

Fourth Quarter 2008 Commentary – Good Opportunities Fund

The month of December was a welcome change for the fund. The fund gained 2.8% while the TSX lost 2.6% and the S&P increased by 1.1%.

The fourth quarter of 2008 as a whole was not positive for the Good Opportunities Fund. For the quarter, the fund lost 31.8% while the TSX lost 22.7% and the S&P lost 21.9%. For the year ending 2008, the fund lost 44.0%, while the TSX lost 33.0% and the S&P lost 37.0%.

We believe the small cap nature of the majority of our holdings led to a larger loss than the aforementioned benchmarks. Additionally, the fund held short positions in the US treasury market and the US dollar that increased fund losses as both of these markets gained in the face of uncertainty.

The top 7 holdings of the fund account for 70.5% of fund assets. We have written brief commentaries on three of these holdings (Ituran, Indigo, Stamps.com), highlighting the reasons for our investment rationale. In all cases, our logic still holds water. Further comforting us is the excess cash and lack of debt that stands behind each of our holdings, thus significantly reducing bankruptcy risk.

We wanted to highlight the concentration of the fund as it does result in non-index like returns. Although in most cases our fund will have returns that behave in the same direction as the market, the gains and losses will largely depend on our 7-12 core names.

As of January 7th, 2009, the fund is 95% long and 17% short, with private investments comprising 9% of our long position.

Thank you again for the opportunity to manage your investments. Please contact us if you have any questions or concerns.

Sincerely,

Daniel Goodman, CFA
President and Chief Investment Officer