A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and only by persons permitted to sell these securities.

These securities have not been and will not be registered under the United States Securities Act of 1933, as amended, and, subject to certain exemptions, will not be offered or sold within the United States or to U.S. persons.

PRELIMINARY PROSPECTUS

Initial Public Offering October 30, 2009

ridgewood
CAPITAL ASSET MANAGEMENT

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

Maximum $● Units
(Maximum ● Units)

Ridgewood Canadian Investment Grade Bond Fund (the "**Fund**") is a closed-end investment fund established under the laws of the Province of Ontario. The Fund proposes to offer units (the "**Units**"), at a price of $12.00 per Unit (the "**Offering**").

The Fund will seek to achieve the following investment objectives:

(i) to provide holders of units (the "**Unitholders**") with monthly cash distributions, initially targeted to be 5.25% per annum on the original issue price of $12.00 per Unit; and

(ii) to maximize total returns for Unitholders while preserving capital in the long term.

See "Investment Objectives and Rationale".

The Fund will invest in a portfolio (the "**Portfolio**") consisting primarily of Canadian investment grade bonds. In addition, the Fund may invest up to 10% of the Portfolio in U.S. investment grade bonds. The Portfolio will be actively managed by Ridgewood Capital Asset Management Inc. ("**Ridgewood**") based on five principles: (i) tactical yield curve management; (ii) strategic sector allocation; (iii) diversification; (iv) capital preservation; and (v) liquidity. See "Investment Strategy".

The investment process of the Fund has been used for over ten years by the portfolio managers at Ridgewood responsible for the management of the Fund's Portfolio and is substantially similar to that employed by Ridgewood Canadian Bond Fund, a mutual fund established in 1999 and managed by Ridgewood. Ridgewood Canadian Bond Fund has received the following rankings by Globe Fund out of approximately 400 Canadian fixed income funds for the period ended September 30, 2009 (determined on a net of fees basis):

- ranked in the top five funds for one year, three year and five year performance;
- 5 star rating, the highest ranking available to fund managers; and
- 1 of only 8 Canadian fixed income funds having a 5-star rating.

The Fund will provide an opportunity for retail investors to access the investment grade bond market, a market typically dominated by institutions as bonds are traded “over the counter”, which makes liquidity and transparency a concern for individual investors. In addition to this, new issuances are usually sold almost entirely to professional investors, pension/endowment funds and mutual funds making it difficult for individuals to directly participate in the investment grade bond market at institutional prices. Ridgewood is able to actively participate in the new issue investment grade bond market as well as the aftermarket with its long term dealing relationships with major banks and brokers in North America. The investment grade bond market has experienced strong returns in 2009. Ridgewood believes that interest rates will remain at lower levels for an extended period, making investments in investment grade bond funds an attractive investment. A well balanced portfolio for investors includes an allocation to fixed income. Bonds will lower overall volatility in a diversified portfolio while preserving capital. In addition, as at September 30, 2009, the Canadian investment grade bond market had an outstanding dollar value of over $250 billion with over 620 issues outstanding. This significant universe of bonds will allow Ridgewood to add value through security selection and to attain significant industry and sector diversification in a focused Portfolio.

The Fund initially intends to pay monthly distributions on all Units in an amount equal to $0.0525 per Unit, representing a yield of 5.25% per annum on the issue price. The initial distribution is payable to Unitholders of record on February 26, 2010 and will be paid no later than March 15, 2010. Commencing in March 2010, 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 of the Fund for the quarter. In addition, the Fund intends to distribute a sufficient amount of its income for each taxation year so that it will generally not be liable for non-refundable income tax under the *Income Tax Act* (Canada). The Fund may make additional distributions in any given year. The amount of monthly distributions will be based on the Manager’s assessment of anticipated cash flows and the anticipated expenses of the Fund from time to time. The amount of distributions may fluctuate and there can be no assurance that the Fund will make any distribution in any particular month or months. See “Distributions”.

Based on its initial anticipated composition, the Portfolio is expected to generate interest income of approximately 6.12% per annum, which, after deduction of expenses and addition of leverage at the initial intended level, will be more than sufficient to fund the monthly cash distributions at the initially targeted level. Assuming the gross proceeds of the Offering are $100 million and fees and expenses are as described herein, the Portfolio, using the maximum amount of leverage permitted (at current cost of leverage), would be required to generate an average annual total return of approximately 4.96%, inclusive of interest income, in order for the Fund to achieve its initially targeted monthly distributions for the Units. Given the Manager’s current outlook for the investment grade bond market, the Fund intends to borrow up to 20% of the total assets of the Fund.

Ridgewood will also be the trustee and manager of the Fund. Ridgewood is an independent investment manager that manages or subadvises approximately $1 billion in assets for a diversified client base of high net worth individuals, foundations/endowments, First Nation mandates, institutional accounts and wrap programs, of which $400 million is invested in fixed income assets. Ridgewood manages both fixed income and equity assets for these clients. See “Organization and Management Details of the Fund – The Manager of the Fund” and “Organization and Management Details of the Fund – The Portfolio Advisor”.

Price: $12.00 per Unit

	Price to the Public[1]	**Agents’ Fee**	**Net Proceeds to the Fund[2]**
Per Unit	$12.00	$0.42	$11.58
Minimum Total Offering[3] [4]	$●	$●	$●
Maximum Total Offering [4]	$●	$●	$●

(1) The terms of the Offering were established through negotiation between the Agents and the Manager on behalf of the Fund.

(2) Before deducting the expenses of the Offering, estimated to be $● (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents’ fee, will be paid by the Fund from the proceeds of the Offering.

(3) There will be no Closing unless a minimum of ● Units are sold. If subscriptions for a minimum of ● Units have not been received within 90 days after a final receipt for this prospectus is issued, the Offering may not continue without the consent of the Canadian Securities Administrators and those who have subscribed for Units on or before such date.

(4) The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to offer additional Units in an amount up to 15% of the Units sold on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents' fee and net proceeds to the Fund are estimated to be $●, $● and $●, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Over-Allotment Option acquires such Units under this prospectus, regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases. See "Plan of Distribution".

Beginning in December 2010, Units will be redeemable at the option of Unitholders at the net asset value (the "Net Asset Value") per Unit on the second last business day of December in each year, less any costs associated with the redemption, including commissions and other costs, if any. See "Redemption of Units". The Fund will terminate on December 31, 2014 (the "Termination Date") or such earlier or later date as determined by the Manager in accordance with the Declaration of Trust. On the Termination Date, each Unit of the Fund will be redeemed for the Net Asset Value per Unit. Prior to the Termination Date, the Manager may present a proposal to extend the term of the Fund for a further five year period, subject to approval of Unitholders at a meeting called for such purpose. See "Redemption of Units", "Risk Factors — Significant Redemptions" and "Termination of the Fund".

There is no guarantee that an investment in the Fund will earn any positive return in the short or long term, nor is there any guarantee that the Net Asset Value per Unit will appreciate or be preserved. An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. There are certain risk factors associated with an investment in Units including the use of leverage. There is no market through which the Units may be sold and purchasers may not be able to resell the Units purchased under this prospectus. This may affect the pricing of the Units in the secondary market, the transparency and availability of trading prices, the liquidity of the Units and the extent of issuer regulation. See "Risk Factors".

TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities, BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., GMP Securities L.P., HSBC Securities (Canada) Inc., Raymond James Ltd., Wellington West Capital Markets Inc., Blackmont Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation and Manulife Securities Incorporated, as agents, conditionally offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Fund by Fasken Martineau DuMoulin LLP and on behalf of the Agents by Osler, Hoskin & Harcourt LLP. The Agents may over-allot or effect transactions as described under "Plan of Distribution".

Prospective purchasers may purchase Units either by (i) cash payment or (ii) an exchange (the "**Exchange Option**") of freely tradeable securities as listed under the heading "Purchasing Options – The Exchange Eligible Securities" (the "**Exchange Eligible Securities**"). The maximum number of Exchange Eligible Securities of any one Issuer (as defined herein) which the Fund may acquire under the Offering pursuant to the Exchange Option is that number which would constitute 10% of the net assets of the Fund. See "Purchasing Options". The number of Units issuable for the Exchange Eligible Securities (the "**Exchange Ratio**") will be determined for each $1,000 principal amount of each Exchange Eligible Security, by dividing the average closing price of such security on the DEX Universe Bond Index during the period of three consecutive days ending on November 26, 2009 (the "**Pricing Period**"), plus accrued interest as calculated in accordance with market practice to, but not including, the closing date of the Offering, by $12.00. Prospective purchasers under the Exchange Option will be required to deposit Exchange Eligible Securities with the Exchange Agent (as defined herein) through CDS Clearing and Depository Services Inc. ("**CDS**") prior to noon (Toronto time) on November 26, 2009. See "Purchasing Options".

Subscriptions for Units will be received subject to rejection or allotment in whole or in part and the Fund reserves the right to close the subscription books at any time without notice. Registrations of interests in and transfers of Units will be made only through the book-entry only system administered by CDS Clearing and Depository Services Inc. Book-entry only certificates representing the Units will be issued in registered form only to CDS or its nominee and will be deposited with CDS on the date of Closing, which is expected to occur on or about ●, 2009 or such later date as the Fund and the Agents may agree, but in any event not later than ●, 2009. A purchaser of Units will receive a customer confirmation from the registered dealer from or through which the Units are purchased and will not have the right to receive physical certificates evidencing their ownership in the Units.

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PROSPECTUS SUMMARY

The following is a summary of the principal features of the Offering and should be read together with the more detailed information and financial data and statements contained elsewhere in this prospectus. Certain capitalized terms used, but not defined, in this summary are defined in the "Glossary of Terms".

THE OFFERING

The Fund:	Ridgewood Canadian Investment Grade Bond Fund is a closed-end investment fund established under the laws of the Province of Ontario pursuant to the Declaration of Trust. See "Overview of the Investment Structure".
The Offering:	The Fund is offering one class of Units. See "Plan of Distribution".
Price:	$12.00 per Unit
Minimum and Maximum Issue:	A minimum of $● (● Units) and a maximum of $● (● Units).
Minimum Subscription:	100 Units ($1,200).
Exchange Option:	Prospective purchasers may purchase Units either by (i) cash payment or (ii) an exchange of freely tradeable securities as listed under the heading "Purchasing Options – The Exchange Eligible Securities". The maximum number of Exchange Eligible Securities of any one Issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is that number which would constitute 10% of the net assets of the Fund. The Exchange Ratio will be determined for each $1,000 principal amount of each Exchange Eligible Security by dividing the average closing price of such security on the Bond Index during the Pricing Period, plus accrued interest as calculated in accordance with market practice, to, but not including, the Closing Date, by $12.00. Prospective purchasers under the Exchange Option will be required to deposit Exchange Eligible Securities with the Exchange Agent through CDS prior to noon (Toronto time) on November 26, 2009. Prospective purchasers under the Exchange Option will be entitled to rescind their purchase by providing a written notice of rescission to such prospective purchaser's CDS Participant who effected the deposit at any time on or before midnight on the second Business Day after receipt or deemed receipt of this prospectus and any amendment hereto. See "Purchasing Options".
Investment Objectives:	The Fund will seek to achieve the following investment objectives: (i) 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 (ii) to maximize total returns for Unitholders while preserving capital in the long term. See "Investment Objectives and Rationale". Commencing in March 2010, 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. See "Distributions".

Investment Rationale: The Fund will provide an opportunity for retail investors to access the Investment Grade Bond market, a market typically dominated by institutions as bonds are traded "over the counter", which makes liquidity and transparency a concern for individual investors. In addition to this, new issuances are usually sold almost entirely to professional investors, pension/endowment funds and mutual funds making it difficult for individuals to directly participate in the Investment Grade Bond market at institutional prices. Ridgewood is able to actively participate in the new issue Investment Grade Bond market as well as the aftermarket with its long term dealing relationships with major banks and brokers in North America. The Investment Grade Bond market has experienced strong returns in 2009. Ridgewood believes that interest rates will remain at lower levels for an extended period, making investments in Investment Grade Bonds an attractive investment. A well balanced portfolio for investors includes an allocation to fixed income. Bonds will lower overall volatility in a diversified portfolio while preserving capital. In addition, as at September 30, 2009, the Canadian Investment Grade Bond market had an outstanding dollar value of over $250 billion with over 620 issues outstanding. This significant universe of bonds will allow Ridgewood to add value through security selection and to attain significant industry and sector diversification in a focused Portfolio. See "Investment Rationale".

Investment Strategy: The Fund will invest in a Portfolio consisting primarily of Canadian Investment Grade Bonds. In addition, the Fund may invest up to 10% of the Portfolio in U.S. Investment Grade Bonds.

The Portfolio will be actively managed by Ridgewood based on five principles: (i) tactical yield curve management; (ii) strategic sector allocation; (iii) diversification; (iv) capital preservation; and (v) liquidity.

Tactical Yield Curve Management - As an active manager, Ridgewood utilizes a disciplined process to generate alpha (or risk-adjusted return) in the Fund. Ridgewood will adhere to its documented process in both rising and falling interest rate environments. Careful analysis is done to determine which term structures will provide the best return for a given unit of risk. Roll-down horizon analysis is also used to target where on the yield curve to focus the Fund's investments. In rising interest rate environments, capital preservation will be the primary focus. In the event inflation becomes a significant concern, the Fund will invest in floating rate notes, treasury bills, bankers' acceptances and other cash equivalents.

Strategic Sector Allocation - The exposure of the Portfolio to different sectors or industries will be determined by the relative attractiveness of each sector on a historic and expected return basis. Ridgewood will take advantage of various sectors depending on credit cycle, economic environment and liquidity. There are five major sectors in the Canadian corporate bond market as categorized by the DEX Universe Corporate Index: infrastructure, industrial, financial, energy and communication.

Diversification - The Fund intends to diversify by investing initially in at least 20 securities and may increase to 30 securities if conditions warrant a more prudent approach. The goal of diversification is risk management and capital preservation, which is achieved partially through a well-diversified portfolio. The result is reduced volatility and market risk coupled with the ability to maintain a long time horizon.

Capital Preservation - Ridgewood intends to position the assets in the Portfolio in order to capitalize on preserving capital and maintaining competitive yields and potential capital gain opportunities.

Liquidity - The Fund will initially invest in Investment Grade Bonds with a minimum of $50 million outstanding for the given issue. Ridgewood intends to focus the investments on highly liquid Corporate Bonds or Government Bonds in order to maintain a well-structured Portfolio that can be held in periods of higher volatility.

The investment process of the Fund has been used for over ten years by the portfolio managers at Ridgewood responsible for the management of the Fund's Portfolio and is substantially similar to that employed by Ridgewood Canadian Bond Fund, a mutual fund established in 1999 and managed by Ridgewood. Ridgewood Canadian Bond Fund has received the following rankings by Globe Fund out of approximately 400 Canadian fixed income funds for the period ended September 30, 2009 (determined on a net of fees basis):

- ranked in the top five funds for one year, three year and five year performance;
- 5 star rating, the highest ranking available to fund managers; and

- 1 of only 8 Canadian fixed income funds having a 5-star rating.

The following table shows the annualized returns (gross of fees) of Ridgewood Canadian Bond Fund for the periods ended September 30, 2009 as compared to a benchmark index, the DEX Universe Bond Index, an index designed to be a broad measure of the Canadian Investment Grade fixed-income market.

	10 year	**5 year**	**3 year**	**1 year**
Ridgewood Canadian Bond Fund	7.27%	7.16%	7.28%	15.91%
DEX Universe Bond Index	6.64%	5.88%	5.46%	10.34%
Performance over Index	0.63%	1.28%	1.82%	5.57%

Prior performance of Ridgewood Canadian Bond Fund is not indicative of future results of the Fund. Unitholders may experience results which differ materially from those shown above. While similar, the investment strategy of the Fund is not identical to that of Ridgewood Canadian Bond Fund. Among other factors, the Fund's strategy permits the use of leverage (up to 25% of the total assets of the Fund). Additionally, the proposed initial Portfolio of the Fund (described below) does not include government bonds whereas the Ridgewood Canadian Bond Fund and the DEX Universe Bond Index do include government bonds.

See "Investment Strategy" and "Organization and Management of the Fund – The Portfolio Advisor".

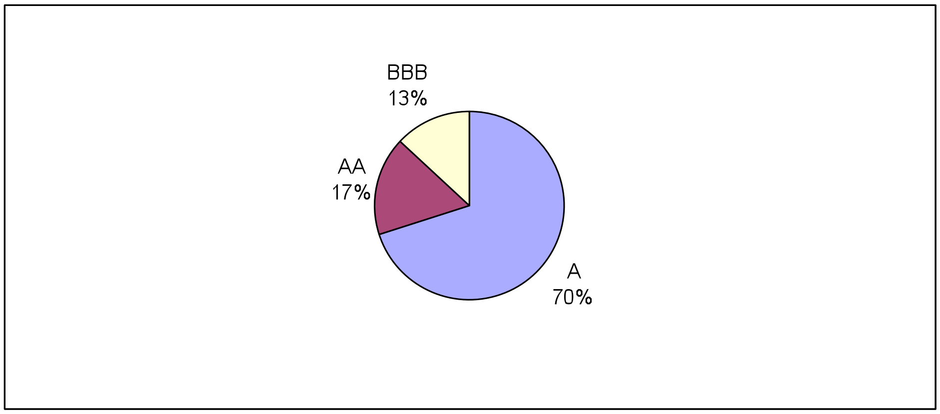
Indicative Portfolio: Initially, it is expected that the Portfolio will be allocated among the types of securities in the target ranges shown below:

	Range Weighting	**Expected Initial Asset Allocation**
Canadian Investment Grade Bonds.............	90-100%	100%
U.S. Investment Grade Bonds......................	0-10%	0%
Cash and cash equivalents(1).........................	0-100%	0%

(1) The permitted range weightings assume normal market conditions. At Ridgewood's discretion, the Fund may invest part or all of its assets in cash and cash equivalents. For instance, in the event of periods of high inflation, the Fund may invest in treasury bills, bankers' acceptances and other cash equivalents.

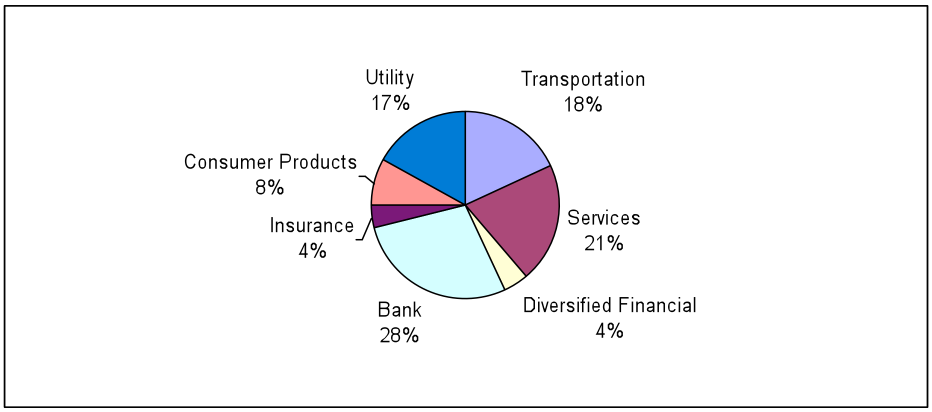
The initial Portfolio of the Fund is expected to be diversified by sector and credit quality as shown below and have an average term to maturity of 12.3 years and a duration of 7.2 years.

Illustrative Initial Portfolio Allocation by Credit Rating(1)



(1) Based on Standard & Poor's or DBRS credit ratings.

Illustrative Initial Portfolio Allocation by Sector



The above charts are for informational purposes only. There can be no assurance that the sector or credit weightings of the initial Portfolio will be as set forth above. Ridgewood will actively manage the Portfolio to seek to meet the Fund's investment objectives and therefore the composition of the Portfolio will vary from time to time based on Ridgewood's assessment of market conditions.

Leverage: The Fund may utilize various forms of borrowings, including a loan facility and margin purchases, up to 25% of the total assets of the Fund at the time of the borrowing. Accordingly, the maximum amount of leverage that the Fund could employ is 1.33:1. Given the Manager's current outlook for the Investment Grade Bond market, the Fund intends initially to borrow up to 20% of the total assets of the Fund. See "Investment Strategies – Leverage".

Currency Hedging: Although the Fund will be primarily invested in securities denominated in Canadian dollars, it may have some exposure to the U.S. dollar. The Fund may enter into currency hedging transactions to reduce the effects on the Portfolio of changes in the value of the U.S. dollar relative to the Canadian dollar. See "Investment Strategy – Currency Hedging".

Distributions: The Fund initially intends to pay monthly distributions on all Units in an amount equal to $0.0525 per Unit, representing a yield of 5.25% per annum on the issue price. The initial distribution is payable to Unitholders of record on February 26, 2010 and will be paid no later than March 15, 2010.

The current yield of the indicative Portfolio is 6.12% and the Yield to Maturity of the indicative Portfolio is 5.31%. There can be no assurance that the current yield or the Yield to Maturity of the initial Portfolio will be as set forth in the preceding sentence. To the extent the yield of the Portfolio is recognized as income for tax purposes, it will be distributed to Unitholders either as part of a monthly distribution or an Additional Distribution. If the yield of the Portfolio is not recognized as income for tax purposes, it will not be distributed but rather remain part of the Net Asset Value.

Based on its initial anticipated composition, the Portfolio is expected to generate interest income of approximately 6.12% per annum, which, after deduction of expenses and addition of leverage at the initial intended level, will be more than sufficient to fund the monthly cash distributions at the initially targeted level. Assuming the gross proceeds of the Offering are $100 million and fees and expenses are as described herein, the Portfolio, using the maximum amount of leverage permitted (at current cost of leverage), would be required to generate an average annual total return of approximately 4.96%, inclusive of interest income, in order for the Fund to achieve its initially targeted monthly distributions for the Units. Given the Manager's current outlook for the investment grade bond market, the Fund intends to borrow up to 20% of the total assets of the Fund.

The amount of monthly distributions will be based on the Manager's assessment of anticipated cash flows and the anticipated expenses of the Fund from time to time. The amount of distributions may fluctuate and there can be no assurance that the Fund will make any distribution in any particular month or months.

Commencing in March 2010, the Fund will determine and announce each quarter the amounts to be distributed during the following quarter based upon the Manager's estimate of distributable cash flow of the Fund for the quarter. The Fund may make additional distributions in any given year. Distributions will be payable to Unitholders of record at 5:00 p.m. on the last Business Day of each month and will be paid no later than the 15th day of the subsequent month.

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. To ensure that the Fund will not generally be liable for income tax under Part I of the Tax Act, the Declaration of Trust provides that, if necessary, an Additional Distribution will be automatically payable in each year to Unitholders of record on December 31, based on the Net Asset Value. The Additional Distribution may be necessary where the Fund realizes income for tax purposes which is in excess of the monthly distributions paid or made payable to Unitholders during the year.

See "Investment Strategy" and "Distributions".

Redemption Privileges:

Annual Redemption Right: Units may be redeemed at the option of Unitholders on the Annual Redemption Date of each year, commencing in December 2010. Units so redeemed will be redeemed at a redemption price equal to the Net Asset Value per Unit on the Annual Redemption Date, less any costs associated with the redemption, including commissions and other costs, if any. The Units must be surrendered for redemption at least ten Business Days prior to the Annual Redemption Date. Payment of the proceeds of redemption will be made on or before the 15th Business Day of the following month.

Monthly Redemption Right: Units also may be redeemed at the option of Unitholders on a Monthly Redemption Date, subject to certain conditions and, in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the Monthly Redemption Date. Payment of the redemption price will be made on or before the Redemption Payment Date, subject to the Manager's right to suspend redemptions in certain circumstances. Unitholders surrendering a Unit for redemption will receive a redemption price (the "**Monthly Redemption Amount**") equal to the lesser of (i) 96% of the Market Price of a Unit, and (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date, less in each case any costs associated with the redemption. See "Redemption of Units" and "Risk Factors — Significant Redemptions".

The Net Asset Value per Unit will vary depending on a number of factors. See "Calculation of Net Asset Value", "Redemption of Units" and "Risk Factors".

Termination of the Fund:

The Fund will terminate on December 31, 2014 unless terminated on an earlier or later date in accordance with the terms of the Declaration of Trust. On the Termination Date, the Units will be redeemed by the Fund for a cash amount equal to 100% of the Net Asset Value per Unit. Prior to the Termination Date, the Manager may present a proposal to extend the term of the Fund for a further five year period, subject to approval of Unitholders at a meeting called for such purpose. See “Termination of the Fund”.

Use of Proceeds: The net proceeds from the issue of the maximum number of Units offered hereby after payment of the Agents’ fee of $● and the expenses of the Offering of approximately $● are estimated to be $● ($● if the minimum number of Units are issued). The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to invest in the securities that will comprise the Portfolio in accordance with the investment objectives, strategies and restrictions of the Fund as described herein as soon as possible after Closing. See “Use of Proceeds”.

Repurchase of Units: The Declaration of Trust provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Units for cancellation pursuant to a normal course issuer bid subject to applicable law and stock exchange requirements. See “Description of the Units — Purchase for Cancellation”.

Risk Factors: An investment in Units is subject to certain risk factors, including: (i) that there is no assurance that the Fund will be able to achieve its investment objectives; (ii) the fact that Units may trade in the market at a discount to the Net Asset Value per Unit; (iii) the possible loss of some or all of the investment; (iv) risk of investments in Investment Grade Bonds; (v) fluctuations in the value of Portfolio securities; (vi) recent global financial developments; (vii) risks relating to the composition of the Portfolio; (viii) interest rate fluctuations; (ix) illiquid securities; (x) risk of prepayment of callable bonds; (xi) the use of derivatives for currency hedging; (xii) a prime broker holding certain assets of the Fund; (xiii) risks relating to securities lending; (xiv) risks relating to the use of leverage; (xv) risks relating to foreign currency; (xvi) reliance on the Manager and Ridgewood; (xvii) risks relating to the exchange option; (xviii) risks relating to taxes; (xix) no ownership of the Portfolio securities by the Fund; (xx) changes in legislation; (xxi) the status of the Fund under Canadian securities laws; (xxii) risks relating to significant redemptions; (xxiii) the Fund’s lack of operating history; (xxiv) the fact that the Fund is not a trust company; and (xxv) the nature of the Units. See “Risk Factors”.

Income Tax Considerations: The Fund intends to distribute a sufficient amount of its income for each taxation year so that it will generally not be liable for non-refundable income tax under the Tax Act. A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund’s net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year.

Prospective investors should consult their own tax advisors with respect to the income tax consequences of investing in Units, based upon their own particular circumstances. See “Income Tax Considerations”.

Eligibility for Investment: In the opinion of Fasken Martineau DuMoulin LLP, counsel for the Fund, and Osler, Hoskin & Harcourt LLP, counsel for the Agents, provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, or the Units are listed on a designated stock exchange within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts. See “Income Tax Considerations”.

Organization and Management of the Fund: *The Manager, Trustee, Portfolio Advisor and the Promoter*: Ridgewood Capital Asset Management Inc. will be the manager and trustee of the Fund (in such capacity, the “**Manager**”) and will provide, or arrange for the provision of, all administrative services required by the Fund. The Manager may be considered to be a promoter of the Fund within the meaning of the securities legislation of certain provinces of Canada. Ridgewood will also be the portfolio advisor of the Fund and is responsible for acquiring and disposing of the securities comprising the Portfolio and maintaining the Portfolio in accordance with the investment objectives of the Fund. The Fund’s head office is located at 55 University Avenue, Suite 1020, Toronto, Ontario M5J 2H7. See “Organization and Management Details of the Fund – The Manager of the Fund” and “Organization and Management Details of the Fund – The Promoter”.

Custodian: CIBC Mellon Trust Company will act as custodian of the assets of the Fund. The Custodian is located in Toronto, Ontario. See “Organization and Management Details of the Fund – The Custodian”.

Valuation Agent: The Manager has retained CIBC Mellon Global Securities Services Company to provide accounting and valuation services for the Fund. See “Organization and Management Details of the Fund – The Valuation Agent”.

Transfer Agent and Registrar: CIBC Mellon Trust Company, at its office in Toronto, Ontario, will maintain the securities registers of the Units and register transfers of Units.

Auditor: The auditor of the Fund is Deloitte & Touche LLP, Chartered Accountants, at 181 Bay Street, Suite 1400, Toronto, Ontario M5J 2V1.

Prime Broker: Scotia Capital Inc. will act as the prime broker of the Fund. The Prime Broker is located in Toronto, Ontario.

Agents: TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities, BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., GMP Securities L.P., HSBC Securities (Canada) Inc., Raymond James Ltd., Wellington West Capital Markets Inc., Blackmont Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation and Manulife Securities Incorporated, as agents, conditionally offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement.

The Fund has granted to the Agents an Over-Allotment Option, exercisable for a period of 30 days from the Closing Date, to offer additional Units in an amount up to 15% of the Units sold on the Closing Date on the same terms as set forth above solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full under the maximum Offering, the price to the public, Agents’ fee and net proceeds to the Fund are estimated to be $●, $● and $●, respectively. This prospectus also qualifies the grant of the Over-Allotment Option and the distribution of the Units issuable on the exercise of the Over-Allotment Option. See “Plan of Distribution”.

Agents’ Position	Maximum Size	Exercise Period	Exercise Price
Over-Allotment Option	● Units	Within 30 days following the Closing Date	$12.00 per Unit

SUMMARY OF FEES AND EXPENSES

The following table contains a summary of the fees and expenses payable by the Fund and the Manager, which will therefore reduce the value of a Unitholder's investment in the Fund. For further particulars, see "Fees and Expenses".

Fees and Expenses of the Fund

Agents' Fees:	$0.42 per Unit (3.50%)
Expenses of the Offering:	The expenses of the Offering are estimated to be $● (but not to exceed 1.5% of the gross proceeds of the Offering) which, together with the Agents' fee, will be paid by the Fund.
Management Fee:	The Manager will receive a Management Fee from the Fund equal to 0.50% per annum of the Net Asset Value of the Fund, calculated and payable monthly in arrears, plus applicable taxes. See "Fees and Expenses — Management Fee".
Ongoing Expenses of the Fund:	The Fund will pay for all of its expenses incurred in connection with its operation and administration, estimated to be $● per annum (assuming an aggregate size of the Offering of approximately $100 million). The Fund will also be responsible for its costs of portfolio transactions and any extraordinary expenses that may be incurred from time to time. See "Fees and Expenses — Ongoing Expenses of the Fund".

FORWARD-LOOKING STATEMENTS

Certain statements included in this prospectus constitute forward looking statements, including those identified by the expressions “anticipate”, “believe”, “plan”, “estimate”, “expect”, “intend” and similar expressions (including negative and grammatical variations) to the extent they relate to the Fund or Ridgewood. The forward looking statements are not historical facts but reflect the Fund’s or Ridgewood’s current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risk Factors” and in other sections of this prospectus. The Fund and Ridgewood do not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by such person or on its behalf, except as required by law.

PUBLICLY AVAILABLE INFORMATION

Certain information contained in this prospectus relating to indices, publicly-traded securities and the issuers of those securities has been taken from and based solely upon information published by the index sponsors or the issuers. In addition, certain information contained in this prospectus, including ratings, was obtained from public sources, such as rating agencies. Neither the Fund, Ridgewood nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information.

GLOSSARY OF TERMS

In this prospectus, the following terms have the meanings set forth below, unless otherwise indicated.

"**Additional Distribution**" means a distribution that, if necessary, will be made in each year to Unitholders of record on December 31 in order that the Fund will generally not be liable to pay income tax, as described under "Distributions".

"**Annual Redemption Date**" means the second last Business Day in December of each year beginning in 2010.

"**Agency Agreement**" means the agency agreement dated as of ●, 2009 among the Fund, the Manager and the Agents.

"**Agents**" means, collectively, TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities, BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., GMP Securities L.P., HSBC Securities (Canada) Inc., Raymond James Ltd., Wellington West Capital Markets Inc., Blackmont Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation and Manulife Securities Incorporated.

"**Bond Index**" means the DEX Universe Bond Index.

"**Book-Entry Only System**" means the book-entry only system administered by CDS.

"**Business Day**" means any day except Saturday, Sunday, a statutory holiday in Toronto, Ontario or any other day on which the TSX is not open for trading.

"**CDS**" means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depository subsequently appointed by the Fund as the depository in respect of the Units.

"**CDS Participant**" means a broker, dealer, bank or other financial institution or other person for whom, from time to time, CDS effects book entries for the Units deposited with CDS.

"**Closing**" means the issuance of Units pursuant to this prospectus on the Closing Date.

"**Closing Date**" means the date of the Closing, which is expected to be on or about ●, 2009 or such later date as the Fund and the Agents may agree, but in any event not later than ●, 2009.

"**Closing Market Price**" in respect of a security on a Monthly Redemption Date means (i) the closing price of such security on the TSX on such Monthly Redemption Date (or such other stock exchange on which such security is listed) if there was a trade on the Monthly Redemption Date and the market provides a closing price; (ii) the average of the highest and lowest prices of such security on the TSX on such Monthly Redemption Date (or such other stock exchange on which such security is listed) if there was trading on the Monthly Redemption Date and the market provides only the highest and lowest prices of the security traded on a particular day; or (iii) the average of the last bid and the last asking prices of the security on the TSX (or such other stock exchange on which the security is listed) on such Monthly Redemption Date if there was no trading on the applicable Monthly Redemption Date.

"**Corporate Bonds**" means debt securities that are not Government Bonds which, for the avoidance of doubt, includes (i) debt securities issued by Canadian or U.S. issuers and (ii) Canadian or United States dollar denominated debt securities issued by non-Canadian or non-U.S. issuers.

"**CRA**" means the Canada Revenue Agency.

"**Custodian**" means CIBC Mellon Trust Company, in its capacity as custodian under the Custodian Agreement.

"**Custodian Agreement**" means the custodian agreement to be entered into on or about the Closing Date between the Fund and the Custodian, as it may be amended from time to time.

"**DBRS**" means Dominion Bond Rating Service Limited.

“**Declaration of Trust**” means the declaration of trust governing the Fund dated as of ●, 2009, as it may be amended and/or restated from time to time.

“**Determination Dates**” means June 30 and December 31 of each year.

“**Exchange Agent**” means CIBC Mellon Trust Company, the exchange agent for the Exchange Option.

“**Exchange Eligible Securities**” means each class or series of securities listed under the heading “Purchasing Options – The Exchange Eligible Securities”.

“**Exchange Option**” means the option to satisfy the purchase price of the Units under the Offering by exchanging Exchange Eligible Securities at the applicable Exchange Ratio.

“**Exchange Option Election**” means an election by a prospective purchaser of Units to use the Exchange Option.

“**Exchange Ratio**” means the number of Units issuable for the Exchange Eligible Securities, to be determined in respect of Exchange Eligible Securities by dividing the average closing price of such security on the Bond Index during the Pricing Period, plus accrued interest as calculated in accordance with market practice, to, but not including, the Closing Date, by $12.00.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

“**Fund**” means Ridgewood Canadian Investment Grade Bond Fund, an investment trust established under the laws of the Province of Ontario by the Declaration of Trust.

“**Government Bonds**” means debt securities issued by the U.S. Treasury or the Bank of Canada.

“**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, or a similar rating from a qualified rating agency.

“**Issuer**” means an issuer of the Exchange Eligible Securities in respect of which the Exchange Option Election is made.

“**Management Fee**” means the management fee payable to the Manager by the Fund and as more fully described under “Fees and Expenses — Management Fee”.

“**Manager**” means the manager and administrator of the Fund, namely Ridgewood Capital Asset Management Inc., and, if applicable, its successor.

“**Market Price**” in respect of a security on a Monthly Redemption Date means the weighted average trading price on the TSX (or such other stock exchange on which such security is listed) for the 10 trading days immediately preceding such Monthly Redemption Date.

“**Maximum Ownership Level**” means the number of Exchange Eligible Securities of an Issuer which the Fund may acquire pursuant to the Exchange Option which is that number which would constitute 10% of the net assets of the Fund.

“**Meeting**” means a meeting of Unitholders called in accordance with the Declaration of Trust.

“**Monthly Redemption Amount**” means the redemption price per Unit equal to the lesser of: (i) 96% of the Market Price of a Unit and (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date, less in each case any costs associated with the redemption, including brokerage costs.

“**Monthly Redemption Date**” means the second last Business Day of each month, other than December.

“**Moody’s**” means Moody’s Investor Services Inc.

"**Net Asset Value of the Fund**" means the net asset value of the Fund as determined by subtracting the aggregate liabilities of the Fund from the aggregate value of the assets of the Fund on the date on which the calculation is being made, as more fully discussed under "Calculation of Net Asset Value".

"**Net Asset Value per Unit**" means the Net Asset Value of the Fund divided by the total number of Units outstanding on the date on which the calculation is being made.

"**NI 81-102**" means National Instrument 81-102 — Mutual Funds of the Canadian Securities Administrators, as amended from time to time.

"**NI 81-107**" means National Instrument 81-107 — Independent Review Committee for Investment Funds of the Canadian Securities Administrators, as amended from time to time.

"**Non-Resident Unitholder**" means a Unitholder who, for the purposes of the Tax Act, and at all relevant times, is not resident in Canada and is not deemed to be resident in Canada, does not use or hold, and is not deemed to use or hold, Units in, or in the course of carrying on business in, Canada, and is not an insurer who carries on an insurance business in Canada and elsewhere.

"**Offering**" means the offering of Units at a price of $12.00 per Unit and the offering of additional Units under the Over-Allotment Option, all pursuant to this prospectus.

"**Ordinary Resolution**" means a resolution passed by the affirmative vote of at least a majority of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

"**Over-Allotment Option**" means the option granted by the Fund to the Agents, exercisable for a period of 30 days from the Closing Date, to offer additional Units at $12.00 per Unit in an amount up to 15% of the Units sold on Closing, solely to cover over-allotments, if any.

"**Portfolio**" means the portfolio of securities acquired and held by the Fund from time to time.

"**Pricing Period**" means the period of three days ending on November 26, 2009.

"**Prime Broker**" means Scotia Capital Inc., in its capacity as prime broker to the Fund.

"**Redemption Payment Date**" means the 10th Business Day of the month immediately following a Monthly Redemption Date.

"**Registered Plan**" means a registered retirement savings plan, a registered retirement income fund, a deferred profit sharing plan, a registered education savings plan, a registered disability savings plan or a tax-free savings account.

"**S&P**" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"**SIFT Rules**" means the provisions of the Tax Act, including those contained in sections 104, 122 and 122.1 of the Tax Act, which apply to the taxation of a "specified investment flow through trust" and its unitholders.

"**SIFT Trust**" means a specified investment flow-through trust for the purposes of the Tax Act.

"**Tax Act**" means the *Income Tax Act* (Canada), as now or hereafter amended, or successor statutes, and includes regulations promulgated thereunder.

"**Tax Proposals**" means all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof.

"**Termination Date**" means December 31, 2014, or such earlier or later date as determined by the Manager pursuant to the Declaration of Trust.

"**Trustee**" means Ridgewood Capital Asset Management Inc., in its capacity as trustee of the Fund under the Declaration of Trust.

"**TSX**" means the Toronto Stock Exchange.

"**Unit**" means a Unit issued by the Fund.

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any state thereof, and the District of Columbia.

"**Unitholder**" means a holder of a Unit.

"**Valuation Agent**" means CIBC Mellon Global Securities Services Company or such other person appointed as valuation agent by the Fund.

"**Valuation Date**" means Thursday of each week or, if any Thursday is not a Business Day, the immediately preceding Business Day, the Annual Redemption Date and the last Business Day of each month, and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value per Unit.

"**Yield to Maturity**" is the yield to the holder on a fixed coupon security on the assumption that the security is held to maturity, that all coupon and principal payments will be made and coupon payments are reinvested. It is a measure of the return.

OVERVIEW OF THE LEGAL STRUCTURE OF THE FUND

Ridgewood Canadian Investment Grade Bond Fund is a closed-end investment fund established under the laws of the Province of Ontario pursuant to the Declaration of Trust. Ridgewood Capital Asset Management Inc. 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. See "Organization and Management Details of the Fund".

The beneficial interests in the net assets and net income of the Fund are divided into Units. The Fund is authorized to issue an unlimited number of Units.

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation including NI 81-102.

INVESTMENT OBJECTIVES AND RATIONALE

The Fund will seek to achieve the following investment objectives:

(i) 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

(ii) to maximize total returns for Unitholders while preserving capital in the long term.

Commencing in March 2010, 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. See "Distributions".

The Fund will provide an opportunity for retail investors to access the Investment Grade Bond market, a market typically dominated by institutions as bonds are traded "over the counter", which makes liquidity and transparency a concern for individual investors. In addition to this, new issuances are usually sold almost entirely to professional investors, pension/endowment funds and mutual funds making it difficult for individuals to directly participate in the Investment Grade Bond market at institutional prices. Ridgewood is able to actively participate in the new issue Investment Grade Bond market as well as the aftermarket with its long term dealing relationships with major banks and brokers in North America. The Investment Grade Bond market has experienced strong returns in 2009. Ridgewood believes that interest rates will remain at lower levels for an extended period, making investments in Investment Grade Bonds an attractive investment. A well balanced portfolio for investors includes an allocation to fixed income. Bonds will lower overall volatility in a diversified portfolio while preserving capital. In addition, as at September 30, 2009, the Canadian Investment Grade Bond market had an outstanding dollar value of over $250 billion with over 620 issues outstanding. This significant universe of bonds will allow Ridgewood to add value through security selection and to attain significant industry and sector diversification in a focused Portfolio.

INVESTMENT STRATEGY

The Portfolio will be invested primarily in Investment Grade Bonds issued by Canadian issuers available to domiciled investors. In addition, the Fund may invest up to 10% of the Portfolio in U.S. Investment Grade Bonds. From time to time, the Fund may hold cash and cash equivalents. As a result, as at each Determination Date, at least 90% of the Portfolio will be invested in Canadian securities.

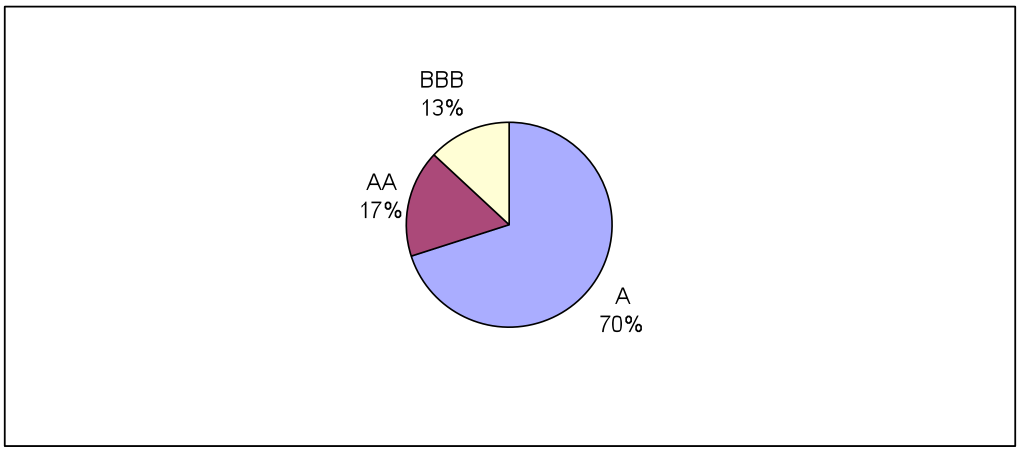
Initially, it is expected that the Portfolio will be invested in a minimum of 20 securities and will be allocated among the types of securities in the target ranges shown below:

	Range Weighting	Expected Initial Asset Allocation
Canadian Investment Grade Bonds........................	90-100%	100%
U.S. Investment Grade Bonds................................	0-10%	0%
Cash and cash equivalents[1]..................................	0-100%	0%

(1) The permitted range weightings assume normal market conditions. At Ridgewood's discretion, the Fund may invest part or all of its assets in cash and cash equivalents. For instance, in the event of periods of high inflation, the Fund may invest in treasury bills, bankers' acceptance and other cash equivalents.

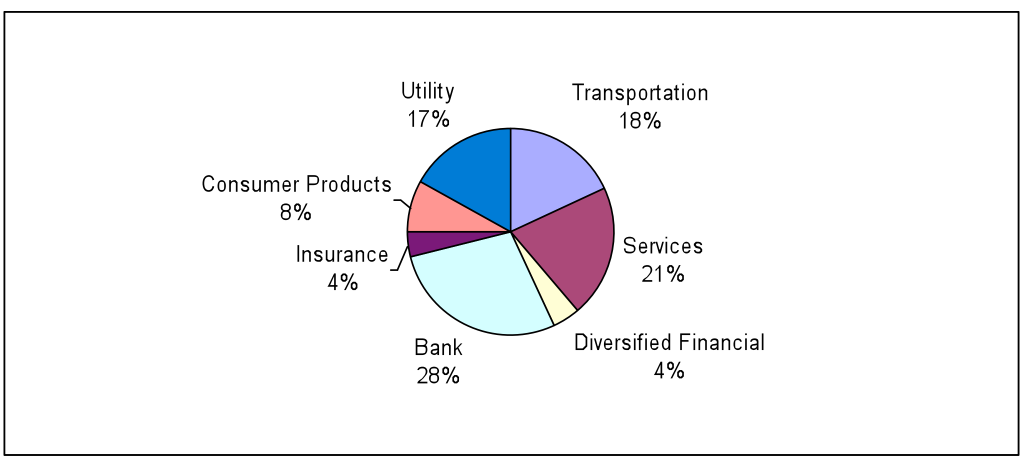
The initial Portfolio of the Fund is expected to be diversified by sector and credit quality as shown below and have an average term to maturity of 12 years and a duration of 7.2 years.

Illustrative Initial Portfolio Allocation by Credit Rating[1]



(1) Based on Standard & Poor's or DBRS credit ratings.

Illustrative Initial Portfolio Allocation by Sector



The above charts are for informational purposes only. There can be no assurance that the sector or credit weightings of the initial Portfolio will be as set forth above. Ridgewood will actively manage the Portfolio to seek to meet the Fund's investment objectives and therefore the composition of the Portfolio will vary from time to time based on Ridgewood's assessment of market conditions.

The Portfolio will be actively managed by Ridgewood based on five principles: (i) tactical yield curve management; (ii) strategic sector allocation; (iii) diversification; (iv) capital preservation and (v) liquidity.

Tactical Yield Curve Management - As an active manager, Ridgewood utilizes a disciplined process to generate alpha (or risk-adjusted return) in the Fund. Ridgewood will adhere to its documented process in both rising and falling interest rate environments. Careful analysis is done to determine which term structures will provide the best return for a given unit of risk. Roll-down horizon analysis is also used to target where on the yield curve to focus the Fund's investments. In rising interest rate environments, capital preservation will be the primary focus. In the event inflation becomes a significant concern, the Fund will invest in floating rate notes, treasury bills, bankers' acceptances and other cash equivalents.

Strategic Sector Allocation - The exposure of the Portfolio to different sectors or industries will be determined by the relative attractiveness of each sector on a historic and expected return basis. Ridgewood will take advantage of various sectors depending on credit cycle, economic environment and liquidity. There are five major sectors in the Canadian corporate bond market as categorized by the DEX Universe Corporate Index: infrastructure, industrial, financial, energy and communication.

Diversification - The Fund intends to diversify by investing initially in at least 20 securities and may increase to 30 securities if conditions warrant a more prudent approach. The goal of diversification is risk management and capital preservation, which is achieved partially through a well-diversified portfolio. The result is reduced volatility and market risk coupled with the ability to maintain a long time horizon.

Capital Preservation - Ridgewood intends to position the assets in the Portfolio in order to capitalize on preserving capital and maintaining competitive yields and potential capital gain opportunities.

Liquidity - The Fund will initially invest in Investment Grade Bonds with a minimum of $50 million outstanding for the given issue. Ridgewood intends to focus the investments on highly liquid Corporate Bonds or Government Bonds in order to maintain a well-structured Portfolio that can be held in periods of higher volatility.

Ridgewood conducts daily meetings with its analysts and portfolio managers to maintain constant dialogue on individual security and sector variables that may impact the Portfolio. Monthly asset mix meetings with the Ridgewood Asset Mix Committee provide the portfolio manager of the Fund with a top-down view of the global economy as well as overall market trends and potential event risk. Ratio analysis is also used to determine a corporation's ability to cover interest, pay principal and operate its business going forward.

This investment process has been used for over ten years by the portfolio managers at Ridgewood responsible for the management of the Fund's Portfolio and has enabled Ridgewood to construct and manage bond portfolios to seek the maximum return on a risk/reward basis. The investment process of the Fund is substantially similar to that employed by Ridgewood Canadian Bond Fund, a mutual fund established in 1999 and managed by Ridgewood. Ridgewood Canadian Bond Fund has received the following rankings by Globe Fund out of approximately 400 Canadian fixed income funds for the period ended September 30, 2009 (determined on a net of fees basis):

- ranked in the top five funds for one year, three year and five year performance;
- 5 star rating, the highest ranking available to fund managers; and
- 1 of only 8 Canadian fixed income funds having a 5-star rating.

The following table shows the annualized returns (gross of fees) of Ridgewood Canadian Bond Fund for the periods ended September 30, 2009 as compared to a benchmark index, the DEX Universe Bond Index, an index designed to be a broad measure of the Canadian Investment Grade fixed-income market.

	10 year	**5 year**	**3 year**	**1 year**
Ridgewood Canadian Bond Fund	7.27%	7.16%	7.28%	15.91%
DEX Universe Bond Index	6.64%	5.88%	5.46%	10.34%

Performance over Index	0.63%	1.28%	1.82%	5.57%

Prior performance of Ridgewood Canadian Bond Fund is not indicative of future results of the Fund. Unitholders may experience results which differ materially from those shown above. While similar, the investment strategy of the Fund is not identical to that of Ridgewood Canadian Bond Fund. Among other factors, the Fund's strategy, unlike Ridgewood Canadian Bond Fund, permits the use of leverage (up to 25% of the total assets of the Fund). Additionally, the proposed initial Portfolio of the Fund does not include government bonds whereas the Ridgewood Canadian Bond Fund and the DEX Universe Bond Index do include government bonds.

Use of Derivatives for Currency Hedging

Although the Fund will be primarily invested in securities denominated in Canadian dollars, it may have some exposure to the U.S. dollar. The Fund may invest in or use derivative instruments such as forward contracts or swaps consistent with its investment objectives and subject to the investment restrictions of the Fund to reduce the effects on the Portfolio of changes in the value of the U.S. dollar relative to the Canadian dollar. No assurance can be given that the Portfolio will be hedged from any particular risk from time to time.

Leverage

The Fund may utilize various forms of borrowings, including a loan facility and margin purchases, up to 25% of the total assets of the Fund at the time of the borrowing. Accordingly, the maximum amount of leverage that the Fund could employ is 1.33:1. Given the Manager's current outlook for the Investment Grade Bond market, the Fund intends initially to borrow up to 20% of the total assets of the Fund.

Securities Lending

In order to generate additional returns, the Fund may lend securities included in the Portfolio to securities borrowers acceptable to the Fund pursuant to the terms of a securities lending agreement between the Fund and such borrower. Under any such securities lending agreement: (i) the borrower will pay to the Fund a negotiated securities lending fee and will make compensatory payments to the Fund equal to any distributions received by the borrower on the securities borrowed; (ii) the securities loans must qualify as "securities lending arrangements" for the purposes of the Tax Act; and (iii) the Fund will receive collateral security.

OVERVIEW OF THE SECTOR THE FUND INVESTS IN

Investment Grade Bonds are predominately issued by governments and public companies but at times can be issued by private entities. Investment Grade Bonds are used to finance growth, make acquisitions, pay down debt or refinance debt. Bonds generally rank higher in the capital structure than equity and therefore rank higher in priority for payment. Investors purchase Investment Grade Bonds because of the additional income associated with the investment by means of higher coupons and yield. Bonds are traded "over the counter", which makes liquidity and transparency a concern for individual investors. In addition to this, new issuances are usually sold almost entirely to professional investors, pension/endowment funds and mutual funds making it difficult for individuals to directly participate in the Investment Grade Bond market. Ridgewood is able to actively participate in the new issue Investment Grade Bond market as well as the aftermarket with its long term dealing relationships with major banks and brokers in North America.

Investing in Investment Grade Corporate Bonds is challenging and likely will become more difficult as Corporate Bond issuance is declining while demand is growing. A recent report by Scotia Capital issued on October 1, 2009 shows that issuance of Canadian Corporate Investment Grade Bonds is down consecutively for three years starting in 2007 where issuance declined 3%, followed by a 35% drop in 2008 and down 28% as at September 30, 2009. Given these findings, the Manager believes this trend will continue. At the same time, individual investors have been moving assets into fixed income securities during this volatile period to better balance their portfolios. With supply down and demand up, performance of Corporate Bonds has been above average and given the statistics, this trend is likely to continue over the next few years.

As shown below, ratings are given to each bond and they rank from AAA to high yield (BB+ and below), which is considered below investment grade.

	DBRS	Standard & Poor's
Investment Grade	AAA	AAA
	AA	AA
	A high	A+
	A	A
	A low	A-
	BBB high	BBB+
	BBB	BBB
	BBB low	BBB-

INVESTMENT RESTRICTIONS OF THE FUND

The Fund will be subject to certain investment restrictions, which are set out in the Declaration of Trust. The investment restrictions of the Fund provide that the Fund will not:

(a) purchase securities other than Investment Grade Bonds and cash equivalents;

(b) invest more than 10% of its net assets in the securities of any single issuer (as determined at the time of purchase), other than securities issued or guaranteed by the Government of Canada, the Government of the United States or a province, state or territory of either;

(c) hold more than 10% of its net assets (as determined at the time of purchase and on the Determination Dates) in U.S. Investment Grade Bonds;

(d) borrow money, including pursuant to a loan facility or by purchasing securities on margin, if, immediately following the borrowings, the aggregate amount borrowed would exceed 25% of the total assets of the Fund;

(e) purchase the securities of an issuer for the purposes of exercising control over management of that issuer or if, as a result of such purchase, the Fund would be required to make a take-over bid that is a "formal bid" for the purposes of applicable securities laws;

(f) acquire or hold any property that would be "taxable Canadian property" of the Fund as such term is defined in the Tax Act (if the definition were read without reference to paragraph (b) thereof);

(g) at any time, hold any property that is a "non-portfolio property" for the purposes of the SIFT Rules;

(h) make or hold any investment that would result in the Fund failing to qualify as a "mutual fund trust" for purposes of the Tax Act; or

(i) make or hold any investments that could require the Fund to include any material amount in its income pursuant to proposed sections 94.1 or 94.3 of the Tax Act, or require the Fund to mark the investment to market in accordance with proposed section 94.2 of the Tax Act, all as set forth in Bill C-10, which was before the 2nd session of the 39th Parliament (or pursuant to any amendments to such proposals, subsequent provisions as enacted into law, or successor provisions thereto).

The investment objectives and investment restrictions of the Fund may not be changed without the approval of Unitholders by an Extraordinary Resolution. See "Unitholder Matters – Amendment of Declaration of Trust".

FEES AND EXPENSES

Initial Fees and Expenses

The expenses of the Offering (including the costs of creating and organizing the Fund, the costs of printing and preparing this prospectus, legal expenses, marketing expenses and other reasonable out-of-pocket expenses incurred by the Agents and other incidental expenses), which are estimated to be $● (but not to exceed 1.5% of the gross proceeds of the Offering), will be paid by the Fund from the gross proceeds of the Offering. In addition, the Agents' fee will be paid to the Agents from the gross proceeds as described under "Plan of Distribution".

Management Fee

The Manager will receive a Management Fee from the Fund equal to 0.50% per annum of the Net Asset Value of the Fund, calculated and payable monthly in arrears, plus applicable taxes. As long as the Manager or an affiliate thereof is the trustee of the Fund, no fee will be payable to the Trustee.

Ongoing Expenses of the Fund

The Fund will pay for all of its expenses incurred in connection with its operation and administration, estimated to be $● per annum (assuming an aggregate size of the Offering of approximately $100 million) 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 and/or other parties engaged by the Fund for performing certain financial, record keeping, reporting and general administrative services; 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 will be responsible for its costs of portfolio transactions and any extraordinary expenses which it may incur from time to time.

RISK FACTORS

Certain risk factors relating to the Fund and the Units are described below. Additional risks and uncertainties not currently known to the Manager, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Fund, and the ability of the Fund to make distributions on the Units, could be materially adversely affected.

No Assurance in Achieving Investment Objectives or Making Distributions

There is no assurance that the Fund will be able to achieve its investment objectives. Furthermore, there is no assurance that the Fund will be able to pay distributions in the short or long term, nor is there any assurance that the Net Asset Value of the Fund will appreciate or be preserved. Changes in the relative weightings between the various types of securities making up the Portfolio can affect the overall yield to Unitholders.

Trading Price of Units

The Units may trade in the market at a discount to the Net Asset Value per Unit and there can be no assurance that the Units will trade at a price equal to the Net Asset Value per Unit.

Loss of Investment

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

General Risks of Investing in Bonds

Generally, bonds will decrease in value when interest rates rise and increase in value when interest rates decline. The Net Asset Value of the Fund will fluctuate with interest rate changes and the corresponding changes in the value of the securities in the Portfolio. The value of bonds is also affected by the risk of default in the payment of interest and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Corporate Bonds may not pay interest or their issuers may default on their obligations to pay interest and/or principal amounts. Most of the bonds that may be included in the Portfolio from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the issuer. Global financial markets have experienced a significant repricing in recent months that has contributed to a reduction in liquidity and the availability of credit enhancing the likelihood of default by some issuers due to diminishing profitability or an inability to refinance existing debt.

Fluctuation in Value of Portfolio Securities

The value of the Units will vary according to the value of the securities included in the Portfolio. The value of the securities included in the Portfolio will be influenced by factors which are not within the control of the Fund or Ridgewood, including the financial performance of the respective issuers, operational risks relating to the specific business activities of the respective issuers, quality of assets owned by the respective issuers, commodity prices, risks associated with issuers operating outside of Canada, exchange rates, interest rates, environmental risks, political risks, issues relating to government regulation, credit markets and other financial market conditions.

Recent Global Financial Developments

Global financial markets have experienced a sharp increase in volatility during recent months. This has been, in part, the result of the revaluation of assets on the balance sheets of international financial institutions and related securities. This has contributed to a reduction in liquidity among financial institutions and has reduced the availability of credit to those institutions and to the issuers who borrow from them. Notwithstanding that central banks as well as global governments are attempting to restore liquidity to the global economies, no assurance can be given that the combined impact of the significant revaluations and constraints on the availability of credit will not materially and adversely affect economies around the world in the near to medium term. Some of these economies may experience significantly diminished growth or a recession. These market conditions and unexpected volatility or illiquidity in financial markets may also adversely affect the prospects of the Fund and the value of the securities included in the Portfolio.

Composition of the Portfolio

The composition of the securities included in the Portfolio taken as a whole may vary widely from time to time and may be concentrated by commodity, industry or geography, resulting in the securities included in the Portfolio being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Fund will suffer a loss because of declines in the prices of securities in those sectors or industries.

Interest Rate Fluctuations

It is anticipated that the market price for the Units at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units. Unitholders who wish to redeem or sell their Units may, therefore, be exposed to the risk that the redemption price or sale price of the Units will be negatively affected by interest rate fluctuations.

Illiquid Securities

There is no assurance that an adequate market will exist for the securities included in the Portfolio and it cannot be predicted whether the securities included in the Portfolio will trade at a discount to, a premium to, or at their respective values. In certain circumstances, such as the disruption of orderly markets for the securities in which the Fund invests, the Fund may not be able to dispose of certain holdings quickly or at prices that represent true market value.

Call Risk

During periods of falling interest rates, an issuer of a callable bond may “call” or prepay a security before its stated maturity which may result in the Fund having to reinvest the proceeds at lower interest rates. This could result in a decline in the Fund’s income.

Use of Derivatives for Currency Hedging

The Fund may invest in and use derivative instruments for hedging purposes to the extent considered appropriate by Ridgewood taking into account factors including transaction costs. There can be no assurance that the Fund’s hedging strategies will be effective. The Fund is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. Derivative instruments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets. If the Fund is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the derivative contract terminates. The inability to close out a forward position could also have an adverse impact on the Fund's ability to effectively hedge the Portfolio.

Use of a Prime Broker to Hold Assets

Some or all of the assets of the Fund may be held in one or more margin accounts. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the assets of the Fund in such accounts, which may result in a potential loss of such assets. As a result, the assets of the Fund could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets of the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded, and which would adversely affect the total return to the Fund.

Securities Lending

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans and such collateral will be marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral proves to be insufficient to reconstitute the Portfolio of loaned securities.

Use of Leverage

The Fund initially intends to utilize a loan facility or other forms of leverage in order to implement its investment strategy. While leverage may increase the potential for total returns, it may also potentially increase losses. If income and appreciation on investments made with borrowed funds are less than the cost of leverage, the value of the Fund's net assets will decrease. Any event which adversely affects the value of an investment held by the Fund will be magnified to the extent leverage is employed. Many leveraged transactions involve the posting of collateral. Increases in the amount of margin or similar payments could result in the need for trading at times or prices that are disadvantageous to the Fund and which could result in a loss for the Fund.

Reliance on Ridgewood

Ridgewood will manage the portfolio in a manner consistent with the investment objectives and the investment restrictions of the Fund. Ridgewood is also the manager of the Fund. The officers of Ridgewood who will be primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios, however, there is no certainty that such individuals, including Mark Carpani, will continue to be employees of Ridgewood until the termination of the Fund.

Exchange Option

A significant portion of the proceeds realized pursuant to the Offering may be by way of deposits under the Exchange Option. Accordingly, the Portfolio may be initially exposed to the value of the securities of a limited number of Issuers. The Manager may be required to dispose of securities at prices below the prices at which they are then trading and perhaps at prices which are below what the Manager believes they are worth. This may have a negative impact on the Net Asset Value during the period in which the Portfolio is being established. No assurance can be given that this will not adversely and materially affect the performance of the Fund in the near term. Additionally, the price of the Exchange Eligible Securities on the Closing Date may be higher or lower than the price that was used to calculate the Exchange Ratios for such securities. Notwithstanding any such change, the Exchange Ratios will not, unless otherwise disclosed, change from the date on which they are established and, accordingly, if the price of an Exchange Eligible Security on the Closing Date is less than the price used to calculate the Exchange Ratio, the Fund will in effect pay more to acquire the Exchange Eligible Securities than it would if it had acquired the same security in the market on the Closing Date.

Taxation of the Fund

If the Fund fails to or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations described under the heading "Income Tax Considerations" would be materially and adversely different in certain respects. There can be no assurance that Canadian Federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

The Tax Act contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as "non-portfolio property". A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust's income earned from "non-portfolio property" to the extent that such income is distributed to its unitholders. These rules should not impose any tax on the Fund as long as the Fund adheres to its investment restriction in this regard. If these rules apply to the Fund, the after-tax return to Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the Tax Act or is a non-resident of Canada.

The Fund will treat gains (or losses) as a result of any disposition of Portfolio securities as capital gains (or capital losses) or, depending on the circumstances, may include the full amount of such gains in (or deduct the full amount of such losses from) income. CRA's practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from CRA. If any transactions of the Fund are reported on capital account but are subsequently determined to be on income account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase. In addition, any such redetermination by the CRA may result in the Fund being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the Tax Act at the time of distribution. Such potential liability may reduce the Net Asset Value, Net Asset Value per Unit and/or the trading prices of the Units and may affect both current Unitholders and Unitholders of the Fund in respect of the taxation year that is reassessed.

One of the conditions that is required to be met to qualify as a mutual fund trust for the purposes of the Tax Act is that the Fund may not be established or maintained primarily for the benefit of non-resident persons unless, at all times, substantially all of its property consists of property other than "taxable Canadian property" within the meaning of the Tax Act. If certain tax proposals released on September 16, 2004 are enacted as proposed, the Fund would cease to qualify as a mutual fund trust for purposes of the Tax Act if, at any time after 2004, the fair market value of all Trust Units held by non-residents or partnerships that are not "Canadian partnerships" for the purpose of the Tax Act, or any combination of the foregoing, is more than 50% of the fair market value of all issued and outstanding Trust Units unless no more than 10% (based on fair market value) of the Fund's property is at any time "taxable Canadian property" within the meaning of the Tax Act and certain other types of specified property. On December 6, 2004, the Minister of Finance (Canada) suspended implementation of these Tax Proposals pending further consultation with the private sector. Bill C-52, which received Royal Assent on June 22, 2007, amended the relevant provision of the Tax Act such that a trust is deemed not to be a mutual fund trust after any time when it can be reasonably considered that the trust was established or maintained primarily for the benefit of non-resident persons, unless at that time all or substantially all of its property is property other than taxable Canadian property. It is not clear whether this amendment supersedes the Tax Proposals released on September 16, 2004. Under the Declaration of Trust, the Fund is restricted from acquiring investments that are "taxable Canadian property" of the Fund (if the definition were read without reference to paragraph (b) of the definition of such term in the Tax Act).

On October 31, 2003 the Department of Finance (Canada) announced a Tax Proposal relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If the Tax Proposal were to apply to the Fund, deductions that would otherwise reduce the Fund's taxable income could be denied, with after-tax returns to the Unitholders reduced as a result. On February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace this Tax Proposal would be released for comment. No such alternative proposal has been received to date. There can be no assurance that such alternative proposal will not adversely affect the Fund.

No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Unitholders will not own the securities held by the Fund.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs and the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the Fund or Unitholders.

The Province of Ontario has recently announced that it plans to harmonize its existing provincial sales tax with the federal goods and services tax (''GST'') effective July 1, 2010. If this tax proposal is implemented as announced, investment funds that are subject to the new Ontario harmonized tax may be required to pay a harmonized sales tax of 13% on fees such as management fees, rather than the currently imposed 5% GST, which may increase costs borne by the Fund.

Conflicts of Interest

The Manager and its directors and officers engage in the promotion, management or investment management of one or more accounts, funds or trusts with similar investment objectives and strategies to those of the Fund. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund, each director and officer of the Manager will devote as much time as is necessary to perform their duties. The staff of the Manager may have conflicts in allocating their time and services among the Fund and other funds managed by the Manager.

Status of the Fund

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to open-end mutual funds, including NI 81-102.

Significant Redemptions

The purpose of the annual redemption right is to reduce the extent to which Units trade at a substantial discount and to provide investors with the right to eliminate entirely any trading discount once per year. While the redemption right provides investors the option of annual liquidity (commencing in December 2010), there can be no assurance that it will reduce trading discounts. Furthermore, if a substantial number of Units are redeemed, the number of Units outstanding could be significantly reduced with the effect of decreasing liquidity of the Units in the market. Other closed-end funds with annual redemption rights similar to the redemption rights in respect of the Units have experienced significant redemptions on annual redemption dates in the past. In addition, the expenses of the Fund would be spread among fewer Units resulting in a lower Net Asset Value per Unit and potentially lower distributions per Unit than if there were fewer redemptions. If, as a result of significant redemptions, the Manager determines that it is no longer economically feasible to continue the Fund and/or it would be in the best interests of Unitholders to terminate the Fund, the Manager could terminate the Fund without Unitholder approval. See "Redemption of Units" and "Termination of the Fund."

Operating History

The Fund is a newly organized investment trust with no previous operating history. There is currently no public market for the Units and there can be no assurance that an active public market for the Units will develop or be sustained after completion of the Offering.

Not a Trust Company

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that statute or any other legislation.

Nature of Units

The Units are neither fixed income nor equity securities. The Units represent a fractional interest in the net assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring "oppression" or "derivative" actions.

DISTRIBUTIONS

The Fund initially intends to pay monthly distributions on all Units in an amount equal to $0.0525 per Unit, representing a yield of 5.25% per annum on the issue price. The initial distribution is payable to Unitholders of record on February 26, 2010 and will be paid no later than March 15, 2010.

The current yield of the indicative Portfolio is 6.34% and the Yield to Maturity of the indicative Portfolio is 5.31%. There can be no assurance that the current yield or the Yield to Maturity of the initial Portfolio will be as set forth in the preceding sentence. Ridgewood will actively manage the Portfolio to seek to meet the Fund's investment objectives and therefore the composition of the Portfolio will vary from time to time based on Ridgewood's assessment of market conditions. To the extent the yield of the Portfolio is recognized as income for tax purposes, it will be distributed to Unitholders either as part of a monthly distribution or an Additional Distribution. If the yield of the Portfolio is not recognized as income for tax purposes, it will not be distributed but rather remain part of the Net Asset Value.

Based on its initial anticipated composition, the Portfolio is expected to generate interest income of approximately 6.12% per annum, which, after deduction of expenses and addition of leverage at the initial intended level, will be more than sufficient to fund the monthly cash distributions at the initially targeted level. Assuming the gross proceeds of the Offering are $100 million and fees and expenses are as described herein, the Portfolio, using the maximum amount of leverage permitted (at current cost of leverage), would be required to generate an average annual total return of approximately 4.96%, inclusive of interest income, in order for the Fund to achieve its initially targeted monthly distributions for the Units. Given the Manager's current outlook for the investment grade bond market, the Fund intends to borrow up to 20% of the total assets of the Fund.

The distributions are not guaranteed. The amount of monthly distributions will be based on the Manager's assessment of anticipated cash flows and the anticipated expenses of the Fund from time to time. The amount of distributions may fluctuate and there can be no assurance that the Fund will make any distribution in any particular month or months.

Commencing in March 2010, the Fund will determine and announce each quarter the amounts to be distributed during the following quarter based upon the Manager's estimate of distributable cash flow of the Fund for the quarter. The Fund may make additional distributions in any given year. Distributions, if any, will be payable to Unitholders of record at 5:00 p.m. on the last Business Day of each month and will be paid no later than the 15^{th} day of the subsequent month.

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. To ensure that the Fund will not generally be liable for income tax under Part I of the Tax Act, the Declaration of Trust provides that, if necessary, an Additional Distribution will be automatically payable in each year to Unitholders of record on December 31, based on the Net Asset Value. The Additional Distribution may be necessary where the Fund realizes income for tax purposes which is in excess of the monthly distributions paid or made payable to Unitholders during the year. In the event that the Fund must pay an Additional Distribution, such Additional Distribution may, at the option of the Manager, be satisfied by the issuance of Units. Following such issue of additional Units, the outstanding Units will be automatically consolidated on a basis such that each Unitholder of the Fund will hold after the consolidation the same number of Units of the Fund as it held before the distribution of additional Units, except in the case of a Non-Resident Unitholder if tax was required to be withheld in respect of the distribution. See "Income Tax Considerations".

PURCHASING OPTIONS

Prospective purchasers may acquire Units either by a cash payment or by an exchange of freely tradeable Exchange Eligible Securities. The purchase price for the Units is fixed at $12.00 per Unit during the Offering. The minimum subscription for cash payment is 100 Units ($1,200).

The Exchange Option

The maximum number of Exchange Eligible Securities of any one Issuer which the Fund may acquire under the Offering pursuant to the Exchange Option is that number which would constitute 10% of the net assets of the Fund (the "**Maximum Ownership Level**"). To the extent the Maximum Ownership Level has been achieved in respect of the securities of any one Issuer, and an excess of securities of such Issuer above the Maximum Ownership Level has been deposited and not rescinded, then the securities of such Issuer will be accepted by the Manager up to the Maximum Ownership Level and the balance will be re-credited to purchasers' accounts through CDS. There will be no closing unless a minimum of ● Units are sold.

The transfer of Exchange Eligible Securities to the Fund will result in a taxable disposition of such securities by the prospective purchaser who has made an Exchange Option Election. See "Income Tax Considerations".

Procedure for the Exchange Option

A prospective purchaser of Units who elects to pay for such Units by using the Exchange Option has to do so by means of an Exchange Option Election through CDS. A prospective purchaser electing to utilize the Exchange Option has to ensure an

Exchange Option Election is received by the Exchange Agent through CDS prior to noon (Toronto time) on November 26, 2009. Such book-entry deposits have to be made by a CDS Participant. Once submitted to the Exchange Agent through CDS, a deposit of securities under the Exchange Option (including the transfers authorized thereby) is, subject to the completion of the Offering, irrevocable unless rescinded as described below under the heading "Purchasing Options — Rescission". By authorizing a deposit of securities under the Exchange Option through CDS, a prospective purchaser will authorize the transfer to the Fund of each such security and represents and warrants that the prospective purchaser has full right and authority to transfer the securities and it is the beneficial owner of such securities, that such securities have not previously been conveyed, that the transfer of such securities is not prohibited by laws applicable to the prospective purchaser and that such securities are free and clear of all liens, encumbrances and adverse claims. Such representations and warranties will survive the issuance of Units in exchange for such securities. The Manager's interpretation of the terms and conditions of the Exchange Option will be final and binding. The Manager reserves the right to waive any conditions of the Exchange Option other than the Maximum Ownership Level and to accept or reject, in whole or in part, any deposit of securities made pursuant to the Exchange Option. The Manager also reserves the right to accept or reject any security under the Exchange Option for any reason including, without limitation, an unfavourable relationship between the Exchange Ratio, as discussed below, and the prevailing trading price or rating of an Exchange Eligible Security.

If for any reason, at the discretion of the Manager, the Exchange Eligible Securities deposited pursuant to the Exchange Option are not acquired by the Fund, the holders of such securities will be notified of such fact as soon as practicable following the Closing or the termination of the Offering, as the case may be, and such securities will be re-credited to their accounts through CDS and the CDS Participants.

Determination of Exchange Ratios

The number of Units issuable for the Exchange Eligible Securities (the "**Exchange Ratio**") will be determined for each $1,000 principal amount of each Exchange Eligible Security by dividing the average closing price of such security on the Bond Index during the Pricing Period, plus accrued interest as calculated in accordance with market practice, to, but not including, the Closing Date, by $12.00. The Exchange Ratios will be rounded down to four decimal places. Fractional Units will not be issued by the Fund. Allocation of cash in respect of fractional Units to purchasers who have authorized the deposit of Exchange Option Elections through CDS will be at the discretion of the CDS Participant.

Delivery of Final Prospectus

Each prospective purchaser who authorized the deposit of Exchange Eligible Securities through CDS by noon (Toronto time) on November 26, 2009 will be furnished with a copy of the final prospectus relating to this Offering.

Rescission

Prospective purchasers under the Exchange Option will be entitled to rescind their purchase by providing a written notice of rescission to such prospective purchaser's CDS Participant who effected the deposit at any time on or before midnight on the second Business Day after receipt or deemed receipt of this prospectus and any amendment. To be effective, the notice must be received by the CDS Participant within the specified time, who in turn will direct CDS to notify the Exchange Agent of such rescission.

The Exchange Eligible Securities

The table below sets out the Exchange Eligible Securities along with the name of the issuer, its CUSIP number, coupon, maturity, the accrued interest payable to, but not including, the Closing Date, the average trading price of the securities during the Pricing Period and the Exchange Ratio.

Issuer	CUSIP	Coupon ($)	Maturity	Accrued Interest ($)	Average Trading Price ($)	Exchange Ratio (per $1,000 principal amount)
Aeroports De Montreal	007863AE3	5.17	Sept 17, 2035	●	●	●

AltaGas Income Trust	02137ZAD6	6.94	Jun 29, 2016	●	●	●
AltaGas Income Trust	02137ZAC8	7.42	Apr 29, 2014	●	●	●
BMO Capital Trust	05560HAE3	4.63	Dec 31, 2015	●	●	●
BMO Capital Trust	05560HAD5	5.47	Dec 31, 2014	●	●	●
BMO Capital Trust	055974AA7	10.22	Dec 31, 2018	●	●	●
BNS Capital Trust (BaTS)	80928BAB2	6.28	Jun 30, 2013	●	●	●
BNS Capital Trust (BaTS)	80928BAC0	5.65	Dec 31, 2036	●	●	●
BNS Capital Trust (BaTS)	80928BAA4	6.63	Jun 30, 2012	●	●	●
Brookfield Asset Management	112585AC8	5.29	Apr 25, 2017	●	●	●
Brookfield Asset Management	112585AF1	8.95	Jun 2, 2014	●	●	●
Brookfield Renewable Power	112833AB4	5.25	Nov 5, 2018	●	●	●
CIBC Capital Trust	12544UAA9	9.98	Jun 30, 2019	●	●	●
CIBC Capital Trust	12544UAB7	10.25	Jun 30, 2039	●	●	●
Calloway REIT	131253AE6	10.25	Apr 14, 2014	●	●	●
Calloway REIT	131253AC0	5.37	Oct 12, 2016	●	●	●
Canadian Tire Corp	13668ZAN8	5.61	Sept 4, 2035	●	●	●
Canadian Utilities Inc.	12657ZAN3	5.56	Oct 30, 2037	●	●	●
Canadian Utilities Inc.	12657ZAT0	6.22	Mar 6, 2024	●	●	●
Caterpillar Fin. Ser. Cor	14911ZAK7	5.20	Jun 3, 2013	●	●	●
Citigroup Fin Canada Inc	17310ZEZ0	6.75	Sept 22, 2014	●	●	●
Consumers Waterheater	21072PAF0	6.75	Apr 30, 2014	●	●	●
Consumers Waterheater	21072PAE3	6.20	Apr 30, 2012	●	●	●
Consumers Waterheater	21072PAB9	5.25	Jan 28, 2010	●	●	●
EPCOR Power	29413ZAA0	5.95	Jun 23, 2036	●	●	●
Fairfax Finl Holdings Ltd	303901AQ5	7.50	Aug 19, 2019	●	●	●
First Capital Realty Inc.	31943BAN0	5.34	Apr 1, 2013	●	●	●
First Capital Realty Inc.	31943BAT7	5.36	Jan 31, 2014	●	●	●

First Capital Realty Inc.	31943BAG5	5.08	Jun 21, 2012	●	●	●
Fortis Alberta Inc.	34957ZAL8	7.06	Feb 14, 2039	●	●	●
GE Capital Cda Funding	36158ZBN5	5.68	Sept 10, 2019	●	●	●
Groupe Aeroplan Inc	399453AB5	7.90	Sept 2, 2014	●	●	●
Groupe Aeroplan Inc	399453AA7	9.00	Apr 23, 2012	●	●	●
Grtr Tor Air Authority	39191ZAP4	4.40	Feb 28, 2011	●	●	●
Grtr Tor Air Authority	39191ZAV1	5.96	Nov 20, 2019	●	●	●
Grtr Tor Air Authority	39191ZAD1	6.25	Jan 30, 2012	●	●	●
Grtr Tor Air Authority	39191ZAN9	4.70	Feb 15, 2016	●	●	●
Grtr Tor Air Authority	39191ZAE9	6.25	Dec 13, 2012	●	●	●
Grtr Tor Air Authority	39191ZAU3	5.89	Dec 6, 2013	●	●	●
Grtr Tor Air Authority	39191ZAL3	5.00	Jun 1, 2015	●	●	●
Grtr Tor Air Authority	39191ZAR0	4.85	Jun 1, 2017	●	●	●
Grtr Tor Air Authority	39191ZAT6	5.26	Apr 17, 2018	●	●	●
Hydro One Inc.	44810ZAC4	5.77	Nov 15, 2012	●	●	●
Hydro One Inc.	44810ZAA8	6.40	Dec 1, 2011	●	●	●
Hydro One Inc.	44810ZAQ3	4.64	Mar 3, 2016	●	●	●
Hydro One Inc.	44810ZAT7	5.18	Oct 18, 2017	●	●	●
Hydro One Inc.	44810ZAS9	4.89	Mar 13, 2037	●	●	●
Loblaw Companies Ltd.	53947ZAX5	6.15	Jan 29, 2035	●	●	●
Manulife Fin. Cap. Trust	56501XAA1	7.41	Dec 31, 2019	●	●	●
NBC Capital Trust	62874WAA0	7.24	Jun 30, 2018	●	●	●
NBC Capital Trust	62874WAB8	7.45	Jun 30, 2020	●	●	●
NBC Capital Trust	62874WAB8	7.45	Jun 30, 2020	●	●	●
Nfld Light & Power	651350BG4	9.00	Oct 1, 2020	●	●	●
Nova Scotia Power Corp.	66988ZAU3	6.95	Aug 25, 2033	●	●	●
Power Corporation of Cda	739239AB7	7.57	Apr 22, 2019	●	●	●
RBC TruCS	74925YAC6	4.87	Dec 31, 2015	●	●	●

RBC TruCS	74926HAA6	5.81	Dec 31, 2013	●	●	●
RBC TruCS	74925YAD4	6.82	Jun 30, 2018	●	●	●
Reliance LP	759480AA4	7.30	Apr 3, 2013	●	●	●
RioCan REIT	766910AN3	8.33	Apr 3, 2014	●	●	●
Rona Inc.	776249AA2	5.40	Oct 20, 2016	●	●	●
Scotiabank Tier 1 Trust	80928FAA5	7.80	Jun 30, 2019	●	●	●
Summit REIT	86624ZAA5	5.20	Mar 1, 2012	●	●	●
TD Capital Trust (CaTS IV)	87239GAC8	6.63	Jun 30, 2021	●	●	●
TD Capital Trust (CaTS)	87239GAA2	9.52	Jun 30, 2019	●	●	●
TD Capital Trust (CaTS)	87239BAA3	7.24	Dec 31, 2018	●	●	●
TD Capital Trust (CaTS)	87239GAB0	10.00	Jun 30, 2039	●	●	●
TD Capital Trust (CaTS)	87807TAA6	6.79	Dec 31, 2012	●	●	●
Toromont Industries Ltd.	891102AC9	4.92	Oct 13, 2015	●	●	●
Toronto-Dominion Bank	89116ZAC0	4.78	Dec 14, 2016	●	●	●
Vancouver Intl Air Auth	921947AD9	5.02	Nov 13, 2015	●	●	●
YPG Holdings Inc	98424ZAG9	7.30	Feb 2, 2015	●	●	●
YPG Holdings Inc	98424ZAC8	5.85	Nov 18, 2019	●	●	●
YPG Holdings Inc	98424ZAD6	5.25	Feb 15, 2016	●	●	●
YPG Holdings Inc	98424ZAB0	5.71	Apr 21, 2014	●	●	●
Canada	135087XH2	5.25	June 1, 2012	●	●	●
Canada	135087XM1	5.25	June 1, 2013	●	●	●
Canada	135087XS8	5.00	June 1, 2014	●	●	●
Canada	135087XX7	4.50	June 1, 2015	●	●	●
Canada	135087YB4	4.00	June 1, 2016	●	●	●
Canada	135087YF5	4.00	June 1, 2017	●	●	●
Canada	135087YL2	4.25	June 1, 2018	●	●	●
Canada	135087UT9	8.00	June 1, 2023	●	●	●
Canada	135087VW1	8.00	June 1, 2027	●	●	●

Canada	135087WL4	5.75	June 1, 2029	●	●	●
Ontario	683234UF3	5.00	Mar 8, 2014	●	●	●
Ontario	683234YL6	5.45	Apr 27, 2016	●	●	●
Ontario	683234JV1	8.00	Feb 6, 2026	●	●	●
British Columbia	11070ZDF8	5.15	Dec 18, 2015	●	●	●
British Columbia	110709FX5	4.65	Dec 18, 2018	●	●	●

REDEMPTION OF UNITS

Annual Redemptions

Units may be redeemed at the option of Unitholders on the Annual Redemption Date of each year, commencing in December 2010. Units so redeemed will be redeemed at a redemption price equal to the Net Asset Value per Unit on the Annual Redemption Date, less any costs associated with the redemption, including commissions and other costs, if any. The Units must be surrendered for redemption at least ten Business Days prior to the Annual Redemption Date. Payment of the proceeds of redemption will be made on or before the 15th Business Day of the following month.

Monthly Redemptions

Units may be redeemed at the option of Unitholders on a Monthly Redemption Date, subject to certain conditions and, in order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the Monthly Redemption Date. Payment of the redemption price will be made on or before the Redemption Payment Date, subject to the Fund’s right to suspend redemptions in certain circumstances.

Unitholders surrendering a Unit for redemption will receive a redemption price equal to the lesser of (i) 96% of the Market Price of a Unit and (ii) 100% of the Closing Market Price of a Unit on the applicable Monthly Redemption Date less, in each case, any costs associated with the redemption, including brokerage costs, being the Monthly Redemption Amount.

Allocation of Income or Capital Gains

The Fund may allocate and designate any income or capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any income or capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder’s share, at the time of redemption, of the Fund’s income and capital gains for the year. Such allocations will reduce the corresponding proceeds of disposition of the redeemed Units.

Exercise of Redemption Right

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder’s intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable notice date described above. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the Monthly Redemption Date deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the notice date described above.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder’s intention to redeem Units, the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the Monthly Redemption Date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of the redemption notice will be for the account of the Unitholder exercising the redemption privilege.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund, the Trustee or the Manager to the CDS Participant or the Unitholder.

Suspension of Redemptions

The Fund may suspend the redemption of Units or payment of redemption proceeds (a) for the whole or any part of a period during which normal trading is suspended on one or more exchanges on which more than 50% of the securities included in the Portfolio (by value) are listed and traded, and if the securities are not traded on any other exchange that represents a reasonable, practical alternative for the Fund or (b) for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances, all Unitholders will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager on behalf of the Fund will be conclusive.

INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Fund, and Osler, Hoskin & Harcourt LLP, counsel to the Agents, the following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations that generally apply to the acquisition, holding and disposition of Units by a Unitholder who acquires Units pursuant to this prospectus. This summary only applies to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund, and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with the Tax Act to have Units, and all other "Canadian securities" as defined in the Tax Act, treated as capital property.

This summary is based on the current provisions of the Tax Act and the regulations thereunder, counsel's understanding of the current published administrative policies and assessing practices of the CRA, and the Tax Proposals. This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances, including the province or provinces in which the investor resides or carries on business. Counsel express no views herein in respect of the deductibility of interest on any funds borrowed by a Unitholder to purchase Units. **This summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.**

Status of the Fund

This summary is based on the assumptions that the Fund will qualify, at all times, as a "mutual fund trust" within the meaning of the Tax Act and that the Fund will validly elect under the Tax Act to be a mutual fund trust from the date it was established. To qualify as a mutual fund trust, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. The Manager has advised counsel that it expects that the Fund will meet the requirements necessary for it to qualify as a mutual fund trust no later than the closing of the Offering and at all times thereafter and will elect to be deemed to be a mutual fund trust throughout its first taxation year.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations as described below would in some respects be materially and adversely different.

This summary is also based on the assumption that the Fund will at no time be subject to the tax for "SIFT trusts" as defined in the rules in the Tax Act relating to the taxation of a SIFT trust and its unitholders on the basis that the Fund will comply with its investment restriction against holding any "non-portfolio property."

Provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, or the Units are listed on a designated stock exchange within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and tax-free savings accounts (each, a "**Registered Plan**").

For certain tax consequences of holding Trust Units in a Registered Plan, see "Income Tax Considerations – Taxation of Registered Plans".

Taxation of the Fund

The Fund will be subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year (whether paid in cash or in Units). The Declaration of Trust for the Fund requires that sufficient amounts be paid or made payable each year to Unitholders so that the Fund will not be liable for any non-refundable income tax for the year under Part I of the Tax Act.

The Fund is required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

Upon the actual or deemed disposition of debt securities, the Fund will be required to include in its income for the year of disposition all interest that accrued on such debt securities from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund's income for that or another taxation year and such income inclusion will reduce the proceeds of disposition for purposes of computing any capital gain or loss realized from the disposition of the debt securities.

Gains or losses realized upon dispositions of Portfolio securities of the Fund will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure in the nature of trade. The Fund will treat gains (or losses) as a result of any disposition of Portfolio securities as capital gains (or capital losses) or, depending on the circumstances, may include the full amount of such gains in (or deduct the full amount of such losses from) income. In addition, the Manager has advised counsel that the Fund will elect in accordance with the Tax Act to have each of its "Canadian securities" (as defined in the Tax Act) treated as capital property. Such election will ensure that gains or losses realized by the Fund on the disposition of such Canadian securities are capital gains or capital losses, as the case may be.

The Fund will be required to compute all amounts in Canadian dollars for purposes of the Tax Act and accordingly may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

The Manager has informed counsel that, to the extent that the Fund uses derivative securities to hedge against fluctuations in currency, gains or losses of the Fund in respect of such derivative securities will be reported on income account (except in the event that such derivative securities are sufficiently linked to assets of the Fund held as capital property) and the Fund will recognize such gains and losses for tax purposes at the time they are realized.

The Fund may make direct investments in securities in foreign markets and derive income or gains from such investments, and as a result, may be liable to pay foreign income or profits tax. To the extent that any such foreign tax paid by the Fund exceeds

15% of the amount included in the Fund's income from such investments, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund's income, the Fund may designate in respect of a Unitholder a portion of its foreign source income which can reasonably be considered to be part of the Fund's income distributed to such Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

Losses incurred by the Fund in a taxation year cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund will be entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (a "**capital gains refund**").

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act. The Fund may deduct the costs and expenses of the Offering paid by the Fund and not reimbursed at a rate of 20% per year, pro-rated where the Fund's taxation year is less than 365 days.

On October 31, 2003 the Department of Finance announced a Tax Proposal relating to the deductibility of losses under the Tax Act. Under this Tax Proposal, a taxpayer will be considered to have a loss from a business or property for a taxation year only if, in that year, it is reasonable to assume that the taxpayer will realize a cumulative profit from the business or property during the time that the taxpayer has carried on, or can reasonably be expected to carry on, the business or has held, or can reasonably be expected to hold, the property. Profit, for this purpose, does not include capital gains or capital losses. If such Tax Proposal were to apply to the Fund, deductions that would otherwise reduce the Fund's taxable income could be denied, with after-tax returns to the Unitholders reduced as a result. On February 23, 2005, the Minister of Finance (Canada) announced that an alternative proposal to replace the Tax Proposals of October 31, 2003 would be released for comment. To date, no such alternative proposal has been released.

Taxation of Unitholders

A Unitholder who disposes of Exchange Eligible Securities held as capital property pursuant to the Exchange Option will realize a capital gain (or a capital loss) in the taxation year of the Unitholder in which the disposition of Exchange Eligible Securities takes place to the extent that the proceeds of disposition for such Exchange Eligible Securities, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base to the Unitholder of such Exchange Eligible Securities. For this purpose, the proceeds of disposition to the Unitholder will equal the aggregate of the fair market value of the Units received and the amount of any cash received in lieu of fractional Units. Upon the disposition of indebtedness pursuant to the Exchange Option, a Unitholder will be required to include in computing his or her income for the year of disposition all interest that accrued on such indebtedness from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Unitholder's income for that or another taxation year and such income inclusion will reduce the proceeds of disposition for purposes of computing any capital gain or loss. The cost to a Unitholder of the Units acquired pursuant to the Exchange Option will be equal to their fair market value at the time of exchange.

A Unitholder will generally be required to include, in computing income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year, whether paid in cash or additional Units. The non-taxable portion of the Fund's net realized capital gains paid or payable (whether in cash or in Units) to a Unitholder in a taxation year will not be included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year will not generally be included in the Unitholder's income. Such amount, however, will generally reduce the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and foreign source income earned by the Fund (and a portion of the foreign taxes paid by the Fund) as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to use, in a taxation year, losses from prior years. The amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount. The consequences to a Unitholder when the adjusted cost base of a Unit is less than zero are described above.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholders' proceeds of disposition (net of any reasonable costs of disposition) exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base to a Unitholder of a Unit, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property that were acquired before that time. For this purpose, the cost of Units that have been issued as an Additional Distribution will generally be equal to the amount of the net income or capital gain distributed to the Unitholder in Units. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Unitholder of Units.

The Fund may allocate and designate any income or capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any income or capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's income and capital gains for the year. Such allocations will reduce the corresponding proceeds of disposition of the redeemed Units.

One-half of any capital gain ("**taxable capital gain**") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains or taxable capital gains realized on the disposition of Units or Exchange Eligible Securities may increase the Unitholder's liability for alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains distributed by the Fund to a Registered Plan are generally not taxable under Part I of the Tax Act while retained in the Registered Plan, provided that the Units are qualified investments under such a Registered Plan. Unitholders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

Notwithstanding the foregoing, if the Units are "prohibited investments" for the purposes of a tax-free savings account, a Unitholder will be subject to a penalty tax as set out in the Tax Act. A "prohibited investment" includes a unit of a trust which does not deal at arm's length with the holder, or in which the holder has a significant interest, which, in general terms, means the ownership of 10% or more of the value of the trust's outstanding units by the holder, either alone or together with persons with whom the holder does not deal at arm's length. Unitholders are advised to consult their own tax advisors in this regard.

Taxation Implications of the Fund's Distribution Policy

The Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time the Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired, notwithstanding that such amounts will have been reflected in the price paid by the Unitholder for the Units. Since the Fund makes monthly distributions, as described under "Distributions", the consequences of acquiring Units late in a calendar year will generally depend on the amount of the monthly distributions throughout the year and whether an Additional Distribution is necessary late in the calendar year to ensure that the Fund will not be liable for income tax on such amounts under the Tax Act.

ORGANIZATION AND MANAGEMENT OF THE FUND

The Manager of the Fund

Ridgewood Capital Asset Management Inc. is the manager of the Fund and will provide all administrative services required by the Fund. The Manager was incorporated under the *Canada Business Corporations Act* on April 14, 2008. The Manager's head office is located at 55 University Avenue, Suite 1020, Toronto, Ontario M5J 2H7.

Founded in 2008, Ridgewood is an independent investment manager that manages or subadvises approximately $1 billion in assets, for a diversified client base of high net worth individuals, foundations/endowments, First Nation mandates, institutional accounts and wrap programs, of which $400 million is invested in fixed income assets. Ridgewood manages both fixed income and equity assets for these clients.

On September 1, 2008, Ridgewood acquired the institutional assets and the wealth management division of Mulvihill Capital Management Inc. ("**Mulvihill**") with assets under management of approximately $1 billion. In connection with that transaction, Ridgewood replaced Mulvihill as manager, trustee and portfolio advisor of certain mutual funds including Ridgewood Canadian Bond Fund. As a result, the team of portfolio managers principally responsible for the Ridgewood Canadian Bond Fund remains the same.

Ridgewood is controlled by John H. Simpson and Paul W. Meyer. Other senior employees of Ridgewood, including Mark Carpani and Jeff Frketich, also own equity in the firm.

Director and Officers of the Manager

The name, municipality of residence and office with the Manager of each director and senior officer of the Manager is set out below. The directors do not have a fixed term of office.

Name and Municipality of Residence	Office with the Manager
John H. Simpson Toronto, Ontario	Managing Director, Secretary, Chief Compliance Officer and Director
Paul W. Meyer Oakville, Ontario	Managing Director and Director
Mark J. Carpani Oakville, Ontario	Vice President, Fixed Income and Director
Jeffrey R. Frketich Toronto, Ontario	Vice President and Director

The following are biographies of each of the directors and officers of Ridgewood:

John H. Simpson – John Simpson, CFA, is Managing Director of Ridgewood and one of the founding partners of the firm and has over 30 years investment experience. He is responsible for leading client service and business development at Ridgewood. For 13 years prior to joining Ridgewood in September 2008, he was President of Mulvihill Wealth Management, a division of Mulvihill Capital Management Inc. responsible for asset management and client service for high net worth, foundations, First Nations and wrap clients. He was also President of Product Distribution at Mulvihill for 3 years involved with distributing structured products. Prior to Mulvihill, he held various senior management positions at Fidelity Investments Canada for eight years, the last 3 as President.

Paul Meyer – Paul Meyer, CFA, is Managing Director and Chief Investment Officer of Ridgewood and one of the founding partners of the firm and has 20 years investment experience. He is the Chief Investment Officer at Ridgewood, leading the investment team for equities and fixed income. Prior to joining Ridgewood in September 2008, Mr. Meyer's experience includes portfolio management at Mulvihill Capital Management (from February 1995 to September 2008) where he led the equity team and equity analysis at CT Investment Counsel.

Mark Carpani – Mark Carpani, CFA, is Vice President Fixed Income of Ridgewood and is one of the partners in the firm and has over 19 years investment experience. He is responsible for management of fixed income at Ridgewood. Prior to joining Ridgewood in September 2008, Mr. Carpani was Vice President Fixed Income at Mulvihill Capital Management for 10 years where he was principally responsible for the portfolio management of all fixed income assets including Ridgewood Canadian Bond Fund. Prior to this, he was at RGA (Reinsurance Group of America) as Vice President Portfolio/Risk Manager and then Chief Operating Officer managing the team involved in hedging and risk management for insurance clients. Prior thereto, Mr. Carpani was a fixed income trader at Canada Trust and its investment subsidiary, CT Investment Counsel Inc.

Jeff Frketich – Jeff Frketich, CFA, is a Vice President of Ridgewood and is a partner in the firm and has over 27 years financial experience. He is responsible for client service and business development at Ridgewood. Prior to joining Ridgewood in September 2008, Mr. Frketich was Vice President at Mulvihill Wealth Management for 6 years responsible for client service. Prior to that, he was a Director with the Yukon Territorial Government responsible for their investment activities including fixed income management and First Nations relationships. At Mulvihill, and now at Ridgewood, Mr. Frketich is focused on developing investment strategies for First Nation clients.

Duties and Services to be Provided by the Manager

Pursuant to the Declaration of Trust, the Manager has exclusive authority to manage the business and affairs of the Fund, to make all decisions regarding the business of the Fund and has authority to bind the Fund. The Manager may delegate certain of its powers to third parties at no additional cost to the Fund where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable in any way for any default, failure or defect of the assets of the Fund if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence or breach of its duties or standard of care, diligence and skill. Among other restrictions imposed on the Manager, it may not dissolve the Fund or wind up the affairs of the Fund except in accordance with the provisions of the Declaration of Trust.

Under the terms of the Declaration of Trust, the Manager is responsible for providing, or causing to be provided, management, portfolio management and administrative services and facilities to the Fund, including, without limitation (a) portfolio management; (b) authorizing and paying expenses incurred on behalf of the Fund; (c) appointing the Custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund; (d) providing office space and facilities; (e) preparing accounting, management and other reports, including such interim and annual reports to Unitholders, financial statements, tax reporting to Unitholders and income tax returns as may be required by applicable law; (f) monitoring the ability of the Fund to pay distributions; (g) communicating with Unitholders; (h) ensuring that the Net Asset Value per Unit is calculated and published; (i) ensuring that the Fund complies with all regulatory requirements and applicable stock exchange listing requirements; (j) calling meetings of Unitholders as required; and (k) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund.

In consideration for these services, the Fund will pay to the Manager the Management Fee and reimburse the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. See "Fees and Expenses — Management Fee". The Manager and each of its directors, officers, employees, consultants and agents are indemnified and will be reimbursed by the Fund to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Fund, and counsel fees and disbursements on a solicitor and client basis) reasonably incurred in connection with the services provided to the Fund described herein or as a director, officer, employee, consultant or agent thereof, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made a party by reason of being or having been the manager, the portfolio manager, trustee or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the person's wilful misconduct, bad faith, negligence, breach of their standard of care or material breach or default of their obligations under the Declaration of Trust.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager until the termination of the Fund. The Manager may resign upon 90 days' notice to the Fund. If no new manager is appointed within such 90-day period, the Fund will be terminated. The Manager is deemed to have resigned if the Manager becomes bankrupt or insolvent or in the event the Manager ceases to be resident in Canada for purposes of the Tax Act. The Manager may be removed with the approval of Unitholders by an Extraordinary Resolution passed at a duly convened meeting of Unitholders called for the purpose of considering such resolution. The appointment of a successor Manager (other than an affiliate of the Manager) requires the approval of the Unitholders by Ordinary Resolution.

The services of the Manager and the officers, directors and employees of the Manager are not exclusive to the Fund. The Manager and its affiliates and associates may, at any time, engage in any other activity including the administration of any other fund or trust. See "Conflicts of Interest".

Portfolio Advisor

Ridgewood is also the portfolio advisor to the Fund. Pursuant to the Declaration of Trust, Ridgewood is responsible for executing the Fund's investment strategy.

Mark Carpani is the officer of Ridgewood principally involved with the portfolio management of the Fund. Mr. Carpani has over 19 years of investment experience and spent the past 10 years prior to joining the Manager as Vice President Fixed Income at Mulvihill Capital Management Inc. where he was principally responsible for the portfolio management of all fixed income assets including Ridgewood Canadian Bond Fund. The name and municipality of residence of Mr. Carpani are set out under "Organization and Management of the Fund – Directors and Officers of the Manager".

Ridgewood's investment team also includes the following portfolio managers who assist with credit analysis.

Name	**Industry Specialization**
Paul Meyer, CFA Managing Director/Chief Investment Officer	Energy, Telecommunications, Consumer Staples/ Discretionary
James McAughey, CFA Portfolio Manager	Materials, Industrial
Eddie Wong, CFA Portfolio Manager	Healthcare, Information Technology
Jennifer Zabanah, CFA Portfolio Manager	Financials, Utilities

Independent Review Committee

The Manager has established an independent review committee to provide independent oversight on conflict of interest matters relating to the Fund. The independent review committee consists of three members, who are independent of the Manager, its affiliates and the Fund. The members of the committee are as follows:

Allen B. Clarke – Mr. Clarke has been a consultant on matters of corporate governance and the role of the audit committee as well as the design, implementation and marketing of financial products since 2004. Prior thereto, he was Chief Executive Officer and Chief Investment Officer of Opus 2 Financial from 2002 to 2004 and Chairman, Chief Executive Officer and Founder of Opus 2 Direct Inc. from 1999 to 2002. Mr. Clarke was Senior Vice President, Managing Director and Vice Chairman of AGF Funds, AGF Capital Group and AGF Trust from 1995 to 1998 with responsibility for marketing and new product development. He currently sits on the independent review committees of two other fund groups and is a board member of one corporation. Mr. Clarke has a Bachelor of Arts, Sociology and Physics from Mankato State University (Minnesota) and a Master of Arts, Participant Management and Industrial Democracy from Carleton University.

G. Tomlinson Gunn – Mr. Gunn, CFA, is currently a corporate director and business advisor. From 2004 to 2006, he was President and Chief Executive Officer of UBC Investment Management Trust. Prior thereto, from 1996 to 2003, he was the Chief Investment Officer of the Ontario Municipal Employees Retirement System (OMERS). Mr. Gunn has been a director of several public and private companies. He has a Bachelor of Arts from the University of Toronto and is a Chartered Financial Analyst.

Marshall Nicholishen – Mr. Nicholishen is currently a consultant. Prior thereto, Mr. Nicholishen was President of Aviva Investment Canada Inc. from 1998 to 2008 and Chairman and Chief Investment Officer of Jones Heward Investment Counsel Inc. from 1991 to 1998. Mr. Nicholishen has a Bachelor of Arts, Economics and English from Queen's University.

The independent review committee will be responsible for carrying out those responsibilities required to be undertaken pursuant to NI 81-107, including reviewing each conflict of interest matter referred by the Manager to the independent review committee for its recommendation or approval, conducting regular assessments as required by NI 81-107 and reporting to the Unitholders and Manager on at least an annual basis in accordance with NI 81-107.

The independent review committee will prepare a report, at least annually, of its activities for Unitholders which will be available on the Manager's website at www.ridgewoodcapital.ca, or at the Unitholder's request at no cost, by contacting the Manager at 1 888 789 8957.

Remuneration of Directors, Officers and Independent Review Committee Members

The officers of the Manager will receive their remuneration from the Manager. The directors of the Manager do not receive any director fees. Compensation for members (other than the Chair) of the independent review committee in respect of the Fund and other funds managed by Ridgewood is currently $15,000 per member per annum. The Chair of the independent review committee receives a fee of $20,000 per annum. The expenses of the directors of the Manager and the premiums for directors' and officers' insurance coverage for the directors and officers of the Manager are paid by the Manager. The fees and other reasonable expenses of members of the independent review committee, as well as premiums for insurance coverage for such members, are paid by the Fund and other applicable investment funds managed by the Manager on a *pro rata* basis. In addition, the Fund has agreed to indemnify the members of the independent review committee against certain liabilities.

The Trustee

Ridgewood is also the trustee of the Fund pursuant to the Declaration of Trust. The Trustee will not receive any fees from the Fund but will be reimbursed for all expenses and liabilities that it properly incurs in carrying out activities on behalf of the Fund.

The Custodian

CIBC Mellon Trust Company at its office in Toronto, Ontario will be appointed as the custodian of the assets of the Fund pursuant to the Custodian Agreement. The Custodian will be responsible for safekeeping of all the investments and other assets of the Fund delivered to it. The Custodian may employ sub-custodians as considered appropriate in the circumstances.

Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances. Under the Custodian Agreement, the Fund shall pay fees to the Custodian at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. The Fund shall also indemnify the Custodian or any of its officers, directors, employees or agents for any loss, damage, liability, actions, suits, claims, costs and expenses arising in the course of performing the duties of the Custodian Agreement unless arising from negligence, fraud, bad faith, wilful default or breach of the Custodian's standard of care. Either party may terminate the Custodian Agreement upon ● days' notice.

Valuation Agent

The Manager has retained CIBC Mellon Global Securities Services Company to provide accounting and valuation services in respect of the Fund pursuant to a valuation services agreement. The agreement may be terminated by either party on ● days notice or ●.

Auditor

The auditor of the Fund is Deloitte & Touche LLP, Chartered Accountants. The office of the auditor is located at 181 Bay Street, Suite 1400, Toronto, Ontario M5J 2V1.

Transfer Agent and Registrar

CIBC Mellon Trust Company will act as transfer agent and registrar for the Units pursuant to the terms of a registrar and transfer agency agreement to be entered into as of the Closing and will maintain the securities registers at its office in Toronto, Ontario.

The Promoter

The Manager may be considered a promoter of the Fund by reason of its initiative in forming and establishing the Fund and taking the steps necessary for the public distribution of the Units. The Manager will not receive any benefits, directly or indirectly, from the issuance of Units offered hereunder other than amounts paid to the Manager as described under "Fees and Expenses".

Prime Broker

Scotia Capital Inc. at its office in Toronto, Ontario will be appointed as the prime broker of the Fund to facilitate the Fund's leverage pursuant to an agreement between the Fund and the Prime Broker.

Conflicts of Interest

The directors and officers of the Manager may be directors, officers, shareholders or unitholders of one or more issuers in which the Fund may acquire securities. The Manager and its affiliates or associates may be managers or portfolio managers of one or more issuers in which the Fund may acquire securities and may be managers or portfolio managers of funds that invest in the same securities as the Fund. The services of the Manager are not exclusive to the Fund. The Manager may in the future act as the manager or investment advisor to other funds and companies and may in the future act as the manager or investment advisor to other funds which invest in debt securities and which are considered competitors of the Fund.

The services of Ridgewood are not exclusive to the Fund. Ridgewood and its affiliates and associates (as defined in the *Securities Act* (Ontario)) may, at any time, engage in the promotion or management of any other fund, trust or investment portfolio. Since Ridgewood will continue to manage the investments of its other clients, Ridgewood may acquire or dispose of the same investment for the Fund and for one or more of its other clients. However, because of the different investment policies, Ridgewood may be selling an investment for one client and buying the same investment for another client. Ridgewood will allocate opportunities to acquire and dispose of investments fairly among the Fund and its other clients.

The primary consideration in all portfolio transactions will be prompt execution of orders in an efficient manner at the most favourable price. In selecting and monitoring dealers, Ridgewood considers the dealer's reliability, the quality of its execution services on a continuing basis and its financial condition. When more than one dealer is believed to meet these criteria, preference may be given to dealers who provide research or statistical material or other services to the Fund or to Ridgewood or its affiliates. This allows Ridgewood to supplement their own investment research activities and obtain the views and information of others prior to making investment decisions.

CALCULATION OF NET ASSET VALUE

Calculation of Net Asset Value

The Manager will calculate the Net Asset Value per Unit as at the close of business on each Valuation Date. The Valuation Date will be Thursday of each week, or if any Thursday is not a Business Day, the immediately preceding Business Day, the Annual Redemption Date and the last Business Day of each month, and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value per Unit. The Fund will make available to the financial press for publication on a weekly basis, the Net Asset Value per Unit. Such amount also will be available on the Manager's website at www.ridgewoodcapital.ca.

Valuation Policies and Procedures

For reporting purposes other than financial statements, the Net Asset Value of the Fund on a particular date will be equal to (i) the aggregate value of the assets of the Fund less (ii) the aggregate value of the liabilities of the Fund. The Net Asset Value of Units on a particular date will be equal to the Net Asset Value of the Fund, including an allocation of any net realized capital gains or other amounts payable to unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. The Net Asset Value per Unit on any day will be obtained by dividing the Net Asset Value on such day by the number of Units then outstanding.

For the purpose of calculating Net Asset Value of the Fund on a Valuation Date, the value of the aggregate assets, and any short positions, of the Fund on such Valuation Date will be determined as follows:

(a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Manager determines to be the fair value thereof;

(b) the value of any bonds, debentures, other debt obligations and short positions (collectively, "**Debt Securities**") will be valued (i) if the Debt Security is a component of the Bond Index, by taking the closing price of the Debt Security on the Bond Index or (ii) if the Debt Security is not a component of the Bond Index or if, in the opinion of the Manager, the closing price for the Debt Security on the Bond Index does not reflect the value thereof, by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such security on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;

(c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Date on which the value of the assets is being determined, all as reported by any means in common use;

(d) the value of any security (other than a Debt Security which will be valued in accordance with paragraph (b) above) which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;

(e) the value of any security or other asset for which a market quotation is not readily available will be its fair value on the Valuation Date on which the value of the assets is being determined as determined by the Manager (generally the Manager will value such security at cost until there is a clear indication of an increase or decrease in value);

(f) any market price reported in currency other than Canadian dollars will be translated into Canadian currency at the rate of exchange available from the Custodian on the Valuation Date on which the value of the assets is being determined;

(g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair value is determined to be appropriate by the Manager;

(h) the value of any forward contract will be the value that would be realized by the Fund if, on the date on which the value of the assets is being determined, the forward contract were closed out in accordance with its terms; and

(i) the value of any security or property to which, in the opinion of the Manager, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair value thereof determined in good faith in such manner as the Manager from time to time adopts.

The Net Asset Value per Unit calculated in Canadian dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain. The Net Asset Value per Unit determined in accordance with the principles set out above may differ from Net Asset Value per Unit determined under Canadian generally accepted accounting principles.

Reporting of Net Asset Value

The Net Asset Value per Unit will be available to Unitholders at no cost on the Manager's website at www.ridgewoodcapital.ca, posted weekly and displaying the date upon which it was calculated.

DESCRIPTION OF THE UNITS

The Units

The beneficial interest in the net assets and net income of the Fund is divided into Units. The Fund is authorized to issue an unlimited number of Units.

Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other holder of Units. Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any. On the redemption of Units, however, the Fund may in its sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains realized by the Fund in the taxation year in which the redemption occurred. On termination or liquidation of the Fund, the Unitholders of record are entitled to receive on a pro rata basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund. Unitholders will have no voting rights in respect of securities held by the Fund.

Purchase for Cancellation

The Declaration of Trust provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Units for cancellation subject to applicable law and stock exchange requirements, in all cases at a price per Unit not exceeding the most recently calculated Net Asset Value per Unit of a Unit immediately prior to the date of any such purchase of Units. It is expected that these purchases will be made as normal course issuer bids through the facilities and under the rules of the TSX or such other exchange or market on which the Units are then listed.

Take-over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the aggregate of the Units (but not including any Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by the Unitholders who did not accept the take-over bid on the terms offered by the offeror.

Book Entry Only System

Registration of interests in and transfers of the Units will be made only through the Book-Entry Only System. Units must be purchased, converted, transferred and surrendered for redemption through a CDS Participant. All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the Unitholders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased.

The Fund, the Manager and the Agents do not have any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the Book-Entry Only System, in which case certificates for the Units in fully registered form would be issued to beneficial owners of such Units or their nominees.

UNITHOLDER MATTERS

Meetings of Unitholders

A meeting of Unitholders may be convened by the Trustee at any time, and must be convened by the Trustee if requisitioned by Unitholders holding not less than 10% of the then outstanding Units by a written requisition specifying the purpose of the meeting.

Notice of all Meetings of Unitholders will be given in accordance with applicable law. The quorum for a meeting of all Unitholders is two or more Unitholders present in person or represented by proxy holding not less than five percent of the Units then outstanding. In the event that such quorum is not present within one-half hour after the time called for a meeting, the meeting, if convened upon the request of a Unitholder, shall be dissolved, but in any other case, the meeting shall stand adjourned to such day no later than 14 days later and to such time and place as may be appointed by the chairman of the meeting, and if at such adjourned meeting the quorum referred to above is not present, the Unitholders present in person or by proxy at such adjourned meeting shall be deemed to constitute a quorum.

The Fund does not intend to hold annual meetings of Unitholders. However, the Fund will undertake to the TSX to hold annual meetings of Unitholders if so instructed by the TSX.

Amendment of Declaration of Trust

The following matters may only be undertaken with the approval of Unitholders by an Extraordinary Resolution:

(a) any change in the investment objectives or investment restrictions of the Fund, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;

(b) any change in the Manager, other than a change in the Manager where the new manager is an affiliate of the Manager;

(c) any increase in the Management Fee;

(d) any material adverse amendment, modification or variation in the provisions or rights attaching to the Units;

(e) any change in the frequency of calculating the Net Asset Value per Unit to less often than weekly;

(f) the issuance of additional Units other than: (i) for net proceeds per Unit equal to or greater than 100% of the most recently calculated Net Asset Value per Unit calculated prior to the entering into of the commitment by the subscriber to purchase such Units or prior to the offering, as the case may be; or (ii) by way of Unit distribution;

(g) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course of business; and

(h) any liquidation, dissolution or termination of the Fund except if it is determined by the Manager, in its sole discretion, that it is no longer economically feasible to continue the Fund and/or it would be in the best interest of the Unitholders to terminate the Fund or otherwise in accordance with the terms of the Declaration of Trust.

Notwithstanding the foregoing, the Trustee is entitled to amend the Declaration of Trust without the consent of, or notice to, the Unitholders, to:

(a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;

(b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;

(c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not in the opinion of the Manager adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;

(d) maintain the status of the Fund as a "mutual fund trust" for the purposes of the Tax Act or to respond to amendments to such Act or to the interpretation or administration thereof; or

(e) provide added protection or benefit to Unitholders.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described which do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Manager upon not less than 30 days' prior written notice to Unitholders.

Reporting to Unitholders

The Fund will make available to Unitholders such financial statements and other continuous disclosure documents as are required by applicable law, including unaudited interim and audited annual financial statements. The Fund will make available to each Unitholder annually and before March 31 of the following year information necessary to enable such Unitholder to complete an income tax return with respect to the amounts payable by the Fund.

TERMINATION OF THE FUND

The Units will be redeemed by the Fund for a cash amount equal to 100% of Net Asset Value per Unit on the Termination Date. Prior to the Termination Date, the Manager may present a proposal to extend the term of the Fund for a further five year period, subject to approval of Unitholders at a meeting called for such purpose.

The Manager may, in its discretion, terminate the Fund at any time without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Fund and/or it would be in the best interests of the Unitholders to terminate the Fund. The Manager will provide at least 30 days prior notice of such termination to Unitholders by way of press release. Upon such a termination, the Fund will liquidate the Portfolio and distribute to Unitholders their pro rata portions of the remaining assets of the Fund after all liabilities of the Fund have been satisfied or appropriately provided for, and which will include cash and, to the extent liquidation of certain assets is not practicable or the Manager considers such liquidation not to be appropriate prior to the termination date, such unliquidated assets in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. Following such distribution, the Fund will be dissolved.

The Trustee shall be entitled to retain out of any assets of the Fund at the Termination Date full provision for all cost, charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in connection with or arising out of the termination of the Fund and the distributions of its assets to Unitholders. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

The Declaration of Trust provides that prior to the termination of the Fund, the Manager will dispose of all of its assets and will satisfy or make appropriate provision for all liabilities of the Fund. The Declaration of Trust provides that the Manager may, in its discretion and upon not less than 30 days prior written notice to the Unitholders, postpone any termination date by a period of up to 180 days if the Manager determines that it will be unable to convert all of its assets to cash prior to any termination date and the Manager determines that it would be in the best interests of the Unitholders to do so.

USE OF PROCEEDS

The net proceeds from the issue of the maximum number of Units offered hereby after payment of the Agents' fee of $● and the expenses of the Offering of approximately $● are estimated to be $● ($● if the minimum number of Units are issued). The Fund will use the net proceeds of the Offering (including any net proceeds from the exercise of the Over-Allotment Option) to invest in the securities that will comprise the Portfolio in accordance with the investment objectives, strategies and restrictions of the Fund as described herein as soon as possible after Closing.

PLAN OF DISTRIBUTION

Pursuant to the Agency Agreement, the Agents have agreed to act as, and have been appointed as, the sole and exclusive agents of the Fund to offer the Units for sale, subject to prior sale, on a best efforts basis, if, as and when issued by the Fund in accordance with the conditions contained in the Agency Agreement. The Units will be issued at a price of $12.00 per Unit. The offering price per Unit was determined by negotiation between the Agents and the Manager on behalf of the Fund. In consideration for their services in connection with the Offering, the Agents will be paid a fee of $0.42 per Unit sold under the Offering and will be reimbursed for reasonable out of pocket expenses incurred by them. The Agents' fees and expenses will be paid by the Fund out of the proceeds of the Offering. The Agents may form a sub-agency group including other qualified investment dealers and determine the fee payable to the members of such group, which fee will be paid by the Agents out of their fees. While the Agents have agreed to use their best efforts to sell the Units offered hereby, the Agents will not be obligated to purchase any Units which are not sold.

The Fund has granted to the Agents the Over-Allotment Option, which is exercisable for a period of 30 days from the Closing Date and gives the Agents the right to offer additional Units in an amount equal to up to 15% of the aggregate number of Units sold on Closing on the same terms as set forth above. To the extent that the Over-Allotment Option is exercised, the additional Units will be sold at $12.00 per Unit and the Agents will be paid a fee of $0.42 per Unit sold. This prospectus qualifies the grant of the Over-Allotment Option as well as distribution of the Units issuable upon the exercise of the Over-Allotment Option. A purchaser who acquires Units forming part of the Over-Allotment Option acquires such Units under this prospectus, regardless of whether the Over-Allotment Option is ultimately filled through the exercise of the Over-Allotment Option or secondary market purchases.

Subscription amounts received in trust will be held in segregated accounts with a depository who is a registered dealer, bank or trust company until the minimum amount of subscriptions for Units has been obtained. If subscriptions for a minimum of ● Units (or $●) have not been received within 90 days following the date of issuance of a final receipt for this prospectus, the Offering may not continue without the consent of the securities regulatory authorities and those who have subscribed for Units on or before such date. In the event such consents are not obtained or if the Closing does not occur for any reason, subscription proceeds received from prospective purchasers in respect of the Offering will be returned to such purchasers promptly without interest or deduction. The maximum number of Units which will be sold is ● Units or $●. Under the terms of the Agency Agreement, the Agents, at their discretion on the basis of their assessment of the state of the financial markets and upon the occurrence of certain stated events, may terminate the Agency Agreement and withdraw all subscriptions for Units on behalf of subscribers. Subscriptions for Units will be received subject to rejection or allotment in whole or in part. The right is reserved to close the subscription books at any time without notice. The Closing will take place on or about ●, 2009 or such later date as the Fund and the Agents may agree, but in any event not later than ●, 2009.

Pursuant to policy statements of the Ontario Securities Commission and the Autorité des marchés financiers, the Agents may not, throughout the period of distribution under this prospectus, bid for or purchase Units. The foregoing restriction is subject to exceptions, on the condition that the bid or purchase is not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of, the Units. These exceptions include a bid or purchase permitted under the by-laws and rules of the TSX relating to market stabilization and passive market-making activities and a bid or purchase made for or on behalf of a customer where the order was not solicited during the period of distribution. Subject to the foregoing and applicable laws, an

Agent may, in connection with this Offering, over-allot or effect transactions in connection with its over-allotted position. Such transactions, if commenced, may be discontinued at any time.

Pursuant to the Agency Agreement, the Fund and the Manager have agreed to indemnify the Agents and their controlling persons, directors, officers and employees against certain liabilities.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

The Manager is entitled to receive the Management Fee for its services to the Fund and will be reimbursed by the Fund for all expenses incurred in connection with the operation and administration of the Fund. See "Organization and Management of the Fund" and "Fees and Expenses".

PROXY VOTING DISCLOSURE

Ridgewood is authorized to exercise all rights and privileges incidental to ownership for the Portfolio. The Fund will adopt Ridgewood's proxy voting policy (the "**Proxy Voting Policy**"), which provides general guidance, in compliance with applicable legislation, for the voting of proxies. In connection with any meeting at which the Fund as a holder of debt securities is entitled to vote, Ridgewood will retain a third party service provider to provide proxy analysis, vote recommendations and vote execution services on behalf of Ridgewood, all in accordance with the Proxy Voting Policy. However, the ultimate decision as to how to cast a vote rests with Ridgewood, based on what Ridgewood believes to be in the best interest of the Fund.

Ridgewood has adopted proxy guidelines (the "**Proxy Guidelines**") developed by ISS Governance Services ("**ISS**"), a subsidiary of RiskMetrics Group, to assist in determining how it will vote proxies received by it in respect of voting securities held by the funds. Ridgewood has retained ISS to administer and implement such Proxy Guidelines and to ensure that voting securities held by the funds are voted in accordance with the Proxy Guidelines. The Proxy Guidelines establish standing policies and procedures for dealing with routine and non-routine matters, as well as the circumstances under which deviations may occur from such standing policies. A general description of certain of such policies is outlined below.

Auditors - Ridgewood will vote for proposals to ratify auditors except where non-audit-related fees paid to such auditors exceed audit-related fees.

Board of Directors - Ridgewood will vote for nominees of management on a case-by-case basis, examining the following factors: independence of the board and key board committees, attendance at board meetings, corporate governance positions, takeover activity, long-term company performance, excessive executive compensation, responsiveness to shareholder proposals and any egregious board actions. Ridgewood will withhold voting for any nominee who is an insider and sits on the audit committee or the compensation committee. Ridgewood will also withhold support for those individual nominees who have attended less than 75% of the board meetings held within the past year without a valid excuse for these absences.

Compensation Plans - Ridgewood will vote on matters dealing with share-based compensation plans on a case-by-case basis. Ridgewood will review share-based compensation plans with a primary focus on the transfer of shareholder wealth. Ridgewood will generally vote for compensation plans only where the cost is within the industry maximum except where: (i) participation by outsiders is discretionary or excessive or the plan does not include reasonable limits on participation, or (ii) the plan provides for option re-pricing without shareholder approval. Ridgewood will generally vote against any proposals to re-price options, unless re-pricing is part of a broader plan amendment that substantially improves the plan and provided that: a value-for-value exchange is proposed; the top five paid officers are excluded; and options exercised do not go back into the plan or the company commits to an annual burn rate cap.

Management Compensation - Ridgewood will vote on employee stock purchase plans ("**ESPPs**") on a case-by-case basis. Ridgewood will generally vote for broadly-based ESPPs where all of the following apply: (i) there is a limit on employee contribution; (ii) the purchase price is at least 80% of fair market value; (iii) there is no discount purchase price with maximum employer contribution of up to 20% of employee contribution; (iv) the offering period is 27 months or less; and (v) potential dilution is 10% of outstanding securities or less. Ridgewood will also vote on a case-by-case basis for shareholder proposals targeting executive and director pay, taking into account the issuer's performance, absolute and relative pay levels as well as the wording of the proposal itself. Ridgewood will generally vote for shareholder proposals requesting that the issuer expense options or that the exercise of some, but not all, options be tied to the achievement of performance hurdles.

Capital Structure - Ridgewood will vote on proposals to increase the number of securities of an issuer authorized for issuance on a case-by-case basis. Ridgewood will typically vote for proposals to approve increases where the issuer's securities are in danger of being de-listed or if the issuer's ability to continue to operate is uncertain. Ridgewood will vote against proposals to approve unlimited capital authorization.

Constating Documents - Ridgewood will generally vote for changes to constating documents which are necessary and can be classified as "housekeeping". The following amendments will typically be opposed:

(i) the quorum for a meeting of shareholders is set below two persons holding 25% of the eligible vote (this may be reduced in the case of a small organization where it clearly has difficulty achieving quorum at a higher level, but Ridgewood will oppose any quorum below 10%);

(ii) the quorum for a meeting of directors is less than 50% of the number of directors; and

(iii) the chair of the board has a casting vote in the event of a deadlock at a meeting of directors if that chair is not an independent director.

The Proxy Guidelines also include policies and procedures pursuant to which Ridgewood will determine how to cause proxies to be voted on other non-routine matters including shareholder rights plans, proxy contests, mergers and restructurings and social and environmental issues.

Conflict of Interest - A conflict of interest may exist where Ridgewood, its employees or a related entity maintains a relationship (that is or may be perceived as significant) with the issuer soliciting the proxy or a third party with a material (real or perceived) interest in the outcome of the proxy vote. Ridgewood maintains a code of ethics that identifies conflicts of interests and requires, at all times, that the best interests of unitholders be placed ahead of personal interests. The code of ethics provides for specific consequences to the individuals involved in the event the interests of the unitholders are not placed ahead of their own.

The policies and procedures that the Fund follows when voting proxies relating to the Portfolio are available on request, at no cost, by calling toll-free at 1 888 789 8957 or by e-mail at contact@ridgewoodcapital.ca.

The Fund's voting record, if any, for the previous year ended June 30 will be available free of charge to any Unitholder of the Fund upon request at any time after August 31 of such year and will be made available at no cost by calling toll-free at 1 888 789 8957 or by e-mail at contact@ridgewoodcapital.ca.

MATERIAL CONTRACTS

The only material contracts entered into by the Fund or the Manager or to which either of them will become a party prior to the Closing, other than during the ordinary course of business, are as follows:

(a) the Declaration of Trust referred to under "Organization and Management of the Fund — Duties and Services to be Provided by the Manager";

(b) the Custodian Agreement to be entered into on or prior to the Closing Date referred to under "Organization and Management of the Fund — The Custodian"; and

(c) the Agency Agreement referred to under "Plan of Distribution".

Copies of the foregoing documents may be examined during normal business hours at the principal office of the Fund during the period of distribution to the public of the Units offered under the Offering and for a period of 30 days thereafter.

EXPERTS

Certain legal matters in connection with the issuance and sale of the Units offered by this prospectus will be passed upon on behalf of the Fund by Fasken Martineau DuMoulin LLP and on behalf of the Agents by Osler, Hoskin & Harcourt LLP.

The Fund's auditors are Deloitte & Touche LLP, Chartered Accountants, who have prepared an independent auditors' report dated ●, 2009 in respect of the Fund's statement of net assets as at ●, 2009. Deloitte & Touche LLP has advised that they are independent with respect to the Fund within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

EXEMPTIONS AND APPROVALS

The Fund will seek exemptive relief to permit it to calculate the Net Asset Value of the Fund only once in each week.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two Business Days after receipt or deemed receipt of a prospectus and any amendment thereto. In several of the provinces of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if this prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of his or her province of residence for the particulars of these rights or consult with a legal advisor.

AUDITORS' CONSENT

We have read the prospectus of Ridgewood Canadian Investment Grade Bond Fund (the "**Fund**") dated ●, 2009 relating to the initial public offering of Units of the Fund. We have complied with Canadian generally accepted standards for an auditor's involvement with offering documents.

We consent to the use in the above-mentioned prospectus of our report to the Unitholder and the Trustee of the Fund on the statement of net assets of the Fund as at ●, 2009. Our report is dated ●, 2009.

Toronto, Ontario
●, 2009

●
Chartered Accountants, Licensed Public Accountants

AUDITORS' REPORT

To the Unitholder and the Trustee of Ridgewood Canadian Investment Grade Bond Fund

We have audited the statement of net assets of Ridgewood Canadian Investment Grade Bond Fund (the "**Fund**") as at ●, 2009. This statement of net assets is the responsibility of the Fund's management. Our responsibility is to express an opinion on this statement of net assets based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the statement of net assets is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of net assets. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of net assets.

In our opinion, this statement of net assets presents fairly, in all material respects, the financial position of the Fund as at ●, 2009 in accordance with Canadian generally accepted accounting principles.

Toronto, Ontario
●, 2009

●
Chartered Accountants, Licensed Public Accountants

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

STATEMENT OF NET ASSETS
As at ●, 2009

Assets

Cash $12.00

Unitholder's Equity

Unitholder's Equity (Note 1) $12.00

The accompanying notes are an integral part of this statement of net assets.

Approved on behalf of Ridgewood Canadian Investment Grade Bond Fund
By: Ridgewood Capital Asset Management Inc.

(Signed)●	*(Signed)* ●
Director	Director

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND

NOTES TO STATEMENT OF NET ASSETS
As at ●, 2009

1. ORGANIZATION AND UNITHOLDER'S EQUITY

Ridgewood Canadian Investment Grade Bond Fund (the "**Fund**") is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of ●, 2009.

The beneficial interest in the net assets and net income of the Fund is divided into one class of Units (the "**Units**"). The Fund is authorized to issue an unlimited number of Units.

The Fund will seek to achieve the following investment objectives: (i) to provide holders of Units (the "**Unitholders**") with monthly cash distributions, initially targeted to be 5.25% per annum on the original issue price of $12.00 per Unit; and (ii) to maximize total returns for Unitholders while preserving capital in the long term.

On ●, 2009, the Fund was settled and issued an initial Unit for cash consideration of $12.00 to Ridgewood Capital Asset Management Inc. (the "**Manager**").

2. MANAGEMENT AND SERVICE FEES

The Manager will receive a management fee (the "**Management Fee**") from the Fund equal to 0.50% per annum of the net asset value of the Fund, calculated and payable monthly in arrears, plus applicable taxes.

3. AGENCY AGREEMENT

The Fund and the Manager have entered into an agency agreement with TD Securities Inc., CIBC World Markets Inc., RBC Dominion Securities, BMO Nesbitt Burns Inc., National Bank Financial Inc., Scotia Capital Inc., GMP Securities L.P., HSBC Securities (Canada) Inc., Raymond James Ltd., Wellington West Capital Markets Inc., Blackmont Capital Inc., Canaccord Capital Corporation, Desjardins Securities Inc., Dundee Securities Corporation and Manulife Securities Incorporated (collectively, the "**Agents**") dated as of ●, 2009 pursuant to which the Fund has agreed to create, issue and sell, and the Agents have agreed to offer for sale to the public, a minimum of ● Units and a maximum of ● Units at $12.00 per Unit, respectively. In consideration for their services in connection with the offering, the Agents will be paid a fee of $0.42 per Unit.

CERTIFICATE OF THE FUND, THE TRUSTEE, THE MANAGER AND THE PROMOTER

Dated: October 30, 2009

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland and Labrador and Prince Edward Island.

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND
by its Trustee and Manager, Ridgewood Capital Asset Management Inc.

(Signed) PAUL W. MEYER
Acting Chief Executive Officer
Managing Director

(Signed) JOHN H. SIMPSON
Acting Chief Financial Officer
Managing Director, Secretary and Chief Compliance Officer

On behalf of the Board of Directors
of
RIDGEWOOD CAPITAL ASSET MANAGEMENT INC.

(Signed) MARK J. CARPANI
Director

(Signed) JEFFREY R. FRKETICH
Director

RIDGEWOOD CAPITAL ASSET MANAGEMENT INC.
as Promoter

(Signed) JOHN H. SIMPSON
Managing Director

CERTIFICATE OF THE AGENTS

Dated: October 30, 2009

To the best of our knowledge, information and belief, this prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, Nova Scotia, New Brunswick, Newfoundland and Labrador and Prince Edward Island.

TD SECURITIES INC.	CIBC WORLD MARKETS INC.	RBC DOMINION SECURITIES INC.
BY: (Signed) CAMERON GOODNOUGH	BY:(Signed) MICHAEL D. SHUH	BY: (Signed) EDWARD JACKSON

BMO NESBITT BURNS INC.	NATIONAL BANK FINANCIAL INC.	SCOTIA CAPITAL INC.
BY:(Signed) MARK W. LOBSINGER	BY: (Signed) TIM EVANS	BY:(Signed) BRIAN D. MCCHESNEY

GMP SECURITIES L.P.	HSBC SECURITIES (CANADA) INC.	RAYMOND JAMES LTD.	WELLINGTON WEST CAPITAL MARKETS INC.
BY: (Signed) NEIL M. SELFE	BY: (Signed) BRENT LARKAN	BY: (Signed) J. GRAHAM FELL	BY: (Signed) SCOTT LARIN

BLACKMONT CAPITAL INC.	CANACCORD CAPITAL CORPORATION	DESJARDINS SECURITIES INC.	DUNDEE SECURITIES CORPORATION	MANULIFE SECURITIES INCORPORATED
BY: (Signed) CHARLES A.V. PENNOCK	BY: (Signed) RON SEDRAN	BY: (Signed) BETH SHAW	BY: (Signed) VILMA JONES	BY: (Signed) DAVID MACLEOD