



Fund	Net Asset Value Per Unit	February Return	2010 Return	Goodwood Compound Annual Return Since Inception	S&P/TSX Compound Annual Return Since Fund Inception	Russell 2000 Compound Annual (C\$) Return Since Fund Inception
Goodwood Fund "A"*	\$27.4087	+3.69%	+4.78%	+14.02%	+7.78%	+4.18%
Goodwood Fund "B"**	\$11.9026	+3.69%	+4.78%	+3.09%	+7.65%	(0.69)%
Goodwood Capital Fund***	\$15.4529	+3.98%	+3.95%	+6.59%	+5.49%	+0.81%
S&P/TSX Composite TRIN	-	+4.97%	(0.64)%	-	-	-
Russell 2000 Index (C\$)****	-	+2.86%	+0.80%	-	-	-

* Commenced October 31, 1996
 ** Commenced January 11, 2002
 *** Commenced December 23, 1999
 **** Russell 2000 Index – total return, converted to C\$

March 1, 2010

Dear Fellow Unitholders:

On February 1, 2010 one of our long positions, Innergex Renewable Energy Inc. (“Innergex”), announced a smart (in our opinion) merger with its corporate sister, Innergex Power Income Fund (“IPIF”). While we were already enjoying a gain on our Innergex position, the prospect of the combination has led to a further 45% rally since the announcement (Innergex is trading about 96% above our average cost). In order to appreciate the benefits of this proposed merger it is necessary to provide some background.

Innergex is a leading Quebec-based, developer, owner and operator of run-of-river hydroelectric facilities and wind energy projects in North America. The management team has been involved in the renewable power industry since 1990 and Innergex owns a portfolio of projects consisting of: (i) interests in five operating facilities with an aggregate net installed capacity of 116 Megawatts (“MW”)(198 MW gross), (ii) interests in four projects under development with an aggregate net installed capacity of 128MW

(320 MW gross) and, (iii) prospective projects of more than 1,600 MW (1,800 MW gross). As well, Innergex owns a 16.1% interest in IPIF and acts as its manager under long term management agreements.

IPIF is an open-ended income trust that indirectly owns interests in ten hydroelectric power generating facilities and two wind farms. Its installed capacity is 210 MW net (340 MW gross). Approximately 27% of total annual production comes from wind energy.

Our interest in Innergex stemmed from the following: management's long and successful track record, the attractive economics of renewable power projects, the company's solid existing base of projects and its large pipeline of future projects and, the severely discounted stock valuation. We understood the genesis of the cheap share price - not just the recent bear market but also investors' concerns that Innergex would need to raise more equity to keep building out its project pipeline and its small market capitalization. However, in discussions with management (and analysts) and a careful look at the timing of project development versus current cash flows indicated to us that a capital raise, if needed, could be modest.

The most interesting aspect of the Innergex valuation was that it was severely depressed as compared to that of IPIF. IPIF was valued on its predictable yield and traded at a valuation per MW that, if applied to Innergex and should Innergex have been able to develop its next 3 years of projects (without significant equity capital being raised), would have resulted in an Innergex share price roughly four times higher. Even as compared against other renewable developers Innergex's stock was cheap. Also, one of the largest Canadian renewable developers, Canadian Hydro Developers Inc. ("Canadian Hydro"), was recently acquired by TransAlta Corporation at a premium valuation much above that of Innergex's (this both showed off Innergex's inexpensive valuation and made it quite likely that more dollars would flow into the other Canadian renewable developer stocks as portfolio managers looked to redeploy the cash they received for their Canadian Hydro shares).

The benefits of the proposed merger are numerous but we would highlight two in particular:

1. Results in a decent-sized market capitalization entity which will attract a new audience of institutional investors who could not have bought Innergex on its own (given its small market capitalization) and who have a limited number of stocks they can own in this exciting space. The combined entities' current market capitalization is about \$527mm versus Innergex' market value of just \$128mm immediately pre-announcement of the transaction.
2. A higher market valuation effectively lowers the overall cost of capital which is important in consideration of funding the pipeline of new projects. This point is backed up by the February 12 announcement of a \$70mm 5.75% convertible debenture financing done with a conversion price equal to a 35% premium to the last

trade on the common stock (but a 96% premium to Innergex's share price immediately before pre-announcement).

We expect that Innergex's share price will continue to rise over the next few years as the Company executes on its growth plans and shareholders will further benefit by the expected-to-be-adopted \$0.58 per share dividend policy (equivalent to a 14.4% dividend yield on our average cost).

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

Yours truly,

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