

Annual Report of the Independent Review Committee of the
Goodwood Group of Funds (the “Funds”)

February 12th, 2021

IRC Annual Report to: Securityholders in the Goodwood Group of Funds (the “Funds”) as listed at the end of this Report

Dear Securityholders,

In accordance with **National Instrument 81-107 Independent Review Committee for Investment Funds** (“NI 81-107” or the “Instrument”), the Manager established an Independent Review Committee (the “Committee” or “IRC”) for the Funds in April 2007. The IRC has functioned in accordance with the applicable securities laws and is composed of three individuals, each of whom is independent of the Funds, the Manager and each entity related to the Manager (as defined in the Instrument).

The Manager also manages several non-prospectus funds that are not reporting issuers and to which NI 81-107 does not apply. Through changes to the Declaration of Trust for the Goodwood Fund, a non-prospectus Fund, the Manager appointed the Committee to be the Independent Review Committee of the Goodwood Fund effective October 9, 2012. The Manager will deal with the conflicts of interest matters referred to the IRC in accordance with the provisions of the Declaration of Trust for the Goodwood Fund and the Manager’s Conflict of Interest Manual.

The prospectus fund and the non-prospectus fund under the purview of the IRC are listed on page 4.

The IRC is pleased to publish its annual report to securityholders, covering the period from January 1, 2020 to December 31, 2020 (the “Reporting Period”).

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide decisions to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures, hereinafter referred to as the Conflict of Interest Matters manual.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC’s prior approval, in most cases the IRC will provide a decision to the Manager as to whether or not, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions (“SIs”) that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has referred a conflict of interest matter to it. In those cases, the IRC has sought to ensure that the Manager’s proposed course of action represents a fair and reasonable result for the Funds.

Composition of the IRC

The current members of the IRC, and their principal occupations, are as follows:

<i>Name and municipality of residence</i>	<i>Principal Occupation</i>	<i>Term of Office</i>
Eamonn B. P. McConnell, Toronto, Ontario – Chair	Consultant, Managing Director, Kensington Capital	Initially Appointed: April 2007 Re-appointment Term: One year until December 31, 2020
Rod McIsaac, Toronto, Ontario	Corporate Director, former chairman and CEO of HSBC Securities (Canada).	Initially Appointed: October 26, 2019 until December 31, 2022
Ken Thomson, Toronto, Ontario	President, Universal Financial Corp., an Investment Holding Company	Initial Appointment: January 1, 2021 until December 31, 2023
Edna A. Chu	Lawyer, Compliance Consultant	Initially Appointed February 13, 2019 until December 31, 2021

Eamonn McConnell's term ended on December 31, 2020. As part of the IRC's established succession plan, he did not stand for re-appointment. Ken Thomson was appointed to the IRC as his replacement on December 3, 2020 for a period of three years with effect from January 1, 2021.

Compensation and Indemnification

Review of Compensation

At least annually, the IRC reviews its compensation considering to the following:

- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC including special meetings to consider conflict issues brought to the committee;
- industry best practices, including industry averages and surveys on IRC compensation; and,
- the complexity of the conflict issues brought to the IRC.

Members' Fees

In aggregate the IRC members earned \$19,000 for the Reporting Period, plus applicable taxes.

Indemnities Granted

The Funds and the Manager have provided each IRC Member with a contractual indemnity in keeping with NI 81-107. No payments were paid to the IRC Members pursuant to this indemnity by the Funds or the Manager during the Reporting Period.

Disclosure of IRC Members' Holdings

As of December 31, 2020, the IRC Members did not beneficially own, directly or indirectly:

- any units in the Funds;
- any interest in the Manager; or,
- any interests in a company or person that provides services to the Manager or the Funds.

Decisions and Approvals

On January 14, 2020, the Manager proposed that the Goodwood Fund invest \$1 million USD in asset backed First Tranche debt (9% coupon, 6 year maturity) from MV Realty LLC (“MVR”). The Manager and MVR proposed entering into a financing agreement, whereby the Manager will assist MVR in its capital raising efforts. It is also expected that, following completion of a successful financing of over \$7 million USD, the Manager will enter into a 3 year consulting agreement with MVR and receive cash compensation for services provided. After reasonable enquiry and based on the information provided to the IRC by the Manager prior to and during the meeting, the IRC determined that the Manager’s proposed course of action to direct the Goodwood Fund to invest \$1 million USD and to enter into a consulting agreement with MVR achieves a fair and reasonable result for the Goodwood Fund.

On April 28, 2020, the Manager proposed the appointment of Gajan Kulasingam, one of its Portfolio Managers, to the Board of Directors of AMP Solar Group Inc. (“AMP Solar”), a private investment held by the Funds. The Manager also proposed the future appointment of Peter Puccetti to the Board of Directors of MVR LLC (“MVR”), R. After reasonable enquiry and based on the information provided to the IRC by the Manager, the IRC determined that the Manager’s proposed course of action to allow Mr. Kulasingam to become a director of AMP Solar, and future appointment of Mr. Puccetti to the Board of MVR, represented a fair and reasonable result for the Goodwood Fund and the Goodwood Capital Fund.

On December 23, 2020, the Manager proposed a course of action to have the Goodwood Fund invest \$1.33 million USD in additional equity in MV Realty LLC (“MVR”) as part of a \$6 million USD equity raise. The Manager also advised that Mr. Puccetti will be appointed to the Board of MVR in the near future. After reasonable enquiry and based on the information provided to the IRC by the Manager prior to and during the meeting, the IRC determined that the Manager’s proposed course of action to direct the Goodwood Fund to invest \$1.33 million USD in MVR and to appoint Mr. Puccetti to the Board of MVR (as previously approved) achieved a fair and reasonable result for the Goodwood Fund.

Standing Instructions Approved

The IRC has approved three SIs. These SIs constitute a written approval or decision from the IRC that permit the Manager to proceed with the specific action(s) set out in the SIs on an ongoing basis, without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SIs. In each case, the SIs required the Manager to comply with its related policy and procedures and to report periodically to the IRC.

Standing Instruction No. 1: Omnibus.

This SI deals with a number of conflicts of interest matters including:

1. Expenses charged to the Funds policy
2. Expense allocations policy
3. Portfolio pricing policy
4. Short-term trading
5. Trade allocations policy
6. Net asset value error correction policy
7. Other material transaction error policy
8. Broker selection policy
9. Soft dollars policy
10. Favouring certain investors and proxy voting policy
11. Personal trading
12. Late trading

13. Affiliated dealer policy
14. Custodial and Prime Brokerage Services
15. Prime Brokerage Stock Lending Services
16. Rebalancing Authorization Plan

Standing Instruction No. 2: Fair Valuing Securities

Standing Instruction No. 3: Related Party Issues: The Fund Purchases Securities (whether debt or equity) Issued by a Company Related to the Manager

Manager's Report on Standing Instructions

In accordance with the Instrument, the Manager provided written reports to the IRC describing its reliance on any SI during the Reporting Period. The Manager relied on each of the SIs during the Reporting Period.

Funds served by the IRC

Prospectus Fund: Goodwood Capital Fund

Non-Prospectus Fund: Goodwood Fund

This report is available on the Manager's website at www.goodwoodfunds.com or a copy may be requested at no cost to you, by contacting the Manager at 866.681.4393 or at invest@goodwoodfunds.com. This document and other information about the Funds are available on www.sedar.com.

Yours truly,

"Rod McIsaac"

Rod McIsaac, Chair

Rod McIsaac served as a member of the Independent Review Committees for the following funds during 2020:

Certain investment funds managed by Goodwood Inc.
Investment funds that are reporting issuers managed by Federated Investors Canada, ULC
Investment funds that are reporting issuers managed by SmartBe Wealth
Investment funds that are reporting issuers managed by Evolve Funds Group Inc.

Edna A. Chu served as a member of the Independent Review Committee for the following funds during 2020:

Certain investment funds managed by Goodwood Inc.
Investment funds that are reporting issuers managed by C.S.T.
Investment funds that are reporting issuers managed by Harvest Portfolios Group Inc.

Eamonn McConnell served as a member of the Independent Review Committees for the following funds during 2020:

Investment funds that are reporting issuers managed by 3iQ Corp.
Investment funds that are reporting issuers managed by EHP Funds Inc.
Investment funds that are reporting issuers managed by Genus Capital Management Inc.
Certain investment funds that are reporting issuers managed by Goodwood Inc.
Resigned effective December 31, 2020
Investment funds that are reporting issuers managed by Integra Capital Limited
Resigned effective December 31, 2020
Investment funds that are reporting issuers managed by Next Edge Capital Corp.
Investment funds that are reporting issuers managed by Ninepoint Partners LP
Investment funds that are reporting issuers managed by Onex Credit Partners, LLC
Ceased to be a member on September 30, 2020
Investment funds that are reporting issuers managed by SmartBe Wealth Inc.