



MANAGEMENT REPORT OF FUND PERFORMANCE

JUNE 30, 2024

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.sedarplus.com. Ravensource’s net asset value per unit is published weekly and can be found on our website at www.ravensource.ca.

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 Trust may not update any forward-looking statements whether as a result of new information, future events or otherwise.

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

THE TRUST

The Ravensource Fund (“Ravensource” or the “Trust”) is a closed-end investment trust whose units are listed on the Toronto Stock Exchange under the symbol RAV.UN and can be purchased / sold like any other publicly listed security. As of June 30, 2024, the net assets of the Trust were \$22.2 million and with 1,296,075 units outstanding, the net asset value (“NAV”) per unit was \$17.11. The closing / last bid for Ravensource units as of June 30, 2024, was \$16.87 and the last trade was \$16.87.

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, the recommendation of the appropriate timing and structure for disposition of such investments and of course, reporting to you, Ravensource investors.

INVESTMENT OBJECTIVE AND STRATEGIES

The principal objective of Ravensource is to achieve superior absolute long-term returns, with an emphasis on capital gains, through investments in selected under-followed / out-of-favour North American debt instruments, creditor claims and equity securities that are typically off the radar screen of most traditional investors. The investment objectives of the Trust are stated in the Declaration of Trust and on the Trust’s website at www.ravensource.ca.

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

1. *Distressed Opportunities*: 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.
2. *Alternative Credit*: investing in corporate debt, on either a primary or secondary basis, that is reasonably expected to be repaid at or above par at or before its stated maturity in a manner consistent with the terms of its indenture and earn a yield that we believe is attractive given the underlying credit risk.
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.

RISK

The risks associated with an investment in the units of Ravensource are disclosed in the Annual Information Form and in the notes attached to the financial statements, which are available on the SEDAR+ website at www.sedarplus.com and on the Ravensource website at www.ravensource.ca.

The Trust has not altered its stated investment strategies or implemented significant changes that would materially affect the overall risk of investing in Ravensource over the course of 2024. However, unexpected volatility or illiquidity could occur due to legal, political, regulatory, economic or other developments, such as public health emergencies, including an epidemic or pandemic, natural disasters, war and related geopolitical risks, and may impair the portfolio manager's ability to carry out the objectives of the Trust or cause the Trust to incur losses. Neither the duration nor ultimate effect of any such market conditions, nor the degree to which such conditions may worsen can be predicted. An investment in the Trust 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.

RESULTS OF OPERATIONS FROM DECEMBER 31, 2023, TO JUNE 30, 2024

Size of the Trust

Ravensource's net assets were \$22.2 million, increasing by \$0.3 million or 1.56%, during the first half of fiscal 2024. In comparison, Ravensource's net assets increased by \$0.2 million or 1.38% during the first six months of 2023. Throughout the first half of 2024, the fund did not make a distribution to Ravensource shareholders.

Investment Performance

Ravensource's net asset value per unit ("NAV") increased by \$0.26 or 1.56% over the period due to the performance of its investment portfolio, net of the fees and expenses associated with operating the Trust.

Ravensource's investment performance in the first half of 2024 was positively influenced by our holdings in Kiwetinohk Energy Corp. ("KEC") common shares, GXI Acquisition Corp. ("GXI") common shares, Crystallex International Corp. senior notes, and Firm Capital Apartment REIT common shares and convertible debentures. These gains were partially offset by mark-to-market declines in Algoma Steel Group ("Algoma") and Spanish Broadcasting common shares.

Ravensource's investment in KEC rebounded throughout the first half of 2024 underpinned by its strong drilling and operating performance as it continues to execute on its post-restructuring plan. Despite the 16.2% increase in its share price thus far this year, KEC is creating shareholder value at a much faster rate than is being recognized by the market. As a result, we believe KEC remains significantly undervalued and offers a compelling investment

opportunity. Combining a growing production profile with decades of drilling opportunities, we believe KEC presents a highly attractive target for a strategic acquirer which will ultimately unlock shareholder value for Ravensource investors well in excess of current market prices.

GXI is the holding company of Guestlogix, Inc. (“Guestlogix”), a payment processor serving the airline industry that Stornoway helped rescue from insolvency with two savvy tech-oriented investors. Since our investment, Guestlogix has made significant technological advancements to its core platform resulting in what we believe is now the market leading payment solution. Its targeted airline market clearly agrees as over the past 18 months, Guestlogix has secured exclusive strategic partnerships broadening its market reach and has onboarded several new airline clients increasing its market share. Continuing to leverage its competitive advantage and relationships, Guestlogix secured three new airlines over the first half of 2024 representing a 27% annualized revenue growth over 2023.

Algoma was the largest detractor from the Trust's return in the first half of 2024. Since our investment, Algoma has reached several significant operational and financial milestones, including progressing its transformation from a traditional blast furnace to an electric arc furnace (“EAF”) to create liquid steel at the start of the steelmaking process. The EAF offers substantial benefits: more stable profit margins, significantly lower labor costs, and a greener, lower-carbon approach to steel production and perhaps more significantly, the ability to flex production to meet the ebbs and flows in demand to a degree which a blast furnace operation cannot do in a cost-effective manner. However, the project has taken longer to complete and been more costly than expected, testing the patience of existing investors’ patience while erecting a roadblock in attracting new ones. We believe that Algoma’s challenges in 2023 / 2024 will emerge as a key strength in 2025 once the EAF is complete and up and running.

This brief discussion of the Trust’s investments is further expanded upon in Ravensource’s semi-annual Management’s Letter to Unitholders (the “LTU”). In the LTU we share our investment philosophy and approach that guides our investment decisions. The LTU also provides a deeper look at Ravensource’s investment results and developments in the portfolio during the first half of 2024 with the objective of helping you better understand your investment.

RECENT DEVELOPMENTS

Ravensource has been active in the market over 2024, including increasing its investment in Firm Capital Apartment REIT (“FCA”) common shares. Together with Stornoway Recovery Fund LP – another Stornoway-managed investment fund – ownership of FCA’s outstanding units exceeded 10% in March 2024 necessitating a filing of Form 62-103F3, commonly known as an “insider filing” required when an investor ownership exceeds 10% of the outstanding securities of a TSX-listed company. The FCA units were acquired in the ordinary course of business, for investment purposes only and not with the purpose of exercising control or direction over FCA. Stornoway funds have acquired additional FCA units since its March 2024 filing, and may acquire additional securities or dispose of some or all of its FCA investment over time.

The Fund elected not make distributions to unitholders in the first half of 2024. This decision was made as the Investment Manager believes that retaining capital to deploy in the attractive investment opportunities currently available to the Fund will create more value for unitholders than making a cash distribution. Going forward, Ravensource intends to distribute on a semi-annual basis the amount, if any, required for Ravensource to remain a tax-efficient vehicle as well as any excess liquidity should there be a lack of compelling investment opportunities. This decision was highly influenced by the consistent feedback from unitholders that redeploying the Fund’s capital in our differentiated investment strategy is more valuable to them than receiving a cash distribution.

RELATED PARTY TRANSACTIONS

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 Incentive Fee. The fees incurred over the semi-annual period ended June 30, 2024, amounted to \$129,651, including HST (June 30, 2023 - \$96,142). The breakdown of the fees is as follows:

i. Management Fee

The Management Fee is based on the Trust'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 \$250,000,000	0.65% of net asset value plus HST
Between \$250,000,001 and \$500,000,000	0.60% of net asset value plus HST
\$500,000,001 and more	0.55% of net asset value plus HST

The Management Fee for the period ended June 30, 2024, amounted to \$79,866, inclusive of HST (June 30, 2023 - \$58,085).

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 Trust. The Administrative Fee is based on the Trust's average weekly net assets and payable on the last business day of each month as follows:

Average weekly net assets	Administrative Fee
Up to and including \$250,000,000	0.35% of net asset value plus HST
Between \$250,000,001 and \$500,000,000	0.30% of net asset value plus HST
\$500,000,001 and more	0.25% of net asset value plus HST

The Administrative Fee for the period ended June 30, 2024, amounted to \$43,005, inclusive of HST (June 30, 2023 - \$31,277).

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 Investor Relations Fee for the period ended June 30, 2024, amounted to \$6,780, inclusive of HST (June 30, 2023 - \$6,780).

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 Incentive Fee for the period ended June 30, 2024, amounted to nil (June 30, 2023 - nil). Net assets attributable to holders of redeemable units per unit would have had to exceed \$19.49 before any incentive would be payable to the Investment Manager.

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2024, and years ended December 31, 2019, to December 31, 2023

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

The Trust's Net Assets per Redeemable Unit (\$) ⁽¹⁾	YTD 2024	2023	2022	2021	2020	2019
Opening Net Assets per Redeemable Unit	\$16.85	\$14.93	\$17.43	\$15.85	\$17.76	\$17.22
Increase (decrease) from operations:						
Interest and dividend revenue	0.23	0.25	0.41	0.09	0.30	0.46
Expenses	(0.25)	(0.44)	(0.53)	(0.40)	(0.34)	(0.39)
Realized gains (losses) for the period	(0.58)	1.35	(0.70)	0.39	0.44	0.10
Unrealized gains (losses) for the period	0.86	0.76	(1.38)	1.80	(2.01)	0.67
Total increase (decrease) from operations ⁽²⁾	\$0.26	\$1.92	(\$2.20)	\$1.88	(\$1.61)	\$0.84
Distributions:						
From income (excluding dividends)	-	-	-	-	-	-
From dividends	-	-	-	-	-	-
From capital gains	-	-	-	-	-	-
Return of capital	-	-	(0.30)	(0.30)	(0.30)	(0.30)
Total distributions ⁽³⁾	\$ --	\$ --	(\$0.30)	(\$0.30)	(\$0.30)	(\$0.30)
Net Assets per Redeemable Unit, end of period	\$17.11	\$16.85	\$14.93	\$17.43	\$15.85	\$17.76

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

(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	YTD 2024	2023	2022	2021	2020	2019
Total net asset value (000's) ⁽¹⁾	\$22,182	\$21,841	\$15,690	\$20,864	\$22,567	\$29,713
Number of units outstanding ⁽¹⁾	1,296,075	1,296,075	1,050,695	1,197,334	1,423,998	1,672,870
Management expense ratio ⁽²⁾	2.87%	3.07%	3.30%	2.38%	2.24%	2.10%
Management expense ratio before waivers or absorptions	2.87%	3.07%	3.30%	2.38%	2.24%	2.10%
Trading expense ratio ⁽³⁾	0.07%	0.04%	0.08%	0.07%	0.04%	0.10%
Portfolio turnover rate ⁽⁴⁾	32.15%	44.04%	15.98%	36.45%	8.09%	16.81%
Net asset value per redeemable unit	\$17.11	\$16.85	\$14.93	\$17.43	\$15.85	\$17.76
Closing market price ⁽⁵⁾	\$16.87	\$15.50	\$11.86	\$15.35	\$15.10	\$17.75

(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 weekly average net asset value.

(3) The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net asset value during the period.

(4) The Trust's portfolio turnover rate indicates how actively the Trust's portfolio adviser manages its investments and is based on investment purchases or sales for the stated period (whichever is less) expressed as an annualized percentage of weekly average net asset value. A portfolio turnover rate of 100% is equivalent to the Trust 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.

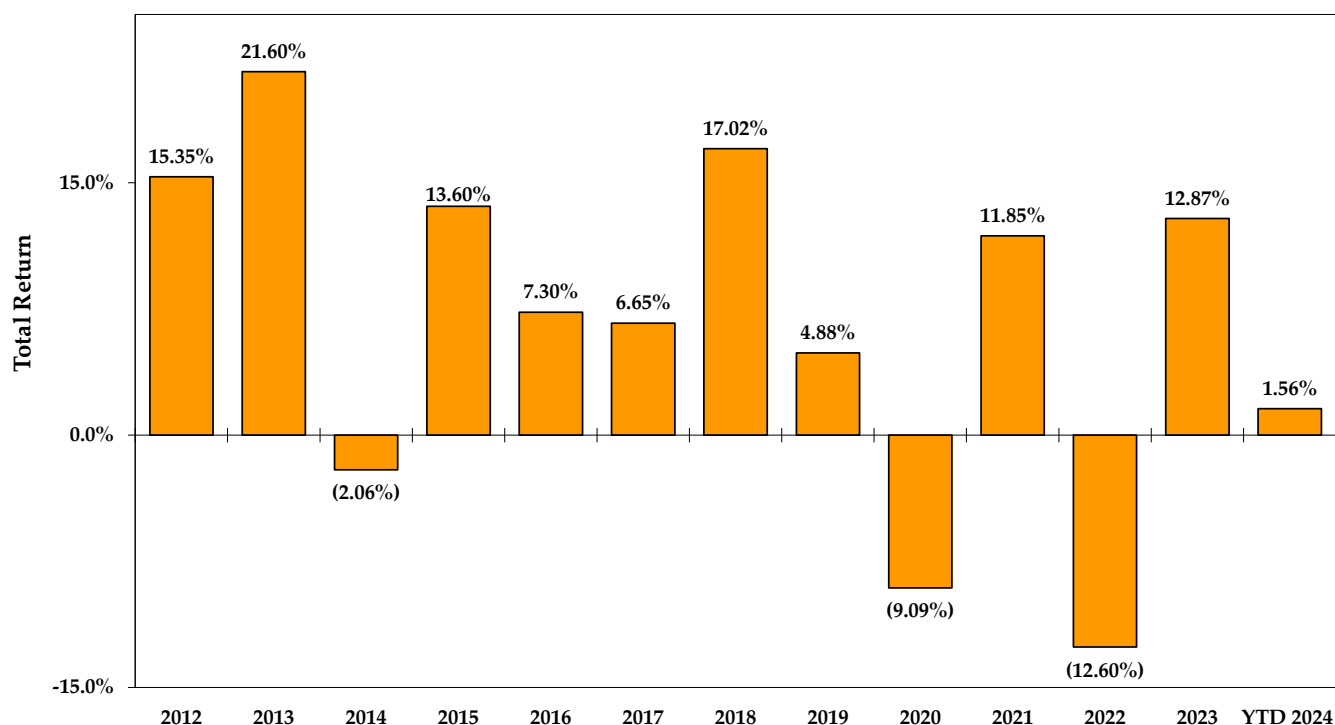
(5) The Closing market price refers to the last bid for a given period end.

PAST PERFORMANCE

The following performance information is based on the net asset value of the Trust, after all fees and expenses have been considered. Past performance is not indicative of future performance.

Year-by-Year Trust Returns

The following bar chart shows the performance of the Trust for each of the financial years ended 2012 to 2023 and the six months ended June 30, 2024. This chart shows in percentage terms how an investment in the Trust made on the first day of each financial year would have increased or decreased, by the last day of each financial year.



Annual Compounded Returns

The table below compares the Trust's historical annual compound returns to various Comparable Indices. The performance information presented assumes that distributions made by the Trust are used to purchase additional units of the Trust. Please read the Appendix for further information on Ravensource's use of Comparable Indices.

As at June 20, 2024 ⁽¹⁾	YTD 2024	1 Year	3 Years	5 Years	10 Years	Since ⁽²⁾ July 1, 2008
Ravensource Fund - RAV.UN ⁽¹⁾	1.6%	13.0%	0.5%	0.7%	3.4%	6.6%
S&P/TSX Composite Total Return Index	6.1%	12.1%	6.0%	9.3%	6.9%	5.8%
S&P/TSX Small Cap Total Return Index	8.8%	14.4%	1.3%	8.1%	3.1%	3.3%
ICE BofAML US High Yield Index	2.6%	10.4%	1.6%	3.7%	4.2%	6.6%
HFRI Distressed/Restructuring Index	4.7%	10.4%	2.9%	6.5%	4.0%	4.9%

(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 Ravensource Fund effective July 1, 2008.

(3) Returns are annualized except YTD returns.

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

SUMMARY OF INVESTMENT PORTFOLIO

As at June 31, 2024

By Industrial Group **	% of Portfolio	Top 25 Holdings Issuer/Security	% of Net Assets	
Litigation Finance	41.7%	Crystallex International Corp. 9.375% 23DEC2011 *	32.3%	
Oil & Gas	16.3%	Canadian Treasury Bills	13.9%	
Media & Publishing	14.4%	Kiwetinohk Energy Corp.	12.6%	
Technology	9.8%	Quad/Graphics Inc.	11.1%	
Steel	9.5%	GXI Acquisition Corp. *	7.6%	
Real Estate	8.3%	Algoma Steel Group Inc.	7.3%	
Total % of Portfolio	100.0%	Firm Capital Apartment Real Estate Investment Trust	6.4%	
		Spanish Broadcasting System Inc.	0.1%	
		Brookfield DTLA Fund Office Trust Investor Inc.	0.0%	
		Total % of Net Assets	91.2%	
By Security Type	% of Net Assets	* Not publicly traded. Valued by independent third parties, valuation model, and/or last transaction price.		
Net Cash and Treasury Bills	22.7%	By Investment Strategy **	% of Investment Portfolio	
Defaulted Debt	32.3%		2024-06-30	2023-12-31
Canadian Equities - Public	26.3%	Distressed Opportunities	85.7%	84.7%
Canadian Equities - Private	7.6%	Special Situations Equities	14.3%	15.3%
U.S. Equities - Public	11.2%	Alternative Credit	0.0%	0.0%
Total % of Net Assets	100.0%	Total % of Investment Portfolio	100.0%	100.0%

** Note that Treasury Bills are excluded from "By Industrial Group" and "By Investment Strategy" tables as they are held for liquidity/cash management purposes rather than for investment purposes.

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 Trust 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, 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 Trust’s website @ www.ravenSource.ca

The IRC is comprised of Michael Siskind (Chairman), David Magahey and Steven Schaus. The fees and other reasonable expenses of members of the IRC are paid by the Trust. For 2024, the annual compensation for ordinary IRC members is \$10,000 while the Chair of the IRC will be compensated \$13,000. In addition, IRC members are entitled to \$600 per meeting for any additional meetings other than the annual meeting that occur during the year.

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 Trust documents along with further information on the Trust 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, Trust documents can also be retrieved through SEDAR+ (www.sedarplus.com).

Trust Information

Trustee, Registrar and Transfer Agent

Computershare Fund Co. of Canada

Auditor

KPMG LLP

Investment Manager

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

Investor Relations

Scott Reid
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RavenSource's Use of Comparable Indices

Given the idiosyncratic nature of the Trust's investment strategy, the Investment Manager does not believe there is an index that sufficiently resembles the Trust to the degree it should be considered or used as a "benchmark". However, the Investment Manager provides historical performance data for several indices in addition to the results of the Trust for comparison purposes. The Investment Manager has chosen indices that it believes are relevant to the investment mandate of the Trust and / or to capital markets in general. However, while each of these indices overlap with certain aspects of the Trust's mandate, none of them share significant similarities with the Trust's investment portfolio:

- The S&P/TSX Composite Total Return Index ("S&P/TSX") is the principal broad-based measure commonly accepted by investors to measure the performance of Canadian equity markets. The S&P/TSX is a relevant index for comparison purposes as the Trust's investment portfolio contains Canadian equity investments and the Trust's debt investments are frequently converted into equity securities as part of the restructuring process. However, the performance of the S&P/TSX will vary greatly from the Trust as its investment portfolio is primarily comprised of securities that are not included in the S&P/TSX.
- The S&P/TSX Small Cap Total Return Index ("TSX Small Cap") tracks the performance of the Canadian small cap equity market. The TSX Small Cap is a relevant index for comparison purposes as the Trust invests in Canadian small cap companies that are attractively valued with catalysts to unlock value. However, the performance of the TSX Small Cap will vary greatly from the Trust as its investment portfolio is primarily comprised of securities that are not included in the TSX Small Cap.
- The ICE BofAML US High Yield Index ("BAMLHY") is a USD-denominated index that tracks the performance of USD, sub-investment grade rated corporate debt. BAMLHY is a relevant index for comparison purposes as the Trust invests in corporate debt securities that are rated below investment grade. However, the Trust's investment portfolio also includes defaulted debt and equity securities which are not included in the BAMLHY and thus the Trust's performance may vary greatly from BAMLHY.
- The HFRI Distressed/Restructuring Index ("HFRIDSI") tracks the performance of investment funds focused on the credit instruments of companies trading at significant discounts to par value due to formal bankruptcy proceedings or the expectation of near-term proceedings. The HFRIDSI is a relevant index for comparison purpose as Fund's mandate broadly overlaps that of the funds that make up the HFRIDSI. However, it is likely that the composition of the Fund's investment portfolio is unique from these peers and thus the Fund's performance may vary greatly from the HFRIDSI.

As the Trust makes idiosyncratic investments in securities which are overlooked by the capital markets, the Trust's investment portfolio contains investments that are not likely included in any of the above indices and thus an investment in the Trust should not be considered a substitute or proxy for the underlying index. For the reasons stated above, these indices should not be considered a benchmark for the Trust and there can be no assurance that any historical correlation or relationship will continue in the future. Index data is provided by Hedge Fund Research and ICE Data Services.