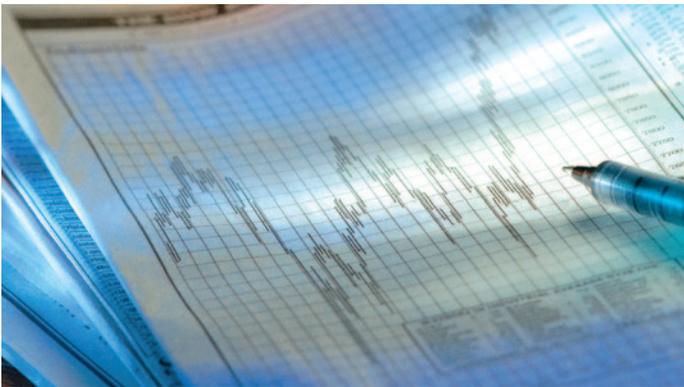


GoodQuarter

WINTER
2012



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Dear Valued Client,

Although 2011 had its share of challenges, our clients' portfolios performed strongly through a period of heightened market volatility. Over the year, the value of the equities in our managed accounts increased by approximately 10%, while our fixed income holdings gained roughly 6%. In addition, our proprietary pooled fund, Good Opportunities Fund, increased 14.5% over the 12-month period ended December 31, 2011. Conversely, over the same one-year period, the S&P/TSX Composite Index was down roughly 8.7%, and the S&P 500 Index was up 2.1%.

Balanced Portfolio

YTD	1 year	3 year	5 year	Inception
7.4%	7.4%	12.2%*	5.1%*	6.4%*
2011	2010	2009	2008	2007
7.4%	8.9%	21.0%	-14.3%	5.7%

*Annualized

Equity Balanced

YTD	1 year	3 year	5 year	Inception
8.1%	8.1%	13.2%*	3.9%*	6.5%*
2011	2010	2009	2008	2007
8.1%	12.5%	19.3%	-23.5%	8.9%

*Annualized

The GFI investment strategy applies a simple, yet effective, approach to investment management with a focus on quality companies that benefit from limited competition, strong balance sheets and a long-term time horizon. While this strategy will not always be in vogue, it helps ensure the preservation of capital with less volatility than other - more aggressive - investment

styles. We are confident that other approaches will have their day sometime soon. However, we will remain steadfast in our methodology and will continue to focus on preserving and growing your capital.

Of Trade Confirmations and TFSAs

We would like to take this opportunity to let you know that if you find the mail you receive from us and your custodian overwhelming, you have the option of suppressing your GFI trade confirmations and receiving only your monthly statements. If you are no longer interested in receiving trade confirmations, please call Jeff at our office at 416.488.8825 to let him know.

Now that we have entered a new year, each Canadian over the age of 18 is eligible for another \$5,000 of Tax-free Savings Account (TFSA) contribution room. Please call our office today to arrange your 2011 TFSA contribution. You will hear from our office shortly regarding your Registered Retirement Savings Plan (RRSP) contributions (where applicable).

We look forward to catching up with many of you in the coming months to discuss your investment portfolios.

Warm regards,



Daniel Goodman, CFA
President and Chief Executive Officer



Effie Wolle, CFA, MBA
Vice President, Investments

Investment Performance

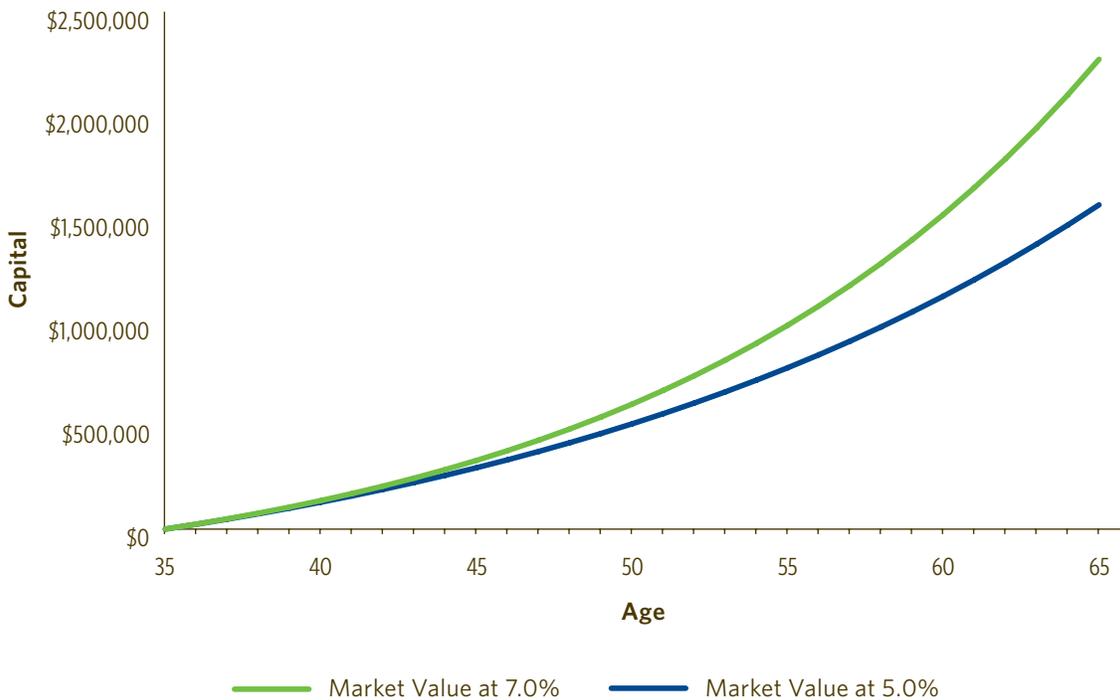
What a difference 2% per year can make!

Below is a chart showing an example of the accumulation of two tax-deferred investment accounts over 30 years. The chart assumes that, starting at 35 years of age, an individual contributes \$22,450 for 30 consecutive years, and ceases contributing at the retirement age of 65.

The green line represents a 7% annual rate of return, while the blue line represents a 5% annual return. At retirement, the investor who accumulated capital at 7% has roughly \$2.27 million, while the investor who earned 5% accumulated \$1.57 million, which is a staggering 45% difference.

Through rigorous analysis, an aversion to loss, and reasonable fees, GFI's goal is to continue to achieve attractive returns to ensure our clients amass the greatest amount of capital possible with their savings.

Capital Growth Over Time



Bullion vs. Stocks

Reaching for gold

Gold as an investment is a unique asset. Gold’s attractiveness lies in its history and its scarcity. Gold is not a liability of a debtor the way a bond is the liability of a government or issuing company. It is these characteristics that have provided gold with increasing value over time. However, gold offers a yield of zero and has no cash flow, making an estimate of its fundamental value a difficult task.

Once the decision has been made to own gold, an investor must decide between owning gold bullion and gold stocks. In 2008, we decided to sell all our gold stocks and purchase gold bullion for GFI’s client accounts. We made this decision because gold companies, as a group, had poor returns on equity, increasing costs, a depleting resource, and expensive – and sometimes underwhelming – management teams.

GFI’s approach has been to purchase a fixed amount of gold to act as ballast in our portfolio of stocks and bonds. Since we made the decision to buy gold in September of 2008, the iShares® Global Gold Index of producers (“XGD”) has increased 58%, versus the 89% currency-adjusted return of GLD, the SPDR Gold Trust, our vehicle for bullion. While we cannot predict the future, we are comfortable holding GLD, as we prefer to own gold itself over owning a gold-producing company. Over our careers, we have seen too many instances of gold companies diluting shareholders, acquiring new deposits at rich valuations, and letting expenses escalate out of control, to comfortably invest your capital in the sector.

XGD vs. GLD



Sources are Yahoo! and Oanda

Gains and Losses

Minimizing taxes is everyone's goal ... including ours

In December, GFI sold a number of our taxable clients' holdings in Canadian Oil Sands Limited and/or EnCana Corp. These transactions were conducted to realize investment losses in taxable accounts where applicable. Over the course of the year, GFI realized gains through the sale of securities that had increased in value. In order to reduce the taxes owed by our clients, we will sell a security at a loss to reduce or eliminate tax. After a mandatory 30-day period, the Canada Revenue Agency permits the repurchase of the shares. This was the case with our sales of the above-mentioned companies.

One of the advantages of segregated accounts with GFI is the customized tax planning we can provide to our clients. As such, we will continue to try to help our clients defer the taxes that they may owe.

Call our office today to learn more about how we are working to reduce your tax burden.

GFI Investment Counsel and GoodFunds

GFI Investment Counsel ("GFI") provides tailored investment portfolios to families, foundations, trusts and corporations. We work closely with our clients to customize investment accounts that coincide with our clients' unique requirements. GFI focuses on preserving and growing client capital through intense due diligence, focus and discipline.

In January 2008, GFI launched the Good Opportunities Fund ("the Fund"), an alternative investment fund available to accredited investors. The Fund is the first in the "GoodFunds" series of investment products. The Fund focuses on a select group of investment opportunities that provide an attractive risk/reward dynamic regardless of asset class or market capitalization. The Fund is managed with a focus on understanding the businesses, their capital structure, and risks and opportunities.

**The highest compliment our clients give us is the referral
of their family, friends, and business associates.**

**If you know anyone who would benefit from working with GFI Investment Counsel,
please refer them to our office, call us at 416.488.8825, or email us at info@gfiiic.com.
Additional information can be found on our website at www.gfiiic.com.**

For more information about GFI Investment Counsel, the Good Opportunities Fund,
or GoodFunds, please call **416.488.8825** or email **info@gfiiic.com**.