

*"Be fearful when others are greedy, and be greedy when others are fearful."
Warren Buffett*

Third Quarter 2016 Commentary

Good Opportunities Fund

Dear Valued Client:

The third quarter of 2016 was an exceptionally strong period for the stock prices of The Good Opportunities Fund equity holdings, and the Fund's net asset value increased by 7.9%. Nearly all of our holdings posted strong operational results, which was punctuated by the announced acquisition of Whistler Blackcomb Holdings Inc. by Vail Resorts Inc. While the first half of the year was rather quiet in terms of performance, patience and discipline ultimately led to a strong third quarter.

Beyond our continuous effort to allocate capital in the best businesses we can find, we also work diligently to ensure we help our clients control their emotional impulse to act irrationally during times of fear, while also encouraging them to consider equity purchases during market corrections. According to a 2014 Morningstar report¹ conducted on investor behaviour, for the 10-year period ending December 31, 2013, the average stock fund returned 7.3% annually, while the average investor in those same funds earned 4.8%. This discrepancy was solely the result of investors mistiming the entrance to – and exit from – the stock market. Investors tend to panic and exit the market at exactly the wrong time, while also becoming greedy near market highs. These impulses have historically impacted investors' performance significantly.

In January of 2014, the Fund purchased shares of Whistler Blackcomb Holdings Inc. Whistler Blackcomb has many of the attributes that we look for in a great business. The company has raised its prices at a higher rate than the rate of inflation over the past decade, grew the moat of its core business by investing capital in its main asset (a world-class ski facility), paid a quarterly dividend and managed its expenses closely. In our discussions with management, it was obvious that the leaders of the company were thinking long term about the business and its potential.

This past August, Vail Resorts Inc. made a stock and cash offer for Whistler Blackcomb at a 46% premium to Whistler Blackcomb's closing price on the previous trading day. Including dividends, GFI's annualized return from our holding in Whistler Blackcomb was approximately 42%. We sold all our shares in Whistler Blackcomb at the offer price.



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While we did not purchase Whistler Blackcomb (or any other investment) on the expectation of a potential buyout, we are always seeking to invest in businesses with reasonable cash flow multiples and unique product/service offerings. These attributes have resulted in multiple acquisitions of our equity investments over the life of the Fund. Proceeds from the sale of our Whistler Blackcomb holdings remain in cash, as we continue to research several exciting opportunities in which to invest capital.

Thank you for your continued support. 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
Chief Investment Officer

¹Mind the Gap 2014, Russel Kinnel, <http://news.morningstar.com/articlenet/article.aspx?id=637022>

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.

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