



## RIDGEWOOD MUTUAL FUNDS

**Series A Units of  
Ridgewood Canadian Bond Fund and  
Ridgewood Tactical Yield Fund**

## Simplified Prospectus

*No securities regulatory authority has expressed an opinion about these units and it is an offence to claim otherwise.*

March 20, 2019

## TABLE OF CONTENTS

	Page
Introduction.....	A - 1
What is a mutual fund and what are the risks of investing in a mutual fund? .....	A - 2
Organization and management of the funds .....	A - 6
Purchases, Switches and Redemptions .....	A - 7
Short Term Trading.....	A - 9
Optional Services .....	A - 9
Fees and Expenses .....	A - 10
Impact of Sales Charges.....	A - 12
Dealer compensation.....	A - 12
Income tax considerations for investors .....	A - 12
What are your legal rights? .....	A - 14
Specific information about each of the Ridgewood Mutual Funds described in this Document.....	B - 1
Glossary of Terms.....	B - 1
Ridgewood Canadian Bond Fund .....	B - 2
Ridgewood Tactical Yield Fund .....	B - 6

## **Introduction**

This simplified prospectus contains selected important information about Ridgewood Canadian Bond Fund and Ridgewood Tactical Yield Fund (together, the “funds”) to help you make an informed investment decision and to help you understand your rights as an investor in the funds.

This simplified prospectus is divided into two parts:

- Part A (pages A-1 to A-13) contains general information applicable to both funds; and
- Part B (pages B-1 to B-9) contains specific information about each of the funds.

Additional information about each fund is available in the fund’s annual information form, the fund’s most recently filed fund facts, the fund’s most recently filed annual financial statements, any interim financial reports filed after those annual financial statements, the most recently filed annual management report of fund performance, and any interim management report of fund performance filed after that annual management report of fund performance. These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this document just as if they were printed as a part of this simplified prospectus.

You can get a copy of these documents at your request and at no cost by calling the principal distributor of the funds, Ridgewood Capital Asset Management Inc. (“Ridgewood”), toll-free at 1-888-789-8957.

These documents are also available on the website of the funds at [www.ridgewoodcapital.ca](http://www.ridgewoodcapital.ca) or by contacting us at [contact@ridgewoodcapital.ca](mailto:contact@ridgewoodcapital.ca). In addition, these documents and other information about the funds are available at [www.sedar.com](http://www.sedar.com).

In this document, “we”, “us” and “our” refer to Ridgewood, which is also the trustee and manager of the funds.

The funds are organized such that, as of July 1, 2018, they offer two series of units: Series A and Series F. The units of the funds existing prior to that date are renamed Series A units. Only Series A units (or “units”) are offered under this simplified prospectus and related annual information form. Series F units are not offered by way of prospectus.

## **What is a mutual fund and what are the risks of investing in a mutual fund?**

### ***What is a mutual fund?***

A mutual fund is a pool of money contributed by people with similar investment goals, which is invested in a portfolio of securities on their behalf by professional investment managers. Unitholders of a fund share its income, expenses, gains and losses in proportion to their interest in the fund.

Mutual funds come in many varieties that are designed to meet the differing needs of investors. Mutual funds own different types of investments depending upon their investment objectives, including stocks, bonds, derivatives and cash. The value of these investments will change from day to day, reflecting changes in interest rates, economic conditions and market and company news, both in Canada and abroad. As a result, the value of a mutual fund's units may go up and down and the value of your investment in a mutual fund may be different when you redeem it than when you purchased it.

The full amount of your investment in a fund is not guaranteed. Unlike bank accounts or GICs, mutual fund units are not covered by the Canada Deposit Insurance Corporation or any other government deposit insurer.

Under exceptional circumstances, a mutual fund may suspend redemptions. See "Purchases, Switches and Redemptions" at page A-6 for more information.

### ***What are the risks of investing in a mutual fund?***

Risk varies from one fund to another. Risk can be measured by how often a fund's value changes and how large those changes tend to be. Larger and frequent changes in value will generally result in increased volatility. A general rule in investing is that the higher the risk, the higher the potential for gains (and losses) and the lower the risk, the lower the potential for gains (and losses).

When investing, investors should take into consideration the length of time they are prepared to invest, investment goals, the amount of risk that they are willing to bear, and the investment make-up of their portfolio as a whole.

The following risk factors are associated with investing in the funds and mutual funds generally.

#### *Stock market risk*

A mutual fund that invests in equity investments (like stocks or shares) or derivatives based on equities will be affected by conditions affecting the stock markets on which those equities are traded and by general economic conditions.

A stock's value is also affected by the outlook for the company, specific company developments, market activity and by the broader economic picture, both at home and abroad. When the economy is expanding, the outlook for many companies may also be good and the value of their stocks may rise. Conversely, when the economy is not expanding, the outlook for many companies may not be good and the value of their stocks may drop.

#### *Substantial unitholder risk*

The purchase or redemption of securities by a substantial unitholder can adversely affect the performance of a fund. The purchase or redemption of a substantial number of securities of a fund may require the portfolio manager to change the composition of the fund's portfolio significantly or may force the portfolio manager to buy or sell investments at unfavourable prices, each of which can negatively affect a fund's return.

#### *Interest rate risk*

The value of a mutual fund that invests in bonds, such as the funds, other fixed income investments and, to a lesser extent, preferred shares and dividend yielding common shares, is directly affected by changes in the general level of interest rates.

As interest rates increase, the price of these investments tends to fall. Conversely, if interest rates fall, the price of fixed income securities tends to increase. As a result, mutual funds that invest in certain fixed income securities can experience capital gains or losses during periods of changing interest rates.

#### *Series risk*

Although a fund may offer separate series of units, the fund is a single legal entity. Accordingly, the investment performance, expenses or liabilities of one series may affect the value of the units of another series. In particular, expenses specifically attributable to a series of units will initially be deducted in calculating the unit price only for that series of units. However, those expenses will continue to be liabilities of the fund as a whole; if there are insufficient assets of a series to pay those expenses, the remaining assets of this fund would be used to pay the excess expenses.

#### *Liquidity risk*

Liquidity refers to the speed and ease with which an asset can be sold or converted into cash. Some securities may be difficult to buy or sell because they're not well known or because political or economic events significantly affect them. These include investments in specific sectors, especially commodity sectors, and investments in developing or smaller markets. In addition, smaller companies may be hard to value because they're developing new products or services for which there is not yet a developed market or revenue stream. They may only have a small number of shares in the market, which may make it difficult for a mutual fund to buy or sell shares when it wants to. As a result of holding these types of investments, the value of a mutual fund may rise or fall substantially.

### *Risk of investments in foreign securities*

A mutual fund that invests in foreign securities is subject to the following risks:

- it may be affected by changes in currency exchange rates (see “Foreign currency risk” below)
- some foreign stock markets have less trading volume, which may make it more difficult to sell an investment or may make prices of securities more volatile
- there is often less information available about foreign companies and many countries do not have the same accounting, auditing and reporting standards that we have in Canada
- a country may have foreign investment or exchange laws that make it difficult to sell an investment or it may impose withholding or other taxes that could reduce the return on the investment
- political or social instability or diplomatic developments could affect the value of the investment
- a country may have a weak economy due to factors like high inflation, weak currency or government debt.

### *Foreign currency risk*

A mutual fund that invests in foreign securities is vulnerable to foreign currency risk, which is the risk that the value of the Canadian dollar will change as measured against a foreign currency. For example, a security traded in U.S. dollars will fall in value, in Canadian dollar terms, if the U.S. dollar declines in value relative to the Canadian dollar, even though there is no change to the U.S. dollar value of the security. Conversely, if the Canadian dollar falls in value relative to the U.S. dollar, there will be a corresponding gain in the value of the security due to the change in the exchange rate.

### *Risk of investments in derivatives*

A derivative is a contract between two parties. The value of the contract is “derived” from the market price or value of an underlying asset, like currency or stock, or an economic indicator such as interest rates or stock market indices.

The use of derivatives by a fund does not guarantee that there won’t be a loss or that there will be a gain or that hedging strategies will be effective. As well, there are risks to using derivatives, including that:

- there may not be a market when the fund wants to meet the terms of its derivative contract
- the other party to the derivative may be unable to fulfill its obligations
- the fund may have a derivative contract with a dealer who goes bankrupt
- the derivative may be based on a stock market index where trading is halted on a substantial number of stocks in the index or there is a change in the composition of the index

- the fund may be unable to close out its positions because of daily trading limits on options and futures contracts imposed by stock exchanges.

#### *Credit risk*

Mutual funds, such as the funds, that invest in fixed income securities (like bonds) are vulnerable to credit risk. Credit risk is the risk that the government or company issuing a fixed income security will not be able to pay the interest as required or pay back the original investment. Securities that have a low credit rating have high credit risk. Mutual funds that invest in companies or markets with low credit risk (such as well-established companies or markets in developed countries) may be less volatile in the short term than those mutual funds that invest in securities with higher credit risk.

#### *Legislation and Litigation*

From time to time, various legislative initiatives are proposed by governments which may have a negative impact on certain issuers whose securities are held in the portfolio of a mutual fund. In addition, litigation regarding any of such issuers or the industries represented by these issuers may negatively impact the prices of securities. The impact on the portfolio of a mutual fund of any pending or proposed legislation or pending or threatened litigation cannot be predicted.

## ***Organization and management of the funds***

<b>Manager</b> Ridgewood Capital Asset Management Inc. 55 University Avenue Suite 1020 Toronto, Ontario M5J 2H7	The manager manages the activities and operations of the funds and provides or arranges for the provision of investment management and administrative services to the funds.
<b>Trustee</b> Ridgewood Capital Asset Management Inc. Toronto, Ontario	Each fund is a trust. The trustee holds title to the property of each fund (e.g., its portfolio securities) on behalf of the unitholders of the fund.
<b>Portfolio Adviser</b> Ridgewood Capital Asset Management Inc. Toronto, Ontario	The portfolio adviser provides investment advice to the funds about the investment portfolio of each fund.
<b>Principal Distributor</b> Ridgewood Capital Asset Management Inc. Toronto, Ontario	The principal distributor markets the units of the funds and sells the units of the funds.
<b>Custodian</b> RBC Investor Services Trust Toronto, Ontario	The custodian holds the securities in the funds' portfolios. The calculation of the net asset value of the funds is an administrative function also performed by the custodian. The custodian is independent of the manager.
<b>Record Keeper</b> RBC Investor Services Trust Toronto, Ontario	The record keeper keeps the list of the registered owners of units of the funds in a register of unitholders of each fund. The record keeper is independent of the manager.

<b>Independent Auditor</b> Deloitte LLP Toronto, Ontario	<p>The independent auditor is responsible for auditing the annual financial statements of the funds and expressing an opinion based on its audit as to whether such financial statements comply in all material respects with International Financial Reporting Standards.</p> <p>The auditor of a fund may not be changed unless the IRC (as defined below) of the fund has approved the change. Although the approval of unitholders will not be obtained before making the change, a written notice describing the change will be sent to unitholders at least 60 days before the effective date of the change.</p>
<b>Independent Review Committee</b>	<p>In accordance with National Instrument 81-107 - <i>Independent Review Committee for Investment Funds</i>, the manager has established an independent review committee (the “IRC”) to which the manager will refer conflict of interest matters for review or approval in respect of the funds. The current members of the IRC are G. Tomlinson Gunn, Allen B. Clarke, and Marshall E. Nicholishen. Mr. Gunn serves as the Chair of the IRC.</p> <p>The IRC prepares, at least annually, a report of its activities for unitholders of each of the funds that is available on the Internet site of the manager at <a href="http://www.ridgewoodcapital.ca">www.ridgewoodcapital.ca</a>. The report may also be obtained by unitholders, upon request and at no cost, by contacting the manager at 1-888-789-8957 or by email at <a href="mailto:contact@ridgewoodcapital.ca">contact@ridgewoodcapital.ca</a>.</p> <p>Additional information about the IRC is available in the annual information form of the funds.</p>

## Purchases, Switches and Redemptions

### ***How you can purchase, switch or redeem***

You may purchase or redeem units of a fund, or switch units of one series of a fund for units of another series of a fund or switch units of one fund for units of another fund if you are a client of Ridgewood. Unitholders may only purchase or switch into Series F units of a fund with the permission of Ridgewood. Existing unitholders that are not clients of Ridgewood may only redeem units of a fund. Such redemption requests must be made in writing to Ridgewood.

The funds are no-load, which means that you do not pay a fee when you purchase, switch or redeem units of a fund. Your initial investment in a fund must be at least \$100 and subsequent investments must be at least \$50. Due to the high cost of maintaining accounts of less than \$500, each fund reserves the right to redeem units of any unitholder if at any time the aggregate value of his or her units in the fund is less than \$500. Please see "Fees and Expenses" and "Dealer Compensation" for additional information on fees payable upon purchases.

Please see "Income tax considerations for investors" for information about the tax consequences of the above transactions.

### ***Unit price***

The price of a unit of a fund and the amount payable on redemption of a unit of a fund is equal to the net asset value per unit of the applicable series ("unit value") of the fund. The unit value of a series of units of a fund is determined by adding up the value of the assets of the fund attributable to that series, subtracting the liabilities attributable to that series, and dividing the remainder by the number of outstanding units of the applicable series of the fund. The unit value of each series of units of the funds is calculated at the close of business on each day on which the Toronto Stock Exchange is open and on December 31 or, if December 31 is not a business day, the immediately preceding business day.

If your order for units of a series of a fund is received before 4:00 p.m. (Eastern Time), then your order will be processed at the applicable unit value of the fund on that day; otherwise, it will be processed at the applicable unit value on the next day. All purchases and redemptions of units of the funds are in Canadian dollars.

### ***Processing orders***

We will only process a purchase order if it is complete. If we don't receive your payment for units of a fund and all required documents within three days of receipt of your order, we'll redeem your units of the fund and you may incur costs.

Redemption orders must be in writing and we may require that any signature be guaranteed. As a security measure, we may refuse to accept a redemption order sent by fax directly by a unitholder. If your redemption order is complete, we will pay the redemption amount no later than three business days after we determine the redemption price. If we don't receive all the documentation we need from you to complete the redemption order within ten business days, the applicable fund will repurchase your units and you may incur costs.

Redemption orders involving transfers to or from registered plans may incur additional delays if the transfer documents are not completed in the manner prescribed by the Canada Revenue Agency and release of the redemption proceeds cannot be made by a fund until all administrative procedures involved with such registered plans are complete.

### ***Suspension of redemptions***

Ridgewood may suspend the redemption of units of a fund or payment of redemption proceeds in respect thereof when required to do so under applicable law or under any exemptive relief granted by applicable securities authorities. Ridgewood may also suspend the right to redeem units and the calculation of the net asset value of a fund or series of a fund at such other times it deems appropriate, provided that such suspension is permitted by applicable law or an exemption therefrom. The suspension may, at the sole discretion of Ridgewood, apply to all requests for redemptions received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All unitholders making such requests shall be advised by Ridgewood, or on the authority of Ridgewood, of the suspension and that the redemption will be effected on the basis of the applicable net asset value of the fund or series of the fund determined on the first valuation date following the termination of the suspension. All such unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption.

### **Short Term Trading**

A short term trade can be understood as a combination of a purchase and redemption within a short period of time that may be detrimental to other investors in a mutual fund and which may take advantage of securities priced in other time zones or illiquid securities that trade infrequently.

The interests of investors in a mutual fund and a mutual fund's ability to manage investments may be adversely affected by short term trading because, among other things, these types of trading activities can: dilute the value of mutual fund securities; interfere with the efficient management of the mutual fund portfolio; and result in increased brokerage and administrative costs to the mutual fund.

Ridgewood does not, however, believe it necessary to impose any short term trading restrictions on the funds at this time. New purchases of units of a fund may only be made by clients who have opened discretionary managed accounts with Ridgewood. Ridgewood may therefore exercise a degree of control as to when purchases, switches and redemptions of units of a fund are made and can therefore largely ensure that the adverse effects of short term trading noted above do not occur in respect of the funds.

### **Optional Services**

You may be eligible to participate in the following optional plans.

#### ***Automatic Reinvestment of Distributions***

We automatically reinvest distributions of net income and net realized gains of a fund in additional units of the applicable series of the fund unless you direct us otherwise in writing. In such cases, the distributions will be paid by cheque or by deposit to a designated

account at a Canadian bank or trust company. No sales charge is payable when reinvesting distributions.

If there are any cash distributions of the funds, they will be made in Canadian dollars.

## Fees and Expenses

This table lists the fees and expenses that you may have to pay if you invest in units of a fund. You may have to pay some of these fees and expenses directly. The funds may have to pay some of these fees and expenses, which will therefore reduce the value of your investment in a fund.

<b>Fees and expenses payable by the fund</b>		
Management fees	<p>Ridgewood is entitled to an annual management fee payable out of the assets of each series of units of a fund. In consideration for the management fee, Ridgewood is responsible for the direction and management of the business, operations and affairs of the funds, including overseeing the day-to-day administration of the funds and retaining and liaising with service providers of the funds. In addition, Ridgewood provides or causes to be provided to each fund investment management services, including the selection, purchase and sale of securities for the funds and the arrangements for the execution of portfolio transactions.</p> <p>The maximum management fee of a series of units of a fund is equal to the “Maximum Ordinary Expenses”, which is the percentage of the weighted average net asset value of each of the funds as shown below, less the Ordinary Expenses (as defined below) of each series of units of a fund. The Maximum Ordinary Expenses therefore acts as a cap on the management fee and Ordinary Expenses of the fund. The management fee is estimated and paid on a monthly basis as of the last valuation date of each month and shall be adjusted annually. The Maximum Ordinary Expenses of a series of units of a fund will not be increased unless unitholders of the applicable series have received at least 60 days written notice of the increase.</p>	
	<b>Maximum Ordinary Expenses - Series A</b>	<b>Maximum Ordinary Expenses - Series F</b>
	Ridgewood Canadian Bond Fund      1.00%	0.35%
	Ridgewood Tactical Yield Fund      1.25%	0.35%

	<p>The Maximum Ordinary Expenses of a series of units of a fund only incorporates the Ordinary Expenses of the fund, which may include common or series expenses, and does not include interest charges, commissions, brokerage fees, taxes (such as goods and services taxes and harmonized sales taxes) and extraordinary expenses that are required to be included in the calculation of the management expense ratio (“MER”) for the fund.</p>
Operating expenses	<p>“Ordinary Expenses” are paid out of the assets of each fund and include normal course day-to-day operating expenses of the fund such as fees and expenses payable to the custodian and any sub-custodian, printing and postage expenses incurred in connection with the provision of information to unitholders, legal, accounting and audit fees and regulatory filing fees. The total amount of Ordinary Expenses and the management fee of each fund are capped at the Maximum Ordinary Expenses listed above. Ordinary Expenses may include common and series expenses. Series expenses are expenses that are attributable to a series of units of a fund, while common expenses are all expenses of a fund that are not series expenses.</p> <p>A fund may also be subject to other expenses incurred in the day-to-day operations of the fund, including commissions, brokerage fees and other fees and disbursements directly relating to the implementation of transactions for the portfolio of the fund, costs associated with the IRC, taxes payable by the fund or to which the fund may be subject (such as goods and services taxes and harmonized sales taxes), any interest expenses, as well as expenses incurred in respect of matters not in the ordinary course of the day-to-day activities of the fund, all of which are the responsibility of the fund. These expenses are not included in the Maximum Ordinary Expenses and accordingly are attributable to both the Series A units and the Series F units of the funds, as applicable.</p> <p>IRC members are entitled to compensation for services to the funds. The Chair of the IRC is paid \$20,000 per year, while each of the other IRC members is paid \$15,000 per year. Each member, including the Chair, is also paid \$300 for each IRC meeting attended.</p>
<b>Fees and expenses payable directly by you</b>	
Sales charges	As the funds are no-load, there is no charge for purchasing units of a fund.

Switch fees	As the funds are no-load, there is no charge for switching units of one series of a fund for units of another series of a fund or switching units of a fund for units of another fund. Unitholders may only purchase or switch into Series F units of a fund with the permission of Ridgewood.
Redemption fees	As the funds are no-load, there is no charge for redemption of units of a fund.
Other fees and expenses	There are currently no charges for the optional services described under “Optional Services” in this prospectus.

## Impact of Sales Charges

Units of the funds are no-load, meaning that you do not pay a sales charge or commission to buy, switch or redeem units. However, your dealer may charge you a fee. The following table shows the amounts of fees that you would have to pay, excluding any dealer administrative fee, under different purchase options available to you if you made an investment of \$1,000 in Series A units of a fund, if you held the investment for one, three, five or ten years and redeemed it immediately before the end of that period.

	At time of Purchase	1 Year	3 Years	5 Years	10 Years
Sales Charge Option	N/A	-	-	-	-
Redemption Charge Option	-	N/A	N/A	N/A	N/A
No Load Option	-	-	-	-	-

## Dealer compensation

No fees paid by the funds were used to fund commissions or other promotional activities of the funds in the past year.

## Income tax considerations for investors

The following is a summary of the principal Canadian federal income tax consequences of distributions made by the funds as well as the gains or losses that occur on the disposition of units of a fund. It assumes that you are an individual resident in Canada for Canadian federal income tax purposes, who holds units of the fund as capital property.

Generally, each fund distributes sufficient income and capital gains each year to ensure that the fund pays no income tax.

In this simplified prospectus the term “Registered Plan” means a trust governed by a registered retirement savings plan (RRSP), registered retirement income fund (RRIF),

registered education savings plan (RESP), deferred profit sharing plan (DPSP), registered disability savings plan (RDSP) or tax-free savings account (TFSA), each as defined in the *Income Tax Act* (Canada) (the “Tax Act”).

Each fund is a mutual fund trust under the Tax Act. Each fund will continue to qualify as a mutual fund trust under the Tax Act provided that it meets, among other items, prescribed conditions relating to the number of its unitholders. The balance of the summary assumes that each fund will at all times qualify as a mutual fund trust under the Tax Act. Ridgewood Canadian Bond Fund is a registered investment under the Tax Act.

### ***For units held in a Registered Plan***

Provided that a fund is a mutual fund trust under the Tax Act or is a registered investment under the Tax Act, units of the fund will be qualified investments for Registered Plans.

Provided that units of a fund are a qualified investment for Registered Plans, you pay no tax on income and capital gains distributed by a fund on units held by a Registered Plan or on any capital gains that the Registered Plan may realize on redeeming units, as long as the proceeds remain in the Registered Plan.

Generally, you will be taxed if you withdraw money from such plans (other than withdrawals from a TFSA and certain withdrawals from a RESP or RDSP).

### ***For units not held in a Registered Plan***

You must report for income tax purposes your share of distributions of a fund’s net income and net capital gains payable to you during the year, whether you receive them in cash or whether we reinvest them for you in additional units of the fund. Distributions in excess of your share of net income and net capital gains are returns of capital and will reduce the adjusted cost base of your units.

To the extent that distributions are made by a fund out of its net capital gains, foreign income, taxable dividends from Canadian corporations and further provided that the appropriate designations are made by the fund, the nature of the distribution will be preserved in your hands. As a result, you will be taxed as if you realized such income directly and, for example, may claim appropriate tax credits such as foreign tax credits and dividend tax credits.

If a fund has a high turnover rate, the fund will recognize more of its accrued capital gains and losses for tax purposes than a mutual fund with the same rate of return but a lower turnover rate. If a fund has a higher turnover rate, the fund may make greater distributions of income and net realized capital gains to you and other unitholders, which will be subject to tax.

If you buy units of either of the funds before a distribution date, you will be taxed on your share of the distribution payable on the distribution date even though it may consist of amounts earned or accrued before you purchased your units. For example, if a fund distributes income and capital gains in December and you buy units late in the year, you

may have to pay tax on the income and capital gains it earned for the whole year not previously distributed. Distributions reduce the fund's unit value.

If you redeem or otherwise dispose of a unit of a fund, you will realize a capital gain to the extent that the proceeds of disposition of the unit exceed your adjusted cost base of the unit and any costs of disposition. If the adjusted cost base of the unit and any costs of disposition exceed the proceeds of disposition, you will realize a capital loss. One-half of a capital gain or a capital loss is generally taken into account in determining taxable capital gains and allowable capital losses. Allowable capital losses may only be deducted against taxable capital gains. A permitted switch of units of one series of a fund for units of another series of the same fund is not a taxable disposition.

The adjusted cost base of a unit of a particular series of a fund will generally be the weighted average cost of all your units of that series of the fund, including units purchased on a reinvestment of distributions. For example, suppose you own 500 units of a series a fund with an adjusted cost base of \$10 each, that is \$5,000. Suppose you then purchase another 200 units of that series of the fund at \$12 each for \$2,400. You have now spent \$7,400 for 700 units of that series of the fund. Your new adjusted cost base of each unit of that series of the fund is \$7,400 divided by 700 units or \$10.57 per unit.

We will issue a tax statement to you each year identifying the composition of your distributions. You should keep detailed records of the purchase cost and distributions relating to your units in order to calculate their adjusted cost base. You may wish to consult a tax adviser.

## **What are your legal rights?**

Securities legislation in some provinces and territories gives you the right to withdraw from an agreement to buy mutual funds within two business days of receiving the simplified prospectus or fund facts, or to cancel your purchase within 48 hours of receiving confirmation of your order.

Securities legislation in some provinces and territories also allows you to cancel an agreement to buy mutual fund units and get your money back, or to make a claim for damages, if the simplified prospectus, annual information form, fund facts or financial statements misrepresent any facts about the fund. These rights must usually be exercised within certain time limits.

For more information, refer to the securities legislation of your province or territory or consult your lawyer.

## **Specific information about each of the Ridgewood Mutual Funds described in this Document**

### ***Glossary of Terms***

The glossary below explains some of the terms which we will use in the following pages.

**Derivatives.** A derivative is an investment that “derives” its value from the value of an underlying asset (e.g. a stock or a currency), index or other investment. The funds may use forward contracts in accordance with applicable securities legislation for hedging purposes.

**Forward contract.** A forward contract is an agreement to buy or sell an underlying investment (such as a currency) at a certain price on a specific future date. Forward contracts are typically traded on an over-the-counter market.

**Hedge.** Hedging is a strategy used to offset or reduce the risk associated with an investment or a group of investments, such as currency risk or the risk of exposure to a certain market.

## Ridgewood Canadian Bond Fund

### **Fund Details**

<b>Type of fund</b>	Canadian bond fund
<b>Date fund started</b>	February 19, 1999
<b>Securities offered</b>	Series A units of a mutual fund trust
<b>Registered tax plan status</b>	The fund is eligible as an investment for Registered Plans.

### **What does the fund invest in?**

#### *Investment objectives*

This fund seeks to achieve a high level of income, consistent with the preservation of capital and liquidity, from a portfolio of fixed income securities. The fund will be invested primarily in liquid Canadian federal and provincial government securities and those of Canadian corporations rated “BBB” or better by Canadian Bond Rating Service Limited or Dominion Bond Rating Service Limited or given a comparable rating by another recognized rating agency. The fund may also invest in comparable fixed income securities of foreign issuers.

We will not change the investment objectives of the fund without the approval of a majority of unitholders.

#### *Investment strategies*

The portfolio manager uses the following investment strategies to achieve the fund’s objectives:

- managing the portfolio to take advantage of changing levels of interest rates and to capitalize on yield disparities between various issuers of debt securities
- choosing many different investment terms based on the interest rate outlook
- using derivatives like forward contracts for currency hedging.

Investment decisions are made by:

- examining economic indicators like growth, inflation and monetary policy
- analyzing credit ratings of issuers to determine the best potential investments
- allocating investments among government and corporate securities to diversify the fund’s holdings.

## RIDGEWOOD CANADIAN BOND FUND

---

The fund may invest in foreign securities from time to time. The amount of such foreign investments will vary but is not typically expected to exceed 30% of the net assets of the fund at the time that such foreign securities are purchased. It is expected that the majority of such foreign securities will be denominated in Canadian dollars.

Derivatives may be used by the fund for hedging purposes only. The Fund may use derivatives to reduce the impact of fluctuations in currency exchange rates. If the fund uses derivatives, it will hold sufficient assets to cover its obligations for the derivatives. The fund will not use derivatives for speculative purposes.

The fund may depart temporarily from its fundamental investment objectives and will likely invest in cash or cash equivalents in the event of adverse market, economic, political or other considerations.

### ***What are the risks of investing in the fund?***

The fund's assets primarily will be invested in fixed income securities of Canadian governments and corporations. The fund will therefore be subject to interest rate risk and credit risk. To the extent that the fund invests in foreign issuers and derivatives, it will be subject to foreign currency risk (to the extent such securities are denominated in foreign currencies), risk of investment in foreign securities and the risk of investment in derivatives. In addition, the fund will be subject to stock market risk, substantial unitholder risk, liquidity risk, risk of investment in derivatives, credit risk and risks relating to legislation and litigation. See "What are the risks of investing in a mutual fund?" on page A-2 for more information.

### ***Investment risk classification methodology***

We assign an investment risk rating to each fund to provide you with further information to help you determine whether the fund is appropriate for you. Each fund is assigned an investment risk rating that is at, or higher than, the applicable rating indicated by the standard deviation ranges in the standardized risk classification methodology, as outlined in the table below.

Standard deviation range	Risk rating
0 to less than 6	Low
6 to less than 11	Low-to-medium
11 to less than 16	Medium
16 to less than 20	Medium-to-high
20 or greater	High

The investment risk level of the fund is required to be determined in accordance with a standardized risk classification methodology set out in National Instrument 81-102 - *Mutual Fund Prospectus Disclosure* ("NI 81-102"). This risk methodology is based on the fund's historical volatility as measured by the ten-year standard deviation of the returns of the fund. Standard deviation is used to quantify the historical dispersion of returns around

## **RIDGEWOOD CANADIAN BOND FUND**

---

the average returns over a recent ten-year period. In this context, it can provide an indication of the amount of variability of returns that occurred relative to the average return over the ten-year measurement period. The higher the standard deviation of a fund, the greater the range of returns it experienced in the past. In general, the greater the range of observed or possible returns, the higher the risk.

Ridgewood recognizes that other types of risk, both measurable and non-measurable, may exist and that the fund's historical performance may not be indicative of future returns and that the fund's historical volatility may not be indicative of its future volatility. There may be times when the standardized risk classification methodology produces a result that Ridgewood believes is inappropriate in which case Ridgewood may re-classify the fund to a higher risk level, if appropriate.

Based on the standardized risk classification methodology, the risk level of the fund is: low-to-medium.

The standardized risk classification methodology used to identify the investment risk level of the fund is available on request, at no cost, by using the contact information on the back of this simplified prospectus.

### ***Who should invest in this fund?***

This fund is suitable for investors seeking to achieve a high level of interest income, the opportunity for growth in value of their investment, the preservation of capital and liquidity. This fund is appropriate for investors with low to medium risk tolerance and a medium term investment horizon.

### ***Distribution Policy***

The fund intends to distribute any net income on a monthly basis and any net capital gains annually in December. Net income and net capital gains of the fund may be distributed to unitholders of the fund at other times at the discretion of Ridgewood. Sufficient distributions will be made each year so that the fund will not be liable for income tax.

Distributions are automatically reinvested in additional units of the same series of the fund without charge unless you otherwise instruct us. In such cases, the distributions will be paid by cheque or by deposit to a designated account at a Canadian bank or trust company. Cash distributions will be made in Canadian dollars. Details of distributions made by the fund will be presented in the annual financial statements of the fund.

### ***Fund expenses indirectly borne by investors***

The following table shows the fees and expenses paid by the fund that are indirectly borne by an investor in Series A units. This information is intended to help you compare the cost of investing in this fund with the cost of investing in other mutual funds.

## RIDGEWOOD CANADIAN BOND FUND

---

	One Year	Three Year	Five Year	Ten Year
Fees and expenses of the fund borne by the investor	\$11.20	\$34.92	\$60.52	\$133.58

The foregoing is an investor's cumulative proportional share of the fees and expenses paid by the fund over the periods shown assuming (i) an initial investment of \$1,000; (ii) a total annual return of the fund of 5%; and (iii) the MER and operating expenses of the fund were the same throughout the periods shown as they were in the last completed financial year of the fund.

Please see "Fees and Expenses" on page A-9 of this simplified prospectus for other information about fees and expenses paid directly by the investor.

## Ridgewood Tactical Yield Fund

### ***Fund Details***

<b>Type of fund</b>	Canadian bond fund
<b>Date fund started</b>	March 31, 2011
<b>Securities offered</b>	Series A units of a mutual fund trust
<b>Registered tax plan status</b>	The fund is eligible as an investment for Registered Plans.

### ***What does the fund invest in?***

#### *Investment objectives*

This fund seeks to achieve a high level of income and capital gains from an actively managed portfolio comprised primarily of securities of Canadian issuers, including preferred shares, investment grade bonds, convertible bonds, real estate investment trusts (“REITs”) and high yield bonds. The fund may also invest in comparable securities of foreign issuers.

We will not change the investment objectives of the fund without the approval of a majority of unitholders.

#### *Investment strategies*

The portfolio manager uses the following investment strategies to achieve the fund’s objectives:

- managing the portfolio to take advantage of changing levels of interest rates to capitalize on yield disparities between different issuers or sectors
- choosing many different investment terms based on the interest rate outlook
- hedging the currency if necessary.

Investment decisions are made by:

- examining economic indicators like growth, inflation and monetary policy
- analyzing credit ratings of issuers to determine the best potential investments
- allocating investments among various sectors to diversify the fund’s holdings

The fund may invest in securities denominated in currencies other than Canadian dollars from time to time. The amount of such investments will vary but is not typically expected to exceed 30% of the net assets of the fund at the time that such securities are purchased.

Derivatives may be used by the fund to reduce the impact of fluctuations in currency. If the fund uses derivatives, it will hold sufficient assets to cover its obligations for the derivatives. The fund will not use derivatives for speculative purposes.

## RIDGEWOOD TACTICAL YIELD FUND

---

The fund may depart temporarily from its fundamental investment objectives and will likely invest in cash or cash equivalents in the event of adverse market, economic, political or other considerations.

### ***What are the risks of investing in the fund?***

The fund's assets primarily will be invested in securities of Canadian issuers, including preferred shares, investment grade bonds, convertible bonds, REITs and high yield bonds. The fund may also invest in comparable securities of foreign issuers. The fund will therefore primarily be subject to interest rate risk, credit risk and stock market risk. To the extent that the fund invests in foreign issuers, it will be subject to foreign currency risk (to the extent such securities are denominated in foreign currencies) and risk of investment in foreign securities. In addition, the fund will be subject to substantial unitholder risk, liquidity risk, risk of investment in derivatives, credit risk and risks relating to legislation and litigation. See "What are the risks of investing in a mutual fund?" on page A-2 for more information.

### ***Investment risk classification methodology***

We assign an investment risk rating to each fund to provide you with further information to help you determine whether the fund is appropriate for you. Each fund is assigned an investment risk rating that is at, or higher than, the applicable rating indicated by the standard deviation ranges in the standardized risk classification methodology, as outlined in the table below.

Standard deviation range	Risk rating
0 to less than 6	Low
6 to less than 11	Low-to-medium
11 to less than 16	Medium
16 to less than 20	Medium-to-high
20 or greater	High

The investment risk level of the fund is required to be determined in accordance with a standardized risk classification methodology set out in National Instrument 81-102 - *Mutual Fund Prospectus Disclosure* ("NI 81-102"). This risk methodology is based on the fund's historical volatility as measured by the ten-year standard deviation of the returns of the fund. Standard deviation is used to quantify the historical dispersion of returns around the average returns over a recent ten-year period. In this context, it can provide an indication of the amount of variability of returns that occurred relative to the average return over the ten-year measurement period. The higher the standard deviation of a fund, the greater the range of returns it experienced in the past. In general, the greater the range of observed or possible returns, the higher the risk.

Ridgewood recognizes that other types of risk, both measurable and non-measurable, may exist and that the fund's historical performance may not be indicative of future returns and that the fund's historical volatility may not be indicative of its future volatility. There may

## RIDGEWOOD TACTICAL YIELD FUND

---

be times when the standardized risk classification methodology produces a result that Ridgewood believes is inappropriate in which case Ridgewood may re-classify the fund to a higher risk level, if appropriate.

For funds that do not have a ten-year return history, we calculate the investment risk level by using the actual return history of the fund, and imputing the return history of one or more reference indices for the remainder of the ten-year period.

The fund does not have at least ten years of performance history. As such, Ridgewood has used a reference index that is expected to reasonably approximate such Fund's standard deviation as a proxy for the ten-year period:

Fund	Reference Index
Ridgewood Tactical Yield Fund	FTSE/TMX Canada Universe Bond Index

The FTSE/TMX Canada Universe Bond Index is a market capitalization weighted index composed of investment grade, fixed coupon, government and corporate bonds, issued in Canada and denominated in Canadian dollars, with a remaining term to maturity of at least one year.

Based on the standardized risk classification methodology, the risk level of the fund is: low-to-medium.

The standardized risk classification methodology used to identify the investment risk level of the fund is available on request, at no cost, by using the contact information on the back of this simplified prospectus.”

### ***Who should invest in this fund?***

This fund is suitable for investors seeking to achieve a high level of interest income, the opportunity for growth in value of their investment, the preservation of capital and liquidity. This fund is appropriate for investors with low to medium risk tolerance and a medium term investment horizon.

### ***Distribution Policy***

The fund intends to distribute any net income on a monthly basis and any net capital gains annually in December. Net income and net capital gains of the fund may be distributed to unitholders of the fund at other times at the discretion of Ridgewood. Sufficient distributions will be made each year so that the fund will not be liable for income tax.

Distributions are automatically reinvested in additional units of the same series of the fund without charge unless you otherwise instruct us. In such cases, the distributions will be paid by cheque or by deposit to a designated account at a Canadian bank or trust company. Cash distributions will be made in Canadian dollars. Details of distributions made by the fund will be presented in the annual financial statements of the fund.

## RIDGEWOOD TACTICAL YIELD FUND

---

### ***Fund expenses indirectly borne by investors***

The following table shows the fees and expenses paid by the fund that are indirectly borne by an investor in Series A units. This information is intended to help you compare the cost of investing in this fund with the cost of investing in other mutual funds.

	One Year	Three Year	Five Year	Ten Year
Fees and expenses of the fund borne by the investor	\$15.30	\$47.51	\$82.00	\$173.53

The foregoing is an investor's cumulative proportional share of the fees and expenses paid by the fund over the periods shown assuming (i) an initial investment of \$1,000; (ii) a total annual return of the fund of 5%; and (iii) the MER and operating expenses of the fund were the same throughout the periods shown as they were in the last completed financial year of the fund.

Please see "Fees and Expenses" on page A-9 of this simplified prospectus for other information about fees and expenses paid directly by the investor.



## **RIDGEWOOD CANADIAN BOND FUND**

## **RIDGEWOOD TACTICAL YIELD FUND**

Additional information about the funds is available in the funds' annual information form, fund facts, management reports of fund performance and financial statements. These documents are incorporated by reference into this simplified prospectus, which means that they legally form part of this document just as if they were printed as a part of this document.

You can get a copy of these documents at your request and at no cost by calling toll-free 1-888-789-8957 or from your dealer or by e-mail at [contact@ridgewoodcapital.ca](mailto:contact@ridgewoodcapital.ca).

These documents and other information about the funds, such as information circulars and material contracts, are also available on the Ridgewood internet site at [www.ridgewoodcapital.ca](http://www.ridgewoodcapital.ca) or at [www.sedar.com](http://www.sedar.com).

### ***Ridgewood Capital Asset Management Inc.***

55 University Avenue  
Suite 1020  
Toronto, Ontario  
M5J 2H7

416-842-0227