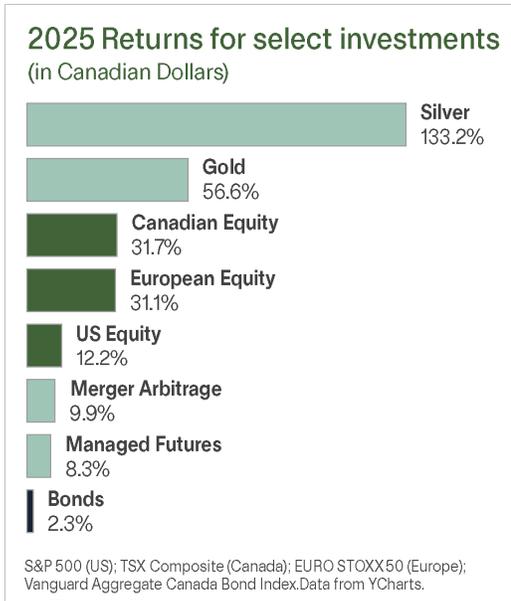


Quarterly Update

Fourth Quarter of 2025

What's *Current*?



Investment returns were strong in 2025. There were a few bumps along the way, but if you zoom out and focus on the full year return, things went better than average.

The historical average annual return for the Canadian equity market is 8 or 9%. In 2025, the return was 31%. This is the third year in a row well above average.

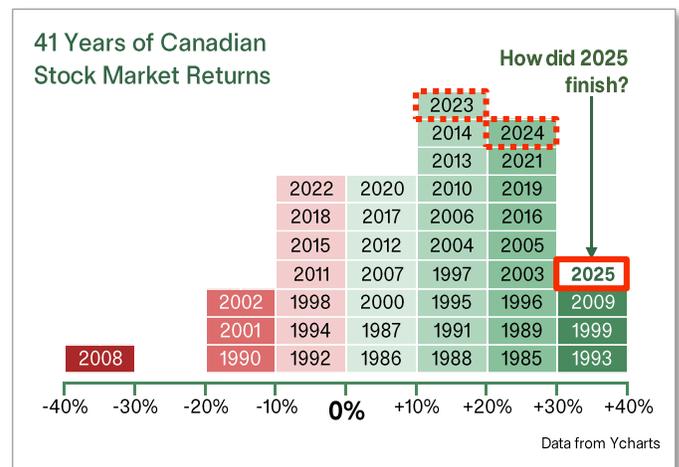
The Canadian Equity component of the Current Wealth Investment Strategy – the investments we chose for your portfolio - returned 40%. That's 9% more than the broad Canadian market. In a year of excellent returns, we packed in an extra year of growth.

The sun shone and hay was made. As you heard last quarter, we turned that success in protection as we used profits to shore up reserves of stable investments. To start 2026, our investment strategy is mostly unchanged. The plan is:

1. Hold a healthy reserve of stable assets that's sized to your needs.
2. Invest the rest of your portfolio in a diversified strategy so you continue to participate the future upside of the market.
3. Limit the amount invested in over-valued sectors of the economy.

We plan to keep our defensive stance until the market presents us with suitable opportunities. With no major changes on the horizon, the rest of this letter looks a but further down the road to a few themes that could capture the market's attention in the years to come – childish valuations of AI companies and emerging stories about the of material constraints of our planet earth.

Here is a look into the future, *inspired by verse*.



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“Doctor, Doctor, give me the news. I’ve got a bad case of loving you.”
- Moon Martin (popularized by Robert Palmer)

The market has a bad case of loving artificial intelligence and it might be hard to cure.

Let me explain. Imagine that your neighbour’s kid runs a lemonade stand, but they want to exit the industry. The kid offers to sell you the whole operation for \$500. You ask how much lemonade they sold last year. The kid says, “ten dollars.” Do not take the deal. It would take you 50 years to make your money back and only if you spent no money on lemons, sugar, ice, cups, and taxes.

Then there’s Palantir, a software company highlighting the hype in technology companies. The total value of all company shares is \$423 billion and last year their sales totaled \$4 billion (rounded up).

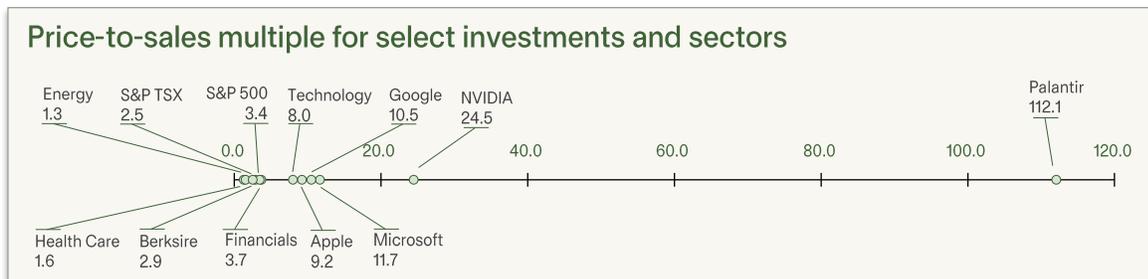
That means shareholders are comfortable paying a multiple of 100x the company’s annual sales, implying the company needs to give shareholders **every single dollar they make for more than 100 years** before shareholders break even. Who would buy this lemonade stand?

The multiple for NVIDIA – the chipmaker at the centre of the AI hype – is 24x. Even that is absurd given the long-term average for the S&P 500 is around 1.8x (‘one point eight’). Today, the overall ratio for the S&P 500 is closer to 3.4x.

Evidence shows a growing disconnect between the price investors are willing to pay for shares of technology companies and the future earnings that company shares represent. This disconnect is the number one symptom of a stock market bubble. The problem is that people can keep paying outlandish prices as long as they want to. Nobody is forced to care. Doctor, find this market a cure.

We mentioned the bubble last quarter and admitted we didn’t know how close we are to it bursting. Sorry to disappoint; that’s still the case. The success of our investment strategy does not rely on the bubble expanding, nor will it be ruined if the bubble bursts.

While AI algorithms will play no small role in our future, a bigger story is brewing. With or without AI, we think this theme will ultimately decide the direction of global economics, politics, and financial markets. It is the scarcity of the materials we use to build our civilization.



“You know that we are living in a material world and I am a material girl.” - Madonna

If oil was the blood of the economy in the 20th century, **copper** is nervous system of the 21st. The problem is we plan to use more of it than we can get.

We have mined about as much copper in the first quarter of this century than in the entire 20th century (both figures are around 900 billion pounds). Last year, we mined around 50 billion pounds, and we need to pick up the pace to meet global plans to build-out energy and computing systems:

- **AI datacentres:** Tech folks have ambitious plans to build trillions of dollars of datacentres in the next decade. Translating those plans into materials, analysts estimate copper demand from datacentres will rise by around 1 billion pounds per year, possibly more.
- **Wind Power:** Global wind turbine installations reached 117 GW in 2024 (more than 20,000 turbines) and could run at upwards of 175 gigawatts per year by 2030. The excess copper demand will probably be in the order of 1.5 to 4 billion pounds per year. Some depends on the mix of on-shore vs off-shore and what designs are used.
- **Solar Power:** Solar added 600 gigawatts of new energy capacity in 2024. Those panels the space of more than a million CFL football fields and used somewhere from 3 to 6 billion pounds of copper. By 2030, credible projections are pushing 1,000 gigawatts of new solar capacity each year, which will use at least an extra 2 billion pounds of copper per year.
- **Electric Cars:** This one might sting. An average gas car contains 50 pounds of copper. An average EV has closer to 180 pounds. Humans hope to sell 40 million EVs per year by 2030. I'll save you the quick math: that's an extra 5 billion pounds every year.

These are high demands compared to how much we mine, and unfortunately, the quality of copper ore in existing mines is deteriorating and it takes more than 16 years to get a new mine operational.

You might ask why we don't just recycle what we have. Great question!

Copper needs to be incredibly pure to be used in electronics or transmission lines. Contaminants decrease efficiency and cause the copper to heat up. Achieving such high purity from scrap is possible, but it is expensive and energy-intensive. Today, we still rely primarily on freshly-mined ore.

From an investor's standpoint, it can be hard to capitalize on this opportunity. Copper is usually in ore that contains other metals. There are few pure play copper producers because the largest copper miners produce even more iron ore than they do copper.

“Here comes the sun, doo-doo-doo. Here comes the sun, and I say, ‘It’s all right’” – The Beatles

If copper is the nervous system of the world, then **aluminum** is the skeleton. Aluminum is a light-weight metal and an important part of humanity’s plans to reduce our reliance on fossil fuels. You won’t be surprised that solar power is among the fastest growing uses of aluminum.

More than helping us collect energy, we are using aluminum to help us use energy more efficiently. Lighter cars run on less fuel and lighter building materials are easier to ship and assemble at scale. It’s clear: to use less dirty energy, we need to use more aluminum...but that’s also the problem.

Our challenge with aluminum isn’t getting it out of the ground – it’s plentiful – the issue is that the refining takes too much energy. The aluminum is trapped inside a rock.

It’s a catch 22: We can’t produce the aluminum we need without using the energy we’re trying to save. Here comes the sun, but using solar panels comes with a trade-off.

For the last few decades, China was happy to be the world’s biggest aluminum producer, mostly relying on dirty coal-fired energy. Doing their part to help the climate, in 2017, China introduced a cap on aluminum production and current output is running close to the limit.

That’s where this story meets financial markets. If China sticks to its cap, the rest of the global aluminum sector would see demand increase. That could present an opportunity, but if China removes the cap, supply could flood the market and keep prices lower.

“Don’t stop me now. I’m having such a good time, I’m having a ball” – Freddie Mercury

All three of the topics we discussed – AI valuations, copper, and aluminum – leave me thinking the same thing: Should we slow down? Do we have our material priorities straight?

- Investors have taken a liking to AI stocks, but it’s not clear that the companies are going to be as profitable as people expect. New AI models are coming fast. In a few years, we might have AI that use a fraction of the computing power. That could deflate the bubble quickly.
- You have to question the wisdom of using so much copper and other materials to build massive datacentres with only a foggy idea of what the technology will look like in one year, let alone generations from now. After all, Earth has finite resources.
- We focused on aluminum in solar panels, but the main uses of aluminum are vehicles, buildings, the electric grid, and beverage containers. Do all these things really belong in the top four?

Of course, as a portfolio manager, the goal is to invest based on what might happen, not what you think should happen. We’ll keep an eye on these stories as they evolve.

Our news

Stay tuned for more to come from Current Wealth Advisors. In the meantime, check us out online and on social media.



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