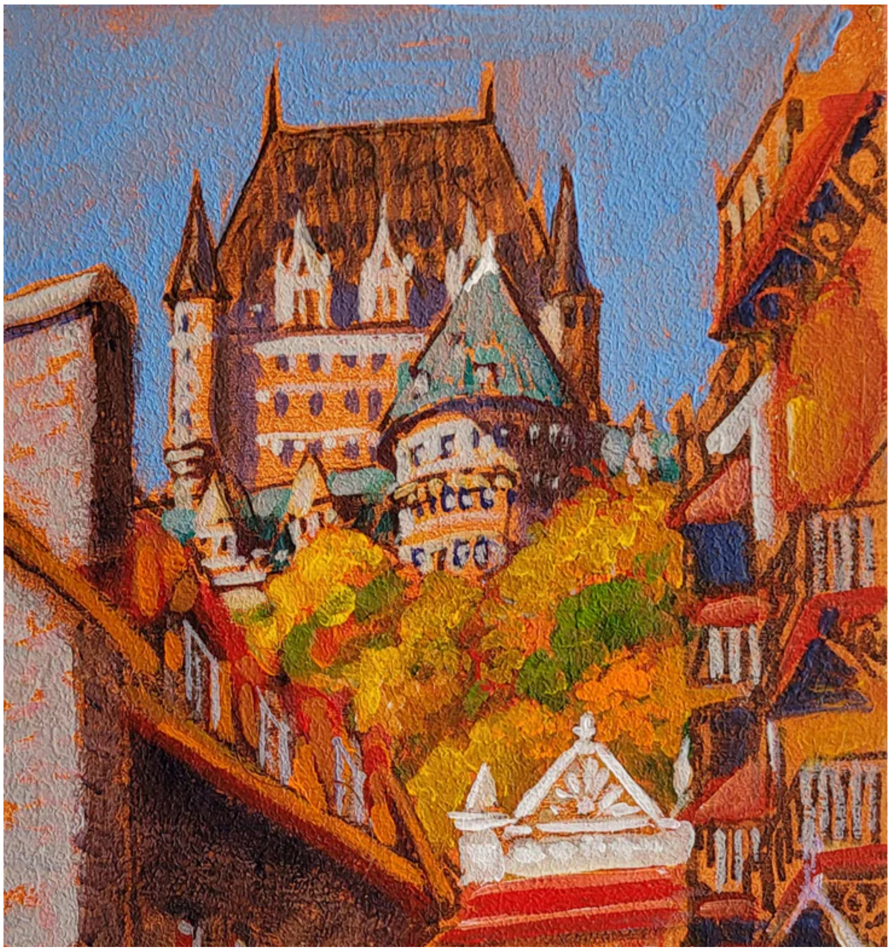
2025



Place Royale - Old Quebec City

2025, acrylic on panel

JAN POYNTER

Annual Update

K.P's return for Q4 2025 was 6.55%, ending the year with a gain of 17.41%. The benchmark, VFV, returned 1.23% in Q4 2025 and 12.24% for the year.

Date	Portfolio[1]	VFV[2]	Relative
Q1 2025	0.98%	(4.24%)	5.22%
Q2 2025	2.28%	4.85%	(2.57%)
Q3 2025	6.69%	10.43%	(3.73%)
Q4 2025	6.55%	1.23%	5.32%
2025	17.41%	12.24%	5.17%

The portfolio held 9.5% in cash, and the equity holdings were as follows as of market close on December 31, 2025:

#	Symbol	Cost/Share[3]	Market Price	Return	% of Portfolio
1	BRK.B	$439.11	$502.70	14.48%	24.43%
2	GOOGL	$152.55	$312.94	105.14%	19.26%
3	ABVX	$86.35	$134.81	56.13%	12.66%
4	AMZN	$193.52	$230.82	19.28%	11.96%
5	CSU.TO	$3,646.75	$3,301.40	(9.47%)	7.79%
6	TVK.TO	$157.65	$163.97	4.01%	7.74%
7	VFV.TO	$140.35	$166.58	18.69%	5.90%
8	IGIC	$23.88	$25.04	4.85%	4.87%
9	ONDS	$4.10	$9.79	138.71%	3.49%
10	MIST	$2.02	$1.95	(3.36%)	1.90%

[1] Portfolio returns are money-weighted and net of fees, including exchange and trading costs. It also accounts for currency fluctuations.
[2] VFV returns are sourced from the official Vanguard website: https://www.vanguard.ca/en/product/etf/equity/9563/vanguard-sp-500-index-etf.
[3] Per-share costs are calculated on a net basis.

A Review

The global economy in 2025 was not defined by growth or collapse, but by tension. Inflation did not go away. Supply chains did not fully heal. And politics stayed loud. Central banks tried to balance growth with control but bonds moved sharply and equities followed.

Geopolitics mattered more than usual. Trade friction between the U.S. and China intensified, especially around semiconductors, rare earths, and energy. These are no longer just inputs. They are strategic assets. That shift alone explains much of what worked and what did not during the year.

Compute became one of the clearest bottlenecks. Demand for advanced graphics chips surged as AI training and data center buildouts accelerated. Companies were not experimenting anymore. They were building real infrastructure. Storage followed the same path. NAND demand rose as data volumes kept growing across cloud, enterprise, and consumer systems. This was not hype-driven demand. It was operational.

Conflict reinforced the trend. Drone warfare and autonomous systems became central in ongoing military engagements. Procurement rose sharply in surveillance and tactical hardware. War, once again, pushed technology forward faster than peace ever does.

Energy stayed uncomfortable. Renewables advanced, helped by policy and better battery systems, but they ran into physical limits. Fossil fuels remained necessary. Oil prices moved violently as Middle East tensions and production discipline collided with steady demand. The message was simple. Transition does not mean replacement. It means overlap.

The stock market reflected all of this. Large technology firms with real earnings pulled ahead. Smaller and weaker businesses fell behind. Financials regained relevance as higher rates rewarded strong balance sheets and punished fragile ones. This was not a broad rally. It was selective.

Inflation eased from its highs but stayed sticky where it mattered most. Food. Housing. Labor. Consumer confidence softened. Labor disputes spread across Europe and parts of North America. Emerging markets struggled under currency pressure as higher global rates exposed debt weaknesses.

By the end of 2025, the larger theme became clearer. Trust in fiat systems weakened at the margins. Not collapsed, but questioned. Elections grew more polarized. Fiscal deficits widened. Sanctions and trade barriers increased. Countries have diversified reserves. Capital looked for things that could not be printed.

This shift showed up in real assets. Gold and silver continued to attract demand, not from panic, but from repositioning. Central banks bought quietly. Investors followed more slowly. Other materials like copper, uranium, and rare earths gained strategic value as production constraints became harder to ignore.

Looking toward 2026, that is the environment the portfolio is preparing for. Less faith in promises. More attention to what produces, stores, and moves real value.

The Portfolio
The core holdings of the portfolio remained unchanged from 2024.

Starting off with Berkshire Hathaway, while many are concerned about how the firm will evolve under new leadership, it is important to recognize that Mr. Abel's leadership is what Buffett wants for Berkshire's future. Selecting him as CEO, in my mind, should be considered the most significant investment decision Buffett has ever made. In Mr. Abel's hands are 60 years of reputation built on blood, sweat, and tears. With two of the best minds of M&A in our century, one ought to believe their successor is none other than the best of the best, or at least someone with the potential to outshine the past. Given Berkshire's massive cash position, the risk of permanent loss of capital remains very low.

Next is Google. I have long believed that Google has led the race in artificial intelligence. My view partly comes from my background in electrical engineering and being involved in the gaming community in my youth. Years ago, the gaming community watched AI beat the best StarCraft II players and, soon after, conquer the game of Go. These achievements were led by none other than Google. Google has been investing in talent and foundational technology long before AI became mainstream through LLMs. Those who followed the industry and company closely knew that the consensus that Google was falling behind was baseless. They have been visionaries from the start, and have never let their position go. Beyond headline milestones, their advantage has also been structural, with deep research capacity, specialized infrastructure, and the ability to turn models into products used at global scale. I believe they will continue to hold this place until the dawn of true digital intelligence emerges.

Moving on to Amazon. Among the major cloud service providers, they were the first to recognize the need for centralized computing and to move decisively, building an early lead by committing capital and infrastructure at a scale. Today, Amazon holds an edge by being more open to the use of nuclear energy than any other major provider. Nuclear-powered data centers are inevitable, as their throughput efficiency and long-term cost profile make nuclear an unmatched energy source for high-intensity computing. Traditional utilities, constrained by regulatory complexity and the obligation to serve broad populations, cannot realistically pursue projects at the scale and speed required for hyperscale data centers, whereas companies like Amazon have the freedom, balance sheet strength, and operational focus to invest in such initiatives with far fewer hurdles. Anyone with a basic understanding of physics and engineering knows that mastering nuclear and solar energy is central to humanity's future, and AWS is moving quickly and deliberately to incorporate nuclear energy into its cloud infrastructure. Others will follow, but I do not believe they will move with the same speed or conviction.

Lastly, Constellation Software. They are a conglomerate that acquires vertical market software (VMS) companies. The company has recently experienced its largest drawdown since its founding due to concerns that AI code generation might replace the need for the VMS businesses Constellation seeks to acquire, but I believe this fear is misplaced. No matter how advanced tools become, there will always be a need for people who can organize information into functional, market-specific applications, and customers who do not wish to develop these specialized skills themselves will continue to pay those who can. The primary change will be the speed of execution for skilled engineers, not the elimination of the work itself. In fact, advances in AI are likely to produce an even larger wave of niche software companies, as engineers will be able to turn ideas into consumable software products in exponentially shorter time frames. While current AI tools cannot yet replace the high-level engineering required to build and maintain these systems, that moment will eventually come. When it does, software will remain a powerful cash generator for those who can structure complex information into packaged solutions, and Constellation will be well positioned to acquire the winners and help them grow.

Now, moving on to the smaller holdings where things get a little more interesting.

IGIC is an underwriting specialist with a management team that has a clear understanding of their circle of competence. They prioritize the quality of a policy over the quantity of premiums. Their history proves this:

when market conditions in aviation or professional indemnity soured, they walked away from tens of millions in premiums to protect their bottom line. Most companies are too afraid of looking "smaller" to cut their top line, but IGIC does it repeatedly because they know that in insurance, revenue is vanity if the risk is mispriced.

This discipline shows up in the numbers. Even with currency volatility masking their performance, IGIC maintained a combined ratio under 80% in 2024, and the underlying operations remained strong through 2025. Unlike bureaucratic giants, IGIC is small and specialized enough to pivot capital in real-time. With experts on the ground in hubs like London and Dubai, they have the technical knowledge to be price setters rather than price takers. Furthermore, IGIC operates without debt. Earning a 20% ROE while remaining unlevered is almost unheard of in this industry. While others manufacture returns through leverage, IGIC earns it through pure underwriting quality. Plus, the management thinks like owners, repurchasing shares only when the economics make sense. By combining a fortress balance sheet with rare technical discipline, they have built a business that quietly compounds value year after year.

Last but not least, TerraVest Industries. TerraVest is a serial acquirer in what most would call the boring corners of the market. They manufacture things like home heating products, propane tanks, and fuel transport equipment. These businesses are often cyclical and capital-intensive, which is exactly why TerraVest can buy them at reasonable prices and then improve them. They do not rely on a growth wave. Instead, they earn better returns on capital in niches that others ignore.

The thesis for TerraVest rests on two pillars. First is their track record of buying and fixing niche industrials. Since 2014, they have completed over two dozen deals, usually at very low multiples, then driven margin improvements through integration. In several past deals, they have turned a $35 million equity investment into $19 million in after-tax free cash flow. Second is the nature of the markets they play in. Making industrial storage tanks is a difficult business to enter because it requires heavy investment and carries high regulatory burdens, creating a real barrier to entry. TerraVest uses its scale to buy steel cheaper and spread fixed costs, making them a low-cost and dependable supplier in fragmented markets.

EnTrans International is TerraVest's largest deal to date and brings in major brands like Heil and Polar Tank Trailer. While they paid a higher multiple than their usual deals, the scale and quality of EnTrans are also much higher. If management can apply their usual cost discipline here, it should support a new leg of long-term compounding.

It should also be noted that TerraVest has taken on debt and issued shares for some of these deals. Management took advantage of the high market valuation of its equity and continuously diluted shareholders. While this practice is not ideal, if the culture remains intact and capital allocation stays disciplined, TerraVest will likely grow per-share free cash flow above the market return for a very long time.

Overall, I am comfortable holding these core positions over the next five years. While I do not expect them to beat the market by an extreme margin, I am confident they will match or modestly outperform the long-term average. Given my circle of competence, I believe this portfolio offers the best risk-adjusted returns available to me right now.

Mistakes
Mistakes are part of investing. The expensive ones usually have the same cause. Not bad luck, but weak process and poor judgment under pressure.

My investment in Alibaba was one of the worst mistakes I have made. I first bought the stock around $200 per share, when optimism around China's consumer growth and Alibaba's dominance was still widespread. As regulatory pressure increased and the stock fell, I averaged down to roughly $150. I believed the market was overreacting. Many others did too. That mattered more to me than it should have.

The story sounded convincing. Alibaba looked cheap. The business still worked. The view was that Beijing would eventually ease up and valuations would normalize. I accepted that view without owning it fully myself.

The stock traded below $100 for a long time. I exited slowly over the next two years and sold the remaining shares in the second quarter of 2025 when it briefly recovered to around $120. By the end, the damage was clear. The position cost me roughly 20% of my net worth.

The mistake was not buying Alibaba. It was building borrowed conviction. I relied too much on external validation and not enough on my own understanding. When pressure rose, the thesis could not hold. Regulatory risk, political uncertainty, and slowing growth were not abstract risks anymore. And I was not prepared to carry that weight.

Borrowed conviction disappears quickly when things go wrong. If the idea is not fully yours, you will not defend it well, and you will not exit cleanly either.

This experience also highlighted the importance of a real feedback mechanism. Warren Buffett has always had one. His letters force clarity. The meetings create accountability. And Charlie Munger was there to challenge assumptions before mistakes became permanent. That kind of friction matters.

Most investors do not have that. I did not. Without a feedback loop, it is easy to mistake agreement for truth. Confirmation replaces analysis. You stop asking hard questions because the crowd already answered them for you.

A feedback system does not prevent every mistake. Nothing does. But it helps avoid the unforced ones. The ones driven by imitation, ego, or mental shortcuts.

Alibaba will stay with me as a reminder. I cannot borrow someone else's temperament. I cannot outsource conviction. What I can do is slow down. Write things out. Stress-test assumptions.

Investing does not reward brilliance as much as it rewards discipline. The goal is not to avoid mistakes. It is to make sure the mistakes you do make come from ideas you truly understood and accepted, not ones you borrowed when they felt safe.

Quote of The Year
"Change is inevitable. Growth is optional"
By John C. Maxwell

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Thank you for taking the time to read this update. Though not investment advice, I hope it was a time well spent. I wish a great 2026 to everyone.