



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



CHRISTMAS IS AN EMOTIONAL TIME. People try to put aside their daily & worldly concerns to focus on the joy, merriment & goodwill of the season. Yet some people are incredibly stressed by all the shopping, entertaining, decorating, wrapping & planning. Others are facing terrible heartache but desperately try to find the joy the season brings. Christmas is a time when many rue what might have been, what is & what could be. Christmas brings us a sense of nostalgia, the melancholy, yet happy comfort of what once was but may never be again. The songs & movies of WWII were laced with nostalgia; people yearned for what had been, before America had to spend Christmas at war.

CHRISTMAS AT WAR: It was 83 years ago, December 7, 1941, when Pearl Harbor was attacked by the naval & air forces of the empire of Japan, bringing America into WWII. Within days America had declared war on Japan & soon the other Axis Powers, on December 11, declared war on the USA. At the same time, Japan attacked American & British forces across the South Pacific at Guam, Midway, Wake Island, the Philippines, Hong Kong, Malaya, Borneo & Thailand. Just two weeks after Germany declared war on the USA, Americans would wake to Christmas morning. As Christmas approached (while the news of the attacks was brought by newspapers, radios, newsreels & magazines), on December 22 Winston Churchill arrived in the USA after a dangerous Atlantic crossing on the battleship Duke of York. FDR & Churchill mapped out the Europe first strategy, which would put the USA alone in the South Pacific, lacking men & weapons. Churchill delivered a speech to a joint session of Congress on December 26. Churchill was in America for three weeks; publicly & privately he helped America recognize & embrace the English people's bulldog fighting spirit that he so epitomized. (This was the first of five wartime visits to America for Churchill; so stressful was this first visit, the Great Man suffered a mild heart attack during his stay.) We can only imagine how Americans felt that Christmas morning in 1941, whether in the cold & snow of New England & the Midwest; the sunny beaches of Florida & California or the smokey grey of an Appalachian coal mining village. Many young men, merely boys, had already enlisted. The peacetime draft had started in September of 1940; many families already had someone stationed at one of those faraway islands now under attack. Many a family member would not just miss this Christmas dinner but would probably not be at the table for years to come. There was, of course, the worry of what was next for not just these boys, but for those sons still at home. Some boys already had their draft notices, some were waiting for their assignment & probably some sturdy young man told his dad he was ready to enlist & his dad begged him not to tell his mom until after Christmas. And for the 2400 families who lost a loved one at Pearl Harbor, Christmas was already different, forever. Even though the war in Europe had raged since September 1939, Christmas in America probably felt pretty good in 1939 & 1940. America was working its way out of the depression. Those Christmas seasons likely brought a renewed hope for the future. And while perhaps little had changed on Christmas morning 1941, some things were already different. Many cities, especially on both coasts, were under blackout conditions. The bright, whimsical department store window displays went dark when the sun set; nary a candle in a frosted window allowed. Cities had already mobilized – air wardens, draft officers, ration boards, etc. In the years to come, Christmas would change significantly. Rationing made Christmas dinner much leaner – SPAM replaced ham & vegetables came from a Victory Garden, likely home-canned before the weather turned cold. Traditional gifts – toys, clothes, food, household appliances – were scarce as essential materials – metal, cotton, silk, electronic parts – were needed for the war effort. Christmas gifts were homemade & recycled! Gas & rubber rationing made travelling to see relatives impossible. Train travel was difficult, the rails were prioritized to move troops, supplies & the weapons of war. War factories kept buzzing, even on Christmas day; there was no letup in America's all-out war effort & total victory mission! Complete blackouts meant no bright, cheery Christmas lights. There were no Christmas Tree lightings in the town square. By 1942, many families had lost a son. With mail being the main avenue of communication, many families would go years without hearing from a son on the front or a loved one in a war-torn country. They would always be wondering, not just for their loved one's safety, but even if they were alive. Just like travel, phone traffic was limited to assure war-time critical access was always available. Sending a telegram to wish a Merry Christmas was fraught with risk & fear! When the *Western Union* delivery boy rode his bike through a neighborhood, everyone would come out to watch, knowing that they, a friend or neighbor would be getting terrible news, "...We regret to inform you." Women filled the roles of department store & charity bell-ringing Santas! Even after D-Day (with the Allies having gained ground toward Berlin), on Christmas Day 1944 the outcome of the war remained in jeopardy. However, the *Bloodied Battered Bastards of Bastogne* ([ALL EARS!! 12/14/19](#)), though outnumbered & lacking winter clothing, food, supplies, ammo & weapons, stood their ground in the snow & bitter cold at the most important crossroads in Belgium & prevented the Nazis from creating a BULGE in the American lines. If these boys had not stood fast, the Allies may have been forced into negotiating peace & the Nazis would continue to propagate their hate. And while families walked to church for Midnight Mass or dawn services; American men gathered in the rain & snow in fox holes & leaky tents; around a jeep or truck or a smoldering tank or building. There, if they were lucky, a Chaplain delivered a short service; & if they were really lucky, the Chaplain could offer a prayer in Hebrew, in Greek or a Slavik language for the Eastern Orthodox GIs. If a Chaplain was not available, a senior officer read from the Bible. It's no wonder that *White Christmas* became the most popular song of all-time & was followed the next year by *I'll Be Home for Christmas*. Movies like *Meet Me in St. Louis* became hits. America dreamed nostalgically of simpler, happier times. As Americans faced a worldwide crisis in 1941, it must have brought great relief & hope when Winston Churchill, the greatest leader in human history & who, like Washington & Lincoln, believed in freedom above all else, arrived in Washington DC! Likewise, today as we face very scary domestic & global turmoil, Americans should take heart this Christmas, that in a mere 45 days another one of the great leaders in world history will arrive once again in Washington DC!

INDUSTRY NEWS: *Iris Ventures* invested an undisclosed amount in *Superlativa*, a female-focused nutritional supplement brand. *Clairvest Group* made a minority equity investment in *Redstone Food Group*, a commercial baking company focused on the in-store bakery segment. Cell-cultures cocoa producer *Celleste Bio* closed a \$4.5M seed round for R&D & scaling production, led by *Supply Change Capital*, with participation from *Mondelez's SnackFutures Ventures*, *Consensus Business Group*, *The Tredlines Group*, *Barrel Ventures* & *Regba Agriculture*. *Cerve*, supply chain waste management platform, secured £3.5M in a capital raise led by *SuperSeed* with *Zenith*, *Ponderosa* & *The First Thirty* involved. *Ageye* received a strategic investment from *Mann+Hummel* which will combine *Ageye's* automation & AI-driven crop analytics with *Mann+Hummel's* filtration & disinfection expertise for indoor farming. *Lakeside Foods*, frozen & canned foods manufacturer, acquired *Smith Frozen Foods*, including *Smith's* production facility, *Garrett Packing* & *Brittany Farms* operations in Oregon. *The EVERY Company* received a \$2M Department of Defense grant to work on USA-based manufacturing. Chile-based cell-cultured faux-meat maker *Luyef Biotechnologies* secured

\$1.25M in grants from the *Good Food Institute* & the Chilean Economic Development Agency. *Constellation Brands* will sell its *Svedka* vodka brand to *Sazerac*, the maker of *Fireball* & *Southern Comfort*; terms were not disclosed. *Lillie's Q Sauces & Rubs* was sold to *OWS Foods*, the maker of sauces & spices. *Britain's Supreme* acquired tea brand *Typhoo Tea* for \$12.94M. *TreeHouse Foods, Inc.* is acquiring certain tea manufacturing assets & employees of *Harris Freeman & Co.* in Anaheim, CA, for \$205M. International dairy products manufacturer *Arla Foods Ingredients* acquired *Volac Whey Nutrition* & its processing facility in Wales. *Prime Drink Group* bought all the issued & outstanding common shares of *Prime Capital Investments* that owns the assets of the *Beach Day Every Day* brand. *SK Capital Partners* acquired *Spectra Confectionery*, a Canadian manufacturer of a variety of confectionery products. *Paine Schwartz Partners* bought *Promix*, a nutritional supplement, vitamin & protein bar brand. *Conagra* is exploring a sale of *Chef Boyardee*. According to *The Wall Street Journal*, *Spindrift* is in talks to be acquired by PE firm *Gryphon Investors* for \$650M. *Unilever* is looking to sell several European food brands with combined sales of €1B. *JM Smucker* closed its *Voortman* divestiture & updated 2025 guidance. *Walmart* completed its acquisition of *Vizio* to extend its retail media network capabilities. *Shaka Tea* will close down its business as its owners, *King's Hawaiian*, sees no substantial financial path forward. *Stoli Group USA & Kentucky Owl* filed for Chapter 11 bankruptcy protection to help them pay off \$84M in debt as younger consumers buck traditional spirits; the spirit maker experienced a cyberattack earlier this year. Natural plant-based color company *GNT* opened a venture arm to invest in sustainability focused pre-seed & seed startups in 2025.

Kroger missed 3rd QTR revenue on lower fuel sales; earnings were on target. *Village Supermarkets* reported all-around growth in 1st QTR as revenue & income were positive YOY. *Dollar General* had a dip in 3rd QTR revenue, but EPS came in higher than expected; positive guidance lifted the stock price. *Dollar Tree* 3rd QTR results came in higher than estimates for revenue & income. *Campbell* reported positive YOY 1st QTR results, but the stock fell as profit waned; salty snack competition impacted performance. *Hormel* reported lower 4th QTR revenue with an increase in income, though fluctuating turkey prices impacted results. *Brown-Forman's* stock jumped as 2nd QTR numbers beat estimates & whiskey sales projections were strong.

Walmart is offering a Christmas meal that feeds 12 for \$60. *Foxtrot* reopened its 5th location. A *Grocery Outlet* in San Diego will prohibit unaccompanied minors to prevent shoplifting & crime. *Natural Grocers* will close one of its Tuscan locations. *Lidl* now has 700 stores in Spain. Canadian hard discounter *No Frills* opened its 100th store in Western Canada. *Nugget Markets* will open another NorCal store in Granite Bay this coming summer. *Heinen's* will refresh & downsize its downtown Cleveland location in the historic *Cleveland Trust* rotunda, where this humble writer began his business career more than 40 years ago. *Ahold Delhaize* will delay its move to cage-free eggs to 2032, a delay of 7 years. *Dollar General* will slow its fresh produce rollout as it focuses on store remodeling efforts. Also, *Dollar General* has reduced shrinkage by removing self-checkout at many locations. *Utz Brands* will open a 650K sq. ft. distribution center, a new logistics center located in Hanover, PA, to be a primary logistics hub for inventory storage, consolidation & distribution to other *Utz* facilities in the USA. *Walmart* will close its *Sam's Club* fulfillment center in Swedesboro, New Jersey, laying off 113 employees. *UNFI* will close its Rhode Island office, laying off 121 employees. *Tyson* will close its Emporia, KS, beef facility in February, laying off 809 employees & moving processing to its Holcomb, KS, facility & two facilities in Philadelphia impacting 200 workers. *Cargill* will lay off approximately 5% of its global workforce (8,000 employees) as part of restructuring weak 2024 performance. *Butterball* will close its processing facility in Jonesboro, AR, impacting 180 employees. Natural colors supplier *Oterra* built a 155K sq. ft. innovation & production hub in Mount Pleasant, WI, which will also serve as its USA headquarters. *Hormel Foods*, owner of the *Chi-Chi's* trademarks, has made a deal with Michael McDermott, son of *Chi-Chi's* founder, to use of the *Chi-Chi's* name on physical restaurant locations which are expected to open in 2025. *Premier Nutrition* & *Hometown Food* (owner of *De Wafelbakkers*) have added new frozen protein waffle & pancake offerings to their *Premier Protein* brand. *Protein Industries Canada* will partner with *Alinova Canada*, *Marusan Ai*, *Earth's Own Foods* & *Flamaglo Foods* to develop & commercialize a new soy powder with a C\$23.9M project. *Syngenta France* & *xFarm Technologies* will combine technologies to help make farmers aware of invasive or non-conforming crops being raised nearby. Swedish AI-powered salad bar provider *Picadeli* & *Digimarc*, watermarking technologies, will partner to add watermarks to *Picadeli* packaging to ensure proper pricing, inventory tracking, reduce shrinkage & ensure pricing accuracy. *SunFed Produce* recalled cucumbers across several states due to possible salmonella issues. *Coco-Cola* will scale back its packaging sustainability goals! Economic analysts & experts continue to harp on the impact of immigration crackdowns & deportations on the farming industry instead of focusing on the number of USA entry-level jobs created (like their own children seeking their first job which could be in a traditional USA profession that helped create American Greatness); the opportunity for the development of advanced harvesting robotics; & the jobs for all the unemployed government workers that the Department of Government Efficiency fires who will now have the opportunity to finally develop meaningful, useful skills, get sunshine & do a healthy full-days' worth of work! *Grupo Bimbo* is seeking C\$2B from *Maple Leaf Foods* in a lawsuit filed in connection with *Bimbo's* 2014 acquisition of *Maple Leaf's Canada Bread* subsidiary & the industry wide bread price-fixing scheme in Canada. *Oobli*, sweet proteins to replace sugar, received a no questions GRAS letter from the USDA for its ingredient monellin. In the UK, a court banned the use of the word milk on *Oatly* & other plant-based beverages. Mick Beekhuizen was named president & CEO of *Campbell*, succeeding Mark Clouse who will become president of the NFL Washington Commanders. *Food Lion's* CEO Meg Ham will retire in May 2025. *Nestlé USA* promoted Martin Thompson to USA CEO, reporting to Steve Presley, CEO of *Nestlé Zone Americas*.

Carrefour holds the largest share of the market in France, per *Kantor*. *Circana* reported total food & beverage volume grew this year (for the first time in 3 years) amid high prices that caused consumers to shift to value-oriented products & channels. From *dunnhumby*, health-conscious consumers represent a \$285B annual opportunity to grocers; *Natural Grocers*, *Amazon Fresh* & *The Fresh Market* are the top grocers in this segment, with 60% of their shoppers focused on health compared to the average of 32% by other retailers. While bread is a source of potentially carcinogenic compounds, bread intake is not associated with increased cancer risk, according to a study published in *Current Developments in Nutrition*; whole wheat bread is associated with a lower cancer risk. Per the USA Beekeeping services, honeybee colony losses are at a decade high due to *Varroa* mites. From the USDA, per capita dairy consumption matched an all-time high of 661 pounds per person in 2023, with cheese & butter reaching all-time highs. From *Rabobank*, the global beef supply is expected to decline 1%. Smaller sweet potato crops are expected in storm ravaged North Carolina for the remainder of the season. Banana exports from South America fell 4% this season due to a combination of issues but analysts expect a rebound in the coming season. Wheat harvest projections rose as November rain fell on the Great Plains, despite dire climate drought fear mongering in October.

MARKET NEWS: The Dow was lower on the week while the Nasdaq & S&P were higher & hit records; Bitcoin broke the \$100K mark. The manufacturing sector has been in contraction for 24 of the last 35 months but came in at 48.4 beating the 47.5 estimate; several indices showed business contraction. Job openings rose in November. *ADP* employment was below expectations. The November non-farm payroll numbers were higher than anticipated; part-time employment continues to increase while full-time employment shrinks. The government added 33K jobs that will hopefully be DOGED on January 20! Consumer sentiment rose to its highest level since April on the positive outcome of the Presidential election.

SEEDS, SPROUTS, GROW, HARVEST!
THE LITCHFIELD FUND – *Tom Malenka*
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