



Ridgewood Tactical Yield Fund

Interim Report of Fund Performance
For the six months ended June 30, 2015

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Management Report on Fund Performance

For the six months ended June 30, 2015

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

Results of Operations

For the six months ended June 30, 2015, the net asset value of the Fund for pricing purposes was \$9.31 per unit compared to \$9.16 per unit at December 31, 2014.

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

For the six months ended June 30, 2015, the fund had a return of 3.55% net of fees of 1.41% (annualized) while the DEX Universe Bond Index had a return of 2.37%. Global growth is slowing and commodities are continuing to weaken. This has prompted the Bank of Canada to cut overnight interest rates by 25 basis points in the first half of 2015. The fund remains fully invested to take advantage of the declining interest rate environment.

Recent Developments

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

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

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past years (period).

Information for the years ended December 31 is derived from the Fund's audited financial statements, with the exception of 2013 information, which was re-stated in accordance with IFRS requirements. From December 31, 2013, the Net Assets included in the Net Assets per Unit table is from the Fund's audited financial statements and are calculated using closing prices. The Net Asset Value included in the Ratios/Supplemental Data table is for Fund pricing purposes and also calculated using closing prices. All other calculations for purposes of the MRFP are made using Net Asset Value.

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	Period ended June 30		Years ended December 31		
	2015	2014	2013	2012	2011
The fund's net assets per unit					
Net assets value, beginning of period/year ⁽¹⁾	\$ 9.16	\$ 8.78	\$ 9.02	\$ 8.82	\$ 10.00
Increase (decrease) from operations					
Total revenue	0.25	0.50	0.53	0.58	0.60
Total expenses (excluding distributions)	(0.07)	(0.14)	(0.14)	(0.14)	(0.12)
Realized gain/(loss) for the year	0.05	0.11	0.05	(0.34)	(0.92)
Unrealized gain/(loss) for the year	0.08	0.26	(0.27)	0.68	(0.47)
Total increase (decrease) from operations ⁽²⁾	0.31	0.73	0.17	0.78	(0.91)
Distributions to unitholders					
From net investment income	(0.18)	(0.37)	(0.40)	(0.41)	(0.43)
From return of capital	-	-	(0.04)	(0.21)	-
Total distributions ⁽³⁾	(0.18)	(0.37)	(0.44)	(0.62)	(0.43)
Net assets value, end of period/year ⁽¹⁾	\$ 9.31	\$ 9.16	\$ 8.78	\$ 9.02	\$ 8.82

(1) This information is derived from the Fund's unaudited financial statements as at June 30, 2015 of the period and the Fund's audited financial statements as at December 31 of the year, with the exception of 2013 information, which was re-stated in accordance with IFRS requirements. For all prior years the financial statements of the Fund were prepared in accordance with Canadian GAAP applicable to public enterprises. Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of units then outstanding.

(2) Total increase (decrease) from operations consists of interest revenue, realized and unrealized gains (losses), less expenses, and is calculated based on the weighted average number of units outstanding during the year (period). The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the year (period).

(3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

	June 30				
	2015	2014	2013	2012	2011
Ratios/supplemental Data					
Net Asset Value, end of period/year (\$millions) ⁽¹⁾	\$ 67.98	\$ 62.30	\$ 52.64	\$ 35.85	\$ 14.03
Number of units outstanding ⁽¹⁾	7,301,564	6,798,795	5,992,362	3,976,553	1,590,198
Management expense ratio (including HST) ⁽²⁾	1.41%	1.45%	1.45%	1.38%	1.37%
Management expense ratio including expenses absorbed by the Manager	1.41%	1.45%	1.45%	1.38%	1.37%
Portfolio turnover rate ⁽³⁾	74.23%	139.14%	85.07%	70.55%	113.01%
Net Asset Value per unit, end of period/year ⁽⁴⁾	\$ 9.31	\$ 9.16	\$ 8.78	\$ 9.02	\$ 8.82

(1) This information is provided as at June 30, 2015 of the period and December 31 of the year shown.

(2) Management expense ratio is the ratio of all fees and expenses, including harmonized sales taxes but excluding transaction fees charged to the Fund to the average net assets.

(3) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the period. The higher a Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

(4) Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of units then outstanding.

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Management Fees

Ridgewood Capital Asset Management Inc. (the “Manager”) is entitled to an annual management fee payable out of the assets of the Fund. The maximum management fee is equal to 1.25% (excluding HST) of the weighted average net asset value of the Fund less ordinary expenses of the Fund. The Manager receives a fee based on the NAV of the Fund’s units, accrued daily and payable monthly out of the assets of the Fund. Services received under the Master Declaration of Trust include managing or arranging for the management of the Fund’s investment portfolio and providing or arranging for all required administrative services to the Fund.

Past Performance

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

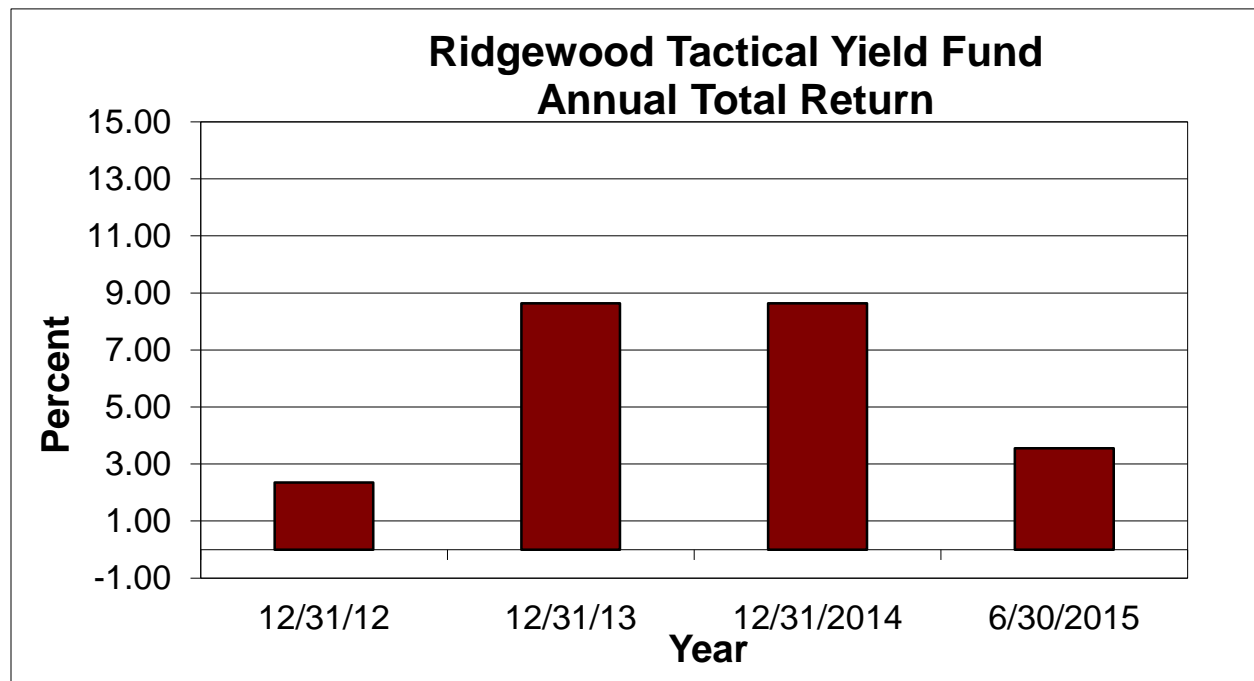
With respect to the charts displayed below, please note the following:

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

Year-By-Year Returns

The bar chart illustrates how the Fund’s annual total return in each year since the Fund’s inception including the six month period ended June 30, 2015 has varied from period to period. The chart also shows, in percentage terms, how much an investment made on January 1 in each year would have increased or decreased by the end of that fiscal year, or June 30, 2015 for the six months then ended.

Annual Total Return



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Summary of Investment Portfolio

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

Asset Mix

June 30, 2015

	% of Net Asset Value		% of Net Asset Value
Corporate Bonds	68.0	Provincial Bonds	3.6
Equities	17.0	Cash & Short-Term Investments	1.3
Foreign pay Bonds	10.1		

Top 25 Holdings

	% of Total Net Asset Value
1. Sienna Senior Living Inc.	5.0%
2. First National Financial Corp. 4.01%, 2020/04/09	4.5%
3. Pershing Square Holdings Ltd. 5.50%, 2022/07/15	3.7%
4. Shaw Communications Inc. 6.75%, 2039/11/09	3.6%
5. Mattamy Group Corp. 6.50%, 2020/11/15	3.6%
6. Chartwell Retirement Residence	3.3%
7. Citigroup Inc. 5.16%, 2022/05/24	3.2%
8. Dream Global REIT	3.1%
9. Superior Plus LP. 6.50%, 2021/12/09	3.1%
10. Federated Co-Operatives Ltd. 3.917%, 2025/16/17	3.0%
11. Slate Retail REIT	2.8%
12. Dream Industrial REIT	2.7%
13. Bank of America Corp. 5.20%, 2024/09/05	2.7%
14. Northland Power Solar Finance One LP. 4.397%, 2032/06/30	2.3%
15. Iron Mountain Canada Operations ULC. 6.125%, 2021/08/15	2.3%
16. Gateway Casinos & Entertainment Ltd. 8.50%, 2020/11/26	2.2%
17. Merrill Lynch Financial Assets Inc., C22 D, 2017/05/12	2.1%
18. Russel Metals Inc. 6.00%, 2022/04/19	2.0%
19. Royal Bank of Scotland 5.125%, 2024/05/28	1.8%
20. Sobeys Inc. 6.64%, 2040/06/07	1.8%
21. Brookfield Asset Management Inc. 5.95%, 2035/06/14	1.6%
22. Institutional Mortgage Securities Canada Inc. 2012-2D, 2022/07/12	1.6%
23. Transalta Corp 5.0%, 2020/11/25	1.5%
24. River Cree Enterprises LP. 11.0%, 2021/01/20	1.5%
25. Medavie Inc. 6.0%, 2019/05/21	1.5%
Total	66.5%

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Independent Review Committee

National Instrument 81-107- Independent Review Committee for Investment Funds (“NI 81-107”) requires all publicly offered investment funds to establish an independent review committee (“IRC”) to whom the Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintaining records in respect of these matters and providing assistance to the IRC in carrying out its functions. The current members of the IRC are G. Tomlinson Gunn, Allen B. Clarke, and Marshall E. Nicholishen. Mr. Gunn serves as the Chair of the IRC.

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

Forward-Looking Statements

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

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

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

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