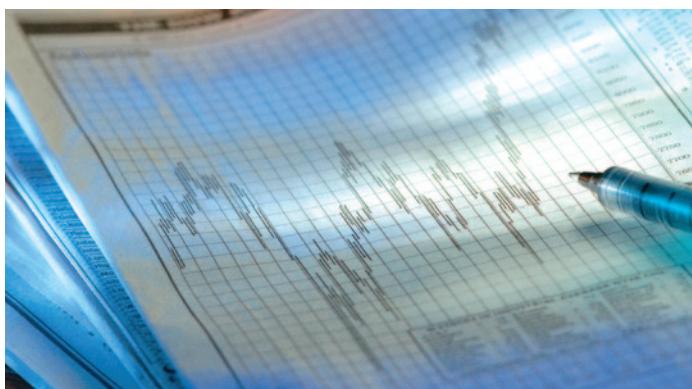


GoodQuarter Q3 '17



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"Someone's sitting in the shade today because someone planted a tree a long time ago." — Warren Buffett

Dear Valued Client,

During the third quarter, client accounts declined modestly. On a year-to-date basis, all accounts continue to perform well. While the media often implies that accounts need to be traded daily, we believe the opposite is true. That is, the long-term approach of holding quality companies in industries with a bright future generally requires little alteration. However, action must be brisk and decisive when change is required. We are very pleased with our portfolio of businesses today and are constantly monitoring all holdings to assess whether any one holding needs replacement.

The S&P 500 Index reached a new peak in October 2007 before falling more than 50% (peak-to-trough) as the United States and most of the world entered the Financial Crisis. Such gut-wrenching volatility was painful and led many investors to question the value of long-term investing. Ten years on, however, investors who remained invested since the peak in October 2007 more than doubled their money, with an annualized return of nearly 7.5% (in U.S. dollar terms). You would have earned that 7.5% annualized return even had you been unlucky enough to have purchased at the 2007 peak.

Turning to fixed income, bond returns have been mediocre. Year-to-date, the popular Canadian bond benchmark, the FTSE TMX Universe Bond Index, gained 0.5%. While

bonds are characteristically less volatile, a small increase in interest rates negated much of the expected gains from fixed income.

We are pleased to announce that Corey Deschamps has joined the GFI team. Corey will be an invaluable resource for our clients. Please see our article on page 3 for more details on Corey's background and financial planning services.

Finally, we will be moving our offices a half a block west to 45 St. Clair Ave West in December. The new space will be larger and offers a design and layout that suits the needs of our growth. We will be sure to send you an email confirming our move date in the weeks to come, and we look forward to welcoming you to our new space in the New Year.

In celebrating 10 years as a firm, we have our clients to thank. We could not have grown without your continued trust and support. Thank you for believing in our common-sense approach to investing.

We are always available to talk.



Daniel Goodman, CFA
President and
Chief Executive Officer



Effie Wolle, CFA, MBA
Chief Investment Officer

What is Risk?

An important reminder

We wrote the article below in 2012. We believe it's important enough that we should reread it from time to time. We encourage our clients to do the same:

What is Risk?

It's different things to different people

Our industry often discusses risk management when marketing its services to clients and prospects. What exactly is risk management, and how can one limit the amount of risk in their portfolio while achieving acceptable returns?

At GFI, we define risk as the permanent loss of capital. An example of a permanent loss of capital is when you buy equity in a business that goes bankrupt under a large amount of debt. In bankruptcy, the business usually ends up in the hands of creditors and equity holders suffer a loss of their entire investment. In this instance, the investment has permanently lost its value, and the company has no chance of providing any future value to shareholders.

Many in our industry, however, define risk using terms like "beta" and "standard deviation." While we are aware of these terms and why they are used, we do not believe they are true indicators or measures of risk. Instead, they measure asset price correlation and variability in asset prices.

To illustrate this point, let us picture a superb office building in a perfect location; one that has creditworthy tenants and long-term leases. A long-term investor cares about the structure of the leases, rent escalations, mortgage levels, and the creditworthiness of the building's tenants. Investors concerned about beta and standard deviation, however, tend to be more interested in the difference in price that a random group of investors are willing to pay (standard deviation), or the change in price relative to the market as a whole (beta). Both metrics are irrelevant over a longer period of time.

At GFI, we believe that true risk management is comprised of understanding your assets, remaining paranoid about what can go wrong at any point, and ensuring that a fair price is paid for those assets. We will let other industry participants and consultants espouse the merits of statistical terms. We will continue to manage your money with discipline, reasonability, and not-so-common common-sense. We believe that this approach will provide you with preservation and growth of your hard-earned capital.



Financial Planning

A new service of GFI

GFI is pleased to welcome Corey Deschamps, a Certified Financial Planner, to work with our clients. Corey has worked with high-net-worth families for the past six years, and has maintained a strong focus on addressing these individuals' retirement and estate planning needs. He will be available to work with all of GFI's clients to answer your questions and provide his counsel on a full range of financial planning services.

Financial planning is a process that helps you identify your goals, and sets you on track to achieving these goals. Some common questions that may arise during the initial meeting are:

- When can I afford to retire?
- How much can I expect to spend in retirement without depleting my assets too early?
- Do I have enough insurance?
- Is my family taken care of if I pass away or am unable to work?
- Can I afford to pay for my children's or grandchildren's education costs?
- Can I provide my children with money for a down payment without jeopardizing my retirement?
- How do I ensure my wealth is transitioned tax efficiently to the next generation?
- Can I provide enough for my family and donate to the causes that are most important to me?

After the initial meeting, Corey develops a plan tailored to meet your specific goals and objectives. The turnaround time is typically two to four weeks, depending on the complexity of your unique situation.

We will work directly with you and your professional advisors to review the financial projections and recommendations together. Your personalized report will provide a clear and concise list of actionable ideas and strategies tailored to address your needs and concerns.

We believe adding a financial planning element will be a great complement to our investment management expertise.



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.

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