading that there is no right to happiness – there is the right to pursue happiness at the expense of your own time, effort & money. The right to life, liberty & the pursuit of happiness must not infringe on someone else's RIGHT TO LIFE, liberty or pursuit of happiness. Our schools have failed, indulging differences like a weak-willed team coach instead of instilling uniting principles. We have allowed our country to be flooded, mostly illegally or by system-gaming, not just by people who do not share these values but are only here to pursue their own agendas. These people do not believe that all, regardless of their differences, are created equal. They believe that those they hate to not have any rights at all. Aristotle nobly wrote, "Find the good. Seek the Unity. Ignore the divisions among us." Is this even possible when dealing with people so consumed by hate? Indulging bad behavior will lead to fatality. From Aristotle's student, Alexander the Great "Remember upon the conduct of each depends the fate of all." This Nation's purpose is to achieve greatness, as a whole & for each of its citizens, & for the last 248 years we have moved in that direction. But our Nation has never demanded everyone to be, think or behave exactly the same. This is the beauty of our sacred freedom & as W. Somerset Maugham wrote, "The essence of the beautiful is unity in variety." If as a Nation we do not find unity – whether you trust the words of Lincoln, Aesop or *The Brotherhood of Man* – together we will fall divided! We must not let this great country fall because we have lost our unifying purpose. Publilius Syrus wrote, "Where there is unity, there is the victory." But unity cannot be coerced, as Karl Marx encouraged. Nor can unity be asked for or sought after. Unity comes about when people understand why & how a single purpose, based on common values, will bring everyone & our Nation to its destined greatness, & what & who is preventing that greatness from being achieved. From C.S. Lewis, "Seek unity & you will find neither Unity nor Truth. Seek the light of truth, & you will find Unity & Truth."

INDUSTRY NEWS: Bazooka raised \$10M from Patricof Co. Voyage Foods raised \$52M led by Level One Fund & Horizons Ventures, with SOSV, Nimble Partners & Collaborative Fund. Meati Foods raised \$100M led by Grosvenor Food & AgTech with Prelude Ventures, BOND, Revolution Growth & Congruent. Mosa Meat raised \$42.9M led by Lowercarbon Capital & M Ventures with Invest-NL, LIOF, Limburg Energy Fund, PHW Group, XO Ventures, Doux Investments, & InvestEU involved. In California, Shinkei Systems, commercial fish processing technology company, raised \$6M led by Cantos, with participation from 8VC, Impatient Ventures, Susa/Humba Ventures, Carya Venture Partners, Ravelin Capital, Red & Blue Ventures, Undeterred Capital & others. Israel's ProFuse Technology, trying to promote muscle growth in cultivated meat, was awarded €2.4M from a grant program. Mycocycle, waste recycled using fungi, raised \$3.6M led by Closed Loop Partners, with participation from the TELUS Pollinator Fund for Good, U.S. Venture & the Illinois Department of Commerce & Economic Opportunity INVENT Fund. In India, Agtech firm BharatRohan, drone-based remote

sensing, secured \$2.3M from *Villgro Innovation Foundation*, *Caspian*, *RevX* & *Venture Garage*. *NVIDIA*'s venture capital arm, *NVentures*, invested an undisclosed amount in *Carbon Robotics*, laser-weeding platform for specialty crops. *Big Idea Ventures* launched its 5th portfolio company, *PlantSustain*, to research biologicals for better soil health. In France, *Oligofeed*, micronutrients for animals, raised €600K led by *The Yield Lab*. In India, *Superplum*, putting premium fresh fruits into the supply chain, raised \$15M led by insiders. In the UK, *Hexis*, AI-powered personalized sports nutrition app, raised a \$2M round co-led by athlete-driven venture firm *Apex Capital & Sport Republic*. In Nigeria, delivery startup *Chowdeck* raised \$2.5M; investors included *YC*, *Goodwater Capital*, *FounderX Ventures*, *Hoaq Fund*, *Levare Ventures*, *True Culture Funds* & *Haleakala Ventures*. Philippine ag-tech supply logistics start-up *Mayani* raised an investment India's *Walmart*-backed, *NinjaVentures*. Skin care brand *Mother Science* raised \$3.5M led by *Greycroft*. DTC meat & seafood company *ButcherBox* acquired virtual cook-along platform *Truffle Shuffle* founded by *French Laundry* chefs. Pittsburgh-based *TruFood Manufacturing* & California-based *Bar Bakers*, two specialty foods manufacturers, merged. Fully cooked chicken producer *Amylu Foods* acquired *Klement's Sausage*, a division of *Tall Tree Foods*. Pork processor *Clemens Food* acquired Lancaster, PA-based *Kunzler & Co.* *Central Valley Meat Holdings* will acquire *Cargill's* beef processing plant in Fresno, CA, for an undisclosed amount. *Rubicon Bakers*, part of *Trive Capital*, acquired *Lucky Spoon Bakery*; terms not disclosed. *L2 Capital Partners* acquired *Kosmos Q*, spices & rubs. *Pasture Brands Holdings*, part of *Benford Capital Partners*, acquired *Pillars Yogurt*. *General Mills* acquired *Edgard & Cooper*, premium pet food. *Foxtrot's* assets will be sold in foreclosure.

Sales declined in 1st QTR for *Ahold Delhaize*; comparables grew but digital sales dropped. *Grocery Outlet* took a margin hit due to tech transitions despite growth in 1st QTR sales & comparables. Sales & income were lower at *Ingles Market* in 2nd QTR; the retailer succumbing to inflation headwinds. Net income fell in *Weis Markets'* 1st QTR despite strong revenue & comparable gains. *Instacart* posted strong 1st QTR results, as revenue, order volume & profitability beat estimates. *US Foods* showed strong 1st QTR gains in revenue & profits. Despite a drop in volume, acquisitions drove earnings & revenue increases in *Post Holdings'* 2nd QTR. *Kellanova* reported a generally accepted positive 1st QTR forecasting a rebound for the year. *WK Kellogg* beat 1st QTR estimates as price increase outweighed volume losses. *AB InBev* saw a slight 1st QTR sales increase worldwide, but USA sales slipped 9.1% suffering from the *Bud Light* marketing fiasco. *Black Rifle Coffee* reported 4th QTR performance with a 31% increase in net revenue & a record adjusted EBITDA of \$13.3M. Despite high cocoa prices, *Hershey* saw a jump in 1st QTR sales & income & predicted high costs will linger into 2025. *Treehouse Foods* had a down 1st QTR impacted by the shutdown & restart of its broth processing plant after a recall. *B&G Foods* saw a \$40M loss in 1st QTR with a 7% sales drop driven by its canned & frozen Green Giant division, which will go under strategic review. In 1st QTR, *Utz Brands* saw lower sales but halved a year before loss to just \$4M, outlook riding on its core brands' strength. *Hain Celestial* reported a down 3rd QTR with a loss; the company lowered guidance as its return to growth is taking longer than expected. Sales were up 1.4% & net income 15% in *Lancaster Colony's* 3rd QTR. In 2nd QTR, revenue & net income at *J&J Snacks Foods* surged 6.4% & 94% respectively with category improvements. A chicken rebound helped *Tyson* reverse last year's 2nd QTR loss, but weak sales & inflation caused an almost 10% drop in stock price. A wider 1st QTR loss, a drop in revenue & a weak demand forecast caused a stock price plunge for *Beyond Meat*. Following a record 1st QTR a year ago, *Ingredion* posted a strong 1st QTR with higher YOY earnings. Sweetgreen stock price surged 37% with a strong 1st QTR & enhanced estimates. *Dutch Bros.* stock jumped on same-store sales growth as the coffee company beat 1st QTR estimates. *Domino's* saw 1st QTR revenue & net income jumps driven by value offerings. *Krispy Kreme* beat 1st QTR estimate though YOY EPS was lower due to investing in expansion.

Weis Markets will add six new stores. *Sprouts* will add *Klatch Coffee* cafes to its SoCal stores, following the rollout of *Press Coffee* cafes in Phoenix. *Schnuck Markets* will discontinue its *Eatwell Market* banner. *Kroger* will invest \$45M to upgrade some Ohio & Indiana stores. *Whole Foods* has acquired a *Fry's (Kroger)* facility in downtown Scottsdale. *Giant Eagle* will offer larger, fabric-based reusable bags for heavier & bulkier items. *Hy-Vee* recalled some of its private label dairy products due to possible salmonella contamination. Because of last year's backlash, *Target* will not offer any specialty products for the month of June. *Grocery Outlet* will introduce a private label line in 3rd QTR. If your store is out of avocados, it may be because that *El Rio Grande Latin Market* in Dallas displayed a *Guinness* record 260,292 avocados. *Instacart* will roll-out restaurant delivery through *Uber Eats*. *Amazon* will close & relocate one of its San Francisco grocery fulfillment centers. *Barney & Co.* will invest & build a second manufacturing facility in Fresno, CA. Ohio-based *Killer Brownie* will open a new manufacturing facility to meet growth. *FedUp Foods* will launch a third processing & bottling facility in North Carolina. Deli meat processor, *Land O'Frost* will close operations at its Pullman, IL facility affecting 215 jobs. *Bimbo Canada*, a will close its bakery in Levis, Quebec. *HelloFresh* will shut down its distribution center in Newnan, GA, due to reduced demand. *Martin's Famous Pastry Shoppe*, bread & roll baker, will invest \$123.2M to add 295K sq. ft. to its Pennsylvania manufacturing plant. *GEA* will open a technology center for alternative proteins facility in Janesville, WI. The University of Tennessee Institute of Agriculture will construct a next-generation poultry research & education facility in Spring Hill. *Meati* launched in 2K *Kroger* stores. *Daily Harvest* will add 250 *Target* stores. *Mondelez* will offer gluten-free *Chips Ahoy!* *Nestlé* launched *Nescafé Espresso Concentrate* to appeal to cold coffee drinkers. *Whisps* launched a shelf-stable, high protein cheese & meat snack. *Just Ice* parent *Eat the Change* will pull back on snacks to focus on tea. *Lancaster Colony* will halt production of the *Flatout* & *Angelic Bakehouse* brands. *Simbe (Tally robots)* will partner with *Plexus* to manufacture a variety of robot options. *Butterfly* separated its portfolio company *Bolthouse Farms* into two standalone entities: *Bolthouse Fresh Foods* & *Generous Brands* for the beverage business. *Thrive Market* paid \$1.55M in fines in lawsuits concerning the clarity of its subscription practices. Farmers are blasting this administration's plans to incentivize corn & soybean-based jet fuel but with costly required investments in worthless & purposeless climate initiatives. Tyler Ricks moved from *Super Coffee* to *Caulipower*.

From *Packaged Facts*, 53% of consumers are still concerned about increasing food prices & are continuing to alter their purchase choices. According to *Numerator*, 78% of consumers celebrate Mother's Day; GenZ is more likely to purchase gifts. From *Popmenu*, consumers want to eat at restaurants much more but inflation has caused them to spend just 30% of their food budget on restaurants compared to 40% a few years ago. Scottish researchers determined that varying the light spectrums for strawberries can intensify their healthy attributes for diabetics & dieters, increasing the sweet taste & digestive properties that limit caloric intake. From Monmouth University, cooking is America's favorite hobby! Peru's avocado exports rose 35% in the 1st QTR. Per *Rabobank*, global sow herds are increasing. The Washington cherry harvest will be early this season. Blackberries have been named the official fruit of major league Pickleball.

MARKET NEWS: The market jumped as weak weekly job numbers renewed hopes of interest rate cuts, unemployment hit an 8-month high & consumer sentiment tanked to a 6-month low as consumers see inflation ticking higher!

SEEDS, SPROUTS, GROW, HARVEST!
THE LITCHFIELD FUND — *Tom Malanga*
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