

GoodQuarter

Q4'24



“The only function of economic forecasting is to make astrology look respectable.”

— John Kenneth Galbraith

IN THIS ISSUE

- > Case Study: Compounding
- > Financial Planning

Dear Valued Client,

Happy New Year. We hope you created many wonderful memories with family and friends over the holiday season. Over the past year, the GFI team has been working hard to adapt and grow with our expanding client base. As you probably noticed in our holiday card, the team continues to grow, and we are lucky to continue to attract fantastic people to our team. Please join us in welcoming Sandra Mapa, Nikol Levitin and Gerald Zengeya to GFI.

The GFI equity and fixed income portfolios generated superb results in 2024. Our equity model gained 27.3% during 2024 while our fixed income portfolios gained roughly 6%. As the proverb suggests, “Make Hay while the Sun Shines”. In 2024, we did.

As always, the road to a strong equity gain was not a straight line, with various weeks and months throughout the year testing investor fortitude. Patience was rewarded, as it often is in investing.

Given it's the new year, TFSA contribution room and RRSP contributions for calendar year 2024 are available until the end of February. We have included a handy page of relevant financial information on page 3 of this newsletter.

If you have any questions about TFSAs, RRSPs, the portfolio or any other matter, please reach out, we would be happy to help.

Thank you for your ongoing support.

The GFI Team



Compounding

In May 2011, a client we'll call Bob Smith joined GFI. Bob deposited \$2,000,000 into his account and decided on an asset allocation of 100% equities. At the end of December 2024, without having made any deposits or withdrawals, Bob's account was valued at \$14,670,680. For each one percent increase in Bob's account today, his initial capital is growing by 7.3%.

While our historical track record for managing accounts has a longer history, Bob's account, due to the lack of deposits and withdrawals, is the simplest example to illustrate the power of compounding. In roughly 14 years of managing Bob's account, we have sold less than 40 securities, an average of less than three trades per year. Four of those sales were the result of acquisitions - Whistler Blackcomb, Tim Hortons, Precision Castparts and Heinz.

GFI and Bob's relationship has been great, and we have both played our part. We bought growing, well-managed businesses and Bob stayed invested in the market. Bob never panicked in response to political headlines, recession predictions or talking heads on television.

On 17 different occasions, Bob's account decreased by more than 4%, and in 6 of those instances, his account decreased by more than 7% including of course, a material pandemic decline. While those drops in market value were difficult in the moment, they are merely a blip with the benefit of hindsight. Bob wasn't fazed during those periods of weakness. Moreover, given that Bob's account was non-registered, our patient approach and lack of excessive trading has earned him an exceptional after-tax rate of return.

We would like to thank you, and all our clients, for believing in our approach to investing, in being unfazed by the constant noise in the media and for entrusting us with your hard-earned assets.



Bob Smith

Joined:	May 2011
Initial deposit:	\$2,000,000
Asset Allocation:	100% Equities
Current Balance:	\$14,670,680

2025 Important Tax and Financial Planning Figures

Registered Plans			
Registered Retirement Savings Plan (RRSP)		Tax Free Savings Account (TFSA)	
2024 Contribution Limit	\$31,560	2024 Contribution Limit	\$7,000
2025 Contribution Limit	\$32,490	2025 Contribution Limit	\$7,000
2024 Tax Year Contribution Deadline	March 3, 2025	Cumulative Contribution Room ¹	\$102,000
Registered Education Savings Plan (RESP)		First Home Savings Account (FHSA)	
Lifetime Contribution per Beneficiary	\$50,000	Annual Contribution Limit	\$8,000
Annual Contribution to Maximize Grant ²	\$2,500	Lifetime Contribution Limit	\$40,000

2025 Combined Federal/Ontario Personal Tax Rates					
Taxable Income	Interest	Eligible Dividends	Non- Eligible Dividends	Capital Gains (First \$250k)	Capital Gains (Excess over \$250k)
First \$52,886	20.05%	0.00%	9.24%	10.03%	13.37%
\$52,887 to \$57,375	24.15%	0.00%	13.95%	12.08%	16.10%
\$57,376 to \$93,132	29.65%	6.39%	20.28%	14.83%	19.77%
\$93,133 to \$105,775	31.48%	8.92%	22.38%	15.74%	20.99%
\$105,776 to \$109,727	33.89%	12.24%	25.16%	16.95%	22.59%
\$109,728 to \$114,750	37.91%	17.79%	29.78%	18.95%	25.27%
\$114,751 to \$150,000	43.41%	25.38%	36.10%	21.70%	28.94%
\$150,001 to \$177,882	44.97%	27.53%	37.90%	22.48%	29.98%
\$177,883 to \$220,000	48.29%	32.11%	41.72%	24.14%	32.19%
\$220,001 to \$253,414	49.85%	34.26%	43.51%	24.92%	33.23%
\$253,415+	53.53%	39.34%	47.74%	26.76%	35.69%

Prescribed Rate Loans	
CRA Prescribed Interest Rate (Q1 2025)	4.00%
Interest must be paid on or before January 30 the following 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%		

Government Benefits - Monthly Maximum Amounts 2025	
Canada Pension Plan (CPP) Retirement Benefit (age 65)	\$1,433 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
Old Age Security (OAS) Benefit (age 65) ³	\$727.67 (Q1)
Increase for Deferred Benefits (maximum age 70)	+0.60% per month deferred
Net Income when Claw Back of Benefits Begins	\$93,454
Net Income when Benefits are Fully Clawed Back	\$151,668

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 \$157,490

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**.