



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



PAST, PRESENT AND FUTURE. When three ghostly spirits visit you on Christmas Eve, you are bound to take heed. Ebenezer Scrooge was given the unique opportunity to put his life in perspective. He saw the goodness with which he had been blessed – his sister & old Fezziwig. But Scrooge cascaded the loss of his sister, his secluded childhood & his choice of money over love into a lonely hatred of all mankind! Scrooge should not have been surprised that his future would lead to an eternal loneliness, gone & forgotten, except for the destruction he left behind. Scrooge woke on Christmas morn with a renewed human spirit, promising that all year long he would honor & keep Christmas!

KEEPING CHRISTMAS: Let's say this for Ebenezer Scrooge; he was an honest man! He was not just a miserly misanthrope at Christmas, he was a hateful, tight-fisted, cynical malcontent all year long! But when he woke up on Christmas morning, he promised to change his ways & embrace the spirit of Christmas all through the year. Many people get into the spirit of Christmas for a few weeks during December. It is almost as if dropping a few coins in the kettle of a bell-ringing Santa Claus or dropping off some out-of-date cereal boxes at the food bank makes them a good person, absolving them from eleven & a half months of bad behavior. Sadly, I knew many people like this in the corporate world. They would speak of their good deeds around the water cooler or in the boardroom with the higher ups who had influence & control. Yes, they did take their family to Haiti during spring break to build houses, led their church's food drive or chaired the company's *United Way* effort. But from 7 am to 6 pm every day, they treated their employees & colleagues with disdain, tearing other people down to build up themselves & their egos. These people feel as though their isolated acts of goodwill offset any ongoing bad behavior. It is easy for all of us to get caught up in the spirit of Christmas, that feeling of warmth, kindness, generosity & goodwill the season brings. But to keep that spirit close all year can be difficult, as we are enveloped by the reality of the world around us. Perhaps it does not take enormous displays of generosity or a vast display of charitable goodness to keep Christmas throughout the year; maybe all it takes is to go through life not being an irritant! Kindness, a smile & being nice cost nothing & harm no one! Would a good daily guidance be '*primum non nocere*,' that is, '*first, do no harm*?' Many believe this is the mantra for doctors & part of the *Hippocratic Oath*. It is actually from Hippocrates' *Epidemics*, which does not contain the Oath. But many imply it from the Oath, which has original phrases that translate as "*abstain from whatever is deleterious & mischievous*" & to "*give no deadly medicine to any one if asked.*" More modern translations had phrases such as "*...benefit my patients according to my greatest ability & judgment & I will do no harm or injustice to them,*" & "*Into whatsoever houses I enter, I will enter to help the sick, & I will abstain from all intentional wrong-doing & harm.*" Wow, abstain from any wrongdoing, injustice, mischievous or deleterious behavior! What if everyone followed that mantra whether with family or in business? What if our politicians behaved this way, instead of trying to pass 1,547 pages of pork which would cause great harm to America? What if they had kept our borders closed & prevented the crime, homelessness, drugs & human trafficking? What if they had prevented our colleges, schools & children from being radicalized? Think of how much better we would be right now as a Nation & how much easier the incoming Administration's job would be to correct all this! What if Scrooge had just been kinder & nicer to Bob Cratchit - respected Bob's family commitments; paid Bob a fair salary & created an inviting workplace? What if Scrooge had just not shown such disdain, cruelty & dismissiveness - to Bob, to charities, to anyone asking a favor or anyone expressing joy, especially joy for Christmas? Would Scrooge have even required a visit from the Ghosts of Christmas's Past, Present & Future? When the Ghost of Christmas Past shows Scrooge his younger self working as an apprentice for Old Fezziwig, Scrooge responds of Fezziwig, "*He has the power to render us happy or unhappy; to make our service light or burdensome; a pleasure or a toil. Say that his power lies in words & looks; in things so slight & insignificant that it is impossible to add & count 'em up: what then? The happiness he gives is quite as great as if it cost a fortune.*" Yes, small, seemingly insignificant words, looks & gestures cost nothing but can bring great fortune! Scrooge's bad behavior, Dickens tells us, is an infection of disease & sorrow, negatively impacting everything around them, but "*...there is nothing in the world so irresistibly contagious as laughter & good humor.*" There will always be those whose base ego relies upon tearing others, things or institutions apart. Yet, each one of us can spread a contagion of laughter & good cheer. Scrooge's nephew Fred says this about Christmas, but it applies all through the year: "*I have always thought of Christmas time as a good time; a kind, forgiving, charitable, pleasant time; when men & women seem by one consent to open their shut-up hearts freely, & to think of people below them as if they really were fellow-passengers to the grave & not another race of creatures bound on other journeys.*" If we remember we are on this journey with many others, perhaps the journey will be more pleasant. So as Ebenezer says upon his transformation, "*I will honor Christmas in my heart & try to keep it all the year. I will live in the Past, the Present & the Future. The Spirits of all Three shall strive within me. I will not shut out the lessons that they teach.*"

INDUSTRY NEWS: *Taylor Farms* made a strategic investment in *Hessing*, a European processor & distributor of fresh fruits & vegetables. Switzerland's *Yeastup*, technology to extract functional ingredients from spent brewers' yeast, raised €9.47M from *Beyond Impact*, *Gentian Investments*, *Newtree Impact*, *Angel House* & others. *ICL* made a follow-up investment in its partnership with *Plantible Foods* & its protein powered binding solution. In Lithuania, *Freya Cultivation Systems* raised €500K in seed funding led by *Coinvest Capital* & *BSV Ventures* to advance its greenhouse cultivation technology. *Sound Agriculture* raised \$25M led-by *BMO Impact Investment Fund* & *S2G Ventures* for its microbiome activator designed to improve nutrient uptake in plants. India-based franchised cloud kitchen

operator *Rebel Foods* raised \$210M led by *Temasek*. Detroit-based corned beef maker *EW Grobbel* will acquire the assets of *Freirich Foods* & move production to Detroit from Salisbury, NC. Convenience & foodservice distributor *AMCON Distributing* acquired *Arrowrock Supply* of Boise, ID from *Davis-Jones*. *Weis Markets* will buy *Saylor's Market*, a single store independent in Newville, PA. From *Bloomberg*, *McCormick* may be looking to acquire *Sauer Brands*, maker of *Duke's Mayo*. *Atlantic Natural Foods* has withdrawn from a three-year-old SPAC agreement regenerative ingredient platform *Above Foods*. Sustainable fertilizer company *AgroLiquid* will acquire *Monty's Plant Food Company* to expand into soil health & other crop nutrition products. From *Reuters*, *Post Holdings* is reportedly looking to acquire *Lamb Weston*, as *Lamb Weston* stakeholder *Jana Partners* looks to make changes at or perhaps a sale of *Lamb Weston*; *Cargill*, *Tyson Foods* & *Kraft Heinz* have also been identified as potential buyers. As these rumors fly, *Post Holdings* acquired manufacturing *Potato Products of Idaho* in Rigby, ID. *BTomorrow Ventures* has launched its second fund at £200M to invest in consumer brands & innovative tech.

General Mills reported 2nd QTR sales & net income that rose YOY & beat analysts' expectations; the stock price fell as the company lowered profit forecast on increased investments. *Conagra* had a similar 2nd QTR, beating expectations but lowering full year guidance; inflated prices are projected to impact future performance. *Lamb Weston* reported a 2nd QTR loss of \$36.1M on an 8% revenue drop; the company cited rising manufacturing costs & soft demand for frozen potatoes.

Some *Walmart* Dallas-area store employees are now wearing body cameras as part of a pilot program for employee & customer safety in a rising crime environment. *The Fresh Market* will add electronic shelf labels & digitized inventory management using technology from *Vusion 360*. *Seven & i* plans to open 500 new convenience stores in the USA & Canada through 2027 with plans to grow to 100K stores across 30 countries by 2030. *Aldi* will invest £650M to open new stores in the UK during 2025. *Lifeway* launched new smoothies with both probiotics & collagen. Late 20th century high caffeine beverage *Jolt* will return to retail as a cleaned-up energy drink. *Nestlé's Boost* launched a pre-meal drink to suppress their hunger & help promote the body's natural production of GLP-1. For consumer convenience, *Ocean Spray* is adding drink mixes to its portfolio. *Oatly* closed its Singapore production & moved processing to existing European locations. *Plenty* in closing its Compton, CA farm (backed by a \$400M investment from Walmart) which opened in 2023 due to the high cost of doing business in California, *Plenty & Driscoll's* opened a new 40K sq. ft. farming facility in Richmond, VA. Retailers in the Bay Area are limiting egg purchases citing avian flu issues. Pubs in England are rationing *Guinness* during the holiday due to shortages. *Babybel* has deployed supply chain planning with AI platform *Kinaxis Maestro*. *Hearthside Foods* agreed to pay \$4.5M to settle charges in over alleged child labor law violations in Illinois. Also in Illinois, *Grubhub* will pay \$25M in fines associated with unlawful business practices. *Southern Glazer's* is being sued by FTC, alleging the alcohol distributor withheld volume discounts to smaller retailers. *Amazon* workers in Southern California, New York & Illinois went on strike as Christmas approaches; *Amazon* is charging the Teamsters union with unfair business practices. Meanwhile, *Starbucks* workers in Los Angeles, Chicago & Seattle went on strike on Friday. *Baldor Specialty Foods* is leading a coalition of more than 100 food industry companies seeking relief from New York City's congestion pricing plan to charge a toll during high traffic times. The FDA issued guidelines for brands to self-claim healthy, though many reflect outdated thinking; hopefully this will be reviewed by the new administration. *Lamb Weston* appointed current COO Michael J. Smith as its new CEO. *Dollar Tree* officially made Michael C. Creedon Jr. the new CEO.

The *National Retail Federation* reports shoplifting is up 93% since 2019 with more violence & destruction, due to weak-on-crime social justice policies in major cities. *Costco* is at the top of the *dunnhumby Retailer Preference Index*, combining financial results with customer perceptions; *Costco* was followed by *Super C*, *Maxi*, & *Walmart*. Canada's Food Price Report 2025 predicts Canadian families will spend up to \$801 more on food in 2025, with 21% of Canadians report living in food-insecure households. Per *Datassentials*, consumers judge product value by product quality (56%), taste (52%), cost (47%) & healthfulness (29%); in restaurants, taste (69%), quality of product (56%), portion size (41%) & price (37%) count the most. From *Mintel*, 19% of consumers eat healthily all the time, 54% trust a brand's claim information, but 61% said ingredient lists are more important than nutrition claims & 58% said nutrition panels are more important than claims. *What the Dickens?* From *Aldi*, UK Gen Z-ers & millennials are shunning traditional British Christmas food including mince pies, Christmas pudding, Christmas cake, cranberry sauce, brussels sprouts, bread sauce, chestnuts, brandy butter, turkey & trifle! Baked foods & cereal products prices fell 1.3% in November, the sharpest month-over-month decline in more than 85 years. Per recent reports, lettuce & other desert row crops are demonstrating great quality & high yields with better weather & markets are responding with prices dropping.

MARKET NEWS: Markets were lower for the week despite the DOW breaking a ten-day losing streak on Thursday. Nine days of the streak was driven mostly by a drop in the *United Healthcare* stock price. Then on Wednesday, markets dropped as the Fed cut rates another 25 basis points (despite sticky inflation & rising treasury rates) while indicating only to expect two cuts next year instead of four. Markets came back on Friday & we would like to believe that investors weighed the positive outcomes of a government shutdown, though it may have had something to do with inflation readings. Some analysts are even suggesting a possible corrective rate hike in 2025. Final 3rd QTR GDP read was 3.1%; driven by government spending. November retail sales rose 3.8%. Personal spending & income for November were below expectations. The PCE was higher at 2.8% YOY. Consumer sentiment was flat. Per a variety of sources, Kevin McCallister's \$19.83 grocery store purchase would be 3X higher today!

SEEDS, SPROUTS, GROW. HARVEST!

THE LITCHFIELD FUND – Tom Malenka

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