



Goodwood: ESG-Conscious Investment-Grade Bonds

Updated: July 3, 2024

OBJECTIVE

The Goodwood environmental, social and (corporate) governance (“ESG”) conscious investment-grade bond mandate's objective is to preserve capital and generate income by investing in bonds with good relative ESG performance and attractive coupons. Goodwood uses a disciplined, fundamental approach to constructing investment-grade bond portfolios that they believe may reward investors with capital gains due to credit improvements and credit rating upgrades. The ESG-conscious strategy is diversified in position size, industry sectors and term-to-maturity. The mandate invests in approximately 30-40 fixed-income securities issued by companies that have achieved good scores in a third-party ESG valuation process; for safety, the mandate may also invest in Canadas or Provincials. The return target is 50-200 basis points over 5-year Canadas.

PORTFOLIO CONSTRUCTION

The Goodwood ESG-conscious investment-grade bond mandate is typically invested in a portfolio of very liquid issues generating an average yield-to-maturity greater than 4% with an average term-to-maturity of 3-5 years. Goodwood’s flexible, tactical approach allows the mandate to selectively extend or shorten duration exposure in the portfolio when appropriate to capitalize on inefficiencies in fixed-income markets. Issue selection is made from a universe of issuers who have achieved good scores in a third-party ESG evaluation process and offer products or services that are socially acceptable and support sustainable development and ethical business practices¹. The mandate avoids meaningful investment in companies contributing to an adverse societal impact on health (i.e. manufacture/distribution of tobacco, marijuana, alcohol), tools of war or violence (i.e., weapons, weapon systems, cluster munitions, anti-personnel landmines), adult entertainment or gambling, broadcasting/publishing of deliberate misinformation (i.e., inciting religious or race hatred, creating division between societies, preventing social cohesion), commonly held environmentally unsound practices consistently damaging the environment and issuers failing to satisfy or knowingly in breach of workplace health and safety standards.

PERFORMANCE

Compound Return (%) June 30, 2024	3 Mo	6 Mo	YTD	1 Yr	Yield to Maturity*	Effective Duration*
ESG-Conscious Investment-Grade Bond UMA	1.2	1.8	1.8	6.3	4.8	4.1
iShares Core Canadian Universe Bond Index ETF**	0.8	-0.4	-0.4	3.6	4.3	7.2
iShares Canadian Corporate Bond ETF**	1.1	1.1	1.1	6.4	5.0	5.8

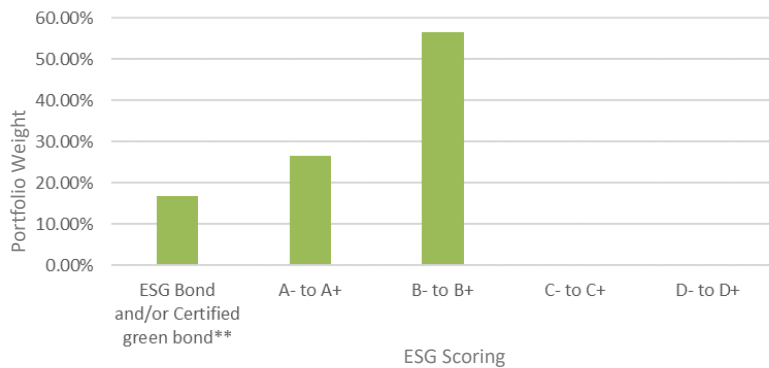
ESG-Conscious Investment-Grade Bond UMA Inception: February 15, 2023. Annualized return since inception 4.9%

*ESG-Conscious Investment-Grade Bond UMA Yield to Maturity and Effective Duration as at July 3, 2024

**ETF is not ESG focused. Source: iShares by Blackrock

Note: The ESG-Conscious Investment-Grade Bonds Mandate (the “Mandate”) is part of a Third-Party UMA Program, Goodwood Inc. acts as sub-advisor for this Mandate. Performance returns above are displayed for the founding ESG-Conscious Investment-Grade Bond UMA referencing sources believed to be reliable. Performance is not guaranteed, and past performance is not indicative of future results and may not be repeated. Performance data from certain ETFs is provided for information purposes only. These ETFs are not a benchmark of the Mandate but rather are displayed for comparison purposes to the broad market. A comparison of the ESG-Conscious Investment-Grade Bonds Mandate performance to such market indices is of limited use because the composition of the Mandate’s portfolio may contain other securities not found in the ETFs. In addition, the ETFs may not include consideration of the same ESG characteristics when making investment decisions for the portfolio. As a result, no market indices are directly comparable to the results of the Mandate.

ESG-CONSCIOUS PORTFOLIO POSITION SCORES¹ AS OF JULY 3, 2024



PORTFOLIO ESG SCORE*: B+
REFINITIV EIKON COVERAGE SCORE*: 83.3%
PORTFOLIO CREDIT RATING: BBB- or higher

ESG SCORING

A- to A+ scores indicate excellent relative ESG performance and high degree of transparency in reporting material ESG data publicly.

B- to B+ scores indicate good relative ESG performance and above-average degree of transparency in reporting material ESG data publicly.

C- to C+ scores indicate satisfactory relative ESG performance and moderate degree of transparency in reporting material ESG data publicly.

D- to D+ scores indicate poor relative ESG performance and insufficient degree of transparency in reporting material ESG data publicly.

**ESG Bond and/or Certified green bond. Flagged by Refinitiv Database. Not scored by Refinitiv Eikon. Green bond data from the Climate Bonds Initiative (CBI).

¹All ESG Score data is collected from Refinitiv Eikon, a third-party source believed to be reliable, but the accuracy or completeness of the information is not guaranteed. ESG score ratings as of July 3, 2024; results may vary from time to time. As of July 3, 2024, 83.3% of the Goodwood ESG-Conscious Investment-Grade Bond mandate's holdings had available Refinitiv ESG scoring data and 16.7% of the holdings were invested in ESG bonds and/or certified green bonds. Refinitiv ESG Scores measure a company's relative ESG performance based on company-reported data in the public domain across three (environmental, social and governance) pillars and ten ESG themes. The underlying measures are based on considerations around materiality, data availability and industry relevance.

PORTFOLIO MANAGER

Goodwood Inc. ("Goodwood"), founded in 1996, is one of Canada's first alternative investment managers. Our primary objective is to increase wealth through investment in undervalued securities. We seek to achieve our objective by consistently adhering to our unique and successful investment approach to maximize income while also offering investors the benefit of portfolio diversification and capital growth. Our strategy aims to generate idiosyncratic return profiles with low correlation to the broader market over the long term. Our investment approach focuses on preserving capital through rigorous investment analysis on a position and portfolio basis.

Chris Currie, CFA, brings over 30 years of fixed-income experience managing corporate bond portfolios in Canada. Chris is the lead portfolio manager of the multiple award-winning fixed-income funds, the Goodwood Milford Fund LP and the Goodwood Milford Fund Trust. Before founding the Milford Funds in 2006, Chris was a portfolio manager at TAL Global Asset Management Inc. and before that, a portfolio manager at the Ontario Municipal Employees Retirement System ("OMERS") pension plan and ran the corporate bond research group at CIBC World Markets. Chris holds a Bachelor of Arts from Western University, a Law Degree from Osgoode Hall Law School, York University, and the Chartered Financial Analyst (CFA) designation.

Curt Cumming, President, Goodwood Inc., sits on Goodwood's investment committee and has over 20 years of institutional equity trading and investment management experience, combining extensive knowledge of capital markets, financial analysis, portfolio management and business development experience. Prior to joining Goodwood, Curt was an Institutional Equity Trader with Kearns Capital (now Paradigm Capital) and prior to that a high net worth Investment Advisor with Altamira Securities. Curt is available at cscumming@goodwoodfunds.com or (416) 203-2522.