

**Federal Open Market Committee Statement Summary and Commentary:** In a widely expected move the US Federal Open Market Committee (the “FOMC”) decided to maintain the target range for the federal funds rate at 5.25% to 5.5%. The Committee noted it will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities.

The FOMC stated “Recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated”.

The Fed materials contained in this press release included an updated Summary of Economic Projections (the “SEP”) from which the main takeaways were higher real GDP growth in 2024 and 2025, higher Fed funds rates in 2025, and slightly higher core PCE forecasts in this year and next. The text of the press release also changed the wording describing the labour market as “Job gains have remained strong, and the unemployment rate has remained low”. Bonds were mixed after the press release with 10 year and longer bonds selling off slightly. Stocks rose modestly as well.

**Additional Data-FOMC Summary of Economic Projections:** The SEP revised four key metrics as follows: Change (from December) in Real GDP from 1.4% to 2.1% in 2024 and from 1.8% to 2.0% in 2025. The unemployment rate is unchanged at 4.1% in 2025. Lastly changes (from December) in core PCE Inflation from 2.4% to 2.6% in 2024 and unchanged at 2.2% in 2025. The median Federal Funds rate is unchanged at 4.6% in 2024 and increases from 3.6% to 3.9% in 2025.

**Goodwood Portfolio Reaction:** The FOMC “no-change” interest rate announcement was well anticipated by the market. Recent measures of inflation, economic growth, and labour market conditions have not in our opinion been supportive of Fed cuts. February core CPI ticked upwards slightly at 3.2% year over year and January Core PCE of 2.8% is similarly above the Fed 2% target. Other indicators of economic strength include the Atlanta Fed Q1 2024 GDPNow forecast of 1.8% and a February unemployment rate of 3.9%. Very high levels of fiscal spending are also contributing to economic growth and a strong labour market. Goodwood’s forecast is for two Fed cuts in 2024. We anticipate one in July and the other after the US election. Goodwood has been buying corporate bond new issues with coupons between 4.5% and 5.0% per annum with terms of 3-7 years which has the effect of extending our duration. Goodwood employs a flexible and tactical approach to duration positioning, allowing us to reduce or extend duration where we see opportunities.

**Goodwood Fixed-Income Strategies:** Goodwood uses a disciplined, bottom-up, and fundamental approach in analyzing Canadian investment-grade corporate bonds. The investment-grade portfolios seek to preserve capital and provide a high cash coupon income. We have been adding current new issues to the portfolios with cash coupons in the 4.5% to 5.0% per annum range. In addition, we believe bonds in our portfolios may outperform as a result of spread tightening from improving company and industry fundamentals. Our strategies are well diversified by position size, industry sectors and term-to-maturity. Goodwood’s flexible, tactical approach can capitalize on inefficiencies in the fixed-income markets. The long-only investment-grade bond mandate invests in 20-30 fixed-income securities. Similar Long-Short mandate: [Goodwood Milford Fund](#). Goodwood also acts as sub-advisor, managing [investment grade bond](#) and [ESG conscious investment grade bond](#) mandates for third-party clients, institutions, pensions and endowments.

## Historical Interest Rate Trend and Forecast:

Quarter	FED	3M	2Y	5Y	10Y	30Y	BOC	3M	2Y	5Y	10Y	30Y
Q1'23	5.00	4.64	4.03	3.58	3.47	3.65	4.50	4.38	3.73	3.02	2.90	3.00
Q2'23	5.25	5.30	4.90	4.16	3.84	3.86	4.75	4.91	4.58	3.68	3.27	3.09
Q3'23	5.50	5.45	5.05	4.61	4.57	4.70	5.00	5.37	4.87	4.25	4.02	3.81
Q4'23	5.50	5.34	4.25	3.85	3.88	4.03	5.00	5.32	3.89	3.17	3.11	3.03
Q1'24	5.50	5.40	4.50	4.20	4.20	4.30	5.00	4.95	4.10	3.50	3.50	3.40
Q2'24	5.50	5.35	4.40	4.05	4.10	4.20	4.75	4.70	3.85	3.30	3.40	3.25
Q3'24	5.25	5.10	4.00	3.80	4.00	4.10	4.50	4.45	3.60	3.10	3.10	3.15

Actual Forecast Sources: Historical: Bloomberg; Forecast: Goodwood Inc.

## Goodwood C\$ Fixed-Income Strategies:

Strategy	Effective Duration*	Yield to Maturity*
Goodwood Investment-Grade Bonds	2.8	5.0
Goodwood ESG-Conscious Investment-Grade Bonds	3.4	4.8
Goodwood Milford Fund	2.9	4.3
iShares Core Canadian Universe Bond ETF	7.2	4.3
iShares Canadian Corporate Bond ETF	5.7	5.0

\* Available through Goodwood Inc.  
Sources: Goodwood Inc., iShares by Blackrock \*As at February 29, 2024. See full disclosure on page 2.

**Important Information:**

This communication is for information purposes only and is not, and under no circumstances is it to be construed as, an invitation to make an investment in the Goodwood funds (the "Funds") nor does it constitute a public offering to sell the Funds, strategy or any other products described herein. It should not be relied upon when evaluating the merits of a potential investment in any funds or strategies managed by Goodwood Inc. **Performance returns within are calculated for the founding Class of Units for Goodwood Milford Fund LP. Other class or series or strategies, may charge different fees and/or have different holdings and therefore returns between classes and Funds may vary. Prior performance of the Goodwood Milford Fund LP up to and including September 30, 2013 relates to periods of time when the Fund's Investment Manager was Milford Capital Management Inc. and the portfolio manager was Chris Currie, CFA. Goodwood Inc. became the Investment Manager of the Fund on October 1, 2013 and Chris Currie joined Goodwood Inc.'s investment team continuing as portfolio manager for the Fund. In addition, although the Goodwood Milford Fund LP has a similar mandate to the Investment Grade Corporate Bond mandate, each mandate may charge different fees, have different portfolio holdings and asset classes and therefore performance returns between the mandates will vary. As a result, the Goodwood Milford Fund Class S returns are not directly comparable and there can be significant differences between mandates. Fund returns are net of all fees. Past performance is not indicative of future results. Please contact Goodwood to better understand the differences between the Goodwood Milford Fund returns and the Investment Grade Corporate Bond and ESG-Conscious Investment-Grade Bond mandates. The Investment Grade Bond Mandate and ESG-Conscious Investment Grade Bond Mandate are part of a third-party investment manager UMA account program for which Goodwood Inc. acts as sub-advisor. The information provided herein is for informational purposes. The UMA mandates are only available to clients of the third-party manager's advisors who are part of the third-party UMA account program.** Performance data from certain market indices/ETFs (iShares Core Canadian Universe Bond ETF and iShares Canadian Corporate Bond ETF) are provided in this presentation for information purposes only. A comparison of the Fund's performance to such ETFs is of limited use because the composition of the portfolios may contain other securities not found in the market index/ETF. As a result, no market indices/ETFs are directly comparable to the results of the Fund or strategy.

This communication is not a product of any research department. Goodwood Inc. does not have a research department. Any views and/or commentary in this communication is by the Author (Portfolio Manager of the Goodwood funds). This commentary is not a recommendation and does not take into account whether any product or transaction is suitable for any particular investor. The information contained herein is drawn from sources believed to be reliable, but the accuracy or completeness of the information is not guaranteed. The opinions expressed are based upon our analysis and interpretation of these particulars and are not to be construed as a solicitation or an offer to buy or sell the securities mentioned herein. The Goodwood funds and/or the principals, officers, directors, employees of Goodwood Inc. may have a position in the securities mentioned herein and may make purchase and/or sales of these securities from time to time. Our valuations may contain forward-looking information which is subject to change. Actual results or performance may differ materially from those expressed or implied in this document as a result of unforeseen events and their effects on our valuations and opinions. No representation is being made that any account will or is likely to achieve profits or losses similar to those mentioned herein. There can be significant differences between hypothetical performance results and the actual results subsequently achieved by any particular portfolio or trading strategy.