



Ridgewood Canadian Bond Fund

Interim Financial Report (Unaudited)
For the six months ended June 30, 2015

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 - 17

Message to Unitholders

The first half of 2015 was positive for bond investors as returns outpaced both U.S. and Canadian equities. An environment of declining inflation and modest growth has been an attractive backdrop for fixed income investors as money flowed into investment grade and high yield asset classes. Corporate bonds are performing well in this environment as the additional yield over Government bonds makes them more attractive. Refinancing of existing and maturing debt has been slightly above average which is positive for liquidity. The supply will likely moderate in the second half which will push bond prices higher as demand continues to be robust.

Mid-term corporate bonds performed the best on both a relative and absolute basis. Short term government bonds were one of the worst performers in this period. The yield curve continues to steepen which will eventually push investors further out of the maturity spectrum. This will likely result in mid and long term bonds out performing on a relative basis.

The Bank of Canada has cut rates 25 basis points in the first half of 2015 and they continue to be accommodative. Although the U.S. economy continues to grow steadily, small cracks are appearing globally, not only in Europe but China as well. The Greek situation continues to unfold and we have not seen the final resolution. Central banks globally continue to be on deflation watch for the most part, although the risk of that in North America is quite low.

The global growth backdrop is softening and although the U.S. central bank is expected to hike rates by the end of 2015, all other central banks are either on hold or reducing overnight rates, Canada included. We have extended the term to maturity in our portfolio to take advantage of the attractive yield pickup and demand for long duration assets. Corporate bonds are our preferred asset class within fixed income and we remain comfortable being fully invested at this time.

June 30, 2015

Ridgewood Canadian Bond Fund

Interim Financial Report 2015 (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, 2015 (Unaudited) and December 31, 2014

	30-Jun-15	31-Dec-14
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 30-Jun-15 - \$78,186,512; 31-Dec-14 - \$62,808,907)	80,884,689	65,888,388
Short-term investments at fair value (Cost: 30-Jun-15 - \$5,903,527; 31-Dec-14 - \$6,031,220)	5,903,527	6,031,220
Cash	100,795	86,535
Accrued interest receivable	355,483	276,034
Prepaid fees	11,793	9,763
Subscriptions receivable	-	737,500
Total Assets	87,256,287	73,029,440
Liabilities		
Accrued expenses	97,287	120,200
Distributions Payable	103,636	-
Due to Brokers	4,140,892	-
Redemptions payable	74,647	82,237
Total Liabilities (excluding net assets attributable to holders of redeemable units)	4,416,462	202,437
Net Assets attributable to holders of redeemable units	82,839,825	72,827,003
Number of Units Outstanding (Note 5)	6,909,055	6,158,374
Net assets attributable to holders of redeemable units per unit	11.9900	11.8257

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, 2015 and 2014 (Unaudited)

	30-Jun-15	30-Jun-14
	\$	\$
Income		
Interest income for distribution purposes	1,373,676	954,307
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	901,918	132,810
Net change in unrealized (depreciation) appreciation of investments	(381,303)	1,833,812
Total income	1,894,291	2,920,929
Expenses		
Management fees (Note 7)	295,145	157,735
HST expense	40,516	26,471
Administrative and other expenses	69,524	44,317
Custodian fees	30,290	14,733
Audit fees	9,800	18,208
Legal fees	3,878	16,923
Independent Review Committee fees	4,467	8,933
Total operating expenses	453,620	287,320
Operating profit	1,440,671	2,633,609
Increase in net assets attributable to holders of redeemable units	1,440,671	2,633,609
Daily average number of units	6,772,584	4,417,913
Increase in net assets attributable to holders of redeemable units per unit	0.2127	0.5961

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, 2015 and 2014 (Unaudited)

	30-Jun-15	30-Jun-14
	\$	\$
Net Assets Attributable to Holders of Redeemable units at beginning of period	72,827,003	46,295,450
Distributions to redeemable unitholders		
From net investment income	(609,606)	(488,933)
Redeemable Unit Transactions (Note 5)		
Proceeds from units issued	21,522,110	22,613,003
Amount paid for units redeemed	(12,611,850)	(14,188,438)
Reinvestment of distributions	271,497	330,901
	9,181,757	8,755,466
Increase in net assets attributable to holders of redeemable units	1,440,671	2,633,609
Net Assets Attributable to Holders of Redeemable units at end of period	82,839,825	57,195,592

STATEMENTS OF CASH FLOWS

For the six months ended June 30, 2015 and 2014 (Unaudited)

	30-Jun-15	30-Jun-14
	\$	\$
Cash provided by (used in) operating activities		
Net increase in net assets attributable to holders of redeemable units	1,440,671	2,633,609
Adjustments for		
Interest income on short-term notes	(39,962)	(7,142)
Net realized gains (losses) on investments excluding foreign currency	(901,918)	(132,810)
For the period ended June 30	381,303	(1,833,812)
Purchase of investments	(160,152,854)	(84,974,220)
Proceeds from sale of investments	145,844,823	73,054,628
(Decrease) in accrued interest receivable	(79,449)	(66,914)
(Decrease) in prepaid fees	(2,030)	(2,275)
(Decrease) in accrued expenses	(22,913)	(10,374)
Increase in due to brokers	4,140,892	3,194,619
Net cash provided by (used in) in operating activities	(9,391,437)	(8,144,691)
Cash provided by (used in) financing activities		
Subscriptions received in advance	737,500	9,927
Payable for units redeemed	(7,590)	(150,024)
Distributions paid to holders of redeemable units, net of reinvested distributions	(234,473)	(83,372)
Proceeds from units issued	21,522,110	22,613,003
Amount paid for units redeemed	(12,611,850)	(14,188,438)
Net cash provided by (used in) financing activities	9,405,697	8,201,096
Increase in cash	14,260	56,405
Cash, beginning of period	86,535	69,674
Cash, end of period	100,795	126,079
Interest received	1,548,336	887,393

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

Ridgewood Canadian Bond Fund

Schedule of investments

As at June 30, 2015

Par Value	Average Cost	Fair Value	% of Portfolio
	\$	\$	
Short-term Investments			
Treasury Bills			
5920000 Canadian Treasury Bill, 0.620%, November 19, 2015	5,903,527	5,903,527	7.13%
Investments			
Federal Bonds			
6000000 Canada Housing Trust No 1, 2.550%, March 15, 2025	6,262,090	6,218,086	
3000000 Canadian Government Bond, 1.500%, March 01, 2020	3,078,000	3,093,892	
7000000 Canadian Government Bond, 1.500%, June 01, 2023	6,973,781	7,012,891	
10000000 Canadian Government Bond, 2.250%, June 01, 2025	10,423,677	10,514,611	
Total Federal Bonds	26,737,548	26,839,480	32.40%
Provincial Bonds			
1000000 Province of Alberta, 3.450%, December 01, 2043	1,005,740	1,057,103	
2000000 Province of British Columbia, 3.300%, December 18, 2023	1,948,640	2,176,789	
1000000 Province of British Columbia, 3.200%, June 18, 2044	1,028,870	1,018,569	
3000000 Province of New Brunswick, 2.850%, June 02, 2023	2,982,480	3,129,608	
2000000 Province of Ontario, 2.600%, June 02, 2025	2,025,680	2,024,634	
Total Provincial Bonds	8,991,410	9,406,703	11.36%
Municipal Bonds			
3000000 City of Winnipeg Canada, 4.100%, June 01, 2045	3,211,230	3,353,352	4.05%
Corporate Bonds			
1000000 407 International Inc., 3.300%, March 27, 2045	998,300	903,080	
1000000 Brookfield Infrastructure Finance ULC, 3.452%, March 11, 2022	1,000,000	999,969	
1000000 Brookfield Renewable Energy Partners ULC, 3.752%, June 02, 2025	999,960	987,973	
1000000 Canadian Imperial Bank of Commerce, 3.000%, October 28, 2024	999,770	1,030,606	
1000000 Citigroup Inc., 4.090%, June 09, 2025	999,670	996,829	
2765000 Citigroup Inc., 5.160%, May 24, 2027	2,821,297	2,971,841	
1000000 Fairfax Financial Holdings Ltd., 4.950%, March 03, 2025	991,140	1,032,102	
1000000 Goldman Sachs Group Inc., 5.200%, April 19, 2022	1,047,100	1,041,281	
1000000 Manitoba Telecom Services Inc., 4.000%, May 27, 2024	1,008,500	1,030,963	
1000000 Manufacturers Life Insurance Co., 2.640%, January 15, 2025	999,970	1,033,430	
1000000 Metro Inc., 5.030%, December 01, 2044	999,540	1,026,221	
2000000 Metropolitan Life Global Funding I, 1.875%, April 16, 2020	1,998,680	1,992,142	
3331417 OMERS Realty Corp., 3.666%, December 05, 2022	3,331,416	3,555,287	
1000000 Reliance LP, 3.813%, September 15, 2020	1,000,030	995,241	
1200000 RioCan Real Estate Investment Trust, 3.746%, May 30, 2022	1,200,000	1,252,329	
1000000 Royal Bank of Canada, 3.040%, July 17, 2024	999,820	1,034,482	
2000000 Shaw Communications Inc., 6.750%, November 09, 2039	2,412,920	2,432,280	
1000000 Sobeys Inc., 6.640%, June 07, 2040	1,200,700	1,228,737	
1000000 TELUS Corp., 4.750%, January 17, 2045	992,910	1,002,292	
2000000 Teranet Holdings LP, 6.100%, June 17, 2041	2,320,000	2,281,557	
3000000 TransAlta Corp., 5.000%, November 25, 2020	3,158,000	3,136,752	
Total Corporate Bonds	31,479,723	31,965,394	38.58%
Mortgage Backed Securities			
4000000 Merrill Lynch Financial Assets Inc., 5.192%, January 12, 2040	3,718,200	4,028,000	
5188000 Merrill Lynch Financial Assets Inc., 5.219%, March 12, 2049	4,048,401	5,291,760	
Total Mortgage Backed Securities	7,766,601	9,319,760	11.25%
Total Bonds and Mortgage Backed Securities	78,186,512	80,884,689	97.64%
Total Investments	84,090,039	86,788,216	104.77%
Cash and other assets, net of liabilities		(3,948,391)	-4.77%
Net assets		82,839,825	100.00%

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2015 (Unaudited)

1. Establishment of the Fund

Ridgewood Canadian Bond Fund (the “Fund”) is an open-end trust existing under the laws of the Province of Ontario and governed by an amended and restated Master Declaration of Trust dated September 1, 2008, executed by Ridgewood Capital Asset Management Inc. (“Ridgewood” or the “Manager”) in its separate capacities as manager and trustee of the Fund, and a Fund 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 August 21, 2015.

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 interim financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) International Accounting Standard (“IAS”) 34, Interim Financial Reporting 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, 2015 (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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2015 (Unaudited)

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.

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

June 30, 2015 (Unaudited)

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 4 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. 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. 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 period from January 1 to June 30, 2015 and the year from January 1 to December 31, 2014:

	2015	2014
Units outstanding, beginning of period	6,158,374	4,211,098
Units issued for cash	1,767,189	4,638,740
Units redeemed	(1,038,667)	(2,775,987)
Units issued on reinvestment of distributions	22,159	84,523
Units outstanding, end of period	6,909,055	6,158,374

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2015 (Unaudited)

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, 2015 amounted to \$295,145 (June 30, 2014 - \$157,735).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee during the period ended June 30, 2015 was \$4,467 (June 30, 2014 - \$8,933).

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, 2014, capital losses of \$5,085,607 (2013 - \$3,831,180) are available for utilization against realized gains on sales of investments in future years. The capital losses can be carried forward indefinitely. The Fund has no non-capital losses.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2015 (Unaudited)

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.

								As at June 30, 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	100,795	-	5,903,527	-	5,086,034	75,798,655	-	86,889,011	

								As at December 31, 2014	
	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	86,535	-	6,031,220	-	-	65,888,388	-	72,006,143	

At June 30, 2015, 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, 2014 - \$5.8 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, 2014 - \$5.8 million).

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2015 (Unaudited)

10. Financial instruments and risk management (continued)

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

	June 30, 2015
Rating	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	44.66%
AA/Aa	13.19%
A/A	7.36%
BBB/Baa	39.55%
Unrated	0.00%
Total	104.76%

Portfolio by rating category

	December 31, 2014
Rating	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	31.04%
AA/Aa	20.25%
A/A	8.43%
BBB/Baa	39.03%
Unrated	0.00%
Total	98.75%

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, 2015 (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 \$5.9 million (December 31, 2014 - \$6.0 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, 2015			
Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 74,647	\$ 74,647
Accrued expenses	-	103,636	103,636
Due to brokers	-	4,140,892	4,140,892
Accrued expenses	-	97,287	97,287
Redeemable units	82,839,825	-	82,839,825
Total liabilities	\$ 82,839,825	\$ 4,416,462	\$ 87,256,287

December 31, 2014			
Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 82,237	\$ 82,237
Accrued expenses	-	120,200	120,200
Redeemable units	72,827,003	-	72,827,003
Total liabilities	\$ 72,827,003	\$ 202,437	\$ 73,029,440

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 2015	December 31, 2014
Canadian Short Term Investments	7.13%	8.28%
Federal Bonds	32.40%	12.61%
Provincial Bonds	11.36%	22.20%
Municipal Bonds	4.05%	7.61%
Corporate Bonds	38.58%	35.26%
Mortgage Backed Securities	11.25%	12.79%
Total	104.77%	98.75%

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, 2015 and December 31, 2014.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2015 (Unaudited)

11. Financial Instruments – Disclosures (continued)

Financial assets at fair value as of June 30, 2015				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	100,795	-	-	100,795
Bonds	-	71,564,929	-	71,564,929
Mortgage Backed Securities (MBS)	-	9,319,760	-	9,319,760
Short Term Investments	-	5,903,527	-	5,903,527
	100,795	86,788,216	-	86,889,011

Financial assets at fair value as of December 31, 2014				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	86,535	-	-	86,535
Bonds	-	56,576,628	-	56,576,628
Mortgage Backed Securities (MBS)	-	9,311,760	-	9,311,760
Short Term Investments	-	6,031,220	-	6,031,220
	86,535	71,919,608	-	72,006,143

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, 2015 or year ended December 31, 2014.

In addition, there were no investments or transactions classified in Level 3 for the period ended June 30, 2015 or year ended December 31, 2014.

12. Financial instruments by category

The Funds financial instruments as at June 30, 2015 and December 31, 2014 are designated as FVTPL.

The Fund's net gains (losses) on financial instruments for the period ended June 30, 2015 and year ended December 31, 2014 were all from financial instruments designated as FVTPL.

Financial assets at fair value through profit or loss	June 30, 2015	December 31, 2014
Designated as at fair value through profit or loss	86,788,216	65,888,388
Held for trading	-	-

Net realized gains/(losses) on financial assets at fair value through profit or loss	Period ended June 30, 2015	Year ended December 31, 2014
Designated as at fair value through profit or loss	901,918	1,426,873
Held for trading	-	-

Net change in unrealized gains/(losses) on financial assets at fair value through profit or loss	Period ended June 30, 2015	Year ended December 31, 2014
Designated as at fair value through profit or loss	(381,303)	2,539,127
Held for trading	-	-

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2015 (Unaudited)

13. Future accounting policies

Accounting standards issued but 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.

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

Tel: 416-842-0227 1-888-789-8957
Fax: 416-479-2750

e-mail: contact@ridgewoodcapital.ca
www.ridgewoodcapital.ca