

Federal Open Market Committee Statement Summary and Commentary:

As expected, the US Federal Open Market Committee (the “FOMC”) held the target rate for the federal funds rate steady at 3.50% to 3.75%.

In a brief statement, the FOMC stated “available indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained low, and the unemployment rate has shown some signs of stabilization. Inflation remains somewhat elevated.”

Two members dissented to the pause decision – both sought a 25 basis point cut. Steadfast dissenter Stephen Miron lowered his suggested cut from prior 50 basis to 25 basis points. He was joined in the dissent by Christopher Waller who suggested a 25 basis cut as well.

Goodwood Portfolio Reaction:

The FOMC’s no change interest rate announcement was well anticipated by the market. After the announcement bond yields fell by about 2-3 basis points in the 10-year and 30-year tenors. 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	2.59	2.98	3.44	3.86	3.75	3.64	3.48	3.72	4.16	4.84
Q1'26	2.25	2.18	2.50	2.90	3.30	3.80	3.75	3.65	3.45	3.75	4.10	4.75
Q2'26	2.00	2.15	2.45	2.80	3.30	3.75	3.75	3.40	3.20	3.60	3.90	4.70
Q3'26	2.00	2.15	2.40	2.80	3.25	3.70	3.50	3.15	3.00	3.45	3.80	4.60
Q4'26	2.25	2.20	2.45	2.80	3.25	3.70	3.25	3.15	3.00	3.45	3.80	4.60
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	4.3	4.3
Goodwood Investment-Grade Bonds	4.1	3.6
Goodwood ESG-Conscious Investment-Grade Bonds	3.2	3.5
iShares Core Canadian Universe Bond ETF	6.9	3.5
iShares Canadian Corporate Bond ETF	5.5	4.0
Available through Goodwood Inc.		
Sources: Goodwood Inc., iShares by BlackRock *As at December 31, 2025. See full disclosure below.		

Recent Investment-Grade Additions to Portfolios:

N/A

Recent Investment-Grade Deletions from Portfolios:

BMO US 2.65% 03/08/2027 [sold]
BMO BND 4.70% 09/14/2027 U [sold]
CNRCN 4.4 05/10/33 [sold]
CPP BND REGS 4.375% 01/30/27 [sold]
TD BND 4.108% 06/08/2027 U [sold]
US TREAS NT 3.875% 15JL28 [sold]
US TREAS NT 4.125% 28FB27 [sold]

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