



RavenSource Fund Independent Review Committee 2015 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 RavenSource Fund and the Investment Manager – Stornoway Portfolio Management Inc. – the RavenSource Fund established and maintains an Independent Review Committee (“IRC”).

Under NI 81-107, the IRC reviews potential conflicts of interests referred to us by the Investment Manager and makes approvals and 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 Investment Manager related to conflicts of interest is effective and adequate.

We are pleased to continue to serve the interests of the Fund 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, 2015.

Michael Siskind

Chair of the RavenSource Fund Independent Review Committee
March 30, 2016

Ravensource Independent Review Committee 2015 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 November 25th, 2015 and the following report summarizes the activities of the IRC in 2015.

Amendment to Ravensource’s Declaration of Trust

Due to various changes in NI 81-102 for Investment Funds that came into effect on September 22, 2014, Ravensource’s Declaration of Trust (the “DOT”) was amended over the course of calendar 2015. Among other changes as required by the changes to NI 81-102, Ravensource is required to pay redemption proceeds within 15 business days after the effective date of the redemption under its Annual Redemption Right versus the previously allowed 30 days. In addition, the DOT required several other amendments involving minor administrative “clean-up” items, including changing the applicable accounting standards from GAAP to IFRS. These changes were discussed with the IRC at its 2014 annual meeting and the amended DOT was reviewed and signed by the Trustee and came into effect on July 3, 2015. The amended DOT was filed on SEDAR and on the Ravensource website (www.ravensource.ca).

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.

The current term limit for an individual to serve on the IRC is two consecutive 3-year terms unless the Manager consents that a member(s) can serve a longer term. Citing operational continuity benefits, the Manager provided consent for the existing IRC members to serve beyond their term limits at the 2015 annual meeting. The Manager and the committee agree that such an extension will not negatively impact the independence of the committee members.

There were no changes to the composition of the IRC in 2015.

Ownership of securities by IRC Members

In the Fund

As at December 31, 2015, the members of the IRC did not beneficially own, directly or indirectly, in aggregate above ten (10%) percent of the units in any series or class of the Fund.

In the Investment Manager

As at December 31, 2015, none of the members of the IRC beneficially owned, directly or indirectly, any securities of the Investment Manager.

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In any service provider

As at December 31, 2015, Mr. Michael Gardiner beneficially owned 6,400 common shares of Bank of Montreal and Mr. David Magahey beneficially owned 180 common shares of Bank of Montreal. Bank of Montreal provides Prime Brokerage and custodial services to the Fund.

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 Investment Manager of the Fund, other than noted above.

Compensation and Indemnities

Compensation for members of the IRC is comprised of an annual retainer of \$1,600 plus an additional \$600 per meeting for any additional meetings other than the annual meeting that occur during the year. In addition, the Chair of the IRC receives an additional \$1,000 per annum. During 2015, there were no additional meetings other than the annual meeting. The aggregate compensation paid to the IRC by the Fund for 2015 was \$5,800, equal to the 2014 amount.

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 2015, 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 Specialty Foods Group ("SFG"). Mr. Reid, President of RavenSource's Investment Manager, Stornoway Portfolio Management Inc. ("Stornoway"), is on the board of directors of SFG. Both RavenSource and another investment fund that Stornoway manages have investments in Specialty Foods Group in the form of common shares. The IRC is satisfied that no conflict exists for the investment.

For the period ending December 31st, 2015, the IRC is not aware of any instance where the Investment Manager acted in a conflict of interest matter referred to the IRC that was contrary to the IRC's recommendation.

The IRC is required to report to the OSC any instance where the Investment Manager did not meet a condition imposed by the IRC in its recommendation or approval. We report that no such situation existed in 2015.

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Standing Instructions

The IRC has issued standing instructions to the Investment Manager that require 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 Investment Manager to comply with the following policies and procedures:

- Conflicts of Interest
- Related Registrants and Connected Issuers
- Complaints Process
- Selection and Oversight of Third Party Service Providers
- Referral Arrangements
- Ethical Walls
- Investment Decision Process
- Fair Allocation of Investment Opportunities
- Trading Process – Order Execution
- Trading Process – Best Order Execution
- Trading Process – Trade Dispute Resolution Process
- Soft Dollar and Commission Policy
- Early Warning and Insider Reporting Policy
- Restricted Trading Policy
- NAV and Performance Calculation Policy
- NAV Calculation Error Correction Policy
- Proxy Voting Process
- Advisory Services Fee – Investee Companies
- Personal Trading Policy

The Investment Manager reviews and revises its Policies and Procedures Manual on an ongoing basis to address any changes in regulatory requirements or in the business practices for investment managers / investment funds. Over the course of 2015, RavenSource's Investment Manager and its advisors conducted an in-depth review and revision of its Policies and Procedures Manual. As a result of this review, several of the policies and procedures associated with the standing instructions were amended. During the 2015 IRC annual meeting, the Investment Manager reviewed each of the policies and procedures that make up the standing instructions, discussed why certain of the policies and procedures were amended, and the implications that these changes will have on RavenSource and the IRC.

For the period ending December 31st, 2015, the IRC, relying upon the representations of the Investment Manager, was not aware of any instance in which the Investment Manager acted contrary to any conditions imposed by the IRC in its standing instructions.