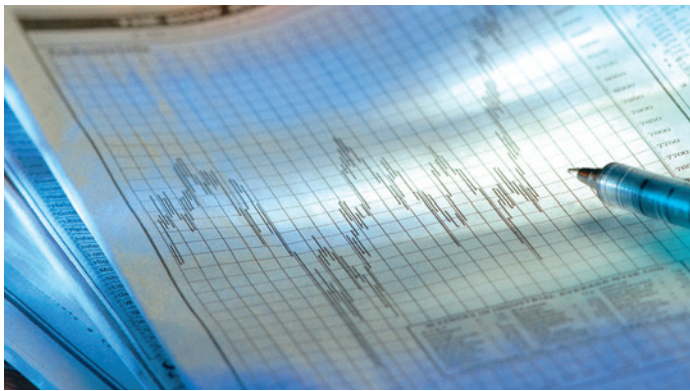


GoodQuarter

AUTUMN
2014

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“Typically, and this is not well understood, his way of thinking is that there are disqualifying features to an investment. So he rifles through and as soon as you hit one of those it’s done. Doesn’t like the CEO, forget it. Too much tail risk, forget it. Low-margin business, forget it. Many people would try to see whether a balance of other factors made up for these things. He doesn’t analyze from A to Z; it’s a time-waster.” — Alice Schroeder on Warren Buffett’s filtering process

Dear Valued Client,

All client mandates posted positive results over the third quarter of 2014. While stocks in general performed reasonably well, our performance was buoyed by the proposed buyout of Tim Hortons Inc. by Burger King Worldwide Inc. We continue to hold our Tim Hortons shares based on a number of factors, including the strong track record of the company’s new partners.

Our research does not cease once we become owners, rather, it intensifies. During the quarter, we sold McDonald’s Corp. from all client portfolios. Our ongoing research highlighted that McDonald’s is not attracting the younger demographic at nearly the pace we hoped and, in our view, it appears that the current trend of decreasing restaurant sales could continue for longer than we had anticipated.

While our search for new investments is ongoing, the high standard to which we hold these investments is unwavering. We are working hard to ensure that our standards are not compromised when evaluating new ideas.

Warm regards from the entire GFI team. We are always available if you would like to discuss your investments or any other matter.

Daniel Goodman, CFA
President and
Chief Executive Officer

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

Results vs. Process

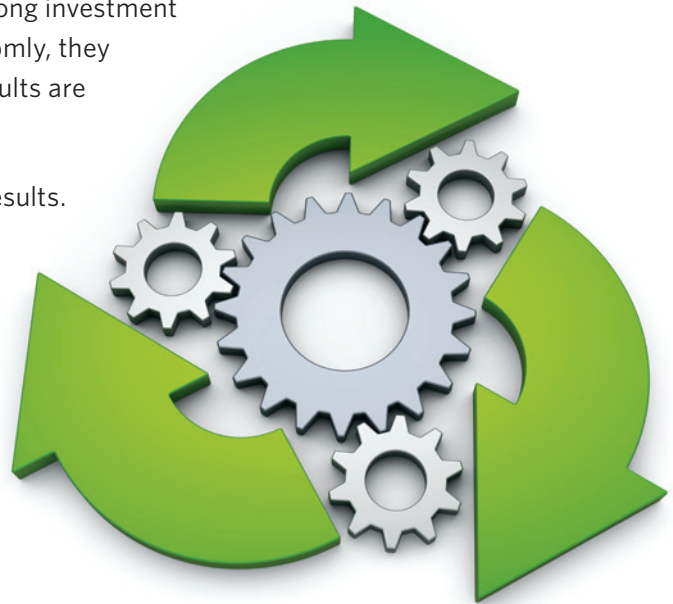
Nick Saban on Football

In the investment industry, unlike many qualitative endeavours, success or failure can be measured to a decimal place. And while strong investment results are important, if those results are generated randomly, they can do more harm than good to confidence that those results are repeatable over the long term.

At GFI, we focus on our investment process rather than results. A repeatable process leads to repeatable results.

A recent *60 Minutes* profile of Nick Saban, head coach of the University of Alabama football team, provided a wonderful insight into the importance of process.

How does a story about a football coach tie into investing? While the two pursuits may not appear to have a lot in common, we believe there is a comparison to be made. Strong results only occur as a direct result of an extreme and unwavering focus on process. One cannot achieve outperformance simply by setting it as a goal. The goal is achieved by creating a methodology based on sound and proven principles, and then applying that methodology without compromise.



The specific *60 Minutes* segment, which can be found online at: <http://www.cbsnews.com/videos/alabama-coach-nick-sabans-quest-for-perfection-2>, highlights a specific game in which Alabama was winning by a wide margin late in a game. However, even during a game that was all but over, the centre and quarterback ended up in an altercation over the proper play call. Saban relished this moment. He had trained his team to be single-minded in the pursuit of implementing the team process, regardless of the situation. He marvelled that his two players would not waver from his guidance; from his process.

With our investment approach, we have found that no matter how small or large the decision or its impact on our portfolios, our process must be in place and must be adhered to. No decision can be taken for granted, nor can capital be used recklessly, regardless of how minute the decision. Over the years, we have refined our process, introducing new filters and due diligence methods to ensure that we continue to improve. In future writings, we will expand on our process and the type of due diligence that we focus on.

Update on Performance

We have included our performance since inception below. The end of January will bring a 10-year track record to our equity balanced and balanced mandates. For over 9½ years, these mandates have generated returns of 8.6% and 7.1%, respectively, on an annualized basis. We remind readers of the rule of 72. Money doubles in roughly the amount of time in which your return is divisible by 72. Thus, assets in our equity balanced mandate have doubled in 8½ years, and should continue to grow.

Portfolio	YTD	1 year	3 year	5 year	Since Inception**	2013	2012	2011	2010	2009
Equity	12.7%	23.9%	19.5%*	—	16.2%*	31.6%	9.8%	—	—	—
Equity Balanced	11.7%	20.4%	15.2%*	13.8%*	8.6%*	19.6%	9.1%	8.6%	13.4%	19.7%
Balanced	9.2%	15.5%	10.5%*	10.3%*	7.1%*	13.4%	7.2%	7.0%	9.6%	20.1%
Fixed Income Balanced	8.3%	12.5%	7.7%*	—	8.2%*	7.2%	6.3%	6.0%	—	—

*Annualized.

**Equity inception is April 29, 2011. Equity Balanced and Balanced inception is January 31, 2005. Fixed Income Balanced inception is January 29, 2010.

- Equity portfolios include all managed accounts with 100% equity holdings.
- Equity Balanced portfolios include all managed accounts with equity holdings of 61% to 80% of total assets.
- Balanced portfolios include all managed accounts with equity holdings of 41% to 60% of total assets.
- Fixed Income Balanced portfolios include all managed accounts with equity holdings of 21% to 40% of total assets.
- All composites over \$500,000 managed on a discretionary basis within GFI Investment Counsel are included in performance figures.
- Composites do not utilize leverage.
- Composites are net of all fees.
- A fee schedule is available upon request.
- The exchange rate used to convert non-Canadian holdings is the rate supplied by our custodian at quarter end.
- GFI Investment Counsel's investment style most closely resembles value investing.
- Each portfolio's inception date is determined by the date at which discretionary management originated.
- All figures are quoted in Canadian dollars.
- Performance figures are asset weighted.
- Non-resident taxes are added back, where applicable.
- GFI Investment Counsel received its license to operate from the Ontario Securities Commission in July of 2007.
- All returns calculated prior to July, 2007 were based on accounts managed by Daniel Goodman, CFA, (continually) while an Investment Industry Regulatory Organization of Canada (IIROC) licensed portfolio manager.

GFI Investment Counsel

GFI Investment Counsel (“GFI”) provides tailored investment portfolios to families, foundations, trusts and corporations. We work closely with our clients to customize investment accounts that coincide with our clients’ unique requirements. GFI focuses on preserving and growing client capital through intense due diligence, focus, and discipline.

In January 2008, GFI launched Good Opportunities Fund (“the Fund”), an alternative investment fund available to accredited investors. The Fund focuses on a select group of investment opportunities that provide an attractive risk/reward dynamic regardless of asset class or market capitalization. The Fund is managed with a focus on understanding the businesses, their capital structure, and risks and opportunities.

FYI: Benchmarks

National Instrument 31-103 introduced by the Ontario Securities Commission in various phases now requires managers to explain the use of benchmarks for clients when evaluating performance.

When evaluating the performance of any investment, it may be useful to compare the performance against an appropriate benchmark in order to make an informed assessment of the account’s performance based on its investment strategy. Generally, broad market and market-segment stock and bond indexes, such as the S&P/TSX 60 index, S&P 500 index, and the DEX Universe Bond Index are used for this purpose as they are some of the most well-known indices. It is important to note that benchmarks do not include operating charges and transaction charges nor expenses related to the account’s investments which may affect its performance.

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