GoodFunds
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Second Quarter 2008 Commentary – Good Opportunities Fund

The second quarter of 2008 was a difficult period for global equity markets, but the Good Opportunities Fund (the Fund) had another strong quarter. The Fund's net asset value (NAV) increased from $9.96 to $10.42; a gain of 4.57% net of all fees over the period. The TSX was up 9.09% over the quarter. The S&P 500 was down 3.23%. Year to date, the Fund is up 4.15%, while the TSX is up 5.99%, and the S&P 500 is down 12.83%. The portfolio management team added two new core positions during the quarter, with each now representing approximately 7% of the Fund's total assets. The Fund's net cash balance was reduced to 14.00%.

Attached you will find this quarter's Good Opportunities Fund Fact Sheet. You will notice that the Fund held 34% cash at quarter end. After deducting cash from short sales, however, this figure drops to 14% of Fund assets. While we do not intend to hold 14% cash in perpetuity, we were comfortable using cash as a hedge for what we believe to be a capital market with the potential for further downside. Our cash position will continue to decline as we uncover attractive opportunities trading at what we believe to be reasonable valuations.

One of the Fund's largest holdings at quarter end was Indigo Books & Music Inc. ("Indigo"). Indigo is a ubiquitous Canadian book retailer and, in fact, many Canadians could not name an alternative retailer from whom they will purchase books. We see Indigo as an attractive investment for several reasons including:

1. The company has a pristine balance sheet, with zero debt and over $50 million in cash as of their last reported quarter.
2. Indigo operates a near monopoly. According to the Investment Canada Act, foreigners are not permitted to hold a controlling interest in a book retailer. The Act limits American book retailers' ability to compete by opening their own retail book stores in Canada.
3. Indigo is growing its business aggressively in kids' edu-tainment toys. Recent launches in two stores have proven very successful and a further rollout is underway. Along with its steady book business, entertainment/educational toy lines provide the potential for conservative, high-margin growth.
4. Indigo is majority-owned by Gerry Schwartz and Heather Reisman. Over the past decade, Ms. Reisman has demonstrated her vision and leadership. Mr. Schwartz, who sits on the board of directors, is one of Canada's most successful businessmen.
5. The company remains entrepreneurial. A new store concept called Pistachio is being tested. The company is opening six to eight Pistachio stores to gauge the success of their business models before Indigo aggressively launches the concept nationwide. We see Pistachio as a low-risk way for Indigo to generate additional earnings growth.
6. Indigo does not require additional equity capital. The company's new toy initiatives, along with the Pistachio rollout, can be financed with operating cash flow. And, if required, a seasonal credit line is available.
7. The company trades at a reasonable price and generates strong returns on equity.

We continue to search for companies offering characteristics similar to Indigo's. We will be very selective in our investments, preferring to hold cash in the absence of attractive investment ideas.

Thank you for the opportunity to manage your investment funds. Please contact us if you have any questions.

Sincerely,

Daniel Goodman, CFA
President and Chief Investment Officer