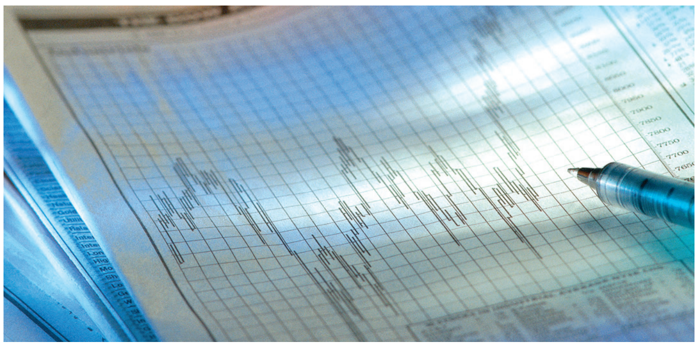
GFI Investment Counsel Ltd.
Preserving and growing family capital™

GoodQuarter Q2'23



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"Our inability to forecast the past has no impact on our desire to forecast the future."

— Morgan Housel

Dear Valued Client,

Summer has arrived. The first six months of the year have not quite been "back to normal." Inflation is still higher than desired, and central banks continue to raise interest rates. Capital markets, however, are starting to predict the potential end of the inflation surge, and financial markets are slowly recovering. Our equities have gained 12.6% year-to-date, and, while we are not pleased until all clients are at new all-time highs, it is a step in the right direction. We continue to search for the best investment opportunities, while ensuring our portfolio is well positioned for any eventuality.

To succeed in owning high-returning businesses over the long run, two things must transpire. Firstly, we must have a process that identifies businesses worthy of ownership. These businesses must have exceptional long-term prospects, and we have to be able to purchase these businesses at a reasonable price. Secondly, we must have the fortitude to own these businesses through challenging times. For example, shortly after we purchased Apple Inc. in May of 2018, markets soured on Apple's near-term outlook. The stock was down roughly 21% six months after our purchase. Since our purchase date, however, the stock has gained 333% (plus dividends). It is critically important we have confidence in our stock selections so that we maintain our ownership through hard times, while simultaneously recognizing when the fundamentals of our businesses have changed. This balance of conviction in our holdings and flexibility to recognize mistakes and/or changes in our businesses prospects is the challenge of investing.

We are excited by our portfolio going into the third quarter of 2023, and continue to research new opportunities. On page 2, we highlight our recent purchase of Aon PLC, and discuss our rationale for this purchase in detail.

As always, we are available to discuss any questions or concerns you might have about your portfolio or our investment strategy. We appreciate your trust and confidence in our firm and we look forward to continuing to work with you in the years ahead.

Daniel Goodman, CFA
Chief Executive Officer

Effie Wolle, CFA, MBA
President and Chief Investment Officer

The Buy

During the second quarter of 2023, we purchased shares of Aon PLC. Aon is a one-stop shop for businesses' insurance needs. The process usually begins with Aon providing paid, risk-consulting services to corporations that are looking to reduce or eliminate unwanted exposures. After the initial assessment, Aon utilizes its network of insurance providers to find the best available policies relative to their clients' goals.

Insurance brokers oversee a company's insurance program in response to that company's unique needs. For example, a large cruise line operator typically purchases insurance for Directors & Officers, business interruption, ship damage and passenger liability (among numerous other exposures).

Aon's expertise spans countless industries, including aviation, construction, energy and technology. Aon can even broker insurance for policies as niche as rockets and satellites. Other business lines include consulting and brokering services for reinsurance (marketed to insurance companies themselves), employee health benefits and wealth solutions for pension plans. Across all businesses (excluding pension consulting), Aon simply brokers insurance policies with insurance underwriters. Aon does not take on any underwriting risk itself.

While insurance brokering does not sound exciting, Aon has many qualities we look for in a great business. For one, customers' needs are recurring. Every year, customers renew their insurance policies, which provides Aon annual commission revenue. The retention rate of existing customers is over 95%, giving Aon a sticky and reliable stream of revenue. Secondly, Aon's profits are largely driven by commissions that are paid by insurance companies after underwriting new policies. Aon's services, however, are purchased by the buyer of an insurance policy. This creates a dynamic where insurance brokers compete based on quality of service and the caliber of relationships, as opposed to price. This has helped drive Aon's high margins, which have steadily expanded over the past decade.

Another trait we appreciate is that Aon is a capital light business. As a professional services provider, Aon requires little-to-no capital to maintain and grow its business. Unlike a capital-intensive business, which has to reinvest profits back into the business to support future growth (like a manufacturer building a new factory), Aon can return the majority of its profits to shareholders and still continue to grow at a steady pace. As a result, Aon has provided exceptional shareholder returns over a prolonged period. Over the last 10 years, Aon has compounded its earnings per share by 15%. This has been achieved through 10% earnings growth and by buying back over one third of its outstanding shares. Shareholders have also been paid an annual dividend of roughly 1% each year.

We estimate our initial purchase of Aon was completed at a high-teens multiple of next year's free cash flow. We believe this will prove to be an attractive valuation for such a high-quality business that is run by a shareholder-friendly management team with little risk of going obsolete. We look forward to being shareholders for many years to come.

Media

On April 25th, a guest on CNBC's Fast Money advised viewers to "fade Microsoft into earnings." Microsoft Corp. was reporting its quarterly financial results that afternoon, and this "expert" was suggesting Microsoft had already gone up too much in anticipation of its earnings release. Microsoft closed that day at $275 per share. Today, Microsoft shares are trading at roughly $334, a 21% gain since that April 25th prediction. We are glad we do not take these prognosticators seriously.

Similar predictions are everywhere in the financial media. Scary headlines get clicks and are more popular than an article suggesting slow, positive improvements. Regardless of the platform, any short-term speculation about stock prices, interest rates or geopolitical events should be consumed with a grain of salt. One of the most important parts of our job as stewards of your capital is filtering through this noise.

How do we do it? We avoid CNBC and other trading-focused financial media. Instead, we spend our time reading company-specific source documents and the writings of well-respected investors who focus on the long term. We avoid thinking about our companies as stocks that trade on an exchange. Instead, we think about our holdings as fractional, but very real, ownership in businesses.

We avoid trying to manage for short-term results. Instead, we do our best to consider how our portfolio companies will do over the next decade, understanding that bumps along the way are beyond our control.

Charlie Munger often says "the first rule of compounding is to never interrupt it unnecessarily." Berkshire Hathaway Inc. has owned many of its investments for multiple decades. These investments include financial institutions, railroads, consumer product manufacturers and technology companies. A short-term investor could have found countless reasons to sell these investments over the years – there were wars, the financial crisis of 2008-2009 and COVID-19, to name a few. Instead of panicking, good managers try to differentiate between the normal economic issues of the day and potential structural changes that may impair a business over the longer term.

To illustrate this point, here is what Berkshire Hathaway paid for a selection of its core holdings (and these holdings' market values today):

Company	Book Valvue	Market Value
American Express	$1.2 billion	$24.8 billion
Apple	$31.1 billion	$161.1 billion
Bank of America	$14.6 billion	$46.0 billion
Coca-Cola	$1.3 billion	$23.7 billion

Long-time client accounts have multiple companies with stock prices that are eight to 10 times our original purchase price. When it comes to trading, less is more.

Our long-term equity and balanced returns can be found at the following link: https://www.gfiic.com/gfi-managed-accounts/.

Our Client Commitments

Here are the promises we make to you *(formed over decades of industry experience):*

1. ***We will always*** manage your money as if it was our own – and we don't take unnecessary risks with our own money.
2. ***We will never*** claim to be able to time markets.
3. ***We will always*** ensure you understand what we are saying.
4. ***We will*** return your phone calls and emails promptly.
5. ***We will always*** report your performance net of all fees.
6. ***We will always*** disclose how and what we charge you.
7. When comparing our performance to benchmarks, ***we will always*** use the appropriate benchmark and include dividends.
8. ***We will*** manage your capital rationally.
9. ***We will never*** discuss or use terms like "macro," "tactical," "sector rotation" or "absolute return."
10. ***We will never*** chase the most recent investment trend.
11. ***We will*** charge fair fees; not the fees we think we can get away with.
12. ***We will never*** use the term "risk-adjusted" to justify poor results.
13. ***We will never*** use Greek letters to explain our approach or rationalize our returns.
14. ***We will never*** tout illiquid investments as if they are "less risky" just because they are private.
15. ***We will never*** launch new products simply because a sector is "hot."

Updates to our Disclosure Document

We wanted to remind clients who opened an account with us before October 2021 that the language to our Investment Management Agreement or Relationship Disclosure Documents have been updated. We sent a summary of changes with your Q4 2021 statements and will continue to prepare an acknowledgement of these changes at your next portfolio review. If you have any questions or would like to receive another copy of the change summary document, please do not hesitate to contact us.

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**.

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