



INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE
FOR THE SIX MONTHS ENDED JUNE 30, 2018

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 15.5% to \$7.34mm for the six month period ending June 30, 2018, from \$8.69mm at December 31, 2017. The decrease in net assets over the period is attributable to portfolio redemptions and investment performance during the first half of 2018.

Investment Performance Results

For the six month period ending June 30, 2018, Class A units of the Fund returned -4.02% and Class F units returned -3.48%. 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, 2018, there was no material change to the Fund's investment portfolio. As at June 30, 2018, the Fund was 87.3% invested, holding 13 investments across 7 industry sectors. Month end net cash levels during the period fluctuated between 5.4% and 12.7% resulting in an average invested position of approximately 90.1%. The Fund's asset mix as of June 30, 2018 was comprised of 76.8% in public company investments, 10.5% in private company investments (i.e., companies that do not have quoted prices on designated exchanges) and 12.7% in cash. As at June 30, 2018, the Fund held a relatively large portion of its assets (each greater than 5% of the Fund's portfolio) in Polaris Infrastructure Inc. ("Polaris"), Great Canadian Gaming Corporation ("Great Canadian"), Westaim Corp. ("Westaim"), Akumin Inc. ("Akumin") and Home Capital Group Inc. ("Home Capital"). As at June 30, 2018, the top 5 investments represented 69.1% of the Fund's net assets while the top 10 positions accounted for 84.4% of the portfolio.

The top positive contributor to the Fund's performance return for this period was the Fund's long term investment in Great Canadian while the largest negative contributor was Polaris. New positions added during the period, each of which remained a holding in the portfolio as at June 30, 2018 included, Virginia Black LLC and Nemaska Lithium Inc. Former positions such as Crius Energy Trust, Aritzia Inc., Theratechnologies Inc., Freshii Inc., and Emergent Capital Inc. were sold entirely during the period ending June 30, 2018.

The Fund continues to invest primarily in equity securities of North American companies over a broad range of industry sectors. As of June 30, 2018, the Fund was invested in a mix of both large capitalization and small capitalization companies with a higher weight towards Canadian small capitalization companies (market capitalization under \$1 billion). The average market capitalization of the top 5 positions in the Fund as at June 30, 2018 was slightly over \$1 billion. In keeping with the investment objective of the Fund, Goodwood Inc. ("Goodwood" or the "Manager" or "we") continues to believe there have been value opportunities in this space and that these investments may offer superior potential.

Recent Developments

During the quarter ended June 30, 2018, the Fund's large weighting in Great Canadian common shares made a meaningful positive contribution to the performance of the Fund as that stock rose from \$32.74 per share at the end of March to \$46.55 per share at the end of June. However, it was more than offset by the drop in another large weighting position, that of Polaris common stock, from \$17.78 per share to \$14.08 per share.

Ironically within a few weeks of it becoming clear that Polaris' operating asset, the San Jacinto geothermal electricity generating plant in Nicaragua, had reached near maximum possible production and after nearly 29 years of peace and progress, significant civil unrest began in Nicaragua, which is being reflected in the stock price. Our belief is that the majority of Nicaraguans want continued peace and progress and that Polaris' plant, with the continued financial involvement of the World Bank, is relatively well-positioned no matter what the political outcome. It has also been heartening to see that electricity demand, reflecting the relatively lightly-industrialized nature of the Nicaraguan economy, has been very steady through this period. As it stands now, we have an asset that can comfortably pay out US\$1.00 in annual dividends with a modest payout ratio (versus the June 30th, 2018, C\$13.82 share price, so a dividend yield of approximately 9.5%) and a strong balance sheet from the excess cash at the Canadian Holdco. With oil prices rising and Nicaragua still generating much of its electricity via burning Venezuelan bunker fuel which is dirty and expensive now, the economic rationale and imperative of the San Jacinto plant is ever present.

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, accounting policies or composition of its Independent Review Committee ("IRC").

Future Accounting Changes

The Fund actively monitors developments and changes in standards from the International Accounting Standards Board (IASB). The following summarizes future accounting changes that will be relevant to the Fund's financial statements subsequent to June 30, 2018:

Financial instruments

On July 24, 2014, the IASB issued IFRS 9, Financial Instruments - Classification and Measurement ("IFRS 9"). Under IFRS 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 also introduces changes relating to financial liabilities. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Fund does not intend to early adopt IFRS 9. The extent of the impact of adoption of IFRS 9 has not yet been determined.

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, 2018 were \$19,757 and commissions on corporate finance transactions amounted to \$27,416. Total commissions paid by the Fund during the period were \$47,173. Out of this amount, gross commissions paid to the Manager for acting as broker in respect of portfolio transactions for the Fund during the period were \$16,934.

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.

Other

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, 2018 was \$233.

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, 2018 and the past five years ending December 31.

The Fund's Net Assets Per Unit (\$) ¹

	Six months ended June 30, 2018		2017		Periods ended December 31				
	Class F	Class A	Class F	Class A	2016 Class F ⁴	2016 Class A	2015 Class A	2014 Class A	2013 Class A
Net Assets, beginning of year	\$11.75	\$18.12	\$11.13	\$17.35	\$10.00	\$15.40	\$16.75	\$15.78	\$13.11
Increase (decrease) from operations:									
Total revenue	0.08	0.13	0.18	0.26	0.08	0.27	0.31	0.34	0.32
Total expenses	(0.19)	(0.39)	(0.41)	(0.80)	(0.18)	(0.75)	(0.60)	(0.73)	(0.55)
Realized gains (losses) on investments	(0.27)	(0.43)	0.46	0.76	(0.99)	(0.83)	0.51	1.14	(0.09)
Unrealized gains (losses) on investments	(0.02)	(0.02)	0.75	0.32	1.89	3.25	(1.53)	0.27	2.80
Total increase (decrease) from operations ²	(0.40)	(0.72)	0.98	0.55	0.81	1.94	(1.31)	1.02	2.48
Distributions:									
From dividends	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
Total Annual Distributions ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Assets at end of period shown	\$11.34	\$17.39	\$11.75	\$18.12	\$11.13	\$17.35	\$15.40	\$16.75	\$15.67

¹ Except for 2018, this information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes. Information from 2013 onwards is prepared in accordance with IFRS. Information for years prior to 2013 is reported under Canadian GAAP. Differences may result from a comparison of the fair valuation of securities held by the Fund for financial reporting purposes prior to January 1, 2014 under Canadian GAAP, versus the market value used to determine the net asset value of the Fund for the purchase and redemption of the Fund's units ("Transactional NAV"). The Transactional NAV per unit at the end of the period is disclosed in the "Ratios and Supplementary Data" table herein.

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 Data¹

	Six months ended June 30, 2018		2017		Periods ended December 31				
					2016		2015	2014	2013
	Class F	Class A	Class F	Class A	Class F ⁵	Class A	Class A	Class A	Class A
Total net asset value (000s) ¹	\$ 2,040	\$ 5,298	\$ 2,160	\$ 6,529	\$ 452	\$ 9,868	\$ 10,384	\$ 13,156	\$ 16,217
Number of units outstanding ¹	179,804	304,620	183,775	360,285	40,627	568,839	674,427	785,398	1,027,604
Management expense ratio ²	2.71%	3.84%	2.98%	3.96%	1.12%	3.78%	3.06%	4.14%	3.96%
Management expense ratio before waivers or absorptions	2.71%	3.84%	2.98%	3.96%	1.12%	3.78%	3.06%	4.14%	3.96%
Trading expense ratio ³	0.50%	0.50%	0.68%	0.67%	0.48%	0.85%	0.43%	0.66%	0.68%
Portfolio turnover rate ⁴	68.82%	68.82%	157.86%	157.86%	184.07%	184.07%	128.95%	122.49%	95.02%
Net asset value per unit	\$ 11.34	\$ 17.39	\$ 11.75	\$ 18.12	\$ 11.13	\$ 17.35	\$ 15.40	\$ 16.75	\$ 15.78

¹ This information is provided for the six month period ending June 30, 2018 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, 2018 were \$72,594. *Please refer to Related Party Transactions - Other on page 3.*

For the six month period ended June 30, 2018, approximately 65% 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.

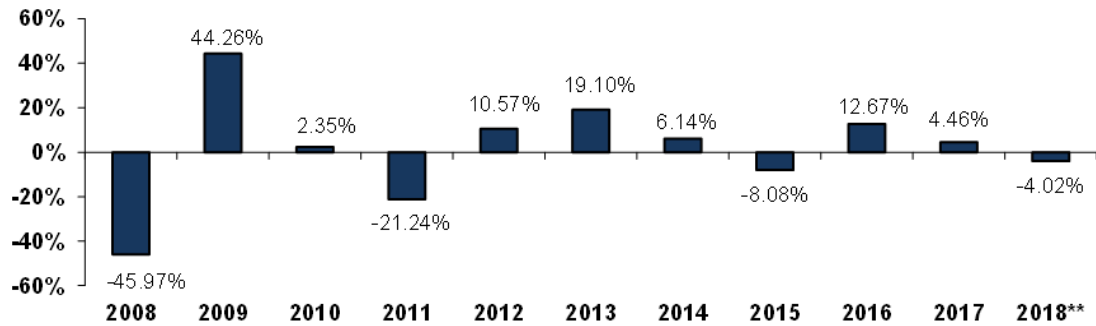
PAST PERFORMANCE

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.

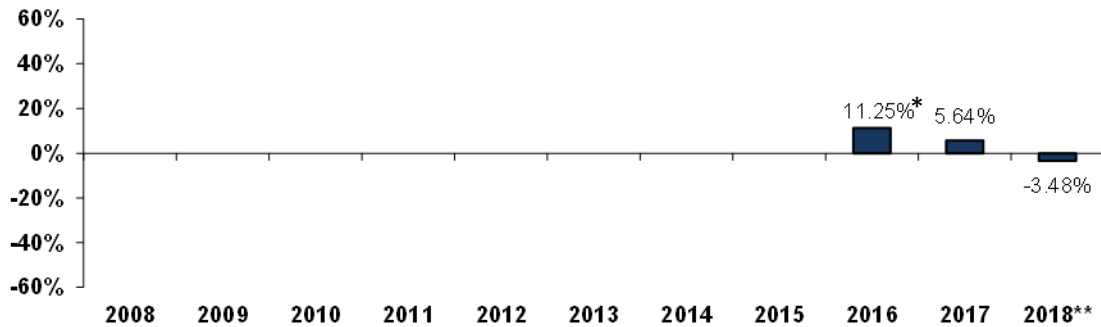
Year-by-Year Returns

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



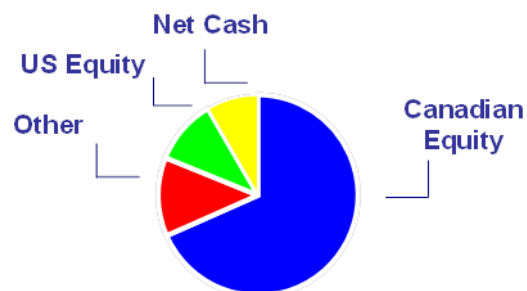
* For the period beginning July 8, 2016 (the date on which units of class F were first sold) to December 31, 2016.

** For the period ending June 30, 2018.

SUMMARY OF INVESTMENT PORTFOLIO AT JUNE 30, 2018

Asset Mix

Canadian Equity	68.4%
Net Cash	12.7%
Other	10.5%
US Equity	8.4%
	<u>100.0%</u>



Total Net Assets: \$7,338,000

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

1	Great Canadian Gaming Corp	23.6%
2	Polaris Infrastructure Inc	18.2%
3	Westaim Corp	12.9%
4	Akumin Inc	8.4%
5	Home Capital Group Inc	6.0%
6	BSM Technologies Inc	4.8%
7	AMP Solar Group	4.1%
8	Virginia Black	2.7%
9	Medexus Inc	2.6%
10	Morgan Solar Inc	1.1%
11	UrtheCast Corp	1.1%
12	Nemaska Lithium Inc	1.0%
13	Centric Health Corp	0.8%