



Ridgewood Tactical Yield Fund

Annual Report 2023 and 2022

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MESSAGE TO UNITHOLDERS 2023

2023 was the year for central banks to find the appropriate peak policy rate but persistently high inflation rates in both the US and Canada led to high volatility in the markets. In the case of the Bank of Canada, there was an initial pause that occurred over two meetings in late winter/early spring. Ultimately, an additional 50 basis points of hikes occurred before the Bank of Canada paused for the last 3 meetings into the end of the year. The last quarter of 2023 is also when the Federal Reserve began their pause; the last 3 meetings into the end of the year had no rate change. The market's eagerness to see central banks pivot towards a looser monetary policy objective led to full year 2023 performance gains highly skewed to the final quarter of 2023. Now, 2024 will be about when and how quickly central banks cut rates. In this environment, high rated corporate bonds continue to perform well as they provide an additional yield over low yielding Government bonds.

The first quarter was a positive period for the bond market, with a return of 3.22%. Investor anticipation for a rate pause from the Bank of Canada materialized late into the quarter driving March returns of 2.16%. Infrastructure bonds outperformed by 65 basis points. The Canadian stock market did very well as the S&P/TSX returned 3.69%. Although, inflation continued to be elevated, the Canadian consumer's ability to service their mortgages created a cautious market outlook.

In the second quarter, stocks and bonds both lost momentum. Whereas the stock market returned 0.28%, the bond market lost 0.80%. Consumer spending remained stubbornly strong and at the same time the unemployment rate continued to remain firm. A bias to further policy tightening created greater market volatility.

At the end of the third quarter, the cumulative effects of monetary tightening had not resulted in the desired deceleration central bankers and the markets had been hoping for; forward indicators still showed pockets of strength in the economy. The economic conditions during this quarter resulted in the worst quarterly performance for both stocks and bonds. The S&P TSX index returned -3.05%. Meanwhile, the bond markets returned -3.87%. Corporate bonds did outperform on a relative basis by 165 basis points.

The bond market had a positive fourth quarter as economic readings provided the clearest signs that the central bank had reached a cyclical peak in rates; this provided a positive backdrop for risk assets. The bond market returned 4.11% while Canadian equities rallied to a gain of 7.25%. As the central bank transitions into a policy mode of monetary easing, fixed income is attractive at current levels, specifically corporate bonds. The top performing bond sector being Corporate BBB bonds.

For 2023, the FTSE Canada Universe Bond Index returned 6.69% while the Corporate Bond Index returned 8.37%. Within Corporate bonds, Corporate BBB returned 8.82%, primarily due to characteristics of the index, which is a shorter than average duration and higher in coupon. Corporate bonds will likely continue to outperform in 2024 as the economy slows and investors will extend out the risk spectrum. The yield curve remains inverted, 30-year bonds yield 3.03% with 2-year bonds yielding 3.89%. We are comfortable remaining fully invested and overweight in BBB corporate bonds.

Ridgewood Tactical Yield Fund

For the year ended December 31, 2023

Management Report on Fund Performance

This Management Report on Fund Performance has been prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure) and contains the financial highlights of Ridgewood Tactical Yield Fund (the "Fund") for the year ended December 31, 2023. The annual audited financial statements of the Fund are also attached behind this report.

Copies of the Fund's quarterly portfolio disclosure may be obtained by calling-1-888-789-8957 toll free or by writing to the Fund at Investor Relations, 55 University Avenue, Suite 904, Toronto, Ontario, M5J 2H7 or by visiting our website at www.ridgewoodcapital.ca.

Investment Objectives and Strategies

This fund seeks to achieve a high level of income and capital gains from an actively managed portfolio comprised primarily of 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 securities of foreign issuers.

The portfolio manager uses the following investment strategies to achieve the fund's objectives:

- managing the portfolio to take advantage of changing levels of interest rates to capitalize on yield disparities between different issuers or sectors
- choosing many different investment terms based on the interest rate outlook
- hedging the currency if necessary.

Investment decisions are made by:

- examining economic indicators like growth, inflation and monetary policy
- analyzing credit ratings of issuers to determine the best potential investments
- allocating investments among various sectors to diversify the fund's holdings

The fund may invest in securities denominated in currencies other than Canadian dollars from time to time. The amount of such investments will vary but is not typically expected to exceed 30% of the net assets of the fund at the time that such securities are purchased.

Risk

The Fund primarily invests in high yield bonds, investment grade bonds, real estate investment trusts and preferred shares. The Fund may also invest to a limited extent in comparable fixed income securities of foreign issuers. Investors should be aware that the primary risk associated with the Fund is credit risk. Bond holdings in this fund are primarily below investment grade (BBB) and will exhibit a higher yield with associated higher risk. Interest rate risk is less of a factor compared to a traditional bond fund as high yield bonds tend to have a shorter duration.

Summary of Investment Portfolio

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

Asset Mix

December 31, 2023

	% of Net Asset Value		% of Net Asset Value
Corporate Bonds	71.5	Federal Bonds	13.3
Mortgage Backed Securities	9.4	Treasury bills	2.9
Cash	0.4		

Ridgewood Tactical Yield Fund

For the year ended December 31, 2023

Top 25 Holdings

	% of Total Net Asset Value
1. Bank of Canada, 1.75%, 2053/12/01	8.2%
2. Enbridge Inc., 5.82%, 2028/05/26	3.9%
3. Northland Power Inc., 9.25%, 2028/06/30	3.8%
4. Capital Power Corporation, 7.95%, 2032/09/09	3.5%
5. Canada T-Bill, 2024/01/18	2.9%
6. REALT 2019-1 D1, 4.215%, 2054/06/12	2.8%
7. Government of Canada, 3.25%, 2033/12/01	2.7%
8. Bell Canada, 5.60%, 2053/08/11	2.6%
9. Energir LP, 4.83%, 2053/06/02	2.6%
10. Keyera Corp., 6.875%, 2029/06/13	2.6%
11. First West Credit Union, 9.186%, 2033/08/09	2.6%
12. Pembina Pipeline Corp., 4.80%, 2030/10/25	2.6%
13. Nova Scotia Power Inc., 5.355%, 2053/03/24	2.5%
14. Mattr Corp., 9.00%, 2026/12/10	2.5%
15. Gibson Energy Inc., 8.70%, 2053/08/17	2.5%
16. Obsidian Energy Ltd., 11.95%, 2027/07/27	2.4%
17. Savings Federal Credit Coast Capital Union, 8.875%, 2028/05/02	2.4%
18. Secure Energy Services Inc., 7.25%, 2026/12/30	2.4%
19. Toronto Dominion Bank Perpetual, 7.232%, 2027/10/31	2.4%
20. Inter Pipeline, 6.625%, 2029/11/19	2.3%
21. Laurentian Bank of Canada, 5.30%, 2026/06/15	2.3%
22. REALT 2016-1D, 3.63936%, 2026/05/12	2.3%
23. AT&T, 4.85%, 2047/05/25	2.2%
24. Canwell, 5.25%, 2026/05/15	2.2%
25. Canadian Western Bank, 6.00%, 2026/03/30	2.2%
Total	71.4%

Results of Operations

For the year ended December 31, 2023, the net asset value of series A was \$ 8.60 and series F was \$ 9.21 per unit compared to \$8.37 and \$8.86 per unit respectively on December 31, 2022.

Net income and net capital gains of the Fund may be distributed to unitholders of the Fund from time to time at the discretion of Ridgewood. Sufficient distributions will be made each year so the Fund will not be liable for income tax. Distributions totaling \$0.42 per unit were made to unitholders during the year.

For the year ended December 31, 2023, the Fund had an annual compound return of 8.01% net of fees of 1.28% (including HST). Series F had an annual compound return of 8.99% net of expenses of 0.36%. The FTSE Canada Universe Bond Index had a return of 6.69%, with corporate bonds 8.37%. Industrial and energy bonds were the top performers returning 9.92% and 9.47% respectively. The portfolio was overweight Corporate Credit and Financials which enhanced total return.

Ridgewood Tactical Yield Fund

For the year ended December 31, 2023

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

Class A	Years ended December 31				
	2023	2022	2021	2020	2019
		\$	\$	\$	\$
The Fund's net assets per unit					
Net assets value, beginning of year ^{(1), (2)}	8.37	9.73	9.45	9.56	8.99
Increase (decrease) from operations					
Total revenue	0.52	0.47	0.44	0.46	0.43
Total expenses (excluding distributions)	(0.11)	(0.13)	(0.15)	(0.14)	(0.14)
Realized gain (loss) for the year	(0.22)	(0.48)	0.39	(0.19)	0.26
Unrealized gain (loss) for the year	0.42	(0.82)	0.07	(0.08)	0.46
Total increase (decrease) from operations ⁽²⁾	0.61	(0.97)	0.75	0.05	1.01
Distributions to unitholders					
From net investment income	(0.42)	(0.37)	(0.50)	(0.34)	(0.31)
From return of capital	-	-	(0.05)	(0.10)	-
From capital gains	-	-	-	-	(0.20)
Total distributions ^{(2), (3)}	(0.42)	(0.37)	(0.55)	(0.44)	(0.51)
Net assets value, end of year ^{(1), (2)}	8.60	8.37	9.73	9.45	9.56

Class F	Years ended December 31				
	2023	2022	2021	2020	2019
		\$	\$	\$	\$
The Fund's net assets per unit					
Net assets value, beginning of year ^{(1), (2)}	8.86	10.17	9.76	9.74	9.04
Increase (decrease) from operations					
Total revenue	0.55	0.49	0.46	0.46	0.44
Total expenses (excluding distributions)	(0.03)	(0.04)	(0.05)	(0.03)	(0.02)
Realized gain (loss) for the year	(0.23)	(0.46)	0.41	(0.12)	0.27
Unrealized gain (loss) for the year	0.52	(0.89)	0.04	0.23	0.48
Total increase (decrease) from operations ⁽²⁾	0.81	(0.91)	0.86	0.54	1.17
Distributions to unitholders					
From net investment income	(0.42)	(0.37)	(0.46)	(0.34)	(0.30)
From return of capital	-	-	(0.05)	(0.10)	-
From capital gains	-	-	-	-	(0.20)
Total distributions ⁽³⁾	(0.42)	(0.37)	(0.51)	(0.44)	(0.50)
Net assets value, end of year ^{(1), (2)}	9.21	8.86	10.17	9.76	9.74

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

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

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

Ridgewood Tactical Yield Fund

For the year ended December 31, 2023

Class A	Years ended December 31				
	2023	2022	2021	2020	2019
Ratios/supplemental data					
Net Asset Value, end of year (\$millions) ⁽¹⁾	\$ 31.45	\$ 31.83	\$ 32.21	\$ 31.88	\$ 52.72
Number of units outstanding ⁽¹⁾	3,658,006	3,801,185	3,309,561	3,373,222	5,516,164
Management expense ratio (including HST) ⁽²⁾	1.28%	1.42%	1.46%	1.44%	1.44%
Management expense ratio including expenses absorbed by the Manager	1.28%	1.42%	1.46%	1.44%	1.44%
Portfolio turnover rate ⁽³⁾	130.15%	185.87%	183.63%	372.18%	189.12%
Trading expense ratio	0.00%	0.06%	0.08%	0.10%	0.01%
Net Asset Value per unit, end of year ^{(1), (4)}	\$ 8.60	\$ 8.37	\$ 9.73	\$ 9.45	\$ 9.56

Class F	Years ended December 31				
	2023	2022	2021	2020	2019
Ratios/supplemental data					
Net Asset Value, end of year (period) (\$millions) ⁽¹⁾	\$ 10.17	\$ 9.58	\$ 10.02	\$ 8.80	\$ 8.62
Number of units outstanding ⁽¹⁾	1,104,714	1,081,476	984,419	901,708	884,552
Management expense ratio (including HST) ⁽²⁾	0.36%	0.39%	0.37%	0.28%	0.21%
Management expense ratio including expenses absorbed by the Manager	0.36%	0.39%	0.37%	0.28%	0.21%
Portfolio turnover rate ⁽³⁾	130.15%	185.87%	183.63%	372.18%	189.12%
Trading expense ratio	0.00%	0.06%	0.08%	0.10%	0.01%
Net Asset Value per unit, end of year ^{(1), (4)}	\$ 9.21	\$ 8.86	\$ 10.17	\$ 9.76	\$ 9.74

(1) This information is provided as at December 31 of the year shown.

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

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

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

Management Fees

Ridgewood Capital Asset Management Inc. (the "Manager") is entitled to an annual management fee payable out of the assets of the Fund. The maximum management fee is equal to 1.25% (excluding HST) for Class A and 0.35% for Class F of the weighted average net asset value of the Fund less ordinary expenses of the Fund. The management fee is calculated on a monthly basis as of the last valuation date of each month. Services received under the Master Declaration of Trust include managing or arranging for the management of the Fund's investment portfolio and providing or arranging for all required administrative services to the Fund.

Recent Developments

2023 was the year for central banks to find the appropriate peak policy rate but persistently high inflation rates in both the US and Canada led to high volatility in the markets. In the case of the Bank of Canada, there was an initial pause that occurred over two meetings in late winter/early spring. Ultimately, an additional 50 basis points of hikes occurred before the Bank of Canada paused for the last 3 meetings into the end of the year. The last quarter of 2023 is also when the Federal Reserve began their pause; the last 3 meetings into the end of the year had no rate change. The market's eagerness to see central banks pivot towards a looser monetary policy objective led to full year 2023 performance gains highly skewed to the final quarter of 2023. Now, 2024 will be about when and how quickly central banks cut rates. In this environment, high rated corporate bonds continue to perform well as they provide an additional yield over low yielding Government bonds.

For 2023, the FTSE Canada Universe Bond Index returned 6.69% while the Corporate Bond Index returned 8.37%. Within Corporate bonds, Corporate BBB returned 8.82%, primarily due to characteristics of the index, which is a shorter than average duration and higher in coupon. Corporate bonds will likely continue to outperform in 2024 as the economy slows and investors will extend out the risk spectrum. The yield curve remains inverted, 30-year bonds yield 3.03% with 2-year bonds yielding 3.89%. We are comfortable remaining fully invested and overweight in BBB corporate bonds.

Ridgewood Tactical Yield Fund

For the year ended December 31, 2023

Past Performance

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

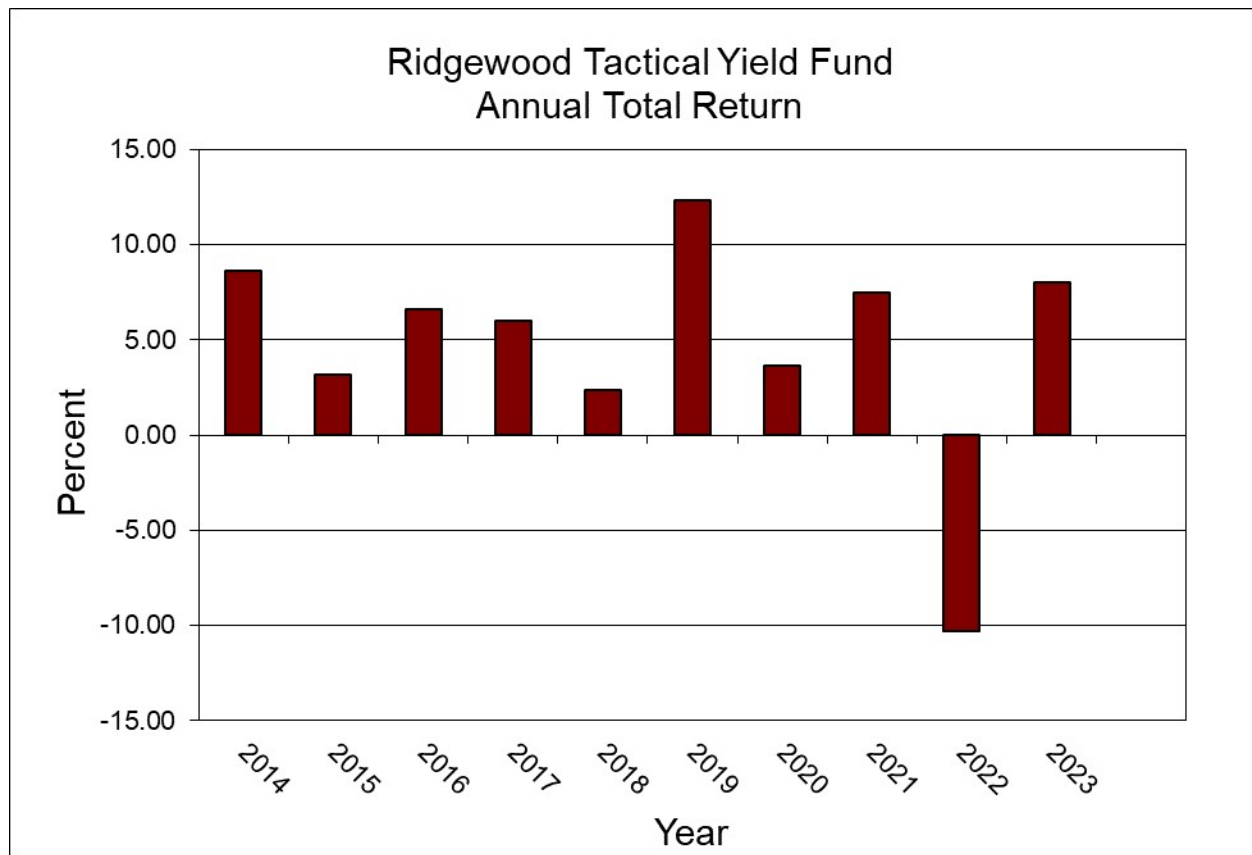
With respect to the charts displayed below, please note the following:

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

Year-By-Year Returns

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

Annual Total Return



Ridgewood Tactical Yield Fund

For the year ended December 31, 2023

Annual Compound Returns

The following table shows Series A's historical annual total return (net of expenses of 1.42% including HST) for the period ended December 31 as compared to the performance of the FTSE TMX Canada Universe Bond Index.

	One Year	Three Years	Five Years	Ten Years
Ridgewood Tactical Yield Fund	8.01%	1.36%	3.92%	4.60%
FTSE TMX Canada Universe Bond Index *	6.69%	-2.80%	3.54%	2.41%

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

Related Party Transactions

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

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

Independent Review Committee

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

The members of the IRC of the Fund are G. Tomlinson Gunn, Allen B. Clarke, and Marshall E. Nicholishen. Mr. Gunn serves as the Chair of the IRC.

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

Forward-Looking Statements

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

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

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

Ridgewood Tactical Yield Fund

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

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



John H. Simpson
Director
Ridgewood Capital Asset Management Inc.



Paul W. Meyer
Director
Ridgewood Capital Asset Management Inc.

March 18, 2024

Independent Auditor's Report

To the Unitholders of
Ridgewood Tactical Yield Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a plain sans-serif font.

Chartered Professional Accountants
Licensed Public Accountants
Toronto, Ontario
March 18, 2024

Ridgewood Tactical Yield Fund


STATEMENTS OF FINANCIAL POSITION

As at December 31, 2023 and 2022

	31-Dec-23	31-Dec-22
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 31-Dec-23 - \$39,156,591; 31-Dec-22 - \$43,033,940)	39,203,186	40,882,700
Short-term investments at fair value (Cost: 31-Dec-23 - \$1,196,310; 31-Dec-22 - \$0)	1,196,310	-
Cash	163,058	77,590
Accrued interest receivable	487,361	456,327
Due from Brokers	88,440	-
Prepaid fees	6,304	-
Subscriptions receivable	576,635	82,854
Total Assets	41,721,294	41,499,471
Liabilities		
Accrued expenses	43,490	82,164
Redemptions payable	57,950	6,100
Total Liabilities (excluding net assets attributable to holders of redeemable units)	101,440	88,264
Net Assets attributable to holders of redeemable units	41,619,854	41,411,207
Net assets attributable to holders of redeemable units per class		
Class A	31,446,101	31,827,317
Class F	10,173,753	9,583,890
	41,619,854	41,411,207
Number of redeemable units outstanding		
Class A	3,658,006	3,801,185
Class F	1,104,714	1,081,476
	4,762,720	4,882,661
Net assets attributable to holders of redeemable units per unit		
Class A	8.5965	8.3730
Class F	9.2094	8.8619

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


John H. Simpson, CFA
rector


Paul W. Meyer, CFA
Director

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

	2023	2022
	\$	\$
Income		
Interest income for distribution purposes	2,602,273	2,207,299
Dividend income	68	19,926
Net (loss) on foreign exchange	-	(90)
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized loss on sale of investments	(1,096,893)	(2,277,965)
Net change in unrealized appreciation (depreciation) of investments	2,197,835	(3,980,131)
Total income	3,703,283	(4,030,961)
Expenses		
Management fees (Note 6)	274,284	298,037
Administrative and other expenses	29,414	41,163
Custodian fees	71,359	61,097
HST expense	15,517	47,833
Independent Review Committee fees	17,567	17,567
Audit fees	19,991	17,883
Legal fees	22,351	15,000
Transaction Costs	-	24,080
Total operating expenses	450,483	522,660
Operating profit (loss)	3,252,800	(4,553,621)
Increase (decrease) in net assets attributable to holders of redeemable units	3,252,800	(4,553,621)
Increase (decrease) in net assets attributable to holders of redeemable units		
Class A	2,362,064	(3,545,244)
Class F	890,736	(1,008,377)
	3,252,800	(4,553,621)
Daily average number of redeemable units outstanding		
Class A	3,865,042	3,664,273
Class F	1,098,236	1,103,276
	4,963,278	4,767,549
Increase (decrease) in net assets attributable to holders of redeemable units per unit per unit		
Class A	0.6111	(0.9675)
Class F	0.8111	(0.9140)

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

Ridgewood Tactical Yield Fund

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

For the years ended December 31, 2023 and 2022

	2023	2022
	\$	\$
Net assets attributable to holders of redeemable units at beginning of year		
Class A	31,827,317	32,206,609
Class F	9,583,890	10,015,624
	41,411,207	42,222,233
Distributions to redeemable unitholders		
From net investment income		
Class A	(1,621,151)	(1,350,011)
Class F	(465,766)	(409,059)
	(2,086,917)	(1,759,070)
From capital gain		
Class A	-	-
Class F	-	-
	-	-
From return of capital		
Class A	-	-
Class F	-	-
	-	-
Total distributions to redeemable unitholders		
Class A	(1,621,151)	(1,350,011)
Class F	(465,766)	(409,059)
	(2,086,917)	(1,759,070)
Redeemable unit transactions (Note 5)		
Proceeds from units issued		
Class A	9,687,620	11,441,875
Class F	3,024,500	5,775,000
	12,712,120	17,216,875
Amount paid for units redeemed		
Class A	(12,387,050)	(8,231,315)
Class F	(3,325,373)	(5,198,357)
	(15,712,423)	(13,429,672)
Reinvestment of distributions		
Class A	1,577,301	1,305,403
Class F	465,766	409,059
	2,043,067	1,714,462
Total redeemable unit transactions		
Class A	(1,122,129)	4,515,963
Class F	164,893	985,702
	(957,236)	5,501,665
Increase (decrease) in net assets attributable to holders of redeemable units		
Class A	2,362,064	(3,545,244)
Class F	890,736	(1,008,377)
	3,252,800	(4,553,621)
Net assets attributable to holders of redeemable units at end of year		
Class A	31,446,101	31,827,317
Class F	10,173,753	9,583,890
	41,619,854	41,411,207

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

	2023	2022
	\$	\$
Cash provided by (used in) operating activities		
Net increase (decrease) in net assets attributable to holders of redeemable units	3,252,800	(4,553,621)
Adjustments for		
Interest income on short-term notes	(1,602)	(12,140)
Net loss on foreign exchange	-	90
Net realized loss on investments excluding foreign currency	1,096,893	2,277,965
Net change in unrealized (appreciation) depreciation of investments	(2,197,835)	3,980,131
Purchase of investments	(57,843,241)	(94,041,300)
Proceeds from sale of investments	59,428,989	88,268,409
Transaction costs	-	24,080
Increase in accrued interest and dividends receivable	(31,034)	(144,850)
Increase in investment proceeds receivable	(88,440)	-
Increase in prepaid fees	(6,304)	-
Decrease in accrued expenses	(38,674)	(36)
Net cash (used in) provided by operating activities	3,571,552	(4,201,272)
Cash provided by (used in) financing activities		
Subscriptions received in advance	(493,781)	(19,357)
Payable for units redeemed	51,850	(16,250)
Distributions paid to holders of redeemable units, net of reinvested distributions	(43,850)	(44,608)
Proceeds from units issued	12,712,120	17,216,875
Amount paid for units redeemed	(15,712,423)	(13,429,672)
Net cash provided by (used in) financing activities	(3,486,084)	3,706,988
Decrease in cash	85,468	(494,284)
Net loss on foreign exchange	-	(90)
Cash, beginning of year	77,590	571,964
Cash, end of year	163,058	77,590
Interest received	2,571,239	2,033,634
Dividends received, net of withholding taxes	68	48,741

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

Ridgewood Tactical Yield Fund

Schedule of investments

As at December 31, 2023

Par Value	Average Cost	Fair Value	% of Portfolio
	\$	\$	
Investments			
Short-Term Investments			
Treasury Bills			
1,200,000 Canadian Treasury Bill, 4.996%, January 18, 2024	1,196,310	1,196,310	
Total Treasury Bills	1,196,310	1,196,310	2.87%
Total Short-Term Investments	1,196,310	1,196,310	2.87%
Federal Bonds			
200,000 Canada Housing Trust No.1, 3.650%, June 15, 2033	192,420	202,468	
300,000 Canada Housing Trust No.1, 4.150%, June 15, 2033	297,276	315,650	
4,560,000 Canadian Government Bond, 1.750%, December 01, 2033	3,053,127	3,426,774	
1,100,000 Canadian Government Bond, 3.250%, December 01, 2033	1,058,602	1,114,332	
500,000 South Coast British Columbia Transportation Authority, 4.150%, December 12, 2053	470,015	494,187	
Total Federal Bonds	5,071,440	5,553,411	13.34%
Corporate Bonds			
1,000,000 Algonquin Power & Utilities Corp., 5.250%, January 18, 2082	991,250	833,930	
1,000,000 AltaGas Ltd., 5.250%, January 11, 2082	1,000,000	839,685	
1,000,000 AT&T Inc., 4.850%, May 25, 2047	873,550	930,176	
500,000 Bank of Montreal, 7.325%, November 26, 2082	500,000	498,231	
500,000 Bank of Nova Scotia, 3.700%, July 27, 2081	450,625	375,208	
300,000 Bell Canada, 5.150%, February 09, 2053	285,635	305,658	
1,000,000 Bell Canada, 5.600%, August 11, 2053	997,260	1,090,060	
1,000,000 Canadian Western Bank, 6.000%, April 30, 2081	954,100	908,808	
1,500,000 Capital Power Corp., 7.95%, September 09, 2082	1,500,000	1,474,455	
1,000,000 Coast Capital Savings Federal Credit Union, 8.875%, May 02, 2033	1,000,000	1,013,266	
1,000,000 Doman Building Materials Group Ltd., 5.250%, May 15, 2026	1,005,000	922,950	
500,000 Empire Communities Corp., 7.375%, December 15, 2025	500,000	493,750	
1,500,000 Enbridge Pipelines Inc., 5.820%, August 17, 2053	1,499,370	1,641,163	
1,000,000 Energir LP, 4.830%, June 02, 2053	999,530	1,065,224	
1,000,000 First West Credit Union, 9.186%, August 09, 2033	1,000,000	1,058,344	
650,000 Gibson Energy Inc., 5.250%, December 22, 2080	631,995	557,454	
1,000,000 Gibson Energy Inc., 8.700%, July 12, 2083	1,000,000	1,038,846	
400,000 Intact Financial Corp., 7.338%, June 30, 2083	400,800	403,177	
1,000,000 Inter Pipeline Ltd/AB, 6.875%, March 26, 2079	934,000	964,005	
232,000 Invesque Inc., 7.000%, January 31, 2025	221,042	123,896	
1,000,000 Keyera Corp., 5.950%, March 10, 2081	1,008,625	887,175	
1,091,000 Keyera Corp., 6.875%, June 13, 2079	1,086,013	1,059,348	
500,000 Kruger Products Inc., 6.000%, April 24, 2025	511,875	487,500	
1,250,000 Laurentian Bank of Canada, 5.300%, June 15, 2081	1,158,733	952,287	
618,000 NFI Group Inc., 5.000%, January 15, 2027	512,846	535,034	
1,500,000 Northland Power Inc., 9.250%, June 30, 2083	1,491,640	1,561,016	
1,000,000 Nova Scotia Power Inc., 5.355%, March 24, 2053	1,000,000	1,054,755	
1,000,000 Obsidian Energy Ltd., 11.950%, July 27, 2027	980,000	1,015,938	
1,250,000 Pembina Pipeline Corp., 4.800%, January 25, 2081	1,214,032	1,058,130	
500,000 Royal Bank of Canada, 4.000%, February 24, 2081	455,000	456,569	
250,000 Royal Bank of Canada, 4.500%, November 24, 2080	237,625	238,116	
1,000,000 Secure Energy Services Inc., 7.250%, December 30, 2026	1,000,000	1,009,063	
1,000,000 Shawcor Ltd., 9.000%, December 10, 2026	1,001,250	1,045,000	
1,000,000 Toronto-Dominion Bank, 7.232%, December 31, 2049	997,500	1,005,140	
899,000 WildBrain Ltd., 5.875%, September 30, 2024	813,153	848,611	
Total Corporate Bonds	30,212,449	29,751,968	71.49%
Mortgage Backed Securities			
1,000,000 Institutional Mortgage Securities Canada Inc., 3.839%, October 12, 2026	836,370	898,600	
1,013,000 Real Estate Asset Liquidity Trust, 3.704%, May 12, 2051	876,367	944,319	
1,000,000 Real Estate Asset Liquidity Trust, 4.323%, August 12, 2053	884,459	879,400	
1,375,000 Real Estate Asset Liquidity Trust, 4.215%, June 12, 2054	1,275,506	1,175,488	
Total Mortgage Backed Securities	3,872,702	3,897,807	9.37%
Total Bonds and Mortgage Backed Securities	39,156,591	39,203,186	94.20%
Total Investments	40,352,901	40,399,496	97.07%
Cash and other assets, net of liabilities	1,220,358	1,220,358	2.93%
Net Assets		41,619,854	100.00%

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

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. ("Ridgewood" or the "Manager") in its separate capacities as manager and trustee of the Fund, and a Fund Master Declaration of Trust dated March 31, 2011 as amended on July 1, 2018. The Fund began operations on March 31, 2011. The Fund's principal office is 55 University Avenue, Suite 904, Toronto, Ontario M5J 2H7. The fiscal year end of the Fund is December 31.

Ridgewood is also the investment manager and distributor of units of the Fund. RBC Investor & Treasury Services is the custodian, transfer agent, administrator and registrar of the Fund, and, as such, performs certain valuation and other services for the Fund. The financial statements are authorized for issuance by the Manager on March 18, 2024.

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 securities of foreign issuers. Assets of the Fund may also be held in interest-bearing accounts at a bank or trust company, including the custodian, invested in guaranteed investment certificates or invested in Canadian short-term debt obligations.

3. Basis of presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

4. Summary of material accounting policy information

Recently Issued Accounting Pronouncements – Disclosure of Accounting Policies

Amendments to IAS 1, Presentation of financial statements, and IFRS Practice Statement 2, Making materiality judgements, both effective for periods beginning on or after January 1, 2023, applicable prospectively, require that entities disclose material accounting policy information instead of significant accounting policies. The amendments did not have a material impact on the disclosure of the Fund's accounting policies.

Financial instruments

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

Classification and Measurement

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

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

Financial assets and financial liabilities at amortized cost

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

4. Summary of material accounting policy information (continued)

Financial instruments (continued)

IFRS 9 Financial Instruments ("IFRS 9")

Financial assets carried at amortized cost are subject to expected credit loss model ("ECL") as required by IFRS 9. The Fund's financial assets measured at amortized cost consist of trade receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby any loss allowance is recognized based on the lifetime ECLs. No expected credit losses have been recorded.

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

Transaction costs

Transaction costs are expensed and are included in "transaction costs" in the Statements of Comprehensive Income. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of an investment, which include fees and commission paid to agents, advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. The cost of investments for each security is determined on an average cost basis.

Capital Disclosures

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

Valuation of Investments

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

All exchange traded equities (and other securities) are valued using the last trade or closing price (where available) from the primary exchange. If no current closing price is available the average of bid price and ask price (mid-price) will be taken. If no current pricing is available the previous business day's price will be used.

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

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

Cash is comprised of cash on deposit.

Investment Transactions

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

4. Summary of material accounting policy information (continued)

Income Recognition

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

Dividend income is recognized on the ex-dividend date.

Financial Instruments - Disclosures

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.

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

a) Common stock

The Fund's equity positions are classified as Level 1 when the security is actively traded and a reliable price is observable. Certain of the Fund's equities do not trade frequently and therefore observable prices may not be available. In such cases, fair value is determined using observable market data (e.g., transactions for similar securities of the same issuer) and the fair value is classified as Level 2, unless the determination of fair value requires significant unobservable data, in which case the measurement is classified as Level 3.

b) Bonds and short-term investments

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

Please see Note 12 for these disclosures.

Foreign currency

a) Functional and presentation currency

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

4. Summary of material accounting policy information (continued)

Foreign currency (continued)

b) Foreign currency translation

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

Critical accounting estimates and judgments

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

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

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

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

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

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

5. Redeemable Units

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

Following are the redeemable unit transactions during the years ended December 31, 2023 and 2022:

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

5. Redeemable Units (continued)

	2023		2022	
	Class A	Class F	Class A	Class F
Units outstanding, beginning of year	3,801,185	1,081,476	3,309,561	984,419
Units issued for cash	1,144,676	337,343	1,276,151	615,869
Units redeemed	(1,475,722)	(366,133)	(932,520)	(562,792)
Reinvestment of distribution	187,867	52,028	147,993	43,980
Units outstanding, end of year	3,658,006	1,104,714	3,801,185	1,081,476

6. Related party transactions

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

Management fees

Under the terms of the Master Declaration of Trust, the Fund appointed the Manager to provide management services. The Manager receives a fee in respect of each series of a class of the Fund which shall be paid from the assets of the Fund. The maximum management fee is equal to 1.25% (excluding HST) of the net asset value of the Fund. Services received under the Declaration of Trust include managing or arranging for the management of the Fund's investment portfolio and providing or arranging for all required administrative services to the Fund. Total management fees for the year ended December 31, 2023 amounted to \$274,284 (2022 - \$298,037).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee ("IRC") during the year ended December 31, 2023 was \$17,567 (2022 - \$17,567).

7. Management fees and expenses

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

	Class A	Class F
Maximum Ordinary Expenses percentage	1.25%	0.35%

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

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

7. Management fees and expenses (continued)

the Fund, as applicable. If the total ordinary expenses are greater than the Maximum Ordinary Expenses, Ridgewood will reimburse the Fund the amount of such excess.

8. Brokerage commissions

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

9. Distributions

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

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

10. Income taxes

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

As at December 31, 2023, the Fund had capital losses of \$3,478,383 (2022 - \$1,767,285) are available for utilization against realized gains on sales of investments in future years. The capital losses can be carried forward indefinitely. The Fund has no non-capital losses.

11. Financial instruments and risk management

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

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

Interest Rate Risk

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

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

11. Financial instruments and risk management (continued)

Interest Rate Risk (continued)

As at December 31, 2023								
	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 3 years	3-5 years	More than 5 years	Non interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Interest Rate Exposure	1,196,310	-	848,611	4,980,758	1,550,971	31,822,846	-	40,399,496

As at December 31, 2022								
	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 3 years	3-5 years	More than 5 years	Non interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Interest Rate Exposure	576,340	-	183,289	3,783,833	7,135,253	29,281,575	-	40,960,290

At December 31, 2023, should interest rates have decreased by 100 basis points with all other variables remaining constant, the increase in net assets attributable to holders of redeemable units for the year would amount to approximately \$6.9 million (December 31, 2022 - \$6.5 million) arising substantially from the increase in market values of debt securities. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets attributable to holders of redeemable units would amount to approximately \$6.9 million (December 31, 2022 - \$6.5 million).

Credit Risk

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

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

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

11. Financial instruments and risk management (continued)

Credit Risk (continued)

Portfolio by rating category

	December 31, 2023
Rating	As a % of Net Assets
AAA/Aaa	15.03%
AA/Aa	1.19%
A/A	4.83%
BBB/Baa	35.02%
BB/Ba	29.05%
B/B	11.95%
Total	97.07%

Portfolio by rating category

	December 31, 2022
Rating	As a % of Net Assets
AAA/Aaa	1.80%
AA/Aa	3.19%
A/A	23.85%
BBB/Baa	21.67%
BB/Ba	31.91%
B/B	16.30%
Total	98.72%

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. As at December 31, 2023, the Fund held \$123,896 (December 31, 2022 – \$465,636) in assets and liabilities denominated in currencies other than the Canadian dollar. As at December 31, 2023, if the Canadian dollar had strengthened or weakened by 5% in relation to all foreign currencies represented in the portfolio, with all other variables remaining constant, net assets would have increased or decreased by approximately \$6,195 (December 31, 2022 - \$23,282).

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 tables below analyze the Fund's financial liabilities as at December 31, 2023 and December 31, 2022.

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

11. Financial instruments and risk management (continued)

Liquidity Risk (continued)

December 31, 2023

Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 57,950	\$ 57,950
Accrued expenses	-	43,490	43,490
Net Assets attributable to holders of redeemable units	41,619,854	-	41,619,854
Total Liabilities	\$ 41,619,854	\$ 101,440	\$ 41,721,294

December 31, 2022

Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 6,100	\$ 6,100
Accrued expenses	-	82,164	82,164
Net Assets attributable to holders of redeemable units	41,411,207	-	41,411,207
Total Liabilities	\$ 41,411,207	\$ 88,264	\$ 41,499,471

Concentration risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type, industry sector or counterparty type. The following is a summary of the Fund's concentration risk as a percentage of net assets attributable to holders of redeemable units:

Market segments	December 31, 2023	December 31, 2022
Canadian Short-Term Investments	2.87%	-
Federal Bonds	13.34%	1.80%
Provincial Bonds	-	19.13%
Corporate Bonds	71.49%	60.38%
Mortgage Backed Securities	9.37%	17.41%
Total	97.07%	98.72%

12. Financial Instruments

Fair Value Disclosure

The Fund's financial assets recorded at fair value have been categorized based upon a fair value hierarchy described in Note 4. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2023 and December 31, 2022.

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

December 31, 2023 and 2022

12. Financial Instruments (continued)

Fair Value Disclosure (continued)

Financial assets at fair value as of December 31, 2023				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	163,058	-	-	163,058
Canadian Short-Term Investments	-	1,196,310	-	1,196,310
Bonds	-	35,305,379	-	35,305,379
Mortgage Backed Securities (MBS)	-	3,897,807	-	3,897,807
	163,058	40,399,496	-	40,562,554

Financial assets at fair value as of December 31, 2022				
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	77,590	-	-	77,590
Bonds	-	33,672,826	-	33,672,826
Mortgage Backed Securities (MBS)	-	7,209,874	-	7,209,874
	77,590	40,882,700	-	40,960,290

There were no securities transferred between levels during the years ended December 31, 2023 and 2022.

Mutual Funds
Managed by Ridgewood Capital Asset Management Inc.

Ridgewood Tactical Yield Fund

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Visit our website at www.ridgewoodcapital.ca for additional information on Ridgewood Funds.