



MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30, 2017

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.

Securityholders may also contact us using one of the above methods to request a copy of the investment fund’s Annual Information Form, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

A Note on Forward-Looking Statements

This document may contain forward-looking statements relating to anticipated future events, results, performance, decisions, circumstances, opportunities, risks or other matters. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions, or that include words such as “may”, “will”, “should”, “could”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “estimate” or other similar expressions. These statements require us to make assumptions and are subject to inherent risks and uncertainties. Our predictions and other forward/looking statements may not prove to be accurate, or a number of factors could cause actual events, results, performance, etc. to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward/looking statements. These factors could include, among others, market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the fund may invest, and the risks detailed from time to time in the fund’s Annual Information Form. Forward-looking statements are not guarantees of future performance. For these reasons, it is important that readers do not place undue reliance on our forward-looking statements and should be aware that the Fund may not update any forward-looking statements whether as a result of new information, future events or otherwise

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

THE FUND

The Ravensource Fund (“Ravensource” or “Fund”) is a closed-end investment trust, the units of which trade on the TSX under the symbol RAV.UN. By way of a special meeting of unitholders, Stornoway Portfolio Management Inc. (“Stornoway” or “Investment Manager”) was appointed the Investment Manager to the Ravensource Fund effective July 1, 2008. Stornoway’s responsibilities for Ravensource include the evaluation, selection and negotiation of investments, the ongoing monitoring and evaluation of such investments and the recommendation of the appropriate timing and structure for disposition of such investments.

INVESTMENT OBJECTIVE AND STRATEGIES

The principal objective of Ravensource is to achieve absolute long-term returns, with an emphasis on capital gains, through investments in selected North American debt instruments, creditor claims and equity securities. The investment objectives of the Fund are stated in the Declaration of Trust and in on the Fund’s website at www.ravensource.ca.

To achieve its investment objectives, Ravensource’s investments fall primarily in three strategies:

1. *High Yielding Securities:* investing in corporate debt, income fund units, or other securities that produce a sustainable high level of income for the underlying credit risk.
2. *Distressed Securities:* investing in corporate debt, creditor claims and/or equity securities of companies that are in, or perceived to be in, financial distress at a price materially different from what we believe to be the underlying fundamental value of the securities.
3. *Special Situations Equities:* investing primarily in Canadian and U.S. small- and mid-cap equities that are attractively valued with catalysts to unlock value.

RISK

Risks associated with an investment in the units of Ravensource are discussed in the Annual Information Form and in the notes attached to the financial statements, which are available on the SEDAR website at www.sedar.com and on the Ravensource website at www.ravensource.ca. There has been no change in the Fund's stated investment strategy or other changes that would materially affect the risk of investing in Ravensource over the course of 2017. The Fund continues to be suitable for those investors seeking long-term capital growth, have a long-term investment horizon, and possess a medium to high-risk tolerance to withstand the ups and downs that go along with investing in out-of-favor securities.

LEVERAGE

The Fund's total indebtedness cannot exceed 30% of the total assets of the Fund. Unsettled securities transactions are not considered borrowings for purposes of the limitation on the use of indebtedness calculations. Over the first half of 2017, Ravensource did not employ leverage.

RESULTS OF OPERATIONS FROM JANUARY 1, 2017 TO JUNE 30, 2017

Ravensource's net assets decreased by \$0.3 million or 1.2% over the first half of 2017 as a result of a \$0.4 million distribution to unitholders – partially offset by a \$0.1 million net operating gain - comprised of realized and unrealized gains and losses, interest payments, and dividends on its investment portfolio less fund expenses. In comparison, Ravensource's net assets increased by \$1.0 million or 4.4% after paying \$0.3 million in distributions over the first half of 2016.

Investment Performance

Ravensource's net asset value per unit ("NAV") increased by \$0.05 or 0.4% including distributions, after all fees, and expenses over the first half of 2017 due to the performance of the Fund's investment portfolio. Over the period, Ravensource underperformed the S&P TSX Composite Total Return Index (+ 0.7%), the Credit Suisse Distressed Index (+ 3.9%), and the B of A ML High Yield Master II Index (+ 4.9%) while outperforming the S&P/TSX Small Cap Total Return Index (- 4.1%). All index and fund returns are calculated on a total return basis.

The largest contributor of the increase in NAV over the first half of 2017 was the Fund's investment in Napec Inc. The increase in the company's market value since January 1, 2017 was a result of increased profitability attributed to both the acquisition of PTC Contracting LLC and the strong organic growth of existing operations in the United States. In addition, the Fund's holdings in Specialty Foods Group, Winpak Ltd., and Firm Capital American Realty Partners Corp. contributed significantly to the Fund's performance in the first six months of 2017. Detracting from the Fund's performance this period were its investments in Old PSG Wind-Down Ltd., Equity Financial Holdings Inc., and Plazacorp Retail Properties Ltd.

Over the longer term, Ravensource NAV has increased by 111.9% in aggregate / 8.7% compounded annually, including re-invested distributions, since Stormoway took over its management in July 2008. Over the same period, Ravensource has significantly outperformed the S&P TSX Composite Total Return Index (37.2% / 3.6%), the S&P/TSX Small Cap Total Return Index (18.6% / 1.9%), and the Credit Suisse Distressed Index (43.3% / 4.1%) while slightly outperforming the B of A ML High Yield Master II Index (111.2% / 8.7%).

Distributions

Ravensource Fund's distribution policy is to make semi-annual distributions to unitholders in an amount to ensure that it does not incur any tax liability and to provide a reasonable yield for investors. The Fund made a semi-annual distribution of \$0.22 per unit on June 30, 2017, increased from the \$0.15 per unit distribution paid in June 2016. As at June 30, 2017, the annualized distribution yield of Ravensource units using the prevailing market price was approximately 3%.

Redemptions and Recirculation of Units Tendered for Redemption

Ravensource Fund provides for an annual redemption privilege that allows unitholders to redeem 100% of their units for cash at a price equal to the Net Asset Value – adjusted to reflect expenses incurred to affect the redemption – calculated as of the Annual Redemption Date. In the event that unitholders elect to redeem units under the annual redemption privilege, the Fund has the right to enter into a recirculation agreement with an investment dealer who will use commercially reasonable effort to find purchasers for the units tendered for redemption at the redemption price. For further details, please refer to the Declaration of Trust, which can be found in the “Key Documents” section of the Ravensource Website at www.ravensourcefund.ca and on the SEDAR website at www.sedar.com.

Liquidity

Starting fiscal 2017 with 12.3% of the Fund’s net assets in net cash (net of all liabilities), the Fund’s net cash position increased to 18.8% as at June 30, 2017, primarily due to a sizeable return of capital from the Fund’s investment in Specialty Foods Group Inc. The Fund was very active in the markets as it closed out investments in Fiera Capital Corp., and Winpak Ltd. while reducing positions in Dundee Corp., Indigo Books and Music Inc., and Guestlogix Inc. bonds during the period. In addition, Ravensource added a new position in Old PSG Wind-Down Ltd. while increasing positions in Grenville Strategic Royalty Corp., Genworth Financial Inc., and Equity Financial Holdings Inc. While liquidity remains high, the Investment Manager will remain patient and stick to its stringent investment criteria in deploying the Fund’s cash.

Fees and Expenses

Ravensource’s expenses consist of Investment Manager fees, Trustee & Transfer Agent fees and expenses, TSX listing fees, taxes (including but not limited to GST/HST), interest and borrowing costs, accounting and audit expenses, the Independent Review Committee (“IRC”) expenses, legal and professional expenses.

The annualized Management Expense Ratio (“MER”) measures the amount of annual fund expenses, excluding transaction costs, expressed as ratio to average net assets. To understand the way we report Ravensource’s MER, we must first explain our methodology. Incentive Fees are different from other fund expenses as the amount incurred is a function of the Fund’s annual investment performance over and above the 5% hurdle rate along with meeting other conditions. If the annual return during the year is less than 5% after all other fees and expenses, the Incentive Fee will be zero and the burden to make up for the year’s under-performance will be carried into the future before the investment manager receives an Incentive Fee. In contrast, accountants, auditors, lawyers and other sources of fee expenses will demand full payment regardless of whether the Fund performs well or not. As such, we believe the appropriate way to incorporate the Incentive Fee is to report the MER on both a pre and post incentive fee basis and not to annualize the Incentive Fee for interim periods.

MER before Incentive Fee

Incorporating the Fund’s direct expenses but excluding the incentive fee, Ravensource’s annualized MER for the first 6 months of 2017 was 1.72% (first 6 months of 2016 - 1.22%).

Management and Administrative Fees remained low at 0.65% of average net assets (first 6 months of 2016 - 0.61%) as a result of the Investment Manager’s policy of passing along the economic benefit of fees received from investees to the Fund. In the first half of 2017, this policy resulted in a reduction in the MER of 0.54% (first 6 months of 2016 – 0.58%). For further information, see “Related Party Transactions” below.

The other direct expenses of the Fund remained relatively unchanged for the first half of 2017 aside from legal fees and other operating expenses. Legal fees and other operating expenses for the first 6 months of 2017 were 0.35% and 0.35% of average net assets, respectively (first 6 months of 2016 – 0.12% and 0.06%, respectively). These increases were the result of higher legal expenses incurred on the investment portfolio

and interest paid on USD cash deficits associated with the management of foreign exchange risk during the period.

MER after Incentive Fee

The Incentive Fee accrued over the 6 months ended June 30, 2017 amounted to \$nil / 0.00% of average net assets, versus an incentive fee of \$184,068 or 0.81% for the comparable period in 2016. As such, Ravensource's MER after Incentive Fee for the first half of 2017 was 1.72% (first 6 months of 2016 – 2.03%). The 31 basis point reduction in the MER was a result of the 81 basis point decrease in the incentive fee, offset by a 50 basis point increase in other expenses.

RECENT DEVELOPMENTS

On December 22nd, 2016, various stakeholder groups and Specialty Foods Group Inc.'s Board of Directors agreed to a restructuring and wind-up plan (the "Plan"). After receiving necessary approvals, the Plan was implemented on February 22nd, 2017. The terms of the Plan include:

- i) the exchange of various securities for equity of SFG Parent to allow for a tax efficient distribution to its investors and to settle various inter-investor claims;
- ii) various changes to the governance of SFG including the elimination of the requirement to reach unanimous consent of the Board prior to taking various corporate actions;
- iii) the distribution of \$55 million of excess cash in March 2017;
- iv) an initiative to put the Owensboro Business up for sale; and
- v) the formal wind-up of the Company and the distribution of its residual cash to SFG's investors including the sale proceeds of the Owensboro Business.

In March 2017, as part of Ravensource's investment in the securities of Specialty Foods Group Inc., the Fund received a \$2.8 million return of capital as part of the Plan. This distribution represents approximately 50% of the Fund's investment in Specialty Foods Group Inc. and lowered the investment to 12% of the Fund's NAV as at June 30, 2017.

RELATED PARTY TRANSACTIONS

SFG Services Agreement

As mentioned, the Fund has an investment in the securities of Specialty Foods Group Inc. ("SFG"). Additionally, another fund managed by the Investment Manager holds investments in SFG securities. In 2012, the Investment Manager entered into a services agreement with SFG (the "SFG Services Agreement") whereby the Investment Manager is to provide strategic advice and analysis to SFG and in return will earn a fee for these services. As per its internal policy and approved by the Fund's IRC, the Investment Manager reduced the Management Fee and Administrative Fee that it charges to the Fund in order to pass along the economic benefit of the fees earned by the Investment Manager from the SFG Services Agreement in an amount proportionate to the Fund's relative investment in SFG securities. During the 6 months ended June 30, 2017, the Investment Manager reduced its Management Fee by \$38,036 (June 30, 2016 - \$37,856) and its Administrative Fee by \$20,481 (June 30, 2016 - \$20,384). In addition, as both the Management Fee and Administrative Fee are subject to HST, lowering these fees also reduces HST. Therefore, factoring in the HST savings, the total impact of the fee reductions amounted to \$66,124 inclusive of HST (June 30, 2016 - \$65,811), as noted in the financial statements. The Investment Manager will continue to reduce its Management Fee and Administrative Fee accordingly for so long as Ravensource is invested in SFG securities and the Investment Manager continues to receive fees under the SFG Services Agreement.

Investment Manager Compensation

The Investment Manager receives compensation for performing various responsibilities and services for Ravensource. The total compensation accrues from various components: Management Fee, Administration Fee, Investor Relations Fee and the accrued Incentive Fee. The aggregate fees incurred over the 6 months ended June 30, 2017 amounted to \$79,241, including HST (June 30, 2016 - \$253,747). In addition, the Investment Manager earned \$66,124 for services performed under the SFG Services Agreement (June 30, 2016 - \$65,811). The breakdown of the fees is as follows:

i. Management Fee

The Management Fee is based on the Fund's average weekly net assets and payable on the last business day of each calendar month as follows:

| Average weekly net assets | Management Fee |
|---|-----------------------------------|
| Up to and including \$250 million | 0.65% of net asset value plus HST |
| Between \$250 million and \$500 million | 0.60% of net asset value plus HST |
| \$500 million and more | 0.55% of net asset value plus HST |

The net Management Fee for the 6 months ended June 30, 2017 after reductions described below amounted to \$47,148 inclusive of HST (June 30, 2016 - \$40,909). The Investment Manager reduced the Management Fee by \$38,036 (June 30, 2016 - \$37,856) due to the aforementioned SFG Services Agreement. In the absence of this reduction, the Management Fee for the period would have amounted to approximately \$90,128 inclusive of HST (June 30, 2016 - \$83,686).

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 calendar month as follows:

| Average weekly net assets | Administrative Fee |
|---|-----------------------------------|
| Up to and including \$250 million | 0.35% of net asset value plus HST |
| Between \$250 million and \$500 million | 0.30% of net asset value plus HST |
| \$500 million and more | 0.25% of net asset value plus HST |

The net Administrative Fee for the 6 months ended June 30, 2017 after reductions described below amounted to \$25,387 inclusive of HST (June 30, 2016 - \$22,027). The Investment Manager reduced the Administrative Fee by \$20,481 (June 30, 2016 - \$20,384) due to the aforementioned SFG Services Agreement. In the absence of this reduction, total Administrative Fee for the period would have amounted to approximately \$48,531 inclusive of HST (June 30, 2016 - \$45,061).

iii. Investor Relations Fee

The Investment Manager is paid a monthly Investor Relations Fee of \$1,000 plus applicable sales tax for unitholder reporting and other services provided under a service agreement. The aggregate Investor Relations Fee for the 6 months ended June 30, 2017 amounted to \$6,706 inclusive of HST (2016 - \$6,743).

iv. Incentive Fee

The Investment Manager will earn an incentive fee equal to 20% of the amount by which the net asset value per unit at the end of the year, adjusted for contributions, distributions, and redemptions during the year, exceeds the net asset value per unit at the beginning of the year by more than 5%, plus any shortfalls from prior years. The accrued Incentive Fee for the 6 months ended June 30, 2017 amounted to \$nil inclusive of HST (June 30, 2016 - \$184,068).

FINANCIAL HIGHLIGHTS

For the 6 months ended June 30, 2017, and years ended December 31, 2012 to December 31, 2016

The following tables show selected key financial information for the past 5 years.

| The Fund's Net Assets per Redeemable Unit (\$) ⁽¹⁾ | YTD 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|----------|--------|--------|--------|--------|--------|
| Opening Net Assets per Redeemable Unit | 14.39 | 13.69 | 12.31 | 12.88 | 10.79 | 9.74 |
| Increase (decrease) from operations: | | | | | | |
| Interest and dividend revenue | 0.05 | 0.13 | 0.17 | 0.38 | 0.32 | 0.62 |
| Expenses | (0.13) | (0.28) | (0.24) | (0.20) | (0.71) | (0.32) |
| Realized gains (losses) for the period | 2.46 | (0.05) | 0.72 | 0.46 | 0.96 | 1.29 |
| Unrealized gains (losses) for the period | (2.33) | 1.20 | 0.04 | (0.88) | 1.77 | (0.09) |
| Total increase (decrease) from operations ⁽²⁾ | 0.05 | 1.00 | 0.69 | (0.24) | 2.33 | 1.50 |
| Distributions: | | | | | | |
| From income (excluding dividends) | - | - | - | - | - | - |
| From dividends | - | - | - | - | (0.04) | (0.34) |
| From capital gains | - | - | - | - | - | - |
| Return of capital | (0.22) | (0.30) | (0.30) | (0.30) | (0.20) | (0.11) |
| Total distributions ⁽³⁾ | (0.22) | (0.30) | (0.30) | (0.30) | (0.24) | (0.45) |
| Net Assets per Redeemable Unit, end of period | 14.22 | 14.39 | 13.69 | 12.31 | 12.88 | 10.79 |

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements may differ from the net asset value calculated for fund pricing purposes. 2013 - 2017 financial statements were prepared in accordance with International Financial Reporting Standards. 2012 financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles.

(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 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Total net asset value (000's) ⁽¹⁾ | \$23,789 | \$24,066 | \$22,921 | \$20,640 | \$21,899 | \$18,344 |
| Number of units outstanding ⁽¹⁾ | 1,672,870 | 1,672,870 | 1,674,670 | 1,676,270 | 1,700,470 | 1,700,470 |
| Management expense ratio ⁽²⁾ | 1.72% | 2.02% | 1.79% | 2.86% | 6.03% | 3.14% |
| Management expense ratio before waivers or absorptions ⁽³⁾ | 2.26% | 2.59% | 2.34% | 3.93% | 6.54% | 3.63% |
| Trading expense ratio ⁽⁴⁾ | 0.02% | 0.02% | 0.04% | 0.10% | 0.03% | 0.04% |
| Portfolio turnover rate ⁽⁵⁾ | 8.16% | 4.70% | 10.70% | 30.74% | 14.57% | 28.55% |
| Net asset value per redeemable unit | \$14.22 | \$14.39 | \$13.69 | \$12.31 | \$12.88 | \$10.79 |
| Closing market price ⁽⁶⁾ | \$14.15 | \$13.38 | \$12.17 | \$13.25 | \$12.40 | \$10.52 |

(1) This information is provided as at December 31 of each year, except YTD 2017 which is as of June 30, 2017.

(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 monthly 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, expressed as an annualized percentage of daily average net asset value during the period.

(5) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in the portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the fund.

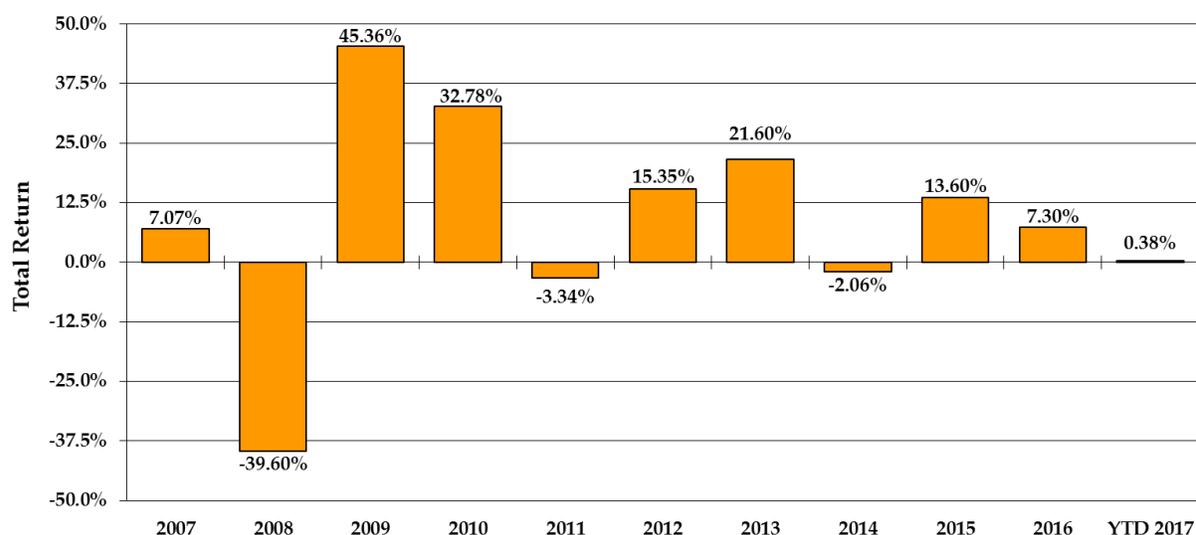
(6) The Closing market price refers to the last bid for a given period end.

PAST PERFORMANCE

The following performance information assumes that all distributions made by the Fund are used to purchase additional units of the Fund and 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 RETURNS

The following bar chart shows the performance of the Fund for each of the financial years and for the six-month period ended June 30th, 2017. 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. This chart assumes that all distributions are reinvested in units at net asset value.



ANNUAL COMPOUND RETURNS

The table below compares the Fund's historical annual compound returns to various Comparable Indices.

| As at June 30, 2017 | Since ⁽²⁾ | | | | |
|--|----------------------|--------|---------|---------|--------------|
| | YTD 2017 | 1 Year | 3 Years | 5 Years | July 1, 2008 |
| RavenSource Fund - RAV.UN ⁽¹⁾ | 0.4% | 2.1% | 1.7% | 9.0% | 8.7% |
| S&P/TSX TR Index | 0.7% | 11.0% | 3.1% | 9.1% | 3.6% |
| S&P/TSX Small Cap TR Index | -4.1% | 3.7% | -1.6% | 5.6% | 1.9% |
| BofA ML High Yield Master II Index | 4.9% | 12.8% | 4.5% | 7.0% | 8.7% |
| Credit Suisse Distressed HF Index | 3.9% | 10.6% | 0.3% | 5.9% | 4.1% |

(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) Stormoway Portfolio Management was appointed as Manager of the RavenSource Fund effective July 1, 2008.

(3) Returns are annualized, except YTD returns

(4) Past performance is no guarantee of future results

Comparable Indices

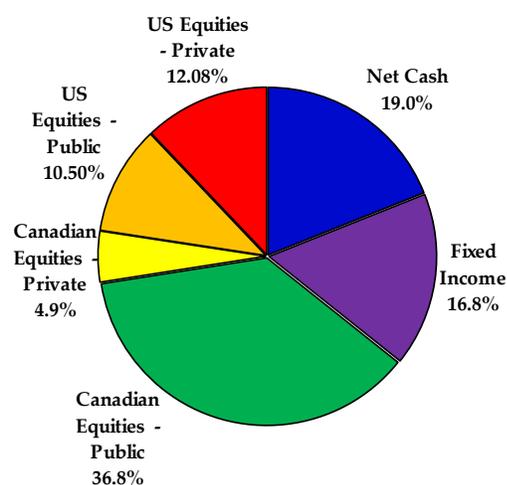
The Comparable Indices represent widely known, broad-based indices selected for purposes of comparing RavenSource's performance and individually relate to its three investment strategies. The Fund's performance may or may not correlate to any of these indices and should not be considered as a proxy for any of these indices. The S&P/TSX Composite Total Return Index is the principal broad market measure for the Canadian equity markets. The S&P/TSX Small Cap Total Return Index is comprised of investable Canadian small cap companies. The B of A ML High Yield Master II Index tracks the performance of U.S. dollar denominated, below investment grade rated corporate debt. The Credit Suisse Distressed Hedge Fund Index tracks the performance of funds that invest in distressed securities.

SUMMARY OF INVESTMENT PORTFOLIO

As at June 30, 2017

| By Industrial Group | % of Portfolio |
|---------------------|----------------|
| Metals & Mining | 18.4% |
| Food & Beverage | 17.6% |
| Real Estate | 16.6% |
| Financial | 15.9% |
| Industrial | 15.0% |
| Technology | 6.1% |
| Retail | 4.1% |
| Energy | 3.3% |
| Media & Publishing | 3.0% |
| Total | 100% |

By Security Type - % of Net Assets



| Top 25 Holdings Issuer/Security | % of Net Assets |
|---|-----------------|
| Net Cash * | 18.97% |
| Crystallex International 9.375% due Dec 2011 | 14.92% |
| Firm Capital American Realty Partners Corp | 8.65% |
| NAPEC Inc. | 8.39% |
| Genworth Financial Inc. | 7.17% |
| Specialty Foods Group LLC - Class 2 Preferred Shares ** | 6.90% |
| Specialty Foods Group LLC - Class 1 Preferred Shares ** | 5.09% |
| Plaza Retail REIT | 4.80% |
| Supremex Inc. | 3.47% |
| GXI Acquisition Corp - Class B ** | 3.39% |
| Ten Peaks Coffee Co Inc. | 2.21% |
| Equity Financial Holdings Inc. | 2.20% |
| Old PSG Wind-Down Ltd | 1.69% |
| Quad Graphics Inc. | 1.64% |
| Nuvista Energy Ltd | 1.60% |
| Grenville Strategic Royalty Corp 8% due Dec 2019 | 1.54% |
| GXI Acquisition Corp - Class A ** | 1.49% |
| Dundee Corp 7.5% Preferred Shares | 1.36% |
| CanWel Building Materials Group Ltd | 1.31% |
| Glacier Media Inc. | 0.81% |
| InPlay Oil Corp | 0.67% |
| Grenville Strategic Royalty Corp | 0.60% |
| Chinook Energy Inc. | 0.32% |
| Indigo Books & Music Inc. | 0.31% |
| Delphi Holdings Corp 6.55% due June 2006 | 0.26% |
| Total % of Net Assets | 99.77% |

* Net Cash includes interest & dividends receivable, net of liabilities.

** Private Company. Valued by independent 3rd party valuation.

| By Investment Strategy | % of Investment Portfolio | |
|----------------------------|---------------------------|-------------|
| | 30-Jun-17 | 31-Dec-16 |
| Special Situation Equities | 63.7% | 53.5% |
| Distressed Securities | 36.3% | 46.5% |
| High Yielding Securities | 0.0% | 0.0% |
| Total | 100% | 100% |

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 to the IRC, 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 to the RavenSource Fund 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 Michael Gardiner.

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 Trust Co. of Canada

Investment Manager

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