



**GFI Investment Counsel Ltd.**

*Preserving and growing family capital™*

*"Any company that has an economist has at least one employee too many."*

*Warren Buffett, 2015 Annual General Meeting*

## Second Quarter 2015 Commentary

# Good Opportunities Fund

Dear Valued Client:

The Fund returned 1.4% in the second quarter of 2015, bringing the year-to-date return to 2.5% (net of all fees). During the quarter, we purchased a new company and sold short two new businesses. The Fund is long 92%, short 7% and holds 8% cash.

We were fortunate to attend the 2015 Berkshire Hathaway Annual General Meeting in early May. As long-term investors who purchase businesses with excellent and sustainable economics, nothing beats the Omaha, Nebraska meeting as an annual educational trip to hear from Warren Buffett and Charlie Munger. As usual, the duo had some wonderful stories, humorous banter and memorable comments. There was one quote (included above) that we felt was particularly appropriate relating to economic forecasting.

Mr. Buffett has educated the investing public on an ongoing basis about the futility of attempting to time markets or earn investment returns based on forecasting future macro-economic events. Nonetheless, with the possible Greek exit from the eurozone, many investors are attempting to do exactly that. The headlines online, in newspapers and on television drive investor panic and often create unnecessary trading activity. While the social and humanitarian consequences are very real, long-term investment decisions should not be predicated on Greece's fate. At GFI, we will continue to own companies that we believe will earn more in five-years' time than they earn today.

The Fund recently purchased Precision Castparts Corp. ("PCP"). PCP manufactures investment castings and forged components for the aerospace, industrial turbine and defense industries. Put simply, PCP provides components for jet engines and other critical aircraft components that have extreme performance requirements.

Given the stringent requirements for these parts and Federal Aviation Administration regulations, aircraft manufacturers and aircraft operators often choose from one of two qualified manufacturers for these highly engineered components and, thus, the business has limited competition and high barriers to entry. A significant portion of PCP's revenues come from long-term contracts, and although prices fluctuate based on the pass-through costs of metals and alloys, the company's margins have been remarkably consistent over long periods.

The Chief Executive Officer of PCP worked for many years on the plant floor and understands the business extraordinarily well. He consistently finds ways to cut operational costs, has credibility with his staff and an excellent track record. We look forward to being shareholders of PCP for years to come.

Thank you for your continued support. We are always available if you would like to discuss your investments or any other matter.

Warm regards from the entire GFI team.



Daniel Goodman, CFA  
Chief Executive Officer



Effie Wolle, CFA  
Chief Investment Officer

A redemption charge may be charged on units tendered for redemption within the first year following their purchase at the rate of 2.5% during the first 90 days, 2% during days 91-180 and 1% during days 181-365. See "Redeeming Units - Short Term Trading Fee" in the Fund's Offering Memorandum.

The above performance figures are net of management fees and performance fees. Please review the Good Opportunities Fund Offering Memorandum for detailed descriptions of strategies, objectives, and risk factors. The above is provided for informational purposes only and is qualified in its entirety by the Fund's Offering Memorandum. Past performance may not be indicative of future results and there is no assurance that any of the Fund's investment objectives will be met.

We have cited a common index used in Canada for general comparison with our fund. However, our fund may not necessarily be representative of the index used and the volatility of our portfolio may vary substantially compared to this index for reasons which include, but are not limited to: (i) our fund may hold or have held a larger percentage of small cap securities and a higher concentration in specific securities and industries; (ii) our fund may use short selling and leverage strategies and hold private investments.

The S&P 500 (CAD) Index measures the total Canadian Dollar return of the broader U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries and assumes reinvestment of dividends.

Please contact us for  
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