

*"The investor's chief problem—and his worst enemy—is likely to be himself.
In the end, how your investments behave is much less important than how you behave."
– Benjamin Graham*

Second Quarter 2020 Commentary

Good Opportunities Fund

The Fund generated a gain of 26.4% during the second quarter and has gained 13.0% over the first 6 months of the year.

While the pandemic continues, the emotional roller coaster of securities markets has taken a break, at least temporarily. The focus of headlines has moved away from stocks and bonds, and onto the coming U.S. election – as well as the ongoing impacts of COVID-19. Stock markets will continue to hit bumps in the road, of that we can assure you. Although market volatility might seem irrational and frightening, know that we will not make any long-term decisions based on daily market gyrations.

We are proud of how composed our client base was during the volatile days of February, March and April. As the above quote from Benjamin Graham illustrates, a decade of investment success can be undone with one poorly timed decision. Investors who stayed the course and continued to deploy capital in accordance with their long-term plan were rewarded for doing so.

During the tumultuous days of spring, we were forwarded dozens of articles predicting the further collapse of the stock market and the impending collapse of society. These articles were often well written and included the authors' best predictions. Quite often, however, the author(s) failed to consider humanities' response to past crises. The response, in this case, took a number of different forms. We had the response of the government and banking system, the response by society practicing physical distancing, as well as the ingenuity and responsiveness of the wider capitalist economy. We now hope that science develops effective antiviral drugs or vaccines in a timely manner.

Two Portfolio Additions

Over the past decade, we have studied the businesses that we have had the most success investing in, and we have always considered the circumstances of these successful investments when buying new portfolio businesses. With both of our new holdings, we are buying businesses that have:

1. Exceptional brands
2. Minimal cost of goods sold for the incremental customer
3. Minimal capital expenditures
4. Multi-decade runways for growth



GFI Investment Counsel Ltd.

Preserving and growing family capital™

Our biggest competitive advantage is our long-term approach to investing. Ironically, this investment approach has resulted in positive short-term returns – in addition to our strong long-term track record. While our competitors try to guess what the coming macroeconomic environment and next quarter's earnings announcements will look like, we will continue to ensure our portfolios are well-positioned for decades to come.

We wanted to congratulate Ram Bindra for being promoted to Senior Investment Analyst at GFI. Ram continues to play an important role on our investment team, and is highly involved in every portfolio decision we undertake.

Enjoy the summer months, know that there will be bumps along the road and, above all, stay healthy.

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
Chief Executive Officer

Effie Wolle, CFA
President and 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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