

This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be offered for sale and therein only by persons permitted to sell such securities.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Ridgewood Capital Asset Management Inc., the manager of Ridgewood Canadian Investment Grade Bond Fund, at its head office located at 55 University Avenue, Suite 1020, Toronto, Ontario, M5J 2H7, or by calling 416-842-0227, and are also available electronically at www.sedar.com.

New Issue

SHORT FORM BASE SHELF PROSPECTUS

September 9, 2020



\$400,000,000

Units

During the 25-month period that this short form base shelf prospectus, including any amendments hereto, remains effective, Ridgewood Canadian Investment Grade Bond Fund (the "Fund") may from time to time offer and issue its trust units (the "Units") in an aggregate principal amount of up to \$400,000,000. Units may be offered in such amount as may be determined in light of market conditions. The specific terms of the Units in respect of which this short form base shelf prospectus is being delivered will be set forth in one or more prospectus supplements (each a "Prospectus Supplement") to be delivered to purchasers together with this short form base shelf prospectus, and may include, where applicable, the aggregate offered amount, the number of Units offered and the issue price. Each such Prospectus Supplement will be incorporated by reference into this short form base shelf prospectus for the purposes of securities legislation as of the date of each such Prospectus Supplement and only for the purposes of the distribution of Units to which such Prospectus Supplement pertains.

The Fund is a non-redeemable investment fund formed as a trust under the laws of the Province of Ontario. The Fund invests in a portfolio (the "Portfolio") consisting primarily of investment grade bonds of Canadian issuers. In addition, the Fund may invest up to 25% of the Portfolio in investment grade bonds issued by non-Canadian issuers. The Portfolio is actively managed by Ridgewood Capital Asset Management Inc., which acts as trustee, manager and portfolio advisor of the Fund.

The Fund may sell Units to or through underwriters or dealers or directly to investors or through agents. The Prospectus Supplement relating to the Units offered by the Fund will identify each person who may be deemed to be an underwriter with respect to such Units and will set forth the terms of the offering of such Units, including, to the extent applicable, the offering price, the proceeds to the Fund, the underwriting commissions and any other fees, discounts or concessions to be allowed or reallocated to dealers. The lead underwriter or lead agent or underwriters or agents with respect to the Units sold to or through underwriters will be named in the related Prospectus Supplement. The underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Units offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. See "Plan of Distribution".

The Units may be sold from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales in transactions that are deemed to be "at-the-market distributions" as defined in National Instrument 44-102 - *Shelf Distributions* ("NI 44-102"), including sales made directly on the Toronto Stock

Exchange (the “TSX”) or other existing trading markets for the Units. The prices at which the Units may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of Units at a fixed price or prices, the underwriters, dealers or agents have made a bona fide effort to sell all of the Units at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters, dealers or agents will be decreased by the amount that the aggregate price paid by purchasers for the Unit is less than the gross proceeds paid by the underwriters, dealers or agents to the Fund.

In connection with any offering of Securities, other than an “at-the-market distribution” (as defined under applicable Canadian securities legislation), unless otherwise specified in a Prospectus Supplement, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Units at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. A purchaser who acquires Units forming part of the underwriters’, dealers’ or agents’ over-allocation position acquires those securities under this Prospectus and the Prospectus Supplement relating to the particular offering of Units, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases. See “*Plan of Distribution*”. No underwriter, dealer or agent involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter, dealer or agent and no person or company acting jointly or in concert with such underwriter, dealer or agent will over-allot Units in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Units.

The Units are listed on the TSX under the symbol RIB.UN. On September 8, 2020, the closing price on the TSX of the Units was \$16.80.

An investment in the Units involves a degree of risk. It is important for prospective investors to consider the risk factors described in this short form base shelf prospectus. See “*Risk Factors*”.

TABLE OF CONTENTS

GLOSSARY OF TERMS	1
FORWARD LOOKING STATEMENTS.....	3
DOCUMENTS INCORPORATED BY REFERENCE.....	3
THE FUND.....	5
INVESTMENT OVERVIEW.....	5
DESCRIPTION OF UNITS AND UNITHOLDER MATTERS.....	6
USE OF PROCEEDS	11
PLAN OF DISTRIBUTION	11
ORGANIZATION AND MANAGEMENT OF THE FUND.....	13
RISK FACTORS.....	13
EXEMPTIONS	17
FEES AND EXPENSES.....	17
LEGAL MATTERS	17
PURCHASERS' STATUTORY RIGHTS.....	18
CERTIFICATE OF THE FUND AND THE MANAGER.....	1

GLOSSARY OF TERMS

In this short form base shelf prospectus, the following terms have the meanings set forth below, unless otherwise indicated. Unless otherwise indicated, all references to dollar amounts in this short form base shelf prospectus are to Canadian dollars.

“**1933 Act**” means the United States *Securities Act of 1933*, as it may be amended from time to time.

“**Annual Redemption Date**” means the second last Business Day of December of each year.

“**Business Day**” means any day on which the TSX is open for business.

“**cash equivalents**” means, and for the purposes of “cash cover” and “cash covered put option”, “cash” as used therein means:

- (a) cash on deposit at the Custodian;
- (b) an evidence of indebtedness that has a remaining term to maturity of 365 days or less and that is issued, or fully and unconditionally guaranteed as to principal and interest, by:
 - (i) any of the federal or provincial Governments of Canada;
 - (ii) the Government of the United States; or
 - (iii) a Canadian financial institution;

provided that, in the case of (ii) and (iii), such evidence of indebtedness has a rating of at least R-1 (mid) by DBRS or the equivalent rating from another designated rating organization; or

- (c) other cash cover as defined in NI 81-102.

“**CRA**” means the Canada Revenue Agency.

“**Custodial Services Agreement**” means the custodial services agreement made as of December 17, 2009 among the Fund, the Custodian, CIBC Mellon Global Securities Services Company, Canadian Imperial Bank of Commerce and The Bank of New York Mellon.

“**Custodian**” means CIBC Mellon Trust Company, in its capacity as custodian under the Custodial Services Agreement, or such other custodian as may be appointed from time to time by the Fund.

“**DBRS**” means DBRS Limited.

“**Declaration of Trust**” means the amended and restated declaration of trust governing the Fund dated January 15, 2015, as amended pursuant to amendment no. 1 thereto dated September 24, 2019, as it may be further amended, restated or supplemented from time to time.

“**Fund**” means Ridgewood Canadian Investment Grade Bond Fund, a non-redeemable investment fund organized as a trust under the laws of the Province of Ontario.

“**IRC**” means the independent review committee established by the Manager for the Fund pursuant to NI 81 - 107.

“**Manager**” means Ridgewood Capital Asset Management Inc., in its capacity as manager of the Fund, or if applicable, its successor.

“**Management Fee**” has the meaning given to such term under “*Fees and Expenses - Management Fee*”.

“**Monthly Redemption Date**” means the Redemption Date in any month other than December.

“**NAV per Unit**” means the NAV of the Fund divided by the number of Units then outstanding.

“**Net Asset Value**” or “**NAV**” means the net asset value of the Fund which, on any date, will be equal to the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities of the Fund on that date.

“**NI 44-102**” means National Instrument 44-102 - *Shelf Distributions* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-102**” means National Instrument 81-102 - *Investment Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-106**” means National Instrument 81-106 - *Investment Fund Continuous Disclosure* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**NI 81-107**” means National Instrument 81-107 - *Independent Review Committee for Mutual Funds* of the Canadian Securities Administrators (or any successor policy, rule or national instrument), as it may be amended from time to time.

“**Portfolio**” means the Fund’s investment portfolio.

“**Prospectus Supplement**” means a prospectus supplement to be delivered to purchasers together with this short form base shelf prospectus, and may include, where applicable, the aggregate offered amount, the number of Units offered, the issue price, the dividend rate, the dividend payment dates and any terms for redemption at the option of the Fund or the holder.

“**Redemption Date**” means the second last Business Day of a month.

“**Redemption Payment Date**” means, for a Monthly Redemption, the date that is on or before the tenth Business Day in the month following the Redemption Date and, for an Annual Redemption Date, the date that is on or before the fifteenth Business Day in the month following the Redemption Date.

“**Tax Act**” means the *Income Tax Act* (Canada).

“**Termination Date**” means the date on which the Fund is terminated in accordance with the Declaration of Trust. See “*The Fund – Termination of the Fund*”.

“**TSX**” means the Toronto Stock Exchange.

“**Unit**” means a trust unit in the capital of the Fund.

“**Unitholder**” means a holder of one or more Units.

“**United States**” means the United States of America, its territories and possessions.

“**U.S. person**” has the meaning given to such term in Regulation S under the 1933 Act.

FORWARD LOOKING STATEMENTS

Certain of the statements contained in this short form base shelf prospectus may be forward-looking statements. The use of words such as “may,” “will,” “should,” “could,” “anticipate,” “believe,” “expect,” “intend,” “plan,” “potential,” “continue” and similar expressions have been used to identify these forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. See “Risk Factors”. Although the Manager believes the expectations reflected in the forward-looking statements are reasonable, no assurance can be given that actual results will be consistent with these expectations and forward-looking statements. Potential subscribers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Fund and the Manager assume no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed with the securities commissions or similar authorities in each of the provinces and territories of Canada are specifically incorporated by reference and form an integral part of this short form base shelf prospectus:

- (a) the management information circular of the Fund dated September 3, 2019 in respect of the meeting of Unitholder dated September 24, 2019;
- (b) the annual information form of the Fund dated March 20, 2020 for the year ended December 31, 2019;
- (c) the annual financial statements of the Fund dated March 20, 2020, together with the accompanying report of the auditor, for the fiscal year ended December 31, 2019;
- (d) the management report of fund performance of the Fund dated March 20, 2020 for the fiscal year ended December 31, 2019;
- (e) the interim financial statements of the Fund dated August 21, 2020 for the semi-annual period ended June 30, 2020;
- (f) the management report of fund performance of the Fund dated August 21, 2020 for the semi-annual period ended June 30, 2020;
- (g) the material change report of the Fund dated March 30, 2020; and
- (h) the material change report of the Fund dated August 13, 2020.

Any of the documents of the type referred to above, including any material change reports (excluding confidential material change reports), annual information forms, interim and annual financial statements and related management reports of fund performance, business acquisition reports and information circulars filed by the Fund with a securities commission or similar authority in Canada after the date of this short form base shelf prospectus and prior to the termination of an offering of Units, will be deemed to be incorporated by reference in this short form base shelf prospectus.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein will be deemed to be modified or superseded, for purposes of this short form base shelf prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of such modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in

light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this short form base shelf prospectus.

Upon a new annual information form, semi-annual or annual financial statements and management report on fund performance being filed with and, where required, accepted by the applicable securities regulatory authorities during the currency of this short form base shelf prospectus, the previous annual information form, semi-annual or annual financial statements and management report on fund performance and all material change reports filed prior to the commencement of the then current fiscal year will be deemed no longer to be incorporated into this short form base shelf prospectus for purposes of future offers and sales of Units hereunder.

A Prospectus Supplement containing the specific terms of an offering of Units will be delivered to purchasers of such Units together with this short form base shelf prospectus and will be deemed to be incorporated into this short form base shelf prospectus as of the date of such Prospectus Supplement but only for purposes of the offering of Units covered by that Prospectus Supplement.

THE FUND

Ridgewood Canadian Investment Grade Bond Fund is a closed-end investment trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust. Ridgewood Capital Asset Management Inc. is the trustee (in such capacity, the “Trustee”), the Manager and the portfolio advisor of the Fund. The Trustee (or any replacement thereof) will at all times be a resident of Canada for the purposes of the Tax Act. The head office of the Fund is located at 55 University Avenue, Suite 1020, Toronto, Ontario M5J 2H7.

The Fund is not considered to be a mutual fund under the securities legislation of the provinces of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds including those portions of NI 81-102 that apply exclusively to mutual funds.

The Fund differs from a mutual fund in a number of respects, most notably as follows: (i) the Units are redeemable at an amount that is calculated with reference to the Net Asset Value of the Units only on an Annual Redemption Date, whereas the securities of most mutual funds are redeemable daily at net asset value; (ii) the Units are listed on the TSX whereas the securities of most mutual funds are not; (iii) unlike the units of most mutual funds, the Units are not offered on a continuous basis; and (iv) the Fund is permitted to borrow whereas most mutual funds are not permitted to do so.

On September 24, 2019, the Fund held a special meeting of Unitholders at which the Unitholders considered, and approved, an amendment to the Declaration of Trust extending the term of the Fund indefinitely beyond its previous termination date of December 31, 2019.

Investment Objectives

The investment objectives of the Fund are: (i) to provide Unitholders with monthly cash distributions, currently targeted to be 5.25% per annum on the original issue price of \$12.00 per Unit; and (ii) to maximize total returns for Unitholders while preserving capital in the long term.

Investment Strategy

The Portfolio consists primarily of investment grade bonds of Canadian issuers. “Investment grade bond” in this short form prospectus means debt securities and term loans that are generally rated at or above BBB- from Standard & Poor’s, or Baa3 or higher from Moody’s Investor Services Inc., or a similar rating from a qualified rating agency. In addition, the Fund may invest up to 25% of the Portfolio in investment grade bonds of non-Canadian issuers, as well as cash and cash equivalents.

Investment Restrictions

The Fund is subject to certain investment restrictions that, among other things, limit the securities that the Fund may acquire for the Portfolio. The Fund’s investment restrictions may not be changed without the approval of the Unitholders by an extraordinary resolution, at a meeting called for such purpose.

In addition, but subject to the investment restrictions, the Fund has adopted and is managed in accordance with the standard investment restrictions and practices set forth in NI 81-102 (as it may be amended from time to time), except in respect of exemptions therefrom that it may obtain from time to time.

INVESTMENT OVERVIEW

The Portfolio is actively managed by the Manager based on five principles: (i) tactical yield curve management; (ii) strategic sector allocation; (iii) diversification; (iv) capital preservation; and (v) liquidity. This investment process has been used for over eighteen years by the portfolio managers at the Manager responsible for the management of the Fund’s Portfolio and has enabled the Manager to construct and manage bond portfolios to seek the maximum return on a risk/reward basis. The investment process of the Fund is substantially similar to that employed by Ridgewood Canadian Bond Fund, a mutual fund established in 1999 and managed by Ridgewood.

The following table shows the annualized returns (net of fees) of the Fund for the one, three and five year periods ended July 31, 2020 and for the period since the Fund’s inception on December 18, 2009 (net of agency fees and

issue expenses in respect of the Fund's initial public offering), as compared to a benchmark index, the FTSE Canada Universe Index, an index designed to be a broad measure of the Canadian corporate investment grade fixed-income market. Prior performance of the Fund is not indicative of future results.

	1 year	3 year	5 year	Since Inception
Ridgewood Canadian Investment Grade Bond Fund	8.0	9.0	6.8	9.7
FTSE Canada Universe Index	9.1	6.4	4.2	5.4
Performance over/under Index	-1.1	2.6	2.6	4.3

The Fund provides an opportunity for retail investors to access the investment grade bond market, a market typically dominated by institutions as bonds are traded "over the counter", which makes liquidity and transparency a concern for individual investors. In addition, new issuances are usually sold almost entirely to professional investors, pension/endowment funds and mutual funds, making it difficult for individuals to directly participate in the investment grade bond market at institutional prices. The Manager is able to actively participate in the new issue investment grade bond market as well as the aftermarket with its long term dealing relationships with major banks and brokers in North America.

Use of Derivatives for Currency Hedging

Although the Fund is primarily invested in securities denominated in Canadian dollars, it may have some exposure to the U.S. dollar or other currencies. The Fund may invest in or use derivative instruments such as forward contracts or swaps consistent with its investment objectives and subject to the investment restrictions of the Fund to reduce the effects on the Portfolio of changes in the value of the U.S. dollar or other currencies relative to the Canadian dollar. No assurance can be given that the Portfolio will be hedged from any particular risk from time to time.

Leverage

The Fund may utilize various forms of borrowings, including a loan facility and margin purchases, in an amount up to 35% of the total assets of the Fund at the time of the borrowing. Accordingly, the maximum amount of leverage that the Fund could employ is 1.54:1. The Fund is currently employing leverage of 32.77% of its total assets.

DESCRIPTION OF UNITS AND UNITHOLDER MATTERS

The following description sets forth certain general terms and provisions of the Units. This description is a summary only; for a full description of the terms and provisions of the Units, please refer to the Declaration of Trust, which is available at www.sedar.com. The particular terms and provisions of an offering of Units pursuant to a Prospectus Supplement will be described in such Prospectus Supplement.

Fund Units

The beneficial interest in the net assets and net income of the Fund is divided into Units. The Fund is authorized to issue an unlimited number of Units.

Each Unit entitles the holder to the same rights and obligations as a Unitholder and no Unitholder is entitled to any privilege, priority or preference in relation to any other Unitholder. Each Unitholder is entitled to one vote for each Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund, including distributions of net realized capital gains, if any. On the redemption of Units, however, the Fund may in its sole discretion, designate payable to redeeming Unitholders, as part of the redemption price, any capital gains and other income realized by the Fund in the taxation year in which the redemption occurred. On termination or liquidation of

the Fund, the Unitholders of record are entitled to receive on a *pro rata* basis all of the assets of the Fund remaining after payment of all debts, liabilities and liquidation expenses of the Fund.

Distributions

In accordance with the Fund's investment objectives, the Fund will endeavour to provide Unitholders with monthly cash distributions. Any distributions will be declared payable to Unitholders of record as of 5:00 p.m. on the last Business Day of each month and will be paid on or before the 15th day of the following month. The Fund will determine and announce each quarter the amounts to be distributed during the following quarter based upon the Manager's estimate of distributable cash flow of the Fund for the quarter. **The distributions are not guaranteed. The amount of monthly distributions will be based on the Manager's assessment of anticipated cash flows and the anticipated expenses of the Fund from time to time. The amount of distributions may fluctuate and there can be no assurance that the Fund will make any distribution in any particular month or months.**

The Manager will actively manage the Portfolio to seek to meet the Fund's investment objectives and therefore the composition of the Portfolio will vary from time to time based on the Manager's assessment of market conditions. To the extent the yield of the Portfolio is recognized as income for tax purposes, it will be distributed to Unitholders either as part of a monthly distribution or an additional distribution. If the yield of the Portfolio is not recognized as income for tax purposes, it will not be distributed but rather remain part of the Net Asset Value.

The Fund will be subject to tax under Part I of the Tax Act on the amount of its income for tax purposes for the year, including net realized taxable capital gains, less the portion thereof that it claims in respect of the amounts paid or payable to Unitholders in the year. To ensure that the Fund will not generally be liable for income tax under Part I of the Tax Act, the Declaration of Trust provides that, if necessary, a distribution (an "**Additional Distribution**") will be automatically payable in each year to Unitholders of record on December 31. The Additional Distribution may be necessary where the Fund realizes income for tax purposes which is in excess of the monthly distributions paid or made payable to Unitholders during the year. In the event that the Fund must pay an Additional Distribution, such Additional Distribution may, at the option of the Manager, be satisfied by the issuance of Units. Following such issue of additional Units, the outstanding Units will be automatically consolidated on a basis such that each Unitholder of the Fund will hold after the consolidation the same number of Units of the Fund as it held before the distribution of additional Units, except if tax was required to be withheld in respect of the distribution.

Redemptions

Annual Redemptions

Units may be redeemed at the option of Unitholders on the Annual Redemption Date. Units so redeemed will be redeemed at a redemption price equal to the Net Asset Value per Unit on the Annual Redemption Date, less any costs associated with the redemption, including commissions and other costs, if any. The Units must be surrendered for redemption at least ten Business Days prior to the Annual Redemption Date. Payment of the proceeds of redemption will be made on or before the 15th Business Day of the following month.

Monthly Redemptions

Units also may be redeemed at the option of Unitholders on the second last Business Day of any Monthly Redemption Date. In order to effect such a redemption, the Units must be surrendered by no later than 5:00 p.m. (Toronto time) on the date which is the last Business Day of the month preceding the Monthly Redemption Date. Payment of the redemption price will be made on or before the 10th Business Day of the month immediately following the applicable Monthly Redemption Date, subject to the Fund's right to suspend redemptions in certain circumstances.

Unitholders surrendering a Unit for redemption on a Monthly Redemption Date will receive a redemption price equal to the least of (i) 96% of the market price of a Unit, being the weighted average trading price on the TSX (or such other exchange on which such security is listed) for the 10 trading days immediately prior to the applicable Monthly Redemption Date, (ii) 100% of the Closing Market Price of a Unit, being either (a) the closing price of such security on the TSX on the applicable Monthly Redemption Date (or such other stock exchange on which such security is listed) if there was a trade on such Monthly Redemption Date and the market provides a closing price; (b) the average of the highest and lowest prices of such security on the TSX on such Monthly Redemption Date (or such

other stock exchange on which such security is listed) if there was trading on the Monthly Redemption Date and the market provides only the highest and lowest prices of the security traded on a particular day; or (c) the average of the last bid and the last asking prices of the security on the TSX (or such other stock exchange on which the security is listed) on such Monthly Redemption Date if there was no trading on the applicable Monthly Redemption Date, and (iii) the Net Asset Value per Unit of the Units being redeemed, less, in each case, any costs associated with the redemption, including brokerage costs.

Allocation of Income or Capital Gains

The Fund may allocate and designate any income or capital gains realized by the Fund as a result of any disposition of property of the Fund undertaken to permit or facilitate the redemption of Units to a Unitholder whose Units are being redeemed. In addition, the Fund has the authority to distribute, allocate and designate any income or capital gains of the Fund to a Unitholder who has redeemed Units during a year in an amount equal to the Unitholder's share, at the time of redemption, of the Fund's income and capital gains for the year. Such allocations will reduce the corresponding proceeds of disposition of the redeemed Units.

Exercise of Redemption Right

A Unitholder who desires to exercise redemption privileges must do so by causing the CDS Participant through which he or she holds his or her Units to deliver to CDS at its office in the City of Toronto on behalf of the Unitholder, a written notice of the Unitholder's intention to redeem Units by no later than 5:00 p.m. (Toronto time) on the applicable notice date described above. A Unitholder who desires to redeem Units should ensure that the CDS Participant is provided with notice of his or her intention to exercise his or her redemption right sufficiently in advance of the redemption deadline so as to permit the CDS Participant to deliver a notice to CDS by 5:00 p.m. (Toronto time) on the notice date described above.

By causing a CDS Participant to deliver to CDS a notice of the Unitholder's intention to redeem Units, the Unitholder will be deemed to have irrevocably surrendered his or her Units for redemption and appointed such CDS Participant to act as his or her exclusive settlement agent with respect to the exercise of such redemption privilege and the receipt of payment in connection with the settlement of obligations arising from such exercise, provided that the Manager may from time to time prior to the applicable redemption date permit the withdrawal of a redemption notice on such terms and conditions as the Manager may determine, in its sole discretion, provided that such withdrawal will not adversely affect the Fund. Any expense associated with the preparation and delivery of the redemption notice will be for the account of the Unitholder exercising the redemption privilege.

Any redemption notice that CDS determines to be incomplete, not in proper form or not duly executed will, for all purposes, be void and of no effect and the redemption privilege to which it relates will be considered, for all purposes, not to have been exercised thereby. A failure by a CDS Participant to exercise redemption privileges or to give effect to the settlement thereof in accordance with a Unitholder's instructions will not give rise to any obligations or liability on the part of the Fund or Ridgewood to the CDS Participant or the Unitholder.

Suspension of Redemptions

The Fund may suspend the redemption of Units or payment of redemption proceeds (a) for the whole or any part of a period during which normal trading is suspended on an exchange on which more than 50% of the securities included in the Portfolio (by value) are listed and traded, and if the securities are not traded on any other exchange that represents a reasonable, practical alternative for the Fund or (b) subject to applicable law, for any period not exceeding 120 days during which the Manager determines that conditions exist which render impractical the sale of assets of the Fund or which impair the ability of the Manager to determine the value of the assets of the Fund. The suspension may apply to all requests for redemption received prior to the suspension, but for which payment has not been made, as well as to all requests received while the suspension is in effect. In such circumstances, all Unitholders will have, and will be advised that they have, the right to withdraw their requests for redemption. The suspension will terminate in any event on the first Business Day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the Fund, any declaration of suspension made by the Manager on behalf of the Fund will be conclusive.

Purchase for Cancellation

The Declaration of Trust provides that the Fund may, in its sole discretion, from time to time, purchase (in the open market or by invitation for tenders) Units for cancellation subject to applicable law and stock exchange requirements, in all cases at a price per Unit not exceeding the most recently calculated Net Asset Value per Unit of a Unit immediately prior to the date of any such purchase of Units. It is expected that these purchases will be made as normal course issuer bids through the facilities and under the rules of the TSX or such other exchange or market on which the Units are then listed.

Meetings of Unitholders

A meeting of Unitholders may be convened by the Trustee at any time, and must be convened by the Trustee if requisitioned by Unitholders holding not less than 10% of the then outstanding Units by a written requisition specifying the purpose of the meeting.

Notice of all meetings of Unitholders will be given in accordance with applicable law. The quorum for a meeting of all Unitholders is two or more Unitholders present in person or represented by proxy holding not less than five percent of the Units then outstanding. In the event that such quorum is not present within one-half hour after the time called for a meeting, the meeting, if convened upon the request of a Unitholder, shall be dissolved, but in any other case, the meeting shall stand adjourned to such day no later than 14 days later and to such time and place as may be appointed by the chairman of the meeting, and if at such adjourned meeting the quorum referred to above is not present, the Unitholders present in person or by proxy at such adjourned meeting shall be deemed to constitute a quorum.

The Fund does not intend to hold annual meetings of Unitholders. However, the Fund has undertaken to the TSX to hold annual meetings of Unitholders if so instructed by the TSX.

Amendments to the Declaration of Trust

The following matters may only be undertaken with the approval of Unitholders by a resolution passed by the affirmative vote of at least two-thirds of the votes cast, either in person or by proxy, at a meeting of Unitholders called for the purposes of considering such resolution:

- (a) any change in the investment objectives or investment restrictions of the Fund, unless such changes are necessary to ensure compliance with applicable laws, regulations or other requirements imposed by applicable regulatory authorities from time to time;
- (b) any change in the Manager, other than a change in the Manager where the new manager is an affiliate of the Manager;
- (c) any increase in the Management Fee;
- (d) any material adverse amendment, modification or variation in the provisions or rights attaching to the Units;
- (e) any change in the frequency of calculating the Net Asset Value per Unit to less often than weekly;
- (f) the issuance of additional Units other than: (i) for net proceeds per Unit equal to or greater than 100% of the most recently calculated Net Asset Value per Unit calculated prior to the entering into of the commitment by the subscriber to purchase such Units or prior to the offering, as the case may be; or (ii) by way of Unit distribution;
- (g) any merger, arrangement or similar transaction or the sale of all or substantially all of the assets of the Fund other than in the ordinary course of business; and
- (h) any liquidation, dissolution or termination of the Fund except if it is determined by the Manager, in its sole discretion, that it is no longer economically feasible to continue the Fund and/or it

would be in the best interest of the Unitholders to terminate the Fund or otherwise in accordance with the terms of the Declaration of Trust.

Notwithstanding the foregoing, no amendment may be made to the Declaration of Trust which would have the effect of reducing the fees payable to the Trustee.

The Trustee is entitled to amend the Declaration of Trust without the consent of, or notice to, the Unitholders, to:

- (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law, regulation or requirements of any governmental authority applicable to or affecting the Fund;
- (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein;
- (c) bring the Declaration of Trust into conformity with applicable laws, rules and policies of Canadian securities regulators or with current practice within the securities or investment fund industries, provided such amendments do not in the opinion of the Manager adversely affect the pecuniary value of the interest of the Unitholders or restrict any protection for the Trustee or the Manager or increase their respective responsibilities;
- (d) maintain the status of the Fund as a "mutual fund trust" for the purposes of the Tax Act or to respond to amendments to such Act or to the interpretation or administration thereof; or
- (e) provide added protection or benefit to Unitholders.

Except for changes to the Declaration of Trust which require the approval of Unitholders or changes described which do not require approval of or prior notice to Unitholders, the Declaration of Trust may be amended from time to time by the Manager upon not less than 30 days' prior written notice to Unitholders.

Notice of Certain Fundamental Changes

The Fund may from time to time, subject to the Declaration of Trust and applicable law (including NI 81-102), without the approval of Unitholders (a) change the basis of calculation of any fee or expense payable by the Fund or by Unitholders in a manner that could result in an increase in charges to the Fund or Unitholders, (b) increase fees or expenses payable by the Fund or by Unitholders in a manner that could result in an increase in charges to the Fund or Unitholders, or (c) undertake a reorganization of the Fund with, or transfer the assets of the Fund to, another issuer where the Fund ceases to continue thereafter and the Unitholders become securityholders of the other issuer. Although the approval of Unitholders will not be obtained prior to making any such changes, Unitholders will be sent a written notice at least 60 days before the effective date of any such changes.

Termination of the Fund

The Fund does not have a fixed termination date. The Units will be redeemed by the Fund for a cash amount equal to 100% of Net Asset Value per Unit on the date on which the Fund is terminated. The Trustee may, in its discretion, terminate the Fund at any time without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the Fund and/or it would be in the best interests of the Unitholders to terminate the Fund. The Trustee will provide at least 30 days' prior notice of such termination to Unitholders by way of press release. Upon such a termination, the Fund will liquidate the Portfolio and distribute to Unitholders their pro rata portions of the remaining assets of the Fund after all liabilities of the Fund have been satisfied or appropriately provided for, and which will include cash and, to the extent liquidation of certain assets is not practicable or the Trustee considers such liquidation not to be appropriate prior to the termination date, such unliquidated assets in specie rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. Following such distribution, the Fund will be dissolved.

The Trustee shall be entitled to retain out of any assets of the Fund at the Termination Date full provision for all costs charges, expenses, claims and demands incurred or believed by the Trustee to be due or to become due in

connection with or arising out of the termination of the Fund and the distributions of its assets to Unitholders. Out of the moneys so retained, the Trustee is entitled to be indemnified and saved harmless against all costs, charges, expenses, claims and demands.

The Declaration of Trust provides that prior to the termination of the Fund, the Trustee will dispose of all of its assets and will satisfy or make appropriate provision for all liabilities of the Fund. The Declaration of Trust provides that the Trustee may, in its discretion and upon not less than 30 days prior notice to the Unitholders by press release, postpone any termination date by a period of up to 180 days if the Trustee determines that it will be unable to convert all of the Fund's assets to cash prior to any termination date and the Trustee determines that it would be in the best interests of the Unitholders to do so.

Take-over Bids

The Declaration of Trust contains provisions to the effect that if a take-over bid is made for the Units and not less than 90% of the aggregate of the Units (but not including any Units held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the Units held by the Unitholders who did not accept the take-over bid on the terms offered by the offeror.

Book-Entry Only System

Registration of interests in and transfers of the Units will be made only through the book-entry only system administered by CDS Clearing and Depository Services Inc. ("CDS"). Units must be purchased, transferred and surrendered for redemption through a broker, dealer, bank or other financial institution or other person for whom, from time to time, CDS effects book entries for the Units deposited with CDS (a "CDS Participant"). All rights of Unitholders must be exercised through, and all payments or other property to which such Unitholders are entitled will be made or delivered by CDS or the CDS Participant through which the Unitholder holds such Units. Upon purchase of any Units, the Unitholders will receive only a customer confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased.

Neither the Fund nor the Manager has any liability for (i) records maintained by CDS relating to the beneficial interests in the Units or the book-entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units to pledge such Units or otherwise take action with respect to such Unitholder's interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The Fund has the option to terminate registration of the Units through the book-entry only system described above, in which case certificates for the Units in fully registered form would be issued to beneficial owners of such Units or their nominees.

USE OF PROCEEDS

Unless otherwise indicated in a Prospectus Supplement, the net proceeds from the sale of Units will be used to fund the purchase securities for the Portfolio in accordance with the Fund's investment objectives, strategy and investment restrictions.

PLAN OF DISTRIBUTION

The Fund may sell Units to or through underwriters, dealers or agents and also may sell Units directly to purchasers or through agents.

The distribution of Units may be effected from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at prices to be negotiated with purchasers.

In connection with the sale of Units, underwriters or agents may receive compensation from the Fund (a portion of which may be paid by the Manager, in its sole discretion) or from purchasers of Units for whom they may act as agents in the form of concessions or commissions. Underwriters, dealers and agents that participate in the distribution of Units may be deemed to be underwriters and any commissions received by them from the Fund and any profit on the resale of Units by them may be deemed to be underwriting commissions. Any such person that may be deemed to be an underwriter with respect to Units will be identified in the Prospectus Supplement relating to such shares.

The Prospectus Supplement relating to the Units offered by the Fund will identify each person who may be deemed to be an underwriter with respect to such Units and will set forth the terms of the offering of such Units, including, to the extent applicable, the offering price, the proceeds to the Fund, the underwriting commissions and any other fees, discounts or concessions to be allowed or reallocated to dealers. The lead underwriter or lead agent or underwriters or agents with respect to the Units sold to or through underwriters will be named in the related Prospectus Supplement. The underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Units offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

Under agreements which may be entered into by the Fund, underwriters, dealers and agents who participate in the distribution of Units may be entitled to indemnification by the Fund against certain liabilities, including liabilities under Canadian provincial securities legislation, or to contribution with respect to payments which those underwriters, dealers or agents may be required to make in respect thereof. Those underwriters, dealers and agents may be customers of, engage in transactions with or perform services for the Fund in the ordinary course of business.

The Units may be sold from time to time in one or more transactions at a fixed price or prices which may be changed or at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices, including sales in transactions that are deemed to be “at-the-market distributions” as defined in NI 44-102, including sales made directly on the TSX or other existing trading markets for the Units. The prices at which the Units may be offered may vary as between purchasers and during the period of distribution. If, in connection with the offering of Units at a fixed price or prices, the underwriters, dealers or agents have made a bona fide effort to sell all of the Units at the initial offering price fixed in the applicable Prospectus Supplement, the public offering price may be decreased and thereafter further changed, from time to time, to an amount not greater than the initial public offering price fixed in such Prospectus Supplement, in which case the compensation realized by the underwriters, dealers or agents will be decreased by the amount that the aggregate price paid by purchasers for the Units is less than the gross proceeds paid by the underwriters, dealers or agents to the Fund. If the Fund conducts an “at-the-market distribution” under this Prospectus, it will submit an application (the “Application”) to the Ontario Securities Commission, as principal regulator of the Fund, pursuant to National Policy 11-203 — *Process for Exemptive Relief Applications in Multiple Jurisdictions* for a decision providing for the required exemptions. The Application and the exemptive relief will be described in the Prospectus Supplement that qualifies such “at-the-market distribution”.

In connection with any offering of Securities, except as otherwise set out in a Prospectus Supplement relating to a particular offering of Units or other than an “at-the-market distribution”, the underwriters, dealers or agents may over-allot or effect transactions intended to maintain or stabilize the market price of the Units offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time. No underwriter, dealer or agent involved in an “at-the-market distribution”, as defined under applicable Canadian securities legislation, no affiliate of such an underwriter, dealer or agent and no person or company acting jointly or in concert with such an underwriter, dealer or agent will over-allot Units in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Units.

In connection with any underwritten offering of Units, the underwriters or agents may over-allot or effect transactions which stabilize or maintain the market price of the Units offered at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Units will not be registered under the 1933 Act or any state securities laws and, subject to certain exemptions, may not be offered or sold within the United States or to U.S. persons.

ORGANIZATION AND MANAGEMENT OF THE FUND

Manager and Portfolio Manager

Pursuant to the Declaration of Trust, the Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Fund, and may delegate certain of its powers to third parties at no additional cost to the Fund where, in the discretion of the Manager, it would be in the best interests of the Fund and the Unitholders to do so. The Manager is also responsible for the portfolio management of the Fund in accordance with the Fund's investment objectives and investment restrictions of the Fund.

In consideration for the services provided by the Manager to the Fund, the Fund pays a fee to the Manager equal to 0.50% per annum of the NAV of the Fund calculated and payable monthly in arrears plus applicable taxes. The Fund reimburses the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Fund.

Transfer Agent and Registrar

AST Trust Company (Canada) at its principal offices in Toronto is the registrar and transfer agent for the Units.

Custodian

CIBC Mellon Trust Company is the Fund's custodian and is responsible for certain aspects of the day-to-day administration of the Fund and provides safekeeping and custodial services in respect of the Fund's assets. The address of the Custodian is 320 Bay Street, Toronto, Ontario M5H 4A6.

Auditor

The independent auditor of the Fund is Deloitte LLP, Chartered Professional Accountants, Licensed Public Accountants. The address of the auditor is Suite 200, Bay Adelaide Centre, 8 Adelaide Street West, Toronto, Ontario, M5H 0A9.

RISK FACTORS

Certain risk factors relating to the Fund and the Units are described below. Additional risks and uncertainties not currently known to the Fund, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Fund and the ability of the Fund to make distributions on the Units, could be materially adversely affected.

No Assurance in Achieving Investment Objectives or Making Distributions

There is no assurance that the Fund will be able to achieve its investment objectives. Furthermore, there is no assurance that the Fund will be able to pay distributions in the short or long term, nor is there any assurance that the Net Asset Value of the Fund will appreciate or be preserved. Changes in the relative weightings between the various types of securities making up the Portfolio can affect the overall yield to Unitholders.

Trading Price of Units

The Units may trade in the market at a discount to the Net Asset Value per Unit and there can be no assurance that the Units will trade at a price equal to or greater than the Net Asset Value per Unit.

Loss of Investment

An investment in the Fund is appropriate only for investors who have the capacity to absorb a loss on their investment.

General Risks of Investing in Bonds

Generally, bonds will decrease in value when interest rates rise and increase in value when interest rates decline. The Net Asset Value of the Fund will fluctuate with interest rate changes and the corresponding changes in the value of the securities in the Portfolio. The value of bonds is also affected by the risk of default in the payment of interest

and principal and price changes due to such factors as general economic conditions and the issuer's creditworthiness. Corporate bonds may not pay interest or their issuers may default on their obligations to pay interest and/or principal amounts. Most of the bonds that may be included in the Portfolio from time to time may be unsecured, which will increase the risk of loss in case of default or insolvency of the issuer.

Fluctuation in Value of Portfolio Securities

The Net Asset Value of the Units will vary according to the value of the securities included in the Portfolio. The value of the securities included in the Portfolio will be influenced by factors which are not within the control of the Fund or the Manager, including the financial performance of the respective issuers, operational risks relating to the specific business activities of the respective issuers, quality of assets owned by the respective issuers, commodity prices, risks associated with issuers operating outside of Canada, exchange rates, interest rates, inflation, environmental risks, political risks, issues relating to government regulation, credit markets and other financial market conditions.

Composition of the Portfolio

The composition of the securities included in the Portfolio taken as a whole may vary widely from time to time and may be concentrated by commodity, industry or geography, resulting in the securities included in the Portfolio being less diversified than anticipated. Overweighting investments in certain sectors or industries involves risk that the Fund will suffer a loss because of declines in the prices of securities in those sectors or industries.

Interest Rate Fluctuations

It is anticipated that the market price for the Units at any given time will be affected by the level of interest rates prevailing at such time. A rise in interest rates may have a negative effect on the market price of the Units. Unitholders who wish to redeem or sell their Units may, therefore, be exposed to the risk that the redemption price or sale price of the Units will be negatively affected by interest rate fluctuations.

Illiquid Securities

There is no assurance that an adequate market will exist for the securities included in the Portfolio and it cannot be predicted whether the securities included in the Portfolio will trade at a discount to, a premium to, or at their respective values. In certain circumstances, such as the disruption of orderly markets for the securities in which the Fund invests, the Fund may not be able to dispose of certain holdings quickly or at prices that represent true market value.

Call Risk

During periods of falling interest rates, an issuer of a callable bond may "call" or prepay a security before its stated maturity which may result in the Fund having to reinvest the proceeds at lower interest rates. This could result in a decline in the Fund's income.

Use of Derivatives for Hedging Purposes

The Fund may invest in and use derivative instruments for hedging purposes to the extent considered appropriate by the Manager taking into account factors including transaction costs. There can be no assurance that the Fund's hedging strategies will be effective. The Fund is subject to the credit risk that its counterparty (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of over-the-counter instruments) may be unable to meet its obligations. Derivative instruments traded in foreign markets may offer less liquidity and greater credit risk than comparable instruments traded in North American markets. If the Fund is unable to close out a position, it will be unable to realize its profit or limit its losses until such time as the derivative contract terminates. The inability to close out a forward position could also have an adverse impact on the Fund's ability to effectively hedge the Portfolio.

Use of a Prime Broker to Hold Assets

Some or all of the assets of the Fund may be held in one or more margin accounts. The margin accounts may provide less segregation of customer assets than would be the case with a more conventional custody arrangement. The prime broker may also lend, pledge or hypothecate the assets of the Fund in such accounts, which may result in a potential loss of such assets. As a result, the assets of the Fund could be frozen and inaccessible for withdrawal or subsequent trading for an extended period of time if the prime broker experiences financial difficulty. In such case, the Fund may experience losses due to insufficient assets of the prime broker to satisfy the claims of its creditors, and adverse market movements while its positions cannot be traded, and which would adversely affect the total return to the Fund.

Securities Lending

The Fund may engage in securities lending. Although the Fund will receive collateral for the loans and such collateral will be marked-to-market, the Fund will be exposed to the risk of loss should the borrower default on its obligation to return the borrowed securities and the collateral proves to be insufficient to reconstitute the Portfolio of loaned securities.

Use of Leverage

The Fund intends to utilize a loan facility or other forms of leverage in order to implement its investment strategy. While leverage may increase the potential for total returns, it may also potentially increase losses. If income and appreciation on investments made with borrowed funds are less than the cost of leverage, the value of the Fund's net assets will decrease. Any event which adversely affects the value of an investment held by the Fund will be magnified to the extent leverage is employed. Many leveraged transactions involve the posting of collateral. Increases in the amount of margin or similar payments could result in the need for trading at times or prices that are disadvantageous to the Fund and which could result in a loss for the Fund.

Foreign Currency Exposure

As a portion of the Portfolio may be comprised of bonds denominated in currencies other than the Canadian dollar, the Net Asset Value of the Fund and the value of the distributions received by the Fund will, when measured in Canadian dollars, be affected by fluctuations in the value of such other currencies relative to the Canadian dollar.

Reliance on Ridgewood

Ridgewood will manage the portfolio in a manner consistent with the investment objectives and the investment restrictions of the Fund. Ridgewood is also the Manager of the Fund. The officers of Ridgewood who will be primarily responsible for the management of the Portfolio have extensive experience in managing investment portfolios, however, there is no certainty that such individuals, including Mark Carpani, will continue to be employees of Ridgewood until the termination of the Fund.

Taxation of the Fund

If the Fund fails to or ceases to qualify as a mutual fund trust under the Tax Act, the income tax considerations applicable to the Fund would be materially and adversely different in certain respects. There can be no assurance that Canadian federal income tax laws and the administrative policies and assessing practices of the CRA respecting the treatment of mutual fund trusts will not be changed in a manner which adversely affects Unitholders.

The *Tax Act* contains rules concerning the taxation of publicly traded Canadian trusts and partnerships that own certain types of property defined as "non-portfolio property". A trust that is subject to these rules is subject to trust level taxation, at rates comparable to those that apply to corporations, on the trust's income earned from "non-portfolio property" to the extent that such income is distributed to its unitholders. These rules should not impose any tax on the Fund as long as the Fund adheres to its investment restriction in this regard. If these rules apply to the Fund, the after-tax return to Unitholders could be reduced, particularly in the case of a Unitholder who is exempt from tax under the *Tax Act* or is a non-resident of Canada.

The Fund will treat gains (or losses) as a result of any disposition of Portfolio securities as capital gains (or capital losses) or, depending on the circumstances, may include the full amount of such gains in (or deduct the full amount of such losses from) income. CRA's practice is not to grant advance income tax rulings on the characterization of items as capital or income and no advance income tax ruling has been applied for or received from CRA. If any transactions of the Fund are reported on capital account but are subsequently determined to be on income account, the net income of the Fund for tax purposes and the taxable component of distributions to Unitholders could increase. In addition, any such redetermination by the CRA may result in the Fund being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for purposes of the *Tax Act* at the time of distribution. Such potential liability may reduce the Net Asset Value, Net Asset Value per Unit and/or the trading prices of the Units and may affect both current Unitholders and Unitholders of the Fund in respect of the taxation year that is reassessed. Based on a proposed amendment to the *Tax Act*, if enacted as proposed, if the Fund is a mutual fund trust for tax purposes throughout a year, the Fund would be prohibited from claiming a deduction in computing its income for amounts of income that are allocated to redeeming Unitholders in the year and the Fund would be limited in its ability to claim a deduction in computing its income for amounts of capital gains that are allocated to redeeming Unitholders in the year. Accordingly, the amounts and taxable component of distributions to non-redeeming Unitholders of the Fund may be greater than would have been the case in the absence of such amendments.

No Ownership Interest

An investment in Units does not constitute an investment by Unitholders in the securities included in the Portfolio. Unitholders will not own the securities held by the Fund.

Changes in Legislation

There can be no assurance that certain laws applicable to the Fund, including income tax laws, government incentive programs, securities laws and the treatment of mutual fund trusts under the *Tax Act*, will not be changed in a manner which adversely affects the Fund or Unitholders.

Conflicts of Interest

The Manager and its directors and officers engage in the promotion, management or investment management of one or more accounts, funds or trusts with similar investment objectives and strategies to those of the Fund. Although none of the directors or officers of the Manager will devote his or her full time to the business and affairs of the Fund, each director and officer of the Manager will devote as much time as is necessary to perform their duties. The staff of the Manager may have conflicts in allocating their time and services among the Fund and other funds managed by the Manager.

Status of the Fund

As the Fund is not a mutual fund as defined under Canadian securities laws, the Fund is not subject to the Canadian policies and regulations that apply to mutual funds.

Significant Redemptions

The purpose of the annual redemption right is to reduce the extent to which Units trade at a substantial discount and to provide investors with the right to eliminate entirely any trading discount once per year. While the redemption right provides investors the option of annual liquidity, there can be no assurance that it will reduce trading discounts. Furthermore, if a substantial number of Units are redeemed, the number of Units outstanding could be significantly reduced with the effect of decreasing liquidity of the Units in the market. Other closed-end funds with annual redemption rights similar to the redemption rights in respect of the Units have experienced significant redemptions on annual redemption dates in the past. In addition, the expenses of the Fund would be spread among fewer Units resulting in a lower Net Asset Value per Unit and potentially lower distributions per Unit than if there were fewer redemptions. If, as a result of significant redemptions, the Manager determines that it is no longer economically feasible to continue the Fund and/or it would be in the best interests of Unitholders to terminate the Fund, the Manager could terminate the Fund without Unitholder approval. See "Description of Units and Unitholder Matters – Redemptions".

Not a Trust Company

The Fund is not a trust company and, accordingly, is not registered under the trust company legislation of any jurisdiction. Units are not “deposits” within the meaning of the *Canada Deposit Insurance Corporation Act* (Canada) and are not insured under provisions of that statute or any other legislation.

Nature of Units

The Units are neither fixed income nor equity securities. The Units represent a fractional interest in the net assets of the Fund. Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

EXEMPTIONS

Pursuant to a decision of the Autorité des marchés financiers dated August 20, 2020, the Fund was granted a permanent exemption from the requirement to translate into French this prospectus as well as the documents incorporated by reference herein and in a Prospectus Supplement to be filed in relation to any future “at-the-market distribution”. This exemption is granted on the condition that this prospectus and any Prospectus Supplement (other than in relation to an “at-the-market distribution”) be translated into French if the Fund offers securities to Québec purchasers in connection with an offering other than in relation to an “at-the-market distribution”.

FEES AND EXPENSES

Management Fee

The Manager receives an annual management fee (the “Management Fee”) from the Fund equal to 0.50% per annum of NAV, calculated and payable monthly in arrears, plus any applicable taxes for providing management, administrative and investment advisory services to the Fund. The Manager is responsible for providing, or causing to be provided, management and administrative services and facilities to the Fund, and may delegate certain of its powers to third parties.

Ongoing Expenses

The Fund also pays for all expenses incurred in connection with its operation and administration, including, without limitation, mailing and printing expenses for periodic reports to Unitholders and other Unitholder communications including marketing and advertising expenses; fees payable to the Custodian, transfer agent and registrar, valuation agent, prime broker and/or other parties engaged by the Fund for performing certain financial, record keeping, reporting and general administrative services; any reasonable out-of-pocket expenses incurred by the Manager or its agents in connection with their ongoing obligations to the Fund; any additional fees payable to the Manager for performance of extraordinary services on behalf of the Fund; fees payable to the auditors and legal advisors; regulatory filing, stock exchange and licensing fees; any expenditures incurred upon the termination of the Fund; and fees payable to the members of the independent review committee of the Fund. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager or any other party is entitled to indemnity by the Fund. The Fund also is responsible for any taxes payable by the Fund or to which the Fund may be subject, interest expenses on borrowing, its costs of portfolio transactions and any extraordinary expenses which it may incur from time to time.

LEGAL MATTERS

Unless otherwise specified in the Prospectus Supplement, certain legal matters relating to any offering of Units will be passed upon by Fasken Martineau DuMoulin LLP, Toronto, Ontario. As of the date hereof, the partners and associates of Fasken Martineau DuMoulin LLP, as a group, own less than 1% of the outstanding Units of the Fund.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories of Canada, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal advisor.

CERTIFICATE OF THE FUND AND THE MANAGER

Dated: September 9, 2020

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

RIDGEWOOD CANADIAN INVESTMENT GRADE BOND FUND
By its Trustee and Manager, Ridgewood Capital Asset Management Inc.

(signed) John H. Simpson
Chief Executive Officer

(signed) Paul W. Meyer
Chief Financial Officer

On behalf of the board of directors of
Ridgewood Capital Asset Management Inc.

(signed) John H. Simpson
Director

(signed) Mark J. Carpani
Director

(signed) Paul W. Meyer
Director