



LETTER TO UNITHOLDERS

JUNE 30, 2025

NOTICE TO READER

The purpose of this Letter to Unitholders ("LTU") is for Ravensource's Investment Manager to impart information and analysis to aid Ravensource's unitholders understanding of their investment. The LTU is a supplemental report to the financial statements, Management Report on Fund Performance ("MRFP"), Annual Information Form ("AIF"), Relationship Disclosure Information and Conflicts of Interest Disclosure Statement and the Independent Review Committee ("IRC") report. You can get a copy of these documents and the Fund's proxy voting policies and proxy voting record by calling (416) 250-2845, by writing to us at Stornoway Portfolio Management 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1, by visiting our website at www.ravensource.ca, or the SEDAR website at www.sedarplus.ca.

A Note on Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, decisions, opportunities, risks or other matters. Forward-looking statements are predictive in nature requiring us to make assumptions and subject to inherent risks and uncertainties. Our forward-looking statements may not prove to be accurate, and the factors that could cause actual events, results, etc. may differ materially from expectations, estimates or intentions. These risk factors include market and general economic conditions, regulatory developments, the effects of competition in the geographic and business areas the fund may invest and others as detailed in Ravensource's Annual Information Form. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that Ravensource may not update any forward-looking statements.

About the Ravensource Fund

The Ravensource Fund is a closed-end investment trust whose units trade on the TSX under the symbol **RAV.UN**. The principal objective of Ravensource is to achieve absolute long-term returns through investing in out-of-favour and deep-value North American securities. Ravensource's investments fall primarily in three strategies:

1. *Distressed Opportunities*: Investing in corporate debt, creditor claims and/or equity securities of companies, that are in, perceived to be in, or emerging from financial distress at a price materially different from what we believe to be the underlying fundamental value of the securities.
2. *Alternative Credit*: Investing in corporate debt, on either a primary or secondary basis, that is reasonably expected to be repaid at or above par at or before its stated maturity in a manner consistent with the terms of its indenture and earn a yield that we believe is attractive given the underlying credit risk.
3. *Special Situations Equities*: Investing primarily in Canadian and U.S. small- and mid-cap equities that have catalysts to bridge the gap between market price and intrinsic value.

About Stornoway Portfolio Management ("Stornoway")

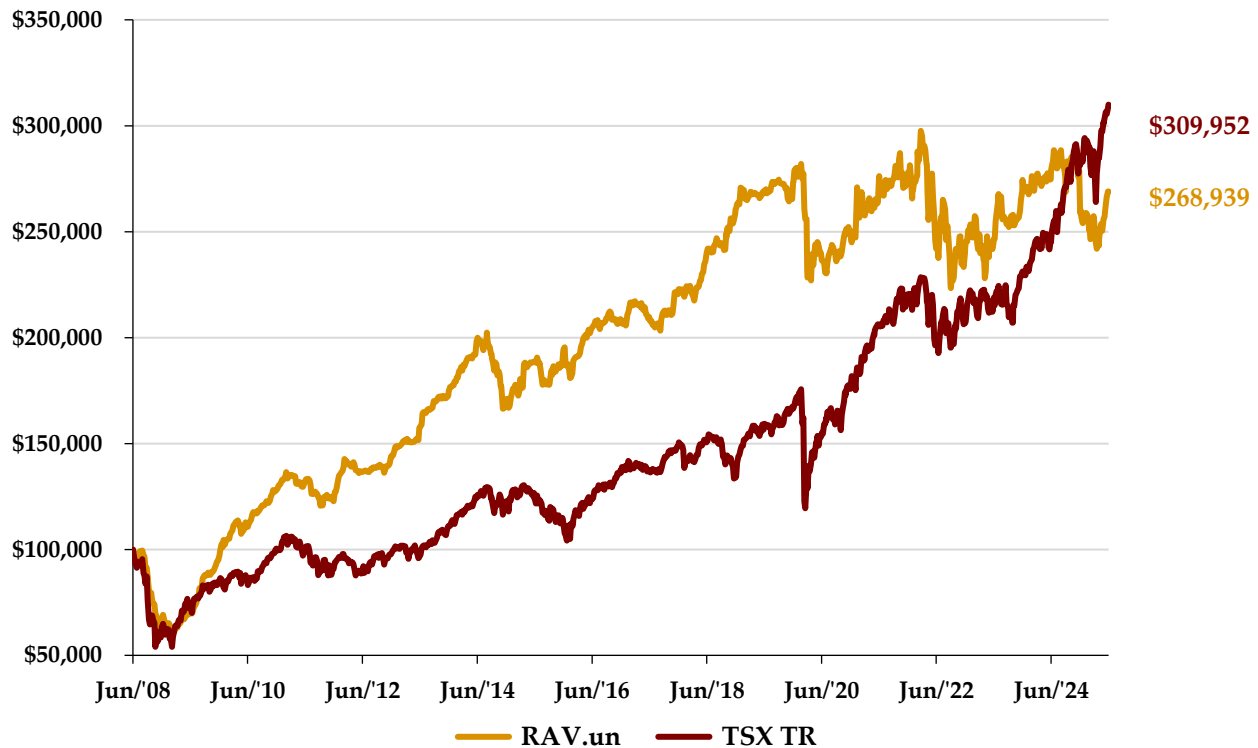
Stornoway was appointed the Fund's Investment Manager on July 1, 2008, to execute Ravensource's investment mandate. Stornoway took over the management of Ravensource from Pat Hodgson. Pat was our partner, an extraordinary investor and a true buccaneer who in 2003 transitioned Ravensource from investing in debt of Asian companies — the Fund was formerly The First Asia Fund — to focus on North American securities. Pat left us with a tremendous legacy that forms the guiding principles we embrace in managing Ravensource.

Stornoway is a Toronto-based, employee-owned investment management firm focused on investing in distressed securities and other deep-value, out-of-favour investment opportunities that withstand a thorough and disciplined analytical rigor prior to investing and active involvement thereafter. The Stornoway Team is comprised of Scott Reid, Daniel Metrikin, and Michael Chen. Our bios and our approach to investing can be found on the Ravensource website. In addition to Ravensource, Stornoway manages the Stornoway Recovery Fund LP ("SRFLP") and the Stornoway Recovery Offshore Investor Fund LP ("SROIF"), limited partnerships that invest in opportunities that arise from companies that are in or near financial distress.

Past investment performance by the Ravensource Fund is not indicative of future results and there cannot be any assurances that its investment objectives will be achieved. This letter is not a solicitation to invest.

RAVENSOURCE'S JUNE 30, 2025 LETTER TO UNITHOLDERS

Growth of \$100,000 Since July 1, 2008



* Based on net asset value per unit, assuming all distributions are reinvested in units at net asset value.

Dear Fellow Unitholders,

RavenSource's NAV rose 3.93% in the first half of 2025, versus 10.17% for the TSX. Our focus, however, is not on benchmarks but on generating long-term wealth for RavenSource investors, diversified from their other investments.

We do so by buying deeply mispriced investments, typically in complex or distressed situations, where price diverges significantly from value. After years of helping to drive change and build value, our focus is now on capturing it. Several investments are nearing exit, and we remain actively involved to help drive those realizations.

Consider Crystallex. It's nearing final court approval of a US\$7.3 billion sale of PDVH—a key tipping point in recovering the US\$1 billion it is owed by Venezuela and repaying the Senior Notes. KEC has launched a formal sale process, with peer transactions pointing to 42–66% upside from current levels. Algoma has completed its transformation and now is strategically positioned as Canada's only plate steel producer.

Not everything has gone to plan—see Guestlogix—but when it hasn't, we've moved quickly to protect capital and refocus where we can drive results. Still, the first half of 2025 brought de-risking events and tangible milestones. Our portfolio is better positioned to deliver the value we've worked hard to build.

This letter aims to provide deeper insight into our process and your investment—connecting the dots from investments made, to value built, to strategic exits we believe will deliver meaningful gains on your RavenSource investment.

The Stornoway Way

We don't just invest in distressed companies—we work to revitalize them.

Stornoway specializes in misfit securities: bonds, loans, and shares weighed down by distress, dislocation, or transition—where most investors see only risk. We invest when fear, fatigue, or forced selling push prices well below intrinsic value. That gap is where value begins—but value alone isn't enough for us to invest.

Cheap investments will likely remain cheap without a catalyst to effect change. We commit capital only when there's a clear path to remove the choke points—litigation, leverage, leadership, or worse—that prevent value from being realized. We focus our capital on the fulcrum security, where change drives the greatest impact and delivers the greatest value to Ravensource investors.

That's when our work begins. We bring both parts and labour: capital, strategic insight, and hands-on execution. In boardrooms, courtrooms, and capital structures, we work to convert complexity into clarity and uncertainty into outcomes. The result: clean, de-risked, revitalized companies that strategic buyers want to own—and are willing to pay a premium for.

Fixing what's broken takes time—three to five years, sometimes longer. It also takes deep conviction, courage, and the fortitude to stay the course through volatility, doubt, and the pressure to follow the crowd. But with the right partners, the right catalysts, the right engagement, and the right exit, the results can be truly exceptional.

We act like owners because we are. Stornoway principals own over 10% of Ravensource. Our capital sits alongside yours, sharpening our focus, deepening conviction, and anchoring us for the long haul.

That's the Stornoway Way: find value, drive change, and capture the payoff, with discipline, patience, and purpose.

Investment Performance

Ravensource's investment portfolio generated a 5.79% mark-to-market gain in the first half of 2025, before fees and expenses. The key contributors to performance were:

Issuer / Security	H1 2025	
	Gross Return on Investment	Impact on Fund ¹
Kiwetinohk Energy Corp.	29.05%	4.89%
Crystallex International Corp.	9.72%	3.48%
Gold Reserve Ltd.	27.85%	1.35%
Firm Capital Apartment Real Estate Investment Trust	(1.42%)	(0.10%)
GXI Acquisition Corp.	(51.47%)	(0.50%)
Algoma Steel Group Inc.	(28.71%)	(3.34%)
Other ²		0.01%
Pre-Expense Investment Return		5.79%
Total Fund Expenses		(1.86%)
Ravensource Fund Net Return		3.93%

¹ Increase in NAV due to investment's gross return for the period.

² Includes the impact of foreign exchange, FX hedges, and other investments.

Kiwetinohk Energy Corp. ("KEC")

KEC was the Fund's top contributor in the first half of 2025, adding 4.9% to Ravensource's NAV following a 29.1% rise in its share price. While recent performance has been strong, KEC's share price still significantly understates the transformation it has undertaken—and the value created—since we first invested.

We backed KEC in 2020, co-sponsoring its restructuring alongside ARC Financial and a top-tier management team. At the time, energy markets were in freefall, KEC's predecessor was insolvent, and most investors were preparing for the apocalypse. We envisioned something different: a clean balance sheet, \$100 million of underutilized infrastructure, and decades of high-return drilling inventory, all paired with disciplined execution.

Since then, production has tripled to over 32,600 boe/d, with operating profit exceeding \$30 per barrel—nearly double the industry average. Growth has been entirely self-funded. No equity raised. No dilution. KEC's infrastructure and Alliance Pipeline access have translated into consistent free cash flow and top-tier margins. The business is de-risked, well-run, and deeply profitable.

As conviction and evidence of a successful turnaround grew, so did our investment—long before the market took notice.

Today, KEC is one of the last independent pure-play operators in the Duvernay and Montney, with owned infrastructure, high-quality acreage, and strategic positioning that make it a compelling acquisition candidate. With 85% of shares held by long-term backers of the 2020 restructuring, it has stayed under the radar. That is beginning to change.

In June, KEC formally launched a strategic review and opened its data room. Insiders, briefly unrestricted, purchased over \$2 million of stock, signaling conviction. Event-driven investors followed.

What's KEC worth in a sale? Recent transactions suggest values well north of \$30 per share, ~42% above the June 30 price of \$21.10. A \$35 takeout implies a 66% premium. As for timing, we believe a transaction could come as early as late Q3 or Q4.

KEC is a classic Ravensource investment: buy what others discard, back quality teams to fix what's broken, and grow our investment as the turnaround takes hold. We believe the final step—a strategic sale—is now within reach. Until then, we remain patient stewards of this investment, confident in both the path and the destination.

Crystallex International Corp. ("Crystallex")

All figures in United States Dollars

Crystallex remains Ravensource's largest position, representing ~35% of net assets. We've held the 9.375% Senior Notes for over a decade and serve on the ad hoc Senior Noteholder Committee to protect and maximize our recovery. The path has been long—but the outcome is finally in sight.

Crystallex is owed approximately US\$1 billion by Venezuela. In turn, we estimate Crystallex now owes its Senior Noteholders ~US\$450 per \$100 face value, and counting, reflecting over a decade of unpaid interest. Our recovery turns on two things: (1) completion of the court-ordered PDVH sale to collect what Venezuela owes Crystallex, and (2) how the sale proceeds are allocated among Crystallex's stakeholders.







The court-ordered sale process is in its final stages. In July, the U.S. court-appointed Special Master recommended a ~US\$7.3 billion proposal from Dalinar Energy for PDVH—the parent of CITGO Petroleum—as the winning bid. A final hearing to approve the sale is scheduled for August, with closing expected by year-end, pending U.S. government approvals. While delays remain possible, momentum is strong, and the PDVH shares are already in the custody of the Delaware court, significantly reducing enforcement risk.

Once the PDVH proceeds are received, the key issue becomes allocation: how the value is divided among Crystallex stakeholders. Every dollar paid to the Senior Noteholders reduces recoveries to stakeholders below them in the capital structure. But we're not seeking a windfall—we're asserting a contractual right, backed by the trust indenture, court record, and final court orders in Crystallex's CCAA proceedings. For the Ontario court to deny us interest—while awarding hundreds of millions to junior stakeholders who have used our capital, interest-free, for over a decade—would be inequitable and contrary to the basic principle that debt, including interest, ranks ahead of equity.

If enforcing our rights requires litigation, so be it. We are organized, battle-tested, and well represented by Goodmans LLP, one of Canada's top insolvency firms.

At its current price of \$158 per \$100 face value, the notes still reflect deep skepticism and the complexity of a case few are willing to underwrite. But we've done the work. We know what we own. And we know what we're owed. Under our base case—entitlement to 9.375% interest—we estimate a recovery of ~\$527 per \$100 face value by March 31, 2027, representing a 234% return from current levels.

Estimated Recovery on Crystallex 9.375% Senior Notes and Estimated Impact to Ravensource

Interest Stop Date	Estimated Recovery per \$100 Face Value	Return over Current Market Price	Estimated Impact to Ravensource's NAV	Residual Recovery for Junior Stakeholders (\$mm)
Current Market Price	 \$158			
December 31, 2015	 \$188	19.0%	5.4%	\$734
June 30, 2025	 \$449	184.1%	52.6%	\$583
June 30, 2026	 \$492	211.4%	60.4%	\$498
March 31, 2027	 \$527	233.6%	66.7%	\$429
March 31, 2028	 \$578	265.7%	75.9%	\$331

While our repayment depends on the sale closing and subsequent allocation, we expect to receive our distribution by March 31, 2027. A range between June 30, 2026 and March 31, 2028 brackets the key risks and steps still ahead.

This isn't hope. The PDVH sale is real. The surplus—after fully repaying the Senior Noteholders—is large. The legal case is strong. Litigation may take time, but our payoff is within reach, and worth the wait.

Crystallex bears all the hallmarks of a Ravensource investment: long-dated, legally grounded, and pursued with high conviction through hard work, diligence, and direct involvement.

Gold Reserve Ltd. (“Gold Reserve”)

All figures in United States Dollars

Gold Reserve is a relatively new position for Ravensource, sourced through years of deep involvement in the PDVH sale process via our Crystallex investment. With the Crystallex Senior Notes already our largest holding, we were highly selective in adding further Venezuelan exposure. But this is a fundamentally different opportunity.

Like Crystallex, Gold Reserve holds an ICSID award stemming from Venezuela’s expropriation of a major gold deposit. Crystallex’s claim relates to Las Cristinas; Gold Reserve’s to its next-door neighbour, Brisas—both world-class assets taken under similar circumstances. Both are seeking recovery on their ICSID awards through the court-ordered sale of PDVH.

But the similarities end there. Crystallex is a cash recovery play. It is owed US\$1 billion and sits first in line for proceeds from the PDVH sale. With multiple bids exceeding US\$3.5 billion, the Crystallex outcome turns on allocation—specifically, whether Canadian courts award ongoing interest to the Senior Noteholders. (See Crystallex section above.)

Gold Reserve, by contrast, sits too far down the claims waterfall to expect a cash payout. Instead, it is using its ICSID award to credit bid for PDVH, partnering with other junior creditors—most notably Koch Minerals—in the Dalinar Energy bid. If successful, Gold Reserve won’t be cashed out; it will become a co-owner of CITGO through Dalinar, much like a distressed investor equitized in a restructuring. The upside could far exceed its award. The downside: owning an equity stake in a complex, regulated, and volatile refining business.

Unlike Crystallex, Gold Reserve is also pursuing multiple recovery paths. In early 2025, it secured a Portuguese court ruling that could unlock access to Venezuelan accounts holding over US\$1.4 billion. It has also launched a new ICSID arbitration over its expropriated interest in Siembra Minera, a massive but undeveloped gold project. These initiatives may take years to play out—but if successful, the shareholder value created could be substantial.

We see in Gold Reserve a misunderstood, multi-path investment—exactly the kind of complexity we gravitate to. With the PDVH sale process nearing resolution and enforcement efforts gaining traction, value that once seemed remote is now surfacing. We believe both the magnitude and diversity of its potential recovery merit investment, and that now is the right time to own it.

GXI Acquisition Corp. (“GXI”)

GXI is the holding company of Guestlogix Inc., a travel-technology business built to help airlines grow in-cabin sales through smarter payment software. The strategy made sense: airlines need ancillary revenue, and Guestlogix built tools to help drive it.

But airlines proved far more resistant to change than expected. By late 2023, management led us to believe traction was finally building after years of product investment. It wasn’t.

Throughout 2024, the company’s President fabricated documents that overstated major client wins and revenue growth. He misled the Board, exploited our trust, and likely damaged Guestlogix’s reputation in the airline industry. When we brought in new leadership in early 2025, the truth emerged: no growth, no momentum, and no visible path to scale.

We moved quickly. Stornoway learned of the potential fraud on February 13, 2025. Before markets opened the next day, we issued a no-names press release notifying Ravensource investors of a possible material loss, while making clear the facts were still under investigation. By the end of March, the damage was clear. The President was terminated for cause. We restructured the business, cut costs, raised liquidity, and put experienced oversight in place. Those steps bought time—but couldn't undo the damage.

The write-down reflects that reality. All told, we have written down our GXI investment by ~95%. As of June 30, GXI represents approximately 0.43% of Ravensource's NAV, down from ~7.5% a year ago.

Investing requires judgment and discipline. We don't always get it right. But we don't spin. Our focus now is on protecting the remaining value and applying the same pragmatism here that we bring to every investment.

Algoma Steel Corp. ("Algoma")

Algoma shares fell 28.7% in the first half, reducing NAV by 3.3%. Tariffs and weak steel prices—driven by soft demand—have weighed on results. But beneath the surface, Algoma has laid the foundation for a more modern, resilient business with sustained profitability and strategic relevance.

Over the past two years, Algoma completed two transformational projects: pouring first steel from its new Electric Arc Furnace ("EAF") and finishing a full modernization of its plate mill. While over budget and delayed, these projects will cut emissions by 70%, reduce labour by 20%, and—most importantly—transform Algoma into a more profitable, more predictable cash flow generator.

Flexibility matters. Unlike blast furnaces, which run flat-out or shut down, EAFs can dial production to match demand and pricing. Paired with scrap and pig iron inputs, Algoma's model creates a margin structure that flexes with the market: protecting downside when conditions weaken and capturing upside when they improve. No one is building new blast furnaces. They're building EAFs.

Despite this, Algoma trades at just 3.1x normalized EBITDA—well below replacement value and steel industry comps. U.S. peers are spending US\$1,250–\$1,400 per ton to build what Algoma already has, implying a US\$3–\$4 billion asset, or US\$24–\$34 per share. Even heavily discounted, it's worth far more than the current US\$6.89.

On the macro front, the Canadian government is responding to a hostile U.S. trade environment by expanding its Strategic Innovation Fund, relaxing tariff loan terms, and tightening quotas on non-FTA imports. These moves may not resolve tariff uncertainty, but they give Algoma staying power and reinforce its long-term competitiveness.

With its EAF-based model, modernized plate mill, and advantaged North American footprint, Algoma is no longer a legacy steel producer—it's the steel company others are trying to build. At this point—and at this valuation—we remain vigilant, but well incentivized to stay patient and wait out the storm.

The Carrot

At Stornoway, we invest where complexity creates mispricing—and where we see a clear path to unlocking and realizing value, often through a strategic transaction. The Carrot is our estimate of what that value is. It marks the gap between where our investments are priced today and what we believe they're worth when the job is done: the reward for navigating that journey successfully.

Investment	Jun 30, 2025		"The Carrot"		Estimated Time to Exit	Early Est.	Late Est.
	% of NAV	Price	Exit Proceeds ¹	Total Return ²		Exit Date	Exit Date
Crystallex International Corp.	35.8%	\$158.00	\$449.00	184.2%	18 - 33 Months	Q3 2026	Q1 2028
Kiwetino Energy Corp.	20.9%	\$21.10	\$30.00	42.2%	6 - 18 Months	Q4 2025	Q4 2026
Algoma Steel Group Inc.	7.5%	\$6.89	\$15.00	117.7%	1 - 2 Years	Q2 2026	Q2 2027
Firm Capital Apartment REIT	6.1%	\$3.45	\$6.00	73.9%	6 - 18 Months	Q4 2025	Q4 2026
Gold Reserve Ltd.	5.7%	\$2.02	\$7.50	271.3%	6 - 24 Months	Q4 2025	Q2 2027

¹ Stornoway's estimate of the proceeds received on a successful realization plus any interim dividends / distributions received.

² Unannualized return calculation.

Importantly, the Carrot isn't a forecast. It's a conservative estimate of realizable value at exit—grounded in today's business economics, not aspirational targets or speculative multiples. We anchor it in tangible developments: signed contracts, completed projects, and precedent transactions. These figures reflect the lower end of what's achievable.

But no Carrot goes unchallenged. Whether Scott or Daniel is leading an investment, the other plays the skeptic—stress-testing assumptions, pushing back on optimism, and clarifying what must go right to reward our capital. It's red team vs. blue team: a process rooted in Stornoway's culture of constructive tension. The Carrot is our internal benchmark for what success looks like, before and during investment, and how efficiently we captured it.

At the end of the day, we—and you—measure success by what we deliver to our investors in returns when we exit a position, not by what we estimate or model.

Fund Liquidity and Investment Activity

As of June 30, 2025, the Fund held net cash and equivalents equal to 23.65% of Net Assets, up from 22.45% at year-end 2024. The sources and uses of cash during the period were as follows:

	H1 2025	
	Amount	% of Net Assets ¹
Beginning Net Cash and Cash Equivalents	\$4,807,038	22.45%
<i>Investing Activities</i>		
Cash Used to Purchase Investments	(\$50,380)	(0.24%)
Cash Proceeds from Investment Divestitures	--	--
Dividends and Interest	166,863	0.78%
Cash Impact of FX Hedge	523,947	2.45%
Cash Used in Investing Activities	\$640,431	2.99%
<i>Operating Activities</i>		
Operating Expenses	(\$384,104)	(1.79%)
Cash Used in Operating Activities	(\$384,104)	(1.79%)
Change in Net Cash and Cash Equivalents	\$256,328	1.20%
Ending Net Cash and Cash Equivalents	\$5,063,366	23.65%

¹ % of June 30, 2025 net assets.

Investment Purchases

During the first half of the year, the Fund deployed 0.24% of NAV into new investments, primarily through a promissory note to GXI to support its working capital needs during its stabilization process.

Divestitures

The Fund had no investment divestitures during the first half of 2025.

Use of Leverage

As of June 30, 2025, Ravensource's indebtedness represented 18.53% of Net Asset Value, down from 24.45% at year-end 2024 and well within the Fund's 30.0% limit. This leverage was more than offset by the Fund's 27.81% position in Government of Canada T-bills.

Distributions

So far in 2025, the Fund has not made a distribution to unitholders. We believe retaining capital to invest in the compelling opportunities currently available will create more value than a cash distribution. This decision was strongly supported by unitholder feedback, which consistently emphasized a preference for redeploying capital into our differentiated strategy.

Stornoway will continue to review Ravensource's distribution policy semi-annually, with the intent to distribute only what is required—if anything—to maintain the Fund's non-taxable status or if compelling investment opportunities are lacking. Until then, we will focus on investing, rather than distributing, Ravensource's capital to maximize long-term value for unitholders.

Operating Expenses

Ravensource's operating expenses include management fees, legal and professional fees, audit and accounting costs, and other administrative charges. The table below reconciles the Fund's gross return to its net investment return by showing how these expenses impacted performance in the first half of 2024 and 2025.

	H1 2024 ¹	H1 2025 ¹	Change
Pre-Expense / Incentive Fee Investment Return	3.05%	5.79%	
Fund Expenses			
Management Fees	(0.56%)	(0.56%)	0.01%
Legal & Professional Fees	(0.07%)	(0.28%)	(0.21%)
Interest Expense	(0.37%)	(0.37%)	0.00%
Audit & Accounting Fees	(0.19%)	(0.40%)	(0.21%)
Transaction Costs	(0.00%)	(0.00%)	0.00%
Other Operating Expenses	(0.29%)	(0.26%)	0.03%
Total Fund Expenses	(1.49%)	(1.86%)	(0.37%)
Pre-Incentive Fee Investment Return	1.56%	3.93%	(0.37%)
Incentive Fee	--%	--%	
Ravensource Fund Net Return	1.56%	3.93%	

¹ Percentage of ending net asset value per unit for the period.

Operating expenses totaled 1.86% of ending NAV, up 0.37 percentage points from the same period in 2024 due to higher legal and audit fees.

Incentive Fee

Stornoway earns an incentive fee only after unitholders earn more than 5% annually and recover any past underperformance. That cumulative threshold is called the high watermark.

As of June 30, 2025, Ravensource's NAV per unit would have had to exceed \$20.18 for incentive fees to begin accruing. With NAV at \$16.52, unitholders are entitled to the next 22.2% of returns entirely free of incentive fees—regardless of the price paid for their units.

Long Term and Relative Performance

While investing is forward-looking, measuring performance is essential to merit your capital. Our objective is to deliver superior long-term returns. In recent years, we haven't done that. Performance has lagged—pressuring our long-term track record and falling short of expectations, both yours and ours. You expect a frank assessment of the past, present, and future, and that's a responsibility we'll never shy away from.

Historically, Ravensource has meaningfully outperformed the market, as shown on the graph on the first page. But since 2022, our results have trailed. Several of our more complex investments have taken much longer to play out than expected. The value created, we believe, is real—but it hasn't yet been realized.

Since taking over in July 2008, Ravensource has delivered a 6.0% annualized return—growing a \$100,000 investment to \$268,939, versus \$309,952 in the S&P/TSX. Index comparisons are shown below and detailed in Appendix 1.

As at June 30, 2025 ¹	YTD 2025	1 Year	3 Years	5 Years	10 Years	Since July 1, 2008
Ravensource Fund - RAV.UN ⁽¹⁾	3.9%	(3.5%)	3.6%	2.5%	3.6%	6.0%
S&P/TSX Composite Total Return Index	10.2%	26.4%	16.1%	15.0%	9.6%	6.9%
S&P/TSX Small Cap Total Return Index	12.7%	23.1%	14.0%	15.1%	7.2%	4.4%
ICE BofAML US High Yield Index	4.5%	10.2%	9.8%	6.0%	5.3%	6.8%
HFRI Distressed/Restructuring Index	0.2%	7.2%	6.4%	9.1%	5.4%	5.0%

¹ Based on net asset value per unit, assuming all distributions are reinvested in Units at net asset value. Returns are net of all fees and expenses. Returns are annualized except YTD returns.

Looking forward, we are sharply focused on turning the value that has been created into a significant return on your capital. Several of our largest positions are nearing resolution—Crystallex through the PDVH sale, KEC through a strategic transaction, and Algoma through its transformation into a modern, strategically relevant steel company. To get to where we are now, it has taken time, capital, and patience—more than you may have expected. But we believe that when measured once this chapter is complete, the ultimate payoff will more than justify the time, capital, and conviction it took to get there. That's how we've created long-term wealth in the past—and what we're positioned to deliver again.

"Skin in the Game"

We firmly believe investment managers should have meaningful "skin in the game," sharing both the risks and rewards of their decisions alongside investors. As of June 30, 2025, the Stornoway Team owned approximately 11.3% of Ravensource's outstanding units. In short, we are your partners.

Risk

We define risk as the potential for permanent loss of capital. While we underwrite risk at the time of investment, it evolves as we move toward—or away from—key milestones such as restructurings, mergers, or loan repayments. We continuously monitor each investment's risk profile and adjust position sizes as warranted.

Our core risk management tools include investing with a meaningful margin of safety, structuring downside protection into our investments, and staying actively involved with our investees. These reduce risk and enhance returns—but not all risks can be eliminated. Some theses may prove incorrect or take longer to play out, exposing the Fund to losses.

Ravensource is more concentrated than most funds, typically holding ten or fewer positions. We believe focusing capital on high-conviction opportunities—where we can actively drive value—is key to generating long-term returns. But it also means that a single investment can materially impact performance, for better or worse.

We invest in underfollowed, illiquid, and sometimes volatile securities. During market stress, our holdings may experience temporary drawdowns as capital flees to liquidity. When appropriate, we use these dislocations to increase positions—if our thesis remains intact and the issuer has runway.

As of June 30, 2025, Ravensource had borrowings equal to 18.53% of net assets, offset by a 27.81% position in short-term Government of Canada T-bills. While we view this as a prudent use of leverage, it increases risk—magnifying losses in a downturn and exposing the Fund to margin calls. Stornoway actively monitors and adjusts the Fund’s leverage.

There has been no change to Ravensource’s strategy in 2025 that would materially alter its risk profile. The Fund remains appropriate for investors with a diversified portfolio, long-term horizon, and medium-to-high risk tolerance.

This summary is not exhaustive. We encourage you to review the Fund’s financial statements and Annual Information Form for a complete discussion of risks.

Concluding Remarks

We have strong conviction in the path ahead. With a winning bid in hand, data rooms open, and legal battles advanced, our portfolio is shifting from value creation to value capture. While much of the heavy lifting is behind us, we remain focused on converting that progress into realized gains. That’s how we define success—and what we are working relentlessly to deliver. Measured over the life of these investments, we believe the payoff will meaningfully reward the time, capital, and conviction it has required from our investors.

In preparing this letter, we’ve aimed to be both thorough and concise. While we’ve focused on the most important developments, there is always more behind each investment. As always, we welcome the opportunity to discuss any aspect of the Fund or our strategy—by phone, Zoom, or ideally, in person.

We are grateful for your continued partnership, patience, and trust. We remain committed to protecting and growing your capital in the years to come.

Onwards and upwards,



Scott Reid
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July 2025

Appendix 1 - Ravensource's Use of Comparable Indices

Given the idiosyncratic nature of the Fund's investment strategy, the Investment Manager does not believe there is an index that sufficiently resembles the Fund to the degree it should be considered or used as a "benchmark". However, the Investment Manager provides historical performance data for several indices in addition to the results of the Fund for comparison purposes. The Investment Manager has chosen indices that it believes are relevant to the investment mandate of the Fund and / or to capital markets in general. However, while each of these indices overlap with certain aspects of the Fund's mandate, none of them share significant similarities with the Fund's investment portfolio:

- The S&P/TSX Composite Total Return Index ("S&P/TSX") is the principal broad-based measure commonly accepted by investors to measure the performance of Canadian equity markets. The S&P/TSX is a relevant index for comparison purposes as the Fund's investment portfolio contains Canadian equity investments and the Fund's debt investments are frequently converted into equity securities as part of the restructuring process. However, the performance of the S&P/TSX will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the S&P/TSX.
- The S&P/TSX Small Cap Total Return Index ("TSX Small Cap") tracks the performance of the Canadian small cap equity market. The TSX Small Cap is a relevant index for comparison purposes as the Fund invests in Canadian small cap companies that are attractively valued with catalysts to unlock value. However, the performance of the TSX Small Cap will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the TSX Small Cap.
- The ICE BofAML US High Yield Index ("BAMLHY") is a USD-denominated index that tracks the performance of USD, sub-investment grade rated corporate debt. BAMLHY is a relevant index for comparison purposes as the Fund invests in corporate debt securities that are rated below investment grade. However, the Fund's investment portfolio also includes defaulted debt and equity securities which are not included in the BAMLHY and thus the Fund's performance may vary greatly from BAMLHY.
- The HFRI Distressed/Restructuring Index ("HFRIDSI") tracks the performance of investment funds focused on the credit instruments of companies trading at significant discounts to par value due to formal bankruptcy proceedings or the expectation of near-term proceedings. The HFRIDSI is a relevant index for comparison purpose as Fund's mandate broadly overlaps that of the funds that make up the HFRIDSI. However, it is likely that the composition of the Fund's investment portfolio is unique from these peers and thus the Fund's performance may vary greatly from the HFRIDSI.

As the Fund makes idiosyncratic investments in securities which are overlooked by the capital markets, the Fund's investment portfolio contains investments that are not likely included in any of the above indices and thus an investment in the Fund should not be considered a substitute or proxy for the underlying index. For the reasons stated above, these indices should not be considered a benchmark for the Fund and there can be no assurance that any historical correlation or relationship will continue in the future. Index data is provided by Hedge Fund Research and ICE Data Services.

