



# GoodQuarter

Q2'25



“Lethargy bordering on sloth  
remains the cornerstone of our  
investment style.”

— Warren Buffett

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### Dear Valued Client,

The second quarter of 2025 saw our equity portfolios increase by 1.9% while bonds gained approximately 0.7%. Roughly 70% of our equities are domiciled in the United States and trade in USD. This portion of your portfolio decreased 5% due to the foreign exchange rate. In past years, the USD strength has been a tailwind. This year, the USD weakness has created a drag on performance. Currency volatility is a normal part of investing in international markets. Including the currency decline, equity portfolios are roughly flat over the first half of the year.

The investment team is hard at work identifying new opportunities for inclusion into the portfolio. While we have nothing to announce quite yet, we know our focus on best-in-class businesses along with our due diligence process will lead to exciting investment opportunities in the coming months and years.

Our methodical approach to equity selection has compounded capital at 14.4% over the last 10-years, and as we continue to learn and look at back at how we achieved that success, we

know we can continuously improve along the way.

The new voice you hear at reception is that of Allan Toda. Allan joined GFI in early July and we are excited to welcome him to GFI. Adriana has joined the admin team to make room for Allan.

On a positive tax note, the One Big Beautiful Bill Act which was signed into law on July 4th had the potential to more than double the tax applied to dividends from U.S. companies received by Canadian investors and corporations. This part of the act was deleted prior to its passing which is a big relief for Canadian investors.

On page two of the GoodQuarter, we discuss fraud prevention, a critical topic in today's environment. Lastly, on page three we highlight the real-life merits of making non-optimal financial, but optimal emotional decisions.

Thank you for your ongoing support.

**The GFI Team**

## Fraud Prevention

Financial and identity fraud is on the rise. With advancements in technology and AI, the methods and schemes are becoming more sophisticated.

We have measures in place to protect your capital and confidential information. You can always expect us to phone you to confirm any requests outside of the normal course.

There are also some steps and precautions that you can take to ensure your information is safeguarded.

### 1. Enable Multi Factor Authentication (MFA)

You will receive a unique code via text message each time you login. This is one of the best methods to prevent unauthorized access to your online accounts. We can enable this for your accounts at your request.

### 2. Use a unique password for each login.

Passwords should not be used across multiple platforms. Security measures vary greatly across platforms. You do not want the same password for your online recipe subscription and your online banking. Use passwords that are difficult to guess that contain upper and lowercase letters, numbers, and symbols. You can also use a password manager to create and securely store your passwords.

### 3. Never provide anyone with your password.

GFI will never ask for your password over email or phone. Be cautious of any emails stating that your password has been reset if you have not initiated a request.

### 4. Ensure your computer and devices have the latest security updates.

Do not ignore software updates and restart your devices when prompted. As scammers create new ways to access your data, software updates are released to protect against the latest tactics.

### 5. As a general rule, always be skeptical if something seems out of the ordinary.

Trust your gut. If you ever have doubts about a request regarding your accounts, call us.

We are constantly learning and adapting our methods to improve and stay up to date with the latest strategies that fraudsters are implementing. We believe our strongest defense against fraud is knowing our clients on a personal level. As always, please reach out to us if you have any questions about cyber security or anything else regarding your portfolio.

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## Emotions and Financial Decisions

Each day, you're faced with thousands of decisions – what to wear, what to eat, and even what playlist to listen to on your commute. Some take little to no brainpower, and very few have lasting effects. If you decide to order chicken instead of steak for lunch, you may be disappointed in the moment, but you'll quickly forget about it and move on.

It's the decisions with lasting effects that we tend to focus more of our time and energy on making sure we get right. Due to the long-term nature of investing, many of the decisions we help clients with can have a long-term impact. There are several instances where clients have made a decision that is less than optimal from a financial standpoint, but absolutely optimal from an emotional or lifestyle perspective. Here are some examples:

- 1. Using investments to pay off a mortgage instead of renewing at historically low rates because you are risk averse and prefer to carry no debt.**
- 2. Increasing the bond allocation in your portfolio, even though retirement is 20 years out, because the emotional stress around market volatility is not worth the increased return you may achieve.**
- 3. Changing careers or reduce working hours to pursue hobbies or spend more time with family.**

When considering only the financial impact of decisions, these would all appear to be sub-optimal choices. However, most of us don't go through life with the sole purpose of accumulating the largest net worth at the expense of being stressed, worried, or miserable. The clients in examples 1 and 2 could get nervous and sell investments at a time of negative market volatility or rising interest rates if they feel they have taken on too much risk, turning paper losses to realized losses. The client in example 3 could burn out and have no income for an extended period.

Knowing your emotional limit and staying within those limits is what makes these decisions sustainable over the long-term, leading to better results.

## Our Client Commitments

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

1. **We will never** take unnecessary risks with your money. We will always manage your money as if it was our own.
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. **We will always** use the appropriate benchmark and include dividends when comparing our performance to benchmarks
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."

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**.



*Preserving and growing  
family capital™*