RAVENSOURCE
FUND

MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30, 2018

THE RAVENSOURCE FUND

This management report of fund performance ("MRFP") contains financial highlights but does not contain the complete financial statements of the investment fund. You can get a copy of the financial statements at your request, by calling (416) 250-2845, by writing to us at Stornoway Portfolio Management Inc., 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1, by e-mailing us at info@stornowayportfolio.com, by visiting our website at www.ravensource.ca, or through the SEDAR website at www.sedar.com.

Securityholders may also contact us using one of the above methods to request a copy of the investment fund's Annual Information Form, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

A Note on Forward-Looking Statements

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, or 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. For these reasons, it is important that readers do 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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

THE FUND

The Ravensource Fund ("Ravensource" or "Fund") is a closed-end investment Fund with 1,672,870 units currently outstanding. As of June 30, 2018, the net assets of the Fund was $26.8 million and the net asset value ("NAV") per unit was $16.01. Ravensource units are listed on the Toronto Stock Exchange under the symbol RAV.UN and can be purchased / sold like any other publicly listed security. The closing / last bid for Ravensource units as of June 30, 2018 was $14.60.

THE INVESTMENT MANAGER

By way of a special meeting of unitholders, Stornoway Portfolio Management Inc. ("Stornoway" or "Investment Manager") was appointed as the investment manager to the Ravensource Fund effective July 1, 2008. Stornoway's responsibilities for Ravensource include the evaluation, selection and negotiation of investments, the ongoing monitoring and evaluation of such investments and the recommendation of the appropriate timing and structure for disposition of such investments.

INVESTMENT OBJECTIVE AND STRATEGIES

The principal objective of Ravensource is to achieve absolute long-term returns, with an emphasis on capital gains, through investments in selected North American debt instruments, creditor claims and equity securities. The investment objectives of the Fund are stated in the Declaration of Fund and on the Fund's website at www.ravensource.ca.

To achieve its investment objectives, Ravensource's investments primarily fall into three strategies:

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 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.
3. *Special Situations Equities:* investing primarily in Canadian and U.S. small- and mid-cap equities that are attractively valued with catalysts to unlock value.

RISKS

Risks associated with an investment in the units of Ravensource are discussed in the Annual Information Form and in the notes attached to the financial statements, which are available on the SEDAR website at www.sedar.com and on the Ravensource website at www.ravensource.ca.

The Fund has not altered its stated investment strategy or implemented other changes that would materially affect the risk of investing in Ravensource over the first six months of 2018. An investment in the Fund continues to be appropriate only for investors who have the capacity to absorb a loss of some or all of their investment, who seek 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.

LEVERAGE

The Fund's total indebtedness cannot exceed 30% of the total assets of the Fund. Unsettled securities transactions are not considered borrowings for purposes of the limitation on the use of indebtedness calculations. During the first six months of 2018, Ravensource did not employ leverage.

RESULTS OF OPERATIONS FROM JANUARY 1, 2018 TO JUNE 30, 2018

Ravensource's net assets increased by $1.7 million or 6.9% over the first six months of 2018 as a result of a $2.0 million net operating gain — comprised of realized and unrealized gains and losses, interest payments, and dividends on its investment portfolio less fund expenses — partially offset by $0.3 million of distributions to unitholders. In comparison, Ravensource's net assets decreased by $0.3 million or 1.2% after paying $0.4 million in distributions over the first half of 2017.

Investment Performance

Ravensource's net asset value per unit ("NAV") increased by $1.18 or 7.9% over the first six months of 2018 — including distributions to unitholders — due to the strong performance of its investment portfolio. Over the period, Ravensource outperformed all of the indices the Manager provides investors for comparison purposes: S&P/TSX Composite Total Return Index (+ 1.9%), the S&P/TSX Small Cap Total Return Index (- 1.7%), the ICE BofAML US High Yield Index (+ 4.5%), and the Credit Suisse Distressed Hedge Fund Index (+ 5.4%). All index and fund returns are calculated on a total return basis in Canadian dollars to make their results directly comparable to Ravensource.

The largest contributor to the increase in NAV in the first half of 2018 was the Fund's investment in Specialty Foods Group LLC. ("SFG"). The Fund's investments in Genworth Financial Inc., Crystallex International Corp. and Firm Capital American Realty Partners Corp. also contributed significantly to the Fund's performance over the first six months of 2018. Detracting from the Fund's performance during this period were its investments in GXI Acquisition Corp. and Supremex Inc.

Over the longer term, Ravensource's NAV has increased by 143.2% in aggregate / 9.3% compounded annually including re-invested distributions to unitholders since Stornoway took over its management in July 2008. Over the same period, Ravensource underperformed the ICE BofAML US High Yield Index (+ 178.5% / 10.8%) while outperforming the S&P/TSX Composite Total Return Index (+ 51.5% / 4.2%), the S&P/TSX Small Cap Total Return Index (+ 25.0% / 2.3%) and the Credit Suisse Distressed Hedge Fund Index (+ 91.9% / 6.7%).

Distributions
Ravensource Fund's distribution policy is to make semi-annual distributions to unitholders in an amount to ensure that it does not incur any tax liability and to provide a reasonable yield for investors. The Fund made a semi-annual distribution of $0.15 per unit on June 30, 2018 versus a $0.22 per unit distribution paid in June 2017. As at June 30, 2018, the annualized distribution yield of Ravensource units using the prevailing market price was approximately 2.1%.

Redemptions and Recirculation of Units Tendered for Redemption
Ravensource Fund provides for an annual redemption privilege that allows unitholders to redeem 100% of their units for cash at a price equal to the Net Asset Value — adjusted to reflect expenses incurred to affect the redemption — calculated as of the Annual Redemption Date. In the event that unitholders elect to redeem units under the annual redemption privilege, the Fund has the right to enter into a recirculation agreement with an investment dealer who will use commercially reasonable effort to find purchasers for the units tendered for redemption at the redemption price. For further details, please refer to the Declaration of Fund, which can be found in the "Key Documents" section of the Ravensource Website at www.ravensourcefund.ca and on the SEDAR website at www.sedar.com.

Liquidity
The Fund's net cash position increased from 6.6% of the Fund's net assets at the beginning of fiscal 2018 to 13.2% at June 30, 2018 as the Fund's investment divestitures outpaced its acquisitions.

Investment divestitures increased net cash by 12.7% during the first half of 2018, the most prominent being the sale of the Fund's long-term investment in NAPEC shares in February 2018. The NAPEC sale was triggered by the acquisition of the company by Oaktree Capital Management Inc. ("Oaktree"). Ravensource supported the Oaktree transaction as it met its long-term valuation of the company; however, the Fund ended up selling its position at $1.94 per share in the open market in the days prior to the vote rather than tendering into Oaktree's $1.95 bid. The decision to sell was based on the desire to eliminate the risk that the shareholders elected to vote down Oaktree's proposal, which could cause the shares to fall back down to their $1.25 pre-announcement trading price. Over the approximate 4 years that Ravensource owned the position, the NAPEC investment generated a 27% annualized compounded return.

Investment purchases during the period represented approximately 2.8% of June 30, 2018 net assets primarily due to establishing a new position in Spanish Broadcasting 12.5% senior secured debentures and increasing our investment in the convertible debentures of Flow Capital Corp, the company formerly known as Grenville Strategic Royalty Corp.

Lastly, cash distributions to unitholders, changes in non-cash working capital items, and various fund fees and expenses further lowered the Fund's net cash position by 3.7% during the period.

Fees and Expenses
Ravensource's expenses consist of Investment Manager fees, Trustee & Transfer Agent fees and expenses, TSX listing fees, taxes (including but not limited to GST/HST), interest and borrowing costs, accounting and audit expenses, Independent Review Committee ("IRC") expenses, legal and professional expenses.

The annualized Management Expense Ratio ("MER") measures the amount of annual fund expenses, excluding transaction costs, expressed as ratio to average net assets. To understand Ravensource's MER, we must first explain our methodology. Incentive Fees are different from other fund expenses as the amount incurred is a function of the Fund's annual investment performance over and above the 5% hurdle rate along with meeting other conditions. If the annual return during the year is less than 5% after all other fees and expenses, the Incentive Fee will be zero and the burden to make up for the year's under-performance will be carried into the future before the investment manager receives an Incentive Fee. In contrast, accountants, auditors, lawyers and other sources of fee expenses will demand full payment regardless of whether the Fund performs well or not. As such, 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.

Incorporating the Fund's direct expenses but excluding the incentive fee, Ravensource's annualized MER for the first six months of 2018 was 1.87% (first six months of 2017 - 1.72%). The 15 basis point increase in this period's MER versus the first half of 2017 can be primarily attributable to an increase in interest expense (8 basis points), IRC fees (8 basis points), and management and administrative fees (5 basis points) partially offset by declines in legal fees (5 basis points) and other operating expenses (6 basis points).

Management and Administrative Fees remained low during the first six months of 2018 at 0.70% of average net assets (first six months of 2017 – 0.65%) due to the Investment Manager's policy of passing along the economic benefit of fees received from investee companies back to the Fund. During the first six months of 2018, this policy resulted in a reduction in the MER of 0.49% (first six months of 2017 – 0.54%). For further information, see "Related Party Transactions".

The Incentive Fee accrued over the six months ended June 30, 2018 amounted to $399,380 / 1.58% of average net assets, versus an incentive fee of $nil for the comparable period in 2017. The increase in the MER due to a higher incentive fee is somewhat of a high-class issue for investors: it is the result of improved year-over-year performance, and thus reflects an increase in the value of an investment in Ravensource.

Factoring in the impact of the incentive fee, Ravensource's annualized MER for the first six months of 2018 was 3.45% (first six months of 2017 – 1.72%).

RECENT DEVELOPMENTS

IFRS 9 Implementation
For fiscal years beginning January 1, 2018, IFRS 9 replaced International Accounting Standard 39, Financial Instruments – Recognition and Measurement ("IAS 39"). IFRS 9 introduces new classification and measurement requirements for financial instruments, including impairment on financial assets and hedge accounting. Ravensource's financial statements for the period ending June 30, 2018 reflect the accounting policies mandated by IFRS 9.

For Ravensource, the impact on financial statements due to the adoption of IFRS 9 is muted. The main effect is that the Fund's holdings of warrants / derivatives - representing approximately 0.1% of June 30, 2018 net assets (approximately 0.7% of December 31, 2017 net assets) - were previously classified as a separate line item in the balance sheet as "financial assets held for trading". IFRS now requires warrants and other derivatives to be grouped with rest of the Fund's investment portfolio. The Fund does not hold any financial assets that were subject to impairment under IFRS 9, and there were no other changes to the measurement basis of the Fund's financial assets and liabilities. Consequently, there was no impact to net assets due to the adoption of IFRS 9.

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively throughout the June 30, 2018 financial statements. However, Ravensource has elected not to restate the financial statements published in prior periods.

IRC Matters

Increase in Compensation

As the compensation to the IRC members had not changed since its inception in 2008, in December 2017 Stornoway conducted a compensation analysis of IRCs representing 15 investment managers and over 300 mutual funds using public mutual fund data. Within this dataset, Stornoway identified a "peer group" based on their similar asset sizes and complexity of mandate as measured by number of funds for which each IRC is responsible. Stornoway's analysis found that the median compensation per IRC member and median aggregate compensation in the peer group was $9,750 and $30,000, respectively. Based on this data, Ravensource ranked the lowest in aggregate compensation within this peer group with an average member compensation that was 69% lower than its peer group.

It is Stornoway's belief that the Fund is best served by retaining high-quality IRC members to provide thoughtful, impartial recommendations or approvals to the Manager on conflict of interest matters that achieve a fair and reasonable result for the Fund and its investors. In order to do so, IRC members should receive market-level compensation. To accomplish this objective, Stornoway recommended increasing the IRC's annual retainers to $12,000 for the chairperson and to $9,000 for the other members of the IRC, bringing total annual compensation to $30,000, in line with the "peer group" on an individual and aggregate basis. In addition, IRC members earn $600 per meeting for any additional meetings other than the annual meeting that occur during the year

The IRC accepted Stornoway's recommendation at a meeting held in January 2018 and the updated compensation arrangement became effective for the financial year starting January 1, 2018. For the six months ended June 30, 2018, the pro rata compensation for IRC was $15,000 versus $2,900 for the first half of 2017.

Resignation of Michael Gardiner

After serving as a member since 2009, Michael Gardiner elected to resign from Ravensource's IRC effective June 22, 2018. Through Michael's perspective, judgment and candour, he contributed significantly to the IRC and his influence will resonate for years to come. We greatly appreciate his efforts. As Ravensource's charter requires three members, a new member will be joining the IRC in the very near future.

RELATED PARTY TRANSACTIONS

SFG Services Agreement

The Fund has an investment in the securities of Specialty Foods Group LLC ("SFG"). Additionally, another fund managed by the Investment Manager holds investments in SFG securities. In 2012, the Investment Manager entered into a services agreement with SFG (the "SFG Services Agreement") whereby the Investment Manager is to provide strategic advice and analysis to SFG and in return will earn a fee for these services. As per its internal policy and approved by the Fund's IRC, the Investment Manager reduced the Management Fee and Administrative Fee that it charges to the Fund in order to pass along the economic benefit of the fees earned by the Investment Manager from the SFG Services Agreement in an amount proportionate to the Fund's relative investment in SFG securities. During the six months ended June 30, 2018, the Investment Manager reduced its Management Fee by $35,381 (June 30, 2017 - $38,036) and reduced administrative fees by $19,051 (June 30, 2017 - $20,481). In addition, as both the Management Fee and Administrative Fee are subject to HST, lowering these fees also reduces HST. Therefore, factoring in the HST savings, the total impact of the fee reductions amounted to $61,508 inclusive of HST (June 30, 2017 - $66,124), as noted in the financial statements. The Investment Manager will continue to reduce its

Management Fee and Administrative Fee accordingly as long as Ravensource is invested in SFG securities and the Investment Manager continues to receive advisory fees.

Investment Manager Compensation

The Investment Manager receives compensation for performing various responsibilities and services for Ravensource. The total compensation accrues from various components: Management Fee, Administration Fee, Investor Relations Fee and the accrued Incentive Fee. The aggregate fees incurred over the six months ended June 30, 2018 amounted to $549,339, including HST (June 30, 2017 - $145,365). In addition, the Investment Manager earned $61,508 for services performed under the SFG Services Agreement (June 30, 2017 - $66,124). The breakdown of the fees is as follows:

i. **Management Fee**

The Management Fee is based on the Fund's average weekly net assets and payable on the last business day of each calendar month as follows:

Average weekly net assets	Management Fee
Up to and including $250 million	0.65% of net asset value plus HST
Between $250 million and $500 million	0.60% of net asset value plus HST
$500 million and more	0.55% of net asset value plus HST

The net Management Fee for the six months ended June 30, 2018 after reductions described below amounted to $53,096 inclusive of HST (first six months of 2017 - $47,148). The Investment Manager reduced the Management Fee by $35,381 (June 30, 2017 - $38,036) due to the aforementioned SFG Services Agreement. In the absence of this reduction, the Management Fee for the period would have amounted to approximately $93,076, inclusive of HST (June 30, 2017 - $90,128).

ii. **Administrative Fee**

Subject to the supervision of the Trustee, the Investment Manager has agreed to be responsible for and provide certain administrative services to the Fund. The Administrative Fee is based on the Fund's average weekly net assets and payable on the last business day of each calendar month as follows:

Average weekly net assets	Administrative Fee
Up to and including $250 million	0.35% of net asset value plus HST
Between $250 million and $500 million	0.30% of net asset value plus HST
$500 million and more	0.25% of net asset value plus HST

The net Administrative Fee for the six months ended June 30, 2018 after reductions described below amounted to $28,590 inclusive of HST (June 30, 2017 - $25,387). The Investment Manager reduced the Administrative Fee by $19,051 (June 30, 2017 - $20,481) due to the aforementioned SFG Services Agreement. In the absence of this reduction, total Administrative Fee for the period would have amounted to approximately $50,118, inclusive of HST (June 30, 2017 - $48,531).

iii. **Investor Relations Fee**

The Investment Manager is paid a monthly Investor Relations Fee of $1,000 plus applicable sales tax for unitholder reporting and other services provided under a service agreement. The aggregate Investor Relations Fee for the six months ended June 30, 2018 amounted to $6,765 inclusive of HST (June 30, 2017 - $6,706).

iv. **Incentive Fee**

The Investment Manager will earn an incentive fee equal to 20% of the amount by which the net asset value per unit at the end of the year, adjusted for contributions, distributions, and redemptions during the year, exceeds the net asset value per unit at the beginning of the year by more than 5%, plus any shortfalls from prior years. The accrued Incentive Fee for the six months ended June 30, 2018 amounted to $399,380 inclusive of HST (June 30, 2017 - $nil).

FINANCIAL HIGHLIGHTS

For the years ended December 31, 2013 to June 30, 2018

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 5 years.

The Fund's Net Assets per Redeemabe Unit ($) (1)	YTD 2018	2017	2016	2015	2014	2013
Opening Net Assets per Redeemable Unit	14.97	14.39	13.69	12.31	12.88	10.79
Increase (decrease) from operations:						
Interest and dividend revenue	0.15	0.14	0.13	0.17	0.38	0.32
Expenses	(0.39)	(0.30)	(0.28)	(0.24)	(0.20)	(0.71)
Realized gains (losses) for the period	1.01	2.65	(0.05)	0.72	0.46	0.96
Unrealized gains (losses) for the period	0.42	(1.54)	1.20	0.04	(0.88)	1.77
Total increase (decrease) from operations (2)	1.19	0.95	1.00	0.69	(0.24)	2.33
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	(0.04)
From capital gains	-	-	-	-	-	-
Return of capital	(0.15)	(0.37)	(0.30)	(0.30)	(0.30)	(0.20)
Total distributions (3)	(0.15)	(0.37)	(0.30)	(0.30)	(0.30)	(0.24)
Net Assets per Redeemable Unit, end of period	16.01	14.97	14.39	13.69	12.31	12.88

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding.

(3) Distributions were paid in cash.

Ratios and Supplemental Data	YTD 2018	2017	2016	2015	2014	2013
Total net asset value (000's) (1)	$26,775	$25,048	$24,066	$22,921	$20,640	$21,899
Number of units outstanding (1)	1,672,870	1,672,870	1,672,870	1,674,670	1,676,270	1,700,470
Management expense ratio (2)	3.45%	2.03%	2.02%	1.79%	2.86%	6.03%
Management expense ratio before waivers or absorptions(3)	3.94%	2.56%	2.59%	2.34%	3.93%	6.54%
Trading expense ratio (4)	0.07%	0.06%	0.02%	0.04%	0.10%	0.03%
Portfolio turnover rate (5)	2.86%	24.49%	4.70%	10.70%	30.74%	14.57%
Net asset value per redeemable unit	$16.01	$14.97	$14.39	$13.69	$12.31	$12.88
Closing market price (6)	$14.60	$14.00	$13.38	$12.17	$13.25	$12.40

(1) This information is provided as at December 31 of each year, except YTD 2018 which is as of June 30, 2018.

(2) Management expense ratio is based on total expenses (excluding commissions and transaction costs) for the stated period and is expressed as an annualized percentage of monthly average net asset value.

(3) The Investment Manager reduced Management Fees and Administrative Fees in order to pass the economic benefit of fees earned in connection with the SFG Services Agreement to unitholders. This figure represents what the MER would have been in the absence of these fee reductions.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.

(5) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the fund.

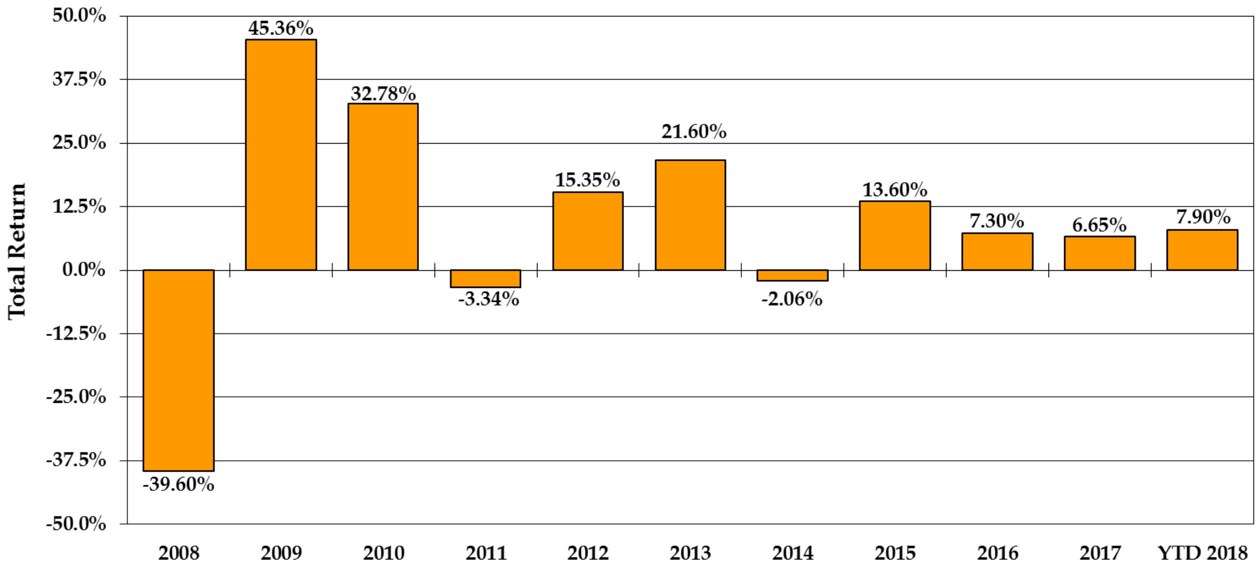
(6) The Closing market price refers to the last bid for a given period end.

PAST PERFORMANCE

The following performance information is based on the net asset value of the Fund, after all fees and expenses have been taken into account. Past performance is not indicative of future performance.

YEAR-BY-YEAR FUND RETURNS

The following bar chart shows the performance of the Fund for each of the financial years ended 2008 to 2017 and for the six-month period ended June 30, 2018. This chart shows in percentage terms how an investment in the Fund made on the first day of each financial year would have increased or decreased, by the last day of each financial year.



ANNUAL COMPOUND RETURNS

The table below compares the Fund's historical annual compound returns to various Comparable Indices. The performance information presented assumes that all distributions made by the Fund are used to purchase additional units of the Fund. Please read the Appendix for further information on Ravensource's use of Comparable Indices.

As at June 30, 2018	YTD 2018	1 Year	3 Years	5 Years	Since (2) July 1, 2008
Ravensource Fund - RAV.UN (1)	**7.9%**	**14.8%**	**8.4%**	**8.8%**	**9.3%**
S&P/TSX Composite Total Return Index	1.9%	10.4%	7.0%	9.2%	4.2%
S&P/TSX Small Cap Total Return Index	(1.7%)	5.4%	6.3%	6.5%	2.3%
ICE BofAML US High Yield Index	4.5%	3.9%	7.3%	10.3%	10.8%
Credit Suisse Distressed Hedge Fund Index	5.4%	5.5%	4.7%	8.4%	6.7%

(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.

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

(3) Returns are annualized.

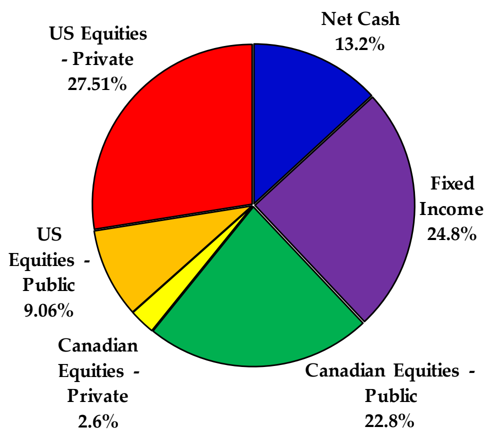
(4) As the Fund reports in CAD, indices reported in USD have been translated into CAD using the prevailing foreign exchange rate as of the date of each observation.

(5) Past performance is no guarantee of future results.

SUMMARY OF INVESTMENT PORTFOLIO
As at June 30, 2018

By Industrial Group	% of Portfolio
Food & Beverage	24.6%
Financial	19.4%
Metals & Mining	15.7%
Real Estate	15.6%
Media & Publishing	13.2%
Energy	3.4%
Technology	3.1%
Retail	2.6%
Industrial	2.5%
Total	**100%**

By Security Type - % of Net Assets



Top 25 Holdings Issuer/Security	% of Net Assets
Specialty Foods Group, LLC - Class 2 Preferred Shares **	14.80%
Crystallex International 9.375% due Dec 2011 **	13.62%
Net Cash *	13.16%
Firm Capital American Realty Partners Corp.	9.47%
Genworth Financial Inc.	7.72%
Spanish Broadcasting System Inc. 10.75% Preferred Shares	7.01%
Dealnet Capital Corp. 6% due Dec 2019 **	5.83%
Specialty Foods Group, LLC - Class 1 Preferred Shares **	4.59%
Plaza Retail REIT	4.04%
Flow Capital Corp. 8% due Dec 2019	3.01%
Spanish Broadcasting System Inc. 12.50% due Apr 2017	2.26%
Supremex Inc.	2.14%
Nuvista Energy Ltd.	1.97%
Ten Peaks Coffee Co Inc.	1.91%
GXI Acquisition Corp. - Class B **	1.78%
Quad Graphics Inc.	1.34%
CanWel Building Materials Group Ltd.	1.22%
Old PSG Wind-Down Ltd. **	1.03%
Glacier Media Inc.	0.84%
GXI Acquisition Corp. - Class A **	0.78%
InPlay Oil Corp.	0.74%
Flow Capital Corp.	0.27%
Chinook Energy Inc.	0.17%
GuestLogix Inc. 7% due Dec 2019 **	0.09%
Specialty Foods Group, LLC - Common Shares	0.07%
Total % of Net Assets	**99.85%**

* Net Cash includes interest & dividends receivable, net of liabilities.

** Not publicly traded. Valued by independent 3rd parties, model, and/or last transaction price.

By Investment Strategy	% of Investment Portfolio 30-Jun-18	31-Dec-17
Special Situation Equities	36.4%	47.9%
Distressed Securities	63.6%	52.1%
High Yielding Securities	0.0%	0.0%
Total	**100.0%**	**100.0%**

ADDITIONAL INFORMATION

Ravensource Independent Review Committee

To adhere 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 Investment Manager, Ravensource established and maintains an Independent Review Committee ("IRC"). The role, composition and responsibilities of the IRC can be summarized as follows:

- size of the IRC is 3 members that are independent from the Investment Manager with no material relationships to the Investment Manager;
- its mandate is to consider and provide impartial judgment on any conflict of interest referred to it by the Investment Manager;
- when a conflict of interest is referred, the IRC will review and recommend to the Investment Manager what action it should take to achieve a fair and reasonable result for Ravensource;
- report to the relevant securities regulators any instance where the Investment Manager acted in a conflict of interest matter in such a way that did not comply with conditions imposed by securities legislation or the IRC;
- meet at least annually with at least one of the meetings to be held "in camera";
- for each calendar year, the IRC must prepare a report that describes the IRC and its activities for the fiscal year. This report is posted on the Fund's website @ www.ravensource.ca

The IRC is comprised of Michael Siskind (Chairman) and David Magahey.

The fees and other reasonable expenses of members of the IRC are paid by the Fund. For 2018, the annual compensation for ordinary IRC members is $9,000 while the Chair of the IRC will be compensated $12,000. In addition, IRC members are entitled to $600 per meeting for any additional meetings other than the annual meeting that occur during the year.

Access to Information

Ravensource Fund continues to be in compliance with the requirements of National Instrument 81-106 and publishes its 25 largest holdings quarterly and its net asset value weekly. All of the key Fund documents along with further information on the Fund and the investment team that manages your investments can be accessed through the website (www.ravensource.ca). Stornoway is committed to keeping the website current and you are encouraged to make use of this resource tool. Aside from the website, Fund documents can also be retrieved through SEDAR (www.sedar.com).

Fund information

Trustee, Registrar and Transfer Agent
Computershare Fund Co. of Canada

Auditor
KPMG LLP

Investment Manager
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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") tracks the performance of USD-denominated, 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 Credit Suisse Distressed Hedge Fund Index ("CSDHFI") tracks the aggregate performance of investment funds that focus on investing in companies that are subject to financial or operational distress or bankruptcy proceedings. The CSDHFI is a relevant index for comparison purposes as the Fund's investment mandate broadly overlaps that of the funds that make up the CSDHFI. 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 CSDHFI.

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. As the CSDHFI and BAMLHY indices are reported in USD while the Fund reports in CAD, the Manager translates the CSDHFI and BAMLHY into CAD using the prevailing foreign exchange rate as of the date of each observation.