



## Running Your Offense

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

Dear Fellow Investors:

I've seen West Virginia's Men's Basketball team play four times in the last two weeks. The first time was live at the Big East Tournament and the last three in the NCAA Tourney on TV. Close observance of them has helped us at Smead Capital Management to be even more excited about our investment discipline.

West Virginia has quality players. These players are molded into a team by a hard driving coach, Bob Huggins. But what got them to the final four is that they run their offense. They not only run it, but they actually set the screens that are required. I have been a rabid basketball fan for over forty years and can't remember better picks being set. They are wearing out the other teams physically and getting much easier shots in the process.

To us at SCM, this speaks to the fundamentals of successful investing. Buy quality common stocks and do it inside your circle of competency. Let the businesses operate for years, executing the kind of business plans which can be built on for decades. Do it in businesses which sell products and services again and again and again.

Setting a good screen is 90 per cent effort and 10 per cent talent. Finding a coach and players willing to do it is unusual, but could be done by anyone truly committed.

Think of companies we own like Starbucks, Disney, McDonalds and Walgreens. They provide products and services in the same clean and consistent way all over the US and around the world. They wear out the competition through branding, balance sheet strength and scale in the same way the Mountaineers have done through well-placed screens and consistent defense in this tournament. We at SCM like those kind of fundamentals on our side.

Best Wishes,

***William Smead***

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