

Federal Open Market Committee Statement Summary and Commentary: As expected the US Federal Open Market Committee (the “FOMC”) cut the target rate for the federal funds rate by 25 basis points to 4 to 4.25%.

The FOMC stated “Recent indicators suggest that growth of economic activity moderated in the first half of the year. Job gains have slowed, and the unemployment rate has edged up but remains low. Inflation has moved up and remains somewhat elevated”.

Newly elected governor and Trump nominee Stephen I. Miran dissented and voted against the 25 basis point rate cut. He proposed to lower the target range for the federal funds rate by 1/2 percentage point at the meeting.

The FOMC released the quarterly Statement of Economic Projections “SEP” at this meeting. Most projections set out in the June SEP were unchanged in this version. Notable differences were Changes in real GDP in 2025 moved up to 1.6% from 1.4% in 2025 and 1.8% up from 1.6% in 2026. PCE inflation moves up to 2.6% from 2.4% in 2026. Estimates for the year end federal funds rate for 2025, 2026 and 2027 are 3.6%, 3.4% and 3.1% vs 3.9%, 3.6% and 3.4% respectively as set out in the June SEP.

Goodwood Portfolio Reaction: The FOMC’s 25 basis point interest rate cut announcement was well anticipated by the market. Since the central bankers conference in Jackson Hole in August the FOMC has shifted to emphasizing the employment side of the dual mandate. The recent large downward data revisions at the Bureau of Labor Statistics regarding job creations has highlighted the increased weakness in the US job market. After an initial spike up in prices (yields down) after the release of the interest cut news at 2pm, US bonds sold off with prices falling - yields up by around 20-30 basis points. In the table below we set our current interest rate forecasts for the remainder of the year, which guide our portfolio positioning.

The Canadian dollar moved very slightly higher by 10 “ticks” (10/100 of a basis point) after the interest rate announcement then moved back to unchanged.

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 new issues to the portfolios with cash coupons in the 4.0% to 5.0% per annum range. In addition, we believe bonds in our portfolios may appreciate 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 mandates: [Goodwood Milford Fund](#) and RRSP eligible [Goodwood Milford Fund Trust](#). 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	BOC	3M	2Y	5Y	10Y	30Y	FED	3M	2Y	5Y	10Y	30Y
Q1'24	5.00	5.01	4.19	3.54	3.47	3.36	5.50	5.36	4.62	4.21	4.19	4.34
Q2'24	4.75	4.66	4.00	3.52	3.51	3.40	5.50	5.36	4.72	4.33	4.34	4.50
Q3'24	4.25	3.94	2.91	2.74	2.96	3.14	4.75	4.63	3.65	3.58	3.80	4.13
Q4'24	3.25	3.20	2.94	2.97	3.24	3.34	4.50	4.33	4.25	4.39	4.58	4.78
Q1'25	2.75	2.64	2.47	2.62	2.97	3.23	4.50	4.30	3.91	3.98	4.35	4.61
Q2'25	2.75	2.68	2.66	2.83	3.29	3.56	4.50	4.30	3.72	3.79	4.23	4.98
Q3'25	2.50	2.45	2.45	2.70	3.15	3.60	4.25	3.98	3.50	3.60	4.00	4.65
Q4'25	2.25	2.25	2.30	2.60	3.10	3.40	4.00	3.80	3.25	3.50	3.75	4.40
Actual	Forecast	Sources: Historical: LSEG; Forecast: Goodwood Inc., internal forecast used to position our Goodwood bond portfolios										

Goodwood C\$ Fixed-Income Strategies:

Strategy	Effective Duration*	Yield to Maturity*
Goodwood Milford Fund	5.1	4.2
Goodwood Investment-Grade Bonds	4.4	3.8
Goodwood ESG-Conscious Investment-Grade Bonds	3.5	3.7
iShares Core Canadian Universe Bond ETF	7.0	3.6
iShares Canadian Corporate Bond ETF	5.5	4.0

Available through Goodwood Inc.

Sources: Goodwood Inc., iShares by Blackrock *As at August 31, 2025. See full disclosure below.

Recent Investment-Grade Additions to Portfolios:

Province of BC US\$ 4.2% 07/06/2033
Dream Summit Industrial LP 4.173% 09/18/2030
TransCanada US\$ 4.1% 04/15/2030
EDC US\$ 4.0% 01/20/2030
US Treasury 3.875% 07/15/2028 US\$
TD BND 4.108% JUN8/27 US\$
CPP BND REGS 4.375% JAN30/27
Ford Cred Cda 4.819% 09/11/2028
Definity Financial Corp 3.709% 09/12/2030
BMO BND 4.70/27 SEP14/27 US\$
BMO BND 2.65 MAR8/27 US\$
Fairstone BK 3.937%18SP28
Keyera-A C35 6%-FR 150C55

Recent Investment-Grade Deletions from Portfolios:

ARC Resources LTD 4.409% 06/17/2032 [sold]
WSP Global 4.754% 09/12/2034 [sold]
Granite CB 4.348/31 10/04/2031 [sold]
Energir LP 4.65/54 05/20/2055 [sold]
Maritime LK 4.048 12/1/2052 [sold]

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