



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



MY FIRST HOUSE was a 1950s colonial on a tree-lined street straight out of *Leave-it-to-Beaver!* It was a perfect fit for my traditional American values. Trees surrounded the house: pine, oak, beech, maple, hickory, & linden. Summertime sun created a cool, deep shady grove. The summer breeze granted a soothing rustle & the winter wind an eerie howl. Autumn brought a canape of gold & red beneath blue skies as deer nestled in the yard. High winds, snow & thunderstorms left damage & destruction. Whatever the weather, the yard was always covered with leaves, branches, tree sap, pinecones, acorns, nuts, juicy brown purplish linden seeds & fat squirrels with happy purple smiles!

OF SQUIRRELS AND VALUES: A stop last week at *Black Rock Coffee* brought a conversation with the young man who took my order. As I waited for my coffee, he mentioned it was his first time voting. He was in trade school, training to be an electrician. "My girl," he said, "Is at ASU studying business. We want to get through school without any debt. We want to finish school, get jobs, get married, buy a house & have kids before we are forty. We won't be able to do that if the economy doesn't improve." His comment did not bring me a revelation. I have always believed that all good people, everybody everywhere, whether young or old, of any race, color or religion, want & value the same traditional things: the love of someone special; home & family; to work hard at a rewarding job, where the reward may be monetary or happiness - or hopefully & if we are lucky, both! But what people want, what they value, goes well beyond a *little pink house for me & you!* Above all, they value their freedom. Yes, this absolutely means their freedom to not hide their beliefs; to speak their minds; to live as they please; choose a profession that they want & worship as they choose. People also want to be respected for their beliefs & for living their lives based on their beliefs! So they don't want to be ridiculed, scolded or belittled by politicians, government, schools, media or celebrities for expressing & voting as they choose. People don't want retired politicians (who should be lolling away on a New England beach) telling them "What is the right thing to do & what it means to be a man." People don't want to listen to singers crying, begging & swearing to get people to do as they say! Nor do people want some celebrity telling them to lie to their spouse about whom they are voting for or to withhold affection to get their spouse to vote the 'right way.' (Talk about the 1950s - what is next - Ricky will spank Lucy if he finds out?) People don't want to hear a billionaire talking about weak, stupid women. People don't care if an athlete says, "I am the greatest ever, so trust me, I know what is right!" They do not want to be told that their faith makes them unwelcome. And above all, people don't want to be called racist, fascist, sexist, garbage, irredeemable, deplorable or despicable by politicians & media elites who may, in reality, be all those things themselves! People want to be respected; they value simple respect! Respect for who they are, the work they do, the life they live & the way they worship. They don't want to be talked down to by their leaders, to be patronized, to be marginalized or to be told that what they see & know is not the truth! People value being heard, especially by our leaders. People say, "Listen, the price of gas, electricity, meat, milk, bread & eggs matters, not the welfare of the Earth in three thousand or three hundred years. A child's health, physical & emotional well-being matters, not serving a self-loathing social agenda. Safety matters, not creating a voter base of illegal freeloaders & criminals. Financial stability matters, not funding endless wars & terrorist enemies to line the pockets of corrupt politicians & their families, foreign adversaries & business elites." People want politicians & America's leaders to hear this; to hear what they need, want, desire, their concerns & their fears. People want America's leaders to understand what they, the people of America, see to be at risk. To be listened to, to be taken seriously, to be heard - not by another person's ears but by another person's heart - is why this week urban moms & suburban moms; Hasidic Jews & Arab-Muslims; black men from a Bronx barbershop, white men driving garbage trucks, Hispanic bodega owners & the tech moguls in Silicon Valley (yes, they did!); Pennsylvania coal miners, Detroit autoworkers, New Jersey longshoremen, Kansas farmers & young people on college campuses; gays & Amish farmers all voted for their shared American values & the person who heard them in his heart. People voted for the equal opportunity that would be brought about by financial security & physical safety. They voted for their children & for their children's future. They voted to be heard. They voted for their dreams. They voted so that their hard work meant something more for their families, not for funding wars, illegal immigrants or corrupt government officials & their social mandates. They voted for America, for America to do what she was meant to do & does best - to secure our borders & safety, to promote our financial well-being, to protect our children & to leave us alone! They all voted the same way because he heard them, listened to them. They voted as they did because we really, truly are one big American family with more in common, with more 'labels' that we share & unite us than 'labels' that separate us - labels like husband, wife, father, mother, parent, son, daughter, sister, brother, boss, employee, business owner, wage-earner, volunteer, caregiver, American. In the broadest sense, they voted for a government by the people & for the people as our Founding Fathers intended. They voted for small government, for government to get out of the way & let them live their lives as they see fit; for government to make it easier to do business, work & create wealth; for government to stay out of their homes, away from their children & to leave their pet squirrels alone!

INDUSTRY NEWS: *One Trick Pony*, peanut butter, raised seed funding from *Collaborative Fund* & tranche investments from high profile angel investors. *Uncle Arnie's*, THC beverages, raised \$4M from *Mindset Capital*. *Big Idea Ventures* launched investments in six food tech startups, including *BiomeMega*, *Future Biome*, *MEATOSYS*, *Nalca Biotech*, *NanolnGreen* & *Renew Food*. *Oceanloop*, indoor shrimp farming, completed a €35M financing deal with the *European Investment Bank*. *Arya.ag*, grain commerce platform, secured a \$19.8M commitment from the

United States International Development Finance Corporation. In the USA, *Agrovision*, global superfruit snacking platform, secured a \$400M credit facility arranged by *Rabobank & Banco Santander*. In the Netherlands, safer biopesticide agtech company *Bionomic* raised €350K from *UNIQ*. Autonomous marine drone startup *Ulysses Ecosystem Engineering* raised \$2M for its seagrass restoration process led by *Lowercarbon Capital* with *Superorganism*, *ReGen Ventures* & angel investors. In Canada, *Oberland Agriscience* attained a loan from *Peritus Capital* for a new back soldier fly larvae farm in Halifax. *Pure Pet Food*, personalized dog food, raised £15M led by *Felix Capital*. *Molson Coors* acquired a majority stake in energy drink brand *ZOA* for \$53M. *Celsius Holdings* acquired *Big Beverages Contract Manufacturing*, a long-time co-packing partner, for \$75M. *1440 Foods* acquired protein bar brand *FitCrunch* from *Union Capital Associates* for \$700M. *Wisdom Natural Brands* acquired *Canadian Drizzle Honey*, raw honey, honey products & chili-infused hot honey, for an undisclosed amount. Food & beverage innovator *Soulfresh* bought Australia-based juice & smoothie brand *Emma & Tom's*. *The Andersons* completed its \$85M investment for a 65% majority ownership stake in *Skyland Grain*, grain receiving facilities in Colorado, Kansas, Oklahoma & Texas. Guatemala-based *Corporación Multi Inversiones* acquired a majority stake in *Del Real Foods*, a USA-based heat & eat Hispanic foods brand. *The Middleby Corp.* acquired *JC Ford*, a manufacturer of production equipment systems for tortillas, tortilla chips & corn-based snacks. Mexican sugar cane refiner *Beta San Miguel* purchased a 16% stake in *Sucro* from *SC Americas*. *Paulig* acquired UK sauces & condiments producer *Panesar Foods*. In Massachusetts, *Roche Bros. Supermarkets* is selling controlling interest to one of its suppliers, *Bozzuto's*. *Ollie's Bargain Outlet* acquired eight additional leases of former *Big Lots* stores. In New York, *Bowery Farming* has reportedly ceased operations of all its farms. *TGI Friday's* has filed for chapter 11 bankruptcy, as did *The Vitamin Shoppe* parent company. *Kellanova* shareholders approved the \$35.9B *Mars* takeover. *Lifeway* turned down *Danone's* \$283M takeover bid. *Pymwymmic* raised €71.5M for a second fund focused on healthy food systems.

Publix improved on all 3rd QTR numbers, YOY. *Ahold Delhaize* reported steady 3rd QTR growth abroad & in the USA. Technology & operations at *Grocery Outlet* caused net income to drop 10.9% in 3rd QTR as sales rose 10.4% & comparables 1.2%. *Weis Markets* saw 3rd QTR revenue rise 2.2% & net income rose 11.3%. *SpartanNash* reported lower revenue & comparables along with flat 3rd QTR net income. In the UK, *Sainsbury* reported all-around growth with a large gain of the grocery market share. *Hershey* reported a down 3rd QTR as high costs hurt income & high prices resulted in weak consumer demand; the company lowered guidance. *WK Kellogg* hit the high end of analyst 3rd QTR estimates despite reporting an \$11M loss. *B&G Foods* returned to a slight profitability, though revenue dropped 8% on weak demand. *Beyond Meat* had a \$26.6M 3rd QTR loss & lowered full year forecasts; volume dropped more than 15% but price increases drove revenue up 7.6%. Net income at *MGPI* in 3rd QTR was up 82% as sales fell 24% due to competition & a strong dollar. *ADM* cancelled its 3rd QTR investor call after uncovering additional accounting issues in a down unaudited report. During its first 6 months, *Tate & Lyle* saw volume growth but a drop in revenue & a 13% EPS increase. *SunOpta* saw a 16% 3rd QTR revenue improvement & lowered YOY loss from \$142M to \$5.5M. *Yum! Brands'* 3rd QTR was down 8% as revenue rose 7%; *Taco Bell* performed well but *KFC* & *Pizza Hut* dragged on results.

Kroger will open 2 Asian-centric grocery store concepts in Texas next year. *Sprouts Farmers Market* will open its first Wyoming store. *Hy-Vee* is eliminating many self-checkout options. *Amazon Fresh* opened their fifth Pennsylvania store. *Amazon* has expanded delivery with *Save Mart*, *Lucky* & California *FoodMaxx* stores. *Justo* & *Amazon* will partner for same day delivery in Mexico. *Amazon* will begin same-day air delivery from its Tolleson, AZ warehouse. *Kroger* & *bitewell* launched a nutrition scoring system to help customers make healthier food choices. *Aldi*, *Gelson's* & *Hornbacher's* have deployed *Instacart's* electronic shelf label software. In the UK, *Asda* will restructure, eliminating 475 office roles, to deal with challenges & require workers to spend more time on site. *Love + Chew*, superfood cookie, will launch six flavors in *Whole Foods Market* nationwide. *BrightFresh Microgreens* launched an exclusive *Supergreens Micro Medley* only at *Costco* in SoCal. *Danone* launched a *Silk* plant-based milk for children. Cannabis company *Green Street Beverages* has launched three hemp-based, THC-infused beverages, *Hi Tide*, a canned margarita; *Hi Af*, soda; & a sparkling water, *Boundary Waters*. Dessert maker *Taylor Chip* will open a \$12.5M, 20K sq. ft. Pennsylvania facility in 2025. *JM Smucker* opened a 900K sq. ft. *Unrustables* plant in Alabama. *Molson Coors* will close its Wisconsin brewery that produces *Leinenkugel's Summer Shandy*, impacting 56 jobs. *Flashfood* updated its customer app for smoother & easier ordering. *Barry Callebaut* is working with the Ivory Coast & Ghana governments to change a law that prohibits replanting to be able to increase the cocoa supply. The USDA awarded \$11M for dairy research initiatives at California State University, Fresno; University of Tennessee; Vermont Agency of Agriculture; & the University of Wisconsin. California co-op *Challenge Dairy* is planning to move to a fleet of EV trucks. In a win for free enterprise, California voters voted down a ban on large-scale livestock operations. Denver voted for capitalism & voted to not ban *Superior Farms'* slaughterhouse & eliminate 160 jobs. *UNFI* is facing a class action lawsuit accusing the distributor of factoring in prompt-payment discounts when paying invoices late. New York's lawsuit against *PepsiCo* for plastic pollution has been dismissed. *Kroger* finalized its \$1.4B opioid settlement with 30 states. *Dollar Tree* CEO Rick Dreiling stepped down & COO Michael Creedon Jr will replace him temporarily.

Per *Numerator*, 27% of consumers would switch stores or skip purchases when faced with locked-up merchandise. From *Kalsec*, 65% of consumers are eating spicier foods than a year ago & are more likely to try spicy foods based on recommendations from friends, new flavor experiences & types of food. Per *Circana*, snack sales returned to growth in 3rd QTR (+0.8%) after falling 1.8% in 3rd QTR, 2023. According to *SPINS*, sorbet sales rose 9.2% as yogurt & plant-based ice cream sales dropped significantly. From the Purdue University/CME Group Ag Economy Barometer, farmers' optimism in October was 115, up 30 based on a positive futures report & the possibility of getting a new farmer-friendly administration. Flour production rose in 3rd QTR. Beef & poultry production looks favorable as feed cost futures stabilize & prices rise; pork saw growth in September. The USDA expects a coming rainy season to help Great Plains' wheat farmers.

MARKET NEWS: Markets rose this week & hit all-time records, rallying on the positive outcome of the Presidential election. The FED lowered rates a quarter point. Jobless claims hit estimates of 221K. Factory orders dipped YOY.

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND — *Tom Malenjo*

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