RAVENSOURCE
FUND

LETTER TO UNITHOLDERS

JUNE 30, 2026

Notice to Reader

The objective of this Letter to Unitholders ("LTU") is to report to investors in the Ravensource Fund ("Ravensource" or the "Fund") in a candid fashion on the philosophy and approach that guide our investment decisions; the rationale for, and changes in, the investment portfolio; the performance of the Fund's investments over the reporting period; and certain risks we are exposed to. We produce this letter to help investors better understand their investment.

The LTU is a supplemental report to the financial statements, Management Report on Fund Performance ("MRFP"), Annual Information Form ("AIF"), Relationship Disclosure Information and Conflicts of Interest Disclosure Statement and the Independent Review Committee ("IRC") report. You can get a copy of these documents and the Fund's proxy voting policies and proxy voting record by calling (416) 250-2845, by writing to us at Stornoway Portfolio Management, 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1, by visiting our website at www.ravensource.ca, or the SEDAR website at www.sedarplus.ca.

A Note on Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, decisions, opportunities, risks or other matters. Forward-looking statements are predictive in nature requiring us to make assumptions and subject to inherent risks and uncertainties. Our forward-looking statements may not prove to be accurate, and the factors that could cause actual events, results, etc. to differ materially from expectations, estimates or intentions. These risk factors include market and general economic conditions, regulatory developments, the effects of competition in the geographic and business areas in which the fund may invest and others as detailed in Ravensource'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 Ravensource may not update any forward-looking statements.

About the Ravensource Fund

The Ravensource Fund is a closed-end investment trust whose units trade on the TSX under the symbol **RAV.UN**. The principal objective of Ravensource is to achieve absolute long-term returns through investing in out-of-favour and deep-value North American securities. Ravensource's investments fall primarily in 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 to 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 have catalysts to bridge the gap between market price and intrinsic value.

About Stornoway Portfolio Management ("Stornoway")

Stornoway was appointed the Fund's Investment Manager on July 1, 2008, to execute its investment mandate.

Stornoway is a Toronto-based, employee-owned investment management firm focused on investing in distressed securities and other deep-value, out-of-favour investment opportunities that withstand a thorough and disciplined analytical rigour prior to investing and active involvement thereafter. The Stornoway Team is comprised of Scott Reid, Daniel Metrikin, and Michael Chen. Our bios and our approach to investing can be found on the Ravensource website. In addition to Ravensource, Stornoway manages the Stornoway Recovery Fund LP ("SRFLP") and the Stornoway Recovery Offshore Investor Fund LP ("SROIF"), limited partnerships that invest in opportunities that arise from companies that are near, in or emerging from financial distress.

Past investment performance by the Ravensource Fund is not indicative of future results and there cannot be any assurances that its investment objectives will be achieved. This letter is not a solicitation to invest.

RAVENSOURCE'S JUNE 30, 2026 LETTER TO UNITHOLDERS

Growth of $100,000 Since July 1, 2008

* Based on net asset value per unit, assuming all distributions are reinvested in units at net asset value.

Dear Fellow Unitholders,

Ravensource's net asset value increased 4.3% in the first half of 2026. Most of what mattered in those six months has not yet shown up in that number. Value must be created before it can be delivered, and this half was about creation.

Crystallex's Senior Notes are Ravensource's largest investment, currently priced at US$173 per $100 of face value, and two key developments moved the needle. After more than a decade of silence, the Trustee and the Ad Hoc Committee formally put the question to the CCAA Court, the Ontario court supervising Crystallex's insolvency: what are the Senior Noteholders owed? Our answer is US$505 per $100 of face value as at July 2026, plus ongoing interest and expenses. Second, Crystallex's Venezuelan bond portfolio jumped 60% to US$610 million — enough on its own to return over US$300 per $100 of face value to Senior Noteholders, 73% above the current market price, before factoring in one dollar from the US$1 billion outstanding judgment against Venezuela. Whether Crystallex can pay us is no longer the question. What it owes us is, and a judge begins to determine it in December.

Firm Capital Apartment REIT ("FCA") has been running a strategic review since November 2022: sell the assets, return the cash to unitholders. It sold four of six properties, then momentum stalled, leaving investors to question not just when cash comes back but whether it does. That is why the discount is there, and why we were able to buy more units at prices below 50 cents on the dollar of what we think the assets will ultimately fetch in a sale. Stornoway funds collectively own over 15%, making us FCA's largest unitholder. We have influence. We intend to use it.

Logan Energy sits on the same rocks as our former investment Kiwetinohk Energy Corp with deeper inventory and carries the same mispricing. The market punishes energy companies that reinvest all of their free cash flow back into the drill bit instead of distributing it to shareholders. When that reinvestment earns 100%+ returns, we vote to drill. We like compounders; more importantly, we like the deep discount the market applies to them. That discount earned us a 25.7% annualized return on Kiwetinohk. It is early days on honing our understanding of Logan, and we have sized it accordingly.

We write this letter at a time when nearly half the Fund is in cash — a war chest, at exactly the moment we want one. Credit is tightening. Forced sellers are back. The pool of investors willing and able to fix broken companies has thinned. Discounts are widening. We are at that rare juncture when capital and opportunity meet. Our radar screen is full; we are actively combing the market for our next Kiwetinohk.

The Stornoway Way

We don't just invest in distressed companies — we get our fingernails dirty to help revitalize them.

Stornoway specializes in misfit securities: bonds, loans, and shares weighed down by distress, dislocation, or transition — where most investors see only risk. We commit capital when forced selling and fatigue push prices far below intrinsic value.

But cheap is not enough. Before we buy, we identify catalysts — and the likely exit — to create value and capture it. We focus on the fulcrum security, the point in the capital structure where change drives the greatest impact, and work to remove the obstacles that prevent value from being realized.

The turnaround is the kicker: strengthening the company to create further value and make it of strategic interest to a buyer. We bring more than capital: strategic insight, persistence, and hands-on restructuring expertise to help convert complexity into clarity and uncertainty into outcomes. The result is clean, de-risked companies that strategic buyers want to own.

This approach demands patience, courage, and conviction. Fixing what is broken takes years, not quarters. With the right catalysts, the right partners, and the right exits, the results justify the wait.

We act like owners because we are. Stornoway principals own 11.3% of Ravensource. Our capital sits alongside yours, sharpening our focus, aligning our interests, and anchoring us for the long haul.

That's the Stornoway Way: find value, drive change, deliver outsized returns on our investors' capital, with discipline, patience, and purpose.

Investment Performance

Ravensource's investment portfolio generated a 5.95% mark-to-market gain in the first half of 2026, before fees and expenses. The key contributors to performance were:

	H1 2026	
Issuer / Security	**Price Return**	**Impact on Fund [1]**
Gold Reserve Ltd.	95.35%	4.55%
Crystallex International Corp.	2.98%	1.15%
Firm Capital Apartment Real Estate Investment Trust	(1.04%)	(0.01%)
Algoma Steel Group Inc.	(1.22%)	(0.05%)
Logan Energy Corp.	(3.27%)	(0.10%)
Other [2]		0.41%
Pre-Expense Investment Return		**5.95%**
Total Fund Expenses		(1.61%)
Ravensource Fund Net Return		**4.34%**

[1] Increase in NAV due to investment's gross return for the period.

[2] Includes the impact of foreign exchange, FX hedges, and other investments.

Gold Reserve Ltd. ("Gold Reserve")

Gold Reserve was the Fund's largest contributor during the period, adding 4.55% to Ravensource's net asset value. We sold in January at 95% above its year-end price, as the shares melted up on prospects of a Venezuelan recovery following Maduro's removal.

Crystallex International Corp. ("Crystallex")

All figures in United States Dollars

Crystallex's 9.375% Senior Notes (the "Senior Notes") remain the Fund's largest investment, at 39% of net assets. We have owned them for more than a decade and have been actively engaged as one of three participants in the Ad Hoc Committee of Senior Noteholders since 2012, working to protect and maximize our recovery.

At June 30 the Senior Notes were valued at $173 for every $100 of face value, up from $168 at December 31, 2025. Over the same six months, Crystallex's bond portfolio gained more than $230 million while the Senior Notes gained only $5 million. Why such a disconnect? We are creditors, not owners. A larger estate does not increase what we are owed — once we are paid in full, including ongoing interest, the surplus belongs to the owners. What it does is deepen our margin of safety.

Our edge is not in valuing Crystallex's assets: a portfolio of $1.3 billion face value of Venezuelan and PDVSA bonds, and an outstanding judgment against Venezuela of more than $1 billion which Crystallex is seeking to collect through the court-ordered sale of PDV Holding, the U.S. parent of CITGO. We follow these matters and markets closely. As Venezuelan bonds now trade actively, we are apprised of the market price of Venezuelan credit on a real-time basis.

If sold at today's market prices, Crystallex's bond portfolio alone would clear every claim ranking ahead of us and return over $300 per $100 of face value to Senior Noteholders. We believe the $1 billion outstanding judgment against Venezuela could also be easily sold for at least those same prices, roughly 50 cents on the dollar, as it ranks first in line for the PDVH sale proceeds and pays out at 100 cents if that sale closes. At 50 cents, Crystallex can repay the Senior Noteholder claims in full including all interest, with hundreds of millions of dollars left for junior stakeholders. By our math, the judgment would only have to fetch roughly 22 cents for the Senior Noteholders to be fully repaid our $505+ million claim. Whether Crystallex can repay the Senior Noteholders in full is no longer the question.

The question is how much Crystallex owes us.

The CCAA Court last determined the Senior Noteholders were owed $188 as of December 31, 2015, and has not revisited it since. That is what we recover on our Senior Notes if the Court finds we are owed no interest for the use of our capital for the past 10 years. At $173, the market is pricing our position below the minimum a court ordered more than a decade ago.

The note indenture Crystallex signed in 2004 entitles Senior Noteholders to interest at 9.375% with interest owed on principal, unpaid interest, and amounts in default, until we are fully repaid. Crystallex defaulted. It has never repaid us. That $188 million claim as of December 31, 2015 has grown to $505 million plus ongoing interest and expenses. On July 9, the Trustee filed the Senior Noteholders claims.

Junior stakeholders may argue that interest stopped in 2015. But a company worth more than it owes must pay its creditors in full, with interest, before anyone junior receives a dollar — as both the company and its DIP lender told the Court during these proceedings.

So why is the market price of the Senior Notes only $173 when their claim value is $505 and counting and the assets are there to fully repay it? Two discounts. The first is time: the money is not yet in the bank, and the market will not pay today for cash that potentially arrives years from now. That discount unwinds on its own. The second is entitlement: the Court has not yet determined what we are owed. That one does not unwind — it resolves, and December is when that process begins.

We believe the correct claim is $505, plus ongoing interest and expenses — nearly 3x today's Senior Note price, and enough to increase Ravensource's net asset value by roughly 60%. That is what a decade of waiting has built: every year Crystallex has not repaid us, our claim has grown by 9.375% including on unpaid interest. That is what the Senior Noteholders bargained for when the company needed capital to develop Las Cristinas — the mine Venezuela expropriated, and the origin of all the assets Crystallex owns today.

The potential downside is not that we lose money; it is that we have very little to show for over 10 years of investment. If the Court finds interest stopped in 2015, we recover $188 against today's price of $173 — less than 3% added to net asset value, while more than $1 billion goes to stakeholders behind us, approximately half of it from interest we were promised and never paid. The table below shows the relationship between the date which the Senior Noteholders will receive interest up and its impact.

Interest Stops Date	Estimated Recovery per $100 Face Value	Return over Market Price	Est. Impact on Ravensource's NAV	Recovery for Junior Stakeholders ($mm)
Current Market Price	$173			
December 31, 2015	$188	9%	2.8%	$1,125
June 30, 2026	$504	191%	60.1%	$809
June 30, 2027	$553	220%	69.1%	$734
December 31, 2027	**$580**	**235%**	**73.9%**	**$694**
June 30, 2028	$608	251%	79.0%	$652

"Interest Stops Date" is the date to which interest is assumed to stop accruing on all Senior Noteholder claims and entitlements.

Est. Impact on Ravensource's NAV is net of incentive fees.

The Court is scheduled to hear the Trustee and Ad Hoc Committee's motion to determine what we are owed this December. Your patience has been considerable. We are working hard to reward it. After more than a decade, the question is finally before a judge.

Algoma Steel Group Inc. ("Algoma")

While volatile, Algoma's share price declined slightly over the period, falling 1.2% in the first half of 2026. The swings within the period primarily reflected shifting expectations around the U.S. Section 232 tariffs on Canadian steel, moving from optimism of a near-term resolution to pessimism by period end.

That volatility has rendered Algoma effectively uninvestable for many investors, leaving its share price increasingly disconnected from the value the company is building. This is precisely the dynamic we seek: a price pushed far enough below realizable value to reward us for the uncertainty, extended timeline, and the inevitable swings as the trade issues play out.

Amid the trade noise, Algoma continued to execute. It advanced the ramp of its first electric arc furnace and remains on track to bring its second furnace online in the second half of 2026, further reducing the execution and cost risk that overhung the story a year ago. The company also achieved record plate sales in the second quarter. Algoma's investments in the plate mill over the past several years are now earning market share by better meeting customers' technical and delivery requirements.

However, hot-rolled coil remains Algoma's core business, and the U.S. its core market. The U.S. government's tariffs have restricted imports into a market that has historically relied on them for more than 20% of its consumption, and driven U.S. HRC prices sharply higher. That benefits U.S. domestic producers today, but the resulting cost pressure on downstream manufacturers is unlikely to be sustainable. We do not know when or how policy will change, but we believe the U.S. will ultimately need to reopen the supply valve — and that Algoma will be well positioned to benefit when it does.

We are not blind to the uncertainty, nor are we betting on a quick resolution; macro and trade policy are notoriously difficult to predict. Our focus is on the value Algoma is creating, the price we are being asked to pay, and whether the gap between the two adequately rewards us for the risk. At US$4.05, we are paying half of what we think the business is worth today — before any tariff relief. With strong Canadian government support, increasing domestic share, and the value that would be unlocked with a reopening of U.S. markets, we believe that gap is wide enough.

The Carrot

At Stornoway, we invest where complexity creates mispricing — and where we see a clear path to realizing value, often through a strategic transaction. The Carrot is our estimate of that value. It marks the gap between where our investments are priced today and what we believe they're worth on exit.

	Jun 30, 2026		"The Carrot"		
Investment	**% of NAV**	**Price**	**Exit Proceeds**[1]	**Total Return**[2]	**Estimated Time to Exit**
Crystallex International Corp.	39.3%	US$173.00	US$504.00	191.3%	1 - 2 Years
Firm Capital Apartment REIT	5.7%	US$3.10	US$6.00	93.5%	1 - 3 Years
Algoma Steel Group Inc.	4.4%	US$4.05	US$8.00	97.5%	1 - 3 Years
Logan Energy Corp.	2.8%	C$0.84	C$1.45	72.6%	1 - 2 Years

[1] *Stornoway's estimate of the proceeds received on a successful realization plus any interim dividends / distributions received.*

[2] *Unannualized return calculation.*

Importantly, the Carrot isn't a forecast. It is a conservative estimate of realizable value at exit — grounded in today's business economics, not aspirational targets or speculative multiples. We anchor it in tangible milestones: signed contracts, completed projects, and precedent transactions. These figures reflect the lower bound of what's achievable.

But no Carrot goes unchallenged. Whether Scott or Daniel is leading an investment, the other plays the skeptic — stress-testing assumptions, pushing back on optimism, and clarifying what must go right to reward our capital. It's red team vs. blue team: a process rooted in Stornoway's culture of constructive tension. The Carrot is our internal benchmark for what success looks like, before and during investment, and how efficiently we captured it.

At the end of the day, we — and you — measure success by what we deliver in returns when we exit a position, not by what we estimate or model.

Fund Liquidity and Investment Activity

As of June 30, 2026, the Fund's total net liquidity — cash net of margin loans, plus short-term Government of Canada T-bills and net working capital — was 47.78% of NAV, versus 46.44% at December 31, 2025.

The sources and uses of cash during the period were as follows:

	H1 2026	
	Amount	**% of Net Assets** [1]
Beginning Net Cash	**$158,633**	**0.71%**
Investing Activities		
Cash Used to Purchase Investments	($661,923)	(2.98%)
Cash Proceeds from Investment Divestitures	1,993,361	8.96%
Cash Used to Purchase Government of Canada T-bills	(3,829,872)	(17.22%)
Dividends and Interest	148,628	0.67%
Cash Impact of FX	(465,326)	(2.09%)
Cash Used in Investing Activities	**($2,815,133)**	**(12.66%)**
Operating Activities		
Cash Operating Expenses	($412,123)	(1.85%)
Cash Used in Operating Activities	**($412,123)**	**(1.85%)**
Change in Net Cash	**($3,227,256)**	**(14.51%)**
Ending Net Cash [2]	**($3,068,622)**	**(13.80%)**
Cash Equivalents [3]	**$13,695,564**	**61.57%**
Ending Net Cash and Cash Equivalents	**$10,626,942**	**47.78%**

[1] % of June 30, 2026 net assets.

[2] Net of margin loan

[3] Comprised of Government of Canada T-bills, and current assets and liabilities.

Investment Purchases

Over the first half of 2026, we invested approximately 3% of NAV including initiating a new position in Logan Energy Corp. and increasing our position in existing investments.

Logan Energy Corp. ("Logan")

We sold our investment in Kiwetinohk Energy Corp. ("KEC") in December, realizing a 25.7% annualized return. The value of that investment, however, extended beyond the financial result. Five years invested in KEC gave us a deep understanding of the underlying resource plays, the attributes strategic buyers value, and the disconnects public markets often overlook. A few kilometres away, Logan Energy has assembled a portfolio of strategic assets and is pursuing a playbook similar to the one that made KEC successful.

Public energy companies are increasingly valued on the cash they return to shareholders through dividends and share repurchases. Companies that instead reinvest their cash flow to drill wells and convert undeveloped land into productive reserves are often penalized, even when the underlying economics are attractive. In the short term, this spending reduces free cash flow. Over time, however, it creates a larger and more valuable asset. KEC traded at a similar discount during the years following its restructuring. Logan is now being built under much the same conditions.

Logan has consolidated early-stage, deep-inventory positions across the Montney and Duvernay, supported by owned infrastructure and available processing capacity. Together, these assets would be difficult for a competitor to replicate piecemeal in the already-consolidated region. Logan's shares trade at a significant discount to the value we believe can emerge as Logan drills its inventory, grows production and converts undeveloped reserves into cash flow.

Value alone, however, is not sufficient. A credible path to realization is critical. Logan's management team has successfully executed this build-and-sell strategy several times before, creating over $2.4 billion of equity value. Their objective is straightforward: develop the assets, demonstrate their productive capacity and ultimately sell the company when a strategic buyer is prepared to recognize the value created. Management owns a meaningful interest alongside shareholders and has continued to increase its investment.

We established an initial position in Logan during the period. The investment remains at an early stage, and there is still much for the company to prove. As with all our investments, we have sized the position to reflect our current conviction and ability to influence the outcome. Should those increase, so will our investment.

Divestitures
During the first half of 2026, the Fund sold investments equaling 8.96% of Net Assets, primarily reflecting the sale of our position in Gold Reserve.

Gold Reserve Ltd. ("Gold Reserve")
Gold Reserve was the Fund's largest contributor during the period, increasing the Fund's net asset value by 4.55%. We sold in January at US$3.29, 95% above its year-end price, as market exuberance grew around the improved prospects of a Venezuelan economic recovery following Maduro's removal. While it was a remarkable turnaround, against our US$3.78 cost base it was a 12.9% loss of capital.

Our investment was premised on the basis that Gold Reserve would focus on recovering its claims against Venezuela through U.S. and other foreign enforcement processes and then distribute the proceeds to its shareholders. As expectations for political and economic normalization between Venezuela and the U.S. increased, the company seemingly changed its aspirations. Rather than returning recoveries to shareholders, Gold Reserve outlined its strategy to pursue the return and development of the Brisas gold project in Venezuela.

That pivot ran counter to our investment thesis. Even if Gold Reserve successfully recovers its claims, it appears the proceeds would fund mine development rather than reach shareholders. From our perspective, a claims recovery opportunity had become an emerging-market growth investment carrying substantial political, operating and financing risk. Market enthusiasm for its new strategy gave us an attractive opportunity to sell, and we used it.

Our investment did not produce the outcome we expected, but the thesis was not wrong — the company pivoted away from it before the recovery landed in the company's coffers. Holding would have been easier. The story was compelling, the price was rising, and staying would have spared us a loss. But we do not hold positions to avoid recognizing what has already happened, and we do not own what we do not have an edge in. It may well prove a fine investment for others. We exited.

Use of Leverage
As of June 30, 2026, Ravensource held a margin balance equal to 13.80% of Net Assets, fully offset by short-term Government of Canada T-bills. On a net basis the Fund employed no leverage. Including T-bills and net working capital, net liquidity was 47.78% of NAV.

Distributions
In the first half of 2026, the Fund did not make a distribution. Ravensource's policy is to distribute only what is required to maintain the Fund's non-taxable status, or to distribute if the opportunity

set thins. With liquidity at 48% of net assets, we understand why some unitholders might expect one. Our answer is that opportunities are arriving more often, and at wider discounts, than they have in years — and capital returned today is capital we do not have when a compelling investment appears.

Operating Expenses

Ravensource's operating expenses include management fees, legal and professional fees, audit and accounting costs, and other administrative charges. The table below reconciles the Fund's gross return to its net investment return in the first half of 2026 and 2025.

	H1 2026 [1]	H1 2025 [1]	YoY Change
Pre-Expense / Incentive Fee Investment Return	**5.95%**	**5.79%**	**0.16%**
Fund Expenses			
Management Fees	(0.59%)	(0.56%)	0.04%
Legal & Professional Fees	(0.28%)	(0.20%)	0.08%
Audit & Accounting Fees	(0.26%)	(0.42%)	(0.16%)
Interest Expense	(0.20%)	(0.39%)	(0.19%)
Transaction Costs	(0.05%)	(0.00%)	0.05%
Other Operating Expenses	(0.23%)	(0.29%)	(0.06%)
Total Fund Expenses	**(1.61%)**	**(1.86%)**	**(0.25%)**
Pre-Incentive Fee Investment Return	**4.34%**	**3.93%**	**0.41%**
Incentive Fee	--%	--%	
Ravensource Fund Net Return	**4.34%**	**3.93%**	

[1] Percentage of starting net asset value per unit for the period.

Operating expenses were 1.61% of net assets in the first half, down 0.25 percentage points from the same period in 2025, mainly on lower interest and audit costs.

Incentive Fee

Stornoway earns an incentive fee only after unitholders earn more than 5% annually and recover any past underperformance — a cumulative threshold called the high watermark. We have not earned one in several years.

As of June 30, 2026, Ravensource's NAV per unit would have to exceed $20.93 before incentive fees begin accruing. With NAV at $17.16, unitholders are entitled to the next 21.97% of returns entirely free of incentive fees. That applies regardless of the price paid for their units.

Long Term and Relative Performance

Investing is forward-looking, but performance is the basis on which we should be judged. Ravensource's historical returns have fallen short of the broad equity markets and most of the comparative indices shown below. Those results are not acceptable to us, and we understand the frustration they create for unitholders.

As at June 30, 2026 [1]	YTD 2026	1 Year	3 Years	5 Years	10 Years	Since July 1, 2008
Ravensource Fund - RAV.UN (1)	**4.3%**	**3.9%**	**4.3%**	**0.4%**	**3.2%**	**5.9%**
S&P/TSX Composite Total Return Index	11.2%	32.9%	23.5%	14.8%	12.8%	8.2%
S&P/TSX Small Cap Total Return Index	18.0%	57.2%	30.3%	15.0%	11.1%	6.8%
ICE BofAML US High Yield Index	1.9%	5.7%	8.8%	4.1%	5.7%	6.8%
HFRI Distressed/Restructuring Index	7.2%	16.6%	11.3%	6.4%	7.7%	5.6%

[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. Returns are annualized except YTD returns.

The shortfall reflects two related issues. First, several of our largest investments have taken substantially longer to realize than we expected. Second, the value created within those investments has not yet translated into sufficient realized gains or increases in Ravensource's net asset value. Progress matters only to the extent it ultimately produces returns.

Kiwetinohk demonstrated what the strategy can deliver when that value is realized. We exited the investment in December 2025 at 2.48 times our invested capital, generating a 25.7% annualized return over the life of the position. That outcome was meaningful, but it was not enough to offset weakness elsewhere in the portfolio, particularly the decline in Algoma following the imposition of steel tariffs. Ravensource returned 3.5% in 2025 and 4.3% in the first half of 2026 — positive results, but well below both our objectives and the returns available in public markets.

Our task is to convert the remaining value in the portfolio into realized returns. Crystallex is closer to a determination of the Senior Noteholders' entitlement than at any prior point in the investment. Firm Capital Apartment REIT is in the process of selling assets, though the pace and endpoint both remain uncertain. Algoma has substantially completed its operational transformation, though the path to realizing that value remains exposed to trade policy and timing.

None of these developments change the historical record shown above. They explain why we believe the portfolio contains meaningful value, but belief is not a return. The next several years will show whether we were right.

"Skin in the Game"

As of June 30, 2026, the Stornoway Team owned 11.3% of Ravensource's outstanding units, making us one of the Fund's largest holders. Every decision described in this letter was made with our own capital alongside yours. We are not just Ravensource's Investment Manager, we are your partners.

Risk

At Stornoway, we define risk as the potential for permanent loss of capital. Every investment carries risk at the outset; that risk declines as the investment progresses through milestones such as a restructuring, merger, or loan repayment, and rises when those milestones slip. We monitor each position closely and adjust sizing accordingly.

Our approach rests on three pillars: establishing a significant margin of safety by investing well below intrinsic value, structuring investments to limit downside, and engaging actively with our portfolio companies. These tools reduce risk and improve return potential, but they do not eliminate the possibility of loss. Our assessment of intrinsic value can be wrong, structural protections can prove insufficient, or a thesis can simply fail to play out.

Ravensource is more concentrated than most funds, typically holding ten or fewer positions, and Crystallex alone represents 39% of net assets. We believe focusing capital on high-conviction opportunities — where we can actively drive value — is key to generating long-term returns. But concentration cuts both ways. A single ruling in a single proceeding will determine whether Crystallex adds tens of percentage points to Ravensource's net asset value or almost nothing, and while there are buyers for the Senior Notes, it is not liquidity we would count on. We accept that trade deliberately. Unitholders should understand they are accepting it too.

We also distinguish between volatility and risk. Our holdings can experience significant mark-to-market swings, particularly during periods of market disruption when capital flees to liquid assets. That is both the challenge and the opportunity of investing in distressed and out-of-favour securities. In those moments, we reassess each position on its merits and, where the thesis remains intact and the price has improved, we add to it.

Ravensource is a Canadian dollar fund. As of June 30, 2026, 49.07% of assets were USD-denominated and as a result the Fund is exposed to foreign currency risk, which we actively hedge. We don't speculate on currencies; net USD exposure was hedged to 0.78% of NAV.

There has been no change to Ravensource's strategy in 2026 that would materially alter its risk profile. Ravensource is certainly not for all investors. The Fund remains appropriate only for investors with a diversified portfolio, long-term horizon, and medium-to-high risk tolerance.

This summary is not exhaustive. We encourage you to review the Fund's financial statements and Annual Information Form for a complete discussion of risks.

Closing Remarks

Over the first half of 2026 we worked hard with management teams and like-minded investors to help move the needle on our investments, surfacing and creating value that we expect to deliver as tangible returns to unitholders over the next couple of years.

But our work is far from done.

Our priorities for the balance of 2026 are clear: advance the Crystallex Senior Noteholders' claim in the CCAA proceedings; use our influence to accelerate the realization of FCA; measure Algoma on the initiatives it controls — the second furnace and share gains in plate; and deepen our diligence on investments already in our pipeline such as Logan Energy.

And we will keep hunting. Nearly half the Fund is cash and discounts are the widest we have seen in years. But abundant capital will not shorten our process or lower our bar. Complexity most investors will not touch is where we apply our edge, find value, drive change, and deliver the returns our investors expect from us.

We realize this letter offers a lot of material to take in. We welcome the opportunity to discuss the Fund, its holdings and our decisions with you by phone, Teams or in person.

We appreciate your continued trust and partnership.

Onwards and upwards,

Scott Reid

Scott Reid
President & Chief Investment Officer
(416) 250-2845

Daniel Metrikin
Principal & Executive Vice President
(416) 250-2847

July 2026

Appendix 1 - 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 overlaps 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 purposes 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 differs 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.

RAVENSOURCE

FUND