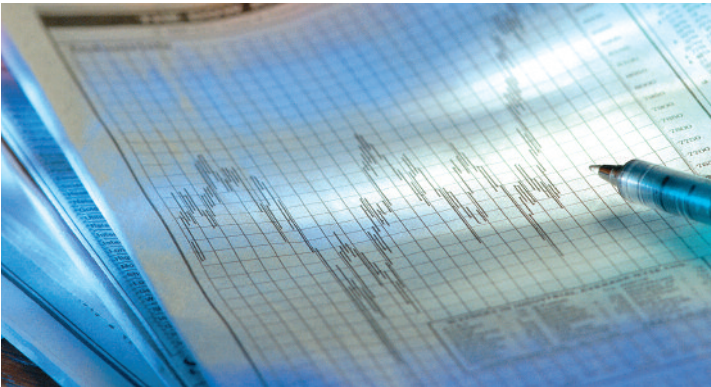


GoodQuarter

WINTER
2008



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Welcome to the first edition of *GoodQuarter*, GFI Investment Counsel Ltd's (GFI's) quarterly newsletter. This newsletter will provide you with valuable information regarding global market activity over the past quarter, as well as high-lighting some specific ideas and opportunities implemented to strengthen your portfolio.

We also plan to use this newsletter to update you concerning recent GFI news and events, as well as to let you know about current and future projects at our firm. One such project is the performance reporting changes occurring in 2008. Later this year, you will begin to see a significant change in the reporting of your managed portfolio. We are working with our custodian - who has partnered with a leading technology firm - to revamp the quality and consistency of the performance reporting we provide to you each quarter. We are excited to see this project completed and await only positive results.

Other things going on at GFI:

1. **We have switched our email addresses to the "goodfunds.ca" hosting domain. Please see my updated email address below. Please also watch for an additional notice regarding our web presence in an upcoming issue of *GoodQuarter*.**
2. **We are launching our "Good Opportunities Fund," a more aggressive investment vehicle with shorting and leveraging capabilities. The team has already found some exciting opportunities that we look forward to implementing shortly.**
3. **We are excited to welcome Effie Wolle and Jeffrey Niman to the GoodFunds team. Both individuals bring a tremendous knowledge base and a ton of exuberance to their roles. We look forward to working with Effie and Jeffrey well into the future.**

In closing, we continue to be optimists in the face of pessimism and believe that positive opportunities await us in 2008. On behalf of the entire GoodFunds team, I would like to wish you a prosperous New Year and extend our thanks for choosing us to manage your valuable assets.

Daniel Goodman, CFA
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Market Overview for the Year-Ended December 31, 2007

Huge shift at halfway point creates pitfalls and opportunities

Our experience tends to confirm a long-held notion that *being prepared, on a few occasions in a lifetime, to act promptly in scale, and doing some simple and logical thing, will often dramatically improve the financial results of that lifetime.*

A few major opportunities, clearly recognizable as such, will usually come to one who continuously searches and waits, with a curious mind that loves diagnoses involving multiple variables.

And then all that is required is a willingness to bet heavily when the odds are extremely favorable, using resources available as a result of prudence and patience in the past.

- Charlie Munger, *Poor Charlie's Almanac Expanded Second Edition. The Wit and Wisdom of Charles T. Munger*, Donning Publishing. Italics added.

Although the first half of 2007 was characterized by positive sentiment, the result of rising commodity prices and robust global growth, the second half of the year saw widespread fear of a U.S. economic slowdown precipitated by a tapped-out U.S. consumer and severe write-downs in the financial sector.

These underlying economic issues stemmed largely from the sub-prime mortgage meltdown. The subsequent credit crisis resulted in uncertainty and volatility in North American and European stock markets. U.S. financial institutions, once perceived as infallible, proved susceptible to their highly aggressive lending practices. In the face of this turmoil, emerging markets equities experienced continued growth through the second half of the year.

In aggregate, 2007 was a period of moderate equity returns for more "developed" economies, while many emerging markets - including Brazil, Russia, India, China -

experienced another year of impressive outperformance. We have illustrated these equity returns in the accompanying chart.

Recent portfolio additions

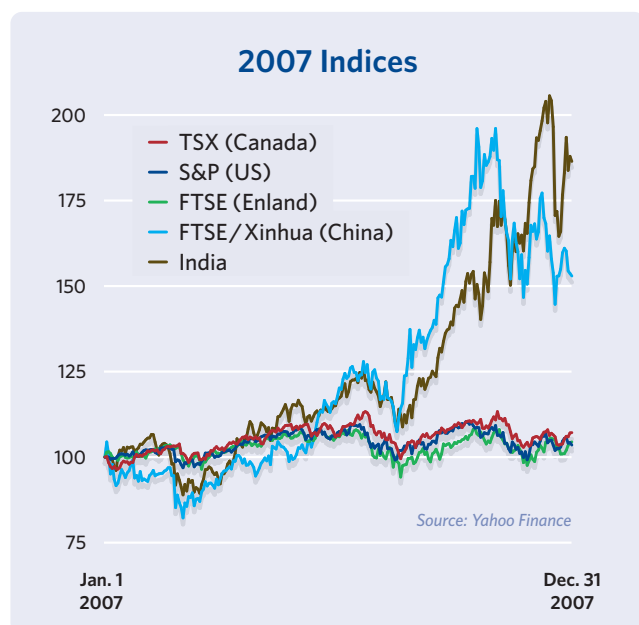
In the last quarter of 2007, GFI increased our clients' holdings in international health care and bought Brookfield Asset Management (see story on page 3). We believe this sector and company represent inflation-protected, high cash flow opportunities. We also began selling off income trusts to reduce our holdings in this asset class in advance of the impending 2011 tax changes.

Looking ahead

Moving forward, we are cautiously optimistic the global economy, while experiencing temporary hiccups, will continue to perform well in the coming years. We favour a selection of international equity holdings that are diversified across real assets and inelastic goods, while staying away from consumer goods. We are also investigating an investment in natural gas, a depressed commodity with inelastic properties that we believe will inevitably follow the laws of supply and demand. We currently see little value in mid- and long-term bonds, given these assets' unattractive premiums to cash (our preferred non-equity holding). We will rethink this preference if and when interest rates start to rise.

Your portfolio remains diversified in a manner that heightens its ability to succeed through all economic conditions, and we will continue to invest in opportunities we believe will generate further success.

Given the current market volatility, we continue to hold steadfast with our investment thesis and wait, just as Charlie Munger opines above, for an opportunity to purchase quality companies at discounted prices.



GFI Invests in Brookfield Asset Management

Real opportunity from a proven performer

GFI Investment Counsel recently purchased Brookfield Asset Management ("Brookfield") for our discretionary client accounts. This move was the result of the company's geographic diversity, inflation-protected cash flow, quality of earnings, growth potential, and discount to net asset value.

Brookfield generates cash flow from its real estate holdings, asset management income, power generation, power transmission, and special situations.

Brookfield owns a portfolio of high-quality real estate assets throughout North and South America, England, and - subject to the approval of a recent acquisition - Australia. The company's tenants tend to be governmental and global financial institutions, as well as large energy and commodities companies. These types of high-profile tenants mitigate the company's risk in the face of a potential economic slowdown.

Brookfield also manages pools of capital on behalf of its institutional partners. Brookfield commits at least 25% of

its own capital to these funds, and charges its partners a fee for managing the underlying assets. Brookfield creates additional income if its funds generate returns on investment that are greater than its predetermined thresholds. Over time, Brookfield has become a highly regarded asset manager by consistently achieving exceptional performance.

Brookfield owns a portfolio of hydroelectric power stations in Canada, the U.S., and Brazil. These assets offer a strong stream - no pun intended - of growing cash flow. Brookfield also owns a number of electricity transmission systems that generate stable, rate-based cash flows.

Brookfield prides itself on owning assets that generate sustainable cash flows, require minimal maintenance, and appreciate in value over time. We believe these characteristics are the recipe for long-term investment success. With one of the strongest management teams we've found, GFI anticipates attractive growth from this powerhouse.

DHX MEDIA

Changing youth entertainment programming

Another recent addition to our managed portfolios is DHX Media (DHX), a media and entertainment company that produces, acquires, and distributes television programming worldwide. The company produces television shows and interactive content with an emphasis on the child, family, and youth markets.

The company's revenue stream has two interesting characteristics. Firstly, the nature of its programming allows for easier penetration across cultures. Youth shows are more easily distributed around the world. Secondly, the company's library acts as an endless inventory of recyclable material.

The company is dedicated to profitably growing its business in a disciplined manner. The staff at GFI were pleased to have recently had the opportunity to meet with DHX's management team and discuss the company's business plan in more detail.



It's management that makes the difference...

DHX's principals have successful track records in the television programming industry. We expect DHX to continue to grow rapidly over the next several years.

GFI was pleased to take part in the company's most recent financing. This financing will allow for the company's management team to make strategic acquisitions of multimedia and television programming companies consistent with DHX's long-term vision. As part of this strategy, DHX recently acquired or invested in three separate companies directly involved in children's programming and/or media content.

The DHX management team is committed to the company, and that commitment is evidenced by the fact that these individuals represent the company's largest proportional shareholder base. Knowing management has "skin in the game" further increases our confidence in the company's future.

Investment Counselor Fees

What you do know can save you money

Fees are often only reluctantly disclosed by many in the investment industry. At GFI, we pride ourselves on being a fair-cost provider and we remain fully cognizant of the need to disclose all fees charged to our clients, thus ensuring you have a strong understanding of such charges.

It is important to note that, as an investment counselor, **our charges may be considered tax-deductible expenses**. Although we refrain from giving specific tax advice, we strongly encourage you to consult with your tax advisor to ascertain whether you can deduct any fees charged by a service provider. Your accountant can also help determine relevant fee deductibility.

We encourage you to have your tax professional review the Canada Revenue Agency Income Tax Interpretation Bulletin no. IT-238R2, dated October 6, 1983. Those who are web-inclined may access this document by visiting: <http://www.cra-arc.gc.ca/E/pub/tp/it238r2/it238r2-e.html>. Your tax professional can also call the Canada Revenue Agency to request a copy of this bulletin.

Please also remember that the staff at GFI are always available to discuss fees – or any other topic – with you and/or your professional advisors.

GFI Investment Counsel and GoodFunds

GFI Investment Counsel (“GFI”) is a discretionary money manager that provides tailored investment portfolios based on each client’s unique risk level.

GFI is a bottom-up, long-term investment firm that invests primarily in North American public markets. GFI will, however, invest outside North America when quality opportunities arise. GFI meets with the management teams of prospective investments whenever possible, and places a high degree of importance on the quality and experience of these management teams when making investment decisions.

In January 2008, GFI launched Good Opportunities Fund (the “Fund”), an alternative investment fund that is the first of the “GoodFunds” series of investment products. The Fund will invest in opportunities that exhibit a high likelihood of outperforming the broader equity markets based on GFI’s proprietary research, while maintaining a focus on profitable, growing companies that adhere to GFI’s strict value discipline.

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

