



MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2014

THE RAVENSOURCE FUND

This annual management report of fund performance (“MRFP”) contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual 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 these 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 detail in the Declaration of Trust and in greater detail 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 which 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 have been identified as not only attractively valued but also with the 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 during 2014. 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. During 2014, Ravensource did not employ leverage.

RESULTS OF OPERATIONS FROM JANUARY 1, 2014 TO DECEMBER 31, 2014

Ravensource's net assets decreased by \$1.26 million or 5.75% over the year ended December 31, 2014 as a result of \$0.40 million of net operating loss, \$0.35 million of unitholder redemptions and \$0.51 million of distributions to unitholders. In comparison, over the year ended December 31, 2013 Ravensource's net assets increased by \$3.56 million or 19.4% net of \$0.4 million of distributions.

Investment Performance

Ravensource's net asset value per unit ("NAV") decreased by \$0.24 or 2.1% including distributions and after all fees and expenses over 2014 due to losses in its investment portfolio. Over the year, the Fund underperformed 3 of the 4 indices the Investment Manager uses to measure the Fund's relative performance (a 10.6% increase in the S&P TSX Composite Total Return Index, a 2.5% increase in the B of A ML High Yield Master II Index and a 2.5% increase in the Credit Suisse Distressed Index), and slightly outperformed S&P/TSX Small Cap Total Return Index which generated a 2.3% loss for the period. All index and fund returns are calculated on a total return basis.

The primary cause of the decline in the Fund's NAV over the course of 2014 was its holdings in energy related investments which fell in value due to the significant drop in oil prices during the 4th quarter of 2014. With approximately 20% of its assets invested in energy related securities, their combined impact on the Fund for 2014 was a loss of \$1.90 per unit. In contrast, non-energy related investments contributed combined gains of \$1.86 per unit for 2014.

Despite the negative return for 2014, the Fund has generated attractive returns over a longer time horizon. As of December 31, 2014, an investment in Ravensource units has increased by 73% or 8.8% annually, including re-invested distributions, since Stornoway took over its management in July 2008. Over the same period, the S&P TSX Composite Total Return Index has increased by 22.7% or 3.2% annually. All index and Fund returns are calculated on a total return basis.

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 semi-annual distributions of \$0.15 per unit on June 30, 2014 and \$0.15 per unit on December 30, 2014. In total, the distributions for 2014 amounted to \$0.30 per unit compared to \$0.24 per unit in 2013. For 2014, the policy guidelines were met as the Fund distributions were in excess of its taxable income and thus no residual tax liability for the Fund remained. The yield for 2014 was 2.4%, assuming one invested at the closing market price on December 31, 2013.

Redemptions and Recirculation of Units Tendered for Redemption

Ravensource Fund offers 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 – as 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.

Under the 2014 redemption privilege, 24,200 units representing 1.4% of the total units outstanding were redeemed effective September 4, 2014 at a price of \$14.48387 per unit for a total redemption value of \$350,510. The Fund did not recirculate the units tendered for redemption in 2014 due to the decline in the Net Asset Value of the Fund below the redemption price. As such, the number of units outstanding declined from 1,700,470 at December 31, 2013 to 1,676,270 at December 31, 2014.

Liquidity

Starting the year with 26.6% of the Fund’s net assets in cash, investment purchases and the impact of distributions and redemptions partially offset by investment sales and losses on the investment portfolio, resulted in a fall in the cash position to 21.4% of net assets as of December 31, 2014. While at historically high levels, the Investment Manager is uncovering attractive opportunities that merit investment.

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 expressed as ratio to average net assets. To understand the way we report Ravensource’s interim MER, we must first explain our methodology. Incentive Fees are different than 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.

Incorporating the Fund’s direct expenses but excluding the incentive fee, Ravensource’s MER for 2014 was 1.31%, a decrease of 29 basis points over the MER before incentive fee of 1.60% for the comparable period in 2013. The decrease in the MER during 2014 is primarily a result of a decrease in legal fees.

Legal fees decreased by 24 basis points of average net assets in 2014 versus 2013. Ravensource incurs professional expenses, largely arising from services provided by legal and restructuring professionals in the negotiation and/or protection of its investments.

Management and Administrative Fees remained unchanged at 0.68% of average net assets versus 2013. The Management and Administrative Fees have remained low as a result of the Investment Manager’s policy of passing along the economic benefit of fees received from investees to the Fund. For further information see “Related Party Transactions” below.

The Incentive Fee accrued for the year ended December 31, 2014 amounted to \$11,343 or 0.05% of average net assets, versus an incentive fee of \$891,886 or 4.43% for the year ended December 31, 2013. The incentive fee for 2014 is entirely attributable to the units that were tendered for redemption due to the positive performance of the Fund from January 1, 2014 up to the redemption valuation date of September 4, 2014. As the decline in the value of the Fund in the 4th quarter more than offset the gains generated over the first 3 quarters of 2014, no incentive fee was earned on the units that remained outstanding at December 31, 2014.

Factoring in the impact of the incentive fee, Ravensource's MER for 2014 was 1.36% versus 6.03% for 2013. The 467 basis point decrease in the MER is largely due to the 438 basis point decrease in the incentive fee and the above-mentioned 24 basis point decrease in legal fees.

RECENT DEVELOPMENTS

International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") required investment funds to adopt International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board for reporting periods commencing January 1, 2014. Accordingly, the Fund published its unaudited interim financial statements for the 6-month period ending June 30, 2014 and its audited financial statements for the year ended December 31, 2014 in accordance with IFRS. There were no changes that impacted NAV per unit as a result of the changeover to IFRS. The changeover has impacted the format of and disclosure contained in the Fund's Financial Statements. Further details regarding the changeover to IFRS can be found in the notes to the Financial Statements.

Redemption Policy

The Ravensource Declaration of Trust (the "DOT") requires that redemptions be paid on or about the 30th business day following the Annual Redemption Date (as defined in the DOT). In September, 2014 the Canadian Securities Administrators implemented revisions to National Instrument 81-102 governing investment funds which will require the Fund to make redemption payments within 15 business days of the Annual Redemption Date. The Fund will be amending the DOT and its redemption policy in order to comply with the revised 15 business day payment requirement.

RELATED PARTY TRANSACTIONS

SFG Services Agreement

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. During 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 Fees and Administrative Fees 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 2014, the Investment Manager reduced management fees by \$67,063 (2013 - \$59,775) and reduced administrative fees by \$36,215 (2013 - \$32,225), which fees and costs would have been subject to HST. Therefore, the total impact of the fee reductions amounted to \$116,703 inclusive of HST (2013 - \$103,960), as noted in the financial statements. The Investment Manager will continue to reduce the management fee and administrative fees 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 the Ravensource Fund. The total compensation accrues from various components: Management Fee, Administration Fee, Investor Relations Fee and the Incentive Fee. The aggregate fees accrued for 2014 amounted to \$170,095 (2013 - \$1,028,988). In addition, the Investment Manager earned \$103,270 for services performed under the SFG Services Agreement. The breakdown of the fees is as follows:

i. Management fees

The management fee payable to the Investment Manager is based on the Fund's average weekly net assets at the end of each week 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 |

Management fees after reductions amounted to \$94,451 for 2014 inclusive of HST (2013 - \$80,330). The Investment Manager reduced the management fees by \$67,063 (2013 - \$59,775) due to the aforementioned SFG Services Agreement. In the absence of the Management Fee reduction, total management fees for 2014 would have amounted to approximately \$170,232 inclusive of HST (2013 - \$147,876).

ii. Administrative fees

Subject to the supervision of the Trustee, the Investment Manager agrees to be responsible for and provide certain administrative services to the Fund. The Fund will pay the Investment Manager a fee based on the Fund's average weekly net assets at the end of each week 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 |

Administrative fees after reductions amounted to \$50,741 for 2014 inclusive of HST (2013 - \$43,211). The Investment Manager reduced the administrative fee by \$36,215 (2013 - \$32,225) due to the aforementioned SFG Services Agreement. In the absence of the management fee reduction, total management fees for 2014 would have amounted to approximately \$91,663 inclusive of HST (2013 - \$79,626).

iii. Investor relations fees

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 2014 amounted to \$13,560 inclusive of HST (2013 - \$13,560).

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. Incentive fees accrued 2014 amounted to \$11,343 inclusive of HST (2013 - \$891,886).

FINANCIAL HIGHLIGHTS

For the years ended December 31, 2009 to December 31, 2014

The following tables show selected key financial information about the Fund intended to help you understand the Fund's financial performance for the past 5 years.

| The Fund's Net Assets per Redeemable Unit (\$) ⁽¹⁾ | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|---------------|---------------|---------------|---------------|---------------|---------------|
| Opening Net Assets per Redeemable Unit | 12.88 | 10.79 | 9.74 | 10.45 | 8.01 | 5.63 |
| Increase (decrease) from operations: | | | | | | |
| Interest and dividend revenue | 0.38 | 0.32 | 0.62 | 0.50 | 0.36 | 0.36 |
| Expenses | (0.20) | (0.71) | (0.32) | (0.21) | (0.29) | (0.16) |
| Realized gains (losses) for the period | 0.46 | 0.96 | 1.29 | 0.36 | 1.19 | 0.20 |
| Unrealized gains (losses) for the period | (0.88) | 1.77 | (0.09) | (0.94) | 1.36 | 2.14 |
| Total increase (decrease) from operations ⁽²⁾ | (0.24) | 2.33 | 1.50 | (0.29) | 2.62 | 2.55 |
| Distributions: | | | | | | |
| From income (excluding dividends) | - | - | - | (0.16) | - | - |
| From dividends | - | (0.04) | (0.34) | (0.14) | (0.04) | (0.03) |
| From capital gains | - | - | - | - | - | - |
| Return of capital | (0.30) | (0.20) | (0.11) | (0.06) | (0.14) | (0.15) |
| Total distributions ⁽³⁾ | (0.30) | (0.24) | (0.45) | (0.36) | (0.18) | (0.18) |
| Issuance of units ⁽⁴⁾ | - | - | - | (0.15) | - | - |
| Net Assets per Redeemable Unit, end of period | 12.31 | 12.88 | 10.79 | 9.74 | 10.45 | 8.01 |

(1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements may differ from the net asset value calculated for fund pricing purposes.

An explanation of these differences can be found in the notes to the financial statements.

2013 - 2014 financial statements were prepared in accordance with International Financial Reporting Standards.

2010 - 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.

(4) Represents the negative impact on NAV per unit from the issuance of units at a discount plus associated expenses.

| Ratios and Supplemental Data | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| Total net asset value (000's) ⁽¹⁾ | \$20,640 | \$21,899 | \$18,344 | \$16,581 | \$14,884 | \$11,402 |
| Number of units outstanding ⁽¹⁾ | 1,676,270 | 1,700,470 | 1,700,470 | 1,701,870 | 1,424,016 | 1,424,016 |
| Management expense ratio ⁽²⁾ | 1.36% | 6.03% | 3.14% | 2.17% | 3.15% | 2.27% |
| Management expense ratio before waivers or absorptions ⁽³⁾ | 1.86% | 6.54% | 3.63% | 2.17% | 3.15% | 2.27% |
| Trading expense ratio ⁽⁴⁾ | 0.10% | 0.03% | 0.04% | 0.07% | 0.30% | 0.17% |
| Portfolio turnover rate ⁽⁵⁾ | 35.25% | 14.57% | 28.55% | 18.45% | 37.02% | 32.57% |
| Net asset value per redeemable unit | \$12.31 | \$12.88 | \$10.79 | \$9.74 | \$10.45 | \$8.01 |
| Closing market price ⁽⁶⁾ | \$13.25 | \$12.40 | \$10.52 | \$10.00 | \$10.25 | \$7.05 |

(1) This information is provided as at December 31 of each year.

(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 daily 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.

(4) The trading expense ratio represents total commissions and other portfolio transaction costs 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.

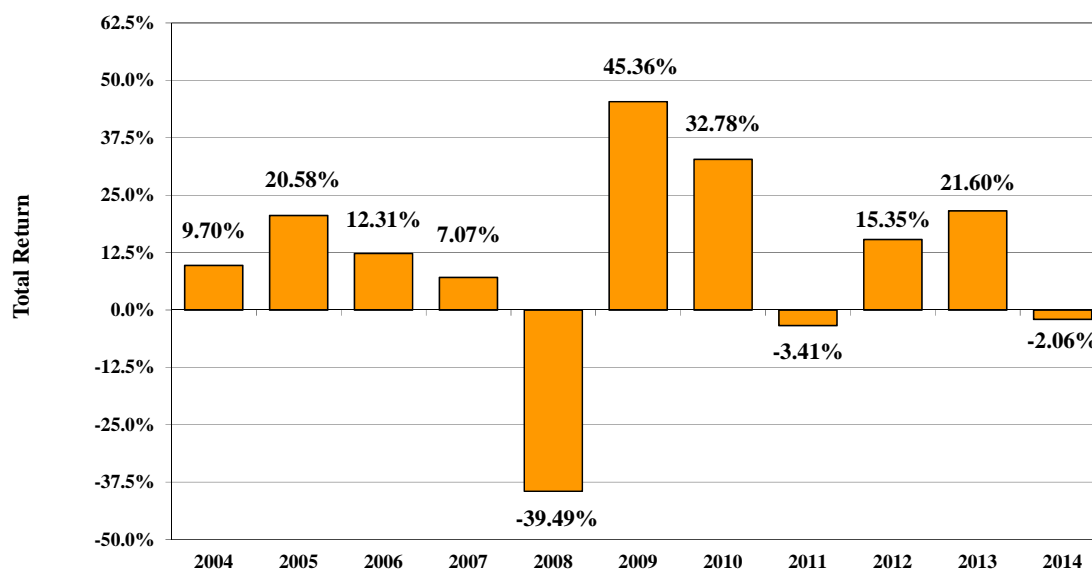
(6) The Closing market price refers to the last bid for a given period end.

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 shown. The charts show how an investment in the Fund made on the first day of each financial year would have increased or decreased, in percentage terms, by the last day of each financial year.



ANNUAL COMPOUND RETURNS

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

| As at December 31, 2014 | 1 Year | 3 Years | 5 Years | 10 Years | Since ⁽²⁾ 01-Jul-08 |
|--|---------------|----------------|----------------|-----------------|---------------------------------------|
| Ravensource Fund - RAV.UN⁽¹⁾ | -2.1% | 11.3% | 12.0% | 8.5% | 8.8% |
| S&P/TSX Composite Total Return Index | 10.6% | 10.2% | 7.5% | 7.6% | 3.2% |
| S&P/TSX Small Cap Total Return Index | -2.3% | 0.9% | 3.0% | 2.5% | 0.5% |
| BofA ML High Yield Master II Index | 2.5% | 8.4% | 8.9% | 7.6% | 9.4% |
| Credit Suisse Distressed Index | 2.5% | 10.0% | 7.0% | 6.6% | 4.9% |

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

(2) Stornoway 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

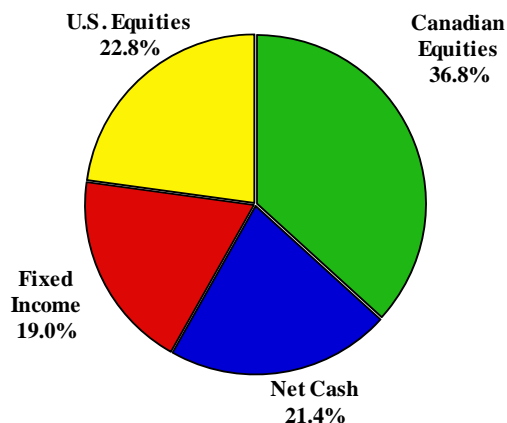
The Comparable Indices represent widely-known, broad-based indices which have been selected for purposes of comparing the performance of Ravensource and individually relate to its three investment strategies. The Fund's performance may or may not correlate to any of these indices and should not be considered as a proxy for any of these indices. The S&P/TSX Composite Total Return Index is the headline index and the principal broad market measure for the Canadian equity markets. The S&P/TSX Small Cap Total Return Index is comprised of a representative sample of investable Canadian small cap companies. The BofA 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 December 31, 2014

| By Industrial Group | % of Portfolio |
|---------------------|----------------|
| Food Products | 24.6% |
| Metals & Mining | 20.1% |
| Energy | 18.0% |
| Paper & Packaging | 12.7% |
| Financial | 7.7% |
| Real Estate | 6.2% |
| Industrial | 4.9% |
| Media & Publishing | 3.5% |
| Construction | 1.7% |
| Retail | 0.6% |
| Total | 100% |

By Security Type - % of Net Assets



| Top 25 Holdings | % of Net Assets |
|--|-----------------|
| Net Cash* | 21.46% |
| Specialty Foods Group** | 17.42% |
| Crystallex International - 9.375% due Dec 2011 | 9.43% |
| Winpak Ltd. | 7.33% |
| Arcan Resources Ltd. - 6.5% due October 2018 | 5.98% |
| PlazaCorp Retail REIT | 4.87% |
| NAPEC Inc. | 4.32% |
| Kicking Horse Energy Inc. | 3.65% |
| Genworth Financial Inc. | 3.59% |
| Supremex Inc. | 2.64% |
| Fiera Capital Corp. | 2.45% |
| NuVista Energy Ltd. | 2.08% |
| Ten Peaks Coffee Co Inc. | 1.78% |
| Quad Graphics Inc. | 1.70% |
| Chinook Energy Inc. | 1.39% |
| Canwel Building Materials Group Ltd. | 1.37% |
| Northern Frontier Corp. | 1.21% |
| Ivanhoe Energy Inc. - 5.75% due June 2016 | 1.05% |
| Ovivo Inc. | 1.04% |
| Melior Resources Inc. | 1.03% |
| Glacier Media Inc. | 1.02% |
| Anderson Energy Ltd. - 7.5% due January 2016 | 0.81% |
| Arcan Resources Ltd. - 6.25% due February 2016 | 0.63% |
| Connacher Oil & Gas Ltd. - 8.75% due August 2016 | 0.51% |
| Indigo Books & Music Inc. | 0.50% |
| Total % of Net Assets | 99.24% |

| By Investment Strategy | % of Investment Portfolio | |
|----------------------------|---------------------------|-------------|
| | Dec-14 | Dec-13 |
| Special Situation Equities | 53.5% | 55.3% |
| Distressed Securities | 46.5% | 44.7% |
| 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

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

Auditor

KPMG LLP

Investor Relations

Scott Reid
416-250-2845
sreid@stornowayportfolio.com