



ALL EARS!!

THE LITCHFIELD FUND WEEKLY NEWSLETTER

"OUR EARS SPAN ALL FIELDS"



IT WAS A MIDDLE SCHOOL writing assignment: Use imagery to describe our family heritage & upbringing. I don't remember everything I wrote, but I recall one line: "... if Harry Truman wasn't Jesus Christ, then John L. Lewis was!" To me, this painted a portrait of a hard-working, lower class, God-fearing, WWII generation family. During my first Presidential election, I tried to explain to my parents that the way they voted didn't match the values they had instilled in me. But what convinced them was a celebrity endorsement: Oscar winner, USAF Brigadier General & Indiana County, PA, hometown hero Jimmy Stewart was voting for Ronald Reagan & his Image of America.

IMAGE OF AMERICA: With only a few days left until what may turn out to be among the most pivotal moments in American history, perhaps human history, I had intended to point out their lies & hypocrisy. The lie that the man running for President is a racist, fascist, Nazi or the most evil person who ever lived. I had planned to detail every historical action of Nazi Germany & demonstrate how it is they who practice every technique of fascism: banning guns; censoring free speech; using mobs to create havoc; using lawfare to attack & imprison their political opponents; using race to divide the populace; degrading their opponents by calling them clingers, deplorables, & just this week, garbage, while also proclaiming the women supporting their opponent to be stupid & weak; usurping countries (or in this case, opening the borders) to bring in supporters & slave labor; keeping the country constantly at war to distract the populace; cheating at elections to assure only their party wins; embracing the occult & disparaging religious worship; employing abortion, pseudoscience & experimental medicine; controlling the populace with regulations & taxes while allowing the oligarchs who support them to gain wealth; & so many more crimes against humanity. I had planned to point out their hypocrisy, such as caring about children only when a white male uses a gun at a school. They do not care about children when a young girl is raped & killed by illegal aliens; when 325K children go missing at the border; when they release 16K rapists & 13K murderers on to our streets; when school children are made to view drag shows & worse, are helped to mutilate their own bodies; when a boy steals a championship from a deserving young girl; when caring about the Earth in 4267 AD means more than moms feeding their hungry children in 2024 AD; or when nearly a million souls a year are murdered & their RIGHT TO LIFE is ripped away from them. I was going to point out the hypocrisy of their policy flip-flops, trying to get people to believe she will not do everything she has done for the last four years & has intended to do for decades. But I thought, with just a few days left, I would instead share my *Image of America*. When I heard Ronald Reagan speak in 1980, I realized he was speaking for me. He saw the America I saw, both in 1980 & in the future I was striving so hard to achieve. He saw everything America could be. And though I was young when JFK was assassinated, Reagan spoke in a way that reminded me of everything I had watched or read about Kennedy (& nothing like the Presidents who had served in between) – positive, hopeful, spiritual, innovative. In Reagan's Presidency & in his farewell address he created the image that still stirs my soul, that America is a shining city on a hill: "*In my mind it was a tall, proud city built on rocks stronger than oceans, windswept, God-blessed, & teeming with people of all kinds living in harmony & peace; a city with free ports that hummed with commerce & creativity. And if there had to be city walls, the walls had doors & the doors were open to anyone with the will & the heart to get here.*" This was certainly the image that was in the minds of our Founding Fathers; of the men & women who drove the frontier westward; of the industrialists who rose up our great cities; of the 19th & early 20th century immigrants who legally came to our country; & what the young men who went to war to end fascism believed they were fighting for! With no disrespect to President Reagan, I see America as a star. The brightest star in the darkest of skies. A star far away & hard to reach. I see every American child & every American family trying to reach that star, filled with the energy of our Founding Fathers' words, their faith, their community & their values. The journey to the star is long, arduous, & far from straight. Every morning, we lose our way, distracted by a bright shiny object, the sun, & the daily tasks of keeping our journey moving along, until the darkness falls once more. But when it seems we are wrapped in a black darkness that has no boundary, the star again shines brightly. We correct our path & restart our journey, toward the star, every moment attaining something of which we never dreamed possible, all while still focusing on reaching that star. And because this is America, the land of opportunity, the land where every child is given the opportunity to rise to his or her own personal greatness, reaching the star is not the end of our journey. In America, there is always another hope, another ideal, another gleaming building to add to that shiny city, another door to open. So the star is merely a pause in our journey, an opportunity to be grateful & thankful for all we have achieved. But a new quest is waiting to begin, to reach even higher, even further, to make it even better. Because this is America! This is the one place in the world where to DREAM BIG is in our soul, our DNA, our shared American history. This is America, a land of people who have conquered injustice & destroyed evil. This is America, who rights its own wrongs, who is, as De Tocqueville saw, self-correcting. This is America, whose mere existence serves to be both an ideal & a guardian for the rest of the world. In 1984, four years along in correcting what happened to America in the darkness of the 1970s, President Reagan proclaimed it was '*Morning in America*,' but that there was still so much more to do as day broke upon this Great Nation. Right now, it is evening in America. We are wrapped in the bitter blanket of darkness that the last four years of havoc & nightmares have cast upon us. Will we find our star, our America, somewhere in the darkness of this ebony sky? Can we find the way out of this abyss to reach new heights & achievements? Or will we allow these people who are destroying America for their own wealth & power keep us wrapped in this perpetual darkness; allowing them to once again *steal* from us the opportunity to move forward? There is a star trying to break through the darkness. Its light is calling to us, to our families, to our communities. It is the light of the American Spirit. The more people who believe in the American Spirit, the brighter the light will glow. The brighter it glows, the better it will lead our way to heights, to new achievements, to dreams so big that they can only be attained here – in the land of Americans: Washington, Jefferson, Adams, Lincoln, Grant, Stowe, Tubman, Edison, Vanderbilt, Rockefeller, Carnegie, Morgan, Douglass, King, Parks, Pershing, Eisenhower, Patton, McArthur, Ruth, Ali, Aaron, the Roosevelts, the Kennedys, my family & yours!

INDUSTRY NEWS: CPG brand incubator, *7 Mile Brands*, invested \$3M in refrigerated donut maker *Drumroll Snacks*. *Final Boss Sour* snacks raised \$3B led by *Science Inc.* with *Aioki Labs*, *F4 Fund*, *GFR Fund*, *Uncommon Denominator*, *LAUNCH Fund* & *The Syndicate* involved. *Nara Organics*, infant formula, raised \$18.9M led by *Torch Capital* with *AlleyCorp*, *Platinum Mile Ventures*, *Company Ventures* & others involved. Hard kombucha *Jiant* & functional gum & mint brand *Neuro Gum* both raised investments from celebrities. *Gratsi*, boxed wine, raised an undisclosed amount from *Joyance Partners*. *Belgian Paleo* (Belgium) & *Revo Foods* (Austria) received €2.2M from the European Union for fake salmon development. *Rare Earth Global*, access to industrial hemp products for industry, raised £1M. In Spain, biotechnology firm *Tebrio* raised €30M to expand its mealworm production to meet demand; yes, mealworm demand! *Table 22*, food

subscription service, raised \$11M from undisclosed investors. *Foodsy*, a Polish marketplace for surplus food from restaurants, bakeries & stores, raised €2.5M from *AIP Seed*, *Status Starter*, *AC/VC Impact Fund* & others. In the UK, *Bendi*, AI supply chains management, \$1.04M led by *VC Midven*, *Heartfelt Capital*, *Chasing Rainbows*, *Innovate UK* & others involved. *Campbell* received a USDA grant of \$3.4M to promote sustainable tomato farming practices among California farmers. *Caldera + Lab*, men's skincare, raised a \$6M Series A from *HIPstr*, an arm of *HighPost Capital*. *SpartanNash*, will acquire a three-store chain of c-stores & fuel distribution, *Markham Enterprises*. *Schuman Cheese* acquired cheese maker *Trugman-Nash* (*Old Croc* & USA distribution rights for *Organic Herd British* cheddar brands produced by *Organic Milk Suppliers*) from *Allied Dairy*. *Fresh Del Monte* will sell the *Fresh Leaf Farms* brand & operations to *First Leaf Farms* in the Salinas Valley. *The Anderson Group* has acquired *Double B Foods*, maker of appetizers, snacks, desserts & dips. *Delorio*, pizza dough ball, pre-formed crusts & shells maker, was acquired by *Encore Consumer Capital*. Finnish plant-based company *Oddlygood* acquired Britain's *Rude Health*, plant-based drinks; terms not disclosed. Snack brands *Pipcorn* & *Spudsy* will merge operations to become *UpSnack Brands*. *Grupo Bimbo* acquired three bakeries, *Don Don* (Europe), *Wickbold* (Brazil) & *Pagnifique* (Uruguay). *Hormel Foods* sold its *Heath Labs* soft business to *Lyons Magnus*, a global foodservice & ingredient maker, for an undisclosed amount. *Tupperware* was acquired by *Stonehill Capital Management* & *Alden Global Capital* for cash & debt. *Edlong Corp.*, a dairy & dairy-free flavor manufacturer, acquired *Brisan Group*, market research & product development consultancy; terms not disclosed. *Blue Marlin Partners* & *Trive Capital* acquired an undisclosed majority stake in restaurant chain *Mo'Bettahs Hawaiian Style*. FoodPub operator *Watami* bought the Japanese unit of the *Subway* sandwich chain; terms not disclosed. Italian spirits maker *Campari* will offload some brands to simplify its portfolio. *Nexus Capital Management* bought discount retailer *Big Lots* out of bankruptcy for \$765M; bids are being taken for 255 *Big Lots*' leases.

Sprouts Farmers Market swamped 3rd QTR estimates including an 8% increase in comparable sales; *Sprouts* cited an increase in young shoppers aged 18 to 34. *Amazon* reported a stellar 3rd QTR besting revenue & EPS targets. 3rd QTR *Mondelēz* reported EPS & revenue that beat 3rd QTR estimates although cocoa pricing remains a challenge. Despite a slight top line drop in revenue, *Kellanova* reported a 36% increase in income as it readies for its merger with *Mars*. Weak demand due to high prices led to a revenue drop at *Kraft Heinz* with a record loss & a write down on its *Lunchables* business; the company lowered 2024 projections. *Utz* saw 3rd QTR revenue & profit fall, but the company gained market share. *Grupo Bimbo* saw profit fall 12% in 3rd QTR on weak North American demand though overall revenue rose 7.4%. *Pilgrim's Pride* reported a 5% 3rd QTR revenue gain and a 3X growth in EPS as the poultry provider scored its first positive report in nine months. *Vita Coco* raised future guidance after 3rd QTR EPS beat earnings despite a drop in revenue. *Gruma USA* posted revenue gains but a drop in 3rd QTR income; lower foodservice units are a concern. *AB InBev* missed 3rd QTR estimates on weak beer sales; the company will initiate a \$2B stock repurchase. *DoorDash* beat 3rd QTR estimates & posted its first quarterly profit. Tough market conditions led to a drop in revenue & earnings for *Bunge* in 3rd QTR. *Corbion* reported upticks in operating profit & revenue through the first nine months of the fiscal year. *Starbucks* ended the fiscal year with a weak 4th QTR as income & revenue took a dive; new leadership plans to simplify the menu & pricing. *Wendy's* had a mixed 3rd QTR as revenue beat estimates, comparables missed & EPS forecasts narrowed; 140 locations will close due to the economy. High costs hurt *Wingstop's* 3rd QTR profit.

Trader Joe's opened 10 stores in October. *The Fresh Market* opened its first Chicago store in a former *Dom's Market* location. *T&T Supermarkets* plans to open a store in San Jose, CA, after opening stores in Bellevue & Lynnwood, WA. *Brookshire Grocery* acquired four *Texas Shoppin' Basket* stores that will convert to the *Spring Markets* banner. *Amazon Fresh* is offering a Thanksgiving meal that feeds six for \$30; *Giant* offers the same deal for \$20 while *Lidl* offers to feed 10 for \$45. *Giant Eagle* will use *Manhattan Active Warehouse Management* technology at three of its distribution centers. *DoorDash* will add more safeguards to alcohol ordering. Also, *DoorDash* will partner with *Lyft* for its customers' usage. *Just Eat Takeaway.com* is rolling out in-car screen ordering to more countries across Europe as customers in Ireland, Spain & Italy & soon to Germany & Austria. *FarmboxRx* will provide free meals to cancer patients if & only if they are female. In the *Natural Sweetener Alliance*, *Tate & Lyle* & *Manus*, with synthetic biology technology that develops ingredient alternatives, will partner to increase sugar reduction opportunities. *J&J Snack Foods* launched a new artisanal soft pretzel product, *Brauhaus Pretzel*. *Coca-Cola* relaunched Mexican soft drink brand *Barrilitos* in California & Texas. *Feel Good Foods* launched gluten-free chicken soup dumplings. *Little Spoon* has added an organic oatmeal baby cereal. Israeli's *Chunk Foods* will launch its plant-based whole cuts in USA retailers. *Stryve Foods* signed a distribution deal with *Dot Foods*. *Sensei Farms* will provide leafy greens & salad mixes to *Weis Markets* locations. *Lactalis* will put \$55M into its Tulare, CA, facility to boost feta production. *Meiji* will invest \$28M to boost production capacity in Santa Ana, CA, for *Hello Panda* biscuits & a new pretzel offering. Pretzel maker *Ditsch USA* opened a new \$70M production facility in Ohio. *Coca-Cola's fairlife* is in a capacity crunch while a new facility is completed in New York. *California Dairies* closed a milk powder processed fluids facility in Los Banos, CA, built in 1925. *Dora's Natural* is expanding its warehouse capacity. *Lineage* opened a new, fully automated cold storage warehouse in Hazle Township, PA. *Bühler* has established a *Grain Innovation Center* at its headquarters in Uzwil, Switzerland. *PepsiCo* will close a Chicago bottling plant impacting 100 people as well as plants in Cincinnati, Harrisburg & Atlanta impacting another 300. *Every Co.* is laying off an undisclosed number of people. *Edible Gardens* has expanded production at its Grand Rapids, MI, facility. California-based *Ohalo Genetics* has used gene-editing to replace the need for pollination of fruit & nut bearing plants. *McDonald's* will return *Quarter Pounders* to the menu this week; the outbreak's investigation is focused on a *Taylor Farms'* Colorado facility & a Washington state onion grower. *Hy-Vee's* president, Donna Tweeten, will retire in the new year; a replacement has not been named. *Quorn Foods'* current CEO, Marco Bertacca, will step down & former *Heineken UK* executive David Flochel will take over. At *Jones Soda*, CEO David Knight has stepped down & chairman Paul Norman will fill in on an interim basis. *Grocery Outlet's* leader RJ Sheedy departed & board chair Eric Lindberg will serve temporarily.

Per *Consumer Affairs*, Americans are continuing to spend a bigger share of their income on groceries. Per the *National Retail Federation*, Halloween spending will be significantly lower than 2023. Meat sales rose more than 5% in September YOY, to \$7.9B, per *Circana*; fresh beef sales grew 11%. Per *210 Analytics*, in 2022, 53% of consumers are eating fresh produce four or more times a week, rising to 57% in 2023 & 61% this year. From *USPOULTRY*, *National Chicken Council*, *National Turkey Federation* & *United Egg Producers*, the poultry industry accounts for 2M USA jobs. From *PMMI*, 67% of brand owners plan to expand their co-packing & co-manufacturing. Per the *IFIC*, confidence in the food safety system has fallen from 70% to 62% in 2024. From *Grocery Doppio*, retail media networks are valued at \$8.5B for USA grocers & forecasts that the number of retail media networks will double over the next 18 months. *Rabobank* forecasts a return to growth for blueberry exports.

MARKET NEWS: Markets were mixed for the week. GDP came in below 3rd QTR expectations. Only 12k jobs were added in America in October! The only categories gaining jobs were government, of course, & education & health care, which essentially government controlled; industrial & construction jobs fell significantly. August & September jobs numbers were revised lower by 100K. The September Core PCE inflation index rose 2.7% YOY. The Chicago PMI index showed contraction. Home sales will end 2024 at the lowest level since 1995 as home prices rose 5.2% in September; mortgage costs have soared 97% under the Biden/Harris regime! Personal income rose 0.3% while personal spending rose 0.5%. Jobless claims were lower. The ISM Manufacturing PMI was lower for the 7th consecutive month. Consumer confidence rose, perhaps expecting a positive outcome of the election that would return the prosperous American economy we enjoyed under the previous administration. When 2024 began, we beseeched Americans to **CHOOSE WISELY (ALL EARS!! 12/30/23)** for the sake of future generations, who can then look back proudly & say we used our wisdom & judgment to save this Great Nation!

SEEDS, SPROUTS, GROW, HARVEST!

THE LITCHFIELD FUND – *Tom Malaga*

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