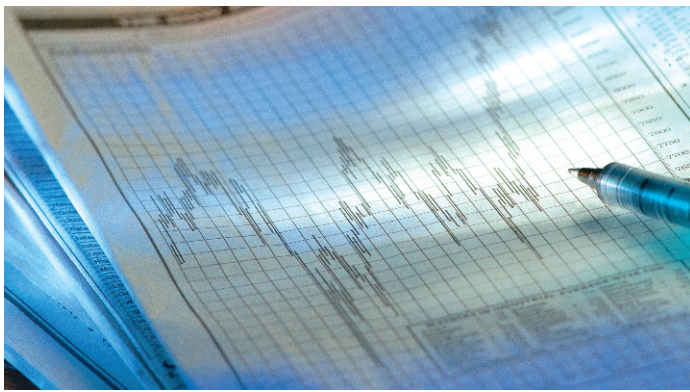


GoodQuarter

SUMMER
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Dear Valued Client,

Andrew Grove, former Chairman and CEO of Intel Corporation, wrote a book called *Only the Paranoid Survive*. We believe the title of the book aptly describes the GFI Investment Counsel approach. We consider ours a healthy paranoia. Although a duck can swim across the calm waters above, we believe it's best to focus on the very different picture taking place below the waterline.

By remaining diligent in our ongoing research, our goal is to always stay on top of our investee company developments. On the investment side, we are working to ensure that your account is constantly being monitored and continues to include the most appropriate asset weightings for your unique investor profile.

Although the financial markets appear to have calmed and the worst may indeed be behind us, we remain focused on what may be lurking around the corner. We will continue to monitor the environment closely and respond accordingly. After all, we too believe that only the paranoid survive.

You will note that the quarterly statements enclosed continue to evolve. In the future, we hope to have customized benchmarks and index comparisons included in the statements.

As always, we ask that you please call us with any questions or concerns you may have. And, if you're pleased with the work we have done on your account, we ask that you pass our contact information on to anyone who may benefit from our personalized and diligent investment approach.

Best regards,

Daniel Goodman, CFA
President and Chief Executive Officer



The Pros and Cons of Real Estate

In a recent discussion about wealth with an acquaintance, it was suggested that a disproportionately large amount of wealth is created in the private ownership of real estate. Rather than diving into the numerous studies comparing historical stock market and real estate returns, we wanted to touch upon the psychological reasons why this assertion may be true.

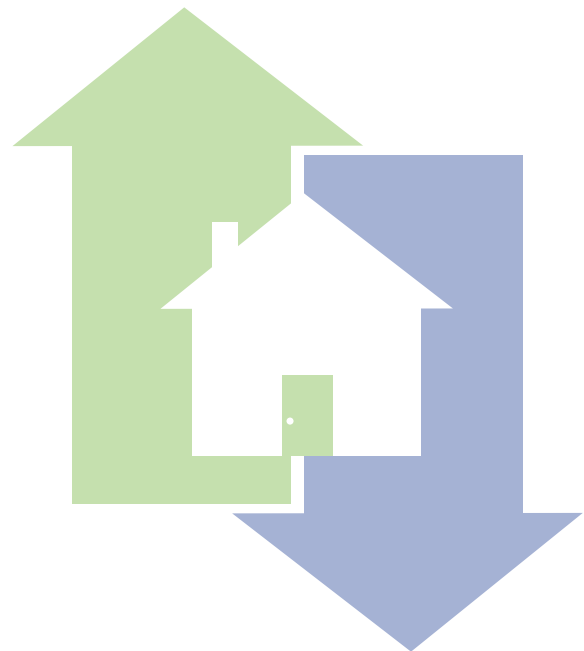
We have listed below some of the positives and negatives of owning real estate:

Positives

1. Real estate is tangible. Owners can walk by and see their investment any time he or she chooses. There is a strong emotional component to this investment (pride of ownership, etc.).
2. Real estate is leveragable. An owner of real estate can borrow funds using his or her real estate as collateral. As long as the debt incurred is not excessive, the equity returns of real estate are magnified.
3. Real estate provides cash flow to the equity owner.
4. Real estate is illiquid.

Negatives

1. Real estate is illiquid.
2. Real estate has high frictional costs.
3. Real estate requires ongoing management and maintenance.



Generally speaking, private owners of real estate pay a reasonable price, have affordable interest payments, and have excess cash flows to either pay down their mortgage or draw dividends from their investment.

Unlike stock market participants, real estate owners do not search for a buyer for their property minute to minute, nor do they seek out potential quotes for their property on an ongoing basis. It is for this reason that we list real estate's illiquidity as both a positive and negative attribute. While illiquidity does mean that owners of real estate sometimes have to wait longer to buy and sell a property, we believe this illiquidity also forces a higher level of rational investing and discipline.

Similar to the private real estate investor, our investment approach attempts to duplicate a rational, simple investment philosophy. We buy strong, conservatively financed companies that pay generous dividends, and act rationally with shareholder capital. We believe that combining the prospective returns of equities with a disciplined and rational approach will result in superior long-term results.

Please feel free to contact us at 416.488.8825 with any investment ideas you would like discussed in an upcoming newsletter. We look forward to hearing from you!

Gold Investments

All that glitters should be looked at closely from an investment standpoint

Many investors, both retail and institutional, have been hearing the praises of gold as an investment alternative. While investing in gold does have its merits, one should carefully consider all aspects of an investment in gold before taking the proverbial plunge. As Canadians, our currency is already strongly correlated to the price of natural resources. The value of gold, which is priced in U.S. dollars, is highly susceptible to changes in the relative value of the Canadian dollar against the U.S. dollar.

The table below highlights the price of gold, the Canadian dollar exchange rate, and the price of gold in Canadian dollars over the past nine years.

Date	Gold (USD)	FX Rate (US/CDN)	Gold in CDN Dollars
1/1/2000	\$282.05	\$0.69	\$408.77
7/1/2000	\$287.65	\$0.68	\$423.01
1/1/2001	\$271.10	\$0.67	\$404.63
7/1/2001	\$268.35	\$0.66	\$406.59
1/1/2002	\$278.35	\$0.63	\$441.83
7/1/2002	\$312.10	\$0.65	\$480.15
1/1/2003	\$343.80	\$0.64	\$537.19
7/1/2003	\$350.20	\$0.75	\$466.93
1/1/2004	\$416.25	\$0.78	\$533.65
7/1/2004	\$394.80	\$0.75	\$526.40
1/1/2005	\$427.75	\$0.83	\$515.36
7/1/2005	\$432.60	\$0.81	\$534.07
1/1/2006	\$530.00	\$0.86	\$616.28
7/1/2006	\$622.95	\$0.90	\$692.17
1/1/2007	\$639.75	\$0.86	\$743.90
7/1/2007	\$654.75	\$0.94	\$696.54
1/1/2008	\$846.75	\$1.01	\$838.37
7/1/2008	\$937.50	\$0.99	\$946.97
1/1/2009	\$869.75	\$0.83	\$1,047.89
CAGR*	13.33%		7.78%

Data is from the Kitco and Bank of Canada websites. *Cumulative annual growth rate.

While gold gained an impressive 13.33% annually in U.S. dollar terms during this period, it gained only 7.78% in Canadian dollar terms. While most of us would have enjoyed a 7.78% return over the past nine years, it is important to also remember that these returns were achieved over one of the best times in history to have owned gold. Conversely, this was also a relatively weak period for global equities.

With Canada a significant producer of gold and with our economy closely tied to natural resources, we generally recommend diversifying your portfolio beyond natural resources. In fact, we believe investors are best off maintaining a balanced portfolio and comparing the many alternatives available before purchasing any investments.

We continue to hold approximately 5% of assets in gold as protection against unforeseen financial events.

For more information about these or any other investment ideas, please feel free to call us at 416.488.8825.



GST Charges for Investment Counselors

A recent bulletin was posted by the Investment Counsel Association of Canada (www.investmentcounsel.org). Here are some of the pertinent points from this bulletin:

“The Federal Court of Appeal recently upheld a decision of the Tax Court of Canada in the **Queen v The Canadian Medical Protective Association (‘CMPA’)** that ‘discretionary’ investment management services are a ‘financial service’ and therefore exempt from GST. The key issue at hand is whether ICAC members should or should not continue to charge their clients GST on discretionary investment management fees. The second major question is in this time of uncertainty of the taxation of investment management services, should members encourage clients to file rebates for GST paid in the last [two] years?”

“We made a request of the Department of Finance in early May and this week to advise us whether the government plans to accept the CMPA decision or whether they plan to make a legislative amendment to support discretionary investment management services being a taxable service. We were advised last month and again June 17th that they are in the process of evaluating the implications of the court decision and are not in a position to provide direction on this matter at this time. We informed the officials that our members require direction on this as soon as possible, given client communication on this matter is required, questions are being asked, and billings are done on at least a quarterly basis.”

To summarize, GFI and other investment counselors may not be obliged to charge GST in the future. We will stay on top of the latest developments and inform you of any opportunities that arise that could allow you to reclaim historical fees paid.

As always, we recommend you consult your tax professional for a more detailed review of this ongoing case.

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@gfiic.com.