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## **In Sententia Tempore (In the Opinion of the Times)**

Dear fellow investors,

My wife and I are new residents to the Phoenix-area, since moving here in the middle of 2020. We haven't fully settled on where to send a couple of our kids to school. On the suggestion of a friend, we looked at a charter school in the valley. Coming from Seattle, we had no pre-conceptions of what a charter school is, other than knowing they are funded by the government and the preferred vehicle of school-choice advocates. The school we visited was remarkable to say the least. It provides a classical education to its students on 80% government funding. A classical education would follow the path that would have been similar to an educated student from schools such as the University of Pennsylvania, and others like it, taught in the late 19th century.

An education like this would study Latin, Greek and the foundation provided by the works of Herodotus, Thucydides and Plato. When I was in college, we referred to this as antiquity. The old is what comes to mind, but this does very little to explain its relevance. Further, it gives us impractical forward views of things that are old or dead for mental thinking in a multi-disciplinary world.

"Value is dead" was one of the most common thoughts of 2018 to early 2020. Like the classically educated learner knows, so are the ancient Greek and Latin languages. However, it is the foundation of everything we know to be true today. The most important thing to ask is whether it has stood the test of time.

As an example, Thucydides wrote his work between 431 B.C and his death in 400 B.C. His text has survived for over two millenniums! Another way of thinking about this is that it is older than the most published book in history, the Bible, and older than the most notable person in history, Jesus Christ. So yeah, let's say value is dead. It still will be the basis for all thinking going forward, just as the Greeks and the Romans dominated logic for thousands of years.

This rationale follows exactly what Thucydides wrote in his work. He said, "My work is not a piece of writing designed to meet the taste of an immediate public, but was done to last forever." It is as if the historian wrote that in 2021 while he avoided a mania in growth stocks and hunkered down in the most attractively-priced businesses in the stock market in places like malls, energy and homebuilders. It's a discipline that "was done to last forever."

An "immediate public" is what we have seen. These public investors have received stimulus (stimulus checks), the lowest interest rates of the last 100 years and a bull market sentiment to go about their investing. Growth investors had this "immediate public" show up at the end of the longest streak of growth beating value in 60 years. How prescient!

We must come back to the foundation of what Thucydides said. His work “was done to last forever.” Growth cannot beat value forever. A majority of investors can’t win forever. Market returns can’t stay high forever. As we can already see in the breadcrumbs of this piece, it’s because humans can’t stay logical forever. They must, at some point, do something dumb. It’s why they buy high and sell low.

In a cultural and political environment where it seems that the world would like to rid itself of the old, we think it’s timing would be a Greek tragedy. A classical education and the texts that form its base have lasted because there is truth that has been tested time and time again. The reason value has lasted is because it

has truth that has been tested time and time again. We may not quote stocks in eighths or quarters like John Maynard Keynes or Benjamin Graham did, but we think in congruent terms. Our work is “done to last forever.” Our clients benefit from the permanence of this. The public will be a victim *In Sententia Tempore*. We applaud our investors for having the gumption to stick to dead, but timeless thinking. They fear stock market failure and the opinion of the times. 

Pro Deo et Patria,



Cole Smead, CFA

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