



ALL EARS!!

*The Litchfield Fund
Weekly Newsletter*

“We just don’t hear it on the street, we have our ears spread across all the fields!!!!”



Litchfield

In the ever-twisting plot of the American classic, *Guys & Dolls*, Nathan Detroit needs to raise \$1,000 to fund his *oldest established* floating crap game & maybe, just maybe, marry his longtime fiancé, the sweet gorgeous stripper Miss Adelaide who unfortunately suffers from a psychosomatic cold caused by this enduring 14-year engagement. To raise the cash he needs, Nathan makes a bet with a notorious bet-on-anything gambler, Sky Masterson. Sky must take the beautiful but virtuous Save-a-Soul Sergeant Miss Sarah Brown on a trip to Havana for a night. Nathan believes he has made a bet he cannot lose, that is, *a sure thing!*

Sure Thing: Newspaperman, sportswriter & short story writer Damon Runyon created character portrayals of the ne’er-do-wells hanging around Broadway in the first half of the 20th century. Many of his characters were based on people he knew in midtown Manhattan. These characterizations were so vivid that the term Runyonesque is now applied to any similar character or story. And while we will leave it to the reader to view this award winning & critically acclaimed musical & movie-adaption to find out what happens, we believe that Mr. Runyon, a gambler himself, must have felt that no bet was *a sure thing*. He once said, “The race is not always to the swift, nor the battle to the strong, but that is how the smart money bets!”

In general, and especially as investors, **The Litchfield Fund** knows there is no *sure thing*. This is the reason we shy away from making New Year forecasts or predictions. But there are storylines we intend to watch closely to see how they develop over the course of this year. *Now here is a plot twist*. None of these storylines are directly within the natural & organic industry itself! Why?? Because we do believe our industry is *a sure thing!* Every indicator, every measure within the industry continues to indicate growth, acceptance & usage. New & innovative food products as well as AgTech & FoodTech start-ups keep coming. Mergers, acquisitions & investments are not slowing down. Food Giants indicate that growth will come from their natural & organic segments. Consumers clearly understand the benefits of healthy eating & lifestyles. Beyond that, they seek transparency & sustainability. So as investors, we see the industry as *a sure thing!*

What storyline will we be following? *It’s the economy!* Why? We are unshakeable in our belief that the engine of *American Economic Wealth* has two drivers, consumer spending & entrepreneurial start-ups! Consumer demand matched with entrepreneurs & businesses seeking to fill that demand is simply an economic basic. When consumers believe that they will ‘do better’ in the future, they will spend their money. Businesses jump in to meet that demand, increasing the supply & the chain that delivers that supply. Without this basic relationship, the economy grinds to a halt. Our industry has done well because of this relationship! It has done

surprisingly well despite what we know has been the weakest economic recovery since WW2. And yes, there are many other factors that come into play, but in a sense, they are after the fact! Let's look at the economic storylines we will follow in 2017.

Jobs: Almost 95M Americans are not in the workforce. In the past 8 years, food stamp & welfare recipients have grown at a tragic rate. For the first time in generations, life-expectancy has fallen & 30-year olds are not better off than their parents were at 30! Job growth has occurred only at the low-income level, mostly due to people working multiple jobs to meet the high cost of living & healthcare. There must be jobs that give people the opportunity to expand their technical & managerial skills & experience, increase their value & move forward economically.

Taxes: People & businesses do a better job spending their own hard earned money than the government does. Taxes must be low & tax law must not be so complicated that small businesses are burdened with excessive paper work & filings. Entrepreneurs need to focus on creating value & well-run companies, not complying with complicated tax laws.

Deregulation: This is a tricky & controversial subject, especially for our industry. We would never want to see any deregulation that puts the consumer or the environment at risk. But we want regulation that is based on science & fact, not lobbyist desires, whether it is for food, the environment or business in general. We also do not want the government to universally regulate on topics best left to local governments & states, a right protected by the 10th amendment.

Our perfect economic scenario? Consumers, seeing a bright economic future based on the value of their own skills & talents & the opportunity to employ that talent seek healthy, better-for-you, more sustainable foods for themselves & their families. Food Giants & entrepreneurs, unburdened from taxes, tax law & excessive regulation, seek to fill the consumer need through innovation & production. This creates a greater need for organic, non-GMO ingredients. Farming communities seek laws that protect their ability to grow crops to fill the need for healthy & sustainable ingredients. Counties & states make decisions that are best for their residents & industries eliminate harmful pesticides, fertilizers & GMOs. Is this a dream world? No, this is exactly what has made America exceptional -- a free market driven by the private sector!

Market News: Despite a 15-year high in Consumer Confidence, the markets ended lower for the week after toying with record highs & milestones. Dow 20,000 is perhaps a 2017 event.

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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