



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



GOVERNMENT OVERREACH is a frequent topic in *ALL EARS!!* As our government grew, the large bureaucracy invaded people's lives & businesses. Right now, small business owners (emphasis on small) are trying to complete the CTA/BOIR (Corporate Transparency Act/Beneficial Ownership Information Report) filing. After years of discussion, the law became effective this year, to root out small business owners nefariously laundering money to foreign enemies, evil doers & other entities. Our out-of-touch government failed to recognize that most small businesses are simply trying to survive & would stand a much better chance of surviving if they were not over-regulated!

HEALTHFULLY REGULATED: Government, a large (let's be honest, giant) bureaucracy, is like a living, breathing being. It needs to feed itself to survive. The government must find things to do to justify its existence & to continue to grow. So the government creates rules, laws, regulations & mandates all designed to interfere in people's lives & hire more government workers. Somehow, we have reached a point where non-elected bureaucrats create laws that everyone must follow. Check the Constitution, it is only 4,543 words, about nine single spaced typed pages, it should take you no more than 10 minutes to read! Our elected officials are responsible for creating laws & the Supreme Court is responsible for deciding if those laws are Constitutional. Small-minded bureaucrats have zero responsibility or authority for creating laws that impact American lives. Our parasitic government grows like a protozoan: the more rules & laws put in place, the more employees the government needs. In 1861, the government had 5600 employees – including the postal system. Today, the USA population is 10 times bigger than it was in 1860 & there are 23M government employees, 4000 times more than in 1861! And during the Civil War, at a time when Lincoln stretched the Constitution & hamstrung individual rights to fight the war, Attorney General Edward Bates had just six employees. The Department of Justice now has 115,000 employees, 19,000 times larger, to monitor all those bureaucratic laws & mandates! Yes, the government grows like a parasite! A parasite that infects America with EV & other energy mandates, business regulations, taxes & more. Economist & small government advocate Milton Friedman saw just three roles for the government, "*It should provide for military defense of the nation. It should enforce contracts between individuals. It should protect citizens from crimes against themselves or their property.*" That is why we are thankful this Thanksgiving that the incoming Administration understands the need for not just a smaller government, but a *small* government. That this new Administration believes that the military is for defense, not to fight other countries' wars. That the new Administration will make sure that the law is applied equally & fairly to every *American citizen* of any creed, color, race, religion, social or political standing. That they know our citizens need to have safe, clean streets & neighborhoods & that those who commit crimes, including the crime of illegally entering this country, need to be locked up or deported. And while here at *ALL EARS!!* we are a hardcore advocate for free enterprise, there is a need for government to regulate areas like commerce & trade. So yes, the government has a role in protecting the populace from products & practices that can cause harm. A child's car seat must hold a child safely in a crash & a car cannot have a *Pinto-clysmic* explosion on impact; vaccines & medications must be *severely* tested to assure there is no risk of life-altering side effects & that our food system should be clean & safe from pathogens or additives that can cause acute or chronic health implications. So we are doubly thankful that the incoming Administration will focus on *Making America Healthy Again*. Think of the first Thanksgiving. The Pilgrims served real meat & fish. The meat was not manufactured, overprocessed & fabricated from some random choice of proteins, chemical fragrances & flavors; nor was the meat manufactured in a lab by growing animal cells or fattened for slaughter with high caloric feeds consisting of overstocked *Skittles*, butterscotch & caramels. More importantly, the Pilgrim's meat tasted like meat – *what a concept!* The turkey, or perhaps goose, duck, wild pig or salmon were 'raised by nature' in clean, unpolluted woodlands & water. The corn, squash, pumpkins, yams, beans, peas were free from the fertilizers & pesticides created from the leftover chemicals used during two 20th century world wars. The cranberries did not contain Red Dye #1. All the food was free of chemicals, emulsifiers, preservatives, stabilizers & smoothers like carrageenan, guar, gellan, xanthan, locust & cellulose gum; potassium sorbate & sodium benzoate. (With all of that in our food, we will need to wish for more luck than Gary Stewart had driving his truck hyped on *Caffeine, Benzedrine & Nicotine!*) The mashed potatoes were grown in the ground, mixed with raw milk, not reconstituted from dried & preserved instant flakes! (For more than 40 years I have wondered what was in all those 1960s convenience-oriented instant foods Mom served – puddings, soups, noodles, potatoes, gravy & more! The ingredients were likely the same chemicals used by *Mattel* to make *Barbie* dolls!) We are so thankful that the incoming Administration sees the connection of food to health & healthy living! While everyone is free to eat any food they want & maintain any diet that makes them happy, the government should apply common sense to maintain & monitor a food system that is safe for everyone. Our food system should be healthfully regulated. Yes, we agree with Milton Friedman that the government is many times the root of all problems & causes more problems that it fixes; but for more reasons than just a healthy food system & practical medical practices, we are thankful that America has voted for a smaller, common sense based government. A smaller government means fewer laws, rules, regulations & bureaucrats; bureaucrats who will not be happy to lose their jobs & their unchecked authority! So we offer our incoming leaders this warning from Milton Friedman, "*Hell hath no fury like a bureaucrat scorned.*"

INDUSTRY NEWS: Agua fresca maker *Bawi* raised \$3.5M led by *Brand Foundry Ventures* with *Rocanā Ventures*, *Amity Supply* & others involved. German natural snack brand *KoRo* raised €35M for expansion led by *Coefficient Capital* with participation from *Five Seasons Ventures*, *HV Capital*, *Partech*, *Haub Legacy*, *SevenVentures* & others. *Meatable* received a strategic investment from Thailand's *Betagro Ventures*, the investment arm of *Betagro*, a producer/distributor of chicken, pork & animal feed. *Apothékary*, tinctures & powders with no alcohol, secured additional funding for its \$8M Series A round from global Japanese beauty brand *Shiseido*. *Plantible*, technology to extract RuBisCO from duckweed, raised \$30M co-led by *Piva Capital* & *Siddhi Capital*. *Keychain*, packaged goods manufacturer, raised \$15M led by *BoxGroup* with *301 INC*, *Schreiber Foods*, *Lightspeed Venture Partners* & *SV Angel* involved. *Secai Marche*, a farm-to-table platform connecting farmers with restaurants & retailers in Southeast Asia, raised \$1.6M in financing

from Mitsui Sumitomo Insurance Venture Capital, The Shizuoka Bank, & The Hokkoku Bank. Vertical farm Oishii closed their Series B at \$150M with Resilience Reserve, Miyako Capital, NTT, Bloom8, McWin Capital Partners, Mizuha Bank, JICN, Yaskawa Electric Corporation & others participating. Four Growers, robotics greenhouse technology, raised a \$9M Series A led by Basset Capital, with participation from Ospraie Ag Science, Y Combinator & existing investors. In Belgium, BiocSol, microbial-based crop protection, secured €5.2M led by Agri Investment Fund & VIVES IUF, with Invest.BW & IMBC Spinnova involved. In the Netherlands, Tract, SaaS agricultural supply chain platform, raised \$11.2M from ADM, Cargill, Louis Dreyfus Company, Olam, The Working Capital Fund & Rabo Investments. PepsiCo will acquire the half of Sabra & Obela dip & spread brands that it doesn't already own from The Strauss Group for \$240.8M & \$3M, respectively. The Arnott's Group acquired three better-for-you snack brands (Mother Earth, Flemings & VP) from New Zealand-based food manufacturer Prolife Foods. Missouri's FairWave Specialty Coffee Collective acquired Baltimore-based Ceremony Coffee Roasters; terms not disclosed. PE firm Blackstone acquired a majority stake in Jersey Mike's Subs for a reported \$8B. Craveworthy Brands, multi-chain restaurant owner & franchisor, acquired Fresh Brothers Pizza & its 20 California locations. Nectar, plant-based meat sensory analysis technology, acquired the data assets of Taste Like's online platform for discovering alternative protein products. Amcor PLC will buy fellow packaging company Berry Global Group in an all-stock transaction worth \$8.4B. Vancouver-based farm data analytics & precision ag firm Almanac acquired the IP & assets of ag intelligence platform Gro Intelligence, which closed last spring. The USDA will provide \$2B in grants to specialty crop growers to expand markets & combat natural disasters. Nestlé will spin off its water businesses (Perrier, San Pellegrino, Acqua Panna, etc.) which accounts for 4% of its revenues; Nestlé will cut \$2.8B in costs by 2027, with a focus on fewer products with higher margins. WH Group, the parent company of Smithfield Foods, will, per a recent stock exchange filing, list up to 20% of the Smithfield Foods shares on the NYSE or NASDAQ. Seven & i will try to raise more than \$52B to take the c-store chain private by year end. Lifeway once again rejected Danone's takeover bid. Campbell shareholders approved dropping soup from the company's name.

Walmart had an all-around winning 3rd QTR as grocery sales helped beat expectations & the retailer raised guidance on positive holiday season forecasts; almost one-third of Walmart's profit comes from selling advertisements. Target's stock price plunged more than 20% on weak 3rd QTR results & weak 4th QTR holiday season guidance. Natural Grocers by Vitamin Cottage topped off a stellar fiscal performance with outstanding 4th QTR results; net sales increased & net income increased 53.2%. Canadian grocer Metro reported lower 4th QTR sales & income. Post Holding beat 4th QTR estimates & posted a strong fiscal year buoyed by acquisitions. Bellring Brands posted 4th QTR earnings & revenues that beat Wall Street targets.

Grocery Outlet opened its 3rd store in Ohio. Loblaw opened 50 stores in 2024 & reportedly has plans to open 40 more in 2025. BJ's will raise its membership fees for the first time in seven years. Wegmans will offer a Thanksgiving meal for less than \$6 per person. Walmart will offer a gluten-free Thanksgiving meal option, which features a turkey, sides & dessert. Phoenix-based AJ's Fine Foods will expand its online ordering to include catering, desserts, floral & gift baskets. Lidl will add 40 stores in Hungary, bringing their total store count in that country to 250. DoorDash added a feature to import consumer shopping lists. Instacart will offer its Instacart+ customers \$0 delivery fees through the holidays on orders over \$10. Boisson has launched a new retail site, Buzz by Boisson, dedicated to functional, mood-enhancing, mostly THC-based beverages & with brands such as Pathfinder, Kin Euphorics & Little Saints available. Nestlé will raise coffee prices & reduce bag size to deal with coffee price inflation. Chilean food tech company NotCo has debuted NotSquares, a snack with 6 grams of protein, free of sugar, slow-release carbohydrate called Palatinose™; B6 & chocolate made with 60% cocoa. Corteva announced a drought-resistant wheat seed. Nestlé will spend \$150M to expand a plant in Gaffney, SC, building a new production line for single-serve frozen meals while enhancing automation & digital technology. Stellar Snacks opened an industrial pretzel baking plant in West Louisville, KY, investing \$137M & creating 350 full-time jobs over the next ten years. General Mills will expand its manufacturing facility in Hannibal, MO, with a production line for Old El Paso hard-shell tacos. Lancaster Colony will acquire a 300K sq. ft. Atlanta-based sauce & dressing production facility from Winland Foods for \$75M. Anheuser-Busch will make a \$14M efficiency investment in its Houston brewery. Mexican hydration drink Electrolit will invest \$400M in a Waco, Texas production facility, its first manufacturing plant in the USA. Foodservice distributor Nate's Fine Foods will invest \$11M to expand its facilities in Roseville, CA, to meet the demand of new client contracts. Retail seed company Beck's will build a new 60K sq. ft. soybean processing facility in New Madrid, MO, to meet growing demand. Two workers were killed & 11 others were injured from an explosion at the Givaudan Sense Colour facility in Louisville. Bagged organic carrots from Grimmway Farms, sold at Trader Joe's, Wegmans, Sprouts, Whole Foods Market, Target, Walmart, Publix, Kroger & others, are being recalled due to E. coli issues. Wolverine Packing will recall 167K pounds of ground beef that may be contaminated with E. coli. Spartanburg, SC-based Yu Shang Food recalled 67K pounds of RTE meat & poultry products for risk of Listeria. Boar's Head settled its recent Listeria class action suits, though the settlement will be reviewed for approval over the next 60 days. McDonald's will invest \$100M in locations impacted by the recent E. coli outbreak. Ben & Jerry's is suing its parent Unilever claiming Unilever prevented the ice cream brand from publicly supporting the murderous Hamas terrorists.

From pricing platform Zilliant, 67% of consumers notice the continued higher costs of groceries; 37% of consumers say their monthly groceries are unaffordable & 13% find groceries very unaffordable. Year-over-year, grocery store sales were 2.5% higher in October & total retail & foodservice sales rose 2.8%. From Circana, retail food & beverage dollar sales will increase between 2.5% & 4% in 2025; price inflation accounting for 1.5% to 3.5% of that increase. Consumers plan to spend about \$125B on Thanksgiving, \$5B less than they did in 2023 according to ICSC. According to 84.51st, the top five must-haves for any Thanksgiving meal include turkey (83%), stuffing (55%), mashed potatoes (49%), pumpkin pie (30%) & gravy (30%) with cranberry sauce the most staple likely to be left off the menu! Per FMI, more than 50% of consumers plan to change their grocery shopping destination during Thanksgiving to find deals. From the American Farm Bureau, cooking Thanksgiving dinner for ten this year will cost \$58. CoBank suggests turkey is losing ground at the holidays to other meats. For the eighth consecutive year, Profitero found that Amazon offers the lowest online prices compared with all major USA retailers & Amazon's prices are up 6% less than other retailers. The dairy sector provides \$52.8B to the Wisconsin economy & has grown 16% over the previous five years. From Open Table, 54% of consumers plan to increase their dining out in 2025 with Wednesday seeing a large uptick in diner preference as the night to dine out.

MARKET NEWS: Markets ended higher for the week on little economic news; the Dow closed Friday at a new record high. The incoming Administration's Crypto-friendly comments seemed to drive the end of the week rally. Greater optimism fueled by the election result drove an uptick in the November Services & Manufacturing PMI to its highest level since April, 2022.

SEEDS, SPROUTS, GROW, HARVEST!
THE LITCHFIELD FUND – Tom Maloney
V11issue23.11.23.24

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.