

**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 3.50% to 3.75%.

The FOMC stated “Available indicators suggest that economic activity has been expanding at a moderate pace. Job gains have slowed this year, and the unemployment rate has edged up through September. More recent indicators are consistent with these developments. Inflation has moved up since earlier in the year and remains somewhat elevated. Uncertainty about the economic outlook remains elevated”.

Dissenting members - who voted for no cuts, grew by one with Austan Goolsbee, President of the Federal Reserve Bank of Chicago joining Kansas City Fed Governor Jeffrey R. Schmid who advocated for no change as well at the last meeting. Again and no surprise, President Trump nominee Stephen I. Miran was on his own proposing a 50 basis point cut.

At its last meeting at the end of October the FOMC announced the end of Quantitative Tightening on December 1, 2025. At this meeting, the FOMC made the following announcement “The Committee judges that reserve balances have declined to ample levels and will initiate purchases of shorter-term Treasury securities as needed to maintain an ample supply of reserves on an ongoing basis”. During the press conference Chairman Powell stated that this was a seasonal case of “Reserve Management Purchases”. It will be initiated by Fed purchases of short term T Bills by the Fed and is expected to total \$40 billion in the first month - an additional \$20 billion over the typical \$20 billion . Powell stated this will taper off in the following months.

The FOMC also released the Statement of Economic Projections (“SEP”) which updates a number of economic projections. The major change was the median view of only one 25 bps cut in 2026. Market based 2026 fed funds probability models now forecast 2 cuts down from 3 previously with the first cut in June 2026 followed by October. Chairman Powell stated that the Fed sees the current fed funds rate as within “the broad range of neutral” is the likely catalyst for the market reaction. However with President Trump nominating a new FOMC Chair to take office in May this view is hard to reconcile but may indicate a hawkish shift amongst FOMC members.

**Goodwood Portfolio Reaction:** The FOMC’s 25 basis point interest rate cut announcement was well anticipated by the market. After the announcement bond yields fell by about 3-5 basis points (prices rose approximately 25 cents for the 10 year). In the table below we set out our current internal interest rate forecasts for the remainder of the year and for 2026 which guide our portfolio positioning.

**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
Q1'25	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	2.44	2.47	2.75	3.19	3.63	4.25	3.95	3.60	3.73	4.15	4.73
Q4'25	2.25	2.20	2.55	2.55	3.40	3.80	3.75	3.70	3.55	3.75	4.15	4.75
Q1'26	2.25	2.20	2.65	2.90	3.40	3.80	3.50	3.70	3.30	3.50	4.05	4.60
Q2'26	2.25	2.20	2.75	2.90	3.50	3.85	3.25	3.50	3.00	3.40	3.90	4.50
Q3'26	2.25	2.30	2.80	2.95	3.50	3.90	3.25	3.25	2.75	3.30	3.80	4.50
Q4'26	2.50	2.50	2.85	3.00	3.70	3.90	3.00	3.25	2.75	3.00	3.80	4.50
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 LP	4.6	4.7
Goodwood Investment-Grade Bonds	4.1	3.4
Goodwood ESG-Conscious Investment-Grade Bonds	3.3	3.3
iShares Core Canadian Universe Bond ETF	7.0	3.4
iShares Canadian Corporate Bond ETF	5.5	3.9

Available through Goodwood Inc.

Sources: Goodwood Inc., iShares by Blackrock \*As at November 28, 2025. See full disclosure below.

## Recent Investment-Grade Additions to Portfolios:

Secure Waste 5.75% 11/20/2032 [Buy]

## Recent Investment-Grade Deletions from Portfolios:

Boyd Group Services Inc 5.50% 11/06//2030 [sold]  
 Royal Bank 4.632% 05/01/2028 [sold]  
 Waste Connections 4.50% 06/14/29 [sold]  
 Ford Credit CDA 4.819% 09/11/28 [sold]  
 BMO US \$ 2.65% 03/08/2027 [sold]  
 CPP BND REGS 4.375% 01/30/27 [sold]  
 TD BND 4.108% 06/08/2027 U [sold]  
 BMO BND 4.70% 09/14/2027 U [sold]

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