



Overview and Opportunity

September 2017

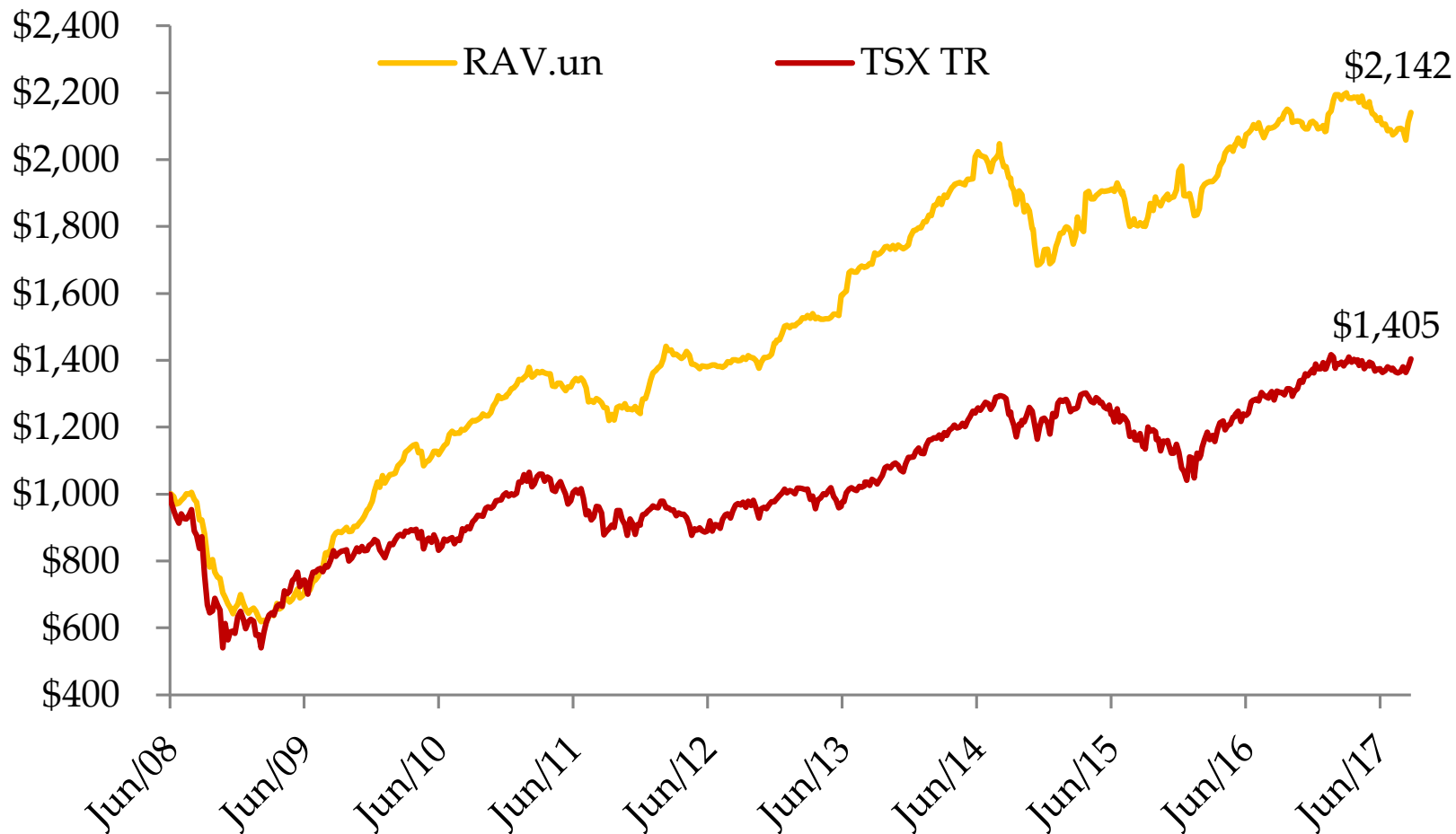
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RavenSource Performance — Growth of \$1,000

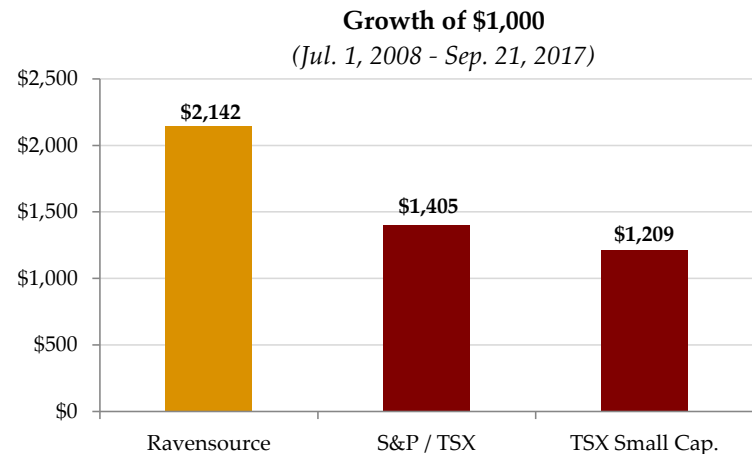
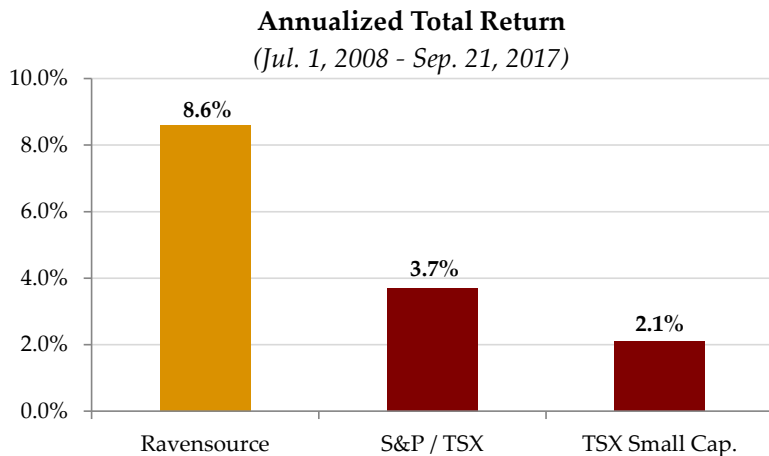


SECTION 1

Recirculation Opportunity

Ravensource at a Glance

- The Ravensource Fund (“Ravensource” or the “Fund”) is an RRSP-eligible, closed-end mutual fund trust listed on the TSX under the symbol RAV.UN
 - Stornoway Portfolio Management (“Stornoway”) has managed Ravensource since July 2008
- Ravensource provides the opportunity to invest alongside experts in alternative, private equity / hedge fund-like strategies typically unavailable to retail investors
- **Since Stornoway assumed management, a \$1,000 investment in the Fund has grown to \$2,142**



- **Ravensource units are rarely offered; however, there is a near-term opportunity for interested investors to purchase more units than are usually available on the exchange**

The Opportunity

- Each September, Ravensource investors have the right to redeem their units for cash at 100% of net asset value
- Ravensource has taken steps to recirculate those units tendered for redemption, creating an opportunity for purchase by interested investors
 - ❑ BMO Nesbitt Burns has been engaged to facilitate the recirculation
 - ❑ Previous recirculations — 2009, 2010 and 2013 — were all fully subscribed
- This year's recirculation opportunity details are as follows:
 - ❑ Number of units available for purchase: 103,698
 - ❑ Offering Price: \$13.8144
- This recirculation presents investors with the special opportunity to:
 - ❑ Acquire a larger number of Ravensource units than typically offered on the TSX
 - ❑ Purchase units at a 4.4% discount to the September 21, 2017, offering price on the TSX and a 3.9% discount to the most recent NAV of \$14.37 on September 21, 2017
- Orders must be placed by 2pm on September 27, 2017, for settlement on September 28, 2017

Why Invest in Ravensource?

- Excellent track record of creating long-term value for its investors
- Differentiated mandate with the ability to generate returns in any market environment
- Strong alignment with investment manager
 - ❑ Incentive fee for positive performance, but only after minimum return to investors
- Stornoway employees have significant “skin in the game”
 - ❑ Own approximately 10% of Fund units
- Attractive cash distribution — yield of 3.2% based on recirculation price — paid semi-annually
- Freely tradeable on the TSX, where it has historically traded within 5% of net asset value
- Additional liquidity is provided through annual right to redeem at 100% of net asset value

SECTION 2

The Fund

Access to Alternative Strategies

- Ravensource has a truly differentiated mandate allowing retail investors to invest alongside experts in alternative, private equity and hedge fund-like strategies
 - ❑ Idiosyncratic and uncorrelated from broad market movements
 - ❑ Not a “me too” fund — ability to generate returns in any market environment
- The Fund focuses on investments which are overlooked or left for dead by traditional investors
 - ❑ Philosophy underpinned by Stornoway’s belief that following the herd rarely, if ever, results in superior performance
- Where others see uncertainty, we see opportunity
 - ❑ We can act as the “buyers of last resort” and capitalize on panicked sellers who lack the capital, patience or skillset to solve difficult problems
- However, buying cheaply is not enough. To create value, we:
 - ❑ Get actively involved where necessary to unlock the value of our investments; and
 - ❑ Have the patience and an investment horizon long enough for these catalysts to unfold, and for the markets to recognize the intrinsic value that we did at the time of investment

RavenSource's Investment Approach

- RavenSource's overarching philosophy: investing in **overlooked securities** with a **wide margin of safety** and **catalysts for price appreciation** produces **superior risk-adjusted performance**

- Consistent with that approach, RavenSource seeks to capitalize on the following strategies:
 - 1) Distressed securities
 - Securities of companies which are in, or perceived to be in, financial distress, which in turn causes operational distress
 - Target good companies with bad balance sheets
 - RavenSource will take an active role in these situations by:
 - De-risking an investment through converting its debt to equity
 - Potentially investing new capital to further strengthen its balance sheet
 - Supporting an operating turnaround, creating value for the new equity

 - 2) Special situations equities
 - Examples include investing in companies undergoing some sort of corporate change — e.g. mergers/acquisitions, asset sales, share repurchases — where Stornoway believes the impact of those changes are not reflected in current market prices

 - 3) High yield bonds
 - Corporate debt, income fund units or other securities that produce a sustainable high level of income for its underlying credit risk

Historical Performance vs. Indices

- Since Stornoway assumed management of the Fund on Jul. 1, 2008, Ravensource has generated an annualized total return of 8.6% through Sept. 21, 2017
 - Trailing 5-year annualized return of 8.9%
- Investment results over long-term horizon stack up favourably relative to several commonly used indices that correspond to the 3 investment strategies that Ravensource deploys: Special Situation Equities, Distressed Securities, and High-Yielding Securities

	Month	YTD	1 Year	3 Years	5 Years	Since ⁽²⁾ Jun-08
Ravensource Fund - RAV.UN⁽¹⁾	2.5%	1.5%	2.1%	2.7%	8.9%	8.6%
S&P/TSX TR Index	1.7%	3.1%	9.6%	3.0%	7.7%	3.7%
S&P/TSX Small Cap TR Index	1.6%	-2.3%	2.4%	0.9%	3.5%	2.1%
S&P 500 TR Index	1.3%	13.4%	18.9%	9.8%	13.7%	9.9%
Russel 2000 TR Index	2.8%	7.4%	19.3%	9.1%	12.7%	9.9%
Credit Suisse Distressed HF Index	0.2%	4.8%	9.3%	0.8%	5.7%	4.1%
ML High Yield Master II Index	0.6%	6.7%	10.0%	5.3%	6.2%	8.6%

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

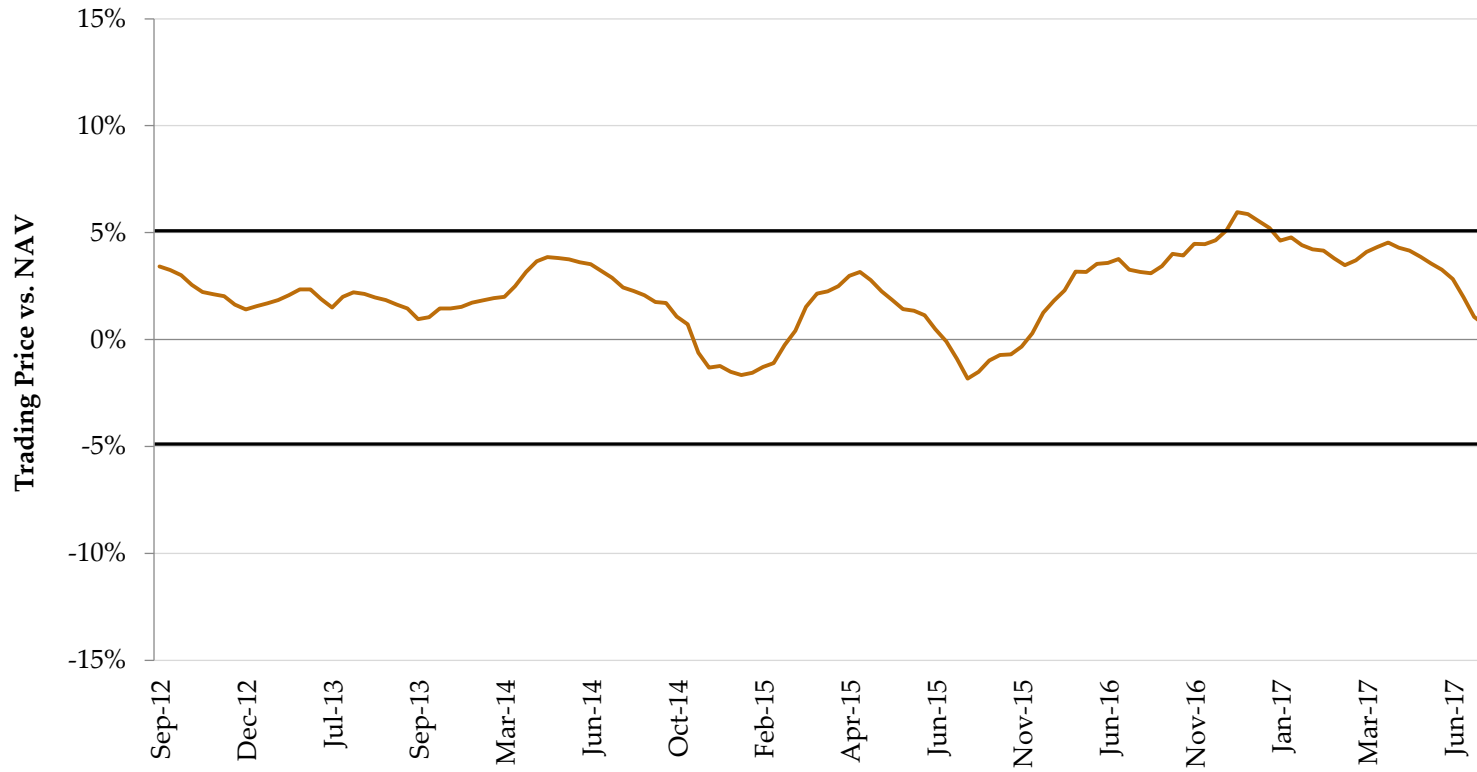
Returns are net of all fees and expenses.

(2) Stornoway Portfolio Management was appointed as Manager of the Ravensource Fund effective July 1, 2008.

(3) Returns are annualized, except Month and YTD returns

Narrow Historical Trading Discount to NAV

- Unlike many closed-end funds, Ravensource has historically traded within a tight range around its net asset value
 - 91% of the time over the past 5 years it has traded within 5% of NAV
- Narrow discount to NAV reflects strong buying interest in Ravensource units, good investment performance and annual redemption right



Note: Discount to NAV based on 10-day average.

Fund Structure and Terms

The Ravensource Fund	
Structure	Closed-end mutual fund trust RRSP-eligible
Trading Exchange & Symbol	Toronto Stock Exchange / RAV.UN
Management Fee	1% of net assets
Incentive Fee	20% of increase in net asset value above a 5% hurdle rate, and subject to a lifetime highwater mark
Distribution Policy	Semi-annually in June and December
Most Recent Distribution	\$0.22/unit on June 30, 2017 3.2% annualized yield based on recirculation price of \$13.8144
Liquidity Terms	Freely tradeable on TSX No investment minimum Annual redemption right at 100% of net asset value

Semi-Annual Distributions

- Ravensource's distribution policy is to make semi-annual distributions in an amount sufficient to avoid tax liability for the fiscal year and to provide a reasonable yield for investors
 - ❑ In order to comply with this policy, the December distribution fluctuates depending on the amount of investment income expected to be earned by the fund in the year

- The Fund paid a semi-annual distribution of \$0.22/unit on June 30, 2017
 - ❑ Distribution was raised by \$0.07/unit — a 46% increase — over December 2016's distribution of \$0.15/unit
 - ❑ Represents an annualized yield of 3.2% based on the recirculation price of \$13.8144

Annual Redemption Right

- Ravensource offers its investors an annual redemption privilege
 - ❑ Provides liquidity to unitholders in addition to their ability to sell their units on the TSX

- The redemption right allows unitholders to redeem 100% of their units for cash at 100% of net asset value

- Requests for redemptions must be received by the 20th business day prior to the Redemption Date, i.e. early August

- Net asset value for annual redemption calculated as of the first valuation date after August 31st of each year (the “Redemption Date”)
 - ❑ Effectively calculated as of the first Thursday in September, as Ravensource’s net asset value is calculated and published weekly on Thursdays

- Payment for redeemed units is made 15 trading days following the Redemption Date

Low MER and Strong Alignment with Investors

- The Fund has a low MER:
 - ❑ Ravensource's MER for 2016 was 1.42% (2015: 1.32%) incorporating direct expenses but excluding the incentive fee
 - ❑ Including the incentive fee, Ravensource's MER in 2016 was 2.02% (2015: 1.79%)
 - Incentive fees are different from other expenses — they are a function of the Fund's annual performance above the 5% hurdle rate and lifetime highwater mark

- The Investment Manager is strongly aligned with investors
 - ❑ Stornoway earns fees from some investee companies for the work it performs in helping to create and unlock value at those companies
 - ❑ 100% of those fees received by Stornoway are passed along to Ravensource investors and other funds managed by Stornoway, reducing the Fund's management fees
 - In 2016, Stornoway reduced its Ravensource management fee by \$129,380, approximately 55bps of average net asset value over the year

Independent Review Committee (“IRC”)

- The Independent Review Committee was established to deal with matters that involve potential conflicts of interest between the Fund and Stornoway
 - ❑ Michael Siskind, Chair
 - ❑ Michael Gardiner
 - ❑ David Magahey

- The sole mandate and responsibilities of the IRC are:
 - ❑ Consider and provide impartial judgment on any conflict of interest matters referred to it by Stornoway as Ravensource’s manager
 - ❑ Review any material related party transactions involving the Fund
 - ❑ Review and comment on the Stornoway’s conflict-of-interest
 - ❑ Review any compliance reports prepared by Stornoway from time to time detailing how the fund manager dealt with conflict situations
 - ❑ Act in the best interests of the mutual fund
 - ❑ Oversee the development and updating of its written charter

- The IRC meets at least annually and provides a written annual report on its activities to Ravensource securityholders

Risk and Suitability

- An investment in Ravensource should represent a portion of an otherwise diversified investment portfolio

- The Fund is suitable only for long-term investors with an above average tolerance for risk:
 - ❑ The primary investment objective of the Fund is long-term capital appreciation and therefore is only suitable for investors with a longer-term time horizon
 - ❑ Distributions vary, therefore the Fund may not be suitable for income-oriented investors
 - ❑ An investment in the Fund should be considered part of the higher-risk equity or alternative investment allocation of a diversified investment portfolio

- The primary risks of the Fund's investment strategy include:
 - ❑ Focused portfolio strategy – less diversified than a traditional investment portfolio
 - ❑ Nature of investments – investing in distressed securities and special situation equities requires a high level of financial and legal analytical sophistication
 - ❑ Performance and marketability of underlying securities – the Fund's investments may be thinly traded and may experience significant price fluctuations

- Please refer to Ravensource's website, Annual Information Form, Management Report on Financial Performance and the Financial Statements for further risk disclosure

SECTION 3

The Investment Manager

About Stornoway

- Stornoway is an independent, employee-owned asset management firm located in Toronto
 - ❑ Founded in 2004 by Scott Reid, who previously co-founded National Bank's High Yield Group
 - Scott led the bank's high yield and distressed research and trading activities and was a key member of the firm's restructuring practice
 - ❑ Recognized a gap in the capital markets for active credit and special situations investing in small-to mid-cap North American companies

- Stornoway's values:
 - ❑ We are investors first and foremost, not asset gatherers
 - Have sought to remain small, which is the "sweet spot" for our investment philosophy
 - ❑ Eat our own cooking — significant investors in our own funds
 - ❑ Invest only where we have expertise
 - ❑ Treat our investors as true partners

- The Stornoway Team uses its unique expertise to play an active role in value-enhancing initiatives in order to protect the Fund's investments and generate returns
 - ❑ Conduct deep fundamental analysis and due diligence before and after investing

- Also manage the Stornoway Recovery Fund LP (the "Recovery Fund"), whose sole mandate is to capture value from the turnaround & revitalization of distressed companies
 - ❑ Ravensource often invests alongside the Recovery Fund in distressed/turnaround situations, increasing both funds' influence and ability to achieve a desirable outcome

Stornoway's Investment Team

Scott Reid, CFA, President and CIO

- Founded Stornoway in 2004
- Majority of 25+ year career analyzing, trading and investing in high yield and distressed securities
- Played leadership roles in crafting and negotiating restructurings of distressed companies (Air Canada, Laidlaw, Stelco, Specialty Foods Group, GuestLogix, First Uranium, Holloway Lodging, Arcan, etc.)
- Currently serves on Board of Specialty Foods Group, Firm Capital American Realty Partners and GuestLogix
- Experience: BMO, Nesbitt, Polar and National Bank Financial

Daniel Metrikin, Investment Analyst

- Joined Stornoway in January 2017
- 7+ years of experience in distressed investing, special situations, operational turnarounds & high yield
- Experience: Bayside Capital, Oaktree Capital, Gluskin Sheff and Houlihan Lokey

Brandon Moyse, Investment Analyst

- Joined Stornoway in December 2015
- 5+ years of experience in high yield markets, distressed investing and operational turnarounds
- Experience: West Face, Catalyst Capital, Credit Suisse and RBC

The Stornoway Edge

Expertise

- Deep analytical capabilities across the capital structure
- In-depth knowledge of credit markets, restructuring process and complex situations

Experience

- Proven track record of creating value for investors over 10+ years
- Extensive experience as investors / advisors / analysts on all sides of the table

Network

- Strong relationships in financial, legal and accounting communities
- Knowledge, skillset and credibility necessary to influence outcomes

Leadership

- Reputation for taking leadership positions, both at the board level and informally, to reduce risk and unlock value for companies / investors

Partnership

- Stable, patient and knowledgeable investor base that are treated as true partners
- Alignment achieved by significant fund investment by Stornoway team members

SECTION 4

How to Invest

How to Invest

- Ravensource has entered into a Recirculation Agreement with BMO Nesbitt Burns to facilitate the purchase of units by interested investors
- To participate in the Recirculation, investors must follow the process outlined below:
 - ❑ You must have your broker contact Gio Poggenpoel at BMO Nesbitt Burns, at 416-359-8664 / Giovanni.Poggenpoel@bmo.com
 - ❑ Your broker should provide Gio with the following information:
 - Retail broker name, email and phone number
 - Retail broker CUID
 - Client account number at the retail broker
 - Units to be purchased for each client
 - ❑ Your broker must place your order at a price of \$13.8144 per unit. BMO will not accept orders below this price;
 - ❑ BMO will confirm the order. Orders will be filled on a first-come, first-served basis;
 - ❑ BMO will be accepting orders between 8am EST on September 21, 2017, and 2pm EST on September 27, 2017; and
 - ❑ Trades will settle on September 28, 2017. To settle the trade, your account must have the necessary funds in it on this day.

Contact Information

Stornoway Portfolio Management Inc.

30 St. Clair Avenue West

Suite 901

Toronto, ON M4V 3A1

www.StornowayPortfolio.com

Scott Reid, CFA

President and Chief Investment Officer

Tel: 416-250-2845

Email: SReid@StornowayPortfolio.com

Daniel Metrikin

Investment Analyst

Tel: 416-250-2847

Email: DMetrikin@StornowayPortfolio.com

Brandon Moyse

Investment Analyst

Tel: 416-250-2846

Email: BMoyse@StornowayPortfolio.com

Mahesh Shanmugam

Director, Operations

Tel: 416-250-2484

Email: MShanmugam@StornowayPortfolio.com

www.ravensource.ca