RAVENSOURCE
FUND

MANAGEMENT'S LETTER TO UNITHOLDERS

FOR THE SIX MONTHS ENDED JUNE 30, 2015

NOTICE TO READER

Our goal for this letter is to report to Ravensource's investors: in a candid fashion about the philosophy that guides our investment decisions; the rationale for and changes in Ravensource's investments; the performance of the investments over the reporting period; and some of the risks that Ravensource is exposed to. We produce this letter to impart knowledge, analysis and information to Ravensource's unitholders so that they can have a thorough understanding of their investment. However, this letter is a supplemental report to be read alongside the financial statements, Management Report on Fund Performance ("MRFP"), Annual Information Form ("AIF") and the Independent Review Committee ("IRC") report. You can get a copy of the aforementioned documents along with the Fund's proxy voting policies and procedures, proxy voting disclosure record, at your request, and at no cost, 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.sedar.com.

A Note on Forward-Looking Statements

To attain our goal of informing Ravensource's investors in a fulsome way, we share our views in this document regarding the investment prospects of the portfolio investments that may or may not prove to be accurate. In addition, this document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as "may", "will", "should", "could", "expect", "anticipate", "intend", "plan", "believe", "estimate" or other similar expressions. These statements require us to make assumptions and are subject to inherent risks and uncertainties. Our predictions and other forward-looking statements may not prove to be accurate, and a number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. These factors could include, among others, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest, and the risks detailed from time to time in the Fund's Annual Information Form. Forward-looking statements are not guarantees of future performance. Thus, readers should not place undue reliance on our forward-looking statements and should be aware that the Fund may not update any forward-looking statements, whether as a result of new information, future events, or otherwise.

About the Ravensource Fund

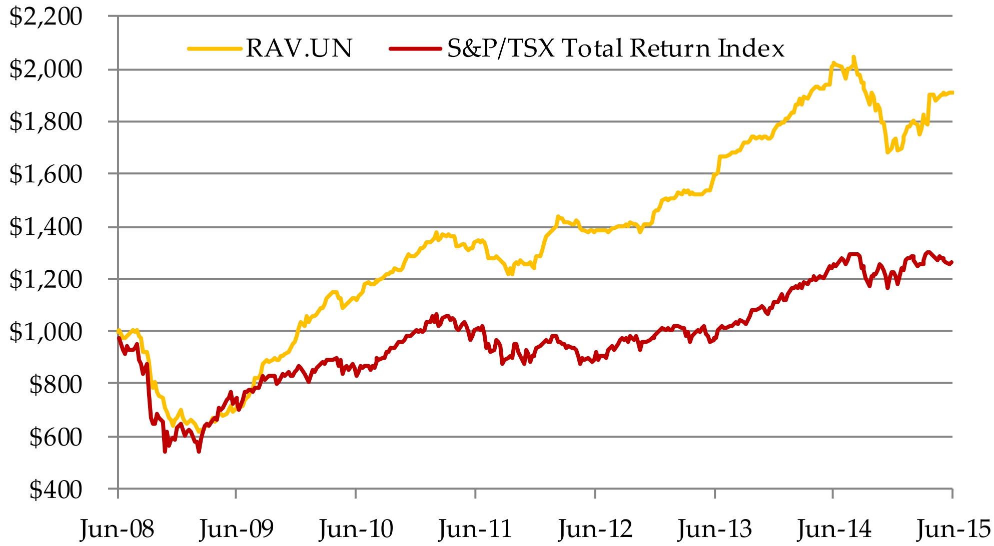
The Ravensource Fund is a closed-end investment trust whose units trade on the TSX under the symbol **RAV.UN**. The principal objective of Ravensource is to achieve absolute long-term returns, with an emphasis on capital gains, through investments in selected North American securities. To achieve its investment objectives, Ravensource's investments fall primarily in three categories:

1. *High Yielding Securities:* investing in corporate debt, income fund units, or other securities that produce a sustainable high level of income for the underlying credit risk.
2. *Distressed Securities:* investing in corporate debt, creditor claims and/or equity securities of companies which are in, or perceived to be in, financial distress at a value materially different from what we believe to be the underlying fundamental value of the securities.
3. *Special Situations Equities:* investing primarily in Canadian and U.S. small and mid-cap equities that are not only attractively valued but also with catalysts to unlock value.

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.

MANAGEMENT'S LETTER TO UNITHOLDERS

Growth of $1,000



(1) Based on net asset value per Unit, assuming all distributions are reinvested in units at net asset value.

Fellow unitholders,

Ravensource Fund's ("Ravensource" or the "Fund") net asset value ("NAV") per unit increased by 10.4% after factoring distributions to unitholders over the 6 months ended June 30, 2015. The largest contributor of the increase in NAV over the first 6 months of 2015 was the Fund's investment in Arcan Resources, which was acquired by Aspenleaf Energy at a 111% premium to its December 31, 2014 market value. This year's increase in NAV was also assisted by the Fund's holdings in Specialty Foods Group, Ten Peaks Coffee, and Supremex.

Excluding the $0.91 per unit contribution to NAV from our Arcan Resources position, energy-related investments reduced the Fund's NAV by $0.21 per unit over the first half of 2015. As of June 30, 2015, the Fund's energy-related investments represented approximately 8.9% of its NAV. To put the Fund's exposure in perspective, energy-related companies represent approximately 20% of the S&P TSX Composite Index.

Over the period, the Fund outperformed all of the indices the Investment Manager uses to measure the Fund's relative performance (a 0.9% increase in the S&P TSX Composite Total Return Index, a 1.1% increase in the S&P/TSX Small Cap Total Return Index, a 2.5% increase in the B of A ML High Yield Master II Index, and a 0.1% decrease in the Credit Suisse Distressed Index). All index and fund returns are calculated on a total return basis.

The positive return for the first 6 months of 2015 has contributed to the Fund's returns over a longer time horizon. As of June 30, 2015, an investment in Ravensource units has increased by 91.1% or 9.7% annually, including re-invested distributions, since Stornoway took over its management in July 2008. Over the same period, the S&P TSX Composite Total Return Index has increased by 23.8% or 3.1% annually.

The Ravensource Fund
To execute the investment strategy, Stornoway was appointed the Fund's Investment Manager on July 1, 2008. Stornoway's investment team is comprised of Scott Reid and Steve Schaus, whose bios are on the Ravensource website. In addition to Ravensource, Stornoway also manages the Stornoway Recovery Fund LP that is dedicated to investing in distressed securities.

Pat Hodgson along with the Stornoway investment team sits on Ravensource's Investment Committee that oversees the management of the Fund. Pat is the President of Cinnamon Investments, managed Ravensource until July 1, 2008, and is the Fund's largest unitholder.

We firmly believe that an investment manager should have "skin in the game". As of August 31, 2015, Scott owned 9.6% of the total units of Ravensource outstanding while Steve – directly and indirectly – owned 1.8% and Pat – directly and indirectly – owned 43.1%. In short, we have invested significant capital alongside other Ravensource unitholders and eat our own cooking.

Investment Performance
The ten investments that have made the most significant contributions – positively and negatively – to Ravensource's performance are found in the table below:

Investment	Per RAV Unit [1]	Period Return [2]
Arcan Resources Ltd.	$0.91	111.6%
Specialty Foods Group Ltd.	$0.31	14.4%
Ten Peaks Coffee Co Inc.	$0.27	124.0%
Supremex Inc.	$0.18	56.7%
Winpak Ltd	$0.12	12.8%
Ovivo Inc.	-$0.04	-29.0%
Chinook Energy Inc.	-$0.04	-26.2%
Exall Energy Corp.	-$0.06	-100.0%
NAPEC Inc.	-$0.08	-12.6%
Ivanhoe Energy Inc.	-$0.13	-100.0%

1 Total investment income / # of RAV units outstanding

2 Total Investment Income / (December 31, 2014 Fair Value + YTD 2015 Purchases)

Total investment income = realized gains/losses + unrealized gains/losses + dividends + interest

We would like to review certain of the Fund's investments:

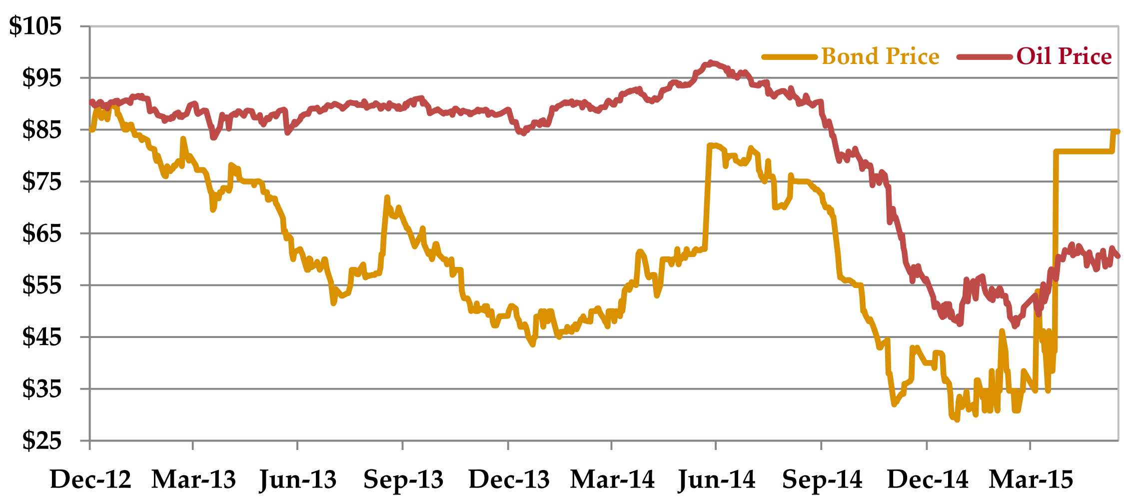
Arcan Resources Ltd. ("Arcan")
The volatility experienced in our Arcan investment in 2014 continued over the first half of 2015. This year, however, there was a successful conclusion to the Arcan story, as the Fund more than recouped 2014's unrealized losses and realized a substantial gain on our Arcan investment.

Beginning the year at $40 per $100 bond following the rejection of the first take-over bid from Aspenleaf Energy Limited (the "2014 Proposal"), Arcan bonds fell to a low of $29 by the end of January as the market searched for a viable path forward in the face of a declining oil price and an untenable debt burden. The first step to strengthen Arcan was the adoption of a restructuring plan to exchange $171.25 million of convertible bonds into 92.5% of the company's equity. For its role in designing the restructuring plan and bringing it to fruition, Stornoway participated in the incremental 5% of the company's shares allocated to the *Ad-Hoc Committee of Debentureholders*. Consistent with its policy, Stornoway passes along advisory fees it earns, including incremental shares, to the Fund which in the case of Arcan directly increased the value of the Fund's investment by 10%.

Following the financial restructuring, our efforts turned to revitalizing Arcan, beginning with an assessment of the management team and the various opportunities that the company's excessive debt burden did not allow it to pursue. This job was spearheaded by the two directors – Henry Cohen and Lorie Waisberg – that the *Ad-Hoc Committee* appointed to Arcan's Board. Henry has a wealth of expertise gained from years of analyzing, investing in, and managing oil and gas companies, while Lorie had a distinguished 30-year career in corporate law and also established an impressive track record as a change agent on the boards of numerous Canadian public companies. Together, Lorie and Henry provided the newly-reconstituted Board with the gravitas and expertise to assess the problems and opportunities facing the company, and to ensure shareholder interests were well represented.

As the Board worked towards the twin initiatives of further stabilizing Arcan and surfacing the value of its assets, Stornoway participated in various discussions on the company's future. In March, we were brought into the tent on a potential sale process and remained in it as a transaction took shape. This processes culminated in multiple offers, including a renewed offer from Aspenleaf. After reviewing the terms of the Aspenleaf 2015 Proposal, we entered into a support agreement committing the Fund's shares in favour of their transaction.

Aspenleaf's winning take-over bid of 11 cents per share equates to a bond-equivalent price of $84.65 per $100 face value. Despite the 40% drop in the oil price, the economics of Aspenleaf's 2015 Proposal *exceeded* the $82.50 price offered in its 2014 Proposal.



Upon the June 11, 2015 close of the transaction, our Arcan investment generated a 37.5% return for the Fund, or 29% on an annualized basis, and added $0.91 to the funds NAV per unit in the period.

Specialty Foods Group Inc. ("SFG")

In 2014, the Porcine Epidemic Diarrhea ("PED") virus decimated the North American pork supply and in turn, the profitability of SFG's ham business. As ham muscles – SFG's #1 input cost – effectively doubled in price, SFG scrambled to get its customers to accept matching increases in the selling price of its hams on a timely base. However, by December 2014, SFG had passed through sufficient price increases and the PED virus had run its course, restoring SFG's profit margins.

Despite SFG's efforts to expand the pricing power of its brands, it has little ability to manage the short-term swings in agricultural commodity prices. However, the SFG team has done an excellent job in managing selling prices and production costs, allowing the company to earn back lost profits and restore profitability. We suspect that if one assesses SFG's 2014 and 2015 earnings together at the end of 2015, the two-year average will be in line with historical levels.

2015 has also been noteworthy for SFG's decision to elevate its ham business to the next level. On the back of the increasing penetration of its *Kentucky Legend* brand across the U.S., SFG has sold all the hams it could produce over the past 5 years and consistently turned away business. After years of modestly adding capacity to meet rising demand, SFG's Board approved an expansion project which was completed on time and on budget in June, ready to meet the peak demand season between September and December. SFG's marketing team now has a full apple cart to sell off, allowing SFG to further strengthen the *Kentucky Legend* brand and its profitability.

With a bullet-proof balance sheet and a growing, profitable brand, our SFG investment is in great shape and we expect our investment to continue to grow in value.

Ten Peaks Coffee Company Inc ("Ten Peaks")

Ten Peaks (TSX: TPK) is a premium specialty coffee company that utilizes its proprietary Swiss Water Process™ to decaffeinate coffee from organic, green beans. Ravensource purchased Ten Peak shares in September 2009, then called Swiss Water Decaffeinated Coffee Company ("Swiss Water"), at $3. Our investment thesis was that it was a small, under-valued, under-followed - make that non-followed - Canadian company with no institutional backing. Its low valuation likely stemmed from the fact that Ten Peaks had an evolving business model and a somewhat complicated set of financials requiring effort for investors to get their heads around. Right up our alley. On the back of market weakness, we increased the position by 25% in December 2011 at $2.25 taking our average cost down to $2.83 per share.

What started out as a pure deep-value investment, Ten Peaks has become a growth company. With the rising sophistication of the North American market, coffee consumers are increasingly demanding a higher quality product with a growing subset gravitating to the local, specialty roasters. As Ten Peaks is the world's only 100% chemical-free coffee decaffeinator, they have become the decaffeinated bean of choice for this segment of the market. Over the first half of 2015, the company delivered double-digit year-over–year growth in volumes, revenue and profitability. In addition, their profitability has increased on the back of the falling Canadian dollar as approximately 75% of the revenues are in U.S. dollars while their manufacturing costs ex coffee beans are in Canadian Dollars.

Consistent with most of our investments, our Ten Peaks investment required time and fortitude before showing a profit. That is ok, we are patient folks. We sold approximately half of our position in 2014, 4 ½ years after our original investment after the stock doubled in price, and since then has more than doubled again. Factoring in dividends and transactions, as of June 30th, 2015, our Ten Peak investment has generated a 29% annualized return over the life of our investment and added $0.27 to the Fund's NAV in 2015 alone.

While the market is finally recognizing the potential we did at the time of investment, a significant portion of our investment gains should be attributed to Ten Peak's management team who added significant shareholder value through targeted growth initiatives which, to be honest, wasn't part of our original investment thesis. With the run-up in the price over the past year, Ten Peaks is successfully transitioning itself to a reasonably priced growth stock that is starting to appear on the radar screens of the more traditional growth-biased investors and the sell-side research community looking to promote a good idea. Given our deep-value philosophy, it is reasonable to expect that Ravensource may participate in the recirculation of Ten Peaks shares on the back of this re-kindled interest in the company.

Ivanhoe Energy Inc. ("Ivanhoe") and Exall Energy Corp. ("Exall")

Although they had little impact on our 2015 performance and represented relatively small positions, our investments in both Ivanhoe and Exall are examples of the potential for loss when we fail to turnaround a company in distress. In both cases, at the time of investment, we believed that there was sufficient asset value to support our investment and a window of opportunity to de-risk and stabilize these companies. To that end, we met with management of both companies to present our ideas and tried to persuade them to seize these opportunities. In hindsight, our critical mistake was that we believed that we could convince these companies to act on a timely basis, and in failing to do so, the window to implement our potential solutions was slammed shut by the precipitous decline in energy prices, and our capital was lost in the process.

Our investments always have some exposure to external influences and markets. Recognizing this reality, we embed very *conservative* scenarios into our analysis and pay a very *low* price to establish a large margin-of-safety. However, when the selling price for any company's product (in this case oil) gets cut in half in a few months, prospects for a successful restructuring disappear quickly.

Timing, financial flexibility and control are paramount once a company gets into trouble. What happened with Ivanhoe and Exall is the central risk in distressed investing. Despite having priority over equity in the capital structure, debt holders generally have little influence or control until the company is about to default and/or management feels it is in its own best interests. During this wait, the value of the assets backing the debt is exposed to the capital markets and can decline significantly, as was the case with both Ivanhoe and Exall.

Stornoway has a track record of exerting influence and championing solutions. Ivanhoe and Exall represent two of the rare instances that we were not effective in de-risking the companies, and illustrates the potential for loss when we cannot de-risk the company. Fortunately, such experiences teach us lessons that make us better at recognizing / avoiding these risks up front, and more effective in managing these risks when we can't avoid them.

Relative Performance

Our objective is to produce significant long-term rates of return regardless of market conditions. This is called absolute performance, and we are happy to report that thus far in 2015 we have met our objective.

While generating absolute performance for the Fund's investors is our job, we believe that it is essential for investors to monitor their investments and in the case of investment funds, to judge the performance of their investment managers. To facilitate this process, we have identified several commonly used indices that correspond to the investments strategies that Ravensource employs:

1) *High Yielding Securities:* the B of A ML High Yield Master II Index is the most commonly used benchmark to track the performance of U.S. dollar denominated, high yield / below investment grade rated corporate debt.

2) *Distressed Securities:* the Credit Suisse Distressed Index is a widely recognized index that tracks the performance of funds whose mandate is to invest in distressed securities.

3) *Special Situations Equities:* we use both the S&P / TSX Composite along with the S&P / TSX Small Cap indicies as the Fund primarily invests in Canadian securities, many of which are smaller and under-followed companies.

The table below outlines the historical performance of Ravensource and the various indices. Please note that all returns are calculated on a total return basis and that while the table contains 10 years of data, Stornoway only became Ravensource's Investment Manager in July 2008.

As at June 30, 2015	YTD 2015	1 Year	3 Years	5 Years	10 Years	Since [2] 01-Jul-08
Ravensource Fund - RAV.UN[1]	**10.4%**	**-5.3%**	**11.5%**	**11.3%**	**8.8%**	**9.7%**
S&P/TSX Composite Total Return Index	0.9%	-1.2%	11.1%	8.3%	6.9%	3.1%
S&P/TSX Small Cap Total Return Index	1.1%	-16.4%	4.1%	3.2%	2.6%	0.6%
BofA ML High Yield Master II Index	2.5%	-0.5%	6.8%	8.4%	7.8%	9.1%
Credit Suisse Distressed Index	-0.1%	-3.7%	8.3%	6.4%	6.1%	4.6%

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

(2) Stornoway Portfolio Management was appointed as Manager of the Ravensource Fund effective July 1, 2008.

(3) Returns are annualized, except YTD returns

(4) Past performance is no guarantee of future retults

As seen in the table above not only did we deliver strong absolute returns over the first half of 2015, we outperformed all of the indices we use to measure the Fund's relative performance.

Over a longer time horizon, our performance stacks up favorably against the indices the Investment Manager utilizes to measure the Fund's relative performance. Ravensource's NAV per unit has increased by 91.1% in total and 9.7% on an annualized basis, including re-invested distributions, since July 2008. By comparison, the S&P TSX Composite Total Return Index has increased by 23.8% in total / 3.1% annualized over the same time period.

Fund Liquidity and Investment Activity

Liquidity

Starting the year with 21.5% of the Fund's net assets in cash, by June 30, 2015 cash increased to 33.6% of net assets. The decline was due to investment transactions as divestitures exceeded purchases, partly offset by distributions and operating expenses.

	Amount	per Unit	% of NAV [1]
Sources			
Investment Divestitures	3,687,854	2.20	17.9%
Dividends and Interest	139,822	0.08	0.7%
Net change in working capital	60,056	0.04	0.3%
Total	3,887,732	2.32	18.8%
Uses			
Investment Purchases	236,604	0.14	1.1%
Expenses	190,979	0.11	0.9%
Distributions to Unitholders	251,441	0.15	1.2%
Foreign Exchange on Cash	578	0.00	0.0%
Total	679,602	0.41	3.3%
Change in Cash	3,208,130	1.91	15.5%

(1) % of December 31, 2014 NAV

Investment Purchases

Where did we invest our capital? Ravensource's purchases were directed to adding to our existing holdings of NAPEC Inc. (NPC:TSX) shares.

Divestitures

Our divestitures during the period were the result of exiting our Arcan position following the completion of the acquisition of Arcan by Aspenleaf Energy, and reducing our Winpak position.

Risks

At the time of investment and throughout the period that we own a security, we take particular care in assessing its risk and the impact that it has on the portfolio. A key risk management tool is that we purchase securities at prices substantially below what we have identified as its margin of safety and often become actively involved to ensure that our rights are upheld. However, despite our thorough analysis and involvement, sometimes we are just wrong or the potential of a given investment does not materialize thus exposing our investors to a loss of capital.

In addition to the risks specific to a particular investment, the Fund is exposed to changes in foreign exchange rates, interest rates, credit conditions and other economic factors as described in the Annual Information Form, available on SEDAR and on the Ravensource website, and in the notes attached to our financial statements. We encourage all investors to carefully read the Fund's financial statements, including the additional disclosure in the notes to the financial statements, as we do prior to making an investment.

There has been no change in the Fund's stated investment strategy or other changes that would materially affect the risk of investing in Ravensource in the first half of 2015. We continue to believe the Fund is suitable for those investors seeking long-term capital growth, have a long term investment horizon, and possess a medium to high risk tolerance to withstand the ups and downs that go along with investing in out-of-favor securities.

To give you a better understanding of the risks that Ravensource is exposed to, we have broken out the portfolio by investment strategy, enterprise value, industrial grouping and concentration.

Portfolio Composition

Investment Portfolio by Strategy
Over the first 6 months of 2015, there was a small shift in the Fund's investment portfolio from Special Situation Equities to Distressed Securities. Consistent with 2013 and 2014, the Fund had no investments in High Yielding Securities at June 30, 2015. The shift from Distressed Securities towards Special Situations Equities is primarily the result of realizing gains in our Distressed Securities investments, namely Arcan Resources. We do not target specific strategy weightings; rather we select the most attractive investment opportunities wherever they are found.

By Investment Strategy	% of Investment Portfolio	
	Jun-15	Dec-14
Special Situation Equities	58.1%	53.5%
Distressed Securities	41.9%	46.5%
High Yielding Securities	0.0%	0.0%
Total	**100%**	**100%**

Investment Portfolio by Enterprise Value
The Fund's investment approach focuses largely on situations that are overlooked by traditional investors and where we can have influence and create value**.** As a result, the Fund's investments gravitate towards smaller companies. To put this in perspective, at June 30, 2015, the average enterprise value of the companies we are invested in is approximately $600 million versus $10 billion average – excluding bank shares – for the S&P TSX Composite index and $930 million for S&P TSX Small Cap index. In other words, the average non-bank company in the TSX Composite Index is approximately 16 times the average size of Ravensource's investments.

By Enterprise Value	% of Investment Portfolio	
	Jun-15	Dec-14
Less than $100 million	11.6%	30.1%
$100 - $250 million	61.0%	27.9%
$250 - $500 million	1.8%	13.3%
$500 million - $1 billion	7.0%	6.8%
> $1 billion	18.6%	21.8%
Total	**100%**	**100%**

Investment Portfolio by Industrial Group

While Ravensource does not specialize in specific industries, our experience and investment philosophy leads us to focus on companies with hard assets. At the risk of being called old fashioned, the portfolio has little exposure to Technology, Pharmaceutical and other companies whose primary assets are work-in-progress like buying a car with no steering or brakes. In our energy investments, we invest in companies that are geared towards harvesting their existing resources rather than exploring for new. We like to invest in companies in which we understand the products/services they offer and more importantly have a strong grasp of the business model and its tangible asset value. Further, our emphasis on an investment's margin of safety generally results in avoiding the more sensitive sectors of the economy.

By Industrial Group	% of Portfolio
Food Products	33.1%
Metals & Mining	13.8%
Energy	13.3%
Paper & Packaging	11.4%
Financial	8.0%
Industrial	7.8%
Real Estate	7.0%
Media & Publishing	3.2%
Construction	1.8%
Retail	0.6%
Total	**100%**

Concentration

As we believe that the most effective method to reduce/manage risk is to know your investments inside and out and that one of the Fund's biggest investments is the time it takes the team to uncover, protect and maximize the value of our investments, Ravensource may be a more concentrated portfolio than other investment funds. However, at June 30, 2015 the Fund had only two investments exceeding 5% of NAV as we exited some of our larger positions. After cash, the top 10 investments – ranked by market value – represented 56.1% of NAV, down versus 61.7% from the start of the year. The decline was largely due to the sale of our Arcan Resources position in June. Had that sale taken place in July, our portfolio concentration would have increased to 65.7% at June 30th. Going forward, we expect that the Fund will continue to increase its exposure in positions that we know the best and hold the strongest convictions.

Expenses

Ravensource's expenses include investment management fees, Trustee fees, TSX listing fees, taxes (including but not limited to HST), accounting and audit expenses, IRC costs, legal and professional expenses. The annualized Management Expense Ratio ("MER") measures the amount of annual fund expenses expressed as ratio to average net assets and is commonly used by investors and fund analysts to compare the operating costs of an investment fund.

In the case of Ravensource and other funds that have an incentive fee structure, the MER is a little more complicated. Incentive fees are different than other fund expenses as they are not naturally reoccurring but are only incurred / paid at the end of the year if the annual investment performance of the Fund exceeds the 5% hurdle rate while meeting other conditions. Considering this, we believe the appropriate way to incorporate the incentive fee is to report the MER on both a pre and post incentive fee basis and not to annualize the incentive fee for interim periods.

Management Expense Ratio Composition	Jun-30 2015	Jun-30 2014
Management, administrative and IR fees	0.68%	0.65%
Trust, transfer agency, and listing fees	0.19%	0.23%
Accounting and audit fees	0.21%	0.21%
Legal fees	0.08%	0.08%
Other expenses	0.15%	0.12%
Expenses before incentive fee	**1.30%**	**1.29%**
Incentive fee	0.23%	3.18%
Total expenses	**1.53%**	**4.47%**

For the 6 months ended June 30, 2015, Ravensource's annualized MER, excluding the incentive fee, was 1.3%, effectively unchanged versus 2014 levels.

Management, Administrative and IR Fees amounted to 0.68% of average net assets for the 6 months ended June 30, 2015, versus 0.68% in 2014. The Investment Manager continued to reduce Management and Administrative Fees charged to the Fund as a result of the policy of passing along the economic benefit of fees received from investees to the Fund – for further details see the notes to the financial statements.

The Incentive Fee accrued for the first 6 months of 2015 amounted to $49,445 or 0.23% of average net assets, versus an accrued incentive fee of $739,525 or 3.18% for the same period in 2014.

Factoring in the impact of the incentive fee, Ravensource's MER for the 6 months ended June 30, 2015 was 1.52% versus 4.47% for the 6 months ended June 30, 2014. The 295 basis point decrease in the MER is due to the decrease in the accrued incentive fee as noted above.

Distributions

Ravensource's distribution policy is to make semi-annual distributions to unitholders in an amount to ensure that it does not incur any tax while providing a reasonable yield. Distributions for the 6 months ended June 30, 2015 amounted to $0.15 per unit, unchanged from June 30, 2014. Using June 30, 2015's closing bid price of $13.81, the units had an annualized current yield of 2.17% assuming distributions remain constant.

Concluding Remarks

As we write this letter the markets are in a state of turmoil. Since June 30th, global capital markets have taken a dramatic turn for the worse, and after staging a brief rally early in 2015, oil fell below $40, retesting the lows seen at the depth of the 2008 financial crisis. North American equity markets swung from small year-to-date gains to correction territory. Asian markets, which enjoyed meteoric gains over the first half of 2015, recently sold off precipitously as investors struggle to understand the true economic picture in China and implications globally. While the Ravensource Fund has not been immune to these market gyrations, with the sale of our Arcan investment the Fund has minimal exposure to resource companies and is sitting on a sizeable cash position equal to approximately 30% of net assets.

	Total Return	
	Dec 31/14 to Jun 30/15	Jun 30/15 to Aug 27/15
Ravensource	10.4%	-5.3%
TSX Composite	0.9%	-5.0%
TSX Small Cap	1.1%	-11.6%
S&P 500	1.2%	-3.3%
Dow Jones	0.1%	-5.0%
Hang Seng	13.7%	-16.6%
Shenzhen	74.7%	-28.8%

As capital markets and commodity prices fall, the supply of distressed bonds, especially mining and energy bonds, rise. We suspect that the amount of Canadian corporate bonds that are trading at less than 70 cents is approaching 2008/9 levels. Despite this bogey-rich environment and our efforts to comb through the ruins, we have kept our powder dry and are well-positioned to capitalize on the increasing opportunity set. However, we will not waiver from our approach and stringent investment criteria as we patiently scour for investments worthy of our time and your capital.

Please feel free to contact us – we look forward to hearing from unitholders. Any ideas that the Fund should consider or any opinions on existing positions are welcome. We also encourage any feedback on how investee companies treat their customers, employees, communities and the environment.

We are appreciative of your partnership, trust and patience.

Scott Reid   St Schaus

August 31, 2015

Scott Reid, CFA
Chief Investment Officer

Steve Schaus, CA, CFA
Partner

Stornoway Portfolio Management Inc.
Investment Manager of the Ravensource Fund

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