



Ridgewood Canadian Investment Grade Bond Fund

Annual Report 2022 and 2021

Ridgewood Canadian Investment Grade Bond Fund

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MESSAGE TO UNITHOLDERS 2022

It was a very challenging end to 2022 for bond investors as central banks across the globe took unprecedented action throughout the year to regain control of their inflation targets. Into late 2021, the dramatic improvements in mass inoculations created a strong economic rebound; this rebound was accompanied with multi-generational highs with regards to price inflation. The response from the Bank of Canada was to raise rates by 400 bps and the Federal Reserve increasing rates by 425 bps. As we enter 2023, the market is searching for global central banks to pivot away from their current policy objective of monetary tightening. High rated corporate bonds continue to perform well in this environment as they provide an additional yield over low yielding Government bonds.

The first quarter was the weakest that the bond market experienced in quite some time, dropping 6.97%. Investors abruptly priced in significant interest rate increases. Corporate bonds outperformed by 52 basis points as the additional yield helped offset the mindset to rush into sovereign debt. The Canadian stock market did very well as the S&P/TSX returned 3.14%. The start of monetary tightening, with lingering effects of fiscal & monetary stimulus and the Ukraine situation created a cautious market outlook.

In the second quarter stocks and bonds declined in tandem, however, with further interest rate hikes being telegraphed by the central banks, equities underperformed by a wide margin. The bond market returned -5.66% while Canadian equities were down -14.08%. Consumer inflation remained stubbornly high but at the same time the unemployment rate continued to remain firm.

At the end of the third quarter, the Bank of Canada had already raised rates by 300 bps. The cumulative affects of monetary tightening had yet to fully impact the economy but growth was slowing with the weakening of the housing market. The bond market took that as a sign that interest rate increases would be nearing an end and began pricing that in. Returns for the index were 0.51% overall. Corporate bonds were essentially flat for the quarter with risk assets taking the comments in stride. The equity market continued its decline with a return of -2.21%.

The bond market had a positive fourth quarter as more evidence suggested central bank tightening was near completion. Market participants reduced expectations of rate hikes in 2023 which provided a positive backdrop for risk assets. Canadian equities rose 5.10% while the bond market returned 0.10%. With inflation rolling over, fixed income is attractive at current levels. The appetite for risk increased during the quarter, with the top performing bond sector being Corporate BBB bonds.

For 2022, the FTSE Canada Universe Bond Index returned -11.68% for 2022 while the Corporate Bond Index returned -9.87%. Corporate bonds were relatively strong, with Securitization returning -4.78%, primarily due to characteristics of the index, which is a shorter than average duration. Corporate bonds will likely continue to outperform in 2023 as the economy recovers and investors will extend out the risk spectrum. The yield curve remains inverted, 30-year bonds yield 2.87% with 2-year bonds yielding 3.49%. We are comfortable remaining fully invested and overweight in BBB corporate bonds.

Ridgewood Canadian Investment Grade Bond Fund

For the year ended December 31, 2022

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 Investment Grade Bond Fund (the “Fund”) for the year ended December 31, 2022. The annual audited financial statements of the Fund are also attached behind this report.

Copies of the Fund’s quarterly portfolio disclosure may be obtained by visiting our website at www.ridgewoodcapital.ca or 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.

Investment Objectives and Strategies

The Fund will seek to achieve the following investment objectives:

- to provide unitholders with monthly cash distributions, initially targeted to be 5.25% per annum on the original issue price of \$12.00 per unit; and
- to maximize total returns for unitholders while preserving capital in the long term.

The portfolio of securities of the Fund (the “Portfolio”) will be invested primarily in Investment Grade Bonds issued by Canadian issuers available to domiciled investors. Investment Grade Bonds means debt securities and term loans that are generally rated at or above BBB- from S&P, or Baa3 or higher from Moody’s Investor Services Inc., or a similar rating from a qualified rating agency. Currently, the Fund may invest up to 35% of the Portfolio in Investment Grade Bonds issued by non-Canadian issuers. As at June 30 and December 31 of each year (each a “Determination Date”), at least 90% of the Portfolio will be invested in securities denominated in Canadian dollars.

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 began raising interest rates in 2022 as the pandemic was ending and inflation was above their target. As interest rates rise, bond prices 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 the Fund’s 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.

The following table shows a summary of the Fund’s investment portfolio as at December 31, 2022.

Asset Mix

December 31, 2022

	% of Net Asset Value		% of Net Asset Value
Corporate Bonds	63.3	Mortgage-Backed Securities	40.6
US Corporate Bonds	2.6		

Ridgewood Canadian Investment Grade Bond Fund

For the year ended December 31, 2022

Top 25 Holdings

	Percentage of Net Asset value
1. REALT 2019-HBC, 4.352%, 2024/06/14	5.8%
2. Pembina Pipeline Corp, 4.80%, 2030/10/25	4.8%
3. Cameco Corp., 5.09%, 2042/11/14	4.5%
4. Transalta Corp., 7.30%, 2029/10/22	4.4%
5. Manulife Financial Corp., 4.10%, 2027/03/19	4.0%
6. Manulife Financial Corp., 3.375%, 2026/06/19	4.0%
7. Great-West Lifeco Inc., 3.60%, 2026/12/31	4.0%
8. Transalta Corp., 6.90%, 2030/11/15	3.9%
9. Institutional Mortgage Securities Canada Inc., 2013-4 D, 4.589%, 2023/11/12	3.8%
10. Manulife Financial Corp., 7.117%, 2027/06/19	3.7%
11. Bank of Nova Scotia, 3.70%, 2026/07/27	3.5%
12. National Bank of Canada, 4.30%, 2025/11/15	3.5%
13. Institutional Mortgage Securities Canada Inc., 2015-6 D, 3.87212%, 2025/03/12	3.5%
14. Institutional Mortgage Securities Canada Inc., 2013-4 C, 4.41202%, 2023/11/12	3.2%
15. REALT, Class 'D', Series '2016-1', 3.64%, 2026/05/12	3.1%
16. Toronto Dominion Bank, 3.60%, 2026/10/31	3.1%
17. Sagen MI Canada Inc., 4.95%, 2026/03/24	3.0%
18. Citibank, 5.365%, 2036/03/06	2.6%
19. National Bank of Canada, 4.05%, 2026/07/15	2.6%
20. Bank of Montreal Perpetual, 7.373%, 2027/10/26	2.6%
21. Institutional Mortgage Securities Canada Inc., 2012-2 D, 5.08%, 2023/02/12	2.6%
22. Trisura Group Ltd., 2.641%, 2026/06/11	2.5%
23. REALT 2019-1C, 4.02%, 2029/05/14	2.5%
24. Institutional Mortgage Securities Canada Inc., 2016-7 D, 3.82865%, 2026/10/12	2.5%
25. REALT 2016 -1 D, 3.70378%, 2026/05/12	2.4%
Total	86.1%

Results of Operations

For the year ended December 31, 2022, the net asset value of the Fund was \$12.67 compared to \$15.94 per unit on December 31, 2021.

In 2022 there were twelve distributions of \$0.0530 each with a special distribution of \$0.1905660. The Fund will determine and announce each quarter the distribution amounts for the following quarter, based upon the Manager's estimate of distributable cash flow for the quarter. The Fund may make additional distributions in any given year.

For the year ended December 31, 2022, the Fund had an annual compound return of -15.17% net of expenses of 1.60% (including HST). The FTSE Canada Universe Bond Index had a return of -11.68%, with corporate bonds - 9.87%. Securitization and corporate AAA/AA bonds were the top performers returning -4.78% and -5.24% respectively. The portfolio was fully invested in corporate bonds with a higher weight in mid-term bonds.

Ridgewood Canadian Investment Grade Bond Fund

For the year ended December 31, 2022

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. This information for the years ended December 31 is derived from the Fund's audited annual financial statements.

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.

Financial Highlights

The Fund's Net Assets per Unit

Class A

	2022	2021	2020	2019	2018
Net assets value, beginning of year	\$ 15.94	\$ 16.20	\$ 15.07	\$ 13.77	\$ 14.09
Increase from operations:					
Total revenue	0.96	1.04	1.03	1.03	1.05
Total expenses	(0.22)	(0.19)	(0.20)	(0.28)	(0.26)
Realized gains (losses)	(1.11)	0.17	0.21	0.19	(0.11)
Unrealized gains (losses)	(2.18)	(0.42)	0.73	0.98	(0.37)
Total increase (decrease) from operations ⁽²⁾	(2.55)	0.60	1.77	1.92	0.31
Distributions:					
From net investment income (excluding dividends)	(0.72)	(0.83)	(0.80)	(0.78)	(0.76)
From dividends	-	-	-	-	-
From net realized capital gains (losses)	-	(0.10)	(0.28)	(0.09)	-
From return of capital	-	-	-	-	-
Total annual distributions ⁽³⁾	(0.72)	(0.93)	(1.08)	(0.87)	(0.76)
Net assets value, end of year ⁽⁴⁾	\$ 12.67	\$ 15.94	\$ 16.20	\$ 15.07	\$ 13.77

(1) This information is derived from the Fund's audited financial statements as at December 31 of the year.

(2) Net assets per security and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the average number of units outstanding over the financial year.

(3) Distributions, if any, were paid in cash, reinvested in additional units of the Fund, or both.

(4) The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.

Ratios and Supplemental Data

Class A

	2022	2021	2020	2019	2018
Net asset value (000's)	\$ 235,317	\$ 296,084	\$ 265,501	\$ 217,259	\$ 172,952
Number of units outstanding	18,575,820	18,575,820	16,390,022	14,413,488	12,563,499
Management expense ratio ⁽³⁾	1.60%	1.17%	1.32%	1.90%	1.89%
Management expense ratio before waivers or absorptions ⁽⁴⁾	1.60%	1.17%	1.32%	1.90%	1.89%
Trading expense ratio ⁽⁶⁾	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate ⁽⁵⁾	44.53%	84.79%	145.48%	95.65%	55.82%
Closing market price	\$ 14.90	\$ 17.19	\$ 17.00	\$ 16.84	\$ 14.88
Net asset value per unit, end of year	\$ 12.67	\$ 15.94	\$ 16.20	\$ 15.07	\$ 13.77

Ridgewood Canadian Investment Grade Bond Fund

For the year ended December 31, 2022

- (1) *The information is provided for the year ended December 31, 2021*
- (2) *The inception date for Class A is December 18, 2009.*
- (3) *Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated year and is expressed as an annualized percentage of daily average net assets during the year. Out of its management fees, the Manager pays for such services to the Fund as portfolio manager compensation, service fees and marketing. Management expense ratio is inclusive of performance fees.*
- (4) *The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the Fund. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.*
- (5) *The Fund's portfolio turnover rate indicates how actively the Sub-Advisor trades the Fund's 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 the Fund's portfolio turnover rate in a year, 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 year. There is not necessarily a relationship between a high turnover and the trading expense ratio.*
- (6) *The trading expense ratio represents total commissions and other portfolio transactions costs expressed as an annualized percentage of daily average net asset value during the year.*

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 0.50% (plus applicable taxes) of the net asset value 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 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 2022 for bond investors as central banks across the globe took unprecedented action throughout the year to regain control of their inflation targets. Into late 2021, the dramatic improvements in mass inoculations created a strong economic rebound; this rebound was accompanied with multi-generational highs with regards to price inflation. The response from the Bank of Canada was to raise rates by 400 bps and the Federal Reserve increasing rates by 425 bps. As we enter 2023, the market is searching for global central banks to pivot away from their current policy objective of monetary tightening. High rated corporate bonds continue to perform well in this environment as they provide an additional yield over low yielding Government bonds.

The FTSE Canada Universe Bond Index returned -11.68% for 2022 while the Corporate Bond Index returned -9.87%. Corporate AAA/AA bonds returned -5.24%, primarily due to characteristics of the index, which is a shorter than average duration. Corporate bonds will likely continue to outperform in 2023 as the interest environment stabilizes and investors will extend out the risk spectrum. Risks remain elevated as the yield curve continues to be inverted, 30-year bonds yield 2.87% and 2-year bonds yielding 3.49%.

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 return or performance information does not take into account sales, redemptions, distributions or other optional charges or income taxes payable that would have reduced returns or performance; and
- how the Fund has performed in the past does not necessarily indicate how it will perform in the future.

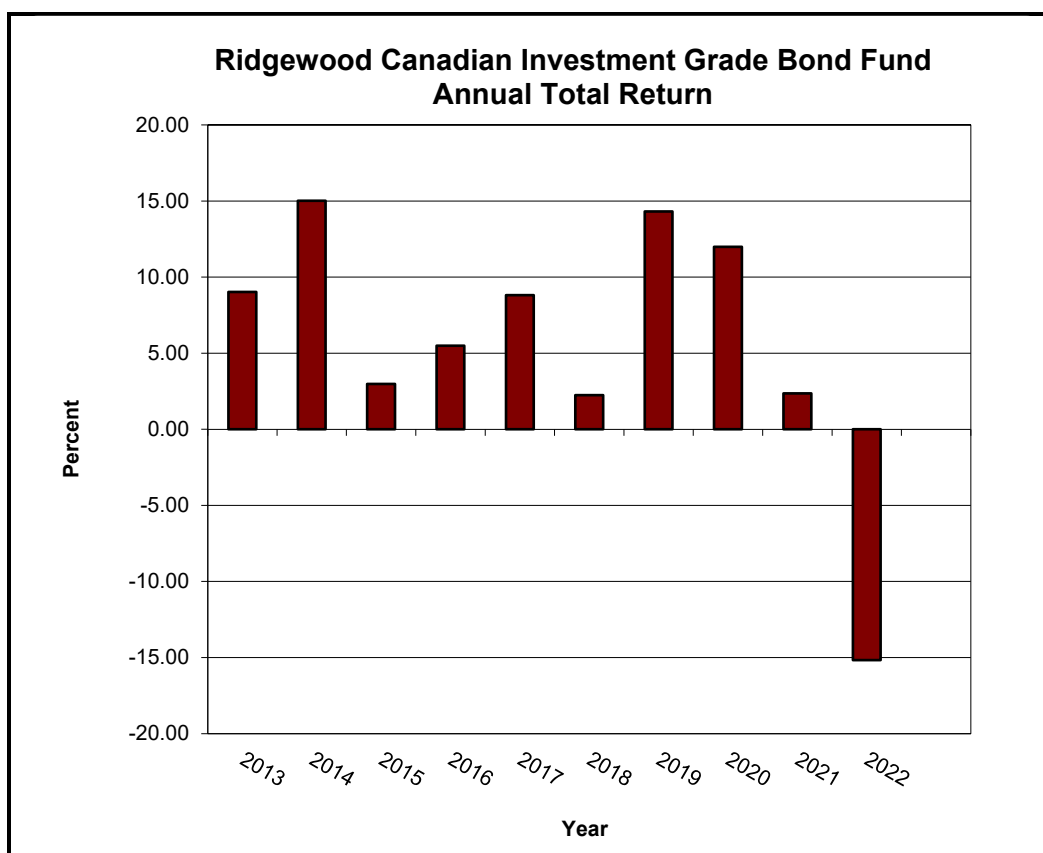
Year-By-Year Returns

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

Ridgewood Canadian Investment Grade Bond Fund

For the year ended December 31, 2022

Annual Total Return



Annual Compound Returns

The following table shows the Fund's historical annual compound total return (net of expenses of 1.60%, including HST) for the periods ended December 31 as compared to the performance of the FTSE TMX Canada Universal Bond Index.

	One Year	Three Years	Five Years	Ten Years
Ridgewood Canadian Investment Grade Bond Fund	-15.17%	-0.93%	2.59%	5.35%
FTSE TMX Canada Universe Bond *	-11.68%	-2.20%	0.27%	1.63%

* 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.

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 the declaration of trust of the Fund dated November 27, 2009, as amended and restated on December 17, 2009.

Ridgewood Canadian Investment Grade Bond Fund

For the year ended December 31, 2022

Ridgewood is the Manager and Trustee of the Fund pursuant to the Declaration of Trust dated, 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.

The members of the IRC of the Fund 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.

Ridgewood Canadian Investment Grade Bond Fund

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

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



John H. Simpson
Director
Ridgewood Capital Asset Management Inc.



Paul W. Meyer
Director
Ridgewood Capital Asset Management Inc.

March 17, 2023

Independent Auditor's Report

To the Unitholders of
Ridgewood Canadian Investment Grade 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, 2022 and 2021, 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, 2022 and 2021, 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. The engagement partner on the audit resulting in this independent auditor's report is Michael Darroch.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 17, 2023

Ridgewood Canadian Investment Grade Bond Fund

Statements of Financial Position

As at December 31, 2022 and December 31, 2021

	December 31, 2022	December 31, 2021
	\$	\$
Assets		
Financial asset at fair value through profit or loss (cost 31-Dec-22 - \$276,268,235; 31-Dec-21 - \$437,974,614)	250,510,336	452,613,756
Cash	15,341	202,493
Accrued interest receivable	2,306,109	3,280,993
Total Assets	252,831,786	456,097,242
Liabilities		
Accrued expenses	201,947	370,448
Distribution payable	2,597,229	4,524,440
Loan payable (Note 10)	14,715,160	155,118,303
Total Liabilities	17,514,336	160,013,191
Net assets attributable to holders of redeemable units	\$ 235,317,450	296,084,051
Number of units outstanding, Class A (Note 5)	18,575,820	18,575,820
Net assets attributable to holders of redeemable units per unit	12.67	15.94

(see accompanying notes to annual financial statements)

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

Approved on behalf of the Board of Directors of the Manager:



John H. Simpson, CFA
Managing Director



Paul W. Meyer, CFA
Managing Director

Ridgewood Canadian Investment Grade Bond Fund

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
	\$	\$
Income		
Interest for distribution purposes	17,788,886	18,335,852
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized (loss) gain on sale of investments	(20,631,780)	3,036,110
Net change in unrealized depreciation of investments	(40,397,041)	(7,515,147)
Total operating income	(43,239,935)	13,856,815
Expenses		
Management fees (Note 6)	1,397,874	1,555,338
Administration fees	333,508	435,648
Legal fees	41,470	32,006
Audit fees	32,404	31,400
Independent Review Committee fees	19,851	19,173
Total operating expenses	1,825,107	2,073,565
Operating (loss) profit	(45,065,042)	11,783,250
Finance cost		
Interest and bank fees (Note 10)	2,274,628	1,229,835
(Decrease) increase in net assets attributable to holders of redeemable units	(47,339,670)	10,553,415
(Decrease) increase in net assets attributable to holders of redeemable units per unit, Class A (based on weighted average number of units outstanding during the year -) (2022 - 18,575,820; 2021 - 17,561,730)	(2.55)	0.60

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

Ridgewood Canadian Investment Grade Bond Fund

Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

For the years ended December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
	\$	\$
Net assets attributable to holders of redeemable units at beginning of year	296,084,051	265,500,983
(Decrease) increase in net assets attributable to holders of redeemable units	(47,339,670)	10,553,415
Distributions:		
From net investment income	(13,426,931)	(14,769,812)
From net realized capital gains	-	(1,929,721)
	(60,766,601)	(6,146,118)
Redeemable unit transactions:		
Issue costs and agency fees	-	(242,041)
Proceeds from the issuance of units of the investment fund	-	35,041,506
Securities issued on reinvestment of distributions	-	1,929,721
	-	36,729,186
Net assets attributable to holders of redeemable units at end of year	235,317,450	296,084,051

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

Ridgewood Canadian Investment Grade Bond Fund

Statements of Cash Flows

For the years ended December 31, 2022 and 2021

	December 31, 2022	December 31, 2021
	\$	\$
Cash (used in) provided by operating activities		
Net increase (decrease) in net assets attributable to holder of redeemable Units	(47,339,670)	10,553,415
Adjustments for:		
Net realized loss (gain) on sale of investments	20,631,780	(3,036,110)
Net change in unrealized depreciation of investments	40,397,041	7,515,147
Purchase of investments	(161,538,520)	(442,821,640)
Proceeds from sale of investments	302,613,119	357,409,164
Decrease (increase) in accrued interest receivable	974,884	(794,988)
(Decrease) increase in accrued expenses	(168,501)	142,471
	155,570,133	(71,032,541)
Cash flows from financing activities		
Proceeds from the issuance of units of the investment fund	-	35,041,506
Issue costs and agency fees paid	-	(242,041)
Distributions paid to unitholders	(15,354,142)	(11,114,043)
Change in loan payable	(140,403,143)	47,543,181
	(155,757,285)	71,228,603
Increase in cash during the year	(187,152)	196,062
Cash, beginning of year	202,493	6,431
Cash, end of year	15,341	202,493
Supplemental information on cash flows from operating activities		
Interest received	18,987,906	17,540,864
Interest paid	2,304,582	1,198,028

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

Ridgewood Canadian Investment Grade Bond Fund

Schedule of Investments

As at December 31, 2022

Par Value	Security	Average Cost	Fair Value	% of net assets
	Canadian Bonds			
	Corporate Bonds			
6,000,000	Bank of Montreal, Variable Rate, Perpetual, 7.37%, 2049/12/31	6,000,000	6,067,638	
11,015,000	Bank of Nova Scotia, Series '1', Variable Rate, Callable, 3.70%, 2081/07/27	10,832,889	8,338,328	
12,458,000	Cameco Corp., 5.09%, 2042/11/14*	12,548,828	10,605,215	
3,112,000	Canadian Imperial Bank of Commerce, Variable Rate, Callable, 7.15%, 2082/07/28*	3,128,035	3,055,190	
5,000,000	Empire Life Insurance Co. (The), Series '1', Variable Rate, Callable, 3.63%, 2081/04/17	5,049,600	3,995,080	
12,452,000	Great-West Lifeco Inc., Series '1', Variable Rate, Callable, 3.60%, 2081/12/31*	12,377,156	9,341,438	
12,500,000	Manulife Financial Corp., Series '1', Variable Rate, Callable, 3.38%, 2081/06/19*	12,450,476	9,404,092	
12,515,000	Manulife Financial Corp., Variable Rate, Callable, 4.10%, 2082/03/19*	12,473,951	9,474,752	
8,899,000	Manulife Financial Corp., Variable Rate, Callable, 7.12%, 2082/06/19	8,925,657	8,766,940	
9,000,000	National Bank of Canada, Series '1', Variable Rate, Callable, 4.30%, 2080/11/15*	9,000,000	8,130,857	
7,938,000	National Bank of Canada, Variable Rate, Callable, 4.05%, 2081/08/15	7,943,934	6,099,095	
13,840,000	Pembina Pipeline Corp., Variable Rate, Callable, 4.80%, 2081/01/25*	13,577,629	11,343,859	
8,750,000	Sagen MI Canada Inc., Variable Rate, Callable, 4.95%, 2081/03/24*	8,760,480	7,009,266	
9,666,000	Toronto-Dominion Bank (The), Series '1', Variable Rate, Callable, 3.60%, 2081/10/31*	9,530,330	7,330,431	
4,500,000	Toronto-Dominion Bank (The), Series '27', Variable Rate, Perpetual, 5.75%, 2049/12/31	4,451,870	3,996,977	
5,000,000	Toronto-Dominion Bank (The), Series '28', Variable Rate, Perpetual, 7.23%, 2049/12/31	5,000,000	5,023,605	
5,500,000	Toronto-Dominion Bank (The), Variable Rate, Callable, 7.28%, 2082/10/31	5,500,000	5,466,912	
9,100,000	TransAlta Corp., Step Coupon, 6.90%, 2030/11/15*	9,751,640	9,138,431	
10,159,000	TransAlta Corp., 7.30%, 2029/10/22*	11,055,015	10,443,107	
6,500,000	Trisura Group Ltd., Callable, 2.64%, 2026/06/11	6,500,000	5,956,951	
		174,857,490	148,988,164	63.31%
	Mortgage-Backed Securities			
3,034,000	Institutional Mortgage Securities Canada Inc., Class 'B', Series '2013-4', Variable Rate, 4.24%, 2023/10/12	3,033,479	2,973,320	
7,687,000	Institutional Mortgage Securities Canada Inc., Class 'C', Series '2013-4', Variable Rate, 4.63%, 2023/11/12	7,490,659	7,494,493	
2,422,000	Institutional Mortgage Securities Canada Inc., Class 'C', Series '16-7', Variable Rate, Callable, 3.60%, 2026/10/12	2,332,690	2,243,014	
9,087,000	Institutional Mortgage Securities Canada Inc., Class 'D', Series '13-4', Variable Rate, Callable, 4.63%, 2023/11/12	9,014,940	8,814,390	
6,000,000	Institutional Mortgage Securities Canada Inc., Class 'D', Series '2012-2', Variable Rate, Callable, 5.09%, 2045/07/12	5,434,200	6,000,000	
8,677,000	Institutional Mortgage Securities Canada Inc., Class 'D', Series '2015-6', Variable Rate, Callable, 3.94%, 2025/03/12	8,104,143	8,112,995	
6,460,000	Institutional Mortgage Securities Canada Inc., Class 'D', Series '2016-7', Variable Rate, Callable, 3.81%, 2026/10/12	5,681,760	5,880,538	
3,603,000	Institutional Mortgage Securities Canada Inc., Class 'E', Series '2012-2', Variable Rate, Callable, 5.09%, 2045/07/12	3,177,197	3,603,000	
2,523,000	Institutional Mortgage Securities Canada Inc., Class 'E', Series '2016-7', Variable Rate, Callable, 3.81%, 2026/10/12	2,110,162	2,220,240	
6,731,000	Real Estate Asset Liquidity Trust, Class 'C', Series '19-1', Variable Rate, Callable, 4.02%, 2029/05/12	6,604,623	5,954,243	
3,460,000	Real Estate Asset Liquidity Trust, Class 'C', Series '20-1', Callable, 3.55%, 2030/01/12	3,457,350	2,928,544	
14,121,000	Real Estate Asset Liquidity Trust, Class 'C', Series '2019-HBC', Variable Rate, Callable, 4.43%, 2024/06/14	12,725,577	13,714,314	
6,213,000	Real Estate Asset Liquidity Trust, Class 'D', Series '2016-1', Variable Rate, Callable, 3.70%, 2026/05/12	5,428,965	5,717,824	
8,000,000	Real Estate Asset Liquidity Trust, Class 'D', Series '16-2', Callable, 3.62%, 2026/05/12	7,091,600	7,384,000	
2,216,000	Real Estate Asset Liquidity Trust, Class 'D1', Series '2018-1', Variable Rate, Restricted, Callable, 4.36%, 2028/05/12	1,959,962	1,956,728	
1,000,000	Real Estate Asset Liquidity Trust, Class 'D1', Series '19-1', Variable Rate, Callable, 4.38%, 2054/06/12	981,000	852,500	
5,513,000	Real Estate Asset Liquidity Trust, Class 'E', Series '2016-1', Variable Rate, Callable, 3.70%, 2026/05/12	4,642,375	4,859,710	
5,269,000	Real Estate Asset Liquidity Trust, Class 'E', Series '2016-2', Variable Rate, Callable, 3.84%, 2026/06/12	4,466,456	4,702,583	
		93,737,138	95,412,436	40.55%
	Total Canadian Bonds, Government Bonds and MBS	268,594,628	244,400,600	103.86%
	U.S. Bonds			
	Corporate Bonds			
6,350,000	Citigroup Inc., 5.37%, 2036/03/06*	7,673,607	6,109,736	
	Total U.S. Bonds	7,673,607	6,109,736	2.60%
	Total Investment Portfolio	276,268,235	250,510,336	106.46%
	Cash and cash equivalents		15,341	0.01%
	Other assets less liabilities		(15,208,227)	-6.48%
	Total net assets attributable to holders of redeemable units		235,317,450	100.01%

* These securities are held as collateral with Scotiabank for the loan payable or margin account (Note 9)

The accompanying notes are an integral part of these financial statements

Ridgewood Canadian Investment Grade Bond Fund

Notes to the Financial Statements

December 31, 2022

1. ESTABLISHMENT OF THE FUND

Ridgewood Canadian Investment Grade Bond Fund (the "Fund") is a closed-end investment fund established under the laws of the Province of Ontario pursuant to the Declaration of Trust dated November 27, 2009, as amended and restated. Ridgewood Capital Asset Management Inc. ("Ridgewood" or the "Manager") is the Manager and Trustee of the Fund. 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 of the Fund. CIBC Mellon Trust Company is the custodian and registrar and AST is the transfer agent of the Fund, and, as such, they perform certain valuation and other services for the Fund. The Fund commenced operations on December 18, 2009. On September 24, 2019 unitholders approved the indefinite extension of the term of the Fund from December 31, 2019 onward. The financial statements were authorized for issuance by Ridgewood Capital Asset Management Inc. on March 17, 2023.

2 INVESTMENT OBJECTIVE OF THE FUND

The investment objective of the Fund is to maximize total returns for unitholders while preserving capital in the long term. The portfolio of securities of the Fund (the "Portfolio") will be invested primarily in Investment grade bonds issued by Canadian issuers available to domiciled investors. Investment grade bonds means debt securities and term loans that are generally rated at or above BBB- from S&P, or Baa3 or higher from Moody's Investor Services Inc., or a similar rating from a qualified rating agency. Currently, the Fund may invest up to 25% of the Portfolio in investment grade bonds issued by non-Canadian issuers. As at June 30 of each year (each a "determination date"), at least 90% of the Portfolio will be invested in securities denominated in Canadian dollars.

3. BASIS OF PRESENTATION AND ADOPTION OF IFRS

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 receivable 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.

a) 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 and distribution payable.

IFRS 9 financial instruments ("IFRS 9")

Financial assets carried at amortized cost are subjected 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 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.

Ridgewood Canadian Investment Grade Bond Fund

Notes to the Financial Statements

December 31, 2022

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.

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

Cash is comprised of cash on deposit.

Investment transactions and income recognition

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

Income recognition

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

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 measurement). 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, interest receivable, distributions payable, accrued liabilities, loan payable 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 annual financial statements of the Fund are measured in the currency of the primary economic environment in which the Fund operates (the "functional currency"). The annual financial statements of the Fund are presented in CAD which is the Fund's functional currency.

b) Foreign currency translation

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

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

Ridgewood Canadian Investment Grade Bond Fund

Notes to the Financial Statements

December 31, 2022

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.

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 13 – Financial Instruments – Fair Value Disclosure for further information about the fair value measurement of the Fund's financial instruments.

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 Fund's 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. The units of the Fund are fully paid when issued.

Following are the redeemable unit transactions during the year:

December 31, 2022

2022	
Units outstanding	
Beginning of year	18,575,820
Redeemable units issued for cash	-
Redeemable units redeemed	-
Units issued on	
reinvestment of distributions	-
Units outstanding, end of year	18,575,820

December 31, 2021

2021	
Units outstanding	
Beginning of year	16,390,022
Redeemable units issued for cash	2,185,798
Redeemable units redeemed	-
Units issued on	
reinvestment of distributions	-
Units outstanding, end of year	18,575,820

6. RELATED PARTY TRANSACTIONS

The Fund's investment activities are managed by Ridgewood.

Management fees

Under the terms of the management agreement dated November 27, 2009 as amended and restated on December 17, 2009, 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 0.50% (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 year ended December 31, 2022 amounted to \$1,397,874 (December 31, 2021 - \$1,555,338).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee during the year ended December 31, 2022 was \$19,851 (December 31, 2021 - \$19,173).

7. MANAGEMENT FEES AND EXPENSES

Ridgewood is responsible for providing, or causing to be provided, management and administrative services

Ridgewood Canadian Investment Grade Bond Fund

Notes to the Financial Statements

December 31, 2022

and facilities to the Fund, and may delegate certain of its powers to third parties.

The Fund also pays for all expenses incurred in connection with its operations and administration, including, without limitation, mailing and printing expenses for periodic reports to unitholders and other unitholder communications including marketing and advertising expenses; fees payable to the Custodian, the registrar and transfer agent, the valuation Agent, prime broker and/or other parties engaged by the Fund for performing certain financial, record keeping, reporting and general administrative services are charged to the Fund; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; any additional fees payable to the Manager for performance of extraordinary services on behalf of the Fund; fees payable to the auditors and legal advisors; regulatory filing, stock exchange and licensing fees; any expenditures incurred upon the termination of the Fund; and fees payable to the members of the independent review committee of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager or any other party is entitled to indemnity by the Fund. The Fund also is responsible for any taxes payable by the Fund or to which the Fund may be subject, interest expenses on borrowing, its costs of portfolio transactions and any extraordinary expenses which it may incur from time to time.

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 order 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. LOAN PAYABLE INTEREST AND BANK FEES

The Fund has a margin account held at Scotiabank which requires collateral against loans (see Schedule of Investments). The Fund can borrow an amount up to 35% of the total assets of the Fund.

Loan payable

As at December 31, 2022, the balance of the account was \$14,715,160 (December 31, 2021 - \$155,118,303). During the year, the maximum amount borrowed was \$159,851,072 (December 31, 2021 - \$161,835,064) and the minimum amount borrowed was \$14,715,160 (December 31, 2021 - \$107,575,123).

Interest and bank fees

Total interest and bank fees on the account were \$2,274,628 for the year (December 31, 2021 - \$1,229,835). The account is charged interest based on Bloomberg Ticker Reference plus 60 basis points on debit spread or minus 25 bps on credit spread. If interest rates had increased/decreased by 100 basis points, interest expense would have changed by approximately \$1,090,919 (December 31, 2021 - \$1,447,288).

11. 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 of 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, 2022 taxation year-end, the Fund had \$20,465,243 of capital losses (2021 - \$Nil) and no non-capital losses available for carryforward (2021 - \$Nil).

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Fund's financial instruments consist of bonds, asset-backed securities, liabilities for securities redeemed, cash and loan payable. As a result, the Fund is primarily exposed to interest rate risk and credit risk.

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

Ridgewood Canadian Investment Grade Bond Fund

Notes to the Financial Statements

December 31, 2022

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. Since the loan payable is a short-term obligation the interest rate sensitivity is minimal.

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

As at December 31, 2022:

	Less than 1 month	1-3 months	3 months -1 year
Loan payable	\$	\$	\$
Interest Rate Exposure	-	14,715,160	-

	Less than 1 year	1-3 years	3-5 years	More than 5 years
Investments	\$	\$	\$	\$
Interest Rate Exposure	19,282,203	21,827,309	38,964,860	170,435,964

	Non Interest bearing	Total
	\$	\$
Interest Rate Exposure	-	250,510,336

As at December 31, 2021:

	Less than 1 month	1-3 months	3 months -1 year
Loan payable	\$	\$	\$
Interest Rate Exposure	-	155,118,303	-

	Less than 1 year	1-3 years	3-5 years	More than 5 years
Investments	\$	\$	\$	\$
Interest Rate Exposure	9,618,798	33,164,191	67,842,737	341,988,030

	Non Interest bearing	Total
	\$	\$
Interest Rate Exposure	-	452,613,756

At December 31, 2022, should interest rates have decreased by 100 basis points with all other variables remaining constant, the increase in net assets for the

year would amount to approximately \$4.0 million (December 31, 2021 - \$5.6 million), arising from the increase in market values of debt securities. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets would amount to approximately \$4.0 million (December 31, 2021 - \$5.6 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 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 also measures credit risk and lifetime ECL related to the accrued interest receivables using historical analysis and forward looking information.

The Fund's main credit risk concentration is spread between A/A and BBB/Baa rated securities.

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

Portfolio by rating category December 31, 2022	
Rating	As a % of Net Assets
AAA/Aaa	40.55%
AA/Aa	0.00%
A/A	3.97%
BBB/Baa	61.94%
Below BBB	0.00%
Unrated	0.00%
Total	106.46%

Portfolio by rating category December 31, 2021	
Rating	As a % of Net Assets
AAA/Aaa	3.27%
AA/Aa	1.05%
A/A	21.39%
BBB/Baa	127.16%
Below BBB	0.00%
Unrated	0.00%
Total	152.87%

Ridgewood Canadian Investment Grade Bond Fund

Notes to the Financial Statements

December 31, 2022

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.

The rating category of certain financial assets previously reported as A/A, BBB, Below BBB and Unrated have been revised to reflect the actual rating of the securities.

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 holds securities that are denominated in currencies other than the Canadian dollar. It is therefore exposed to currency risk.

As at December 31, 2022, the Fund held Nil (December 31, 2021 - Nil) of its assets in foreign securities. As a result, the Fund does not have significant currency risk. In practice, actual results may differ from this sensitivity analysis and the difference may be material.

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. The tables below analyze the Fund's financial liabilities as at December 31, 2022 and December 31, 2021.

As at December 31, 2022:

	1-3 months	> 3 months	Total
	\$	\$	\$
Accrued expenses	201,947	-	201,947
Distribution payable	2,597,229	-	2,597,229
Loan payable	14,715,160	-	14,715,160
Total liabilities	17,514,336	-	17,514,336

As at December 31, 2021:

	1-3 months	> 3 months	Total
	\$	\$	\$
Accrued expenses	370,448	-	370,448
Distribution payable	4,524,440	-	4,524,440
Loan payable	155,118,303	-	155,118,303
Total liabilities	160,013,191	-	160,013,191

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, 2022
Canadian Corporate Bonds	63.31%
Mortgage-Backed Securities	40.55%
Foreign Corporate Bonds	2.60%
Government of Canada	0.00%
Total	106.46%

Market segments	December 31, 2021
Canadian Corporate Bonds	106.31%
Mortgage-Backed Securities	40.37%
Foreign Corporate Bonds	2.92%
Government of Canada	3.27%
Total	152.87%

13. Financial Instruments – Disclosures

Fair valued disclosure

The Fund's financial assets and liabilities recorded at fair value have been categorized based upon a 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, 2022 and December 31, 2021.

Financial Assets and Liabilities at fair value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Bonds	-	155,097,900	-	155,097,900
Mortgage-backed securities	-	95,412,436	-	95,412,436
Cash/ (Bank Overdraft)	15,341	-	-	15,341
Loan payable	-	14,715,160	-	14,715,160
Total	15,341	265,225,496	-	265,240,837

Ridgewood Canadian Investment Grade Bond Fund

Notes to the Financial Statements

December 31, 2022

Financial Assets and Liabilities at fair value as of December 31, 2021				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Bonds	-	333,085,817	-	333,085,817
Mortgage-backed securities	-	119,527,939	-	119,527,939
Cash/ (Bank Overdraft)	202,493	-	-	202,493
Loan payable	-	155,118,303	-	155,118,303
Total	202,493	607,732,059	-	607,934,552

In addition, there were no investments or transactions classified in Level 3 for the year ended December 31, 2022 and 2021.

Managed by Ridgewood Capital Asset Management Inc.

Ridgewood Canadian Investment Grade Bond Fund

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