SMEAD capital management

# Missive

**SEPTEMBER 17, 2026**

## No Country for Old (or Young) Men

Dear fellow investors,

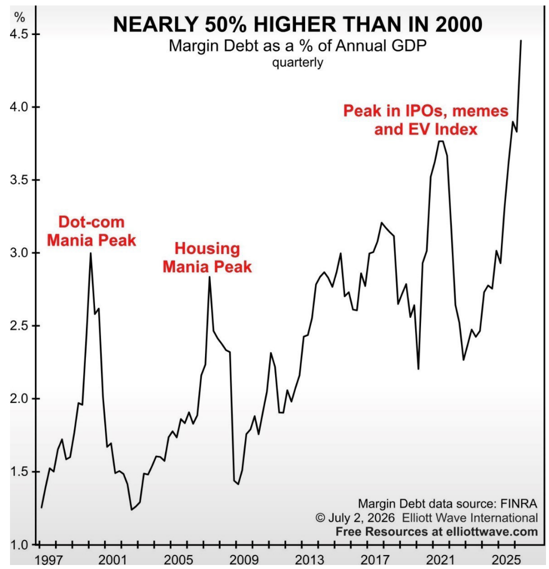
One of my favorite movies was the Coen Brothers movie, *No Country for Old Men*. It is the story of a guy who makes off with $2 million stolen by someone else. The 'someone else' is a super mean guy with a powerful blow gun. They are both being chased by a policeman. It was the best picture of 2007 and won four Oscars.

In our opinion, today's stock market is no country for old or young men. Older investors are overloaded with the S&P 500 Index and other popular technology stock formats that make up a very large percentage of the formerly diversified S&P 500 Index.[1]


*Source: Bloomberg.*

This would not be as big of a problem if all this money was invested in the equally-weighted S&P 500 Index. However, as momentum would dictate, most of this capital is in the highly-undiversified S&P 500 Index.

While the older investors are trapping themselves in the largest growth mania of the last 50 years, the younger investors are using borrowed money and leverage via option trading to participate in stocks. This is, of course, above and beyond the money they are losing betting on sports and prediction markets.[2]




Attendance in Las Vegas has been down over the last six years. We believe one of the reasons is because young men are losing money in options, sports betting, and prediction markets and they don't have money left to travel to Vegas. Therefore, fewer trips to Vegas and less time at the pool.

In the meantime, oil companies are generating massive free cash flow and owner earnings while swallowing their own shares via buybacks. You can probably say goodbye to oil prices below $70 per barrel ad infinitum. Despite favorable characteristics, active managers are afraid to own these stocks. Home builders probably won't rally until the tech mania breaks, because that fear will drive old men investors to the bond market seeking safer returns and move mortgage interest rates lower. Last, but not least, companies domiciled outside the U.S. have been neglected until just recently. If the S&P 500 Index turns sour, international common stock investing could look very attractive as an alternative.

# No Country for Old (or Young) Men

As portfolio managers, we must practice what Charlie Munger called "ignorance avoidance!" Therefore, regardless of when the mania for all things AI dies, we believe there will be a bloodbath in the S&P 500 Index, and that would be "no country for old men," who have built their financial futures around ongoing indexing success.

As for the "young men," it will be no country for them if their margin accounts get shut down and their aggressive portfolio becomes a multi-piece filet! As for us at Smead Capital Management, we will seek high active share when other active managers have "bent the knee" by mimicking the index. We will also seek alpha from attractive contrarian sectors like energy, home builders, and out of favor markets outside the United States.

Play The Long Game,

**Bill Smead**
Chairman & Chief Investment Officer

[1]Source: Investment Company Institute, "Trends in the Expenses and Fees of Funds, 2025," ICI Research Perspective, March 2026, Figure 5 - *Index Funds Have Grown as a Share of the Fund Market*.

[2]Source: The Wall Street Journal articles "Young Men Are Making Risky Bets on Crypto" and "Why Risk-Loving Options Traders Are Flocking to Prediction Markets".

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