Cabot Money Club
STOCK OF THE MONTH

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Market Review

What a month! Markets have had some pretty wild moves since last month, gyrating with significant volatility, and that looks like it may continue for a while. But that's okay as the volatility is now serving up some pretty exciting discounted opportunities for investing.

Economically speaking, inflation abated somewhat, with core inflation falling to 3.2% for August, its lowest point in three years. And that sets the stage for an estimated 25 basis point reduction in interest rates when the Federal Reserve meets next week, according to the latest economist polls. The rate gurus now think that we may see a total of three rate cuts before the end of the year.

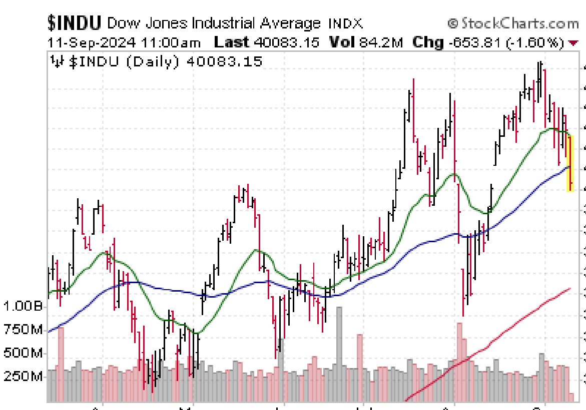
That should help the housing market, which is seeing some improvement—lower prices, greater inventory, and new builds—for the first time in years—are being priced lower than resales ($3.50 per square foot cheaper).

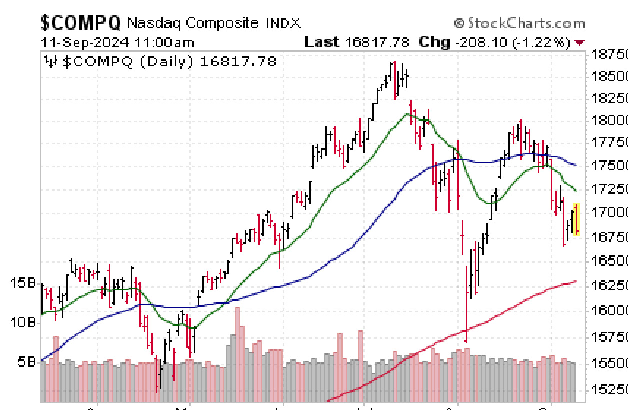
Manufacturing output and factory orders have risen, and the number of new jobs has slowed somewhat, which should ease the Fed's fears of inflation.

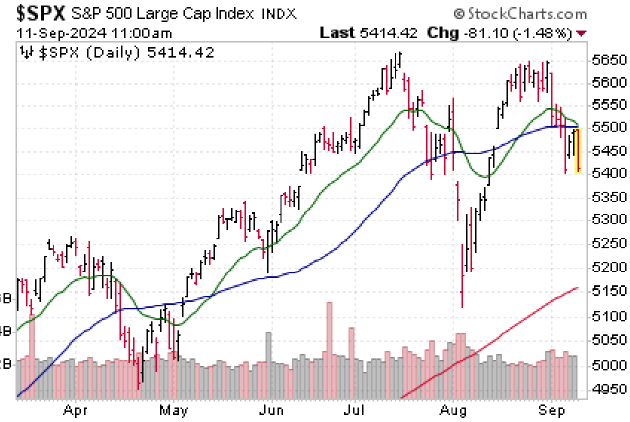
As for the market, large caps are still holding sway with investors with large-cap growth gaining 15.57% year to date, followed by 11.61% for large-cap value.

Sector-wise, Utilities are up 21.08% for the year, followed by Financial Services (+19.55%) and Consumer Staples (+16.10%). The laggard sectors (still all with positive gains) are Basic Materials (+6.10%), Consumer Discretionary (+3.5%), and Energy (+3.33%).

All in all, the signs look pretty positive, but we don't think the volatility is over yet. Consequently, it's still very much a stock picker's market.
This month, I was looking for a value/discounted idea to take advantage of lower market prices, so I turned to our *Cabot Turnaround Letter* for a selection. It's a company that you will be familiar with—one that no doubt, you have purchased and eaten many of its products. And it is in the process of successively completing a turnaround in its fortunes.







Feature Recommendation: Tyson Foods (TSN): Emerging Stronger from its Turnaround

Recommended by Clif Droke, Chief Analyst, Cabot Turnaround Letter

I'd like to introduce you to Clif Droke. Clif recently took the helm as Chief Analyst of *Cabot Turnaround Letter.* I have known Clif for many years and closely followed his recommendations in his previous gold and silver newsletters. I was happy to see him join Cabot a few years ago and am delighted that Cabot subscribers will now have even greater access to his ideas and analyses.

As the market continues its volatility, I thought it would be a good time to search for a company whose shares were trading at discounted levels, so naturally, I turned to Clif for a turnaround idea.

This is his recommendation.

"One of the stocks I favor right now above most in the portfolio is **Tyson Foods (TSN)**, which is in the middle stages of its longer-term turnaround and was recommended in the newsletter back in June 2023. I still think it has additional upside potential, and the strength behind this stock is incredible.

"Tyson Foods is a major producer of protein foods. Founded in 1935 by John W. Tyson in Springdale, Arkansas as a live chicken delivery service, the company gradually expanded into chicken raising and production. The company completed its IPO in 1963. Its acquisition of IBP in 2001 for $3.2 billion made Tyson the world's largest producer of chicken, beef and pork. The 2014 purchase of Hillshire Brands for $8.6 billion added several iconic processed foods brands like Hillshire Farms and Jimmy Dean to the portfolio. Today, beef products generate about 39% of sales, with chicken (31%), pork (11%) and Prepared Foods (18%) providing the balance.

"In fiscal Q3, Tyson reported its best third-quarter profit in eight years in the company's chicken segment, with pork profits coming in better than expected. Segment profits in chicken are improving as input costs are coming down, and the firm is turning more of its focus on this category.

"The company also currently enjoys the number one or number two market share in eight of its core business lines and enjoys favorite brand status in several key food categories.

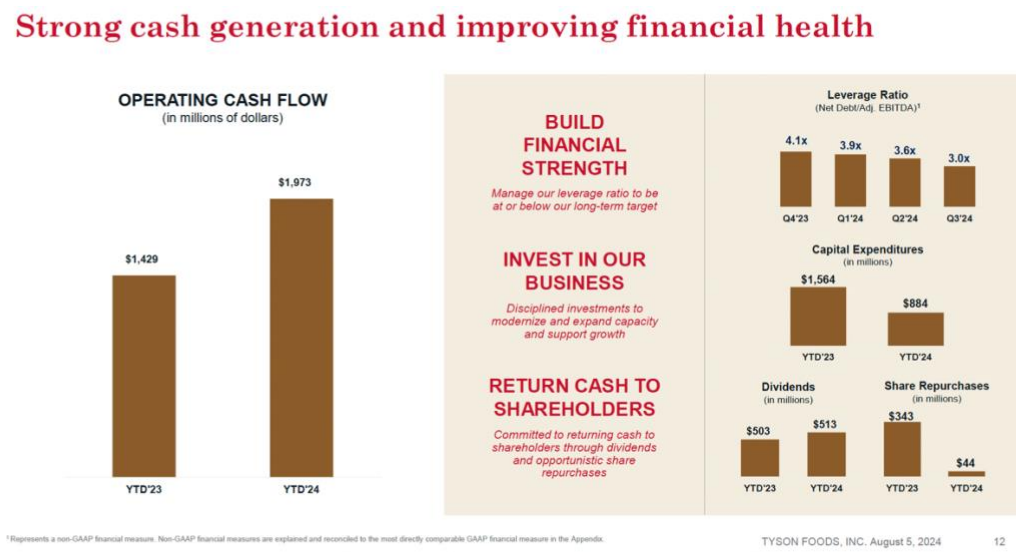
"During the quarter, Tyson also delivered the highest adjusted operating income of the last seven quarters while also generating solid free cash flow of $1.1 billion (up $1.2 billion from a year ago). There's a lot to like here.

"Tyson Foods (TSN) recently appointed Curt Calaway as its Chief Financial Officer, succeeding John R. Tyson, who remains with the company but is on health leave. Calaway has been with Tyson since 2006, most recently serving as interim CFO.

The stock has been on a tear this summer, gaining 23% since June."

Tyson is the biggest U.S. chicken company selling raw protein meats and includes prepared brands such as Tyson, Jimmy Dean, Hillshire Farm, Ball Park and Sara Lee. The company has raised its dividends every year for the last 12 years.

In his quarterly comments, President & CEO Donnie King, commented, "Our disciplined actions and focus on the fundamentals have resulted in a positive turnaround of our business. In Q3, we delivered the highest adjusted operating income in the last seven quarters while generating strong free cash flow. Looking ahead, we will continue to strive to be best-in-class operators, drive efficiencies, value-up our portfolio, win with customers and consumers and be disciplined in our capital deployment."



Looking forward, analysts expect fiscal 2024 revenues to be flat with adjusted operating income of $1.6-$1.8 billion compared with the $1.4-$1.8 billion that was previously forecast.

Segment-wise, the company estimates a fiscal 2024 adjusted operating loss of $400-$300 million for the Beef segment. For the Pork, Chicken and Prepared Foods segments, Tyson Foods envisions fiscal 2024 adjusted operating income of $100-$200 million, $850-$950 million and $850-$950 million, respectively.

An additional catalyst for Tyson is its foray (since 2019) into the alternative meat industry (more on this in our Industry segment).

Its plant-based nuggets are made primarily from pea protein. It also offers plant-based patties and blended products that combine plant-based ingredients with traditional meat, aiming to reduce the overall meat content. The company has also invested in businesses such as Future Meat Technologies and Memphis Meats, two businesses leading the development of lab-grown meat.

Barclays likes this endeavor and has an "Overweight" rating on the shares with a price target of 72.

Tyson's Board of Directors announced that it will pay a dividend of $0.49 per share on the 13th of December, which will bring the dividend yield to 3.0%. **Buy**

Tyson Foods, Inc. (TSN) **52-Week Low/High: $44.94 - 66.88** **Shares Outstanding: 285.82 million** **Institutionally Owned: 84.08%** **Market Capitalization: $23.406 billion** **Dividend Yield: 2.98%** **https://www.tysonfoods.com**	**Why Tyson Foods:** **Turnaround in process** **Leading market share** **Expansion into alternative meat industry should add to top and bottom lines** **Undervalued**

About the Analyst: Clif Droke, *Cabot Turnaround Letter*

Clif Droke is the Chief Analyst of *Cabot Turnaround Letter*. For over 20 years, he has worked as a writer, analyst and editor of several market-oriented advisory services and has written several books on technical trading in the stock market, including *Channel Buster: How to Trade the Most Profitable Chart Pattern* and *The Stock Market Cycles* as well as *Turnaround Trading & Investing: Tactics and Techniques for Spotting Winning Turnaround Stocks.*

I'm excited that Clif has taken over *Cabot Turnaround Letter* and asked him to bring us up to date on his analysis methods and his take on current markets. Here is our interview:

Nancy: Clif, congratulations on your recent move to Chief Analyst at the Cabot Turnaround Letter. *You have an extensive analytical background, particularly in the Metals/Mining sectors. Do you foresee adding some new metal/mining companies to your portfolio in the near future?*

Clif: Thanks Nancy! As we're entering what looks like the early stages of a falling bond yield environment, I definitely foresee new metals/mining additions to the portfolio in the coming months. We already have a couple goldminers in the portfolio, and I think it's likely another one will be added in the foreseeable future. But I also envision any new additions will be primarily in the gold mining sector and not so much other metal groups, since there's an undercurrent of global weakness that could adversely impact industrial metals.

Nancy: And speaking of metals, gold just keeps hitting new highs. You have been telling us for some time that gold is attractive, and you were right! What is your opinion on the catalysts causing this move, and where do you think the price of gold goes from here?

Clif: There are two schools of thought where the gold outlook is concerned. The first is that gold has likely already discounted lower interest rates ahead, with prices already factoring that in. The other opinion is that gold actually hasn't fully priced in a lower fed funds rate since there has been such a lack of transparency on the timing, size and pace of potential rate cuts on the Fed's part. My thoughts align with the latter viewpoint, which means I envision higher gold prices in the months ahead.

In recent weeks, while gold has hovered near record highs, it hasn't really taken flight. And I think that can be attributed to a lack of commitment to either a bullish or a bearish market stance on the part of the bigger traders that typically move the market. In other words, there seems to be no clear consensus in the sentiment data among participants as to which direction gold is headed in the near-term outlook. That should keep gold range-bound in the near term, but eventually I expect gold prices will break free as the falling rate environment becomes more established.

Nancy: Although you may be new to the Turnaround Letter, *you have been successfully analyzing stocks (in many industries) for several decades. Would you please give my subscribers some insight into your favorite parameters when choosing turnaround stocks? Are you more of a bottoms-up or top-down analyst?*

Clif: I definitely favor more of a top-down approach to the market. With each weekly subscriber-only podcast for the *Cabot Turnaround Letter*, I begin by reviewing the market's key leading indicators for clues as to not only the market's current health, but where the major averages and sectors are likely headed. This helps us narrow the list of stocks with short- and intermediate-term turnaround potential.

Naturally, I look at key metrics like cash flow and, where possible, earnings growth, plus debt reduction when evaluating potential turnarounds. But I also place emphasis on a company's technical and cyclical backdrop, as factors like short interest, institutional ownership and even retail sentiment changes can have a big effect on a stock's near-term performance.

I'd also hasten to mention that unlike many turnaround-focused investors and traders, I'm not a fan of catching the proverbial "falling dagger." Which means I'm not perusing the list of stocks actively making new 52-week lows. Instead, I prefer to focus on what I consider high-probability, low-risk turnaround candidates that have already established bottoms (preferably over at least three months) and also have begun the early stages of the turnaround, which provides a tailwind of forward momentum and thereby increases the likelihood of success.

Nancy: Which are the two most important catalysts that would persuade you to choose a recommendation for your newsletter?

Clif: We actually have a list of six key catalysts that determine inclusion of a stock in the *Turnaround Letter*, but there are also sub-catalysts that come into play. These include such factors as a favorable change to a company's management, a merger, spinoffs and other variables. Fundamentally, the two most important catalysts for me are aggressive debt reduction or balance sheet repair and a CEO change, which often breathes new life into a struggling company and, if nothing else, can pop the stock on a short-term basis.

A recent example of this was the 24% rally in **Starbucks (SBUX)**, which was mentioned in our monthly catalyst report as having turnaround potential prior to the rally. It turned out the introduction of a new CEO was all it took to change investors' perception of where the company is likely headed.

Nancy: How important are dividends in your choice of new companies to add to your portfolio?

Clif: I wouldn't say dividends are an essential variable for determining whether or not to add a stock to the portfolio, but they're certainly welcome. And if I see that a new addition is likely to tread water (i.e., remain range-bound) for an extended period, it's absolutely imperative the stock has a dividend, otherwise we're not getting paid for waiting. For mid-stage turnaround stocks that already have the benefit of forward momentum, dividends aren't as crucial.

Nancy: Would you please elaborate on your entry and exit strategies?

Clif: Certainly. For most of my recommended turnaround stock positions, I expect that broad market conditions warrant a bullish posture, and in particular, I like to see the industry group the stock trades in to show at least a measure of relative strength versus the S&P 500. The stock should be off its nearest 52-week low for at least three months and, as an added bonus, I like to see the stocks beginning to recover above short-term key trend lines like the 25-day and 50-day lines.

For exiting a stock, assuming the turnaround has legs and it strengthens after initiating a buy, I believe in taking incremental profits (e.g., quarter profits or half profits), rather than taking a full profit all at once. This way we can maintain exposure to the stock if it continues strengthening while also locking in at least some of the profit should it unexpectedly come under heavy selling pressure.

In cases where the turnaround candidate fails to rally, I believe in limiting losses to not much more than 14% or 15% in most cases, but sometimes tighter or looser than that depending on the stock's relative volatility and trading history.

Nancy: Your portfolio includes a number of diversified companies. For an average subscriber, how many investments would you recommend that they hold in their portfolio?

For purposes of the *Turnaround Letter*, my portfolio management philosophy dictates that I hold not fewer than 15, and typically not more than 25, stocks at any given time (depending on prevailing market conditions). For most individual investors, I'd recommend holding not more than 10 stocks in a portfolio. This is because it can be very difficult to maintain control over it due to the enormous constraints posed by researching the latest company developments—whether technical, fundamental or news-related. Full-time professional investors can obviously devote more time to research, however, so this rule of thumb doesn't necessarily apply to them.

Portfolio Updates

Tom Hutchinson, Chief Analyst of *Cabot Dividend Investor,* updated his **Qualcomm Inc. (QCOM)** recommendation, saying, "After stumbling badly in the second half of June and July, the chipmaker stock had been moving higher since, until getting clobbered on Tuesday. The selloff did come after a huge surge earlier this year and QCOM is still solid YTD. Qualcomm crushed earnings forecasts for the June quarter and guided higher for the September quarter. But the stock fell on the day of the announcement on concerns about weaker-than-expected smartphone sales predicted for the December quarter. But the upgrade cycle is likely coming sometime next year. Qualcomm is well-positioned ahead of the next wave of AI, in mobile devices, and should benefit mightily in the year ahead. BUY"

Rumors have it that Qualcomm is considering acquiring a piece of Intel's PC chip design segment. If so, that acquisition would serve to strengthen the company's chip business.

Qualcomm also introduced its newest AI PC chip. The timing bodes well as the Semiconductor Industry Association just announced that global semiconductor sales for July rose by 18.7% year over year to $51.3 billion.

Our shares have risen about 15%, but at a P/E of just 20, there seems to be plenty of room to grow. **Buy**

Michael Brush, Chief Analyst of *Cabot Cannabis Investor,* told me yesterday that Trump's announcement that (if elected) he will vote to legalize recreational marijuana use in Florida should be a big boon for cannabis stocks over the next couple of years. And the announcement did send the stocks up—at least temporarily!

As for our marijuana stocks, Michael reported that "**Curaleaf (CURLF)** opened a new store in Destin, Florida, bringing the number of stores in that state to 64, and 150 nationwide. BUY"

The company announced that its quarter ended with revenue rising 3.2%, to $342.3 million with a net loss of $47.6 million, down 18% from 2Q 2023. **Continue to Hold.**

Michael also updated his views on **Green Thumb (GTBIF)**, our newest recommendation and his portfolio's largest position. Michael notes, "It has been the most profitable multistate operator of all the big ones—a sign of good management.

Founder Ben Kovler is chairman and CEO. Research shows that founder-run companies often outperform. Kovler has a 26% stake in the business and holds nearly 59% of voting power. Green Thumb trades at a price to sales ratio of 2.1. BUY" I agree. **Buy**

Tyler Laundon, Chief Analyst of *Cabot Small-Cap Confidential* and *Cabot Early Opportunities* reports that **TransMedics Group (TMDX**) "has been trading near all-time highs in the 166 to 177 range over the last week. Hold a Quarter."

Headwaters Capital Management mentioned TransMedics Group, Inc. in its Q2 2024 investor letter, noting, "TransMedics posted strong first quarter results and raised full-year revenue guidance. The results were validation of the company's strategy to own and operate an internal logistics fleet to drive increased adoption of their revolutionary organ care system. Market penetration in each organ (liver, heart and lung) remains low and when combined with the potential to grow the overall market should support strong revenue growth for the company for many years."

Overall TMDX ranks 25th on Oppenheimer's list of favorite stocks for the next 12 months.

Needham initiated coverage on TransMedics with a "Buy'" rating and a price target of 208, saying that the company "is transforming the underpenetrated organ transplant market, which is over $8 billion and has less than 6% penetration."

Let's continue to hold our remaining shares.

Tom Hutchinson also commented on **Brookfield Infrastructure Partners (BIP)**, saying, "This infrastructure company stock has come back to life. After a couple of years of poor performance amid inflation and rising interest rates, BIP is returning to its historic good form as those trends reverse. It made a huge move in July, leveled off somewhat through most of August, but recovered and just made a new 52-week high. It's now up more than 30% since early April. BIP had been a stellar performer for many years prior to inflation and rising interest rates. But now interest rates are moving significantly lower, and the main threat is now a recession. That's in Brookfield's wheelhouse as its crucial assets are highly recession-resistant. (This security generates a K-1 form at tax time.) BUY"

Brookfield has acquired several data center development platforms, cell tower operators, and fiber-optic networks and is building two new semiconductor fabrication plants in the U.S. in a partnership with Intel. The company anticipates that it will grow its FFO per share by 6% to 9% per year over the next few years and expects to push its dividend up by 5% to 9% per year. **Continue to Buy.**

Nov Inc. (NOV) was updated by Chris Preston, Chief Analyst of *Cabot Value Investor,* who noted, "Crude oil prices have dipped below $70 a barrel for the first time all year, sending NOV shares tumbling more than 4% along with most other energy stocks. As long as oil prices remain this low, it will be difficult for NOV shares to gain traction with investors again. But I doubt they'll stay down for long. The last time crude dipped below $70 a barrel, in December 2023, it was back up to $75 by month's end.

"Fortunately, NOV is still just a few weeks removed from a very strong quarter in which revenue ($2.22 billion) improved 5.9% from the second quarter of 2023; earnings per share ($0.57) improved 46%; and profit margins increased from 7.4% to 10%. Its adjusted EBITDA margin came in at 12.7%, the highest since 2015. Energy equipment accounted for more than half of total revenues ($1.2 billion) and was up 8% year over year.

"NOV shares were initially gobbled up after the report, rising to six-month highs near 21, but market forces and tumbling oil prices conspired to knock the stock back down to pre-earnings lows in the high 17s. Now they've dipped below 17 a share, thanks to the depressed oil prices.

"The stock is 42% below our 24 price target. And shares are quite cheap, trading at a mere 6.5x earnings estimates and at 0.77x sales. BUY"

The company's earnings estimates have been rising, with analysts pushing EPS forecasts to $1.63 per share. **Continue to Buy.**

International Business Machines (IBM) was reviewed by Carl Delfeld, Chief Analyst for *Cabot Explorer,* who said, "Shares reached 204 this week and the stock is up 24% over the last three months. The company recently announced it was closing two China research and development centers and reaffirmed that a new IBM mainframe computer will soon hit the market. The new Telum II will have four times the AI computing capacity of the original processor, launched in 2021. Buy a Half."

IBM is a tech pioneer that continues to thrive through decades of evolving technology, as it has proven with its foray into artificial intelligence.

Free cash flow continues to rise, and the shares are trading at a P/E of less than 23.

Our shares are up 53%. Let's take a bit of profit at this stage. **Sell 1/3 of your shares.**

Chris Preston also updated **Gates Industrial (GTES)**, commenting, "Earnings per share of 36 cents narrowly topped estimates of 35 cents and were flat year over year. Sales, however, fell just shy of estimates ($885.5 million vs. $893 million expected) and were down 5.4% year over year. The relatively 'blah' report – neither good nor overly bad—initially triggered some fierce selling in GTES shares (the stock was down 13% in the first week of August), but it appears the worst is behind it, and the stock has recovered most of those losses, though it was down about 3.5% this past week.

"It remains our best performer, up nearly 60%, and the stock has 17% upside to our 20 price target. It trades at just 10x forward earnings estimates. BUY"

Hold the remainder of our shares for now.

Our recommendation of **UnitedHealth Group Inc. (UNH)** was also updated by Tom Hutchinson, who noted, “What post-Labor Day selloff? UNH just made a new high while the rest of the world is going to Hell in a handbag. UNH soared over 20% since early July. It leveled off for a while but has regained the initiative. Earnings reinvigorated the stock. UnitedHealth beat earnings forecasts as it added more patients and pharmaceutical customers despite a continuing negative effect on profits from the February cyber-attack. UnitedHealth also reaffirmed previous guidance for 2024. It’s well positioned in a slowing economy as a highly defensive stock. BUY”

EPS estimates for UNH are on the rise, increasing $0.14 to $27.69.

Goldman Sachs, in a recent report, said, “The company stands to benefit from long term secular trends particularly those surrounding higher elder care costs and the rise in popularity of weight loss drugs and cancer treatments. These could expand its coverage market and allow it to grow revenue.” The company ranks 16th on the list of Goldman Sachs’ hedge fund stock picks.

And Jim Cramer recently noted that “UNH is still the cream of the crop.” **Continue to Buy.**

The shares of **Novo Nordisk (NVO)** continue to perform, as the company is expanding label expansions for its weight loss and diabetes drugs.

Healthcare policy group KFF recently released a study that concluded that “nearly half of adults under 65 are eligible” for weight loss drugs. There seems to be no stopping the trend. Let’s change our rating to **Buy.**

Chris Preston reported that **Honda Motor Co. (HMC)** “got a mid-August share price bump (up from 29) after reporting another strong quarter, reporting an 8.7% year-over-year profit increase on a 17% improvement in global sales, assisted by a 9% uptick in U.S. sales—thanks to growing demand for its hybrid vehicle models here. A weak yen also had a hand in the company’s profitable quarter, adding nearly 48 billion yen ($326 million) to Honda’s quarterly operating profit. A spike in motorcycle sales in Brazil, India and North America also helped the company offset weakness in China, where total sales tumbled 23% due to escalating competition, rampant price cuts and a shift toward all-electric vehicles—an area in which Honda is still playing catch-up. Still, the company maintained its full-year operating profit forecast of 1.42 trillion yen.

“Shares are still well shy of their March highs above 37, and remain laughably cheap, trading at 6.6x forward earnings estimates, 0.36x sales, and at 56% of book value. The stock has 42% upside to our 45 price target. The 4.1% dividend yield helps tide us over until the share price becomes more in line with the company’s value. BUY”

Insider Monkey reports that 12 hedge funds hold shares of Honda and the stock ranks 3rd on its list of the best EV stocks to buy according to short sellers.

Let’s continue to Hold for now.

FTAI Aviation (FTAI) is gaining attention on Wall Street with 33 hedge fund investors in the stock, and FTAI ranks 6th on Morgan Stanley’s highest-conviction stocks. **Continue to Buy.**

McKesson Corporation (MCK) was updated by Tom Hutchinson, who commented, "The pharmaceutical supply chain powerhouse certainly stumbled. It fell double digits after the disappointing earnings report in July. Earnings were strong but revenues were less than expected as weight loss drug supplies couldn't keep up with demand. The business is still strong and growing but when a company whose stock has performed so well disappoints the market is unforgiving. But MCK appears to have resumed its uptrend again and actually had a good day during Tuesday's market selloff. I expect MCK to post solid returns between now and the end of the year. BUY"

McKesson announced it will sell its Rexall and Well.ca businesses, both based in Canada, to Birch Hill Equity Partners, a Canadian private equity firm. The company said, "The deal supports McKesson's strategic decision to concentrate on expanding its oncology and biopharma services while maintaining its focus on the Canadian healthcare market through distribution and biopharma."

The company also announced that it has agreed to acquire a controlling interest in Community Oncology Revitalization Enterprise Ventures, LLC (Core Ventures), for $2.49 billion in cash, which will represent approximately 70% ownership.

Continue to Buy.

Portfolio

Company	Symbol	Date Bought	Price Bought	Price on 9/11/24	Gain/Loss %	Rating	Risk Tolerance
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[redacted] (A), Moderate (M), Conservative (C)

ETF Strategies

Our ETF portfolio continues to outperform with our only loss in **Global X U.S. Infrastructure Development ETF (PAVE).** The technical indicators look good on the ETF, so I'm going to let it ride for a bit.

And I have a new idea for you this month, moving an ETF from our Watch List to a Buy:

NEW RECOMMENDATION: Total Intl Stock ETF Vanguard (VXUS)

3*

Large/Balanced

The manager employs an indexing investment approach designed to track the performance of the FTSE Global All Cap ex U.S. Index, a float-adjusted market-capitalization-weighted index designed to measure equity market performance of companies located in developed and emerging markets, excluding the United States. The fund invests all, or substantially all, of its assets in the common stocks included in its target index.

Top 10 Holdings	% Portfolio Weight	Sector
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[redacted]	[redacted]	

Total Return %	YTD	1-Year	3-Year	5-Year	10-Year
Total Return % (Price)	[redacted]				
Total Return % (NAV)	[redacted]				

These ETFs remain on our Watch List:

- **Vanguard Small Cap Growth Index Fund (VBK)**
- **Midcap Growth ETF Vanguard (VOT)**

ETF Spotlight

This is a **new** section for our newsletter. Each month, I'm going to highlight one of our portfolio ETFs, showcasing its largest holdings and past returns so that you can decide if the ETF fits into your investment strategy.

Innovator IBD Breakout Opportunities ETF (BOUT) is a 4-star-rated fund that focuses on opportunistic investment exposure to those stocks with the potential to "break out," or experience a period of sustained price growth beyond the stock's recent "resistance level," with consideration for various market conditions. The fund is non-diversified.

Top 10 Holdings

Top 10 Holdings	% Portfolio Weight	Sector
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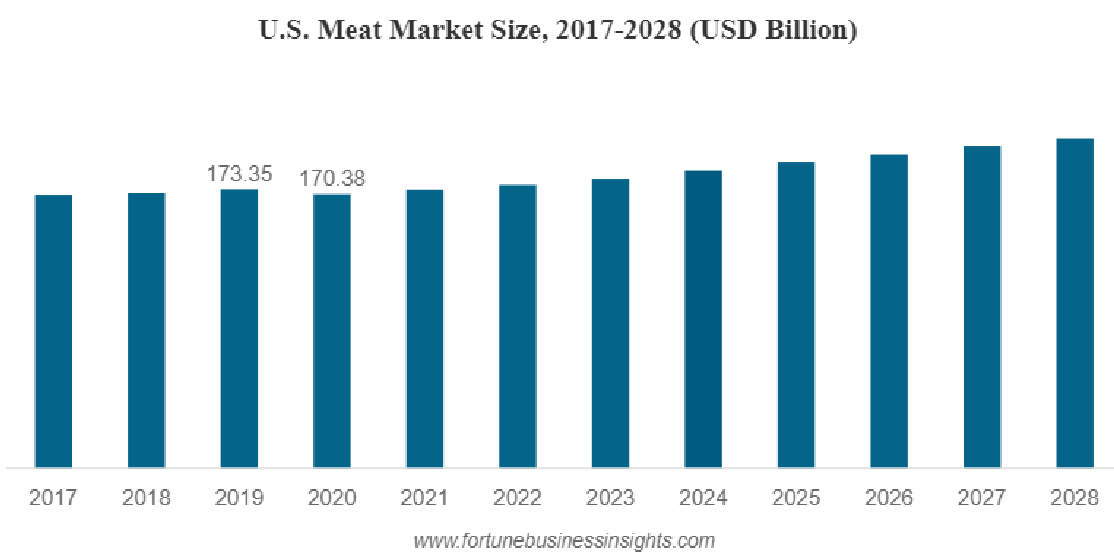
Returns

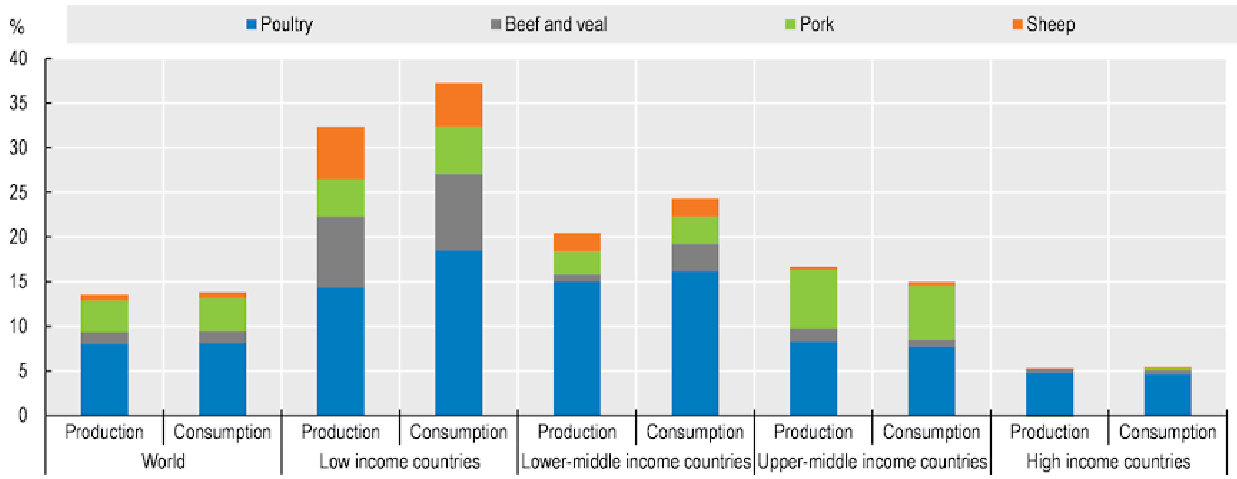
Total Return %	YTD	1-Year	3-Year	5-Year
Total Return % (Price)	[redacted]			
Total Return % (NAV)				

Where's the Beef, Chicken and Pork? Right Here!

The average American eats about $385 per year in meat. As you can see from the following graph, the market is expected to grow annually by 4.22% (CAGR 2024 – 2029).



Globally, revenue in the Meat market amounts to $1,460.00 billion in 2024. The market is expected to grow annually by 6.12% (CAGR 2024-2029). Most revenue is generated in China ($273 billion in 2024).



Source: OECD/FAO (2021), "OECD-FAO Agricultural Outlook"

Tyson Foods is seeing good growth in chicken, poultry, and prepared foods, but beef consumption has fallen nationwide, which has resulted in lower beef revenues for the company.

And while Tyson's cost-cutting and turnaround tactics are producing sound financial results, there's an additional area of expansion potential for Tyson—the meat substitute industry.

The global meat substitutes market size was valued at $18.78 billion in 2023 and is expected to grow at a CAGR of 42.4% from 2024 to 2030, due to a focus on diets that are reducing or eliminating animal products.

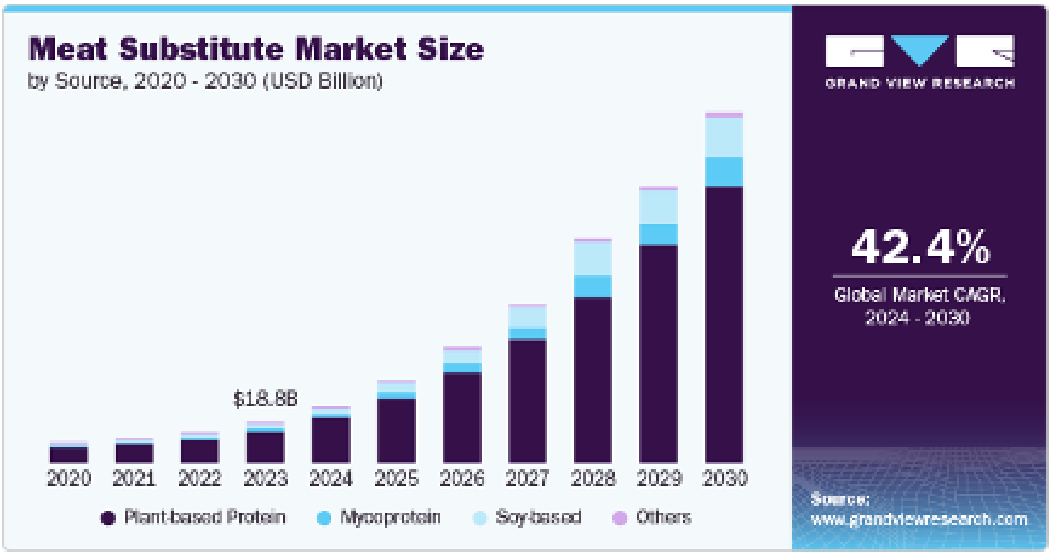
And Insider Monkey just named Tyson Foods as one of its "10 Best Alternative Meat Stocks to Invest In."

The alternative meat industry includes both plant-based and cultivated meat products, is expected to grow significantly due to global challenges related to health, sustainability, and animal welfare.

The health issues surrounding the effects of red and processed meats on heart disease, cancer, and obesity are giving rise to people looking for alternative foods.

The journal *Science* published a study that reported that producing plant-based meat alternatives generates up to 90% fewer greenhouse gas emissions, uses 93% less land, and consumes 46% less energy compared to conventional beef production.

The Good Food Institute (GFI) estimates that the cultivated meat industry could reach $25 billion by 2030, driven by advancements in cell-culturing technologies and increasing consumer acceptance. And its fortunes are boosted by the industry's ability to reduce the environmental footprint of meat production—a major contributor to greenhouse gas emissions, land degradation, and water consumption.



But there is a concern with consumer acceptance—at least as far as cultivated meat is concerned. Folks have been more accepting of plant-based meats including brands like Beyond Meat and Impossible Foods.

GFI's survey found that while 40% of consumers in the United States were willing to try cultivated meat, only 30% were willing to make it a regular part of their diet.

It is indeed a challenge, and revenues from plant-based and cultivated meat probably won't become a huge portion of Tyson Foods' revenues anytime soon, but it is an area that will add to the company's top and bottom line.

And Tyson's revenues and income figures are looking better every day. Last year, Tyson closed eight meatpacking plants and closed two more at the beginning of 2024, to help cut costs and bolster its balance sheet.

Those measures are certainly paying off! The company's chicken profits last quarter were the highest they've been in the past eight years.

I expect the turnaround to continue for Tyson. In the interim, savvy investors can buy low now with the expectation of appreciation plus the dividend. At this stage, I consider this stock to be *aggressive,* so please add to your portfolio with that in mind.

ETF Portfolio

Company	Symbol	Risk Tolerance*	Recommendation	Date Bought	Price Bought	Price on 9/11/24	Gain/ Loss %
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*Aggressive (A), Moderate (M), Conservative (C)
**Purchase price reflects a 3-for-1 stock split

The next Cabot Money Club *Stock of the Month* issue will be published on October 10, 2024.

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