



GFI Investment Counsel Ltd.

Preserving and growing family capital™

Fourth-Quarter 2013 Commentary

Good Opportunities Fund

Happy New Year to all our unitholders!

Good Opportunities Fund gained 5.1% over the fourth quarter of 2013, and 22.5% in the calendar year ended December 31, 2013. The Fund closed the quarter with long holdings of 78% in equities and 7% in convertible debentures. The Fund is short one company totalling 3.8% of assets.

As our Fund Facts sheet illustrates, net of all fees and expenses, the Fund's long investments returned 24.0%, while our short holdings detracted 1.1% from returns. Our portfolio-protection strategy further reduced returns by 0.4%. All of the Fund's returns were driven by our long holdings. Regardless, when we see an opportunity to profit from selective shorts, we act. In 2013, one short position was profitable, while two were not. We will continue to short companies that we believe will contribute to Fund performance – without exposing our clients to excessive risk.

In terms of portfolio protection, we purchased a small amount of insurance (puts) in an index at a price we deemed to be attractive. To date, these puts have lost value. They have not yet expired, although we consider their prospects dim. Anytime we do not make a claim on an insurance policy, we are better off in aggregate.

We want to remind readers that our Good Opportunities Fund is a concentrated investment vehicle. The Fund generally owns 10 to 15 investments, as we believe ownership of well-researched, well-understood businesses is an investment approach that will outperform over time.

One such great business that we recently purchased is Whistler Blackcomb Holdings Inc. The company has an excellent asset with significant barriers to entry. Whistler Blackcomb's combination of local skiers (within a 500 kilometre radius) and those who are willing to make the long-distance trip provides the company with revenue diversification. The company has significant operating leverage, as each additional skier is serviced at a marginal additional cost. Whistler Blackcomb recently reduced its interest expense by refinancing the company's debt facility. This gives management the option of improving its facilities and growing revenue, as well as possibly increasing the company's already reasonable dividend. The company has been able to increase prices when it believed this was required, and has growth possibilities as it increases the amount it spends on the resort in the summer months (when visits actually outnumber those during winter months). Furthermore, even during low periods of snowfall, revenue decline is marginal and the company can comfortably withstand such an event. We are excited by the quality of Whistler Blackcomb's assets, growth potential and valuation.

continued



GFI Investment Counsel Ltd.

Preserving and growing family capital™

While we are aware of the risk of general multiple contraction, we choose to reduce risk by buying high-quality companies that will prosper and grow through market cycles. We instituted our checklist to increase the probability that we will not make avoidable errors. This is what we can control. What we cannot control or predict is a sudden market decline and we choose to participate in the market's long-term growth trend rather than try and time our entry and exit points.

We thank you again for allowing us to manage your money, 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
VP and Co-Chief Investment Officer