



Ridgewood Canadian Bond Fund

Annual Report 2019 and 2018

Ridgewood Canadian Bond Fund

Annual Report 2019 and 2018

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MESSAGE TO UNITHOLDERS 2019

The year 2019 began quite upbeat. The message from central banks of a pause in rate hikes brought markets to new highs. Interest rates declined across the curve resulting in a 3.91% gain in the FTSE Canadian Bond Universe. Corporate bonds outperformed Canada bonds by 141 basis points as investors moved money into this sector. The Canadian stock market rallied, with the S&P/TSX returning 13.29%. There were no changes in the first quarter by the Bank of Canada (BoC) and the US Federal Reserve (Fed). In fact, the BoC left rates steady for all of 2019.

In the second quarter, the performance in both stocks and bonds were quite similar, gaining 2.58% and 2.51% respectively. The much anticipated US/China trade deal was still unresolved. Global growth, trade concerns and geopolitical tensions were being closely watched by the market. The flight to quality from continued uncertainty led global interest rates even lower.

Uncertainty remained high during the third quarter, with no real progress on the trade front and new Chinese tariffs coming into effect. As the yield curve inverted, talks of a recession created fear and a volatile market. The Fed responded by cutting rates twice, for a total of 50 bps. The last cut was telegraphed as being an insurance cut, not a start to series of cuts which the market took as a positive. The bond market rose 1.19% in the quarter while the S&P/TSX gained 2.48%.

During the fourth quarter, the global economic outlook continued to be concerning. The Fed cut rates twice, for a total of 50 bps. The BoC though continued to hold rates steady. The fiscal stimulus we have had in the last four years has provided support to the Canadian economy worth 100 bps according to BoC Governor Poloz. The BoC has been hesitant to reduce already low rates due to concern about increasing financial vulnerabilities, specifically the impact of increased borrowing on house prices and the already high household debt levels. The bond market declined 0.85%, while corporates managed to return 0.06% while the S&P/TSX rose 3.16%.

Accommodative global monetary policy is expected to continue into 2020. Corporate bonds continue to offer better return prospects in this low growth/low inflationary environment.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2019

Management Report on Fund Performance

This Management Report on Fund Performance has been prepared in accordance with National Instrument 81-106 (Investment Fund Continuous Disclosure) and contains the financial highlights of Ridgewood Canadian Bond Fund (the "Fund") for the year ended December 31, 2019. The annual financial statements of the Fund are also attached behind this report.

Copies of the Fund's quarterly portfolio disclosure may be obtained by calling-1-888-789-8957 toll free or by writing to the Fund at Investor Relations, 55 University Avenue, Suite 1020, Toronto, Ontario, M5J 2H7 or by visiting our website at www.ridgewoodcapital.ca.

Investment Objectives and Strategies

The Fund seeks to achieve a high level of income consistent with the preservation of capital and liquidity, from a portfolio of fixed income securities. The Fund invests primarily in liquid Canadian federal and provincial government securities and those of Canadian corporations rated "BBB" or better by the Dominion Bond Rating Service Limited or other recognized rating agencies. The Fund may also invest in comparable fixed income securities of foreign issuers.

The portfolio manager uses the following investment strategies to try to achieve the Fund's objective:

- Managing the portfolio to take advantage of changing levels of interest rates and to capitalize on yield disparities between various issuers of debt securities; and
- Choosing many different investment terms based on the interest rate outlook.

The Fund may invest in foreign securities from time to time. The amount of such foreign investments will vary but is not typically expected to exceed 20 percent of the net assets of the Fund at the time that such foreign securities are purchased.

Risk

The Fund invests primarily in liquid Canadian federal and provincial government securities, and those of Canadian corporations rated investment grade or better by the Dominion Bond Rating Service Limited or other recognized rating agencies. The Fund may also invest in comparable fixed income securities of foreign issuers. Investors should be aware that the primary risk associated with the Fund is interest rate risk. The Bank of Canada has an easing bias as inflation is low and growth is slowing down. Fixed income markets should benefit in this environment as rates will likely stay low for the foreseeable future. However, in a rising interest rate environment, bond prices will move down and the income generated by bonds may not be greater than the decrease in the price.

Summary of Investment Portfolio

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

Asset Mix

December 31, 2019

	% of Net Asset Value		% of Net Asset Value
Corporate Bonds	34.8	Mortgage Backed Securities	27.9
Provincial Bonds	23.1	Federal Bonds	4.5
Municipal Bonds	1.8	Cash & Short-Term Investments	7.5

Ridgewood Canadian Bond Fund

For the year ended December 31, 2019

Top 25 Holdings

	% of Total Net Asset Value
1. Canada Treasury Bill 2020/06/25	7.5%
2. REALT 2015-1 B, 3.451%, 2025/05/12	5.4%
3. REALT 2016-1 C, 3.45%, 2026/05/12	3.7%
4. Omers Realty Corp., 3.666%, 2022/12/05	3.5%
5. First Nations Finance Authority, 3.40%, 2024/06/26	3.5%
6. Teranet Holdings LP., 5.754%, 2040/12/17	2.5%
7. Government of Canada, 2.0%, 2028/06/01	2.3%
8. Institutional Mortgage Securities Canada Inc. 2012-2 B, 4.192%, 2045/07/12	2.3%
9. Cameco Corp., 5.09%, 2042/11/14	2.3%
10. Institutional Mortgage Securities Canada Inc. 2014-5 C, 4.186%, 2024/05/12	2.3%
11. REALT 2017 C, 3.930%, 2052/11/12	2.2%
12. Institutional Mortgage Securities Canada Inc. 2015-6 C, 3.1%, 2025/03/12	2.2%
13. Institutional Mortgage Securities Canada Inc. 2015-6 B, 2.944%, 2025/03/12	2.2%
14. Government of Canada, 1.0%, 2027/06/01	2.2%
15. Brookfield Asset Management Inc., 5.95%, 2035/06/14	2.2%
16. Institutional Mortgage Securities Canada Inc. 2015-6 E, 3.817%, 2025/03/12	2.1%
17. Canada Housing Trust No 1, 2.10%, 2029/09/15	2.0%
18. REALT 2017 D1, 3.932%, 2052/11/12	1.9%
19. Province of Ontario, 2.90%, 2049/06/02	1.9%
20. Province of British Columbia, 2.80%, 2048/06/18	1.9%
21. City of Montreal, 3.0%, 2027/09/01	1.8%
22. Transalta Corp., 7.30%, 2029/10/22	1.8%
23. Province of Manitoba 2.85%, 2046/09/05	1.8%
24. Fairfax Financial Holdings Ltd., 4.23%, 2029/06/14	1.7%
25. First Nations Financial Authority, 3.582%, 2024/11/25	1.7%
Total	64.9%

Results of Operations

At December 31, 2019, the net asset value of Series A was \$12.48 per unit and Series F was \$12.67, compared to \$11.8518 and \$11.9091 per unit respectively at December 31, 2018.

Net income and net capital gains of the Fund may be distributed to unitholders of the Fund from time to time at the discretion of Ridgewood. Sufficient distributions will be made each year so the Fund will not be liable for income tax. Distributions totaling \$0.375604 per unit were made to unitholders during the year.

For the year ended December 31, 2019, Series A had an annual compound return of 8.54% net of expenses of 1.13% (including HST). Series F had an annual compound return of 9.62% net of expenses of 0.13%. The FTSE/TMX Universe Bond Index had a return of 6.87%, with corporate bonds gaining 8.05%. Infrastructure bonds and energy bonds were the top performers returning 11.43% and 11.22% respectively. The portfolio benefited from being overweight corporate bonds, while being underweight the worst performer, federal bonds, which returned just 3.73%.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2019

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five years.

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

Class A	Years ended December 31				
	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
The Fund's net assets per unit					
Net assets value, beginning of year (1), (2)	11.85	11.97	11.94	11.94	11.83
Increase (decrease) from operations					
Total revenue	0.42	0.43	0.38	0.39	0.40
Total expenses (excluding distributions)	(0.14)	(0.13)	(0.14)	(0.14)	(0.14)
Realized gain (loss)	0.39	0.01	0.23	0.20	0.15
Unrealized gain (loss)	0.36	(0.06)	(0.11)	(0.12)	(0.12)
Total increase (decrease) from operations (2)	1.03	0.25	0.36	0.33	0.29
Distributions to unitholders					
From net investment income	(0.36)	(0.30)	(0.28)	(0.26)	(0.28)
From return of capital	-	-	-	-	-
From capital gains	-	-	-	-	-
Total distributions (2), (3)	(0.36)	(0.30)	(0.28)	(0.26)	(0.28)
Net assets value, end of year (1), (2)	12.48	11.85	11.97	11.94	11.94

Class F	Years ended December 31				
	2019	2018	2017	2016	2015
	\$	\$	\$	\$	\$
The Fund's net assets per unit					
Net assets value, beginning of year (1), (2)	11.91	11.95	-	-	-
Increase (decrease) from operations					
Total revenue	0.42	0.20	-	-	-
Total expenses (excluding distributions)	(0.02)	(0.01)	-	-	-
Realized gain (loss)	0.40	-	-	-	-
Unrealized gain (loss)	0.34	(0.09)	-	-	-
Total increase (decrease) from operations (2)	1.14	0.10	-	-	-
Distributions to unitholders					
From net investment income	(0.37)	(0.16)	-	-	-
From return of capital	-	-	-	-	-
From capital gains	-	-	-	-	-
Total distributions (2), (3)	(0.37)	(0.16)	-	-	-
Net assets value, end of year (1), (2)	12.67	11.91	-	-	-

- (1) This information is derived from the Fund's audited financial statements as at December 31 of the year. For all prior years the financial statements of the Fund were prepared in accordance with Canadian GAAP applicable to public enterprises. Net Asset Value per unit is the difference between the aggregate value of the assets of the Fund and the aggregate value of the liabilities and including the valuation of securities at closing prices divided by the number of units then outstanding.
- (2) Total increase (decrease) from operations consists of interest revenue, realized and unrealized gains (losses), less expenses, and is calculated based on the weighted average number of units outstanding during the year. The schedule is not intended to total to the ending net assets as calculations are based on the weighted average number of units outstanding during the year.
- (3) Distributions to unitholders are based on the number of units outstanding on the record date for each distribution and were paid in cash.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2019

Class A	Years ended December 31				
	2019	2018	2017	2016	2015
Ratios/supplemental data					
Net Asset Value, end of year (\$millions) (1)	\$ 23.89	\$ 30.10	\$ 81.51	\$ 78.65	\$ 67.75
Number of units outstanding (1)	1,913,779	2,540,076	6,809,631	6,587,678	5,675,078
Management expense ratio (including HST) (2)	1.13%	1.12%	1.12%	1.13%	1.12%
Management expense ratio including expenses absorbed by the Manager	1.13%	1.12%	1.12%	1.13%	1.12%
Portfolio turnover rate (3)	154.65%	168.07%	142.93%	139.50%	226.58%
Net Asset Value per unit, end of year (1), (4)	\$ 12.48	\$ 11.85	\$ 11.97	\$ 11.94	\$ 11.94

Class F	Years ended December 31				
	2019	2018	2017	2016	2015
Ratios/supplemental data					
Net Asset Value, end of year (\$millions) (1)	\$ 63.32	\$ 64.57	\$ -	\$ -	\$ -
Number of units outstanding (1)	4,996,405	5,422,242	-	-	-
Management expense ratio (including HST) (2)	0.13%	0.12%	-	-	-
Management expense ratio including expenses absorbed by the Manager	0.13%	0.12%	-	-	-
Portfolio turnover rate (3)	154.65%	168.07%	-	-	-
Net Asset Value per unit, end of year (1), (4)	\$ 12.67	\$ 11.91	\$ -	\$ -	\$ -

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

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

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

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

Management Fees

Ridgewood Capital Asset Management Inc. (the "Manager") is entitled to an annual management fee payable out of the assets of the Fund. The maximum management fee is equal to 1.00% (excluding HST) for Class A and 0.35% for Class F of the weighted average net asset value of the Class less ordinary expenses of the Fund. The management fee is calculated on a monthly basis as of the last valuation date of each month. Services received under the Master Declaration of Trust include managing or arranging for the management of the Fund's investment portfolio and providing or arranging for all required administrative services to the Fund.

Recent Developments

Anemic global growth, geopolitical risks and trade remained topical once again for 2019. The year began in risk off mode, with the FTSE Canada Universe Bond Index returning 6.52% in the first half and ending the year with a gain of 6.87%. Although the Bank of Canada held rates steady for the year, many central banks became more accommodative, with the U.S. Fed reversing course and cutting rates a total of 75 bps in the later half of the year. Weak global industrial data brought with it talks of a recession, which were cast aside by year end as the trade wars subsided. A Phase One deal with US-China, company earnings meeting or exceeding expectations and the consumer appearing resilient helped push markets to new highs.

Ridgewood Canadian Bond Fund

For the year ended December 31, 2019

Past Performance

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

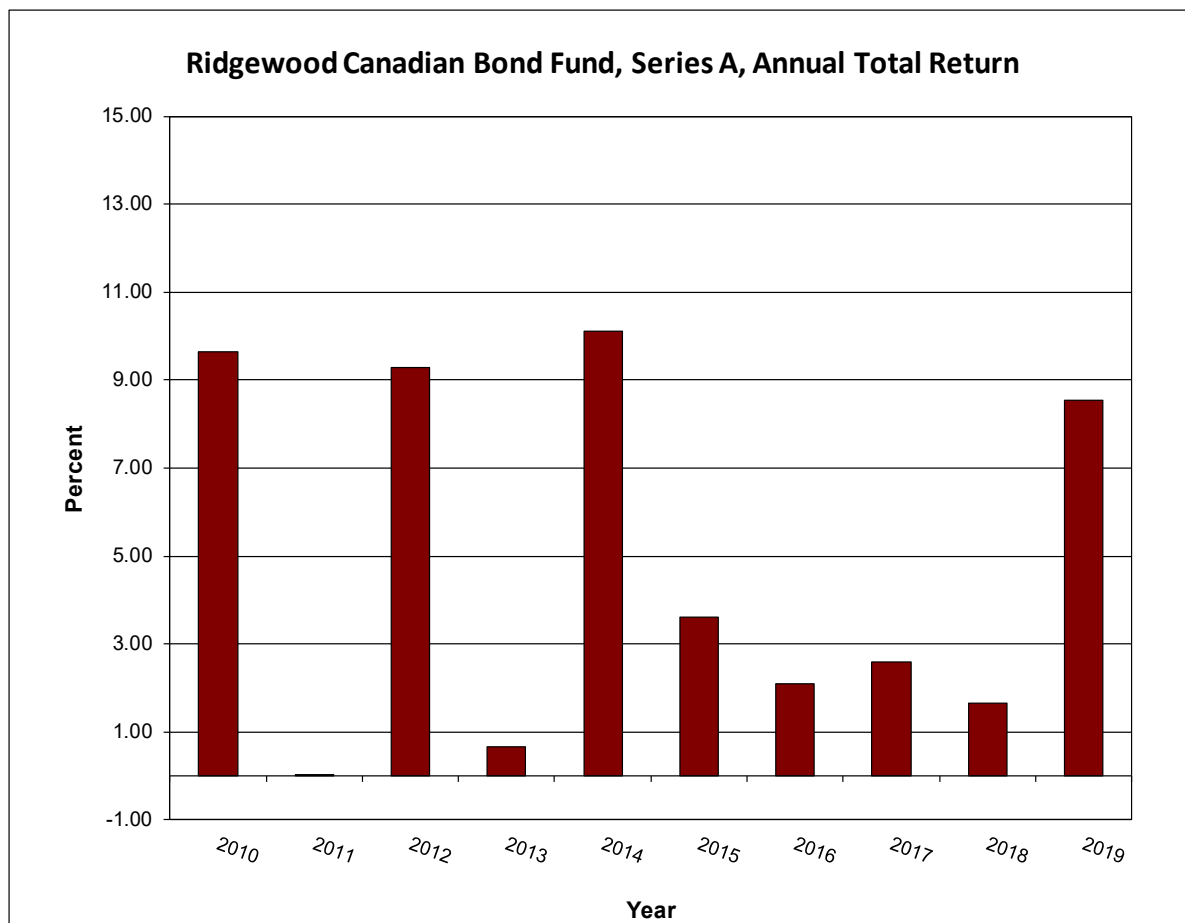
With respect to the charts displayed below, please note the following:

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

Year-By-Year Returns

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

Annual Total Return



Ridgewood Canadian Bond Fund

For the year ended December 31, 2019

Annual Compound Returns

The following table shows Series A's historical annual compound total return (net of fees of 8.54%, including HST) for the periods ended December 31 as compared to the performance of the FTSE TMX Canada Universe Bond Index.

	One Year	Three Years	Five Years	Ten Years
Ridgewood Canadian Bond Fund	8.54%	4.21%	3.66%	4.75%
FTSE TMX Canada Universe Bond *	6.86%	3.56%	3.17%	4.31%

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

Related Party Transactions

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

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

Independent Review Committee

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

For the period, January 1 to December 31, 2019, members of the IRC were G. Tomlinson Gunn, Allen B. Clarke, and Marshall E. Nicholishen. Mr. Gunn serves as the Chair of the IRC.

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

Future-Looking Statements

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

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

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

Ridgewood Canadian Bond Fund

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

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



John H. Simpson
Director
Ridgewood Capital Asset Management Inc.



Paul W. Meyer
Director
Ridgewood Capital Asset Management Inc.

March 20, 2020

Independent Auditor's Report

To the Unitholders of
Ridgewood Canadian Bond Fund (the "Fund")

Opinion

We have audited the financial statements of the Fund, which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Other Information

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

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

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

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 20, 2020

Ridgewood Canadian Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at December 31, 2019 and 2018

	31-Dec-19	31-Dec-18
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 31-Dec-19 - \$77,732,146; 31-Dec-18 - \$94,570,244)	80,257,409	94,338,917
Short-term investments at fair value (Cost: 31-Dec-19 - \$6,542,621; 31-Dec-18 - \$2,454,801)	6,542,621	2,454,801
Cash	17,905	51,493
Accrued interest receivable	335,273	403,451
Prepaid fees	-	8,040
Subscriptions receivable	102,600	-
Due from brokers	-	1,643,041
Total assets	87,255,808	98,899,743
Liabilities		
Accrued expenses	47,402	59,852
Distributions payable	-	-
Due to brokers	-	4,116,264
Redemptions payable	2,812	45,408
Total liabilities (excluding net assets attributable to holders of redeemable units)	50,214	4,221,524
Net assets attributable to holders of redeemable units	87,205,594	94,678,219
Net assets attributable to holders of redeemable units per class		
Class A	23,886,787	30,104,452
Class F	63,318,807	64,573,767
	87,205,594	94,678,219
Number of redeemable units outstanding (Note 5)		
Class A	1,913,779	2,540,076
Class F	4,996,405	5,422,242
	6,910,184	7,962,318
Net assets attributable to holders of redeemable units per unit		
Class A	12.4815	11.8518
Class F	12.6729	11.9091

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



John H. Simpson, CFA

Director



Paul W. Meyer, CFA

Director

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2019 and 2018

	2019	2018
	\$	\$
Income		
Interest income for distribution purposes	3,317,869	2,659,919
Other changes in fair value on financial assets and financial liabilities at fair value through profit or loss		
Net realized gain on sale of investments	3,144,319	40,697
Net change in unrealized appreciation (depreciation) of investments	2,756,594	(633,576)
Total income	9,218,782	2,067,040
Expenses		
Management fees (Note 6 and 7)	276,431	387,189
HST expense	34,783	49,298
Administrative and other expenses	32,105	34,398
Custodian fees	36,943	35,738
Audit fees	22,849	13,836
Legal fees	8,612	31,219
Independent review committee fees (Note 6)	17,567	17,567
Insurance premium fees	4,079	7,920
Total operating expenses	433,369	577,165
Operating profit	8,785,413	1,489,875
Increase in net assets attributable to holders of redeemable units	8,785,413	1,489,875
Increase in net assets attributable to holders of redeemable units		
Class A	2,487,880	1,020,544
Class F	6,297,533	469,331
	8,785,413	1,489,875
Daily average number of redeemable units outstanding		
Class A	2,421,736	4,126,248
Class F	5,498,408	4,470,120
	7,920,144	8,596,368
Increase in net assets attributable to holders of redeemable units per unit		
Class A	1.0273	0.2473
Class F	1.1453	0.1050

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

Ridgewood Canadian Bond Fund

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

For the years ended December 31, 2019 and 2018

	2019	2018
	\$	\$
Net assets attributable to holders of redeemable units at beginning of year		
Class A	30,104,452	81,510,472
Class F	64,573,767	-
	94,678,219	81,510,472
Distributions to redeemable unitholders		
From net investment income		
Class A	(865,483)	(1,256,451)
Class F	(2,015,475)	(730,800)
	(2,880,958)	(1,987,251)
From capital gain		
Class A	-	-
Class F	-	-
	-	-
Total distributions to redeemable unitholders		
Class A	(865,483)	(1,256,451)
Class F	(2,015,475)	(730,800)
	(2,880,958)	(1,987,251)
Redeemable unit transactions (Note 5)		
Proceeds from units issued		
Class A	11,567,654	18,627,109
Class F	17,924,390	82,071,355
	29,492,044	100,698,464
Amount paid for units redeemed		
Class A	(20,273,053)	(70,929,455)
Class F	(25,145,519)	(17,825,857)
	(45,418,572)	(88,755,312)
Reinvestment of distributions		
Class A	865,337	1,132,233
Class F	1,684,111	589,738
	2,549,448	1,721,971
Total redeemable unit transactions		
Class A	(7,840,062)	(51,170,113)
Class F	(5,537,018)	64,835,236
	(13,377,080)	13,665,123
Increase in net assets attributable to holders of redeemable units		
Class A	2,487,880	1,020,544
Class F	6,297,533	469,331
	8,785,413	1,489,875
Net assets attributable to holders of redeemable units at end of year		
Class A	23,886,787	30,104,452
Class F	63,318,807	64,573,767
	87,205,594	94,678,219

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

	2019	2018
	\$	\$
Cash provided by (used in) operating activities		
Net increase in net assets attributable to holders of redeemable units	8,785,413	1,489,875
Adjustments for		
Interest income on short-term notes	(38,262)	(51,489)
Net realized (gain) on investments excluding foreign currency	(3,144,319)	(40,697)
Net change in unrealized (appreciation) depreciation of investments	(2,756,594)	633,576
Purchase of investments	(233,469,526)	(205,174,489)
Proceeds from sale of investments	249,402,389	189,108,311
Decrease (Increase) in accrued interest receivable	68,178	(75,773)
Decrease (Increase) in prepaid fees	8,040	(2,655)
(Decrease) in accrued expenses	(12,450)	(71,368)
Decrease (Increase) in investment proceeds receivable	1,643,041	(1,643,041)
(Decrease) Increase in investment purchases payable	(4,116,264)	4,116,264
Net cash provided by (used in) operating activities	16,369,646	(11,711,486)
Cash provided by (used in) financing activities		
Subscriptions received in advance	(102,600)	25,373
Payable for units redeemed	(42,596)	16,949
Distributions paid to holders of redeemable units, net of reinvested distributions	(331,510)	(265,279)
Proceeds from units issued	29,492,044	100,698,464
Amount paid for units redeemed	(45,418,572)	(88,755,312)
Net cash provided by (used in) financing activities	(16,403,234)	11,720,195
(Decrease) Increase in cash	(33,588)	8,709
Cash, beginning of year	51,493	42,784
Cash, end of year	17,905	51,493
Supplemental information on cash flows from operating activities		
Interest received	3,386,047	2,584,146

The accompanying notes are an integral part of the financial statements

Ridgewood Canadian Bond Fund

Schedule of Investments

As at December 31, 2019

Par Value		Average Cost	Fair Value	% of Portfolio
		\$	\$	
Short-term Investments				
Treasury Bills				
6,600,000	Canadian Treasury Bill, 1.70961%, June 25, 2020	6,542,621	6,542,621	7.50%
Investments				
Federal Bonds				
2,000,000	Canadian Government Bond, 1.000%, June 01, 2027	1,907,720	1,900,422	
2,000,000	Canadian Government Bond, 2.000%, June 01, 2028	2,044,280	2,044,030	
Total Federal Bonds		3,952,000	3,944,452	4.52%
Provincial Bonds				
1,750,000	Canada Housing Trust No 1, 2.100%, September 15, 2029	1,753,938	1,751,754	
2,899,000	First Nations Finance Authority, 3.400%, June 26, 2024	3,065,311	3,052,887	
500,000	Hydro-Quebec, 4.000%, February 15, 2055	705,960	678,499	
250,000	Province of Alberta, 3.300%, December 01, 2046	274,718	281,597	
1,500,000	Province of British Columbia, 2.800%, June 18, 2048	1,482,164	1,614,463	
1,000,000	Province of Manitoba, 2.600%, June 02, 2027	980,270	1,020,311	
1,500,000	Province of Manitoba, 2.850%, September 05, 2046	1,421,670	1,557,384	
1,250,000	Province of Newfoundland and Labrador, 3.300%, October 17, 2046	1,138,788	1,342,526	
550,000	Province of Ontario, 1.950%, January 27, 2023	547,575	550,760	
1,000,000	Province of Ontario, 2.800%, June 02, 2048	1,066,450	1,059,456	
1,500,000	Province of Ontario, 2.900%, June 02, 2049	1,517,553	1,624,402	
925,000	Province of Quebec, 2.500%, September 01, 2026	911,100	945,114	
1,000,000	Province of Quebec, 2.300%, September 01, 2029	1,034,800	1,003,075	
750,000	Province of Quebec, 3.500%, December 01, 2045	851,385	893,175	
1,000,000	Province of Saskatchewan, 3.050%, December 02, 2028	1,027,580	1,055,168	
1,000,000	Province of Saskatchewan, 2.750%, December 02, 2046	900,033	1,025,693	
600,000	Province of Saskatchewan, 3.100%, June 02, 2050	713,268	664,913	
Total Provincial Bonds		19,392,563	20,121,177	23.07%
Municipal Bonds				
1,500,000	City of Montreal, 3.000%, September 01, 2027	1,506,735	1,559,503	1.79%
Corporate Bonds				
1,000,000	Allied Properties Real Estate Investment Trust, 3.394%, August 15, 2029	1,000,000	995,826	
1,000,000	AT&T Inc., 5.100%, November 25, 2048	1,059,140	1,105,555	
1,000,000	Bank of America Corp., 2.604%, March 15, 2023	973,370	1,003,869	
1,550,000	Brookfield Asset Management Inc., 5.950%, June 14, 2035	1,791,240	1,894,481	
2,000,000	Cameco Corp., 5.090%, November 14, 2042	1,856,494	2,004,629	
1,000,000	Canadian Imperial Bank of Commerce, 2.350%, August 28, 2024	1,000,000	992,201	
1,225,000	Citigroup Inc., 4.090%, June 09, 2025	1,225,613	1,285,340	
1,000,000	Empire Life Insurance Co., 3.383%, December 16, 2026	1,012,350	1,016,797	
1,000,000	Enbridge Inc., 4.570%, March 11, 2044	1,039,930	1,095,754	
1,000,000	Enbridge Inc., 5.375%, September 27, 2077	958,650	1,003,337	
1,500,000	Fairfax Financial Holdings Ltd, 4.230%, June 14, 2029	1,519,425	1,525,363	
1,000,000	Federation des Caisses Desjardins du Quebec, 2.417%, October 04, 2024	1,000,000	994,653	
1,500,000	First National Financial Corp., 3.582%, November 25, 2024	1,500,000	1,499,321	
1,000,000	Hydro One Inc., 2.540%, April 05, 2024	999,720	1,013,889	
1,000,000	Ivanhoe Cambridge II Inc., 2.909%, June 27, 2023	1,000,000	1,022,514	
901,000	Loblaws Cos. Ltd., 5.860%, June 18, 2043	1,021,752	1,135,388	
2,986,557	OMERS Realty Corp., 3.666%, December 05, 2022	2,986,557	3,058,234	
500,000	Ontario Power Generation Inc., 3.838%, June 22, 2048	500,000	548,096	
1,000,000	Sun Life Financial Inc., 3.050%, September 19, 2028	992,720	1,018,963	
2,000,000	Teranet Holdings LP, 5.754%, December 17, 2040	2,158,400	2,204,834	
1,400,000	TransAlta Corp., 7.300%, October 22, 2029	1,382,000	1,532,591	
1,400,000	Transcanada Trust, 4.650%, May 18, 2077	1,354,640	1,360,425	
1,000,000	Wells Fargo & Co., 2.975%, May 19, 2026	947,000	1,005,075	
Total Corporate Bonds		29,279,001	30,317,135	34.77%
Mortgage Backed Securities				
2,000,000	Institutional Mortgage Securities Canada Inc., 4.186%, May 12, 2024	1,913,800	1,991,000	
2,000,000	Institutional Mortgage Securities Canada Inc., 2.944%, March 12, 2025	1,912,320	1,938,000	
2,052,000	Institutional Mortgage Securities Canada Inc., 3.100%, March 12, 2025	1,820,124	1,949,400	
2,034,000	Institutional Mortgage Securities Canada Inc., 3.817%, March 12, 2025	1,828,932	1,873,314	
2,000,000	Institutional Mortgage Securities Canada Inc., 4.192%, July 12, 2045	2,029,340	2,033,330	
4,703,000	Real Estate Asset Liquidity Trust, 3.451%, May 12, 2025	4,562,648	4,684,190	
3,379,000	Real Estate Asset Liquidity Trust, 3.450%, May 12, 2026	3,124,291	3,252,288	
2,000,000	Real Estate Asset Liquidity Trust, 3.930%, November 12, 2052	1,930,380	1,951,600	
1,821,000	Real Estate Asset Liquidity Trust, 3.932%, November 12, 2052	1,550,113	1,675,320	
1,000,000	Real Estate Asset Liquidity Trust, 4.020%, June 12, 2054	976,703	965,000	
1,000,000	Real Estate Asset Liquidity Trust, 4.352%, June 14, 2061	999,987	999,200	
1,000,000	Real Estate Asset Liquidity Trust, 4.250%, August 12, 2053	953,209	1,002,500	
Total Mortgage Backed Securities		23,601,847	24,315,142	27.88%
Total Bonds and Mortgage Backed Securities		77,732,146	80,257,409	92.03%
Total Investments		84,274,767	86,800,030	99.53%
Cash and other assets, net of liabilities		405,564	405,564	0.47%
Net assets			87,205,594	100.00%

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

1. Establishment of the Fund

Ridgewood Canadian Bond Fund (the “Fund”) is an open-end trust existing under the laws of the Province of Ontario and governed by an amended and restated Master Declaration of Trust dated September 1, 2008, executed by Ridgewood Capital Asset Management Inc. (“Ridgewood” or the “Manager”) in its separate capacities as manager and trustee of the Fund, and a Fund Master Declaration of Trust dated February 18, 1999, as amended on September 1, 2008 and further amended on March 15, 2010 and July 1, 2018. The Fund began operations on February 19, 1999. The Fund’s principal office is 55 University Avenue, Suite 1020, Toronto, Ontario M5J 2H7. The fiscal year end of the Fund is December 31.

Ridgewood is also the investment manager and distributor of units of the Fund. RBC Investor & Treasury Services is the custodian, administrator and registrar of the Fund, and, as such, performs certain valuation and other services for the Fund. The financial statements are authorized for issuance by the Manager on March 20, 2020.

2. Investment objective of the Fund

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

3. Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”).

4. Summary of significant accounting policies

Financial instruments

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

Classification and Measurement

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

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

Financial assets and financial liabilities at amortized cost

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

IFRS 9 Financial Instruments (“IFRS 9”)

Financial assets carried at amortized cost are subject to expected credit loss model (“ECL”) as required by IFRS 9. The Fund’s financial assets measured at amortized cost consist of trade receivables with no financing component and which have maturities of less than 12 months, as such, it has chosen to apply the simplified ECL approach, whereby

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

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

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

Capital Disclosures

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

Valuation of Investments

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

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

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

Cash is comprised of cash on deposit.

Investment Transactions

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

Income Recognition

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

Financial Instruments - Disclosures

The Fund classifies fair value measurements within a hierarchy that prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

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

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

Level 3 Inputs that are unobservable.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

4. Summary of significant accounting policies (continued)

Financial Instruments – Disclosures (continued)

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

a) Bonds and short-term investments

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

Please see Note 12 for these disclosures.

Foreign currency

a) Functional and presentation currency

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

b) Foreign currency translation

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

Critical accounting estimates and judgments

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

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

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

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

4. Summary of significant accounting policies (continued)

Critical accounting estimates and judgments (continued)

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

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

5. Redeemable Units

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

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

Following are the redeemable unit transactions during the years ended December 31, 2019 and 2018:

	2019		2018	
	Class A	Class F	Class A	Class F
Units outstanding, beginning of year (period)	2,540,076	5,422,242	6,809,631	-
Units issued	928,407	1,447,504	1,576,247	6,880,056
Units redeemed	(1,624,198)	(2,007,134)	(5,941,324)	(1,507,607)
Reinvestment of distribution	69,494	133,793	95,522	49,793
Units outstanding, end of year (period)	1,913,779	4,996,405	2,540,076	5,422,242

6. Related party transactions

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

Management fees

Under the terms of the Master Declaration of Trust, the Fund appointed the Manager to provide management services. The Manager receives a fee in respect of each series of a class of the Fund which shall be paid from the assets of the Fund. Services received under the Declaration of Trust include managing or arranging for the management of the Fund's investment portfolio and providing or arranging for all required administrative services to the Fund. Total management fees for the year ended December 31, 2019 amounted to \$276,431 (2018 - \$387,189).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee ("IRC") during the year ended December 31, 2019 was \$17,567 (2018 - \$17,567).

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

7. Management fees and expenses

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

	Class A	Class F
Maximum Ordinary Expenses percentage	1.00%	0.35%

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

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

8. Brokerage commissions

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

9. Distributions

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

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

10. Income taxes

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

As at December 31, 2019, capital losses of \$1,361,950 (2018 - \$3,067,679) are available for utilization against realized gains on sales of investments in future years. The capital losses can be carried forward indefinitely. The Fund has no non-capital losses.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

11. Financial instruments and risk management

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

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

Interest Rate Risk

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

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

	As at December 31, 2019							
	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 3 years	3-5 years	More than 5 years	Non Interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Interest Rate Exposure	17,904	-	6,542,621	3,058,234	12,121,096	65,078,079	-	86,817,934

	As at December 31, 2018							
	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 3 years	3-5 years	More than 5 years	Non Interest bearing	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Interest Rate Exposure	51,493	-	2,454,801	6,492,984	16,399,742	71,446,191	-	96,845,211

At December 31, 2019, should interest rates have decreased by 100 basis points with all other variables remaining constant, the increase in net assets attributable to holders of redeemable units for the year would amount to approximately \$6.6 million (December 31, 2018 - \$7.7 million), arising substantially from the increase in market values of debt securities. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets attributable to holders of redeemable units would amount to approximately \$6.6 million (December 31, 2018 - \$7.7 million).

Credit Risk

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

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

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

11. Financial instruments and risk management (continued)

Credit Risk (continued)

Portfolio by rating category	December 31, 2019
Rating	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	15.89%
AA/Aa	24.72%
A/A	33.88%
BBB/Baa	23.28%
BB/Ba	1.76%
Total	99.53%

Portfolio by rating category	December 31, 2018
Rating	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	29.03%
AA/Aa	15.98%
A/A	33.85%
BBB/Baa	22.32%
BB/Ba	1.05%
Total	102.23%

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

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund's transactions and holdings are all in Canadian dollars, so there is no currency risk (2018 - \$Nil).

Liquidity Risk

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

The Fund's short-term investments of approximately \$6.5 million (December 31, 2018 - \$2.5 million) are invested in Canadian Government treasury bills with less than 150 days to maturity, so redemption requests can be readily facilitated. The Fund's accrued liabilities are generally due and paid within three months.

December 31, 2019			
Financial Liabilities	On Demand	< 3 Months	Total
Redemptions payable	\$ -	\$ 2,812	\$ 2,812
Accrued expenses	-	47,402	47,402
Net assets attributable to holders of redeemable units	87,205,594	-	87,205,594
Total Liabilities	\$ 87,205,594	\$ 50,214	\$ 87,255,808

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

11. Financial instruments and risk management (continued)

Liquidity Risk (continued)

December 31, 2018				
Financial Liabilities	On Demand	< 3 Months	Total	
Redemptions payable	\$ -	\$ 45,408	\$ 45,408	
Accrued expenses	-	59,852	59,852	
Due to brokers	-	4,116,264	4,116,264	
Net assets attributable to holders of redeemable units	94,678,219	-	94,678,219	
Total Liabilities	\$ 94,678,219	\$ 4,221,524	\$ 98,899,743	

Concentration risk

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

Market segments	December 31, 2019	December 31, 2018
Canadian Short Term Investments	7.50%	2.59%
Federal Bonds	4.52%	23.32%
Provincial Bonds	23.07%	20.62%
Municipal Bonds	1.79%	1.58%
Corporate Bonds	34.77%	39.30%
Mortgage Backed Securities	27.88%	14.82%
Total	99.53%	102.23%

12. Financial Instruments

Fair Value Disclosure

The Fund's assets recorded at fair value have been categorized based upon the fair value hierarchy described in Note 4. The following fair value hierarchy table presents information about the Fund's assets measured at fair value on a recurring basis as of December 31, 2019 and December 31, 2018.

	Financial assets at fair value as of December 31, 2019			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	17,904	-	-	17,904
Bonds	-	55,942,267	-	55,942,267
Mortgage Backed Securities (MBS)	-	24,315,142	-	24,315,142
Short Term Investments	-	6,542,621	-	6,542,621
	17,904	86,800,030	-	86,817,934

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

December 31, 2019 and 2018

12. Financial Instruments (continued)

Fair Value Disclosure (continued)

	Financial assets at fair value as of December 31, 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Cash	51,493	-	-	51,493
Bonds	-	80,303,753	-	80,303,753
Mortgage Backed Securities (MBS)	-	14,035,164	-	14,035,164
Short Term Investments	-	2,454,801	-	2,454,801
	51,493	96,793,718	-	96,845,211

There were no significant transfers made between Levels 1 and 2 as a result of changes in the availability of quoted market prices or observable market inputs during the year ended December 31, 2019 and 2018.

There were no investments or transactions classified in Level 3 for the years ended December 31, 2019 and 2018.

Mutual Funds
Managed by Ridgewood Capital Asset Management Inc.

Ridgewood Canadian Bond Fund

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