

*"Be fearful when others are greedy and greedy when others are fearful"*  
— Warren Buffett

## First Quarter 2020 Commentary

# Good Opportunities Fund

The Fund declined by 10.5% over the first quarter.

We are living through a moment in history that will not soon be forgotten. Over the years, health experts have repeatedly warned about the potential for a global pandemic. Unfortunately, those predictions have now come true. We will let the medical experts opine on the appropriate length of time for self-isolation, the right amount of space required for social distancing and the longer-term consequences of the virus. Our job is to provide our thoughts on the investment landscape going forward, to manage all portfolios with a long-term lens and to help clients navigate the current emotional roller coaster to the best of our abilities.

Of the many client conversations we have had since COVID-19 became a widespread concern in North America, there was one specific call that we wanted to highlight. We were speaking with a specialist physician at a major hospital in the GTA that is preparing to treat the potential tsunami of COVID-19 patients who will shortly arrive at the hospital's emergency room. We'll call this individual Dr. Smith. Dr. Smith, who is 49 years of age, described the cessation of the hospital's normal buzz and the "Twilight Zone"-like feeling in the hospital in anticipation of the coming flood of patients. The coming weeks, he said, were going to be extremely challenging.

In the same conversation, Dr. Smith asked, "What's the easiest way to send money to add to my investments?" And that question prompted a conversation about what the team at GFI refers to as "optimistic realists." When we asked Dr. Smith how he could have both viewpoints (that the virus is going to get worse before it gets better, but that the investment landscape is primed for long-term gains after recent historic losses), he simply said, "I don't need my savings for 15-20 years, and this seems like a great time to add to my investments." We felt this clarity of thought was worth sharing. It's exactly our thinking at this moment.

Our approach to staying invested isn't always popular. When we advise clients that we believe the best course of action is to stay invested, we know we likely won't be proven right in a week or a month. Many people will be tempted to say "I told you so" in the short term, but that doesn't make them correct. We believe we will be on the right side of the debate in due time.

Health scare aside, this crisis has one other important distinction from previous stock market declines. Society is at home, staring at the news and watching stock prices. The mind starts to wander and consider only the next 24 hours. People are naturally tempted to react to the latest information they're seeing with a change to their investment strategy. That short termism exacerbates the problem.



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With respect to the economic recovery, we believe different industries will return to “business as usual” at different times. Fast food restaurants will re-open before sit down restaurants, and society will take time returning to gyms and other activities. Airlines and the travel industry may be restricted on their international routes for quite some time. Commerce will re-open, but it will take time to ramp up. We entered this crisis without owning any companies in the travel, hotel or energy industries. Some of these decisions were the direct result of our investment process, others simply a result of good fortune.

Most importantly, we want to thank our clients, employees and our country’s amazing healthcare professionals. Thank you, our clients, for making our job significantly easier by understanding our approach and being able to focus on the long term, especially through challenging times like these. Our employees are working seamlessly from their homes, responding to client requests in the same timely manner that you are accustomed. We are so lucky to have the team we do, and we cannot thank every member of the GFI team enough. To our healthcare professionals, some of whom are also clients, you are a modern-day army that is keeping us safe. Thank you for putting your safety at risk every day for all of us.

Thank you for continuing to trust us with your assets. We ask, as always, that you please give us a call if you have any questions or concerns that you would like to discuss.

Daniel Goodman, CFA  
President and 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.

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