

# Goodwood Fixed Income Strategies

## Fact Sheet

As at December 31, 2025

Page 1 of 2

Compound Return (%)	1 Mo	YTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	Inception	Weighted Average Yield (%)	Effective Duration
<b>Goodwood Milford Fund LP, Class S</b>	<b>-1.21</b>	<b>7.59</b>	<b>7.59</b>	<b>5.34</b>	<b>5.08</b>	<b>5.30</b>	<b>7.10</b>	<b>9.90</b>	<b>4.3</b>	<b>4.3</b>
<b>Goodwood Milford Fund Trust, Class F</b>	<b>-1.64</b>	<b>8.88</b>	<b>8.88</b>	<b>6.18</b>	<b>5.73</b>	<b>-</b>	<b>-</b>	<b>4.20</b>	<b>4.6</b>	<b>4.6</b>
iShares Core Canadian Universe Bond ETF	-1.29	2.57	2.57	4.42	-0.45	1.77	2.66	-	3.5	6.9
iShares Canadian Corporate Bond ETF	-0.62	4.36	4.36	6.47	1.34	2.90	3.44	-	4.0	5.5
S&P/TSX Composite TR Index ("TSX")	1.32	31.68	31.68	21.42	16.09	12.66	9.09	-	2.2	-

Returns are net of fees. Source: Goodwood Inc., S&P Dow Jones Indices and iShares by Blackrock. The weighted average yield (%) for the Goodwood Milford Funds reflects a levered portfolio. The figures shown do not account for the costs associated with leverage, including borrowing expenses. See page 2 for more detailed footnote.

### Portfolio Manager

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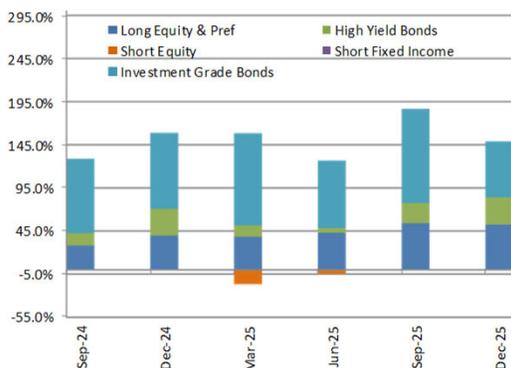


### Goodwood Fixed Income Strategies

**Goodwood Milford Fund Units** - The Goodwood Milford Fund has a core strategy of investing in corporate bonds selected to provide higher coupon income and capital gains from credit upgrades and credit-enhancing events. The Fund's manager uses a bottom-up, fundamental investment style to deliver strong returns with low monthly volatility. The Fund can invest a portion of its assets in long-short equity investments.

**Private Client Accounts** - Goodwood offers segregated managed accounts to individual investors utilizing a corporate bond and equity investment strategy similar to the Goodwood Milford Fund; however, each account is customized to meet investors' goals, objectives and risk tolerances.

### Historical Asset Allocation\*



\*Source: Goodwood Inc., Goodwood Milford Fund LP, Class S

### Goodwood Milford Fund Portfolio Review

**Investment Grade Corporate Bonds** – Central Bank rate cuts continued in 2025 which drove down short-term yields in Canada and the US. Canadian 2-year bond yields fell from 2.94% at the end of 2024 to 2.59% at December 31, 2025. The Bank of Canada cut 4 times in 2025 for a total of 100 basis points bringing the policy rate to 2.25%. The Canadian prime rate is at 4.45%. Market based models are forecasting the Bank of Canada may only cut once more in 2026. In the US, starting in the second half of 2025, the FOMC initiated a cutting cycle cutting 3 times for a total of 75 basis points bringing the target range for the fed funds rate policy rate to 3.50-3.75%. Market based models are forecasting the FOMC will cut twice in 2026. Keep in mind the Chairman of the FOMCs term expires in May of 2026 and President Trump has stated he wants to nominate a new Chairman who is aligned with Trump's goal of getting the fed funds rate to 1%. US 2-year bond yields fell from 4.25% at the end of 2024 to 3.45% at December 31, 2025. Longer term bond yields (10's and 30's) stayed stubbornly high in 2025 - Canadian and US 30-year yields were higher year over year. Long yields were elevated due to inflation's unwillingness to reach the 2% target and massive fiscal spending in the US. Fiscal spending in the US is increasing as a result of President Trump's "Big Beautiful Bill", increased defense budget and numerous other fiscal programs which are increasing the US deficit to record levels. US 10 and 30-year bond yields at the end of 2024 were around 4.58% and 4.78% respectively. US 10's and 30's yields ended 2025 at 4.13% and 4.81% respectively. The Canadian federal deficit is increasing due to increased military spending and programs to aid company's and workers in industries affected by tariffs. In Canada 10 and 30-year bond yields at the end of 2024 were around 3.24% and 3.34% respectively. Canadian 10's and 30's yields ended 2025 at 3.44% and 3.86%. Two important market news events that impacted the fixed income markets occurred in April & May 2025. 1) Trump's announcement of "Liberation Day" tariffs which caused investment grade spreads to widen and 2) a Treasury bond market liquidity 'event' shortly after the tariff announcement which caused liquidity in off the run Treasury bonds to be a concern. US Treasury Secretary Scott Bessent made several effective speeches to calm the fixed income markets.

**High Yield Bonds** - The US high yield bond ETF (iShares iBoxx \$ High Yield Corporate Bond ETF) November and 2025 returns were +0.66% and +8.56%, respectively. High yield bonds performed well in 2025 especially in the rally after "Liberation Day". The Canadian high yield market was very active in terms of new issues in 2025. A number of new corporate names entered the market. Examples of new names the Fund bought include North American Construction 7.75% of 2030 and MDA Space 7% of 2020.

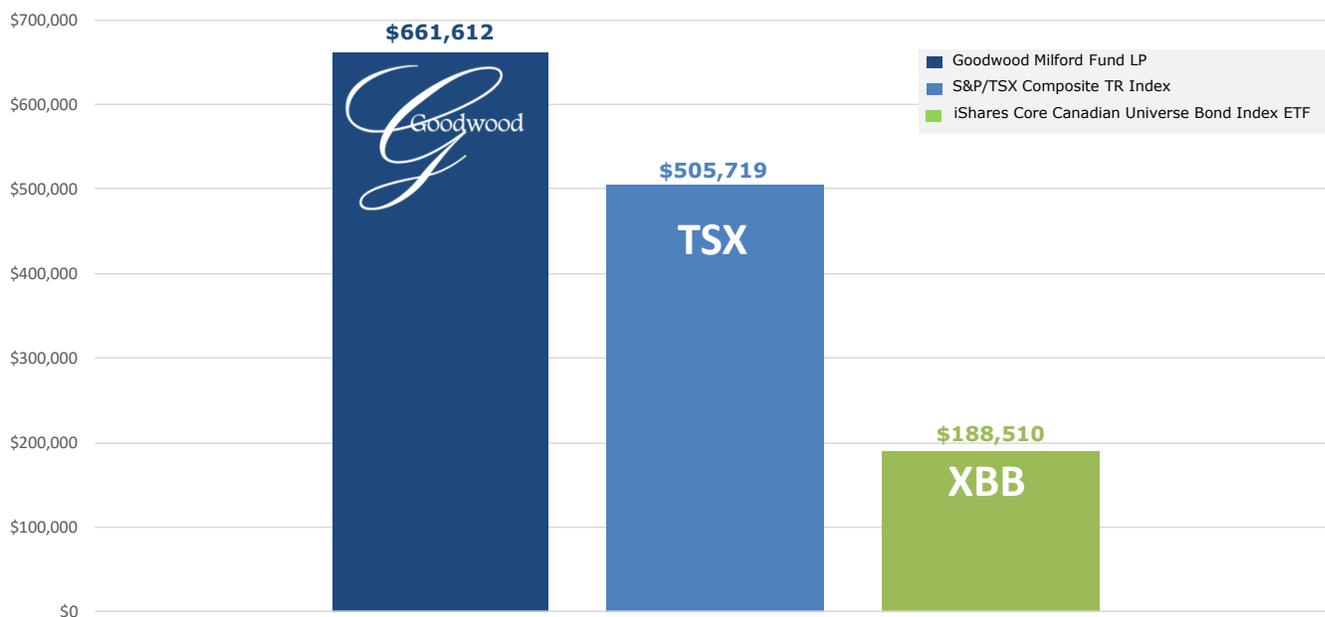
**Equities** - The S&P/TSX Composite TR Index returns for December and YTD were +1.32% and +31.68% and the Dow Jones Industrial Average total returns were +0.92% and +14.92%, respectively. This marks the third year of positive performance for these equity indices. The Canadian indexes outperformed the US in 2025 as a result of rising metals prices driving stocks to significant gains. In the US, returns were driven primarily AI spending related equities which was concentrated in the "MAG 7". Equities suffered a setback in April 2025 from Trump's tariff announcements on 'Liberation Day'. As Trump rolled back tariffs and countries signed trade deals equities experienced strong gains.

**Preferred Shares** - The S&P/TSX Preferred Share TR Index returned 1.55% in December and +16.03% year-to-date. The Fund currently holds no preferred shares.

Portfolio Statistics	LP Class S*	Trust Class F**
Effective Duration (Years) (Net)	4.3	4.6
Net Capital Invested	149.1%	155.5%
Gross Exposure	149.1%	155.5%
Correlation to Broad Mkt (TSX)	0.59	0.73

Source: Goodwood Inc.  
 \*Goodwood Milford Fund LP, Class S  
 \*\*Goodwood Milford Fund Trust, Class F

As a reminder, the Fund provides weekly & monthly liquidity and is open to new investors.

**Growth of \$100,000 Invested January 1, 2006**


Returns are net of fees. Source: Goodwood Inc., Goodwood Milford Fund LP Class S

**Goodwood Milford Fund**



**WINNER OF THE 2019 CANADIAN HF AWARDS**  
**Credit Focused**  
 Best 1 Year Return  
**1st Place**

**Investment Awards:**

- 2021 Global Manager Research Top Performer: **Credit-Focused Alternatives - 3-Year Return**
- 2021 Global Manager Research Top Performer: **Credit-Focused Alternatives - 1-Year Return**
- 2019 Canadian Hedge Fund Awards: **Overall Best Hedge Fund Category**
- 2019 Canadian Hedge Fund Awards: **Best 1-Year Return Category**
- 2018 Canadian Hedge Fund Awards: **Best 5-Year Return Category**
- 2017 Canadian Hedge Fund Awards: **Best 5-Year Return Category**
- 2016 Canadian Hedge Fund Awards: **Best 5-Year Sharpe Ratio Category**
- 2015 Canadian Hedge Fund Awards: **Best 5-Year Sharpe Ratio Category**
- 2014 Canadian Hedge Fund Awards: **Best 5-Year Return Category**
- 2012 Canadian Hedge Fund Awards: **Best 3-Year Sharpe Ratio Category**
- 2012 Canadian Hedge Fund Awards: **Best 3-Year Return Category**

**Goodwood Milford Fund**



**WINNER OF THE 2019 CANADIAN HF AWARDS**  
**Overall Best Hedge Fund**  
 Best Combined 10 Year Return AND Sharpe Ratio  
**1st Place**

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