



Ridgewood Canadian Bond Fund

Annual Report 2021 and 2020

Ridgewood Canadian Bond Fund

Annual Report 2021 and 2020

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MESSAGE TO UNITHOLDERS 2021

It was a very challenging year for bond investors as the new variants caused further economic constraints at a time when there were improvements in mass inoculations. During this period, we were witnessing a strong economic rebound. As a result, the markets were in search for clarity in terms of a timeline for global central banks to begin raising interest rates. In that environment, corporate bonds continued to perform well on a relative basis, as they provided an additional yield over very low yielding Government bonds.

The first quarter was one of the weakest the bond market experienced in quite some time, dropping 5.04%. Investors abruptly priced in the end of the pandemic and began extrapolating significant interest rate increases. Corporate bonds outperformed by over 150 basis points as the additional yield and expected economic growth provided a positive backdrop for bond holders. The Canadian stock market did very well as the S&P/TSX returned 7.27%. The pending rollout of Covid-19 vaccines was a major positive outlook for capital markets and certainly lifted the cloud of uncertainty that was hanging over the economy.

In the second quarter stocks and bonds rose together, however, with further interest rate hikes being telegraphed by the central banks, equities outperformed by a wide margin. The bond market returned 0.51% while Canadian equities charged ahead by 7.83%. Economic growth remained firm, and the unemployment rate continued to fall.

During the third quarter, central banks hinted that quantitative easing would have to end at some point as economic activity potentially returned to some normalcy. The bond market took that as a sign that interest rate increases would be forthcoming and began pricing that in. Returns for the index were negative in the quarter, declining .51% overall. Corporate bonds, however, were unaffected, as they were essentially flat on the month with risk assets taking the comments in stride. The equity market paused after a strong first half and declined a modest .47%

The bond market bounced back in the fourth quarter as the recent interest rate rise was overdone. Market participants reduced expectations of rate hikes in 2022 which provided a positive backdrop for risk assets. Canadian equities rose 5.74% while the bond market returned 1.47%. The Central Banks in Canada and the U.S. continue to believe that inflation will be transitory as the economy opens up and supply chains return to normal. Risk appetite increased during the quarter, with the top performing bond sector being infrastructure.

For 2021, the FTSE Canada Universe Bond Index returned -2.53% for 2021 while the Corporate Bond Index returned -1.34%. Corporate bonds were the strongest sector, with Securitization returning -0.55%, primarily due to characteristics of the index, which is a shorter than average duration. Corporate bonds will likely continue to outperform in 2022 as the economy recovers and investors will extend out the risk spectrum. The yield curve has remained positive, but the slope is very flat as 30-year bonds yield 2.0% with 2-year bonds yielding 1.2%. We are comfortable remaining fully invested and overweight in BBB corporate bonds.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2021

Management Report on Fund Performance

This Management Report on Fund Performance has been prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure) and contains the financial highlights of Ridgewood Canadian Bond Fund (the "Fund") for the year ended December 31, 2021. The annual financial statements of the Fund are also attached behind this report.

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

Investment Objectives and Strategies

The Fund seeks to achieve a high level of income consistent with the preservation of capital and liquidity, from a portfolio of fixed income securities. The Fund invests primarily in liquid Canadian federal and provincial government securities and those of Canadian corporations rated "BBB" or better by the Dominion Bond Rating Service Limited or other recognized rating agencies. The Fund may also invest in comparable fixed income securities of foreign issuers.

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

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

The Fund may invest in foreign securities from time to time. The amount of such foreign investments will vary but is not typically expected to exceed 20 percent of the net assets of the Fund at the time that such foreign securities are purchased.

Risk

The Fund invests primarily in liquid Canadian federal and provincial government securities, and those of Canadian corporations rated investment grade or better by the Dominion Bond Rating Service Limited or other recognized rating agencies. The Fund may also invest in comparable fixed income securities of foreign issuers. Investors should be aware that the primary risk associated with the Fund is interest rate risk. The Bank of Canada will begin raising interest rates in 2022 as the pandemic is ending and inflation is above their target. As interest rates rise, bond prices will depreciate, and the income provided from the coupon may not cover the decline in the value of the bond.

Summary of Investment Portfolio

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

Asset Mix

December 31, 2021

	% of Net Asset Value		% of Net Asset Value
Corporate Bonds	45.1	Mortgage Backed Securities	22.4
Federal Bonds	18.4	Provincial Bonds	12.9
Cash	0.7		

Ridgewood Canadian Bond Fund

For the year ended December 31, 2021

Top 25 Holdings	% of Total Net Asset Value
1. Bank of Canada, 2.00%, 2051/12/01	6.3%
2. Canada Mortgage & Housing Trust, 1.10%, 2026/12/15	4.7%
3. Canada Mortgage & Housing Trust, 1.60%, 2031/12/15	4.6%
4. National Bank, 4.05%, 2026/07/15	3.6%
5. Province of Alberta, 1.65%, 2031/06/01	3.5%
6. Royal Bank of Canada, 3.65%, 2026/11/24	2.8%
7. REALT 2015-1 B, 3.451%, 2025/05/12	2.8%
8. Pembina Pipeline Corp., 4.80%, 2030/10/25	2.5%
9. REALT 2016-1 C, 3.45%, 2026/05/12	2.5%
10. REALT 2019-HBC B 4.352%, 2024/06/14	2.2%
11. Bank of Canada, 1.25%, 2030/06/01	2.2%
12. Transalta Corp., 6.90%, 2030/11/15	2.2%
13. Omers Realty Corp., 3.666%, 2022/12/05	2.1%
14. REALT 2021-1C, 3.70651%, 2031/03/12	2.1%
15. Province of Ontario, 2.65%, 2050/12/02	2.1%
16. Province of Manitoba 2.05%, 2052/09/05	2.0%
17. Province of Manitoba 2.85%, 2046/09/05	1.9%
18. Empire Life Insurance Company, 3.625%, 2026/04/17	1.8%
19. Transalta Corp., 7.30%, 2029/10/22	1.7%
20. TD Bank, 3.60%, 2026/10/31	1.6%
21. Enbridge Inc., 5.375%, 2027/09/27	1.6%
22. Calgary Airport Authority, 3.341%, 2038/10/07	1.5%
23. Institutional Mortgage Securities Canada Inc. 2014-5 C, 4.186%, 2024/05/12	1.5%
24. REALT 2017 C, 3.93%, 2027/12/07	1.5%
25. Trisura Group, 2.641%, 2026/06/11	1.5%
Total	62.8%

Results of Operations

For the year ended December 31, 2021, the net asset value of series A was \$12.63 per unit and series F was \$13.09, compared to \$13.07 and \$13.41, per unit respectively at December 31, 2020.

Net income and net capital gains of the Fund may be distributed to unitholders of the Fund from time to time at the discretion of Ridgewood. Sufficient distributions will be made each year so the Fund will not be liable for income tax. Distributions totaling \$0.39 per unit were made to unitholders during the year.

For the year ended December 31, 2021, the Fund had an annual compound return of -0.38% net of fees of 1.12% (including HST). Series F had an annual compound return of 0.58% net of expenses of 0.16%. The FTSE Canada Universe Bond Index had a return of -2.53%, with corporate bonds -1.34%. Real Estate bonds and securitization bonds were the top performers returning -0.23% and -0.55% respectively. The portfolio was overweight Corporate Credit and Financials which enhanced total return.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2021

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 years ended December 31 is derived from the Fund's audited financial statements. The Net Assets per Unit table as at December 31 are from the Fund's audited financial statements. Calculations for the purposes of the MRFP are made using Net Asset Value. The Net Asset Value in the Ratio/Supplemental Data table is for fund pricing purposes. Both the Net Asset Value in the Net Assets per Unit table and the Ratio/Supplemental Data table are calculated using closing prices.

Class A	Years ended December 31				
	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
The Fund's net assets per unit					
Net assets value, beginning of year ^{(1), (2)}	13.07	12.48	11.85	11.97	11.94
Increase (decrease) from operations					
Total revenue	0.42	0.44	0.42	0.43	0.38
Total expenses (excluding distributions)	(0.14)	(0.14)	(0.14)	(0.13)	(0.14)
Realized gain (loss) for the year	0.02	0.30	0.39	0.01	0.23
Unrealized gain (loss) for the year	(0.36)	0.36	0.36	(0.06)	(0.11)
Total Increase (decrease) from operations⁽²⁾	(0.06)	0.96	1.03	0.25	0.36
Distributions to unitholders					
From net investment income	(0.39)	(0.39)	(0.36)	(0.30)	(0.28)
From return of capital	-	-	-	-	-
From capital gains	-	-	-	-	-
Total distributions⁽³⁾	(0.39)	(0.39)	(0.36)	(0.30)	(0.28)
Net assets value, end of year^{(1), (2)}	\$ 12.63	\$ 13.07	\$ 12.48	\$ 11.85	\$ 11.97

Class F	Years ended December 31				
	2021	2020	2019	2018	2017
	\$	\$	\$	\$	\$
The Fund's net assets per unit					
Net assets value, beginning of year ^{(1), (2)}	13.41	12.67	11.91	11.95	-
Increase (decrease) from operations					
Total revenue	0.44	0.44	0.42	0.20	-
Total expenses (excluding distributions)	(0.02)	(0.02)	(0.02)	(0.01)	-
Realized gain (loss) for the year	0.04	0.32	0.40	-	-
Unrealized gain (loss) for the year	(0.21)	0.35	0.34	(0.09)	-
Total Increase (decrease) from operations⁽²⁾	0.25	1.09	1.14	0.10	-
Distributions to unitholders					
From net investment income	(0.39)	(0.39)	(0.37)	(0.16)	-
From return of capital	-	-	-	-	-
From capital gains	-	-	-	-	-
Total distributions⁽³⁾	(0.39)	(0.39)	(0.37)	(0.16)	-
Net assets value, end of year^{(1), (2)}	\$ 13.09	\$ 13.41	\$ 12.67	\$ 11.91	-

- (1) This information is derived from the Fund's audited financial statements as at December 31 of the year. 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. 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.
- (3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

Class A	Years ended December 31				
	2021	2020	2019	2018	2017
Ratios/supplemental data					
Net Asset Value, end of year (\$millions) ⁽¹⁾	\$ 21.38	\$ 24.50	\$ 23.89	\$ 30.10	\$ 81.51
Number of units outstanding ⁽¹⁾	1,692,574	1,874,518	1,913,779	2,540,076	6,809,631
Management expense ratio (including HST) ⁽²⁾	1.12%	1.13%	1.13%	1.12%	1.12%
Management expense ratio including expenses absorbed by the Manager	1.12%	1.13%	1.13%	1.12%	1.12%
Portfolio turnover rate ⁽³⁾	101.02%	126.90%	154.65%	168.07%	142.93%
Net Asset Value per unit, end of year ^{(1), (4)}	\$ 12.63	\$ 13.07	\$ 12.48	\$ 11.85	\$ 11.97

Ridgewood Canadian Bond Fund

For the year ended December 31, 2021

Class F	Years ended December 31				
	2021	2020	2019	2018	2017
Ratios/supplemental data					
Net Asset Value, end of year (\$millions)(1)	\$ 114.97	\$ 59.77	\$ 63.32	\$ 64.57	-
Number of units outstanding ⁽¹⁾	8,782,441	4,457,895	4,996,405	5,422,242	-
Management expense ratio (including HST) ⁽²⁾	0.16%	0.18%	0.13%	0.12%	-
Management expense ratio including expenses absorbed by the Manager	0.16%	0.18%	0.13%	0.12%	-
Portfolio turnover rate ⁽³⁾	101.02%	126.90%	154.65%	168.07%	-
Net Asset Value per unit, end of year(1)	\$ 13.09	\$ 13.41	\$ 12.67	\$ 11.91	-

- (1) This information is provided as at December 31 of the year shown.
- (2) Management expense ratio is the ratio of all fees and expenses, including harmonized sales taxes but excluding transaction fees charged to the Fund to the average net assets.
- (3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover rate in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.
- (4) 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.

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) for Class A and 0.35% for Class F of the weighted average net asset value of the Class less ordinary expenses of the Fund. The management fee is calculated on a monthly basis as of the last valuation date of each month. Services received under the Master Declaration of Trust include managing or arranging for the management of the Fund's investment portfolio and providing or arranging for all required administrative services to the Fund.

Recent Developments

It was a very challenging end to 2021 for bond investors as the Omicron variant caused further economic constraints at a time when there were dramatic improvements in mass inoculations. During this period, before the discovery of the new variant, we were witnessing a strong economic rebound. As a result, the market was in search for clarity in terms of a timeline for global central banks to begin raising interest rates. Corporate bonds continue to perform well in this environment as they provide an additional yield over very low yielding Government bonds.

The FTSE Canada Universe Bond Index returned -2.53% for 2021 while the Corporate Bond Index returned -1.34%. Corporate bonds were the strongest sector, with Securitization returning -0.55%, primarily due to characteristics of the index, which is a shorter than average duration. Corporate bonds will likely continue to outperform in 2022 as the economy recovers and investors will extend out the risk spectrum. The yield curve has remained positive, but the slope is very flat as 30-year bonds yield 2.0% and 2-year bonds yielding 1.2%.

Past Performance

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

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

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

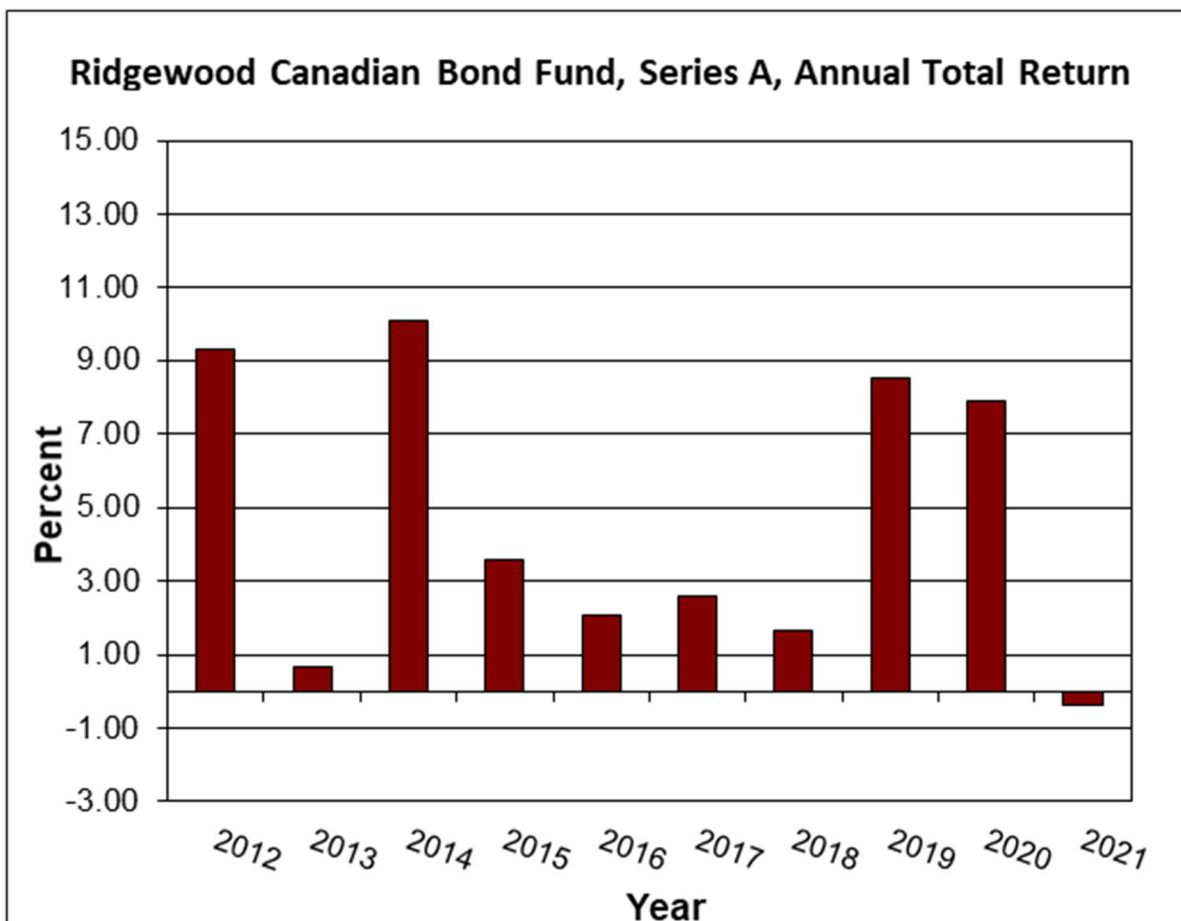
Ridgewood Canadian Bond Fund

For the year ended December 31, 2021

Year-By-Year Returns

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

Annual Total Return



Annual Compound Returns

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

	One Year	Three Years	Five Years	Ten Years
Ridgewood Canadian Bond Fund	-0.38%	5.28%	4.00%	4.54%
FTSE TMX Canada Universe Bond *	-2.53%	4.21%	3.30%	3.27%

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

Ridgewood Canadian Bond Fund

For the year ended December 31, 2021

Related Party Transactions

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

Ridgewood is the Manager and Trustee of the Fund pursuant to a Declaration of Trust dated September 1, 2008, and further amended on March 15, 2010 and July 1, 2018 and, as such, is responsible for providing or arranging for required administrative services to the Fund.

Independent Review Committee

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

For the period, January 1 to December 31, 2021, members of the IRC were G. Tomlinson Gunn, Allen B. Clarke, and Marshall E. Nicholishen. Mr. Gunn serves as the Chair of the IRC.

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

Future-Looking Statements

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

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

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

Ridgewood Canadian Bond Fund

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

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



John H. Simpson
Director
Ridgewood Capital Asset Management Inc.



Paul W. Meyer
Director
Ridgewood Capital Asset Management Inc.

March 18, 2022

Independent Auditor's Report

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

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2021 and 2020, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management Report of Fund Performance
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The image shows the signature of Deloitte LLP in a cursive, handwritten style.

Chartered Professional Accountants
Licensed Public Accountants
March 18, 2022

Ridgewood Canadian Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2021 and 2020

	31-Dec-21	31-Dec-20
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 31-Dec-21 - \$131,902,161; 31-Dec-20 - \$76,541,432)	134,768,452	81,340,086
Cash	890,325	2,647,761
Accrued interest receivable	722,726	346,857
Prepaid fees	-	2,599
Subscriptions receivable	29,718	-
Total Assets	136,411,221	84,337,303
Liabilities		
Accrued expenses	50,328	55,739
Redemptions payable	12,364	12,958
Total Liabilities (excluding net assets attributable to holders of redeemable units)	62,692	68,697
Net Assets attributable to holders of redeemable units	136,348,529	84,268,606
Net assets attributable to holders of redeemable units per unit per class		
Class A	21,378,862	24,502,540
Class F	114,969,667	59,766,066
	136,348,529	84,268,606
Number of redeemable units outstanding (Note 5)		
Class A	1,692,574	1,874,518
Class F	8,782,441	4,457,895
	10,475,015	6,332,413
Net assets attributable to holders of redeemable units per unit		
Class A	12.6310	13.0714
Class F	13.0909	13.4068

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



Director

John H. Simpson, CFA



Paul W. Meyer, CFA

Director

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020

	2021	2020
	\$	\$
Income		
Interest income for distribution purposes	3,450,659	2,846,278
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	291,257	2,035,405
Net change in unrealized (depreciation) appreciation of investments	(1,932,362)	2,273,391
Total income	1,809,554	7,155,074
Expenses		
Management fees (Note 6 and 7)	204,070	207,058
HST expense	35,190	34,046
Administrative and other expenses	43,242	25,014
Custodian fees	53,863	64,034
Audit fees	22,849	14,531
Legal fees	11,736	8,374
Independent Review Committee fees (Note 6)	16,967	17,267
Insurance premium fees	-	4,283
Total operating expenses	387,917	374,607
Operating profit	1,421,637	6,780,467
Increase in net assets attributable to holders of redeemable units	1,421,637	6,780,467
Increase in net assets attributable to holders of redeemable units per unit per class		
Class A	(108,439)	1,779,546
Class F	1,530,076	5,000,921
	1,421,637	6,780,467
Daily average number of redeemable units outstanding		
Class A	1,852,936	1,848,938
Class F	6,076,930	4,593,586
	7,929,866	6,442,524
Increase in net assets attributable to holders of redeemable units per unit per unit		
Class A	(0.0585)	0.9625
Class F	0.2518	1.0887

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

Ridgewood Canadian Bond Fund

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

For the years ended December 31, 2021 and 2020

	2021	2020
	\$	\$
Net assets attributable to holders of redeemable units at beginning of year		
Class A	24,502,540	23,886,787
Class F	59,766,066	63,318,807
	84,268,606	87,205,594
Distributions to redeemable unitholders		
From net investment income		
Class A	(692,690)	(715,984)
Class F	(2,282,592)	(1,763,230)
	(2,975,282)	(2,479,214)
From capital gain		
Class A	-	-
Class F	-	-
	-	-
From return of capital		
Class A	(22,379)	-
Class F	(73,746)	-
	(96,125)	-
Total distributions to redeemable unitholders		
Class A	(715,069)	(715,984)
Class F	(2,356,338)	(1,763,230)
	(3,071,407)	(2,479,214)
Redeemable unit transactions (Note 5)		
Proceeds from units issued		
Class A	4,148,279	8,820,779
Class F	70,702,430	6,097,000
	74,850,709	14,917,779
Amount paid for units redeemed		
Class A	(7,163,102)	(9,984,436)
Class F	(16,719,621)	(14,315,065)
	(23,882,723)	(24,299,501)
Reinvestment of distributions		
Class A	714,653	715,848
Class F	2,047,054	1,427,632
	2,761,707	2,143,480
Total redeemable unit transactions		
Class A	(2,300,170)	(447,809)
Class F	56,029,863	(6,790,433)
	53,729,693	(7,238,242)
Increase in net assets attributable to holders of redeemable units		
Class A	(108,439)	1,779,546
Class F	1,530,076	5,000,921
	1,421,637	6,780,467
Net assets attributable to holders of redeemable units at end of year		
Class A	21,378,862	24,502,540
Class F	114,969,667	59,766,066
	136,348,529	84,268,606

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2021 and 2020

	2021	2020
	\$	\$
Cash provided by (used in) operating activities		
Net increase in net assets attributable to holders of redeemable units	1,421,637	6,780,467
Adjustments for		
Interest income on short-term notes	-	(41,872)
Net realized (gain) on investments excluding foreign currency	(291,257)	(2,035,405)
Net change in unrealized depreciation (appreciation) of investments	1,932,362	(2,273,391)
Purchase of investments	(158,553,106)	(126,028,820)
Proceeds from sale of investments	103,483,635	135,839,431
(Increase) in accrued interest receivable	(375,869)	(11,584)
Decrease (increase) in prepaid fees	2,599	(2,599)
(Decrease) increase in accrued expenses	(5,411)	8,337
Net cash (used in) provided by operating activities	(52,385,410)	12,234,564
Cash provided by (used in) financing activities		
Subscriptions received in advance	(29,718)	102,600
Payable for units redeemed	(594)	10,146
Distributions paid to holders of redeemable units, net of reinvested distributions	(309,700)	(335,732)
Proceeds from units issued	74,850,709	14,917,779
Amount paid for units redeemed	(23,882,723)	(24,299,501)
Net cash provided by (used in) financing activities	50,627,974	(9,604,708)
(Decrease) increase in cash	(1,757,436)	2,629,856
Cash, beginning of year	2,647,761	17,905
Cash, end of year	890,325	2,647,761
Interest received	3,074,790	2,834,694

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

Ridgewood Canadian Bond Fund
Schedule of Investments

As at December 31, 2021

Par Value	Average Cost	Fair Value	% of Portfolio
	\$	\$	
Investments			
Federal Bonds			
800,000	Canada Housing Trust No 1, 0.950%, June 15, 2025	783,456	788,547
6,600,000	Canada Housing Trust No 1, 1.100%, December 15, 2026	6,465,366	6,459,335
6,500,000	Canada Housing Trust No 1, 1.600%, December 15, 2031	6,340,225	6,330,442
3,000,000	Canadian Government Bond, 1.250%, June 01, 2030	2,995,800	2,978,233
8,000,000	Canadian Government Bond, 2.000%, December 01, 2051	8,625,780	8,609,314
Total Federal Bonds		25,210,627	25,165,871
			18.46%
Provincial Bonds			
1,000,000	Government of the Northwest Territories, 2.200%, September 29, 2051	992,650	901,900
5,000,000	Province of Alberta, 1.650%, June 01, 2031	4,783,000	4,818,012
2,500,000	Province of Manitoba, 2.850%, September 05, 2046	2,475,310	2,639,593
3,000,000	Province of Manitoba, 2.050%, September 05, 2052	2,515,882	2,700,440
1,250,000	Province of Newfoundland and Labrador, 3.300%, October 17, 2046	1,138,788	1,352,501
1,000,000	Province of Newfoundland and Labrador, 2.650%, October 17, 2050	944,440	963,104
2,750,000	Province of Ontario, 2.650%, December 02, 2050	2,885,798	2,858,858
500,000	Province of Ontario, 1.900%, December 02, 2051	416,995	442,259
750,000	Province of Quebec, 3.500%, December 01, 2045	851,385	894,160
Total Provincial Bonds		17,004,248	17,570,827
			12.88%
Corporate Bonds			
1,750,000	Ag Growth International Inc., 5.000%, June 30, 2027	1,750,000	1,769,950
1,000,000	Bank of Montreal, 4.300%, November 26, 2080	1,013,750	1,039,596
2,000,000	Bank of Nova Scotia, 3.700%, July 27, 2081	2,000,000	1,956,200
1,000,000	Bell Telephone Co of Canada or Bell Canada, 2.200%, May 29, 2028	999,385	988,488
1,500,000	Brookfield Property Finance ULC, 3.930%, January 15, 2027	1,500,000	1,509,287
500,000	Calgary Airport Authority, 3.199%, October 07, 2036	500,000	513,666
2,000,000	Calgary Airport Authority, 3.341%, October 07, 2038	2,000,000	2,078,068
1,600,000	Calgary Airport Authority, 3.454%, October 07, 2041	1,600,000	1,703,874
500,000	Calgary Airport Authority, 3.554%, October 07, 2051	500,000	546,790
500,000	Calgary Airport Authority, 3.554%, October 07, 2053	500,000	548,090
1,000,000	Canadian Imperial Bank of Commerce, 4.375%, October 28, 2080	1,028,800	1,036,072
2,500,000	Empire Life Insurance Co., 3.625%, April 17, 2081	2,512,500	2,466,458
2,000,000	Enbridge Inc., 5.375%, September 27, 2077	2,047,353	2,115,766
1,000,000	Fairfax Financial Holdings Ltd., 4.230%, June 14, 2029	1,012,950	1,073,713
1,500,000	Fairfax Financial Holdings Ltd., 3.950%, March 03, 2031	1,517,965	1,563,835
1,000,000	Intact Financial Corp., 4.125%, March 31, 2081	1,000,000	1,018,971
2,000,000	Manulife Financial Corp., 3.375%, June 19, 2081	2,000,000	1,941,695
2,000,000	Manulife Financial Corp., 4.100%, March 19, 2082	2,000,000	1,981,775
1,000,000	Morguard Real Estate Investment Trust, 5.250%, December 31, 2026	1,000,000	1,004,000
1,000,000	National Bank of Canada, 4.300%, November 15, 2080	1,000,000	1,026,626
4,923,000	National Bank of Canada, 4.050%, August 15, 2081	4,926,195	4,843,450
2,814,232	OMERS Realty Corp., 3.666%, December 05, 2022	2,814,232	2,898,659
3,500,000	Pembina Pipeline Corp., 4.800%, January 25, 2081	3,428,865	3,451,193
1,000,000	Royal Bank of Canada, 4.500%, November 24, 2080	1,018,750	1,048,675
1,000,000	Royal Bank of Canada, 4.000%, February 24, 2081	1,000,000	1,021,338
4,000,000	Royal Bank of Canada, 3.650%, November 24, 2081	3,992,000	3,877,653
1,000,000	Sagen MI Canada Inc., 2.955%, March 01, 2027	999,990	1,012,539
500,000	Sagen MI Canada Inc., 3.261%, March 05, 2031	500,000	506,272
1,000,000	Teranet Holdings LP, 5.754%, December 17, 2040	1,079,200	1,226,438
2,200,000	Toronto-Dominion Bank, 3.600%, October 31, 2081	2,202,200	2,136,198
1,900,000	TransAlta Corp., 7.300%, October 22, 2029	1,983,250	2,257,782
2,500,000	TransAlta Corp., 6.900%, November 15, 2030	2,956,250	2,925,489
1,400,000	Transcanada Trust, 4.650%, May 18, 2077	1,354,640	1,441,956
2,000,000	Transcanada Trust, 4.200%, March 04, 2081	1,970,250	1,972,175
2,000,000	Trisura Group Ltd., 2.641%, June 11, 2026	2,000,000	2,031,518
1,000,000	WildBrain Ltd., 5.875%, September 30, 2024	986,250	1,000,000
Total Corporate Bonds		60,694,775	61,534,255
			45.13%
Mortgage Backed Securities			
1,500,000	Institutional Mortgage Securities Canada Inc., 4.586%, November 12, 2023	1,457,685	1,473,000
2,000,000	Institutional Mortgage Securities Canada Inc., 4.186%, May 12, 2024	1,913,800	2,043,800
2,000,000	Institutional Mortgage Securities Canada Inc., 2.944%, March 12, 2025	1,912,320	2,010,000
2,034,000	Institutional Mortgage Securities Canada Inc., 3.860%, March 12, 2025	1,828,932	1,977,048
2,052,000	Institutional Mortgage Securities Canada Inc., 3.100%, March 12, 2025	1,820,124	2,025,324
2,000,000	Institutional Mortgage Securities Canada Inc., 4.192%, July 12, 2045	2,029,340	2,018,994
3,703,000	Real Estate Asset Liquidity Trust, 3.451%, May 12, 2025	3,592,491	3,787,428
3,000,000	Real Estate Asset Liquidity Trust, 3.707%, March 12, 2031	2,842,406	2,895,000
3,379,000	Real Estate Asset Liquidity Trust, 3.450%, May 12, 2026	3,124,291	3,368,863
2,000,000	Real Estate Asset Liquidity Trust, 3.930%, July 12, 2027	1,930,380	2,035,000
1,821,000	Real Estate Asset Liquidity Trust, 3.960%, November 12, 2052	1,550,113	1,777,842
1,000,000	Real Estate Asset Liquidity Trust, 4.250%, August 12, 2053	953,209	1,031,000
1,000,000	Real Estate Asset Liquidity Trust, 4.020%, June 12, 2054	976,703	1,005,000
3,000,000	Real Estate Asset Liquidity Trust, 4.352%, June 14, 2061	3,060,717	3,049,200
Total Mortgage Backed Securities		28,992,511	30,497,499
			22.37%
Total Bonds and Mortgage Backed Securities		131,902,161	134,768,452
			98.84%
Total Investments		131,902,161	134,768,452
			98.84%
Cash and other assets, net of liabilities		1,580,077	1,580,077
			1.16%
Net assets		136,348,529	100.00%

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2021 and 2020

1. Establishment of the Fund

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

Ridgewood is also the investment manager and distributor of units of the Fund. RBC Investor & Treasury Services is the custodian, administrator and registrar of the Fund, and, as such, performs certain valuation and other services for the Fund. The financial statements are authorized for issuance by the Manager on March 18, 2022.

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 financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”).

4. Summary of significant accounting policies

Financial instruments

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

Classification and Measurement

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

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

Financial assets and financial liabilities at amortized cost

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

IFRS 9 Financial Instruments (“IFRS 9”)

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2021 and 2020

4. Summary of significant accounting policies (continued)

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

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

Capital Disclosures

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

Valuation of Investments

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

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

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

Cash is comprised of cash on deposit.

Investment Transactions

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

Income Recognition

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

Financial Instruments - Disclosures

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

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

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

Level 3 Inputs that are unobservable.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2021 and 2020

4. Summary of significant accounting policies (continued)

Financial Instruments – Disclosures (continued)

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

a) Bonds and short-term investments

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

Please see Note 12 for these disclosures.

Foreign currency

a) Functional and presentation currency

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

b) Foreign currency translation

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

Critical accounting estimates and judgments

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

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

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

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2021 and 2020

4. Summary of significant accounting policies (continued)

Critical accounting estimates and judgments (continued)

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

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

5. Redeemable Units

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

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

Following are the redeemable unit transactions during the years ended December 31, 2021 and 2020:

	2021		2020	
	Class A	Class F	Class A	Class F
Units outstanding, beginning of year	1,874,518	4,457,895	1,913,779	4,996,405
Units issued	330,056	5,452,005	679,697	457,302
Units redeemed	(568,695)	(1,285,178)	(774,472)	(1,104,291)
Reinvestment of distribution	56,695	157,719	55,514	108,479
Units outstanding, end of year	1,692,574	8,782,441	1,874,518	4,457,895

6. Related party transactions

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

Management fees

Under the terms of the Master Declaration of Trust, the Fund appointed the Manager to provide management services. The Manager receives a fee in respect of each series of a class of the Fund which shall be paid from the assets of the Fund. Services received under the Declaration of Trust include managing or arranging for the management of the Fund's investment portfolio and providing or arranging for all required administrative services to the Fund. Total management fees for the year ended December 31, 2021 amounted to \$204,070 (2020- \$207,058).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee ("IRC") during the year ended December 31, 2021 was \$16,967 (2020 - \$17,267).

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2021 and 2020

7. Management fees and expenses

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

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

Ordinary Expenses are paid out of the assets of the Fund and include normal course day-to-day operating expenses of the Fund such as fees and expenses payable to the custodian and any sub-custodian, printing and postage expenses incurred in connection with the provision of information to unitholders, legal, accounting and audit fees and regulatory filing fees. Ordinary Expenses may include common and class expenses. Class expenses are expenses that are attributable to a class of units of the Fund, while common expenses are all expenses of the Fund that are not class expenses.

The Fund may also be subject to other expenses incurred in the day-to-day operations of the Fund, including commissions, brokerage fees and other fees and disbursements directly relating to the implementation of transactions for the portfolio of the Fund, costs associated with the IRC, taxes payable by the Fund or to which the Fund may be subject (such as goods and services taxes and harmonized sales taxes), any interest expenses, as well as expenses incurred in respect of matters not in the ordinary course of the day-to-day activities of the Fund, all of which are the responsibility of the Fund. These expenses are not included in the Maximum Ordinary Expenses and accordingly are attributable to both the class A units and the class F units of the Fund, as applicable. If the total ordinary expenses are greater than the Maximum Ordinary Expenses, Ridgewood will reimburse the Fund the amount of such excess.

8. Brokerage commissions

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

9. Distributions

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

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

10. Income taxes

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

As at December 31, 2021, capital losses of \$467,169 (2020 - \$467,169) 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

December 31, 2021 and 2020

11. Financial instruments and risk management

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

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

Interest Rate Risk

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

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

	As at December 31, 2021							Total
	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 3 years	3-5 years	More than 5 years	Non Interest bearing	
Interest Rate Exposure	\$ 890,325	\$ -	\$ 2,898,659	\$ 4,516,800	\$ 20,083,201	\$ 107,269,792	\$ -	\$ 135,658,777

	As at December 31, 2020							Total
	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 3 years	3-5 years	More than 5 years	Non Interest bearing	
Interest Rate Exposure	\$ 2,647,761	\$ -	\$ -	\$ 4,517,057	\$ 17,812,350	\$ 59,010,679	\$ -	\$ 83,987,847

At December 31, 2021, should interest rates have decreased by 100 basis points with all other variables remaining constant, the increase in net assets attributable to holders of redeemable units for the year would amount to approximately \$ 7.6 million (December 31, 2020 - \$7.1 million), arising substantially from the increase in market values of debt securities. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets attributable to holders of redeemable units would amount to approximately \$ 7.6 million (December 31, 2020 - \$7.1 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 measures credit risk and lifetime ECL's related to the accrued interest receivables using historical analysis and forward looking information.

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

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2021 and 2020

11. Financial instruments and risk management (continued)

Credit Risk (continued)

Portfolio by rating category	December 31, 2021 As a % of net assets attributable to holders of redeemable units
Rating	
AAA/Aaa	18.46%
AA/Aa	14.40%
A/A	24.55%
BBB/Baa	26.16%
BB/Ba	12.50%
Unrated	2.77%
Total	98.84%

Portfolio by rating category	December 31, 2020 As a % of net assets attributable to holders of redeemable units
Rating	
AAA/Aaa	11.27%
AA/Aa	26.87%
A/A	29.28%
BBB/Baa	24.69%
BB/Ba	4.41%
Total	96.52%

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 (2020 - \$Nil).

Liquidity Risk

Liquidity risk is the risk that a Fund will encounter difficulty in meeting obligations associated with its daily cash redemption of units. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash positions. The tables below analyze the Fund's financial liabilities as at December 31, 2021 and December 31, 2020.

December 31, 2021				
Financial Liabilities		On Demand	< 3 Months	Total
Redemptions payable	\$	-	\$ 12,364	\$ 12,364
Accrued expenses		-	50,328	50,328
Net assets attributable to holders of redeemable units		136,348,529	-	136,348,529
Total Liabilities	\$	136,348,529	\$ 62,692	\$ 136,411,221

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2021 and 2020

11. Financial instruments and risk management (continued)

Liquidity Risk (continued)

December 31, 2020				
Financial Liabilities		On Demand	< 3 Months	Total
Redemptions payable	\$	-	\$ 12,958	\$ 12,958
Accrued expenses		-	55,739	55,739
Net assets attributable to holders of redeemable units		84,268,606	-	84,268,606
Total Liabilities	\$	84,268,606	\$ 68,697	\$ 84,337,303

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	December 31, 2021	December 31, 2020
Federal Bonds	18.46%	13.70%
Provincial Bonds	12.89%	21.16%
Municipal Bonds	-	2.00%
Corporate Bonds	45.12%	28.16%
Mortgage Backed Securities	22.37%	31.50%
Total	98.84%	96.52%

The COVID-19 global pandemic is likely to have an ongoing effect on the financial markets where the Fund operates. The Fund management performs routine risk assessment procedures and robust controls over its accounts, balances, and transactions. As at the date of issuance of the financial statements, there are no material events or conditions that impact the Fund's ability to continue as a going concern.

12. Financial Instruments

Fair Value Disclosure

The Fund's assets recorded at fair value have been categorized based upon the fair value hierarchy described in Note 4. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2021 and December 31, 2020.

	Financial assets at fair value as of December 31, 2021			
	Level 1	Level 2	Level 3	Total
Cash	\$ 890,325	\$ -	\$ -	\$ 890,325
Bonds	2,031,518	102,239,435	-	104,270,953
Mortgage Backed Securities (MBS)	5,831,228	24,666,271	-	30,497,499
	8,753,071	126,905,706	-	135,658,777

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2021 and 2020

12. Financial Instruments (continued)

Fair Value Disclosure

	Financial assets at fair value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	2,647,761	-	-	2,647,761
Bonds	-	54,793,278	-	54,793,278
Mortgage Backed Securities (MBS)	-	26,546,808	-	26,546,808
	2,647,761	81,340,086	-	83,987,847

During the year ended December 31, 2021, there were \$ 5,831,228 securities transferred from Level 2 to level 1 as a result of changes in the availability of quoted market prices or observable market inputs. There were no other transfers between levels.

There were no significant transfers made between Levels 1 and 2 during the year ended December 31, 2020.

There were no investments or transactions classified in Level 3 for the years ended December 31, 2021 and 2020.

Mutual Funds
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Ridgewood Canadian Bond Fund

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