



LETTER TO UNITHOLDERS

DECEMBER 31, 2025

NOTICE TO READER

The purpose of this Letter to Unitholders (“LTU”) is for Ravensource’s Investment Manager to impart information and analysis to aid Ravensource’s unitholders understanding of 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. may 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 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 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 Ravensource’s investment mandate. Stornoway took over the management of Ravensource from Pat Hodgson. Pat was our partner, an extraordinary investor and a true buccaneer who in 2003 transitioned Ravensource from investing in debt of Asian companies — the Fund was formerly The First Asia Fund — to focus on North American securities. Pat left us with a tremendous legacy that forms the guiding principles we embrace in managing Ravensource.

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 rigor 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 DECEMBER 31, 2025 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 NAV increased 3.47% in 2025. Behind that result is a year that reshaped the Fund: a clean exit on Kiwetinohk at 2.48x of our invested capital, decisive progress on Crystallex, and a balance sheet now flush with cash to deploy into what we believe is one of the most attractive distressed investing environments in over a decade.

Kiwetinohk is where years of hard work paid off. We entered our investment during the oil crash of 2020 and exited in December 2025, generating a 25.7% annualized return over the five years we invested. It was a strong business trapped within a broken capital structure. We helped fix it by co-sponsoring a comprehensive restructuring and staying actively engaged as it was successfully rebuilt and ultimately sold. The arc — from insolvency to a \$1.4 billion sale — is the outcome our strategy is built to create and capture.

Crystallex is where that same work will be tested next. After years of legal wrangling, 2025 advanced the two issues that matter: collection of claims against Venezuela and the determination of what Senior Noteholders are entitled to of it. In November, the PDVH sale was approved by the presiding court, paving a real path to collect a US\$1bn on what Crystallex is owed by Venezuela and in December, a formal process was introduced to have the CCAA Court to determine what Crystallex owes its Senior Noteholders. Collection, entitlement, and timing are now aligned. In 2026, our job is to ensure that when Crystallex collects, its Senior Noteholders are paid in full. If that happens, Crystallex will deliver a transformational outcome for the Fund.

Kiwetinohk's exit leaves the Fund with meaningful liquidity representing 46.4% of the Fund's net assets, at what we believe is an ideal time for distressed investors: credit is tightening, forced sellers are

reappearing, economic and political uncertainty abounds, and more businesses are being impaired by their capital structure rather than operations. Yet the pool of investors willing and able to provide revitalizing capital has thinned. We expect this to surface more KEC-like opportunities than we have seen in years, and the Fund is well positioned — with capital and conviction — to pursue them.

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, and capture the payoff, with discipline, patience, and purpose.

Investment Performance

Ravensource's investment portfolio generated a 6.90% mark-to-market gain in 2025, before fees and expenses. The key contributors to performance were:

Issuer / Security	FY 2025	
	Price Return	Impact on Fund ¹
Kiwetinohk Energy Corp.	51.38%	8.65%
Crystallex International Corp.	16.67%	5.96%
Gold Reserve Ltd.	6.65%	0.32%
Firm Capital Apartment Real Estate Investment Trust	(15.08%)	(0.77%)
GXI Acquisition Corp.	(100.00%)	(0.76%)
Algoma Steel Group Inc.	(58.08%)	(6.65%)
Other ²		0.15%
Pre-Expense Investment Return		6.90%
Total Fund Expenses		(3.43%)
Ravensource Fund Net Return		3.47%

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.

Kiwetinohk Energy Corp. (“KEC”)

On December 18, KEC was sold to Cygnet Energy Ltd. for \$24.75 per share in cash, crystallizing a five-year investment that returned 2.48x our capital generating a 25.7% annualized rate of return. Over 2025, KEC was the Fund's largest contributor to performance, a clear demonstration of the Stornoway strategy in practice: identify a great business trapped under a broken capital structure, restructure it, back a top-tier team to execute, and stay engaged until the value is realized.

Our involvement began in 2020, amid the worst oil price collapse in a generation. KEC's predecessor invested heavily in processing infrastructure and assembled a vast reserve base. However, it exhausted its capital before it could drill the wells that would generate cash flow. When oil prices cratered, the banks moved in, forcing the company to file for insolvency protection. Alerted by one of its lead investors, we rolled up our sleeves to help craft and fund a restructuring plan that would give KEC the financial flexibility to unlock what we saw beneath the distress: world-class infrastructure with significant spare capacity, decades of drilling inventory, and, critically, a platform from which to acquire nearby undeveloped properties from other distressed operators at a fraction of their intrinsic value. While most investors were running away from the energy fire, we ran towards it.

That plan succeeded because of choices; uncommon ones. While the rest of the energy sector succumbed to pressure to return cash to shareholders, KEC took the opposite approach: it drilled harder, converting reserves into flowing barrels and reinvesting every dollar of free cash flow back into the ground. Rinse and repeat. Production tripled. Infrastructure that others had written off as overbuilt became a competitive advantage. Cash flow that peers were distributing became the fuel for KEC's growth engine. It was a deeply contrarian capital allocation philosophy, and it worked precisely because the management team had the financial flexibility, and the conviction, to see it through.

Stornoway's post-restructuring role mattered. We were not a large holder; owning roughly 3% of shares outstanding, our economic position was modest. But we had earned something more durable than share count: relationships and credibility built through the restructuring, and a seat at the table that we were not shy to use. Through sustained direct engagement with management and the board, we consistently advocated for this approach; the drill-bit-first strategy, the discipline to forgo near-term distributions, the focus on filling infrastructure before declaring victory. Not because it served our interests in isolation, but because we believed it was the right strategy for the company. The management team was on board and eager to flex its exceptional drilling prowess; what we provided was to help the team focus on creating long-term value that strategic investors would pay for, especially at moments when market forces could have easily pulled the strategy off course.

These efforts culminated in a strategic review launched in March 2025, which attracted significant interest and resulted in Cygnet's all-cash \$24.75 bid. While the sale price sat at the lower end of where we believed KEC's full value lay, the outcome in totality was excellent: a 2.48x multiple on invested capital, a 25.7% annualized return, and a transformation from insolvency to a \$1.4 billion enterprise.

KEC embodies the type of “too hard to do” opportunity we seek — where the complexity of the situation, a differentiated view on the art of the possible, and a fire-sale entry price are the ingredients that widen our margin of safety and drive outsized returns. But the investment itself is only half the equation. Our sustained, hands-on engagement is the secret sauce that converts the change we identify into the outcomes we are paid for. KEC's proceeds have generated significant liquidity for us to redeploy into an increasingly attractive environment for distressed and special-situations investing.

Crystallex International Corp. ("Crystallex")

All figures in United States Dollars

Crystallex's 9.375% Senior Notes remain the Fund's largest investment. The success of our investment depends on two things: Crystallex collecting from Venezuela and the CCAA Court confirming the Senior Noteholders' entitlement to post-2015 interest. Both advanced materially in 2025.

The value of Crystallex's estate rests largely on two Venezuelan assets: an approximately \$1 billion outstanding judgment against Venezuela arising from its 2016 International Centre for Settlement of Investment Disputes ("ICSID") Award; and a \$1.347 billion face value portfolio of Venezuelan and PDVSA bonds.







To collect on the ICSID Award, Crystallex pursued attachment and sale of the shares of PDV Holding, Inc. ("PDVH") through the U.S. courts. PDVH is the indirect parent of CITGO Petroleum, one of the largest independent refiners in the United States and Venezuela's crown jewel. On November 29, 2025, the Delaware Court approved the sale of the PDVH shares to Amber Energy for approximately US\$5.9 billion. Because Crystallex moved early and decisively, it stands first in line to recover approximately US\$1 billion on closing.

With the PDVH sale now approved by the court, the path to collection is a matter of execution. To close, Amber requires U.S. government approval and successful review by the Third Circuit Court of Appeal. We expect both to be resolved positively, with Amber closing by mid-2027. On closing, the estate is expected to exceed \$1.5 billion and be in a substantial surplus position after all creditors are paid in full, including interest.

Over 2025, the market value of Crystallex's bond portfolio doubled as expectations for a Venezuelan restructuring improved and trading liquidity returned. We estimate the portfolio was worth over \$375 million at year-end and, if monetized, could fund a portion of what Crystallex owes its creditors. Since year-end, Venezuelan and PDVSA bond prices have continued to rise, making the portfolio an increasingly important source of value independent of the PDVH sale and materially de-risking our investment.

The Senior Noteholder Trustee holds a Court-ordered proven claim of approximately \$188 million calculated as at December 31, 2015. In November 2025, the Trustee and the Ad Hoc Committee of Senior Noteholders, of which Stornoway is an active member, introduced a motion to have the CCAA Court determine the Senior Noteholders' current claim, including interest entitlements over the past decade. The motion seeks Court confirmation that Senior Noteholders are entitled to ongoing interest at the 9.375% contractual rate. Even after creditors are paid in full, including interest entitlements, we project that substantial value remains for junior stakeholders. The motion is scheduled for October 2026.

At year-end, the Senior Notes were marked at \$168 per \$100 face value, 12% below the \$188 per \$100 claim fixed by the CCAA Court as of December 31, 2015. At the contractual rate of 9.375%, the Senior Note claim has grown to approximately \$481 per \$100 face value as of December 31, 2025 and will continue to accrete until we are repaid. The steep discount between the market price and what we expect to receive reflects complexity, litigation risk, timing uncertainty, and the work still required to turn the Venezuelan claim into cash and Senior Noteholder entitlement into distributions that repay what they are owed. That work is well underway.

Interest Stop Date	Estimated Recovery per \$100 Face Value	Return over Market Price	Est. Impact on Ravensource's NAV	Est. Junior Stakeholder Recovery (\$mm)
Current Market Price	 \$168			
December 31, 2015	 \$188	12%	3.7%	\$887
December 31, 2025	 \$481	186%	57.4%	\$583
December 31, 2026	 \$528	214%	66.0%	\$498
December 31, 2027	 \$580	245%	75.5%	\$429
December 31, 2028	 \$637	279%	86.0%	\$331

Crystallex remains our largest position because we have done the work, we know what we own, and we know what we are owed. The potential rewards are compelling. We are not going at it alone: our fellow Ad Hoc Committee members are highly sophisticated investors with deep expertise in complex distressed situations, and our legal counsel at Goodmans is among the best in the business. Our claim is large, the market price is low, and the path to collection is increasingly de-risked. We appreciate our investors' patience. We believe it will be well rewarded.

Algoma Steel Corp. ("Algoma")

Algoma was the Fund's largest detractor in 2025, as its shares declined 58%, reducing NAV by 6.7%. The 50% U.S. tariff on Canadian steel hit Algoma hard, effectively closing its largest export market just as the company was completing the transformation built to serve it. That is a genuinely difficult hand to play. It is also, we believe, the only hand the market is focused on — to the exclusion of what Algoma has become.

We invested in Algoma because it was a cheap, cash-generating steel business sitting beneath a transformational capital program the market refused to underwrite. That program — conversion from a high-cost, inflexible blast furnace to an Electric Arc Furnace ("EAF") — is now largely complete. In July, Algoma achieved first steel production from its new EAF and continued commissioning through year-end. Execution and cost risk have been substantially reduced.

The EAF conversion has already proven its value. Unlike a blast furnace, which must run continuously or not at all, an EAF allows production to scale with demand and profitability. When tariffs hit, management accelerated the shutdown of its blast furnace and coke operations by a year, eliminating a fixed cost base that would have been punishing to carry through a closed U.S. market. That option existed only because the EAF transformation was substantially complete.

Approximately C\$500 million of government-backed financing provides the liquidity and runway to operate through a constrained market while the domestic business is built out. That domestic business is more compelling than the market gives it credit for. Algoma is Canada's sole domestic steel plate producer, and its modernized plate mill positions it directly in the path of Canadian infrastructure and industrial demand — demand that is accelerating as a direct policy response to U.S. trade actions. Tariff resolution would be meaningful for Algoma; we believe permanent 50% tariffs on Canadian steel are not a viable long-term outcome for the undersupplied U.S. market. But even as a domestic producer, Algoma's value is well in excess of today's price.

At US\$4.10, Algoma trades at a 69% discount to the replacement cost of its newly constructed EAF at current domestic-only production of 1.5 million tons. The facility is rated for 3 million tons, against

which replacement cost exceeds US\$30 per share. Algoma also trades at just 2.6x normalized EBITDA. With government support and a modern asset base, Algoma offers meaningful upside as it repositions as a domestic producer, and multi-bagger potential if the trade environment normalizes.

The Carrot

At Stornoway, we invest where complexity creates mispricing — and where we see a clear path to unlocking and 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 when the work is done: the reward for navigating the journey successfully.

Investment	Dec 31, 2025		"The Carrot"		Estimated Time to Exit
	% of NAV	Price	Exit Proceeds ¹	Total Return ²	
Crystallex International Corp.	38.5%	US\$168.00	US\$481.00	186.3%	1 - 2 Years
Firm Capital Apartment REIT	5.7%	US\$3.10	US\$6.00	93.5%	1 - 3 Years
Gold Reserve Ltd.	4.8%	US\$1.69	US\$3.30	95.8%	6 - 24 Months
Algoma Steel Group Inc.	4.5%	US\$4.10	US\$8.00	95.1%	1 - 3 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 December 31, 2025, the Fund held net cash equal to 0.74% of Net Assets, a reversal from the 9.21% leverage position at year-end 2024. While ending cash appears modest, the Fund's total net liquidity position, inclusive of short-term Government of Canada T-bill holdings and net working capital, represents 46.44% of NAV. The sources and uses of cash during the period were as follows:

	FY 2025	
	Amount	% of Net Assets ¹
Beginning Net Cash	(\$1,963,822)	(9.21%)
<i>Investing Activities</i>		
Cash Used to Purchase Investments	(\$89,659)	(0.42%)
Cash Proceeds from Investment Divestitures	5,292,261	24.83%
Net Cash on Short Term Govt T-bills	(3,099,735)	(14.54%)
Dividends and Interest	421,013	1.97%
Cash Impact of FX	313,785	1.47%
Cash Used in Investing Activities	\$2,837,665	13.31%
<i>Operating Activities</i>		
Cash Operating Expenses	(\$715,210)	(3.35%)
Cash Used in Operating Activities	(\$715,210)	(3.35%)
Change in Net Cash	\$2,122,455	9.96%
Ending Net Cash²	\$158,633	0.74%

¹ % of December 31, 2025 net assets.

² Net of margin loan

Investment Purchases

After exiting our investments in KEC in late 2025, Ravensource deployed 14.54% of Net Assets into Government of Canada Treasury Bills. Rather than letting this cash sit idle, we are earning approximately 2% on these holdings while remaining poised to act — the T-bills can be liquidated immediately to fund new investments or add to existing positions the moment opportunity strikes. Ravensource's other investment purchases in the year were muted, investing 0.42% of NAV in existing positions.

Divestitures

During 2025, the Fund sold investments equal to 24.83% of NAV, fully exiting our position in Kiwetinohk Energy Corp. Additionally, in July we sold our position in GXI Acquisition Corp., the holding company for Guestlogix, Inc.

GXI Acquisition Corp. ("GXI")

Following the discovery of material misrepresentations by Guestlogix's former President, including fabricated customer contracts and overstated revenue, we undertook a comprehensive review of our options. These included recapitalizing the business, attempting to rebuild commercial traction under new leadership, and pursuing a sale.

After evaluating these alternatives, we concluded that the time, capital, and execution required to rehabilitate the business were disproportionate to the likely returns. While a turnaround was not impossible, the effort, risk, and uncertainty required to achieve that outcome resulted in an unattractive risk-reward profile. Accordingly, we exited our position in Guestlogix after a cold, sober assessment that the potential juice just wasn't worth the squeeze. Our value proposition is that we are

actively engaged on our investments to create material investment returns for our investors. Reevaluating Guestlogix’s prospects, it was a no-brainer to sell, freeing us to focus our energy and the Fund’s capital toward investments where we can move the needle for our investors.

Use of Leverage

As of December 31, 2025, Ravensource employed no net leverage, down from 9.21% at year-end.

Distributions

In 2025, the Fund did not make a distribution to unitholders. We believe retaining capital to invest in the compelling opportunities currently available will create more long-term value than a cash distribution. This decision was strongly supported by unitholder feedback, which consistently emphasized a preference for redeploying capital into our differentiated strategy.

Stornoway will continue to review Ravensource’s distribution policy semi-annually, with the intent to distribute only what is required—if anything—to maintain the Fund’s non-taxable status or if compelling investment opportunities are lacking. Until then, we will focus on investing, rather than distributing, Ravensource’s capital to maximize long-term value for unitholders.

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 by showing how these expenses impacted performance in 2024 and 2025.

	FY 2025 ¹	FY 2024 ¹	YoY Change
Pre-Expense / Incentive Fee Investment Return	6.90%	(2.60%)	9.50%
Fund Expenses			
Management Fees	(1.14%)	(1.14%)	(0.00%)
Legal & Professional Fees	(0.40%)	(0.16%)	0.24%
Interest Expense	(0.76%)	(0.71%)	0.05%
Audit & Accounting Fees	(0.65%)	(0.48%)	0.18%
Transaction Costs	(0.00%)	(0.00%)	(0.00%)
Other Operating Expenses	(0.49%)	(0.59%)	(0.10%)
Total Fund Expenses	(3.43%)	(3.07%)	0.36%
Pre-Incentive Fee Investment Return	3.47%	(5.67%)	9.14%
Incentive Fee	--%	--%	
Ravensource Fund Net Return	3.47%	(5.67%)	

¹ Percentage of ending net asset value per unit for the period.

Operating expenses totaled 3.43% of ending NAV, up 0.36 percentage points from 2024 due to higher legal and audit fees.

Incentive Fee

Stornoway earns an incentive fee only after unitholders earn more than 5% annually and recover any past underperformance. That cumulative threshold is called the high watermark.

As of December 31, 2025, Ravensource’s NAV per unit would have had to exceed \$20.53 for incentive fees to begin accruing. With NAV at \$16.45, unitholders are entitled to the next 24.81% of returns entirely free of incentive fees—regardless of the price paid for their units.

Long Term and Relative Performance

While investing is forward-looking, performance is how we earn the right to manage your capital. Our objective is to deliver superior long-term returns, and in recent years we have not. Results have lagged — pressuring our long-term record and falling short of both your expectations and ours.

As at December 31, 2025 ¹	1 Year	3 Years	5 Years	10 Years	Since July 1, 2008
RavenSource Fund - RAV.UN ⁽¹⁾	3.5%	3.3%	1.5%	3.3%	5.8%
S&P/TSX Composite Total Return Index	31.7%	21.4%	16.1%	12.6%	7.8%
S&P/TSX Small Cap Total Return Index	50.2%	23.2%	15.3%	12.0%	6.0%
ICE BofAML US High Yield Index	8.5%	10.0%	4.5%	6.4%	6.9%
HFRI Distressed/Restructuring Index	9.0%	9.6%	7.8%	7.3%	5.4%

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.

2025 was a step forward. KEC delivered the kind of outcome our strategy is built to produce: a 2.48x return of capital and a 25.7% annualized return after years of patient work. Algoma fell sharply on steel tariffs, offsetting much of that gain. The full-year result was 3.5%, well short of what we expect of ourselves.

The work continues. Crystallex is closer to collection than at any point in the position's history. Algoma's transformation is complete, and we believe the current price significantly understates the business. The Fund holds meaningful liquidity against an opportunity set we find genuinely compelling. This is the kind of work that has produced our long-term returns, and it is the work we are doing now.

We are not satisfied with where we have been — but we are confident in where we are headed.

“Skin in the Game”

We firmly believe investment managers should have meaningful “skin in the game,” sharing both the risks and rewards of their decisions alongside investors. As of December 31, 2025, the Stornoway Team owned approximately 11.3% of RavenSource’s outstanding units. In short, 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 a position 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. We believe focusing capital on high-conviction opportunities—where we can actively drive value—is key to generating long-term returns. But it also means that a single investment can materially impact

performance, for better or worse.

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-favor 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. At year-end, 68.0% 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; as of December 31, 2025 net USD exposure was hedged to 1.3% of NAV.

There has been no change to Ravensource's strategy in 2025 that would materially alter its risk profile. The Fund remains appropriate 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

KEC is done. Crystallex is next. And the Fund is carrying more liquidity than it has in years, pointed at an expanded opportunity set — the kind of terrain where this strategy has historically produced our best returns.

This is not work we are starting — it is work we are finishing. We are focusing our efforts and capital on what we do best: complex, off-the-radar opportunities that need change and the kind of hands-on engagement most investors cannot or will not provide. That is our edge.

There is more behind each position than this letter can fully convey. As always, we welcome the chance to discuss any aspect of the Fund or our strategy — by phone, Teams, or ideally, in person. We genuinely enjoy those conversations.

We are grateful for your continued partnership and trust. With approximately 11.3% of the Fund invested alongside you, we win and lose together. That alignment sharpens every decision we make: when to act, when to wait, and when to move on.

We know recent results have not met our standard. KEC was a reminder of what this strategy produces when the work is realized. That is the standard we are working hard to restore.

Onwards and upwards,



Scott Reid
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Daniel Metrikin
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April 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 overlap with certain aspects of the Fund's mandate, none of them share significant similarities with the Fund's investment portfolio:

- The S&P/TSX Composite Total Return Index ("S&P/TSX") is the principal broad-based measure commonly accepted by investors to measure the performance of Canadian equity markets. The S&P/TSX is a relevant index for comparison purposes as the Fund's investment portfolio contains Canadian equity investments and the Fund's debt investments are frequently converted into equity securities as part of the restructuring process. However, the performance of the S&P/TSX will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the S&P/TSX.
- The S&P/TSX Small Cap Total Return Index ("TSX Small Cap") tracks the performance of the Canadian small cap equity market. The TSX Small Cap is a relevant index for comparison purposes as the Fund invests in Canadian small cap companies that are attractively valued with catalysts to unlock value. However, the performance of the TSX Small Cap will vary greatly from the Fund as its investment portfolio is primarily comprised of securities that are not included in the TSX Small Cap.
- The ICE BofAML US High Yield Index ("BAMLHY") is a USD-denominated index that tracks the performance of USD, sub-investment grade rated corporate debt. BAMLHY is a relevant index for comparison purposes as the Fund invests in corporate debt securities that are rated below investment grade. However, the Fund's investment portfolio also includes defaulted debt and equity securities which are not included in the BAMLHY and thus the Fund's performance may vary greatly from BAMLHY.
- The HFRI Distressed/Restructuring Index ("HFRIDSI") tracks the performance of investment funds focused on the credit instruments of companies trading at significant discounts to par value due to formal bankruptcy proceedings or the expectation of near-term proceedings. The HFRIDSI is a relevant index for comparison purpose as Fund's mandate broadly overlaps that of the funds that make up the HFRIDSI. However, it is likely that the composition of the Fund's investment portfolio is unique from these peers and thus the Fund's performance may vary greatly from the HFRIDSI.

As the Fund makes idiosyncratic investments in securities which are overlooked by the capital markets, the Fund's investment portfolio contains investments that are not likely included in any of the above indices and thus an investment in the Fund should not be considered a substitute or proxy for the underlying index. For the reasons stated above, these indices should not be considered a benchmark for the Fund and there can be no assurance that any historical correlation or relationship will continue in the future. Index data is provided by Hedge Fund Research and ICE Data Services.



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