



Ravensource Fund Independent Review Committee 2019 Report to Securityholders

Dear Securityholder,

In response to National Instrument 81-107 and to provide an arms-length vehicle to deal with matters that involve potential conflicts of interest between the Ravensource Fund and the Investment Manager – Stornoway Portfolio Management Inc. – the Ravensource Fund established and has maintained an Independent Review Committee (“IRC”) since 2007.

Under NI 81-107, the IRC reviews potential conflicts of interests referred to us by the Investment Manager and makes approvals and recommendations on whether a course of action achieves a fair and reasonable result for the Ravensource Fund. On an annual basis, the IRC will review whether the policies and procedures of the Investment Manager related to conflicts of interest are effective and adequate.

We are pleased to continue to serve the interests of the Fund and to publish the annual report to securityholders of the Ravensource Fund that describes the mandate of the IRC and its activities for the financial year ending December 31, 2019. This report is available on the Ravensource Fund website at <http://www.ravensource.ca> or you may request a copy, at no cost to you, by contacting the Investment Manager at 416-250-2845 or by emailing info@stornowayportfolio.com. This document and other information about Ravensource Fund are available on the www.sedar.com and the Ravensource Fund website.

Michael Siskind
Chair of the Ravensource Fund Independent Review Committee
March 6, 2020

RavenSource Independent Review Committee 2019 Report to Securityholders

The Independent Review Committee (IRC) for RavenSource Fund (the “Fund” or “RavenSource”) annually reports to the securityholders its activities for each financial year. The IRC held its annual meeting on November 26, 2019 (the “2019 Annual Meeting”) and the following report summarizes the activities of the IRC in 2019.

Composition of the Independent Review Committee

The composition of the IRC did not change in 2019.

The membership of RavenSource’s IRC as of December 31, 2019, is as follows:

Name and municipality of residence	Principal Occupation	Term of Office
Michael Siskind, Chair Toronto, Ontario	Principal, Decade Group Inc	Initially Appointed: May 2007 Re-appointed December 2017 for a 3-year term with effect from December 28, 2017.
David Magahey London, Ontario	President, FourCourt Advisors	Initially Appointed: May 2007 Re-appointed November 2018 for a 3-year term with effect from January 1, 2019.
Steve Schaus Aurora, Ontario	Chief Compliance Officer, Hillmount Capital	Initially Appointed: September 2018 Appointed to a 3-year term commencing September 6, 2018.

At the 2019 Annual Meeting, the committee reviewed and was satisfied with the independence of its members and the effectiveness of the committee.

The current term limit for an individual to serve on the IRC is two consecutive 3-year terms unless the Investment Manager consents that a member(s) can serve a longer term. The IRC re-appointments are staggered in accordance with Canadian Securities Administrators best-practice recommendations.

Ownership of Securities by IRC Members

In the Fund

As at December 31, 2019, the members of the IRC did not beneficially own, directly or indirectly, in aggregate above ten (10%) percent of the units in any series or class of the Fund.

In the Investment Manager

As at December 31, 2019, none of the members of the IRC beneficially owned, directly or indirectly, any securities of the Investment Manager.

In any service provider

As at December 31, 2019, Mr. David Magahey beneficially owned 180 common shares of Bank of Montreal. Bank of Montreal provides Prime Brokerage and custodial services to the Fund.

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None of the members of the IRC beneficially owned, directly or indirectly, any securities of a person or company providing services to the Fund or to Stornoway Portfolio Management Inc., the Investment Manager of the Fund, other than noted above.

Compensation and Indemnities

For the year ended December 31, 2019, compensation for IRC members comprised an annual retainer of \$9,000 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 incremental \$3,000 annually for his additional responsibilities.

The aggregate compensation paid to the IRC by the Fund for 2019 was \$33,000 (2018 - \$32,260).

At least annually, the IRC will review its compensation, giving consideration to the recommendation of the Investment Manager and to the following:

1. the best interests of the Fund and its securityholders;
2. the nature and complexity of the Fund;
3. the nature and extent of the workload of each member of the IRC, including the commitment of time and energy of each member; and
4. industry best practices, including industry averages and surveys on compensation paid to the IRCs of Canadian investment funds.

For its 2019 annual compensation review, the Investment Manager conducted an analysis of public fund data and a previously identified peer group of funds which have similar asset size and complexity of mandate. The Investment Manager concluded that the compensation for RavenSource's IRC members was consistent with that peer group and recommended that the IRC's compensation remain unchanged for the year ending December 31, 2020. That recommendation was accepted by the IRC.

Since inception of the IRC in 2007, IRC members have been indemnified by the Fund under the IRC charter as well as under section 13.4.1 of the Declaration of Trust. In 2017, as part of a general review of the IRC, the Investment Manager concluded it would be prudent, appropriate and in the best interests of the Fund and IRC members to enter into formal indemnity agreements and to obtain insurance coverage. The indemnity agreements and insurance proposal were presented to the IRC at its annual meeting held on November 29, 2017, and subsequently executed by all parties in 2018.

No indemnities were paid to members of the IRC by the Fund in 2019.

Conflicts of Interest

The IRC discussed the Fund's investments in Seabiscuit Representative LLC ("Seabiscuit"), the post-transaction entity of Specialty Foods Group; Guestlogix Inc. ("Guestlogix") and GXI Acquisition Corp. ("GXI"); and Firm Capital American Realty Partners ("Firm Capital USA"). Mr.

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Reid, President of RavenSource's Investment Manager, Stornoway Portfolio Management Inc. ("Stornoway"), is on the board of directors of Seabiscuit, Guestlogix, GXI and Firm Capital USA. Both RavenSource and another investment fund that Stornoway manages have investments in Seabiscuit, GXI and Firm Capital USA in the form of common shares. The IRC is satisfied that no conflict exists for these investments.

The IRC discussed the Investment Manager's proposal that the Fund enter into a Recirculation Agreement with BMO Nesbitt Burns to recirculate units tendered for redemption under RavenSource's Annual Redemption Right. The IRC concluded entering into a Recirculation Agreement did not constitute a conflict of interest and that the successful recirculation of units would benefit unitholders.

For the period ending December 31, 2019, the IRC is not aware of any instance where the Investment Manager acted in a conflict of interest matter referred to the IRC that was contrary to the IRC's recommendation.

The IRC is required to report to the OSC any instance where the Investment Manager did not meet a condition imposed by the IRC in its recommendation or approval. We report that no such situation existed in 2019.

Standing Instructions

The IRC has issued standing instructions to the Investment Manager that require it to comply with all of its policies and procedures in respect to the conflict of interest matters, and to report to the IRC as to its compliance thereof. The standing instructions require the Investment Manager to comply with the following policies and procedures:

- Conflicts of Interest
- Related Registrants and Connected Issuers
- Complaints Process
- Selection and Oversight of Third Party Service Providers
- Referral Arrangements
- Ethical Walls
- Investment Decision Process
- Fair Allocation of Investment Opportunities
- Trading Process – Order Execution
- Trading Process – Best Order Execution
- Trading Process – Trade Dispute Resolution Process
- Soft Dollar and Commission Policy
- Early Warning and Insider Reporting Policy
- Restricted Trading Policy
- NAV and Performance Calculation Policy
- NAV Calculation Error Correction Policy
- Proxy Voting Process
- Expense Allocation Policy
- Advisory Services Fee – Investee Companies
- Personal Trading Policy
- RavenSource Fund - SPM Employee Redemptions

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The Investment Manager reviews and revises its Policies and Procedures Manual on an ongoing basis to address any changes in regulatory requirements or in the business practices for investment managers / investment funds. In 2019, RavenSource's Investment Manager updated its Investment Decision Process policy to reflect a change in nomenclature which otherwise does not alter the policy or how it is used. This change, and each of the policies and procedures that make up the standing instructions, were reviewed with the Investment Manager during the 2019 Annual Meeting.

For the period ending December 31, 2019, the IRC, relying upon the representations of the Investment Manager, was not aware of any instance in which the Investment Manager acted contrary to any conditions imposed by the IRC in its standing instructions.