



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

At times, the Christmas season seems repetitive – *it’s just like previous years!* The shopping, the music, baking cookies, preparing the food, the travel & the parties, opening presents, Mom with a new pair of sparkling earrings, Dad with a new cozy sweater, happy young ones & a big dinner! We take comfort in this bit of *déjà vu* & hold to these traditions. As the venerable Mr. Rogers said, “I like to compare the holiday season with the way a child listens to a favorite story. The pleasure is in the familiar way the story begins, the anticipation of familiar turns it takes, the familiar moments of suspense, & the familiar climax & ending.”

The Rest of the Story: Okay, everybody knows we stole that from Paul Harvey! And while we will not exasperate our *All Ears!!* readers with our favorite Paul Harvey stories, like the origin of the word *podunk* (we will save that for a future issue), we do need to finish a story we started as 2016 ended & 2017 began, the *stories* we would be following in 2017! As our regular readers know, we shy away from predictions! Why?? As we have often said, we heed Casey Stengel: *Never make predictions, especially about the future.*

What did we follow through out 2017? *It was the economy!* We wanted to see how jobs, taxes & deregulation would impact the economy during the course of the year. We of course remain believers in the free market, capitalism & the simple laws of supply & demand. We summed up our hopes for 2017 in this paragraph ([A Sure Thing: 12/31/2016](#)):

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!

We could certainly share data to explain what has happened this year to move the economy forward! This growth rate has not been seen in many, many years! The stock market has hit record after record! Trillions of dollars of wealth has been created! Corporate spending is up,

factories have been opened, jobs have been created & people are employed! Company earnings are growing! Consumer & business confidence are at record highs! 2018 forecasts suggest continued robust growth. We see deregulation, rarely reported, across many industry segments as perhaps the most important driver. When businesses feel unburdened, whether by regulation or taxes, they are willing to invest, innovate & hire workers into new positions.

Of course, deregulation is a tricky line to walk. No one wants safety – for workers, product or the environment – put at risk. At the same time, we do not want business & industry crippled by extensive filings & paper work. This where our belief that the free market, supply & demand & the wisdom of the American people will assure that companies' products & our environment remain safe! Consumers vote with their money & we certainly have seen evidence that consumers put expectations on the companies with which they do business & buy from, & most importantly, *are willing to walk away!* For this we commend the American consumer. Your time, your effort & your money are valuable! They should go toward jobs, products & charities that bring you satisfaction, joy & are meaningful to you!

Have we reached the economic nirvana we described late last year? We have more people working, an enormous amount of deregulation & major tax reform for business & individuals. But let's look specifically at our industry. *Amazon* bought *Whole Foods*, indicating their belief in the natural & organic segment. Plant-based foods, organic produce, organic dairy & healthy snacks are all growing in an otherwise tepid retail packaged foods environment. Supermarkets are rushing to meet consumer demand for more perimeter options, meal-kits & delivery. Big Food is still buying & investing in Little Food all while screaming *innovate, innovate, innovate*. Organic farm certifications are on the rise! Besides demanding clean & transparent, a new wave of millennial parents is making it clear what they want to feed – *demand to feed* – their children. Perhaps a sign that our economic nirvana, not just for our industry but for the USA, lies just beyond the horizon! Orson Welles once said, *"If you want a happy ending, that depends, of course, on where you stop your story!"* We would like to take that advice & stop the story here. But there are too many variables & too much depends on our elected politicians in Washington D.C. working together on the behalf of the American people. So being cynical by nature, we end with Groucho Marx, *"Politics is the art of looking for trouble, finding it everywhere, diagnosing it incorrectly and applying the wrong remedies!"*

Market News: As if we need any additional evidence as to why we should not make predictions, here is the last line of our final 2016 *All Ears!!*: *Dow 20,000 is perhaps a 2017 event.*

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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