



Ridgewood Canadian Bond Fund

Annual Report 2016

Ridgewood Canadian Bond Fund

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Management Report on Fund Performance	1-8
Independent Auditor's Report.....	9-10
Statements of Financial Position	11
Statements of Comprehensive Income.....	11
Statements of Changes in Net Assets Attributable to Holders of Redeemable Units	12
Statements of Cash Flows.....	12
Schedule of Investments	13
Notes to the Financial Statements	14-22

MESSAGE TO UNITHOLDERS 2016

The bond market experienced a modest overall gain of 1.39% in the first quarter as risk assets attracted capital. Evidence of this was seen in the stock market as the S&P/TSX returned 4.54%. The positive market tone was aided by passive central banks which stayed on the sidelines with little appetite to hike interest rates at this point in the cycle. The European central bank was still in full easing mode and continues to buy Government and corporate bonds in the open market. Commodities remained weak which kept inflation low, pushing CPI in Canada down to 1.3% at the end of the first quarter.

In the second quarter both stocks and bonds rallied again, returning 5.07% and 2.62% respectively. Soft data globally sent a signal to the markets that rates will stay low for an extended period of time. Although the UK's 'Yes' vote for leaving the European Union came as a surprise, the markets returned to business as usual after an initial risk-off reaction. Even though the U.S. data warranted a hike, the central bank was concerned about the asymmetric risks of being the only major country to get ahead of the curve. Energy bonds were the top performing sector, coming in at a positive 4.59%.

During the third quarter, the bond market was strong again; returning 1.19%, while the S&P/TSX rose 5.45%. The sentiment was positive during the quarter as concerns over an economic slowdown in China, as well as globally, failed to materialize. China embarked on a stimulation program by continuing to gradually devalue its currency, and assist its real estate and banking sectors. The US Fed continued to watch economic data and discuss when the appropriate time was to begin to raise the overnight interest rate. With employment strong and corporate profits steady, risk appetites continued to increase. Corporate bonds again outperformed the overall index by 40 basis points.

The market had a challenging fourth quarter as investors quickly sold risk assets due to the impending interest rate hike by the Federal Open Market Committee. Although the Bank of Canada is likely a year away from raising interest rates, our bond market is highly correlated to the U.S bond market and thus fell in sympathy. Bonds dropped 3.44% in the quarter, with equities putting in a strong performance of positive 4.54%. In December, the FOMC finally pulled the trigger on the overnight rate, and increased the range to 0.50- 0.75% from 0.25-0.50%. For the year, the Canadian bond index returned +1.66%, while the TSX gained 21.08%. Energy bonds were the top performer at +6.73%, followed by communication bonds at +5.28%. The weakest sector in the bond market was Canadian government bonds, declining 0.30%. We believe inflation will be well contained by the central banks and the excess savings and low growth environment will add to the strong demand for corporate bonds.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2016

Management Report on Fund Performance

This Management Report on Fund Performance has been prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure) and contains the financial highlights of Ridgewood Canadian Bond Fund (the "Fund") for the year ended December 31, 2016. The annual financial statements of the Fund are also attached behind this report.

Copies of the Fund's quarterly portfolio disclosure may be obtained by calling-1-888-789-8957 toll free or by writing to the Fund at Investor Relations, 55 University Avenue, Suite 1020, Toronto, Ontario, M5J 2H7 or by visiting our website at www.ridgewoodcapital.ca.

Investment Objectives and Strategies

The 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 invests primarily in liquid Canadian federal and provincial government securities and those of Canadian corporations rated "BBB" or better by the Dominion Bond Rating Service Limited or other recognized rating agencies. The Fund may also invest in comparable fixed income securities of foreign issuers.

The portfolio manager uses the following investment strategies to try to achieve the Fund's objective:

- Managing the portfolio to take advantage of changing levels of interest rates and to capitalize on yield disparities between various issuers of debt securities; and
- Choosing many different investment terms based on the interest rate outlook.

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 20 percent of the net assets of the Fund at the time that such foreign securities are purchased.

Risk

The Fund invests primarily in liquid Canadian federal and provincial government securities, and those of Canadian corporations rated investment grade or better by the Dominion Bond Rating Service Limited or other recognized rating agencies. The Fund may also invest in comparable fixed income securities of foreign issuers. Investors should be aware that the primary risk associated with the Fund is interest rate risk. The Bank of Canada has an easing bias as inflation is low and growth is slowing down. Fixed income markets should benefit in this environment as rates will likely stay low for the foreseeable future. However, in a rising interest rate environment, bond prices will move down and the income generated by bonds may not be greater than the decrease in the price.

Summary of Investment Portfolio

The summary of investment portfolio may change due to ongoing portfolio transactions of the Fund. A quarterly update will be available on our website at www.ridgewoodcapital.ca.

Asset Mix

December 31, 2016

	% of Net Asset Value		% of Net Asset Value
Corporate Bonds	33.7	Provincial Bonds	30.8
Mortgage Backed Securities	11.4	Federal Bonds	17.1
Cash & Short-Term Investments	7.0		

Ridgewood Canadian Bond Fund

For the year ended December 31, 2016

Top 25 Holdings

	% of Total Net Asset Value
1. Canada Government Bond, 2.75%, 2048/12/01	9.4%
2. Canada Treasury Bill, 2017/04/06	7.0%
3. Merrill Lynch Financial Assets Inc., 5.22%, 2017/05/12	6.5%
4. Merrill Lynch Financial Assets Inc., 5.143%, 2017/01/12	5.0%
5. Omers Realty Corp., 3.666%, 2022/12/05	4.0%
6. First Nations Finance Authority, 3.40%, 2024/06/26	4.0%
7. Province of Ontario, 2.90%, 2046/12/02	3.8%
8. Canada Government Bond, 1.50%, 2026/06/01	2.8%
9. Province of British Columbia, 3.30%, 2023/12/18	2.7%
10. Province of Quebec, 3.50%, 2045/12/01	2.6%
11. Province of New Brunswick, 2.85%, 2023/06/02	2.6%
12. Transalta, 5.00%, 2020/11/25	2.5%
13. Province of British Columbia, 3.20%, 2044/06/18	2.5%
14. Province of Quebec, 2.50%, 2026/09/01	2.5%
15. Province of Manitoba, 1.55%, 2021/09/05	2.5%
16. Goldman Sachs, 5.20%, 2017/04/19	2.1%
17. Transalta Corp., 7.30%, 2029/10/22	1.7%
18. Canada Government Bond, 3.50%, 2045/12/01	1.7%
19. Province of Newfoundland, 3.30%, 2046/10/17	1.4%
20. Merrill Lynch, 5.29%, 2017/05/30	1.4%
21. Teranet Holdings, 5.754%, 2040/12/17	1.3%
22. Canada Mortgage Bond, 1.25%, 2021/06/15	1.3%
23. Medavie, 6.00%, 2019/05/21	1.3%
24. Bank of Montreal, 3.34%, 2025/12/08	1.3%
25. Bank of Montreal, 3.32%, 2026/06/01	1.3%
Total	75.2%

Results of Operations

For the year ended December 31, 2016, the net asset value of the Fund was \$11.94 per unit compared to \$11.94 per unit at December 31, 2015.

Net income and net capital gains of the Fund may be distributed to unitholders of the Fund from time to time at the discretion of Ridgewood. Sufficient distributions will be made each year so the Fund will not be liable for income tax. Distributions totaling \$0.26 per unit were made to unitholders during the year.

For the year ended December 31, 2015, the Fund had an annual compound return of 2.09% net of fees of 1.13% (including HST) while the FTSE/TMX Universe Bond Index had a return of 1.66%. In 2016 corporate bonds returned 3.73%, beating the overall bond index. Corporate BBB, and more specifically Energy bonds, outperformed returning 5.15% and 6.73% respectively. The portfolio was overweight in these sectors and benefited from this exposure.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2016

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

Information for the year ended December 31 is derived from the Fund's audited financial statements, with the exception of 2013 information, which was re-stated in accordance with IFRS requirements. For December 31, 2016 and 2015, the Net Assets included in the Net Assets per Unit table is from the Fund's audited financial statements and are calculated using closing prices while the Net Asset Value included in the Ratios/Supplemental Data table is for Fund pricing purposes and calculated using closing prices. All other calculations for the purposes of the MRFP are made using Net Asset Value.

	Years ended Decemr				
	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
The Fund's net assets per unit					
Net assets value, beginning of year ⁽¹⁾	11.94	11.83	10.99	11.25	10.77
Increase (decrease) from operations					
Total revenue	0.39	0.40	0.42	0.43	0.45
Total expenses (excluding distributions)	(0.14)	(0.14)	(0.13)	(0.13)	(0.12)
Realized gain (loss) for the year	0.20	0.15	0.29	(0.03)	0.46
Unrealized gain (loss) for the year	(0.12)	(0.12)	0.51	(0.21)	0.06
Total increase (decrease) from operations ⁽²⁾	0.33	0.29	1.09	0.06	0.85
Distributions to unitholders					
From net investment income	(0.26)	(0.28)	(0.29)	(0.31)	(0.32)
From return of capital	-	-	-	-	(0.03)
From capital gains	-	-	-	-	-
Total distributions ⁽³⁾	(0.26)	(0.28)	(0.29)	(0.31)	(0.35)
Net assets value, end of year ⁽¹⁾	11.94	11.94	11.83	10.99	11.25

(1) This information is derived from the Fund's audited financial statements as at December 31 of the year, with the exception of 2013 information, which was re-stated in accordance with new IFRS requirements. For all prior years the financial statements of the Fund were prepared in accordance with Canadian GAAP applicable to public enterprises. Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of units then outstanding.

(2) Total increase from operations consists of interest revenue, realized and unrealized gains (losses), less expenses, and is calculated based on the weighted average number of units outstanding during the year (period). The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the year (period).

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

	2016	2015	2014	2013	2012
Ratios/supplemental data					
Net Asset Value, end of year (\$millions) ⁽¹⁾	\$ 78.7	\$ 67.8	\$ 72.8	\$ 46.30	\$ 107.26
Number of units outstanding ⁽¹⁾	6,587,678	5,675,078	6,158,374	4,211,098	9,531,017
Management expense ratio (including HST) ⁽²⁾	1.13%	1.12%	1.16%	1.14%	1.10%
Management expense ratio including expenses absorbed by the Manager	1.13%	1.12%	1.16%	1.14%	1.10%
Portfolio turnover rate ⁽³⁾	139.5%	226.58%	200.78%	320.83%	355.13%
Net Asset Value per unit, end of year	\$ 11.94	\$ 11.94	\$ 11.83	\$ 10.99	\$ 11.25

(1) This information is provided as at December 31 of the year shown.

(2) Management expense ratio is the ratio of all fees and expenses, including harmonized sales taxes but excluding transaction fees charged to the Fund to the average net assets.

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

Ridgewood Canadian Bond Fund

For the year ended December 31, 2016

Management Fees

Ridgewood Capital Asset Management Inc. (the “Manager”) is entitled to an annual management fee payable out of the assets of the Fund. The maximum management fee is equal to 1.00% (excluding HST) of the weighted average net asset value of the Fund less ordinary expenses of the Fund. The management fee is calculated on a monthly basis as of the last valuation date of each month. Services received under the Master 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.

Recent Developments

Interest rates rose modestly in 2016 as the economic recovery gathered momentum and job growth continued to be robust. Commodities firmed up over the year as OPEC agreed to production cuts and industrial metal demand also increased. The U.S. central bank finally began the process of raising interest rates with a quarter point increase in December. They stressed it will be a gradual program, with modest increases over an extended period of time. The bond market has benefited from the widely anticipated moves and the perception that inflation will be well contained over the long term. As government rates stabilize and gradually rise, corporate bonds become an attractive asset class for investors wishing to maintain a higher level of income.

Past Performance

The past performance of the Fund is set out below and indicates year-by-year returns, overall past performance and annual compound returns.

With respect to the charts displayed below, please note the following:

- the returns or performance information shown assumes that all distributions made by the Fund in the periods shown were reinvested in additional units of the Fund;
- the return or performance information does not take into account optional charges or income taxes payable that would have reduced returns or performance; and
- how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

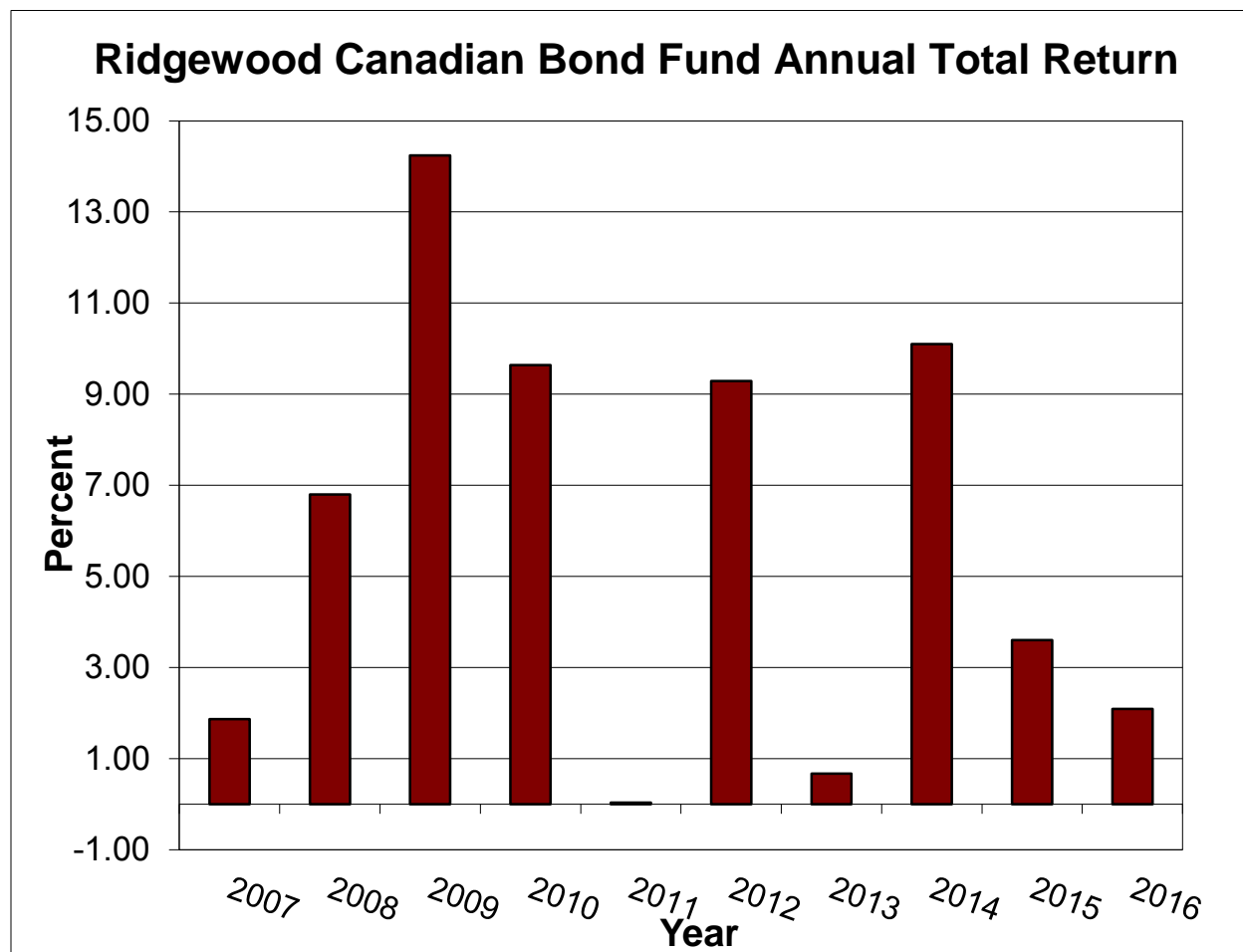
Year-By-Year Returns

The bar chart illustrates how the Fund’s annual total return in each of the past ten years has varied from year to year. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of that fiscal year.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2016

Annual Total Return



Annual Compound Returns

The following table shows the Fund's historical annual compound total return (net of fees of 1.13%, including HST) for the periods ended December 31 as compared to the performance of the DEX Universe Bond Index.

	One Year	Three Years	Five Years	Ten Years
Ridgewood Canadian Bond Fund	2.09%	5.21%	5.08%	5.73%
FTSE TMX Canada Universe Bond *	1.66%	4.62%	3.23%	4.79%

* FTSE TMX Canada Universe Bond (formerly, DEX Universe Bond Index) represents a broad selection of hundreds of Canadian corporate and government bonds including short-term, medium-term, and long-term issues.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2016

Related Party Transactions

Ridgewood Capital Asset Management Inc. (“Ridgewood”) manages the Fund’s investment portfolio in a manner consistent with the investment objectives, strategy and criteria of the Fund pursuant to a Master Investment Management Agreement made between Ridgewood in its capacity as investment advisor and Ridgewood in its capacity as trustee dated September 1, 2008.

Ridgewood is the Manager and Trustee of the Fund pursuant to a Declaration of Trust dated September 1, 2008, and, as such, is responsible for providing or arranging for required administrative services to the Fund.

Independent Review Committee

National Instrument 81-107- Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds to establish an independent review committee (“IRC”) to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions.

For the period, January 1 to December 31, 2016, members of the IRC were G. Tomlinson Gunn, Allen B. Clarke, and Marshall E. Nicholishen. Mr. Gunn serves as the Chair of the IRC.

We confirm the Fund did not rely on any approvals or recommendation of the IRC concerning related party transactions during the year.

Accounting Standards Issues and Amendments Not Yet Adopted

Below are accounting standards issued or amended but not yet effective and not yet adopted. The Manager does not expect the adoption of these standards or amendments to have significant impact to the Fund’s financial statements.

The final version of IFRS 9 Financial Instruments (“IFRS 9”) was issued by the IASB on July 24, 2014 and will replace IAS 39. IFRS 9 introduces a model for classification and measurement of financial assets and liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Ridgewood Capital Group of Funds is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

Future-Looking Statements

This report may contain forward-looking statements about the Fund. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund actions, is also forward-looking. Forward-looking statements are based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors.

Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to any divergence between what is anticipated and what actually occurs, including, but not limited to, general economic, political and market factors, interest and foreign exchange rates, global equity and capital markets, business competition, technology change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and you should avoid placing undue reliance on forward-looking statements. While the Fund currently anticipates that subsequent events and developments may cause the Fund’s views to change, the Fund does not undertake to update any forward-looking statements.

Ridgewood Canadian Bond Fund

The 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 annual 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.

March 17, 2017

Independent Auditor's Report

To the Unitholders of
Ridgewood Canadian Bond Fund (the "Fund")

We have audited the accompanying financial statements of the Fund, which comprise the statements of financial position as at December 31, 2016 and December 31, 2015, the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2016 and December 31, 2015, and its financial performance, its changes in net assets attributable to holders of redeemable units and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 17, 2017

Ridgewood Canadian Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2016 and December 31, 2015

	2016	2015
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 31-Dec-16 - \$73,680,181; 31-Dec-15 - \$62,516,730)	74,945,735	64,703,636
Short-term investments at fair value (Cost: 31-Dec-16 - \$5,588,046; 31-Dec-15 - \$2,885,034)	5,588,046	2,885,034
Cash	17,744	33,789
Accrued interest receivable	308,618	255,892
Prepaid fees	24,749	18,446
Subscriptions receivable	7,313	2,981
Total Assets	80,892,205	67,899,778
Liabilities		
Accrued expenses	132,593	117,130
Due to Brokers	2,081,499	-
Redemptions payable	23,601	27,998
Total Liabilities (excluding net assets attributable to holders of redeemable units)	2,237,693	145,128
Net Assets attributable to holders of redeemable units	78,654,512	67,754,650
Number of Units Outstanding (Note 5)	6,587,678	5,675,078
Net assets attributable to holders of redeemable units per unit	11.9396	11.9390

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



Director

John H. Simpson, CFA



Director

Paul W. Meyer, CFA

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2016 and December 31, 2015

	2016	2015
	\$	\$
Income		
Interest income for distribution purposes	2,900,589	2,841,346
Net gain on foreign exchange	9,688	-
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	1,511,394	1,110,972
Net change in unrealized (depreciation) of investments	(921,352)	(892,576)
Total income	3,500,319	3,059,742
Expenses		
Management fees (Note 6 & 7)	789,908	756,723
HST expense	72,478	86,804
Administrative and other expenses	40,125	28,239
Custodian fees	60,955	61,018
Audit fees	16,485	16,968
Legal fees	11,002	5,791
Independent Review Committee fees (Note 6)	14,867	15,800
Insurance premium fees	8,168	-
Total operating expenses	1,013,988	971,343
Operating profit	2,486,331	2,088,399
Increase in net assets attributable to holders of redeemable units	2,486,331	2,088,399
Daily average number of units	7,428,617	7,190,837
Increase in net assets attributable to holders of redeemable units per unit	0.3347	0.2904

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 years ended December 31, 2016 and December 31, 2015

	2016	2015
	\$	\$
Net Assets Attributable to Holders of Redeemable units at beginning of Year	67,754,650	72,827,003
Distributions to redeemable unitholders		
From net investment income	(1,896,237)	(1,877,372)
Redeemable Unit Transactions (Note 5)		
Proceeds from units issued	65,546,169	47,373,065
Amount paid for units redeemed	(56,705,744)	(53,930,953)
Reinvestment of distributions	1,469,343	1,274,508
	10,309,768	(5,283,380)
Increase in net assets attributable to holders of redeemable units	2,486,331	2,088,399
Net Assets Attributable to Holders of Redeemable units at end of Year	78,654,512	67,754,650

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and December 31, 2015

	2016	2015
	\$	\$
Cash provided by (used in) operating activities		
Net increase in net assets attributable to holders of redeemable units	2,486,331	2,088,399
Adjustments for		
Interest income on short-term notes	(20,637)	(53,823)
Net realized gains on investments excluding foreign currency	(1,511,394)	(1,110,972)
Net change in unrealized appreciation (depreciation) of investments	921,352	892,576
Purchase of investments	(211,422,314)	(285,164,503)
Proceeds from sale of investments	199,087,882	289,767,600
Increase (Decrease) in accrued interest receivable	(52,726)	20,142
(Decrease) in prepaid fees	(6,303)	(8,683)
Increase (Decrease) in accrued expenses	15,463	(3,070)
Increase in investment purchases payable	2,081,499	-
Net cash provided by (used in) in operating activities	(8,420,847)	6,427,666
Cash provided by (used in) financing activities		
Subscriptions (paid) received in advance	(4,332)	734,519
Payable (receivable) for units redeemed	(4,397)	(54,239)
Distributions paid to holders of redeemable units, net of reinvested distributions	(426,894)	(602,864)
Proceeds from units issued	65,546,169	47,373,065
Amount paid for units redeemed	(56,705,744)	(53,930,953)
Net cash provided by (used in) financing activities	8,404,802	(6,480,472)
(Decrease) in cash	(16,045)	(52,746)
Cash, beginning of year	33,789	86,535
Cash (overdraft), end of year	17,744	33,789
Interest received	2,847,863	1,548,336

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

Ridgewood Canadian Bond Fund

Schedule of Investments

As at December 31, 2016

Par Value	Average Cost	Fair Value	% of Portfolio
	\$	\$	
Short-term Investments			
Treasury Bills			
5595000 Canadian Treasury Bill, 0.448%, April 6, 2017	5,588,046	5,588,046	7.10%
Investments			
Federal Bonds			
1080000 Canada Housing Trust No 1, 1.250%, June 15, 2021	1,086,197	1,070,982	
500000 Canada Housing Trust No 1, 1.900%, September 15, 2026	508,715	485,965	
2300000 Canadian Government Bond, 1.500%, June 1, 2026	2,270,787	2,256,990	
1125000 Canadian Government Bond, 3.500%, December 01, 2045	1,509,289	1,398,626	
6900000 Canadian Government Bond, 2.750%, December 1, 2048	7,602,730	7,581,769	
1000000 Regional Municipality of Peel Ontario, 2.300%, November 2, 2026	996,720	960,027	
Total Federal Bonds	13,974,438	13,754,359	17.50%
Provincial Bonds			
2500000 Province of Alberta, 3.300%, December 1, 2046	274,718	249,520	
2000000 Province of British Columbia, 3.300%, December 18, 2023	1,948,640	2,162,912	
2000000 Province of British Columbia, 3.200%, June 18, 2044	1,962,247	2,015,201	
1000000 Province of British Columbia, 2.800%, June 18, 2048	903,000	934,602	
2000000 Province of Manitoba, 1.550%, September 05, 2021	1,995,800	1,989,489	
2000000 Province of New Brunswick, 2.850%, June 02, 2023	1,988,320	2,082,732	
1250000 Province of Newfoundland and Labrador, 3.300%, October 17, 2046	1,138,788	1,140,029	
1000000 Province of Ontario, 1.950%, January 27, 2023	995,590	998,347	
1000000 Province of Ontario, 2.600%, June 02, 2025	1,015,760	1,016,190	
1000000 Province of Ontario, 2.400%, June 2, 2026	1,029,800	992,776	
3250000 Province of Ontario, 2.900%, December 02, 2046	3,024,886	3,046,119	
2000000 Province of Quebec, 2.500%, September 1, 2026	2,077,793	1,998,124	
2000000 Province of Quebec, 3.500%, December 1, 2045	2,270,360	2,088,681	
3100000 First Nations Finance Authority, 3.400%, June 26, 2024	3,285,958	3,245,598	
1000000 Province of Saskatchewan, 2.750%, December 02, 2046	876,500	888,440	
Total Provincial Bonds	24,788,160	24,848,760	31.59%
Municipal Bonds			
Corporate Bonds			
1000000 Bank of Montreal, 3.340%, December 08, 2025	999,630	1,018,874	
1000000 Bank of Montreal, 3.320%, June 01, 2026	999,860	1,016,610	
500000 Bank of Nova Scotia, 1.900%, December 2, 2021	499,860	496,412	
1000000 Brookfield Renewable Partners ULC, 3.630%, January 15, 2027	999,500	978,441	
1000000 Canadian Imperial Bank of Commerce, 3.000%, October 28, 2024	999,770	1,008,963	
1000000 Chip Mortgage Trust, 2.330%, April 29, 2020	988,980	987,003	
1699000 Goldman Sachs Group Inc., 5.200%, April 19, 2022	1,774,410	1,670,983	
1000000 Greater Toronto Airports Authority, 1.510%, February 16, 2021	999,900	994,237	
1000000 HSBC Holdings PLC, 3.196%, December 5, 2023	1,000,000	996,896	
1000000 Manufacturers Life Insurance Co., 2.640%, January 15, 2025	999,970	1,014,685	
1000000 Medavie Inc., 6.000%, May 21, 2024	1,028,000	1,020,000	
1127000 Merrill Lynch & Co., Inc., 5.290%, May 30, 2022	1,132,533	1,111,547	
1000000 Metropolitan Life Global Funding I, 1.875%, April 16, 2020	999,340	999,459	
3222668 OMERS Realty Corp., 3.666%, December 05, 2022	3,222,667	3,246,032	
1000000 Reliance LP, 3.813%, September 15, 2020	1,000,030	1,005,765	
1000000 Royal Bank of Canada, 2.333%, December 5, 2023	1,000,000	993,242	
1000000 Royal Bank of Canada, 3.040%, July 17, 2024	999,820	1,010,396	
1000000 Royal Bank of Canada, 3.310%, January 20, 2026	999,590	1,014,981	
1000000 Saputo Inc, 2.827%, November 21, 2023	1,000,000	1,002,001	
1000000 Teranet Holdings LP, 5.754%, December 17, 2040	1,089,900	1,073,889	
2000000 TransAlta Corp., 5.000%, November 25, 2020	2,035,222	2,057,156	
1400000 TransAlta Corp., 7.300%, October 22, 2029	1,382,000	1,405,747	
1000000 Wells Fargo & Co., 2.222%, March 15, 2021	1,000,000	1,000,169	
Total Corporate Bonds	27,150,982	27,123,488	34.48%
Mortgage Backed Securities			
4000000 Merrill Lynch Financial Assets Inc., 5.143%, January 12, 2040	3,718,200	4,000,000	
5188000 Merrill Lynch Financial Assets Inc., 5.220%, March 12, 2049	4,048,401	5,219,128	
Total Mortgage Backed Securities	7,766,601	9,219,128	11.72%
Total Bonds and Mortgage Backed Securities	73,680,181	74,945,735	95.29%
Total Investments	79,268,227	80,533,781	102.39%
Cash and other assets, net of liabilities	(1,879,269)	(1,879,289)	(2.39)%
Net assets		78,654,512	100.00%

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

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 Declaration dated February 18, 1999, as amended on September 1, 2008 and further amended on March 15, 2010. 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 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 Ridgewood Capital Asset Management Inc. on March 17, 2017.

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 annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB") and as required by Canadian securities legislation and the Canadian Accounting Standards Board.

4. Summary of significant accounting policies

Financial instruments

The Fund classifies its investments as financial assets at fair value through profit or loss ("FVTPL"). Financial Assets have two sub-categories: those designated at FVTPL at inception, and financial assets held for trading. Financial assets designated at FVTPL at inception are financial instruments that are not classified as held for trading but are managed, and their performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. A financial asset is classified as held for trading if it is acquired or incurred principally for the purpose of selling in the near term or if on initial recognition is part of a portfolio of identifiable financial investments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Derivatives are also categorized as held for trading. The Fund does not classify any investments as held for trading. All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, on the accrual basis based on the bond coupon rate. The Fund's accounting policies for measuring the fair value of its investments are identical to those used in measuring its net asset value ("NAV") for transactions with unitholders.

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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

4. Summary of significant accounting policies (continued)

Amendments to IAS1 disclosure initiative

The Fund has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the basis of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the Fund's financial position and financial performance.

Regarding the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or the financial position of the Fund.

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 Notes 5 and 8. The Fund does not have any externally imposed capital requirements.

Valuation of Investments

The Fund's financial instruments may include short-term investments and bonds (collectively referred to as investments), cash, subscriptions receivable, due from broker, due to broker, redemptions payable, distributions payable and accrued expenses. Investments are valued at fair value using the policies described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Fund uses the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, the Manager determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Fund policy is to recognize transfers in and out of the fair value hierarchy levels as at the end of the reporting period for transfers between Levels 1 and 2 and as at the date of the transfer for transfers in and out of Level 3.

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. If the underlying security is less than the conversion price; or if the underlying security is greater than the conversion price, at the market value of the underlying security multiplied by the number of shares to be received. 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.

Amounts due to brokers are payables for securities purchased that have been contracted for but not yet delivered on the reporting date.

Investment Transactions and Income Recognition

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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

4. Summary of significant accounting policies (continued)

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.

Financial Instruments – Disclosures (continued)

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. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, interest receivable, payable for investments purchased, 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 11 for these disclosures.

Foreign currency

a) Functional and presentation currency

Items included in the annual financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the "functional currency"). The annual financial statements of the Fund are presented in 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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

4. Summary of significant accounting policies (continued)

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 an 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. Where no market data is available, the Fund may value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used to determine fair values are validated and periodically reviewed by experienced personnel of the Manager, independent of the party that created them. The models used for private equity securities are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require the Manager to make estimates. Changes in assumptions about these factors could affect the reported fair values of financial instruments. 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 11 – Financial Instruments - Disclosure for further information about the fair value measurement of the Fund's financial instruments.

b) Classification and measurement of investments designated as FVTPL

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 invest on a total return basis for the purpose of applying the FVTPL designation for the financial assets under IAS39, Financial Instruments – Recognition and Measurement (“IAS39”). The most significant judgment made include the determination that certain investments are held-for-trading.

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.

Following are the unit transactions during the year from January 1 to December 31, 2016 and January 1 to December 31, 2015

	2016	2015
Units outstanding, beginning of year	5,675,078	6,158,374
Units issued for cash	5,459,035	3,909,545
Units redeemed	(4,667,362)	(4,498,720)
Reinvestment of distributions	120,927	105,879
Units outstanding, end of year	6,587,678	5,675,078

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

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 Investment Agreement dated September 1, 2008, the Fund appointed the Manager to provide management services. 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 year ended December 31, 2016 amounted to \$ 789,908 (2015 - \$756,723). See Note 7 for further detail.

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee during the year ended December 31, 2016 was \$ 14,867 (2015 - \$15,800).

7. Management fees and expenses

Ridgewood is entitled to an annual management fee payable out of the assets of the Fund. The maximum management fee is equal to 1.00% (excluding HST) of the weighted average net asset value of the Fund less ordinary expenses of the Fund (the "Maximum Ordinary Expenses"). The Maximum Ordinary Expenses acts as a cap on the management fee and ordinary expenses of the Fund.

Ordinary expenses are paid out of the assets of the Fund and include all normal day-to-day operating expenses of the Fund, including custodian, legal, accounting, audit and regulatory filing fees. Ordinary expenses do not include commissions, brokerage fees and other fees and disbursements directly relating to trading transactions, any taxes payable by the Fund, any interest expense and any expenses incurred in respect of matters not in the normal course of the Fund's day-to-day activities, all of which are the responsibility of the Fund. If the total ordinary expenses are greater than the Maximum Ordinary Expenses, Ridgewood will reimburse the Fund the amount of such excess.

8. 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.

9. 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, 2016, capital losses of \$ 3,438,044 (2015 - \$5,085,607) 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.

10. 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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

10. Financial instruments and risk management (continued)

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 December 31, 2016							
	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	17,744	-	5,588,046	-	10,600,673	64,345,062	-	80,551,525

	As at December 31, 2015							
	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	33,789	-	2,885,034	-	6,825,116	57,878,520	-	67,622,459

At December 31, 2016, 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 year would amount to approximately \$ 6.4 million (December 31, 2015 - \$5.1 million), arising substantially from the increase in market values of debt securities, with a small portion affecting interest rate futures. 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 \$ 6.4 million (December 31, 2015 - \$5.1 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'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 Dominion Bond Rating Service Limited and Canadian Bond Rating Service Limited.

Portfolio by rating category

Rating	December 31, 2016 As a % of net assets
AAA/Aaa	32.35%
AA/Aa	12.72%
A/A	27.33%
BBB/Baa	28.69%
Unrated	1.30%
Total	102.39%

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

10. Financial instruments and risk management (continued)

Portfolio by rating category

Rating	December 31, 2015 As a % of net assets
AAA/Aaa	35.21%
AA/Aa	12.70%
A/A	14.98%
BBB/Baa	35.34%
Unrated	1.52%
Total	99.76%

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. As at December 31, 2016, the Fund did not hold any assets or liabilities denominated in currencies other than the Canadian dollar (December 31, 2015 - \$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 \$5.6 million (December 31, 2015 - \$2.9 million) are invested in Canadian Government treasury bills with less than 120 days to maturity, so redemption requests can be readily facilitated. The Fund's accrued liabilities are generally due and paid within three months.

December 31, 2016

Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 23,601	\$ 23,601
Due to brokers	\$ 2,081,499	\$ -	\$ 2,081,499
Accrued expenses	-	132,593	132,593
Net Assets attributable to holders of redeemable units	78,654,512	-	78,654,512
Total Liabilities	\$ 80,736,011	\$ 156,194	\$ 80,892,205

December 31, 2015

Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 27,998	\$ 27,998
Accrued expenses	-	117,130	117,130
Net Assets attributable to holders of redeemable units	67,754,650	-	67,754,650
Total Liabilities	\$ 67,754,650	\$ 145,128	\$ 67,899,778

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:

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

10. Financial instruments and risk management (continued)

Market segments	December 31 2016	December 31, 2015
Canadian Short Term Investments	7.10%	4.26%
Federal Bonds	17.50%	22.05%
Provincial Bonds	31.59%	22.38%
Municipal Bonds	0.00%	3.18%
Corporate Bonds	34.48%	34.15%
Mortgage Backed Securities	11.72%	13.74%
Total	102.39%	99.76%

11. Financial Instruments – Disclosures

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 December 31, 2016 and December 31, 2015.

	as of December 31, 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	17,744	-	-	17,744
Bonds	-	65,726,607	-	65,726,607
Mortgage Backed Securities (MBS)	-	9,219,128	-	9,219,128
Short Term Investments	-	5,588,046	-	5,588,046
	17,744	80,533,781	-	80,551,525

	Financial assets at fair value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	33,789	-	-	33,789
Bonds	-	55,393,064	-	55,393,064
Mortgage Backed Securities (MBS)	-	9,310,572	-	9,310,572
Short Term Investments	-	2,885,034	-	2,885,034
	33,789	67,588,670	-	67,622,459

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 year ended December 31, 2016 or year ended December 31, 2015.

In addition, there were no investments or transactions classified in Level 3 for the year ended December 31, 2016 or year ended December 31, 2015.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2016

12. Financial instruments by category

The following tables present the carrying amounts of the Fund's financial instruments by category.

Financial Instruments by category as of December 31, 2016			
Assets	HFT	Financial assets at FVTPL	
		Designated at inception	Total
Non-derivative financial assets	-	74,945,735	74,945,735
Total	-	74,945,735	74,945,735

Financial Instruments by category as of December 31, 2015			
Assets	HFT	Financial assets at FVTPL	
		Designated at inception	Total
Non-derivative financial assets	-	64,703,636	64,703,636
Total	-	64,703,636	64,703,636

The Funds financial instruments as at December 31, 2016 and December 31, 2015 are designated as FVTPL.

The Fund's net gains (losses) on financial instruments for the year ended December 31, 2016 and year ended December 31, 2015 were all from financial instruments designated as FVTPL.

13. Future accounting policies

Accounting standards issues and amendments not yet adopted

Below are accounting standards issued or amended but not yet effective and not yet adopted. The Manager does not expect the adoption of these standards or amendments to have significant impact to the Fund's financial statements.

The final version of IFRS 9 Financial Instruments ("IFRS 9") was issued by the IASB on July 24, 2014 and will replace IAS 39. IFRS 9 introduces a model for classification and measurement of financial assets and liabilities. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted. Ridgewood Capital Group of Funds is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

Mutual Funds
Managed by Ridgewood Capital Asset Management Inc.

Ridgewood Canadian *Bond Fund*

Head Office:

Ridgewood Capital Asset Management Inc.
55 University Avenue, Suite 1020
Toronto ON
M5J 2H7

Visit our website at www.ridgewoodcapital.ca for additional information on Ridgewood Funds.