



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

**"OUR EARS SPAN ALL FIELDS"**



**TWO SOCIOECONOMIC BOOKS** were best sellers in the 1990s. *The Bell Curve*, considered controversial, had a simple premise: smart people meet smart people, marry smart people & raise smart kids, propagating a societal elite with brains, money, power & access. The premise of *The Millionaire Next Door* was that the financially secure person may not be the *Maybach* driving high level business executive but the person who lives well below their means, saves their money, follows a disciplined budget & delays immediate gratification. Today we rightly debate the value of higher education, but it's hard to debate the value of a lifetime of learning.

**LIFETIME LEARNING:** For most of the 20<sup>th</sup> century, the way up (the socioeconomic ladder) & out (of a current societal caste) was education. For centuries prior, it was apprenticeship (think Scrooge & old Fezziwig). A young man found a position with a seasoned banker, lender, mercantile, retailer, craftsman, etc., & learned the trade from the inside out. The young man, despite being paid very little, placed his hopes on eventually moving up in his employer's organization or eventually striking out on his own. Without apprenticeships, young men likely ended up doing what their fathers did for employment. The sons of farmers, miners, mill workers, dock workers – no matter the profession – reached a certain age, perhaps as young as 10 or 12, picked up a lunch bucket & followed their fathers to work. (I have been told my Uncle Sam went into the Pennsylvania coal mines at age 10!) Even the sons of those at a higher station in life, who had access to education, still followed in their father's footsteps. The son of a clergyman became a clergyman. The son of a civil servant or government minister likely did the same. The son of an academic or educator followed suit. And of course, the son of someone who had a family business was destined to keep the business running. But in the 20<sup>th</sup> century, the way up & out came by higher, formal education. This was especially true in the second half of the century for my generation, the Baby Boomers. A four-year degree was required to get anywhere in life. While my grades & extracurricular would more than likely have gotten me into most colleges, I chose to stay local for several reasons. First, by living at home I would be able to work at a variety of jobs to pay for school, books, gas, lunch & even some fun that I would not be able to if I attended a college in another city. But mostly I knew in my heart (but unlikely to admit it at the time) that I was not as socially aware, as socially intelligent or as well-travelled or experienced as others my age. So the local liberal arts Jesuit university seemed to fit me & my chosen goal at that time, journalism. Reality shifted my career ambitions & degrees to something more business oriented (mathematics & economics), believing that something more boring would be far more secure & financially rewarding. After landing my first job, it became clear that the way to grow in the organization was not just the BA or BS stamp, the next required label was an MBA. I was fortunate that at that time corporations not just paid for an MBA, it was tax free. I essentially got a 25% pay increase to attend school! And not just any school, but the local business school that at the time appeared on the cover of *Newsweek* as the "Best of the Rest," ranked #21 on their list of best MBA programs! But statistics prove that for my generation even the required MBA was not a Golden Ticket to success. Only 4% to 6% of those of us with MBAs rose to high-level executive positions, less than half of that for those of us who were not following in the family footsteps or who began life in lower socioeconomic status. Like almost everyone who did not go to college to enter a very specific calling, most of what I learned in college was not extremely helpful in my business career. Yes, math & economics certainly enhanced my problem solving skills but proving a mathematical theorem or solving a hypothetical macroeconomic situation was far different than figuring out how to enhance an operational process or system to improve quality & reduce manual effort. Most of what I learned that was actually helpful in my career came by way of on-the-job experience, trial & error or was essentially self-taught. And much of what was useful in business came from a single text, Adam Smith's *Wealth of Nations*, published 250 years ago on March 9, 1776. I first encountered the text as a young teenager. Why? It was about that time I became obsessed with reading everything our Founding Fathers, especially Thomas Jefferson, would have read as they acquired "*The Knowledge of the World*" to formulate the Declaration of Independence & the Constitution. So I began to read & read about Plato, Aristotle, Aurelius, Plutarch, Aquinas, Machiavelli, Newton, Hume, Locke, Burke, Paine & Smith. I had been a voracious learner in childhood & I have remained so throughout my life & even today. The debate over the value of higher education is a valid one. The cost of higher education these days is out of most people's means. The amount of useful & purposeful education acquired versus the amount of required & often morally perverse indoctrination is questionable. And opposingly, the opportunities to enter high paying trades are rising. The opportunities for youngsters to strike out on their own as an entrepreneur is significant. At a young age children become familiar with technology & begin developing their own apps with little direction. AI provides access to research allowing students to develop products & technologies from their bedroom. These options were not available in the 1960s & 1970s. *The Millionaire Next Door* premises may be truer today than when published in 1996. As our lawmakers, including our great President, discuss affordability, in the real world nothing beats saving early, often & living below your means to live well & live securely. And nothing beats being a lifelong learner. Statistics show those who are always learning have far less risk of dementia & cognitive decline; feel an improved sense of mental health with less depression; hold a great sense of purpose & self-worth & a higher perception of well-being. So while there may be no blueprint or absolute right choice for the path to success, the data & this humble analysis would suggest valuing learning & experience & understanding the value of saving money provides the surest path to financial well-being & overcoming the societal & formal education restraints one may encounter in life. *Dune* author Brain Herbert stated, "*The capacity to learn is a gift; the ability to learn is a skill; the willingness to learn is a choice.*" Alvin Toffler, author of *Future Shock*, would agree, "*The illiterate of the 21st century will not be those who cannot read & write, but those who cannot learn, unlearn & relearn,*" as would entrepreneurial educator Tony D'Angelo, "*Develop a passion for learning. If you do, you will never cease to grow.*" Without that passion, acquiring knowledge or wisdom is lost. From Epictetus, "*It is impossible for a man to learn what he thinks he already knows.*" Many of the world's greatest thinkers believed true learning begins with humility, always knowing that there is still so much more to learn. Socrates wrote, "*The only true wisdom is in knowing you know nothing.*" From Galileo, "*You cannot teach a man anything; you can only help him find it within himself.*" The most prolific socioeconomic thinker of our lifetime, Thomas Sowell, has been a thoughtful critic of formal education but a vociferous adherent of self-education & self-learning. Sowell has criticized higher education as nothing more than an escape from reality that is devoid of critical thinking, problem solving or conceptual actualization, only an expensive form of indoctrination. For Sowell, individual societal outcomes are driven by the acquisition of knowledge & experience outside of formal education & the desire & willingness to do so. From Sowell, "*Differences in habits & attitudes are differences in human capital, just as much as differences in knowledge & skills—and such differences create differences in economic outcomes.*" In fact, for Sowell, formal education that is not useful becomes a drain on society: "*While years of education are often used as a rough proxy for human capital in general, not only is much human capital gained outside of educational institutions, some*

education even produces negative human capital, in the form of attitudes, expectations & aversions that negatively impact the economy.” This humble rag serves as my platform for my own continued self-learning. The opportunity to dust off my acquired knowledge & explore it more deeply; to more intensely investigate a subject important to me; to test my own viewpoints; to validate an idea or observation taking up space in my brain or an attempt to improve my own understanding of the world around me. And with humility I will continue to do so, because there is still so much to learn, knowing that writing these entries well serves my much-needed physical & mental well-being & hoping that in the decades to come I can say, like Michaelangelo did at age 87, “Ancora imparo - I am still learning!”

**INDUSTRY NEWS:** *Hurray's Girl Beer* raised \$5M led by *Lakehouse Ventures*. In the UK, healthy beverage brand *VITAL Drinks* raised £1M from undisclosed investors. Hockey player founder *Chilly Ones*, low-ABV beer, raised an angel round from the founders of *NÜTRL Vodka Seltzer*, which was sold to *Anheuser Busch*. *Starboard Value* invested in potato processor *Lamb Weston* & is advocating for changes to be made to the business, including cost improvements. *Warburg Pincus* has invested \$1B in *Global Eggs*, valuing the multinational table egg producer at \$8B. In the UK, *Tropic*, technology for gene-edited disease resistant bananas, raised a \$105M led by *Forbion Bioeconomy Fund* & *Corteva* with *IQ Capital*, *Just Climate*, *ABN Amro*, *Invest International*, *Temasek*, *Five Seasons Ventures*, *Aliment Capital*, *Sucden Ventures*, *Genoa Ventures* & *Polaris Partners* involved. Another UK gene-editing technology, *Cytotrait*, raised £3M led by *Northern Gritstone*, with participation from the *UK Innovation & Science Seed Fund* & the *Northern Universities Ventures Fund*. *Upcycled Plant Power* raised £1.5M from *Elbow Beach Ventures* to scale production of fiber & protein ingredients derived from broccoli side-streams. In Germany, *Flink*, a speedy grocery start-up, raised \$100M led by *Prosus Ventures* & *Btomorrow Ventures*. Lithuanian fresh products marketplace *Saltz*, connecting professional kitchens with food suppliers, raised €20M for expansion from *European Bank for Reconstruction & Development*, *Inovo*, *Lifeline Ventures*, *Change Ventures* & others. *Puratos* has entered into a definitive agreement to acquire *Dawn Food Products*. *Morinaga* will acquire *My/Mochi Ice Cream* for an undisclosed amount. *Royal Cup*, a portfolio company of *Braemont Capital*, will acquire *Farmer Brothers Coffee*, a Texas coffee roaster, wholesaler & distributor, for \$1.29 per share. *Coefficient Capital* closed on \$290M for its *Fund II* & \$240M for its *Apex Fund*.

In 2<sup>nd</sup> QTR, *Costco's* net sales increased 9.1%, net income was up 13.8%, comparable-store sales rose 7.4% & comparable-store traffic rose 3.1%. *Dollar General* finished a strong year with across the board increases in 4<sup>th</sup> QTR. *Sobey's* parent *Empire* reported stellar 3<sup>rd</sup> QTR results with improvements in sales & earnings. *Casey's General Stores* posted profit growth of 49.3% in 3<sup>rd</sup> QTR on a slight revenue increase. *Campbell's* 2<sup>nd</sup> QTR earnings & revenues missed estimates as snacks sales slumped; the company cut its future forecast. For *UNFI* in 2<sup>nd</sup> QTR, total net sales were 2.6% lower, but profitability increased more than 23% as its cost cutting efforts took hold; free cash flow was \$243M, up from \$50M a year ago. *Mission Produce* & *Calavo* both released mixed 1<sup>st</sup> QTR results ahead of their planned merger.

*Albertsons* added a new store in Lovington, NM & opened a *Tom Thumb* grocery store in Argyle, Texas; its third of four in the area. *Lidl* opened a new store in Brooklyn. *Whole Foods* will double its UK presence with six new daily shops in London. *Kroger* will close more of its *Little Clinic* locations. *The Fresh Market* reopened a rebuilt store lost in Hendersonville, NC, during Hurricane Helene. *Target* will lower prices on 3000 items. *Loblaws* was hit by cyberattack this week. *Fareway* will partner with *Instacart* for online grocery. *Publix* will end its mobile payment tool, *Publix Pay*, but its stores will continue to accept *Apple Pay* & *Google Pay*. *Grubhub* & drone provider *Dexa* will offer drone food delivery from one location in New Jersey. *Serve Robotics* will partner with *White Castle* to use *Serve's* autonomous delivery robots with *Uber Eats* in Los Angeles, Miami, DFW, Atlanta, Chicago, Fort Lauderdale & Alexandria, VA. *PepsiCo* will launch a new meta snack, *Good Warrior*. *California Pizza Kitchen* will add frozen items in appetizer & entree formats, following the company's acquisition by *Consortium Brand Partners* in December. *Calbee America* is reformulating its entire *Harvest Snaps* portfolio with avocado oil. Dairy products manufacturer *Clover* is launching an ice cream line. *Nestlé USA* will launch a clean-label chef-inspired sauce brand, *Minor's Kitchen*, in four flavors. *Borden* launch a line of cheese dips in three Mexican flavors. *Systm Foods* will add to its *Rebbl* portfolio with a new line of clear protein beverages with zero sugar drinks, 20 grams of whey protein, 300 mgs of potassium, 100 mgs of magnesium & 95 mgs of sodium. *General Mills* will launch soft baked bars as part of *Nature Valley* brand. The celebrity founders of *Casamigos* are launching a non-alcoholic beer, *Crazy Mountain*. *Genius Gourmet* will collaborate with *Tapatio* on protein puffs in a spicy queso flavor. *Taylor Farms'* new RTE line combines fresh vegetables with protein-packed dressings, dips & toppings. *Dunkin'* is adding a line of zero-sugar energy beverages in six flavors. *Kerrygold* will have a popup shop on St. Patrick's Day in New York City. *Conagra* will invest \$220M to add chicken processing capacity at its plant in Fayetteville, AR. *Bel* will invest \$200M to double *Babybel* cheese production capacity in Brookings, SD. Baking manufacturer *Maker's Pride* will close two production plants, in Shakopee, MN, & Salt Lake City. *Rise Baking* will nearly double the footprint of their Utah facility & add 170 employees; the baker will close in Kent, WA, facility. *Mondelez* launched a new production line at its *Toblerone* chocolate production plant in Bern, Switzerland. *Meiji* will invest \$65M to upgrade existing equipment at its *Hello Panda* cookie production in York, PA. *West Liberty Foods* launched a new pre-assembled deli sandwich line in a strategic collaboration with temperature-controlled warehouse provider *Lineage*. As its larger fulfillment center contracts end, *Ocado* is looking to offer downsized store fulfillment systems to retailers. The union at the *JBS Greeley*, CO, plant will strike on March 16. Five former senior executives at *Southern Glazer's Wine & Spirits* were indicted on charges stemming from an alleged bribery scheme that earned favors from *Albertsons* & its Southern California subsidiary *Vons*. *Buc-ee's* has sued another retailer for logo infringement, this time *Mickey Mart* in Ohio. *David Protein* is once again being sued, with claims it significantly understates the calories & fat content in its protein bars. Seattle will reportedly try to force grocery retailers that are looking to shutter a location due to poor performance or rampant crime to remain open for business. *Heritage Grocers* named David Hinojosa as the new CEO.

For the first time, *Amazon* is number one in Europe & UK as last year it achieved a gross merchandise value of €179.7B, just ahead of Germany's *Schwarz*, (*Lidl* & *Kaufland*) with €179.4B; *Aldi* was a distant third. The natural & organic market is forecasted to reach more than \$400B by 2029. USA consumers bought a record \$55B of confectionery products in 2025 with purchases expected to reach \$62.2B by 2030, per *the National Confectioners Association*; 98.8% of households bought candy in 2025. *Grandview Research* projects the global seaweed snack sales will rise from \$2.7B to \$4.66B by 2030. Despite inflated prices, consumers bought more meat in 2025 as volume rose 2%, per *FMI* & the *Meat Institute*; younger consumers are driving 67% of the growth. Food prices rose 3.1% in February driven by meat. The USDA lowered the sugar production forecast.

**MARKET NEWS:** Markets wavered on oil price changes & concerns over access through the Strait of Hormuz & Kharg Island. CPI & Core CPI came in as expected for February, with year-over-year inflation targets hovering just above the Fed target. The January PCE index was also at expectations.

**SEEDS, SPROUTS, GROW, HARVEST!**

THE LITCHFIELD FUND – Tom Malanga

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