<u>**The Outlook: Nov. 11, 2025**</u>

As always, it's "headlines and impressions" versus "the whole picture" and Golden Rules.

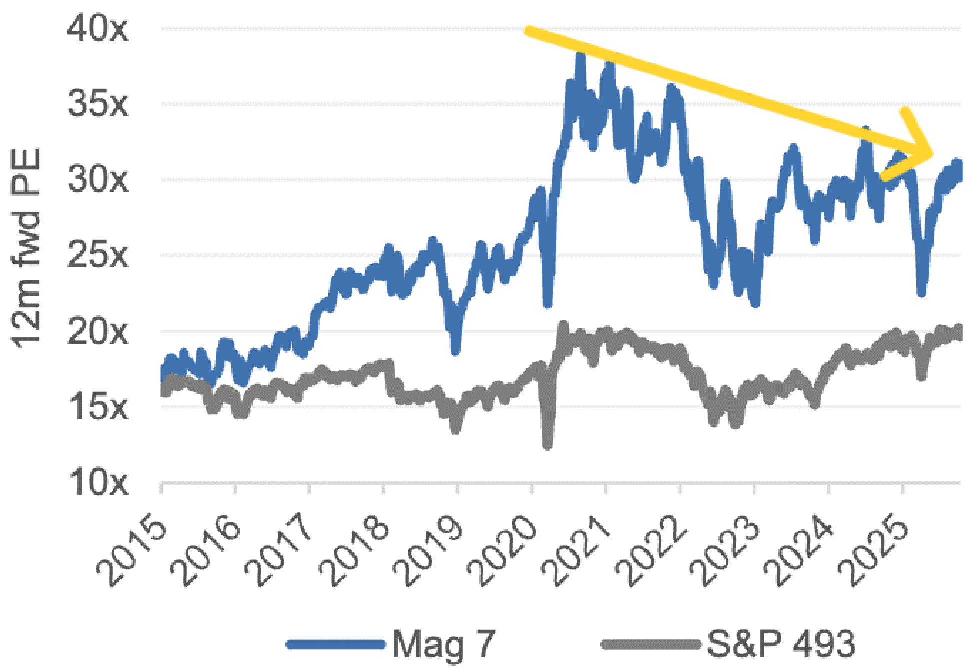
There must be a "Golden Rule" about "Golden Rules." Surely it's this: ***"The harder it is for us to stick with a Rule . . . the more good it does us."***

Outlook's clients have heard, all too often, that we must "Never let headlines and impressions do our thinking for us." That Rule is right up there near the top of the pyramid when it comes to "Rules to Live By." But at Outlook we are struck, every single day, by how hard it is to stick with this Rule. The trouble is that we investors are so completely surrounded by bellowing headlines and cocksure experts that the human part of us keeps asking, mildly, "But how can they <u>all</u> be wrong? How can they all be wrong, all the time?"

They are indeed almost all wrong, almost all the time. Why? Because, in a nutshell, the truth about anything is only found in "the whole picture" which takes a lot of time and effort to uncover—time and effort we seldom feel we can spare. We want certainty, and we want it fast and easy, so countless people and organizations are willing to supply it . . . or say they're supplying it, anyway. Here are a couple of pictures.

As Outlook has noted too often, 2025 has been "the Year of the AI Bubble:" that is, the Year everybody with a keyboard has been shouting that we're seeing a Bubble, and no good will come of it. Along came one of those "whole picture" fellows, the other day, who gave us this fact: as a whole, Big Tech's fabulous stock gains, this year, <u>have come entirely from profit gains</u>. Not one particle of it has come from wild-eyed investors bidding valuations up to those "Bubble" heights. That's the meaning of the double green arrow up there. One more picture (which we've noticed before):

Figure 15: AI Mag 7 Valuations Are Not Stretched



Source: Factset, Evercore ISI Research

The blue line (and yellow arrow) are the price/earnings multiples of those Celebrity Tech stocks which have been the main target of the “Bubble! Watch Out Below!” crowd. Pretty startling. If there’s a 5-year trend in those Celebrity Valuations, it is <u>down</u>. Down from 40 times earnings to 30 times. Yes. They have been making money hand over fist, year after year . . . and the market crowd has valued them more cautiously, year by year . . . <u>not</u> more enthusiastically.

The “whole picture” usually reveals a truth we would never have guessed, from the daily noise and the impressions we can’t help but get from the noise. These pictures are a great example. They do <u>not</u> tell us the Artificial Intelligence Engine is a one-way ride to future glory. Nothing ever is . . . even Engines with the power to drive Main Street along at higher speed for a long time to come. But they do tell us that so far, the bulk of the companies leading the “AI Boom” are <u>earning</u> their positions at the front of the parade: earning them with profits and with cash to be invested for the future, and handed back to us shareholders.

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