



GOODWOOD INC.

GOODWOOD CAPITAL FUND

2019

GOODWOOD CAPITAL FUND
2019

To the Unitholders of Goodwood Capital Fund:

For the year ending December 31, 2019, the Goodwood Capital Fund's (the "Capital Fund") net asset value ("NAV") per Class "A" unit increased **+2.9%** while the NAV per Class "F" unit increased by **+4.1%**. The S&P/TSX Composite Total Return Index ("TSX") increased +22.9% and the S&P/TSX SmallCap Total Return Index ("SmallCap Index") increased +15.8% in the same period.*

From December 23, 1999 (commencement of the offering of the Capital Fund Class "A" units) through to December 31, 2019, the Capital Fund has returned **+3.5%** per annum net versus the TSX's per annum increase of +6.3%.

No distributions were paid on December 31, 2019.

The Capital Fund's 2019 audited financial statements are attached for your review.

For a more detailed discussion of Goodwood Inc.'s investment philosophy and information regarding the Capital Fund's core holdings, please refer to the Annual Management Report of Fund Performance available on SEDAR (www.sedar.com) or by emailing invest@goodwoodfunds.com.

Please feel free to call if you have any questions, thoughts or comments.

Respectfully submitted,

Gajan Kulasingam, CFA, CA
Portfolio Manager
Goodwood Inc.

Curt Cumming
President
Goodwood Inc.
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May 1, 2020

* The proportion of assets of the Fund invested in any particular market capitalization will vary and may include a large portion invested in small-cap issuers. The S&P/TSX Composite Total Return Index is a broad-based market capitalization weighted index of the largest, most widely held stocks traded on the Toronto Stock Exchange. The S&P/TSX SmallCap Total Return Index provides an investable index for the Canadian small cap market. These indices include reinvestment of dividends and capital gains. A comparison of the Fund's performance to such

market indices is of limited use because the composition of the Fund's portfolio may contain other securities not found in the market index. As a result, no market indices are directly comparable to the results of the Fund. Note that the indicated rates of return are the historical total returns over the periods noted, including changes in unit value and reinvestment of all distributions. These indicated rates of return are net of all management fees, expenses and performance incentive fees and do not take into account any redemption charges that may have been payable by redeeming unitholders, which would have reduced the returns of redeeming unitholders in certain circumstances. Please refer to the Prospectus for details concerning the redemption fee schedule of the Fund and other important information. In addition, note that performance data represents past performance and is not necessarily indicative of future performance.

Financial Statements of

GOODWOOD CAPITAL FUND

December 31, 2019 and 2018



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INDEPENDENT AUDITORS' REPORT

To the Unitholders of Goodwood Capital Fund

Opinion

We have audited the financial statements of Goodwood Capital Fund (the Fund), which comprise:

- the statements of financial position as at December 31, 2019 and 2018;
- the statements of comprehensive income (loss) for the years then ended;
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended;
- the statements of cash flows for the years then ended; and
- notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditors’ Responsibilities for the Audit of the Financial Statements**” section of our auditors’ report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in the Management Report of Fund Performance filed with the relevant Canadian Securities Commissions as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Canada
May 1, 2020

GOODWOOD CAPITAL FUND

Statements of financial position

As at December 31, 2019 and 2018

	Note	December 31, 2019	December 31, 2018
Assets			
Cash		\$ 457,845	\$ 866,642
Financial assets at fair value through profit or loss (cost - \$3,498,402; December 31, 2018 - \$4,581,444)	6	4,116,951	5,292,484
Receivable for investments sold		-	18,528
Accrued interest and dividend receivable		53,011	20,890
Total assets		\$ 4,627,807	\$ 6,198,544
Liabilities			
Accounts payable and accrued liabilities	8	\$ 38,030	\$ 54,256
Total liabilities (excluding net assets attributable to holders of redeemable units)		\$ 38,030	\$ 54,256
Net assets attributable to holders of redeemable units	7	\$ 4,589,777	\$ 6,144,288
Net assets attributable to holders of redeemable units per class			
Class A		\$ 3,373,749	\$ 4,425,898
Class F		1,216,028	1,718,390
Total net assets attributable to holders of redeemable units		\$ 4,589,777	\$ 6,144,288
Net assets attributable to holders of redeemable units per unit			
Class A		\$ 16.17	\$ 15.72
Class F		10.73	10.31

Approved by Goodwood Inc.



Director

Chief Investment Officer



Director

President

The accompanying notes are an integral part of these financial statements

GOODWOOD CAPITAL FUND
Statements of comprehensive income (loss)
For the years ended December 31, 2019 and 2018

	Note	2019	2018
Income			
Dividend income		\$ 55,396	\$ 95,778
Interest for distribution purposes		37,788	21,603
Net foreign currency (loss) gain		(1,803)	1,496
Net realized gains on financial assets		451,836	91,510
Net change in unrealized depreciation on financial assets		(92,491)	(893,477)
Total income		\$ 450,726	\$ (683,090)
Operating expenses			
Management fees	8	\$ 97,073	\$ 110,824
Legal and professional fees		59,122	44,448
Commissions and other portfolio transaction costs	9	28,243	54,588
General and administrative		26,388	38,413
Trustee fees		11,249	11,362
Audit fees		8,013	28,588
Withholding taxes		783	-
Legal fees		693	-
Independent review committee fees	8	(5,956)	12,066
Total operating expenses		\$ 225,608	\$ 300,289
Increase (decrease) in net assets attributable to holders of redeemable units	7	\$ 225,117	\$ (983,379)
Increase (decrease) in net assets attributable to holders of redeemable units per class			
Class A		\$ 144,492	\$ (726,674)
Class F		80,625	(256,705)
		\$ 225,117	\$ (983,379)
Increase (decrease) in net assets attributable to holders of redeemable units per unit			
Class A		\$ 0.61	\$ (2.35)
Class F		0.60	(1.43)

The accompanying notes are an integral part of these financial statements.

GOODWOOD CAPITAL FUND

Statements of changes in net assets attributable to holders of redeemable units For the years ended December 31, 2019 and 2018

December 31, 2019

Class	Net assets		Unit Transactions			Net assets attributable to holders of redeemable units, end of year
	attributable to holders of redeemable units, beginning of year	Increase in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Redemption of redeemable units	Transfer In/ Transfer Out	
Class A	\$ 4,425,898	\$ 144,492	\$ 5,600	\$ (1,190,610)	\$ (11,631)	\$ 3,373,749
Class F	1,718,390	80,625	523,240	(1,117,858)	11,631	1,216,028
Total	\$ 6,144,288	\$ 225,117	\$ 528,840	\$ (2,308,468)	\$ -	\$ 4,589,777

December 31, 2018

Class	Net assets		Unit Transactions			Net assets attributable to holders of redeemable units, end of year
	attributable to holders of redeemable units, beginning of year	Decrease in net assets attributable to holders of redeemable units	Proceeds from redeemable units issued	Redemption of redeemable units	Transfer In/ Transfer Out	
Class A	\$ 6,528,781	\$ (726,674)	\$ 900	\$ (1,112,342)	\$ (264,767)	\$ 4,425,898
Class F	2,159,801	(256,705)	62,676	(512,149)	264,767	1,718,390
Total	\$ 8,688,582	\$ (983,379)	\$ 63,576	\$ (1,624,491)	\$ -	\$ 6,144,288

The accompanying notes are an integral part of these financial statements.

GOODWOOD CAPITAL FUND
Statements of cash flows
For the years ended December 31, 2019 and 2018

	2019	2018
Cash flow from operating activities		
Increase (decrease) in net assets attributable to holders of redeemable units	\$ 225,117	\$ (983,379)
Net realized gains on financial assets	(451,836)	(91,510)
Net change in unrealized depreciation on financial assets	92,491	893,477
	(134,228)	(181,412)
Purchases of investments	(5,505,766)	(8,770,721)
Proceeds from sale of investments	7,040,644	10,543,261
Net decrease (increase) in receivable for investments sold	18,528	(5,445)
Net increase in accrued interest and dividend receivable	(32,121)	(17,101)
Net decrease in accounts payable and accrued liabilities	(16,226)	(11,683)
Net decrease in payable for investments purchased	-	(4,807)
Net cash provided by operating activities	1,370,831	1,552,092
Cash flows from financing activities		
Proceeds from issuance of redeemable units	528,840	63,576
Payment on redemption of redeemable units	(2,308,468)	(1,624,491)
Net cash used in financing activities	(1,779,628)	(1,560,915)
Net decrease in cash	(408,797)	(8,823)
Cash at beginning of the year	866,642	875,465
Cash at end of the year	\$ 457,845	\$ 866,642
Supplemental cash flow information*		
Interest received	9,199	1,049
Dividends received, net of withholding taxes	51,081	99,231

* included as part of cash flow from operating activities

The accompanying notes are an integral part of these financial statements.

GOODWOOD CAPITAL FUND

Schedule of Investments

As at December 31, 2019

PAR VALUE/ NUMBER OF SHARES	DESCRIPTION	AVERAGE COST	FAIR VALUE	% OF NET ASSETS
		\$	\$	
Investments owned				
Canadian publicly held securities:				
12,705	Great Canadian Gaming Corp.	194,543	546,823	11.91
133,932	The Westaim Corp.	325,582	354,920	7.73
28,400	Polaris Infrastructure Inc.	411,263	347,900	7.58
82,124	Medexus Pharmaceuticals Inc.	126,600	323,569	7.05
3,800	Enghouse Systems Ltd.	124,957	183,084	3.99
3,400	Brookfield Business Partners L.P.	161,729	182,682	3.98
3,050	CCL Industries Inc., Class B	172,182	168,726	3.68
6,300	NFI Group Inc.	209,305	167,895	3.66
121,300	Photon Control Inc.	146,739	167,394	3.65
89,700	Strad Inc.	137,741	161,460	3.52
14,900	People Corp.	113,055	149,447	3.26
1,200	Cargojet Inc.	102,160	123,996	2.70
1,000	Firstservice Corp	116,185	120,890	2.63
2,750	TFI International Inc.	108,855	120,368	2.62
1,800	Open Text Corporation	96,436	102,996	2.24
		2,547,332	3,222,150	70.20
Canadian privately held securities:				
37,783	AMP Solar Group Inc.	-	302,264	6.59
166,600	Morgan Solar Inc., Preferred shares A	193,071	41,650	0.91
		193,071	343,914	7.50
Foreign publicly held securities:				
3,400	Argan Inc.	188,974	177,196	3.86
2,300	Moelis & Company	105,369	95,321	2.08
10,000	KLX Energy Services Holdings Inc.	273,081	83,615	1.82
		567,424	356,132	7.76
Foreign privately held bonds:				
150,000	Virginia Black LLC, 15.0%, June 30, 2020	190,575	194,755	4.24
		190,575	194,755	4.24
Foreign w arrants:				
52,500	Virginia Black LLC, Warrants, \$0.25, February 26, 2021	-	-	-
		-	-	-
Total investments owned		\$ 3,498,402	\$ 4,116,951	89.70
Total investments		3,498,402	4,116,951	89.70
Other assets, net			472,826	10.30
Net assets			\$ 4,589,777	100.00

The accompanying notes are an integral part of these financial statements

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

1. GENERAL INFORMATION

The Goodwood Capital Fund (the "Fund") is an open-end investment fund trust created under the laws of Ontario. The Fund was established on December 23, 1999 pursuant to a declaration of trust and is governed by a third amended and restated trust agreement dated June 11, 2014 as amended from time to time (the "Trust Agreement"). The Fund files with all Canadian provincial and territorial securities commissions a simplified prospectus and annual information form each year for the public offering of its Fund units. Currently, the Fund offers its units to the public under a simplified prospectus and annual information form dated May 14, 2019 (collectively, the "Prospectus"). Interests in the Fund are divided into Class A and Class F units. Class A units were issued beginning on December 29, 1999. Class F units were available for purchase starting June 10, 2016. The registered office of the Fund is 212 King Street West, Suite 200, Toronto, Ontario, M5H 1K5.

Fund management and investment management services are provided by Goodwood Inc. (the "Manager"), a member of the Investment Industry Regulatory Organization of Canada. In this capacity, the Manager manages the day-to-day business and investment portfolio of the Fund. In addition, the Manager is the promoter of the Fund. Computershare Trust Company of Canada is trustee (the "Trustee") of the Fund, and National Bank Financial Inc. through its National Bank Independent Network division ("NBIN") is the custodian of the Fund.

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 Manager believes to have superior potential.

To achieve its objectives, the Fund invests primarily in equity securities of North America companies - that is, issuers with a connection to Canada or the U.S., such as those that are domiciled in Canada or the U.S., the securities of which are listed on an exchange in Canada or the U.S., or derive a significant portion of their revenues or profits from, or hold a significant portion of their assets in, Canada or the U.S. The Fund may also purchase additional securities such as term deposits, commercial paper, bonds and debentures of corporate and government issuers should prevailing market conditions warrant a defensive position. The Fund may invest up to 15% of its net asset value at cost in junk bonds or other debt securities with equity-like total return.

2. BASIS OF PRESENTATION

Basis of accounting

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB").

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss ("FVTPL") which are presented at fair value.

Approval of the financial statements

The financial statements were approved by the Manager and authorized for issue on May 1, 2020 and include all subsequent events up to that date.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

2. BASIS OF PRESENTATION (Continued)

Functional and presentation currency

The functional currency of the Fund is the Canadian Dollar (“CAD”) and the financial statements are presented in CAD.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing these financial statements. Actual results may differ from these estimates.

Fair value of derivative financial instruments

The Fund may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Manager.

Fair value of securities not quoted in an active market

The fair value of such securities not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. The Fund would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes ‘observable’ requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to note 6 for further information about the fair value measurement of the Fund’s financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all years presented in these financial statements:

Cash

Cash is comprised of cash deposits at NBIN.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets at fair value through profit or loss

Recognition, measurement and classification:

A financial asset classified as amortized cost is measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal outstanding. All other financial assets are classified as FVTPL and are measured at fair value.

Financial liabilities are classified and measured at amortized cost except financial liabilities classified as FVTPL which are measured at fair value.

The Fund classifies its investments in debt and equity securities, and derivatives, as financial assets or financial liabilities at FVTPL.

Financial assets that the Fund classifies and measures at amortized cost includes receivable from investments sold, accrued interest and dividend receivable, and notes receivable.

Financial liabilities that are classified and measured at amortized cost include accounts payable and accrued liabilities.

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date at fair value, with transaction costs recognized in the statement of comprehensive income. Other financial assets and financial liabilities recognized on the origination date at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Net changes in unrealized gains and losses arising from changes in the fair value of the financial instruments at FVTPL are presented in the statement of comprehensive income within net change in unrealized appreciation on financial instruments at FVTPL in the year in which they arise. Realized gains and losses arising from the sale of financial assets at FVTPL are calculated as proceeds of disposition less their average cost. Average costs does not include amortization of premiums or discounts on debt securities.

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligation of the liability has been discharged, cancelled, or expired.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dividend income from financial assets at FVTPL is recognized in the statement of comprehensive income within dividend income, gross of withholding taxes, when the Fund's right to receive payments is established. Amounts not yet received are included in the statement of financial position in dividends receivable. Interest for distribution purposes earned on debt securities at FVTPL is recognized in the statement of comprehensive income on an accrual basis.

Fair value measurement

Financial assets at FVTPL are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the reporting date. In circumstances where the closing price is outside of the closing bid-ask range, then the closest bid or ask to the last trade will be used.

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Financial assets and liabilities classified and measured at amortized cost: Amortized cost is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, less any reduction for impairment.

The fair value used for financial reporting is consistent with the fair value used for unitholder and related transactions.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when, and only when, the Fund has a legally enforceable right to off-set the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial assets and financial liabilities at FVTPL.

Payable for investments purchased/receivable for investments sold

Amounts receivable for investments sold and amounts payable for investments purchased that have been contracted are recorded on the statement of financial position at the amount to be received or delivered.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Redeemable units and net assets attributable to holders of redeemable units

The Fund issues two classes of redeemable units, which are redeemable at the holder's option and do not have identical attributes. The Fund's units are classified as a liability under Internal Accounting Standard ("IAS") 32, Financial Instruments – Presentation ("IAS 32") as there is a requirement to make cash distributions to unitholders, if requested.

For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit at the date of sale, which amount is included in net assets attributable to holders of redeemable units. For each unit redeemed, net assets attributable to holders of redeemable units is reduced by the net asset value of the unit at the date of redemption. The redeemable units are measured at the current value of the Fund's net assets and are considered a residual amount of the net assets attributable to holders of redeemable units.

Net assets attributable to holders of redeemable units is calculated for the class of units of the Fund by taking the respective class' proportionate share of the Fund's net assets and dividing the number of units outstanding on the valuation date.

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the year for each class.

Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire financial assets at FVTPL. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

Foreign currency translation

Investment transactions and income and expenses in foreign currencies have been translated to CAD at the rate of exchange prevailing at the time of the transaction. Foreign currency assets and liabilities have been translated into the functional currency using the rate of exchange prevailing at the statement of financial position date. Foreign exchange gains and losses relating to cash are presented in the statement of comprehensive income within net foreign currency gains (losses). Foreign exchange gains and losses relating to financial assets carried at FVTPL are presented in the statement of comprehensive income within net changes in fair value on financial assets at FVTPL.

Taxation

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes and as such, the tax benefit of capital and non-capital losses has not been reflected in the statement of financial position as a deferred income tax asset.

The Fund is subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

4. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund holds the following derivative instruments:

Warrants

A warrant is a contractual arrangement under which the issuer grants the holder the right, but not the obligation, either to buy at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price directly from the issuer of the underlying securities. The Fund is exposed to credit risk on purchased warrants only to the extent of their carrying amount, which is their fair value.

The following tables detail the Fund's investments in warrants as at December 31, 2019 and 2018:

December 31, 2019

Description	Maturity Date	Strike Price	Notional Amount	Fair value in financial assets
<i>Warrants</i>				
Virginia Black LLC	2/26/2021	0.25	13,125	-

December 31, 2018

Description	Maturity Date	Strike Price	Notional Amount	Fair value in financial assets
<i>Warrants</i>				
BioAmber Inc.	1/27/2021	5.50	88,000	-
Virginia Black LLC	2/26/2021	0.25	13,125	-

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Financial risk factors

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including price risk, foreign exchange risk, and interest rate risk). The Fund's exposure to financial risks is concentrated in its investment holdings.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody brought about by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by daily monitoring of the Fund's positions and market events and, by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risks, the Manager also uses internal guidelines that identify the target exposures for each type of risk, maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(i) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Credit risk is managed by the Manager through a careful selection of securities and diversification of the Fund's portfolio. The Manager monitors the Fund's overall market positions on a daily basis and investment positions are maintained within an established range.

The amount of exposure to credit risk is represented by the carrying amount of the assets on the statement of financial position and the possible inability of another party failing to discharge an obligation. Substantially all financial instruments are cleared through and held in custody by NBIN Inc. The Fund is subject to credit risk to the extent that NBIN Inc. may be unable to fulfill its obligations either to return the Fund's securities or repay amounts owed. NBIN Inc. has received an A-1 credit rating from the Dominion Bond Rating Service. The Fund does not anticipate any losses as a result of this concentration.

As at December 31, 2019 and 2018, the Fund held one bond that was not rated.

(ii) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Fund is exposed to periodic cash redemptions of redeemable units. In addition, the Fund may, from time to time, invest in unlisted securities, which are not traded in an organized market. Non-listed securities may generally be illiquid, therefore, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to its fair value in order to respond to meet its liquidity requirements or to respond to specific events, such as a deterioration in the creditworthiness of any particular issuer.

The Fund manages its liquidity risk by primarily investing in marketable securities and other financial instruments which are traded in active markets and can be readily disposed of under normal market conditions. Furthermore, the fund retains sufficient cash and highly liquid investment positions to maintain liquidity.

It is the Fund's policy that the Manager monitors the Fund's liquidity position on a daily basis. The Fund's liabilities are generally expected to be due and paid within 90 days, with the exception of net assets attributable to holders of redeemable units. Redeemable units are redeemable on demand at the holder's option, however does not represent significant liquidity risk as holders of these instruments typically retain them for the medium to long term. In addition, the Fund requires appropriate notice of unit redemptions and under extraordinary circumstances has the ability to suspend redemptions if this is deemed to be in the best interest of all unitholders. As such, the Fund is not exposed to significant liquidity risk. The Fund did not withhold any redemption or implement any suspensions during 2019 or 2018.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as market prices, foreign exchange rates and interest rates. The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

a) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Fund is primarily exposed to price risk from its investments in equity, preferred securities and related derivatives.

All investments represent a risk of loss of capital. The investment portfolio consists of securities of companies in various industries which are subject to normal market fluctuations and the risks inherent in investment in equity markets. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's price risk is managed by the Manager constructing a diversified portfolio of investments traded on various markets which may not be correlated. The Fund's positions and overall market conditions are monitored on a daily basis.

As at December 31, 2019, had the prices for these securities increased or decreased by 5%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately \$205,848 (2018 - \$264,624).

The Fund is also exposed to price risk through the concentration of its investment portfolio, and manages this risk through daily monitoring of the portfolio to comply with the Fund's investment strategies as outlined in the Fund's Prospectus.

b) Foreign exchange risk

The Fund may hold both monetary and non-monetary assets and liabilities denominated or traded in currencies other than the Canadian Dollar, the Fund's functional currency. Foreign currency risk arises as the value of future transactions of assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

The table below summarizes the foreign currencies to which the Fund had significant exposure at December 31, 2019 and 2018 in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to the listed currencies, with all other variables held constant.

December 31, 2019						
Currency	Currency Exposure		As a % of net assets attributable to holders of redeemable units	Impact on net assets attributable to holders of redeemable units	Impact as a % of net assets attributable to holders of redeemable units	
	Cash and other receivables	Investments at FVTPL				
United States Dollar	49,618	\$ 592,537	14.00	\$ 32,108	0.7	

December 31, 2018						
Currency	Currency Exposure		As a % of net assets attributable to holders of redeemable units	Impact on net assets attributable to holders of redeemable units	Impact as a % of net assets attributable to holders of redeemable units	
	Cash and other receivables	Investments at FVTPL				
United States Dollar	\$ 20,559	\$ 1,203,910	19.90	\$ 61,223	1.0	

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing or repriced daily and, as a result, the Fund's portfolio is not subject to a significant amount of risk due to fluctuations in the prevailing levels of market interest rates. However, the underlying investments may themselves invest in fixed interest-bearing securities, which could expose them to interest rate risk.

The table below summarizes the Fund's exposure to interest rate risk as at December 31, 2019 and 2018, by remaining term to maturity. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to maturity	December 31, 2019	December 31, 2018
Less than 1 year	194,755	204,555
Total	194,755	204,555
Impact on net assets attributable to holders of redeemable units	974	170
Impact on net assets attributable to holders of redeemable units %	0.02%	0.00%

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the year end date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the year end date, valuation techniques will be applied to determine the fair value.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardized financial instruments, include the use of comparable recent arm's length transactions, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Fund categorizes its financial instruments classified as FVTPL into a hierarchy based on the instruments' significant inputs as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

If an asset or liability classified as Level 1 subsequently ceases to be actively traded, it is transferred into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified to Level 3.

The following table presents the Fund's assets and liabilities measured at fair value as at December 31, 2019 and 2018 within the fair value hierarchy:

December 31, 2019				
	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Bond securities	-	-	194,755	194,755
Equity securities	3,578,282	-	302,264	3,880,546
Preferred securities	-	-	41,650	41,650
	3,578,282	-	538,669	4,116,951
Total	3,578,282	-	538,669	4,116,951

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

December 31, 2018

	Level 1	Level 2	Level 3	Total
<i>Financial assets:</i>				
Bond securities	-	-	204,555	204,555
Equity securities	4,744,015	-	302,264	5,046,279
Preferred securities	-	-	41,650	41,650
	4,744,015	-	548,469	5,292,484
Total	4,744,015	-	548,469	5,292,484

During the year presented December 31, 2019, there were no transfers between Levels 1, 2, and 3. During the year presented December 31, 2018, one security transferred from Level 3 to Level 1.

The majority of the investments held by the Fund are listed investments for which liquid quoted market prices are readily available. Certain investments, however, require the use of management judgment to determine the fair value. These investments are classified within Level 3 as non-listed private investments and therefore have significant unobservable inputs or assumptions. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair values for the measurement dates presented.

Valuation techniques and value of the Level 3 investments are determined in such a manner as the Manager may from time to time determine. Valuation techniques for private investments held by the Fund include, but are not limited to: the valuation implied by meaningful, third party; any arm's-length transaction(s); discounts applied to material non-arm's length transaction(s) to reflect the economic benefits of special transactions not available to all the security holders; purchase agreements or other relevant documentation; comparisons to similar instruments for which observable market prices exist, use of in-house valuation models; frequent discussions with management and/or board members of private companies; analysis of financial statements and determination of expected future cash flows on the Level 3 security being valued. Fair value estimates obtained may also be adjusted for other factors, such as liquidity risk or general operational uncertainty to the extent that the Manager believes these factors could or are likely to impact fair value.

Level 3 valuations are reviewed frequently by the Fund's Manager, specifically by the Manager's Chief Investment Officer who has the overall responsibility for fair value measurement. The Manager considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The below table provides a summary of changes in the investments categorized as Level 3 as at December 31, 2019 and 2018:

December 31, 2019	
	Level 3
Balance, beginning of year	\$ 548,469
Change in unrealized depreciation	(9,800)
Total investments	\$ 538,669

December 31, 2018	
	Level 3
Balance, beginning of year	\$ 575,464
Purchases	190,575
Sales	-
Net transfers out of Level 3	(189,900)
Realized gains (losses)	-
Change in unrealized depreciation	(27,670)
Total investments	\$ 548,469

The Manager's assessment of the fair value of Level 3 securities rely on qualitative and quantitative factors.

For the year ended December 31, 2019, the Fund held a level 3 investment in common shares of AMP Solar Group Inc., a private company with a fair value of \$302,264 (2018 - \$302,264). The fair value is based on a market comparables approach whereby estimated EBITDA is multiplied by an earnings multiple of 12. A liquidity discount of 30% has also been applied. The range of estimates developed by management for each unobservable input is as follows:

EBITDA multiple	11x to 13x
Liquidity discount	25% to 35%

Although management believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurements in AMP Solar, changing one of more of the assumptions used to reasonably possible alternative assumptions could result in fair values ranging from nil to \$714,854.

The Fund held a level 3 investment in convertible bonds of Virginia Black, LLC, a US private company with a fair value of \$194,755 (2018 - \$204,555). The fair value of this security is valued at cost. The change in market value is attributable to foreign currency gains and losses.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The Fund held a level 3 investment in preferred shares of Morgan Solar Inc., a private company with a fair value of \$41,650 (December 31, 2018 - \$41,650). As a going concern, the fair value of this security is based on an 82% discount to the most recent arm's length transaction of a similar class of a security which ranks ahead of the Fund's investment in the event of liquidation. A 5% increase or decrease in the discount rates applied, with all variables held constant, could result in a decrease or increase in fair value of that investment by approximately \$11,360, equivalent to 0.25% of net assets attributable to holders of redeemable units.

7. UNITS

An unlimited number of the Fund's units may be issued, which are redeemable at the unitholders' option in accordance with the terms of the Trust Agreement.

During the year ended December 31, 2019 and 2018, the number of units issued, redeemed and outstanding was as follows:

December 31, 2019

	Units, beginning of year	Issuance of units	Redemption of units	Transfer in/out of units	Units, end of year
Class A	281,634	342	(72,662)	(694)	208,620
Class F	166,708	47,539	(101,943)	1,055	113,359

December 31, 2018

	Units, beginning of year	Issuance of units	Redemption of units	Transfer in/out of units	Units, end of year
Class A	360,285	57	(63,941)	(14,767)	281,634
Class F	183,775	5,509	(45,320)	22,744	166,708

The increase in net assets attributable to holders of redeemable units per unit for the year ended December 31, 2019 and 2018 is calculated as follows:

Class	Increase per class	2019	Increase per unit	Decrease per class	2018	Decrease per unit
		Weighted average units outstanding			Weighted average units outstanding	
Class A	144,492	237,568	0.61	(726,674)	308,702	(2.35)
Class F	80,625	135,464	0.60	(256,705)	179,219	(1.43)

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

8. RELATED PARTY TRANSACTIONS

The Fund has related party transactions with the Manager. Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

Management fee

The Manager of the Fund is responsible for the day-to-day business of the Fund, including managing the investment portfolio, providing investment analysis and making decisions relating to the investment of assets in the Fund. Under the terms of the Trust Agreement, and the management agreement dated January 27, 2006, the Manager is entitled to receive a management fee of 1.9% per annum on the net assets attributable to Class A units and 0.9% per annum on the net assets attributable to Class F units of the Fund calculated and accrued on each valuation date of the Fund.

Management fees are subject to HST. The Manager pays brokers or dealers a trailing commission on Class A units up to 1.0% per annum which is paid out of the management fee.

The management fee for the year ended December 31, 2019 was \$97,073 (2018 – \$110,824). Out of this amount, the trailer fee paid to brokers or dealers for the year ended December 31, 2019 was \$ 32,382 (2018 - \$46,584). As at December 31, 2019, management fees payable was \$927 (2018 - \$3,020). This amount is reflected in accounts payable and accrued liabilities on the statement of financial position.

Redemption

As disclosed in the simplified prospectus of the Fund, no redemption fee is payable to the Fund. However, the Manager has the discretion to charge a short-term trading deduction of up to 2% of the unit value of units being redeemed within 90 days of their purchase.

The short-term trading deduction for the year ended December 31, 2019 withheld from amounts paid on redemption of securities paid to the Fund amounted to \$Nil (2018 - \$Nil).

Other

Cash and investments at December 31, 2019 and 2018 are held at the Manager's carrying broker, NBIN Inc.

Certain officers, directors and key personnel of the Manager may become officers or directors of companies that are held in the Fund's investment portfolio. These investments are accounted for at fair value. The Manager maintains a list of these companies on their website at www.goodwoodfunds.com and has adopted appropriate policies and procedures to address conflicts of interest with respect to these relationships. This list may change from time to time, therefore the Manager recommends that investors refer to the website frequently and before making additional purchases of units of the Fund.

Furthermore, from time to time the Manager, certain officers, directors, and key personnel of the Manager or an affiliate of the Manager may provide services to and receive compensation from issuers in which the Fund is invested. It is the policy of the Manager to make appropriate adjustments to the fees charged by it to the Fund where the fees or other compensation is received directly from issuers in which the Fund is invested. Total fee rebate paid to the Fund during the year ended December 31, 2019 was \$986 (2018 - \$24,441) and is credited against management fees in the statement of comprehensive income. Goodwood Management Services Ltd., an affiliate of Goodwood Inc., entered into a 6 year Consulting Agreement with Polaris Infrastructure Inc. (formerly Ram Power Corp) dated May 13, 2015, as amended; and Goodwood Inc. entered into a 4 year Consulting Agreement with Medexus Pharmaceuticals Inc. (formerly PediaPharm Inc.) dated October 16, 2018. Goodwood Inc. has adopted appropriate policies and procedures to address conflicts of interest.

GOODWOOD CAPITAL FUND

Notes to the financial statements

December 31, 2019

8. RELATED PARTY TRANSACTIONS (Continued)

During 2013, the Manager implemented a rebalancing authorization plan between investment funds managed by the Manager. These transactions occurred at fair value for cash consideration. There were no rebalancing transactions in the year ended December 31, 2019.

In accordance with National Instrument 81-107, Independent Review Committee for Investment Funds, the Manager has established an Independent Review Committee ("IRC") for the Fund. The mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Fund. The Manager charges compensation paid to the IRC members and the costs of the ongoing administration of the IRC to the Fund. These amounts are shown in the statement of comprehensive income. The IRC reports annually to unitholders of the Fund on its activities and the annual report is made available to unitholders on the Manager's website on or about March 31 in each year.

As at December 31, 2019, 694 Class A units and 47,059 Class F units were owned by parties related to the Manager.

Please refer to note 9 for further details on brokerage commissions with related parties.

9. BROKERAGE COMMISSIONS

As of December 31, 2019, total brokerage commissions paid by the Fund were \$28,243, and commissions paid in relation to corporate finance transactions amounted to \$Nil; therefore total commissions paid by the Fund in 2019 were approximately \$28,243. Out of this amount, gross commissions paid to the Manager and NBIN Inc. were \$24,587 (2018 - \$49,971).

10. INCOME TAXES

The Fund, a mutual fund trust, is not subject to income taxes on its net taxable gains and its net income for the year if it distributes such gains and income to unitholders. The Fund's Trustee distributes the taxable income of the Fund to unitholders so as to eliminate any income taxes otherwise payable by the Fund. Such distributions are taxable in unitholders' hands.

Capital losses have no expiry and can be used against net realized gains in future years. As at December 31, 2019 the Fund had \$4,946,332 (2018 - \$4,946,332) accumulated net realized capital losses. Non-capital losses can be carried forward 20 years and can be used against net taxable income in future years. As at December 31, 2019 the Fund had \$1,935,200 (2018 - \$1,935,200) of non-capital losses.

11. CAPITAL MANAGEMENT

The capital of the Fund is represented by the net assets attributable to holders of redeemable units ("NAV"). The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's NAV per unit upon redemption. The relevant movements are shown on the statement of changes in net assets attributable to holders of redeemable units. There is no external regulatory requirement to maintain a minimum capital amount. There is no external regulatory requirement to maintain a minimum capital amount.

12. SUBSEQUENT EVENTS

Subsequent to year end, the Covid-19 pandemic is causing significant financial market and social dislocation. The ultimate extent of the effect of this on the Fund is uncertain. The Manager continues to monitor the effect on the operations of the Fund.

STATEMENT OF CONFLICTS
POLICY CONCERNING CONFLICTS OF INTEREST WITH RELATED ISSUERS AND
CONNECTED ISSUERS

Goodwood Inc.

The securities laws of certain provinces require securities dealers and advisers, when they trade in or advise with respect to their own securities or securities in certain other issuers to which they, or certain other parties related to them, are related or connected, to do so only in accordance with particular disclosure and other rules. These rules require dealers and advisers, prior to trading with or advising their customers or clients, to inform them of the relevant relationships and connections with the issuer of the securities. Clients and customers should refer to the applicable provisions of these securities laws for the particulars of these rules and their rights or consult with a legal adviser. The definition of the terms “related issuer” and “connected issuer” can be found in National Instrument 33-105 Underwriting Conflicts of the Canadian Securities Administrators.

Goodwood Inc. (“the Manager”) engages in activities as an investment dealer, portfolio manager and investment fund manager. In the course of its activities, the Manager may provide advice in respect of the purchase or sale of corporations, general partnerships, limited partnerships, trusts or other issuers which may be considered to be related issuers or connected issuers of the Manager, including without limitation one or more investment vehicles formed or sponsored by and/or managed by the Manager. If the Manager does provide advice or act as an agent for the purchase or sale of securities of related issuers or connected issuers, it will: (a) disclose this fact in writing to the purchasers of such securities; and (b) comply with all applicable requirements under securities legislation.

Goodwood Fund, Goodwood Capital Fund, Goodwood Milford Fund Trust, Goodwood Milford Fund Limited Partnership, Goodwood SPValue Fund LP and Goodwood MV Realty LP (together, the “Funds”) are connected issuers of the Manager by virtue of their relationship with the Manager. The Funds are investment funds to which the Manager provides fund management, portfolio management and distribution services. The Manager will not accept any commission either from the purchaser or from the Funds in connection with the sale of Units of a Fund. Instead, the Manager charges a management fee, redemption fee and/or performance fee in connection with its management of the Funds and/or their investment portfolios. Information regarding the services provided to each Fund and the fees charged by the Manager is contained in the offering memorandum of the respective Fund. The Manager may also provide brokerage services to the Funds and to other managed or sub-advised accounts (each, a “client”) and may, in such cases, earn fees and commission from trades of the clients’ investment portfolios.

The Manager, or key personnel of the Manager, may from time to time provide services to or have other relationships with other issuers of securities, including issuers in which clients are invested. This may create perceived conflicts with the best interest of clients, as there will be competing demands on the time of the individuals involved and there may be proposed dealings from time to time which are beneficial to such issuers, to the Manager or to the individuals providing services to such issuers but potentially prejudicial to clients, or vice-versa. The Manager has in place policies and procedures aimed at addressing any potential conflicts of interest that may arise as a result of these relationships, to ensure that the first priority of the Manager is to act in the best interest of its clients and to ensure that the nature of the duties and commitment of time does not impact the ability to act in the best interest of clients.

Principals of Goodwood Inc. may, from time to time, accept officer positions and/or directorships and/or provide services to or have other relationships with companies unrelated to Goodwood Inc., including issuers in which clients are invested. In this circumstance, that company would be considered under relevant securities law to be a “connected issuer” to Goodwood Inc. Currently, AMP Solar Group Inc. and MV Realty, PBC, LLC (“MVR”) are considered connected issuers to Goodwood. Goodwood has entered into a financing arrangement with MVR. Furthermore, Goodwood Inc., or an affiliate of Goodwood Inc., may provide services to and receive compensation from issuers in which the Funds are invested. Goodwood Management Services Ltd., an affiliate of Goodwood Inc., entered into a 6 year Consulting Agreement with Polaris Infrastructure Inc. (formerly Ram Power Corp) dated May 13, 2015, as amended; and, Goodwood Inc. entered into a 4 year Consulting Agreement

with Medexus Pharmaceuticals Inc. (formerly PEDIAPHARM Inc.) dated October 16, 2018. Goodwood may also provide services to other issuers in which clients are not invested.

As of the date hereof, the following individuals are officers, directors and/or other key personnel of the Manager and are also officers and/or directors of an issuer in which clients are invested.

Gajan Kulasingam, CFA, CPA, CA
Portfolio Manager, Goodwood Capital Fund

Director of AMP Solar Group Inc.

The directors and officers of the Manager are directors and officers of GMSL and, in addition to Mr. Puccetti, the other officers of the Manager (including the President and the Chief Compliance Officer) will also, in their roles as officers of GMSL, be responsible for discharging GMSL's obligations to Polaris under the consulting agreement. Mr. Puccetti indirectly owns and controls a majority of the shares of the Manager and of GMSL.

Certain of the Funds hold securities of Polaris, Medexus Pharmaceuticals, MVR and AMP. As the principal of the Manager, Mr. Puccetti indirectly exercises control and direction over the securities of Polaris, Medexus Pharmaceuticals MVR and AMP owned by the Funds. Furthermore, directors and officers of the Manager personally hold securities of Polaris, Medexus Pharmaceuticals and MVR.

Furthermore, the Manager, GMSL or another affiliate of the Manager may in the future provide services to and receive compensation from other issuers in which clients are invested. It is the policy of the Manager to make appropriate adjustments to the fees charged by it to clients where fees or other compensation are received directly by the Manager or its affiliates, officers, directors or key personnel from issuers in which clients are invested.

The Manager maintains a list of issuers for which a director, officer and/or key personnel of the Manager act as a director and/or officer or with which the Manager has another relationship. This list can be found on the Manager's website at www.goodwoodfunds.com. **This list may change from time to time, therefore we recommend that investors refer to the website frequently and before making additional purchases of Units of the Funds.**

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