



Ridgewood Canadian Bond Fund

**Interim Financial Report (Unaudited)
For the six months ended June 30, 2018**

Ridgewood Canadian Bond Fund

Interim Financial Report (Unaudited)

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Message to Unitholders

The first half of 2018 was modestly positive for bond investors. Returns across all sectors were positive as investors remain attracted to fixed income assets given the gradual rise in yields and volatility in the equity markets. Trade tensions, tariffs and NAFTA renegotiations have created some concern on the future impact to the global economy. For now, solid growth with stable inflation are an attractive backdrop for fixed income investors. Corporate bonds continue to perform well in this environment as they provide an additional yield over Government bonds.

Long term bonds performed the best, with returns almost double those of short term and quadruple mid term bonds, at 0.92%, 0.53% and 0.26% respectively. Mid term bonds, specifically the less risky Government and Corporate AAA bonds, were the weakest and only modestly higher for the first half of the year. The yield curve continues to flatten as short term rates rise in response to the central bank hikes, while the long end appears anchored around current levels.

Bank of Canada has raised rates twice this year, once in January and again in July, putting the overnight rate currently at 1.5%. The U.S. central bank also raised rates twice, in March and June. The U.S. economy is in its 10th year of growth, the longest in American postwar history. Both Canada and U.S. central banks are expected to raise rates again in the later half of 2018 as the economic expansion continues.

The demand for corporate bonds will remain robust and the fund is positioned to provide income and capital appreciation. We are comfortable remaining fully invested and overweight in corporate bonds.

Ridgewood Canadian Bond Fund

Interim Financial Report 2018 (Unaudited)

UNAUDITED INTERIM REPORT STATEMENT

The accompanying interim financial statements have not been reviewed by the external auditors of the Fund. The external auditors will be auditing the annual financial statements of the Fund in compliance with International Financial Reporting Standards.

Ridgewood Canadian Bond Fund

Management's Responsibility for Financial Reporting

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

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



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



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

August 17, 2018

Ridgewood Canadian Bond Fund

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2018 (Unaudited) and December 31, 2017

	30-Jun-18	31-Dec-17
	\$	\$
Assets		
Financial assets at fair value through profit or loss (Cost: 30-Jun-18 - \$71,648,623; 31-Dec-17 - \$80,388,511)	71,803,392	80,790,760
Short-term investments at fair value (Cost: 30-Jun-18 - \$3,610,632; 31-Dec-17 - \$478,171)	3,610,632	478,171
Cash	-	42,784
Accrued interest receivable	330,189	327,678
Prepaid fees	8,701	5,385
Subscriptions receivable	1,082,000	25,373
Total Assets	76,834,914	81,670,151
Liabilities		
Bank overdraft	1,021,582	-
Accrued expenses	130,683	131,220
Distributions Payable	156,030	-
Due to Brokers	1,000,000	-
Redemptions payable	7,409	28,459
Total Liabilities (excluding net assets attributable to holders of redeemable units)	2,315,704	159,679
Net Assets attributable to holders of redeemable units	74,519,210	81,510,472
Number of Units Outstanding (Note 5)	6,241,184	6,809,631
Net assets attributable to holders of redeemable units per unit	11.9399	11.9699

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



Director

John H. Simpson, CFA



Director

Paul W. Meyer, CFA

STATEMENTS OF COMPREHENSIVE INCOME

For the six month periods ended June 30, 2018 and 2017 (Unaudited)

	2018	2017
	\$	\$
Income		
Interest income for distribution purposes	1,342,443	1,483,440
Net gain (loss) on foreign exchange	-	-
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	24,559	1,408,874
Net change in unrealized (depreciation) appreciation of investments	(247,479)	226,724
Total income	1,119,523	3,119,038
Expenses		
Management fees (Note 7)	244,700	336,998
HST expense	35,935	45,526
Administrative and other expenses	78,761	125,379
Custodian fees	30,394	30,394
Audit fees	8,572	4,380
Legal fees	21,295	12,463
Independent Review Committee fees	8,933	8,933
Insurance premium fees	3,960	-
Total operating expenses	432,550	564,073
Operating profit	686,973	2,554,965
Increase in net assets attributable to holders of redeemable units	686,973	2,554,965
Daily average number of units	6,269,054	7,910,737
Increase in net assets attributable to holders of redeemable units per unit	0.1096	0.3230

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

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Ridgewood Canadian Bond Fund

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

For the six month periods ended June 30, 2018 and 2017 (Unaudited)

	2018	2017
	\$	\$
Net Assets Attributable to Holders of Redeemable units at beginning of period	81,510,472	78,654,512
Distributions to redeemable unitholders		
From net investment income	(929,188)	(1,189,085)
Redeemable Unit Transactions (Note 5)		
Proceeds from units issued	6,761,701	29,369,257
Amount paid for units redeemed	(14,180,979)	(24,212,914)
Reinvestment of distributions	670,231	821,382
	(6,749,047)	5,977,725
Increase in net assets attributable to holders of redeemable units	686,973	2,554,965
Net Assets Attributable to Holders of Redeemable units at end of period	74,519,210	85,998,117

STATEMENTS OF CASH FLOWS

For the six month periods ended June 30, 2018 and 2017 (Unaudited)

	2018	2017
	\$	\$
Cash provided by (used in) operating activities		
Net increase (decrease) in net assets attributable to holders of redeemable units	686,973	2,554,965
Adjustments for		
Interest income on short-term notes	(12,012)	(12,668)
Net realized (gain) on investments excluding foreign currency	(24,559)	(1,408,874)
Net change in unrealized (appreciation) depreciation of investments	247,479	(226,724)
Purchase of investments	(74,062,236)	(86,329,527)
Proceeds from sale of investments	79,706,235	82,701,540
(Increase) in accrued interest receivable	(2,511)	(101,506)
(Increase) in prepaid fees	(3,316)	(3,993)
(Decrease) Increase in accrued expenses	(537)	50,415
Increase (Decrease) in investment purchases payable	1,000,000	(2,081,499)
Net cash provided by (used in) operating activities	7,535,516	(4,857,871)
Cash provided by (used in) financing activities		
Subscriptions received in advance	(1,056,627)	(82,687)
Payable for units redeemed	(21,050)	330,075
Distributions paid to holders of redeemable units, net of reinvested distributions	(102,927)	(189,561)
Proceeds from units issued	6,761,701	29,369,257
Amount paid for units redeemed	(14,180,979)	(24,212,914)
Net cash (used in) provided by financing activities	(8,599,882)	5,214,170
(Decrease) Increase in cash	(1,064,366)	356,299
Cash, beginning of period	42,784	17,744
(Overdraft) cash, end of period	(1,021,582)	374,043
Interest received	1,339,932	1,381,934

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

Ridgewood Canadian Bond Fund

Schedule of Investments

As at June 30, 2018

Par Value	Average Cost	Fair Value	% of Portfolio
	\$	\$	
Short-term Investments			
Treasury Bills			
3630000 Canadian Treasury Bill, 1.386%, November 15, 2018	3,610,632	3,610,632	4.85%
Investments			
Federal Bonds			
300000 Canada Housing Trust No 1, 1.900%, September 15, 2026	292,425	286,284	
1420000 Canadian Government Bond, 1.000%, June 01, 2027	1,286,366	1,287,512	
3000000 CPPIB Capital Inc., 3.000%, June 15, 2028	3,000,000	3,034,269	
Total Federal Bonds	4,578,791	4,608,065	6.18%
Provincial Bonds			
3899000 First Nations Finance Authority, 3.400%, June 26, 2024	4,122,680	4,016,587	
250000 Province of Alberta, 3.300%, December 01, 2046	274,718	264,367	
2000000 Province of Manitoba, 1.550%, September 05, 2021	1,995,800	1,953,589	
1500000 Province of Manitoba, 2.850%, September 05, 2046	1,421,670	1,429,611	
1250000 Province of Newfoundland and Labrador, 3.300%, October 17, 2046	1,138,788	1,273,834	
1000000 Province of Ontario, 1.350%, March 08, 2022	972,440	964,131	
1000000 Province of Ontario, 1.950%, January 27, 2023	995,590	978,954	
1000000 Province of Ontario, 2.900%, June 02, 2049	983,050	980,588	
2000000 Province of Quebec, 2.500%, September 01, 2026	1,965,600	1,967,897	
1000000 Province of Quebec, 3.500%, December 01, 2045	1,135,180	1,098,128	
1000000 Province of Saskatchewan, 2.750%, December 02, 2046	876,500	954,191	
Total Provincial Bonds	15,882,016	15,881,877	21.31%
Municipal Bonds			
1500000 City of Montreal, 3.000%, September 01, 2027	1,506,735	1,498,233	2.01%
Corporate Bonds			
1000000 Brookfield Property Finance ULC, 4.346%, July 03, 2023	1,000,000	1,000,000	
1000000 Brookfield Renewable Partners ULC, 3.630%, January 15, 2027	999,500	988,189	
1000000 Cameco Corp., 3.750%, November 14, 2022	1,015,100	990,628	
2500000 Cameco Corp., 5.090%, November 14, 2042	2,279,305	2,332,465	
1000000 Canadian Imperial Bank of Commerce, 3.000%, October 28, 2024	999,770	1,003,963	
1000000 Capital Power Corp., 4.284%, September 18, 2024	1,000,000	1,013,374	
1000000 Chip Mortgage Trust, 2.330%, April 29, 2020	988,980	985,484	
1000000 Choice Properties Real Estate Investment Trust, 3.546%, January 10, 2025	1,000,000	995,501	
1400000 CT Real Estate Investment Trust, 3.469%, June 16, 2027	1,400,000	1,360,155	
1000000 Empire Life Insurance Co., 3.383%, December 16, 2026	1,012,350	1,002,714	
1000000 Enbridge Inc., 4.570%, March 11, 2044	1,039,930	1,006,760	
2000000 Enbridge Inc., 5.375%, September 27, 2077	1,917,300	1,902,602	
1000000 Fairfax Financial Holdings Ltd., 4.250%, December 06, 2027	999,920	988,311	
1000000 Hydro One Inc., 2.770%, February 24, 2026	978,250	981,430	
1000000 Ivanhoe Cambridge II Inc., 2.909%, June 27, 2023	1,000,000	997,707	
1000000 Laurentian Bank of Canada, 4.250%, June 22, 2027	1,009,300	999,184	
901000 Loblaw Cos. Ltd., 5.860%, June 18, 2043	1,021,752	1,056,803	
1500000 MCAP Commercial LP, 5.000%, December 14, 2022	1,500,000	1,491,162	
3107828 OMERS Realty Corp., 3.666%, December 05, 2022	3,107,828	3,159,107	
1000000 Ontario Power Generation Inc., 3.838%, June 22, 2048	1,000,000	1,009,280	
1000000 Royal Bank of Canada, 2.333%, December 05, 2023	1,000,000	969,102	
1000000 Shaw Communications Inc., 6.750%, November 09, 2039	1,240,100	1,259,785	
2000000 Teranet Holdings LP, 5.754%, December 17, 2040	2,158,400	2,132,790	
1400000 TransAlta Corp., 7.300%, October 22, 2029	1,382,000	1,536,537	
1000000 Wells Fargo & Co., 2.222%, March 15, 2021	1,000,000	984,043	
Total Corporate Bonds	32,049,785	32,147,076	43.14%
Mortgage Backed Securities			
2052000 Institutional Mortgage Securities Canada Inc., 3.100%, March 12, 2025	1,820,124	1,857,060	
2000000 Institutional Mortgage Securities Canada Inc., 4.186%, May 12, 2024	1,913,800	1,928,000	
2000000 Institutional Mortgage Securities Canada Inc., 4.192%, July 12, 2045	2,029,340	2,010,857	
2000000 Institutional Mortgage Securities Canada Inc., D, 3.828%, March 12, 2025	1,795,980	1,798,000	
1000000 Institutional Mortgage Securities Canada Inc., E, 3.828%, March 12, 2025	870,650	863,000	
3379000 Real Estate Asset Liquidity Trust, 3.450%, May 12, 2026	3,124,291	3,112,059	
2850000 Real Estate Asset Liquidity Trust, 3.451%, May 12, 2025	2,751,618	2,736,000	
2000000 Real Estate Asset Liquidity Trust, 3.660%, July 12, 2025	1,775,380	1,788,000	
1821000 Real Estate Asset Liquidity Trust, 3.932%, November 12, 2052	1,550,113	1,575,165	
Total Mortgage Backed Securities	17,631,296	17,668,141	23.71%
Total Bonds and Mortgage Backed Securities	71,648,623	71,803,392	96.35%
Total Investments	75,259,255	75,414,024	101.20%
Cash and other assets, net of liabilities		(894,814)	-1.20%
Net assets		74,519,210	100.00%

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

1. Establishment of the Fund

Ridgewood Canadian Bond Fund (the “Fund”) is an open-end trust existing under the laws of the Province of Ontario and governed by an amended and restated Master Declaration of Trust dated September 1, 2008, executed by Ridgewood Capital Asset Management Inc. (“Ridgewood” or the “Manager”) in its separate capacities as manager and trustee of the Fund, and a Fund Declaration dated February 18, 1999, as amended on September 1, 2008 and further amended on March 15, 2010. 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 Ridgewood Capital Asset Management Inc. on August 17, 2018.

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 and Adoption of IFRS

These semi-annual financial statements have been prepared in compliance with International Accounting Standards (“IFRS”) applicable to the preparation of financial statements and International Accounting Standards (“IAS”) 34.

Interim Financial Reporting

These semi-annual financial statements have been prepared on a historical cost basis, except for financial assets and financial liabilities at fair value through profit or loss, which are presented at fair value. The accounting policies applied in these interim financial statements are based on IFRS issued and outstanding as of June 30, 2018.

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 receivable 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.

IFRS 9 Financial Instruments (“IFRS 9”)

On January 1, 2018, the Fund adopted IFRS 9 Financial Instruments (“IFRS 9”) retrospectively. IFRS 9 requires assets to be carried at amortized cost or fair value, with changes in fair value recognized in profit and loss or other comprehensive income, based on the entity’s business model for managing financial assets and the contractual cash flow characteristics of the financial assets.

Upon adoption of IFRS 9, the Fund’s financial assets and liabilities previously classified as at fair value through profit or loss (“FVTPL”) and amortized cost under IAS 39 “Financial Instruments: Recognition and Measurement”, continued to be classified at FVTPL and amortized cost.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

4. Summary of significant accounting policies (continued)

Financial instruments (continued)

a) Classification and Measurement

The Fund classifies its investments in debt and equity securities and open-ended investment funds based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets.

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

Financial assets and financial liabilities at amortized cost

The financial assets and liabilities measured at amortized cost include loans payable, accrued interest receivable, cash, accrued expenses and distribution payable.

IFRS 9 replaced the incurred loss model in IAS 39 with the expected credit loss model ("ECL"), as the new impairment model for financial assets carried at amortized cost. 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 any loss allowance is recognized based on the lifetime ECLs. Given the short-term nature of the trade receivables and high credit quality, this amendment has not had a material impact on the financial statements and 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 and 9. 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. Unlisted convertible debentures are valued at cost, if the underlying security is less than the conversion price; or if the underlying security is greater than the conversion price, at the market value of the underlying security multiplied by the number of shares to be received.

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 and Income Recognition

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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

4. Summary of significant accounting policies (continued)

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

All fair value measurements above are recurring. The carrying values of cash, subscriptions receivable, interest receivable, payable for investments purchased, 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.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

4. Summary of significant accounting policies (continued)

Critical accounting estimates and judgments

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

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

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

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

In classifying and measuring financial instruments held by the Funds, the Manager is required to make significant judgments about whether or not the business of the Funds 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.

Following are the unit transactions during the periods from January 1 to June 30, 2018 and January 1 to December 31, 2017:

	2018	2017
Units outstanding, beginning of year	6,809,631	6,587,678
Units issued for cash	568,595	3,618,606
Units redeemed	(1,193,552)	(3,545,796)
Reinvestment of distribution	56,510	149,143
Units outstanding, end of period	6,241,184	6,809,631

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 Investment Agreement dated September 1, 2008, the Fund appointed the Manager to provide management services. The Manager receives a fee based on the NAV of the Fund's units, accrued daily and payable monthly out of the assets of the Fund. The maximum management fee is equal to 1.00% (excluding HST) of the net asset value of the Fund. Services received under the Declaration of Trust include managing or arranging for

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

6. Related party transactions (continued)

Management fees (continued)

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 six month period ended June 30, 2018 amounted to \$244,700 (2017 - \$336,998).

Independent Review Committee fees

The total remuneration paid to members of the Independent Review Committee during the six month period ended June 30, 2018 was \$ 8,933 (2017 - \$8,933).

7. Management fees and expenses

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

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

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, 2017, capital losses of \$2,911,985 (2016 - \$3,438,044) are available for utilization against realized gains on sales of investments in future years. The capital losses can be carried forward indefinitely. The Fund has no non-capital losses.

11. Financial instruments and risk management

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

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

11. Financial instruments and risk management (continued)

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 June 30, 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	-	-	3,610,632	1,969,527	10,535,279	59,298,584	-	75,414,022	

								As at December 31, 2017	
	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	42,784	-	478,170	2,002,548	12,742,253	66,045,960	-	81,311,715	

At June 30, 2018, 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 \$5.6 million (December 31, 2017 - \$6.6 million), arising substantially from the increase in market values of debt securities, with a small portion affecting interest rate futures. Conversely, if interest rates had risen by 100 basis points, the decrease in net assets attributable to holders of redeemable units would amount to approximately \$5.6 million (December 31, 2017 - \$6.6 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 also measures credit risk and lifetime ECL 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 Dominion Bond Rating Service Limited and Canadian Bond Rating Service Limited.

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

11. Financial instruments and risk management (continued)

Credit Risk (continued)

Portfolio by rating category	June 30, 2018
Rating	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	12.35%
AA/Aa	23.68%
A/A	27.49%
BBB/Baa	36.34%
BB/Ba	1.34%
Total	101.20%

Portfolio by rating category	December 31, 2017
Rating	As a % of net assets attributable to holders of redeemable units
AAA/Aaa	16.90%
AA/Aa	20.53%
A/A	22.22%
BBB/Baa	38.81%
BB/Ba	1.24%
Total	99.70%

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 (2017 - \$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 \$ 3.6 million (December 31, 2017 - \$0.5 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.

June 30, 2018			
Financial Liabilities	On Demand	< 3 Months	Total
Bank overdraft	\$ -	\$ 1,021,582	\$ 1,021,582
Redemptions payable	-	7,409	7,409
Accrued expenses	-	130,683	130,683
Due to brokers	-	1,000,000	1,000,000
Distributions Payable	-	156,030	156,030
Net Assets attributable to holders of redeemable units	74,519,210	-	74,519,210
Total Liabilities	\$ 74,519,210	\$ 2,315,704	\$ 76,834,914

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

11. Financial instruments and risk management (continued)

Liquidity Risk (continued)

December, 2017				
Financial Liabilities	On Demand	< 3 Months	Total	
Redemptions payable	\$ -	\$ 28,459	\$	28,459
Accrued expenses	-	131,220		131,220
Due to brokers	-	-		-
Distributions Payable	-	-		-
Net Assets attributable to holders of redeemable units	81,510,472	-		81,510,472
Total Liabilities	\$ 81,510,472	\$ 159,679	\$	81,670,151

Concentration risk

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

Market segments	June 30, 2018	December 31, 2017
Canadian Short Term Investments	4.85%	0.59%
Federal Bonds	6.18%	11.47%
Provincial Bonds	21.31%	19.59%
Municipal Bonds	2.01%	1.87%
Corporate Bonds	43.14%	42.01%
Mortgage Backed Securities	23.71%	24.17%
Total	101.20%	99.70%

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 June 30, 2018 and December 31, 2017.

	Financial assets at fair value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Bonds	-	54,135,251	-	54,135,251
Mortgage Backed Securities (MBS)	-	17,668,141	-	17,668,141
Short Term Investments	-	3,610,632	-	3,610,632
	-	75,414,024	-	75,414,024

Ridgewood Canadian Bond Fund

Notes to the Financial Statements

June 30, 2018 (unaudited)

12. Financial Instruments (continued)

Fair Value Disclosure (continued)

	Financial assets at fair value as of December 31, 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Bonds	-	61,091,244	-	61,091,244
Mortgage Backed Securities (MBS)	-	19,699,516	-	19,699,516
Short Term Investments	-	478,171	-	478,171
	-	81,268,931	-	81,268,931

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 six month ended June 30, 2018 and year ended December 31, 2017.

There were no investments or transactions classified in Level 3 for the six-month periods ended June 30, 2018 and the year ended December 31, 2017.

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