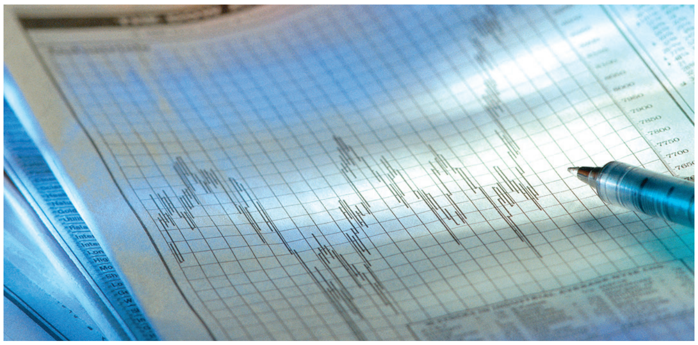
GFI Investment Counsel Ltd.
Preserving and growing family capital™

GoodQuarter Q4'22



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"Any superiority an investment process may have will only emerge with time, so patience is important."

— Nick Sleep

Dear Valued Client,

Happy New Year. The fourth quarter of 2022 continued in the same manner as the year began – with heightened financial market volatility and uncertainty. While hard work tends to be correlated with activity in most endeavours, doing little is often the right approach when investing.

After a large decline over the first six months of 2022, our third-quarter equity return was roughly 0.4%, while our fourth-quarter equity return was approximately 7.2%. Fixed income was roughly flat for the latter six months of 2022.

The economic events that transpired in 2022 had an enormous impact on nearly all securities. First, higher interest rates lowered the value investors were willing to pay for assets, as the returns available from risk-free government bonds increased expected returns from investors. Second, companies with significant debt, especially debt that requires refinancing, are expected to experience materially lower net income. Third, inflation further impacted businesses, as cost increases cannot always be passed through to customers quickly (or in their entirety). These three issues combined to lower the equity value of most businesses.

Although the portfolio suffered declines over the period, the earnings of the businesses we own were resilient. The majority of our holdings continued to grow their earnings, even through a difficult environment. In some of the more cyclical industries we invest in, our holdings' earnings decreased, but their brands and normalized earnings were not impacted. We will remain patient and wait for our companies to flourish once again, as economic circumstances change over the next six to 18 months.

Page 2 of our newsletter discusses the difference between Tax-Free Savings Accounts and Registered Retirement Savings Plans. On page 3, we have included important 2023 financial facts and figures you should be aware of.

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

An Overview: Tax-Free Savings Accounts versus Registered Retirement Savings Plans

Our clients often ask us if they are better off contributing to a Tax-Free Savings Account (TFSA) or a Registered Retirement Savings Plan (RRSP). Our answer is ultimately both! However, when you have to decide on one or the other, there are a few key variables that could impact your decision which we have summarized below.

TFSAs: A multi-purpose savings tool with flexibility on withdrawals

Contributions to a TFSA are made with after-tax dollars. The investment earnings and growth are tax-free within the account, and withdrawals are tax-free as well. The flexible nature of these accounts makes them ideal for many different goals, from saving for your first home to funding your retirement. Any withdrawal amount is also added to the following year's TFSA contribution room.

RRSPs: A retirement savings vehicle with an immediate tax break

Unlike a TFSA, the amount you contribute to an RRSP creates a deduction from your current year's income. The result is a tax refund and a contribution made with pre-tax dollars. Assuming you reinvest your tax refund, this allows more capital to be invested and compounded over several decades. Investment earnings and growth within RRSPs are tax-deferred, and are only taxed when funds are eventually withdrawn from the account. Although you can withdraw funds at any point, all withdrawals are fully taxed as income and the contribution room is lost.

	TFSA	RRSP
Purpose	Flexible	Long-term retirement savings
Favours	Lower-income earners	Higher-income earners
Contributions		
Taxation	After-tax contributions	Pre-tax contributions
Annual maximum	$6,500 in 2023	Lesser of $29,210 in 2022 or 18% of previous year's earned income
Contribution deadline	No deadline. Contribution room carries forward each year	60 days into the following calendar year to deduct on the previous year's income
Withdrawals		
Taxation	Tax-free	Full amount included as income

Where should you direct your savings?

Interestingly, if you are in the same tax bracket when you contribute and withdraw funds, the two accounts provide identical after-tax results. If you are currently in a high tax bracket, and expect your tax bracket to be lower in retirement, contributing to an RRSP is recommended. If you are early in your career and expect your future income to be higher, contributing to a TFSA can be more beneficial.

Additional factors to consider include your financial goals, and the availability of employer matching programs. You should consult with your accountant regarding specific tax advice. We are happy to discuss your unique situation in more detail to assist with this decision and collaborate with your other professionals when required.

2023 Important Tax and Financial Planning Figures

Registered Plans	
Registered Retirement Savings Plan (RRSP)	
2022 Contribution Limit	$29,210
2023 Contribution Limit	$30,780
2022 Tax Year Contribution Deadline	March 1, 2023
Tax Free Savings Account (TFSA)	
2022 Contribution Limit	$6,000
2023 Contribution Limit	$6,500
Cumulative Contribution Room[1]	$88,000
Registered Education Savings Plan (RESP)	
Lifetime Contribution per Beneficiary	$50,000
Annual contribution to Maximize Grant[2]	$2,500

Prescribed Rate Loans	
CRA Prescribed Interest Rate (Q1 2023)	4.00%
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%		

2023 Combined Federal/Ontario Personal Tax Rates				
Taxable Income	**Interest**	**Eligible Dividends**	**Non-Eligible Dividends**	**Capital Gains**
First $49,231	20.05%	0.00%	9.24%	10.03%
$49,232 to $53,359	24.15%	0.00%	13.95%	12.08%
$53,360 to $86,698	29.65%	6.39%	20.28%	14.83%
$86,699 to $98,463	31.48%	8.92%	22.38%	15.74%
$98,464 to $102,135	33.89%	12.24%	25.16%	16.95%
$102,136 to $106,717	37.91%	17.79%	29.78%	18.95%
$106,718 to $150,000	43.41%	25.38%	36.10%	21.70%
$150,001 to $165,430	44.97%	27.53%	37.90%	22.48%
$165,431 to $220,000	48.29%	32.11%	41.72%	24.14%
$220,001 to $235,675	49.85%	34.26%	43.51%	24.92%
$235,675+	53.53%	39.34%	47.74%	26.76%

CPP Retirement Benefit (age 65)	$1,306.57 per month
Reduction for Early Benefits (minimum age 60)	-0.60% per month taken early
Increase for Deferred Benefits (maximum age 70)	+0.70% per month deferred
CPP Disability Benefit	$1,538.67
CPP Survivor Benefit (below age 65)	$707.95
CPP Survivor Benefit (65 or older)	$783.94
Combined Survivor & Retirement Benefit	$1,313.13
Combined Survivor & Disability Benefit	$1,542.77
OAS Benefit (age 65)[3]	$687.56 (Q1)
Increase for Deferred Benefits (maximum age 70)	+0.60% per month deferred
Net Income when Claw Back of Benefits Begins	$86,912
Net Income when Benefits are Fully Clawed Back	$141,917

[1] Canadian residents age 18 and older as of 2009.
[2] 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.
[3] OAS benefits are increased by 10% for those aged 75 and over and the upper limit of the clawback threshold is also increased to $147,418.

This document is for general information purposes only.

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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