



**GFI Investment Counsel Ltd.**

*Preserving and growing family capital™*

*"A prediction about the direction of the stock market tells you nothing about where stocks are headed, but a whole lot about the person doing the predicting."*

Warren Buffett

## Third-Quarter 2013 Commentary

# Good Opportunities Fund

Good Opportunities Fund gained 3.9% over the third quarter of 2013. The Fund closed the quarter with long holdings of approximately 70% in equities and 7% in convertible debentures. The Fund is short two companies totalling approximately 6% of its assets. Please note that our focus is on ownership of best-in-class businesses that meet our stringent criteria for portfolio inclusion. We do not focus on the management of market exposure, beta or other terms used to identify the stock market as a whole.

Nearly five years have passed and the memory of the 2008-2009 credit crisis is still engrained in our memories. Stock prices plummeted daily, corporate bonds decreased in value and cash was deemed king by the media and many investors. The Fund's value fell in response to this uncertainty. Although it was a difficult period for all investors, we are happy to say that we learned a great deal through those challenging times. We believe we are better investors today having survived that challenging economic event that started five years ago. We have deep conviction about our investment approach thanks in part to the implementation of a proprietary checklist that ensures we consider all the critical issues that can go wrong with an investment. We will never attempt to predict the macroeconomic landscape.

In the third quarter of 2013, the Fund bought the common equity of TD Ameritrade Holding Corporation.

TD Ameritrade operates as an online broker and custodian in the American investment industry, offering a trading platform for do-it-yourself investors, as well as providing custodial and administration services for investment counsellors such as GFI. TD Ameritrade has nearly all of the qualities we look for when researching a potential investment.

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The characteristics of TD Ameritrade that are most attractive to us include:

1. A strong brand in an industry that is dominated by a few large competitors;
2. Recurring revenue in various business lines (interest rate spread, margin loans and trading);
3. Little net debt;
4. Growth emanating from several business lines;
5. Adequate capital to execute its business plan and deploy capital to shareholders through dividends and share buybacks;
6. Significant operating leverage that results in little incremental cost for additional revenue earned; and
7. Significant revenue growth if interest rates rise.

TD Bank Financial Group owns roughly 40% of TD Ameritrade, and has been an excellent shareholder and partner of the company's. We expect the Fund to benefit as TD Ameritrade grows in value over time.

We thank you again for allowing us to manage your assets, and ask that you please contact us with any questions, concerns or recommendations you may have.

Sincerely,

Daniel Goodman, CFA  
President and Chief Executive Officer

Effie Wolle, CFA  
Vice President and Co-Chief Investment Officer

A redemption charge may be charged on units tendered for redemption within the first year following their purchase at the rate of 2.5% during the first 90 days, 2% during days 91-180 and 1% during days 181-365. See "Redeeming Units - Short Term Trading Fee" in the Fund's Offering Memorandum.

Please review the Good Opportunities Fund Offering Memorandum for detailed descriptions of strategies, objectives, and risk factors. The above is provided for informational purposes only and is qualified in its entirety by the Fund's Offering Memorandum. Past performance may not be indicative of future results and there is no assurance that any of the Fund's investment objectives will be met.

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