
# October seminar notes: Long and Nervous

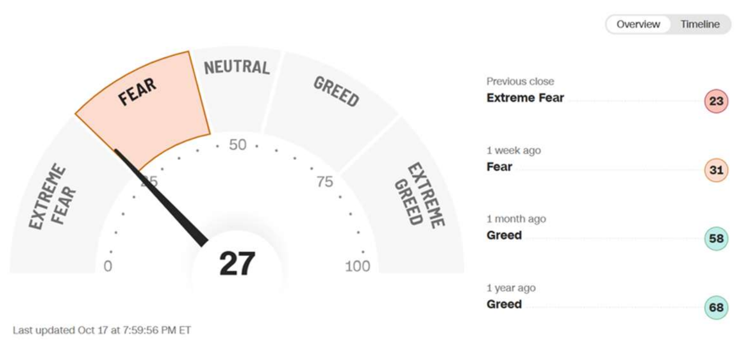
We had our semi-annual October Reviews last week. We're summarizing our presentation this week. Highlights

**Client questions:**

**Will the US become a dictatorship? Will the US stock market crash? Will Canada be invaded?**

The 24-hour social media algorithm is designed feed back one's emotional response. Whatever your worried or angry about is compounded back into your social media feed. The resulting information flow needn't be 'fake' to create a false sense of what's going on. We are all at the mercy of this assault. We noted these fears have company. Investors are nervous.

**Not Alone: CNN Fear and Greed Index_ Oct 17, 2025**




Source: https://edition.cnn.com/markets/fear-and-greed

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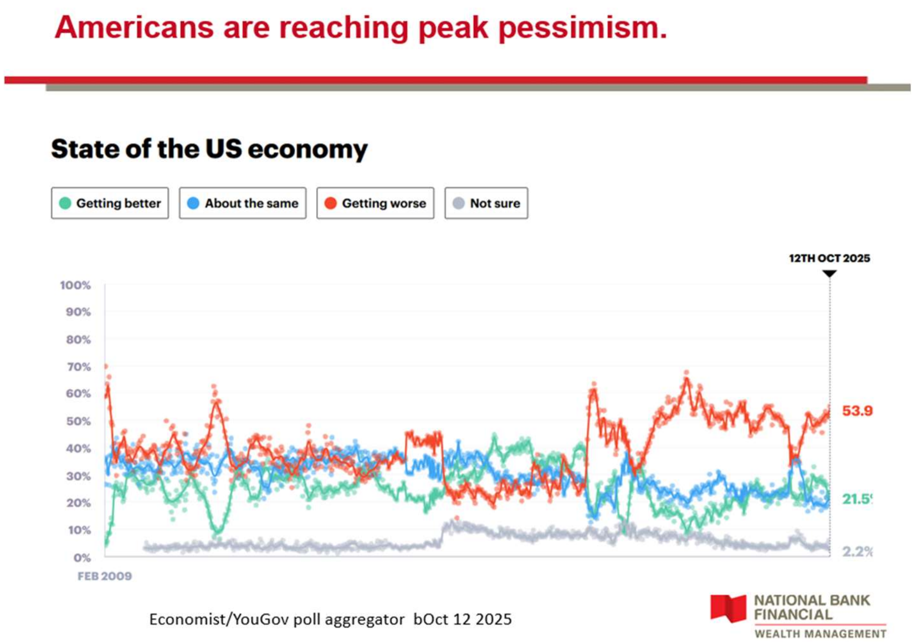
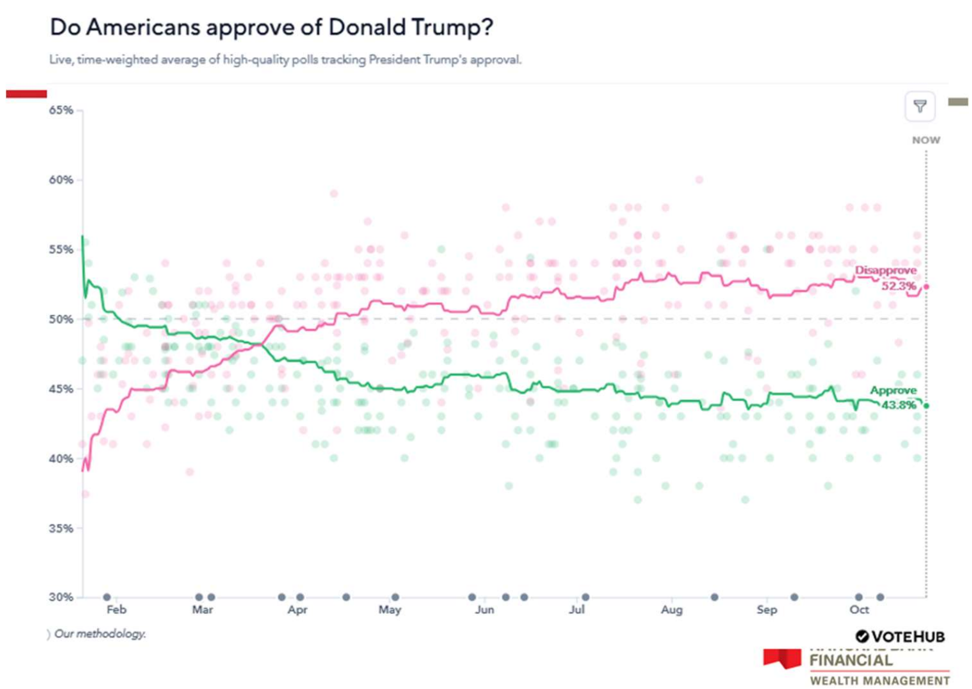
Americans are unusually pessimistic about the state of the US economy




Donald Trump's approval rating (53% disapprove/44% approve/3% undecided) continues to trend lower.



As investors we can't, and won't, attempt to predict political outcomes. We took a step back and asked what are financial markets are predicting? We started with the adults in the room, the bond market. If doom was around the corner, bond investors would want more yield.

The yield demanded by investors to hold a 30-year US Federal Govt bond has not changed materially since the Nov/2024 US Presidential election. Recently, the trend has been lower. The bond market isn't signaling pending doom, it is pricing lower inflation. This MIGHT be early signs a recession is coming….maybe.

**US Fed 30-year Treasury Bond yield – 4.58%: Nov 1, 2024 to date**


Rates are flat since Trump elected

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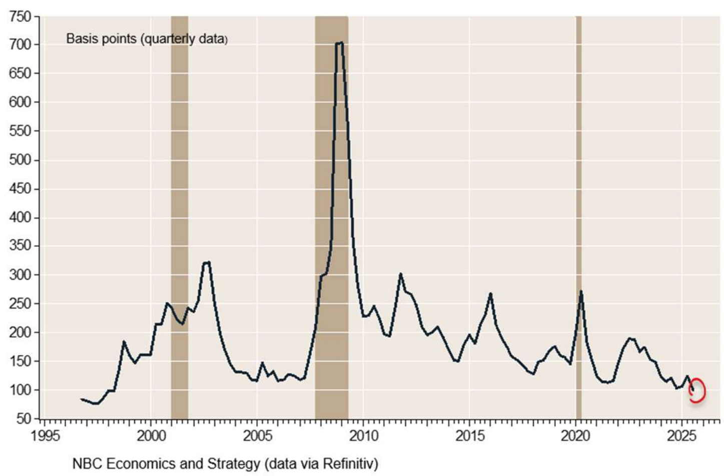
A widening of the spread (difference) between the yield demanded of low-quality vs high-quality borrowers is a leading indicator of economic trouble. No signs there.

**U.S.: Corporate spreads are the tightest in 30 years**
BBB option-adjusted spreads – not signalling stress

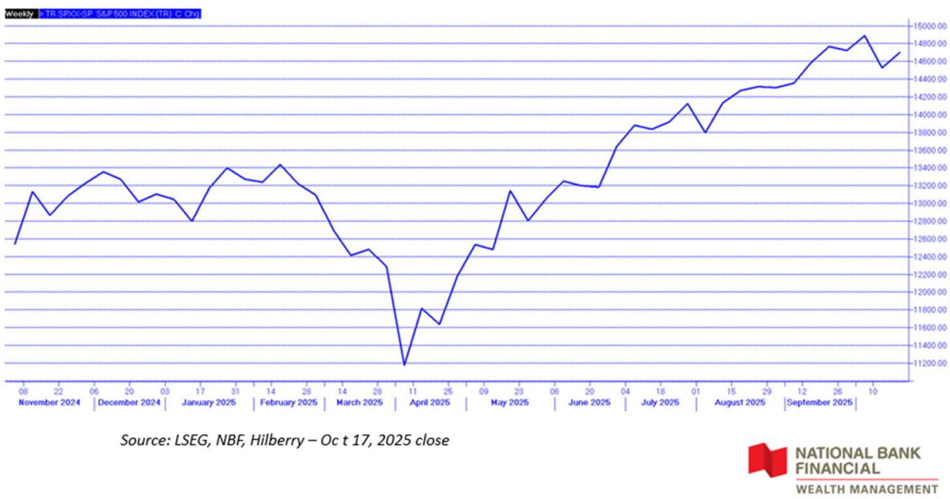



ational Bank of Canada, Economics and Strategy 21

The US stock market continues to party on. The broker/dealers aren't worried.

## S&P500 Not Worried

**S&P500 Total Return Index Nov 1/2024 to date (SPX-TR-14702) 17.2%)**




## The brokers aren't worried

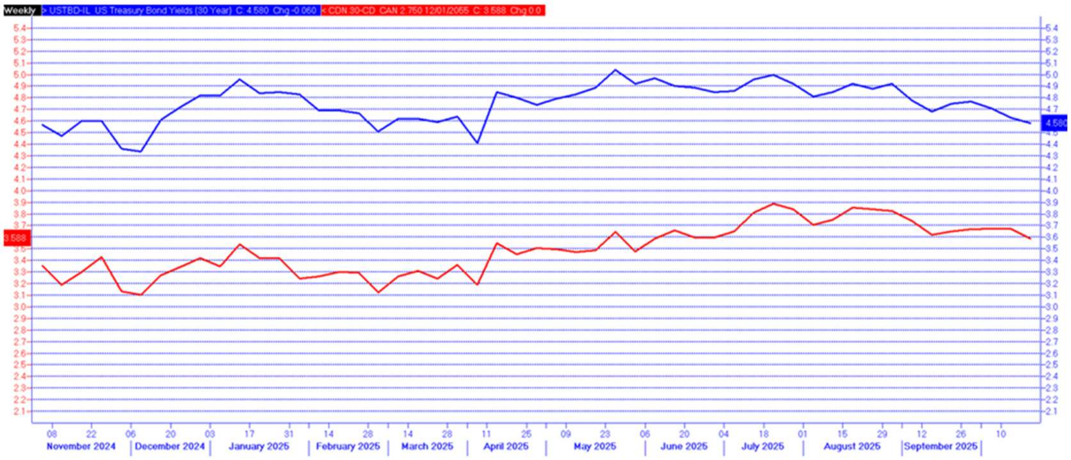
**US Securities Dealers (XBD-1018.63) Nov 1, 2024 to date +35.7%**


If the US was around the corner from political upheaval, catastrophic economic collapse or military adventures north of the border, Canada's bond yields would blow out. Nope. 30-year Canadian bond yields remain below those of the US.

October 31, 2025

## Bond Markets aren't worried about Canada

### 30-year yields Nov. 2024 to date: US Fed Govt (4.58%) vs Canada (3.58%)




*Source: LSEG, NBF, Hilberry – Oc t 17, 2025 close*

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When the US economy sneezes, Canada gets the flu. Canadian stocks are outperforming.

## Donald Trump has made...Canada...Great Again

### S&P500 (blue +18.1%) vs. Toronto Stock Exchange Composite Total Return (red 26.5%)


*Source: LSEG, NBF, Hilberry – Oc t 17, 2025 close*

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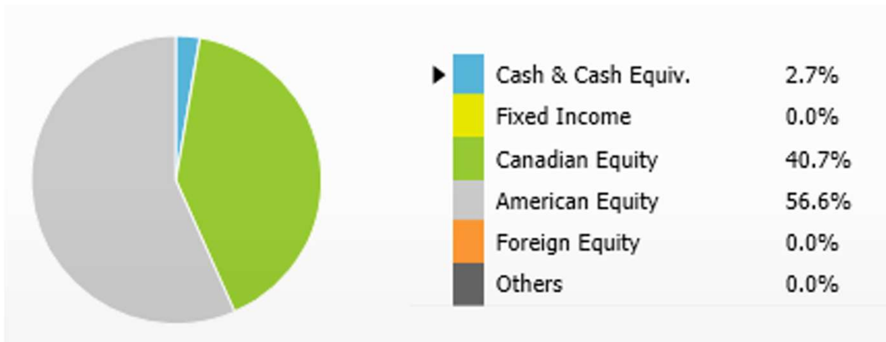
Markets have shrugged off the firehouse of worries out of the US Administration.

**How has our asset allocation changed?** In late October/2024, our equity tilt was towards the US (grey - 56.6%)

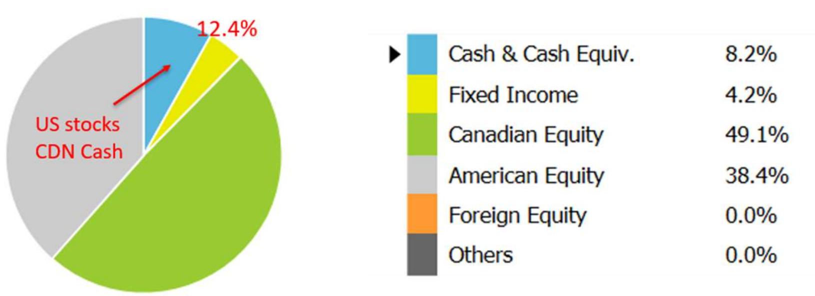
## Asset Allocation – October 2024




*Source: NBF, NBF, Hilberry*

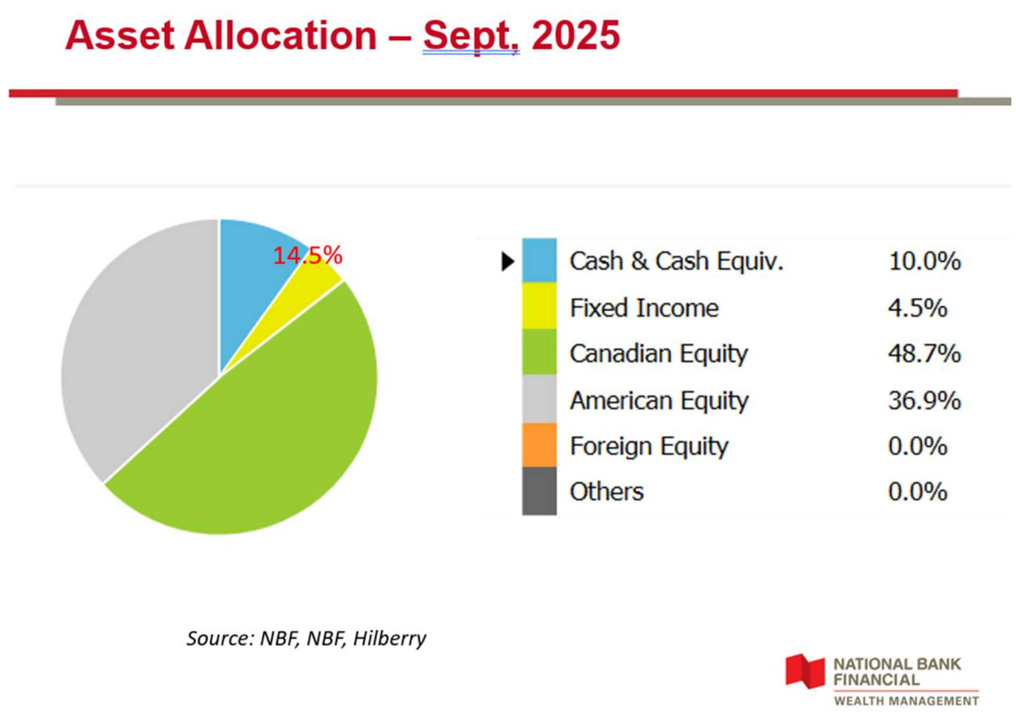
By April, 2025 we raised cash to 12.4%, took US to under 39%, and increased Canada to 49%.

## Asset Allocation – April 2025




*Source: NBF, NBF, Hilberry*

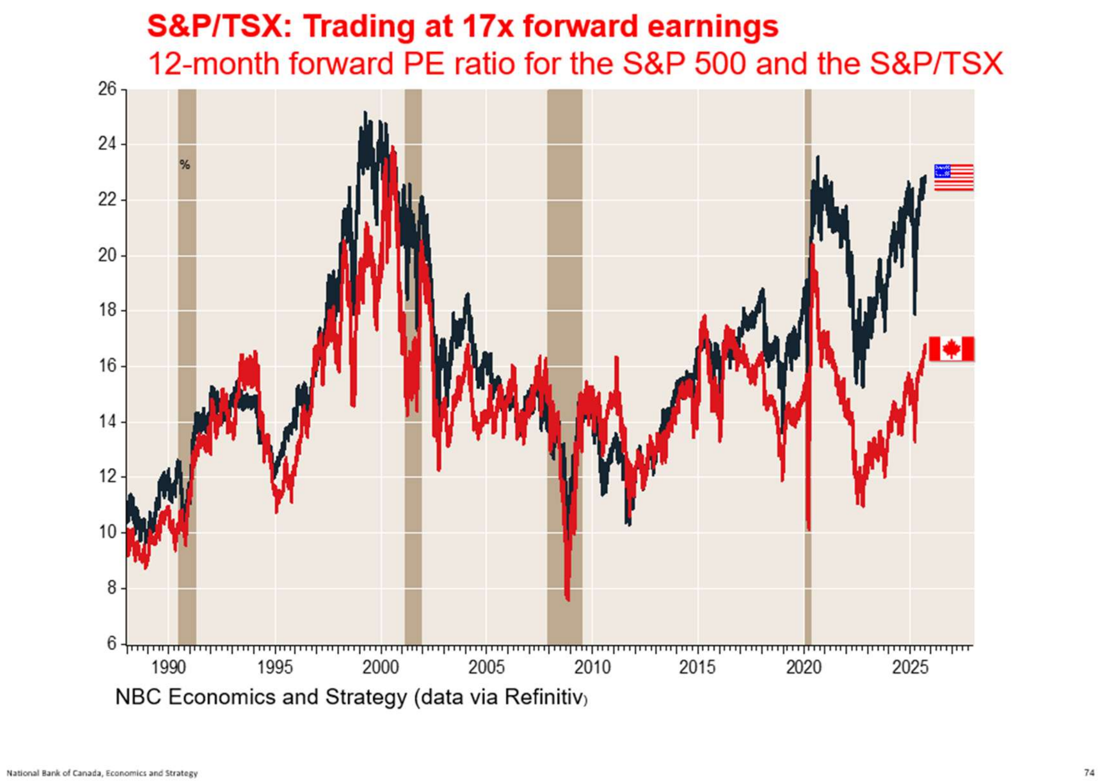
We further trimmed US to 37%, flowing the proceeds to cash at 14.5%, maintaining Canada around 49%. Here's our current stance.




**Caterpillar Tractor (CAT-NYSE-$577.33)** share price jumped 13% on Wednesday this week after the company noted increased demand for their power generation unit from AI data centers (!!). **Cummins Inc (CMI-US-$$437.70)** also jumped. We own both names

**DISCLOSURE: We hold Caterpillar Inc and Cummins Inc. personally, for family members and for client accounts over which we have trading authority. We have traded in both securities within the past 60 days.**

**Y2K déjà vu.** We reminded clients to 'Recognize Extremes'. While very pleased, we cautioned the recent gains have been above average with the S&P500 tech sector showing extraordinary gains. US stocks are trading close to their 1999 peak P/E's. We noted this was not the case in Canada (red line). Canada's SP/TSX Composite broke 30,000 for the first time this week. Oh Canada! Indeed.




## WHADDA' YA DONE FOR ME LATELY?

Over the past five years, client's who've directed us to deploy up to 100% of their portfolio in equities have been well rewarded. We noted the 5 year returns begin Oct 1, 2020 following the COVID-19 panic of Jan-Mar/2020. 2022 saw double-digit peak-to-trough index declines within the year. We managed to avoid most of the downside. Feb through to the April 2025 'Liberation Day' flop saw the S&P500 decline 21.3% peak-to-trough. The S&P500, bolstered by enthusiasm for AI rebounded to new all-time highs. There's been many chances to lose money.

We believe this supports our below-average allocation to US equities, moderately above average to Canada and above-average cash. We apologized for having ANY cash, noting the drag on performance over the past 12 mos. We seem to have done okay.

## Hilberry Max Growth Risk Profile – client average returns

**Cumulative Annual Avg Net Returns As of Sept 30, 2025**

- 1 year: 13.198%
- 2 year: 17.883%
- 3 year: 14.044%
- 4 year: 9.298%
- 5 year: 12.540%

**Calendar Year Annual net returns as of Sept 30, 2025**

YTD: 10.00%
2024: 17.939%
2023: 5.551%
2022: -1.109%
2021: 20.836%

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We provided this disclaimer

## Our Portfolio Performance

- The following presentation provides actual year to date performance as of Sept 30, 2025 for a model portfolio (a set of investments) that Steven Hillbery owns personally in addition to many, but not all clients. The results presented are from a portfolio with a "maximum growth" investment profile made up mostly of equity (stock) investments and are available to clients where appropriate, considering their personal circumstances (suitability) that include but may not be inclusive of - investment knowledge, risk tolerance, and portfolio size. Your portfolio returns even if they have a similar investment profile can and may vary materially from what you see presented. The returns of the average client of your advisor with a similar investor profile year to date were 10% (as of September 30, 2025) which is not equal to the results that will be presented to you. You may request a report of your personal returns and discuss them with your advisor in context of the model performance presented herein

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## HAPPY HALLOWEEN

October delivered more treats than tricks. We’re celebrating Halloween with the grandkids tonight. It looks to be a ‘dark and stormy night’. Watch for little goblins on the way home.

# Have a Great Weekend

**Steve & Anna Hilberry**

**FOR THE RECORD Oct 30, 2025 close**

| | |
|---|---|
| DOW INDUSTRIALS: | 47,522 |
| S&P 500: | 6,822 |
| S&P/TSX COMP: | 30,178 |
| WTI: | $69.45 |
| LOONIE IN $USD: | $0.6967 $US |



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CIRO Canadian Investment Regulatory Organization

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October 31, 2025

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