

November 2025

The Monthly

With this commentary, we plan to communicate with you every month about our thoughts on the markets, some snapshots of metrics, a section on behavioral investing and finally an update on MacNicol & Associates Asset Management (MAAM). We hope you enjoy this information, and it allows you to better understand what we see going on in the marketplace.

"Baseball is 90% mental, the other half is physical."

— Yogi Berra

The Numbers:

<u>Index:</u>	<u>2025 YTD:</u>	
S&P/TSX:	22.4%	
NASDAQ:	22.9%	
Dow Jones:	11.8%	
S&P500:	16.3%	
<u>Interest Rates:</u>	<u>Canada</u>	<u>USA</u>
90-Day T-Bill:	2.2%	3.9%
5-Year Bond:	2.7%	3.7%
10-Year Bond:	3.1%	4.1%
30-Year Bond:	3.6%	4.7%
<u>Economic Data:</u>		
• Stocks higher in October with shares in Japan leading the way • Commodities higher in October excluding lumber and crude oil • BITCOIN lower by 4% in the month • Bonds mainly flat • Gold and Silver each up around 3% in October • CAD/USD lower by 70 basis points in the month		

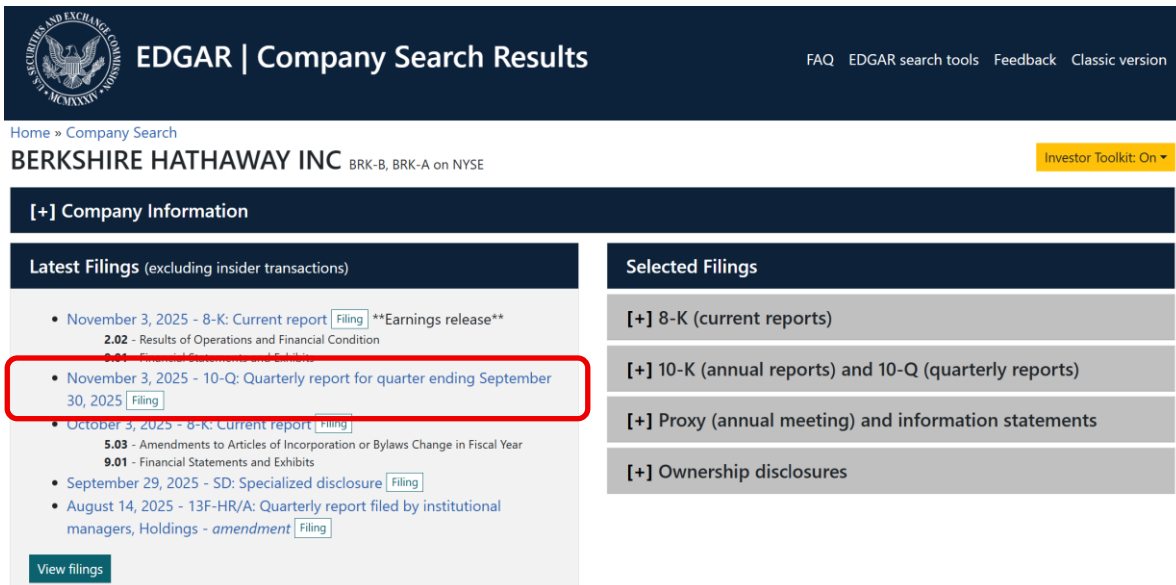
<u>Valuation Measures: S&P 500 Index</u>		
<u>Valuation Measure</u>	<u>Latest</u>	<u>1-year ago</u>
P/E: Price-to-Earnings	29	30
P/B: Price-to-Book	5.3	4.9
P/S: Price-to-Sales	3.2	2.7
Yield: Dividend Yield	1.2%	1.4%
<u>2025 Year-to-Date by Sector:</u>		
S&P/TSX Composite	22.4%	
NASDAQ	22.9%	
Dow Jones Industrials	11.8%	
S&P 500	16.3%	
Russell 2000 (Small Caps)	10.0%	
Japan Nikkei 225	31.4%	
Crude Oil Spot (WTI)	-5.5%	
Gold Bullion (\$US/Troy Ounce)	44.9%	
US 10-year Treasury Bond	3.4%	
VIX Volatility Index	-31.1%	
Source: Canaccord Genuity Capital Markets & Thomson Reuters		

Foreign Exchange - FX

As of Nov 13, 2025 9:30 AM EST	\$5,000	Cdn		
<u>Banks</u>	<u>Rate</u>	<u>Buy USD</u>	<u>Cost</u>	<u>% Difference from Spot Rate</u>
CIBC	No Public Rate Posted Online			
Interactive Brokers	1.4009	\$ 3,569	\$ (3)	-0.1%
Laurentian Bank	No Public Rate Posted Online			
National Bank	1.4457	\$ 3,459	\$ (113)	-3.3%
Raymond James	1.4148	\$ 3,534	\$ (38)	-1.1%
Royal Bank	1.4289	\$ 3,499	\$ (73)	-2.1%
Scotia	1.4379	\$ 3,477	\$ (95)	-2.7%
TD	1.4452	\$ 3,460	\$ (112)	-3.2%
Canadian Snowbird	1.4167	\$ 3,529	\$ (43)	-1.2%
Spot Rate	1.3998	\$ 3,572	\$ -	0.0%

The Warren Buffett Indicator...

Warren Buffett's Berkshire Hathaway recently filed its form 10-Q for the quarter ending September 30, 2025, with the United States Securities and Exchange Commission¹. You can go to the commission's website and type in Berkshire Hathaway into the search bar to find the file yourself. If you are having trouble finding it [the internet can be a perilous place] you should be viewing a page that looks like this ↓ and the filing, you'll want to click open as the one I outlined in a red rectangle with rounded edges.



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BERKSHIRE HATHAWAY INC BRK-B, BRK-A on NYSE Investor Toolkit: On ▼

[+] Company Information

Latest Filings (excluding insider transactions)

- November 3, 2025 - 8-K: Current report [Filing](#) ****Earnings release****
2.02 - Results of Operations and Financial Condition
9.01 - Financial Statements and Exhibits
- November 3, 2025 - 10-Q: Quarterly report for quarter ending September 30, 2025** [Filing](#)
- October 3, 2025 - 8-K: Current report [Filing](#)
5.03 - Amendments to Articles of Incorporation or Bylaws Change in Fiscal Year
9.01 - Financial Statements and Exhibits
- September 29, 2025 - SD: Specialized disclosure [Filing](#)
- August 14, 2025 - 13F-HR/A: Quarterly report filed by institutional managers, Holdings - amendment [Filing](#)

[View filings](#)

Selected Filings

- [+] 8-K (current reports)**
- [+] 10-K (annual reports) and 10-Q (quarterly reports)**
- [+] Proxy (annual meeting) and information statements**
- [+] Ownership disclosures**

Feel free to draw your own conclusions from Mr. Buffett's regulatory filing, I know I have...

¹ Form 10-Q is a quarterly report filed by public companies with the United States Securities and Exchange Commission to disclose financial information and updates on operations for the first three fiscal quarters of the year. It includes unaudited financial statements like the income statement and balance sheet, a discussion of management's analysis of results, and other relevant disclosures such as market risks and legal proceedings.

Millions of dollars in parentheses...billions more in the real world...

One of the telltale signs that you are dealing with a heavy-duty public company is that the balance sheet within form 10-Q includes parentheses advising you to multiply the various line items not by thousands but by millions. And herein lies my own first conclusion from following Mr. Buffett's work. At a total of \$382 billion, Berkshire's cash weight is not only higher than it was at the end of 2024, but it is at the highest level it has ever been. Berkshire has more cash than Amazon, Google and Microsoft *combined*. In fact, Berkshire has so much cash that there are literally only a few companies in the entire world with more: JP Morgan [a bank], Mitsubishi Financial Holdings [another bank], Allianz SE [technically an insurer and asset manager but you know what that's close enough for me: bank] and some bank in China whose name I totally forget. Lastly, Berkshire's cash position is so big that it is three times bigger than the GDP of Ontario, Canada.

BERKSHIRE HATHAWAY INC. and Subsidiaries CONSOLIDATED BALANCE SHEETS (dollars in millions)

	September 30, 2025 (Unaudited)	December 31, 2024
Assets:		
Insurance and Other:		
Cash and cash equivalents*	\$ 72,156	\$ 44,333
Short-term investments in U.S. Treasury Bills**	305,367	286,472
Investments in fixed maturity securities	17,943	15,364
Investments in equity securities	283,241	271,588
Equity method investments	25,524	31,134
Loans and finance receivables	29,327	27,798
Other receivables	48,938	43,887
Inventories	25,319	24,008
Property, plant and equipment	30,736	30,071
Equipment held for lease	18,250	17,828
Goodwill	57,418	56,860
Other intangible assets	34,055	34,638
Deferred charges - retroactive reinsurance	8,298	8,797
Other	26,133	24,994
	<u>982,705</u>	<u>917,772</u>

Buffett's gargantuan stockpile of cash is noteworthy for two reasons. First, I mean who in the world of investing doesn't want to know what Warren Buffett is up too? And second, Buffett has missed rallies in stocks before. As a matter of fact, it was not quite 25 years ago when Buffett sat on a ton of cash as he patiently watched many, almost totally worthless, internet stocks (dot.com) go parabolic. I was brand new to the investment business in those days, and although I had heard of Warren Buffett back then, I certainly did not fully appreciate what a titan he was in the world of investing. It was at about that same time that – for roughly three days – I was an internet multi-millionaire thanks to a hot stock tip I received, from a total stranger, about a company that made chocolate tea pots for customers in Southern California, but which had the words Dot.com in its name. But Buffett has had a preference for cash more recently too. Last year, at about this time, he moved Berkshire's cash position to roughly 30%. Pointing out Warren Buffett's investing "mistakes", if you can even call them that, is indeed a slippery slope. For one thing, the fact that Buffett is not loaded to the gills with high flying tech stocks or AI isn't really a mistake, it's a choice. And it is a choice Buffett himself has been very clear about in the past: he quite simply doesn't touch stuff he doesn't understand, and that's not really a mistake. More to the point, stocks are expensive and though they could certainly continue their run it is looking increasingly less likely that 2026 will be a repeat of 2025. An increasingly large chorus of valuation metrics are flashing warning signals. For example, the "cyclically adjusted price-to-earnings ratio," or CAPE, recently topped 40 for only the second time in history going back to the 1800s.



And the S&P500s price-to-sales ratio is now at 3.3x, which is an all-time high. When it comes to investing, you should never rely on any single metric, and you should be mindful that context is important. For example, during the Dot.com bubble Buffett's indicator hit 150%. During the 2021 COVID-19 post pandemic rally it reached 190%. Yet here we are today at 217%. Buffett himself acknowledges that the indicator itself isn't buy/sell switch for stocks. He has stated in the past that if the percentage moved to the 70% or 80% territory, buying stocks is likely to pay off handsomely. On the other hand, if the ratio breaches 200% you really ought to be asking yourself what your downside protection is.



And herein lies the central problem for investors who do not have any downside protection: a market downturn is inevitable, which is to say unavoidable. But there is absolutely no assurance whatsoever as to the exact timing of a malaise in the market. Alan Greenspan, the famous former Chairman of the US Federal Reserve was squeaking about excessive stock valuations in 1996. His famous irrational exuberance line originated in late 1996. Stocks did not have their first of what I call the five major crashes in stocks that this generation has witnessed [the Dot.com bubble burst, Lehman Brothers, COVID, the inflationary post pandemic period and the tariff tantrum] until March of 2000.

Greenspan was certainly not wrong: stocks were expensive back then. But if you followed his advice, you would be completely out of stock for a short period in 1996, all of 1997, 1998 and 1999, and the first quarter of 2000. During that period, the S&P500 doubled and then did a bit more. The index started at just about 650 points and nearly breeched 1500 before its death spiraled into the abyss. The media sometimes takes a “The Boy who cried Wolf” approach when it comes to those making bearish calls. Buffett missed the rally in tech stocks like IBM. Greenspan proved that economists suck at stock trading. And even the great Michael Burry [the guy from the movie “The Big Short”] who admittedly called the global financial crisis lost a pile of money attempting to short Tesla in 2021 and from this famous call on his own Twitter account in 2023:



The media also doesn't want you to know about portfolio insurance. We offered to provide a certain Toronto, Ontario based financial news publication with a free article about our new Safe Harbour Fund and they declined. The explanation provided to us was that portfolio insurance sends the wrong sort of message [the message being a stock market crash] to their audience. In other words that type of article doesn't really help them because it leads to their readership being disinterested in things like stocks and other investments. We respectfully, and obviously, disagree. Forecasting the end of a bull market as you can see can be quite tricky. The current bull run in stocks began in October of 2022. Stocks began a new cycle that continues till today. But at three years old, the bull market in stocks is really only middle aged. The bull market in stocks from the tech boom [1987 to 2000] was over 12 years long. The post Lehman Brothers collapse bull market in stocks was [2009 to 2020] was 11 years long. And the bull market in stocks from Reganomics [1982 to 1987] lasted 5 years. Though the current bull market in stocks has moved a lot since October 2022 [its not quite doubled but it did come close] there really isn't a particular reason that we can see why stocks suddenly *must* sell off. Yes, stocks are expensive. But they have been expensive since September of 2014, I'll bet that's a statistic you didn't know about. The S&P500s post war P/E ratio is 18x. We've been above that level for several years. Bull markets don't stop because of duration or price; they stop because of a specific event investors haven't had the opportunity to discount yet. And since you cannot model something that is ultimately unknowable, our approach of offering investors portfolio insurance is optimal. If the stock market goes up, it goes up. Gains both realized and paper-based will help offset the cost of portfolio insurance. Portfolio insurance is made further affordable when one considers that the basket of deep out of the money put options underpinning the fund is even more attractively priced during periods when stocks do the opposite of what put options cover, which is upside risk. We aren't selling a crash thesis because as we have just seen that can be a pretty tough sell and because historically speaking stocks are up more often than they are down.

If you are going to use an indicator to plan your great escape from stocks, the Buffett Indicator is as good as they get. But it too can make you feel like you're missing out on all the fun. We keep the party rolling in a safe way.

Land of the rising stock market...



Excluding the TSX Venture Exchange, the best performing [major] stock market index in 2025 is Japan's Nikkei 225 and it is mainly American investors who appear to be cashing in. Data from fund flows shows that US investors have been flocking to Japanese equities in dollar terms this year thanks to the one thing equity investors like to see more than anything else: growth. A nice 2.5% bump in the Yen hasn't hurt either. And all of this can be tied back to Prime Minister Sanae Takaichi's pro-stimulus policies along with more shareholder friendly reforms at the Tokyo Stock Exchange, which we actually find even more compelling. In March 2023, the exchange took action to improve the low returns of Japan's listed companies using an overall cost-of-capital and shareholder return framework. The action required shares of companies listed on Tokyo's main stock exchange to achieve and maintain a minimum price-to-book value ratio [P/B] as a condition of listing. Companies can increase their P/B ratio in two ways: they can improve profitability or kick out cash to shareholders in the form of dividends or buy back stock thus reducing the number of freely floating outstanding shares. The Tokyo Stock Exchange saw a significant uptick in the size of stock buybacks across most of 2024 and so far in 2025. Nomura Securities say buybacks exceeded new issues in 2023 and 2024. The Tokyo Stock Exchange also pushed to eliminate cross-shareholdings. Big Japanese companies have historically held shares in companies they do business with as a matter of custom and tradition, that's what cross-shareholding means. But holding shares in your bank makes it awful hard to fire them and puts the term "friendly" shareholder in a different context so the reduction of the practice improves corporate governance, capital efficiency, and market competition. Most finance academics view the practice in general as a hinderance and American investors like the move away from cross-selling. The Nikkei 225 spent most of 2024 wrestling with the 40,000-point level. You would have to go back an awful long time to witness the Nikkei's last battle with 40,000 [Dec 1989].



The Takaichi Trade...



At this point Japanese stocks are also getting a bit topky so where they go from here is anyone's guess. But we feel we have pretty good guesses. The "Takaichi trade" has driven equities higher but that could mean stocks have priced in many of the Prime Minister's pro-business strategies like tax cuts and subsidies, which now hinge on execution to achieve their intended goal of boosting profits for Japanese businesses. Time will tell whether Madame Takaichi is Japan's new ace-in-the-hole. And time would appear to be something she has on her side, for now. The Bank of Japan has guided monetary policy towards tightening either later in this year or early next, and the pace of tightening should be slower than in previous cycles. One final factor potentially playing against Japan is the age of its population. Japan tops most surveys of ageing populations including the one below from Turismo Central Luzon. But this could be an area where AI helps. As Japan's labor force shrinks, digitization could turn into Japan's own technology ace-in-the-hole when it comes to labor market supports.



We'd be on a flight to Japan tomorrow if we had the time. And investors in the near term have certainly had a smooth ride straight up. Will Japanese equities soar even higher? Well, think of it this way: as other markets globally are now even more expensive, Japan's Nikkei 225 represents a [relatively] more attractive bet. So yes, we are constructive on Japanese equities.

Behavioral investing: snakebite...



I was just sixteen years old when the Toronto Blue Jays won their first world series. That win in 1992 as well as the repeat in 1993 made me super proud to be a baseball fan and super patriotic because for once, we the Canadians were on top of the world. But I won't lie, the 2025 World Series will sting for a while to me. As I was sitting down to write you this message, I still wasn't quite over the fact that *my* team lost. I thought a lot about the Blue Jays players and how they now must find the inner strength to come back next season ready to train and play harder than ever. I thought about the Blue Jay's coaches and management, and what they could possibly say to their players at the start of next season. And most importantly, I thought about the millions of Blue Jays fans across Canada who went home empty handed yet again. I specifically thought about those Blue Jays fans who turned sixteen this year, and who reveled in the excitement of watching their team compete for the World Series. I got over it eventually, and I can tell you that my goal for next season is to watch, cheer and support my team even more. Losing the World Series sucked, but I'm not going to feel snakebitten by it...

In the world of investing, the snakebite phenomenon is easy to explain, but hard to correct. Through no fault of their own, investors who get **creamed** in the stock market, and then go on to become highly risk-averse, are said to have been snakebitten. One of the biggest contributing factors to a fixed or [after accounting for inflation] lowering wealth ceiling is chronic avoidance of stocks. By hoarding cash on the side-lines, and then only deploying it to things like guaranteed investment certificates...investors miss out on potential future growth. If you are 35 years old, then there is absolutely no reason why you should not be investing in a diverse portfolio of stocks. Even the valuation concerns raised earlier don't truly apply to younger investors because quite frankly they will go through several market cycles during the next 40 years, and during that time valuations will cycle between cyclical peaks and troughs. During that time individuals return objectives and risk tolerances will surely change. But they should never change nor be permanently impacted by a snakebite. Combating snakebite is easy (for me to say) but to get over it, you'll have to be focused. We have talked about one of the ingredients already: diversification. And we have alluded to another: think in decades not days. The two other things people sometimes miss when healing are being data-driven and getting professional guidance. Data can help you begin thinking about investing as a purely economic, business endeavor. And professional advice can enhance your ability to manage emotions.



The MacNicol Investment Team

Firm Wide News:

Our **Alternative Asset Trust** just turned **15 years old** — a milestone we're proud to celebrate. The Trust gives clients access to unique alternative investments not typically available to individual investors. It's one of the ways we help build tailored portfolios that protect and grow wealth over time.

For more information about our alternative investments or our portfolio insurance solution, the **Safe Harbour Fund**, reach out to us at info@macnicolasset.com.