



## **THE GOODWOOD CAPITAL FUND**

### **SIMPLIFIED PROSPECTUS**

February 22, 2010

No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise. The mutual fund and the securities of the mutual fund offered under this simplified prospectus are not registered with the United States and Exchange Commission and they are sold in the United States only in reliance on exemptions from registration.

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## **INTRODUCTION**

In this document, “we”, “us”, “our” and the “Manager” refers to Goodwood Inc., the manager of The Goodwood Capital Fund (the “Fund”). A reference to “you” in this document is a reference to anyone who invests in the Fund.

This Simplified Prospectus contains selected important information to help you make an informed investment decision and to help you understand your rights as an investor. It contains information about the Fund as well as the benefits and risks of investing in mutual funds generally. It also identifies the firms responsible for the management of the Fund. Please read this Simplified Prospectus carefully before you invest and keep it for future reference.

Additional information about the Fund is available in the Annual Information Form, the Fund’s most recently filed annual financial statements, any interim financial statements of the Fund filed after those annual financial statements, the most recently filed annual management report of fund performance and any interim management report of fund performance filed after that annual management report of fund performance. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document, just as if they had been printed as part of this document.

You can obtain a copy of these documents, at your request, and at no cost by calling us at (416) 203-2022 (if long distance charges apply, call us at 1-866-681-4393), or by contacting your dealer. You can also contact the Fund by email at [invest@goodwoodfunds.com](mailto:invest@goodwoodfunds.com). These documents and other information about the Fund are also available at [www.sedar.com](http://www.sedar.com). Information about the Fund can be obtained on the Fund’s website at [www.goodwoodfunds.com](http://www.goodwoodfunds.com).

## **WHAT IS A MUTUAL FUND AND WHAT ARE THE RISKS OF INVESTING IN A MUTUAL FUND?**

### **What is a Mutual Fund?**

A mutual fund is a type of investment vehicle that pools money from many investors with similar investment objectives in order to purchase stocks, bonds, money market instruments and other securities. The owners of units in a mutual fund share in the income and expenses of the mutual fund and the gains and losses from the mutual fund’s investment portfolio, depending on the number of the units held.

An investment in a mutual fund gives you the opportunity to participate with other investors with similar investment objectives in a professionally managed investment portfolio. Professional investment advisers make the investment decisions for a fund in accordance with its investment objectives. Mutual funds also enable you to diversify your investment portfolio which is difficult for most individual investors to achieve.

### **What are the Risks of Investing in a Mutual Fund?**

All mutual funds involve some level of investment risk. Simply put, investment risk is the possibility you will lose money or not make money on your investment. Generally, the higher an investment’s anticipated return, the greater the risk you must be prepared to take.

Everybody has a different tolerance for risk. Some individuals are significantly more conservative than others when making their investment decisions. It is important to take into account your own comfort with risk as well as the amount of risk suitable for your financial goals.

The full amount of your investment in the Fund is not guaranteed. Unlike bank accounts or GICs, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Mutual funds own different types of investments - stocks, bonds, cash, and derivatives - depending upon their investment objectives. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions, and market and company news. As a result, the value of a mutual fund's units may go up and down, and the value of your investment in a mutual fund may be more or less when you redeem it than when you purchased it. Some of the risks associated with investing in mutual funds include:

**Stock Market Risk:** The value of most securities, in particular equity securities, will change with stock market conditions and general economic conditions.

**Specific Issuer Risk:** With each investment, a mutual fund is subject to specific risks associated with the issuer of the securities regardless of general market conditions. A company may be unprofitable due to its management, its market share and other competitive forces.

**Interest Rate Risk:** As interest rates rise and fall, equity securities may be affected and the cost to companies which borrow money will go up and down accordingly. This cost may affect profitability and, therefore, the value of the company's securities. Furthermore, interest rates affect the value of fixed-income securities, including bonds, mortgages, treasury bills and commercial paper. These securities will generally rise if interest rates fall and fall if interest rates rise. Therefore, values of mutual funds which invest in equity securities and/or fixed-income securities will change with fluctuating interest rates.

**Credit Risk:** Mutual funds that invest in fixed-income securities are subject to credit risk. Issuers of debt securities promise to pay interest and repay a specified amount on the maturity date. Credit risk is the risk that such issuers will not pay that obligation. Credit risk is lowest among issuers that have good credit ratings from recognized credit rating agencies. The riskiest fixed-income securities are those with a low credit rating or no credit rating at all. These securities usually offer higher interest rates to compensate for the increased risk.

**Liquidity Risk:** Liquidity risk is the possibility that a mutual fund won't be able to sell its investments for cash when it needs to. The value of securities which are not regularly traded (less liquid) will generally be subject to greater fluctuations.

**Concentration Risk:** Mutual funds that concentrate their investments in certain sectors or specific regions or countries are susceptible to higher volatility since the value of the fund's portfolio will vary more in response to changes in the market value of these securities, sectors, regions or countries.

**Currency Risk:** The return from securities denominated in currency other than the Canadian dollar will be affected if the value of that currency goes up or down in relation to the Canadian dollar. If the value of that currency goes down, the return (measured in Canadian dollars) from the investment denominated in that currency will be negatively affected.

**Foreign Investment Risk:** Mutual funds that invest in securities of foreign issuers will be affected by world economic factors and in many cases by the value of the Canadian dollar as measured against foreign currencies. Information about foreign issuers may not be complete and may not be subject to the uniform and extensive accounting, auditing, financial reporting standards and practices and other disclosure requirements which apply in Canada and the United States. Some foreign securities markets may be volatile or lack liquidity and other global factors could also cause fund prices to fluctuate to a greater degree than if the funds limited their investments to Canadian securities.

**Issuer Concentration Risk:** Some mutual funds concentrate their investments in a particular issuer. This allows them to focus on that issuer's potential, but it also means that they tend to be more volatile than more diversified funds. Their liquidity, and therefore their ability to satisfy redemption requests, may be adversely affected. And because these funds invest in fewer issuers, they're affected more by the performance of individual issuers. These funds may be riskier than other funds that hold a greater number of issuers in their portfolios.

Under exceptional circumstances, we may suspend redemptions. See "Purchases, Switches and Redemptions" below for more information.

## **PURCHASES, SWITCHES AND REDEMPTIONS**

### **How is the unit price determined for purchases and redemptions?**

The Fund is an open-ended investment fund trust created under the laws of Ontario, and is authorized to issue an unlimited number of equally ranking units (the "Units"). The actual price that an investor will pay on the purchase of a Unit or which an investor will receive on the sale (redemption) of a Unit is based on the net asset value of the Unit, next determined after receipt of the order by the Fund. The net asset value per Unit is referred to in this Simplified Prospectus as the "Unit Value". The Unit Value is calculated by adding the value of all the Fund's assets (investments and cash), subtracting its liabilities from the total, and dividing by the number of Units outstanding:

$\text{Unit Value} = (\text{total of the Fund's assets} - \text{total of the Fund's liabilities}) \div \text{Units outstanding}$
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To demonstrate how the Unit Value will be calculated, assume the Fund's assets are \$5,000,000, its liabilities are \$500,000, and it has 600,000 outstanding Units. By subtracting the \$500,000 of Fund liabilities from the \$5,000,000 of Fund assets amounts to \$4,500,000 of net assets. By dividing that amount by 600,000 outstanding Units equals a Unit Value of \$7.50.

The Unit Value is determined by the Manager each Friday, or, if a Friday is a Canadian holiday, then on the previous business day, each such day being a "Valuation Date". It is intended that the Unit Value will be listed in the financial section of most major newspapers in Canada.

## **How to Purchase Units**

Units of the Fund are offered on a continuous basis through registered dealers or brokers in the Provinces of Ontario, British Columbia, Alberta, Saskatchewan, Manitoba, Quebec, Nova Scotia, New Brunswick, Newfoundland & Labrador, Prince Edward Island, the Yukon Territory, the Northwest Territories and Nunavut. Residents of the Provinces of Ontario, British Columbia, Alberta, Quebec and Nova Scotia can purchase Units directly from the Manager. There is no switching privilege offered with respect to Units of the Fund since there is only one mutual fund offered by the Manager under this document.

The minimum initial investment in the Fund is \$5,000 (for subsequent purchases of Units the minimum investment is \$100). The minimum initial investment amount may be changed by the Manager from time to time in its sole discretion.

Buying or selling orders received at the principal office of the Manager prior to 4:00 p.m. (Toronto time) on any Valuation Date will be implemented at the Unit Value determined on such day and those which are received after 4:00 p.m. (Toronto time) on a Valuation Date, or on a day other than a Valuation Date, will be implemented at the Unit Value determined on the following Valuation Date. Buying or selling orders will be priced based on the Unit Value determined as of the close of business on the Valuation Date on which such orders are implemented.

The purchase price of all subscriptions must be made in a manner acceptable to the Manager. If we do not receive payment within three business days of processing your purchase order, we will redeem your units on the next business day. If the proceeds are greater than the payment you owe, the Fund is required by securities regulation to keep the difference. If the proceeds are less than the payment you owe, your dealer will be required to pay the difference, and may wish to collect this amount plus the expenses of doing so from you. The Manager may in its discretion reject any order, but must make its decision within one business day of receipt by the Manager of the order. If an order is rejected, all money received with the order will be returned immediately to the subscriber without interest. The Fund will not accept any subscriptions during any period when the right of redemption of Units is suspended. See “How to Redeem Units” below.

## **How to Redeem Units**

You may request the Fund to redeem any or all of your Units at any time. The Unit Value determined on the Valuation Date following the receipt of a unitholder’s request for redemption will be used to determine the proceeds from the redemption.

If the Manager does not receive all documentation needed to settle your redemption within ten business days after the Unit Value has been determined in respect of your redemption, we are required under securities legislation to force settlement that day by assuming you have sent in a purchase order for the same number of Units. If the redemption proceeds are less than the purchase price, we will pay the Fund the difference and seek reimbursement from your dealer, together with any banking costs charged to the Fund. If the redemption proceeds are greater than the purchase price, the Fund will keep the difference.

Under exceptional circumstances, we may suspend redemptions and would be unable to process your redemption order on the day it is received. This would be most likely to occur either when

(i) normal trading is suspended on a stock, options or futures exchange in Canada or outside Canada upon which securities or derivatives that make up more than 50% of the value or underlying exposure of the Fund's total assets are traded (and those securities or derivatives are not traded on any other exchange that represents a reasonable alternative for the Fund); or (ii) with the consent of any securities commission or regulatory body having jurisdiction.

### **Redemptions at the Option of the Fund**

If the aggregate Unit Value of the Units in your account declines below \$1,000, the Manager may, in its sole discretion, cause the redemption of all Units held by you after ten days' written notice, provided that you may, within the notice period, increase your investment in the Fund to a level which meets the minimum requirement.

### **Short-Term Trading**

Short-term trading in Units of the Fund can have an adverse effect on the Fund. Such trading can increase brokerage and other administrative costs of the Fund and interfere with the Manager's long-term investment decisions.

The Manager has adopted certain restrictions to deter short-term trading. For example, the Manager may restrict your purchases if you engage in such short-term trading. The Manager's restrictions also include charging a fee of up to 2% of the net asset value of the Units that are redeemed within 90 days of purchasing them. These fees are payable to the Manager. They are in addition to any redemption fees that may apply and will reduce the amount otherwise payable to you on the redemption. The short-term trading fees will not be charged for redemption of Units:

- (i) acquired through automatic reinvestment of all distributions of net income or capital gains by the Fund;
- (ii) in connection with a failed settlement of a purchase of Units; or
- (iii) in the absolute discretion of the Manager.

For purposes of the short-term trading fee, Units will be considered to be redeemed on a first-in first-out basis.

While these restrictions and the Manager's monitoring attempt to deter short-term trading, the Manager cannot ensure that such trading will be completely eliminated.

In the event of the termination of the Fund pursuant to the terms of the Amended and Restated Trust Agreement, all outstanding Units would be surrendered for redemption and a short-term trading fee may be applicable if the Units so redeemed have been issued and outstanding for less than 90 days.

Please see "Short-Term Trading Fee" under "Fees and Expenses Payable Directly by You" on page 8.

## **OPTIONAL SERVICES**

The Manager has arranged for the following special services which are available to you without charge:

### **Pre-Authorized Payment Plan**

Under a pre-authorized payment plan, you can make automatic investments in the Fund in pre-determined amounts (not less than \$100 monthly) made on a periodic basis. You may suspend or terminate such a plan on ten days' written notice. The minimum initial subscription amount is \$5,000.

### **Automatic Withdrawal Plan**

So long as you are not investing through a retirement savings plan, you will be permitted to establish an automatic withdrawal plan. Under our automatic withdrawal plan, you can indicate a regular amount of cash withdrawal (not less than \$100 monthly) to be made on a periodic basis. Withdrawals will be made by way of redemption of Units. It should be noted that if such withdrawals are in excess of distributions and net capital appreciation, they could result in encroachment on, or possible exhaustion of, your original capital. If you choose the automatic withdrawal plan, all distributions declared on Units held under such a plan will be reinvested into additional Units. To establish an automatic withdrawal plan in respect of the Fund, the aggregate Unit Value of the Units held in your account must be at least \$5,000. You may modify, suspend or terminate an automatic withdrawal plan on ten days' written notice.

### **Deferred Income Plans**

The Manager will assist you in establishing, through a licenced trust company, a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan ("RESP"), deferred profit sharing plan ("DPSP") or a tax-free savings account ("TFSA") registered under the *Income Tax Act* (Canada) (the "Tax Act") to invest in Units. There is a \$100 fee for each transfer or de-registration of Units held directly with the Manager in a registered plan.

## **FEES AND EXPENSES**

This table lists the fees and expenses that you may have to pay if you invest in the Fund. You may have to pay some of these fees and expenses directly. The Fund may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in the Fund. Your consent will be obtained if (i) the basis of the calculation of a fee or expense that is charged to the Fund, or directly to its unitholders by the Fund, is changed in a way that could result in an increase in charges to the Fund or to its unitholders; or (ii) a fee or expense to be charged to the Fund, or directly to its unitholders by the Fund, that could result in an increase in charges to the Fund or to its unitholders, is introduced. In the case of (i), unitholder consent will not be required if the fee is charged by a third party at arm's length to the Fund. In this case, you will be sent a written notice at least 60 days before the effective date of the change.

<b>Fees and Expenses Payable by the Fund</b>	
<b>Management Fees</b>	The management fee is a certain percentage of the Fund's net asset value. The maximum management fee for the Fund is 1.9% per annum (excluding performance incentive fees and before any applicable sales tax). The management fee is accrued or paid weekly and is subject to any applicable sales tax.
<b>Performance Incentive Fees</b>	In addition to its basic management fees, the Fund will pay performance incentive fees to the Manager or to the Portfolio Adviser of the Fund if the performance of the Fund exceeds the performance of the benchmark established for the Fund. Performance incentive fees are subject to any applicable sales tax. See "Performance Incentive Fees" below for details.
<b>Operating Expenses</b>	<p>The Fund pays for its own operating expenses. Operating expenses include legal, audit, trustee and safekeeping fees, independent review committee member fees, costs and fees in connection with the operation of the independent review committee (the "IRC") (including the costs of holding meetings, insurance premiums for the IRC, and fees and expenses of any advisor engaged by the IRC), taxes, brokerage commissions, interest, operating and administrative costs, investor servicing costs and the cost of reports and prospectuses.</p> <p>The Fund pays compensation to the IRC each year and reimburses members of each IRC member for expenses incurred by them in connection with their services as members of the IRC. Each member of the IRC, including the Chairman, is paid, as compensation for his services, an annual retainer in the amount of \$10,000. For each IRC meeting that is in excess of four during a calendar year, each IRC member, including the Chair, is entitled to a per meeting fee of \$1,000.</p>

### **Performance Incentive Fees**

The Fund will pay performance incentive fees to the Manager or to the Portfolio Adviser if the Fund's performance exceeds the annual performance of the blended benchmark index comprising 50% S&P/TSX Composite Total Return Index + 50% S&P 500 Index (the "Designated Benchmark"). The Manager has structured its compensation arrangements with the Fund with a view to emphasizing compensation based on outperforming the Designated Benchmark, rather than simply the relative size of the net assets of the Fund. The purpose is to provide for compensation which is more closely aligned with the benefits to the unitholders of outperforming the broad Canadian and U.S. equity markets.

Performance incentive fees are calculated and accrued on each day on which Unit Value is determined and are payable by the Fund if the performance of the Fund exceeds the performance of the Designated Benchmark for the period being measured. Performance incentive fees are paid annually, on the last day on which Unit Value is determined in December of each year or upon redemption of Units.

If the performance of the Fund (calculated in Canadian dollars) for the period being measured is less than the performance of the Designated Benchmark (converted to Canadian dollars) for such period (a “Return Deficiency”), then the net underperformance will be subtracted from the cumulative accrued incentive fee. No performance incentive fee will be payable until the performance of the Fund relative to the Designated Benchmark has exceeded the amount of the Return Deficiency.

Performance incentive fees are payable even where the Fund has negative performance but has outperformed the Designated Benchmark. Conversely, no performance incentive fees are payable and a Return Deficiency will be created (which must be eliminated before future performance incentive fees are payable) where the Fund has positive performance but underperforms the Designated Benchmark, or where the Fund has a negative return that is greater than the negative return of the Designated Benchmark.

The performance incentive fee will be 20% of the amount calculated (if positive) by taking the aggregate Unit Value at the end of a period, and

- (i) subtracting any existing Return Deficiency, and
- (ii) subtracting the aggregate Unit Value which would have resulted from the Fund’s performance being identical to that of the Designated Benchmark.

<b>Fees and Expenses Payable Directly by You</b>	
<b>Sales Charges</b>	No sales charge or commission is payable by you at the time of your purchase of Units if you purchase through the Manager.  Your dealer or broker may, in its sole discretion, charge you a sales commission of up to 5% of the value of the Units you purchase.
<b>Redemption Fees</b>	No redemption fee is payable by you at the time of redemption of Units, however, the Manager has the discretion to charge on behalf of the Fund a short-term trading fee equal to 2% of the net asset value of the Units being redeemed, if such Units are redeemed within 90 days of their purchase.
<b>Short-Term Trading Fee</b>	There is a fee of up to 2% of the net asset value of the Units redeemed for Units redeemed within 90 days of purchase.
<b>Registered Tax Plan Fees</b>	There is a \$100 fee for each transfer or de-registration of

	Units held directly with the Manager in a registered plan.
<b>Other Fees and Expenses</b>	<p><b>Pre-Authorized Payment Plan:</b> No fee.</p> <p><b>Automatic Withdrawal Plan:</b> No fee.</p>

## IMPACT OF SALES CHARGES

The following table shows the amount of fees that you would have to pay under the different purchase options available to you if you made an investment of \$1,000 in the Fund, if you held that investment for one, three, five or ten years and redeemed immediately before the end of that period.

The table assumes that you pay the maximum sales commission when making purchases through your broker or dealer. Short-term trading fees may apply if Units are redeemed within 90 days of their purchase.

	At Time of Purchase	1 Year	3 Years	5 Years	10 Years
Purchase through Goodwood Inc.	\$0	\$0	\$0	\$0	\$0
Purchase through broker or dealer	\$50	\$0	\$0	\$0	\$0

## DEALER COMPENSATION

The following is a summary of the ways in which dealers who sell Units may be compensated.

<b>Sales Incentives</b>	The Manager may provide incentive programs to selling dealers or brokers with respect to advertising and promotional expenses. The Manager will comply with the policies of the Canadian Securities Administrators governing mutual fund sales practices. Sales incentives will be paid by the Manager, not by the Fund or its unitholders.
<b>Trailer Commissions</b>	The Manager, in its discretion, may pay your broker or dealer a trailer commission to assist in providing you with ongoing advice and service so long as your investment remains in the Fund. A trailer commission is not an additional fee paid by the Fund. This commission, which is payable monthly, is an annualized maximum of 1.0% of the aggregate value of the Units held by clients of the dealer or broker providing such advice

and service. A trailer commission will not be paid in respect of any Units after such time as the Units are redeemed.

## **DEALER COMPENSATION FROM MANAGEMENT FEES**

The approximate percentage of management fees paid by the Fund to the Manager that was used to fund trailer fees or other promotional activities of the Fund for the Manager's financial year ended November 30, 2009 was 53%.

## **INCOME TAX CONSIDERATIONS FOR INVESTORS**

There are tax implications when you invest in the Fund. To a large degree, they depend on whether or not you hold your investment in a registered plan or in a regular cash account.

### **Units Held In Registered Plans**

RRSPs, RRIFs and DPSPs offer significant tax deferral opportunities and are an effective method of saving for your retirement. RESPs are an effective method of saving for one or more child's education. TFSAs allow savings to grow tax-free. This is because transactions within such registered plans are generally non-taxable. If you hold your investments in a fund in a registered plan, you will not pay any taxes on distributions or on any capital gains that arise when Units are sold, as long as the proceeds remain within the plan. When you take money out of an RRSP, RRIF or DPSP, the amount withdrawn will be included in your income and taxed at ordinary income rates. In the case of an RESP, generally, investment earnings on contributions are taxable to the recipient when such amounts are distributed by the RESP to the recipient. Withdrawals from a TFSA are not subject to tax.

### **Units Held Outside a Registered Tax Plan**

If you hold your Units outside a registered plan you must pay tax on distributions of income and capital gains from the Fund, whether such distributions were received in cash or additional Units of the Fund. As well, you must report in your tax return any capital gains or capital losses realized by redeeming Units of the Fund. A capital gain will be realized if the proceeds of disposition exceed the adjusted cost base of the Units redeemed and any costs of disposition. The adjusted cost base of your Units is generally determined by reference to the average cost of all of the Units of the Fund held by you at the time you redeem or dispose of any of those Units. In order to calculate the adjusted cost base of the Units you own, you take the cost of your initial investment (including any up-front sales charges); you add to it all additional contributions you make (including any up-front sales charges) plus all distributions which you have reinvested; and you subtract any capital returned to you in distributions (excluding distributions included in computing income or the non-taxable portion of capital gains) and the adjusted cost base of any Units you have redeemed. Divide the total by the number of Units you now own.

An example:

- You buy 1,000 units of a fund with a cost to you of \$10 each. That's \$10,000.

- You then buy (or receive in lieu of a cash distribution) another 100 units of the same fund when the net asset value per unit is \$12. That's \$1,200.
- You have spent \$11,200 for 1,100 units of the fund. Your new adjusted cost base is \$11,200 divided by 1,100 units, or \$10.18 per unit.
- If you now redeem units, the adjusted cost base for those units (and any units you continue to hold) is \$10.18 per unit.

You will receive or have received reports from the Manager which tells you how much money you have put in and how much you have taken out - you can then calculate your adjusted cost base from that information.

The Unit price of the Fund may include income and capital gains that the Fund has earned, but not yet distributed. If you buy units of the Fund late in the calendar year just prior to the distribution date, you will be taxed on the distribution, including the distribution of income and capital gains previously earned by the Fund. You may end up owing tax on income or capital gains the fund earned before you even owned it.

An example:

- A fund's price on January 1 is \$10.
- You buy units of the fund on September 30, when the price is \$13, including \$3 in undistributed capital gains.
- On December 30, the fund's unit price is \$14.
- On December 31, the fund distributed \$4 in cash per unit and the price drops to \$10. You pay tax on \$4 in capital gains, although you actually earned  $\$14 - \$13 = \$1$ .

However, if the distribution is reinvested in additional units of the fund, the amount of the distribution will be added to the cost of your units which will reduce any capital gains you may have to declare later when you redeem.

The Portfolio Adviser follows an active management strategy for this Fund, which may result in high portfolio turnover. The Fund's portfolio turnover rate presents potential tax implications for a taxable investor. The Fund's portfolio turnover rate indicates how actively the Portfolio Adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. There is not necessarily a relationship between a high turnover rate and the performance of a mutual fund. Frequent trading has these implications for you as an investor: The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year and the greater the chance of an investor receiving taxable capital gains in the year, both of which may reduce your returns.

This information is only a summary of certain tax information about your investment. You should consult with your tax adviser about the effect of a particular investment or transaction on your personal tax situation.

### **WHAT ARE YOUR LEGAL RIGHTS?**

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the Simplified Prospectus, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back or make a claim for damages if the Simplified Prospectus, Annual Information Form or financial statements misrepresent any facts about the Fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your legal adviser.

## SPECIFIC INFORMATION ABOUT THE GOODWOOD CAPITAL FUND

### Organization and Management of The Goodwood Capital Fund

Title	Services Provided
<b>Manager</b> Goodwood Inc. 212 King Street West, Suite 201 Toronto, Ontario M5H 1K5	Goodwood Inc. manages the overall business and operations of the Fund. Citigroup Fund Services Canada, Inc. (“Citigroup”) provides the administrative services and facilities to the Fund.
<b>Portfolio Adviser</b> Goodwood Inc. Toronto, Ontario	Goodwood Inc. provides portfolio management services to the Fund consistent with the investment objectives and strategies of the Fund.
<b>Trustee</b> Computershare Trust Company of Canada Toronto, Ontario	Computershare Trust Company of Canada, as Trustee, holds actual title to the property (cash and securities) of the Fund on behalf of the investor.
<b>Custodian</b> NBCN Inc. Toronto, Ontario	The custodian has physical custody of the securities in the Fund’s portfolio and ensures that these assets are safely held.
<b>Registrar and Transfer Agent</b> Goodwood Inc. Toronto, Ontario	Goodwood Inc. is responsible for the maintenance of all unitholder records, processing purchases, transfers, redemption orders and distributions, investor account statements, and issuing annual tax reporting information. Citigroup performs these services on behalf of the Manager.
<b>Auditor</b> Schwartz Levitsky Feldman LLP Chartered Accountants Toronto, Ontario	Schwartz Levitsky Feldman LLP audits the Fund’s financial statements to ensure that they fairly present the Fund’s financial position in accordance with generally accepted accounting principles.
<b>Independent Review Committee</b>	<p>We have established and appointed the members of the IRC in accordance with National Instrument 81-107. The mandate of the IRC is to review, and provide input on, our written policies and procedures that deal with conflict of interest matters in respect of the Fund and to review and, in some cases, approve conflict of interest matters. In certain circumstances, your approval may not be required under securities legislation to effect a fund merger. Where the IRC is permitted under securities legislation to approve a fund merger in place of the unitholders, you will receive at least 60 days written notice before the date of the merger.</p> <p>Effective March 9, 2010, we will not be required to obtain unitholder approval to change the auditors of the Fund. Provided that the IRC has approved the change, you will receive at least 60 days written notice before the</p>

Title	Services Provided
	<p>effective date of the change.</p> <p>Each member of the IRC is independent of us and any party related to us. The IRC will prepare, at least annually, a report of its activities for investors. This report will be available on our website at <a href="http://www.goodwoodfunds.com">www.goodwoodfunds.com</a> or you may request a copy, at no cost to you, by contacting us at <a href="mailto:invest@goodwoodfunds.com">invest@goodwoodfunds.com</a>.</p> <p>Additional information about the IRC, including the names of the members, is available in the Annual Information Form.</p>

## FUND DETAILS

<b>Type of Fund</b>	North American Equity
<b>Date the Fund was Established</b>	December 23, 1999
<b>Nature of Securities Offered</b>	Mutual fund trust units
<b>Registered Tax Plan Status</b>	Qualified investment for Registered Retirement Savings Plans (RRSPs), Registered Retirement Income Funds (RRIFs), Deferred Profit Sharing Plans (DPSPs), Registered Education Savings Plans (RESPs), Registered Disability Savings Plans (RDSP) and Tax-Free Savings Accounts (TFSA).

## WHAT DOES THE FUND INVEST IN?

### Investment Objectives

The investment objective of the Fund is to achieve capital appreciation by investing primarily in equity securities of North American companies over a broad range of industry sectors which the Portfolio Adviser believes to have superior potential.

In making investment decisions on behalf of the Fund, the Portfolio Adviser intends to utilize a “bottom-up” approach involving intensive analysis of the individual company and associated industry conditions. The Portfolio Adviser intends to focus on companies and industries that it believes, as a result of such analysis, to have superior potential, rather than focus on the general direction of the overall market.

No changes will be made in the fundamental investment objectives of the Fund unless the Manager calls and holds a meeting of the Fund’s unitholders and the change is approved by unitholders holding more than one-half of the Units represented (in person or by proxy) at the meeting.

## **Investment Strategies**

In pursuit of the investment objectives of the Fund, the Portfolio Adviser will take into account the outlook for the economy, financial markets and specific companies, to guide it in making its investment decisions. The proportion of assets of the Fund invested in each kind of such securities will be varied from time to time according to the judgement of the Portfolio Adviser and the outlook for the economy and the financial markets.

In addition to the foregoing, but always subject to the Fund's fundamental investment objectives, should prevailing market, economic, political or currency conditions warrant a temporary defensive position, or should the Portfolio Adviser's search for promising companies to invest in yield a shortage of acceptable candidates, the Fund may purchase additional securities (including term deposits, commercial paper, bonds and debentures of corporate and government issuers) of issuers which are domiciled either inside or outside Canada. Any such transactions will be conducted in accordance with relevant securities legislation and policies.

The net proceeds from the sale of Units, and any monies available for investment or reinvestment at any time, will be invested in accordance with the investment objectives of the Fund as expeditiously as prudent investment practice permits. Pending investment or reinvestment, such monies may be placed in short-term securities issued or guaranteed as to principal or interest by the Government of Canada or the government of a province of Canada or the Government of the United States, or by an agency of any such government.

To meet its investment objectives, the Fund may actively turnover its portfolio securities. The higher the Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance that you will receive a distribution from the Fund that must be included in computing your income for tax purposes for that year. There is not necessarily a relationship between a high portfolio turnover rate and the performance of the Fund. See "Income Tax Considerations for Investors" above for more information.

## **Investment Restrictions**

The Manager is an investment dealer and acts as a portfolio adviser for the Fund. Accordingly, the Fund is considered to be a "dealer managed" mutual fund. Applicable securities laws impose restrictions on investments made by dealer managed mutual funds. Please refer to page 1, under the heading "Investment Restrictions" in the Fund's Annual Information Form for more details.

## **WHAT ARE THE RISKS OF INVESTING IN THE FUND?**

The Fund primarily invests in common shares. As a result, the Fund is exposed to risks typically associated with equity funds such as stock market risk, specific issuer risk, foreign investment risk and to some extent liquidity risk. Should the Fund adopt a defensive position as set out above in "Investment Strategies", and choose to invest in additional securities including term deposits, commercial paper, bonds and debentures of corporate and government issuers, either inside or outside Canada, the Fund may be additionally exposed to foreign investment risk and currency risk typically associated with foreign investments, as well as interest rate risk and credit risk typically associated with investing in bonds. See "What is a Mutual Fund?" and "What are the Risks of Investing in a Mutual Fund?" on page 1. Also, 16.3% of the Fund's assets were

invested in ATS Automation Tooling Systems Inc. on January 8, 2010. These figures represent the maximum percentage of assets of the Fund that were invested in such securities during the 12 month period immediately preceding the date of this document. See “Issuer Concentration Risk” on page 3 for more information.

## **WHO SHOULD INVEST IN THE FUND?**

The Fund is for less conservative investors who want to share in the opportunities offered by the North American markets. The Fund is suitable for investors with moderate risk tolerance, seeking capital appreciation and who are planning to invest for the long term.

## **DISTRIBUTION POLICY**

The Fund will distribute its net income to unitholders at least annually. In addition, the Fund will ordinarily distribute, on an annual basis, an amount in respect of its net realized capital gains (reduced by loss carry forwards), if any, as should generally result in no income tax being payable by the Fund. Net income and net realized capital gains of the Fund will be automatically reinvested without charge in additional Units at the Unit Value calculated on the date of distribution. You may request in writing that distributions be paid by cheque in lieu of such reinvestment.

The Fund reserves the right to retain net income or net realized capital gains where it deems it appropriate to do so, including in respect of net realized capital gains under circumstances where the tax payable by the Fund on the taxable portion of such retained gains would be less than the cost of distributing them. For information with respect to the amount of net income and net realized capital gains, if any, distributed per Unit, reference may be made to the financial statements of the Fund.

## **FUND EXPENSES INDIRECTLY BORNE BY INVESTORS**

Mutual funds pay their expenses out of fund assets. This means investors in a mutual fund indirectly pay for these expenses through lower returns.

The table below is intended to help you compare the cumulative cost of investing in the Fund with the cost of investing in other mutual funds. The table assumes that (i) you invested \$1,000 in Units of the Fund; (ii) your investment earned a total annual return of 5% each year; and (iii) the Fund paid the same management expense ratio each year as it did in its last completed financial year (excluding any performance incentive fees paid in a year which would not have been paid had the Fund earned a total return of 5% in the last completed financial year):

<b>Time Period</b>	<b>Expenses Payable</b>
One Year	\$32.03
Three Years	\$35.31
Five Years	\$38.93
Ten Years	\$49.68

Your actual costs and returns may be different. See “Fees and Expenses” for more information about the cost of investing in The Goodwood Capital Fund.

## THE GOODWOOD CAPITAL FUND

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Additional information about the Fund is available in the Fund's Annual Information Form, management reports of fund performance and financial statements. These documents are incorporated by reference into this Simplified Prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents, at your request, and at no cost, by calling (416) 203-2022 (if long distance charges apply, call us at 1-866-681-4393), or from your dealer. You can also contact the Fund by email at [invest@goodwoodfunds.com](mailto:invest@goodwoodfunds.com).

These documents and other information about the Fund, such as information circulars and material contracts, are also available at [www.sedar.com](http://www.sedar.com). Information about the Fund can be obtained on the Fund's website at [www.goodwoodfunds.com](http://www.goodwoodfunds.com).