

October review – reviewed

We held our October semi-annual review last week. Prepping for the seminars kept us away from the Weekend Reading. We're back with a summary of the presentation.

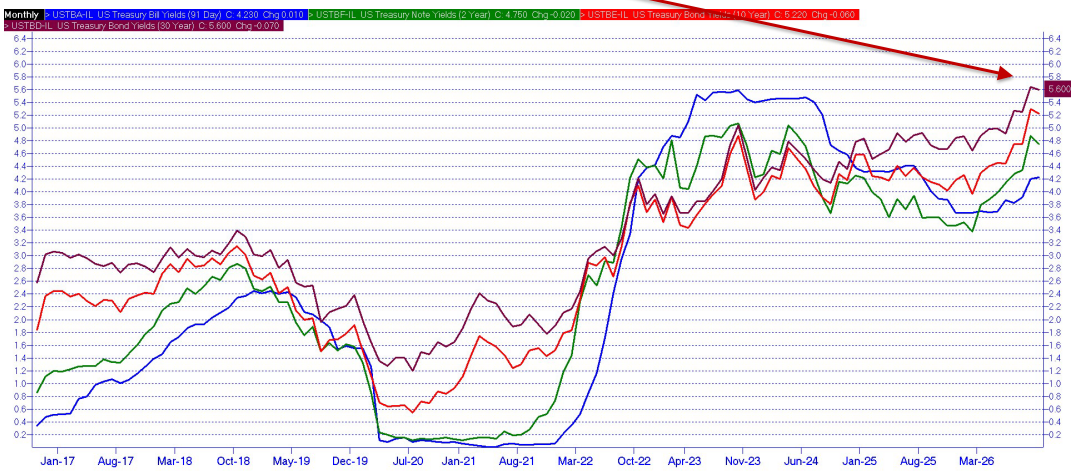
Tonight's Topics

- Why Inflation will be sticky
- FOMO to FOMM
  - Investor Psychology
- Headwinds or Hurricanes?
  - Conflicting indicators
- US Mid-terms
  - How have markets have 'voted'?
  - Inflation, Interest Rates, Asset prices
- Asset Allocation
  - Hilberry vs The Market
- Performance Updates

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We noted bond investors are pricing for inflation. We believe them.

US Bond Investors: pricing for rising inflation

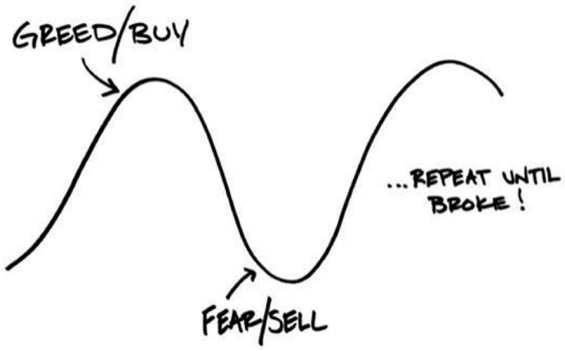


Source: LSEG, NBF, Hilberry Oct 9, 2026

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We explained why we think inflation will be sticky, (oil, inflation, tariffs, geopolitics, global supply chains). We advised reduced exposure to interest/debt sensitive sectors. We noted commodity producers are often better off during inflationary cycles. We pointed to Canada's political leadership appearing to grasp our resource heavy economy's potential (maybe).

FOMO to FOMM



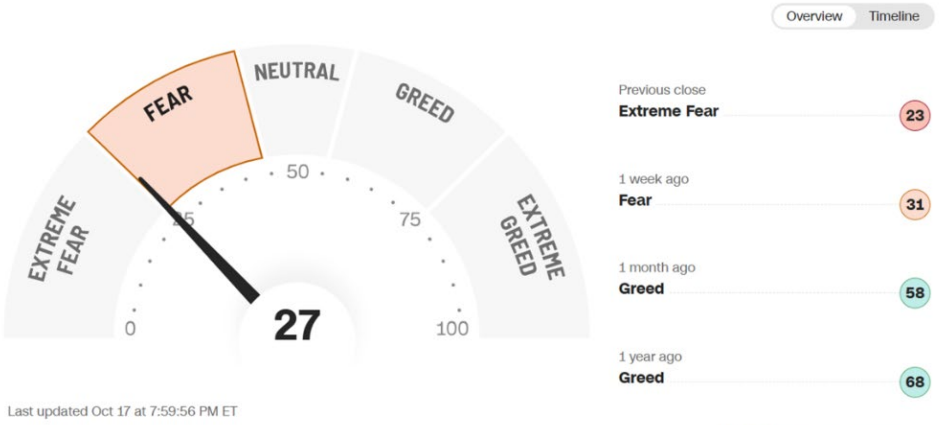
Source NBC Economics and Strategy

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We reviewed CNN's Fear and Greed Index.

From our Oct/2025 seminar…

CNN Fear and Greed Index: Oct 17, 2025



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

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From our May/2026 seminar

CNN Fear and Greed Index: May 14, 2026

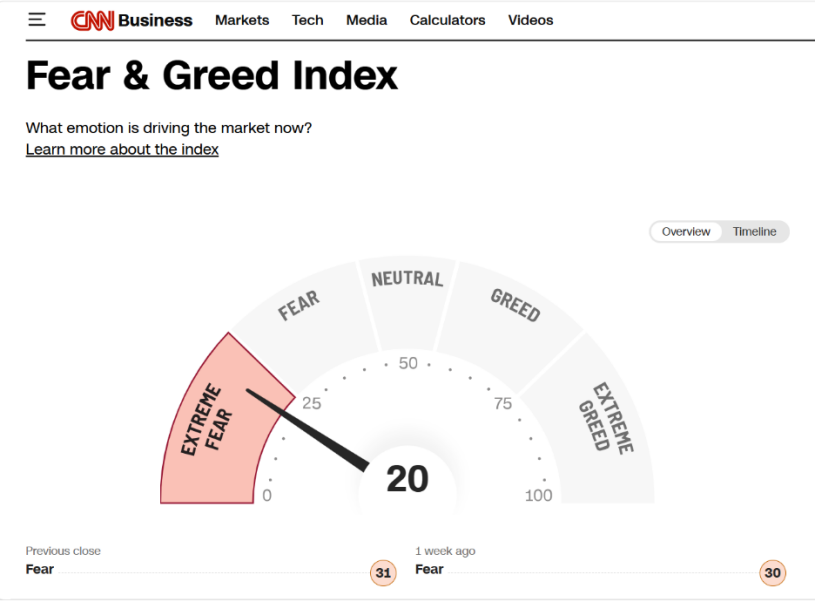


Source: CNN Fear & Greed Index May 14, 2026

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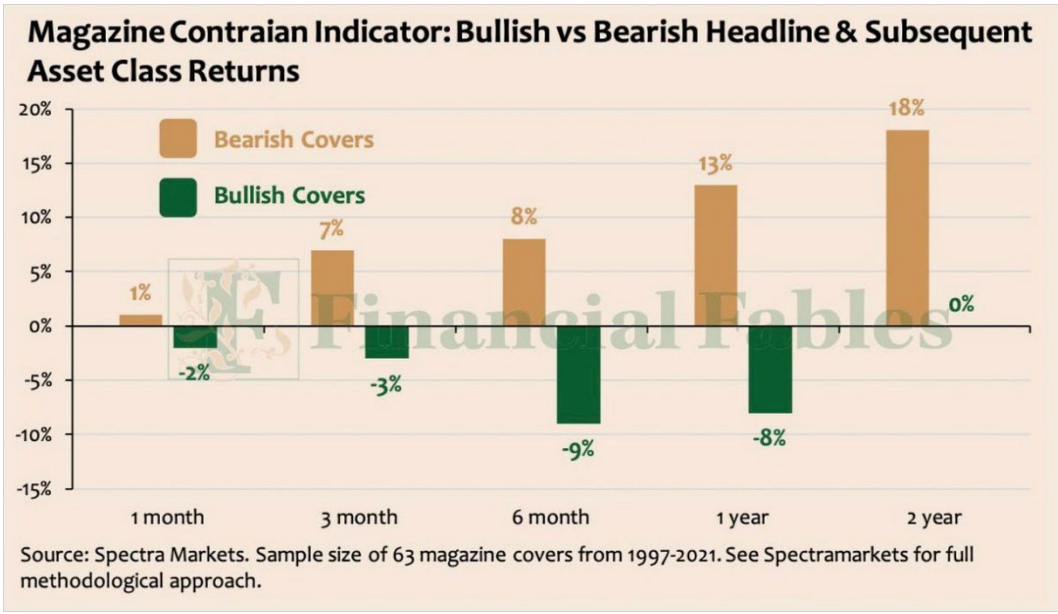
We noted we have been increasing our cash holdings over the late summer.

Here is the current reading.



Source: CNN Fear and Greed Index Oct 22, 2026

We noted investors have shifted from Fear Of Missing Out to Fear Of Missing Money. We take the CNN readings as contrarian indicators. We advised read the headlines from a meter away. Forget the text. It's the tone you're after.



Source: The Magazine Cover Indicator - Spectra Markets

Given the shift to fear, we suspect our next big moves will be as buyers…

We explained our caution on the race for AI data centers

Mohamed A. El-Erian @elerianm · 1h

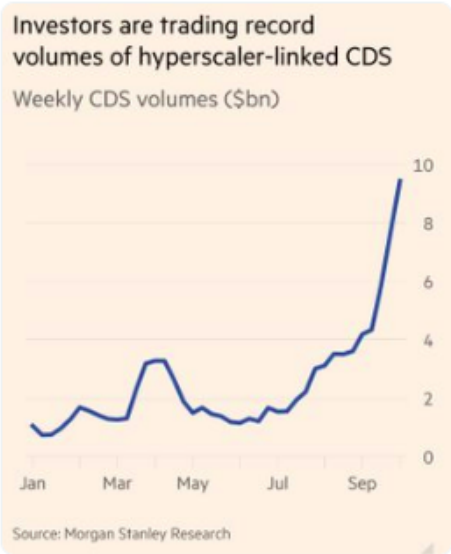
From the FT:

"Investors are racing to buy credit default swaps to protect their portfolios in the event the AI boom unravels....

In a sign of investors' increasing unease over the borrowing binge, the cost of buying CDS on many AI-linked companies has hit record highs this month."

#economy #markets #tech #bonds @ft





Using the election of Donald Trump Nov 5, 2024 as a starting point, we noted the Tech Bros must be pleased. We compared total returns for the Magnificent-Seven.....

MAGS-7 Trump election-to-date +60.7%



Sources: LSEG, NBF, Hilberry

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….to the Canadian Banks index…

They should have bought Canadian Banks instead!

TSX Comp Index Banks - Total Return Nov 4, 2024 to Oct 9, 2026: +89.06%



Sources: LSEG, NBF, Hilberry

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We noted 'real economy' stocks have been 'correcting' since June.

Caterpillar Inc (CAT-$703) – daily ranges – 12 mos -34% from high



Source: LSEG, NBF, Hilberry

Walmart (WMT-$111.35) From Hi: -16.8%



Sources: LSEG, NBF, Hilberry

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Home Depot Inc (HD-$290.74) From Hi: -26.3%



Sources: LSEG, NBF, Hilberry

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McDonalds Inc (MCD-$235.23) From Hi: -31.2%



Sources: LSEG, NBF, Hilberry

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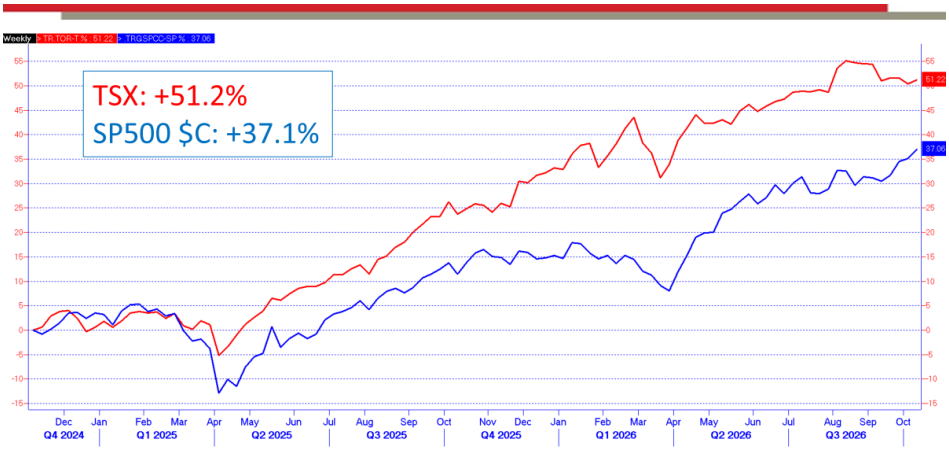
Given above-average Fear readings, lower to something-like-reasonable prices , we're starting to see better value. Not cheap, but at least not the crazy highs of last summer.

EXAMPLE: We pointed to CAT's 110% surge from around $500 this time last year, to over $1,000 in June driven by enthusiasm over their onsite power generation potential serving AI data center demands. The price has declined 34% from those highs, yet remains 40% higher than last November's range! We see less downside in CAT's prices but it's still not back-up-the-truck cheap.

Mid-Terms

We noted Donald Trump has Made Canada Great Again. The GOP appears likely to lose control of at least one branch of the US Government. We suspect Mr. Trump will be a busy man post the new Congressional swearing-in Jan/2027. Will he enjoy being a lame duck? Using Trump's Nov, 2024 election as a starting point, Canadian equities have handily outperformed US equity bench marks. We think this can continue.

Donald Trump has made… Canada Great Again



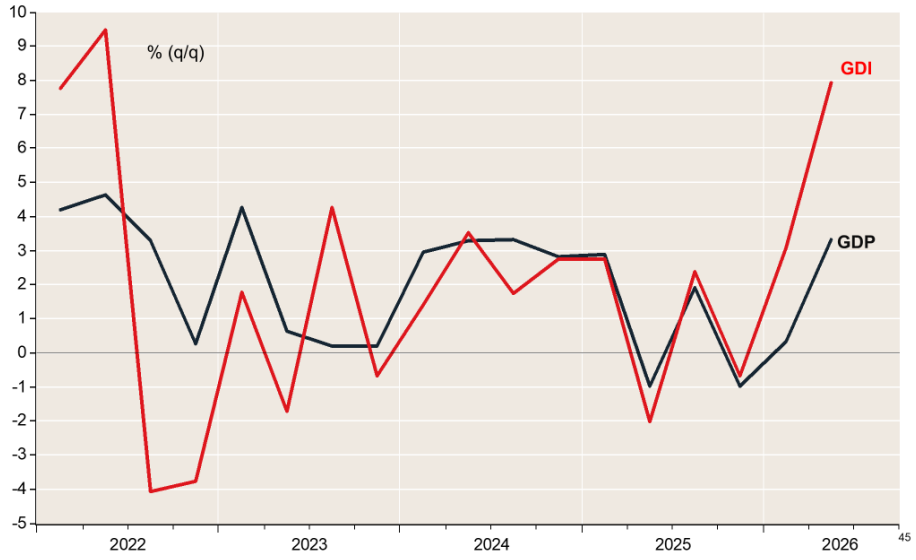
Source: LSEG, NBF, Hilberry – Nov 4, 2024-to-Oct 9, 2026

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There are good reasons for Canada's performance….finally.

Canada: Gross domestic income jumps by most since 2002

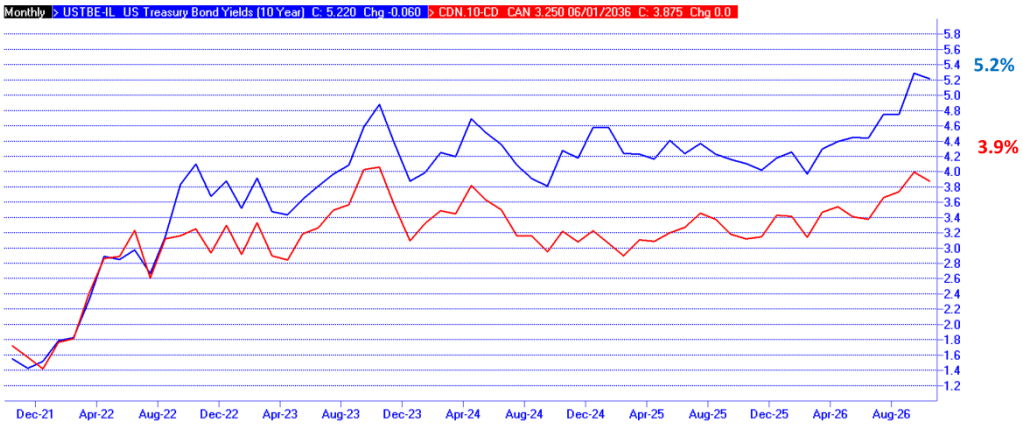
Real GDP and real GDI growth



NBC Economics and Strategy (data via Statistics Canada)

National Bank of Canada, Economics and Strategy

2021-26: 10-year yields US Fed Govt vs CDN Fed Govt

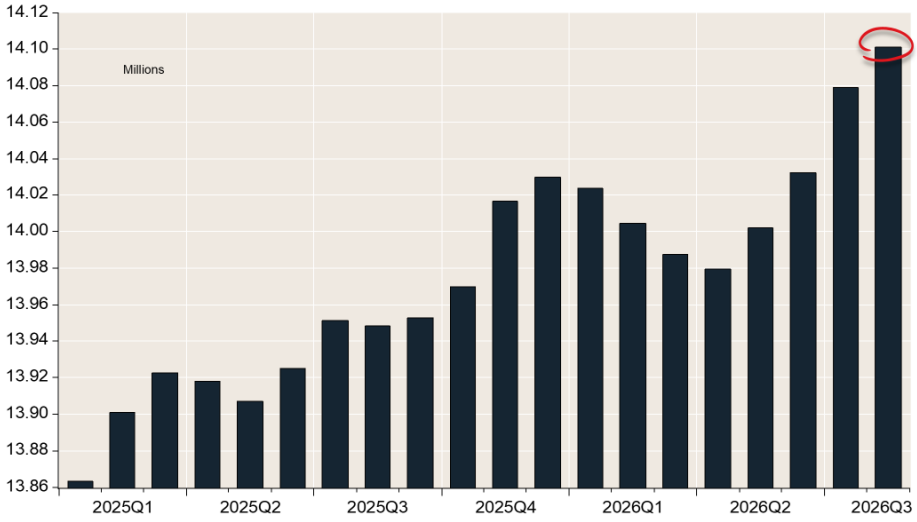


Source: LSEG, NBF, Hilberry Oct 9, 2026

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Canada: Prime-age employment reaches a record high

Employment among workers aged 25 to 54 (3-month moving average)



NBC Economics and Strategy (data via Statcan)

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National Bank of Canada, Economics and Strategy

Canada: Abundant resources, trusted partnership

Canada's world ranking in selected commodity reserves* (1 = largest)

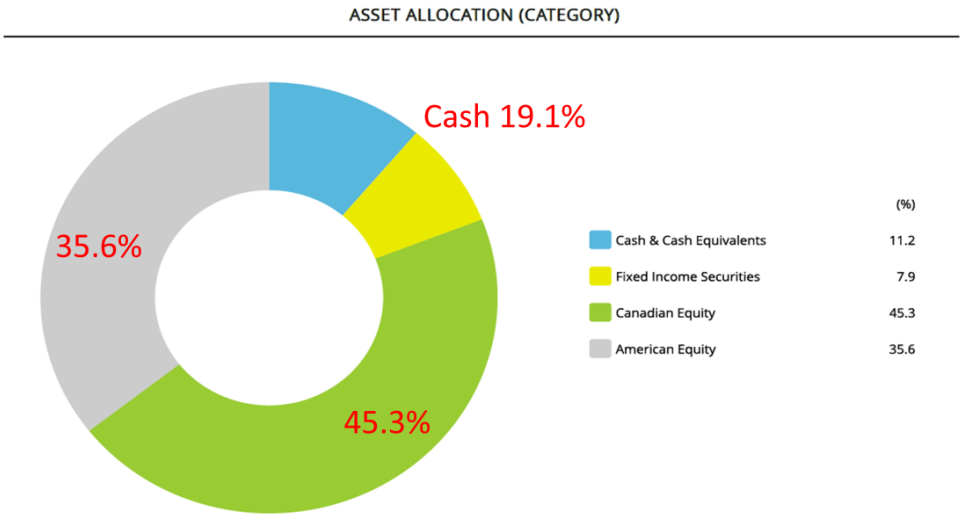


* Gas in place for natural gas
NBC Economics and Strategy (data via NRCAN, CER, Energy Council of Canada and USGS)

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Our Dividend Growth Model (large cap CDN/US blend - up to 100% equities) still holds cash and is tilted towards Canada .

Asset Allocation – October 2026



Source: NBF Sept 30, 2026

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We are holding above average levels of cash. **We expect to spend it.**

How have our clients faired?

October 23, 2026

Our Portfolio Performance

- The following presentation provides actual rolling 12-month periodic annualized average cumulative net performance as of Sept 30, 2026. Returns are averaged for Hilberry Group discretionary management clients with an investment mandate of Maximum Growth holding up to 100% equities. The results presented from portfolios 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 net returns of the average client of your advisor with a Maximum Growth investor profile Oct 1, 2025 to Sept 30,2026 were 17.358%. You may request a report of your personal returns and discuss them with your advisor in context of the average performance presented herein.

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Hilberry Max Growth Risk Profile – client average returns

Cumulative Annual Avg Net Returns as of Sept 30, 2026

- 12 mos: 17.358%
- 2 years: 15.257%
- 3 year: 17.701%
- 4 year: 14.859%
- 5 year: 10.859%

Calendar Year Annual net returns as of Sept 30, 2026

YTD: 13.373%
2025: 13.505%
2024: 17.79%
2023: 5.56%
2022: -1.19%

Source: NBF Croesus Portfolio Analysis

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Notes on portfolio returns:

- Portfolio returns are gross of tax reflecting all costs,.
- The Hilberry Portfolio Models are based on Hilberry Group proprietary portfolio security selection. Hilberry Models may vary from other National Bank Financial advisory services.
- Client unique requirements may dictate differing levels of investment portfolio cash holdings, deposits and withdrawals that may affect returns.
- Each Hilberry client portfolio experience will be unique and may not mirror the Hilberry Model portfolio average client returns.

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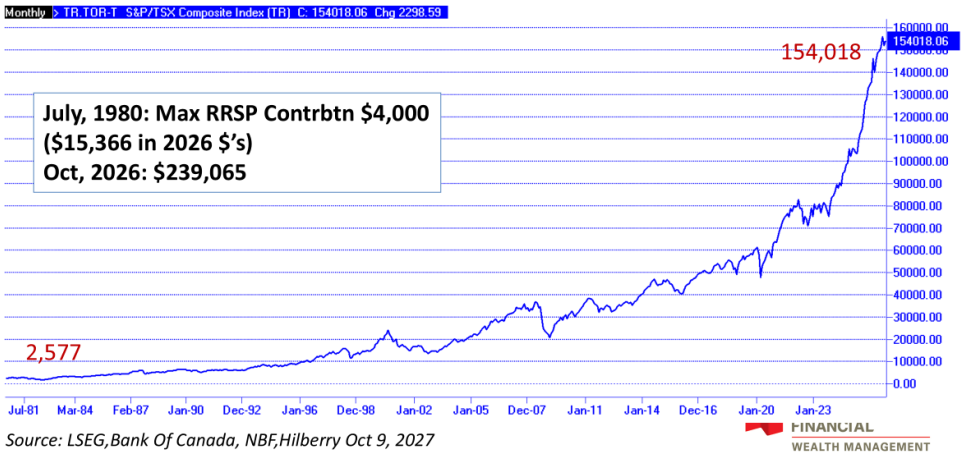
Despite the cash drag on performance, we're doing ok.

We closed with Anna's advice….

Best investment strategy?

Shut up and wait.

SP/TSX Total Return Index July, 1980-Oct/2026



Source: LSEG,Bank Of Canada, NBF,Hilberry Oct 9, 2027

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Time is your friend.

Have a Great Weekend

Steve & Anna Hilberry

October 23, 2026



FOR THE RECORD Oct. 22, 2026 close

DOW INDUSTRIALS:	52,867
S&P 500:	7,663
S&P/TSX COMP:	35,973
WTI:	$99.95
LOONIE IN $USD:	$0.7139 $US

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