

Ravensource Fund

Ravensource Fund Independent Review Committee 2009 Report to Securityholders

Dear Securityholder,

In response to National Instrument 81-107 and to provide an arms-length vehicle to deal with matters that involve potential conflicts of interest between the Fund and the Manager, the Ravensource Fund established and maintains an Independent Review Committee (“IRC”).

Under NI 81-107, the IRC reviews potential conflict of interests referred to us by the Manager and makes recommendations on whether a course of action achieves a fair and reasonable result for the Ravensource Fund. The scope of our review will include whether the policies and procedures of the Manager related to conflicts of interest is effective and adequate.

We are pleased to continue to serve the interests of the Funds and to publish the annual report to securityholders of the Ravensource Fund that describes the mandate of the IRC and its activities for the financial year ending December 31st, 2009.

Michael Siskind

Chair of the Ravensource Fund Independent Review Committee
March 29th, 2010

RavenSource Independent Review Committee 2009 Report to Securityholders

The Independent Review Committee (IRC) for RavenSource Fund (the “Fund” or “RavenSource”) annually reports to the security holders its activities for each financial year. The IRC held its annual meeting on December 4th, 2009 and the following report summarizes the activities of the IRC in 2009.

Members of the Independent Review Committee

- Michael Siskind (Chair)
- Michael Gardiner
- David Magahey

The committee has reviewed, and is satisfied with the independence of its members, the compensation of the members, and the effectiveness of the committee.

Michael Siskind, David Magahey, and Richard Hamm were appointed to the IRC in May 2007 for an initial term of 2 years. During 2009, Mr. Richard Hamm completed his 2 year term as a member of the IRC and Michael Gardiner of Fairwater Capital Corporation was appointed to the IRC as Mr. Hamm’s replacement. Mr. Magahey will continue to serve a 2nd term, and Mr. Siskind will continue to serve a 2nd term, as the committee chair.

Ownership of securities by IRC Members

In the Fund

As at December 31, 2009, the members of the IRC did not beneficially own, directly or indirectly, in aggregate above ten (10%) per cent of the units in any series or class of the Fund.

In the Manager

As at December 31, 2009, none of the members of the IRC beneficially owned, directly or indirectly, any securities of the Manager.

In any service provider

As at December 31, 2009, Mr. Michael Gardiner beneficially owned 24,700 common shares of Toronto-Dominion Bank and Mr. David Magahey beneficially owned 150 common shares of Toronto-Dominion Bank. Toronto-Dominion Bank provides Prime Brokerage and custodian services for the Fund. Further, Toronto-Dominion Bank’s subsidiary TD Securities Inc was the Recirculation Agent that re-sold the RavenSource units that were tendered for redemption in 2009.

None of the members of the IRC beneficially owned, directly or indirectly, any securities of a person or company providing services to the Fund or to Stornoway Portfolio Management Inc. (the “Manager”), the manager of the Fund, other than noted above.

Compensation and Indemnities

The aggregate compensation paid to the IRC by the Fund for 2009 was \$5,800.

At least annually, the IRC will review its compensation, giving consideration to the following:

1. the best interests of the Fund and its securityholders;
2. the nature and complexity of the Fund;
3. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy of each member; and
4. industry best practices, including industry averages and surveys on compensation paid to the IRCs of Canadian investment funds.

For 2010, the IRC has deemed that the existing level of compensation is fair and reasonable.

Conflicts of Interest

The IRC discussed the Fund's investment in the Specialty Foods Group. Mr. Reid is on the board of directors. Both Ravensource and another investment fund that the Manager manages have investments in Specialty Foods Group in the form of convertible secured debentures. The IRC is satisfied that no conflict exists for the investment.

The IRC also reviewed the recirculation of units that were tendered for redemption during the Fall of 2009. As per the annual redemption right, a total of 97,678 units of the Fund were tendered for redemption. As authorized in section 3.15.1 of the Amended and Restated Declaration of Trust dated July 1st, 2008, the Ravensource Fund can enter into a recirculation agreement with a 3rd party with the purpose of re-selling the units that have been submitted for redemption. Accordingly, the fund entered into a recirculation agreement dated as of September 25, 2009 to engage TD Securities Inc. to use its commercially reasonable efforts to find purchasers for the units of the Fund that were tendered for redemption. TD Securities Inc. was successful in finding purchasers for all units of the Fund that had been previously tendered for redemption and as a result, the Fund had no reduction in the units outstanding over the course of 2009. The IRC found that the recirculation of units and the agreement with TD Securities Inc. did not pose a conflict of interest.

For the period ending December 31st, 2009, the IRC is not aware of any instance when the Manager acted in a conflict of interest matter referred to the IRC, where the IRC did not give a positive recommendation.

The IRC is required to report to the OSC any instance where the Manager acted in a conflict of interest matter but did not meet a condition imposed by the IRC in its recommendation or approval. We report that no such situation existed in 2009.

Standing Instructions

The IRC has issued standing instructions to the Manager that requires it to comply with all of its policies and procedures in respect to the conflict of interest matters, and to report to the IRC as to its compliance thereof. The standing instructions require the Manager to comply with the following policies and procedures:

- the investment committee – ethical Chinese walls
- Statement of Policies on Related Registrants and Connected Issuers
- Privacy Policy
- Fairness in Allocation Policy
- Complaints Process
- Investment Decision Process
- Trading Process – order execution
- trading process - trade dispute resolution process
- NAV calculation Error correction policy
- Trading process - best order execution
- Net Asset Value and performance calculation policy
- Personal Trading Policy
- Restricted Trading Policy
- Proxy Voting process
- Soft dollar and commission Policy
- Early warning and insider reporting policy
- Referral arrangements policy
- Selection and oversight of third party service providers Policy
- Conflicts of Interest Policy

For the period ending December 31st, 2009, the IRC, relying upon the representations of the Manager in this regard, was not aware of any instance in which the Manager acted contrary to any conditions imposed by the IRC in its standing instructions.