Ridgewood Tactical Yield Fund

Interim Financial Report (Unaudited)
For the period from March 31, 2011 to June 30, 2011

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Message to Unitholders

Capital markets in the first part of 2011 can be characterized as an extremely volatile period that in some instances was a repeat of the 2008 mortgage crisis. A number of European countries were downgraded as massive debt loads and declining revenues finally caught up with them. Credit default swaps, which are a form of insurance on bond holdings, widened to levels not seen before. Riots were the norm in Greece as they have been the hardest hit on recent austerity measures aimed at bringing down their budget deficit. The flight to quality to Canadian Government bonds pushed interest rates down across the yield curve to levels not seen since the collapse of Lehman Brothers.

During the second quarter, sovereign risk spread to Italy and Spain, which has created a “risk off” trade environment. This is a situation where only Government bonds of the highest quality are sought after, at the expense of all other asset classes save for gold. Equities have underperformed bonds by a wide margin during this period and to some extent corporate bonds have also been affected. Given the decline in interest rates, bonds have been the most attractive asset class this year. Currently corporate bond spreads represent excellent value and our view is to take advantage of the current yields to add to corporate positions in the portfolio.

The Bank of Canada has been on hold in regard to interest rates this year and has recently stated that it is likely to remain on hold given the uncertain global economic environment. They are acutely aware of the recent credit crisis in Europe and the resulting slowdown it will have on global growth. Also, the U.S. economy has been showing signs of deceleration lately and the Canadian market is closely linked, to the extent that we will feel the effects very soon. The Canadian dollar has been very strong given the attractiveness of our capital markets and this has helped keep inflation in check. A strong dollar also has the affect of a potential drag on future growth.

It appears that the global economy is heading into a soft patch in the second half of 2011 and our focus therefore will be on being fully invested for our bond portfolios. We prefer bonds with longer maturities given the steepness of the yield curve and the fact that overnight interest rates will not rise for the foreseeable future. Corporate bonds represent excellent value and will continue to be one of the top performing sectors.

June 30, 2011

UNAUDITED SEMI-ANNUAL REPORT STATEMENT

The accompanying financial statements have not been reviewed by the external auditors of the Fund. The external auditors will be auditing the annual financial statements of the Fnd in accordance with Canadian generally accepted auditing standards.

Ridgewood Tactical Yield Fund

Management's Responsibility for Financial Reporting

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. Management has ensured that the other financial information presented in this interim report is consistent with the financial statements. The significant accounting policies which management believes are appropriate for the Fund are described in Note 3 of the financial statements.

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

John H. Simpson, CFA
Managing Director
Ridgewood Capital Asset Management Inc.

Paul W. Meyer, CFA
Managing Director
Ridgewood Capital Asset Management Inc.

Ridgewood Tactical Yield Fund

Statement of Net Assets
As at June 30, 2011 (Unaudited)

		2011
ASSETS		
Investments at fair value (cost 2011 - $15,917,999)	$	15,587,421
Cash		1,640,097
Accrued interest and dividend receivable		250,711
Due from Broker		205,018
Subscriptions receivable		36,000
		17,719,247
LIABILITIES		
Due to brokers		1,653,070
Accrued liabilities		6,895
Redemptions payable		55
		1,660,020
NET ASSETS, REPRESENTED BY UNITHOLDERS' EQUITY	$	16,059,227
Number of Units Outstanding (Note 4)		1,633,762
Net Assets per unit	$	9.8296

ON BEHALF OF THE MANAGER,
Ridgewood Capital Asset Management Inc.

Director: John H. Simpson

Director: Paul W. Meyer

Statements of Financial Operations
For the period from March 31, 2011 to June 30, 2011 (Unaudited)

		2011
REVENUE		
Interest	$	185,618
Dividend		29,042
		214,660
EXPENSES (Note 5)		
Management fees		14,292
Administrative and other expenses		17,903
HST/GST expense		4,922
Custodian fees		3,437
Independent Review Committee fees		2,225
		42,779
		42,779
Net Investment Income		171,881
(Loss) on sale of investments		(108,733)
Change in unrealized depreciation of investments		(330,578)
Net loss on investments		(439,311)
DECREASE IN NET ASSETS FROM OPERATIONS	$	(267,430)
DECREASE IN NET ASSETS FROM OPERATIONS PER UNIT (based on weighted average number of units outstanding during the period - 1,092,200)	$	(0.2449)

Ridgewood Tactical Yield Fund

Statements of Changes in Net Assets

For the period from March 31, 2011 to June 30, 2011 (Unaudited)

		2011
NET ASSETS, BEGINNING OF PERIOD	$	-
Unit Transactions (Note 4)		
Proceeds from units issued		16,483,391
Amount paid for units redeemed		(156,734)
		16,326,657
Decrease in Net Assets from Operations		(267,430)
Changes in Net Assets during the period		16,059,227
NET ASSETS, END OF PERIOD	$	16,059,227

Statements of Loss on Sale of Investments

For the period from March 31, 2011 to June 30, 2011 (Unaudited)

		2011
PROCEEDS FROM SALE OF INVESTMENTS	$	1,667,354
COST OF INVESTMENTS SOLD		
Cost of investments, beginning of period		-
Cost of investments purchased		17,694,086
		17,694,086
Cost of investments, end of period		(15,917,999)
		1,776,087
LOSS ON SALE OF INVESTMENTS	$	(108,733)

Ridgewood Tactical Yield Fund

Statement of Investments

As at June 30, 2011 (unaudited)

Par Value		Average Cost	Fair Value	% of Portfolio
Investments				
Corporate Bonds				
600,000	Cara Operations Ltd.	626,000	628,125	
600,000	Citigroup Inc., 5.365%, March 6, 2036	505,600	499,032	
1,000,000	Connacher Oil and Gas Ltd., 8.750%, August 01, 2018	1,000,000	985,000	
900,000	Gateway Casinos & Entertainment Ltd., 8.875%, November 15, 2017	963,500	963,000	
1,000,000	Livingston International Inc., 10.125%, November 09, 2015	1,075,250	1,053,750	
700,000	North American Energy Partners Inc., 9.125%, April 07, 2017	710,250	707,438	
350,000	Paramount Resources Ltd., 8.250%, December 13, 2017	365,750	359,625	
400,000	Perpetual Energy Inc., 8.750%, March 15, 2018	409,500	404,333	
400,000	Precision Drilling Corp., 6.500%, March 15, 2019	406,750	403,120	
700,000	Quebecor Media Inc., 7.375%, January 15, 2021	711,125	702,361	
700,000	RTL-Westcan LP, 9.500%, April 07, 2017	731,750	724,437	
2,000,000	Skylink Aviation Inc., 12.250%, March 15, 2016	2,010,926	1,995,833	
1,100,000	Superior Plus LP, 8.250%, October 27, 2016	1,134,500	1,113,750	
1,000,000	Trident Exploration Corp., 8.250%, April 13, 2018	999,625	975,000	
1,100,000	Yellow Media Inc., 7.750%, March 2, 2020	1,076,600	926,096	
Total Corporate Bonds		12,727,126	12,440,900	79.81%
Equities				
50,000	Artis Real Estate Investment Trust	704,526	700,000	
11,400	Brookfield Office Properties Canada, Class U	250,852	253,308	
10,000	Calloway Real Estate Investment Trust	256,990	251,500	
20,000	Cominar Real Estate Investment Trust, Class U	449,569	440,400	
10,000	Morguard Real Estate Investment Trust	157,779	154,600	
60,000	Retrocom Mid-Market Real Estate Investment Trust	360,173	352,800	
40,000	Whiterock Real Estate Investment Trust	547,859	525,200	
Total Equities		2,727,748	2,677,808	17.18%
Mortgage Backed Securities				
500,000	Real Estate Asset Liquidity Trust, 5.115%, October 12, 2020	463,125	468,713	
Total Mortgage Backed Securities		463,125	468,713	3.01%
Total Investments		$ 15,917,999	$ 15,587,421	100.00%

1. ESTABLISHMENT OF THE FUND

Ridgewood Tactical Yield Fund (the "Fund") is an open-end mutual fund trust existing under the laws of Ontario pursuant to an amended and restated Master Declaration of Trust dated September 1, 2008, executed by Ridgewood Capital Asset Management Inc[LU1]. ("Ridgewood" or the "Manager") in its separate capacities as manager and trustee of the Fund, and a Fund Declaration dated March 31, 2011, as amended on September 1, 2008. The Fund began operation on March 31, 2011.

Ridgewood is also the investment manager and distributor of units of the Fund. RBC Dexia Investor Services Trust is the custodian and registrar of the Fund, and, as such, performs certain valuation and other services for the Fund.

2. INVESTMENT OBJECTIVE OF THE FUND

The investment objective of the Fund is to achieve a high level of income and capital gains from an actively managed portfolio. The Fund is invested primarily in securities of Canadian issuers, including preferred shares, investment grade bonds, convertible bonds, real estate investment trusts ("REITs") and high yield bonds. The Fund may also invest in comparable fixed income securities of foreign issuers. Assets of the Fund may also be held in interest-bearing accounts at a bank or trust company, including the custodian, invested in guaranteed investment certificates or invested in Canadian short-term debt obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"), which include estimates and assumptions by management that may affect the reported amounts of assets, liabilities, income and expenses during the reported periods. Actual results may differ from estimates. The following is a summary of the significant accounting policies.

Capital Disclosures

The Fund's objectives, policies and processes for managing capital are described in Note 2. Information on the Funds' shareholders' equity is described in Note 4 and 6. The Fund does not have any externally imposed capital requirements.

Valuation of Investments

The Fund follows CICA Handbook Section 3855, "Financial Instruments - Recognition & Measurement". The standard requires that the fair value of securities which are traded in active markets be measured based on bid price.

The difference between the Net Asset Value and the Net Assets calculated using bid prices as described above is disclosed in Note 8.

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

Securities are valued at fair value, which is determined by the closing bid price on the recognized stock exchange on which the securities are listed or principally traded. If no bid prices are available, the securities are valued at the closing price.

Short-term investments are included in the Statement of Investments at their cost. This value, together with accrued interest, approximates fair value at bid price.

Income Recognition

Interest income is recognized as accrued.

Financial Instruments - Disclosures

CICA 3862, Financial Instruments – Disclosures requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Fund's financial instruments are recorded at fair value or at amounts that approximates fair value in the financial instruments. Accrued receivables and accrued liabilities are recorded at cost, given their short term nature approximates fair value.

Section 3862 of the CICA Handbook, Financial Instruments – Disclosures, establishes a fair value hierarchy that prioritized the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

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

Level 3 Inputs that are unobservable. There is little if any market activity. Inputs into the determination of fair value require significant management judgment or estimation.

Please see Note 11 for these disclosures.

4. UNITHOLDERS' EQUITY

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

Following are the unit transactions for the period from March 31 to June 30, 2011:

	2011
Units outstanding,	
Beginning of period	-
Units issued for cash	1,649,423
Units redeemed	(15,661)
Units outstanding, end of perio	1,633,762

5. MANAGEMENT FEES AND EXPENSES

Ridgewood 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 "Maximum Ordinary Expenses"). The Maximum Ordinary Expenses acts as a cap on the management fee and ordinary expenses of the Fund.

Ordinary expenses are paid out of the assets of the Fund and include all normal day-to-day operating expenses of the Fund, including custodian, legal, accounting, audit and regulatory filing fees. Ordinary expenses do not include commissions, brokerage fees and other fees and disbursements directly relating to trading transactions, any taxes payable by the Fund, any interest expense and any expenses incurred in respect of matters not in the normal course of the Fund's day-to-day activities, all of which are the responsibility of the Fund. If the total ordinary expenses are greater than the Maximum Ordinary Expenses, Ridgewood will reimburse the Fund the amount of such excess.

6. DISTRIBUTIONS

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

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

7 INCOME TAXES

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

8. NET ASSET VALUE AND NET ASSETS

The Canadian securities regulatory authorities have published amendments to NI 81-106 that remove the requirement that net asset value be calculated in accordance with Canadian GAAP effective September 8, 2008. As a result of the amendments, the Net Asset Value of the Fund will continue to be calculated using the fair value of investments using the close or last trade price ("Net Asset Value"). The adoption of these new rules will result in a different Net Assets per unit for financial reporting purposes and Net Asset Value per unit due to the use of different valuation techniques. The Net Asset Value per unit at June 30 is as follows:

June 30	2011
Net Asset Value	9.86
Net Assets	9.83

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

Interest Rate Risk

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

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

As at June 30, 2011	Less than 1 month	1 - 3 months	3 months - 1 year
Interest Rate Exposure	$ -	$ 1,640,097	$ -

As at June 30, 2011	1 - 3 years	3-5 years	More than 5 years
Interest Rate Exposure	$ -	$ 3,677,708	$ 9,231,905

As at June 30, 2011	Non Interest bearing	Total
Interest Rate Exposure	$ 2,677,808	$ 17,227,518

At June 30, 2011, should interest rates have decreased by 100 basis points with all other variables remaining constant, the increase in net assets for the period would amount to approximately $.8million arising substantially from the increase in market values of debt securities, with a small portion affecting interest rate futures. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets would amount to approximately $.8 million

Credit Risk

Financial instruments that potentially subject the Fund to a concentration of a credit risk consist primarily of cash and cash equivalents, short-term investments, and long-term investments. The Fund limits its exposure to credit loss by placing its cash and cash equivalents and short-term investments with high quality government and financial institutions. To maximize the credit quality of its investments, the Fund's managers perform ongoing credit evaluations based upon factors surrounding the credit risk of customers, historical trends and other information.

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

The Fund invests in financial assets, which have an investment grade as rated by a well-known rating agency Dominion Bond Rating Service Limited and Canadian Bond rating Service Limited.

Portfolio by rating category
June 30, 2011

Rating	As a % of Net Assets
A/A	3.11%
BBB/Baa	8.69%
BB/Ba	25.49%
B/B	36.55%
Unrated	6.56%
Total	80.40%

All transactions in listed securities are settled for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligations.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund's transactions and holdings are all in Canadian dollar, so there is no currency risk.

Liquidity Risk

Liquidity risk is the risk that a Fund will encounter difficulty in meeting obligations associated with its daily cash redemption of units. Liquidity risk is managed by investing the majority of the Fund's assets in investments that are traded in an active market and which can be readily disposed of and by retaining sufficient cash and cash equivalent positions.

The Fund's accrued liabilities are generally due and paid within three months.

10. FUTURE ACCOUNTING POLICY CHANGES

In January 2011, the Canadian Accounting Standards Board deferred the adoption of IFRS for another year. The Fund will be required to comply with International Financial Reporting Standards for the year beginning January 1, 2013.

11. Financial Instruments – Disclosures

Fair Value Disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 3 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of June 30, 2011.

	Financial Assets at fair value as of June 30, 2011			
	Level 1	Level 2	Level 3	Total
Bonds	-	12,440,900	-	12,440,900
Mortgage Backed Securities (MBS)	-	468,713	-	468,713
Equities	2,677,808	-	-	2,677,808
	2,677,808	12,909,613	-	15,587,421

As at June 30, 2011, there were no financial instruments categorized as Level 3.

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