



Ridgewood Canadian Bond Fund

Interim Financial Report (Unaudited)
For the six months ended June 30, 2016

Ridgewood Canadian Bond Fund
Interim Financial Report (Unaudited)

Message to Unitholders	2
Unaudited Interim Report Statement	3
Management's Responsibility for Financial Reporting	4
Financial Statements	
Statements of Net Assets	5
Statements of Financial Operations	5
Statements of Changes in Net Assets	6
Statements of Cash Flows	6
Statement of Investments	7
Notes to the Financial Statements	8 - 15

Message to Unitholders

The first half of 2016 produced positive returns for bond investors, particularly in the corporate bond sectors. The overall FTSE/TMX Universe Bond Index was up 4.05% but infrastructure bonds, which include sectors such as power generation, renewable energy and utilities, were up over 9%. This highlights the importance of sector selection within a bond portfolio as the low Government yields will only provide modest returns going forward. Globally, interest rates are continuing to decline and in some cases yields are negative on short term bonds. The search for income is expected to force investors to positive yielding assets and into corporate bonds in particular.

Long term Canada bonds, those maturing over 10 years, were the top performers year to date. Returns were over 10% in the communication sector as the overall higher yield created strong demand for these bonds. Short term bonds were the weakest performing sector, returning a modest 1% overall.

The Bank of Canada has kept interest rates on hold in 2016 and has repeatedly stated that they will not cut rates unless the economy weakens significantly. That being said they likely are on hold for an extended period of time. The European Central Bank has continued to push overnight rates into negative territory so the effect of this is net tightening by other central banks that are on hold.

Global growth has been steady but not to the level it should be at this point in the economic cycle. Therefore we expect interest rates will stay low and perhaps go lower for the remainder of the year. The demand for corporate bonds will remain robust and the fund is currently positioned to provide both income and capital appreciation.

June 30, 2016

Ridgewood Canadian Bond Fund

Interim Financial Report 2016 (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

Management's Responsibility for Financial Reporting

The interim financial statements have been prepared by management in accordance with 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, CFA
Managing Director
Ridgewood Capital Asset Management Inc.



Paul W. Meyer, CFA
Managing Director
Ridgewood Capital Asset Management Inc.

Ridgewood Canadian Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2016 (Unaudited) and December 31, 2015

	30-Jun-16	31-Dec-15
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 30-Jun-16 - \$90,699,144; 31-Dec-15 - \$62,516,730)	95,043,206	64,703,636
Short-term investments at fair value (Cost: 30-Jun-16 - \$6,134,210; 31-Dec-15 - \$2,885,034)	6,134,210	2,885,034
Cash	166,548	33,789
Accrued interest receivable	409,359	255,892
Prepaid fees	26,158	18,446
Subscriptions receivable	70,850	2,981
Total Assets	101,850,331	67,899,778
Liabilities		
Accrued expenses	142,018	117,130
Distributions Payable	183,433	-
Due to Brokers	704,800	-
Redemptions payable	654,278	27,998
Total Liabilities (excluding net assets attributable to holders of redeemable units)	1,684,529	145,128
Net Assets attributable to holders of redeemable units	100,165,802	67,754,650
Number of Units Outstanding (Note 5)	8,152,556	5,675,078
Net assets attributable to holders of redeemable units per unit	12.2864	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 six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
	\$	\$
Income		
Interest income for distribution purposes	1,432,740	1,373,676
Net gain (loss) 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	723,414	901,918
Net change in unrealized (depreciation) appreciation of investments	2,157,156	(381,303)
Total income	4,322,998	1,894,291
Expenses		
Management fees (Note 7)	311,581	295,145
HST expense	36,373	40,516
Administrative and other expenses	101,810	69,524
Custodian fees	30,394	30,290
Audit fees	7,939	9,800
Legal fees	9,090	3,878
Independent Review Committee fees	6,233	4,467
Insurance premium fees	4,084	-
Total operating expenses	507,504	453,620
Operating profit	3,815,494	1,440,671
Increase in net assets attributable to holders of redeemable units	3,815,494	1,440,671
Daily average number of units	7,529,835	6,772,584
Increase in net assets attributable to holders of redeemable units per unit	0.5067	0.2127

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 ended June 30, 2016 and 2015 (unaudited)

	2016	2015
	\$	\$
Net Assets Attributable to Holders of Redeemable units at beginning of period	67,754,650	72,827,003
Distributions to redeemable unitholders		
From net investment income	(1,053,866)	(609,606)
Redeemable Unit Transactions (Note 5)		
Proceeds from units issued	45,390,825	21,522,110
Amount paid for units redeemed	(16,419,923)	(12,611,850)
Reinvestment of distributions	678,622	271,497
	29,649,524	9,181,757
Increase in net assets attributable to holders of redeemable units	3,815,494	1,440,671
Net Assets Attributable to Holders of Redeemable units at end of period	100,165,802	82,839,825

STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2016 and 2015 (unaudited)

	2016	2015
	\$	\$
Cash provided by (used in) operating activities		
Net increase in net assets attributable to holders of redeemable units	3,815,494	1,440,671
Adjustments for		
Interest income on short-term notes	(12,288)	(39,962)
Net realized gains on investments excluding foreign currency	(723,414)	(901,918)
Net change in unrealized appreciation (depreciation) of investments	(2,157,156)	381,303
Purchase of investments	(129,724,128)	(160,152,854)
Proceeds from sale of investments	99,028,240	145,844,823
Increase (Decrease) in accrued interest receivable	(153,467)	(79,449)
(Decrease) in prepaid fees	(7,712)	(2,030)
Increase (Decrease) in accrued expenses	24,888	(22,913)
Increase (Decrease) in investment purchases payable	704,800	4,140,892
Net cash provided by (used in) in operating activities	(29,204,743)	(9,391,437)
Cash provided by (used in) financing activities		
Subscriptions received in advance	(67,869)	737,500
Payable for units redeemed	626,280	(7,590)
Distributions paid to holders of redeemable units, net of reinvested distributions	(191,811)	(234,473)
Proceeds from units issued	45,390,825	21,522,110
Amount paid for units redeemed	(16,419,923)	(12,611,850)
Net cash provided by (used in) financing activities	29,337,502	9,405,697
Increase (decrease) in cash	132,759	14,260
Cash, beginning of period	33,789	86,535
Cash, end of period	166,548	100,795
Interest received	1,279,273	1,548,336

The accompanying notes are an integral part of the financial statements

Ridgewood Canadian Bond Fund

Schedule of Investments

As at June 30, 2016

Par Value	Average Cost	Fair Value	% of Portfolio
	\$	\$	
Short-term Investments			
Treasury Bills			
6140000 Canadian Treasury Bill, 0.492%, August 25, 2016	6,134,210	6,134,210	6.11%
Investments			
Federal Bonds			
5000000 Canada Housing Trust No 1, 1.250%, June 15, 2021	5,010,500	5,056,570	
2000000 Canada Housing Trust No 1, 1.950%, December 15, 2025	1,994,577	2,068,079	
5000000 Canadian Government Bond, 1.500%, June 01, 2026	520,625	520,618	
7250000 Canadian Government Bond, 3.500%, December 01, 2045	9,714,282	10,227,937	
3100000 First Nations Finance Authority, 3.400%, June 26, 2024	3,285,959	3,402,299	
Total Federal Bonds	15,515,443	21,275,503	21.25%
Provincial Bonds			
2000000 Province of British Columbia, 3.300%, December 18, 2023	1,948,640	2,246,381	
2000000 Province of British Columbia, 3.200%, June 18, 2044	1,962,247	2,205,830	
2000000 Province of Manitoba, 1.550%, September 05, 2021	1,995,800	2,022,973	
1250000 Province of Newfoundland and Labrador, 3.300%, October 17, 2046	1,138,788	1,245,181	
1000000 Province of British Columbia, 2.800%, June 18, 2048	903,000	1,030,407	
2000000 Province of New Brunswick, 2.850%, June 02, 2023	1,988,320	2,143,029	
3000000 Province of Ontario, 2.600%, June 02, 2025	3,047,280	3,189,954	
3250000 Province of Ontario, 2.900%, December 02, 2046	3,024,887	3,356,935	
1000000 Province of Saskatchewan, 2.750%, December 02, 2046	776,500	969,116	
Total Provincial Bonds	16,885,462	18,409,806	18.39%
Municipal Bonds			
2000000 City of Winnipeg, 4.100%, June 01, 1945	2,140,820	2,327,827	2.32%
Corporate Bonds			
1000000 407 International Inc., 3.600%, May 21, 2047	998,880	1,036,380	
1000000 Bank of Montreal, 3.340%, December 08, 2025	999,630	1,016,331	
1000000 Bank of Montreal, 3.320%, June 01, 2026	999,860	1,012,141	
1000000 Brookfield Infrastructure Finance ULC, 3.452%, March 11, 2022	1,000,000	1,022,946	
1000000 Bruce Power LP, 2.844%, June 23, 2021	1,000,000	1,012,559	
1000000 Canadian Imperial Bank of Commerce, 3.000%, October 28, 2024	999,770	1,003,897	
1000000 Canadian Imperial Bank of Commerce, 3.420%, January 26, 2026	1,000,000	1,018,478	
1000000 Chip Mortgage Trust, 2.330%, April 29, 2020	988,980	1,008,195	
3366000 Citigroup Inc., 5.160%, May 24, 2027	3,440,626	3,709,823	
1000000 CT Real Estate Investment Trust, 3.289%, June 01, 2026	1,000,000	1,011,885	
1000000 Fairfax Financial Holdings Ltd., 7.500%, August 19, 2019	1,136,480	1,125,057	
1000000 Fairfax Financial Holdings Ltd., 7.250%, June 22, 2020	1,147,700	1,143,284	
1000000 Fairfax Financial Holdings Ltd., 4.500%, March 22, 2023	994,310	1,031,450	
2250000 First Capital Realty Inc., 3.604%, May 06, 2026	2,250,000	2,335,264	
1699000 Goldman Sachs Group Inc., 5.200%, April 19, 2022	1,774,410	1,674,475	
1000000 Greater Toronto Airports Authority, 1.510%, February 16, 2021	999,900	1,008,296	
1000000 Manufacturers Life Insurance Co., 2.640%, January 15, 2025	999,970	1,011,629	
1000000 Medavie Inc., 6.000%, May 21, 2024	1,028,000	1,027,500	
1127000 Merrill Lynch & Co., Inc., 5.290%, May 30, 2022	1,132,532	1,107,421	
2000000 Metropolitan Life Global Funding I, 1.875%, April 16, 2020	1,998,680	2,009,515	
3259578 OMERS Realty Corp., 3.666%, December 05, 2022	3,259,578	3,373,794	
1000000 Reliance LP, 3.813%, September 15, 2020	1,000,030	1,010,716	
1000000 Royal Bank of Canada, 1.400%, April 26, 2019	999,680	1,003,680	
1000000 Royal Bank of Canada, 3.040%, July 17, 2024	999,820	1,004,489	
1000000 Royal Bank of Canada, 3.310%, January 20, 2026	999,590	1,013,271	
1000000 Shaw Communications Inc., 3.150%, February 19, 2021	998,900	1,030,052	
1500000 Shaw Communications Inc., 6.750%, November 09, 2039	1,798,699	1,881,172	
3000000 TransAlta Corp., 5.000%, November 25, 2020	3,052,833	2,862,426	
1400000 TransAlta Corp., 7.300%, October 22, 2029	1,382,000	1,158,945	
1000000 Union Gas Ltd., 3.800%, June 01, 2046	999,460	1,047,229	
1000000 Wells Fargo & Co., 2.222%, March 15, 2021	1,000,000	1,015,588	
1000000 Wells Fargo & Co., 2.975%, May 19, 2026	1,000,000	1,013,174	
Total Corporate Bonds	43,380,318	43,741,062	43.67%
Mortgage Backed Securities			
4000000 Merrill Lynch Financial Assets Inc., 5.192%, January 12, 2040	3,718,200	4,018,000	
5188000 Merrill Lynch Financial Assets Inc., 5.220%, March 12, 2049	4,048,401	5,271,008	
Total Mortgage Backed Securities	7,766,601	9,289,008	9.27%
Total Bonds and Mortgage Backed Securities	85,688,644	95,043,206	94.90%
Total Investments	91,822,854	101,177,416	101.01%
Cash and other assets, net of liabilities		(1,011,814)	-1.01%
Net assets		100,165,602	100.00%

The accompanying notes are an integral part of the financial statements

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2016 (Unaudited)

1. Establishment of the Fund

Ridgewood Canadian Bond Fund (the "Fund") is an open-end mutual fund 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 were authorized for issuance by Ridgewood Capital Asset Management Inc. on August 24, 2016.

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") and in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34") 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

June 30, 2016 (Unaudited)

4. Summary of significant accounting policies (continued)

Recognition, Initial Measurement and Classification

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 financial assets under IAS 39, Financial Instruments – Recognition and Measurement. The most significant judgments made include the determination that certain investments are held-for-trading.

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 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. Unlisted convertible debentures are valued at cost, 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 net assets value (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 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.

Income Recognition

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2016 (Unaudited)

4. Summary of significant accounting policies (continued)

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. 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 semi-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 semi-annual financial statements of the Fund are presented in CAD which is the Fund's functional currency.

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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2016 (Unaudited)

4. Summary of significant accounting policies (continued)

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 4 – 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 Declaration of Trust 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 period from January 1 to June, 30, 2016 and January 1 to December 31, 2015:

	2016	2015
Units outstanding, beginning of period	5,675,078	6,158,374
Units issued for cash	3,782,026	3,909,545
Units redeemed	(1,361,112)	(4,498,720)
Units issued on reinvestment of distributions	56,564	105,879
Units outstanding, end of period	8,152,556	5,675,078

6. Related party transactions

The Fund's investment activities are managed by Ridgewood Capital Asset Management Inc. (the "Manager").

Management fees

Under the terms of the Master Investment Agreement dated September 1, 2008, the Fund appointed the Manager to provide management services. The Manager receives a fee based on the NAV of the Fund's units, accrued daily and payable monthly out of the assets of the Fund. The maximum management fee is equal to 1.00% (excluding HST) of the net asset value 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, 2016 amounted to \$ 311,582 (2015 - \$295,145).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee during the period ended June 30, 2016 was \$ 6,233 (2015 - \$4,467).

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2016 (Unaudited)

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, 2015, capital losses of \$5,085,607 (2014 - \$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.

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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2016 (Unaudited)

10. Financial instruments and risk management (continued)

As at June 30, 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	166,548	6,134,210	-	1,003,680	18,282,257	75,757,270	-	101,343,964

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 June 30, 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 period 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 well-known rating agencies such as Dominion Bond Rating Service Limited and Canadian Bond Rating Service Limited.

Rating	June 30, 2016	December 31, 2015
	As a % of net assets attributable to holders of redeemable units	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	32.42%	35.21%
AA/Aa	10.96%	12.70%
A/A	19.20%	14.98%
BBB/Baa	36.08%	35.34%
Unrated	3.38%	1.52%
Total	101.01%	99.75%

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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2016 (Unaudited)

10. Financial instruments and risk management (continued)

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 \$6.1 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.

June 30, 2016				
Financial Liabilities		On Demand	< 3 Months	Total
Redemptions payable	\$	-	\$ 654,278	\$ 654,278
Accrued expenses		-	1,030,251	-
Net Assets attributable to holders of redeemable units		100,165,801	-	-
Total Liabilities	\$	100,165,801	\$ 1,684,529	\$ 654,278

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:

Market segments	June 30, 2016	December 31, 2015
Canadian Short Term Investments	6.11%	4.26%
Federal Bonds	21.25%	22.05%
Provincial Bonds	18.39%	22.38%
Municipal Bonds	2.32%	3.18%
Corporate Bonds	43.67%	34.15%
Mortgage Backed Securities	9.27%	13.74%
Total	101.01%	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 June 30, 2016 and December 31, 2015.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2016 (Unaudited)

11. Financial Instruments – Disclosures (continued)

	Financial assets at fair value as of June 30, 2016			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	166,548	-	-	166,548
Bonds	-	85,754,199	-	85,754,199
Mortgage Backed Securities (MBS)	-	9,289,008	-	9,289,008
Short Term Investments	-	6,134,210	-	6,134,210
	166,548	101,177,417	-	101,343,965

	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 period ended June 30, 2016 or year ended December 31, 2015.

In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2016 or year ended December 31, 2015.

12. Financial instruments by category

The Funds financial instruments as at June 30, 2016 and December 31, 2015 are designated as FVTPL.

The Fund's net gains (losses) on financial instruments for the period ended June 30, 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 is in the process of assessing the impact of IFRS 9 and has not yet determined when it will adopt the new standard.

In December 2014, Disclosure Initiative was issued, which amends IAS 1 Presentation of Financial Statements. The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying the guidance on materiality, presentation, and note structure. The amendments also require separate disclosure of other comprehensive income attributable to joint ventures and associates, classified by nature. These amendments are effective for annual periods beginning on or after January 1, 2016. We will provide this disclosure in our December 31, 2016 Financial Statements.

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