

Client Communications

March 9th, 2020

E-mail to clients

Dear Valued Client,

Given the market decline that is occurring, we wanted to provide our current thoughts. We cannot accurately forecast the length and overall severity of the current market turmoil. Nobody can. What we can say with extreme conviction, is that this too shall pass and as difficult as it may be, the best course of action is to maintain a high-quality portfolio of best in class businesses. Over the fullness of time, buying quality businesses will remain the best option for long-term savings. A company's value is based on its long-term earnings power; not on its worst year's earnings.

We are fortunate to be able to draw upon our personal history (as well as long term historical market data) in managing through turbulent market periods. During the credit crisis of 2008/2009, we take comfort in the fact that our clients stayed invested, and maintained both their long term asset mix and calm. GFI clients also remained resolute during the rapid decline of Q4 2018. All of you are significantly better off for it.

As of this morning, clients fully invested with an asset mix of 100% equities have a year-to-date performance of roughly +0.1%. Every client with a customized account will vary slightly. More importantly, since we have been managing 100% equity customized portfolios (April 29, 2011), our chosen equities have compounded at 17.0%, annualized. Unfortunately however, equities do not follow a linear path. To achieve returns associated with business ownership requires the assumption of volatility from time-to-time.

If you have recently begun to invest with us, you are unfortunately experiencing market volatility without the benefit of long term performance. While we wish that your experience was more aptly timed, over the fullness of time, business fundamentals will come to dominate your performance and the importance of your investment start date will diminish.

We will remain proactive during the coming days to identify any unique opportunities for all clients and we will continue to reach out to discuss the current situation and its impact on your long-term goals. If you would like to speak with anyone on the team here at GFI, we are always available.