



MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30, 2023

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”, “Fund” or “Trust”) is a closed-end investment trust whose units are listed on the Toronto Stock Exchange under the symbol RAV.UN and can be purchased / sold like any other publicly listed security. As of June 30, 2023, the net assets of the Fund were \$15.9 million and with 1,050,695 units outstanding. The net asset value (“NAV”) per unit was \$15.14. The closing/last bid for Ravensource units as of June 30, 2023 was \$13.44.

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, the recommendation of the appropriate timing and structure for disposition of such investments and of course, reporting to you, Ravensource investors.

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 under-followed / out-of-favour North American debt instruments, creditor claims and equity securities that are typically off the radar screen of most traditional investors. 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 Investment Manger executes three strategies:

1. *Distressed Opportunities* 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 narrow the price to value gap.

RISK

The risks associated with an investment in the units of Ravensource remain as disclosed 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 significant changes that would materially affect the overall risk of investing in Ravensource over the first six months of 2023. 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 rather than receiving income distributions, 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.

RESULTS OF OPERATIONS FROM JANUARY 1, 2023 TO JUNE 30, 2023

Size of the Fund

As of June 30, 2023, Ravensource's net assets were \$15.9 million, increasing by \$0.2 million or 1.4% during the first six months of 2023. Over the first half of 2023, there was no distribution to Ravensource unitholders.

Investment Performance

Ravensource's net asset value per unit ("NAV") increased by \$0.21 or 1.4% over the first six months of 2023 due to the performance of its investment portfolio net of the fees and expenses associated with operating the Fund. By comparison, the S&P/TSX Composite Total Return Index ("S&P/TSX TR") returned 5.7% over the first half of 2023. We note that the Fund's results are net of fees and expenses including for professional management while the S&P/TSX TR results does not factor in such costs.

Ravensource's investment portfolio over the first half of 2023 was positively impacted by our investments in Crystallex, Stelco Holdings, Dundee Corp., and Algoma Steel, partially offset by mark-to-market declines in Kiwetinohk Energy, Brookfield DTLA, Spark Power, and Firm Capital Apartment REIT.

Most notably, our investment in Crystallex Senior Notes increased in value by 18.2% over the first six months of 2023 as the U.S. Government announced in April 2023 that it had adopted a favourable policy to approve the sale of PDVH, increasing the probability that Crystallex will collect the remaining ~USD\$1.1bn it is owed from Venezuela. The sale approval hearing for PDVH is scheduled for July 2024, and we believe Crystallex's Senior Notes will be repaid by December 31, 2025. Based on the terms of the governing trust indenture, statements and representations made by various parties during the CCAA proceedings, and the Senior Note's priority over subordinate stakeholders in the court-approved waterfall amongst other considerations, we believe the Senior Noteholders are entitled to and will receive interest at least at the 9.375% contract rate up until we are fully repaid, together with other entitlements approved in the CCAA proceedings.

The largest detractor to the Fund's performance over the first six months of 2023 was our investment in Kiwetinohk Energy ("KEC") common shares, which caused the value of your Ravensource units to decline by 3.6%. Ravensource invested in KEC – then Distinction Energy – to capture the value created by harvesting its low-cost, undeveloped oil and gas reserves lying dormant in an insolvent entity. Since our investment, KEC has achieved several significant operating and financial milestones that have created material value for its investors, most notably a significant expansion of its production. However, the market continues to apply a steep risk discount to this new production rate even though it has been largely de-risked. We believe the steep valuation gap to peers will narrow and increase the value of our KEC investment as the Kiwetinohk Team proves this recent step up in production as the "new normal" over the coming quarters.

This brief discussion is further expanded upon in Ravensource's Management's Letter to Unitholders (the "LTU"). The LTU provides a deeper look at Ravensource's investment results and developments in the portfolio during the first half of 2023 with the objective of helping you better understand the investment theses and analysis of Ravensource's underlying investments.

RECENT DEVELOPMENTS

Over the first half of 2023, Ravensource sold investments to reduce its margin loan from 20.4% of total assets as of December 31, 2022 to 1.6% as of June 30, 2023. The purpose of this decision was to better position the Fund to capitalize on the Investment Manger's belief that the latter half of 2023 will present a more attractive environment for distressed opportunities.

Consistent with this repositioning, the Fund elected not make a distribution to unitholders for the semi-annual period ending June 30, 2023, a departure from its historical \$0.15 per unit semi-annual distribution. This decision was made as the Investment Manager believes that retaining capital to deploy in the attractive investment opportunities currently available to the Fund will create more value for unitholders than making a cash distribution. Going forward, Ravensource intends to distribute on a semi-annual basis the amount, if any, required for Ravensource to remain a tax-efficient vehicle as well as any excess liquidity should there be a lack of compelling investment opportunities. This decision was highly influenced by the fact Ravensource is currently fully invested, and by the consistent feedback from unitholders that redeploying the Fund's capital in our differentiated investment strategy is more valuable to them than receiving a cash distribution.

Lastly, in previous years, the Fund qualified as a mutual fund trust under the Income Tax Act (Canada). As at June 30, 2023, the Fund did not meet unit trust and mutual fund trust status qualification. Due to the Fund's tax attributes, its taxable income and the character of any potential distributions made in the year were not adversely affected as a result of this change.

RELATED PARTY TRANSACTIONS

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 Incentive Fee. The fees incurred over the six months ended June 30, 2023 amounted to \$96,142, including HST (June 30, 2022 - \$123,030). 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 Management Fee for the six months ended June 30, 2023 amounted to \$58,085, inclusive of HST (June 30, 2022 - \$75,599).

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 Administrative Fee for the six months ended June 30, 2023 amounted to \$31,277 inclusive of HST (June 30, 2022 - \$40,707).

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 Investor Relations Fee for the six months ended June 30, 2023 amounted to \$6,780, inclusive of HST (June 30, 2022 - \$6,724).

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 Incentive Fee for accrued for the six months ended June 30, 2023 amounted to nil (June 30, 2022 - nil).

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2023 and years ended December 31, 2018 to December 31, 2022

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 Trust's Net Assets per Redeemable Unit (\$) ⁽¹⁾	YTD 2023	2022	2021	2020	2019	2018
Opening Net Assets per Redeemable Unit	14.93	17.43	15.85	17.76	17.22	14.97
Increase (decrease) from operations:						
Interest and dividend revenue	0.13	0.41	0.09	0.30	0.46	0.34
Expenses	(0.25)	(0.53)	(0.40)	(0.34)	(0.39)	(0.87)
Realized gains (losses) for the period	1.25	(0.70)	0.39	0.44	0.10	4.46
Unrealized gains (losses) for the period	(0.93)	(1.38)	1.80	(2.01)	0.67	(1.38)
Total increase (decrease) from operations ⁽²⁾	0.21	(2.20)	1.88	(1.61)	0.84	2.55
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	(0.30)	(0.30)	(0.30)	(0.30)	(0.30)
Total distributions ⁽³⁾	-	(0.30)	(0.30)	(0.30)	(0.30)	(0.30)
Issuance of units ⁽⁴⁾						
Net Assets per Redeemable Unit, end of period	15.14	14.93	17.43	15.85	17.76	17.22

(1) This information is derived from the Trust'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 2023	2022	2021	2020	2019	2018
Total net asset value (000's) ⁽¹⁾	\$15,906	\$15,690	\$20,864	\$22,567	\$29,713	\$28,808
Number of units outstanding ⁽¹⁾	1,050,695	1,050,695	1,197,334	1,423,998	1,672,870	1,672,870
Management expense ratio ⁽²⁾	3.26%	3.30%	2.38%	2.24%	2.10%	5.43%
Management expense ratio before waivers or absorptions ⁽³⁾	3.26%	3.30%	2.38%	2.24%	2.10%	5.79%
Trading expense ratio ⁽⁴⁾	0.07%	0.08%	0.07%	0.04%	0.10%	0.11%
Portfolio turnover rate ⁽⁵⁾	0.00%	15.98%	36.45%	8.09%	16.81%	14.05%
Net asset value per redeemable unit	\$15.14	\$14.93	\$17.43	\$15.85	\$17.76	\$17.22
Closing market price ⁽⁶⁾	\$13.44	\$11.86	\$15.35	\$15.10	\$17.75	\$15.28

(1) This information is provided as at December 31 of each year except YTD 2023 which is as of June 30, 2023.

(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 Trust's portfolio turnover rate indicates how actively the Trust'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 Trust 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.

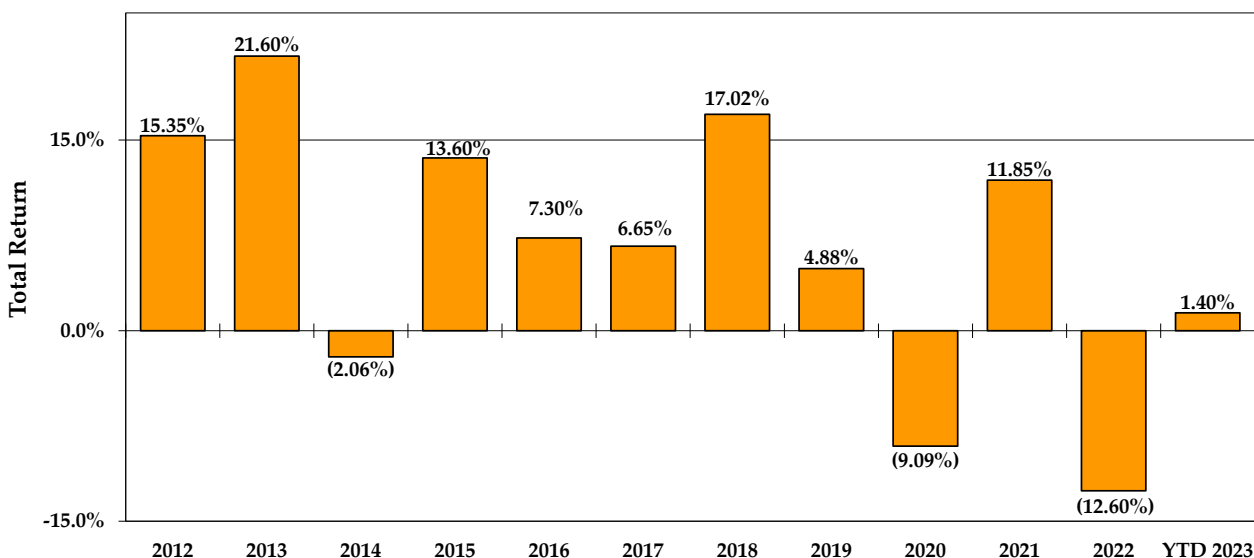
(6) The Closing market price refers to the last bid for a given period end.

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 2012 to 2022 and the six months ended June 30, 2023. 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, 2023	YTD 2023	1 Year	3 Years	5 Years	10 Years	Since ⁽²⁾ July 1, 2008
Ravensource Fund - RAV.UN ⁽¹⁾	1.4%	1.9%	1.3%	0.5%	4.6%	6.2%
S&P/TSX Composite Total Return Index	5.7%	10.4%	12.4%	7.6%	8.4%	5.4%
S&P/TSX Small Cap Total Return Index	(0.3%)	5.3%	12.7%	3.4%	4.9%	2.6%
ICE BofAML US High Yield Index	5.4%	8.9%	3.2%	3.2%	4.3%	6.4%
HFRI Distressed/Restructuring Index	2.3%	1.6%	9.3%	4.5%	4.3%	4.5%

(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) Past Performance is no guarantee of future results.

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2023

By Industrial Group	% of Portfolio	Top 25 Holdings	% of Net Assets
Litigation Finance	38.9%	Crystallex International 9.375% Senior Notes *	39.4%
Oil & Gas	15.1%	Kiwetinohk Energy Corp.	15.5%
Financial	11.6%	Dundee Corp. Series 3 Preferred Shares	11.9%
Media & Publishing	10.5%	Quad/Graphics Inc.	10.3%
Real Estate	7.9%	Firm Capital Apartment REIT	7.9%
Steel	6.8%	Algoma Steel Group Inc.	7.0%
Technology	6.7%	GXI Acquisition Corp. - Class B *	4.9%
Industrial	2.4%	Spark Power Group Inc.	2.5%
Total	100.0%	GXI Acquisition Corp. - Class A *	1.9%
		Old PSG Wind-Down Ltd. *	0.4%
		Spanish Broadcasting System Inc.	0.4%
		Brookfield DTLA Fund Office Trust Investor Inc.	0.2%
		Total % of Net Assets	102.4%
		* Not publicly traded. Valued by independent 3rd parties, model, and/or last transaction price.	
By Security Type	% of Net Assets	By Investment Strategy	
Net Cash	(0.6%)	% of Investment Portfolio	
Fixed Income	39.4%	30-Jun-23	31-Dec-22
Canadian Equities - Public	44.8%	Distressed Opportunities	83.1%
Canadian Equities - Private	6.8%	Special Situation Equities	16.9%
US Equities - Public	10.9%	Alternative Credit	0.0%
US Equities - Private	0.4%	Total	100.0%
Margin Loan	(1.8%)		
Total	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 2023, the annual compensation for ordinary IRC members is \$10,000 while the Chair of the IRC will be compensated \$13,000. 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 HFRI Distressed/Restructuring Index ("HFRIDSI") tracks the performance of investment funds focused on the credit instruments of companies trading at significant discounts to par value due to formal bankruptcy proceedings or the expectation of near-term proceedings. The HFRIDSI is a relevant index for comparison purpose as Fund's mandate broadly overlaps that of the funds that make up the HFRIDSI. 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 HFRIDSI.

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. Index data is provided by Hedge Fund Research and ICE Data Services.