



Fund	Net Asset Value Per Unit	March Return	2007 Return	Goodwood Compound Annual Return Since Inception	S&P/TSX Compound Annual Return Since Fund Inception
Goodwood Fund "A"*	\$36.9427	(0.04)%	+4.02%	+21.17 %	+10.47%
Goodwood Fund "B"***	\$15.9834	(0.21)%	+3.46%	+9.93%	+13.00 %
Goodwood Capital Fund***	\$21.3937	(0.26)%	+4.73%	+13.92%	+8.35%
S&P/TSX Composite TRIN	-	+1.17%	+2.60%	-	-

Dear Fellow Unitholders,

Event-driven investing has become a common phrase in investing. For the Goodwood Funds it really signifies the surfacing of underlying value through some exogenous event (often an event that we have been patiently waiting for). The first quarter of 2007 provided a number of such events in some of our core holdings and newer ideas and, we would like to recap some of the more salient for you in this month's letter.

In December 2006 Cenveo, Inc. ("Cenveo") purchased Cadmus Communications Corporation followed by the February 2007 announcement of the acquisition of Printegra Corporation. These acquisitions make Cenveo the third largest company in the North American printing industry. Following a strong Q4 2006 announced on March 1st, Cenveo management and board members continued their pattern of insider buying (despite the stock now trading at levels substantially higher than their original purchases). Bob Burton purchased an additional US\$1.3 million of shares taking his and his family's position to approximately 7.8% of Cenveo, worth US\$95 million at today's prices. Cenveo was accretive to the Fund's return in 2005, 2006 and is up 15% so far in 2007 (in US \$'s).

On March 5th Pathmark Stores, Inc. ("Pathmark") agreed to be acquired by The Great Atlantic & Pacific Tea Company, Inc. ("A&P"), a merger that has been much anticipated by us and is expected to be a significant positive for our position in A&P (still our largest position). The US\$1.3 billion in cash, stock and debt transaction will leave A&P as a leader in the northeastern US supermarket industry with 550 stores and combined sales of approximately US \$11 billion. Guidance is for cost synergies of US \$150 million (versus our original expectations of US \$130 million) to be realized over the ensuing two years. A&P's new market position and profitability may render it an attractive acquisition candidate for a national grocery chain. To date in 2007 A&P shares have appreciated by

29% (in US \$'s) and we would expect further upside as the businesses are integrated and the cost synergies become reality.

On March 28, 2007 Saskatchewan Wheat Pool Inc. ("Pool") announced a very favorable consent agreement with the Canadian Competition Bureau ("CCB"), an important milestone in its bid for Agricore United ("Agricore"). To satisfy the CCB consent agreement, certain Pool assets have to be transferred and upon further analysis, Pool now estimates \$80 million in synergies (up from the previously announced \$60 million) will be achieved by combining the two western Canadian agri-businesses. On the heels of this ruling (March 29th) Pool significantly increased its original Agricore offer and it appears materially higher than the current James Richardson International Limited ("JRI")/Ontario Teachers' Pension Plan ("Teachers") bid (though JRI and Teachers may re-bid too).

In the short term, our smaller investment in Agricore is the big winner, appreciating by 50% from our original cost. However, we are steadfast in our view that our larger Pool position offers substantial long term upside. We believe this to be the case, even if Pool's Agricore bid fails, due to the Pool's formidable asset base, strong financial position, shareholder-oriented management, the prospect of restructuring at the Canada Wheat Board, and the availability of other acquisition opportunities (including assets required by the CCB to be sold as a result of a potential JRI/Agricore merger).

On February 28th, in the midst of a significant sell off in global equity markets, ATS Automation Tooling Systems Inc. ("ATS") commenced the Initial Public Offering ("IPO") of their 100% owned solar business, Photowatt Technologies Inc. ("Photowatt"). In addition to the timing being suspect, the preliminary IPO pricing range was well below our and other shareholders' expectations. We think this was the result of a number of execution errors and, rather than accepting this outcome at face value, we have decided to actively engage ATS' Board to consider more shareholder-friendly alternatives. Somehow, lost in the post-IPO-announcement clamor, were Photowatt's strengths. These include vertical integration (a rarity in the burgeoning solar industry), a long history of product quality and R&D innovation, a proposed partnership with the French Atomic Energy Commission's Laboratory of Microelectronics and Technology for Information (one of the largest applied research labs in Europe) to pursue research into solar technologies and, an improving ability to substitute lower cost refined metallurgical grade silicon for tough-to-secure polysilicon (with polysilicon availability tight for all manufacturers, having a viable alternative feedstock is a plus).

Notwithstanding its recently-completed capacity expansion to 60 mega-watts ("MW") of annual capacity (from approximately 40MW), Photowatt's current value will be much greater if it has the capital required to continue to grow (the Company has targeted 400MW of annual capacity by 2011). Thus, the importance of the IPO or some other form of capital raise. With this money Photowatt has the opportunity to attract the kind of valuation that other solar companies have enjoyed, without it Photowatt would be valued on a static basis at a much lower valuation. But, rather than giving others the opportunity to invest capital in Photowatt at an inexpensive valuation, we think the ATS Board should give ATS shareholders that chance. Rights offerings are rare but in this case, it makes a lot of sense. It would put ATS shareholders back in the driver's seat and provide ATS the option of a public listing and a spin off of 100% of Photowatt to ATS shareholders.

Our long term outlook on ATS' value hasn't changed – the sum-of-the-parts are worth significantly more than the current share price. We see substantial upside between a successful financing of Photowatt (leading to greater Photowatt value) and a continuing turnaround in ATS' core automation business.

As always, if you have any questions or comments, do not hesitate to email or call.

Yours truly,

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