



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



HALLOWEEN celebrations as we know them today arose in the late 1800s & early 1900s, brought to America by Irish & Scottish immigrants. Their Celtic traditions included dressing up in disguise & performing for treats; sweet treats with hidden tokens; bonfires & carving large turnips. By wearing a costume, the Halloween celebrant could walk among the plentiful evil spirits unnoticed, as if they were attending a "No Kings" protest! Trick-or-treating rose in popularity as a community event in the 1920s & 1930s, supplanting the pranks & violence that regularly took place in rural areas & small towns. But it's hard to imagine anyone was celebrating a black, dark holiday in October 1929!

OCTOBER 1929: As a kid, I was a big fan of the 1960s macabre, gothic, overly campy afternoon soap opera, *Dark Shadows*. *Dark Shadows* preceded *Buffy*, *Twilight* & *True Blood* by decades. It was complete with a good-hearted vampire, a sexy witch, an anguished werewolf, an evil New England preacher, a gorgeous governess, friendly & vengeful ghosts, big squeaky old houses with mysterious rooms, a storm ravaged coastal New England seafaring town & a family matron seemingly oblivious to all that was happening! As we grow, we realize that there are enough scary things around us, we don't need to tempt fate by celebrating a macabre holiday! President Ronald Reagan told us, "The nine most terrifying words in the English language are: I'm from the Government & I'm here to help!" On Black Tuesday, October 29, 1929, everyone - millionaires, investors, workers & farmers - were scared! The Roaring Twenties & the stock market came crashing to a close with a thud! The simple version probably taught in school today is that the crash occurred because of greed & overspeculation. Yes, speculation played a part, but more than 30 years of government 'help' - economic policy, laws, acts of Congress & Constitutional Amendments - laid the groundwork for the crash. The first event was the passage of the Wilson Gorman Tariff Act in 1894, which lowered tariff rates & provided for a 2% income tax on incomes over \$4000, which the Democrats insisted upon to cover the tariff revenue lost. Up until this time, & even beyond, our government was totally funded by tariff revenue. The Wilson Gorman Act was soon ruled unconstitutional, but politicians began to salivate at the thought of income taxes. In 1907, several speculators attempted to corner the copper market. Though their actions failed, the stock price of the *United Copper Company* dropped drastically causing massive losses, including the banks supplying the funding. There was a run on *Knickerbocker Trust* & other banks, until JP Morgan raised a group of investors to act as a central bank & prop up the failing institutions. With these & other events, America was ripe for financial reform, so Progressives led movements that resulted in the 16th Amendment to establish an income tax & the Federal Reserve Act of 1913, establishing a central bank. Suddenly the government had tools to manipulate the economy! During World War I, the new Federal Reserve eased interest rates & made borrowing easier so businesses could expand war production. Meanwhile, three consecutive revenue acts raised taxes to fund the war effort. When the war ended American manufacturing had excess capacity & consumers were jubilant! So businesses produced automobiles, electric appliances, radios, record players, movies, metal lawn furniture & more. Armament makers used leftover chemicals to make fertilizers & pesticides. Production was roaring & there was a huge demand for raw commodities. Speculators invested in businesses, especially mining, oil drilling, utilities & more. The stock market was rising. But so was crime! The Volstead Act introduced Prohibition & led to bootlegging, organized crime, gang warfare, gambling, drugs & millions of dollars in an underground economy. Meanwhile, European markets never recovered from the war. They were reeling from rampant inflation & depression. American farmers were the hardest hit, as the demand for foreign shipments disappeared. USA inflation rose post war, so the Fed used its new powers to raise interest rates. This led to rapid devaluation & a credit crunch, having a big impact on the heavily leveraged farmers. As the country moved toward recession in 1924 & 1927, the Fed bought securities to ease credit, which only fueled more speculation & banks readily lending money to speculators. In late 1928 & early 1929, smart investors & even the Fed saw what was about to happen. Stocks took a dip in March & May, but *National City Bank* stepped in with millions in credit to stop the slide. The Fed was raising rates & the New York Fed tried to convince banks to stop lending money to speculators. They then broke with the Federal Reserve to raise rates even higher. There were other bad signs. Steel production declined, construction stopped, automobile sales fell & because of easy credit, consumers were drowning in debt. Several leading economists in the early fall suggested that stocks were at a permanent high. There was a well publicized case of investor fraud in England, with Britain's Chancellor of the Exchequer suggesting that the speculation in America was destined for a fall. New York State, with FDR as governor, began an investigation into public utility fraud, stocks that were highly attractive to investors. The Senate seemed to reverse its position on the Smoot-Hawley Act, which would increase tariffs, especially on much needed calcium carbide from Canada. Starting on October 3, stock prices began to collapse. There was Black Thursday, followed by Black Monday & then finally Black Tuesday. The Durant & Rockefeller families bought stocks to try & stabilize the market, but it didn't work. Nothing the Fed did could stop the slide, even though their policies had been viewed as successful in keeping the economy growing in the 1920s. The Smoot-Hawley act passed in 1930, but the retaliatory tariffs stifled USA production. Stocks slid until July of 1932, but even after the election of FDR, his tax & spend & farm policies drove America back into recession. Today, most segments, even Artificial Intelligence, have underlying earnings supporting growth. Weaknesses (housing & labor) & bubbles always exist in markets & corrections take place, sometimes on data, often on news & rumors. But there is one big difference between today & 1929. In 1929, America was weak. Wilson's failure at Versailles left America's Army & Navy in shambles. The collapse of Europe's economy, along with the social turmoil due to the rise in communism & fascism, reduced the importance of America's economy, products & capabilities. Japan, rising as America's greatest enemy, violated many treaties, expanding its Navy & Imperial Forces to invade countries & take control of essential commodities & natural resources across China, Southeast Asia & the South Pacific. Today, America operates from a position of strength. Our major rival, China has been put in a box by our President, diminishing their influence across the world. His trade deals with China's Southeast Asian & global rivals include access to rare earth minerals & investment in the USA. He has destroyed China's proxies - Iran & Hamas - & gained the friendships of Middle Eastern countries through commerce & economic initiatives, depleting their economic dependency on China. Closing our borders, deporting criminal alien gang members & blowing up drug boats is ending China's South American money machine. Wars that China supplied or funded have ended. With just a few sanctions, China's Russian oil connection will dry up. And increased USA military presence in the South China Sea tells the world America is ever ready to stop aggression. With tariffs adding to our coffers, societal drains being removed, government downsizing, tax reduction & tame inflation, this Administration has set the stage for growth not based simply on monetary policy! Milton Friedman wrote, "The Great Depression was produced by government mismanagement rather than by any inherent instability of the private economy... The Fed was largely responsible for converting what might have been a garden-variety recession into a major catastrophe. Instead of using its power to offset the depression, it used it to deepen it." All these actions taken since January are securing our American future, as our President surely

understands this thought from President Reagan, "I was 21 & looking for work in 1932, one of the worst years of the Great Depression. I can remember one bleak night when my father learned on Christmas Eve that he'd lost his job. To be young in my generation was to feel that your future had been mortgaged out from under you & that's a tragic mistake we must never allow our leaders to make again."

INDUSTRY NEWS: *Odyssey Wellness* raised \$6.3M from *Ei Ventures*. Celebrity founded *Happy Coffee* raised an undisclosed amount from *Taste Tomorrow Ventures*. *Recess Drinks* raised \$30M led by *CAVU*, with *Midnight Ventures*, *Rokana*, *Torch Capital*, *Doehler Ventures* & others involved. Organic frozen fruit pop brand *HUNDY!* raised \$350K. *Hummingbird Equity Partners* made a growth equity investment in personal care brand *Humble*. *Fruittist*, fresh healthy controlled environment superfruit snacks, closed on \$150M in equity financing for expansion led by a vehicle managed by *JP Morgan Asset Management* with Ray Dalio's family office involved. In the UK, *Mondra*, AI supply chain platform, raised £10M led *AlbionVC & Planet A Ventures*; *Swisscom*, *PeakBridge*, *Ponderosa Ventures*, & *Green Circle Foodtech Ventures* also participated. In Switzerland, *Arevo* raised €7.3M for its bio fertilizer that boosts soy yields. In the UK, *SAGES*, alternatives to synthetic dyes made from food waste, received £190K from the *British Design Fund*. *Agtonomy*, agriculture autonomy software & services, raised \$18M led by *DBL Partners* with participation from *Nuveen*, *Autotech*, *Allison Transmission*, *Rethink Food* & *Black Forest Ventures*. PE firm *Forward Consumer Products* acquired a 51% stake in the *Justin's* nut butter brand from *Hormel Foods*. *Nortera Foods*, canned & frozen vegetables processor, will acquire the *Green Giant* & *Le Sieur* frozen & shelf stable vegetable product lines in Canada from *B&G Foods*. *Froneri* acquired *Food Union's* ice cream division in Northern & Eastern Europe; terms were not disclosed. Faux cell meat manufacturer *Fork & Good* acquired fellow faux meat producer *Orbillion Bio*. *KDP* raised \$7B in private equity ahead of its purchase of *JDE Peet's*; co-leaders *Apollo* & *KKR* plus *Goldman Sachs* getting preferred stock. From *Reuters*, *Roark Capital* may be looking to sell *Nothing Bundt Cakes* for more than \$2B. In London, a group of 73 investors, managing \$11.5T in assets & likely heavily invested in failing plant-based initiatives, are calling on major food companies & retailers to diversify into more plant-based protein sources to of course save the world in 4850 AD from meeting a hot fiery death!

Sprouts Farmers Market saw strong YOY 3rd QTR growth but missed expectations for same-store growth; the stock price dropped as investors took profit on worries of consumer demand softening. *Amazon* reported strong 3rd QTR results. *CVS* beat 3rd QTR targets & raised guidance; the company reported a \$4B loss due to an impairment charge. *Walmart Mexico* saw a 5% revenue increase but a 9% drop in profit due to higher costs & accounting adjustments. At *KDP*, revenue rose 10% in 3rd QTR, income 7%; *Ghost* beverage was cited as the driver. *Hershey* also had strong 3rd QTR performance, but margin pressure caused the stock to slide in early trading. *Mondelez* met revenue expectations in 3rd QTR with sales up 5.9% & profit of 73¢ EPS; weak demand impacted full year forecasts. *Kraft Heinz* confirmed the breakup of its companies after reporting mixed 3rd QTR performance & lowering its full year outlook. *Kellenova* had a slight increase in 3rd QTR revenue & a 16% drop in net income but adjusted EPS rose & bested analyst estimates. *Danone* saw a 4.8% revenue bump in 3rd QTR with increases across all regions though North America showed weakness; the company confirmed full year guidance though proteins & creamers struggled. *Vita Coco* scored a beat on 3rd QTR revenue & earnings. *Oatly* reported a much larger loss than expected in 3rd QTR & a greater negative net margin. *Fresh Del Monte* disappointed investors with 3rd QTR earnings & warned of supply chain interruptions due to prevalent banana diseases. With a dip in sales volume, *Gruma* saw a 7% 3rd QTR net income drop & sales drop 5%; operating margin tightened. *Smithfield* reported 2nd QTR sales up 12% & operating income rose 8.8%. Sales were down & net income fell in *Grupo Bimbo's* 3rd QTR though USA results were strong. *Pilgrim's Pride* reported flat 3rd QTR profit on a 3.8% revenue gain. *HelloFresh* had weak 3rd QTR revenues, declining orders & a net loss of €20.1M; the company confirmed full year guidance. *AB InBev* reported the slightest of YOY gains in 3rd QTR; the brewer will cut costs & initiate a \$6B stock buyback. *Chipotle* met 3rd QTR earnings expectations but missed on revenue estimates as younger diners cut back; the company lowered same-store sales growth estimates. *Starbucks* beat 4th QTR sales targets but missed on profit; USA sales were stagnant, but the company posted its first positive quarter of global same-store sales in nearly two years.

Coborn will open its new flagship *Coborn's Market & Table* concept store in Plymouth, MN. *BJ's* is opening its 5th Tennessee store in Sevierville. *Brookshire Grocery* will open its third *Fresh by Brookshire's* store in Longview, Texas. *Lidl* will offer a Thanksgiving meal for 10 people for \$36, 20% less than it charged a year ago. *Kroger* will integrate *Uber Eats* into its eCommerce app to offer consumers restaurant delivery alongside their grocery delivery. *Harmons Grocery* will implement *Simbe's Tally Robot* chainwide. *Amazon* is planning to cut as many as 14K corporate jobs, as the company pares expenses due to over hiring during peak demand; *Amazon* has 1.55M employees. *Flashfood* partners with *Gelson's Markets* for its popular \$9 produce box with fruits & vegetables. UK supermarket giant *Morrisons* will partner with *VusionGroup* to install more than 10.8M smart electronic shelf labels across all 497 of its supermarkets. *Grubhub* will partner with *Instacart* to boost its grocery delivery capabilities by allowing *Grubhub* customers to order from *Instacart's* network of food retailers directly through *Grubhub's* app & website. *Fetch* launched *Fetch Market*, a grocery & daily essentials delivery designed exclusively for apartment communities in Houston with no tips, no fees & no operational burden for on-site teams. *Natural Grocers* is adding new organic cheeses to its private label line that comply with its dairy standards. *Flowers Foods* added a high-protein bread & Italian herb bread to its *Nature's Own* line & *Supreme Sourdough* & *Oats Blues* to its *Dave's Killer Bread* line. *Linear Bar* will add a protein bar made with whey, pea & chickpea protein. *Ajinomoto Foods* will add two meals to its frozen *Tai Pei* meals with shrimp chow mein & vegetable chow mein. *Doughlicious* will introduce a frozen cookie dough skillet line, an oven ready dessert. *Lifeway* will enter foodservice with a LTO smoothie in partnership with juice & coffee bar chain *Joe & The Juice*. *Unilever* wisely stopped radical *Ben & Jerry's* from marketing a pro-Hamas ice cream. *Chomps*, in participation with manufacturer *Landmark Snacks*, will build its second dedicated plant with a 160K sq. ft. facility in Beatrice, Nebraska. Snack nut & trail mix maker *Flagstone Foods* will downsize the workforce at its El Paso, TX, production plant impacting 225 positions. *Puratos USA* opened a new facility in Pennsauken, NJ, dedicated exclusively to bakery glaze production. *PepsiCo* unveiled a new corporate logo. The four leading banana importers, *Chiquita*, *Dole Food*, *Fresh Del Monte* & *Fyffes* have formed the *Banana Association of North America*. Superfruit bowl chain *Playa Bowls* plans to add more than 160 Canadian locations through a franchise with *Eat Up Canada*. *Hormel Foods* will recall 4.8M pounds of foodservice, RTE frozen chicken products that may be contaminated with pieces of metal. With 11K workers, *Sprouts Farmers Market* is the latest major company to file a lawsuit against major pharmacy benefit managers & insulin manufacturers over pricing & availability. The *Non-UPF Program* extended its *Non-UPF* certification label to the entire food industry, meant for foods free from excessive processing, artificial additives & other harmful ingredients. NYC & other cities are reportedly bracing for an 18th century European uprising when Democrats shut off SNAP benefits. Unlike those investors in London, Bill Gates reversed his belief that a fiery death awaits the Earth in 4850 AD, suggesting there are better investment opportunities than climate change!

According to *Worldpanel*, French consumers bought 25K tonnes of pumpkins & gourds in September 2025, up from 21K tonnes YOY. *RaboResearch* reported a positive global outlook for the beef market based on rising demand. From the Labor Department, Halloween spending is expected to be 6.7% higher YOY.

MARKET NEWS: Markets remained on a roller coaster, but ending higher for the week. Early in the week records were tamed by the FED's comments that a December rate cut could be in question. The FED enacted a 25 basis point rate cut. Meanwhile, President Trump stormed Southeast Asia, signing peace deals, conducting trade negotiations & getting trade concessions from China, another totally successful trip for America & the world. The President negotiated the reopening of China's soybean imports & kept access open to China's rare earth minerals for the world! Meanwhile, the Democrats still insist on depriving the American people of a functioning government, embracing illegal aliens & other spending increases. Meanwhile government employees, including our military, remain unpaid & upcoming benefits to actual American citizens will be delayed as the Democrats deliver on their mission of hate & contempt for President Trump & the American people! A judge stepped in to issue an order for the government to fund SNAP, instead of ordering the Democrat Senators to vote to open the government!

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – Tom Malaga

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