



# Missive

MARCH 23, 2022

## Accomplishment Perceived Against the Odds

Dear fellow investors,

In an upcoming episode of *A Book With Legs* podcast, we interviewed Robert Hagstrom on his book, *Investing: The Last Liberal Art*. Hagstrom talked about how Bill Miller got him involved with the Santa Fe Institute. He mentioned that he asked Bill why it matters to know about Hopi tribes and other things that seemed off-topic compared to financial information. He said that Miller told him that was the whole point. It wasn't financial. It was another realm of study that could teach him more intellectually.

Personally, this had my mind racing on the idea that we can be so mentally siloed. Like many people who visit the Hawaiian Islands, I was aware of Polynesian immigration patterns over time. I began searching for a book on the subject and quickly landed on a book by Nicholas Thomas titled *The Voyagers*. After reading Thomas' work, I was reminded how people with a shared tradition and culture could, despite future unknowns, master skills that cause vast areas to be enriched. This was accomplished against the odds perceived by the western world. What a story for investors and stock pickers to delight in!

*The Voyagers* is an anthropological book looking at the known artifacts and historical discussion of the movements of people from Melanesia to Micronesia to Polynesia. Much of the early discussions of these people groups were led by the British. Captain Cook's first ship, the Endeavor, left England in August 1768. As Thomas wrote:

*What was of decisive importance was that Cook and those who sailed with him visit an unprecedented range of islands across the north and south pacific. And the seamen, artists, and scientists who accompanied him included individuals with interests and imaginations that were wide-ranging, indeed remarkable—even by the standards of the enlightenment.*

The Endeavor's primary objective was to, on behalf of the Royal Society, observe Venus from Tahiti to help calculate the distance from the sun. Again, these were intellectuals taking risks to go into an unknown future to study astronomy, but also people, geography, customs, botany, and religion. As Thomas noted, "...his voyages were extraordinarily significant, although for reasons that have little to do with Cook's personality and the enduringly contentious questions of whether his disposition towards Indigenous people was essentially humane or invasive and murderous." These were not perfect people by any means, but their findings are extraordinary.

Cook's ship arrived three months ahead of schedule in Tahiti which allowed for much more time to study the people. One person that

they met and "who seized on the opportunity to join the ship on its departure" was the Society Islander, Tupaia. Thomas described him as a knowledgeable priest and navigator. The ship traveled to the North Island of New Zealand where they encountered the Māori. After a contentious start, Tupaia "spoke to them in his own language and it was an agreeable surprise to find that they perfectly understood him. Others noted that one of the slain Māori was tattooed in a manner that implied affinities with Tahitian custom."

**Cook's team was recognizing that the people of the Pacific were of common linguistic and cultural descent.**

This becomes more interesting when you think about the scale of the land area that we are talking about. "The Pacific occupies a third of the earth's surface. It could be described as the planet's single largest geographic feature, and its sheer vastness makes it difficult to comprehend." The question for Cook and early adventurers to the area was how did these small civilizations spread across such a vast area?

Later in the book, William Dampier, who voyaged with Cook, commented on the quality of boats that they witnessed on their voyage. "He went on to explain how these vessels having no differentiated prow or stern, could change direction in the wind without tacking 'only by shifting the end of the yard.'" Dampier continued, "...I do believe, they sail the best of any Boats in the World." Thomas further explains why these boat designs were incredible because they were not using modern metal tools to develop them. "...yet they are as neatly and smoothly polished as our best cabinet-work, which must appear the more surprising when we consider that the tools of the natives are only wretched bits of coral..."

If the success of these people groups hasn't captured your imagination despite the odds of the era they lived in, remember that Cook's crew was using compasses and maps to navigate their way. The islanders were not. Europeans used cartographic knowledge while the indigenous people "...had to master the arts, first, of orientation or course setting; second, of maintaining a course once identified; and third, of making landfall." The tools available to the people of the Pacific were the stars in the evening and the landmarks of atolls and other islands during a voyage. This was for a mariner that had studied and mastered this process.

Much like academics have cast outperformance as random in the stock market, some have theorized that people moving among the island areas were lost and washed up on an unintended island. Thomas pushed back strongly at this theory. "But such incidents

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do not model the settlement of the Pacific. That venture was one deliberately intended, conducted, and accomplished." As Buffett laid out in "The Superinvestors of Graham-and-Doddsville":

*For one thing, if (a) you had taken 225 million orangutans distributed roughly as the US population is; if (b) 215 winners were left after 20 days; and if (c) you found that 40 came from a particular zoo in Omaha, you would be pretty sure you were on to something.*

Buffett wondered if there was something in the water in Omaha. We know it wasn't the waters of the Pacific. It was the people and their traditions. They practiced a craft that was learned from others, who had mastered it before them. Like these traditions, great investors have left behind things for us to study and refine the same practices they used, applied in today's world. This is not dissimilar to what the people groups of the Pacific did. They migrated people, customs and culture toward a destination using mastered skills despite unknowns along those journeys. We are blessed to understand their story that helps contextualize our role from the teachings of people like Graham, Buffett, Templeton, Lynch and other great investors. We know this accomplishment may be against the odds perceived by the western world.

Fear stock market failure,



**Cole Smead, CFA**  
President & Portfolio Manager

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