



**ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2020**

**GOODWOOD CAPITAL FUND
(the "Fund")**

This annual management report of fund performance contains financial highlights but does not contain the complete annual financial statements of the Fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling the toll-free number 1-866-681-4393, by writing to us at Goodwood Inc., 212 King Street West, Suite 200, Toronto, Ontario, M5H 1K5 or by visiting our website at www.goodwoodfunds.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

This report may contain forward looking statements about the Fund, including its strategy and expected performance. Forward looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about the Fund and certain economic factors. Forward looking statements are not guarantees of future performance and actual performance could differ materially. Any number of factors could contribute to such differences including general economic, political and market factors as well as catastrophic world events. This list of factors is not exhaustive and the forward looking statements made herein will not be updated prior to the release of the next management report of fund performance.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

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.

In making investment decisions on behalf of the Fund, Goodwood Inc., the portfolio manager (hereinafter referred to as “Goodwood”, or the “Manager” or “we”) uses a bottom-up approach to investing, which involves intensive analysis of the individual company and associated industry conditions. The investment strategy is value-oriented, where focus is placed on companies that Goodwood believes possess a market price significantly below the intrinsic or true economic value of the business and/or generate strong return on invested capital with reinvestment opportunities and possess excess free cash flow allowing for internally funded growth, debt repayment, dividends and/or buybacks.

Risk

The risks associated with investing in this Fund remain as discussed in the Simplified Prospectus dated May 22, 2020. The Fund continues to be suitable for those investors with a medium to high risk tolerance and who plan to invest for the long term.

The Fund’s overall level of risk has not changed materially in the past year. The Fund is suitable for investors who are willing to accept the higher risks associated with investing in or having exposure to small and/or micro-cap issuers. As well, the Fund holds a concentrated portfolio of investments and may, from time to time, hold a large portion of its investments in a single issuer or a relatively small number of securities, which make the Fund 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.

In certain instances, either through the Fund’s ownership of an issuer’s securities, having a principal of the Manager appointed to the board of directors or through some other relationship between the Manager and an issuer held by the Fund, the Manager may come into possession of material non-public information that restricts the Manager’s ability to trade in securities of that issuer. This may impact the value of the Fund as the increased liquidity risk could impact the Fund’s ability to buy or sell the securities of the issuer until the information becomes public knowledge.

Results of Operations

The Fund’s net assets increased by 58.7% for the 12-month period ended December 31, 2020 from \$4.590 million at January 1, 2020 to \$7.283 million at December 31, 2020. The increase in net assets over the period is attributable mainly to strong portfolio performance and subscriptions into the Fund during the year.

For the year ended December 31, 2020, Class A units of the Fund returned +64.42% and Class F units returned +66.28%. The Fund’s performance is net of all fees and expenses. Please also refer to *Past Performance section*.

As at December 31, 2020, the Fund was 81.5% invested, with the Fund holding 27 investments across 10 industry sectors. The Fund had 81.5% of the portfolio invested in publicly listed North American equity securities and 18.5% in net cash. During the year, the Fund’s month-end net cash levels fluctuated between 7.7% and 18.5%. As at December 31, 2020 the Fund had a 0% weighting in private securities (i.e. companies that do not have quoted prices in active markets). This weight fluctuates from time to time and the Fund did hold private investments in the portfolio throughout 2020 as described in more detail in the results of operations section below.

Results of Operations Continued...

Primary contributors to the Fund's performance in 2020 were Polaris Infrastructure Inc. ("Polaris"), Medexus Pharmaceuticals Inc. ("Medexus"), Cargojet Inc. ("Cargojet"), and a private investment in Amp Solar Group Inc. ("AMP"). Polaris' share performance was driven by continued interest and fund flows in the environmental, social & governance ("ESG") space, de-risking of political and project risk, strong progress on several growth initiatives and a re-rating of its discounted multiple. Despite the strong performance, we continue to hold Polaris as a core holding in the Fund and believe the Company is still materially undervalued. Medexus share price performance was a function of strong operational performance and a catch-up trade as it was significantly undervalued versus its peers. We continue to believe Medexus has an excellent product pipeline and a strong runway for growth, both organically and acquisition driven. In 2020, Cargojet was a significant benefactor from the migration of off-line to on-line transactions. We continue to believe Cargojet is in a very compelling market position as the dominant player in the time sensitive middle-mile, in an age of increased e-commerce penetration. As we enter some form of recovery from shelter-in-place restrictions, we believe it's reasonable to assume consumers will slowly revert to off-line purchases and this will likely present a tough comparable year for 2021. However, looking beyond 2021, we believe Cargojet is an exceptional business that could have many years of tailwinds given the infancy of the e-commerce industry.

One of the key strategies of the Capital Fund is the opportunistic allocation the Fund can make to private investments. We note however there are regulatory restrictions on the amount of illiquid securities the Capital Fund may hold. One such private investment was AMP, a core investment in the Capital Fund. AMP is a global renewable energy infrastructure, manager, developer and owner of renewable assets. Founded in 2009, AMP has become one of the leading global renewable energy platforms with operations throughout North America, Japan, Australia, India, the UK and the Czech Republic. Goodwood's investment in AMP was initially structured as a private loan, which was ultimately repaid in full. However, despite the loan being fully repaid, noteholders received no-cost equity through equity-based performance covenants representing ~5% of the Company. Goodwood across its Funds carried the free equity at CAD\$8/share that being our best estimate of fair value considering operational challenges historically faced by AMP and a healthy liquidity discount. Although AMP was experiencing strong growth, we were consciously conservative in our valuation of AMP given the complexity of the business, the difficulty in valuing private investments and the uncertain nature of a liquidity event. In Q4 2020, AMP received a significant capital injection from a global private equity firm to fund future growth and buyout the minority shareholders in a secondary transaction. The Goodwood Funds tendered our shares in AMP and were fully monetized at circa CAD\$75/share, representing an approximate 9x+ return on the Fund's carrying value. At Goodwood, we have the unique ability to source and invest in private investments and have a long and successful track record of doing so. We intend to continue to prudently allocate capital to private investments within the Fund's investment parameters, when we identify investment opportunities with exceptional return potential that more than compensates us for the additional risk and lack of liquidity inherent in private investments.

Recent Developments

During Q4 the Fund began to initiate positions in several companies that we believe can compound their intrinsic value at exceptional rates over the next 2-3 years. These companies ranged from; i) a bio-plastic technology company that is engaged in the design, production and distribution of bio-plastics for use in packaging and durable product applications, ii) a company that offers a virtual platform as a preventative measure against chronic diseases such as diabetes, heart disease, lung disease, etc., iii) a company that is engaged in providing in-home monitoring equipment, supplies and services related to respiratory disease management in the U.S., and iv) a mobile game publisher that's focused on acquiring and optimizing game franchises. All these companies share the following common traits: strong management teams, fortress balance sheets, industries with significant runway for growth, ability to grow organically and through acquisitions, and the visibility to deploy capital at high incremental return-on-invested-capital ("ROIC") for an extended period.

Recent Developments Continued...

Outlook

Although our primary objective is micro analysis and stock selection; we think it's also important to have a firm grasp of the macro environment. Today our macro focus is on rates, liquidity, the path of recovery from COVID-19, the makeup of the Executive and Legislative Branches of the U.S. government, and the interplay among these factors. When thinking about rates, what matters for risk assets is real rates, which continued to be pinned at the lows as inflation expectations continue to rise while 10 year yields remain firm at around 1%. This means the relative attractiveness of stocks vis-à-vis bonds has not changed. As long, as the backdrop of negative implied real rates remains, we believe the stock market will be supported. From a political perspective, it looks like the Democrats will have a razor thin control of both Houses of Congress and the White House, with a relatively "centrist" tone to large factions of the party. The likely implications are increased stimulus, higher inflation and potential risks of higher corporate taxes, increased regulation, and government oversight. From a sectoral standpoint, we think the most impacted are Infrastructure, Renewable Energy, Cannabis and Technology. The first three in a positive manner, while the impact on Technology is unclear for now. Other factors to monitor throughout 2021 are the health of the consumer and corporations/investors who are sitting on a record pile of cash, a synchronized upturn coming out of a synchronized downturn, income scarcity and persistent hunt for yield, outperformance of small vs large caps, internal market rotation towards cyclicals, and robust capital markets for M&A transactions.

Other

The Fund did not undergo any material changes during the reporting period, including, but not limited to, its strategic positioning, Manager or portfolio adviser or accounting policies. With regard to the composition of its Independent Review Committee ("IRC"), one IRC member, 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.

Related Party Transactions

Management Fees

Goodwood is responsible for the day-to-day business operations and affairs of the Fund and on this basis, is entitled to fees as described under “Management Fees” on page 6.

Brokerage Commissions

Total brokerage commissions paid by the Fund during the year ended December 31, 2020 were \$16,919 and commissions on corporate finance transactions amounted to \$0. Out of this amount, gross commissions paid to the Manager and NBIN Inc. for acting as broker in respect of portfolio transactions for the Fund during the year were approximately \$13,890.

Other

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. We maintain a list of these companies on our website at www.goodwoodfunds.com and have adopted 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. Currently, Amp Solar Group Inc. (“AMP”), Goodwood MVR Investors, Inc. and MV Realty, PBC, LLC (“MVR”) are considered connected issuers to the Manager. 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. dated May 13, 2015, as amended; and, Goodwood Inc. entered into a 4 year Consulting Agreement with Medexus Pharmaceuticals Inc. dated October 16, 2018 and 3 year Consulting Agreement with MVR dated August 1, 2020. Goodwood may also provide services to other issuers in which clients are not invested.

From time to time the Manager, certain officers, directors and key personnel of the Manager, or an affiliate of the Manager, may in the future provide services to and receive compensation from other issuers in which the Fund is invested. It is the policy of Goodwood 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, 2020 was approximately \$1,012.

Goodwood Capital Fund

Financial Highlights, Ratios and Supplemental Data

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the twelve-month period ending December 31, 2020 and the past five years ending December 31.

The Fund's Net Assets Per Unit (\$) ¹

	2020		2019		2018		2017		2016	
	Class A	Class F	Class A	Class F	Class A	Class F	Class A	Class F	Class A	Class F ⁴
Net Assets, beginning of year	\$16.17	\$10.73	\$15.72	\$10.31	\$18.12	\$11.75	\$17.35	\$11.13	\$15.40	\$10.00
Increase (decrease) from operations:										
Total revenue	0.12	0.04	0.29	0.19	0.33	0.22	0.26	0.18	0.27	0.08
Total expenses	(0.86)	(0.47)	(0.74)	(0.37)	(0.82)	(0.41)	(0.80)	(0.41)	(0.75)	(0.18)
Realized gain (loss) on investments	10.21	10.94	1.46	0.78	0.21	0.16	0.76	0.46	(0.83)	(0.99)
Unrealized gain (loss) on investments	0.29	0.18	(0.39)	(0.00)	(2.08)	(1.40)	0.32	0.75	3.25	1.89
Total increase (decrease) from operations ²	9.75	10.69	0.61	0.60	(2.35)	(1.43)	0.55	0.98	1.94	0.81
Distributions:										
From income (excluding dividends)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From capital gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Assets, end of year	\$26.59	\$17.84	\$16.17	\$10.73	\$15.72	\$10.31	\$18.12	\$11.75	\$17.35	\$11.13

¹ For the period ended December 31, 2020 and years ended December 31. The information for each December 2020, 2019, 2018, 2017 and 2016 is derived from the Fund's audited annual financial statements prepared in accordance with IFRS. The net assets per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. The table is not intended to be a reconciliation of beginning to ending net asset value per unit.

³ Distributions were reinvested in additional units of the Fund.

⁴ For the period beginning July 8, 2016 (the date on which units of the class were first sold) to December 31, 2016.

Ratios and Supplemental Data ¹

	2020		2019		2018		2017		2016	
	Class A	Class F	Class A	Class F	Class A	Class F	Class A	Class F	Class A	Class F ⁵
Total net asset value (000s) ¹	\$ 4,165	\$ 3,118	\$ 3,374	\$ 1,216	\$ 4,426	\$ 1,718	\$ 6,529	\$ 2,160	\$ 9,868	\$ 452
Number of units outstanding ¹	156,630	174,803	208,619	113,361	281,634	166,709	360,285	183,775	568,839	40,627
Management expense ratio ²	4.85%	3.62%	3.94%	2.81%	3.65%	2.51%	3.96%	2.98%	3.78%	1.12%
Management expense ratio before waivers or absorptions	4.85%	3.62%	3.94%	2.81%	3.65%	2.51%	3.96%	2.98%	3.78%	1.12%
Trading expense ratio ³	0.40%	0.44%	0.52%	0.55%	0.74%	0.75%	0.67%	0.68%	0.85%	0.48%
Portfolio turnover rate ⁴	95.97%	95.97%	117.32%	117.32%	124.35%	124.35%	157.86%	157.86%	184.07%	184.07%
Net assets value per unit	\$ 26.59	\$ 17.84	\$ 16.17	\$ 10.73	\$ 15.72	\$ 10.31	\$ 18.12	\$ 11.75	\$ 17.35	\$ 11.13

¹ This information is provided for the past five years ending December 31.

² Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁴ The Fund's portfolio turnover rate indicates how actively the Fund's 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 period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

⁵ For the period beginning July 8, 2016 (the date on which units of the class were first sold) to December 31, 2016.

MANAGEMENT FEES

The Manager is entitled to receive a management fee based on the net asset value of each class of the Fund. The management fee for Class A units of the Fund is 1.90% per annum and for Class F units of the Fund is 0.90% per annum. The fee is calculated and accrued on each valuation date of the Fund, in consideration for managing the day-to-day business of the Fund. This includes managing the investment portfolio, providing investment analysis and making decisions relating to the investment assets in the Fund.

The management fees for the year ended December 31, 2020 were \$72,433. Please refer to *Related Party Transactions - Other* on page 4.

For the year ended December 31, 2020, approximately 67% of the total management fee revenue received from the Fund was attributable to management and investment management services. The balance of these fees was used to pay dealer compensation costs on Class A units.

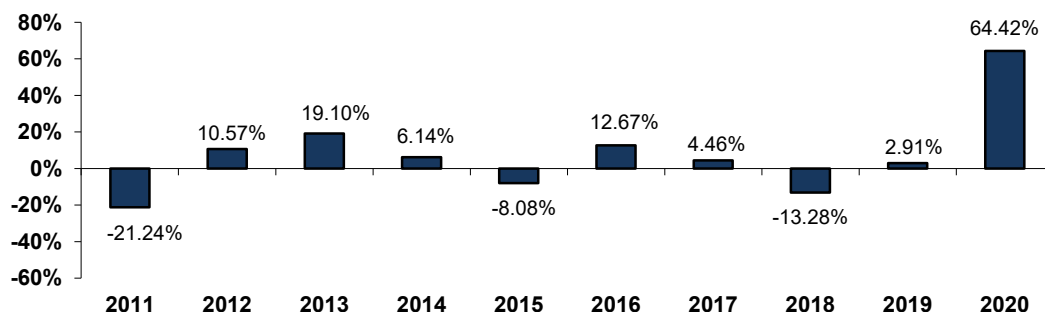
PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not include deduction of sales, transfer, redemption, other charges (which distributors may charge) or income taxes payable. These additional charges and taxes would reduce such returns. The Fund's past performance is no guarantee of how it will perform in the future.

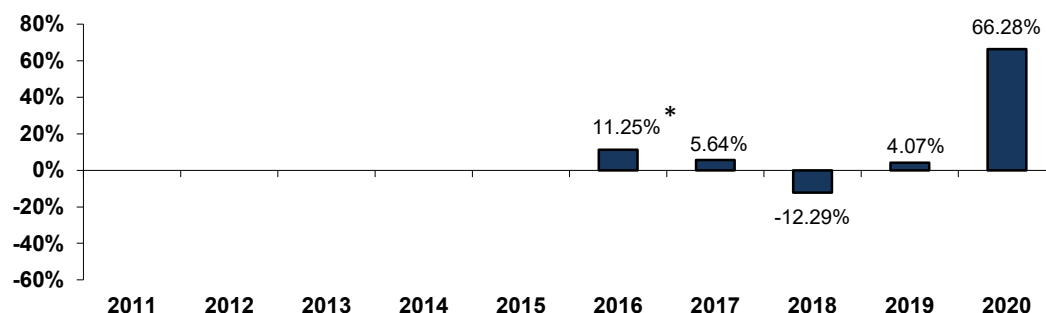
Year-by-Year Returns

The bar chart shows how the Fund's performance has varied from year to year for each of the periods shown. It shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 of that year.

Class A



Class F



* For the period beginning July 8, 2016 (the date on which units of class F were first sold) to December 31, 2016.

Annual Compound Returns

The below table shows the historical annual compound total return of Class A and Class F units of the Fund for the indicated periods ended December 31 as compared to the broad market performance of the: (i) S&P/TSX Composite Total Return Index and (ii) S&P/TSX SmallCap Total Return Index. 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. Class F units have been distributed since July 8, 2016 and therefore, annual compound returns for that class for 5 and 10 year periods are not available. Annualized return for Class F units since inception (July 8, 2016) to December 31, 2020 is 13.77%.

Compound Return (%)	1 Year	3 Year	5 Year	10 Year	Since Inception
Goodwood Capital Fund - Class A	64.42%	13.63%	11.55%	5.74%	5.84%
Goodwood Capital Fund - Class F	66.28%	14.92%	-	-	13.77%
S&P/TSX SmallCap Total Return Index	12.87%	2.28%	8.77%	126%	-
S&P/TSX Composite Total Return Index	5.60%	5.74%	9.33%	5.76%	-

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 index includes reinvestment of dividends and capital gains.

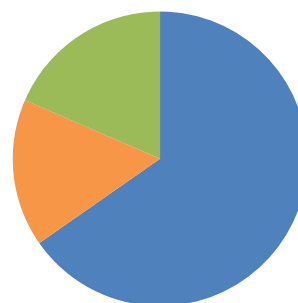
S&P/TSX SmallCap Total Return Index provides an investable index for the Canadian small cap market and follows the same methodology as the S&P/TSX Composite Index. The index includes reinvestment of dividends and capital gains.

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2020

Asset Mix (as a % of NAV)

Canadian Equity	65.3%
Net Cash	18.5%
US Equity	16.2%
Other	0.0%

100.0%



Total Net Assets: \$ 7,282,665

■ Canadian Equity ■ US Equity ■ Net Cash ■ Other

Goodwood Capital Fund Holdings (Top 25 as a % of Total Net Assets)

1	Net Cash	18.5%
2	Medexus Pharmaceuticals, Inc	6.2%
3	Polaris Infrastructure Inc	5.7%
4	PopReach Corporation	5.1%
5	Newtopia Inc	4.4%
6	AirBoss of America Corporation	4.0%
7	Waterloo Brewing Ltd	4.0%
8	Moelis & Co	4.0%
9	Brookfield Business Partners LP	3.8%
10	Argan Inc	3.7%
11	Enghouse Systems Ltd	3.7%
12	CCL Industries Inc	3.6%
13	Cargojet Inc	3.3%
14	Protech Home Medical Corporation	3.1%
15	Boyd Group Services Inc	2.8%
16	HEICO Corporation Class A	2.7%
17	FirstService Corporation	2.6%
18	Broadridge Financial Solutions Inc	2.5%
19	Photon Control Inc	2.4%
20	MKS Instruments Inc	2.4%
21	TFI International Inc	2.4%
22	Gibson Energy Inc	2.3%
23	Good Natured Products Inc	2.2%
24	Open Text Corporation	1.9%
25	Great Canadian Gaming Corporation	1.9%

The investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available within 60 days of each quarter end by visiting www.goodwoodfunds.com.

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