



# ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



**THE BANK FORECLOSED** on *Mary Noble, Back Stage Wife*. This popular radio soap began in 1935 & aired for 25 years. Soap operas debuted in 1930 on *WGN Radio*, 15 minutes long & sponsored by soap makers. Several (*The Guiding Light*, *Young Dr. Malone*, etc.) transitioned to daytime TV, still 15 minutes long. In the 1970s, soaps came to primetime TV led by *Dallas*, followed by *Dynasty* & *Falcon Crest*. Soap operas are filled with the rawest human emotion & actions: love, hate, passion, lust, anger, jealousy, envy, compassion, greed, revenge, power, deceit, affairs, scams & murder. Yes, soaps have all the elements & emotion of an Italian opera & even the gods of the Greek myths.

**MYTHS:** The ancients used mythology to explain the world around them, a world they had yet to understand. They were not ignorant or stupid, they simply lacked the tools & knowledge to unlock the secrets of science & nature. Myths, like any folklore, help to tell the story of a people & explain the world to future generations. The ancients created the gods – immortal, ever-present entities with all the feelings & emotions of humans. Applying human qualities to the gods perhaps made their actions & behavior more understandable & relatable. The portrayal of the gods as fickle & petty was likely to rationalize the cruelty of nature, a sudden turn of fortune or fate or the unexplained result of a well laid plan. So if a crop failed, a battle was lost, a plague fell on the city or winter arrived early, it was the result of an angry, vengeful god. Myths were also a way to pass along morals, risk or danger. (Icarus flew too close to the sun, serving as a lesson on unchecked ambition.) Myths continued throughout history in many forms. The legends of Arthur or Robinhood or practices & superstitions like saying "Bless You" after a sneeze to rid the body of nefarious spirits; throwing salt over your shoulder (salt was a valuable commodity & it was considered bad luck to waste it); or whistling in front of a graveyard (pretending not to be worried about death) are myths. There are myths still around today: the Loch Ness Monster; Roswell & Area 51; Bigfoot; Sharly the sea serpent in Payette Lake in McCall, Idaho & a host of urban myths & legends that include clowns, men in black suits, alligators in sewers, vanishing hitchhikers & more. Despite the vast amount of education & information in the world, many myths still exist. Here are three of our favorites. First, *tax cuts must be paid for!* This is a statement that is sputtered by many politicians & journalists. Imagine you lose your job or take a new job, but the pay is less. Do you ask who is going to pay for your decreased income? No, you cut your spending to match your new salary! You go out to dinner less often or maybe cut back your streaming services. But politicians & the media don't want any of their 'special projects' eliminated or cut. Instead of cutting, politicians willingly run the country into large deficits. Imagine if you did this after you took your new job – using up your savings & then creating a huge debt burden! This is what is exciting about our current Administration & their transparency. DOGE has already found trillions of dollars of cost savings. The corrupt USAID has been closed. Funding for sanctuary cities has ended. Multiple federal agencies have released workers or workers have left on their own. So just as you would do with your income change, the government has cut its spending! But here is a truth that the 'tax cuts must be paid for' people don't tell you: tax cuts increase government revenue! Every time there has been a major tax cut, tax receipts have increased because more people are working, investing & investment return is higher. So our first myth is debunked! Another myth is that tariffs increase prices. To begin with, the main purpose of tariffs is to strengthen our country's negotiating position. We saw this lesson play out masterfully just this week! Threaten tariffs on Mexico & Canada & both countries send troops to their borders to stop the flow of illegal immigrants & drugs, women & children for sale into the USA! These countries help to secure the border, saving us taxpayers money. With less crime on the street, retailers will see more business & less theft, thus reducing prices! Also, tariffs are not placed on the products you need. Tariffs are placed to prevent countries from dumping cheap, low-quality products or materials into the USA; to protect USA industries & workers; to negotiate access to new markets & protect industries needed for our national defense. In the late 1960s & early 1970s, Japan dumped low quality steel into the USA, which is why during high school & college & drove a Ford Maverick with no fenders, no trunk, no floorboards, no side panels & the doors welded shut to prevent them from falling off! In the first part of this century, China also dumped low grade steel, made with slave labor, into the USA. During the last administration, in order to save the planet from decimation in 9035 AD, oil production was halted, forcing the USA to import low-grade oil (essentially tar) which was more expensive to refine & more damaging to cars & the environment. Steel & oil are critical to our national defense, security & economy. Our supposedly great trading partner Canada has protected their markets with tariffs of up to 270% on milk, beef, wheat & more. Yet, Canada has been allowed to sell these products into the USA without penalty! Bottomline? The more products made in America the more jobs there are for Americans & more tax revenue is collected (especially with no illegal aliens working tax free). Even at the product level, tariffs don't raise prices. Suppose a washing machine from a foreign country costs \$499 but the cheapest equivalent USA washing machine costs \$599. A 100% tariff is placed on the foreign-made washing machine. No one is going to pay \$998 for a foreign made washing machine. So either the maker absorbs the cost or the USA washing machine market gains traction. The USA washing machine market sees higher demand (temporarily increasing prices) & then produces more washing machines. To meet production, companies upgrade & innovate production, driving down prices, & employ more people. Employment drives these folks to shop more, perhaps buying your product or service! With higher sales revenues & more people employed, more tax revenue is collected! What a waterfall of positive outcomes! With our second myth totally debunked (& I mean with your best Valley Girl! "Totally!") let's move to our third myth: Equity means equal outcomes. Suppose a law required you to give equal shelf space in your pantry to all products & you were required to use all of them equally. So on your shelf are some ancient grain, no sugar added, no artificial sugars, no seed oil, no dyes, no preservatives, no artificial flavors & gluten-free cookies perfect for health needs. But you are required to have on your pantry shelf & equally consume some triple cream, chocolate & peanut butter *Oreos*, encased in a chocolate-cherry coating made from white flour, filled with sugar, gluten, preservatives, dyes, artificial flavors, preservatives, etc. The *Oreos* will not meet your health requirements. Both are cookies, so by law that meets all the qualifications needed for consumption. But one cookie cannot fulfill the duties & responsibilities of your health needs, because it is unqualified for the position! This is no different than hiring or promoting people based on characteristics unrelated to expertly fulfilling the job! With this Burkanian-flavored argument, we have debunked myth number three! People use myths to avoid digging into the truth, going deeper & finding the facts. From D.H. Lawrence: "Myth is an attempt to narrate a whole human experience, of which the purpose is too deep, going too deep in the blood & soul, for mental explanation or description." The results of the last election indicate that these myths are breaking down; that these myths no longer provide a truth to many people. Yet some will religiously hold onto these myths. From philosopher James Kern Feibleman, "A myth is a religion in which no one any longer believes." Now we have a chance to debunk these myths for future generations. From President John F. Kennedy, "The great enemy of the truth is very often not the lie, deliberate, contrived & dishonest, but the myth, persistent, persuasive & unrealistic."

**INDUSTRY NEWS:** Functional beverage *Tru* raised \$4.6M led by *Polar Beverage*; *Btomorrow Ventures* was involved. *Refresh Gum* raised \$2M led by *Santatera Capital*. *Botanic Tonics*, herbal supplement shots, raised \$25M from undisclosed investors. *Plant Baby (Kiki Milk)* raised \$4M led by *B2 Partners* with participation from *Big Idea Ventures*, *Everywhere Ventures*, *X Factor Ventures*, *Women's Equity Lab Silicon Valley* & *Babylist*. In France, dairy-free cheese maker *Jay&Joy* raised €2M & acquired vegan artisanal cheese maker *Les Nouveaux Affineurs*. Non-Alc wine *Oddbird* raised an undisclosed investment from *Red Swan Consumer*, *Wasson Enterprise*, *Andas* & others. *LivPur*, performance nutrition, raised \$1.5M from undisclosed investors. *Mosa Meat* raised €1.5M in a crowdfunding effort. In India, *Mealawe*, a platform to connect home chefs to customers, raised \$1M from angel investors. *KOA Biotech* raised \$2.1M for its platform to prevent fish farm infections. Dutch-based *OneThird*, AI sensors to prevent food waste, raised €3.5M led by *Invest International* with participation from *Pymwymic Home* & *Oost NL*. Denmark's *Enduro Genetics*, innovative cell biomanufacturing, raised €12M from *Supernova Invest*, *NOON Ventures* & *Sandwater*. In Belgium, *BiocSol*, sustainable crop protection solutions, raised €4.4M, partly in an equity investment from *Pymwymic* & more in non-dilutive financing. *JTM Foods* will acquire some private label products & the *Big Texas* & *Cloverhill* brands from *JM Smucker* for \$40M; the purchase also includes a plant in Chicago that employs 400 people. *Legacy Bakehouse* entered the sweet baked snacks category by acquiring *Mannon Specialty Foods*, maker of premium cookies under the *Classic Cookie* brand. *Solina* added another USA acquisition, *Sokol Custom Food Ingredients* in Countryside, IL. *Diageo* sold its *Guinness* breweries in Ghana to *Castel Group* for \$81M. Israel's *TopGum Industries*, gummy supplement manufacturing, acquired Prince Edward Island's gummy manufacturer *Island Abbey Nutritionals*. *Frazil*, a slush brand, bought *Trident Beverage*, a provider of 100% juice slush for K-12 schools. Canadian coffee roaster & café chain *Artigiano* acquired organic coffee roaster *Salt Spring Coffee*. Can-maker *Ball* acquired *Florida Can Manufacturing* in Winter Haven, Florida. Private investors, led by the current *Southeastern Grocers* CEO Anthony Hucker & *C&S Wholesale Grocers*, acquired *Southeastern Grocers (Winn-Dixie, Harveys Supermarket)* from *Aldi*; *Aldi* acquired *Southeastern Grocers* last year. *Walmart* purchased a mall in Monroeville, PA, outside of Pittsburgh, for redevelopment. *Lever VC* closed on \$50M for its agrifoodtech Fund II. Sports bar *Twin Peaks* went public in a spinoff from owner *Fat Brands*.

*Amazon* saw 4<sup>th</sup> QTR sales rise 10% & income jump 61% but warned on future revenue estimates. *Ingles Markets* took a 1<sup>st</sup> QTR hit on revenue & income due to the aftermath of hurricane Helene. Weak demand caused a drop in *PepsiCo's* 4<sup>th</sup> QTR revenue, but net income rose. High cocoa prices caused a down 4<sup>th</sup> QTR & full year for *Mondelez*; the company reduced forecasts. Despite high cocoa prices, *Hershey* posted a resilient 4<sup>th</sup> QTR with revenues up 8.7% & adjusted EPS up 33%. *Kellanova* beat all 4<sup>th</sup> QTR estimates. *Tyson* reported 1<sup>st</sup> QTR performance at a two-year high as chicken sales helped propel revenue 2.3% higher with a 60% jump in adjusted operating income. *J&J Snacks* had 1<sup>st</sup> QTR revenue growth but cost pressures & category mix issues contributed to an income drop. *ADM* finished a down year & announced \$2B in strategic improvements, 700 layoffs & potential portfolio adjustments. Adjusted EPS rose 34% despite a sales drop for *Ingredion* in 4th QTR. Distributor *Performance Food Group* had a stellar 2<sup>nd</sup> QTR with increases in revenue & income. *Compass* grew revenue 9.2% in 1<sup>st</sup> QTR with strong demand in the UK & USA. *Uber Eats* reported gross bookings of \$20.1B for the 4th QTR of 2024, its largest quarter-over-quarter increase in almost three years.

*Don Quijote* offshoot *Don Don Donki* will open its first store in Hawaii carry an array of Japanese foods, prepared meals & everyday essentials. *National Grocers* is about to open in 25<sup>th</sup> store in Texas. *Grocery Outlet* will take over a former *Big Lots* location in Portland. *Earth Fare* expanded its *Flashfood* partnership. *Albertsons* will lay off 150 *Safeway* corporate staff employees at two California facilities. *Walmart* is cutting some corporate jobs; the retailer will close its North Carolina office & relocate some employees to offices in Arkansas or California. *King Soopers* workers went on strike. *Kroger* will once again partner with pharmacy benefits provider *Express Script*. *Uber Health* & *InComm Healthcare* will enable members to order meals & groceries via *Uber Eats*, using plan-sponsored funds. *JBS* will invest \$200M to build two new beef production facilities in Greeley, CO & Cactus, TX. *Diageo* will build a \$415M alcohol plant in Alabama. *Nestlé* will open a \$675M beverage factory & distribution center in Glendale, AZ. *Ingredion* unveiled plans to invest \$100M to upgrade its Indianapolis facility. *Quaker* is building an oat processing plant in China. *Little Leaf Farms* secured a \$150K grant from the Pennsylvania Agriculture Innovation Grant program to build an indoor greenhouse in Banks Township. *Hain Celestial* added its fourth distribution in Savannah, GA. In an efficiency move, *UNFI* will close its Indiana distribution center impacting 157 workers. *Bel Brand's The Laughing Cow* will debut gouda wedges. *Liquid Death* will temporarily pause UK sales & international market expansion as overseas sales failed to meet expectations. African corn-based milk *Maizly* will launch in the USA. *Subway* & *Mondelez* will launch a footlong *Oreo* cookie. Both *GFuel* & *Celsius* will launch powder sticks. *La Colombe* launched *Draft Latte Strawberry Mocha* for Valentine's Day. Grass-fed *Verde Farms* will launch chain wide in *Publix*. *Natural Grocers* will launch six new pasta varieties. *Edible Garden* will add products to its existing *Walmart* partnership. *HelloFresh* launched *Factor*, an D2C RTE meal service in Germany. *Coleman All Natural Meats* will celebrate its 150th anniversary. *Kraft Heinz* will reintroduce *Capri Sun* bottles. In my personal 'I will never understand why' category, *Umami Bioworks* launched hybrid caviar as a B2B ingredient. *Walmart* will sell *Denali's ReCirculate Compost* which is made from food waste. *Whole Foods* is looking to overturn the decision of Philadelphia employees to unionize. The X platform added *Nestlé*, *Colgate-Palmolive*, *Tyson Foods* & other companies to their antitrust lawsuit charging the companies illegally boycotted the platform & removed advertising because X allowed Free Speech. *Target* has been sued for concealing the risks of its DEI initiatives, which led to a backlash that caused customers to flee & a drop in stock price. *Perfect Day* settled its lawsuit with its co-manufacturer *Olon*. The beef industry is supporting the choices for Secretary of Interior & head of the EPA, Doug Burgum & Lee Zeldin.

From *FMI*, 90% of shoppers participate in both online & in-store shopping. According to the *National Restaurant Association*, the restaurant industry expects to reach \$1.5T in sales & add more than 200K net new jobs in 2025, bringing total restaurant & foodservice employment to almost 16M this year. Peruvian blueberry exports increased 50% in 2024. Chilean fruit exports are 25% higher this season. The USA exported \$8.2B worth of dairy products in 2024, the second-highest export total on record. USA pork exports broke all records for both volume & value; Beef rose 5% & lamb showed gains. Whole wheat flour showed gains in 2024, the first time in six years. Desert leafy greens are being impacted by high winds & morning freeze.

**MARKET NEWS:** Markets were lower for the week. January saw 143K new jobs added & the unemployment rate fell to 4%. Treasury rates trended higher. The University of Michigan's consumer sentiment survey showed an uptick in consumers' inflation expectations.

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

THE LITCHFIELD FUND – *Tom Malenka*

V11issue34.02.08.25

The Litchfield Fund is a family owned & operated limited liability corporation. We do not solicit or accept investment from outside individuals or entities. Opinions contained in *All Ears!!* are ours & should not be considered investment advice or recommendations.