



Ridgewood Canadian Bond Fund

Interim Financial Report (Unaudited)
For the six months ended June 30, 2012

Ridgewood Canadian Bond Fund
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Message to Unitholders

Capital markets in the first part of 2012 can be characterized as structurally weak save for bonds and U.S. equities. A number of European banks were downgraded as real estate write-downs, high debt loads and declining revenues finally caught up with them. Credit default swaps, which are a form of insurance on bond holdings, remain higher than government yields although not at the levels seen in 2008 or 2011. Riots were the norm in Greece and that has now shifted to Spain and Italy as they have been the hardest hit on recent austerity measures aimed at bringing down their budget deficits. The flight to quality to Canadian Government bonds pushed interest rates down across the yield curve to levels not seen since the collapse of Lehman Brothers in 2008.

During the second quarter, sovereign risk is still the concern but the European Central Bank (ECB) seems to be focused on trying to save the situation. Government bonds performed well during this period but corporate bonds were the top performing sector in the bond market. Given the decline in interest rates, bonds have been the most attractive asset class this year although U.S. equities are beginning to challenge them. Currently corporate bond spreads represent excellent value and our view is to take advantage of the current yields to add to corporate positions in the portfolio.

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

It appears that the global economy is heading into a soft patch in the second half of 2012 and we will be fully invested in our bond portfolios. We prefer bonds with longer maturities given the steepness of the yield curve and the fact that overnight interest rates will not rise for the foreseeable future. Corporate bonds represent excellent value and will continue to be one of the top performing sectors.

June 30, 2012

Ridgewood Canadian Bond Fund

Interim Financial Report 2012 (Unaudited)

UNAUDITED SEMI-ANNUAL REPORT STATEMENT

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

Ridgewood Tactical Yield Fund

Management's Responsibility for Financial Reporting

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

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



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



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

Ridgewood Canadian Bond Fund

Statements of Net Assets

As at June 30, 2012 (Unaudited) and December 31, 2011 (Audited)

	2012	2011
ASSETS		
Investments at fair value (cost 2012 - \$128,708,352; 2011 - \$124,130,770)	\$ 133,131,096	\$ 125,264,923
Short-term investments at fair value (cost 2012 - \$10,165,486; 2011 - \$25,994,748)	10,167,293	26,003,140
Cash	109,532	2,549
Accrued interest and dividend receivable	636,457	1,023,120
Prepaid fees	5,603	-
Subscriptions receivable	138,500	-
	144,188,481	152,293,732
LIABILITIES		
Accrued liabilities	61,982	188,872
Distributions Payable	384,277	-
Due to Brokers	1,807,263	-
Redemptions payable	39,848	84,269
	2,293,370	273,141
Net assets, represented by unitholders' equity	\$ 141,895,111	\$ 152,020,591
Number of units outstanding (Note 4)	12,809,227	14,141,272
Net assets per unit	\$ 11.0776	\$ 10.7501

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

Director:



Director:



Statements of Financial Operations

For the six months ended June 30 (Unaudited)

	2012	2011
Revenue		
Interest	\$ 2,999,859	\$ 3,804,434
EXPENSES (Note 5)		
Management fees	600,862	592,103
HST/GST expense	72,254	81,493
Administrative and other expenses	28,445	81,136
Custodian fees	35,151	31,403
Audit fees	13,958	10,859
Legal fees	12,526	21,255
Independent review committee fees	8,933	13,100
	772,129	831,349
Less expenses absorbed by Manager	-	-
Net Investment Income	772,129	831,349
Gain on sale of investments	2,227,730	2,973,085
Change in unrealized appreciation (depreciation) of investments	1,012,724	921,235
Change in unrealized appreciation (depreciation) of investments	3,282,007	(1,645,471)
Net gain (loss) on investments	4,294,731	(724,236)
Increase in net assets from operations	\$ 6,522,461	\$ 2,248,849
Increase in net assets from operations per unit (based on weighted average number of units outstanding during the period - 2012 - 12,739,008; 2011 - 12,528,249)	\$ 0.5120	\$ 0.1795

(See accompanying notes to financial statements)

Ridgewood Canadian Bond Fund

Statements of Changes in Net Assets

For the six months ended June 30 (Unaudited)

	2012	2011
NET ASSETS, BEGINNING OF PERIOD	152,020,591	\$ 136,328,113
Unit Transactions (Note 4)		
Proceeds from units issued	27,729,039	63,865,528
Amount paid for units redeemed	(43,897,740)	(24,480,324)
Reinvestment of distributions	1,942,103	1,634,271
	(14,226,598)	41,019,475
Increase in Net Assets from Operations	6,522,461	2,248,849
DISTRIBUTIONS TO UNITHOLDERS (Note 6)		
From net investment income	(2,421,343)	(2,526,784)
From capital gains	-	-
	(2,421,343)	(2,526,784)
Changes in Net Assets during the period	(10,125,480)	40,741,540
NET ASSETS, END OF PERIOD	\$ 141,895,111	\$ 177,069,653

Statements of Gain on Sale of Investments

For the six months ended June 30 (Unaudited)

	2011	2010
PROCEEDS FROM SALE OF INVESTMENTS	\$ 193,655,519	\$ 314,858,109
COST OF INVESTMENTS SOLD		
Cost of investments, beginning of period	124,130,770	127,641,335
Cost of investments purchased	197,220,377	340,276,188
	321,351,147	467,917,523
Cost of investments, end of period	(128,708,352)	(153,980,649)
	192,642,795	313,936,874
GAIN ON SALE OF INVESTMENTS	\$ 1,012,724	\$ 921,235

(See accompanying notes to financial statements)

Ridgewood Canadian Bond Fund

Statement of Investments

As at June 30, 2012 (Unaudited)

Par Value		Average Cost	Fair Value	% of Portfolio
		\$	\$	
Short-term Investments				
Treasury Bills				
10,205,000	Canada Treasury Bill, 1.002%, November 22, 2012	10,165,486	10,167,293	7.10%
Investments				
Federal Bonds				
13,000,000	Canadian Government Bond, 1.500%, March 01, 2017	13,086,900	13,145,925	
20,650,000	Canadian Government Bond, 2.750%, June 01, 2022	22,335,295	22,540,212	
4,430,000	Canadian Government Bond, 4.000%, June 1, 2041	5,753,008	5,981,192	
Total Federal Bonds		41,175,203	41,667,329	29.08%
Provincial Bonds				
4,000,000	Province of Manitoba, 3.850%, December 01, 2021	4,308,150	4,416,179	
4,000,000	Province of Nova Scotia, 4.400%, June 01, 2042	4,580,914	4,697,380	
5,000,000	Province of Nova Scotia, 4.100%, June 01, 2021	5,498,530	5,576,450	
4,000,000	Province of Saskatchewan, 3.400%, February 03, 2042	4,009,470	4,131,853	
Total Provincial Bonds		18,397,064	18,821,862	13.13%
Corporate Bonds				
5,000,000	Canada Housing Trust No. 1, 2.650%, March 15, 2022	5,036,060	5,169,580	
7,700,000	Citigroup Inc., 4.650%, October 11, 2022	6,797,342	7,147,909	
9,086,000	Citigroup Inc., 5.160%, May 24, 2027	7,805,673	8,054,890	
985,000	Glacier Credit Card Trust, 4.765%, May 20, 2014	918,013	1,024,183	
1,500,000	Lloyds TSB Bank PLC, 10.125%, December 16, 2021	1,515,626	1,593,717	
1,000,000	Loblaw Cos Ltd., 5.860%, June 18, 2043	876,610	1,076,078	
6,630,000	Merrill Lynch & Co., Inc., 5.290%, May 30, 2022	6,311,946	6,156,147	
6,500,000	The Goldman Sachs Group Inc., 5.200%, April 19, 2022	6,329,246	6,029,605	
Total Corporate Bonds		35,590,516	36,252,109	25.30%
Mortgage Backed Securities				
2,496,000	Merrill Lynch Financial Assets Inc., 4.642%, October 12, 2016	2,102,153	2,562,144	
5,247,000	Merrill Lynch Financial Assets Inc., 4.878%, April 12, 2017	3,215,705	3,614,867	
1,900,000	Merrill Lynch Financial Assets Inc., 5.543%, August 12, 2017	1,864,350	1,970,698	
7,071,000	Merrill Lynch Financial Assets Inc., 5.543%, August 12, 2017	6,438,556	7,573,550	
4,000,000	Merrill Lynch Financial Assets Inc., 5.219%, January 12, 2040	3,718,200	3,780,400	
4,710,000	Merrill Lynch Financial Assets Inc., 5.735%, May 12, 2044	4,452,599	4,452,599	
7,338,000	Merrill Lynch Financial, 5.458%, June 12, 2039	6,729,404	7,165,557	
6,188,000	Merrill Lynch Financial, 5.143%, March 12, 2049	4,828,740	5,066,116	
195,000	N-45 First Class CMBS Issuer Corp., 5.667%, November 15, 2020	195,862	203,865	
Total Mortgage Backed Securities		33,545,569	36,389,796	25.39%
Total Bonds and Mortgage Backed Securities		128,708,352	133,131,096	92.90%
Total Investments		138,873,838	143,298,389	100.00%

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2012 (Unaudited)

1. ESTABLISHMENT OF THE FUND

Ridgewood Canadian Bond Fund (the "Fund") is an open-end trust existing under the laws of the Province of Ontario and governed by 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 Declaration dated February 18, 1999, as amended on September 1, 2008. The Fund began operation on February 19, 1999.

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

2. INVESTMENT OBJECTIVE OF THE FUND

The investment objective of the Fund is to achieve a high level of income, consistent with the preservation of capital and liquidity, from a portfolio of fixed income securities. The Fund is invested primarily in liquid Canadian federal and provincial government securities and those of Canadian corporations rated "BBB" or better by Canadian Bond Rating Service Limited or Dominion Bond Rating Service Limited or other recognized rating agency. The Fund may also invest in comparable fixed income securities of foreign issuers. Assets of the Fund may also be held in interest-bearing accounts at a bank or trust company, including the custodian, invested in guaranteed investment certificates or invested in Canadian short-term debt obligations.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Capital Disclosures

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

Valuation of Investments

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

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

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

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

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

Income Recognition

Interest income is recognized as accrued.

Financial Instruments - Disclosures

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

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

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

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2012 (Unaudited)

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

Please see Note 11 for these disclosures.

4. UNITHOLDERS' EQUITY

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

Following are the unit transactions for the period from January 1 to June 30, 2012 and January 1 to December 31, 2011 during the year:

	2012	2011
Units outstanding,		
Beginning of period	14,141,272	12,101,350
Units issued for cash	2,523,636	8,304,419
Units redeemed	(4,034,186)	(6,801,337)
Units issued on	178,505	
reinvestment of distributions		536,840
Units outstanding, end of period	12,809,227	14,141,272

5. MANAGEMENT FEES AND EXPENSES

Ridgewood is entitled to an annual management fee payable out of the assets of the Fund. The maximum management fee is equal to 1.00% (excluding HST) of the weighted average net asset value of the Fund less ordinary expenses of the Fund (the "Maximum Ordinary Expenses"). The Maximum Ordinary Expenses acts as a cap on the management fee and ordinary expenses of the Fund.

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

6. DISTRIBUTIONS

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

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

7. INCOME TAXES

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

As at December 31, 2011, capital losses of \$10,015,549 (2010 - \$0) are available for utilization against realized gains on sales of investments in future years. The capital losses can be carried forward indefinitely.

8. NET ASSET VALUE AND NET ASSETS

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

June 30	2012	2011
Net Asset Value	11.12	11.34
Net Assets	11.08	11.32

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2012 (Unaudited)

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

Interest Rate Risk

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

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

	Less than 1 month	1 - 3 months	3 months - 1 year
As at June 30, 2012			
Interest Rate Exposure	\$ 109,532	\$ -	\$ 10,167,293

	1 - 3 years	3-5 years	More than 5 years
As at June 30, 2012			
Interest Rate Exposure	\$ 1,024,183	\$ 24,334,341	\$ 107,772,572

	Non Interest bearing	Total
As at June 30, 2012		
Interest Rate Exposure	\$ -	\$ 143,407,921

	Less than 1 month	1 - 3 months	3 months - 1 year
As at December 31, 2011			
Interest Rate Exposure	\$ -	\$ -	\$ 26,003,140

	1 - 3 years	3-5 years	More than 5 years
As at December 31, 2011			
Interest Rate Exposure	\$ 8,990,316	\$ 6,740,216	\$ 109,534,391

	Non Interest bearing	Total
As at December 31, 2011		
Interest Rate Exposure	\$ -	\$ 151,268,063

At June 30, 2012, should interest rates have decreased by 100 basis points with all other variables remaining constant, the increase in net assets for the period would amount to approximately \$9.7 million (December 31, 2011 - \$9.9 million), arising substantially from the increase in market values of debt securities, with a small portion affecting interest rate futures. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets would amount to approximately \$9.7 million (December 31, 2011 - \$9.9 million).

Credit Risk

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

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

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

Portfolio by rating category	
June 30, 2012	
Rating	As a % of Net Assets
AAA/Aaa	52.92%
AA/Aa	4.50%
A/A	7.96%
BBB/Baa	35.61%
Unrated	0.00%
Total	100.99%

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2012 (Unaudited)

Portfolio by rating category	
December 31, 2011	
Rating	As a % of Net Assets
AAA/Aaa	29.86%
AA/Aa	23.64%
A/A	4.60%
BBB/Baa	41.40%
Unrated	0.00%
Total	99.50%

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

Currency Risk

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

Liquidity Risk

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

The Fund's short-term investments of approximately \$XX million are invested in Canadian Government treasury bills with less than XX days to maturity, so redemption requests can be readily facilitated. The Fund's accrued liabilities are generally due and paid within three months.

10. FUTURE ACCOUNTING POLICY CHANGES

In January 2011, the Canadian Accounting Standards Board deferred the adoption of IFRS for another year. The Fund will be required to comply with International Financial Reporting Standards for the year beginning January 1, 2014.

11. Financial Instruments – Disclosures

Fair Value Disclosure

The Fund's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with the amendment to CICA 3862. See Note 3 for a discussion of the Fund's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of June 30, 2012 and December 31, 2011.

	as of June 30, 2012			Total
	Level 1	Level 2	Level 3	
Cash	109,532	-	-	109,532
Bonds	-	96,741,300	-	96,741,300
Mortgage Backed Securities (MBS)	-	36,389,796	-	36,389,796
Short Term Investments	-	10,167,293	-	10,167,293
	109,532	143,298,389	-	143,407,921

	as of December 31, 2011			Total
	Level 1	Level 2	Level 3	
Cash	2,549	-	-	2,549
Bonds	-	92,444,937	-	92,444,937
Mortgage Backed Securities (MBS)	-	32,819,986	-	32,819,986
Short Term Investments	-	26,003,140	-	26,003,140
	2,549	151,268,063	-	151,270,612

The following is a reconciliation of Level 3 fair value assets from January 1, 2011 to December 31, 2011. The potential impact of using other reasonable assumptions for valuing the level 3 assets would increase their fair value by approximately \$1 million or decrease their fair value by \$1 million if there had been a shift of plus or minus 0.50bp.

Fair value measurements using Level 3 inputs

	Mortgage Backed Securities
Balance at January 1, 2011	12,075,102
Net purchases and sales	(6,810,064)
Net transfers in (out)	(6,740,216)
Gains (Losses)	-
Realized	1,384,532
Unrealized	90,646
Balance at December 31, 2011	-

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