



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



CHILDREN BELIEVE! They put aside seeing Santa at every mall or store, or seeing mom & dad buy a gift or two, to maintain their belief in a jolly old elf! Not just any old elf, but an omnipresent elf from the North Pole who knows when they are sleeping, knows when they are awake & knows if they've been bad or good! And every child knows the score! Only good little boys & girls get gifts. Most parents though are like big city district attorneys dealing with crime in their communities – they ignore the offender's actions & give gifts to their child even if that child has misbehaved! It's likely children no longer believe that if they are naughty, Santa will only bring them a lump of coal.

A LUMP OF COAL: Coal is an important part of my family's heritage & roots. My dad was, in chronological order: a farmer, a member of the Civilian Conservation Corps, a coal miner, a WWII soldier, a coal miner again, a warehouse worker, a factory worker & a janitor. Not only was my father a coal miner, so were my Nono & several uncles & cousins. And my mother, while not from Butcher Holler, was after all, a *Coal Miner's Daughter!* The Pennsylvania countryside where my parents grew up may have been laden with lush farms, cows & slaughterhouses as well as a place where every family raised vegetables, fruit, chickens, goats & rabbits; but it was coal that was the lifeblood of this western Pennsylvania region. The area teemed with mines, tipples, rock dumps & coal trains. Every asphalt-sided A-frame home was owned by the mine. There was a company store. Everyone spoke with respect for Boss Long, the mine foreman, even years after he had passed. My dad worked in mines near Johnstown, St. Benedict, Nanty Glo, Edenburg & of course, in the hometown mine, simply known as #9. But coal was not just the lifeblood of this region, it was the lifeblood of America & the fuel for America's Greatness. Coal powered the trains & ships of American commerce. Coal heated the forges that melded the steel that built America's bridges, skyscrapers & cities. Coal fired Edison's & Westinghouse's reciprocating steam engines that moved the turbines that created the electricity that gave light to American cities. And coal warmed the homes of American families. Coal's brethren in driving America's Greatness has been - since its discovery in Titusville - oil. These two domestically abundant sources of fuel & power are what still drives the American economy today. These are our lifeblood. And as we can see, without this much needed blood flowing through our economy, this patient is dying. Since January, 2021, the blood flow has been stopped; a tourniquet applied to the American economy. As you prepare for this holiday season & see the price of food, gifts & travel; wonder why your business is struggling to find funding; why the home you want for your family is unaffordable; or are dismayed that your children are living in a time of war & strife; then ask Santa to bring you coal & oil for Christmas. Our country is rich in oil & coal. The oil & coal beneath our soil can be extracted & burned cleanly, efficiently & inexpensively. Instead, we are buying expensive oil from our enemies; enemies currently engaged in terror against us & our allies. We are also buying minerals & chemicals needed for inefficient batteries from an economic rival & enemy who mines these materials by employing child & slave labor. All while that same rival is daily building substandard coal-fired power plants that are polluting the atmosphere. Yet, too many people hold on to a childlike belief of a disproven mantra! They put aside the sight of rising prices. They ignore the inefficiency of wind & solar powered energy & the destructive impact these have on the environment. They disregard the inefficiency of electric vehicles & the terrible ROI for an industry that is wasting substantial government subsidies. They excuse the self-righteous & bloated supposed do-gooders who jump in private planes to fly around the world to cast shame upon us for driving a gas-powered vehicle. Yes, the Grinch has stolen Christmas by hiding America's natural, blessed wealth - oil & gas. Without this lifeblood, the patient will die. Not sometime in distant centuries based on unproven scientific hogwash, but based on the actual facts we see every day in the economy, in just a few short years! And when patient one dies, it won't be long before the rest of the world collapses. The Grinch just didn't steal Christmas, he took with him the star at the top of the tree, our most blessed gift, the one that separates humans from all other living creatures, *the ability to reason!* Instead of hearing bedtime stories about sugar plum fairies & heroic reindeer, children hear stories of farting cows (& probably reindeer) that are destroying the world. More importantly, they do not hear the stories of the miracles – oil to light the lamps that lasted for eight days & a child born in rags, who without a sword rises to be the King of Kings & most importantly, teaches us to teach our children well. To keep the lights lit today, we need to drill for American oil & mine for American coal, to restore America's economy & America's Greatness. May each & every one of us receive for Christmas the precious gift of a lump of coal!

INDUSTRY NEWS: *Suntory Holdings* invested an undisclosed amount in beanless *Atomo Coffee*. *LUCKY F****, *BFY energy* closed a \$4M seed round led by *Imaginary Ventures*. Natural energy drink start-up *Virtue Drinks* raised £1.2M to accelerate its growth

across the UK with a recipe upgrade. *Meatiply*, cultivated meat, raised \$3.75M led by *AgFunder & Wavemaker Partners* with *SEEDS Capital* involved. *Clever Carnivore*, cultivated meat, raised a \$7M seed round led by *Lever VC* with *McWin Capital Partners, Thia Ventures, Valo Ventures, Newfund Capital & Stray Dog Capital* involved. India's *Cropnosys*, biofertilizers, raised \$45M led by *Kotak. Coefficient Capital* led an €8.3M Series A round for *Milano Vice*, a digital pizza delivery business founded by two ex-*Deliveroo* employees. *Ting Hsin International Group* invested an undisclosed amount in plant-based ingredients developer *Alchemy Foodtech* to cut the sugar & carbs in the food & drinks the group produces. In France, fermentation startup *Farmless* raised €4.8M to build a protein brewery; the round was led by *World Fund & Vorwerk Ventures*. *Pharmavite*, maker of *Nature Made* vitamins, acquired women's health company *Bonafide Health* for \$425M. *Rise Baking*, part of *Olympic Partners*, acquired two pie facilities from *Wonder Brands & FGF*. *CropX* acquired digital irrigation management startup *Green Brain*, its fifth acquisition of farm management technology companies. *Danone* is reportedly in talks to sell biscuit brand *Michel et Augustin* to *Ferrero's CTH Invest*. *Rockstart* raised its second agrifood fund, closing at €50M.

Net sales, comparables & income rose for *Village Markets* in 1st QTR; margin shrunk on promotional spending. New stores drove a revenue gain for *Dollar General* in an otherwise down 3rd QTR. Divestitures drove a drop in revenues in 2nd QTR for *J.M. Smucker* with *Uncrustables* driving a slight profit increase. *UNFI* had flat 1st QTR sales & recorded a \$39M loss, though management believes improvements are occurring. *Campbell Soup* posted an earnings beat & a match on revenue in the 1st QTR; the stock was the best performer in the S&P 500 on Wednesday.

Cardenas Markets will open its 6th store in Las Vegas. *Meijer* opened a smaller format store in Cleveland's east side Fairfax neighborhood. *Safeway* will partner with *MrBeast* for grocery donations. *White Claw* will enter the nonalcoholic category with zero-proof, electrolyte-infused, booze-free drinks in four flavors aimed at GenZ abstainers. *Sweet Loren's* will debut gluten-free *Breakfast Biscuits*. *BHU Foods* will introduce protein cookies at *Whole Foods Markets*. *Goldfish* will launch its first potato-based snack, *Goldfish Crisps*. *Blue Apron* will debut *Prepared & Ready*, fresh pre-made, non-frozen meals, with 16 single-serve offerings & more planned. *Impossible Foods* will introduce frankfurters. Vertical farm *Oishii* will debut the *Rubi Tomato* in select *Whole Foods* stores in the USA, expanding its products into the Northeast. Ex-*Uber* CEO *Travis Kalanick* will build a restaurant robotics company, *Lab37*, to develop a bowl-making robot. *Guardian Agriculture* has begun spraying crops in the Salinas Valley with its electric vertical take-off & landing (eVTOL) devices. *ADM* is expanding its Brazil oilseed crushing facilities & adding other production capabilities. Lack of financing caused poultry company *Cooks Venture* to close operations in Oklahoma & Arkansas laying off 511 employees. *Post Holdings* will close its cereal manufacturing plant in Lancaster, OH, impacting 200 employees. *Smithfield* will end 26 hog farm contracts in Utah. *Greater Omaha Packing* will invest \$100M to expand its meat packing facility. *Big Idea Ventures* launched a third portfolio company with *Generation Food Rural Partners Fund*; *Nexture Bio* will develop novel technologies to scale alt-protein production. *McCain Foods* launched a digital ag business unit, *Presia Ag Insights*, to provide data to potato growers. *McDonald's* is initiating a 10-store test in Illinois & Texas of a new small-format concept, *CosMc's*, that will focus on customizable beverages, sweet & savory treats, sandwiches as well as feature the *Egg McMuffin & McFlurry*. *Dollar General* is facing a class action lawsuit alleging false & misleading shareholder statements, understaffed stores & logistic/inventory management. At *SunOpta*, *Brian Kocher* will succeed retiring CEO, *Joseph Ennen*

Brick Meets Click/Mercatus reports that on-line grocery sales slipped 13.5% across 25 regional grocers in the past quarter. From *FMI*, 76% of grocery shoppers say transparency about ingredients & production is important, up from 69% in 2018. A drop in sales rates for snacks, bakery & other segments is due to weight loss drugs, per *Numerator*. *Innova Market Insights* shows vegan was the second-fastest growing claim in bread in 2022 with 18% of all USA bread launches carrying the claim; vegan was also among the top five claims in the sweet baked goods space at 11% of all launches. Fresh seafood sales dropped 6% to \$1.5B for the 13 weeks ending Oct. 1, according to *Circana & 210 Analytics*, finfish sales dropped 3.7%, & shellfish slumped 9.6%; a holiday rebound is expected. From *Nestlé*, 25% of UK consumers have no idea where coffee is grown & 20% believe it is grown in England. A *National Restaurant Association* survey shows 63% of adults plan to eat out during the holiday weeks & 48% plan to order takeout or delivery. In blind tests by researchers in Denmark & New Zealand, consumers could not tell the difference between vegetables & greens grown without soil in vertical farms & traditionally grown crops. Onion prices are higher until the Mexican onion crop arrives on the market.

MARKET NEWS: Markets were slightly higher. The economy added 199K jobs in November, 47K were auto & Hollywood workers returning from strikes. As usual, 25% of the new jobs were in the government, people being paid by our taxes & adding nothing to the GDP! The labor participation rate is still below what it was from 2017 to 2020. The gap between this year's S&P 500 returns (19%) & the Dow's returns (<9%) is at its highest level since the tech bubble.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malenka*

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