October 2023

In many ways, it was a *Cruel Summer*.[1] Extreme weather, multiple high-profile strikes, and the threat of yet another government shutdown cast long shadows. And yet, there was some *Daylight* amid all that darkness — courtesy of Taylor Swift.

The diva's juggernaut Eras Tour was emblematic of a collective distancing from the doom and gloom of the pandemic period. Consumers showed themselves resilient once again, in a sufficiently celebratory mood to power what *The Wall Street Journal*, that clarion of popular culture, called "Taylor Swift's Economy."[2] Although the swell of economic activity around Swift may not quite represent typical consumer behavior, it nonetheless reminds us of how things have at least started to normalize in recent months: inflation has begun to moderate; consumers have cautiously increased retail spending; and, just recently, the Fed declined to raise interest rates, at least for the time being.

In such an environment, it wouldn't be surprising to find us sitting on the bleachers watching everyone else dance, telling ourselves to just *Stay, Stay, Stay* while we patiently await the arrival of a buying opportunity. And yet, after the stock market rose during July and August, *Karma* paid its annual visit in September, dampening the market's enthusiasm. As a result, we didn't have to wait long this quarter for a chance to jump out of our seats. Never ones to say *Would've, Could've, Should've*, when questions surrounding **Disney**'s streaming strategy as well as its succession plans sent the company's stock price plummeting, we were thrilled to initiate a new position at what we believe will turn out to be a very attractive price for a piece of the Mouse. We've had Disney on our "wish list" for some time, long *Enchanted* by its unparalleled portfolio of media and theme park assets. And although we can't predict the *End Game* of the streaming wars, nor who will succeed Bob Iger when he does, eventually, step down as CEO, we believe that the company's fundamental strengths will sustain it for the long-term.

Similarly, we believe that the *I Knew You Were Trouble* brigade throwing cold water on bank stocks in the wake of the Silicon Valley Bank debacle likely overstepped by including **Discover Financial Services** in the bathwater. While Discover has its issues to resolve, we believe its strategy is both sound and differentiated, with a target customer base that allows it to generate attractive returns over time.

It's never easy to bet on out-of-favor stocks, even if you're primed to do so (after much research and thought!), as we at Marshfield are. But when the discomfort of embracing an unpopular stock strikes us, we'll take a tip from Taylor and do what we always do … just *Shake It Off*. Time will tell of course, but in the meantime, we can hope that it is the other transcendent summer concert series — Queen Bey's Renaissance Tour — that provides the soundtrack for the next chapter in Disney and Discover's tales.

---

[1] For the uninitiated, we've italicized song titles.

[2] Pisani, Joseph, July 23, 2023 (available at: https://www.wsj.com/articles/taylor-swift-taylornomics-concert-eras-tour-local-economy-9fa1d492). The tour is projected to generate over $2.2 billion in domestic ticket sales alone. And the Swiftconomy isn't just about ticket sales; Swifties helped fight off the long-predicted recession by buying concert outfits, booking flights and hotels, and patronizing shops, bars, and restaurants in the 20 U.S. cities with the good fortune of hosting a stop on the first leg of the tour. Even the Fed took notice, crediting Taylor's concerts with boosting tourism in Philadelphia earlier this year.

21 Dupont Circle, NW, Suite 500, Washington, DC 20036 202-828-6200 Marshfieldinc.com