

**Federal Open Market Committee Statement Summary and Commentary:** Today the US Federal Open Market Committee (the “FOMC”) cut by 50 basis points the target range for the federal funds rate to 4.75%-5.00%. There had been wide signaling by FOMC officials that cuts would happen today. The FOMC stated that “recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have slowed, and the unemployment rate has moved up but remains low. Inflation has made further progress toward the Committee’s 2 percent objective but remains somewhat elevated”.

The FOMC further stated that “The Committee has gained greater confidence that inflation is moving sustainably toward 2 percent, and judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate. In light of the progress on inflation and the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/2 percentage point to 4-3/4 to 5 percent”.

The FOMC has also released the Statement of Economic Projections (SEP). Of particular note is the median projection for the year-end Fed Funds rate, which was significantly lowered by FOMC members at this meeting compared to June. For 2024, the median target projection for the fed funds rate has decreased from 5.1% in June to the current projection of 4.4%. As for the year-end 2025, the June figure of 4.1% has dropped to a projected 3.4%, and for the year-end 2026, the projection has decreased from 3.1% to 2.9%. Unemployment projections have also increased. In 2024, the June projection has risen from 4.0% to 4.4%. The 2025 projection has increased from 4.2% to 4.4%, and the 2026 projection has risen from 4.1% to 4.3%.

**Goodwood Portfolio Reaction:** The FOMC’s 50 bps interest rate cut announcement was somewhat surprising as most economists were calling for a 25 bps cut, however declines in PCE inflation plus the rise in the unemployment rate were factors contributing to the FOMC’s decision. The US economy remains strong with the Atlanta Fed’s GDPNow forecast of Q3 US GDP sitting at +2.5%. Government spending remains a strong driver of US economic growth.

**Goodwood Fixed-Income Strategies:** Goodwood uses a disciplined, bottom-up, and fundamental approach in analyzing Canadian investment-grade corporate bonds. Our investment-grade portfolios seek to preserve capital and provide a high cash coupon income. We have added new issues to the portfolios with cash coupons in the 4.5% to 5.0% per annum range. In addition, our bond portfolios may also provide an opportunity for enhanced returns due to spread tightening (bond price appreciation) 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. 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
Q1'24	5.50	5.36	4.62	4.21	4.19	4.34	5.00	5.01	4.19	3.54	3.47	3.36
Q2'24	5.50	5.36	4.72	4.33	4.34	4.50	4.75	4.66	4.00	3.52	3.51	3.40
Q3'24	5.00	5.20	3.90	3.70	3.85	4.20	4.25	4.10	3.25	3.10	3.20	3.25
Q4'24	4.75	4.70	3.70	3.55	3.70	4.10	3.75	3.75	2.90	2.90	3.10	3.20
Q1'25	4.25	4.30	3.30	3.50	3.65	4.00	3.25	3.25	2.70	2.80	3.05	3.10
Q2'25	3.75	3.80	3.20	3.40	3.60	3.90	3.00	3.00	2.60	2.75	3.00	3.05
Q3'25	3.50	3.55	3.15	3.30	3.55	3.90	3.00	2.90	2.50	2.70	2.90	3.00
Q4'25	3.50	3.50	3.15	3.30	3.50	3.90	3.00	2.80	2.50	2.70	2.90	3.00

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

## Goodwood C\$ Fixed-Income Strategies:

Strategy	Effective Duration*	Yield to Maturity*
Goodwood Investment-Grade Bonds	4.9	4.3
Goodwood ESG-Conscious Investment-Grade Bonds	4.3	4.2
Goodwood Milford Fund	4.4	4.0
iShares Core Canadian Universe Bond ETF	7.2	3.8
iShares Canadian Corporate Bond ETF	5.8	4.6

Available through Goodwood Inc.

Sources: Goodwood Inc., iShares by Blackrock \*As at August 31, 2024. See full disclosure on page 2.

## Recent Investment-Grade Additions to Portfolios:

ATS Corporation 6.50% 08/21/2032  
Chemtrade Logistics Inc 6.375% 08/28/2029  
CPIIB Capital Inc 2.25% 12/01/2031  
CU Inc 4.664% 09/11/2054  
Fortis Inc. 4.171% 09/09/2031  
Enbridge Inc 4.73% 08/22/2034  
Rogers Communications 4.25% 04/15/2032  
Sienna Senior Living Inc. 4.436% 10/17/2029  
South Bow 4.933% 02/01/2035  
Suncor Energy 5% 04/09/2030  
WSP Global Inc 4.754% 09/12/2034

## Recent Investment-Grade Deletions from Portfolios:

BP Capital Markets 3.47% 05/15/2025 [sold]  
CI Financial 3.759% 05/26/2025 [sold]  
Dollarama Inc 2.443% 07/09/2029 [sold]  
John Deere 2.81% 01/19/2029 [sold]  
Rogers Communications 5.65% 09/21/2026 [sold]  
Smartcentres REIT 5.162% 08/01/2030 [sold]  
TransCanada 2.97% 06/09/2031 [sold]

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