



Ridgewood Canadian Bond Fund

Interim Report of Fund Performance
For the six months ended June 30, 2014

Ridgewood Canadian Bond Fund

Management Report on Fund Performance

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This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 416-842-0887 or 1-888-789-8957 toll free, or by writing to us at Investor Relations, Ridgewood Capital Asset Management Inc., 55 University Avenue, Suite 1020, Toronto, Ontario, M5J 2H7, or by visiting our website at www.ridgewoodcapital.ca or SEDAR at www.sedar.com. Unitholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Results of Operations

For the six months ended June 30, 2014, the net asset value of the Fund for pricing purposes was \$11.49 per unit compared to \$10.99 per unit at December 31, 2013.

For more detailed information on the investment returns, please see the Annual Total Return bar graph.

For the six months ended June 30, 2014, the fund had a return of 5.54% net of fees of 1.16% (annualized) while the DEX Universe Bond Index had a return of 1.99%. The bond market has adjusted to the fact that quantitative easing will be winding down in the 4th quarter of 2014. The strategy of the Fund has been to overweight corporate bonds relative to its benchmark as yields represent value relative to Government bonds. Term to maturity was lengthened in anticipation of a drop in interest rates as global growth appears to be losing momentum

Recent Developments

The Bank of Canada has not increased interest rates this year and has recently stated that it is likely to remain on hold given the uncertain global economic environment. Steven Poloz, Bank of Canada Governor, is still concerned about export growth and final domestic demand. He has highlighted the challenges that a strong Canadian dollar is to the export sector of the economy. We expect the BOC to remain dovish until domestic demand picks up from its current pace. The U.S. economy on the other hand has been gradually picking up momentum with job growth maintaining a consistent path.

Interest rates will likely be limited on the upside given our weak economic growth in the first half of 2014. The corporate bond market remains attractive given the additional interest rate differential over Government bonds. The strategy will be to remain overweight this sector to achieve higher income and potential capital gains.

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 June 30, 2014 and December 31, 2013, the Net Assets included in the Net Assets per Unit table is from the Fund's unaudited and audited financial statements, respectively, 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.

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	Period ended June 30		Years ended December 31		
	2014	2013	2012	2011	2010
	\$	\$	\$	\$	\$
The Fund's net assets per unit					
Net assets value, beginning of year (period) ⁽¹⁾	10.99	11.25	10.77	11.29	11.17
Increase (decrease) from operations					
Total revenue	0.22	0.43	0.45	0.58	0.66
Total expenses (excluding distributions)	(0.07)	(0.13)	(0.12)	(0.13)	(0.14)
Realized gain (loss) for the year (period)	0.03	(0.03)	0.46	(0.65)	0.28
Unrealized gain (loss) for the year (period)	0.42	(0.21)	0.06	(0.09)	0.07
Total increase (decrease) from operations ⁽²⁾	0.60	0.06	0.85	(0.29)	0.87
Distributions to unitholders					
From net investment income	(0.11)	(0.31)	(0.32)	(0.45)	(0.51)
From return of capital	-	-	(0.03)	-	-
From capital gains	-	-	-	-	(0.31)
Total distributions ⁽³⁾	(0.11)	(0.31)	(0.35)	(0.45)	(0.82)
Net assets value, end of year (period) ⁽¹⁾	11.49	10.99	11.25	10.77	11.29

(1) This information is derived from the Fund's unaudited financial statements as at June 30, 2014 and the audited annual financial statements as at December 31 of the year, with the exception of 2013 information, which was re-stated in accordance with 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 (decrease) 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.

	2014	2013	2012	2011	2010
Ratios/supplemental data					
Net Asset Value, end of year (period) (\$millions) ⁽¹⁾	\$ 57.20	\$ 46.30	\$ 107.26	\$ 152.24	\$ 136.68
Number of units outstanding ⁽¹⁾	4,977,356	4,211,098	9,531,017	14,141,272	12,101,350
Management expense ratio (including HST) ⁽²⁾	1.16%	1.14%	1.10%	1.11%	1.12%
Management expense ratio including expenses absorbed by the Manager	1.16%	1.14%	1.10%	1.11%	1.12%
Portfolio turnover rate ⁽³⁾	100.06%	320.83%	355.13%	470.50%	171.54%
Net Asset Value per unit, end of year (period)	\$ 11.49	\$ 10.99	\$ 11.25	\$ 10.77	\$ 11.29

(1) This information is provided as at June 30, 2014 and 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.

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 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. 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.

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Past Performance

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

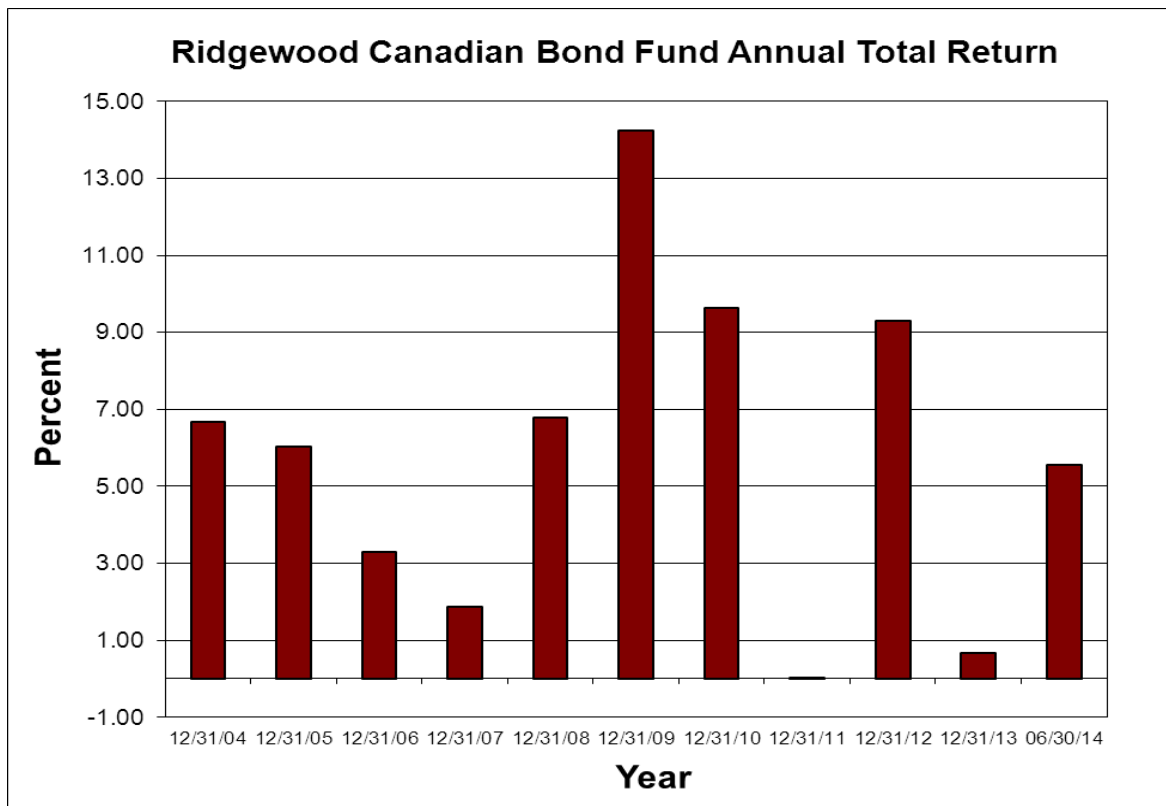
With respect to the charts displayed below, please note the following:

- 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 including the six month period ended June 30, 2014 has varied from period to period. 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, or June 30, 2014 for the six months then ended.

Annual Total Return



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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

June 30, 2014

	% of Net Asset Value		% of Net Asset Value
Corporate Bonds	47.1	Provincial Bonds	13.2
Federal Bonds	23.2	Municipal Bonds	2.7
Cash & Short-Term Investments	13.8		

Top 25 Holdings

	% of Total Net Asset Value
1. Canada T-Bill 2015/03/12	13.6%
2. Canada Mortgage Bond 2.35%, 2023/09/15	10.3%
3. Canada Government Bond 3.50% 2045/12/01	9.5%
4. Merrill Lynch Financial Assets Inc., C22 D 2017/05/12	8.7%
5. Merrill Lynch Financial Assets Inc., C21 D 2017/01/12	6.6%
6. Merrill Lynch Financial Assets C23 D1 2017/08/12	6.4%
7. Omers Realty 3.666% 2022/12/05	5.7%
8. New Brunswick Municipal Finance 2.85% 2023/06/02	4.9%
9. Merrill Lynch & Co 5.290% 2017/05/30	3.5%
10. British Columbia 3.30% 2023/12/18	3.5%
11. Citigroup Inc. 5.16% 2022/05/24	3.4%
12. Calloway REIT 3.749% 2021/02/11	3.4%
13. Canada Government Bond 2.5% 2024/06/01	3.4%
14. Ontario 3.45% 2045/06/02	3.2%
15. New Brunswick Municipal Finance 3.30% 2024/11/30	2.6%
16. Shaw 6.75%. 2039/11/09	2.0%
17. Riocan 3.746%, 2022/05/30	2.0%
18. Sobeys Inc. 6.64%, 2040/06/07	2.0%
19. Goldman Sachs 3.55% 2021/02/12	1.7%
20. Choice REIT 3.345%, 2021/02/08	1.7%
21. Province of Alberta 3.45%, 2043/12/01	1.6%
22. Cash	.2%
Total	100.0%

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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. The current members of the IRC are G. Tomlinson Gunn, Allen B. Clarke, and Marshall E. Nicholishen. Mr. Gunn serves as the Chair of the IRC.

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

Forward-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.

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