



## The Biggest Economic Calamity



**William Smead**  
Chief Executive Officer  
Chief Investment Officer

Dear Clients and Prospective Clients:

Economists, policy makers, regulators and investors spend most of their adult life worrying about the worst Economic calamity of their early adulthood. From 1946 to 1973, every time we had a recession it brought intense fear of the next "Great Depression" happening. Despite hyper-vigilance on the part of economists and policy makers, it took 30 years for investor's to trust stocks thereafter. They should have been more confident as the Dow Jones Industrial Average rose from 92.92 on April 28<sup>th</sup>, 1942 to 995.15 by February 9<sup>th</sup>, 1966. This appreciation does not take into account dividends. The great run in the stock market in the 1950's happened while we worked off the debts incurred fighting the Depression and World War II.

Inflation reared its ugly head in the 1960's and 1970's. Economists like Alan Greenspan and Paul Volcker have caused us to be hyper-vigilant since then to not allow inflation to find its footing. Despite the fact that inflation fell all through the 1980's and 1990's, investor's did not trust stocks until the late 1990's and by then most of the good money had been made.

Today the biggest economic calamity in the minds of economists, policy makers, regulators and investors has been the over-capitalization of real estate and high levels of debt attached to our economy. Economists like Nouriel Roubini and policy makers like Barney Frank are leading the charge to remind us to not let the animals out of the barn, now that they are already out.

We at Smead Capital Management believe that the real estate markets will be tame for years. Working down our current debt levels the next ten years will indelibly etch better and healthier attitudes into borrowers of all kinds. We believe that rather than waiting 20 years to trust good quality stocks, we should trust them right now.

Warm Regards,

William Smead

**The information contained in this missive represents SCM's opinions, and should not be construed as personalized or individualized investment advice. Past performance is no guarantee of future results. The**

securities identified and described in this missive do not represent all of the securities purchased or recommended for our clients. It should not be assumed that investing in these securities was or will be profitable. A list of all recommendations made by Smead Capital Management with in the past twelve month period is available upon request.

This Missive and others are available at [www.smeadblog.com](http://www.smeadblog.com).

## *Get Our Best Portfolio Today!*

Start investing with Smead Capital Management  
with as little as a \$3,000 investment.

Call (877) 701-2883 or email [info@smeadcap.com](mailto:info@smeadcap.com)

