

Please read this material carefully as you are required to make a decision prior to 4:00 p.m. (Toronto time) on May 30, 2011. If you are uncertain as to how to deal with it you should contact your investment dealer, stock broker, bank manager or other professional advisor.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. This offering is made in each of the provinces of Canada (the "Qualified Jurisdictions"). The securities to which this offering relates have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States of America or to any resident thereof. See "Ineligible Unitholders".

Rights Offering

April 21, 2011

## RAVENSOURCE FUND

### OFFERING OF 1,424,016 RIGHTS TO SUBSCRIBE FOR UP TO 356,004 UNITS

**Price: Four Rights and \$10.33 per Unit**

**Subscription Price equals 94.4% of the net asset value per Unit at the close of business on April 14, 2011**

To the holders of Units:

RavenSource Fund (the "Fund") is issuing to the holders ("Unitholders") of its units (the "Units") of record as at the close of business on April 29, 2011 (the "Record Date") rights (the "Rights") to subscribe for and purchase from the Fund an aggregate of approximately 356,004 Units (based on the current number of outstanding Units), at a price (the "Subscription Price") per Unit equal to \$10.33, being 94.4% of the net asset value ("NAV") of a Unit (rounded to the nearest cent) at the close of business on April 14, 2011, on the terms set forth herein (the "Offering"). Each Unitholder of record on the Record Date will receive one Right for each Unit held. Four Rights entitle the holder to acquire one Unit upon payment of the Subscription Price. The Rights, and the Units issuable on exercise of the Rights, will be listed on the Toronto Stock Exchange (the "TSX"). The TSX has approved the listing of the Units issuable on the exercise of the Rights. Holders of Rights who exercise their Rights in full are entitled to subscribe *pro rata* for additional Units pursuant to the Additional Subscription Privilege (as defined and described below).

The Rights will expire at 4:00 p.m. (Toronto time) (the "Expiration Time") on May 30, 2011 (the "Expiration Date"). Rights not exercised at or before the Expiration Time will be void and of no value.

**The Rights are fully transferable by holders.**

The closing price of the Units on the TSX on April 18, 2011 was \$10.75 and the NAV per Unit at the close of business on April 14, 2011 (the last date prior to the date of this circular on which NAV was calculated) was \$10.94.

<b>Record Date:</b>	April 29, 2011.
<b>Expiration Time:</b>	4:00 p.m. (Toronto time) on May 30, 2011.
<b>Subscription Price:</b>	\$10.33, which equals 94.4% of the NAV of a Unit (rounded to the nearest cent) at the close of business on April 14, 2011.
<b>Basic Subscription Privilege:</b>	Each Unitholder of record on the Record Date is entitled to receive one Right for each Unit held. Every four Rights held by a holder of Rights will entitle the holder to subscribe for one Unit at the Subscription Price (the "Basic Subscription Privilege"). See "Details of the Rights Offering - Basic Subscription Privilege".
<b>Maximum Number of Units Issuable:</b>	Approximately 356,004 Units (based on the number of currently outstanding Units), assuming the exercise of all Rights issued pursuant to the Offering. There is no minimum number of Units issuable pursuant to the Offering.
<b>Additional Subscription Privilege:</b>	Unitholders who subscribe for all the Rights to which such Unitholder is entitled under the Basic Subscription Privilege also may subscribe for additional Units (the "Additional Subscription Privilege") not subscribed for initially, if any, on the basis set forth under "Details of the Offering - Additional Subscription Privilege".
<b>Net Proceeds to the Fund:</b>	\$3,577,521, after deduction of estimated expenses of \$100,000, assuming full subscription. No solicitation fees are payable in connection with the Offering.
<b>Listing:</b>	The Rights will be listed and posted for trading on the TSX until 12:00 p.m. (Toronto time) on May 30, 2011. The TSX has approved the listing of the Units issuable on the exercise of the Rights.
<b>Use of Proceeds:</b>	The net proceeds from the exercise of Rights offered hereunder will be used to acquire, in the open market and through private placements, securities in accordance with the Fund's investment objective, policies and restrictions. See "Use of Proceeds".

Prospective investors should be aware that the acquisition or disposition of the Rights or Units described in this circular may have tax consequences depending on each particular prospective investor's specific circumstances. This circular does not contain any discussion, summary or other review of tax considerations for prospective investors. Prospective investors should consult their own tax advisors with respect to such tax considerations.

**SUBSCRIPTIONS FOR UNITS MADE IN CONNECTION WITH THIS OFFERING WILL BE IRREVOCABLE AND SUBSCRIBERS WILL BE UNABLE TO WITHDRAW THEIR SUBSCRIPTIONS FOR UNITS ONCE SUBMITTED. RIGHTS CERTIFICATES WILL NOT BE ISSUED TO UNITHOLDERS IN CONNECTION WITH THE OFFERING.**

**THE FUND UTILIZES THE BOOK-ENTRY ONLY SYSTEM ADMINISTERED BY THE CANADIAN DEPOSITORY FOR SECURITIES LTD. ("CDS"). A SUBSCRIBER MAY SUBSCRIBE FOR UNITS BY INSTRUCTING THE CDS PARTICIPANT (AS HEREINAFTER DEFINED) HOLDING THE SUBSCRIBER'S RIGHTS TO EXERCISE ALL OR A SPECIFIED NUMBER OF SUCH RIGHTS AND CONCURRENTLY FORWARDING THE SUBSCRIPTION PRICE FOR EACH UNIT SUBSCRIBED FOR TO THE CDS PARTICIPANT WHICH HOLDS THE SUBSCRIBER'S RIGHTS. SUBSCRIBERS WISHING TO SUBSCRIBE FOR ADDITIONAL UNITS UNDER THE ADDITIONAL SUBSCRIPTION PRIVILEGE MUST FORWARD THEIR REQUEST TO THEIR CDS PARTICIPANT PRIOR TO THE EXPIRATION TIME,**

**ALONG WITH PAYMENT FOR THE ADDITIONAL UNITS REQUESTED. ANY EXCESS FUNDS WILL BE RETURNED BY MAIL, OR CREDITED TO A SUBSCRIBER'S ACCOUNT WITH ITS CDS PARTICIPANT, WITHOUT INTEREST OR DEDUCTION.**

**UNITHOLDERS THAT WISH TO ACQUIRE UNITS PURSUANT TO THIS OFFERING MUST PROVIDE THE CDS PARTICIPANT HOLDING THEIR RIGHTS WITH INSTRUCTIONS SUFFICIENTLY IN ADVANCE OF THE EXPIRATION DATE TO PERMIT THE PROPER EXERCISE OF THEIR RIGHTS. CDS PARTICIPANTS WILL HAVE AN EARLIER DEADLINE FOR RECEIPT OF INSTRUCTIONS.**

**IF A UNITHOLDER ELECTS NOT TO EXERCISE THE RIGHTS ISSUED TO THE UNITHOLDER HEREUNDER, OR ELECTS TO SELL THOSE RIGHTS, THE VALUE OF THE UNITS CURRENTLY HELD BY THAT UNITHOLDER MAY BE DILUTED AS A RESULT OF THE EXERCISE OF RIGHTS BY OTHERS.**

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## SUMMARY OF RIGHTS OFFERING

<b>The Issue</b>	Rights to subscribe for one Unit for every four Rights held.
<b>Record Date:</b>	April 29, 2011.
<b>Expiration Time and Date:</b>	4:00 p.m. (Toronto time) on May 30, 2011.
<b>Subscription Price:</b>	\$10.33, which equals 94.4% of the NAV of a Unit (rounded to the nearest cent) at the close of business on April 14, 2011.
<b>Basic Subscription Privilege:</b>	Each Unitholder of record on the Record Date is entitled to receive one Right for each Unit held. Every four Rights held by a holder of Rights will entitle the holder to subscribe for one Unit at the Subscription Price. See "Details of the Rights Offering - Basic Subscription Privilege".
<b>Maximum Number of Units Issuable:</b>	Approximately 356,004 Units (based on the number of currently outstanding Units), assuming the exercise of all Rights issued pursuant to the Offering. There is no minimum number of Units issuable pursuant to the Offering.
<b>Net Proceeds to the Fund:</b>	\$3,577,521, after deduction of estimated expenses of \$100,000, assuming full subscription. No solicitation fees are payable in connection with the Offering.
<b>Expenses of the Offering:</b>	The expenses of the Offering are estimated to be \$100,000 and will be paid by the Fund. No solicitation fees are payable in connection with the Offering.
<b>Additional Subscription Privilege:</b>	Each holder of Rights who subscribes for and purchases Units in respect of all the Rights to which such holder of Rights is entitled under the Basic Subscription Privilege also may subscribe for additional Units not subscribed for initially, if any, on the basis set forth under "Details of the Offering - Additional Subscription Privilege".
<b>Listing:</b>	The Rights will be listed and posted for trading on the TSX until 12:00 p.m. (Toronto time) on May 30, 2011. The TSX has approved the listing of the Units issuable on the exercise of the Rights.
<b>Use of Proceeds:</b>	The net proceeds from the exercise of Rights offered hereunder will be used to acquire, in the open market and through private placements, securities in accordance with the Fund's investment objective, policies and restrictions. See "Use of Proceeds".

The foregoing is a summary only and is qualified in its entirety by the more detailed information appearing elsewhere in this Circular.

Unless otherwise specified, all references to currency shall be references to currency of Canada.

## RAVENSOURCE FUND

### Introduction

The Fund is a closed-end investment trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of April 28, 1997, as amended as of January 15, 2001, and as amended and restated as of August 22, 2003 and further amended and restated as of July 1, 2008 (the "**Declaration of Trust**"). Computershare Trust Company of Canada is the trustee of the Fund (in such capacity, the "**Trustee**"). The Fund's principal and registered office is the Trustee's office at 100 University Avenue, 12<sup>th</sup> Floor, Toronto, Ontario M5J 2Y1.

Stornoway Portfolio Management Inc. (the "**Manager**") is the manager of the Fund pursuant to a portfolio management agreement dated as of April 28, 1997, as amended and restated as of September 30, 2003 and further amended and restated as of July 1, 2008, between the Trustee, on behalf of the Fund, and the Manager. The Manager has been retained to arrange for the provision of portfolio management services to the Fund. Subject to the general control and supervision of the Trustee, the Manager is authorized to arrange for the investment and reinvestment of the assets of the Fund to achieve the investment objective of the Fund. The Manager also provides administrative services to the Fund pursuant to an administration agreement dated as of April 28, 1997, as amended and restated as of September 30, 2003 and further amended and restated as of July 1, 2008, between the Trustee, on behalf of the Fund, and the Manager. Pursuant to the Administration Agreement, the Manager assists the Fund with certain administrative matters, including the calculation of the NAV per Unit, the preparation of the continuous disclosure material on behalf of the Fund, in conjunction with the Trustee, the preparation of financial information for the Fund

and quarterly, semi-annual and annual reports to unitholders, and responding to investors' inquiries relating to the Fund.

The Fund's capital consists of an unlimited number of a single class of redeemable (subject to annual redemption right), transferable Units, each of which represents an equal, undivided beneficial interest in the net assets of the Fund. Each Unit entitles the holder to the same rights and obligations as a holder of any other Unit and no holder of Units is entitled to any privilege, priority or preference in relation to any other holder of Units except as provided in the Declaration of Trust or required by law. Each holder of Units is entitled to one vote for each whole Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund.

The principal investment objective of the Fund is to achieve absolute annual returns, with an emphasis on capital gains, through investment in selected North American securities that the Manager may from time to time recommend as being a suitable investment for the Fund.

Subject to applicable investment restrictions, the Fund will invest primarily in North American high yield and distressed debt securities, and in small capitalization equity securities. The Fund may invest in or use options, futures, forwards, options on futures, swaps or other derivatives to reduce transaction costs, achieve greater liquidity, create effective exposure to financial markets, or increase speed and flexibility in making portfolio changes, provided that such derivative instruments are consistent with the investment objective of the Fund and subject to its investment restrictions. The Fund may invest in and use derivative instruments for hedging or as a substitute for underlying securities only to the extent, if any, considered appropriate by the Manager, taking into account various factors, including transaction costs. In addition, the Fund will invest only in derivatives which are permitted investments for mutual funds offered by prospectus in Canada and will be subject to the investment restrictions and practices with respect thereto pursuant to applicable securities laws governing such funds (as may be amended from time to time). The term "derivatives" means instruments, agreements and securities, the value of which is based upon the market price, value or level of an index, or the market price or value of a security, commodity, economic indicator or financial instrument, including options, futures, options on futures, forward contracts and synthetic securities which replicate the performance of another underlying security, index, commodity or currency.

Units are listed on the TSX under the symbol RAV.UN. As of April 21, 2011, there were 1,424,016 Units issued and outstanding.

## **DETAILS OF THE OFFERING**

### **Issue of Rights**

Unitholders of the Fund at the close of business on the Record Date are entitled to receive Rights on the basis of one Right for each Unit held on such date. The Rights permit the holders thereof to subscribe for and purchase from the Fund an aggregate of approximately 356,004 Units (based on the current number of outstanding Units). There is no minimum number of Units that must be subscribed for pursuant to this Offering. The Rights are fully transferable by the holders thereof. See "Sale or Transfer of Rights" and "Statement as to Resale Restrictions".

### **Subscription Basis**

Four Rights entitle the holder to subscribe for one Unit at a Subscription Price per Unit of \$10.33, which is equal to 94.4% of the NAV per Unit at the close of business on April 14, 2011, as described below under "Basic Subscription Privilege". Fractional Units will not be issued and a Unitholder holding a total number of Rights not equally divisible by four will not be entitled to subscribe for an additional Unit with any remainder of less than four Rights.

### **Exercise Commencement Date and Expiration Time**

The Rights are eligible for exercise on and following April 29, 2011 and will expire at 4:00 p.m. (Toronto time) on May 30, 2011. Holders who exercise their Rights pursuant to the terms and conditions contained herein will not become a Unitholder of record until shortly following the Expiration Date. **RIGHTS NOT EXERCISED BY THE EXPIRATION DATE WILL BE NULL AND VOID.**

### **Subscription Agent**

Computershare Investor Services Inc. (the “**Subscription Agent**”) has been appointed by the Manager on behalf of the Fund: (i) to receive subscriptions and payments from CDS for the Units and Additional Units (as defined below) subscribed for under the Basic Subscription Privilege and the Additional Subscription Privilege (as defined below), respectively; and (ii) to perform the services relating to the exercise of the Rights. The Fund will pay for all such services of the Subscription Agent.

### **Certificates**

Except as otherwise provided below, the Rights will be issued in “book-entry only” form through CDS.

On the Record Date, the Fund will cause one or more global Rights certificates to be delivered to, and registered in the name of CDS or its nominee. Except as described below, no holder of Rights will be entitled to a certificate or other instrument from the Fund or CDS evidencing that holder’s ownership of Rights, and no holder of Rights will be shown on the records maintained by CDS except through a book-entry account of a CDS Participant (“**CDS Participant**” or “**Participant**”) acting on behalf of such holder. The Fund expects that each Unitholder will receive a confirmation of the number of Rights owned from its respective CDS Participant in accordance with the practices and procedures of that CDS Participant. CDS Participants include securities brokers and dealers, banks and trust companies. CDS will be responsible for establishing and maintaining book-entry accounts for CDS Participants holding Rights.

As soon as practicable following the Expiration Date the Fund will cause a global certificate evidencing the Units issued upon the exercise of the Rights to be delivered to and registered in the name of CDS or its nominee. No holder of Units will be entitled to a certificate or other instrument from the Fund or CDS evidencing the holder’s ownership of Units and no holder of Units will be shown on the records maintained by CDS except through a book-entry only account of a CDS Participant acting on behalf of such holder. The Fund expects that each Unitholder will receive a confirmation of the number of Units issued to it in connection with the exercise of Rights hereunder from its respective CDS Participant in accordance with the practices and procedures of the CDS Participant.

None of the Fund, the Trustee, the Manager or the Subscription Agent will have any liability for (i) the records maintained by CDS relating to the Rights or the book-entry accounts maintained by CDS, (ii) maintaining, supervising or reviewing any records relating to such Rights, or (iii) any advice or representation made or given by CDS or made or given herein with respect to the rules and regulations of CDS or any action to be taken by CDS or at the direction of CDS Participants.

The Rights will be issued in fully registered form to holders or their nominees other than CDS or its nominee if (i) the Fund determines that CDS is no longer willing or able to discharge properly its responsibilities as depository and the Fund is unable to locate a qualified successor, (ii) the Fund at its option elects to do so, or is required by law to do so, (iii) the Fund elects to terminate the book-entry system through CDS, or (iv) CDS’s book-entry system ceases to exist. The ability of a person having an interest in Rights outstanding in “book-entry only” form to pledge such interest or otherwise take action with respect to such interest (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

### **Basic Subscription Privilege**

To determine the maximum whole number of Units for which subscription may be made under this Offering, divide the number of Rights held by four. A subscriber may subscribe for the resulting whole number of Units (ignoring fractions) or any lesser whole number of Units by instructing the CDS Participant holding the subscriber’s Rights to exercise all or a specified number of such Rights and forwarding the Subscription Price for each Unit subscribed for to the CDS Participant which holds the subscriber’s Rights. The full Subscription Price must be received by the CDS Participant sufficiently in advance of the Expiration Date to permit proper exercise of the Rights.

Rights are not qualified for issue or sale under the securities laws of the United States of America and accordingly, shall not be issued to a national or resident of the United States of America (See “Ineligible Unitholders”). Payment of the Subscription Price will constitute a representation to the CDS Participant that the subscriber is not a national or resident of the United States of America, its territories or possessions (or of any other jurisdiction other than a Qualified Jurisdiction, except as set out under “Ineligible Unitholders”) or the agent of any such person and is not purchasing the Units for resale to any such person.

**Subscriptions for Units made in connection with this Offering will be irrevocable and subscribers will be unable to withdraw their subscriptions for Units once submitted.**

If a holder of Rights is unsure how to subscribe, that person should contact his or her investment dealer, stock broker or the Subscription Agent or any dealer member firm of the Investment Industry Regulatory Organization of Canada, or other qualified professional adviser.

**Additional Subscription Privilege**

Each holder of Rights who has initially subscribed for and purchased all of the Units to which such holder is entitled pursuant to the Basic Subscription Privilege has the right to subscribe for additional Units, if available, at the price equal to the Subscription Price for each additional Unit (collectively, the “**Additional Units**”).

The number of Additional Units available for all additional subscriptions will be the difference, if any, between the number of Units issuable upon exercise of Rights and the total number of Units subscribed for pursuant to the Basic Subscription Privilege at the Expiration Date (the “**Additional Subscription Privilege**”). Subscriptions for Additional Units will be received subject to allotment only and the number of Additional Units, if any, which may be allotted to each subscriber will be equal to the lesser of: (a) the number of Additional Units which that subscriber has subscribed for under the Additional Subscription Privilege; and (b) the product (disregarding fractions) obtained by multiplying the number of Additional Units by a fraction, the numerator of which is the number of Rights exercised by that subscriber under the Basic Subscription Privilege and the denominator of which is the aggregate number of Rights exercised under the Basic Subscription Privilege by all subscribers under the Additional Subscription Privilege. If any holder of Rights has subscribed for fewer Additional Units than such holder’s *pro rata* allotment of Additional Units, the excess Additional Units will be allotted in a similar manner among the holders who were allotted fewer Additional Units than they subscribed for.

To apply for Additional Units under the Additional Subscription Privilege, holders of Rights must forward their request to a CDS Participant prior to the Expiration Date. Payment for Additional Units, in the same manner as for the Basic Subscription Privilege, must accompany the request when it is delivered by the CDS Participant. Any excess funds will be returned by the CDS Participant or credited to a subscriber’s account with its CDS Participant, without interest or deduction. Payment of such price must be received by the Subscription Agent prior to the Expiration Time on the Expiration Date, failing which the subscriber’s entitlement to such Units shall terminate.

**Fees and Expenses of the Rights Offering**

The expenses of the Offering are estimated to be \$100,000 and will be paid by the Fund. No solicitation fees are payable in connection with the Offering.

**SALE OR TRANSFER OF RIGHTS**

The Rights will be listed and posted for trading on the TSX until 12:00 noon (Toronto time) on the Expiration Date.

Holders of Rights in Canada may, instead of exercising their Rights to subscribe for Units, sell or transfer their Rights. Sales or transfers of ownership of Rights will be effected only through records maintained by CDS or its nominee for such Rights with respect to interests of CDS Participants and on the records of CDS Participants with respect to interests of persons other than CDS Participants. Holders of Rights who are not CDS Participants, but who desire to purchase, sell or otherwise transfer ownership of their Rights, may do so only through CDS Participants.

The Rights, like the Units, are issued in book-entry only form through CDS. Accordingly, holders of Rights who wish to sell or transfer their Rights must do so in the same manner in which they sell or transfer Units, namely, by providing instructions to the CDS Participant holding their Units or Rights in accordance with the policies and procedures of the CDS Participant.

## STATEMENT AS TO RESALE RESTRICTIONS

Securities legislation in Canada restricts the ability of a holder to trade the Rights, and the Units issued on exercise of the Rights, without certain conditions having been fulfilled or applicable prospectus requirements having been complied with. The following is a general summary of the foregoing provisions governing the first trades in the Rights and the Units issued on exercise of the Rights in the jurisdictions in Canada in which this Offering is being made. Additional restrictions apply to “insiders” of the Fund and holders of securities who are “control persons” or the equivalent or who are deemed to be part of what is commonly referred to as a “control block” in respect of the Fund for purposes of applicable securities legislation. **Each holder is urged to consult their professional advisors to determine the exact conditions and restrictions applicable to such right to trade in securities.**

Pursuant to National Instrument 45-102 – *Resale of Securities* (“**NI 45-102**”), the first trade in securities issued in reliance upon the prospectus exemptions of applicable Canadian securities legislation is exempt from the prospectus requirements of such legislation if: (a) the issuer is and has been a “reporting issuer” in a jurisdiction of Canada for the four months immediately preceding the trade; (b) the trade is not a “control distribution” as described in applicable securities legislation; (c) no unusual effort is made to prepare the market or to create a demand for the securities; (d) no extraordinary commission or consideration is paid in respect of such trade; and (e) if the seller is an insider or officer of the issuer, the seller has no reasonable grounds to believe that the issuer is in default of applicable securities legislation.

The Fund has been a reporting issuer for more than four months in each of the provinces of Canada. Holders of Rights and Units issued in reliance upon applicable exemptions from prospectus requirements in any Canadian province will be permitted to freely trade their securities so long as the foregoing conditions are met or must rely on other exemptions under applicable securities legislation in order to effect trades of the securities.

The foregoing is a summary only and is not intended to be exhaustive. Holders should consult with their advisors concerning restrictions on resale, and should not resell their securities until they have determined that any such resale is in compliance with the requirements of applicable legislation.

## INELIGIBLE UNITHOLDERS

This Circular has not been filed with the securities commissions or similar regulatory authority of any jurisdiction other than the Qualified Jurisdictions. The Rights and Units issuable upon exercise of the Rights are not being offered to persons who are or appear to be, or the Fund or the Subscription Agent have reason to believe are, residents of jurisdictions other than the Qualified Jurisdictions, nor will the Fund or Subscription Agent accept subscriptions from any Unitholder or from any transferee of Rights who is or appears to be, or who the Fund or the Subscription Agent have reason to believe is, a resident of any jurisdiction or place other than the Qualified Jurisdictions or is purchasing Units on behalf of any such person (“**Non-Qualified Unitholders**”) unless such Unitholder or transferee satisfies the Fund not less than 10 days before the Expiration Date that such offering to and subscription by such Unitholder or transferee is lawful and in compliance with all securities and other laws applicable in the Qualified Jurisdictions and the jurisdiction where such Unitholder or transferee is resident and would not require the Fund to file any documentation, make any application or pay any payment of any nature whatsoever. In particular, Rights are not qualified for issue or sale under the securities laws of the United States of America and accordingly, shall not be exercised by a national or resident of the United States of America.

The CDS Participant for a Non-Qualified Unitholder may, prior to the Expiration Date, attempt to sell the Rights allotable to that Non-Qualified Unitholder at the price or prices the CDS Participant determines in its sole discretion, and any proceeds received by the CDS Participant with respect to such Rights, net of costs and commissions, will be paid by the CDS Participant to that Non-Qualified Unitholder or credited to that Non-Qualified Unitholder’s account with its CDS Participant, all subject to and in accordance with the procedures of the CDS Participant.

## INCOME TAX CONSEQUENCES

The income tax consequences of acquiring, holding and/or disposing, as applicable, of Rights and the Units acquired upon exercise of Rights may vary according to the status of the holder, the jurisdiction in which he or she resides or carries on business and his or her own particular circumstances. **Each holder should seek independent**



**advice regarding the tax consequences of acquiring, holding and/or disposing, as applicable, of Rights and the Units acquired upon the exercise of Rights, based upon his or her own particular circumstances.**

**STOCK EXCHANGE LISTING**

The outstanding Units of the Fund are listed on the TSX under the symbol RAV.UN. The TSX has approved the listing and posting for trading of the Rights offered pursuant to this Offering and has approved the listing of the additional Units to be issued upon the exercise of the Rights.

**PRICE RANGE, NAV AND VOLUME OF TRADING**

The following table sets forth the market price range and trading volume of the Units on the TSX and the NAV per Unit and distributions per Unit for the periods indicated.

	Year	NAV		Price		Volume
		High	Low	High	Low	
2009	First Quarter .....	\$5.87	\$5.18	\$5.99	\$5.00	3,283
	Second Quarter .....	\$6.01	\$5.35	\$5.65	\$5.20	5,380
	Third Quarter .....	\$7.35	\$5.83	\$7.00	\$6.00	3,801
	Fourth Quarter .....	\$8.01	\$7.32	\$7.05	\$6.75	19,134
2010	First Quarter .....	\$9.01	\$8.25	\$8.71	\$7.05	37,776
	Second Quarter .....	\$9.40	\$8.87	\$9.00	\$8.65	27,318
	Third Quarter .....	\$9.88	\$9.18	\$9.67	\$7.50	25,059
	Fourth Quarter .....	\$10.48	\$9.87	\$10.99	\$9.69	25,354
2011	First Quarter .....	\$11.08	\$10.45	\$10.75	\$10.20	1,554
	April 1-18 .....	\$10.97	\$10.94	\$10.75	\$10.75	3,008

On April 18, 2011, the closing price of the Units on the TSX was \$10.75 and the NAV per Unit at the close of business on April 14, 2011 (the last date prior to the date of this circular on which NAV was calculated) was \$10.94.

**USE OF PROCEEDS**

The net proceeds to be derived by the Fund from the subscription by the holders of Units, if all Units offered are subscribed for and taken up, will be \$3,577,521. The Fund will use the net proceeds from the exercise of Rights offered hereunder to acquire, in the open market and through private placements, securities in accordance with the Fund’s investment objective, policies and restrictions. The Fund invests its assets primarily in North American high yield and distressed debt securities and small capitalization equity securities.

**INTENTION OF INSIDERS TO EXERCISE RIGHTS**

Scott R. Reid, President and Director of the Manager, intends to exercise the Rights owned, controlled or directed by him.

To the knowledge of the Fund after reasonable inquiry, Patrick W. E. Hodgson intends to exercise the Rights owned, controlled or directed by him.

**OWNERSHIP OF SECURITIES**

Scott R. Reid, President and Director of the Manager, owned or controlled or directed, directly or indirectly, 160,628 Units representing approximately 11.28% of the issued and outstanding Units as at April 21, 2011. Patrick W. E. Hodgson owned or controlled or directed, directly or indirectly, 566,794 Units representing

approximately 39.8% of the issued and outstanding Units as at April 21, 2011. To the knowledge of the Fund, as at April 21, 2011, no person (other than CDS and as described above) owned, beneficially or of record, either directly or indirectly, or exercised control or direction over, more than 10% of the outstanding Units.

To the best of the knowledge and belief of the Fund, there have been no issuances or transfers of Units which have materially affected control of the Fund since December 31, 2010, the date of the last audited financial statements delivered to the Unitholders of the Fund.

#### **AUDITORS, REGISTRAR AND TRANSFER AGENT**

The auditors of the Fund are Deloitte & Touche LLP, Brookfield Place, 181 Bay Street, Suite 1400, Toronto Ontario, M5J 2V1.

Computershare Trust Company of Canada, at its principal office in Toronto, Ontario, is the registrar and transfer agent of the Units.

#### **STATUTORY RIGHTS**

Securities legislation in certain of the provinces and territories of Canada provides security holders of the offeree issuer with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, if there is a misrepresentation in a circular or notice that is required to be delivered to those security holders. However, such rights must be exercised within the prescribed time limits. Security holders should refer to the applicable provisions of the securities legislation of the province or territory of residence for particulars of those rights, or consult with a lawyer.

#### **FURTHER INFORMATION**

For further information regarding the Fund (including copies of the Declaration of Trust, Portfolio Management Agreement and Administration Agreement), please refer to the continuous disclosure documents filed by the Fund with Canadian securities regulatory authorities at [www.sedar.com](http://www.sedar.com).

#### **INQUIRIES**

Inquiries relating to the Offering and this circular should be directed to:

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