



**ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE
FOR THE YEAR ENDED DECEMBER 31, 2021**

**GOODWOOD CAPITAL FUND
(the "Fund")**

This annual management report of fund performance contains financial highlights but does not contain either the complete annual financial statements of the Fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 416-203-2022 or by writing to us at Goodwood Inc., 75 Navy Street, Suite 403, Oakville, Ontario, L6J 2A1 or by visiting our website at www.goodwoodfunds.com or SEDAR at www.sedar.com.

Unitholders may also contact us using one of these methods to request a copy of the Fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

This report may contain forward looking statements about the Fund, including its strategy and expected performance. Forward looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about the Fund and certain economic factors. Forward looking statements are not guarantees of future performance and actual performance could differ materially. Any number of factors could contribute to such differences including general economic, political and market factors as well as catastrophic world events. This list of factors is not exhaustive and the forward looking statements made herein will not be updated prior to the release of the next management report of fund performance.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

Investment Objective and Strategies

The investment objective of the Fund is to achieve capital appreciation by investing primarily in equity securities of North American companies over a broad range of industry sectors.

In making investment decisions on behalf of the Fund, Goodwood Inc., the portfolio manager (hereinafter referred to as “Goodwood”, or the “Manager” or “we”) uses a bottom-up approach to investing, which involves intensive analysis of the individual company and associated industry conditions. The investment strategy is value-oriented, where focus is placed on companies that Goodwood believes possess a market price significantly below the intrinsic or true economic value of the business and/or generate strong return on invested capital with reinvestment opportunities and possess excess free cash flow allowing for internally funded growth, debt repayment, dividends and/or buybacks.

Risk

The risks associated with investing in this Fund remain as discussed in the Simplified Prospectus dated May 25, 2021, amended October 4, 2021. The Fund continues to be suitable for those investors with a medium to high risk tolerance and who plan to invest for the long term.

The Fund’s overall level of risk has not changed materially in the past year. The Fund is suitable for investors who are willing to accept the higher risks associated with investing in or having exposure to small and/or micro-cap issuers. As well, the Fund holds a concentrated portfolio of investments and may, from time to time, hold a large portion of its investments in a single issuer or a relatively small number of securities, which make the Fund susceptible to higher volatility since the value of the Fund’s portfolio will vary more in response to changes in the market value of these securities.

In certain instances, either through the Fund’s ownership of an issuer’s securities, having a principal of the Manager appointed to the board of directors or through some other relationship between the Manager and an issuer held by the Fund, the Manager may come into possession of material non-public information that restricts the Manager’s ability to trade in securities of that issuer. This may impact the value of the Fund as the increased liquidity risk could impact the Fund’s ability to buy or sell the securities of the issuer until the information becomes public knowledge.

Results of Operations

The Fund’s net assets decreased by 12.2% for the 12-month period ended December 31, 2021 from \$7.283 million at January 1, 2021 to \$6.397 million at December 31, 2021. The decrease in net assets over the period is attributable to 2021 Fund investment performance and net portfolio redemptions during the year.

For the year ended December 31, 2021, Class A units of the Fund returned -5.83% and Class F units returned -4.76%. The Fund’s performance is net of all fees and expenses. Please also refer to *Past Performance section*.

As at December 31, 2021, the Fund was 97.4% invested, with the Fund holding 30 investments across 8 industry sectors. The Fund had 95.4% of the portfolio invested in publicly listed North American equity securities, 2.0% in private securities (i.e., companies that do not have quoted prices in active markets) and 2.6% in net cash. During the period, the Fund’s month-end net cash levels fluctuated between 0.9% and 13.8%.

During 2021, the Fund initiated positions in Voxtur Analytics Corp, Quipt Home Medical Corp., Quisitive Technology Solutions Inc. and Sangoma Technologies Corp. along with other smaller position in the healthcare and industrial sectors. The Fund sold and reduced exposure to several US equities during the period that no longer had attractive growth prospects in the portfolio manager’s view. As the Fund has a growth bias, it continues to invest in businesses that have the potential to deliver strong revenue growth, supported by an

Results of Operations Continued...

industry with secular growth potential, all the while maintaining a prudent level of profitability and balance sheet liquidity.

In broad terms, the Fund's 2021 underperformance relative to the Canadian broad market can be characterized as follows:

- 1) Lack of catalysts – several of the Fund's holdings were expected to have positive catalysts in 2021. However, partially due to COVID-19 and other external market conditions, these catalysts did not materialize. We believe these catalysts have been deferred to 2022 and could be a driving factor behind a strong recovery in the stock price.
- 2) Sector rotation – second half of 2021, we witnessed a very strong rotation out of growth and into value/cyclicals. Drivers of this being a rise in interest rates and a surge in commodity prices. This rotation was a headwind for the Fund, as the Fund tends to have a growth bias and very little exposure to commodity businesses.
- 3) Forced liquidation – we believe several of the Fund's holdings were victims of forced liquidation by either retail investors or small fund managers. Given the low market capitalization and trading liquidity, even the smallest indiscriminate seller can have an adverse effect on the stock's price movement.
- 4) Valuation re-rating – while we wouldn't characterize the Fund's holding as expensive vis-à-vis their intrinsic value; some may appear modestly expensive on near term multiples. We certainly weren't buying unprofitable businesses trading at double-digit EV/Sales multiples. Still, a modestly profitable business trading at 5x EV/Sales saw a significant re-rating in the latter half of 2021.

Irrespective of how the shares performed in 2021, the Fund's holdings continue to execute fundamentally, giving us the confidence and conviction to continue to own the investments in the portfolio. Furthermore, while fundamentals improved, valuations re-rated, which we believe sets up the Fund's holdings nicely for potential future returns.

Recent Developments

Investment Portfolio

One of the key strategies of the Goodwood Capital Fund is the opportunistic allocation the Fund can make to private investments. We note however there are regulatory restrictions on the amount of illiquid securities the Fund may hold. At Goodwood, we have the unique ability to source and invest in private investments and have a long and successful track record of doing so. We intend to continue to prudently allocate capital to private investments within the Fund's investment parameters when we identify investment opportunities with exceptional return potential that more than compensates us for the additional risk and lack of liquidity inherent in private investments. The Fund continues to hold a position in Convertible Notes and Warrants of Virginia Black LLC, a US private company. As at December 31, 2021 the position was carried at a fair value of \$Nil. To date, the Company has failed to re-pay any of the Note including accrued and unpaid interest. Goodwood has issued notice of default to the Company and continues to work to negotiate an extension agreement with the Company.

Recent Developments Continued...

Outlook

The start of 2022 has created a challenging environment for broader markets as well as the Fund. Several risks have emerged so far and will likely continue to persist throughout the year. Rising interest rates, elevated valuations, broad based de-risking of portfolios were broadly anticipated. However, the speed of which these risks materialized did surprise the market. The deepening conflict in Ukraine and Russia was a shock to the market, and one which could have long term profound implications globally. The obvious near-term implications are on commodity prices, rising inflation with a weakening economy (i.e., stagflation) and what this means for global Central Bank policies, which were on a very hawkish trajectory. Beyond the near term, there are very complicated and critical second order impacts that investors are starting to think through, but do not yet have a strong view on either way (i.e., de-coupling of global Central Bank policies, speed and trajectory of energy transition, a world that's bifurcated into developed and emerging markets, acceleration of onshoring critical supply chains and energy policies, sustained surge in commodity prices particularly rare earth metals, etc.). To manage these risks, the Fund invests in businesses that can execute on their growth plans through a challenging macro environment. Obviously, the Fund's investments are not immune to these risks, but we do believe they are manageable. Therefore, notwithstanding a major economic crisis, we believe the Fund's investments should be able to continue to grow and compound its intrinsic value over the coming years.

Other

Effective October 4, 2021, Goodwood announced the appointment of Waypoint Investment Partners Inc. ("Waypoint") as sub-adviser to Goodwood, in respect of the management of the Fund's investment portfolio. Gajan Kulasingam, CFA, CPA, CA, lead portfolio manager of the Fund since 2019, will continue to be principally responsible for steering the investment program for the Fund and making recommendations with respect to the investments of the Fund as a portfolio manager at Waypoint. Goodwood will continue to maintain direct relationships with its clients as Manager while Waypoint will provide sub-advisory services. There is no change to the Fund's investment objective or investment strategies resulting from this appointment. Peter Puccetti, CFA, Chairman and Chief Investment Officer of the Manager, will continue to have ultimate decision-making authority.

The Fund did not undergo any other material changes during the reporting period, including, but not limited to, its strategic positioning, accounting policies or composition of its Independent Review Committee ("IRC").

Related Party Transactions

Management Fees

Goodwood is responsible for the day-to-day business operations and affairs of the Fund and on this basis, is entitled to fees as described under “Management Fees” on page 6.

Brokerage Commissions

Total brokerage commissions paid by the Fund during the year ended December 31, 2021 were \$21,631 and commissions on corporate finance transactions amounted to \$29,850. Therefore, total commissions directed by the Fund in 2021 were \$51,481. Out of this amount, gross fees and commissions paid to the Manager for acting as broker in respect of portfolio transactions for the Fund during the year were approximately \$25,875, a portion of which was rebated to the Fund per policy.

Other

Principals of Goodwood Inc. may, from time to time, accept officer positions and/or directorships and/or provide services to or have other relationships with companies unrelated to Goodwood Inc., including issuers in which clients are invested. In this circumstance, that company would be considered under relevant securities law to be a “connected issuer” to Goodwood Inc. We maintain a list of these companies on our website at www.goodwoodfunds.com and have adopted policies and procedures to address conflicts of interest with respect to these relationships. This list may change from time to time, therefore the Manager recommends that investors refer to the website frequently and before making additional purchases of units of the Fund. Currently, MV Realty Holdings, LLC (“MVR”) Goodwood MVR Investors, Inc. are considered connected issuers to the Manager. Furthermore, Goodwood Inc., or an affiliate of Goodwood Inc., may provide services to and receive compensation from issuers in which the Funds are invested. Goodwood Inc. entered into a 4 year Consulting Agreement with Medexus Pharmaceuticals Inc. dated October 16, 2018 and 3 year Consulting Agreement with MVR dated August 1, 2020. Goodwood may also provide services to other issuers in which clients are not invested.

From time to time the Manager, certain officers, directors and key personnel of the Manager, or an affiliate of the Manager, may in the future provide services to and receive compensation from other issuers in which the Fund is invested. It is the policy of Goodwood to make appropriate adjustments to the fees charged by it to the Fund where the fees or other compensation is received directly from issuers in which the Fund is invested. Total fee rebate paid to the Fund during the year ended December 31, 2021 was approximately \$1,189.

Financial Highlights, Ratios and Supplemental Data

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the twelve-month period ending December 31, 2021 and the past five years ending December 31.

The Fund's Net Assets Per Unit (\$) ¹

	2021		2020		2019		2018		2017	
	Class A	Class F	Class A	Class F	Class A	Class F	Class A	Class F	Class A	Class F
Net Assets, beginning of year	\$26.59	\$17.84	\$16.17	\$10.73	\$15.72	\$10.31	\$18.12	\$11.75	\$17.35	\$11.13
Increase (decrease) from operations:										
Total revenue	0.31	0.21	0.12	0.04	0.29	0.19	0.33	0.22	0.26	0.18
Total expenses	(1.17)	(0.58)	(0.86)	(0.47)	(0.74)	(0.37)	(0.82)	(0.41)	(0.80)	(0.41)
Realized gain (loss) on investments	2.99	2.06	10.21	10.94	1.46	0.78	0.21	0.16	0.76	0.46
Unrealized gain (loss) on investments	(3.70)	(2.55)	0.29	0.18	(0.39)	(0.00)	(2.08)	(1.40)	0.32	0.75
Total increase (decrease) from operations ²	(1.58)	(0.87)	9.75	10.69	0.61	0.60	(2.35)	(1.43)	0.55	0.98
Distributions:										
From dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From capital gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Assets, end of year	\$25.04	\$16.99	\$26.59	\$17.84	\$16.17	\$10.73	\$15.72	\$10.31	\$18.12	\$11.75

¹ For the period ended December 31, 2021 and years ended December 31. The information for each December 2021, 2020, 2019, 2018 and 2017 is derived from the Fund's audited annual financial statements prepared in accordance with IFRS. The net assets per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period. The table is not intended to be a reconciliation of beginning to ending net asset value per unit.

³ Distributions were reinvested in additional units of the Fund.

Ratios and Supplemental Data ¹

	2021		2020		2019		2018		2017	
	Class A	Class F	Class A	Class F	Class A	Class F	Class A	Class F	Class A	Class F
Total net asset value (000s) ¹	\$ 3,773	\$ 2,623	\$ 4,165	\$ 3,118	\$ 3,374	\$ 1,216	\$ 4,426	\$ 1,718	\$ 6,529	\$ 2,160
Number of units outstanding ¹	150,687	154,433	156,630	174,803	208,619	113,361	281,634	166,709	360,285	183,775
Management expense ratio ²	4.02%	2.87%	4.85%	3.62%	3.94%	2.81%	3.65%	2.51%	3.96%	2.98%
Management expense ratio before waivers or absorptions	4.02%	2.87%	4.85%	3.62%	3.94%	2.81%	3.65%	2.51%	3.96%	2.98%
Trading expense ratio ³	0.29%	0.29%	0.40%	0.44%	0.52%	0.55%	0.74%	0.75%	0.67%	0.68%
Portfolio turnover rate ⁴	54.47%	54.47%	95.97%	95.97%	117.32%	117.32%	124.35%	124.35%	157.86%	157.86%
Net assets value per unit	\$ 25.04	\$ 16.99	\$ 26.59	\$ 17.84	\$ 16.17	\$ 10.73	\$ 15.72	\$ 10.31	\$ 18.12	\$ 11.75

¹ This information is provided for the past five years ending December 31.

² Management expense ratio ("MER") is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value during the period.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

⁴ The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

MANAGEMENT FEES

The Manager is entitled to receive a management fee based on the net asset value of each class of the Fund. The management fee for Class A units of the Fund is 1.90% per annum and for Class F units of the Fund is 0.90% per annum. The fee is calculated and accrued on each valuation date of the Fund, in consideration for managing the day-to-day business of the Fund. This includes managing the investment portfolio, providing investment analysis and making decisions relating to the investment assets in the Fund.

The management fees for the year ended December 31, 2021 were \$121,824. Please refer to *Related Party Transactions - Other* on page 4.

For the year ended December 31, 2021, approximately 72% of the total management fee revenue received from the Fund was attributable to management and investment management services. The balance of these fees was used to pay dealer compensation costs on Class A units.

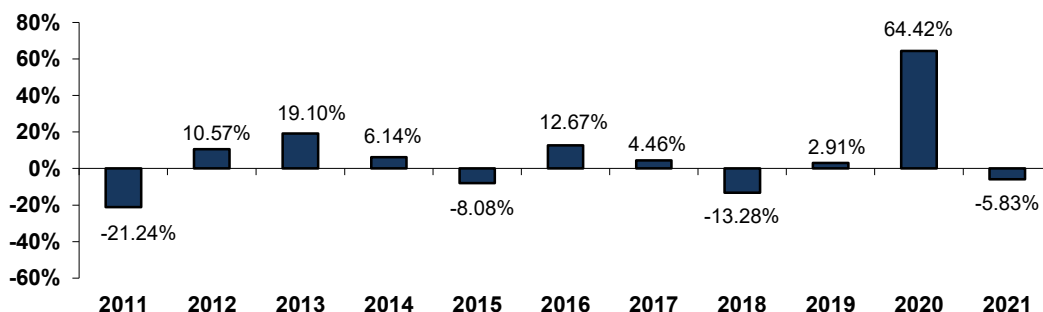
PAST PERFORMANCE

The Fund's performance information assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund. The performance information does not include deduction of sales, transfer, redemption, other charges (which distributors may charge) or income taxes payable. These additional charges and taxes would reduce such returns. The Fund's past performance is no guarantee of how it will perform in the future.

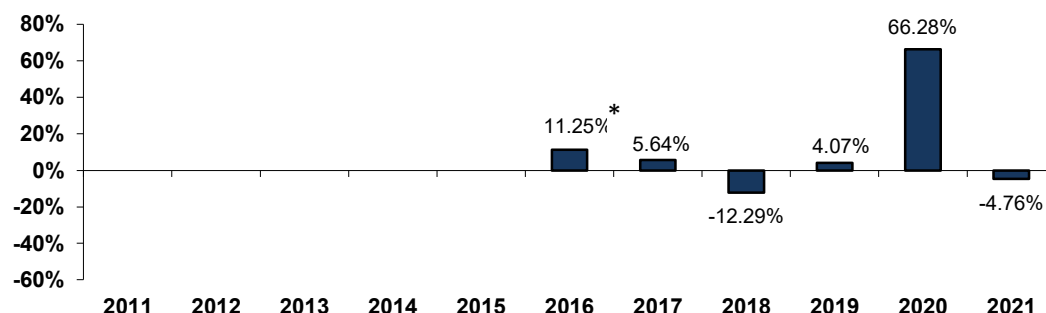
Year-by-Year Returns

The bar chart shows how the Fund's performance has varied from year to year for each of the periods shown. It shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 of that year.

Class A



Class F



* For the period beginning July 8, 2016 (the date on which units of class F were first sold) to December 31, 2016.

Annual Compound Returns

The below table shows the historical annual compound total return of Class A and Class F units of the Fund for the indicated periods ended December 31 as compared to the broad market performance of the: (i) S&P/TSX Composite Total Return Index and (ii) S&P/TSX SmallCap Total Return Index. The proportion of assets of the Fund invested in any particular market capitalization will vary and may include a large portion invested in small-cap issuers. Class F units have been distributed since July 8, 2016 and therefore, annual compound returns for that class for the 10 year period is not available. Annualized return for Class F units since inception (July 8, 2016) to December 31, 2021 is 10.14%.

Compound Return (%)	1 Year	3 Year	5 Year	10 Year	Since Inception
Goodwood Capital Fund - Class A	-5.83%	16.80%	7.62%	7.65%	5.28%
Goodwood Capital Fund - Class F	-4.76%	18.12%	8.83%	-	10.14%
S&P/TSX SmallCap Total Return Index	20.27%	16.29%	5.75%	5.01%	-
S&P/TSX Composite Total Return Index	25.09%	17.52%	10.04%	9.14%	-

S&P/TSX Composite Total Return Index is a broad-based market capitalization weighted index of the largest, most widely held stocks traded on the Toronto Stock Exchange. The index includes reinvestment of dividends and capital gains.

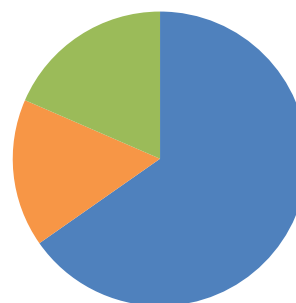
S&P/TSX SmallCap Total Return Index provides an investable index for the Canadian small cap market and follows the same methodology as the S&P/TSX Composite Index. The index includes reinvestment of dividends and capital gains.

SUMMARY OF INVESTMENT PORTFOLIO AS AT DECEMBER 31, 2021

Asset Mix (as a % of NAV)

Canadian Equity	88.4%
US Equity	7.0%
Net Cash	2.6%
Other	2.0%

100.0%



Total Net Assets: \$ 6,396,706

■ Canadian Equity ■ US Equity ■ Net Cash ■ Other

Goodwood Capital Fund Holdings (Top 25 as a % of Total Net Assets)

1	Voxtur Analytics Corp	9.8%
2	Polaris Infrastructure Inc	6.2%
3	NowVertical Group Inc.	5.7%
4	Quipt Home Medical Corp.	5.3%
5	Brookfield Business Partners LP	5.2%
6	Newtopia Inc	4.6%
7	Cargojet Inc	4.2%
8	Qusitive Technology Solutions Inc	4.2%
9	Good Natured Products Inc	3.9%
10	Sangoma Technologies Corporation	3.8%
11	PopReach Corp	3.7%
12	Argan Inc	3.7%
13	Waterloo Brewing Ltd	3.4%
14	HEICO Corp Class A	3.3%
15	Enghouse Systems Ltd	3.3%
16	Boyd Group Services Inc	2.9%
17	Gibson Energy Inc	2.9%
18	Air Canada	2.6%
19	Medexus Pharmaceuticals, Inc.	2.6%
20	TFI International Inc	2.5%
21	CCL Industries Inc	2.5%
22	Green Impact Partners Inc	2.7%
23	Nanoxplore Inc	2.3%
24	FirstService Corp	2.2%
25	Opera Event Inc CV 12.5% 07/26/2026	2.0%

The investment portfolio may change due to ongoing portfolio transactions of the Fund. Quarterly updates are available within 60 days of each quarter end by visiting www.goodwoodfunds.com.

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