SMEAD capital management

Missive

NOVEMBER 5, 2026

Trapped in the Mineshaft

Dear fellow investors,

My wife's ancestors were coal miners in Kentucky. Canaries were taken down into the mineshaft to warn the workers of the loss of oxygen, so they could get out safely. Three weeks ago, I was doing a TV spot as shares of Coreweave (CRWV), a neocloud company, were cratering. The anchor asked what we thought about them in the context of the Artificial Intelligence mania. My reply was, "They are the canary in the coal mine!"

Fast forward two weeks to last week. More market value evaporated in major companies like Alphabet (GOOG), Nvidia (NVDA) Intel (INTC) and Meta (META) on an absolute basis than at any time in my 46 years in the industry.

Company	Oct 1 Mkt Cap	Nov 2 Mkt Cap	$ Change
Alphabet Inc	$4.117T	$3.501T	-$615.8B
NVIDIA Corp	$5.564T	$5.042T	-$521.3B
Intel Corp	$634.2B	$341.5B	-$292.7B
Meta Platforms Inc	$1.849T	$1.603T	-$246.3B
Micron Technology	$1.239T	$995.1B	-$244.3B

Source: Bloomberg.

Therefore, most investors are asking the question: Is this a great buying opportunity? Our experience in the stock market would argue that these stocks are trapped in the mineshaft. First, we are early in what is likely to be a bear market in tech/AI shares. The assumption investors have made is that economic importance equates to financial success in the stock market. History would argue otherwise.

The railroad boom in the 1800s spread the population of the United States from coast to coast, including the Smead family who moved from Indiana to Portland, Oregon. However, railroads were numerous and turned out to be very poor investments despite their usefulness.

It is hard for today's investors to think how important and transformational radio was in the 1920s. By 1929, Radio Corporation of America (RCA) was the largest maker of radios, one of two national broadcasters of programming, and the largest provider of content/programming. The stock soared from $11 per share in 1926 to $115 right before the crash in 1929. On December 7, 1941 the Japanese bombed Pearl Harbor. The next day, President Franklin Delano Roosevelt gave a radio address which was listened to live by over 80% of Americans. The stock of RCA was around $11 that day.

Fast forward to the late 1990s. The DotCom bubble was in full force as the internet was going to change our lives. IT DID CHANGE OUR LIVES! Below is the chart of Qwest, which was buying fiber-optic cable – a critical part of the physical infrastructure needed by the up-and-coming tech companies attempting to take advantage of the growth in use of the internet from December 1999 to September 2001. Was it a good time to buy the dip back then? The answer is no, because once everyone who could possibly be excited about the internet was all in, there was nobody left to buy it when it got bludgeoned.



Source: Bloomberg.

Trapped in the Mineshaft

History would argue that whatever dead-cat bounces that occur in these massively capitalized company shares will be unfruitful until they get out of the mineshaft. Just ask yourself this question: What pool of capital is out there that hasn't been invested in these stocks that would be willing to buy them now while they are trapped in the mineshaft? Better to get out in case the mineshaft collapses.

Play The Long Game,



Bill Smead
Chairman & Chief Investment Officer

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