



Ravensource Fund Independent Review Committee 2023 Report to Securityholders

Dear Securityholder,

In response to National Instrument 81-107 and to provide an arms-length body to deal with matters involving potential conflicts of interest between the Ravensource Fund (“Ravensource” or “Fund”) and the Investment Manager – Stornoway Portfolio Management Inc. (“Stornoway”) – Ravensource has established and maintained an Independent Review Committee (“IRC”) since 2007.

Under NI 81-107, the Ravensource IRC’s mandate is to review and consider potential conflicts of interests referred to us by the Investment Manager and make approvals and recommendations on whether a proposed course of action achieves a fair and reasonable result for Ravensource. On an annual basis, the IRC will review whether the policies and procedures of the Investment Manager related to conflicts of interest are effective and adequate. We are guided by the responsibility of the Investment Manager to place the interests of the investment funds that it manages, including Ravensource, above its own interests and the interests of its officers and employees at all times. To fulfill our role, we note that all three members of the IRC are independent of Stornoway and its affiliates and have extensive experience in investing and general business matters.

We are pleased to serve the interests of the Fund and to publish this annual report to its securityholders for the year ending December 31, 2023. This report is available on the Ravensource Fund website at www.ravensource.ca or you may request a copy, at no cost to you, by contacting the Investment Manager at 416-250-2845 or by emailing info@stornowayportfolio.com. This document and other information about Ravensource Fund are available on www.sedar.com and the Ravensource Fund website.

Looking forward, we recognize that in March 2024, the Ontario Securities Commission (“OSC”) and the Autorité des marchés financiers (“AMF”) published a report (the “CSA report”) presenting their findings of a targeted review of investment funds whose governance regime include an Independent Review Committee. Over 2024, Ravensource’s IRC, in with consultation with our compliance counsel, will review the CSA report against Ravensource’s current practices and take steps to further enhance and support our role under National Instrument 81-107 Independent Review Committee for Investment Funds.

Michael Siskind

Chair of the Ravensource Fund Independent Review Committee
March 26, 2024

RavenSource Independent Review Committee 2023 Report to Securityholders

The Independent Review Committee (IRC) is required to annually report its activities to RavenSource's securityholders each fiscal year. The IRC held its 2023 annual meeting (the "2023 Annual Meeting") on November 28, 2023, in person at Stornoway's office at 30 St Clair Avenue West, Suite #901, Toronto Ontario. This report summarizes the IRC's activities over 2023.

Composition of the Independent Review Committee

The composition of the IRC did not change in 2023.

The membership of RavenSource's IRC as of December 31, 2023, is as follows:

Name and municipality of residence	Principal Occupation	Term of Office
Michael Siskind, Chair Toronto, Ontario	Founder, Decade Capital Corporation	Initially Appointed: May 2007 Re-appointed December 2023 for a 3-year term with effect from December 28, 2023.
David Magahey London, Ontario	Founder and Managing Director, FourCourt Advisors Ltd	Initially Appointed: May 2007 Re-appointed November 2021 for a 3-year term with effect from January 1, 2022.
Steve Schaus Aurora, Ontario	President and Global COO, People 2.0	Initially Appointed: September 2018 Re-appointed December 2022 for a 3-year term with effect from December 31, 2022.

At the 2023 Annual Meeting, the committee reviewed and was satisfied with the independence of its members and the effectiveness of the committee. Further, we note that none of the IRC members serve on an Independent Review Committee of another fund.

The current term limit for an individual to serve on the IRC is two consecutive 3-year terms unless the Investment Manager consents that a member(s) can serve a longer term. At the 2023 Annual Meeting, the Investment Manager consented to the re-appointment of Michael Siskind to a new 3-year term ending on December 28, 2026, citing operational continuity benefits.

Looking forward, in consultation with compliance counsel, the IRC will review the Canadian Securities Administrators best practices regarding IRC composition and term limits as described in the CSA report.

Ownership of Securities by IRC Members

The Members of the IRC's beneficial ownership - directly or indirectly - of any securities of a person or company providing services to the Fund or to Stornoway Portfolio Management Inc. are as follows:

In the Fund

As at December 31, 2023, the members of the IRC did not beneficially own, directly or indirectly, in aggregate above ten (10%) percent of the units in any series or class of the Fund.

RavenSource Independent Review Committee 2023 Report to Securityholders

In the Investment Manager

As at December 31, 2023, none of the members of the IRC beneficially owned, directly or indirectly, any securities of the Investment Manager.

In any service provider

As of December 31, 2023, Mr. David Magahey beneficially owned 180 common shares of Bank of Montreal. Bank of Montreal provides Prime Brokerage and custodial services to the Fund.

Compensation and Indemnities

For the year ended December 31, 2023, compensation for IRC members was comprised of an annual retainer of \$10,000 plus an additional \$600 per meeting for any additional meetings other than the annual meeting that occur during the year. In addition, the Chair of the IRC received an incremental \$3,000 annually for his additional responsibilities.

The aggregate compensation paid to the IRC by the Fund for 2023 was \$33,000 (2022 - \$33,000).

At least annually, the IRC will review its compensation after considering the recommendation of the Investment Manager and guided by the following factors:

1. the best interests of the Fund and its securityholders;
2. the nature and complexity of the Fund;
3. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy of each member; and
4. industry best practices, including industry averages and surveys on compensation paid to the IRCs of Canadian investment funds.

For its 2023 annual compensation review, the Investment Manager conducted an analysis of public fund data and a previously identified peer group of funds which have similar asset size and complexity of mandate. Based on this review, the Investment Manager concluded that the annual compensation for RavenSource's IRC members for the year ending December 31, 2024, should remain \$10,000 per member with an incremental \$3,000 for the Chair. That recommendation was accepted by the IRC at the 2023 Annual Meeting.

Since inception of the IRC in 2007, IRC members have been indemnified by the Fund under the IRC charter as well as under section 13.4.1 of the Declaration of Trust. In 2017, as part of a general review of the IRC, the Investment Manager concluded it would be prudent, appropriate and in the best interests of the Fund and IRC members to enter into formal indemnity agreements and to obtain insurance coverage. The indemnity agreements and insurance proposal were presented to the IRC at its annual meeting held on November 29, 2017, and subsequently executed by all parties in 2018. The Fund recorded \$5,880 of insurance costs in 2023 (2022 - \$5,831).

No indemnities, insurance claims or claim payments were paid or incurred by the Fund in 2023.

RavenSource Independent Review Committee 2023 Report to Securityholders

Conflicts of Interest

During the 2023 Annual Meeting, the Investment Manager reviewed and discussed Stornoway's Conflict of Interest Disclosure in depth to ensure the IRC was aware of all Stornoway's various relationships and conflicts of interests. In particular, the IRC reviewed the potential conflicts of interests associated with:

- the Fund's decision effective June 30, 2023 to cease making regular semi-annual distributions to unitholders, which it had been doing since Stornoway became the Fund's Investment Manager in 2008. Going forward, the Fund intends to distribute on a semi-annual basis, the amount required, if any, for RavenSource to remain non-taxable, as well as any excess liquidity should there be a lack of compelling investment opportunities. Stornoway explained that the rationale behind the decision was the Fund's fully invested status and a desire to preserve liquidity, and described the potential conflict of interest raised by the fact that a distribution to unitholders lowers the management fee, albeit by an immaterial amount. The IRC was satisfied that Stornoway's decision to cease regular distributions achieves an acceptable and fair result for RavenSource securityholders.
- The Fund's issuance of units through a private placement as a result of interest from investors beyond what is available in the market, and in the context of a recent decline in outstanding units of the Fund due to a large redemption. Stornoway described the potential conflicts of interests that can arise from raising additional capital, including an increase in management fees, underwriting commission from Stornoway acting as a placement agent in the context of the private placement, and issuance costs that the Fund will bear, and insider participation in the private placement by Stornoway employees. Stornoway confirmed that: the additional capital, while increasing the total management fee collected by Stornoway, will not cause increased management fees per unit; Stornoway will not charge a fee to act as placement agent; there will be no participation in the private placement by Stornoway employees; and, in Stornoway's opinion, the issuance costs are outweighed by the benefits to the Fund, including lowering the fixed costs per unit of the Fund. The IRC was satisfied that Stornoway's proposed issuance of units and how Stornoway manages the potential conflicts of interest achieve an acceptable and fair result for RavenSource securityholders.

For the period ending December 31, 2023, the IRC is not aware of any instance where the Investment Manager acted in a conflict-of-interest matter referred to the IRC that was contrary to the IRC's recommendation.

The IRC is required to report to the OSC any instance where the Investment Manager did not meet a condition imposed by the IRC in its recommendation or approval. We report that no such situation existed in 2023.

RavenSource Independent Review Committee 2023 Report to Securityholders

Standing Instructions

The IRC has issued standing instructions to the Investment Manager that require it to comply with all of its policies and procedures in respect to the conflict of interest matters, and to report to the IRC as to its compliance thereof. The standing instructions require the Investment Manager to comply with the following policies and procedures:

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

The Investment Manager considers and revises its Policies and Procedures Manual on an ongoing basis to address any changes in regulatory requirements or in the business practices for investment managers / investment funds. In 2023, RavenSource's Investment Manager updated the following policies and procedures to reflect factual changes; codify existing operating procedures already in place; and additional operating procedures:

- i. Conflicts of Interest
- ii. Soft Dollar and Commission Policy
- iii. RavenSource Fund – SPM Employee Redemptions

Each of the policies and procedures that make up the standing instructions were reviewed during the 2023 Annual Meeting.

For the period ending December 31, 2023, the IRC, relying upon the representations of the Investment Manager, was not aware of any instance in which the Investment Manager acted contrary to any conditions imposed by the IRC in its standing instructions.