



# Goodwood: ESG-Conscious Investment-Grade Bonds

Updated: November 7, 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<sup>1</sup> and seek to offer products or services that are socially acceptable and support sustainable development and ethical business practices. The mandate seeks to avoid meaningful investment in companies whose business practices are believed to be directly contributing to an adverse societal impact on health (i.e. manufacture/distribution of tobacco, marijuana, alcohol), tools of war or violence, adult entertainment or gambling, broadcasting/publishing of deliberate misinformation, 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 (%)<br>October 31, 2024         | 1 Mo        | YTD        | 1 Yr        | Since<br>Inception* | Yield to<br>Maturity* | Effective<br>Duration* |
|---|-------------|------------|-------------|---------------------|-----------------------|------------------------|
| <b>ESG-Conscious Investment-Grade Bond UMA</b>  | <b>-0.7</b> | <b>5.6</b> | <b>10.2</b> | <b>6.2</b>          | <b>4.1</b>            | <b>4.2</b>             |
| iShares Core Canadian Universe Bond Index ETF** | -1.1        | 3.1        | 11.3        | 3.9                 | 3.7                   | 7.3                    |
| iShares Canadian Corporate Bond ETF**           | -0.5        | 5.2        | 12.8        | 6.3                 | 4.4                   | 5.8                    |

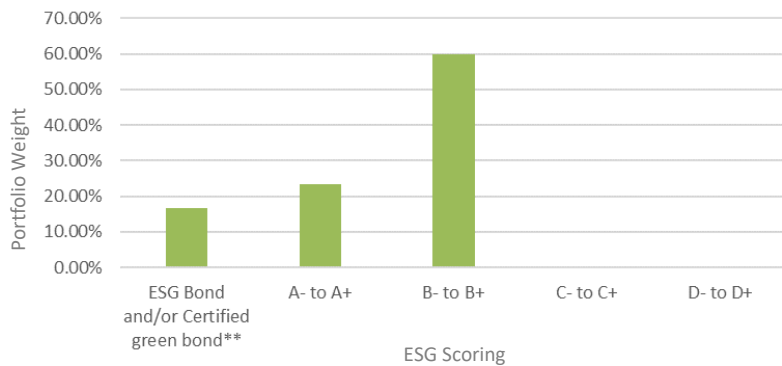
ESG-Conscious Investment-Grade Bond UMA Inception: February 14, 2023. Since inception performance for iShares Core Canadian Universe Bond Index ETF & iShares Canadian Corporate Bond Index ETF calculated from February 28, 2023.

\*ESG-Conscious Investment-Grade Bond UMA Yield to Maturity and Effective Duration as at November 7, 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 (founding UMA), gross of fees and referencing sources believed to be reliable. Performance returns may vary from the founding UMA due to variations in the percentage of each security held, the timing and pricing of security purchases and sales, and account fees. Performance is not guaranteed, and past performance is not indicative of future results and may not be repeated. Performance data from certain market indices/ETFs is provided for information purposes only. These ETFs are not a benchmark of the UMA portfolio but rather are displayed for comparison purposes to the broad market. 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 SCORES<sup>1</sup> AS OF NOVEMBER 7, 2024



**PORTFOLIO ESG SCORE\*:** B+  
**LSEG (formerly Refinitiv Eikon) COVERAGE SCORE\*:** 83.3%  
**PORTFOLIO CREDIT RATING:** BBB- or higher

### <sup>1</sup>ESG SCORING & METHODOLOGY:

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 LSEG Database. Not scored by LSEG. Green bond data from the Climate Bonds Initiative (CBI).

The Goodwood ESG-conscious investment-grade bond mandate relies primarily on external ESG scoring methodologies and research to make assessments. All ESG Score data is collected from LSEG (formerly Refinitiv Eikon), a third-party source believed to be reliable, but the accuracy or completeness of the information is not guaranteed. The Portfolio ESG score is a quantitative measure, calculated as a weighted average of the available ESG score ratings for the underlying portfolio holdings as of November 7, 2024; and results may differ from time to time. As of November 7, 2024, 83.3% of the Goodwood ESG-Conscious Investment-Grade Bond mandate's holdings had available LSEG ESG scoring data and 16.7% of the holdings were invested in ESG bonds and/or certified green bonds. LSEG's 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. Other providers may also prepare ESG scores using their own methodologies, which may differ from the methodology used by LSEG.

## 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](mailto:cscumming@goodwoodfunds.com) or (416) 203-2522.