



Ridgewood Canadian Bond Fund

**Interim Financial Report (Unaudited)
For the six months ended June 30, 2019**

Ridgewood Canadian Bond Fund

Interim Financial Report (Unaudited)

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Message to Unitholders

It was a very positive first half of 2019 for bond investors. Returns across all sectors were strong as global central banks signaled lower interest rates were on the horizon. In particular, the U.S. Federal Open Market Committee did a 180 degree turn. In December Chairman Powell was telegraphing successive hikes in 2019 and by the time January arrived his dialogue indicated those hikes were off the table. Trade tensions and tariffs have created some concern on the future impact to the global economy which has already shown signs of decelerating. For now, modest growth with stable inflation is an attractive backdrop for fixed income investors. Corporate bonds continue to perform well in this environment as they provide an additional yield over Government bonds.

Corporate BBB bonds, an area the portfolio is focused on, outperformed the index again. The FTSE Canada Universe Bond Index returned 6.52% YTD while the BBB index returned 7.50%. The less risky Government and Corporate AAA bonds were the weakest sectors, returning only 4.04% and 4.12% respectively. The yield curve has inverted as the overnight rate is 1.75% and 30-year Canada bonds are yielding 1.67%. Every bond maturity from 1 year out to 30 years is below the overnight Bank rate. The market is telling the central banks the interest rates are restrictive and need to come down.

The Bank of Canada has been on hold this year and has indicated they are in no rush to raise or cut interest rates. Given Canadian interest rates are 50 basis points below the U.S. rates, they likely will be on hold for the remainder of 2019. The U.S. economy is in its 11th year of growth, the longest in American postwar history. The demand for corporate bonds will remain robust and the fund is positioned to provide income and capital appreciation. We are comfortable remaining fully invested and overweight in BBB corporate bonds.

Ridgewood Canadian Bond Fund

Interim Financial Report 2019 (Unaudited)

UNAUDITED INTERIM REPORT STATEMENT

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund. The external auditors will be auditing the annual financial statements of the Fund in compliance with International Financial Reporting Standards.

Ridgewood Canadian Bond Fund

The interim financial statements have been prepared by management in accordance with IFRS (International financial reporting standards) and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this interim report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 4 of the financial statements.

The Manager is also responsible for maintaining a system of internal controls designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.



John H. Simpson
Director
Ridgewood Capital Asset Management Inc.



Paul W. Meyer
Director
Ridgewood Capital Asset Management Inc.

August 16, 2019

Ridgewood Canadian Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2019 (Unaudited) and December 31, 2018

	30-Jun-19	31-Dec-18
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 30-Jun-19 - \$91,446,725; 31-Dec-18 - \$94,570,244)	95,851,261	94,338,917
Short-term investments at fair value (Cost: 30-Jun-19 - \$1,554,469; 31-Dec-18 - \$2,454,801)	1,554,469	2,454,801
Cash	42,385	51,493
Accrued interest receivable	439,528	403,451
Prepaid fees	2,588	8,040
Subscriptions receivable	14,000	-
Due from Brokers	-	1,643,041
Total assets	97,904,231	98,899,743
Liabilities		
Accrued expenses	50,242	59,852
Distributions payable	192,699	-
Due to brokers	-	4,116,264
Redemptions payable	76,030	45,408
Total liabilities (excluding net assets attributable to holders of redeemable units)	318,971	4,221,524
Net assets attributable to holders of redeemable units	97,585,260	94,678,219
Net assets attributable to holders of redeemable units per class		
Class A	31,573,025	30,104,452
Class F	66,012,235	64,573,767
	97,585,260	94,678,219
Number of redeemable units outstanding (Note 5)		
Class A	2,509,949	2,540,076
Class F	5,198,022	5,422,242
	7,707,971	7,962,318
Net assets attributable to holders of redeemable units per unit		
Class A	12.5792	11.8518
Class F	12.6995	11.9091

On behalf of the Manager,
Ridgewood Capital Asset Management Inc.



John H. Simpson, CFA

Director



Paul W. Meyer, CFA

Director

STATEMENTS OF COMPREHENSIVE INCOME

For the six months periods ended June 30, 2019 and 2018 (Unaudited)

	2019	2018
	\$	\$
Income		
Interest income for distribution purposes	1,659,067	1,342,443
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain on sale of investments	1,468,969	24,559
Net change in unrealized appreciation (depreciation) of investments	4,635,865	(247,479)
Total income	7,763,901	1,119,523
Expenses		
Management fees (Notes 6 and 7)	144,385	244,700
Administrative and other expenses	29,192	78,761
HST expense	17,963	35,935
Custodian fees	12,679	30,394
Audit fees	11,205	8,572
Independent review committee fees (Note 6)	8,933	8,933
Legal fees	8,267	21,295
Insurance premium fees	-	3,960
Total operating expenses	232,624	432,550
Operating profit	7,531,277	686,973
Increase in net assets attributable to holders of redeemable units	7,531,277	686,973
Increase in net assets attributable to holders of redeemable units		
Class A	2,227,972	686,973
Class F	5,303,305	-
	7,531,277	686,973
Daily average number of redeemable units outstanding		
Class A	2,545,568	6,269,054
Class F	5,714,216	-
	8,259,784	6,269,054
Increase in net assets attributable to holders of redeemable units per unit		
Class A	0.8752	0.1096
Class F	0.9281	-

The accompanying notes are an integral part of the financial statements.

Ridgewood Canadian Bond Fund

STATEMENTS OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE UNITS

For the six months periods ended June 30, 2019 and 2018 (Unaudited)

	2019	2018
	\$	\$
Net assets attributable to holders of redeemable units at beginning of period		
Class A	30,104,452	81,510,472
Class F	64,573,767	-
	94,678,219	81,510,472
Distributions to redeemable unitholders		
From net investment income		
Class A	(382,009)	(929,188)
Class F	(850,948)	-
	(1,232,957)	(929,188)
Total distributions to redeemable unitholders		
Class A	(382,009)	(929,188)
Class F	(850,948)	-
	(1,232,957)	(929,188)
Redeemable unit transactions (Note 5)		
Proceeds from units issued		
Class A	4,689,900	6,761,701
Class F	11,004,050	-
	15,693,950	6,761,701
Amount paid for units redeemed		
Class A	(5,386,491)	(14,180,979)
Class F	(14,630,556)	-
	(20,017,047)	(14,180,979)
Reinvestment of distributions		
Class A	319,201	670,231
Class F	612,617	-
	931,818	670,231
Total redeemable unit transactions		
Class A	(377,390)	(6,749,047)
Class F	(3,013,889)	-
	(3,391,279)	(6,749,047)
Increase in net assets attributable to holders of redeemable units		
Class A	2,227,972	686,973
Class F	5,303,305	-
	7,531,277	686,973
Net assets attributable to holders of redeemable units at end of period		
Class A	31,573,025	74,519,210
Class F	66,012,235	-
	97,585,260	74,519,210

STATEMENTS OF CASH FLOWS

For the six months periods ended June 30, 2019 and 2018 (Unaudited)

	2019	2018
	\$	\$
Cash provided by (used in) operating activities		
Net increase in net assets attributable to holders of redeemable units	7,531,277	686,973
Adjustments for		
Interest income on short-term notes	(20,856)	(12,012)
Net realized (gain) on investments excluding foreign currency	(1,468,969)	(24,559)
Net change in unrealized (appreciation) depreciation of investments	(4,635,865)	247,479
Purchase of investments	(129,357,281)	(74,062,236)
Proceeds from sale of investments	134,870,959	79,706,235
(Increase) in accrued interest receivable	(36,077)	(2,511)
Decrease (Increase) in prepaid fees	5,452	(3,316)
Decrease in investment proceeds receivable	1,643,041	-
(Decrease) in accrued expenses	(9,610)	(537)
(Decrease) Increase in investment purchases payable	(4,116,264)	1,000,000
Net cash provided by operating activities	4,405,807	7,535,516
Cash provided by (used in) financing activities		
Subscriptions received in advance	(14,000)	(1,056,627)
Payable for units redeemed	30,622	(21,050)
Distributions paid to holders of redeemable units, net of reinvested distributions	(108,440)	(102,927)
Proceeds from units issued	15,693,950	6,761,701
Amount paid for units redeemed	(20,017,047)	(14,180,979)
Net cash provided (used in) financing activities	(4,414,915)	(8,599,882)
(Decrease) in cash	(9,108)	(1,064,366)
Cash, beginning of period	51,493	42,784
Cash (Overdraft), end of period	42,385	(1,021,582)
Supplemental information on cash flows from operating activities		
Interest received	1,622,990	1,339,932

The accompanying notes are an integral part of the financial statements.

Ridgewood Canadian Bond Fund

Schedule of Investments

As at June 30, 2019

Par Value	Average Cost	Fair Value	% of Portfolio
	\$	\$	
Short-term investments			
Treasury Bills			
1565000 Canadian Treasury Bill, 1.67012%, November 14, 2019	1,554,469	1,554,469	1.59%
			0.04%
Investments			
Federal Bonds			
2000000 Canadian Government Bond, 2.750%, December 01, 2048	2,450,570	2,493,158	2.55%
Provincial Bonds			
2899000 First Nations Finance Authority, 3.400%, June 26, 2024	3,065,309	3,086,098	
2500000 Province of Alberta, 3.300%, December 01, 2046	274,718	286,986	
2000000 Province of British Columbia, 2.300%, June 18, 2026	1,923,680	2,047,456	
1500000 Province of British Columbia, 2.800%, June 18, 2048	1,482,164	1,625,168	
1000000 Province of Manitoba, 2.600%, June 02, 2027	980,270	1,034,223	
1500000 Province of Manitoba, 2.850%, September 05, 2046	1,421,670	1,566,629	
1250000 Province of Newfoundland and Labrador, 3.300%, October 17, 2046	1,138,788	1,363,750	
1000000 Province of Ontario, 1.950%, January 27, 2023	995,590	1,007,408	
3000000 Province of Ontario, 2.600%, June 02, 2027	2,926,211	3,115,897	
2500000 Province of Ontario, 2.900%, June 02, 2049	2,529,254	2,719,265	
1200000 Province of Quebec, 2.500%, September 01, 2026	1,181,968	1,241,420	
750000 Province of Quebec, 3.500%, December 01, 2045	851,385	899,497	
1000000 Province of Saskatchewan, 3.050%, December 02, 2028	1,027,580	1,073,892	
3000000 Province of Saskatchewan, 2.750%, December 02, 2046	2,700,100	3,119,361	
Total Provincial Bonds	22,498,687	24,187,050	24.79%
Municipal Bonds			
1500000 City of Montreal, 3.000%, September 01, 2027	1,506,735	1,579,744	1.62%
Corporate Bonds			
1000000 Aaroundtown SA, 4.625%, September 18, 2025	1,029,920	1,043,077	
500000 AT&T Inc., 4.850%, May 25, 2047	473,660	527,676	
1000000 AT&T Inc., 5.100%, November 25, 2048	1,059,140	1,092,758	
1000000 Bank of America Corp., 2.604%, March 15, 2023	973,370	1,008,078	
1000000 Bank of Nova Scotia, 1.900%, December 02, 2021	974,990	998,664	
1000000 Bank of Nova Scotia, 3.890%, January 18, 2029	1,000,000	1,047,304	
1550000 Brookfield Asset Management Inc., 5.950%, June 14, 2035	1,791,240	1,897,244	
1000000 Bruce Power LP, 4.746%, June 21, 2049	999,910	1,107,030	
2000000 Cameco Corp., 5.090%, November 14, 2042	1,856,494	1,980,428	
1000000 Canadian Imperial Bank of Commerce, 3.290%, January 15, 2024	999,860	1,039,339	
1000000 Canadian Imperial Bank of Commerce, 3.000%, October 28, 2024	999,770	1,002,625	
1000000 Canadian Imperial Bank of Commerce, 3.450%, April 04, 2028	984,400	1,028,002	
1000000 Canadian National Railway Co., 2.800%, September 22, 2025	997,940	1,034,210	
1000000 Canadian National Railway Co., 3.600%, February 08, 2049	991,830	1,103,614	
1000000 Canadian Western Bank, 2.833%, March 14, 2022	1,000,000	1,013,404	
1000000 Capital Power Corp., 4.986%, January 23, 2026	1,000,000	1,074,403	
1000000 Chip Mortgage Trust, 2.330%, April 29, 2020	988,980	995,443	
1225000 Citigroup Inc., 4.090%, June 09, 2025	1,225,613	1,292,289	
1000000 Empire Life Insurance Co., 3.383%, December 16, 2026	1,012,350	1,019,347	
1000000 Enbridge Inc., 4.570%, March 11, 2044	1,039,930	1,094,907	
1000000 Enbridge Inc., 5.375%, September 27, 2077	958,650	989,060	
1000000 Enbridge Pipelines Inc., 3.520%, February 22, 2029	999,580	1,064,320	
1000000 First National Financial Corp., 4.010%, April 09, 2020	1,004,000	1,007,706	
1000000 Hydro One Inc., 2.540%, April 05, 2024	999,720	1,019,647	
1000000 Hydro One Inc., 2.770%, February 24, 2026	978,250	1,029,471	
1000000 Ivanhoe Cambridge II Inc., 2.909%, June 27, 2023	1,000,000	1,030,736	
1000000 John Deere Financial Inc., 2.990%, January 14, 2022	1,019,700	1,022,945	
901000 Loblaw Cos. Ltd., 5.860%, June 18, 2043	1,021,752	1,127,057	
1000000 Nova Scotia Power Inc., 3.571%, April 05, 2049	1,000,000	1,068,402	
3027717 OMERS Realty Corp., 3.666%, December 05, 2022	3,027,717	3,103,410	
500000 Ontario Power Generation Inc., 3.838%, June 22, 2048	500,000	539,087	
1000000 Royal Bank of Canada, 2.333%, December 05, 2023	1,000,000	1,011,487	
1000000 Sun Life Financial Inc., 3.050%, September 19, 2028	992,720	1,027,010	
2000000 Teranet Holdings LP, 5.754%, December 17, 2040	2,158,400	2,176,880	
1400000 TransAlta Corp., 7.300%, October 22, 2029	1,382,000	1,590,519	
1000000 Wells Fargo & Co., 2.222%, March 15, 2021	1,000,000	1,000,986	
1000000 Wells Fargo & Co., 2.975%, May 19, 2026	947,000	1,012,697	
Total Corporate Bonds	41,388,886	43,221,262	44.30%
Mortgage Backed Securities			
2000000 Institutional Mortgage Securities Canada Inc., 4.186%, May 12, 2024	1,913,800	1,978,000	
2000000 Institutional Mortgage Securities Canada Inc., 2.944%, March 12, 2025	1,912,320	1,938,600	
2052000 Institutional Mortgage Securities Canada Inc., 3.100%, March 12, 2025	1,820,124	1,926,828	
2034000 Institutional Mortgage Securities Canada Inc., 3.813%, March 12, 2025	1,828,932	1,850,940	
2000000 Institutional Mortgage Securities Canada Inc., 4.192%, July 12, 2045	2,029,340	2,047,456	
4703000 Real Estate Asset Liquidity Trust, 3.451%, May 12, 2025	4,562,648	4,717,109	
3379000 Real Estate Asset Liquidity Trust, 3.450%, May 12, 2026	3,124,291	3,286,078	
2000000 Real Estate Asset Liquidity Trust, 3.930%, November 12, 2052	1,930,380	1,970,000	
1821000 Real Estate Asset Liquidity Trust, 3.932%, November 12, 2052	1,550,113	1,668,036	
1000000 Real Estate Asset Liquidity Trust, 4.250%, August 12, 2053	953,209	999,000	
1000000 Real Estate Asset Liquidity Trust, 4.020%, June 12, 2054	976,703	976,500	
1000000 Real Estate Asset Liquidity Trust, 4.352%, June 14, 2061	999,987	1,011,500	
Total Mortgage Backed Securities	23,601,847	24,370,047	24.97%
Total Bonds and Mortgage Backed Securities	91,446,725	95,851,261	98.23%
Total Investments	93,001,194	97,405,730	99.82%
Cash and other assets, net of liabilities	179,530	179,530	0.18%
Net assets		97,585,260	100.00%

The accompanying notes are an integral part of the financial statements.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

1. Establishment of the Fund

Ridgewood Canadian Bond Fund (the “Fund”) is an open-end trust existing under the laws of the Province of Ontario and governed by an amended and restated Master Declaration of Trust dated September 1, 2008, executed by Ridgewood Capital Asset Management Inc. (“Ridgewood” or the “Manager”) in its separate capacities as manager and trustee of the Fund, and a Fund Master Declaration of Trust dated February 18, 1999, as amended on September 1, 2008 and further amended on March 15, 2010 and July 1, 2018. The Fund began operations on February 19, 1999. The Fund’s principal office is 55 University Avenue, Suite 1020, Toronto, Ontario M5J 2H7. The fiscal year end of the Fund is December 31.

Ridgewood is also the investment manager and distributor of units of the Fund. RBC Investor & Treasury Services is the custodian, administrator and registrar of the Fund, and, as such, performs certain valuation and other services for the Fund. The financial statements are authorized for issuance by the Manager on August 16, 2019.

2. Investment objective of the Fund

The investment objective of the Fund is to achieve a high level of income, consistent with the preservation of capital and liquidity, from a portfolio of fixed income securities. The Fund is 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 other recognized rating agencies. The Fund may also invest in comparable fixed income securities of foreign issuers. Assets of the Fund may also be held in interest-bearing accounts at a bank or trust company, including the custodian, invested in guaranteed investment certificates or invested in Canadian short-term debt obligations.

3. Basis of Presentation

These semi-annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) 34: Interim Financial Reporting as published by the International Accounting Standards Board (IASB).

4. Summary of significant accounting policies

Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives, cash and other trade receivables and payables. All financial assets and liabilities are recognized in the Statement of Financial Position when the Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or the Funds have transferred substantially all risks and rewards of ownership.

Classification and Measurement

The investments are classified as at fair value through profit or loss. The Fund classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

These financial assets are managed and their performance is evaluated on a fair value basis. The Fund also manages these financial assets with the objective of realizing cash flows through sales.

Financial assets and financial liabilities at amortized cost

The financial assets and liabilities measured at amortized cost include loans payable, accrued interest receivable, cash, accrued expenses, distribution payable, subscriptions receivable and payable and due to/from brokers.

IFRS 9 Financial Instruments (“IFRS 9”)

Financial assets carried at amortized cost are subject to expected credit loss model (“ECL”) as required by IFRS 9. The Fund’s financial assets measured at amortized cost consist of trade receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

any loss allowance is recognized based on the lifetime ECLs. Given the short-term nature of the trade receivables and high credit quality these trade receivables are not considered impaired.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. In the normal course of business, the Fund enters into various master netting agreements or similar agreements that do not meet the criteria for offsetting in the Statement of Financial Position but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or termination of the contracts.

Capital Disclosures

The Fund's objectives, policies and processes for managing capital are described in Note 2. Information on the Funds' capital structure is described in Note 5. The Fund does not have any externally imposed capital requirements.

Valuation of Investments

Investments are recorded in the financial statements at their fair value which is determined as follows:

Bonds are valued at the mean of bid/ask prices provided by recognized investment dealers. Mutual fund units held are priced using the NAV per unit which is fair value, as of the valuation date for the particular fund for both reporting Net Assets attributable to holders of redeemable units and daily NAV.

Short-term notes and treasury bills are stated at amortized cost, which approximates fair market value, are included in the Schedule of Investments.

Cash is comprised of cash on deposit.

Investment Transactions

Investment transactions are recorded on trade date. Interest income from investments in bonds and short-term investments are accrued daily. Realized gains and losses from investment transactions are calculated on a weighted average cost basis.

Income Recognition

Interest income for distribution purposes resulting from investments in bonds is recognized on an accrual basis based on the bond coupon rate.

Financial Instruments - Disclosures

The Fund classifies fair value measurements within a hierarchy that prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.

Level 2 Inputs other than quoted prices that is observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 Inputs that are unobservable.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

4. Summary of significant accounting policies (continued)

Financial Instruments – Disclosures (continued)

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, accrued interest receivable, due to/from brokers, redemptions payable, distributions payable, accrued liabilities and the Fund's obligation for net assets attributable to holders of redeemable units approximates their fair values due to their short-term nature. Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

a) Bonds and short-term investments

Bonds include primarily government and corporate bonds. Short-term notes and treasury bills are stated at amortized cost, plus accrued interest, which approximates fair market value. The inputs that are significant to valuation are generally observable and therefore the Fund's bonds and short-term investments have been classified as Level 2.

Please see Note 12 for these disclosures.

Foreign currency

a) Functional and presentation currency

Items included in the financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the "functional currency"). The financial statements of the Fund are presented in Canadian Dollar ("CAD") which is the Fund's functional currency.

b) Foreign currency translation

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary items and non-monetary assets and liabilities that are denominated in foreign currencies are recognized in profit or loss in the period in which they arise. Foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognized together with other changes in fair value.

Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Fund has made in preparing the financial statements:

a) Fair value measurement of derivatives and securities not quoted in active market

The Fund holds financial instruments that are not quoted in active markets. Fair values of such instruments are determined using valuation techniques and may be determined using reputable pricing sources (such as pricing agencies) or indicative prices from market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding.

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 12 – Financial Instruments – Fair Value Disclosure for further information about the fair value measurement of the Fund's financial instruments.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

4. Summary of significant accounting policies (continued)

Critical accounting estimates and judgments (continued)

- b) Classification and measurement of investments and application of the fair value option

In classifying and measuring financial instruments held by the Fund, the Manager is required to make significant judgments about whether or not the business of the Fund is to manage its portfolio of investments and evaluate performance on a fair value basis and that the portfolio of investments is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The most significant judgments made include assessing and determining the appropriate business model that enables the decision that the Funds' investments are classified as FVTPL.

5. Redeemable Units

Each unitholder in the Fund acquires redeemable units, which represent an undivided interest in the net assets of the Fund. All redeemable units are of the same class with equal rights and privileges. Each redeemable unit is entitled to one vote at any meeting of unitholders and to equal participation in any distributions made by the Fund. Fractional units are not entitled to voting privileges. Each redeemable unit is redeemable at the option of the unitholder in accordance with the Trust Agreement and the number of redeemable units which may be issued is unlimited. The units of the Fund are fully paid when issued and are generally not transferable.

As of July 1, 2018, the previously issued units of the Fund were renamed class A units and an additional class of units designated as class F units were created for the Fund. Units of class F were issued on July 3, 2018.

Following are the redeemable unit transactions during the periods from January 1 to June 30, 2019 and January 1 to December 31, 2018:

	2019		2018	
	Class A	Class F	Class A	Class F
Units outstanding, beginning of period	2,540,076	5,422,242	6,809,631	-
Units issued	387,973	909,544	1,576,247	6,880,056
Units redeemed	(444,318)	(1,183,725)	(5,941,324)	(1,507,607)
Reinvestment of distribution	26,218	49,961	95,522	49,793
Units outstanding, end of period	2,509,949	5,198,022	2,540,076	5,422,242

6. Related party transactions

The Fund's investment activities are managed by Ridgewood Capital Asset Management Inc.

Management fees

Under the terms of the Master Declaration of Trust, the Fund appointed the Manager to provide management services. The Manager receives a fee in respect of each series of a class of the Fund which shall be paid from the assets of the Fund. Services received under the Declaration of Trust include managing or arranging for the management of the Fund's investment portfolio and providing or arranging for all required administrative services to the Fund. Total management fees for the period ended June 30, 2019 amounted to \$144,385 (2018 - \$244,700).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee ("IRC") during the six months period ended June 30, 2019 was \$8,933 (2018 - \$8,933).

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

7. Management fees and expenses

Ridgewood is entitled to an annual management fee payable out of the assets of each class of units of the Fund. The maximum management fee of each class of units of the Fund is equal to the Maximum Ordinary Expenses, which is the percentage of the weighted average net asset value of each class of units of the Fund as shown below, less the Ordinary Expenses (as defined below) of each class of units of the Fund. The Maximum Ordinary Expenses 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 each month and shall be adjusted annually. The Maximum Ordinary Expenses of a class of units of the Fund will not be increased unless unitholders of the applicable class have received at least 60 days written notice of the increase.

	Class A	Class F
Maximum Ordinary Expenses percentage	1.00%	0.35%

Ordinary Expenses are paid out of the assets of the 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. Ordinary Expenses may include common and class expenses. Class expenses are expenses that are attributable to a class of units of the Fund, while common expenses are all expenses of the Fund that are not class expenses.

The 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 class A units and the class F units of the Fund, as applicable. If the total ordinary expenses are greater than the Maximum Ordinary Expenses, Ridgewood will reimburse the Fund the amount of such excess.

8. Brokerage commissions

The Fund uses some of the commissions generated from transactions with the brokerage industry for goods and services used in the investment decision making process and other executions.

9. Distributions

Net income and net realized capital gains of the Fund may be declared payable to unitholders of the Fund from time to time at the discretion of Ridgewood, provided that in each year sufficient net income and net realized capital gains will be made payable to unitholders so that the Fund will not be liable for income tax thereon, except to the extent that any tax payable on net realized capital gains retained by the Fund would be immediately refundable to it.

Net income and net realized capital gains payable to unitholders of the Fund will be automatically reinvested in additional units of the Fund as of the valuation date of payment unless the unitholder otherwise requests in writing.

10. Income taxes

The Fund qualifies as a "mutual fund trust" under the Income Tax Act (Canada). The Fund uses the "capital gains refund mechanism" which allows a mutual fund trust to retain some capital gains without paying any tax thereon. As a result, the Fund may not distribute all its net capital gains. The net income and net capital gains of the Fund that would otherwise be taxable in the Fund are either paid or payable to unitholders in each calendar year. Accordingly, no income tax is paid or payable by the Fund. Such income is taxable in the hands of the unitholders.

As at December 31, 2018, capital losses of \$3,067,679 (2017 - \$2,911,985) are available for utilization against realized gains on sales of investments in future years. The capital losses can be carried forward indefinitely. The Fund has no non-capital losses.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

11. Financial instruments and risk management

The Fund's financial instruments consist of bonds, short-term investments, and cash. As a result, the Fund is primarily exposed to interest rate risk and credit risk.

These risks and related risk management practices employed by the Fund are discussed below.

Interest Rate Risk

The Fund's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table summarizes the Fund's exposure to interest rate risks, categorized by the earlier of contractual re-pricing or maturity dates.

	As at June 30, 2019							
	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 3 years	3-5 years	More than 5 years	Non Interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Interest Rate Exposure	42,385	-	3,557,618	4,035,999	14,284,207	75,527,906	-	97,448,115

	As at December 31, 2018							
	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 3 years	3-5 years	More than 5 years	Non Interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Interest Rate Exposure	51,493	-	2,454,801	6,492,984	16,399,742	71,446,191	-	96,845,211

At June 30, 2019, should interest rates have decreased by 100 basis points with all other variables remaining constant, the increase in net assets attributable to holders of redeemable units for the period would amount to approximately \$5.6 million (December 31, 2018 - \$7.7 million), arising substantially from the increase in market values of debt securities. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets attributable to holders of redeemable units would amount to approximately \$5.6 million (December 31, 2018 - \$7.7 million).

Credit Risk

Financial instruments that potentially subject the Fund to a concentration of a credit risk consist primarily of cash and investments. The Fund limits its exposure to credit loss by placing its cash and short-term investments with high quality government and financial institutions. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information. The Fund measures credit risk and lifetime ECL's related to the accrued interest receivables using historical analysis and forward looking information.

The Fund's main credit risk concentration is spread between AAA/Aaa and BBB/Baa rated securities.

The Fund invests in financial assets, which have an investment grade as rated by a well-known rating agency DBRS.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

11. Financial instruments and risk management (continued)

Credit Risk (continued)

Portfolio by rating category	June 30, 2019
Rating	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	8.93%
AA/Aa	23.34%
A/A	40.48%
BBB/Baa	27.07%
Total	99.82%

Portfolio by rating category

Rating	December 31, 2018
Rating	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	29.03%
AA/Aa	15.98%
A/A	33.85%
BBB/Baa	22.32%
BB/Ba	1.05%
Total	102.23%

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund's transactions and holdings are all in Canadian dollars, so there is no currency risk (2018 - \$Nil).

Liquidity Risk

Liquidity risk is the risk that a Fund will encounter difficulty in meeting obligations associated with its daily cash redemption of units. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash positions.

The Fund's short-term investments of approximately \$1.6 million (December 31, 2018 - \$2.5 million) are invested in Canadian Government treasury bills with less than 150 days to maturity, so redemption requests can be readily facilitated. The Fund's accrued liabilities are generally due and paid within three months.

June 30, 2019				
Financial Liabilities	On Demand	< 3 Months	Total	
Redemptions payable	\$ -	\$ 76,030	\$ 76,030	
Accrued expenses	-	50,242	50,242	
Distributions payable	-	192,699	192,699	
Net assets attributable to holders of redeemable units	97,585,260	-	97,585,260	
Total Liabilities	\$ 97,585,260	\$ 318,971	\$ 97,904,231	

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

11. Financial instruments and risk management (continued)

Liquidity Risk (continued)

December 31, 2018				
Financial Liabilities		On Demand	< 3 Months	Total
Redemptions payable	\$	-	\$ 45,408	\$ 45,408
Accrued expenses		-	59,852	59,852
Due to brokers		-	4,116,264	4,116,264
Net assets attributable to holders of redeemable units		94,678,219	-	94,678,219
Total Liabilities	\$	94,678,219	\$ 4,221,524	\$ 98,899,743

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units:

Market segments	June 30, 2018	December 31, 2018
Canadian Short Term Investments	1.59%	2.59%
Federal Bonds	2.55%	23.32%
Provincial Bonds	24.79%	20.62%
Municipal Bonds	1.62%	1.58%
Corporate Bonds	44.30%	39.30%
Mortgage Backed Securities	24.97%	14.82%
Total	99.82%	102.23%

12. Financial Instruments

Fair Value Disclosure

The Fund's assets recorded at fair value have been categorized based upon the fair value hierarchy described in Note 4. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of June 30, 2019 and December 31, 2018.

	Financial assets at fair value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	42,385	-	-	42,385
Bonds	-	71,481,214	-	71,481,214
Mortgage Backed Securities (MBS)	-	24,370,047	-	24,370,047
Short Term Investments	-	1,554,469	-	1,554,469
	42,385	97,405,730	-	97,448,115

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2019 (unaudited)

12. Financial Instruments (continued)

Fair Value Disclosure (continued)

	Financial assets at fair value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	51,493	-	-	51,493
Bonds	-	80,303,753	-	80,303,753
Mortgage Backed Securities (MBS)	-	14,035,164	-	14,035,164
Short Term Investments	-	2,454,801	-	2,454,801
	51,493	96,793,718	-	96,845,211

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the six months period ended June 30, 2019 and the year ended December 31, 2018.

There were no investments or transactions classified in Level 3 for the six months period ended June 30, 2019 and the year ended December 31, 2018.

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