ridgewood
CAPITAL ASSET MANAGEMENT

Ridgewood Canadian Investment Grade Bond Fund

Interim Report of Fund Performance
For the six months ended June 30, 2016

Ridgewood Canadian Investment Grade Bond Fund

Management Report of Fund Performance

For the six months ended June 30, 2016

Management Report of Fund Performance

This interim management report of fund performance contains financial highlights but does not contain either the interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, and at no cost, by calling 416-842-0887 or 1-888-789-8957 toll free, or by writing to us at Investor Relations, Ridgewood Capital Asset Management Inc., 55 University Avenue, Suite 1020, Toronto, Ontario, M5J 2H7, or by visiting our website at www.ridgewoodcapital.ca or SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

Management Discussion of Fund Performance

Results of Operations

For the six months ended June 30, 2016, the net asset value of the Fund for pricing purposes was $13.65 per unit compared to $13.50 per unit at December 31, 2015.

For more detailed information on the investment returns, please see the Annual Total Return bar graph.

For the six months ended June 30, 2016, the fund had a positive return of 3.84% net of fees and expenses of 1.45% while the FTSE/TMX Universe Bond Index had a return of 4.05%. Central banks are either cutting interest rates or quantitatively easing (buying bonds). We expect that Canadian corporate bonds will continue to experience strong demand, a sector we currently favour.

The Fund may utilize various forms of borrowings including a loan facility and margin purchases, up to 35% of the total assets of the Fund at the time of the borrowing. Accordingly, the maximum amount of leverage that the Fund could employ is 1.54:1. Ridgewood, in its capacity as trustee of the Fund, established a margin account with The Bank of Nova Scotia ("Scotia") on January 29, 2010. The Fund is required to pay interest to Scotia on any outstanding indebtedness. Such indebtedness is collateralized by a security interest in the portfolio of investments.

As at June 30, 2016, $42,747,861 of the Fund was leveraged. During the six months ended June 30, 2016, the Fund's maximum leverage outstanding was $47,687,861 and the minimum leverage outstanding was $Nil.

Recent Developments

The first half of 2016 produced positive returns for bond investors, particularly in the corporate bond sectors. The overall index was up 4.05% but infrastructure bonds, which include sectors such as power generation, renewable energy and utilities, were up over 9%. This highlights the importance of sector selection within a bond portfolio as the low Government yields will only provide modest returns going forward. Globally, interest rates are continuing to decline and in some cases yields are negative on short term bonds. The search for income is expected to force investors into positive yielding assets and corporate bonds in particular.

Global growth has been steady but not to the level it should be at this point in the economic cycle. Therefore, we expect interest rates will stay low and perhaps go lower for the remainder of the year. The demand for corporate bonds will remain robust and the fund is currently positioned to provide both income and capital appreciation.

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 year ended December 31 is derived from the Fund's audited financial statements, with the exception of 2013 information, which was re-stated in accordance with IFRS requirements. For June 30, 2016, December 31, 2015 and 2014, the Net Assets included in the Net Assets per Unit table is from the Fund's unaudited and audited financial statements, respectively, and are calculated using closing prices while the Net Asset Value included in the Ratios/Supplemental Data table is for Fund pricing purposes and calculated using closing prices. All other calculations for the purposes of the MRFP are made using Net Asset Value.

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The Fund's Net Assets per Unit

The Fund's Net Assets per Unit

Class A		Period ended June 30	Years ended December 31				
Period		2016	2015	2014	2013	2012	2011
Net assets value, beginning of period/year [1]	$	13.50 $	13.72 $	12.51 $	12.36 $	10.95 $	12.01
Increase (decrease) from operations:							
Total revenue		0.51	1.08	1.03	0.92	0.84	0.82
Total expenses		(0.10)	(0.20)	(0.24)	(0.29)	(0.15)	(0.17)
Realized gains (losses)		0.13	0.31	0.44	0.24	0.53	(0.75)
Unrealized gains (losses)		(0.03)	(0.83)	0.59	0.20	0.79	(0.16)
Total increase (decrease) from operations [3]		0.51	0.36	1.82	1.07	2.01	(0.26)
Distributions:							
From net investment income (excluding dividends)		0.33	(0.92)	(0.68)	(0.59)	(0.60)	(0.41)
From net realized capital gains		-	(0.44)	(0.39)	(0.11)	-	-
From return of capital		-	-	-	(0.35)	(0.03)	(0.52)
Total distributions [4]		0.33	(1.36)	(1.07)	(1.05)	(0.63)	(0.93)
Net assets value, end of period/year [2][5]	$	13.65 $	13.50 $	13.72 $	12.51 $	12.33 $	10.95

[1] *This information is derived from the Fund's unaudited financial statements as at June 30, 2016 and the Fund's audited annual financial statements as at December 31 of the year, with the exception of 2013 information, which was re-stated in accordance with IFRS requirements. For all prior years the financial statements of the Fund were prepared in accordance with Canadian GAAP applicable to public enterprises. Class A units list their initial offering price of $12.00 per unit as the opening net asset value although such units may not have actually been issued at the beginning of the year. The inception date for Class A units was December 18, 2009.*

[2] *The net assets per security presented in the financial statements differs from the net asset value calculated for Fund pricing purposes for 2013 and 2014. An explanation of these differences can be found in the notes to the financial statements.*

[3] *Net assets per security and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the average number of units outstanding over the financial year.*

[4] *Distributions, if any, were paid in cash, reinvested in additional units of the Fund, or both.*

[5] *The Financial Highlights are not intended to act as a continuity of the opening and closing net assets per unit.*

Ratios and Supplemental Data

Class A

Period [1]		2016 [1]	2015	2014	2013	2012	2011
Net asset value (000's)	$	88,967 $	80,446 $	107,992 $	89,154 $	79,366 $	77,712
Number of units outstanding		6,517,181	5,961,001	7,872,822	7,126,722	6,419,709	7,076,807
Management expense ratio [3]		1.45%	1.46%	1.83%	2.35%	1.25%	1.41%
Management expense ratio before waivers or absorptions [4]		1.45%	1.46%	1.83%	2.35%	1.25%	1.41%
Trading expense ratio[6]		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Portfolio turnover rate [5]		72.74%	59.45%	29.55%	23.25%	95.68%	176.07%
Closing Market Price	$	14.50 $	13.85 $	13.73 $	13.98 $	12.25 $	11.60
Net Asset Value per unit, end of period/year	$	13.65 $	13.50 $	13.72 $	12.51 $	12.36 $	10.98

[1] *The information is provided for the period ended June 30, 2016*

[2] *The inception date for Class A is December 18, 2009.*

[3] *Management expense ratio is based on total expenses (excluding commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average net assets during the period. Out of its management fees, the Manager pays for such services to the Fund as portfolio manager compensation, service fees and marketing. Management expense ratio is inclusive of performance fees.*

[4] *The Manager, at its discretion, may waive and/or absorb a portion of the fees and/or expenses otherwise payable by the Fund. The waiving and/or absorption of such fees and/or expenses by the Manager may be terminated at any time, or continued indefinitely, at the discretion of the Manager.*

[5] *The Fund's portfolio turnover rate indicates how actively the Sub-Advisor trades the Fund's 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 period. The higher the Fund's portfolio turnover rate in a period, the greater the trading costs payable by the Fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of the Fund.*

[6] *The trading expense ratio represents total commissions and other portfolio transactions costs expressed as an annualized percentage of daily average net asset value during the period.*

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__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 0.50% (excluding HST) of the net asset value of the Fund. The fee is accrued daily and payable monthly out of 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.

__Past Performance__

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

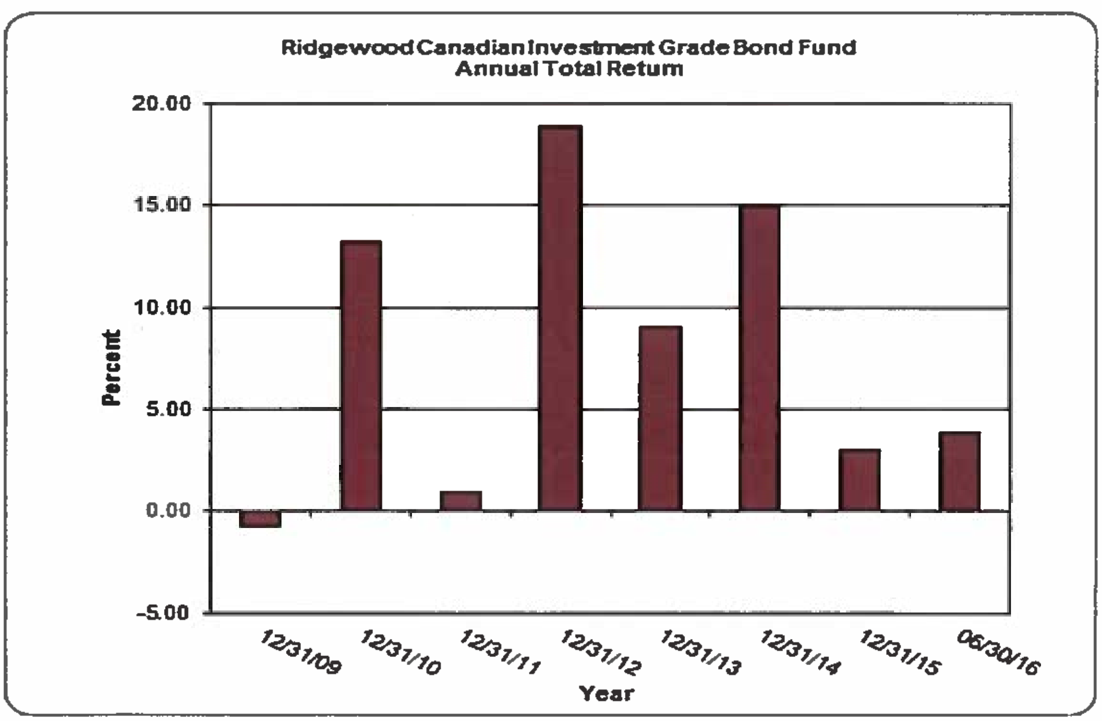
With respect to the charts displayed below, please note the following:

- 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 returns or performance information does not take into account sales, redemptions, distributions or other 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 the Fund's annual total return in each year since the Fund's inception including the six month period ended June 30, 2015 has varied from period to period. 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, or June 30, 2016 for the six months then ended.

Annual Total Return



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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
June 30, 2016

	% of Total Portfolio		% of Total Portfolio
Corporate Bonds	99.2	Cash & Cash Equivalents	0.8

Top 25 Holdings

	% of Total Net Asset Value
1. Citigroup Inc. 5.16%, 2022/05/24	5.9%
2. Reliance LP., 4.075%, 2021/08/02	5.4%
3. Transalta Corp., 7.30%, 2029/10/22	5.1%
4. Shaw Communications Inc., 6.75%, 2039/11/09	4.8%
5. Sobeys Inc., 6.06%, 2035/10/29	4.7%
6. Institutional Mortgage Securities Canada Inc., 2012-2 D (Restricted), 2022/07/12	4.5%
7. Brookfield Asset Management Inc., 5.95%, 2035/06/14	4.3%
8. Fairfax Financial Holdings Ltd., 4.50%, 2023/03/22	3.9%
9. Merrill Lynch Financial Assets Inc., C23 D1, 2017/08/12	3.9%
10. Merrill Lynch Financial Assets Inc., C22 D, 2017/05/12	3.9%
11. CT REIT, 3.289%, 2026/06/01	3.9%
12. First National Financial Corp., 4.01%, 2020/04/09	3.9%
13. Pembina Pipeline Corp., 4.75%, 2043/04/30	3.6%
14. Altagas, 4.50%, 2044/08/15	3.6%
15. Fairfax Financial Holdings Ltd., 5.84%, 2022/10/14	3.4%
16. Toronto Dominion, 4.859%, 2031/03/04	3.3%
17. Merrill Lynch Financial Assets Inc., C21 D, 2017/01/12	3.1%
18. Cominar, 4.247%, 2023/05/23	3.1%
19. Schooner Trust 2007-8 E, 5.23%, 2022/06/12	3.0%
20. Fairfax Financial Holdings Ltd., 4.875%, 2024/08/13	3.0%
21. George Weston Ltd., 7.10%, 2032/02/05	2.8%
22. Institutional Mortgage Securities Canada Inc., 2012-2 E (Restricted), 2022/07/12	2.6%
23. Institutional Mortgage Securities Canada Inc., 2011-1D, 2021/02/12	2.5%
24. Schooner Trust 2007-8 D, 5.23%, 2022/06/12	2.3%
25. Aviva PLC., 4.50%, 2021/05/10	2.0%
Total	**92.5%**

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. The current members of the IRC are 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 period.

Forward-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 unless required by applicable law.

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