



Ravensource Fund Independent Review Committee 2021 Report to Securityholders

Dear Securityholder,

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

Under NI 81-107, the IRC’s mandate is to review potential conflicts of interests referred to us by the Investment Manager and make approvals and recommendations on whether a proposed course of action achieves a fair and reasonable result for Ravensource. 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 serve the interests of the Fund and to publish this annual report to its securityholders for the year ending December 31, 2021. This report is available on the Ravensource Fund website at 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 www.sedar.com and the Ravensource Fund website.

Michael Siskind
Chair of the Ravensource Fund Independent Review Committee
March 4, 2022

Ravensource Independent Review Committee 2021 Report to Securityholders

The Independent Review Committee (IRC) annually reports its activities to Ravensource’s securityholders for each fiscal year. The IRC held its 2021 annual meeting (the “2021 Annual Meeting”) on November 24, 2021 virtually due to the COVID-19 pandemic. This report summarizes the IRC’s activities over 2021.

Composition of the Independent Review Committee

The composition of the IRC did not change in 2021.

The membership of Ravensource’s IRC as of December 31, 2021, 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 November 2020 for a 3-year term with effect from December 28, 2020.
David Magahey London, Ontario	President, FourCourt Advisors	Initially Appointed: May 2007 Re-appointed November 2021 for a 3-year term with effect from January 1, 2022.
Steve Schaus Aurora, Ontario	President, People 2.0	Initially Appointed: September 2018 Re-appointed November 2020 for a 2-year term with effect from December 31, 2020.

At the 2021 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. At the 2021 Annual Meeting, the Investment Manager consented to the re-appointment of David Magahey to a new 3-year term citing operational continuity benefits. The IRC terms are staggered in accordance with Canadian Securities Administrators best-practice recommendations.

Ownership of Securities by IRC Members

The Members of the IRC beneficial ownership - directly or indirectly - of any securities of a person or company providing services to the Fund or to Stornoway Portfolio Management Inc. are as follows:

In the Fund

As at December 31, 2021, 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, 2021, none of the members of the IRC beneficially owned, directly or indirectly, any securities of the Investment Manager.

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In any service provider

As at December 31, 2021, Mr. David Magahey beneficially owned 180 common shares of Bank of Montreal, and Mr. Michael Siskind beneficially owned 101 common shares of Bank of Montreal. Bank of Montreal provides Prime Brokerage and custodial services to the Fund.

Compensation and Indemnities

For the year ended December 31, 2021, compensation for IRC members was comprised of an annual retainer of \$10,000 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 2021 was \$33,000 (2020 - \$30,000).

At least annually, the IRC will review its compensation after considering the recommendation of the Investment Manager and guided by the following factors:

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 2021 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. Based on this review, the Investment Manager concluded that the annual compensation for RavenSource's IRC members for the year ended December 31, 2022, should remain \$10,000 per member with an incremental \$3,000 for the Chair. That recommendation was accepted by the IRC at the 2021 Annual Meeting.

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. The Fund recorded \$4,862 of insurance costs in 2021 (2020 - \$6,058).

No indemnities, insurance claims or claim payments were paid or incurred by the Fund in 2021.

Conflicts of Interest

During the 2021 Annual Meeting, the IRC reviewed the potential conflicts of interests associated with:

- the Fund's investments which RavenSource's Investment Manager serves on the underlying company's board of directors. Specifically, Scott Reid, President of Stornoway,

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serves on the board of directors of Guestlogix Inc. (“Guestlogix”) and GXI Acquisition Corp. (“GXI”). Guestlogix is a global provider of onboard retail and payment technology to the airline and passenger travel industry. GXI is an investment holding company that wholly owns Guestlogix. Both Ravensource and another investment fund that Stornoway manages have investments in GXI in the form of common shares. Stornoway described the potential conflicts of interests that can arise from serving on the board of directors of a company which Ravensource has an investment in and reviewed its policies / procedures that direct Stornoway on how to manage the associated conflicts of interests. The IRC was satisfied that these policies and procedures and how Stornoway’s manages the potential conflicts of interests achieve an acceptable and fair result for Ravensource securityholders.

- 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.

In addition, the Investment Manager reviewed with the IRC the Client Focused Reforms (“CFRs”) that came into effect on December 31, 2021. The CFRs represent a comprehensive set of regulatory requirements set forth by the Canadian Securities Administrators to address certain conflicts of interest. The CFRs formally recognize that clients’ interests must come first in their dealings with firms and individuals that are registered to give investment advice and trade in securities. Stornoway reviewed the various new and affected policies and procedures Stornoway inacted to adhere to the CFRs.

For the period ending December 31, 2021, 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 2021.

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

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- 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

The Investment Manager considers 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 2021, Ravensource's Investment Manager updated the following policies and procedures to reflect factual changes; codify existing operating procedures already in place; and include additional operating procedures:

- i. Related Registrants and Connected Issuers;
- ii. Ethical Walls;
- iii. Trading Process - Order Execution;
- iv. Restricted Trading Policy; and
- v. Conflicts of Interest Policy.

Each of the policies and procedures that make up the standing instructions, were reviewed during the 2021 Annual Meeting.

For the period ending December 31, 2021, 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.