



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

‘Soon it’s gonna rain, I can feel it’ was a 1960s hit song from the musical *The Fantasticks!* And it is easy to tell when it is going to rain! Like the song says, you can feel it your bones. The wind changes direction, perhaps growing colder. The skies darken. Maybe the birds stop singing. There may be the smell of dampness in the air. But predicting that it will rain tomorrow or next week takes a bit more talent, or *The Weather Channel!* Per Bob Dylan, ‘You don’t need a weatherman to know which way the wind blows,’ but you may need a weatherman, a few economists & Warren Buffett himself to make predictions for 2018!

Rain & Arks: *The Fantasticks*, which included the hit song *Try to Remember*, was a reverse *Romeo & Juliet!* Two neighboring families pretend to feud, believing that by their arguing they will bring their children, Matt & Luisa, closer together & then eventually marry. The play was among the first to prove that smaller orchestrated & staged off-Broadway musicals could be successful, following the reign & demise of the big-budget Broadway musical production! *The Fantasticks* ran off-Broadway for 42 years with more than 17,000 performances! The play’s simplicity, easy dialogue & catchy tunes has made it a staple on high school, community & dinner theater stages in the USA & it has been staged in countries around the world. Who could have predicted that the film version of such a successful play would be a critical & commercial flop! Which just adds to the body of evidence as to why *All Ears!!* will not make predictions for the coming year! Who knows what 2018 will hold for the economy, our industry & world events? Predicting the future is not as easy as predicting rain & even Warren Buffett would agree. The *Oracle of Omaha* once said, “Predicting rain doesn’t count. Building arks does.” And since we have not heard from ‘*On High*’ of late & we misplaced our adze, nog, beetle & meaking iron, we will continue our tradition of just discussing the storylines we intend to watch unfold in 2018!

It’s still the economy: We discussed in last week’s *All Ears!!* the economic revival that took place during 2017. We intend to keep a close watch on economic news in 2018! While we would expect to continue to see the economy continue to grow, much will depend on the results of the 2018 mid-term elections. Besides the record stock market results, it does not seem that much of 2017’s great economic news has reached the ears of John Q. Public! Hopefully that changes for 2018. As always, each week we will share what we learn to help keep our readers informed!

Investment: A blossoming & growing economy should mean a great year for investment! We do worry that price pressure may impact this opportunity, so we will watch earnings for both Big Food & Retail enterprises. With more people working, higher wages & tax relief, sales should go up & companies will have more to invest! Great earnings could signal a buying spree, especially with a target-rich environment of emerging companies. Besides an outright purchase, some

young companies may get that game-changing investment. We hope this includes some of **The Litchfield Fund's** partnership brands!

Retail: Just a few weeks ago *All Ears!!* discussed the retail environment, which should only become more exciting during 2018! *Amazon* is the likely driver of 2018 events, whether in ecommerce of brick & mortar. But the battle on price & for customers between *Walmart – Kroger – Aldi – Lidl – Albertsons* will be an interesting storyline. Also of interest: *Will Sprouts or Natural Grocers remain independent or be bought up? Will perimeter sales be the driver over center store? What will prevail, big format or small format stores?* With so many variables involved we would expect that this storyline takes a variety of twists & turns throughout the year!

Consumer Preferences: We all know the trends! Each week in *All Ears!!* we report how consumers are opting for natural, organic, better-for-you, functional, convenient, artisanal & international food, flavors & ingredients. But if the economy is growing, if people, especially millennials, are employed & doing better financially, will 2018 be the year that consumer demand drives an unprecedented change in the food industry? Could we see an inevitable end to the dominance of mainstream soda, high sugar cereals or salty frozen foods? We are so excited to watch what happens as 2018 progresses!

Overabundance: On the downside, we wonder if there is an overabundance of brands, products, retailers & ecommerce. Yes, the market share demographic is growing, that is, the portion of consumers opting for better-for-you products. But when you look at all the emerging brands, the number of products in specific segments (e.g., bars, bottled water, plant-based beverages, etc.), it makes us wonder if a shakeout is long overdue. The same holds true for ecommerce platforms, low-cost retailers & meal-kit providers! Even though a free market is not entirely a zero-sum game there are still winners & losers. Is 2018 the year we hand out medals to some & wave good bye to others? We will earnestly stay on top of this storyline!

In closing: We thank our faithful readers for indulging us on a weekly basis. The goal of *All Ears!!* will remain two-fold again in 2018. First, to provide our readers with a recap of industry news to keep them informed as to what is happening in our busy & exciting industry. And secondly, to provide a bit of trivia, be it history, Americana, music, literature, movies, philosophy, science, etc., while hopefully injecting a bit of humor now & then!

***The Litchfield Fund wishes everyone a happy, healthy,
prosperous & blessed New Year!!***

Seeds, Sprouts, Grow, Harvest!

The Litchfield Fund

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