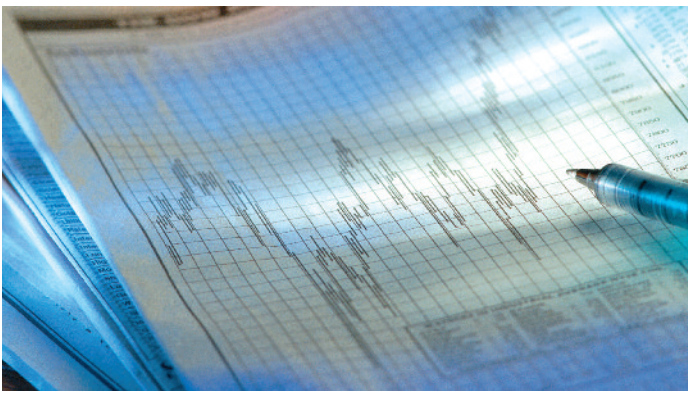


# GoodQuarter

WINTER  
2011



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*"If I can be optimistic when nearly dead, surely you can be optimistic with a little inflation."*

- Charlie Munger, May 1, 2010, GFI Portfolio Manager's Notes at Berkshire Hathaway's Annual Meeting

### Dear Valued Client,

Over the past 12 months, the value of GFI Investment Counsel's client portfolios increased almost continuously, and have surpassed their asset levels before the 2008-2009 credit crisis. Importantly, we continue to monitor your accounts to ensure a proper mix of stocks and bonds are held, and that your equity portfolios' strong recent performance does not skew your desired asset allocation.

Over the 2010 calendar year, our equity positions gained roughly 15%, while our fixed income holdings averaged a return of approximately 7%. Your specific household returns are included in this package.

A number of clients have asked if it would be possible to limit the amount of mail they receive from GFI and their custodian. The answer is yes. GFI can suppress some of the mail that arrives at your home. **While you will continue to receive monthly and quarterly statements**, we can eliminate the paperwork that arrives each time there is activity in your accounts. Please call our office and speak with Jeff if you would like to suppress your transaction confirmations or to learn more about this option. **If you are happy with the correspondence you are currently receiving, no additional steps are required.**

We look forward to meeting with many of you over the next few weeks as we plan for 2011. Remember, January is a great time to contribute to Tax-Free Savings Accounts (TFSA's) and to top-up your Registered Retirement Savings Plan (RRSP) and your Registered Education Savings Plan (RESP) contributions.

A few GFI clients have also asked us about the proposed purchase of Dundee Securities (one of our preferred custodians) by ScotiaBank. Please see our article on page 3 for more details.

Additionally, we are excited about the new GFI website ([www.gfiic.com](http://www.gfiic.com)), which will go live in February 2011. Please be sure to visit us online then!

As always, we thank you for your continued support.

Warm regards,

Daniel Goodman, CFA  
President and Chief Executive Officer

## Portfolio Updates

### *Helicopters, Payrolls, and Bonds ...*

During the fourth quarter of 2010, GFI Investment Counsel sold the majority of our Canadian Helicopters Income Fund ("Canadian Helicopters") holdings, and purchased Automatic Data Processing, Inc. ("ADP") equity and Laurentian Bank of Canada ("Laurentian") bonds.

Units of Canadian Helicopters Income Fund were first purchased for GFI's clients in the fall of 2008, when the price of the company's units did not reflect the company's true value. We purchased these units at costs ranging from \$7.00 to \$11.00, firmly believing the business and its assets were worth \$14.00 to \$16.00 per unit. This past quarter, with Canadian Helicopters' units trading at (or near) our assessed value, we sold the majority of our position in taxable accounts, and our entire position in non-taxable accounts. Canadian Helicopters' business had fundamentally changed since we first took a position in the company. The company has been earning the majority of its profits from one large client, and has a very strong economic dependence on that one client. As a result of this new business reality, and after the price of the company's units reached what we believe to be their true value, we exited the position (at approximately \$14.75 per unit). We also received \$2.40 in distributions.

GFI purchased ADP for client accounts in the fourth quarter. ADP is the largest payroll processor in North America, and is continuously expanding its offering to clients through additional HR services. The company is an entrenched provider of critical services and has a widely recognized brand. Given our view that over time, the North American economy will grow and create jobs, we believe ADP offers a unique opportunity to invest in a growing business with recurring revenue and high switching costs. The company also holds a significant amount of cash on behalf of its clients, and as interest rates increase, ADP's earnings should grow in lock-step. The company has a dividend yield of 3.0%.

Lastly, GFI recently purchased an issue of Laurentian bonds. These bonds have a five-year fixed coupon payment with an additional five-year floating rate portion. We believe Laurentian is very creditworthy and we have mitigated the risk of rising interest rates by purchasing a bond that will convert to a floating security in the final five years of its term. We continue to look for high-quality corporate bonds for our client accounts.



## Custodians and You

### *A quick tutorial on an important topic*

What is the role of your custodian?

As many of you are aware, your assets are not held by GFI. They are actually held by your custodian (Dundee Securities or TD Waterhouse) in their role as custodian of your funds. While GFI is given authority to manage your assets, the actual securities are held in safekeeping by your custodian. This structure ensures all our clients' assets are segregated and held by a large and reputable entity.

GFI's custodian is responsible for holding our clients' securities, providing personalized tax forms, and sending our clients trade confirmations and monthly statements. As custodians, Dundee and TD act as safe keepers of your assets and in administrative support roles to GFI. Your accounts at both Dundee and TD are insured through the Canadian Investor Protection Fund ("CIPF"). Please visit [www.cipf.ca](http://www.cipf.ca) for more details.



It is worth highlighting that ScotiaBank has made an offer to purchase DundeeWealth, the parent company of Dundee Securities. The purchase is expected to close at some point in the first quarter of 2011. Our preliminary discussions with management at Dundee indicate that there will not be any effect on client accounts.

Rest assured, we are keeping an open dialogue with Dundee and TD Bank is already available to act as an alternative custodian should that be necessary. We expect our strong relationship with both our custodians to continue into the future.

## GFI Investment Counsel and GoodFunds

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 the Good Opportunities Fund (“the Fund”), an alternative investment fund available to accredited investors. The fund is the first in the “GoodFunds” series of investment products. 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, risks and opportunities.

The highest compliment our clients give us is the referral  
of their family, friends, and business associates.

If you know anyone who would benefit from working with GFI Investment Counsel,  
please refer them to our office, call us at 416.488.8825, or email us at [info@gfiic.com](mailto:info@gfiic.com).

Additional information can be found on our website at [www.gfiic.com](http://www.gfiic.com).

For more information about GFI Investment Counsel, the Good Opportunities Fund,  
or GoodFunds, please call **416.488.8825** or email [info@gfiic.com](mailto:info@gfiic.com).