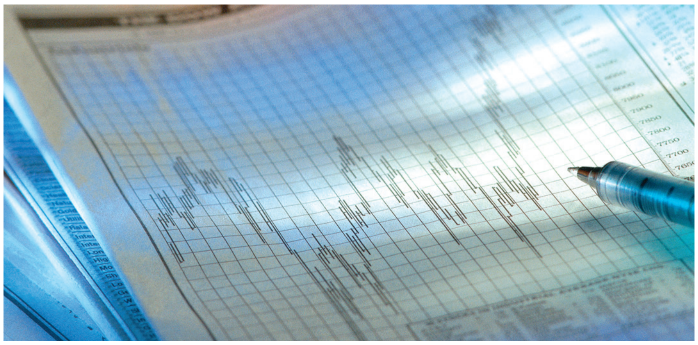
GFI Investment Counsel Ltd.

Preserving and growing family capital™

GoodQuarter Q2'22



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"If you are not willing to own a stock for 10 years, do not even think about owning it for 10 minutes."

— Warren Buffett

Dear Valued Client,

Economic and geopolitical events caused virtually all portfolio holdings to decline in the first half of 2022. Against this backdrop, we made one change to our equity holdings and remained invested in the businesses that have provided shareholders strong returns over many years. As difficult as a market decline can be, we know from experience that the best course of action is to remain calm and focus on the long-term sustainability of our investments. Periods like these have been key determinants to long-term investment success. Selling equities during downturns has historically been the biggest mistake investors have made. We believe that, over time, the businesses we own will continue to provide real returns and fight inflation more effectively than the available alternatives.

We have always downplayed macroeconomic forecasting, as it has proven unreliable time and again. The world is unpredictable and the best way to deal with market volatility is to expect it, accept it, and ensure you always own a high-quality portfolio. We are fortunate to invest alongside our clients, who are like-minded long-term investors. As in the past, we expect to be rewarded over time. We encourage you to continue to look beyond today's headlines and maintain your long-term investment focus.

Our financial planning offering continues to have great momentum. As a result, we expect to have another team member qualify as a Certified Financial Planner in the next 12 months. We have also recently expanded our office footprint by expanding into the space beside our office to accommodate our team's growth.

On page 2 of this newsletter, we review Visa Inc., and why we believe Visa continues to be such an attractive long-term business to own.

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

Visa Inc.

Although a stock's price traces the performance of the underlying business over a long time horizon, this is not necessarily the case over the short or medium terms. As such, it helps to revisit the fundamentals of a business during times of volatility to distinguish sentiment-based price movements from long-term business impairments.

While often described as a financial services company, Visa does not make any loans or assume credit risk. Visa partners with banks to offer consumers credit and debit cards. In turn, banks receive fees each time a transaction takes place using their cards, and lend money to credit card customers who choose to maintain outstanding balances.

Visa makes money by charging a fee for every transaction it enables. For example, when you purchase a coffee from Tim Hortons with your Visa card issued by BMO, Tim Hortons' bank, let's say TD, will use Visa's network to confirm with BMO that you have sufficient funds to complete the transaction. In this example, BMO would earn the majority of the fees, while TD, Visa and other intermediaries would receive lesser fees.

Visa markets its brand to consumers who know that they can use their Visa card almost anywhere in the world, and this notoriety encourages businesses to offer Visa as a payment option and banks to continue to offer Visa-branded credit cards.

Visa's competitive advantage comes from its ubiquity and the ensuing network effect. The more customers Visa has, the more value retailers get from accepting Visa's credit cards. Customers want a card with a high acceptance rate and merchants need to accept the most common credit cards or risk losing business. It is our view that this advantage is persistent, and Visa will be extremely difficult to disrupt for new entrants.

One of the biggest recent concerns surrounding Visa has been the emergence of new payment methods, such as Buy Now, Pay Later (BNPL). Our research leads us to believe that any risk of disruption is overblown. Among other issues, BNPL's business model naturally attracts consumers with weaker credit and hurts merchants by taking a bigger portion of each transaction. We believe this means BNPL will be unlikely to reach the scale required to materially impact Visa.

Other worries include inflation and consumer spending. We think these concerns are short sighted. The business cycle will always ebb and flow but, as the global economy recovers, Visa will continue to be a top credit card choice for both consumers and retailers. Visa is also a beneficiary of inflation, as the company charges a percentage-based fee on transactions.

Regulatory risk is a concern for a dominant business such as Visa. This is something we will continue to monitor and, if we became uncomfortable with the regulatory landscape, we will respond quickly.

Over the past 10 years, Visa's stock has experienced the following five drawdowns:

Period	Decline
Jan – Apr 2014	12%
Jan – Feb 2015	13%
Sep – Dec 2018	9%
Feb – Mar 2020	25%
Jan – Feb 2021	13%

Despite this, you would have earned over 21% annually by doing nothing during this 10-year period. Although Visa's share price fell alongside equity markets over the first half of 2022, we believe the quality of Visa's business remains intact. The concerns we mentioned above might lead to shifts in sentiment and short-term price fluctuations, but this should pass with time and Visa should continue to reward patient investors.

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."

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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