

Annual Report of the Independent Review Committee to the Securityholders of the Goodwood Group of Funds

February 16th, 2022

Dear Securityholders,

In accordance with **National Instrument 81-107 *Independent Review Committee for Investment Funds*** (“NI 81-107” or the “Instrument”), the Manager established an Independent Review Committee (the “Committee” or “IRC”) for the Funds in April 2007. The IRC has functioned in accordance with the applicable securities laws and is composed of three individuals, each of whom is independent of the Funds, the Manager and each entity related to the Manager (as defined in the Instrument).

The Manager also manages several non-prospectus funds that are not reporting issuers and to which NI 81-107 does not apply. Through changes to the Declaration of Trust for the Goodwood Fund, a non-prospectus Fund, the Manager appointed the Committee to be the Independent Review Committee of the Goodwood Fund (the “Funds”) effective October 9, 2012. The Manager will deal with the conflicts of interest matters referred to the IRC in accordance with the provisions of the Declaration of Trust for the Goodwood Fund and the Manager’s Conflict of Interest Manual.

The prospectus fund and the non-prospectus fund under the purview of the IRC are listed on page 4.

The IRC is pleased to publish its annual report to securityholders, covering the period from January 1, 2021 to December 31, 2021 (the “Reporting Period”).

Mandate of the IRC

In accordance with the Instrument, the mandate of the IRC is to consider and provide decisions to the Manager on conflicts of interest to which the Manager may be subject when managing the Funds. The Manager is required under the Instrument to identify potential conflicts of interest inherent in its management of the Funds, develop written policies and procedures guiding its management of those conflicts and request input from the IRC on those written policies and procedures, hereinafter referred to as the Conflict of Interest Matters manual.

When a conflict matter arises, the Manager must refer its proposed course of action in respect of such conflict to the IRC for its review. While certain matters require the IRC’s prior approval, in most cases the IRC will provide a decision to the Manager as to whether or not, in the opinion of the IRC, the Manager’s proposed action provides a fair and reasonable result for the Funds. For recurring conflict of interest matters, the IRC can provide the Manager with Standing Instructions (“SIs”) that enable the Manager to proceed with certain matters without having to refer them to the IRC each time for approval, providing the Manager deals with the conflicts in accordance with the SIs.

The IRC is empowered to represent the best interest of the Funds in any matter where the Manager has referred a conflict of interest matter to it. In those cases, the IRC has sought to ensure that the Manager’s proposed course of action represents a fair and reasonable result for the Funds.

Composition of the IRC

The current Members of the IRC, and their principal occupations, are as follows:

<i>Name and municipality of residence</i>	<i>Principal Occupation</i>	<i>Term of Office</i>
Rod Mclsaac ¹ , Toronto, Ontario	Corporate Director, former Chairman and CEO of HSBC Securities (Canada).	Initial Appointment: October 26, 2019 Re-appointed for one year from January 1, 2022
Ken Thomson ² , Toronto, Ontario	President, Universal Financial Corp., an Investment Holding Company	Initial Appointment: January 1, 2021 until December 31, 2023
Edna A. Chu ³	Lawyer, Compliance Consultant	Initial Appointment: February 13, 2019 Re-appointed for three years from January 1, 2022

On November 19, 2021, Rod Mclsaac was re-appointed to the IRC with effect from January 1, 2022, for a period of one (1) year.

On November 19, 2021, Edna Chu was re-appointed to the IRC with effect from January 1, 2022, for a period of three (3) years.

Compensation and Indemnification

Review of Compensation

At least annually, the IRC reviews its compensation considering the following:

- the nature and extent of the workload of each member of the IRC, including the commitment of time and energy expected from each member;
- the number of meetings required by the IRC including special meetings to consider conflict issues brought to the Committee;

¹ Rod Mclsaac also sat on the following IRCs during 2021:

Investment funds that are reporting issuers managed by Federated Investors Canada, ULC (Ceased to be a member on November 12, 2021)
Investment funds that are reporting issuers managed by SmartBe Wealth
Investment funds that are reporting issuers managed by Evolve Funds Group Inc.

² Ken Thomson also sat on the following IRCs during 2021:

Investment Funds that are reporting issuers managed by Algonquin Capital Corp.
Investment funds that are reporting issuers managed by Educators Financial Group Inc.
Investment funds that are reporting issuers, managed by Hazelview Securities Inc.

³ Edna Chu also sat on the following IRCs during 2021:

Investment funds that are reporting issuers managed by C.S.T.
Investment funds that are reporting issuers managed by Harvest Portfolios Group Inc.

- industry best practices, including industry averages and surveys on IRC compensation; and,
- the complexity of the conflict issues brought to the IRC.

Members' Fees

Aggregate annual fees earned by the IRC Members for the year ended December 31, 2021 were \$14,500, plus applicable taxes. The aggregate fees were increased to \$16,000 per annum commencing July 1, 2021. The IRC Members shall also be entitled to receive an additional meeting fee of \$1,000 per meeting in excess of four meetings per year, plus applicable taxes.

Indemnities Granted

The Funds and the Manager have provided each IRC Member with a contractual indemnity in keeping with NI 81-107. No payments were paid to the IRC Members pursuant to this indemnity by the Funds or the Manager during the Reporting Period.

Disclosure of IRC Members' Holdings

As of December 31, 2021, the IRC Members did not beneficially own, directly or indirectly:

- any units in the Funds;
- any interest in the Manager; or,
- any interests in a company or person that provides services to the Manager or the Funds.

Decisions and Approvals

July 15, 2021 - The Goodwood Fund (the "Fund") made an initial investment in securities of MV Realty Holdings LLC ("MVR") in January of 2020. In July 2021 the Manager proposed that the Fund make a subsequent investment, of up to approximately US\$1.6 million, in the equity of MVR at its then current pre-money valuation of \$56 million USD. MVR became a connected issuer to the Manager when an executive of the Manager was appointed to the Board of Directors of MVR in 2021 and therefore a conflict of interest matter was raised. After reasonable enquiry and based on the information provided to the IRC by the Manager prior to and during the meeting, the IRC determined that the Manager's proposed course of action to direct the Goodwood Fund to invest up to US\$1.6 million in the equity of MVR provided a reasonable result for the Goodwood Fund.

October 7, 2021 - The Manager proposed that the Fund make a subsequent investment in MVR through an investment in a 6-month, 12% (PIK) convertible note at a US\$125 million equity valuation ("2022 Convertible Note"), bringing the portfolio weight to approximately 15% (at cost) in securities of MVR. After reasonable enquiry and based on the information provided to the IRC by the Manager prior to and during the meeting, the IRC determined that the Manager's proposed course of action to direct the Goodwood Fund to invest in the 2022 Convertible Note provided a reasonable result for the Goodwood Fund.

Standing Instructions Approved

The IRC has approved three (3) SIs. These SIs constitute a written approval or decision from the IRC that permit the Manager to proceed with the specific action(s) set out in the SIs on an ongoing basis, without having to refer the conflict of interest matter or its proposed action to the IRC, provided that the Manager complies with the terms and conditions of the SIs. In each case, the SIs required the Manager to comply with its related

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policy and procedures and to report periodically to the IRC.

Standing Instruction No. 1: Omnibus.

This SI deals with a number of conflicts of interest matters including:

1. Expenses Charged to the Funds
2. Expense Allocations
3. Trade Allocations
4. Portfolio Pricing
5. Short-term Trading
6. Net Asset Value Error Correction
7. Other Material Transaction Error
8. Broker Selection
9. Soft Dollars
10. Favouring Certain Investors
11. Proxy Voting
12. Personal Trading
13. Late Trading
14. Affiliated Dealer

Standing Instruction No. 2: Fair Valuing Securities

Standing Instruction No. 3: Related Party Issues: The Fund Purchases Securities (whether debt or equity) Issued by a Company Related to the Manager

Manager’s Report on Standing Instructions

In accordance with the Instrument, the Manager provided written reports to the IRC describing its reliance on any SI during the Reporting Period. The Manager relied on each of the SIs during the Reporting Period.

Funds served by the IRC

Prospectus Fund: Goodwood Capital Fund

Non-Prospectus Fund: Goodwood Fund

This report is available on the Manager’s website at www.goodwoodfunds.com or a copy may be requested at no cost to you, by contacting the Manager at 416-203-2022 or at invest@goodwoodfunds.com. This document and other information about the Funds are available on www.sedar.com.

Yours truly,

“Rod Mclsaac”

Rod Mclsaac, Chair