Financial Statements of

GOODWOOD CAPITAL FUND

December 31, 2023, and 2022

KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Unitholders of Goodwood Capital Fund

Opinion

We have audited the financial statements of Goodwood Capital Fund (the Fund), which comprise:

- the statements of financial position as at December 31, 2023 and December 31, 2022
- the statements of comprehensive loss for the years then ended
- the statements of changes in net assets attributable to holders of redeemable units for the years then ended
- the statements of cash flows for the years then ended
- and notes to the financial statements, including a summary of material accounting policy information

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and December 31, 2022, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the Management Report of Fund Performance document filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the Management Report of Fund Performance document filed with the relevant Canadian Securities Commissions as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Canada

March 28, 2024

GOODWOOD CAPITAL FUND

Statements of financial position

As at December 31, 2023 and 2022

	Note		December 31, 2023		December 31, 2022
Assets					
Cash and cash equivalents		$	1,001,535	$	1,617,628
Financial assets at fair value through profit or loss	**6**		3,715,220		3,676,419
(cost - $6,693,599; December 31, 2022 - $6,388,550)					
Accrued interest and dividend receivable			59,510		12,587
Total assets		**$**	**4,776,265**	**$**	**5,306,634**
Liabilities					
Accounts payable and accrued liabilities	**8**	$	22,224	$	14,860
Total liabilities (excluding net assets attributable to holders of redeemable units)		**$**	**22,224**	**$**	**14,860**
Net assets attributable to holders of redeemable units	**7**	**$**	**4,754,041**	**$**	**5,291,774**
Net assets attributable to holders of redeemable units per class					
Class A		$	1,307,930	$	1,615,382
Class F			3,446,111		3,676,392
Total net assets attributable to holders of redeemable units			**4,754,041**		**5,291,774**
Net assets attributable to holders of redeemable units per unit					
Class A		$	14.50	$	15.65
Class F			10.06		10.74

Approved by Goodwood Inc.

"Peter H. Puccetti"__________Director

Chief Investment Officer

"Curt S. Cumming"__________Director

President

GOODWOOD CAPITAL FUND

Statements of comprehensive loss

For the years ended December 31, 2023 and 2022

	Note		2023		2022
Income					
Dividend income		$	60,831	$	47,406
Interest income			62,597		16,804
Net foreign currency (losses) gains			(1,417)		944
Net realized gains on financial assets			10,297		403,957
Net change in unrealized depreciation on financial assets at FVTPL			(266,248)		(2,370,330)
Total income		**$**	**(133,940)**	**$**	**(1,901,219)**
Operating expenses					
Legal and professional fees		$	89,035	$	62,991
Management fees	**8**		66,681		69,482
General and administrative			26,172		23,470
Trustee fees			18,725		11,219
Directors fee expense			7,867		4,990
Audit fees			6,846		13,470
Withholding taxes			390		246
Commissions and other portfolio transaction costs	**9**		381		5,197
Interest expense			-		206
Total operating expenses		**$**	**216,097**	**$**	**191,271**
Decrease in net assets attributable to holders of redeemable units	**7**	**$**	**(350,037)**	**$**	**(2,092,490)**
Decrease in net assets attributable to holders of redeemable units per class					
Class A		$	(104,762)	$	(1,192,709)
Class F			(245,275)		(899,781)
			(350,037)		**(2,092,490)**

The accompanying notes are an integral part of these financial statements.

GOODWOOD CAPITAL FUND

Statements of changes in net assets attributable to holders of redeemable units

For the years ended December 31, 2023 and 2022

December 31, 2023

Class	Net assets attributable to holders of redeemable units, beginning of year	Decrease in net assets attributable to holders of redeemable units	Unit Transactions: Proceeds from redeemable units issued	Unit Transactions: Redemption of redeemable units	Unit Transactions: Transfer In/ Transfer Out	Net assets attributable to holders of redeemable units, end of year
Class A	1,615,382	(104,762)	5,660	(197,699)	(10,651)	1,307,930
Class F	3,676,392	(245,275)	128,100	(123,757)	10,651	3,446,111
Total	**$ 5,291,774**	**$ (350,037)**	**$ 133,760**	**$ (321,456)**	**$ -**	**$ 4,754,041**

December 31, 2022

Class	Net assets attributable to holders of redeemable units, beginning of year	Decrease in net assets attributable to holders of redeemable units	Unit Transactions: Proceeds from redeemable units issued	Unit Transactions: Redemption of redeemable units	Unit Transactions: Transfer In/ Transfer Out	Net assets attributable to holders of redeemable units, end of year
Class A	3,773,224	(1,192,709)	12,790	(435,963)	(541,960)	1,615,382
Class F	2,623,482	(899,781)	1,920,387	(509,656)	541,960	3,676,392
Total	**$ 6,396,706**	**$ (2,092,490)**	**$ 1,933,177**	**$ (945,619)**	**$ -**	**$ 5,291,774**

GOODWOOD CAPITAL FUND

Statements of cash flows

For the years ended December 31, 2023 and 2022

	Note	2023	2022
Cash flow from operating activities			
Decrease in net assets attributable to holders of redeemable units		$ (350,037)	$ (2,092,490)
Adjustments for:			
Net realized gains on financial assets		(10,297)	(403,957)
Net change in unrealized depreciation on financial assets		266,248	2,370,330
		(94,086)	(126,117)
Purchases of investments		(720,747)	(1,297,535)
Proceeds from sale of investments		425,995	1,886,137
Net (increase) decrease in accrued interest and dividend receivable		(46,923)	5,064
Net increase in accounts payable and accrued liabilities		7,364	446
Net cash (used in) provided by operating activities		**(428,397)**	**467,995**
Cash flows from financing activities			
Proceeds from issuance of redeemable units		133,760	1,933,177
Payment on redemption of redeemable units		(321,456)	(945,619)
Net cash (used in) provided by financing activities		**(187,696)**	**987,558**
Net (decrease) increase in cash		(616,093)	1,455,553
Cash at beginning of the year		1,617,628	162,075
Cash at end of the year		**$ 1,001,535**	**$ 1,617,628**
Supplemental cash flow information*			
Interest paid		$ -	$ 206
Interest received		15,419	23,157
Dividends received, net of withholding taxes		60,696	45,872

* included as part of cash flow from operating activities

GOODWOOD CAPITAL FUND

Schedule of Investments

As at December 31, 2023

PAR VALUE/ NUMBER OF SHARES	DESCRIPTION	COST	FAIR VALUE	% OF NET ASSETS
		$	$	
Investments owned				
Canadian publicly held securities:				
47,600	Quipt Home Medical Corp.	300,083	321,300	6.74
14,900	Polaris Renewable Energy Inc.	223,609	197,127	4.15
2,447,600	Newtopia Inc.	735,361	195,808	4.12
1,570	Cargojet Inc.	209,207	187,097	3.94
165,000	Tidewater Midstream and Infrastructure Ltd.	221,414	174,900	3.68
4,940	Enghouse Systems Ltd.	269,819	173,394	3.65
66,024	Medexus Pharmaceuticals Inc.	101,781	163,079	3.43
2,350	CCL Industries Inc., Class B	136,126	140,037	2.95
28,900	Green Impact Partners Inc.	270,816	127,449	2.68
8,785	Dream Industrial REIT	104,762	122,639	2.58
570	Firstservice Corp	76,088	122,351	2.57
28,454	Sangoma Technologies Corp.	326,912	120,645	2.54
420	Boyd Group Services Inc.	79,483	116,966	2.46
1,500	Granite REIT	110,144	114,420	2.41
287,722	NowVertical Group Inc.	230,178	107,896	2.27
2,990	Brookfield Business Corp.	91,480	92,301	1.94
4,585	Gibson Energy Inc.	74,701	92,296	1.94
5,840	BSR Real Estate Investment Trust	107,565	91,688	1.93
3,200	Brookfield Business Partners L.P.	97,548	87,519	1.84
3,740	Information Services Corp.	83,395	82,953	1.74
378,000	PopReach Corp.	466,708	75,600	1.59
1,575	Exchange Income Corp.	81,419	71,033	1.49
227,500	Quisitive Tech Solns Inc.	241,117	62,563	1.32
22,500	Nanoxplore Inc.	92,487	54,675	1.15
387,228	Voxtur Analytics Corp.	271,060	44,531	0.94
342,000	Good Natured Products Inc.	306,275	22,230	0.47
73,400	Skylight Health Group Inc.	472,144	1,468	0.03
		5,781,682	3,163,965	66.55
Canadian privately held securities:				
166,600	Morgan Solar Inc., Preferred shares A	193,071	-	-
		193,071	-	-
Canadian warrants:				
535,000	Newtopia Inc. Warrants, March 7, 2025	-	6,236	0.13
320,000	Newtopia Inc. Warrants, April 29, 2024	-	7	-
		-	6,243	0.13

GOODWOOD CAPITAL FUND

Schedule of Investments (continued)

As at December 31, 2023

PAR VALUE/ NUMBER OF SHARES	DESCRIPTION		COST		FAIR VALUE	% OF NET ASSETS
			$		$	
Foreign bonds:						
200,000	Bluedot Inc. 8%, May 14, 2024		268,520		265,080	5.58
100,000	Opera Event Inc. 12.5%, January 16, 2024		126,790		132,540	2.79
500	Opera Event Inc. 2%, February 23, 2026		619		663	0.01
150,000	Virginia Black LLC 15.0%, December 31, 2023		193,095		-	-
			589,024		398,283	8.38
Foreign publicly held securities:						
2,365	Argan Inc.		129,822		146,729	3.09
			129,822		146,729	3.09
Foreign warrants:						
92,362	Opera Event Inc. Warrants, February 26, 2026		-		-	-
			-		-	-
Total investments owned		**$**	**6,693,599**	**$**	**3,715,220**	**78.15**
Total investments			6,693,599		3,715,220	78.15
Other assets, net					1,038,821	21.85
Net assets				**$**	**4,754,041**	**100.00**

1. GENERAL INFORMATION

The Goodwood Capital Fund (the "Fund") is an open-end investment fund trust created under the laws of Ontario. The Fund was established on December 23, 1999 pursuant to a declaration of trust and is governed by a third amended and restated trust agreement dated June 11, 2014 as amended from time to time (the "Trust Agreement"). The Fund files with all Canadian provincial and territorial securities commissions a simplified prospectus each year for the public offering of its Fund units. Currently, the Fund offers its units to the public under a simplified prospectus dated June 2, 2023 and amended October 25, 2023 (the “Prospectus”). Interests in the Fund are divided into Class A and Class F units. The registered office of the Fund is 132 Trafalgar Road, Oakville, Ontario L6J 3G5.

Fund management and investment management services are provided by Goodwood Inc. (the "Manager"), a member of the Canadian Investment Regulatory Organization (CIRO) (formerly IIROC). In this capacity, the Manager manages the day-to-day business and investment portfolio of the Fund. In addition, the Manager is the promoter of the Fund. Computershare Trust Company of Canada is trustee (the "Trustee") of the Fund, and National Bank Financial Inc. through its National Bank Independent Network division (“NBIN”) is the custodian of the Fund.

The investment objective of the Fund is to achieve capital appreciation by investing primarily in equity securities of North American companies over a broad range of industry sectors which the Manager believes to have superior potential.

To achieve its objectives, the Fund invests primarily in equity securities of North American companies - that is, issuers with a connection to Canada or the U.S., such as those that are domiciled in Canada or the U.S., the securities of which are listed on an exchange in Canada or the U.S., or derive a significant portion of their revenues or profits from, or hold a significant portion of their assets in, Canada or the U.S. The Fund may also purchase additional securities such as term deposits, commercial paper, bonds and debentures of corporate and government issuers should prevailing market conditions warrant a defensive position. The Fund may invest up to 15% of its net asset value at cost in high-yield bonds or other debt securities with equity-like total return.

2. BASIS OF PRESENTATION

Basis of accounting

These financial statements have been prepared in compliance with IFRS Accounting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

These financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss (“FVTPL”) which are presented at fair value.

Approval of the financial statements

The financial statements were approved by the Manager and authorized for issue on March 28, 2024.

2. BASIS OF PRESENTATION (Continued)

Functional and presentation currency

The functional currency of the Fund is the Canadian Dollar ("CAD") and the financial statements are presented in CAD.

Critical accounting estimates and assumptions

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing these financial statements. Actual results may differ from these estimates.

Fair value of securities not quoted in an active market

The Fund may, from time to time, hold financial instruments that are not quoted in active markets. Fair values of such instruments are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Manager.

The fair value of such securities not quoted in an active market may be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. The Fund would exercise judgment and estimates on the quantity and quality of pricing sources used. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The determination of what constitutes 'observable' requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to note 6 for further information about the fair value measurement of the Fund's financial instruments.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies set out below have been applied consistently to all periods presented in these financial statements:

Cash

Cash is comprised of cash deposits at NBIN.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial assets at fair value through profit or loss

Recognition, measurement and classification:

A financial asset classified as amortized cost is measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and the asset's contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal outstanding. All other financial assets are classified as FVTPL and are measured at fair value.

Financial liabilities are classified and measured at amortized cost except financial liabilities classified as FVTPL which are measured at fair value.

The Fund classifies its investments in debt and equity securities, and derivatives, as financial assets or financial liabilities at FVTPL.

Financial assets that the Fund classifies and measures at amortized cost include accrued interest and dividend receivable.

Financial liabilities that are classified and measured at amortized cost include accounts payable and accrued liabilities.

Financial assets and financial liabilities at FVTPL are initially recognized on the trade date at fair value, with transaction costs recognized in the statements of comprehensive loss. Other financial assets and financial liabilities recognized on the origination date at fair value plus transaction costs that are directly attributable to their acquisition or issue.

Subsequent to initial recognition, all financial assets and financial liabilities at FVTPL are measured at fair value. Net changes in unrealized gains and losses arising from changes in the fair value of the financial instruments at FVTPL are presented in the statements of comprehensive loss within net change in unrealized appreciation/depreciation on financial assets in the period in which they arise. Realized gains and losses arising from the sale of financial assets at FVTPL are calculated as proceeds of disposition less their average cost. Average costs does not include amortization of premiums or discounts on debt securities.

Financial assets are derecognized when the rights to receive cash flows from the asset have expired or the Fund has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligation of the liability has been discharged, cancelled, or expired.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Dividend income from financial assets at FVTPL is recognized in the statements of comprehensive loss within dividend income when the Fund's right to receive payments is established. Amounts not yet received are included in the statements of financial position in accrued interest and dividends receivable. Interest for distribution purposes earned on debt securities at FVTPL represents the coupon interest received by the Fund and is recognized in the statements of comprehensive loss on an accrual basis. The Fund does not amortize premiums paid or discounts received on the purchase of fixed income securities except for zero coupon bonds which are amortized on a straight-line basis.

Fair value measurement

Financial assets at FVTPL are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets traded in active markets is based on quoted market prices at the close of trading on the reporting date. In circumstances where the closing price is outside of the closing bid-ask range, then the closest bid or ask to the last trade will be used.

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

Financial assets and liabilities classified and measured at amortized cost: Amortized cost is the amount at which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, less any reduction for impairment.

The fair value used for financial reporting is consistent with the fair value used for unitholder and related transactions.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statements of financial position when, and only when, the Fund has a legally enforceable right to off-set the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Income and expenses are presented on a net basis for gains and losses from financial assets and financial liabilities at FVTPL.

Payable for investments purchased/receivable for investments sold

Amounts receivable for investments sold and amounts payable for investments purchased that have been contracted are recorded on the statements of financial position at the amount to be received or delivered.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Redeemable units and net assets attributable to holders of redeemable units

The Fund issues two classes of redeemable units, which are redeemable at the holder's option and do not have identical attributes. As a result, the Fund's units are classified as a liability under Internal Accounting Standard ("IAS") 32, Financial Instruments – Presentation ("IAS 32").

For each Fund unit sold, the Fund receives an amount equal to the net asset value per unit at the date of sale, which amount is included in net assets attributable to holders of redeemable units. For each unit redeemed, net assets attributable to holders of redeemable units is reduced by the net asset value of the unit at the date of redemption. The redeemable units are measured at the current value of the Fund's net assets and are considered a residual amount of the net assets attributable to holders of redeemable units.

Net assets attributable to holders of redeemable units is calculated for the class of units of the Fund by taking the respective class' proportionate share of the Fund's net assets and dividing the number of units outstanding on the valuation date.

The increase (decrease) in net assets attributable to holders of redeemable units per unit is calculated by dividing the increase (decrease) in net assets attributable to holders of redeemable units by the weighted average number of units outstanding during the year for each class.

Commissions and other portfolio transaction costs

Commissions and other portfolio transaction costs are costs incurred to acquire financial assets at FVTPL. They include fees and commissions paid to agents, advisers, brokers and dealers. Transaction costs, when incurred, are immediately recognized in profit or loss as an expense.

Foreign currency translation

Investment transactions and income and expenses in foreign currencies have been translated to CAD at the rate of exchange prevailing at the time of the transaction. Foreign currency assets and liabilities have been translated into the functional currency using the rate of exchange prevailing at the statements of financial position date. Foreign exchange gains and losses relating to cash are presented in the statements of comprehensive loss within net foreign currency gains (losses). Foreign exchange gains and losses relating to financial assets carried at FVTPL are presented in the statements of comprehensive loss within net changes in fair value on financial assets at FVTPL.

Taxation

The Fund qualifies as a mutual fund trust under the Income Tax Act (Canada). All of the Fund's net income for tax purposes and sufficient net capital gains in any period are required to be distributed to unitholders such that no income tax is payable by the Fund. As a result, the Fund does not record income taxes and as such, the tax benefit of capital and non-capital losses has not been reflected in the statements of financial position as a deferred income tax asset.

The Fund is subject to withholding taxes on foreign income. In general, the Fund treats withholding tax as a charge against income for tax purposes.

3. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Changes in significant accounting policies

The Fund adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statements 2) from January 1, 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

The Manager reviewed the accounting policies and made updates to the information disclosed in Note 3 in certain instances in line with the amendments.

4. DERIVATIVE FINANCIAL INSTRUMENTS

The Fund holds the following derivative instruments:

Warrants

A warrant is a contractual arrangement under which the issuer grants the holder the right, but not the obligation, either to buy at or by a set date or during a set period, a specific amount of securities or a financial instrument at a predetermined price directly from the issuer of the underlying securities. The Fund is exposed to credit risk on purchased warrants only to the extent of their carrying amount, which is their fair value.

The following table detail the Fund’s investments in warrants as at December 31, 2023 and 2022:

December 31, 2023

Description	Maturity Date	Strike Price	Notional Amount	Fair value in financial assets
Warrants				
Newtopia Inc.	4/29/2024	$ 0.30	96,000	7
Newtopia Inc.	3/7/2025	$ 0.15	80,250	6,236
Opera Event Inc.	2/26/2026	US $1.08	100,000	-

December 31, 2022

Description	Maturity Date	Strike Price	Notional Amount	Fair value in financial assets
Warrants				
Newtopia Inc.	4/29/2024	$ 0.30	96,000	1,978
Opera Event Inc.	2/26/2026	US $1.08	100,000	-

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT

Financial risk factors

The Fund's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including price risk, foreign exchange risk, and interest rate risk). The Fund's exposure to financial risks is concentrated in its investment holdings.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody brought about by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that reduces the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

The Manager seeks to minimize potential adverse effects of these risks on the Fund's performance by daily monitoring of the Fund's positions and market events and, by diversifying the investment portfolio within the constraints of the investment objective. To assist in managing risks, the Manager also uses internal guidelines that identify the target exposures for each type of risk, maintains a governance structure that oversees the Fund's investment activities and monitors compliance with the Fund's stated investment strategy, internal guidelines, and securities regulations.

The Fund uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below.

(i) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund. Credit risk is managed by the Manager through a careful selection of securities and diversification of the Fund's portfolio. The Manager monitors the Fund's overall market positions on a daily basis and investment positions are maintained within an established range.

The amount of exposure to credit risk is represented by the carrying amount of the assets on the statements of financial position and the possible inability of another party failing to discharge an obligation. Substantially all financial instruments are cleared through and held in custody by NBIN Inc. The Fund is subject to credit risk to the extent that NBIN Inc. may be unable to fulfill its obligations either to return the Fund's securities or repay amounts owed. NBIN Inc. has received an A-1 credit rating from the Dominion Bond Rating Service. The Fund does not anticipate any losses as a result of this concentration.

As at December 31, 2023, the Fund held four bonds (2022 – three bonds) that are not rated. The maximum exposure to credit risk is the carrying value of the bonds that are not rated and the accrued interest $44,279.

(ii) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets.

The Fund is exposed to periodic cash redemptions of redeemable units. In addition, the Fund may, from time to time, invest in unlisted securities, which are not traded in an organized market. Non-listed securities may generally be illiquid, therefore, the Fund may not be able to quickly liquidate its investments in these instruments at an amount close to its fair value in order to respond to meet its liquidity requirements or to respond to specific events, such as a deterioration in the creditworthiness of any particular issuer.

The Fund manages its liquidity risk by primarily investing in marketable securities and other financial instruments which are traded in active markets and can be readily disposed of under normal market conditions. Furthermore, the fund retains sufficient cash and highly liquid investment positions to maintain liquidity.

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

(ii) Liquidity risk (continued)

It is the Fund’s policy that the Manager monitors the Fund’s liquidity position on a daily basis. The Fund’s liabilities are generally expected to be due and paid within 90 days, with the exception of net assets attributable to holders of redeemable units. Redeemable units are redeemable on demand at the holder’s option, however does not represent significant liquidity risk as holders of these instruments typically retain them for the medium to long term. In addition, the Fund requires appropriate notice of unit redemptions and under extraordinary circumstances has the ability to suspend redemptions if this is deemed to be in the best interest of all unitholders. As such, the Fund is not exposed to significant liquidity risk. The Fund did not withhold any redemption or implement any suspensions during 2023 or 2022.

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of financial instruments will fluctuate due to changes in market variables such as market prices, foreign exchange rates and interest rates. The following include sensitivity analyses that show how the net assets attributable to holders of redeemable units would have been affected by a reasonably possible change in the relevant risk variable at each reporting date. In practice, the actual results may differ and the differences could be material.

a) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market. The Fund is primarily exposed to price risk from its investments in equity, preferred securities and related derivatives.

All investments represent a risk of loss of capital. The investment portfolio consists of securities of companies in various industries which are subject to normal market fluctuations and the risks inherent in investment in equity markets. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's price risk is managed by the Manager constructing a diversified portfolio of investments traded on various markets which may not be correlated. The Fund's positions and overall market conditions are monitored on a daily basis.

As at December 31, 2023, had the prices for these securities increased or decreased by 5%, with all other variables held constant, net assets attributable to holders of redeemable units would have increased or decreased by approximately $165,847 (2022 - $176,920).

The Fund is also exposed to price risk through the concentration of its investment portfolio, and manages this risk through daily monitoring of the portfolio to comply with the Fund’s investment strategies as outlined in the Fund’s Prospectus.

b) Foreign exchange risk

The Fund may hold both monetary and non-monetary assets and liabilities denominated or traded in currencies other than the Canadian Dollar, the Fund’s functional currency. Foreign currency risk arises as the value of future transactions of assets and liabilities denominated in other currencies fluctuate due to changes in foreign exchange rates.

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

b) Foreign exchange risk (continued)

The table below summarizes the foreign currencies to which the Fund had significant exposure at December 31, 2023 and 2022 in CAD terms. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if CAD had strengthened or weakened by 5% in relation to the listed currencies, with all other variables held constant.

December 31, 2023

	Currency Exposure				
Currency	**Cash and other receivables**	**Investments at FVTPL**	**As a % of net assets attributable to holders of redeemable units**	**Impact on net assets attributable to holders of redeemable units**	**Impact as a % of net assets attributable to holders of redeemable units**
United States Dollar	$ 45,304	$ 545,012	12.4	$ 29,516	0.6

December 31, 2022

	Currency Exposure				
Currency	**Cash and other receivables**	**Investments at FVTPL**	**As a % of net assets attributable to holders of redeemable units**	**Impact on net assets attributable to holders of redeemable units**	**Impact as a % of net assets attributable to holders of redeemable units**
United States Dollar	$ 32,441	$ 253,830	5.4	$ 14,314	0.3

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in prevailing market interest rates.

The majority of the Fund's financial assets and liabilities are non-interest bearing or repriced daily and, as a result, the Fund's portfolio is not subject to a significant amount of risk due to fluctuations in the prevailing levels of market interest rates. However, the underlying investments may themselves invest in fixed interest-bearing securities, which could expose them to interest rate risk.

The table below summarizes the Fund’s exposure to interest rate risk as at December 31, 2023 and 2022, by remaining term to maturity. The table also illustrates the potential impact on the net assets attributable to holders of redeemable units if the prevailing levels of market interest rates changed by 1%, assuming a parallel shift in the yield curve with all other variables held constant.

Term to maturity	**December 31, 2023**	**December 31, 2022**
Less than 1 year	$ 397,620	$ 135,370
1 to 5 years	663	677
Total	398,283	136,047
Impact on net assets attributable to holders of redeemable units	1,085	752
Impact on net assets attributable to holders of redeemable units %	0.02%	0.01%

5. FINANCIAL INSTRUMENTS - RISK MANAGEMENT (Continued)

d) Geopolitical risk

Terrorism, war, military confrontations and related geopolitical events (and their aftermath) can lead to increased short-term market volatility and may have adverse long-term effects on the Canadian, U.S., and world economies and markets generally. Likewise, natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-relate phenomena generally, as well as wide-spread disease and virus epidemics, can be highly disruptive to economies and markets into the medium term, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors impacting the value of the Fund's investments.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and trading securities) are based on quoted market prices at the close of trading on the period-end date. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If a significant movement in fair value occurs subsequent to the close of trading up to midnight on the period-end date, valuation techniques will be applied to determine the fair value.

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. The Fund uses a variety of methods and makes assumptions that are based on market conditions existing at each period-end date. Valuation techniques used for non-standardized financial instruments, include the use of comparable recent arm’s length transactions, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

The Fund categorizes its financial instruments classified as FVTPL into a hierarchy based on the instruments’ significant inputs as follows:

- Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: inputs are unobservable inputs for the asset or liability.

The determination of what constitutes “observable” requires significant judgment by the Fund. The Fund considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

If an asset or liability classified as Level 1 subsequently ceases to be actively traded, it is transferred into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is reclassified to Level 3.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The following table presents the Fund's assets and liabilities measured at fair value as at December 31, 2023 and 2022 within the fair value hierarchy:

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Bond securities	$ -	$ -	$ 398,283	$ 398,283
Equity securities	3,310,694	-	-	3,310,694
Warrants	-	6,243	-	6,243
	3,310,694	6,243	398,283	3,715,220
Total	**3,310,694**	**6,243**	**398,283**	**3,715,220**

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Bond securities	$ -	$ -	$ 136,047	$ 136,047
Equity securities	3,538,394	-	-	3,538,394
Warrants	-	1,978	-	1,978
	3,538,394	1,978	136,047	3,676,419
Total	**3,538,394**	**1,978**	**136,047**	**3,676,419**

During the year ended December 31, 2023, there were no transfers between level 1, level 2 and level 3. During the year ended December 31, 2022, one equity was transferred from level 2 to level 1.

The majority of the investments held by the Fund are listed investments for which liquid quoted market prices are readily available. Certain investments, however, require the use of management judgment to determine the fair value. These investments are classified within Level 3 as non-listed private investments and therefore have significant unobservable inputs or assumptions. As observable prices are not available for these securities, the Fund has used valuation techniques to derive the fair values for the measurement dates presented.

Valuation techniques and value of the Level 3 investments are determined in such a manner as the Manager may from time to time determine. Valuation techniques for private investments held by the Fund include, but are not limited to: the valuation implied by meaningful, third party; any arm's-length transaction(s); discounts applied to material non-arm's length transaction(s) to reflect the economic benefits of special transactions not available to all the security holders; purchase agreements or other relevant documentation; comparisons to similar instruments for which observable market prices exist, use of in-house valuation models; frequent discussions with management and/or board members of private companies; analysis of financial statements and determination of expected future cash flows on the Level 3 security being valued. Fair value estimates obtained may also be adjusted for other factors, such as liquidity risk or general operational uncertainty to the extent that the Manager believes these factors could or are likely to impact fair value.

Level 3 valuations are reviewed frequently by the Fund's Manager, specifically by the Manager's Chief Investment Officer who has the overall responsibility for fair value measurement. The Manager considers the appropriateness of the valuation model inputs, as well as the valuation result using various valuation methods and techniques generally recognized as standard within the industry.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

The below table provides a summary of changes in the investments categorized as Level 3 as at December 31, 2023 and 2022:

December 31, 2023

		Level 3
Balance, beginning of year	$	136,047
Purchases		268,520
Change in unrealized gain/loss		(6,284)
Total investments		**398,283**

December 31, 2022

		Level 3
Balance, beginning of year	$	127,143
Change in unrealized gain/loss		8,904
Total investments		**136,047**

The Fund held a level 3 investment in debt securities of Opera Event Inc., a US private company, with a fair value of $133,203 (2022 - $136,047). The fund also held a level 3 investment in debt securities of Bluedot Inc., a Canadian private company, with a fair value of $265,080. The fair value of the debt is valued at cost. The change in market value during the year is attributable to foreign currency gains and losses.

7. UNITS

An unlimited number of the Fund's units may be issued, which are redeemable at the unitholders' option in accordance with the terms of the Trust Agreement.

During the years ended December 31, 2023, and 2022, the number of units issued, redeemed and outstanding was as follows:

December 31, 2023

	Units, beginning of year	Issuance of units	Redemption of units	Transfer in/out of units	Redesignation of units	Distribution reinvestment	Units, end of year
Class A	103,229	350	(12,699)	(673)	-	-	90,207
Class F	342,421	11,629	(12,489)	978	-	-	342,539

December 31, 2022

	Units, beginning of year	Issuance of units	Redemption of units	Transfer in/out of units	Redesignation of units	Distribution reinvestment	Units, end of year
Class A	150,687	722	(20,787)	(27,393)	-	-	103,229
Class F	154,433	181,098	(33,322)	40,212	-	-	342,421

7. UNITS (Continued)

The increase in net assets attributable to holders of redeemable units per unit for the years ended December 31, 2023, and 2022 is calculated as follows:

	2023			**2022**		
Class	Decrease per series	Weighted average units outstanding	Decrease per unit	Decrease per series	Weighted average units outstanding	Decrease per unit
Class A	(104,762)	94,388	(1.11)	(1,192,709)	119,340	(9.99)
Class F	(245,274)	350,181	(0.70)	(899,781)	160,064	(5.62)

8. RELATED PARTY TRANSACTIONS

The Fund has related party transactions with the Manager. Related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related party.

Management fee

The Manager of the Fund is responsible for the day-to-day business of the Fund, including managing the investment portfolio, providing investment analysis and making decisions relating to the investment of assets in the Fund. Under the terms of the Trust Agreement, and the management agreement dated January 27, 2006, the Manager is entitled to receive a management fee of 1.9% per annum on the net assets attributable to Class A units and 0.9% per annum on the net assets attributable to Class F units of the Fund calculated and accrued on each valuation date of the Fund. The Manager has appointed the sub-advisor to help manage the investment portfolio of the Fund and may earn a fee paid by the Manager as set out in the sub-advisory agreement.

Management fees are subject to HST. The Manager pays brokers or dealers a trailing commission on Class A units up to 1.0% per annum which is paid out of the management fee.

The management fee for the year ended December 31, 2023 was $66,681 (2022 - $69,482). Out of this amount, the trailer fee paid to brokers or dealers for the year ended December 31, 2023 was $10,427 (2022 - $18,077). As at December 31, 2023, management fees payable was $2,396 (2022 - $1,375). This amount is reflected in accounts payable and accrued liabilities on the statements of financial position.

Redemption

As disclosed in the simplified prospectus of the Fund, no redemption fee is payable to the Fund. However, the Manager has the discretion to charge a short-term trading deduction of up to 2% of the unit value of units being redeemed within 90 days of their purchase.

The short-term trading deduction for the year ended December 31, 2023 withheld from amounts paid on redemption of securities paid to the Fund amounted to $Nil (2022 - $Nil).

8. RELATED PARTY TRANSACTIONS (Continued)

Other

Certain officers, directors and key personnel of the Manager may become officers or directors of companies that are held in the Fund's investment portfolio. These investments are accounted for at fair value. The Manager maintains a list of these companies on their website at www.goodwoodfunds.com and has adopted appropriate 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.

Furthermore, from time to time the Manager, certain officers, directors, and key personnel of the Manager or an affiliate of the Manager may accept officer positions and/or directorships and/or provide services to and receive compensation from issuers in which the Fund is invested. In this circumstance, that company would be considered under relevant securities law to be a “connected issuer” to Goodwood Inc. Currently, Goodwood MVR Investors, Inc. and MV Realty Holdings, LLC (“MVR”) are considered connected issuers to Goodwood. It is the policy of the Manager to make appropriate adjustments to the fees charged by it to the Fund where the fees or other compensation is received directly from issuers in which the Fund is invested. Total fee rebate paid to the Fund during the year ended December 31, 2023 was $460 (2022 - $381) and is credited against management fees in the statements of comprehensive income. Goodwood Inc. has adopted appropriate policies and procedures to address conflicts of interest.

In accordance with National Instrument 81-107, Independent Review Committee for Investment Funds, the Manager has established an Independent Review Committee ("IRC") for the Fund. The mandate of the IRC is to consider and provide recommendations to the Manager on conflicts of interest to which the Manager may be subject when managing the Fund. The Manager charges compensation paid to the IRC members and the costs of the ongoing administration of the IRC to the Fund. These amounts are shown in the statements of comprehensive income. The IRC reports annually to unitholders of the Fund on its activities and the annual report is made available to unitholders on the Manager's website on or about March 31 in each year.

As at December 31, 2023, 695 units of Class A and 58,824 units of Class F were owned by parties related to the Manager (2022 - 695 Class A units and 59,642 Class F units).

Please refer to note 9 for further details on brokerage commissions with related parties.

9. BROKERAGE COMMISSIONS

During the year ended December 31, 2023, total brokerage commissions paid by the Fund were $381 (2022 – $5,197) and commissions and fees on corporate finance transactions amounted to $NIL (2022 - $8,960). Therefore, during the year total commission directed by the Fund were $381. Out of this amount gross commissions paid to the Manager for acting as broker in respect of portfolio transactions for the Fund during the year were $366.

10. INCOME TAXES

The Fund, a mutual fund trust, is not subject to income taxes on its net taxable gains and its net income for the year if it distributes such gains and income to unitholders. The Fund's Trustee distributes the taxable income of the Fund to unitholders so as to eliminate any income taxes otherwise payable by the Fund. Such distributions are taxable in unitholders' hands.

Capital losses have no expiry and can be used against net realized gains in future years. As at December 31, 2023 the Fund had $3,398,789 (2022 - $3,398,789) accumulated net realized capital losses. Non-capital losses can be carried forward 20 years and can be used against net taxable income in future years. As at December 31, 2023 the Fund had $2,019,048 (2022 - $1,935,200) of non-capital losses.

11. CAPITAL MANAGEMENT

The capital of the Fund is represented by the net assets attributable to holders of redeemable units (“NAV”). The units are entitled to distributions, if any, and to payment of a proportionate share based on the Fund's NAV per unit upon redemption. The relevant movements are shown on the statements of changes in net assets attributable to holders of redeemable units. There is no external regulatory requirement to maintain a minimum capital amount. There is no external regulatory requirement to maintain a minimum capital amount.