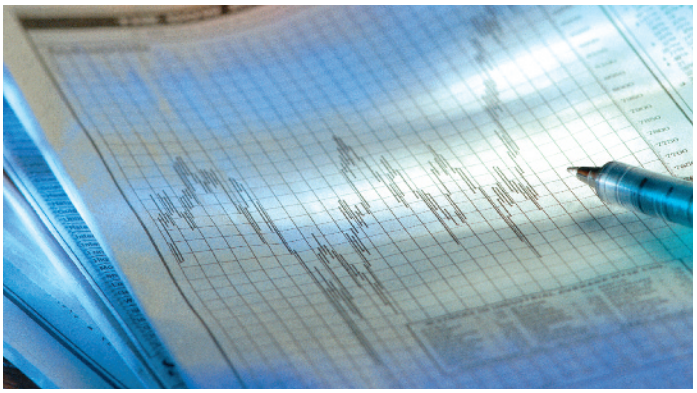
GoodQuarter

WINTER 2010



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Dear Valued Client,

At the risk of sounding like a broken record, we continue to manage your money the only way we know how: very carefully. Through the trough of one of the worst market corrections in history, and in the ensuing climb back to normalcy, we have adhered to your unique asset allocation and have continued to own dependable, well-financed businesses that pay attractive dividends.

GFI Investment Counsel bought and sold some of our core portfolio positions in the fourth quarter of 2009. With respect to corporate bonds, we believe that over the past 12 months the pendulum has swung in a completely opposite direction from where it started. While many attractive bonds were issued at the start of the year, we are currently not finding any new bonds in which to invest your money. The returns we are finding do not justify a deployment of capital, and we are comfortable holding some cash until these returns surface.

We believe most companies we currently own are reasonably priced. And in most cases, we believe our stock holdings are neither cheap nor expensive. We are very comfortable with this situation and expect your investments to grow along with the global economy, while providing a dividend in the interim.

In addition to contributing to a Registered Retirement Savings Plan (RRSP), we encourage you to consider opening and contributing to a Tax-Free Savings Account (TFSA). Each TFSA provides tax-free shelter of $5,000 per person per year. We encourage you to call our office today at 416.488.8825 to learn more about making a TFSA an important part of your portfolio.

GFI Investment Counsel is very pleased to welcome Jenny Skytta, our new Corporate Controller, to the team. Jenny came on board in the fall and has already contributed significantly to our organization.

Included in this newsletter are our thoughts on two of our holdings: utilities and railroads.

We are currently in the process of scheduling portfolio reviews with our clients. If we have not contacted you and you wish to schedule an appointment for your portfolio review, please call our office today at 416.488.8825 to book your appointment. And, as always, please feel free to give our office a call with any questions or concerns you may have.

Warm regards,

Daniel Goodman, CFA
President and Chief Executive Officer

Utilities

Powering your portfolio

GFI Investment Counsel owns three utilities companies in our portfolios. These companies are: Fortis Inc., Enbridge Inc., and TransCanada Corporation.

Fortis is a natural gas and electricity utilities company that operates across Canada and, to a lesser degree, in the Caribbean. The company has increased its annual dividend for 37 consecutive years (including a recent dividend increase in 2010), which is the longest record of consecutive dividend increases of any public corporation in Canada. This regulated company serves more than 2,000,000 customers.

Enbridge is an owner and operator of a crude oil pipeline system and a natural gas distribution system. The company has increased its annual dividend for 14 consecutive years and, most recently, increased its dividend by 15% in 2010. The company is mainly known in Ontario as being a natural gas supplier to our homes, but Enbridge also distributes gas to parts of Quebec and New Brunswick.

TransCanada, our newest core position, is a major natural gas pipeline operator. The company has a substantial division that generates electricity and has several attractive growth projects on the horizon, including new natural gas generating facilities across Ontario. TransCanada has grown its dividend in each of the past five years.

Pundits sometimes knock utilities for being sensitive to rising interest rates. However, if interest rates were to rise substantially, the regulated rate of return permissible to the utilities would rise in lock-step; albeit with a one- or two-year lag. While rising interest rates may reduce the attractiveness of a utility in the short-term, regulated returns will be re-adjusted and profits will grow in due course.

All three of these companies are regulated entities that receive predetermined returns on capital on at least a portion of their operations (if not the majority of their businesses). This dynamic offers stable and predictable returns without the glamour of a high-flying stock. Over the past decade and through a large commodities boom, however, these utilities handily outperformed most companies of the S&P/TSX Composite Index.

Canadian National Railway

On the right track for sustainable growth

Shares of Canadian National Railway (CNR) are allocated to the equity component of every GFI Investment Counsel client account. CNR was first purchased by GFI Investment Counsel in June 2008. The company operates across Canada and through the central United States. CNR has two west coast terminals in Vancouver and Prince Rupert, and east coast terminals in Montreal, Quebec City, and Halifax. The company also has southern terminals in New Orleans and Mobile, making CNR a truly North American railroad.

In determining whether a business is a good investment, we often ask ourselves, "If we gave a group of hungry entrepreneurs startup capital, could they compete with the incumbent market leader?" In the case of railways, the answer is that it would be very difficult. The amount of capital required to build a trans-continental railroad is immense. Couple this with the logistical nightmare of buying land to allow your trains to cross the continent, and a successful railroad startup is a close to impossible task.

CNR pays a modest dividend of 1.8% and continues to invest capital in its railroad. Although maintaining a system as complex as a railroad does require substantial capital, we believe CNR will be able to increase its dividend over time as the business matures and track acquisitions require less capital.

Our railroad thesis was given further credence when Warren Buffett, the most renowned investor of our time, recently purchased Burlington Northern Santa Fe Railway for US$34 billion.

CNR may not double overnight, but we expect the company to pay dividends and grow its earnings comfortably over time.

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**.

GFI Investment Counsel