GOODWOOD INC.

THE

GOODWOOD

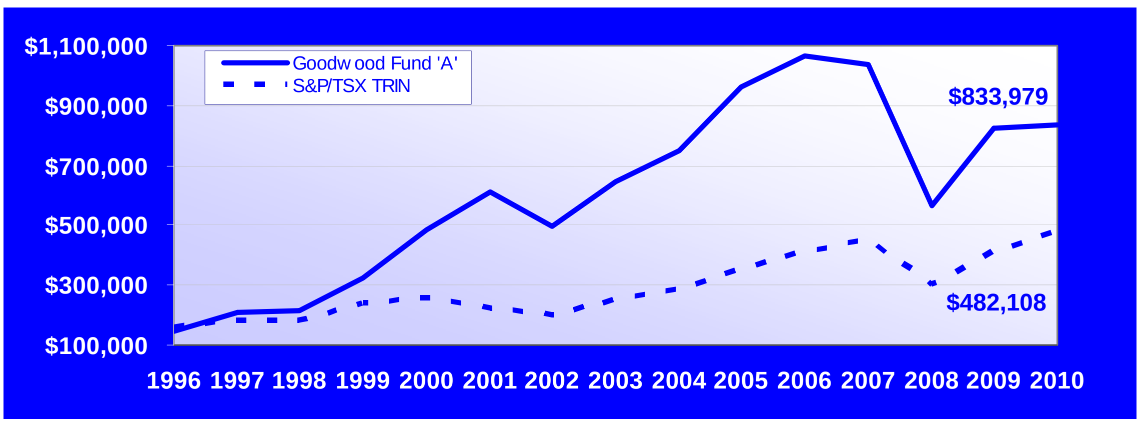
FUNDS

2010 Annual Report
Fifteenth Edition

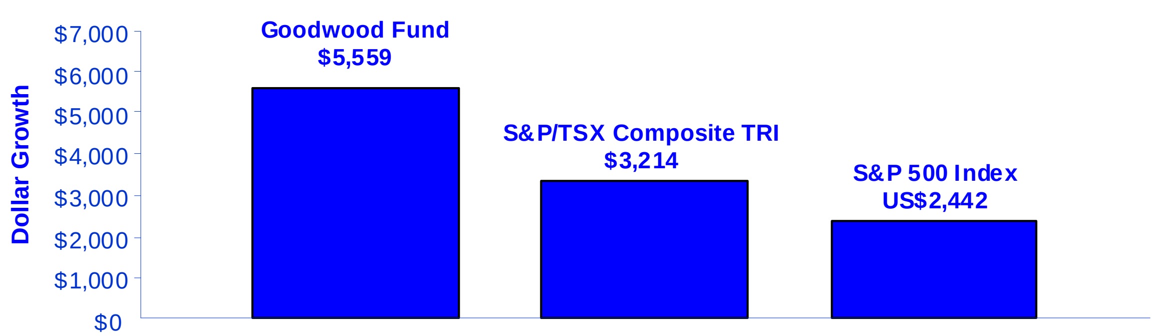
Goodwood Fund "A" Year-Over-Year Returns

October 31, 1996	$ 150,000	
December 31, 1996	148,588	N.A.
December 31, 1997	209,628	41.0%
December 31, 1998	214,764	2.5%
December 31, 1999	322,253	50.0%
December 31, 2000	487,891	51.4%
December 31, 2001	609,864	25.0%
December 31, 2002	496,856	-18.5%
December 31, 2003	648,347	30.5%
December 31, 2004	746,572	15.2%
December 31, 2005	962,344	28.9%
December 31, 2006	1,065,604	10.7%
December 31, 2007	1,034,382	-2.9%
December 31, 2008	565,600	-45.3%
December 31, 2009	823,683	45.6%
December 31, 2010	833,979	1.3%

Goodwood Fund "A"
Comparison of Change in Value of $150,000 Investment since October 31st, 1996



Goodwood Fund "A"
Value of $1,000 Invested in October, 1996 net of fees to December, 2010



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 500 Index measures the total return of the broader U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries and assumes reinvestment of dividends

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THE GOODWOOD FUND
2010 Annual Report

To the Unitholders of the Goodwood Fund:

For the year ending December 31, 2010, The Goodwood Fund's (the "Fund") net asset value ("NAV") per Class "A" units increased by **+1.25%** while the NAV per Class "B" units increased by **+1.26%.** The S&P/TSX Composite Total Return Index ("TRIN") increased by +17.6% in the same period.

From October 31, 1996 (commencement of the offering of the Fund) through to December 31, 2010, the Fund has returned **+12.9%** per annum net (after all fees) versus the TRIN's per annum return of 8.6%.*

No distributions were paid on December 31, 2010.

The Fund's 2010 audited financial statements are attached for your review.

During 2010 (based on month end figures), the Fund averaged a **110.2%** invested position (i.e., market value of long positions plus market value of short sale positions as a percentage of the Fund's equity). At one extreme, the Fund was **117.5%** invested, composed of **99.8%** long and **17.7%** short, leaving a "net market exposure" (i.e., longs minus shorts as a percentage of the Fund's equity) of **82.1%**. At the other extreme, the Fund was **102.0%** invested, or **94.4%** long and **7.6%** short for a net market exposure of **86.8%**.

We have included a copy of the "Goodwood Philosophy" at the end of this letter which provides a detailed overview of our style of investing. We encourage all of our unitholders to read it each year as it is in our collective interests to have informed unitholders.

All figures in Canadian dollars unless otherwise noted. "Fund" refers to just the Goodwood Fund while "Funds" refers to the Goodwood Fund, The Goodwood Capital Fund and other investment pools that Goodwood Inc. manages.

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*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 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 Offering Memorandum for details concerning the redemption fee schedule applicable to the Fund and other important information. In addition, performance data represents past performance and is not necessarily indicative of future performance. The Annual Reports are not recommendations but rather commentaries of the Goodwood funds' holdings.

Noteworthy Positions:

During 2010 and early 2011, some of the more noteworthy positions that we have sold (partially or wholly) include: ACE Aviation Holdings “A” and “B” class shares, Alliance Grain Traders Inc., Cineplex Galaxy Income Fund, Celestica Inc., Cash Store Financial Services Inc., Bombardier Inc., BCE Inc., Clearwater Seafoods 7.25% of 2014 debentures, Corby Distilleries Limited, Dollarama Inc., E*Trade Financial Corporation, Fairborne Energy Limited, Gennum Corporation, Innergex Renewable Energy Inc., The Jean Coutu Group Inc., Manitoba Telecom Services Inc., Manulife Financial, Maple Leaf Foods Inc., March Networks, Mineral Deposits Limited /Teranga Gold Corporation, New Flyer Industries Inc., Newport Partners Income Fund debentures, Noranda Income Fund, Sandstorm Resources Ltd., Viterra Inc., WestJet Airlines Ltd., Zarlink Semiconductor Inc. and Zoran Corporation.

The following table highlights some of our more noteworthy current positions, the current market price, target price ranges (our estimates of underlying intrinsic value) and the impact on the Fund as a whole should these positions trade at our intrinsic value estimates. As always, there are no guarantees that these securities will ultimately trade for our estimated intrinsic values but we feel our estimates have been arrived at in a rational manner. As you can see, the Fund’s potential returns are quite high at between +45.7% and +82.4%. And, this excludes the upside potential of WebTech Wireless Inc. (“WebTech”) (we are restricted on what we can say about WebTech) and a number of other long positions. These other positions, excluding WebTech, collectively represent another 17.4% of the Fund’s equity.

Noteworthy Positions As at March 23, 2011	% Weight in Goodwood Fund	Current Market	Target Price Range	Impact on Fund's NAV	
ATS Automation Tooling Systems Inc.	18.7%	$ 6.93	$ 14.00 to $ 22.00	19.1% to 40.7%	
The Westaim Corporation	9.8%	$ 0.58	$ 0.75 to $ 0.80	2.9% to 3.7%	*
Quadra FNX Mining Ltd	5.6%	$ 13.84	$ 20.00 to $ 24.00	2.5% to 4.1%	
Cenveo, Inc	5.6%	US$6.06	US$10.00 to US$12.00	3.6% to 5.5%	
Just Energy Group Inc	4.8%	$ 15.33	$ 16.00 to $ 18.00	0.6% to 1.2%	**
Enablence Technology Corporation	4.4%	$ 0.30	$ 0.70 to $ 1.00	5.9% to 10.3%	
Pace Oil & Gas Ltd	4.0%	$ 9.65	$ 11.00 to $ 12.00	0.6% to 1.0%	
Great Canadian Gaming Corp	4.0%	$ 7.73	$ 11.00 to $ 13.00	1.7% to 2.7%	
WebTech Wireless Inc.	3.6%	$ 0.45	N.A. to N.A.	N.A. to N.A.	
First Uranium debt (4.25% of 2012 and 7% of 2013)	2.9%	$ 87.52	$ 108.28 to $ 107.86	0.9% to 0.9%	***
Canexus Income Fund	2.5%	$ 7.40	$ 7.50 to $ 9.00	0.2% to 0.7%	**
Cowen Group, Inc	2.4%	US$3.92	US$10.00 to US$12.00	3.9% to 5.1%	
Boralex Inc	2.0%	$ 8.55	$ 12.00 to $ 13.00	0.8% to 1.0%	
Agilysys, Inc	1.6%	US$5.34	US$10.00 to US$12.00	1.4% to 2.0%	
Oromin Exploration Ltd	1.6%	$ 1.10	$ 1.75 to $ 2.25	0.9% to 1.7%	
Ram Power, Corp	1.5%	$ 1.36	$ 2.00 to $ 3.00	0.7% to 1.8%	
	75.0%			**45.7%** to **82.4%**	
Other long positions:	**17.4%**	Excludes WebTech as we are precluded from commenting on the Company at this time due to Goodwood Inc. requisitioning a shareholders' meeting.			
Total long %:	**92.4%**				

* Westaim Target Price Range based on external Analysts' target prices.

** Includes 1 year of an approximately 8% annual dividend.

*** Unitized, and includes 1.25 years of 4.25% coupon on the unsecured debt plus 1 year of 7% coupon on the secured convert.

Position Review

Ram Power, Corp. ("Ram Power")

Shares Outstanding:	**157.3 million**	**Current Share Price:**	**$1.36**
Market Capitalization:	**$214 million**	**Target Share Price:**	**$2.00-$3.00**
Net Recourse Debt/(Cash):	**$(55) million**		

Ram Power is a developer, owner and operator of renewable geothermal energy projects in North and South America. Ram Power currently operates a 10 megawatt ("MW") facility in Nicaragua, has another 72 MW under construction and backed by long term power purchase agreements. In addition, Ram Power has a pipeline of projects totaling 634 MW in California, Nevada, Nicaragua and British Columbia.

Rationale:

- We very much like the special place geothermal occupies as a "baseload" (i.e., operates 24/7) clean/renewable power source that produces power at an equivalent cost or better to coal and/or gas (depending on the US state). Most renewable power is much more expensive than traditional sources of electricity and does not operate 24/7. Baseload is very important for electric utilities that are under pressure to meet increasing renewable power portfolio standards (as in California) as this is a clean/renewable source that is predictable and thus easier for electric grid management purposes than highly unpredictable wind and solar.

- Another reason geothermal is particularly attractive is that significant US tax credits and government loan guarantees allow for very high IRR's on projects. In some cases the developer can take out all or more than its equity commitment and thus have a negative cost on a project.

- We believe that, at some point upon achieving a certain level of producing properties/portfolio of geothermal, Ram Power could become an enticing takeover candidate for a large utility (not dissimilar to TransAlta's takeover of Canadian Hydro Developers which had significant wind assets but more likely for Ram Power the buyer would be US based). The scarcity of well-run, well-financed, decent-sized, independent geothermal power producers makes Ram Power very special.

- Recent departure of the founder and disclosure that additional capital was needed to bridge completion of the ramp up of their San Jacinto, Nicaraguan project (project delays and cost overruns) has caused weakness in the stock to below our $2.18 average cost per share. We believe the resultant alternative financing actions and management changes were appropriate and we believe that the mid to long term story is very much intact (however the upside has been slightly moderated due to equity warrants being given to the new bridge lender).

Oromin Explorations Ltd. ("Oromin")

Shares Outstanding:	**135.1 million**	**Current Share Price:**	**$1.10**
Market Capitalization:	**$149 million**	**Target Share Price:**	**$1.75-$2.25**
Net Debt/(Cash):	**$(20) million**		

Oromin is a development stage gold company with a 43.5% interest in the Oromin Joint Venture Group (OJVG) gold concession in Senegal, West Africa. Oromin is partnered with two private Saudi companies to bring the OJVG Project into production.

<u>Rationale</u>:

- The OJVG Project is adjacent to an existing producing mine owned by Teranga Gold Corporation ("Teranga"). Oromin has two major strategic shareholders – IAMGOLD Corp. (~12%) and Teranga (~14%) – and both have expressed an interest in growing their West African operations.

- Teranga completed an IPO in late 2010 at a significantly higher valuation than Oromin, however, Teranga's known gold reserves are declining and the company has committed to spending $50 million over the next year to increase capacity at its mill in order to increase production. While Teranga has exploration potential on some areas of its concession, we believe that given the proximity of Oromin's mine to Teranga's mill (less than 5 km distance) it would be an ideal acquisition for Teranga.

- The strong gold price environment has led to increased M&A activity with West African gold assets commanding a premium valuation (see: Kinross Gold's acquisition of Red Back, a 2.8X price/net asset value ("NAV"), we estimate Oromin is trading for just 0.4X price/NAV).

- Given Oromin's increasing resource and two strategic shareholders, we believe it is highly probable that Oromin is acquired in the next several months. We very much like the risk-adjusted return profile of the investment at this point, given that any significant weakness in the stock price from current levels would make an acquisition significantly more accretive for any buyer – effectively limiting our downside risk.

Agilysys, Inc. ("Agilysys")

Shares Outstanding:	**23.1 million**	**Current Share Price:**	**US$5.34**
Market Capitalization:	**US$123 million**	**Target Share Price:**	**US$10-US$12**
Net Debt/(Cash):	**US$(65) million**		

Agilysys is a leading provider of innovative IT solutions to corporate and public-sector customers with a special expertise in the retail and hospitality markets and generating revenue of approximately US$700 million per annum. The diamond in this business is its Hospitality Solutions Group, a proprietary hardware and software business with approximately US$90 million in revenue which sells systems that support casinos, hotels, resorts, stadiums, cruise ships and food service establishments. This business has dominant market share in large scale casinos, providing systems for virtually all of the large casinos on the Las Vegas strip, and a deep presence in the gaming city of Macau.

Rationale:

- Agilysys trades at an exceedingly cheap valuation, with a market capitalization of approximately US$123 million and US$65 million of net cash on hand, leaving the value of the business imputed in this valuation of approximately US$58 million, or 0.08x its expected sales for fiscal 2011 ending March 31, 2011.

- The reason for this depressed valuation is the underperformance of Agilysys' Technology Solutions Group, a value added reseller of computer hardware and software to medium and large corporations in the US with sales of approximately US$500 million. This business has been struggling with reduced sales and margins over the past two years as customers have reduced IT spending and vendors (especially Sun Microsystems, Inc. after their purchase by Oracle Corporation) have become much more aggressive with resellers, reducing incentive rebates that they previously paid out.

- To offset these pressures, Agilysys has significantly reduced its costs to right size the business. In addition, they have been developing proprietary software and hardware products to reduce the margin pressure. In the most recent quarter ending December 31, 2010, the company indicated that it is seeing margins stabilize, and would remove additional costs (targeting US$7 million of annual costs reduction) to further improve profitability.

- We look at Agilysys as a classic "sum-of-the-parts" story. We believe based on its earnings power and customer base, the Hospitality Solutions Group is worth at least twice the US$65 million valuation of the company today, and you are getting the profitable Retail Solutions Business (US$110 million of sales) and the Technology Solutions Group (US$500 million of sales) for free (in fact, the market is applying negative value to these parts, in our opinion). In the event of a sale of the company, significant synergies would accrue to a strategic buyer of the business, as corporate overhead costs are eliminated. We believe that value will be unlocked either by material improvement in EBITDA (resulting in higher earnings, a higher multiple and share price), or through a sale/break-up of the business at a significant premium.

- Apparently we are not alone in our view that this company is significantly undervalued. Over the past 9 months MAK Capital, Agilysys' largest shareholder (with Board representation) has increased its position from approximately 20% to over 30% of the shares outstanding, at a cost of US$15.6 million (average cost is ~15% above the current share price).

Boralex Inc. ("Boralex")

Market Capitalization:	**$323 million**	**Target Share Price:**	**$12.00-$13.00**
Net Recourse Debt/(Cash):	**$642 million**		

Boralex is an independent power producer (“IPP”) whose core business is the development and operation of power stations that generate renewable energy. As of December 2010 the company had total generation capacity of 650MW with a growth pipeline to achieve 1,000MW.

Rationale:

- In summer 2010 Boralex made an offer to acquire all of the outstanding units (they did not already own) of Boralex Income Fund (“the Fund”). Given that Boralex had a significant position in the Fund and was the operator of the Fund’s assets, Boralex attempted to acquire the Fund at a very low price. Minority unitholders were unhappy and a protracted solicitation process ensued that forced Boralex to increase its bid and sweeten the offer by paying more cash. This misstep caused shares of Boralex to fall as the market anticipated increased probability of an equity offering.

- This weakness caused the shares of Boralex (on a pro-forma basis) to trade extremely cheaply, particularly given the fact that pro-forma Boralex would have increased contracted generation capacity relative to Boralex standalone, and increased hydro/wind generation capacity versus Boralex’s higher merchant biomass and natural gas generation capacity. Ultimately we felt the market misunderstood the pro-forma quality of the Boralex portfolio with increased contracted asset base and decreased exposure to poorly performing biomass assets in the United States.

- We expect that over the next few years Boralex will grow its pipeline of contracted renewable power generation assets to a critical mass of 1,000MW at which time we would anticipate that the significant free cash flow generation would begin to be returned to shareholders in the form of dividends and share buybacks.

- We find this investment particularly interesting from a risk-adjusted return perspective, given that the sum-of-the-parts analysis of the existing asset base suggests that the break-up value of the company is significantly higher than current trading levels, the market continues to undervalue the increased contracted portion of the asset base, and Boralex trades at a significant discount to its independent power producing peer group. Currently, Boralex is trading at 8.9X 2011 consensus EV/EBITDA versus 11.3X for the peer group.

Cowen Group, Inc. ("Cowen")

Shares Outstanding:	**75.5 million***	**Current Share Price:**	**US$3.92**
Market Capitalization:	**US$296 million**	**Target Share Price:**	**US$10.00-US$12.00**

*Prior to merger with Labranche & Co. Inc.

Cowen is a diversified financial services firm encompassing alternative investment management (primarily under the Ramius LLC banner) and investment banking/research/sales & trading (Cowen & Company).

Rationale:

- Cowen stock is trading well below a high quality tangible book value of US$5.42 (as at December 31, 2010). A very rare example of a manager of performance fee-based assets (ignoring the Cowen & Company brokerage for the moment) trading for less than the value of its own cash and securities.

- The recently-announced stock-for-stock acquisition of LaBranche & Co Inc. ("LaBranche") adds further capital to an already substantial capital base and augments Cowen's trading technology. Adding LaBranche also allows Cowen to increase its growing Asian footprint through LaBranche's Hong Kong exchange membership.

- A sum-of-the-parts analysis putting fair values on the excess cash and securities, the brokerage business and, the alternative funds business yields potential values well in excess of the current share price.

Canexus Income Fund ("Canexus")

Shares Outstanding:	**114.2 million**	**Current Share Price:**	**$7.40**
Market Capitalization:	**$845 million**	**Target Share Price:**	**$7.50-$9.00**
Net Debt/(Cash):	**$333 million**		

Canexus is a producer of sodium chlorate and chlor-alkali products mainly for the pulp and paper and water treatment industries. The company has four strategically located and low-cost plants in Canada and one in Brazil.

<u>Rationale</u>:

- Canexus is the chemicals arm of Nexen Inc. ("Nexen") and was spun out as an income trust in 2005 (1/3 to the public and 2/3 of the equity retained by Nexen). One of the major criticisms of Canexus in the past has been the large ownership position by Nexen which many investors believed was an overhang on the value of the shares and acted as an effective poison-pill.

- On January 18, 2011, Nexen chose to divest fully of its ownership of Canexus via a bought deal. This event was a catalyst that we identified as an opportunity to gain a good portfolio weight in what will ultimately be a mid-cap, high-dividend-yielding company. Such an entity we believe will be in demand by investors seeking stable cash distributions with leverage to an economic recovery.

- We particularly like the fact that Canexus is the lowest cost producer of sodium chlorate due to its low cost electricity advantage in Manitoba and its symbiotic relationship with Fibria in

Brazil, which ensures long-run profitability. While being exposed to the pulp and paper industry, the low cost structure of Canexus makes its cash flows remarkably resilient to the paper cycle.

- We believe the demand for yield instruments will be a strong investment consideration going forward given the demographic shift of the North American population (i.e., ageing of the population). And, in this period of extremely low bond yields, investors will continue to seek incremental yield through dividend-paying equity instruments, and thus we believe the valuation of the Canexus units have multiple expansion potential.

First Uranium Corporation ("First Uranium"), 4.25% of 2012 (shown here) and 7% of 2013

Principal Amount Outstanding of 4.25% Debentures:	**$150 million**
Principal Amount Outstanding of 7.00% Notes:	**$145 million**

First Uranium is developing both the Ezulwini Mine and the Mine Waste Solutions tailings recovery operations in South Africa with a goal of becoming a significant low cost producer of uranium and gold.

Rationale:

- We own both the 4.25% of June 30, 2012 senior unsecured debentures (our initial purchase price was approximately $0.71 per $100 of face value and has a current yield-to-maturity of 27%) and the 7% of March 31, 2013 senior secured convertible notes (bought initially at par).

- The ability of First Uranium to raise equity (despite start-up problems) and the likelihood that new management will prevail in improving operations, make us believe that the debentures and notes are money good. Thereby allowing us the opportunity to earn a high rate of return on just the cash interest payments we are receiving and, in the case of the 4.25% debentures, the accretion to face value at maturity.

- As well, through the $1.30 per First Uranium common share conversion price of the notes, we have some potential equity value upside. The stock is currently trading for $0.88 but has significant upside in the event of operational success in this high-priced gold environment.

WebTech Wireless Inc. ("WebTech")

Shares Outstanding:	**105.4 million**	**Current Share Price:**	**$0.45**
Market Capitalization:	**$47 million**	**Target Share Price:**	**N/A**
Net Debt/(Cash):	**$(9) million**		

WebTech is a provider of vehicle fleet location-based services and telematics technology. It develops, manufactures and supports end-to-end wireless solutions that improve the productivity, profitability, environmental compliance and safety of vehicle fleets. Its comprehensive suite of products and services include: automatic vehicle location (AVL), mapping, vehicle diagnostics, CO_2 reporting, navigation, messaging, and mobile resource management. WebTech serves customers of all sizes in the transport, government, service, insurance and OEM markets in over forty-one countries, including Fortune 500 companies. Specialized products include: Quadrant®

commercial fleet solutions, InterFleet® solutions for government, and NextBus® real-time passenger information services for transit fleets.

As we have requisitioned a shareholders' meeting of WebTech, we are currently precluded from commenting on the Company. Below is attached our March 14, 2011 press release in this regard.

GOODWOOD FUNDS FILE REQUISITION FOR MEETING OF SHAREHOLDERS OF WEBTECH WIRELESS INC.

Requisition calls for replacement of existing directors or, in the alternative, election of a majority of new independent directors.

TORONTO, March 14 /CNW/ - Today, four funds managed by Goodwood Inc. ("Goodwood") requisitioned a meeting of the shareholders of WebTech Wireless Inc. ("WebTech" or the "Company") to replace the existing directors with six new independent directors, or, in the alternative, elect eight new independent directors to the board (which would be a majority of the Board). In total, Goodwood funds hold 13.7% or 14,482,100 of the issued and outstanding shares of WebTech.

The purpose of Goodwood's requisition is to ensure that WebTech's shareholder value is maximised. Goodwood is concerned that the current Board owns just 0.76% of WebTech's stock (excluding shares held by Owen Moore who recently left the Company).

The requisition was launched today after attempts by Goodwood over the past week to come to a reasonable negotiated settlement with the incumbent Board were inconclusive.

Goodwood has requested that the shareholders' meeting occur by no later than Wednesday, May 18, 2011 at 8:30am in Vancouver or Toronto, which is 65 days from the date of requisition and which gives ample time for all parties to file their circulars. Goodwood believes that it serves no purpose to extend out unnecessarily such a meeting and would like the new board to be in place in time for an annual general meeting, where the financial statements would be presented and the new board's vision would be outlined to shareholders.

Detailed information on the nominees of Goodwood, and the purpose and history leading up to the requisition will be detailed in Goodwood's information circular, which will be filed on SEDAR prior to the shareholders' meeting.

Great Canadian Gaming Corporation ("Great Canadian")

Shares Outstanding:	**82.9 million**	**Current Share Price:**	**$7.73**
Market Capitalization:	**$641 million**	**Target Share Price:**	**$11.00-$13.00**
Net Debt/(Cash):	**$291 million**		

Great Canadian is a multi-jurisdictional gaming and entertainment operator with facilities in British Columbia, Ontario, Nova Scotia, and Washington State. The Company operates ten casinos, four horseracing facilities (three offer slot machines and one offers both slot machines and table games), two community gaming centres, and various associated hospitality outlets.

Rationale:

- We like Great Canadian's strong position in British Columbia gaming and the protected nature of the market in that new gaming licenses are rarely handed out. As well, the BC government provides enticing capital expenditure reimbursements for qualifying capital expenditures which improves return on invested capital.

- Under partially new management, Great Canadian has refocused itself on profitability/margin improvement. The result is significant free cash flow generation. Great Canadian ended December 2010 with approximately $1.25 per share in cash and we believe that could reach $2.00 per share by the end of December 2011 (if the cash is allowed to build). Note, Great Canadian does have debt, estimated current net debt/EBITDA sits at 2.1X which could drop to 1.6X by the end of 2011.

- We believe the stock is significantly undervalued relative to larger US gaming companies, the latter which trade on average at 10.1X EV/EBITDA versus 5.4X 2011 EBITDA for Great Canadian.

Pace Oil & Gas Ltd. ("Pace")

Shares Outstanding:	**47.6 million**	**Current Share Price:**	**$9.65**
Market Capitalization:	**$459 million**	**Target Share Price:**	**$11.00-$12.00**
Net Debt/(Cash):	**$154 million**		

Pace is an intermediate sized exploration and production ("E&P") company that is expected to produce 15,000 to 16,000 barrels of oil equivalent per day in 2011 and with a commodity mix of 50%/50% oil/natural gas exiting 2011.

Rationale:

- Pace was created through the merger of Midnight Oil Exploration and Provident Energy Trust vending in its upstream business unit. On closing of the merger, Provident paid a dividend to its unitholders consisting of each unit's pro-rata interest in Pace. A study of Provident's unitholder base suggested that there were a significant proportion of owners in the United States who likely owned units simply for the monthly distribution. It was unlikely that these Unitholders would be interested in owning a non-dividend paying, intermediate E&P company. The resultant indiscriminate selling in the stock created an opportunity to buy shares at an extremely depressed valuation.

- Full analysis of Pace's land package suggests that there is significant unrealized upside from multiple resource plays (Deep Basin gas, Pekisko oil at Haro, Slave Point and Keg River/Granite Wash oil at Red Earth) and significant option value in Montney gas resource play in North East B.C. We felt the shares based on this artificial selling suggested that the break up value of Pace was far in excess of our entry point.

- Pace has done well showing the growth potential of the acquired assets, and management has laid out a clear strategy of increasing oil production in the current low gas price environment. However, the asset base of Pace has significant leverage to rising natural gas prices with a large inventory of low risk shallow gas targets and a significant land base in the large resource potential Alberta Deep Basin and North East B.C. Montney gas plays.

Enablence Technology Corporation ("Enablence")

Shares Outstanding:	**421.0 million**	**Current Share Price:**	**$0.30**
Market Capitalization:	**$126 million**	**Target Share Price:**	**$0.70-$1.00**
Net Debt/(Cash):	**$(2.5) million**		

Enablence designs, manufactures and sells fiber-to-the-home ("FTTH") equipment and multi-service access platforms for triple-play residential and business services and optical components and subsystems for access, metro and long-haul markets to a global customer base. Enablence delivers a key portion of the infrastructure for next-generation telecommunication systems. This company's product lines address all three segments of optical networks: Access, connecting homes and businesses to the network; Metro, communication rings within large cities; and Long-haul, linking cities and continents. Enablence’s Access solutions enable voice, data, video, and Internet communications across both copper and fiber-based network infrastructures.

Rationale:

- We bought our position in Enablence at an average cost of approximately $0.40 per share upon Tim Thorsteinson becoming involved with the Company. Unitholders will recognize his name as the former CEO of Leitch Technologies Corporation (“Leitch”). Tim successfully turned around Leitch, in part through effective and rapid cost reductions, and sold it for a significant shareholder gain to Harris Corporation (thus benefitting the Goodwood Funds at the time). Previous to Leitch, Tim did the same thing at Grass Valley Group and sold it to the large, French Company, Thomson Electronics. In short, Tim is a proven turnaround/restructuring executive.

- While Tim has encountered challenges early in his new tenure, the organic growth rates available in this industry (fiber-to-the-home equipment) are far greater than what Tim had on offer in the broadcast equipment industry. Those growth rates look to be between 30% and 50% depending on product line and geography. US broadband stimulus spending and Chinese determination to develop high speed telecommunications infrastructure are two very supportive underlying trends in this regard.

- Significant costs are currently being taken out of the business (an estimated $8 million annualized) which should go a long way towards the first step goal of generating consistent profitability. Already, gross margins have been dramatically improved through smarter outsourcing and also as a result of the acquisition of the Israeli Company, TeleData Inc., which carries higher gross margins. Gross margins in the December, 2010 quarter were 31.7% versus just 24% in the year ago January, 2010 quarter (if one includes some inventory reserves taken in the year ago quarter, the gross margin was just 10.3%). Management’s goal is to achieve 40% gross margins and a 10% EBITDA margin but our model would suggest that, should they achieve 40% gross margins the resultant EBITDA margins will be between 10% and 15%.

- The new Chinese joint venture with SUNSEA Telecommunications Co. Ltd. (49% owned by Enablence) offers access to the burgeoning Chinese telecommunications market and another path towards dramatically better margins as the anticipated production costs in the joint venture are quite low. The joint venture, to be called Sunsea-Enablence Optoelectronics, will be established in Foshan, China, with operations expected to commence July 2011 subject to regulatory approvals. Its initial focus will be on producing components based on Enablence's proprietary Planar Lightwave Circuit (“PLC”) platform in high volumes. Its product lines will further expand into PLC based modules and transceivers. Sunsea-Enablence Optoelectronics will be created with an initial capital investment of US$18 million, of which Enablence will contribute US$3.5 million in cash and US$1 million in equipment, as well as its expertise in developing and manufacturing optical components based on its PLC technology. In the first year of operation (expected to be July 2011 through to June 2012) Enablence and SUNSEA expect the joint venture to generate revenues of approximately $8 million to $10 million. This is expected to rise to approximately $15 million to $20 million in the second year of operation. The partners expect the venture to be profitable and accretive to earnings within the first year. To quote Washeng Wang, Chairman and CEO of SUNSEA… "The Chinese market is still in the initial stages of a growth curve for broadband access equipment that is staggering…"

- We are encouraged that Tim has now been joined by David Toews as CFO of Enablence (Dave is the former Leitch CFO). Should they successfully improve Enablence's cost structure and the market continue to grow, the result could be a very substantial gain versus today's share price. An average of nine US publicly-traded comparables trade for 18X this year's consensus EV/EBITDA and 12X next year's. We expect Enablence will produce close to $200 million of revenues in calendar 2012 up from $140 million in calendar 2011. At a 12.5% EBITDA margin this would imply $25 million of EBITDA and at the average EV/EBITDA multiple of the comparables, this would imply more than a double in the share price (assuming zero net cash/debt).

Just Energy Group Inc. ("Just Energy")

Shares Outstanding:	**135.3 million**	**Current Share Price:**	**$15.33**
Market Capitalization:	**$2.1 billion**	**Target Share Price:**	**$16.00-$18.00**
Net Debt/(Cash):	**$545.4 million**		

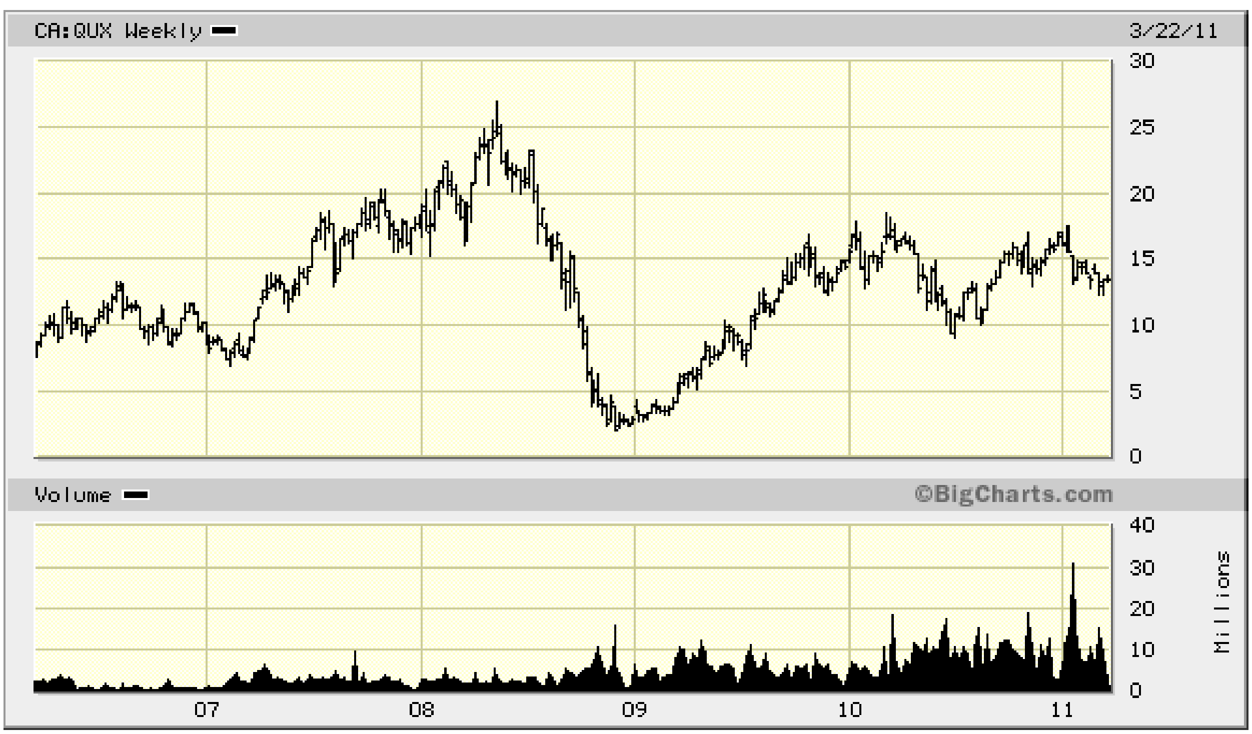
Just Energy's business primarily involves the sale of natural gas and/or electricity to residential and commercial customers under long-term fixed-price, price-protected or variable-priced contracts and green energy products. By fixing the price of natural gas or electricity under its fixed-price or price-protected program contracts for a period of up to five years, Just Energy's customers offset their exposure to changes in the price of these essential commodities. Just Energy, which commenced business in 1997, derives its margin or gross profit from the difference between the fixed price at which it is able to sell the commodities to its customers and the fixed price at which it purchases the associated volumes from its suppliers. Just Energy also offers "green" products through its JustGreen program. The electricity JustGreen product offers the customer the option of having all or a portion of his or her electricity sourced from renewable green sources such as wind, run of the river hydro or biomass. The gas JustGreen product offers carbon offset credits which will allow the customer to reduce or eliminate the carbon footprint of their home or business. Management believes that the JustGreen products will not only add to profits, but also increase sales receptivity and improve renewal rates.

<u>Rationale</u>:

- In this environment of ongoing very low yields, the attractiveness of Just Energy's relatively high dividend yield is enhanced. Just Energy pays an annual $1.24 dividend payable monthly resulting in a current yield of 8.1%.

- We consider our investment in Just Energy as both high yielding and offering the prospect of ongoing growth in that cash flows are forecast to increase over time resulting in eventual growth in the dividend. While not offering the prospect of a very high capital return, we see a high conviction, low downside risk total return in the neighborhood of 20%+.

Quadra FNX Mining Ltd. ("Quadra")



Shares Outstanding:	**190.4 million**	**Current Share Price:**	**$13.84**
Market Capitalization:	**$2.6 billion**	**Target Share Price:**	**$20.00-$24.00**
Net Debt/(Cash):	**$(611) million**		

Quadra is a copper focused mining company with multiple producing mines and a large development pipeline that will provide for significant production growth going forward. Quadra's operations are all located in politically safe mining jurisdictions, with significant optionality toward nickel prices.

Rationale:

- Quadra was brought to our attention in January 2011 after announcing that it had missed production guidance for the third consecutive quarter and investors had grown weary of management and the poor performance of the company's operating assets, particularly given the high copper price environment.

- Between January 18, 2011 and March 11, 2011 Quadra's stock fell by 28.6% to a low of $12.38. We found that under the lowered production guidance of 216-264 million pounds of copper, Quadra would be generating $650 million of EBITDA, with no debt and a significant cash position. This suggested that the market was ignoring the strikingly low valuation and was focused on the recent disappointments.

- Through numerous discussions with management, competitors, and research analysts we determined that the production guidance was very conservative – meaning the new EBITDA estimate is likely achievable. We believe the stock is the most undervalued mid-tier copper company in the Canadian market by a wide margin. Historically, large valuation gaps between liquid stocks in the same industry are short lived.

- What has us particularly excited about this position, is the multiple potential value enhancing catalysts we see in the next several months, notably: release of an internal financing study for the Sierra Gorda development project and a potential strategic alliance/off-take agreement for the same project; operational improvement from existing production leading to production guidance revisions to the upside; and a maiden resource estimate for the Victoria mine in Northern Ontario.

- The risk-adjusted return profile of this investment is particularly interesting given the current M&A fever in the copper market. With a suite of strong cash flow generating assets and top tier near term development pipeline, we think Quadra may be an interesting target for one of the large diversified miners or a merger candidate with one of the mid-tier copper producers to create a new large cap Canadian copper producer.

Cenveo, Inc. ("Cenveo")

Shares Outstanding:	**62.7 million**	**Current Share Price:**	**US$6.06**
Market Capitalization:	**US$380 million**	**Target Share Price:**	**US$10.00 -US$12.00**
Net Debt:	**US$1.24 billion**		

Cenveo is North America's third largest commercial printing company with a focus on short run, specialized niches of the printing industry. With revenue of approximately US$2 billion expected in 2011, Cenveo is a major player in the print market for envelopes, commercial printing, publishing, packaging and business forms. Cenveo is also a major player in specialized niche markets such as pressure sensitive packaging, and pharmaceutical labels. Cenveo has been led by Robert Burton and his management team, who have transformed the company over the past five years through reducing costs, increasing margins and growing through selected acquisitions.

Rationale:

- Unlike the long run printing market (magazines, retail catalogs, retail inserts) where there is chronic overcapacity, Cenveo has concentrated on niche markets where it can be one of the largest players and have the ability to provide value add to its customers. As a result of several key acquisitions over the past five years, Cenveo has now positioned itself as the largest platform focused on niche specialty markets in the US printing industry. This is an attractive platform in a fragmented market that will continue to experience consolidation, making Cenveo an attractive acquisition candidate for the larger printing companies in need of growth.

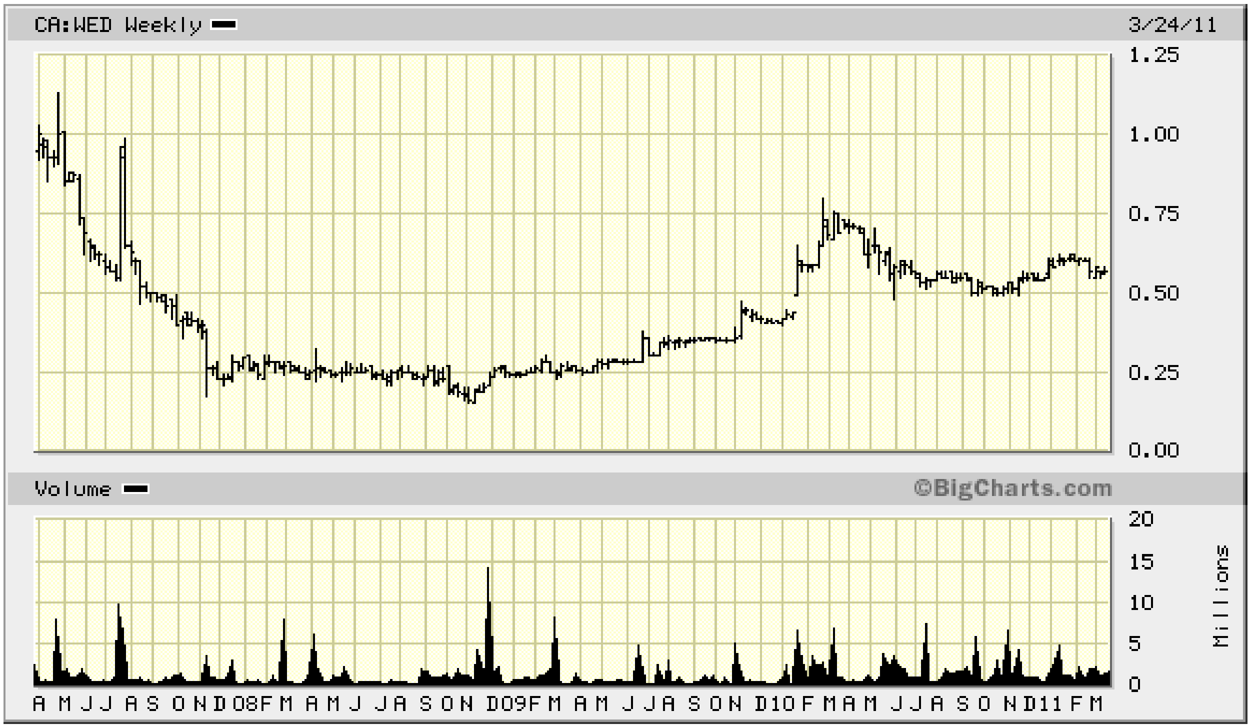
- During what can only be described as a depression in the printing industry over the past three years (sales estimated to be down 25% to 40%), Cenveo adjusted its business appropriately by immediately reducing costs, reducing and restructuring its debt load, while still making very attractive acquisitions that provided growth in 2010, and are expected to accelerate growth in 2011 and 2012.

- In January 2011, Cenveo closed the acquisition of MeadWestvaco's envelope business, making Cenveo the largest printer of envelopes in North America. This business had revenue of approximately US$250 million, and was dramatically underperforming its peers. Once this business is restructured during 2011, it is expected that it will produce EBITDA of over US$20 million in 2012, very attractive relative to the purchase price of approximately US$50 million.

- Despite delivering excellent margins during this difficult economic environment and despite improvements in their business, Cenveo continues to trade at an exceedingly cheap valuation. Based on Cenveo's guidance for 2011 of US$110 million of free cash flow (US$1.75 per share), Cenveo trades at a pre-tax free cash flow yield of approximately 29%, or approximately 20% after tax (historical after tax yields in the industry are 8-10%). In addition, Cenveo has significant tax loss carryforwards, and will not be paying cash taxes for several years.

- We believe that as the economy continues to improve and Cenveo uses its strong cash flow to pay down its debt, this value will accrete to its equity holders (much like a public leveraged buyout). This is backed up by continued recent insider buying (Bob Burton purchased over US$350,000 of shares in early March 2011). In addition, we would not at all be surprised if over the next 24 months Cenveo became a very attractive acquisition candidate offering considerable synergies for the larger players in the industry (and potentially international printers as well) that desire to grow through acquisition thus diversify on their long run platforms.

The Westaim Corporation ("Westaim")



Shares Outstanding:	**660.0 million**	**Current Share Price:**	**$0.58**
Market Capitalization:	**$383 million**	**Target Share Price:**	**$0.75-$0.80**
Net Debt/(Cash):	**$(21) million at Westaim level**		
	JEVCO has an OSFI Minimum Capital Test Ratio of 320%		

Westaim invests, directly and indirectly, through acquisitions, joint ventures and other arrangements, with the objective of providing its shareholders with capital appreciation and real wealth preservation. Westaim owns 100% of JEVCO Insurance Company (JEVCO), a niche Canadian property and casualty insurance company.

<u>Rationale</u>:

- Unitholders will recall that in late 2008/early 2009 the Goodwood Funds bought a significant position in Westaim at a share price that equated to almost one third of Westaim's eventual net cash position. And, that we almost immediately began searching for accretive uses of that cash which resulted in the January 25, 2010 agreement to acquire JEVCO from Kingsway Financial Services Inc. for roughly $261 million (financed with a $275 million private placement supported by Alberta Investment Management Corporation).

- There are now three brokerage firms providing research coverage on Westaim and they have price targets of $0.75 to $0.80 per share.

- Below we reproduce the Westaim 2010 Annual Report letter to shareholders:

Westaim 2010 Letter to Shareholders

Dear Shareholders:

In 2010, The Westaim Corporation experienced a significant and positive transformation. On January 25, 2010, Westaim announced an agreement to purchase JEVCO Insurance Company for a purchase price of $261.4 million, which closed on March 29, 2010. To finance the acquisition, Westaim sold, on a private placement basis, 550 million shares for aggregate gross proceeds of $275 million.

By way of background, JEVCO was founded in Montreal in 1980 and is a leading provider of nonstandard auto and motorcycle insurance in Canada. JEVCO is led by Mr. Serge Lavoie; the consistent operating performance and positive reserve development demonstrated by Serge and his management team were tremendously attractive to us in acquiring this business. We would be remiss not to share with all our Westaim shareholders that Serge and many JEVCO employees participated in the Westaim equity financing, highlighting their support for and confidence in our new partnership. JEVCO offers personal and commercial insurance products through an open distribution network of over 2,000 independent brokers. During the nine months after the March 29, 2010 acquisition of JEVCO, the Company achieved direct written premiums of $273 million and a favourable combined ratio of 97.7%. The $1 billion investment portfolio of JEVCO is currently allocated among two high quality reputable money managers who are following a conservative fixed income investment policy mandate. In time, we plan for the portfolio to include an allocation among bonds, preferred equities and common equities to generate greater shareholder value over the long term.

We characterize the JEVCO acquisition as a solid first step. The contributions from this asset allowed Westaim's book value to appreciate from $0.49 per share at March 31, 2010, excluding the accounting gain on acquisition of JEVCO, to $0.58 per share at December 31, 2010. While we were thrilled to have acquired JEVCO at an attractive valuation, your Westaim management team remained very active in sourcing additional complementary opportunities in 2010. Planted seeds take time to harvest. Westaim is well capitalized and we are of the view that the Property and Casualty Insurance ("p&c") industry is entering a period of increasing competition and capital needs. We do believe that the Westaim platform allows us to be a desirable partner to many p&c companies and their stakeholders, large or small, and we invite like-minded participants to call and discuss shared opportunities.

ATS Automation Tooling Systems Inc. ("ATS")

Shares Outstanding:	**87.3 million**	**Current Share Price:**	**$6.93**
Market Capitalization:	**$605 million**	**Target Share Price:**	**$14.00-$22.00**
Net Debt/(Cash):	**$(77) million**		

ATS provides innovative, custom designed, built and installed manufacturing solutions to many of the world's most successful companies. Founded in 1978, ATS uses its industry-leading knowledge and global capabilities to serve the sophisticated automation systems' needs of multinational customers in industries such as healthcare, computer/electronics, automotive and consumer products. It also leverages its many years of repetitive manufacturing experience and skills to fulfill the specialized repetitive equipment manufacturing requirements of customers. Through its Photowatt solar business, ATS participates in the growing solar energy industry. ATS employs approximately 3,000 people at 21 manufacturing facilities in Canada, the United States, Europe, Southeast Asia and China.

<u>Rationale</u>:

- ATS remains our highest weighted position which speaks to our conviction on that holding. This conviction was bolstered materially with the February 2, 2011 release of the December, 2010 third quarter results (fiscal year ending March, 2011). While the headline results reflected the ongoing challenges in Photowatt France (a business that is slated for divestiture shortly and has been ascribed negligible value by analysts), there was tangible evidence of a resumption in customer spending plans as the Automation Systems Group's ("ASG") witnessed a substantial uptick in order bookings. Specifically, order intake for the quarter was $133 million versus $105 million in the September, 2010 quarter and $92 million in the year ago December, 2009 quarter. More striking was the disclosure that orders booked in the first 5 weeks of the March, 2011 quarter were $73 million which annualizes to a roughly $760 million rate (ASG revenues for the year ending March 31, 2010 were just $382.4 million) and would be the highest revenue run rate ASG has ever witnessed (according to our data for ASG which goes back to 1995).

- Part of this renaissance is organic and part of it is due to ATS' acquisitions of Sortimat (health care focused automation company in Germany) which closed on June 1, 2010 and, minimally, the January 5, 2011 acquisition of ATW (a primarily US-based business focused on automotive automation and test systems). Importantly, two acquisitions in the space of six months solidifies a central part of our thesis which is that a well-managed ATS can begin to consolidate the very fragmented international automation industry leading to even higher per share earnings growth and valuation.

- Stripping away the Photowatt France noise and assuming all the current corporate head office costs remain with ASG (i.e., post a separation of Photowatt France and Photowatt Ontario) suggests that ASG earned $13.3 million of EBITDA in the December, 2010 quarter (and $0.49 of annualized pre-tax earnings per share) for a 13.9% EBITDA margin (after adding back $0.5 million of severance and restructuring charges recognized in the quarter). But, as CEO Anthony Caputo has guided on the quarterly conference calls, this quarter's margins in ASG are negatively impacted by the integration of Sortimat (which is expected to take 2+ quarters to bring up the ASG's level of EBITDA profitability). ATW will also take time to ramp up its margin levels but each successive acquisition should become easier to integrate. Based on past guidance, the pre-Sortimat ASG margin level and the benefits of economies of scale from now running at an appreciably higher revenue rate, we expect ASG will achieve high teens EBITDA margins later this year and 20% to 22% EBITDA margins next year.

- The impact on underlying earnings per share is not to be taken lightly as a 22% EBITDA margin applied to the annualized revenues implied by the first five weeks of order bookings would equate to $1.59 in pre-tax earnings per share (factors in additional depreciation & amortization due to higher business levels and full corporate head office costs attributed to ASG). Assuming a 7X to 10X pre-tax P/E multiple (Rockwell Automation is trading at a multi-year high and for 19X 2011 after-tax consensus earnings), adding in $0.89 of net cash (post ATW acquisition) and, assuming a value range of $1.88 to $5.29 for Photowatt France and Ontario ($0 to $1 representing our assumption for the French component) results in a range of $14 to $22 for ATS as a whole (versus $6.93 currently).

As always, please feel free to call or email should you have any questions, thoughts or investment ideas.

Respectfully submitted,

Peter Puccetti, CFA	Cameron MacDonald, CFA
Chairman & Chief Investment Officer	President & Chief Executive Officer
Goodwood Inc.	Goodwood Inc.

March 23, 2011

The Goodwood Philosophy

Expectations and Rate of Return: The Goodwood Funds are managed for long term performance not short term volatility mitigation. We expect to have volatility in our results given our relatively concentrated portfolio and given our long term, stock-specific approach. Generally, we do not hedge our long positions. We expect to have periods of strong performance and periods of weak performance. We hope to average at least 20% per annum which, if it is achieved, will be a mix of good years and bad years. Unitholders should not expect a steady, positive monthly return from us.

Bottom-Up not Top-Down: We pick stocks based on bottom-up, company-specific factors (e.g., valuation, improving industry conditions, strong management, a merger or takeover that will drive meaningful synergies, etc.). We do not pick stocks based on a view of macro-economic factors. We have never provided a market call. We believe that a successful, long-term investment track record is most likely achieved through judicious bottom-up stock selection. It may not be as exciting as making a big, macro-economic market call but it is a repeatable process that we relish and enjoy.

Concentrated positions: We have a focus on finding a few good ideas at a time. With our approach, we typically expect to have five to seven long ideas above a 5% weighting each. The largest of which might be 10% at cost (we have gone above 10% at cost on a handful of occasions). This means our focus is on finding a few great ideas each year. We like that singular focus in that it forces us to search for and allocate capital to only the best ideas.

Activism: Becoming 'active' in certain situations dovetails well with our focus on buying undervalued stocks. In other words, by being active, on occasion, we can help the underlying value surface. In almost all of our holdings we regularly voice our opinion on how to maximize shareholder value to management and the Board. In other situations (e.g., situations where we perceive a clear case of poor execution or anti-shareholder behaviour) our activism could involve a proxy fight/nominating an alternative slate of directors.

Longs versus shorts: We have a preference for long ideas over short ideas because (i) we can put more capital to work in long ideas (as long ideas are typically more "comfortable" than short ideas), (ii) our potential returns are greater (the most you can earn in a short position is 100%), (iii) our potential downside is limited to 100% versus infinite with shorts, (iv) equity markets (with some notable exceptions) tend to rise over time and, (v) management and the Board are typically well-motivated and doing their best to improve share values.

Derivatives and leverage: The Goodwood Funds are prohibited from buying or selling options or futures contracts. While we are permitted to go to 200% of equity invested (with the exception of the Goodwood Capital Fund which must remain at 100% of equity or below), we have never done so and, in fact, our leverage utilized in the past has been modest and infrequent. During the majority of the Funds' histories we have been below 100% invested (i.e., market value of longs plus market value of shorts all divided by equity is below 100%) thus we usually have excess cash. The Funds' focus is on picking stocks well rather than leveraging our equity to generate returns.

<u>"Look through" risk versus statistical measures of risk:</u> We do not measure our portfolio risk levels statistically (though some professional investors studying us might). On the long side, we know what our risks are based on a "look through" analysis of the business and financial characteristics of our positions. We only consider large weightings in companies that have healthy balance sheets and/or significant non-core assets. As well, we seek to have a margin of safety arising from our purchase price being well below the likely intrinsic value. On the short side, positions at a 5% weighting or greater are subject to an automatic 15% stop loss. However, the vast majority of the time we have stopped ourselves out of losing short positions before either the 5% or the 15% levels have been reached.

<u>Transparency and Unitholder Reporting:</u> Unitholders who understand what we are doing and how we are going about doing it are good things both for the unitholder and for us (we're significant unitholders too). Transparency, consistency in reporting and consistency in investment approach are the most effective tools we have to combat the potential backlash of unitholder redemptions during inevitable periods of lackluster performance. Our monthly email update (usually sent out the first business day after the end of the month) and our regularly-updated web site, go a long way towards our goal of keeping unitholders "in the loop". However, we have one big caveat to the foregoing which is that we reserve the right to not tell our unitholders about an important new position should we still be attempting to acquire stock in that position and if we feel that publicly disclosing our interest will harm our ability to cost-effectively buy stock.

<u>Long Term Focus:</u> We have found, as many funds with long term successful records have, that unitholders who attempt to trade on ups and downs are better off just staying invested for the long haul (like switching lanes during rush hour traffic, the initial euphoria is often followed by further frustration). However, it is worth noting that any drawdown since inception in 1996 has been a precursor to good performance.

<u>Independent Thinking:</u> We enjoy generating our own ideas and performing proprietary research. In situations where we are considering taking a meaningful position in a particular company, our research process will include: visiting that company's facilities; engaging senior and operating management in discussion about strategy, goals and issues; visiting industry trade shows, speaking with competitors, customers and consultants; speaking with industry analysts and building financial models.

<u>Uncorrelated with the Major Market Indices:</u> Our bottom-up and often "special situation" approach results in our Funds having little resemblance to the major market indices. We believe that, over the long run, this stance positions us well to outperform these benchmarks. Unitholders should understand that any resemblance between our returns and that of an index in a particular period will be mostly by coincidence.

<u>We Eat Our Own Cooking:</u> We are amongst the largest unitholders in our Funds and each year we intend to continue investing further personal capital.

THE GOODWOOD CAPITAL FUND
2010 Annual Report

To the Unitholders of The Goodwood Capital Fund:

For the year ending December 31, 2010, The Goodwood Capital Fund's (the "Capital Fund") net asset value ("NAV") per unit increased **+2.35%.** The S&P/TSX Composite Total Return Index ("TRIN") increased +17.6% in the same period. The S&P 500 Index (in C$) increased +8.9%.

From December 23, 1999 (commencement of the offering of the Capital Fund) through to December 31, 2010, the Capital Fund has returned **+5.9%** per annum net versus the TRIN's per annum increase of +6.7% and the S&P 500 Index (in C$) per annum return of (3.0)%.*

No distributions were paid on December 31, 2010.

The Capital Fund's 2010 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) and the Annual Report of The Goodwood Funds enclosed.

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

Respectfully submitted,

Peter Puccetti, CFA	Cameron MacDonald, CFA
Chairman & Chief Investment Officer	President & Chief Executive Officer
Goodwood Inc.	Goodwood Inc.

March 23, 2011

* Designated Benchmarks:

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 500 Index measures the total return of the broader U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries and assumes reinvestment of dividends.

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 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.

Advisory Board

Mr. Robert Curl, CA
Mr. Cameron MacDonald, CFA
Mr. Peter Puccetti, CFA

	Goodwood Fund	**Goodwood Capital Fund**
FundSERV Code:	GWD022	GWD001
Valuation / Liquidity	Weekly	Weekly
Fund Type:	North American Long/Short Fund	North American Equity Fund
Launch Date:	October, 1996	December, 1999
RRSP Eligible:	Yes	Yes
Custodian:	NBCN Inc.	NBCN Inc.
Fund Accounting:	Citigroup Fund Services Canada	Citigroup Fund Services Canada
Auditor:	KPMG, LLP	KPMG, LLP
Trustee:	Computershare Trust Co.	Computershare Trust Co.
Legal Counsel:	Borden Ladner Gervais, LLP	Borden Ladner Gervais, LLP

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