INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

FOR THE SIX MONTHS ENDED JUNE 30, 2019

GOODWOOD CAPITAL FUND

(the “Fund”)

This interim management report of fund performance contains financial highlights but does not contain either the interim or annual financial statements of the Fund. You can get a copy of the interim or 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

Results of Operations

The Fund’s net assets decreased by 10.8% to $5.480mm for the six month period ending June 30, 2019, from $6.144mm at December 31, 2018. The decrease in net assets over the period is attributable to net portfolio redemptions during the first half of 2019. Goodwood Inc., the portfolio manager (hereinafter referred to as “Goodwood”, or the “Manager” or “we”) does not believe that the subscription/redemption activity had a meaningful impact on the Fund’s ability to implement its investment strategy or to fulfill its investment objectives.

Investment Performance Results

For the six month period ending June 30, 2019, Class A units of the Fund returned +8.5% and Class F units returned +9.1%. The Fund’s performance is net of all fees and expenses. *Please also refer to Past Performance on page 5/6.*

During the six months ending June 30, 2019, there was no material change to the Fund’s investment portfolio. As at June 30, 2019, the Fund was 76.4% invested, with the Fund holding 20 investments across 8 industry sectors. The Fund had 66.5% of its portfolio invested in publicly listed North American equity securities, 9.9% in private securities (i.e., companies that do not have quoted prices in active markets) and 23.6% in net cash. Month end net cash levels during the period fluctuated between 2.2% and 33.1% resulting in an average invested position of approximately 80.2%.

The Fund’s portfolio remained concentrated throughout the period. As at June 30, 2019, the Fund continued to hold a relatively large portion of its assets (each greater than 5% of the Fund’s portfolio) in each of The Westaim Corporation, Great Canadian Gaming Corporation (“Great Canadian”), Polaris Infrastructure Inc. (“Polaris”), Medexus Pharmaceuticals Inc. and AMP Solar Group Inc. At the end of the period, the top 5 investments (excluding cash) represented 44.6% of the Fund’s net assets while the top 10 positions accounted for 62.8%.

The top positive contributor to the Fund’s performance return for the period ending June 30, 2019 was the Fund’s investment in Polaris. Polaris had a strong first half of the year, primarily driven by multiple re-rating as fears over turmoil in Nicaragua began to subside. At the start of 2019 Polaris was trading at roughly 2.75x forward EV/EBITDA (vs. trading at nearly 6x at the beginning of 2018), and gradually re-rated to approximately 4.5x over the following 6 months. Polaris also continued to deliver strong operational performance in the first half of the year as its San Jacinto geothermal plant in Nicaragua and its Canchayllo hydro facility in Peru performed above expectations. Polaris is also nearing completion on the construction of the 28MW hydroelectric complex in Peru. Despite the strong first half performance we continue to believe Polaris is significantly undervalued and continue to like the company for its (1) cash flow stability, (2) meaningful upside optionality driven by organic growth and acquisitions that diversify and de-risk cash flows, (3) healthy dividend of roughly 6% at a 35-45% FCF payout, and (4) deep discount compared to larger power producer peers.

There was no material detractor to the Fund’s investment performance in the first half of the year. New positions added during the period by the Lead Portfolio Manager, each of which remained a holding in the portfolio as at June 30, 2019 included; NFI Group Inc, Englehouse Systems Ltd., CCL Industries Inc, Cargojet Inc., People Corp., Strad Inc., Photon Control Inc., KLX Energy Services Holdings Inc. and Argan Inc. Former positions such as Llyods Banking Group PLC, Extendicare Inc., Netflix Inc. and Maxim Power Corporation were sold entirely and positions in Great Canadian, and Polaris were partially sold over the period to reduce the Fund’s concentration in those names.

The Fund continues to invest primarily in equity securities of North American companies over a broad range of industry sectors. As of June 30, 2019, the Fund was invested in a mix of both large capitalization and small capitalization companies.

Recent Developments

On May 13, 2019, Gajan Kulasingam, CFA, CPA, CA was appointed to Lead Portfolio Manager of the Fund. As Lead Portfolio Manager, Mr. Kulasingam is principally responsible for the day to day investment management of the Fund and for the investment decisions executed on behalf of the Fund. Mr. Kulasingam was formerly a Vice President and Senior Portfolio Manager at Sentry Investments and the Lead Portfolio Manager of Sentry Global Infrastructure Fund. Mr. Kulasingam has vast experience in value-based investing spanning the entire capital structure. Mr. Kulasingam's investment discipline is focused on fundamental business attributes, catalyst events, balance sheet strength and growth and duration of free cash flows.

The Fund did not undergo any material changes during the reporting period, including, but not limited to its strategic positioning, changes to the Manager or portfolio adviser, and accounting policies. With regard to its composition of its Independent Review Committee ("IRC"), one IRC member, Williams Woods' term ended on December 31, 2018. As part of the IRC's established succession plan, he did not stand for re-appointment. Edna Chu was appointed to the IRC as his replacement on February 13, 2019 until December 31, 2021.

As bottom up stock pickers, we spend majority of our time focusing on the micro vs. the macro as we believe that is where we can add the most value. But sometimes, the macro becomes so pervasive, it completely overshadows the micro, and we believe this is one of those times. And depending on how cyclical a business is, at times the only thing the market cares about is the now-and-here macro.

As we think about the macro outlook over the near to medium term, we believe it's abundantly clear that there are far more risks to the economy/market than upside. In no particular order, some of the risks on the frontier are; US-China trade/currency wars, Brexit, North Korea, trade war between Japan and South Korea, India/Pakistan tensions rising, Hong Kong protests, Iran, 2020 US elections, etc. All of this is manifesting itself in synchronized global growth slowdown and a potential earnings recession. On the "positive" side, we now have nearly every central bank in the world easing once again, driving nearly $15 trillion of sovereign debt into negative yielding territory, which in theory should drive people up the risk curve and into risk assets. We continue to be puzzled by market pundits who continue to favour equities due to T.I.N.A (There Is No Alternative). I mean, if someone said to you "here are two bad houses, pick one and buy it", would you? I'm assuming most people would just say "no thanks, I won't buy either". Whereas when it comes to investing, market participants generally seem to believe one must always be fully invested in some asset allocation between stock and bonds. Whereas, we think times like this cash becomes a valuable third option. At present, the portfolio is holding approximately 20% cash.

The Fund continues to be comprised of what we believe are well run, high quality businesses trading at significant discounts to their intrinsic value. The Fund has a mix of defensive and deeply undervalued cyclical businesses that can manage the downturn with significant upside even in an economy that treads water. While we don't know when that may happen, we continue to be patient, manage the Fund's cash levels prudently, vigilantly monitor any risk of permanent loss of capital, and allocate capital when we see opportunities arise.

New Accounting Policy

For fiscal years beginning January 1, 2018, IFRS 9, Financial Instruments ("IFRS 9") has replaced International Accounting Standard 39, Financial Instruments – Recognition and Measurement ("IAS 39"). IFRS 9 introduces new classification and measurement requirements for financial instruments, including impairment on financial assets and hedge accounting.

This new standard requires assets to be classified based on the Fund's business model for managing the financial assets and contractual cash flow characteristics of the financial assets. The standard includes three principal classification categories for financial assets: measured at amortized cost, fair value through other

Recent Developments Continued…

comprehensive income, and FVTPL. It eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. Upon transition to IFRS 9, the Fund's financial assets (debt securities, equity instruments) that had previously been designated as FVTPL were reclassified as mandatorily at FVTPL. Derivative assets and derivative liabilities that were previously classified as held for-trading financial instruments were reclassified as FVTPL. Financial assets that were previously classified as loans and receivables were reclassified as amortized cost. Financial liabilities that were previously classified as other financial liabilities were reclassified as amortized cost upon transition to IFRS 9. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. There were no changes to the measurement basis of the Fund's financial instruments as a result of adopting IFRS 9, and consequently, there was no impact to net assets.

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 5.

Brokerage Commissions

Total brokerage commissions paid by the Fund during the six month period ended June 30, 2019 were $25,150. 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 period were approximately $20,339.

The Rebalancing Authorization Plan

The Manager has implemented a rebalancing authorization plan (the "Plan") for the investment funds managed by the Manager (the "Goodwood Funds"), including the Fund, to rebalance the securities of certain issuers where such securities are held by more than one Goodwood Fund. The effect of the Plan is that, from time to time, the Fund may buy securities from or sell securities to one of the other Goodwood Funds. The IRC has reviewed the Plan and has provided a recommendation that, to the extent a rebalancing trade involves the Fund and is a conflict of interest matter for the Manager, provided that such trade is made pursuant to the Plan, the provisions of the Plan adequately address the conflict of interest matter and that such trade would achieve a fair and reasonable result for the Fund. There were no rebalancing transactions in the period ended June 30, 2019.

Other Related Party Transactions

Certain officers, directors and key personnel of Goodwood may become officers or directors of companies that are held in the Fund's investment portfolio. 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.

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 service 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 six-month period ended June 30, 2019 was $598.

FINANCIAL HIGHLIGHTS

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 six month period ending June 30, 2019 and the past five years ending December 31.

The Fund’s Net Assets Per Unit ($) [1]

	Jun-19		2018		2017		2016		2015	2014
	Class F	Class A	Class F	Class A	Class F	Class A	Class F[4]	Class A	Class A	Class A
Net Assets, beginning of period	$10.31	$15.72	$11.75	$18.12	$11.13	$17.35	$10.00	$15.40	$16.75	$15.78
Increase (decrease) from operations:										
Total revenue	0.08	0.13	0.22	0.33	0.18	0.26	0.08	0.27	0.31	0.34
Total expenses	(0.21)	(0.41)	(0.41)	(0.82)	(0.41)	(0.80)	(0.18)	(0.75)	(0.60)	(0.73)
Realized gain (loss) on investments	0.65	1.26	0.16	0.21	0.46	0.76	(0.99)	(0.83)	0.51	1.14
Unrealized gain (loss) on investments	0.44	0.41	(1.40)	(2.08)	0.75	0.32	1.89	3.25	(1.53)	0.27
Total increase (decrease) from operations [2]	0.96	1.39	(1.43)	(2.35)	0.98	0.55	0.81	1.94	(1.31)	1.02
Distributions:										
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 period	$11.25	$17.05	$10.31	$15.72	$11.75	$18.12	$11.13	$17.35	$15.40	$16.75

[1] For the period ended June 20, 2019 and years ended December 31. The information for each December 2018, 2017, 2016, 2015, and 2014 is derived from the Fund's audited annual financial statements prepared in accordance with IFRS. The information for June 2019 is derived from the Fund’s unaudited statements prepared in accordance with IFRS.

[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]

	Jun-19		2018		2017		2016		2015	2014
	Class F	Class A	Class F	Class A	Class F	Class A	Class F[5]	Class A	Class A	Class A
Total net asset value (000s) [1]	$ 1,463	$ 4,016	$ 1,718	$ 4,426	$ 2,160	$ 6,529	$ 452	$ 9,868	$ 10,384	$ 13,156
Number of units outstanding [1]	130,132	235,547	166,709	281,634	183,775	360,285	40,627	568,839	674,427	785,398
Management expense ratio [2]	2.97%	4.05%	2.51%	3.65%	2.98%	3.96%	1.12%	3.78%	3.06%	4.14%
Management expense ratio before waivers or absorptions	2.97%	4.05%	2.51%	3.65%	2.98%	3.96%	1.12%	3.78%	3.06%	4.14%
Trading expense ratio [3]	0.89%	0.85%	0.75%	0.74%	0.68%	0.67%	0.48%	0.85%	0.43%	0.66%
Portfolio turnover rate [4]	173.75%	173.75%	124.35%	124.35%	157.86%	157.86%	184.07%	184.07%	128.95%	122.49%
Net assets value per unit	$ 11.25	$ 17.05	$ 10.31	$ 15.72	$ 11.75	$ 18.12	$ 11.13	$ 17.35	$ 15.40	$ 16.75

[1] This information is provided for the six month period ending June 30, 2019 and 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 Fund's aggregate net asset value. The management fee for Class A Units of the Fund is 1.9% per annum and for Class F Units of the Fund is 0.9% 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 six month period ended June 30, 2019 were $51,590. *Please refer to Related Party Transactions - Other on page 3.*

For the six month period ended June 30, 2019, approximately 82% 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.

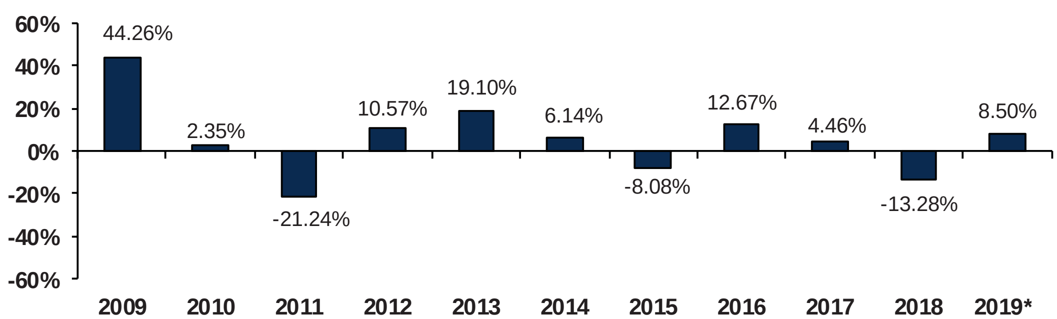
PAST PERFORMANCE

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

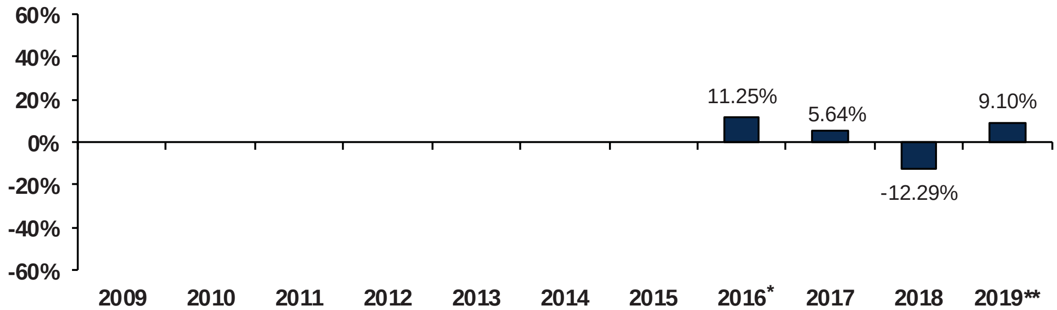


*For the period ending June 30, 2019.

Year-by-Year Returns Continued…

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 F



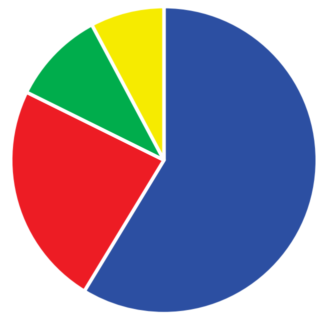
* For the period beginning July 8, 2016 (the date on which units of class F were first sold) to December 31, 2016.

**For the period ending June 30, 2019.

SUMMARY OF INVESTMENT PORTFOLIO AT JUNE 30, 2019

Asset Mix (as a % of NAV)

Canadian Equity	58.7%
Net Cash	23.6%
Other	9.9%
US Equity	7.8%
	100.0%



Total Net Assets: ***$5,479,727***

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

1	Net Cash	23.6%
2	The Westaim Corporation	14.2%
3	Great Canadian Gaming Corp.	10.3%
4	Polaris Infrastructure Inc.	7.6%
5	Medexus Pharmaceuticals, Inc.	6.9%
6	AMP Solar Group Inc.	5.5%
7	NFI Group Inc.	4.2%
8	KLX Energy Services Holdings Inc.	3.9%
9	Virginia Black LLC, 12.5%, December 31, 2019	3.6%
10	Argan Inc.	3.3%
11	Enghouse Systems Ltd.	3.3%
12	CCL Industries Inc.	2.5%
13	Cargojet Inc.	2.3%
14	People Corp.	2.2%
15	Strad Energy Services Ltd.	2.0%
16	Photon Control Inc.	2.0%
17	Freshii Inc.	1.1%
18	Morgan Solar Inc., Preferred shares A	0.8%
19	Akumin Inc.	0.7%
20	Virginia Black LLC, Warrants, February 26, 2021	0.0%

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

GOODWOOD INC.

212 King Street West, Suite 200
Toronto, Ontario, M5H 1K5
Main Line: (416) 203-2022 Fax: (416) 203-0734
Toll-free: 1-866-681-4393

Email: invest@goodwoodfunds.com
Website: www.goodwoodfunds.com