

**PORTFOLIO MANAGEMENT AGREEMENT**

**THIS AGREEMENT** dated as of the 1<sup>st</sup> day of July, 2008.

**BETWEEN:**

**COMPUTERSHARE TRUST COMPANY OF CANADA**,  
in its capacity as trustee of Ravensource Fund, a trust existing  
under the laws of the Province of Ontario

hereinafter referred to as the “**Fund**”,

- and -

**STORNOWAY PORTFOLIO MANAGEMENT INC.**,  
a corporation existing under the laws of Ontario

hereinafter referred to as “**Stornoway**”.

**WHEREAS:**

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- A. The Fund is a trust existing under the laws of Ontario pursuant to an amended and restated declaration of trust dated the 1<sup>st</sup> day of July, 2008 (as it may be further amended or supplemented from time to time, the “**Declaration of Trust**”), and Computershare Trust Company of Canada is the trustee of the Fund (in such capacity, the “**Trustee**”);
- B. The Fund’s investment objective is to achieve absolute annual returns, with an emphasis on capital gains, through investment in selected North American securities;
- C. The Declaration of Trust authorizes the appointment of an investment manager to provide portfolio management services to the Fund, subject to the overall supervision of the Trustee, and Stornoway is willing to provide such services to the Fund;
- D. Pursuant to a portfolio management agreement made effective as of the 1<sup>st</sup> day of November, 2007 between Cinnamon Investments Limited and Stornoway, Stornoway currently acts as the investment advisor to the Fund;
- E. The Fund and EquitiLink International Management limited (“**EquitiLink**”) entered into a portfolio management agreement dated as of April 28, 1997 (the “**Original Agreement**”);

- F. Aberdeen Asset Managers (C.I.) Limited, the successor to EquitiLink, with the prior written consent of the Trustee and the prior approval of Unitholders by Extraordinary Resolution passed at the special meeting of Unitholders held on August 22, 2003 assigned the Original Agreement to Cinnamon Investments Ltd. as of September 30, 2003;
- G. At a special meeting of Uniholders held on June 10, 2008 (the “**2008 Special Meeting**”), Unitholders, by way of Extraordinary Resolution, approved the termination of the Original Agreement;
- H. At the 2008 Special Meeting, by way of Ordinary Resolution, Unitholders also approved the appointment of Stornoway as the new investment manager to provide portfolio management services to the Fund; and
- I. The Fund and Stornoway desire to enter into this Agreement to evidence the appointment of Stornoway as investment manager to the Fund and the terms and conditions under which such appointment is made.

**NOW THEREFORE**, the parties agree as follows:

**1. Portfolio Management Services**

**1.1** The Trustee hereby appoints Stornoway to perform the duties of the Investment Manager set out herein and in the Declaration of Trust and to provide portfolio management services to the Fund, in accordance with the Fund’s Investment Objective and Investment Restrictions. Subject to the general control and supervision of the Trustee, Stornoway is authorized to invest and reinvest the Fund’s assets and make investment decisions on behalf of the Fund.

**1.2** Stornoway hereby accepts its appointment as Investment Manager and agrees to be bound by the terms of the Declaration of Trust and the provisions of this Agreement.

**1.3** Subject to the provisions of the Declaration of Trust and the general control and supervision of the Trustee, Stornoway is authorized to invest and reinvest the property and assets of the Fund, subject to the Investment Objective and Investment Restrictions of the Fund and subject to the requirement that the Fund is to obtain and maintain the status of a “unit trust” or a “mutual fund trust” under the *Income Tax Act*. Without limitation to the foregoing, the Trustee hereby specifically authorizes Stornoway to:

- (a) purchase, with monies or other assets paid, delivered or credited to the Fund, investments consistent with the Investment Objective and Investment Restrictions of the Fund;
- (b) sell or otherwise dispose of any investments held at any time in the Fund, with the net proceeds of any sale or other disposition to be held by the Trustee under the terms of the Declaration of Trust;

- (c) recommend to the Trustee that a portion of the assets of the Fund to be held in cash or in term deposits for the purpose of providing funds as a reserve for the payment of fees, expenses, disbursements and distributions payable or anticipated to become payable from the Fund;
- (d) grant covered call options with respect to the assets of the Fund and hold the net proceeds derived from the granting or creation of those covered call options under the terms of the Declaration of Trust;
- (e) register or cause to be registered any investments of the Fund in the name of the Trustee or Custodian or a nominee or sub-custodian of either the Trustee or Custodian with or without indicating that those securities or investments are held in a fiduciary capacity;
- (f) exercise any rights, warrants, privileges or options pertaining to, or associated with, the investments of the Fund;
- (g) enter into agreements on behalf of the Fund with respect to the investment and reinvestment of the property and assets of the Fund;
- (h) recommend to the Trustee brokers to be retained by the Fund for the purposes of effecting portfolio transactions; and
- (i) lend portfolio securities of the Fund, as permitted from time to time by appropriate securities regulatory authorities.

**1.4** Stornoway, upon the written request of the Trustee, shall provide the Trustee with a report in writing of any matters requested by the Trustee relating to the services to be performed hereunder, including the list of securities held in the investment portfolio of the Fund and all transactions effected on behalf of the Fund. Stornoway also agrees that it will attend any meeting requested by the Trustee upon reasonable notice. Stornoway shall provide the Trustee with access at any time to all books, records, electronic data and other information in the possession of Stornoway pertaining to the Fund. Without limitation to the foregoing, Stornoway shall provide to the Trustee for review by the Trustee monthly statements of all investment transactions performed, together with a certificate of the managing director of Stornoway that such transactions complied in all material respects with the Investment Objective and all Investment Restrictions of the Fund. The Trustee may rely on such certificate as evidence of compliance with the Investment Objective and all Investment Restrictions of the Fund.

**1.5** The Trustee shall consult with Stornoway prior to changing or proposing to change the Fund's Investment Objective, Investment Restrictions or any investment policies.

## **2. Representations and Warranties**

**2.1** Stornoway hereby covenants and agrees that during the term of this Agreement it will maintain or cause to be maintained all licences and registrations required in order for it to perform its duties hereunder.

2.2 The Trustee hereby represents and warrants to Stornoway that it is a trust company licensed to carry on business as such under the laws of each of the Provinces of Canada. The Trustee hereby covenants and agrees that during the term of this Agreement it will maintain all licences and registrations required in order for it to perform its duties under the Declaration of Trust.

### 3. Fees

3.1 For the provision of the portfolio management services contemplated in Section 1, the Fund will pay to Stornoway a fee based on the Fund's average weekly assets (the "**Base Fee**") calculated and paid in accordance with Section 3.2 and a performance-based incentive fee (the "**Incentive Fee**") calculated and paid in accordance with Section 3.3.

3.2 The Base Fee payable to Stornoway will be a fee in Canadian dollars based on the Fund's average weekly assets (being computed based upon the value of the assets of the Fund net of all liabilities, other than Permitted Indebtedness) at the end of each week and payable on the last business day of each calendar month, as follows:

Average Weekly Assets	Base Fee
Up to and including \$250 million	0.65%
Between \$250 million and \$500 million	0.60%
\$500 million or more	0.55%

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For the purpose of this Section "Permitted Indebtedness" means the aggregate of all principal amounts of borrowings made by the Fund for the purpose of making additional investments pursuant to the Fund's Investment Objective and subject to the Fund's Investment Restrictions and the value of the assets of the Fund will be determined with reference to the provisions of Section 6.3 of the Declaration of Trust.

3.3 The Incentive Fee payable to Stornoway in any year, which fee will be payable commencing in respect of the 2008 fiscal year beginning January 1, 2008, will be equal to 20% of the amount by which the increase in net asset value per Unit (as defined in the Declaration of Trust) for each fiscal year, as calculated at the close of business on each fiscal year-end, adjusted for any distributions, contributions or redemptions during the year and for any Shortfall (as defined below) from the previous fiscal year (the "**Incentive Return**"), exceeds 5% (the "**Hurdle Rate**"). For the purposes of calculating the Incentive Return for any fiscal year of the Fund:

- (a) any amounts distributed to Unitholders during such fiscal year pursuant to Section 6.1 of the Declaration of Trust shall be added to the value of the assets of the Fund as at the end of such fiscal year for the purposes of calculating the net asset value per Unit (as defined in the Declaration of Trust) pursuant to Section 6.3 of the Declaration of Trust;

- (b) any amounts contributed to the Fund by Unitholders during such fiscal year shall be subtracted from the value of the assets of the Fund as at the end of such fiscal year for the purposes of calculating the net asset value per Unit (as defined in the Declaration of Trust) pursuant to Section 6.3 of the Declaration of Trust; and
- (c) the Incentive Return shall be adjusted proportionately to reflect any increase or decrease in the number of Units outstanding from the prior fiscal year-end.

If in any fiscal year the Incentive Return is less than the Hurdle Rate, no Incentive Fee will be paid for that fiscal-year and the difference between the Hurdle Rate and the Incentive Return (the "Shortfall") will be carried forward to the succeeding fiscal year and, after adjustment for redemptions, deducted in the calculation of the Incentive Return for that year, provided that, for greater certainty, for the purposes of the Incentive Fee payable in respect of the 2007 fiscal year there shall be no Shortfall in respect of the prior fiscal year. The Shortfall deducted in any year will be adjusted proportionately to reflect any increase or decrease in the number of Units outstanding from the prior fiscal year-end. The Incentive Fee, if any, will be determined monthly during each fiscal year for the purpose of calculating the Net Asset Value per Unit, but will be paid to Stornoway by the Fund annually within one month of the fiscal year-end of the Fund.

#### **4. Investment Adviser; Agents**

4.1 Stornoway may appoint one or more investment advisers, including portfolio managers, to make recommendations to Stornoway as to the structure of the Fund's portfolio and ~~specific portfolio securities to be purchased, retained or sold by the Fund, to provide or obtain~~ such research and statistical data as may be necessary in connection therewith, and to assist Stornoway in any other manner with the portfolio management services to be provided by it hereunder.

4.2 Stornoway may employ or engage or appoint as agent and rely and act upon information or advice received from investment counsellors, distributors, brokers, electronic data processors, advisors, accountants, accounting and pricing services, lawyers and others.

4.3 Stornoway will be responsible for the fees of any investment adviser or agent appointed by Stornoway pursuant to Section 4.1 or 4.2 unless, in respect of any agent, the agent is acting as agent to the Fund and the costs of such agent are properly borne by the Fund.

#### **5. Holding of Fund Assets**

5.1 Stornoway shall deposit, or cause to be deposited, all cash, securities and other assets of the Fund with the Custodian, if one is currently appointed under the Declaration of Trust, or with a Canadian chartered bank, subsidiary thereof or duly licensed Canadian federally or provincially incorporated trust company for the safekeeping of such assets. Stornoway shall provide prior written notice to the Trustee of such safekeeping arrangements (other than those in respect of the Custodian) and any proposed changes in respect of such arrangements.

**6. Expenses**

**6.1** Stornoway shall bear all expenses of its employees and overhead incurred by it in connection with its duties under this Agreement. The Fund will bear all of its own expenses, including without limitation: interest expenses; taxes and governmental fees; and brokerage commissions and other expenses incurred in acquiring or disposing of the Fund's portfolio securities.

**7. Good Faith and Liability**

**7.1** Stornoway shall exercise the powers granted hereunder and discharge its duties hereunder honestly, in good faith and in the best interests of the Fund and, in connection therewith, shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in similar circumstances.

**7.2** Stornoway shall not be liable for any error of judgment or for any loss suffered by the Fund in connection with the matters to which this Agreement relates, except a loss resulting from wilful misconduct, bad faith, negligence or reckless disregard by it of its obligations and duties under this Agreement. Without limitation to the generality of the foregoing, Stornoway and its directors, officers, employees and agents shall not be liable to the Fund or to any Unitholder for any default, failure or defect in any of the securities comprising the portfolio of the Fund, for relying in good faith on any documents that purport to be properly executed, for any depreciation of, or loss to, the value of the assets of the Fund, for any loss that may occur by reason of the failure of any bank or Custodian or of the Trustee with which monies of the Fund have been deposited or for any other action or failure to act except in cases of wilful misconduct, bad faith, negligence or reckless disregard of its obligations and duties or in cases where Stornoway fails to act honestly and in good faith with a view to the best interests of the Fund or to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**8. Services Not Exclusive**

**8.1** The services of Stornoway are not exclusive, and nothing in this Agreement shall prevent Stornoway or any affiliate of Stornoway, from providing similar services to other investment companies and other clients (whether or not their investment objectives and policies are similar to those of the Fund) or from engaging in other activities. When other clients of Stornoway desire to purchase or sell a security at the same time such security is purchased or sold for the Fund, such purchases and sales will be allocated among the clients in a manner believed by Stornoway to be equitable to each client. Stornoway will allocate opportunities to make disposals or acquisitions of securities equitably among clients having regard to each client's investment objectives, relative portfolio size and such other factors as Stornoway considers relevant in the circumstances.

**8.2** The Trustee agrees to keep the investment advice provided by Stornoway hereunder confidential to the extent permitted by law, and agrees not to use the investment advice or services provided by Stornoway pursuant to this Agreement for any purpose except for the management and administration of the Fund. Subject to Section 8.1, Stornoway agrees to

keep confidential information received by it with respect to the affairs of the Fund except to the extent such information is otherwise available to the public, disclosure is required by law, or disclosure is reasonably required in order for Stornoway to fulfil its duties under any agreement with the Fund.

## **9. Duration and Termination**

**9.1** This Agreement is effective on the date first above written and shall continue in effect until the earlier of (i) the termination of the Fund; and (ii) the termination of this Agreement in accordance with this Section. The provisions of Section 8.2 and Section 11 shall survive any termination of this Agreement. Stornoway may terminate this Agreement in the event that the Fund is in breach or default of the provisions hereof and such breach or default has not been cured within 20 Business Days' notice of such breach or default to the Fund. The Fund may terminate this Agreement in the event that Stornoway is in breach or default of the provisions hereof and such breach or default has not been cured within 20 Business Days' notice of such breach or default to Stornoway provided that such termination has been approved by an Extraordinary Resolution of Unitholders of the Fund. This Agreement may be terminated by the Trustee at any time in the event that Stornoway shall be declared bankrupt or insolvent or shall enter into liquidation, whether compulsory or voluntary (and not being a voluntary liquidation for the purposes of amalgamation or reorganization) or if the assets of Stornoway shall otherwise become liable to seizure or confiscation by any public or governmental authority by notice to Stornoway effective immediately and without penalty.

**9.2** In the event Stornoway permanently loses a registration or licence which is required in order for it to fulfil its duties hereunder or otherwise is incapable under applicable law of performing its obligations hereunder, Stornoway shall be entitled to assign this Agreement to another party which is qualified to act as investment manager for the Fund with the consent of the Trustee which consent shall not be unreasonably withheld.

**9.3** If this Agreement is terminated, Stornoway shall furnish to the Trustee at the reasonable cost of the Fund copies of all books, records, electronic data and other information pertaining to the Fund which the Trustee shall request of it in writing and, upon the effective date of the termination of this Agreement, Stornoway shall forthwith transfer copies of all books, records, electronic data and other information pertaining to the Fund, at the reasonable cost of the Fund, to any successor investment manager and shall cooperate with any successor investment manager to transfer its power and authority to the new investment manager effectively. Stornoway, for a period of six years following the effective date of the termination of this Agreement shall provide the Trustee or any successor investment manager with any information from its records that the Trustee or the successor investment manager may reasonably require for the purposes of the Declaration of Trust and shall be reimbursed for its reasonable costs and expenses thereof.

## **10. Limitation of Liability of Unitholders**

**10.1** Stornoway hereby agrees that no Unitholder shall be subject to any personal liability whatsoever, in tort, contract or otherwise, to Stornoway in connection with the obligations of the Trustee and the Fund to Stornoway under this Agreement.

## **11. Indemnification**

**11.1** Stornoway (and each of its directors and officers) shall be indemnified and saved harmless by the Fund from and against all liabilities and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel fees), reasonably incurred in connection with any action, suit or proceeding to which Stornoway may hereafter be made a party by reason of being or having been the Investment Manager of the Fund provided that Stornoway shall not be finally adjudged in said action, suit or proceeding liable for or guilty of wilful misconduct, bad faith, negligence or reckless disregard of duty to the Fund, in relation to the matter or matters in respect of which indemnification is claimed.

**11.2** For purposes of the preceding paragraph, (i) "action, suit or proceeding" shall include every action, suit or proceeding, civil, criminal or other, (ii) the right of indemnification conferred thereby shall extend to any threatened action, suit or proceeding and the failure to institute it shall be deemed its final determination, (iii) advances may be made by the Fund against costs, expenses and fees incurred in respect of the matter or matters as to which indemnification is claimed, provided that any advance shall be made only if the Fund receives an opinion of legal counsel to the effect that, on the basis of the facts known to such counsel, the person seeking such advance will achieve substantial success and on the condition that Stornoway receiving such advance agrees to repay to the Fund any amounts so advanced if the Fund does not receive, substantially concurrently with the termination of the matter or matters as to which such advances were made, an opinion of legal counsel to the effect that Stornoway is entitled to indemnification under this Agreement or the Declaration of Trust. The foregoing right of indemnification shall not be exclusive of any other rights to which Stornoway may be entitled as a matter of law or which may be lawfully granted to Stornoway.

**11.3** Stornoway agrees to indemnify and save harmless the Trustee (and each of its directors and officers) and the Fund from and against all liabilities and expenses (including judgments, fines, penalties, amounts paid in settlement and counsel fees), reasonably incurred in connection with any action, suit or proceeding to which it may hereafter be made a party by reason of Stornoway's wilful misconduct, bad faith, negligence or reckless disregard of duty to the Fund, in relation to the matter or matters in respect of which indemnification is claimed.

## **12. Miscellaneous**

**12.1** Capitalized terms not otherwise defined herein shall have the meaning attributed thereto in the Declaration of Trust.

**12.2** The headings in this Agreement are included for convenience only and in no way define or delimit any of the provisions hereof or otherwise affect their construction or interpretation. In this Agreement, whenever the singular form is used, the same shall include the plural as and when required by the context. Words denoting one gender include the other or the neuter, and words denoting the neuter denote either gender, unless a contrary intention is to be inferred from or required by the subject matter or context. All references to currency in this Agreement are references to the lawful money of Canada.



**12.3** Nothing in this Agreement is intended to create or shall be construed as creating a partnership, agency, joint venture, association or trust between the parties.

**12.4** This Agreement shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein and the parties hereby agree to submit to the non-exclusive jurisdiction of the courts of the Province of Ontario.

**12.5** If any provision of this Agreement shall be held or made invalid or unenforceable, such invalidity or unenforceability shall attach only to such provision and shall not in any manner affect or render invalid or unenforceable or any other provision of this Agreement.

**12.6** Any amendment or modification to this Agreement shall require the written approval of each party hereto in order to be effective provided that any change in this Agreement which would result in (i) a change in the basis of the calculation of the fees or other expenses that are charged to the Fund, resulting in an increase in charges to the Fund; or (ii) the interests of Unitholders being adversely affected, requires the prior approval of Unitholders by Ordinary Resolution.

**12.7** Subject to the provisions of Section 4, and in particular the powers of delegation thereunder, this Agreement shall not be assigned by Stornoway to any other person or company without the Trustee's prior written consent. If any such assignment is to a party which is not an affiliate of Stornoway, such assignment will require the prior approval of Unitholders by Ordinary Resolution.

**12.8** Any notice required or permitted to be given hereunder shall be in writing and shall be properly given, if delivered personally, or by mail or by telecopy or other similar form of communication addressed:

(a) to the Fund at:

Computershare Trust Company of Canada  
100 University Ave., 9<sup>th</sup> Floor  
Toronto, Ontario  
M5J 2Y1

Attention: Manager, Corporate Trust  
Telephone: (416) 981-9770  
Telecopier: (416) 981-9777

(b) to Stornoway at:

Stornoway Portfolio Management Inc.  
30 St. Clair Avenue West  
Suite 901  
Toronto, Ontario  
M4V 3A1

Attention: Scott Reid, President  
Telephone: (416) 250-2845  
Telecopier: (416) 250-6330

Any notice, direction or other instrument given as aforesaid shall be deemed to have been effectively given, if sent by telecopier or other similar form of telecommunications on the next Business Day following such transmission or, if delivered, to have been received on the date of such delivery or, if mailed, to have been received seven days after the mailing thereof. Either party may change its address for service from time to time by notice given in accordance with the foregoing and any subsequent notice shall be sent to the party at its changed address.

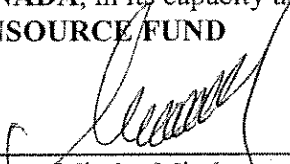
**12.9** This Agreement may be executed in two or more counterparts, each of which when so executed shall be deemed to be an original and such counterparts together shall constitute one and the same agreement.

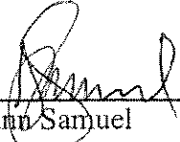
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IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the day and year first above written.

**COMPUTERSHARE TRUST COMPANY  
OF CANADA, in its capacity as Trustee of  
RAVENSOURCE FUND**

By:   
Name: Mircho Mirchev  
Title: Professional, Corporate Trust

By:   
Name: Ann Samuel  
Title: Administrator, Corporate Trust

**STORNOWAY PORTFOLIO  
MANAGEMENT INC.**

By:   
Name: Scott Reid  
Title: President

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