



Ridgewood Tactical Yield Fund

Interim Financial Report (Unaudited)
For the six months ended June 30, 2021

Ridgewood Tactical Yield Fund

Interim Financial Report (Unaudited)

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Message to Unitholders

It was a very challenging first half of 2021 for bond investors as uneven global vaccination rollouts created further economic uncertainty at the start of the year. Dramatic improvements in mass inoculations corresponded with equally strong economic rebounds. As a result, the market was in search for clarity in terms of a timeline for global central banks ending their accommodative easing programs. Corporate bonds continue to perform well in this environment as they provide an additional yield over very low yielding Government bonds.

The FTSE Canada Universe Bond Index returned -3.46% YTD while the Corporate Bond Index returned -2.26%. Corporate bonds were the strongest sector, with Corporate AAA/AA returning -0.96%, primarily due to characteristics of the index, which is a shorter than average duration. Corporate bonds will likely continue to outperform in the second half as the economy gradually recovers and investors will extend out the risk spectrum. The yield curve has remained positive, but the slope is very flat as 30-year bonds yield 1.8% and 2-year bonds yielding 0.50%. We are comfortable remaining fully invested and overweight in BBB corporate bonds.

Ridgewood Tactical Yield Fund

Interim Financial Report 2021 (Unaudited)

UNAUDITED INTERIM REPORT STATEMENT

The accompanying interim 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 Fund in compliance with International Financial Reporting Standards.

Ridgewood Tactical Yield Fund

The interim 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 interim 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.

August 18, 2021

Ridgewood Tactical Yield Fund

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2021 (Unaudited) and December 31, 2020

	30-Jun-21	31-Dec-20
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 30-Jun-21 - \$53,229,132; 31-Dec-20 - \$38,980,630)	54,784,925	40,500,897
Cash	1,647,310	55,243
Accrued interest receivable	376,635	225,858
Dividends receivable	17,967	25,306
Subscriptions receivable	402,100	6,000
Total Assets	57,228,937	40,813,304
Liabilities		
Accrued expenses	92,167	77,411
Distributions payable	216,426	-
Due to brokers	869,680	-
Redemptions payable	319,095	60,800
Total Liabilities (excluding net assets attributable to holders of redeemable units)	1,497,368	138,211
Net Assets attributable to holders of redeemable units	55,731,569	40,675,093
Net assets attributable to holders of redeemable units per class		
Class A	44,793,546	31,877,593
Class F	10,938,023	8,797,500
	55,731,569	40,675,093
Number of redeemable units outstanding		
Class A	4,736,112	3,373,222
Class F	1,113,255	901,708
	5,849,367	4,274,930
Net assets attributable to holders of redeemable units per unit		
Class A	9.4579	9.4502
Class F	9.8253	9.7565

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


Director
John H. Simpson, CFA


Paul W. Meyer, CFA

Director

STATEMENTS OF COMPREHENSIVE INCOME

For the six months periods ended June 30, 2021 and 2020 (Unaudited)

	2021	2020
	\$	\$
Income		
Interest income for distribution purposes	875,502	1,458,104
Dividend income	61,466	82,785
Net gain (loss) on foreign exchange	112	2
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain on sale of investments	641,285	(1,841,982)
Net change in unrealized appreciation (depreciation) of investments	33,604	(2,031,321)
Total income	1,611,969	(2,332,412)
Expenses		
Management fees (Note 7)	160,183	253,235
Administrative and other expenses	20,362	39,387
Custodian fees	33,581	38,793
HST expense	29,847	35,602
Independent Review Committee fees	8,333	22,207
Audit fees	13,267	13,341
Legal fees	10,549	8,633
Withholding Taxes	2,734	3,741
Transaction Costs	20,590	-
Total operating expenses	299,446	414,939
Operating profit	1,312,523	(2,747,351)
Increase in net assets attributable to holders of redeemable units	1,312,523	(2,747,351)
Increase in net assets attributable to holders of redeemable units		
Class A	1,010,701	(2,573,469)
Class F	301,822	(173,882)
	1,312,523	(2,747,351)
Daily average number of redeemable units outstanding		
Class A	3,522,642	5,489,736
Class F	945,206	923,476
	4,467,848	6,413,212
Increase in net assets attributable to holders of redeemable units per unit per unit		
Class A	0.2869	(0.4688)
Class F	0.3193	(0.1883)

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 six months periods ended June 30, 2021 and 2020 (Unaudited)

	2021	2020
	\$	\$
Net assets attributable to holders of redeemable units at beginning of period		
Class A	31,877,593	52,716,553
Class F	8,797,500	8,616,520
	40,675,093	61,333,073
Distributions to redeemable unitholders		
From net investment income		
Class A	(643,887)	(784,928)
Class F	(168,139)	(135,558)
	(812,026)	(920,486)
From capital gain		
Class A	-	(515,042)
Class F	-	(88,949)
	-	(603,991)
From return of capital		
Class A	(182,549)	-
Class F	(47,669)	-
	(230,218)	-
Total distributions to redeemable unitholders		
Class A	(826,436)	(1,299,970)
Class F	(215,808)	(224,507)
	(1,042,244)	(1,524,477)
Redeemable unit transactions (Note 5)		
Proceeds from units issued		
Class A	18,374,530	11,158,430
Class F	2,388,000	1,998,000
	20,762,530	13,156,430
Amount paid for units redeemed		
Class A	(6,251,206)	(15,047,481)
Class F	(508,108)	(814,300)
	(6,759,314)	(15,861,781)
Reinvestment of distributions		
Class A	608,364	985,778
Class F	174,617	183,110
	782,981	1,168,888
Total redeemable unit transactions		
Class A	12,731,688	(2,903,273)
Class F	2,054,509	1,366,810
	14,786,199	(1,536,463)
Increase in net assets attributable to holders of redeemable units		
Class A	1,010,701	(2,573,469)
Class F	301,822	(173,882)
	1,312,523	(2,747,351)
Net assets attributable to holders of redeemable units at end of period		
Class A	44,793,546	45,939,841
Class F	10,938,023	9,584,941
	55,731,569	55,524,782

STATEMENTS OF CASH FLOWS

For the six months periods ended June 30, 2021 and 2020 (Unaudited)

	2021	2020
	\$	\$
Cash provided by (used in) operating activities		
Net increase in net assets attributable to holders of redeemable units	1,312,523	(2,747,351)
Adjustments for		
Interest income on short-term notes	-	(14,285)
Net (gain) on foreign exchange	(112)	(2)
Net realized (gain) loss on investments excluding foreign currency	(641,283)	1,841,982
Net change in unrealized (appreciation) depreciation of investments	(33,606)	2,031,321
Purchase of investments	(59,088,024)	(138,583,594)
Proceeds from sale of investments	45,458,293	139,791,690
Transaction costs	20,590	35,602
(Increase) Decrease in accrued interest and dividends receivable	(143,438)	84,546
Decrease in prepaid fees	8,209	-
Increase (Decrease) in accrued expenses	6,547	(1,027)
Increase in investment purchases payable	869,680	499,875
Net cash used in operating activities	(12,230,621)	2,938,757
Cash provided by (used in) financing activities		
Subscriptions received in advance	(396,100)	24,500
Payable for units redeemed	258,295	6,303
Distributions paid to holders of redeemable units, net of reinvested distributions	(42,837)	(132,651)
Proceeds from units issued	20,762,530	13,156,430
Amount paid for units redeemed	(6,759,312)	(15,861,781)
Net cash provided by (used in) financing activities	13,822,576	(2,807,199)
Increase in cash	1,591,955	131,558
Net gain on foreign exchange	112	2
Cash, beginning of year (period)	55,243	24,564
Cash, end of year (period)	1,647,310	156,124
Interest received	724,725	1,490,149
Dividends received, net of withholding taxes	68,805	135,286

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

Ridgewood Tactical Yield Fund
Schedule of investments
As at June 30, 2021

Par Value	Average Cost	Fair Value	% of Portfolio
	\$	\$	
Federal Bonds			
2,495,000 Canadian Government Bond, 2.000%, December 01, 2051	2,459,095	2,586,828	
Total Federal Bonds	2,459,095	2,586,828	4.64%
Provincial Bonds			
1,000,000 Province of Manitoba, 2.050%, September 05, 2052	862,996	871,671	
Total Provincial Bonds	862,996	871,671	1.56%
Corporate Bonds			
500,000 AutoCanada Inc., 8.750%, February 11, 2025	478,750	540,417	
750,000 AutoCanada Inc., 8.750%, February 11, 2025	799,688	811,875	
1,000,000 Cameco Corp., 5.090%, November 14, 2042	1,049,000	1,082,166	
1,000,000 Canadian Western Bank, 6.000%, April 30, 2081	1,018,000	1,072,289	
500,000 Canadian Western Bank, 5.000%, July 31, 2081	500,000	506,985	
2,000,000 Corus Entertainment Inc., 5.000%, May 11, 2028	2,005,950	2,020,000	
1,500,000 Dominion Building Materials Group Ltd., 5.250%, May 15, 2026	1,507,500	1,498,845	
500,000 Empire Communities Corp., 7.375%, December 15, 2025	500,000	524,696	
1,000,000 Enbridge Inc., 5.375%, September 27, 2077	1,025,448	1,055,822	
1,000,000 Fairfax Financial Holdings Ltd., 3.950%, March 03, 2031	1,011,450	1,034,520	
1,250,000 Gibson Energy Inc., 5.250%, December 22, 2080	1,262,438	1,269,453	
1,000,000 Golf Town Canada Inc. / Golfsmith International Holdings Inc., 10.5%, July 24, 2022	871,866	-	
2,000,000 Inter Pipeline Ltd., 6.625%, November 19, 2079	2,134,999	2,203,097	
500,000 Invesque Inc., 5.000%, January 31, 2022	476,383	578,904	
1,341,000 Keyera Corp., 6.875%, June 13, 2079	1,334,870	1,489,127	
1,000,000 Keyera Corp., 5.950%, March 10, 2081	1,008,625	1,034,482	
1,000,000 Kruger Packaging Holdings LP, 6.000%, June 01, 2026	1,000,000	1,072,083	
1,000,000 Kruger Products LP, 6.000%, April 24, 2025	1,023,750	1,044,375	
1,000,000 Laurentian Bank of Canada, 5.300%, June 15, 2081	1,000,000	1,018,649	
2,000,000 Morguard Corp., 4.204%, November 27, 2024	2,017,400	2,012,321	
1,000,000 Park Lawn Corp., 5.750%, December 31, 2025	1,000,000	1,049,290	
1,000,000 Parkland Corp/Canada, 6.000%, June 23, 2028	1,000,000	1,075,333	
2,300,000 Pembina Pipeline Corp., 4.800%, January 25, 2081	2,271,165	2,259,141	
1,000,000 Russel Metals Inc., 6.000%, March 16, 2026	1,000,000	1,050,521	
1,500,000 Sagen MI Canada Inc., 4.950%, March 24, 2081	1,520,500	1,522,955	
1,000,000 Secure Energy Services Inc., 7.250%, December 30, 2026	1,000,000	1,010,625	
500,000 TransAlta Corp., 7.300%, October 22, 2029	601,250	602,301	
1,000,000 TransAlta Corp., 6.900%, November 15, 2030	1,182,500	1,195,466	
500,000 Transcanada Trust, 4.650%, May 18, 2077	513,200	519,032	
1,500,000 Transcanada Trust, 4.200%, March 04, 2081	1,482,100	1,477,205	
946,000 WildBrain Ltd., 5.875%, September 30, 2024	816,203	932,945	
Total Corporate Bonds	34,413,035	34,564,920	62.02%
Equities			
52,778 BSR Real Estate Investment Trust	722,220	865,559	
60,000 Dream Industrial Real Estate Investment Trust	738,112	916,800	
37,700 Capital Power Corp.	949,043	972,660	
50,000 First Capital Real Estate Investment Trust	891,494	880,000	
55,000 Killam Apartment Real Estate Investment Trust	1,003,648	1,114,850	
75,000 NorthWest Healthcare Properties Real Estate Investment Trust	912,519	954,750	
80,000 Slate Grocery Real Estate Investment Trust	963,271	1,028,000	
65,000 Tricon Residential Inc.	848,592	926,900	
Total Equities	7,028,899	7,659,519	13.74%
Mortgage Backed Securities			
500,000 Institutional Mortgage Securities Canada Inc., 4.619%, January 12, 2023	501,835	502,750	
1,457,000 Institutional Mortgage Securities Canada Inc., 4.592%, November 12, 2023	1,415,897	1,431,503	
1,000,000 Institutional Mortgage Securities Canada Inc., 3.832%, March 12, 2025	908,050	987,500	
1,000,000 Institutional Mortgage Securities Canada Inc., 3.832%, March 12, 2025	869,123	967,500	
1,000,000 Institutional Mortgage Securities Canada Inc., 3.778%, October 12, 2026	836,370	930,000	
1,000,000 Institutional Mortgage Securities Canada Inc., 4.696%, July 12, 2045	897,500	999,163	
1,013,000 Real Estate Asset Liquidity Trust, 3.676%, May 12, 2051	876,367	979,571	
1,000,000 Real Estate Asset Liquidity Trust, 4.342%, August 12, 2053	884,459	984,000	
1,375,000 Real Estate Asset Liquidity Trust, 4.215%, June 12, 2054	1,275,506	1,320,000	
Total Mortgage Backed Securities	8,465,107	9,101,987	16.34%
Investments	53,229,132	54,784,925	98.30%
Transaction costs	(12,741)		
	53,216,391	54,784,925	98.30%
Total Investments	53,216,391	54,784,925	98.30%
Cash and other assets, net of liabilities		946,644	1.70%
Net Assets		55,731,569	100.00%

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

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 1020, 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 August 18, 2021.

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 semi-annual financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) 34: Interim Financial Reporting as published by the International Accounting Standards Board (IASB).

4. Summary of significant accounting policies

Financial instruments

Financial instruments include financial assets and liabilities such as debt and equity securities, open-ended investment funds and derivatives, cash and other trade 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 Funds have 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.

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

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

approach, whereby any loss allowance is recognized based on the lifetime ECLs. Given the short-term nature of the trade receivables and high credit quality, these trade receivables are not considered impaired.

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

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 Funds' 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 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.

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.

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

4. Summary of significant accounting policies (continued)

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.

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.

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

4. Summary of significant accounting policies (continued)

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

The Fund considers observable data to be market data that is readily available, regularly distributed and updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. Refer to Note 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 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.

As of July 1, 2018, the previously issued units of the Fund were renamed class A units and an additional class of units designated as class F units were created for the Fund. Units of class F were issued July 3, 2018.

Following are the redeemable unit transactions during the periods from January 1 to June 30, 2021 and January 1 to December 31, 2020:

	2021		2020	
	Class A	Class F	Class A	Class F
Units outstanding, beginning of period	3,373,222	901,708	5,516,164	884,552
Units issued for cash	1,964,247	245,883	1,265,908	221,269
Units redeemed	(666,439)	(52,375)	(3,628,641)	(249,969)
Reinvestment of distribution	65,082	18,039	219,791	45,856
Units outstanding, end of period	4,736,112	1,113,255	3,373,222	901,708

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

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 period ended June 30, 2021 amounted to \$160,183 (2020 - \$253,235).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee ("IRC") during the six month period ended June 30, 2021 was \$ 8,333 (2020 - \$22,207).

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 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.

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

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, 2020, the Fund had capital losses of \$1,720,161 (2019 - \$883,387) 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 repricing or maturity dates.

	As at June 30, 2021							
	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	1,647,310	-	578,904	1,934,253	12,492,368	32,119,881	7,659,519	56,432,235

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

11. Financial instruments and risk management (continued)

	As at December 31, 2020							
	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	55,243	-		1,941,860	6,786,522	25,426,043	6,346,472	40,556,140

At June 30, 2021, 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 period would amount to approximately \$ 3.6 million (December 31, 2020 - \$3.7 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 \$ 3.6 million (December 31, 2020 - \$3.7 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 A/A and B/B rated securities.

The Fund invests in financial assets, which have an investment grade as rated based on Standard & Poor, and Moody's.

Portfolio by rating category

Rating	June 30, 2021 As a % of Net Assets
AAA/Aaa	4.64%
A/A	5.97%
BBB/Baa	27.54%
BB/Ba	32.90%
B/B	9.74%
Unrated	5.51%
Total	86.30%

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

11. Financial instruments and risk management (continued)

Credit Risk (continued)

Portfolio by rating category

Rating	December 31, 2020 As a % of Net Assets
AAA/Aaa	16.56%
A/A	1.24%
BBB/Baa	35.64%
BB/Ba	22.27%
B/B	2.55%
CCC/Caa	2.62%
Unrated	5.02%
Total	85.90%

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 June 30, 2021, the Fund held \$591,803 (December 31, 2020 – \$713,417) in assets and liabilities denominated in currencies other than the Canadian dollar. As at December 31, 2020, 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 \$29,590 (December 31, 2020 - \$35,671).

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.

There is no short-term investments as of June 30, 2021 (December 31, 2020 - nil) which are invested in Canadian Government Treasury Bill and Discount Commercial Paper with less than 150 days to maturity. The Fund's accrued liabilities are generally due and paid within three months.

June 30, 2021

Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 319,095	\$ 319,095
Accrued expenses	-	92,167	92,167
Distributions payable	-	216,426	216,426
Due to brokers	-	869,680	869,680
Net Assets attributable to holders of redeemable units	55,731,569	-	55,731,569
Total Liabilities	\$ 55,731,569	\$ 1,497,368	\$ 57,228,937

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

11. Financial instruments and risk management (continued)

December 31, 2020			
Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 60,800	\$ 60,800
Accrued expenses	-	77,411	77,411
Net Assets attributable to holders of redeemable units	40,675,093	-	40,675,093
Total Liabilities	\$ 40,675,093	\$ 138,211	\$ 40,813,304

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	June 30, 2021	December 31, 2020
Federal Bonds	4.64%	16.56%
Provincial Bonds	1.56%	0.00%
Corporate Bonds	62.02%	43.43%
Mortgage Backed Securities	16.34%	23.98%
Equities	13.74%	15.60%
Total	98.30%	99.57%

The COVID-19 global pandemic is likely to have an ongoing effect on the financial markets where the fund operates. The Fund management performs routine risk assessment procedures and robust controls over its accounts, balances, and transactions. As at the Financial Statement Issue Date, there are no material events or conditions that impact the Fund's ability to continue as a going concern.

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 June 30, 2021 and December 31, 2020.

	Financial assets at fair value as of June 30, 2021			
	Level 1	Level 2	Level 3	Total
Cash	\$ 1,647,310	\$ -	\$ -	\$ 1,647,310
Bonds	-	38,023,419	-	38,023,419
Mortgage Backed Securities (MBS)	-	9,101,987	-	9,101,987
Equities	7,659,519	-	-	7,659,519
	9,306,829	47,125,406	-	56,432,235

Ridgewood Tactical Yield Fund

Notes to the Financial Statements

June 30, 2021 (Unaudited)

12. Financial Instruments (continued)

Fair Value Disclosure (continued)

	Financial assets at fair value as of December 31, 2020			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	55,243		-	55,243
Bonds		24,390,717	10,000	24,400,717
Mortgage Backed Securities (MBS)		9,753,708	-	9,753,708
Equities	6,346,472		-	6,346,472
	6,401,715	34,144,425	10,000	40,556,140

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the period ended June 30, 2021 and December 31, 2020.

The following is a reconciliation of Level 3 fair value assets as at June 30, 2021.

For the period ended June 30, 2021:

	Balance at January 01, 2021	Purchases	Sales	Net transfers	Realized gain (loss)	Unrealized gain (loss)	Balance at June 30, 2021
Bonds	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$-10,000	\$ 0
Mortgage Backed Securities	-	-	-	\$-	-	-	-
Total	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$-10,000	\$ 0

The following is a reconciliation of Level 3 fair value assets as at December 31, 2020. The potential impact of a 5% change in value would have increased/ (decreased) Level 3 assets by \$500.

For the year ended December 31, 2020:

	Balance at December 31, 2019	Purchases	Sales	Net transfers	Realized gain (loss)	Unrealized gain (loss)	Balance at December 30, 2020
Bonds	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,000
Mortgage Backed Securities	-	-	-	\$ -	-	-	-
Total	\$ 10,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$10,000

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.