

**RIDGEWOOD CANADIAN INVESTMENT
GRADE BOND FUND**

ANNUAL INFORMATION FORM

March 27, 2024

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Name, Formation and History of the Fund

This is the Annual Information Form (the “AIF”) for Ridgewood Canadian Investment Grade Bond Fund (the “Fund”).

The Fund, a trust governed by the laws of the Province of Ontario, was originally formed as a non-redeemable investment fund on November 27, 2009. On March 20, 2024, holders (the “Unitholders”) of the Fund’s trust units (the “Units”) approved the restructuring of the Fund into an “alternative mutual fund” within the meaning of National Instrument 81-102 – *Investment Funds* (“NI 81-102”). On March 27, 2024, the declaration of trust governing the Fund was amended and restated to reflect the Fund’s restructuring into an alternative mutual fund (as amended and restated, the “Declaration of Trust”).

The Units of the Fund are qualified for distribution pursuant to a simplified prospectus in each of the Provinces of Canada, other than Quebec. This AIF is being prepared in accordance with Part 9 of National Instrument 81-106 - *Investment Fund Continuous Disclosure*, which requires an investment fund to prepare an AIF if the mutual fund has not obtained a receipt for a prospectus during the last twelve months preceding its financial year.

Ridgewood Capital Asset Management Inc. (“Ridgewood” or the “Manager”) is the trustee, manager and portfolio advisor of the Fund.

The head office and principal place of business of the Fund is the head office of the Manager at 55 University Avenue, Suite 904, Toronto, Ontario M5J 2H7. The Manager may be contacted toll free at 1 888 789 8957 or by e-mail at contact@ridgewoodcapital.ca.

An investment fund is required to post certain regulatory disclosure documents on a designated website. The designated website of the Fund this AIF pertains to can be found at www.ridgewoodcapital.ca or at www.sedar.com.

Investment Objectives and Practices of the Fund

Investment Objectives

The Fund’s investment objectives are to:

- provide Unitholders with monthly cash distributions; and
- maximize total returns for Unitholders while preserving capital in the long term;

through a portfolio of securities (the “Portfolio”) comprised primarily of Investment Grade Bonds issued by Canadian issuers.

The Fund will use leverage through the use of cash borrowings. The aggregate gross exposure of the Fund shall not exceed the limits on the use of leverage permitted under applicable securities legislation. The investment objectives of the Fund may only be changed with the approval of a majority of the votes cast at a meeting of Unitholders called for that purpose.

There can be no assurance that the Fund will achieve its investment objectives.

Investment Strategy

The Portfolio will be invested primarily in Investment Grade Bonds issued by Canadian issuers available to domiciled investors. Investment Grade Bonds means debt securities and term loans that are generally rated at or above BBB- from S&P, or Baa3 or higher from Moody's Investor Services Inc., or a similar rating from a qualified rating agency. Currently, the Fund may invest up to 25% of the Portfolio in Investment Grade Bonds issued by non-Canadian issuers. As at June 30 and December 31 of each year (each a "Determination Date"), at least 90% of the Portfolio will be invested in securities denominated in Canadian dollars.

The Portfolio is actively managed by Ridgewood based on five principles: (i) tactical yield curve management; (ii) strategic sector allocation; (iii) diversification; (iv) capital preservation; and (v) liquidity.

Tactical Yield Curve Management - As an active manager, Ridgewood utilizes a disciplined process to generate alpha (or risk-adjusted return) in the Fund. Ridgewood will adhere to its documented process in both rising and falling interest rate environments. Careful analysis is done to determine which term structures will provide the best return for a given unit of risk. Roll-down horizon analysis is also used to target where on the yield curve to focus the Fund's investments. In rising interest rate environments, capital preservation will be the primary focus. In the event inflation becomes a significant concern, the Fund will invest in floating rate notes, treasury bills, bankers' acceptances and other cash equivalents.

Strategic Sector Allocation - The exposure of the Portfolio to different sectors or industries will be determined by the relative attractiveness of each sector on a historic and expected return basis. Ridgewood will take advantage of various sectors depending on credit cycle, economic environment and liquidity. There are five major sectors in the Canadian corporate bond market as categorized by the DEX Universe Corporate Index: infrastructure, industrial, financial, energy and communication.

Diversification - The Fund intends to diversify by investing in between approximately 30-45 securities depending on market conditions. The goal of diversification is risk management and capital preservation, which is achieved partially through a well-diversified portfolio. The result is reduced volatility and market risk coupled with the ability to maintain a long time horizon.

Capital Preservation - Ridgewood intends to position the assets in the Portfolio in order to capitalize on preserving capital and maintaining competitive yields and potential capital gain opportunities.

Liquidity - Ridgewood intends to focus the investments on highly liquid Corporate Bonds or Government Bonds in order to maintain a well-structured Portfolio that can be held in periods of higher volatility. Corporate Bonds means debt securities that are not Government Bonds which, for the avoidance of doubt, includes (i) debt securities issued by Canadian or U.S. issuers and (ii) Canadian or United States dollar denominated debt securities issued by non-Canadian or non-U.S. issuers. Government Bonds means debt securities issued by the U.S. Treasury or the Bank of Canada.

Ridgewood conducts daily meetings with its analysts and portfolio managers to maintain constant dialogue on individual security and sector variables that may impact the Portfolio. Monthly asset mix meetings with the Ridgewood Asset Mix Committee provide the portfolio manager of the Fund with a top-down view of the global economy as well as overall market trends and potential event risk. Ratio analysis is also used to determine a corporation's ability to cover interest, pay principal and operate its business going forward.

This investment process has been used for over 25 years by the portfolio managers at Ridgewood responsible for the management of the Fund's Portfolio and has enabled Ridgewood to construct and manage bond portfolios to seek the maximum return on a risk/reward basis.

Use of Derivatives for Currency Hedging

Although the Fund will be primarily invested in securities denominated in Canadian dollars, it may have some exposure to 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 such 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, up to 50% of the net asset value of the Fund at the time of the borrowing. Accordingly, the maximum amount of leverage that the Fund could employ is 1.5:1. The Fund entered into a prime brokerage agreement (“Prime Brokerage Agreement”) with The Bank of Nova Scotia as of January 29, 2010 pursuant to which the Fund may borrow up to 50% of its net asset value. Pursuant to the agreement, the assets of the Fund are pledged to the lender as security for the borrowings. The agreement may be terminated upon an event of default or by either party on 30 business days’ notice.

Investment Restrictions

The Fund is subject to the investment restrictions prescribed by applicable law (including NI 81-102). The restrictions and practices prescribed by NI 81-102 are designed, in part, to ensure that the investments of the Fund are diversified and relatively liquid and to ensure the proper administration of the Fund. The Fund is managed in accordance with these restrictions and practices. In addition, the Fund will not:

- (a) purchase securities other than Investment Grade Bonds and cash equivalents;
- (b) hold more than 10% of its net assets (as determined at the time of purchase and on the Determination Dates) in Investment Grade Bonds denominated in currencies other than Canadian dollars;
- (c) borrow money, including pursuant to a loan facility or by purchasing securities on margin, if, immediately following the borrowings, the aggregate amount borrowed would exceed 50% of the net asset value of the Fund;
- (d) acquire or hold any property that would be “taxable Canadian property” of the Fund as such term is defined in the *Income Tax Act* (Canada) (the “Tax Act”) (if the definition were read without reference to paragraph (b) thereof);
- (e) if the Units, or any “investment” within the meaning of section 122.1(1) of the Tax Act in the Fund, are listed or traded on a stock exchange or other public market, at any time, hold any property that is a “non-portfolio property” for the purposes of the SIFT Rules; or
- (f) make or hold any investment that would result in the Fund failing to qualify as a “mutual fund trust” for purposes of the Tax Act.

The Fund is considered an “alternative mutual fund” under the securities laws of Canada. Consequently, the Fund is subject to various policies and regulations, including NI 81-102 as it applies to alternative mutual funds, but is not subject to those portions of NI 81-102 that apply only to conventional mutual funds or non-redeemable investment funds.

The Fund is a “mutual fund trust” under the Tax Act and has been from the date of inception. The investment restrictions of the Fund require the Fund, among other things, to manage its investments and affairs to ensure that it will at all times be a “mutual fund trust” for purposes of the Tax Act.

Unitholder approval is required before the investment objectives and restrictions of the Fund are changed. See “Description of the Units – Acts Requiring Unitholder Approval” below.

Description of the Units

The 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 holder of Units. 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 or 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. Unitholders will have no voting rights in respect of securities held by the Fund. See “Purchases and Redemptions”.

Acts Requiring Unitholder Approval

Pursuant to Part 5 of NI 81-102, the Fund will be required, subject to certain exemptions, to obtain the approval of Unitholders by a resolution passed by the affirmative vote of at least a majority of the votes cast at a meeting of Unitholders before taking certain actions or completing certain transactions, including: (a) the introduction of a fee or expense charged to the Fund or the Unitholders that could result in an increase in charges to the Fund or the Unitholders; (b) a reorganization with or acquisition of assets from another issuer where the securityholders of the other issuer become Unitholders and the transaction would be a material change to the Fund; (c) a reorganization with or transfer of assets to another issuer where the Unitholders become securityholders of the other issuer; and (d) the restructuring of the Fund into a mutual fund or an issuer that is not an investment fund. In the event that an exemption is available from the foregoing, although the approval of Unitholders will not be obtained prior to making such change, Unitholders will be sent a written notice at least 60 days before the effective date of such change.

Notwithstanding the foregoing, 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 materially 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.

Distributions

In accordance with the Fund’s investment objectives, the Fund will endeavor to provide Unitholders with monthly cash distributions. The Fund determines and announces 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 Fund may make additional distributions in any given year. Distributions, if any, will be payable to Unitholders of record at 5:00 p.m. on the last Business Day of each month and will be paid no later than the 15th day of the subsequent month.

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 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, 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. See “Certain Canadian Federal Income Tax Considerations”.

Valuation of Portfolio

Calculation of Net Asset Value

The Manager will calculate the Net Asset Value per Unit (as defined under “Valuation Policies and Procedures” below) as at the close of business on each Valuation Date. The “Valuation Date” will be each Business Day, and includes any other date on which the Manager elects, in its discretion, to calculate the Net Asset Value per Unit. The Fund will make available to the financial press for publication on a weekly

basis, the Net Asset Value per Unit. Such amount also will be available on the Manager's website at www.ridgewoodcapital.ca.

Valuation Policies and Procedures

For reporting purposes other than financial statements, the Net Asset Value of the Fund on a particular date will be equal to (i) the aggregate value of the assets of the Fund less (ii) the aggregate value of the liabilities, other than net assets attributable to Unitholders, of the Fund. The Net Asset Value of Units on a particular date will be equal to the Net Asset Value of the Fund, including an allocation of any net realized capital gains or other amounts payable to Unitholders on or before such date expressed in Canadian dollars at the applicable exchange rate on such date. The Net Asset Value per Unit on any day will be obtained by dividing the Net Asset Value on such day by the number of Units then outstanding.

For the purpose of calculating Net Asset Value of the Fund on a Valuation Date, the value of the aggregate assets, and any short positions, of the Fund on such Valuation Date will be determined as follows:

- (a) the value of any cash on hand or on deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) and interest accrued and not yet received will be deemed to be the full amount thereof provided that if the Manager has determined that any such deposit, bill, demand note, account receivable, prepaid expense, distribution, or other amount receivable (or declared to holders of record of securities owned on a date before the Valuation Date as of which the value of the assets is being determined, and to be receivable) or interest accrued and not yet received is not otherwise worth the full amount thereof, the value thereof will be deemed to be such value as the Manager determines to be the fair value thereof;
- (b) the value of any bonds, debentures, other debt obligations and short positions (collectively, "Debt Securities") will be valued (i) if the Debt Security is a component of the DEX Universe Bond Index (the "Bond Index"), by taking the closing price of the Debt Security on the Bond Index or (ii) if the Debt Security is not a component of the Bond Index or if, in the opinion of the Manager, the closing price for the Debt Security on the Bond Index does not reflect the value thereof, by taking the average of the bid and ask prices quoted by a major dealer or recognized information provider in such security on a Valuation Date at such times as the Manager, in its discretion, deems appropriate. Short-term investments including notes and money market instruments will be valued at cost plus accrued interest;
- (c) the value of any security which is listed or traded upon a stock exchange (or if more than one, on the principal stock exchange for the security, as determined by the Manager) will be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Manager such value does not reflect the value thereof and in which case the latest offer price or bid price will be used), as at the Valuation Date on which the value of the assets is being determined, all as reported by any means in common use;
- (d) the value of any security (other than a Debt Security which will be valued in accordance with paragraph (b) above) which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer or recognized information provider in such securities;

- (e) the value of any security or other asset for which a market quotation is not readily available will be its fair value on the Valuation Date on which the value of the assets is being determined as determined by the Manager (generally the Manager will value such security at cost until there is a clear indication of an increase or decrease in value);
- (f) any market price reported in currency other than Canadian dollars will be translated into Canadian currency at the rate of exchange available from the custodian of the Fund on the Valuation Date on which the value of the assets is being determined;
- (g) listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair value is determined to be appropriate by the Manager;
- (h) the value of any forward contract will be the value that would be realized by the Fund if, on the date on which the value of the assets is being determined, the forward contract were closed out in accordance with its terms; and
- (i) the value of any security or property to which, in the opinion of the Manager, the application of the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) will be the fair value thereof determined in good faith in such manner as the Manager from time to time adopts.

The Manager has not exercised the discretion described in paragraph (i) above in the past three years. The Net Asset Value per Unit is calculated in Canadian dollars in accordance with the rules and policies of the Canadian Securities Administrators or in accordance with any exemption therefrom that the Fund may obtain. The Net Asset Value per Unit determined in accordance with the principles set out above may differ from the net asset per Unit determined under Canadian generally accepted accounting principles. As a result, the net assets per Unit for financial reporting purposes may differ from the Net Asset Value per Unit.

Reporting of Net Asset Value

The Net Asset Value per Unit is available to Unitholders at no cost on the Manager's website at www.ridgewoodcapital.ca, posted daily and displaying the date upon which it was calculated.

The Net Asset Value of the Fund is available upon request at no cost by calling toll-free at 1-888-789-8957 or by email at contact@ridgewoodcapital.ca.

Purchases and Redemptions

The Unit Price

The price of a Unit and the amount payable on redemption of a Unit of the Fund is equal to the Net Asset Value per Unit, calculated as described herein under "Valuation of Portfolio".

Purchase and redemption orders received before 4:00 p.m. (Eastern Time), will be processed at the Net Asset Value per Unit calculated on that day; orders received after that time will be processed at the Net Asset Value per Unit on the next day. All purchases and redemptions of Units are in Canadian dollars.

Processing Orders

Ridgewood will only process a purchase order if it is complete. If payment for Units and all required documents are not received within three days of receipt of an order, the Units will be redeemed and the subscriber may incur costs. All purchase orders for Units are subject to acceptance or rejection by Ridgewood on behalf of the Fund. The decision to accept or reject an order will be exercised by Ridgewood promptly and in any event within one business day of receipt of the order by Ridgewood. When an order is rejected, all monies received with the order will be refunded, without interest, to the subscriber immediately after such rejection.

Redemption orders must be in writing and Ridgewood may require that any signature be guaranteed. As a security measure, Ridgewood may refuse to accept a redemption order sent by fax directly by a Unitholder. If a redemption order is complete, Ridgewood will pay the redemption amount no later than three Business Days after determination of the redemption price. If all the documentation required to complete the redemption order are not received within ten business days, the Fund will repurchase the Units and the subscriber may incur 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. However, the Fund is prohibited from claiming a deduction in computing its income under the Tax Act for (a) all ordinary income designated to a redeeming Unitholder, and (b) a portion of amounts designated in a taxation year as taxable capital gains to redeeming Unitholders on a redemption of Units based on a formula that takes into account the amounts paid on redemptions of Units in the taxation year and the greater of the net asset value of the Fund at the end of its current and prior taxation years. In order to ensure that the Fund will not be liable for non-refundable income tax as a result of the application of these rules, amounts that would otherwise have been designated to redeeming Unitholders may be made payable to the remaining, non-redeeming Unitholders. Accordingly, the amounts of taxable distributions made to Unitholders of the Fund may be greater than they would have been in the absence of such deduction denial rules.

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.

Responsibility for Fund Operations

Trustee/Manager

Ridgewood is the trustee and manager of the Fund and will provide all administrative services required by the Fund. The Manager was incorporated under the *Canada Business Corporations Act* on April 14, 2008.

Ridgewood is an independent investment manager that manages approximately \$1.4 billion in assets for a diversified client base of high net worth individuals, foundations/endowments, First Nation mandates and institutional accounts, of which approximately \$1.1 billion is invested in fixed income assets.

On September 1, 2008, Ridgewood acquired the institutional assets and the wealth management division of Mulvihill Capital Management Inc. (“Mulvihill”) with assets under management of approximately \$1 billion. In connection with that transaction, Ridgewood replaced Mulvihill as manager, trustee and portfolio advisor of certain mutual funds including Ridgewood Canadian Bond Fund.

John H. Simpson and Paul W. Meyer each hold, directly or beneficially through their holding companies, 20,065.95 common shares, being approximately 30% of the voting securities of Ridgewood. John P. Mulvihill is the beneficial holder of 20 special shares of Ridgewood, being 20% of the voting securities of Ridgewood. Mark J. Carpani owns 6,579 common shares of Ridgewood, being 10% of the voting securities of Ridgewood. In the aggregate, the directors and senior officers of Ridgewood own 71% of the voting securities of Ridgewood.

Directors and Executive Officers of the Manager

The name, municipality of residence and office with the Manager of each director and executive officer of the Manager is set out below. The directors do not have a fixed term of office.

<u>Name and Municipality of Residence</u>	<u>Office with the Manager</u>
John H. Simpson Creemore, Ontario	Managing Director, Chairman, Chief Executive Officer, Secretary, Ultimate Designated Person, Chief Compliance Officer and Director
Paul W. Meyer Oakville, Ontario	Managing Director, President, Chief Financial Officer, Chief Investment Officer and Director
Mark J. Carpani Oakville, Ontario	Senior Vice President and Director

The following are biographies of each of the directors and executive officers of Ridgewood:

John H. Simpson – John Simpson, CFA, is Managing Director, Chairman, Chief Executive Officer, Secretary and Chief Compliance Officer of Ridgewood and one of the founding partners of the firm and has over 40 years investment experience. He is responsible for leading client service and business

development at Ridgewood. For 13 years prior to joining Ridgewood in September 2008, he was President of Mulvihill Wealth Management, a division of Mulvihill Capital Management Inc. responsible for asset management and client service for high net worth, foundations, First Nations and wrap clients. He was also President of Product Distribution at Mulvihill for three years involved with distributing structured products. Prior to Mulvihill, he held various senior management positions at Fidelity Investments Canada for eight years, the last three as President.

Paul Meyer – Paul Meyer, CFA, is Managing Director, President, Chief Financial Officer and Chief Investment Officer of Ridgewood and one of the founding partners of the firm and has over 20 years investment experience. He is the Chief Investment Officer at Ridgewood, leading the investment team for equities and fixed income. Prior to joining Ridgewood in September 2008, Mr. Meyer’s experience includes portfolio management at Mulvihill Capital Management (from February 1995 to September 2008) where he led the equity team. Prior to this he was an equity analyst at CT Investment Counsel.

Mark Carpani – Mark Carpani, CFA, is Senior Vice President of Ridgewood and is one of the partners in the firm and has over 20 years investment experience. He is responsible for management of fixed income at Ridgewood. Prior to joining Ridgewood in September 2008, Mr. Carpani was Vice President Fixed Income at Mulvihill Capital Management for 10 years where he was principally responsible for the portfolio management of all fixed income assets including Ridgewood Canadian Bond Fund. Prior to this, he was at RGA (Reinsurance Group of America) as Vice President Portfolio/Risk Manager and then Chief Operating Officer managing the team involved in hedging and risk management for insurance clients. Prior thereto, Mr. Carpani was a fixed income trader at Canada Trust and its investment subsidiary, CT Investment Counsel Inc.

Duties and Services to be Provided by the Manager

Pursuant to the Declaration of Trust, the Manager has exclusive authority to manage the business and affairs of the Fund, to make all decisions regarding the business of the Fund and has authority to bind the Fund. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the Fund to do so.

The Manager is required to exercise its powers and perform its duties honestly, in good faith and in the best interests of the Fund and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable in any way for any default, failure or defect of the assets of the Fund if it has satisfied the duties and the standard of care, diligence and skill set forth above. The Manager will incur liability, however, in cases of wilful misconduct, bad faith, negligence or breach of its duties or standard of care, diligence and skill. Among other restrictions imposed on the Manager, it may not dissolve the Fund or wind up the affairs of the Fund except in accordance with the provisions of the Declaration of Trust.

Under the terms of the Declaration of Trust, the Manager is responsible for providing, or causing to be provided, management, portfolio management and administrative services and facilities to the Fund, including, without limitation (a) portfolio management; (b) authorizing and paying expenses incurred on behalf of the Fund; (c) appointing the custodian, registrar and transfer agent, auditors, legal counsel and other organizations or professionals serving the Fund; (d) providing office space and facilities; (e) preparing accounting, management and other reports, including such interim and annual reports to Unitholders, financial statements, tax reporting to Unitholders and income tax returns as may be required by applicable law; (f) monitoring the ability of the Fund to pay distributions; (g) communicating with Unitholders; (h) ensuring that the Net Asset Value per Unit is calculated and published; (i) ensuring that the Fund complies with all regulatory requirements and applicable stock exchange listing requirements; (j) calling meetings of

Unitholders as required; and (k) providing such other managerial and administrative services as may be reasonably required for the ongoing business and administration of the Fund.

In consideration for these services, the Fund will pay to the Manager a management fee equal to 0.50% per annum of the Net Asset Value of the Fund and reimburse the Manager for all reasonable costs and expenses incurred by the Manager on behalf of the Fund. The Manager and each of its directors, officers, employees, consultants and agents are indemnified and will be reimbursed by the Fund to the fullest extent permitted by law against all liabilities and expenses (including judgments, fines, penalties, interest, amounts paid in settlement with the approval of the Fund, and counsel fees and disbursements on a solicitor and client basis) reasonably incurred in connection with the services provided to the Fund described herein or as a director, officer, employee, consultant or agent thereof, including in connection with any civil, criminal, administrative, investigative or other action, suit or proceeding to which any such person may hereafter be made a party by reason of being or having been the manager, the portfolio manager, trustee or a director, officer, employee, consultant or agent thereof, except for liabilities and expenses resulting from the person's wilful misconduct, bad faith, negligence, breach of their standard of care or material breach or default of their obligations under the Declaration of Trust.

Unless the Manager resigns or is removed as described below, the Manager will continue as manager until the termination of the Fund. The Manager may resign upon 90 days' notice to the Fund. If no new manager is appointed within such 90-day period, the Fund will be terminated. The Manager is deemed to have resigned if the Manager becomes bankrupt or insolvent or in the event the Manager ceases to be resident in Canada for purposes of the Tax Act. The Manager may be removed with the approval of Unitholders by an Extraordinary Resolution passed at a duly convened meeting of Unitholders called for the purpose of considering such resolution. In the event the Manager is removed by the Unitholders by Extraordinary Resolution other than for wilful misconduct, bad faith, negligence, material breach of its duties or a breach of its standard of care under the Declaration of Trust, the Fund shall pay to the Manager on the date of removal an amount based on the Net Asset Value of the Fund most recently calculated prior to the date of the approval of the Extraordinary Resolution and equal to the lesser of (i) the compensation that would have been payable to the Manager from the date of removal until the Termination Date or (ii) the compensation that would have been payable to the Manager for two years after the date of removal. The appointment of a successor Manager (other than an affiliate of the Manager) requires the approval of the Unitholders by a resolution passed by the affirmative vote of at least a majority of the votes cast, either in person or by proxy, at a meeting of Unitholders called to consider such resolution.

Portfolio Advisor

Ridgewood is also the portfolio advisor to the Fund. Pursuant to the Declaration of Trust, Ridgewood is responsible for executing the Fund's investment strategy.

Mark Carpani is the officer of Ridgewood principally involved with the portfolio management of the Fund. Mr. Carpani has over 20 years of investment experience and spent the past 10 years prior to joining the Manager as Vice President Fixed Income at Mulvihill Capital Management Inc. where he was principally responsible for the portfolio management of all fixed income assets including Ridgewood Canadian Bond Fund. The name and municipality of residence of Mr. Carpani are set out under "Organization and Management of the Fund – Directors and Executive Officers of the Manager".

Ridgewood's investment team also includes the following portfolio managers who assist with credit analysis.

Name	Industry Specialization
Paul Meyer, CFA Managing Director/Chief Investment Officer	Energy, Information Technology, Telecommunications, CDN Financials
James McAughey, CFA Portfolio Manager	Materials, Industrial, Utilities, US Financials
Jennifer Zabanah, CFA Portfolio Manager	Healthcare, Consumer Staples, Consumer Discretionary

Brokerage Arrangements

Decisions as to the purchase and sale of portfolio securities and decisions as to the execution of all portfolio transactions, including selection for market, dealer or broker and the negotiation, where applicable, of commissions are made by Ridgewood as the portfolio advisor of the Fund and are the ultimate responsibility of Ridgewood.

Ridgewood will make reasonable and good faith efforts to achieve best execution for portfolio transactions executed on behalf of the Fund having regard to such factors as price, speed of execution, certainty of execution and the overall costs of the transaction. The best net price as represented by brokerage commissions, spreads and other costs is an important factor in the selection of a dealer but a number of other factors are considered including: the size of the transaction, the nature of the market of the security, the timing and impact of the transaction taking into account market prices and trends, confidentiality, execution, clearance and settlement capabilities as well as the reputation, experience and financial stability of the dealer and the quality of services rendered by the dealer in other transactions including the quality of the dealer's research. In addition, Ridgewood will review trades for the Fund to determine, among other things, whether the Fund receives reasonable benefit considering the use of the services provided by a dealer and the amount of brokerage commissions paid.

Ridgewood may in its discretion allocate brokerage commissions to compensate brokerage firms for permitted research goods and services, which directly add value to an investment or trading decision and are to the benefit of the Fund. Any such allocations will be made only where Ridgewood has considered the use of the services provided by the broker or dealer as compared with the amount of brokerage commissions paid, and determined in good faith that such goods and services will provide the Fund with reasonable benefit. Any such allocations shall be pursuant to arrangements whereby Ridgewood will allocate a specific number of trades to a particular broker or dealer in return for order execution services and specified permitted research goods and services. Ridgewood has no outstanding contractual obligation to allocate the Fund's brokerage transactions to any specific brokerage firm.

Research goods and services and order execution goods and services, as defined in National Instrument 23-102 – *Use of Client Brokerage Commissions* include: (i) advice as to the value of the securities and the advisability of effecting transactions in securities; (ii) analyses and reports concerning securities, issuers, industries, portfolio strategy or economic or political factors and trends; and (iii) databases or software that support (i) and (ii).

In certain circumstances, goods and services may be provided to Ridgewood in a bundled form and may include items that are not considered "permitted" research goods and services. Ridgewood would ensure

the costs of such mixed-use services are unbundled and it would directly pay for those non-permitted goods and services.

Please call us, toll free, at 1 888 789 8957 or send us an email at contact@ridgewoodcapital.ca for a list of brokers, dealers and third party service providers who received brokerage commissions relating to “order execution goods and services” and “research goods and services”.

Custodian

CIBC Mellon Trust Company is the custodian (in such capacity, the “Custodian”) of the Fund pursuant to the terms of a custodial services agreement (the “Custodian Agreement”) made as of December 17, 2009 between the Fund, the Custodian, CIBC Mellon Global Securities Services Company, Canadian Imperial Bank of Commerce and The Bank of New York Mellon. The head office of the Custodian is located in Toronto, Ontario. The Custodian is generally responsible for holding and maintaining information regarding all securities and other portfolio assets on behalf of the Fund.

The Custodian may appoint sub-custodians to provide for the safekeeping of portfolio securities. Such sub-custodians, if needed, would enter into sub-custodianship agreements with the Custodian on terms and conditions required by applicable law.

Pursuant to the Custodian Agreement, the Custodian is required to exercise its duties with the degree of care, diligence and skill that a reasonably prudent person would exercise in the same circumstances. Under the Custodian Agreement, the Fund shall pay fees to the Custodian at such rate as determined by the parties from time to time and shall reimburse the Custodian for all reasonable expenses and disbursements incurred in the performance of its duties under the Custodian Agreement. The Fund shall also indemnify the Custodian or any of its officers, directors, employees or agents for any loss, damage, liability, actions, suits, claims, costs and expenses arising in the course of performing the duties of the Custodian Agreement unless arising from negligence, fraud, bad faith, wilful default or breach of the Custodian’s standard of care. Either party may terminate the Custodian Agreement upon 90 days’ notice.

Valuation Agent

CIBC Mellon Global Securities Services Company (the “Valuation Agent”), at its offices in Toronto, Ontario, has been appointed the valuation agent of the Fund pursuant to a fund administration services agreement made as of December 18, 2009. Apart from any material errors by the Valuation Agent in the calculation of the NAV, the liability of the Valuation Agent shall be limited to the fund valuation fees payable for the Fund for the year in which the error occurred. Either party may terminate the fund administration services agreement upon 90 days written notice to the other or immediately in the event of certain insolvency or bankruptcy events.

Auditor

Deloitte LLP is the auditor (the “Auditor”) of the Fund. The head office of the Auditor is located in Toronto, Ontario. As set out in the Declaration of Trust, although the approval of Unitholders may not be obtained prior to a change of Auditor, Unitholders will be sent a written notice at least 60 days before the effective date of any such change.

Principal Securityholders

As at February 29, 2024, other than as described below, no person or company owned of record or, to the knowledge of the Fund or the Manager, beneficially, directly or indirectly, more than 10% of the outstanding Units of the Fund:

Name	Number of Units Owned	Percentage of Outstanding Units
Ridgewood Capital Asset Management Inc.	13,324,667	71.7%

The Manager acts as portfolio manager to certain managed accounts and from time to time has caused those managed accounts to acquire Units for investment purposes.

As at February 29, 2024 other than as set out herein, the directors and senior officers of the Manager and members of the IRC of the Fund individually and in the aggregate beneficially own, directly or indirectly, an inconsequential number (being less than 0.1%) of any class or series of voting or equity securities of the Fund, the Manager or any person or company that provides services to the Fund or the Manager.

Governance of the Fund

Fund Governance

Governance is the responsibility of the Manager of the Fund, subject where required by applicable law to the supervision of the board of directors of the Manager.

Ridgewood has adopted policies, procedures and guidelines concerning the governance of the Fund and to ensure the proper management of the Fund. These policies, procedures and guidelines aim to monitor and manage the business and sales practices, risks and internal conflicts of interest relating to the Fund, and to ensure compliance with regulatory and corporate requirements. Ridgewood does not have policies and procedures in place in respect of short-term trading for the Fund.

Ridgewood has an asset mix committee consisting of the following employees: John H. Simpson, Paul Meyer, Mark Carpani, James McAughey, Jennifer Zabanah, Robert Cruickshank, and Eddie Wong. The investment process for the Fund begins at the asset mix committee. Members of this committee meet monthly to examine macro-economic variables and relationships within the dominant economic matters. This process culminates in an outlook for the various capital markets around the world and provides the fundamental basis for our long-term market outlook. These views are integrated into the investment decision-making process at the portfolio management level. The asset mix committee of Ridgewood oversees investment decisions made by the portfolio manager of the Fund.

The asset mix committee reports to Mr. Simpson and Mr. Meyer, the Managing Directors of Ridgewood. Mr. Simpson is also the Chief Compliance Officer.

The Fund may invest in or use derivative instruments for hedging purposes consistent with the investment objectives and strategies of the Fund as may be permitted by the Canadian securities regulators from time to time.

Independent Review Committee

National Instrument 81-107 - *Independent Review Committee for Investment Funds* (“NI 81-107”) requires all publicly offered investment funds to establish an independent review committee (“IRC”) to which the

Manager must refer conflict of interest matters for review or approval. NI 81-107 also imposes obligations upon the Manager to establish written policies and procedures for dealing with conflict of interest matters, maintain records in respect of these matters and provide assistance to the IRC in carrying out its functions. The IRC is required to be comprised of a minimum of three independent members, and is required to conduct regular assessments and provide reports to the Manager and the Unitholders in respect of its functions.

The current members of the IRC are G. Tomlinson Gunn (Chair), Allen B. Clarke, and Marshall E. Nicholishen. As compensation for services to the funds under management by Ridgewood, the Chair is paid \$20,000 per year and each other member is paid \$15,000 per year. Each member, including the Chair, is also paid an additional \$300 for each meeting attended. In 2023, the total amount of fees and expenses payable by and charged to the Fund in connection with the IRC was \$19,850.

Certain Canadian Federal Income Tax Considerations

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations that generally apply to the acquisition, holding and disposition of Units. This summary only applies to a Unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act, is resident in Canada, deals at arm's length with the Fund, and holds Units as capital property. Generally, Units will be considered to be capital property to a Unitholder provided the Unitholder does not hold the Units in the course of carrying on a business of trading or dealing in securities and has not acquired them in one or more transactions considered to be an adventure or concern in the nature of trade. Certain Unitholders who might not otherwise be considered to hold their Units as capital property may, in certain circumstances, be entitled to make an irrevocable election in accordance with the Tax Act to have Units, and all other "Canadian securities" as defined in the Tax Act, treated as capital property.

This summary is based on the current provisions of the Tax Act and the regulations, the current published administrative policies and assessing practices of the Canada Revenue Agency that are publicly available, and all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals"). This summary does not otherwise take into account or anticipate any changes in law, whether by legislative, governmental or judicial action, nor does it take into account provincial or foreign income tax legislation or considerations. There can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Units. Moreover, the income and other tax consequences of acquiring, holding or disposing of Units will vary depending on an investor's particular circumstances, including the province or provinces in which the investor resides or carries on business. No view is expressed herein in respect of the deductibility of interest on any funds borrowed by a Unitholder to purchase Units. **This summary is of a general nature only and is not intended to be legal or tax advice to any investor. Investors should consult their own tax advisors for advice with respect to the income tax consequences of an investment in Units, based on their particular circumstances.**

Status of the Fund

This summary is based on the assumption that the Fund is, and will at all times, qualify as, a "mutual fund trust" within the meaning of the Tax Act. To qualify as a mutual fund trust, the Fund must, among other things, comply on a continuous basis with certain minimum requirements respecting the ownership and dispersal of Units. The Fund currently meets the requirements necessary for it to qualify as a mutual fund trust.

If the Fund were not to qualify as a mutual fund trust at all times, the income tax considerations as described below would in some respects be materially and adversely different. For example, if the Fund is not a “mutual fund trust” it could be subject to alternative minimum tax (however, under Tax Proposals effective January 1, 2024, an “investment fund” is not subject to alternative minimum tax).

This summary is also based on the assumption that the Fund is not and will at no time be subject to the tax for “SIFT trusts” as defined in the rules in the Tax Act relating to the taxation of a SIFT trust and its Unitholders on the basis that the Fund will comply with its investment restriction against holding any “non-portfolio property.”

Provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act, or the Units are listed on a designated stock exchange within the meaning of the Tax Act, the Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, first home savings account, and tax-free savings accounts (each, a “Registered Plan”) and deferred profit sharing plans. The Fund has not deviated in the last year from the rules under the Tax Act relating to its Units’ status as qualified investments.

For certain tax consequences of holding Units in a Registered Plan, see “Certain Canadian Federal Income Tax Considerations – Taxation of Registered Plans”.

Taxation of the Fund

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including net realized taxable capital gains, less the portion thereof that it deducts in respect of the amount paid or payable to Unitholders in the year (whether paid in cash or in Units). The Declaration of Trust for the Fund requires that sufficient amounts be paid or made payable each year to Unitholders so that the Fund will not be liable for any non-refundable income tax for the year under Part I of the Tax Act.

The Fund is required to include in its income for each taxation year all interest that accrues to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

Upon the actual or deemed disposition of debt securities, the Fund is required to include in its income for the year of disposition all interest that accrued on such debt securities from the last interest payment date to the date of disposition except to the extent such interest was included in computing the Fund’s income for that or another taxation year and such income inclusion will reduce the proceeds of disposition for purposes of computing any capital gain or loss realized from the disposition of the debt securities.

Gains or losses realized upon dispositions of Portfolio securities of the Fund will constitute capital gains or capital losses of the Fund in the year realized unless the Fund is considered to be trading or dealing in securities or otherwise carrying on a business of buying and selling securities or the Fund has acquired the securities in a transaction or transactions considered to be an adventure or concern in the nature of trade. The Fund treats 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. In addition, the Fund has elected in accordance with the Tax Act to have each of its “Canadian securities” (as defined in the Tax Act) treated as capital property. Such election ensures that gains or losses realized by the Fund on the disposition of such Canadian securities are capital gains or capital losses, as the case may be.

The Fund is required to compute all amounts in Canadian dollars for purposes of the Tax Act and accordingly may realize gains or losses by virtue of the fluctuation in the value of foreign currencies relative to Canadian dollars.

To the extent that the Fund uses derivative securities to hedge against fluctuations in currency, gains or losses of the Fund in respect of such derivative securities are reported on income account (except in the event that such derivative securities are sufficiently linked to assets of the Fund held as capital property) and the Fund recognizes such gains and losses for tax purposes at the time they are realized.

The Fund may make direct investments in securities in foreign markets and derive income or gains from such investments, and as a result, may be liable to pay foreign income or profits tax. To the extent that any such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund's income from such investments, such excess may generally be deducted by the Fund in computing its net income for the purposes of the Tax Act. To the extent that any such foreign tax paid does not exceed 15% of such amount and has not been deducted in computing the Fund's income, the Fund may designate in respect of a Unitholder a portion of its foreign source income which can reasonably be considered to be part of the Fund's income distributed to such Unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the Unitholder for the purposes of the foreign tax credit provisions of the Tax Act.

Losses incurred by the Fund in a taxation year cannot be allocated to Unitholders, but may be deducted by the Fund in future years in accordance with the Tax Act.

The Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemptions of Units during the year (this is known as a "capital gains refund").

In computing its income for tax purposes, the Fund deducts reasonable administrative and other expenses incurred to earn income in accordance with the detailed rules in the Tax Act.

The Tax Act contains "loss restriction event" ("LRE") rules that could potentially apply to certain trusts including the Fund. In general, a LRE occurs to the Fund if a person (or group of persons) acquires more than 50% of the Units of the Fund. If a LRE occurs (i) the Fund will be deemed to have a year-end for tax purposes, (ii) any net income and net realized capital gains of the Fund at such year-end will be taxed in the Fund to the extent such income and gains is not paid or payable to Unitholders of the Fund in such year, and (iii) the Fund will be restricted in its ability to use tax losses (including any unrealized capital losses) that exist at the time of the LRE. However, in most circumstances, the LRE rules will not apply to the Fund if, at all times, the Fund is an "investment fund" which, among other things, requires the Fund to satisfy certain investment diversification rules.

Taxation of Unitholders

A Unitholder is generally required to include, in computing the Unitholder's income for a taxation year, the amount of the Fund's net income for the taxation year, including net realized taxable capital gains, paid or payable to the Unitholder in the taxation year, whether paid in cash or additional Units. The non-taxable portion of the Fund's net realized capital gains paid or payable (whether in cash or in Units) to a Unitholder in a taxation year is not included in the Unitholder's income for the year. Any other amount in excess of the Fund's net income for a taxation year paid or payable to the Unitholder in the year is not generally included in the Unitholder's income. Such amount, however, generally reduces the adjusted cost base of the Unitholder's Units. To the extent that the adjusted cost base of a Unit would otherwise be less than

zero, the negative amount will be deemed to be a capital gain realized by the Unitholder from the disposition of the Unit and the Unitholder's adjusted cost base will be increased by the amount of such deemed gain.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund and foreign source income earned by the Fund (and a portion of the foreign taxes paid by the Fund) as is paid or payable to a Unitholder will effectively retain its character and be treated as such in the hands of the Unitholder for purposes of the Tax Act.

Any losses of the Fund for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, a Unitholder.

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount that is less than the amount of its distributions for the year. This will enable the Fund to use, in a taxation year, losses from prior years. The amount distributed to a Unitholder but not deducted by the Fund will not be included in the Unitholder's income. However, the adjusted cost base of the Unitholder's Units will be reduced by such amount. The consequences to a Unitholder when the adjusted cost base of a Unit is less than zero are described above.

On the disposition or deemed disposition of a Unit, the Unitholder will realize a capital gain (or capital loss) to the extent that the Unitholders' proceeds of disposition (net of any reasonable costs of disposition) exceed (or are less than) the adjusted cost base of the Unit. For the purpose of determining the adjusted cost base to a Unitholder of a Unit, when a Unit is acquired, the cost of the newly acquired Unit will be averaged with the adjusted cost base of all Units owned by the Unitholder as capital property that were acquired before that time. For this purpose, the cost of Units that have been issued as an additional distribution will generally be equal to the amount of the net income or capital gain distributed to the Unitholder in Units. A consolidation of Units following a distribution paid in the form of additional Units will not be regarded as a disposition of Units and will not affect the aggregate adjusted cost base to a Unitholder of Units.

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. However, the Fund is prohibited from claiming a deduction in computing its income under the Tax Act for (a) all ordinary income designated to a redeeming Unitholder, and (b) a portion of amounts designated in a taxation year as taxable capital gains to redeeming Unitholders on a redemption of Units based on a formula that takes into account the amounts paid on redemptions of Units in the taxation year and the greater of the net asset value of the Fund at the end of its current and prior taxation years. In order to ensure that the Fund will not be liable for non-refundable income tax as a result of the application of these rules, amounts that would otherwise have been designated to redeeming Unitholders may be made payable to the remaining, non-redeeming Unitholders. Accordingly, the amounts of taxable distributions made to Unitholders of the Fund may be greater than they would have been in the absence of such deduction denial rules.

One-half of any capital gain ("taxable capital gain") realized on the disposition of Units will be included in the Unitholder's income and one-half of any capital loss realized may be deducted from taxable capital gains in accordance with the provisions of the Tax Act.

In general terms, net income of the Fund paid or payable to a Unitholder that is designated as net realized taxable capital gains or taxable capital gains realized on the disposition of Units may increase the Unitholder's liability for alternative minimum tax.

Taxation of Registered Plans

Amounts of income and capital gains distributed by the Fund to a Registered Plan are generally not taxable under Part I of the Tax Act while retained in the Registered Plan, provided that the Units are qualified investments for such a Registered Plan. Unitholders should consult with their own advisors regarding the tax implications of establishing, amending, terminating or withdrawing amounts from a Registered Plan.

Notwithstanding that Units may be qualified investments for a Registered Plan, the holder, subscriber or annuitant of, or under a Registered Plan (the "**Controlling Individual**"), will be subject to a penalty tax if such Units are a "prohibited investment" for the particular Registered Plan. Units will generally be a "prohibited investment" if the Controlling Individual (i) does not deal at arm's length with the Fund for purposes of the Tax Act, or (ii) has a "significant interest" (within the meaning of the Tax Act) in the Fund. In general terms, "significant interest" means the ownership of 10% or more of the Units by the Controlling Individual (either alone or together with persons with whom the Controlling Individual does not deal at arm's length for purposes of the Tax Act). In addition, the Units will generally not be a prohibited investment if the Units are excluded properties as defined in the Tax Act. Controlling Individuals should consult their own tax advisors with respect to whether Units would be prohibited investments in their particular circumstances.

Taxation Implications of the Fund's Distribution Policy

The Net Asset Value per Unit will reflect any income and gains of the Fund that have accrued or have been realized but have not been made payable at the time the Units are acquired. Accordingly, a Unitholder who acquires Units may become taxable on the Unitholder's share of income and gains of the Fund that accrued before the Units were acquired, notwithstanding that such amounts will have been reflected in the price paid by the Unitholder for the Units. Since the Fund intends to make monthly distributions, as described under "Distributions", the consequences of acquiring Units late in a calendar year will generally depend on the amount of the monthly distributions throughout the year and whether an additional distribution is necessary late in the calendar year to ensure that the Fund will not be liable for income tax on such amounts under the Tax Act.

Exchange of Tax Information

The Tax Act contains due diligence and reporting obligations in connection with identifying and reporting U.S. Unitholders pursuant to the *Canada-United States Enhanced Tax Information Exchange Agreement*. As long as Units continue to be registered in the name of CDS, the Fund anticipates that it should not have any due diligence and reporting obligations under these provisions. However, dealers through which Unitholders hold their Units are subject to due diligence and reporting obligations with respect to financial accounts they maintain for their clients. Accordingly, Unitholders may be requested to provide information to their dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen) or if a Unitholder does not provide the requested information and there is indicia of U.S. status, the Tax Act will generally require information about the Unitholder's investments in the Fund to be reported by the dealer to the Canada Revenue Agency, unless Units of the Fund are held within a Registered Plan (other than, subject to the current administrative position of the CRA and certain Tax Proposals, a FHSA). The Canada Revenue Agency is expected to provide that information to the U.S. Internal Revenue Service. Based on the current administrative position of the CRA and certain Tax Proposals, FHSAs are currently

not required to be reported to the CRA under the Tax Act and the *Canada-United States Enhanced Tax Information Exchange Agreement*.

The Tax Act also includes provisions that require procedures to be in place to identify accounts held by residents of foreign countries (other than the U.S.) or by certain entities the “controlling persons” of which are resident in a foreign country (other than the U.S.) and to report required information to the Canada Revenue Agency. Such information would be exchanged on a reciprocal, bilateral basis with the countries that have agreed to a bilateral information exchange with Canada in which the account holders or such controlling persons are resident. Unitholders may be required to provide certain information regarding their investment in the Fund for the purposes of such information exchange, unless Units of the Fund are held within a Registered Plan (other than, subject to the current administrative position of the CRA and certain Tax Proposals, a FHSA). Based on the current administrative position of the CRA and certain Tax Proposals, FHSAs are currently not required to be reported to the CRA under the Tax Act.

Material Contracts

The following are the material contracts of the Fund. These contracts may be inspected by you, either as a prospective investor or as an existing Unitholder, at the offices of the Manager during normal business hours. They are also available on www.SEDAR.com.

- Declaration of Trust;
- Custodian Agreement; and
- Prime Brokerage Agreement.

ANNUAL INFORMATION FORM

Ridgewood Canadian Investment Grade Bond Fund

Additional information about the Fund is available in the Fund's management reports of fund performance and financial statements.

You can get a copy of these documents at your request, and at no cost, by calling toll-free 1 888 789 8957, or from your dealer or broker or by e-mail at contact@ridgewoodcapital.ca.

These documents and other information about the Fund, such as information circulars and material contracts, are also available either at www.ridgewoodcapital.ca or at www.sedar.com.

Managed by:

Ridgewood Capital Asset Management Inc.

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