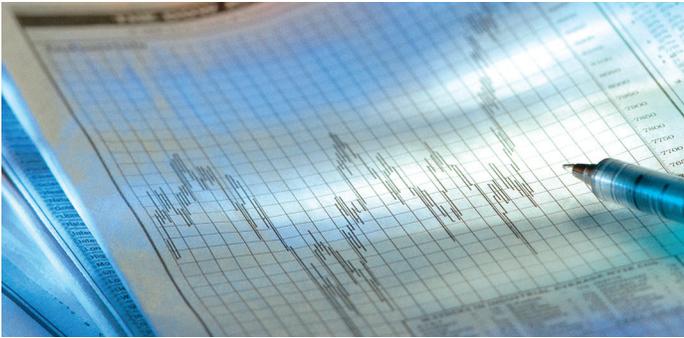


# GoodQuarter

**Q4'21**

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*“If I can be optimistic when I’m nearly dead, surely the rest of you can handle a little inflation.”*

— Charlie Munger

### Dear Valued Client,

We are pleased to report that all GFI portfolios increased in value over the fourth quarter of 2021. Although volatility reared its head during the period, the GFI equity portfolio gained 28% over the calendar year ending December 31, 2021. The adage that equities generate higher returns with higher volatility has continued to prove itself out year-after-year.

As we noted in our third-quarter newsletter, we sold two long-held businesses in 2021, and long-time clients with non-registered accounts should expect some capital gains as a result. These gains were a direct result of holding both businesses for nearly a decade and avoiding paying taxes in the interim unnecessarily. While we would have offset these gains with capital losses, we are fortunate that our accounts had no material losses to crystallize.

To support our continued growth, we recently hired Russell Fernandes and Maria Cagaanan. Russell will compliment our trading team, while Maria will support our compliance and operations teams.

On page 2 of our newsletter, we highlight the different approaches two families might take to their savings, as well as the impacts these approaches could have on their financial positions over the long term.

On page 3 of this issue, we have included important facts and figures to help you plan for 2022. For individuals taking advantage of the maximum 2021 RRSP contribution of \$27,830 and contributing the maximum of \$6,000 to their TFSA, the total per individual is \$33,830, or, \$67,660 per couple.

Our long-term returns are shown on page 4.

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, MBA  
President and Chief Investment Officer

## Make the Most of Your Money

Earning more than one spends is a lovely predicament. That said, let's have a look at the most effective approach to using excess funds efficiently. In the context of a low interest rate environment, in which banks pay little to no interest on cash, the opportunity cost of sitting on excess funds becomes increasingly significant.

Let's illustrate the difference with two families who invest their savings slightly differently.

The "Monthly" family and the "Yearly" family have experienced a recent increase in their respective savings. Their children have moved out and become financially independent. The result is excess monthly cash of \$10,000 above their historical savings.

The Monthly and the Yearly families save differently. The Monthly family chooses to invest their excess cash at the end of each month, beginning in January of each year. The Yearly family waits until the end of each year to invest their capital.

At the end of year 1, based on an 8% annual return, the Monthly family has an account balance of \$124,499. The Yearly family has \$120,000, as they're just getting started.

Here's what each family's gains on their capital looks like over time:

Stock	End of Year 1	End of Year 5	End of Year 10	End of Year 15	End of Year 20
Monthly family	\$124,499	\$734,769	\$1,829,460	\$3,460,382	\$5,890,204
Yearly family	\$120,000	\$703,992	\$1,738,387	\$3,258,254	\$5,491,436

By making more frequent contributions over time, the Monthly family accumulates almost \$400,000 more than the Yearly family. Even adjusting for inflation, this is a significant difference.

While financial markets might be unpredictable, by focusing on things we can control, such as efficient capital deployment, we can all improve our financial situations.

# 2022 Important Tax and Financial Planning Figures

## Registered Plans

### Registered Retirement Savings Plan (RRSP)

2021 Contribution Limit	\$27,830
2022 Contribution Limit	\$29,210
2021 Tax Year Contribution Deadline	March 1, 2022

### Tax Free Savings Account (TFSA)

2021 Contribution Limit	\$6,000
2022 Contribution Limit	\$6,000
Cumulative Contribution Room <sup>1</sup>	\$81,500

### Registered Education Savings Plan (RESP)

Lifetime Contribution per Beneficiary	\$50,000
Annual contribution to Maximize Grant <sup>2</sup>	\$2,500

## Prescribed Rate Loans

CRA Prescribed Interest Rate (Q1 2022)	1.00%
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Interest must be paid on or before January 30 each year to avoid income attribution.

## RRIF Minimum Payment Schedule - Based on Previous Year End Market Value

Age	Min. Payment	Age	Min. Payment
65	4.00%	81	7.08%
66	4.17%	82	7.38%
67	4.35%	83	7.71%
68	4.55%	84	8.08%
69	4.76%	85	8.51%
70	5.00%	86	8.99%
71	5.28%	87	9.55%
72	5.40%	88	10.21%
73	5.53%	89	10.99%
74	5.67%	90	11.92%
75	5.82%	91	13.06%
76	5.98%	92	14.49%
77	6.17%	93	16.34%
78	6.36%	94	18.79%
79	6.58%	95+	20.00%
80	6.82%		

## 2021 Combined Federal/Ontario Personal Tax Rates

Taxable Income	Interest	Eligible Dividends	Non-Eligible Dividends	Capital Gains
First \$46,226	20.05%	0.00%	9.24%	10.03%
\$46,227 to \$50,197	24.15%	0.00%	13.95%	12.08%
\$50,198 to \$81,411	29.65%	6.39%	20.28%	14.83%
\$81,412 to \$92,454	31.48%	8.92%	22.38%	15.74%
\$92,455 to \$95,906	33.89%	12.24%	25.16%	16.95%
\$95,907 to \$100,392	37.91%	17.79%	29.78%	18.95%
\$100,393 to \$150,000	43.41%	25.38%	36.10%	21.70%
\$150,001 to \$155,625	44.97%	27.53%	37.90%	22.48%
\$155,626 to \$220,000	48.35%	32.19%	41.79%	24.17%
\$220,001 to \$221,708	49.91%	34.34%	45.58%	25.95%
\$221,708+	53.53%	39.34%	47.74%	26.76%

## Canada Pension Plan & Old Age Security - Monthly Maximum Rates 2022

CPP Retirement Benefit (age 65)	\$1,253.59 per month	OAS Benefit (age 65)	\$642.25 (Q1)
Reduction for Early Benefits (minimum age 60)	-0.60% per month taken early	Increase for Deferred Benefits (maximum age 70)	+0.60% per month deferred
Increase for Deferred Benefits (maximum age 70)	+0.70% per month deferred	Net Income when Clawback of Benefits Begins	\$81,761
CPP Disability Benefit	\$1,464.83	Net Income when Benefits are Fully Clawed Back	\$133,141
CPP Survivor Benefit (below age 65)	\$674.79		
CPP Survivor Benefit (65 or older)	\$752.15		
Combined Survivor & Retirement Benefit	\$1,257.13		
Combined Survivor & Disability Benefit	\$1,467.04		

<sup>1</sup> Canadian residents age 18 and older as of 2009.

<sup>2</sup> The Canada Education Savings Grant (CESG) is 20% of the contribution to a maximum of \$500 per year or \$1,000 per year if carry forward grant is utilized.

This document is for general information purposes only.

## GFI Investment Counsel Performance Summary

as of December 31, 2021

The following are the historical performance summaries of GFI Investment Counsel's portfolios. Please contact us at the number below for more information.

Portfolio	YTD	1 year	3 year*	5 year*	10 year*	Since Inception**
Equity	28.0%	28.0%	27.9%	20.7%	19.7%	18.7%
Growth***	20.1%	20.1%	21.2%	15.8%	14.9%	11.3%
Balanced	13.8%	13.8%	16.5%	12.1%	11.2%	8.9%
Income****	9.9%	9.9%	12.6%	9.2%	8.2%	8.3%

Portfolio	2021	2020	2019
Equity	28.0%	21.4%	34.5%
Growth***	20.1%	17.8%	25.9%
Balanced	13.8%	16.1%	20.6%
Income****	9.9%	13.0%	14.8%

\*Annualized.

\*\*Equity inception is April 29, 2011. Growth and Balanced inception is January 31, 2005. Income inception is January 29, 2010.

\*\*\*Named Equity Balanced prior to 9/29/2019

\*\*\*\*Named Fixed Income Balanced prior to 9/29/2019

- Equity portfolios include all managed accounts with 100% equity holdings.
- Growth portfolios include all managed accounts with equity holdings of 61% to 80% of total assets.
- Balanced portfolios include all managed accounts with equity holdings of 41% to 60% of total assets.
- Income portfolios include all managed accounts with equity holdings of 21% to 40% of total assets.
- All equity composites over \$200,000 managed on a discretionary basis within GFI Investment Counsel are included in performance figures.
- All growth, balanced, and income composites over \$500,000 managed on a discretionary basis within GFI Investment Counsel are included in performance figures.
- Composites do not utilize leverage.
- Composites are net of all fees.
- A fee schedule is available upon request.
- The exchange rate used to convert non-Canadian holdings is the rate supplied by our custodian at quarter end.
- GFI Investment Counsel's investment style most closely resembles value investing.
- Each portfolio's inception date is determined by the date at which discretionary management originated.
- All figures are quoted in Canadian dollars.
- Performance figures are asset weighted.
- Non-resident taxes are added back, where applicable.
- GFI Investment Counsel received its license to operate from the Ontario Securities Commission in July of 2007.
- All returns calculated prior to July, 2007 were based on accounts managed by Daniel Goodman, CFA, (continually) while an Investment Industry Regulatory Organization of Canada (IIROC) licensed portfolio manager.

### 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**.



**GFI Investment Counsel Ltd.**

*Preserving and growing family capital™*