



Investing Wisely

A Newsletter from Mike Wise

November 2025

The extended Fall that we are enjoying has made walking the dog every day a pleasurable experience. Missy is making good progress with her sheep-herding, and she is now at Level 3 Agility at 2 different dog-training facilities in town.

I was a little late getting around to doing the yard clean-up, but that task is finally out of the way. I also bought new winter tires, as I didn't feel the old ones were as safe on icy Calgary back streets as I'd have liked. The new ones are supposed to be specifically designed for ice-covered roads. I guess I'll find out before too long!

We lost our good friend Steve Komar a short time ago. He finally lost his battle with cancer after a struggle that lasted over 5 years. Steve was a flamboyant extrovert who made every party a memorable celebration with his piano playing and

singing. He was also a great wizard on the barbecue. Steve was Carmen's best friend, and I think the reverse was true as well. I'll miss him. My condolences to Joyce, and his children Andrew, Jeff and Thomas.

Reminders

The 2025 contribution deadline for your TFSA is 31 December 2025. The maximum contribution for 2025 is \$7000 and the lifetime contribution limit is \$102,000 if you were 18 or older in 2009.

The 2025 contribution deadline for your RRSP is 2 March, 2026.



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Table 1
2025 Returns - Year to 31 October

	31 Dec 2024 Price	31 Oct 2025 Price	YTD Change
Equities			
TSX (CAD)	24727.94	30260.74	22.4%
S&P500 (USD)	5881.63	6840.20	16.3%
NASDAQ 100 (USD)	19310.79	23724.96	22.9%
Commodities			
Oil (WTI; USD)	\$71.87	\$60.88	-15.3%
Gold (Comex; USD)	\$2639.30	\$4013.40	52.1%
Fixed Income			
DEX Universe Bond Index (CAD) - Total Return	1168.9	1212.0	3.69%
Govt of Canada 10- Yr Bond Interest Rate	3.225%	3.121%	-0.104%
5-yr GIC Rate (rate as of Nov 17)	3.10%	3.30%	0.20%
High Interest Savings Account (rate as of Nov 4)	3.20%	2.20%	-1.00%
Exchange Rates			
USD/CAD	\$0.6951	\$0.7138	\$0.0187
EURO/CAD	\$0.6712	\$0.6185	-\$0.0527

I've no plans to go on any exotic out-of-town trips until Christmas. My daughter Liz has invited me to spend Christmas with her and her family in LA. I'm looking forward to that!

Where We Are

Table 1 shows how stocks, bonds and commodities are performing so far this year. Most of my clients have a balanced portfolio. My pension-style Canadian Neutral Balanced Benchmark is up 10.2% in the first 10 months of 2025. This is an after-fees

Steve Komar with Carmen and Mike
Bowness Park, April 2024



benchmark with a weighting of 60% equities (2:1 CAD/US) and 40% fixed income.

The Bank of Canada has finally begun lowering interest rates. It was reluctant to adjust its policy rate either up or down previously, mainly because of the uncertainty caused by President Trump's economic policies and Prime Minister Carney's wavering responses. The Prime Rate has gone down by 1%, from 5.45% at the start of the year, to the current 4.45%. The Prime Rate affects the rates savers can get from investments like GICs, while borrowers benefit from lower short term interest rates.

The Canadian dollar has strengthened by almost 2c versus the US dollar, but fell by more than 5c relative to the Euro so far this year. I don't understand why the USD should be so weak versus the looney and particularly the Euro when US interest rates are so much higher than other developed economies.

Stock markets rebounded in a major way after a rough 1st quarter, and are up strongly again this year, as shown in Table 1. Rather amazingly, perennial laggard Toronto is one of the top-performing stock markets in the world! The S&P/TSX has outperformed the S&P500 by 6.1% over the past 12 months, even before taking the currency exchange rate into account.

**Grandchildren Eshan, Zoe & Avi,
With Missy**



On the commodities side, oil is not doing well, and is bouncing around the \$60/bbl mark, down -15% so far this year. Bad news for Alberta! Gold, however, continues to do well, and is up another 52% so far in 2025. As I mentioned in my previous letter, gold has out-performed the S&P500 stock market index over the past 10 years.

Where We're Heading

The Green Transition Deferred

The great green energy transition might be deferred by a few years. The International Energy Agency (IEA) recently revised its projection of when the world is likely to reach "peak oil", or the year in which global oil production reaches its maximum. The IEA, in its *World Energy Outlook 2025*, extended its estimate of peak oil from 2030 to 2050. The report also stated that solar and wind, combined, are likely to meet only 12-16% of global energy demand by 2050.

I've always felt that nuclear power, whether fission or fusion, will be the most important path forward to satisfy energy demand as we approach the 22nd century. I'd be quite happy to have a garbage-can sized reactor buried in the back yard to supply heating and hot water to the house. And maybe electricity too!

We're not quite at garbage-can sized reactors, but modular nuclear reactors are now being built (one is on the list of PM Carney's first 5 projects) that have promise of reducing the cost of nuclear electricity production. Russia has apparently solved the

problem of putting a nuclear power plant on a missile! The propulsion system for the Burevestnik missile is a small reactor that heats ambient air to extreme temperatures, which then gets expelled out the back to push the missile forward. It seems to be a kind of turbine jet engine that uses a nuclear reactor in place of the combustion chamber. A reactor that fits in a missile has got to be pretty close to being garbage-can sized.

COP-30, the global-fest for greenies, is underway in Brazil as I write this, but is currently bogged down on the very woke controversy of the definition of an oppressed woman.

Global Overview

I wrote in my last newsletter that the European Union is trying to figure out a way that it can "steal" the Russian state assets that are deposited in European banks. The European Central Bank "froze" these assets, which amount to around USD\$300B, at the start of the Russia-Ukraine conflict.

More recently, the EU has "stolen" the interest generated by these assets to give to Ukraine so that it can use the money to buy arms and continue the war. The EU continues to try to figure out a way that it can "steal" the principal as well.

These actions are illegal, and almost certainly Russia will be going to the courts for compensation once the war ends. The EU member states don't want to be held liable when they inevitably lose the court battle, so they came up with the idea that since Euroclear is in Belgium, then only Belgium should be the one exposed. Not surprisingly, Belgium doesn't like this plan. Hungary and Slovakia have another idea: don't give *any* money to Ukraine!

Interestingly, President Trump's 28-point peace plan for Ukraine has a clause in it that essentially gives the Russian frozen assets to the US!

Keeping on the theme of Ukraine, a couple of news items began circulating over the past few days. A number of high-ranking Ukrainian government officials left the country, destinations unknown, about the same time as the Ukrainian anti-corruption agency (overseen by the US) charged some officials with embezzlement of around \$100M.

The “golden toilet” scandal even reached President Zelensky’s right-hand man, but not the President himself.

Ukraine has long been known as Europe’s most corrupt country. An economics professor at Johns Hopkins University came up with an estimate that around \$360B has been sent to Ukraine over the past 4 years, and between 15-30% of that sum has been lost through corruption. That’s a cool \$50-100 Billion! War can be very profitable for some.

Mike’s theory for how wars end:

- All wars end at the boardroom table. That table might be on a railway car in Versailles, or the deck of a battleship in Tokyo Bay, or in a palace in Istanbul.
- The winning side lays out the terms of the settlement. The losing side has limited ability to make changes. The sole concession offered to Japan was the ability to keep the Emperor as figurehead head of state.
- If the losing side rejects the terms, the war continues, and the terms get worse.
- Return to Step 1.

President Trump seems to have finally realized that he has been fed lies about the progress of the Russia-Ukraine conflict by the warmongers that surround him in the White House. His 28-point peace plan ([*ed. note: I’ve attached the plan as an Appendix to this newsletter*](#)) is the first acknowledgement by a Western leader that Russia might have legitimate security concerns about NATO expansionism. It is loosely based on the discussions that Presidents Trump and Putin had in Anchorage last August and the Istanbul 2 framework proposed by Russia more recently. President Zelensky and the whole EU establishment went ballistic when they read the proposal, but senior US envoys have bluntly told Zelensky that he has until Nov 27 to either accept the plan or the US will cut off all aid, including satellite intelligence.

The Europeans are like chihuahuas yapping at a rottweiler. They are irrelevant to the discussion.

Meanwhile Russia claims they weren’t involved in drafting Trump’s plan, but President Putin, in an unusually blunt televised address, acknowledged that it had some good parts that could serve as a

Fishing Boats in Steveston Harbour



framework for negotiations as long as Ukraine agreed to Trump’s proposal. See Mike’s Step 1. Otherwise, they will achieve their objectives by continuing the war. See Mike’s Step 3.

I’d just be happy if the war, and the killing, ended.

Canada

The Liberals finally released their budget a couple of weeks ago, and it passed Parliament last week on an extremely close vote. It proposed continued vast spending, and is proposing a \$78B deficit, split between operational spending and “investment”. The interim Parliamentary Budget Officer (PBO) publicly objected to how some major line items were characterized as investment when in his view they should have been on the operational side – a bit of accounting trickery that made the budget look better than it really was. The PBO also said that the fiscal track that Canada was on would lead to bankruptcy within 10 years.

While on the subject of the interim PBO, his term is due to expire at the end of March but the Liberals understandably want to get rid of him earlier and install someone more favourable to their viewpoint. Their attempt failed, and any proposed candidate must pass muster by a committee composed of a majority of Opposition members.

PM Carney announced the second batch of projects of national importance. This designation will allow those favoured projects to skip much of the environmental reviews and Indigenous consultations that have essentially halted resource development in Canada. The lucky projects are: the Sisson tungsten mine in New Brunswick; the Crawford nickel-copper mine near Timmins, Ontario; the Metawinie graphite

mine in west-central Quebec; the KSI Lisims LNG project north of Prince Rupert; the North Coast Transmission Line that will link the Yukon to BC Hydro's main line between Prince George and Prince Rupert, and that passes through BC's Golden Triangle, a minerals-rich area in NW BC; and a hydro-electric plant near Iqaluit in NWT.

The 3 mines are old projects that have already gone through all their regulatory hurdles. The hydro project near Iqaluit, while useful for the town, is hardly a project warranting designation as a project of national importance.

The KSI Lisims LNG project has raised criticism because the entire plant will be on floating barges built in Korea or China, with minimal Canadian construction jobs. I find the location, up the Portland Canal toward Stewart, to be an odd location without any existing infrastructure. The estimated cost is a whopping \$30B. This includes the proposed 800 km Prince Rupert Gas Transmission Project and a 95 km extension off the proposed North Coast Transmission Line. It is certainly ambitious!

Mike's Sister Penny



The North Coast Transmission Line seems to me to be a worthwhile project that has the potential to unlock a huge part of British Columbia to mineral development. It was announced as being part of a wishy-washy thing called the Northwest Critical Conservation Corridor.

Ontario's Ring of Fire minerals district still doesn't get its needed road or rail access; Alberta still doesn't get its desired pipeline to Prince Rupert.

Switching gears, *The Bank of Canada Monetary Policy Report for October 2025* reported that US tariffs are having an increasing effect on the Canadian economy:

"After contracting in the second quarter, GDP growth is estimated to be about 0.75% on average in the second half of the year. Evidence suggests that the impact of the trade conflict is broadening."

"Export volumes are expected to have remained weak in the second half of 2025. US tariffs continue to weigh on exports of motor vehicles, steel and aluminum, while new tariffs—such as those on copper, furniture and softwood lumber—are expected to add further strain. Chinese tariffs on canola, peas, pork and seafood are compounding these challenges."

Employment in the public sector is estimated to have risen by about 1% since the beginning of the year. The public sector represents around 22% of total employment in Canada. The private sector not particularly influenced by the tariff strife is much larger, at around 70% of the workforce. It is estimated to also have grown at a 1% rate this year. However, the private sector hit by US tariffs is showing an estimated employment loss of close to 6% of the workforce. Although this sector only represents around 8% of total Canadian employment, its effects are felt mostly in southern Ontario (auto manufacturing) and forestry (central BC).

Unemployment held steady at 7.1% in August and September, but fell slightly to 6.9% in October.

Consumer Price Index inflation was 2.4% (annualized) in the 3rd quarter. Excluding indirect

taxes (removal of the consumer carbon tax), underlying inflation was 2.9%. This matched average wage growth, which is coming in at around 3%.

It's also not a mirage that some prices in the supermarket have gone up astronomically. The *Monetary Policy Report* shows that cattle (beef) prices have risen as much as gold over the past 3 years!

The bottom line is that the Bank of Canada expects that GDP growth will remain in the 1.4% range annually for 2026 and 2027. The country will remain mired in a low-growth, low-productivity, high unemployment environment, with high public debt and high regulatory interference hindering the economy. If Alberta is an indicator, there will also be substantial labour unrest, particularly in the public sector. Somehow the politicians and the courts are going to have to resolve the native land claims situation, particularly in BC. The courts will also have to affirm that "Duty to consult" does not mean "obtain unanimous consent".

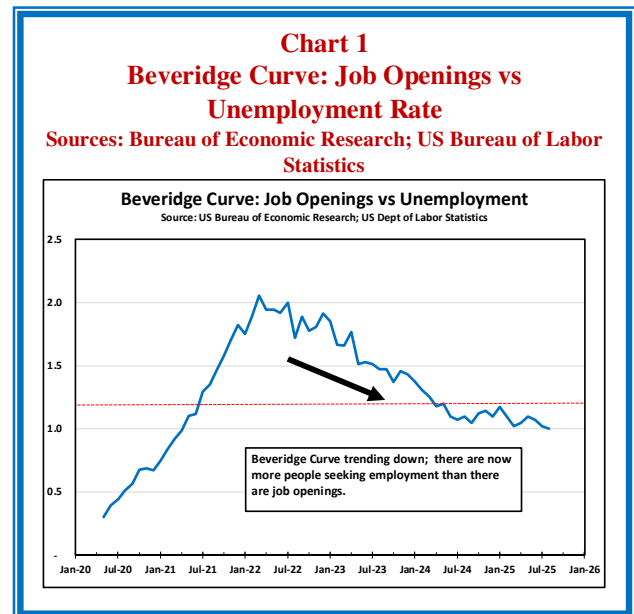
United States

Although the US stock market is booming, and everything is rosy on the surface, Jamie Dimon, head of JP Morgan, America's biggest bank, is worried. He thinks that the bankruptcy of First Brands, an auto parts manufacturer, is a "cockroach in America's financial cupboard". Mr. Dimon likes to use colourful metaphors, and when he sees 1 cockroach he thinks there are many others around, still hidden.

The US economy is built on debt. A recent survey by PYMNTS Intelligence Services indicated that 67.6% of American consumers are living paycheque to paycheque, a 10% increase in the last 18 months. These people aren't stock market investors.

According to CNN, the number of subprime borrowers who are more than 60 days in arrears on car loans has more than doubled to 6.4% since 2021. That's worse than the percentage in default during the past 3 recessions (COVID, Great Recession of 2008, and the dot-com, 9/11 crash of 2000-2002).

And this makes Mr. Dimon worried. And when a banker gets worried, he doesn't give loans to



otherwise creditworthy clients, and will call in the loans already made to his more-exposed customers.

So, is Mr. Dimon justified in his worries? Let's look at a few of my favourite leading economic indicators.

First up is the Beveridge Curve (see Chart 1). This focuses on the employment situation, by comparing Job Openings to Unemployment Rate. The economy is doing well when the curve is trending up, and the Beveridge value is greater than 1.2, meaning that there are 1.2 job openings for every unemployed person. The Beveridge value is currently 1.0, and the curve is trending slowly downward. Not a good sign!

If we burrow into the US jobs market a little further, we can examine 2 leading indicators for where US employment might be headed. Manufacturing overtime hours gives us an idea of the health of the blue-collar workforce, while employment at temporary agencies gives us an indicator of white-collar workers in the private sector.

Chart 2 shows that manufacturing overtime hours remain at historically low levels, but there has been modest improvement over the past few months. I'd say that manufacturing in the US is doing OK, but is not booming. Automation, including increased use of robotics, is probably fundamentally changing the employment prospects in the manufacturing sector.

Chart 2
US Manufacturing Overtime Hours
 Source: US Bureau of Labor Statistics

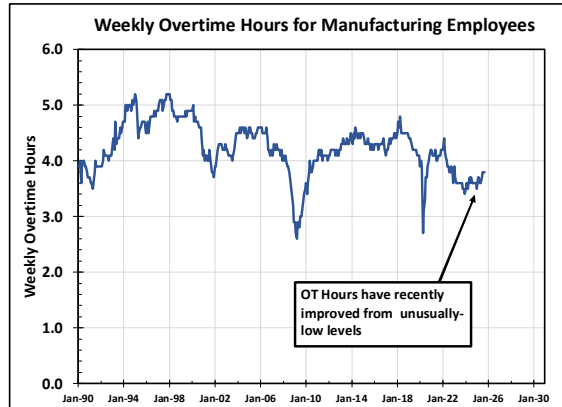


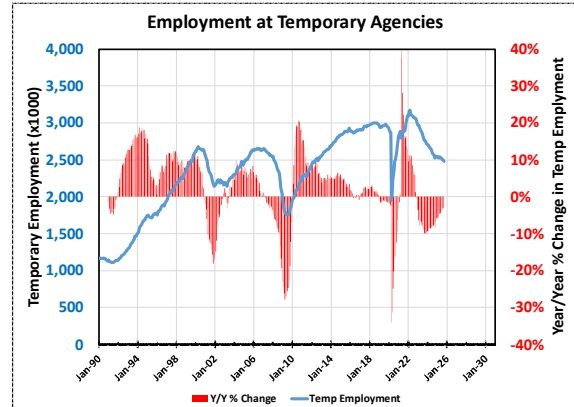
Chart 3 shows that employment through temporary agencies is a continuing disaster. Over 698,000 positions have disappeared from this sector since March 2022, and although the pace of job loss appears to be slowing, actual job losses continue. We might be looking at a permanent structural change. We all know that automated phone systems have replaced actual humans when we telephone businesses, and often there is no receptionist at the entrance to greet us at the door.

The US Federal Reserve has started to slowly decrease interest rates, but the Prime Rate remains quite high at 7.0% (vs 4.45% in Canada). 90-day Treasury bills are yielding 3.84%, and the US 10-year bond gives bondholders a nice 4.07% yield with no risk of default. Sitting in cash is a good option for those worried about a stock market correction. The latest S&P500 Forward Earnings Estimate projects that US corporate earnings should be up another 16.8% this year. There's a good reason why the US stock market continues to power higher!

The US employment data isn't great. We're definitely not seeing all those jobs that the Trump Tariffs were supposed to be bringing to the US! Perhaps in a perverse way Mr. Market is cheering those job losses as an indicator that US businesses are getting lean and mean, and nice fat profits are going to come their way.

"I think we need to get back to our long-term allocations of stocks and bonds if they have become overly weighted towards equities."

Chart 3
Employment at Temporary Agencies
 Source: US Bureau of Labor Statistics



Summing Up

I try to follow the data when I form my opinions, and the stock market data is forcing me to be a very nervous bull. I don't understand why the US dollar is so weak relative to other major currencies, and I don't understand why the Canadian stock market is so strong.

The 2nd year of the US presidential term has historically been a bad year for the stock market (think 2022 as the latest example), and it seems as if President Trump is losing some of his diehard MAGA supporters through his recent domestic actions. The Republicans might lose their majorities in the House and Senate.

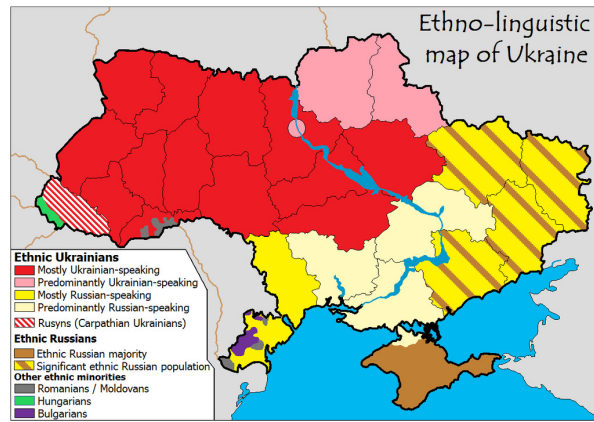
I like the bond market, and a mix of short-term bonds and/or a high interest savings account, coupled with a high yield corporate bond fund, should give solid positive returns.

I think we need to get back to our long-term allocations of stocks and bonds if they have become overly weighted towards equities. Clients with RRIF accounts should ensure that their projected payments for 2026 and 2027 are held in cash or low-volatility investments. I remain a gold bug. I think an allocation of up to 5% in gold bullion is appropriate.

Ukraine: A Failed Bilingual Country

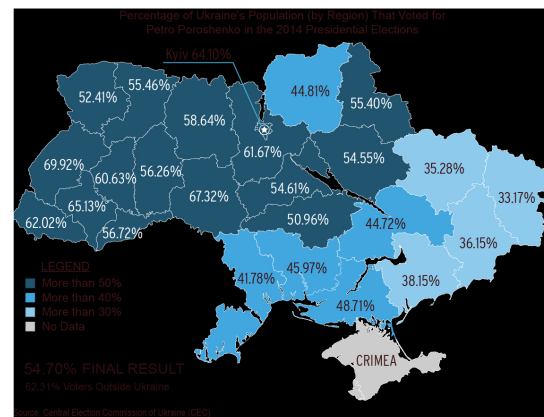
Languages Spoken in Ukraine

Russian in East & South; Ukrainian in North & West;
Other languages along Western Border



Ukraine Political Map in 2014 – After the Maidan Coup & Poroshenko Election

The start of the Ukrainian Civil War



Trump's 28-Point Peace Plan

1. Ukraine's sovereignty will be confirmed.
2. A comprehensive and comprehensive [sic] non-aggression agreement will be concluded between Russia, Ukraine and Europe. All ambiguities of the last 30 years will be considered settled.
3. It is expected that Russia will not invade neighbouring countries and NATO will not expand further.
4. A dialogue will be held between Russia and NATO, mediated by the United States, to resolve all security issues and create conditions for de-escalation in order to ensure global security and increase opportunities for cooperation and future economic development.
5. Ukraine will receive reliable security guarantees.
6. The size of the Ukrainian Armed Forces will be limited to 600,000 personnel.
7. Ukraine agrees to enshrine in its constitution that it will not join NATO, and NATO agrees to include in its statutes a provision that Ukraine will not be admitted in the future.
8. NATO agrees not to station troops in Ukraine.
9. European fighter jets will be stationed in Poland.
10. US guarantee:
 - The US will receive compensation for the guarantee.
 - If Ukraine invades Russia, it will lose the guarantee.
 - If Russia invades Ukraine, in addition to a decisive coordinated military response, all global sanctions will be reinstated, recognition of the new territory and all other benefits of this deal will be revoked.
 - If Ukraine launches a missile at Moscow or St. Petersburg without cause, the security guarantee will be deemed invalid.
11. Ukraine is eligible for EU membership and will receive short-term preferential access to the European market while this issue is being considered.
12. A powerful global package of measures to rebuild Ukraine, including but not limited to
 - The creation of a Ukraine Development Fund to invest in fast-growing industries, including technology, data centres, and artificial intelligence.
 - The United States will cooperate with Ukraine to jointly rebuild, develop, modernise, and operate Ukraine's gas infrastructure, including pipelines and storage facilities.
 - Joint efforts to rehabilitate war-affected areas for the restoration, reconstruction and modernisation of cities and residential areas.
 - Infrastructure development.
 - Extraction of minerals and natural resources.
 - The World Bank will develop a special financing package to accelerate these efforts.

13. Russia will be reintegrated into the global economy

- The lifting of sanctions will be discussed and agreed upon in stages and on a case-by-case basis.
- The United States will enter into a long-term economic cooperation agreement for mutual development in the areas of energy, natural resources, infrastructure, artificial intelligence, data centres, rare earth metal extraction projects in the Arctic, and other mutually beneficial corporate opportunities.
- Russia will be invited to rejoin the G8.

14. Frozen funds will be used as follows: \$100 billion in frozen Russian assets will be invested in US-led efforts to rebuild and invest in Ukraine. The US will receive 50% of the profits from this venture. Europe will add \$100 billion to increase the amount of investment available for Ukraine's reconstruction. The remainder of the frozen Russian funds will be invested in a separate US-Russian investment vehicle that will implement joint projects in specific areas. This fund will be aimed at strengthening relations and increasing common interests to create a strong incentive not to return to conflict.

15. A joint American-Russian working group on security issues will be established to promote and ensure compliance with all provisions of this agreement.

16. Russia will enshrine in law its policy of non-aggression towards Europe and Ukraine

17. The United States and Russia will agree to extend the validity of treaties on the non-proliferation and control of nuclear weapons, including the START I Treaty.

18. Ukraine agrees to be a non-nuclear state in accordance with the Treaty on the Non-Proliferation of Nuclear Weapons.

19. The Zaporizhzhya [sic] Nuclear Power Plant will be launched under the supervision of the IAEA, and the electricity produced will be distributed equally between Russia and Ukraine — 50:50.

20. Both countries undertake to implement educational programmes in schools and society aimed at promoting understanding and tolerance of different cultures and eliminating racism and prejudice

- Ukraine will adopt EU rules on religious tolerance and the protection of linguistic minorities.
- Both countries will agree to abolish all discriminatory measures and guarantee the rights of Ukrainian and Russian media and education.
- All Nazi ideology and activities must be rejected and prohibited.

21. Territories:

- Crimea, Luhansk and Donetsk will be recognised as de facto Russian, including by the United States
- Kherson and Zaporizhzhia will be frozen along the line of contact, which will mean de facto recognition along the line of contact.
- Russia will relinquish other agreed territories it controls outside the five regions.
- Ukrainian forces will withdraw from the part of Donetsk Oblast that they currently control, and this withdrawal zone will be considered a neutral demilitarised buffer zone, internationally recognised as territory belonging to the Russian Federation. Russian forces will not enter this demilitarised zone.

22. After agreeing on future territorial arrangements, both the Russian Federation and Ukraine undertake not to change these arrangements by force. Any security guarantees will not apply in the event of a breach of this commitment.

23. Russia will not prevent Ukraine from using the Dnieper River for commercial activities, and agreements will be reached on the free transport of grain across the Black Sea.

24. A humanitarian committee will be established to resolve outstanding issues:

- All remaining prisoners and bodies will be exchanged on an 'all for all' basis.
- All civilian detainees and hostages will be returned, including children
- A family reunification programme will be implemented
- Measures will be taken to alleviate the suffering of the victims of the conflict.

25. Ukraine will hold elections in 100 days.

26. All parties involved in this conflict will receive full amnesty for their actions during the war and agree not to make any claims or consider any complaints in the future.

27. This agreement will be legally binding. Its implementation will be monitored and guaranteed by the Peace Council, headed by President Donald J. Trump. Sanctions will be imposed for violations.

28. Once all parties agree to this memorandum, the ceasefire will take effect immediately after both sides retreat to agreed points to begin implementation of the agreement.