RAVENSOURCE
FUND

Management Report of Fund Performance

June 30, 2019

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. Ravensource's net asset value per unit is published weekly and can be found on our website at www.ravensource.ca.

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, 2019, the net assets of the Fund were $29.5 million and the net asset value ("NAV") per unit was $17.65. 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, 2019, was $17.00.

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 superior 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 Trust and on the Fund's website at www.ravensource.ca.

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

1. *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.
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 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 strategies or implemented other changes that would materially affect the risk of investing in Ravensource over the first six months of 2019. 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 2019, Ravensource did not employ leverage.

RESULTS OF OPERATIONS FROM JANUARY 1, 2019 TO JUNE 30, 2019

Ravensource's net assets increased by $0.7 million or 2.5% during the first six months of 2019 as a result of a $1.0 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 increased by $1.7 million or 6.9% after paying $0.3 million in distributions over the first half of 2018.

Investment Performance

Ravensource's net asset value per unit ("NAV") increased by $0.58 or 3.4% over the first six months of 2019 — including distributions to unitholders — due to the performance of its investment portfolio. Of the indices the Manager provides investors for comparison purposes, the Fund underperformed the S&P/TSX Composite Total Return Index (+16.2%), the S&P/TSX Small Cap Total Return Index (+10.4%), and the ICE BofAML US High Yield Index (+5.8%), while outperforming the Credit Suisse Distressed Hedge Fund Index (-0.4%). All index and fund returns are calculated on a total return basis in Canadian dollars.

The largest contributor to Ravensource's performance over the first half of 2019 was its investment in Crystallex International Corp.'s senior notes. The Fund's investments in Dundee Corp. preferred shares, Firm Capital American Realty Partners Corp. common shares, and Plaza Retail REIT common shares also contributed to the Fund's performance during the first half of 2019. Detracting from the Fund's performance were its common share investments in Genworth Financial Inc. and Quad Graphics Inc. We encourage Ravensource Fund investors to read the Management's Letter to Unitholders (the "LTU") in which we share our investment philosophy and approach that guides our investment decisions. In addition, the LTU provides a deeper look at Ravensource's investment results and developments in the portfolio during the first half of 2019 with the objective of helping you better understand your investment.

Over the longer term, Ravensource's NAV has increased by 172.9% in aggregate / 9.6% compounded annually including re-invested distributions to unitholders since Stornoway took over its management in July 2008. Over the same period, Ravensource significantly outperformed the S&P/TSX Composite Total Return Index (+57.4% / 4.2%), the S&P/TSX Small Cap Total Return Index (+14.9% / 1.3%) and the Credit Suisse Distressed Hedge Fund Index (+93.6% / 6.2%) while underperforming the ICE BofAML US High Yield Index (+198.7% / 10.5%).

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 liability and to provide a reasonable yield for investors. The Fund made a semi-annual distribution of $0.15 per unit on June 28, 2019 versus a $0.15 per unit distribution paid in June 2018.

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 decreased from 26.8% of the Fund's net assets at the beginning of fiscal 2019 to 23.3% at June 30, 2019 as the Fund's investment purchases outpaced its divestitures.

Investment purchases during the first half of 2019 represented 8.6% of June 30, 2019, net assets primarily due to establishing a new position in Hudson's Bay Co. common shares. The Fund also increased its investments in Crystallex International Corp. 9.375% senior notes, Dundee Corp. preferred shares and Flow Capital Corp. 8% convertible debentures.

Investment divestitures during the period increased net cash by 4.9% of June 30, 2019 net assets. The most prominent divestitures were a reduction in our investment in Genworth Financial Inc. shares and an exit of our investment in Swiss Water Decaffeinated Coffee Inc. shares.

Lastly, cash distributions to unitholders, foreign exchange contract net profits, dividend/interest payments received, changes in non-cash working capital items and various fund fees and expenses increased the Fund's net cash position by 0.9% of June 30, 2019, net assets 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 a 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 increase in the Fund's NAV over and above the 5% hurdle rate along with meeting other conditions. If the increase in the NAV during the year is less than 5% after all other fees and expenses but prior to distributions, 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 2019 was 2.22% (first six months of 2018 - 1.87%). The 35 basis point increase in this period's MER versus the comparable period in 2018 is primarily attributable to an increase in management and administrative fees (48 basis points), legal fees (22 basis points), IRC fees (2 basis points) and trust administration and transfer agency fees (2 basis points), partially offset by declines in interest expenses (31 basis points), other operating expenses (6 basis points) and accounting and audit fees (2 basis points).

Management and Administrative Fees during the first six months of 2019 was 1.13% of average net assets compared to 0.65% during the first six months of 2018 as the Investment Manager previously passed along the economic benefit of fees received from an investee company – Specialty Foods Group, LLC ("SFG") – that was sold on October 1, 2018. During the first six months of 2018, this policy resulted in a reduction in the MER of 0.48%. For further information, see "Related Party Transactions".

The increase in legal fees is primarily a result of increased activities to protect and maximize the value of our Crystallex International Corp investment.

As the Fund generated a 3.4% increase in NAV, after incorporating semi-annual distributions, the Incentive Fee accrued for the first six months of 2019 amounted to $75,105 / 0.25% of average net assets. This compares to an incentive fee of $399,380 / 1.58% for the comparable period in 2018 when the Fund generated a 7.9% increase in NAV. The period-over-period decrease in Incentive Fee accrued is the result of a smaller increase in NAV, highlighting the alignment between the Investment Manager and unitholders.

Factoring in the impact of the incentive fee, Ravensource's annualized MER for the first six months of 2019 was 2.47% (first six months of 2018 – 3.45%).

RECENT DEVELOPMENTS

During the first half of 2019, there were no:

i. changes to the strategic position of the Fund;
ii. known material trends, commitments, events or uncertainties that might reasonably be expected to affect the Fund;
iii. changes to the manager or portfolio adviser, or change of control of the manager, of the Fund;
iv. any actual or planned reorganizations, mergers or similar transactions;
v. estimated effects of changes in accounting policies adopted subsequent to year end; or
vi. changes to the composition or members of the independent review committee of the Fund.

RELATED PARTY TRANSACTIONS

SFG Services Agreement

The Fund historically had a significant investment in the securities of Specialty Foods Group LLC (“SFG”). During 2012, the Investment Manager entered into a services agreement with SFG (“SFG Services Agreement”), whereby the Investment Manager would provide strategic advice and analysis to SFG and in return earn a fee for these services. As per its internal policy, the Investment Manager reduced the management fees and administrative fees that it charged 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.

On October 1, 2018, SFG was sold to Indiana Packers Corporation. On the completion of the sale of SFG to Indiana Packers Corporation, the SFG Services Agreement was terminated. Accordingly, the Investment Manager received the last payment under the SFG Services Agreement in Q3 2018.

As the SFG Services Agreement is terminated, during the period ended June 30, 2019, the Investment Manager made no reductions to management fees (June 30, 2018 - $35,381) or administrative fees (June 30, 2018 -$19,051) and does not expect any management and administrative fee reductions going forward. Any reductions would have been subject to harmonized sales tax ("HST"). Therefore, the total impact of the fee reductions during the period amounted to $nil, inclusive of HST (June 30, 2018 - $61,508), as noted in the financial statements.

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-month period ended June 30, 2019 amounted to $248,658, including HST (June 30, 2018 - $549,339). In addition, in the first six months of 2019 the Investment Manager earned $nil for services performed under the SFG Services Agreement as it was terminated October 1, 2018 (June 30, 2018 - $61,508). 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 first six months of 2019 amounted to $108,465 (First six months of 2018 - $53,096). During the period ended June 30, 2019, the Investment Manager reduced the net Management Fee by $nil (June 30, 2018 - $35,381) due to the aforementioned SFG Services Agreement which would have been subject to HST. In the absence of the Management Fee reduction, the total net Management Fee would have amounted to approximately $108,645 (June 30, 2018 - $93,076), inclusive of HST.

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 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 first six months of 2019 amounted to $58,404 inclusive of HST (first six months of 2018 - $28,590). During the period ended June 30, 2019, the Investment Manager reduced the Administrative Fee by $nil (June 30, 2018 - $19,051) due to the aforementioned SFG Services Agreement which would have been subject to HST. In the absence of this reduction, the Administrative Fee for the period would have amounted to approximately $58,404 (June 30, 2018 - $50,118), inclusive of HST.

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 first six months of 2019 amounted to $6,780 inclusive of HST (first six months of 2018 - $6,780).

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, 2019 amounted to $75,105 inclusive of HST (June 30, 2018 - $399,380).

FINANCIAL HIGHLIGHTS

For the years ended December 31, 2014 to June 30, 2019

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 2019	2018	2017	2016	2015	2014
Opening Net Assets per Redeemable Unit	17.22	14.97	14.39	13.69	12.31	12.88
Increase (decrease) from operations:						
Interest and dividend revenue	0.23	0.34	0.14	0.13	0.17	0.38
Expenses	(0.25)	(0.87)	(0.30)	(0.28)	(0.24)	(0.20)
Realized gains (losses) for the period	(2.28)	4.46	2.65	(0.05)	0.72	0.46
Unrealized gains (losses) for the period	2.88	(1.38)	(1.54)	1.20	0.04	(0.88)
Total increase (decrease) from operations (2)	0.58	2.55	0.95	1.00	0.69	(0.24)
Distributions:						
From income (excluding dividends)	-	-	-	(0.02)	-	-
From dividends	-	-	-	(0.10)	-	-
From capital gains	-	-	-	-	-	-
Return of capital	(0.15)	(0.30)	(0.37)	(0.18)	(0.30)	(0.30)
Total distributions (3)	(0.15)	(0.30)	(0.37)	(0.30)	(0.30)	(0.30)
Net Assets per Redeemable Unit, end of period	17.65	17.22	14.97	14.39	13.69	12.31

(1) Except for YTD 2019, 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 2019	2018	2017	2016	2015	2014
Total net asset value (000's) (1)	$29,528	$28,808	$25,048	$24,066	$22,921	$20,640
Number of units outstanding (1)	1,672,870	1,672,870	1,672,870	1,672,870	1,674,670	1,676,270
Management expense ratio (2)	2.47%	5.43%	2.03%	2.02%	1.79%	2.86%
Management expense ratio before waivers or absorptions(3)	2.47%	5.79%	2.56%	2.59%	2.34%	3.93%
Trading expense ratio (4)	0.03%	0.11%	0.06%	0.02%	0.04%	0.10%
Portfolio turnover rate (5)	4.94%	14.05%	24.49%	4.70%	10.70%	30.74%
Net asset value per redeemable unit	$17.65	$17.22	$14.97	$14.39	$13.69	$12.31
Closing market price (6)	$17.00	$15.28	$14.00	$13.38	$12.17	$13.25

(1) This information is provided as at December 31 of each year, except YTD 2019 which is as of June 30, 2019.

(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 weekly 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 weekly 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 and is based on investment purchases or sales for the stated period (whichever is less) expressed as an annualized percentage of weekly average net asset value. 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.

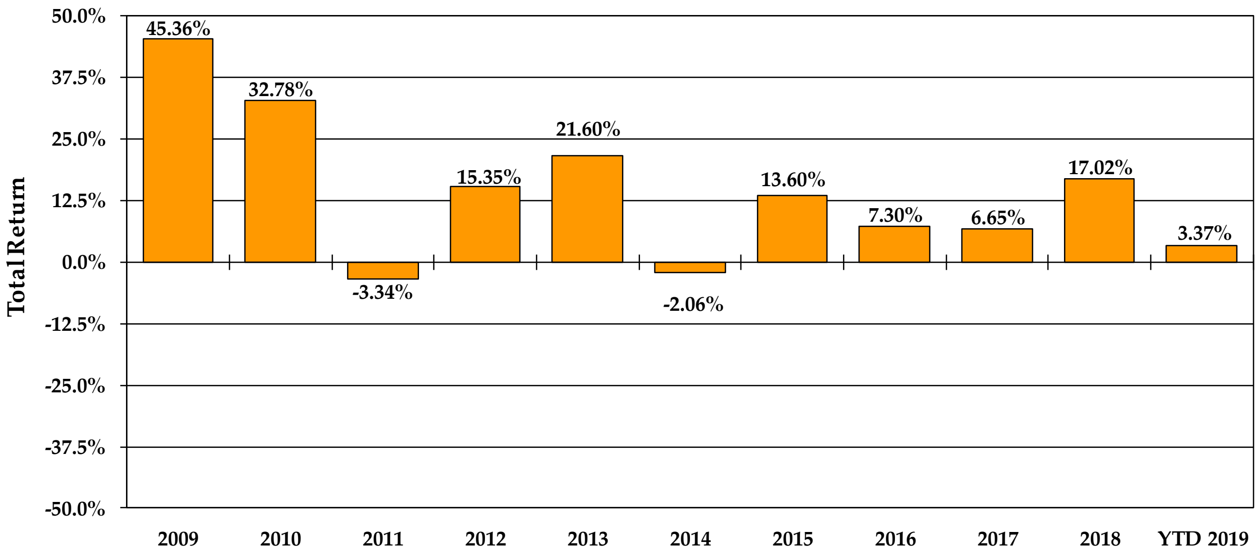
(6) The Closing market price refers to the last bid for a given period end.

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 2009 to 2018 and for the six-month period ended June 30, 2019. 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 Compounded 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, 2019	YTD 2019	1 Year	3 Years	5 Years	10 Years	Since [2] July 1, 2008
Ravensource Fund - RAV.UN [1]	**3.4%**	**12.2%**	**9.6%**	**6.2%**	**14.5%**	**9.6%**
S&P/TSX Composite Total Return Index	16.2%	3.9%	8.4%	4.7%	7.8%	4.2%
S&P/TSX Small Cap Total Return Index	10.4%	(8.1%)	0.2%	(1.6%)	5.9%	1.3%
ICE BofAML US High Yield Index [4]	5.8%	7.3%	8.0%	9.1%	10.5%	10.5%
Credit Suisse Distressed Hedge Fund Index [4]	(0.4%)	0.9%	5.7%	5.5%	7.1%	6.2%

(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, except YTD returns.

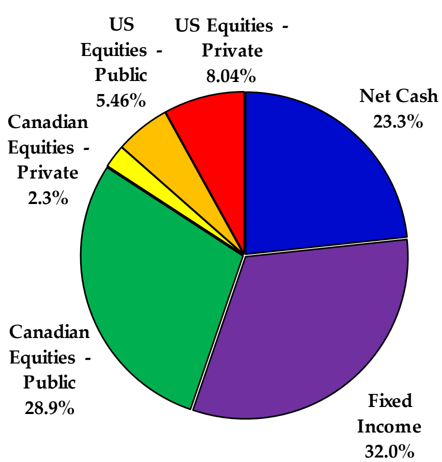
(4) Index and fund returns are calculated on a total return basis in Canadian dollars.

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

SUMMARY OF INVESTMENT PORTFOLIO
As at June 30, 2019

By Industrial Group	% of Portfolio
Metals & Mining	33.2%
Financial	22.4%
Real Estate	16.6%
Media & Publishing	12.2%
Retail	8.9%
Technology	3.0%
Industrial	2.1%
Food & Beverage	1.0%
Merchandising	0.6%
Total	**100.0%**

By Security Type - % of Net Assets



Top 25 Holdings Issuer/Security	% of Net Assets
Crystallex International 9.375% due Dec 2011 **	25.5%
Net Cash *	23.3%
Firm Capital American Realty Partners Corp.	9.2%
Spanish Broadcasting System Inc. 10.75% Preferred Shares	6.1%
Genworth Financial Inc.	5.0%
Hudson's Bay Co.	4.9%
Flow Capital Corp. 8% due Dec 2019	4.1%
Dundee Corp. Series 3 Preferred Shares	4.1%
Dundee Corp. Series 2 Preferred Shares	4.0%
Plaza Retail REIT	3.5%
Spanish Broadcasting System Inc. 12.50% due Apr 2017	2.0%
GXI Acquisition Corp. - Class B **	1.6%
Supremex Inc.	1.6%
Old PSG Wind-Down Ltd. **	1.2%
Glacier Media Inc.	0.8%
CanWel Building Materials Group Ltd.	0.8%
Specialty Foods Group, LLC - Post closing payment rights **	0.7%
GXI Acquisition Corp. - Class A **	0.7%
Colabor Group Inc. 6% due Oct 2021	0.5%
Quad Graphics Inc.	0.5%
Flow Capital Corp.	0.1%
GVIC Communications Corp. - Class C	0.0%
Flow Capital Corp. 7% due Jun 2021	0.0%
GVIC Communications Corp. - Class B	0.0%
Total % of Net Assets	**100.0%**

* 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-19	31-Dec-18
Special Situation Equities	44.7%	38.3%
Distressed Securities	46.8%	54.1%
Alternative Credit	8.5%	7.6%
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), David Magahey and Steven Schaus.

The fees and other reasonable expenses of members of the IRC are paid by the Fund. For 2019, 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
Stornoway Portfolio Management Inc.
30 St. Clair Avenue West, Suite 901
Toronto, ON M4V 3A1

Investor Relations
Scott Reid
416-250-2845
sreid@Stornowayportfolio.com

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 Credit Suisse Distressed Hedge Fund Index ("CSDHFI") is a USD-denominated index that 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 Investment Manager translates the CSDHFI and BAMLHY into CAD using the prevailing foreign exchange rate as of the date of each observation. Index data is provided by ICE Data Services and Credit Suisse.