



*"The best time to plant a tree was 20 years ago. The second-best time is now."
– Chinese proverb*

First Quarter 2021 Commentary

Good Opportunities Fund

Dear Valued Client,

The Fund gained 1.4% during the first quarter of the year. January, specifically, was a unique month. While we were not short any of the highly-squeezed businesses, GameStop being the best example, we quickly acted to reduce our short exposure. Pitney Bowes, which we had been short for years, was immediately bought back. Other shorts were bought back as well. Our short positions are each carefully monitored for liquidity and position sizing, and thus, our performance was only mildly impacted.

The investing landscape has been evolving at an incredible speed. New assets, both digital and otherwise, have entered mainstream conversations. Two of the most talked about concepts at the moment are special-purpose acquisition companies (SPACs) and non-fungible tokens (NFTs). As always, the devil is in the details. While many investors group asset classes into "good" and "bad", each SPAC or NFT has a different potential based on each of their specific attributes. Some SPACs, like those with underwhelming sponsors and no previous experience, will likely disappoint investors. Others that find promising acquisitions could delight investors. There will be a point in which investment bankers take a good idea too far and other people will pay the price. We're likely close to that point.

There has also been a growing fervour in speculative, unprofitable micro-capitalization companies. This is history repeating itself, as these cycles ebb and flow regularly (Timminco Ltd. comes to mind). Much like our description of the SPAC phenomena, and perhaps even more acutely, most companies with this type of speculative interest will eventually suffer a harsh fate.

Lastly, of course, there is the crypto investment landscape. We are educating ourselves on the phenomenon but, to date, we have not found a rationale for investing capital in a crypto currency – or any currency for that matter. The crypto field is changing almost weekly and is an interesting concept to follow. That said, we prefer to allocate capital into assets that generate cash flow, thus growing value through return on capital and growth in underlying value.



GFI Investment Counsel Ltd.

Preserving and growing family capital™

We recently hired our 13th employee. Amanda Barry is joining the GFI team after five years at Scotiabank. Amanda will join the client service team to continue offering our clients the service you are accustomed to. We are thrilled to have Amanda join us as of April 12, 2021.

A special thanks goes out to our wonderful and growing team of individuals who work tirelessly for clients in an environment that has been less than ideal since early 2020.

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.

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