



MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2017

THE RAVENSOURCE FUND

This management report of fund performance (“MRFP”) contains financial highlights but does not contain the complete financial statements of the investment fund. You can get a copy of the financial statements at your request, by calling 416 250 2845, by writing to us at Stornoway Portfolio Management Inc., 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1, by e-mailing us at info@stornowayportfolio.com, by visiting our website at www.ravensource.ca, or through the SEDAR website at www.sedar.com.

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

A Note on Forward-Looking Statements

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

THE FUND

The Ravensource Fund (“Ravensource” or “Fund”) is a closed-end investment trust with 1,672,870 units currently outstanding. As of December 31, 2017, the net assets of the Fund was \$25.0 million and the net asset value (“NAV”) per unit was \$14.97. Ravensource units are listed on the TSX under the symbol RAV.UN and can be purchased / sold like any other public security. The closing / last bid in 2017 for Ravensource units was \$14.00.

THE INVESTMENT MANAGER

By way of a special meeting of unitholders, Stornoway Portfolio Management Inc. (“Stornoway” or “Investment Manager”) was appointed as the investment manager to the Ravensource Fund effective July 1, 2008. Stornoway’s responsibilities for Ravensource include the evaluation, selection and negotiation of investments, the ongoing monitoring and evaluation of such investments and the recommendation of the appropriate timing and structure for disposition of such investments.

INVESTMENT OBJECTIVE AND STRATEGIES

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

To achieve its investment objectives, Ravensource's investments primarily fall into three strategies:

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

RISKS

Risks associated with an investment in the units of Ravensource are discussed in the Annual Information Form and in the notes attached to the financial statements, which are available on the SEDAR website at www.sedar.com and on the Ravensource website at www.ravensource.ca.

There has been no change in the Fund's stated investment strategy or other changes that would materially affect the risk of investing in Ravensource over the course of 2017. An investment in the Fund continues to be appropriate only for investors who have the capacity to absorb a loss of some or all of their investment, who seek 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 2017, Ravensource did not employ leverage.

RESULTS OF OPERATIONS FROM JANUARY 1, 2017 TO DECEMBER 31, 2017

Ravensource's net assets increased by \$1.0 million or 4.1% over 2017 as a result of a \$1.6 million net operating gain — comprised of realized and unrealized gains and losses, interest payments, and dividends on its investment portfolio less fund expenses — partially offset by \$0.6 million of distributions to unitholders. In comparison, Ravensource's net assets increased by \$1.1 million or 5.0% over 2016.

Investment Performance

Ravensource's net asset value per unit ("NAV") increased by \$0.96 or 6.7%, including distributions and after all fees and expenses, over 2017 due to the performance in its investments. Over the period, Ravensource underperformed the S&P TSX Composite Total Return Index (+ 9.1%), the Credit Suisse Distressed Index (+ 7.3%), and the B of A ML High Yield Master II Index (+ 7.5%) while outperforming the S&P/TSX Small Cap Total Return Index (+ 2.8%). All index and fund returns are calculated on a total return basis.

The largest contributor to the increase in NAV in 2017 was the Fund's investment in NAPEC Inc ("Napec") on the December 4, 2017, announcement of the acquisition of Napec by Oaktree Capital Management LP for \$1.95 per share. The Fund's investments in Specialty Foods Group LLC, Firm Capital American Realty Partners Corp., and Winpak Ltd. also contributed significantly to fiscal 2017's performance. Detracting from the Fund's 2017 performance were its investments in Crystallex International Corp, Old PSG Wind-Down Ltd, and Genworth Financial Inc.

Over the longer term, Ravensource's NAV has increased by 125.4% in aggregate / 8.9% compounded annually, including re-invested distributions, since Stornoway took over its management in July 2008. Over the same period, Ravensource has significantly outperformed the S&P TSX Composite Total Return

Index (+ 48.6% / 4.3%), the S&P/TSX Small Cap Total Return Index (+ 27.1% / 2.6 %), the B of A ML High Yield Master II Index (+ 116.4% / 8.5%), and the Credit Suisse Distressed Index (+ 47.9% / 4.2%).

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. In 2017, the Fund made distributions totalling \$0.37 per unit — \$0.22 per unit on June 30, 2017 and \$0.15 per unit on December 29, 2017 — a 23% increase from the \$0.30 per unit distributions paid in 2016.

Redemptions and Recirculation of Units Tendered for Redemption

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

Under the 2017 redemption privilege, investors tendered 103,698 units, representing 6.2% of the units outstanding, effective September 7, 2017, at a price of \$13.8144 per unit for a total redemption value of \$1,432,526. The Fund successfully recirculated all units tendered for redemption. As such, the number of units outstanding remained unchanged at 1,672,870 units as of December 31, 2017, when compared to December 31, 2016. The number of units redeemed in 2016 was 1,800 units / 0.1% of fund units outstanding at redemption date.

Liquidity

The Fund's net cash position decreased from 12.5% of the Fund's net assets at the beginning of fiscal 2017 to 6.6% at December 31, 2017. As reflected by its higher-than-normal turnover ratio, the Fund was very active in the market: It initiated several new investments, increased certain existing positions and sold down some others.

Investment purchases during the period represented approximately 26.5% of net assets and were the primary driver of the year-over-year reduction in the Fund's net cash position. Chief amongst the Fund's acquisitions were the initiating purchases of Spanish Broadcasting 10.75% preferred shares and Dealnet Capital 6% debentures, as well as additions to its pre-existing position in Genworth Financial Inc.'s common shares. Unitholder distributions further lowered the Fund's cash position by approximately 2.5% in 2017.

Investment divestitures — the largest of which were Winpak Ltd., Fiera Capital Corp. and Dundee Corp. — raised cash of approximately 12.5% of net assets during the period. Lastly, Specialty Foods Group returned a significant amount capital to its investors, including RavenSource, in March 2017 through a re-purchase of its securities, which increased RavenSource's cash by 11.2% of its net assets.

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, Independent Review Committee ("IRC") expenses, legal and professional expenses.

The annualized Management Expense Ratio ("MER") measures the amount of annual fund expenses, excluding transaction costs, expressed as ratio to average net assets. To understand the way we report

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

Incorporating the Fund's direct expenses but excluding the incentive fee, RavenSource's MER for 2017 was 1.55% (2016 - 1.42%).

Management and Administrative Fees remained low during 2017 at 0.66% of average net assets (2016 - 0.66%) as a result of the Investment Manager's policy of passing along the economic benefit of fees received from investee companies back to the Fund. During 2017, this policy resulted in a reduction in the MER of 0.53% (2016 - 0.57%). For further information, see "Related Party Transactions" below.

The Incentive Fee accrued over the year ended December 31, 2017 amounted to \$116,997 / 0.48% of average net assets, versus an incentive fee of \$139,585 or 0.61% for the comparable period in 2016.

Factoring in the impact of the incentive fee, RavenSource's MER for 2017 was 2.03% (2016 - 2.02%).

RECENT DEVELOPMENTS

IFRS 9 Implementation

The final version of IFRS 9, Financial Instruments ("IFRS 9"), was issued by the IASB in July 2014 and will replace International Accounting Standard 39, Financial Instruments - Recognition and Measurement. IFRS 9 introduces a model for classification and measurement, a single, forward-looking expected loss impairment model and a substantially reformed approach to hedge accounting. The new single, principle-based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses. It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Fund plans to adopt the new standard on the required effective date. The Fund is still assessing the impact of IFRS 9 on the classification of financial assets and financial liabilities. However, the Fund does not believe adoption of this new standard will have a significant impact to the Fund's financial statements.

IRC Compensation

The fees and other reasonable expenses of members of the IRC are paid by the Fund. For the year ended December 31, 2017, compensation for IRC members comprised an annual retainer of \$1,600 plus an additional \$600 per meeting for any additional meetings other than the annual meeting that occur during the year. In addition, the Chair of the IRC received an additional \$1,000. The aggregate compensation paid to the IRC by the Fund for 2017 was \$5,800.

In December 2017, the Investment Manager presented a recommendation to increase the IRC's compensation, which has not changed since 2008. The recommendation was based on an analysis it conducted of public fund data for 15 managers and over 300 funds. The Investment Manager created a dataset of IRC compensation arrangements, and within this dataset, identified a "peer group" based on

their similar asset sizes and complexity of mandate as measured by number of funds for which each IRC is responsible. Ravensource ranked the lowest in aggregate compensation within this peer group, while the median compensation per IRC member and median aggregate compensation in the peer group was \$9,750 and \$30,000, respectively.

It is the Investment Manager’s belief that the Fund is best served by retaining high-quality IRC members, and in order to do so, IRC members should receive market-level compensation. The Investment Manager therefore recommended increasing the IRC’s annual retainers to \$12,000 for the chairperson and to \$9,000 for the other members of the IRC, bringing total annual compensation to \$30,000, in line with the “peer group” on an individual and aggregate basis.

The IRC accepted the Investment Manager’s recommendation at a meeting held in January 2018 and the updated compensation arrangement will be effected for the financial year ended December 31, 2018.

RELATED PARTY TRANSACTIONS

SFG Services Agreement

The Fund has an investment in the securities of Specialty Foods Group LLC (“SFG”). Additionally, another fund managed by the Investment Manager holds investments in SFG securities. In 2012, the Investment Manager entered into a services agreement with SFG (the “SFG Services Agreement”) whereby the Investment Manager is to provide strategic advice and analysis to SFG and in return will earn a fee for these services. As per its internal policy and approved by the Fund’s IRC, the Investment Manager reduced the Management Fee and Administrative Fee that it charges to the Fund in order to pass along the economic benefit of the fees earned by the Investment Manager from the SFG Services Agreement in an amount proportionate to the Fund’s relative investment in SFG securities. During the year ended December 31, 2017, the Investment Manager reduced its Management Fee by \$73,866 (December 31, 2016 - \$74,422) and reduced administrative fees by \$39,774 (December 31, 2016 - \$40,073). In addition, as both the Management Fee and Administrative Fee are subject to HST, lowering these fees also reduces HST. Therefore, factoring in the HST savings, the total impact of the fee reductions amounted to \$128,413 inclusive of HST (December 31, 2016 - \$129,380), as noted in the financial statements. The Investment Manager will continue to reduce its Management Fee and Administrative Fee accordingly as long as Ravensource is invested in SFG securities and the Investment Manager continues to receive advisory fees.

Investment Manager Compensation

The Investment Manager receives compensation for performing various responsibilities and services for Ravensource. The total compensation accrues from various components: Management Fee, Administration Fee, Investor Relations Fee and the accrued Incentive Fee. The aggregate fees incurred over the year ended December 31, 2017 amounted to \$275,894, including HST (December 31, 2016 - \$289,717). In addition, the Investment Manager earned \$128,413 for services performed under the SFG Services Agreement (December 31, 2016 - \$129,380). The breakdown of the fees is as follows:

i. Management Fee

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

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

The net Management Fee for the year ended December 31, 2017 after reductions described below amounted to \$94,469 inclusive of HST (2016 - \$88,771). The Investment Manager reduced the Management Fee by \$73,866 (2016 - \$74,422) due to the aforementioned SFG Services Agreement. In

the absence of this reduction, the Management Fee for the period would have amounted to approximately \$177,938, inclusive of HST (2016 - \$172,868).

ii. Administrative Fee

Subject to the supervision of the Trustee, the Investment Manager has agreed to be responsible for and provide certain administrative services to the Fund. The Administrative Fee is based on the Fund's average weekly net assets and payable on the last business day of each calendar month as follows:

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

The net Administrative Fee for the year ended December 31, 2017 after reductions described below amounted to \$50,868 inclusive of HST (2016 - \$47,800). The Investment Manager reduced the Administrative Fee by \$44,944 (2016 - \$45,283) due to the aforementioned SFG Services Agreement. In the absence of this reduction, total Administrative Fee for the period would have amounted to approximately \$95,812, inclusive of HST (2016 - \$93,083).

iii. Investor Relations Fee

The Investment Manager is paid a monthly Investor Relations Fee of \$1,000 plus applicable sales tax for unitholder reporting and other services provided under a service agreement. The aggregate Investor Relations Fee for the year ended December 31, 2017 amounted to \$13,560 inclusive of HST (2016 - \$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. The accrued Incentive Fee for the year ended December 31, 2017 amounted to \$116,997 inclusive of HST (December 31, 2016 - \$139,585).

FINANCIAL HIGHLIGHTS

For the years ended December 31, 2013 to December 31, 2017

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

The Fund's Net Assets per Redeemable Unit (\$) ⁽¹⁾	2017	2016	2015	2014	2013
Opening Net Assets per Redeemable Unit	14.39	13.69	12.31	12.88	10.79
Increase (decrease) from operations:					
Interest and dividend revenue	0.14	0.13	0.17	0.38	0.32
Expenses	(0.30)	(0.28)	(0.24)	(0.20)	(0.71)
Realized gains (losses) for the period	2.65	(0.05)	0.72	0.46	0.96
Unrealized gains (losses) for the period	(1.54)	1.20	0.04	(0.88)	1.77
Total increase (decrease) from operations ⁽²⁾	0.95	1.00	0.69	(0.24)	2.33
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	(0.04)
From capital gains	-	-	-	-	-
Return of capital	(0.37)	(0.30)	(0.30)	(0.30)	(0.20)
Total distributions ⁽³⁾	(0.37)	(0.30)	(0.30)	(0.30)	(0.24)
Net Assets per Redeemable Unit, end of period	14.97	14.39	13.69	12.31	12.88

(1) This information is derived from the Fund's audited annual financial statements. The net assets per unit presented in the financial statements differs from the net asset value calculated for fund pricing purposes. In 2017, this difference was \$0.006 per unit as a result of an updated security price indication received post year-end.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding.

(3) Distributions were paid in cash.

Ratios and Supplemental Data	2017	2016	2015	2014	2013
Total net asset value (000's) ⁽¹⁾	\$25,048	\$24,066	\$22,921	\$20,640	\$21,899
Number of units outstanding ⁽¹⁾	1,672,870	1,672,870	1,674,670	1,676,270	1,700,470
Management expense ratio ⁽²⁾	2.03%	2.02%	1.79%	2.86%	6.03%
Management expense ratio before waivers or absorptions ⁽³⁾	2.56%	2.59%	2.34%	3.93%	6.54%
Trading expense ratio ⁽⁴⁾	0.06%	0.02%	0.04%	0.10%	0.03%
Portfolio turnover rate ⁽⁵⁾	24.49%	4.70%	10.70%	30.74%	14.57%
Net asset value per redeemable unit	\$14.97	\$14.39	\$13.69	\$12.31	\$12.88
Closing market price ⁽⁶⁾	\$14.00	\$13.38	\$12.17	\$13.25	\$12.40

(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 monthly average net asset value.

(3) The Investment Manager reduced Management Fees and Administrative Fees in order to pass the economic benefit of fees earned in connection with the SFG Services Agreement to unitholders. This figure represents what the MER would have been in the absence of these fee reductions.

(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.

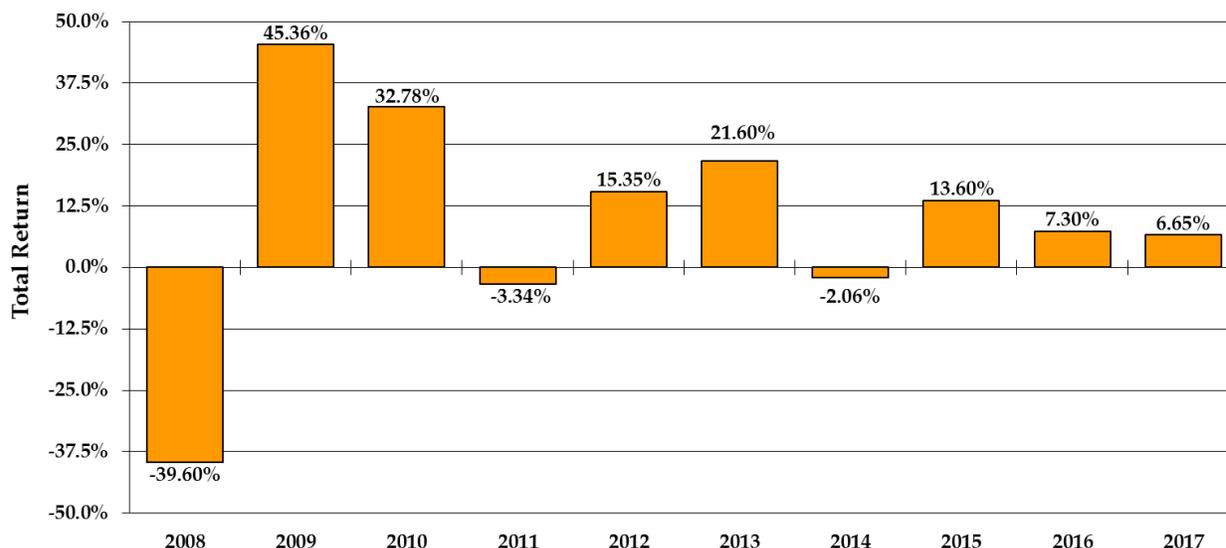
(6) The Closing market price refers to the last bid for a given period end.

PAST PERFORMANCE

The following performance information 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 FUND RETURNS

The following bar chart shows the performance of the Fund for each of the financial years ended 2008 to 2017. This chart shows in percentage terms how an investment in the Fund made on the first day of each financial year would have increased or decreased, by the last day of each financial year.



ANNUAL COMPOUND RETURNS

The table below compares the Fund's historical annual compound returns to various Comparable Indices. The performance information presented assumes that all distributions made by the Fund are used to purchase additional units of the Fund.

As at December 31, 2017	1 Year	3 Years	5 Years	10 Years	Since ⁽²⁾ July 1, 2008
RavenSource Fund - RAV.UN ⁽¹⁾	6.8%	9.2%	9.2%	7.5%	8.9%
S&P/TSX TR Index	9.1%	6.6%	8.6%	4.8%	4.3%
S&P/TSX Small Cap TR Index	2.8%	7.2%	5.3%	2.6%	2.6%
BofA ML High Yield Master II Index	7.5%	6.4%	5.8%	7.9%	8.5%
Credit Suisse Distressed HF Index	7.3%	2.6%	5.2%	3.9%	4.2%

(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.

(4) Past performance is no guarantee of future results.

Comparable Indices

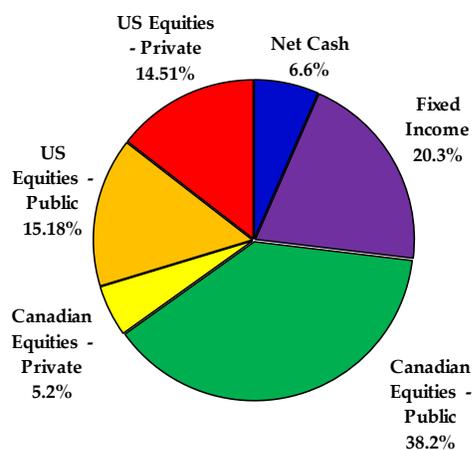
The Comparable Indices represent widely known, broad-based indices selected for purposes of comparing RavenSource's performance and individually relate to its three investment strategies. The Fund's performance may or may not correlate to any of these indices and should not be considered as a proxy for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

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2017

By Industrial Group	% of Portfolio
Food & Beverage	17.9%
Industrial	17.8%
Financial	16.0%
Real Estate	14.8%
Metals & Mining	12.7%
Media & Publishing	10.0%
Technology	4.9%
Energy	3.2%
Retail	2.6%
Total	100%

By Security Type - % of Net Assets



Top 25 Holdings	% of Net Assets
NAPEC Inc.	13.48%
Crystallex International 9.375% due Dec 2011 **	11.90%
Specialty Foods Group, LLC - Class 2 Preferred Shares **	9.74%
Firm Capital American Realty Partners Corp.	9.63%
Spanish Broadcasting System Inc. 10.75% Preferred Shares	7.17%
Net Cash *	6.60%
Dealnet Capital Corp. 6% due Dec 2019 **	5.81%
Genworth Financial Inc.	5.46%
Specialty Foods Group, LLC - Class 1 Preferred Shares **	4.69%
Plaza Retail REIT	4.21%
Supremex Inc.	3.13%
GXI Acquisition Corp. - Class B **	3.12%
Grenville Strategic Royalty Corp. 8% due Dec 2019	2.54%
Ten Peaks Coffee Co Inc.	2.22%
Nuvista Energy Ltd.	1.86%
Quad Graphics Inc.	1.49%
CanWel Building Materials Group Ltd.	1.40%
GXI Acquisition Corp. - Class A **	1.37%
Old PSG Wind-Down Ltd. **	1.05%
InPlay Oil Corp.	0.84%
Dealnet Capital Corp. \$0.12 Dec 22, 2019 **	0.70%
Glacier Media Inc.	0.69%
Grenville Strategic Royalty Corp.	0.46%
Chinook Energy Inc.	0.22%
GuestLogix Inc. 7% due Dec 2019 **	0.08%
Total % of Net Assets	99.87%

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

** Not publicly traded. Valued by independent 3rd parties, model, and/or last transaction price.

By Investment Strategy	% of Investment Portfolio	
	31-Dec-17	31-Dec-16
Special Situation Equities	47.9%	51.3%
Distressed Securities	52.1%	48.7%
High Yielding Securities	0.0%	0.0%
Total	100.0%	100.0%

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 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.

The fees and other reasonable expenses of members of the IRC are paid by the Fund. For the year ended December 31, 2017, compensation for IRC members comprised an annual retainer of \$1,600 plus an additional \$600 per meeting for any additional meetings other than the annual meeting that occur during the year. In addition, the Chair of the IRC received an additional \$1,000. The aggregate compensation paid to the IRC by the Fund for 2017 was \$5,800.

Access to Information

RavenSource Fund continues to be in compliance with the requirements of National Instrument 81-106 and publishes its 25 largest holdings quarterly and its net asset value weekly. All of the key Fund documents along with further information on the Fund and the investment team that manages your investments can be accessed through the website (www.ravenSource.ca). Stornoway is committed to keeping the website current and you are encouraged to make use of this resource tool. Aside from the website, Fund documents can also be retrieved through SEDAR (www.sedar.com).

FUND INFORMATION

Trustee, Registrar and Transfer Agent

Computershare Trust Co. of Canada

Investment Manager

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Auditor

KPMG LLP

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