



## **ANNUAL INFORMATION FORM**

March 31, 2025

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## **Name, Formation and History of the Fund**

This is the Annual Information Form (the “Annual Information Form”) for Ravensource Fund (the “Fund” or “Ravensource”).

Ravensource, formerly the First Asia Income Fund, is a closed-end investment trust which was created under the laws of the Province of Ontario pursuant to a declaration of trust, dated April 28, 1997, as amended January 15, 2001 and as further amended and restated as of August 22, 2003, July 1, 2008, July 3, 2015 and August 7, 2019 (the “Declaration of Trust”).

In conjunction with the August 22, 2003, amendments to the Declaration of Trust, unitholders at that time also approved an extraordinary resolution which approved:

- the assignment of certain management contracts by the Fund’s former manager EquitiLink International Management Limited to Cinnamon Investments Limited, resulting in a change in the Fund’s Investment Manager;
- amendments to the Fund’s portfolio management agreement to change the fees payable by the Fund to Cinnamon Investments Limited in order to bring the fee structure in line with funds with a comparable investment focus;
- amendments to the investment objective, investment practices and investment restrictions of the Fund to permit the Fund to invest its property primarily in North American high yield and distressed debt securities, and equity securities, with the objective of achieving absolute annual returns with an emphasis on capital gains;
- amendments to the distribution policy of the Fund;
- an annual redemption right for unitholders;
- the continuation of the Fund as a “closed-end” fund beyond May 14, 2007; and
- the change of the name of the Fund to “Ravensource Fund”.

In conjunction with the amendments to the Declaration of Trust, at the special meeting held on June 10th, 2008, unitholders also approved:

- the termination of the portfolio management agreement and administration agreement pursuant to which Cinnamon Investments Limited provided services to the Fund;
- the appointment of Stornoway Portfolio Management Inc. (“Stornoway”) as the investment manager (“Investment Manager”) of the Fund;
- the modifications of the terms of the annual redemption right;
- the ability of the Fund to purchase securities on margin;
- the ability to pay distributions in units of the Fund;
- the ability to pay management fees in units of the Fund; and
- various other changes designed to allow for more efficient management of the Fund and bring the Fund into alignment with current regulatory and industry practices.

In conjunction with the amendments to the Declaration of Trust effective July 3, 2015, the Trustee approved:

- amendments to the annual redemption right for unitholders, shortening the Annual Redemption Payment Date to no later than the fifteenth business day following the Annual Redemption Date from the previous limit of thirty business days;
- changing the applicable accounting standards from Generally Accepted Accounting Principles to International Financial Reporting Standards; and
- various other changes designed to bring the Fund into alignment with current regulatory and industry practices.

In conjunction with the amendments to the Declaration of Trust effective August 7, 2019, the Trustee approved:

- removing inconsistencies in the defined terms for “Business Day” and “Close of Business” to only make reference to Toronto, Ontario, the location of the Investment Manager and Trustee; and
- changing the process for publicly disseminating the net asset value (“NAV”) of Ravensource from publishing NAV in a Canadian national newspaper to publishing NAV to its designated website at [www.ravensource.ca](http://www.ravensource.ca).

The units of the Fund (the “Ravensource Units”) are listed on the Toronto Stock Exchange (“TSX”) under the symbol RAV.UN. As at December 31, 2024, there were 1,296,075 Ravensource Units outstanding.

Computershare Trust Company of Canada is the trustee of the Fund (in such capacity, the “Trustee”). The Fund’s principal and registered office is the Trustee’s office at 100 University Avenue, 12th Floor, Toronto, Ontario M5J 2Y1. See “Responsibility for Fund Operations – Trustee”.

Stornoway Portfolio Management Inc. (the “Investment Manager” or “Stornoway”) is the investment manager of the Fund. The Investment Manager’s office is located at 30 St. Clair Avenue West, Suite 901, Toronto, Ontario M4V 3A1, and the Investment Manager may be contacted at (416) 250-2845 or via e-mail [info@stornowayportfolio.com](mailto:info@stornowayportfolio.com). See “Responsibility for Fund Operations – The Investment Manager and Administrator”.

Information about the Fund is also available on the Fund’s designated website at [www.ravensource.ca](http://www.ravensource.ca) and on [www.sedar.com](http://www.sedar.com).

## **Investment Objectives, Strategies, Restrictions, and the Use of Derivatives**

### ***Investment Objectives***

The principal investment objective of the Fund is to achieve absolute annual returns, with an emphasis on capital gains, through investment in selected North American debt instruments, creditor claims and equity securities that the Investment Manager may from time to time determine as being a suitable investment for the Fund.

The Fund’s investment objectives and restrictions may not be changed without approval by resolution passed by the affirmative vote of 66 2/3% of the votes cast at a meeting called for such purpose with two or more persons present in person or by proxy representing not less than 25% of the then outstanding Ravensource Units, unless such changes are necessary to ensure compliance with applicable laws,

regulations or other requirements imposed by the applicable regulatory authorities from time to time.

### ***Investment Strategies***

To achieve its investment objectives, the Investment Manager will invest primarily in the following three investment strategies:

1. *Alternative Credit*: investing in corporate debt, on either a primary or secondary basis, that we expect 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.
2. *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.
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.

### ***Investment Restrictions***

The Fund is not considered to be a mutual fund under the securities legislation of the provinces and territories of Canada. Consequently, the Fund is not subject to the various policies and regulations that apply to mutual funds under such legislation. The Fund is subject to those investment restrictions set out in NI 81-102 that are applicable to non-redeemable investment funds from time to time and the Fund is managed in accordance with those restrictions.

In addition, the Fund is subject to the investment restrictions listed below, except in the event that the Fund converts to an open-end fund, in which event the investment restrictions will be amended as necessary or desirable to ensure that the Fund complies with applicable legal or regulatory requirements for open-end funds at that time. If a percentage restriction on investment or use of assets set forth below is adhered to at the time a transaction is effected, later changes to the market value of the investment or the value of the total assets of the Fund will not be considered a violation of the restriction and will not require the disposition of any security from the Fund's portfolio (except for the restrictions in Section 5.3.1 of the Declaration of Trust which must be complied with at all times and which may necessitate the selling of securities from time to time).

For the purposes of the following, the "total assets" of the Fund means the value of the assets of the Fund, without reduction for any liabilities of the Fund. The Fund may not:

- borrow money such that the Fund's total indebtedness exceeds 30% of the total assets of the Fund, provided that short-term credits necessary for settlement of securities transactions are not considered borrowings;
- purchase or sell commodity contracts, including futures contracts and options thereon, which would result in leveraging of the Fund;
- purchase put or call options on securities (including any kind of debt security or debt-like instrument including without limitation, bonds, bills, commercial paper and treasury notes; floating rate notes; asset backed securities; income streams with debt-like characteristics; investments in infrastructure cash flows; eurobonds; convertible bonds, debentures and preference shares; interest rate and currency derivatives, both over-the-counter and exchange-traded; and currency spot and forward contracts ("Debt Securities")), securities indices or foreign currencies or write put or call options on securities (including Debt Securities), securities indices

or foreign currencies if the aggregate of (i) the premium paid for such options purchased by the Fund and (ii) the premium received for such options written by the Fund, would exceed 10% of the total assets of the Fund at the time of the purchase or writing of such option;

- guarantee the securities or obligations of any issuer;
- act as an underwriter, except to the extent that the Fund may be deemed to be an underwriter in connection with the sale of securities in its portfolio; or
- make any investment that would result in the Fund failing to qualify as a “unit trust” within the meaning of the Income Tax Act (Canada) (“Tax Act”). At the date hereof, in order to ensure the Fund qualifies as a “unit trust” within the meaning of the Tax Act:
  - i. at least 80% of the property of the Fund at all times must consist of shares, bonds, mortgages, marketable securities, cash, and, under proposed amendments to the Income Tax Act (which, when enacted, will be retroactively applicable to the Fund from its inception), notes or similar obligations;
  - ii. at least 95% of its income for each taxation year of the Fund must be derived from, or from dispositions of, investments described in (i) above; and
  - iii. at no time may more than 10% of its property consist of shares, bonds, or securities of any one corporation or debtor other than Her Majesty in right of Canada or a province of Canada or a Canadian municipality.

All investment restrictions shall comply with applicable laws, regulations or other requirements imposed by applicable regulatory authorities. If any such regulatory authority having jurisdiction over the Fund or any Fund Property shall enact any law, regulation or requirement which is in conflict with any investment restriction then in force, such investment restriction in conflict shall, if the Trustee on advice of counsel to the Fund so resolves, be deemed to have been amended to the extent necessary to resolve any such conflict, and any such resolution of the Trustee shall not require approval of the unitholders, whether or not such amendment is material.

Notwithstanding the foregoing restrictions (other than Section 5.3.1(a) of the Declaration of Trust), pending the purchase of Debt Securities, the Fund may invest the proceeds of any offering of Ravensource Units of the Fund in short-term investments comprised of treasury bills, issued by the Canadian and U.S. governments, and having terms to maturity of 90 days or less and comparable securities of other issuers.

The Fund may invest in the securities of investment funds which invest primarily in Debt Securities, provided that such funds are not managed by the Investment Manager or any of its affiliates and provided that any administration, management, advisory or other fees paid by the Fund in respect of such investment funds will be deducted from the investment management fees otherwise payable to the Investment Manager.

#### ***Use of Derivatives***

The Fund may invest in or use options, futures, forwards, options on futures, swaps, or other derivatives to reduce transaction costs, achieve greater liquidity, create effective exposure to financial markets, or increase speed and flexibility in making portfolio changes, provided that such derivative instruments are consistent with the investment objective of the Fund and subject to its investment restrictions. The Fund may invest in and use derivative instruments for hedging or as a substitute for underlying securities only

to the extent, if any, considered appropriate by the Investment Manager, taking into account various factors, including transaction costs. In addition, the Fund will invest only in derivatives which are permitted investments for mutual funds offered by prospectus in Canada and will be subject to the investment restrictions and practices with respect thereto pursuant to applicable securities laws governing such funds (as may be amended from time to time). See "Governance of the Fund – Fund Governance".

The term "derivatives" means instruments, agreements and securities, the value of which is based upon the market price, value or level of an index, or the market price or value of a security, commodity, economic indicator, or financial instrument, including options, futures, options on futures, forward contracts and synthetic securities which replicate the performance of another underlying security, index, commodity, or currency.

### **Description of the Ravensource Units**

The Fund's capital consists of an unlimited number of a single class of redeemable (subject to annual redemption right), transferable Ravensource Units, each of which represents an equal, undivided beneficial interest in the net assets of the Fund. Each Ravensource Unit entitles the holder to the same rights and obligations as a holder of any other Ravensource Unit and no holder of Ravensource Units is entitled to any privilege, priority, or preference in relation to any other holder of Ravensource Units except as provided in the Declaration of Trust or required by law. Each holder of Ravensource Units is entitled to one vote for each whole Ravensource Unit held and is entitled to participate equally with respect to any and all distributions made by the Fund.

In the event that the unitholders by Extraordinary Resolution approve the liquidation or termination of the Fund, the Investment Manager will, to the extent advisable, convert assets of the Fund to cash or liquid securities. The Trustee may, in its discretion and upon not less than 30 days' prior notice to unitholders, extend a date fixed for termination of the Fund for a period not to exceed one year from such notice, if the Investment Manager advises the Trustee that the Investment Manager would be unable to convert sufficient portfolio assets to cash and/or liquid securities and the Trustee and the Investment Manager believe it would be in the best interests of unitholders to extend such date. Upon termination of the Fund, the Trustee may, subject to compliance with applicable laws, distribute assets to unitholders in specie.

#### ***Acts Requiring Unitholder Approval***

The holder of each whole Ravensource Unit is entitled to one vote per Ravensource Unit at any meeting of unitholders.

The Declaration of Trust may be amended if authorized by the unitholders in accordance with the provisions thereof. The Trustee may from time to time after consultation with the Investment Manager modify, alter or add to the provisions of this Declaration of Trust without the approval of unitholders to: (a) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any law or regulation applicable to or affecting the Fund; (b) make any change or correction in the Declaration of Trust which is of a typographical nature or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission, mistake or manifest error contained therein; (c) bring the Declaration of Trust into conformity with (i) applicable laws, rules and policies of Canadian securities regulators or (ii) current practice within the securities or income fund industries, provided that any amendment contemplated by (ii) does not adversely affect the pecuniary value of the interests of the unitholders; (d) maintain the status of the Fund as a "unit trust" and a



“mutual fund trust” for the purposes of the Tax Act or to respond to amendments (including proposed amendments) to the Tax Act or to the interpretation thereof; (e) change the name of the Fund; or (f) provide added protection or benefit to unitholders.

Other than the changes described above, which do not require approval of the unitholders, and changes described below, which require the affirmative vote of 66 2/3% of the Ravensource Units at a meeting of unitholders called for such purpose, changes to the Declaration of Trust may be made by the Trustee with the approval of unitholders by a resolution passed by the affirmative vote of a majority of the votes cast at a meeting called for such purpose with two or more persons present in person or by proxy representing not less than 15% of the then outstanding Ravensource Units (an “Ordinary Resolution”). For greater certainty, the threshold described in this paragraph shall apply to the matters set out in section 5.1 of NI 81-102 which are not described below.

The following changes may be made by the Trustee only with the approval of unitholders by a resolution passed by the affirmative vote of 66 2/3% of the votes cast at a meeting called for such purpose with two or more persons present in person or by proxy representing not less than 25% of the then outstanding Ravensource Units (an “Extraordinary Resolution”):

- the termination by the Fund of the Portfolio Management Agreement or the Administration Agreement entered into by the Fund;
- the termination of the Trustee of the Fund;
- any change in the Investment Objectives or Investment Restrictions of the Fund, other than such changes as are required under applicable law;
- the liquidation, dissolution, or termination of the Fund; and
- any amendment to the Declaration of Trust which would materially adversely affect the Investment Manager that has not been approved by the Investment Manager.

The holders of not less than 10% of the then outstanding Ravensource Units may requisition the Trustee to call a meeting of unitholders for the purpose stated in the requisition.

### **Valuation of Portfolio Securities and Calculation of Net Asset Value**

The net asset value (“Net Asset Value”) per Ravensource Unit is calculated as of the Close of Business on each Valuation Date. “Close of Business” means 5:00 p.m. (local time) in Toronto, Ontario on any Business Day. “Business Day” is defined as any day other than a Saturday, Sunday or statutory holiday or any day on which banks are closed in Toronto, Ontario. “Valuation Date” is defined as (a) each Thursday, or such other day or days of the week as designated by the Investment Manager from time to time by notice in writing to the Trustee provided that if a day that would otherwise be a Valuation Date is not a Business Day then the immediately preceding Business Day will be a Valuation Date instead; and (b) the last Business Day of each month.

The Investment Manager will cause the net asset value per Ravensource Unit calculated on each Valuation Date to be published on the Fund’s designated website ([www.ravensource.ca](http://www.ravensource.ca)) by the second following business day. The net asset value per Ravensource Unit calculated as of the Close of Business on any Valuation Date shall remain in effect until the Close of Business on the next following Valuation Date. The net asset value per Ravensource Unit is calculated by dividing the net assets of the Fund (the

value of the Fund's portfolio investments plus any cash and other assets (including accrued interest and dividends) less liabilities of the Fund (including accrued expenses but excluding the Ravensource Units)) by the number of Ravensource Units outstanding (before giving effect to any issue of Ravensource Units issued on that date), the result being adjusted to the nearest whole cent. The net asset value per Ravensource Unit is expressed in Canadian dollars.

The assets of the Fund will be valued as follows:

- the value of any cash on hand or on deposit, bills and demand notes and accounts receivable, prepaid expenses, cash received (or declared to holders of record on a date before the Valuation Date as of which the net asset value is being determined and to be received) and interest accrued and not yet received, shall be deemed to be the full amount thereof, provided that (i) the value of any security which is a debt obligation which, at the time of acquisition, had a remaining term to maturity of one year or less shall be the amount paid to acquire the obligation plus the amount of any interest accrued on such obligation since the time of acquisition (for this purpose, interest accrued will include amortization over the remaining term to maturity of any discount or premium from the face value of an obligation at the time of its acquisition); (ii) any interest or other amount due in respect of an obligation in respect of which the issuer has ceased paying interest or has otherwise defaulted shall be excluded from such calculation; and (iii) if the Investment Manager has determined that any such deposit, bill, demand note or account receivable is not otherwise worth the full amount thereof, the value thereof shall be deemed to be such value as the Investment Manager determines to be the fair value thereof;
- the value of any security which is listed or traded upon a stock exchange shall be determined by taking the latest available sale price of recent date, or lacking any recent sales or any record thereof, the simple average of the latest available offer price and the latest available bid price (unless in the opinion of the Investment Manager such value does not reflect the value thereof and in which case the latest offer price or bid price should be used), as at the date of valuation on which the net asset value is being determined, all as reported by any means in common use;
- the value of any security which is traded over-the-counter will be priced at the average of the last bid and asked prices quoted by a major dealer in such securities;
- the value of any security which is not listed or traded on a stock exchange or the resale of which is restricted by reason of a representation, undertaking or agreement by the Fund or by the Fund's predecessor in title shall be determined on the basis of such price or yield equivalent quotations (which may be public quotations or may be obtained from major market makers) as the Investment Manager determines best reflects its fair value;
- any market price reported in currency other than Canadian dollars shall be translated into Canadian currency at the prevailing rate of exchange, as determined by the Investment Manager, on a consistent basis, at the time of valuation;
- open positions in clearing corporation options, options on futures, over-the-counter options, debt-like securities, and listed warrants shall be valued at the current market value thereof;
- where a clearing corporation option, option on futures or over-the-counter option is written by the Fund, the premium received by the Fund will be reflected as a deferred credit which will be

valued at an amount equal to the current market value of the clearing corporation option, option on futures or over-the-counter option which would have the effect of closing the position; any difference resulting from revaluation shall be treated as an unrealized gain or loss on investment; the deferred credit shall be deducted in arriving at the net asset value; the securities, if any, which are the subject of a written clearing corporation option or over-the-counter option will be valued in the manner described above for listed securities;

- the value of a futures contract or a forward contract shall be the gain or loss, if any, that would arise as a result of closing the position in the futures contract or forward contract, as the case may be, on the date of valuation unless daily limits are in effect, in which case fair market value shall be based on the current value of the underlying interest;
- listed securities subject to a hold period will be valued as described above with an appropriate discount as determined by the Investment Manager and investments in private companies and other assets for which no published market exists will be valued at the lesser of cost and the most recent value at which such securities have been exchanged in an arm's length transaction which approximates a trade effected in a published market, unless a different fair market value is otherwise determined to be appropriate by the Investment Manager; and
- the value of any security or property to which, in the opinion of the Investment Manager, the above principles cannot be applied (whether because no price or yield equivalent quotations are available as above provided, or for any other reason) shall be the fair value thereof determined in good faith in such manner as the Investment Manager from time to time adopts.

Net asset value will be translated into Canadian dollars at the daily closing selling rate of the Canadian dollar quoted by Reuters Information Services (or such other independent internationally recognized financial institution as is designated by the Trustee upon the recommendation of the Investment Manager from time to time) at Close of Business on the Valuation Date against the currencies in which the investments are held. For greater certainty, during the period prior to the Final Instalment Date, the aggregate amount of the Final Instalments will not be included as an account receivable in the calculation of net asset value.

If an investment cannot be valued under the foregoing rules or if the foregoing rules are at any time considered by the Investment Manager to be inappropriate under the circumstances, then notwithstanding such rules, the Investment Manager will in its discretion make such valuation as it considers fair and reasonable and, if there is an industry practice, in a manner consistent with industry practice for valuing such investment.

## **Purchases of Ravensource Units and Annual Redemption Right**

### *Purchases of Ravensource Units*

Registration of interests in, and transfers of, the Ravensource Units are made only through the book-based system administered by The Canadian Depository for Securities Limited ("CDS"). Ravensource Units must be purchased, transferred, and surrendered for redemption through a participant in CDS. All rights of unitholders must be exercised through, and all payments or other property to which such unitholders are entitled are made or delivered by, CDS or the CDS participant through which the unitholder holds such Ravensource Units. Upon purchase of any Ravensource Units, the unitholders will

receive only a customer confirmation (and not a Ravensource Unit certificate) from the CDS participant from or through which the Ravensource Units are purchased.

#### ***Purchases for Cancellation***

Subject to applicable law and stock exchange requirements, the Declaration of Trust provides that the Fund shall be entitled at any time and from time to time to purchase for cancellation Ravensource Units the whole or any part of the Ravensource Units then outstanding, and without limitation to the foregoing the Fund may purchase for cancellation any fractional Ravensource Units.

Upon payment by the Fund to a Ravensource Unitholder of the purchase price of the Ravensource Units purchased, the Fund shall be discharged from all liability to the Ravensource Unitholder in respect of the Ravensource Units so purchased except any liability to pay any distributions then declared but not yet paid.

#### ***Annual Redemption Right***

By delivering an Annual Redemption Request (as defined below) to be received by the Fund's registrar and transfer agent on or before the twentieth business day prior to the applicable Annual Redemption Date (as defined below), subject to compliance with applicable laws and the provisions hereof, unitholders shall be entitled to require the Fund to redeem some or all of their Ravensource Units outstanding as of the Annual Redemption Date. "Annual Redemption Request" means a written instrument, in form acceptable to the Investment Manager and the Fund's registrar and transfer agent, requesting the redemption of Ravensource Units owned by a unitholder and specifying the number of Ravensource Units to be redeemed, which is delivered to the Fund's registrar and transfer agent, at its principal transfer office in the City of Toronto on or before the twentieth business day prior to the Annual Redemption Date. "Annual Redemption Date" means the Valuation Date immediately following August 31 each year.

For each Ravensource Unit redeemed in accordance with the provisions of the annual redemption right, the Fund shall pay to or to the order of the holder thereof the Annual Redemption Value (defined below) on or before the Annual Redemption Payment Date (defined below), subject to the Fund's election to re-circulate Ravensource Units (see Section 3.15 of the Declaration of Trust). Annual Redemption Value shall mean the Net Asset Value per Ravensource Unit as at the Annual Redemption Date (for which greater certainty, will reflect those expenses incurred to effect the redemption, and liquidate a sufficient portion of the property and assets of the Fund including all sums or property of any type and description committed to the Trustee for the account of the Fund (including the proceeds of subscriptions for Ravensource Units), any income therefrom and other accretions thereto and any additions thereto or replacements thereof from time to time). "Annual Redemption Payment Date" means the date determined by the Investment Manager for the payment of the Annual Redemption Value for Annual Redeemed Ravensource Units (defined below) which is to be no later than the fifteenth business day following the Annual Redemption Date. "Annual Redeemed Ravensource Units" shall mean Ravensource Units of the Fund that are redeemed by the Fund pursuant to an Annual Redemption Request.

From and after the Annual Redemption Date, Annual Redeemed Ravensource Units shall cease to be entitled to share in the income or any participation in the assets of the Fund and the holder thereof shall not be entitled to exercise any of the rights of a holder of Ravensource Units in respect of such Annual Redeemed Ravensource Units, other than the right to receive the Annual Redemption Value thereof. Annual Redeemed Ravensource Units shall be deemed to be outstanding until, but not after, the close of business on the Annual Redemption Date.

An Annual Redemption Request shall be irrevocable upon receipt by the Fund's registrar and transfer agent.

The amount of any income or capital gains realized in a year by the Fund as a result of any disposition of Fund Property undertaken to permit or facilitate the redemption of Ravensource Units pursuant to Section 3.15 of the Declaration of Trust may, for purposes of computing the net income and the net capital gains under the Tax Act or other tax legislation, be treated as having been paid in the year by the Fund to the unitholders redeeming Ravensource Units in such year and may be designated by the Fund as such income or a taxable capital gain to such unitholders. In addition, the Fund may distribute, allocate and designate net income and net capital gains of the Fund to a unitholder who has redeemed Ravensource Units during the year in an amount equal to the unitholder's share, at the time of redemption, of the Fund's net income and net capital gains for the year or such other amount that is determined by the Fund to be reasonable.

### **Risk Factors**

Certain risk factors relating to the Fund and the Ravensource Units are described below. Additional risks and uncertainties not currently known to the Investment Manager, or that are currently considered immaterial, may also impair the operations of the Fund. If any such risk actually occurs, the business, financial condition, liquidity or results of operations of the Fund could be materially adversely affected.

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 2024.

#### ***No Assurance of Achieving Investment Objectives***

There can be no assurance that the Fund's investment objective will be achieved.

All investments present a risk of loss of capital. The Investment Manager believes that the Fund's investment program and research techniques will moderate this risk through a careful selection of securities, but there is no assurance that the Investment Manager will succeed. The Investment Manager may utilize trading techniques or instruments which can, in certain circumstances, maximize the adverse impact to the Fund. Many of the unforeseeable events, including actions by various government agencies, and domestic and international economic and political developments may cause sharp market fluctuations which could adversely affect the Fund's portfolio and performance.

An investment in the Fund is 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-favour securities.

#### ***Trading Price of Ravensource Units***

The Ravensource Units may trade in the market at a discount to the Net Asset Value per Ravensource Unit and there can be no assurance that the Ravensource Units will trade at a price equal to the Net Asset Value per Ravensource Unit or that the discount to the Net Asset Value per Ravensource Unit will not increase in the future.

### ***Performance and Marketability of Underlying Securities***

The Net Asset Value of the Fund varies in accordance with the market value of the securities held by the Fund. The market value and liquidity of securities owned by the Fund will be affected by numerous exogenous factors, which are beyond the control of the Investment Manager or the Fund. The Fund's assets may, at any given time, include securities and other financial instruments or obligations that are thinly traded or for which no market exists and/or that are restricted as to their transferability under applicable securities laws. The sale of any such investments may be possible only at substantial discounts and it may be extremely difficult to accurately value any such investments.

### ***Credit Risk of High-Yielding Securities***

A core strategy of the Fund is Alternative Credit investing which involves high-yielding securities on an either primary or secondary basis which may be considered speculative with respect to the issuer's continuing ability to pay interest and principal and will result in the Fund assuming credit risk. Credit risk refers to an issuer's ability to make timely payments of interest and principal. Lower-grade securities may have less liquidity and a higher incidence of default than higher-grade securities. The Fund may incur higher expenses to protect its interest in such securities. The credit risks and market prices of lower-grade securities generally are more sensitive to negative issuer developments, such as reduced revenues or increased expenditures, or adverse economic conditions, such as a recession, than are higher-grade securities.

### ***Purchases of Securities of Financially Distressed Companies***

A core strategy of the Fund is to make purchases of securities and other obligations of companies that the Investment Manager believes to be undervalued that may be in, near or emerging from financial distress, including companies involved in bankruptcy or other restructuring, reorganization, and insolvency proceedings. Such purchases may involve a substantial degree of risk and take a considerable period of time before exhibiting any returns. In fact, many of these instruments usually remain unpaid unless and until the company completes its reorganization and/or emerges from bankruptcy, and as a result may have to be held for an extended period of time. The level of financial and legal analytical sophistication required for successful investment in companies experiencing financial distress is very high. It cannot be assured that the Investment Manager will correctly evaluate the various factors that could affect the prospects for a successful reorganization or similar action and consequently whether the securities are in fact undervalued or that they will increase in value. Further, in such cases, a substantial period of time may elapse between the Fund's purchase of the securities and the acquisition attempt or reorganization.

During this period, a portion of the Fund's assets would be committed to the securities purchased. In any reorganization or liquidation of a company in which the Fund invests, the Fund may lose its entire investment or may be required to accept cash or securities for less than the value of the Fund's original investment. In such a situation, the returns generated from the Fund's investments may not adequately compensate for the risks assumed.

### ***Purchases of Equity Securities***

A core strategy of the Fund is to invest in equity securities. The market value of equity investments will be influenced by stock market conditions in those jurisdictions where the securities are listed for trading. The Fund is also exposed to adverse changes in the circumstances of the issuers whose equity securities are held by the Fund, including changes in the business strategy, deterioration of the operating performance, changes in the capital structure, management changes, changes in the legal or regulatory environment in which the issuer operates, and adverse changes in the market in which the issuer operates.

### ***Currency Risk***

A portion of the Fund's assets may be invested in securities denominated in currencies other than Canadian dollars, including those of both Canadian and foreign issuers. Accordingly, a portion of the income received by the Fund will be denominated in non-Canadian currencies. The Fund will nevertheless compute and distribute its income in Canadian dollars. Thus, changes in currency exchange rates may affect the Fund's income, the value of the Fund's portfolio and the unrealized appreciation or depreciation of investments. The Fund may manage its exposure to fluctuations in non-Canadian currencies through the use of foreign exchange contracts or other hedging mechanisms. Further, the Fund may incur costs in connection with conversions between various currencies and from its foreign currency risk management activities.

### ***Interest Rate Fluctuations***

From time to time the Fund will invest in interest rate sensitive securities whose valuation may change as interest rates fluctuate. The value of these securities and the Net Asset Value of the Fund can be expected to rise when interest rates decline. Conversely, when interest rates rise, the value of these securities and the Net Asset Value of the Fund can be expected to decline.

### ***Leverage and Interest Rates***

The Fund may borrow funds from brokerage firms and banks in order to be able to increase the amount of capital available for marketable securities investments. The level of interest rates, generally, and the rates at which the Fund can borrow, in particular, will affect the operating results of the Fund. The use of margin borrowing exposes the Fund to additional levels of risk including: (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or changes in margin requirements that may force premature liquidations of investment positions, and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the Fund's cost of leverage related to such investments. The use of leverage subjects the Fund to higher current expenses. In case of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying the losses incurred by the Fund.

### ***Risks of Short Sales***

A short sale involves the sale of a security that the Fund does not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. A short sale entails the borrowing of the security in order that the short sale may be transacted. There can be no assurance that the lender of the security will not require the security to be repaid before the Fund wishes to do so, thereby requiring the Fund to borrow the security elsewhere or purchase the security in the market at an unattractive price. In addition, the borrowing of securities entails the payment of a borrowing fee. Depending on the liquidity of the security shorted, if there are insufficient securities available at current market prices, the Fund may have to bid up the price of the security in order to cover the short position, resulting in losses to the Fund. There is no assurance that a borrowing fee will not increase during the borrowing period, adding to the expense of the short sale strategy.

Short sales can substantially increase the impact of adverse price movements on the Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short that could result in an inability to cover the short position and theoretically subject the Fund to a loss in excess of the Fund's investment.

### ***Use of Options and Other Derivative Instruments***

The Fund may invest in or use options, futures, forwards, options on futures, swaps, or other derivatives provided that such derivative instruments are consistent with the investment objective of the Fund and subject to its investment restrictions. There can be no assurance that the Fund's use of derivatives will be successful. The risk of loss when purchasing an option may be subject to greater fluctuation than an investment in the underlying security. The use of derivatives involves numerous risks including: (i) the Fund may not be able to close out a derivative contract at will, preventing the Fund from making a profit or limiting a loss; (ii) a stock exchange could impose limits on the trading of derivatives through the facilities of the exchange, thereby restricting the liquidity of the derivatives, and (iii) the value of derivative instruments can be highly volatile. In the case of the sale of an uncovered option there can be potential for an unlimited loss. To some extent this risk may be hedged by the purchase or sale of the underlying security.

### ***Use of a Prime Broker to Hold Assets***

Certain risks exist when the Fund's assets are held by a prime broker rather than through a traditional custodial arrangement with a bank or trust company. Owing to the use of leverage and the presence of short positions, some or all of the assets of the Fund may be held in one or more margin accounts which may provide less segregation of customer assets than would be the case with a more traditional custody arrangement. In the event the prime broker experiences serious financial difficulty, the assets of the Fund could be frozen and inaccessible for withdrawal or trading for an extended period of time while the prime broker's business is liquidated. Consequently, this could result in a potential loss to the Fund's investment in the event of adverse market movements while the positions cannot be traded. Additionally, if the prime broker's pool of customer assets is determined to be inadequate to meet all claims, the Fund could suffer a loss.

### ***Reliance on the Investment Manager***

The Investment Manager will manage the Fund in a manner consistent with the investment objectives and the investment restrictions of the Fund. The officers and employees of the Investment Manager have extensive experience in managing investment portfolios. The Investment Manager depends on a very limited number of individuals in the administration of its activities. The loss of the services of any one of these individuals for any reason could impair the ability of the Investment Manager to perform its duties.

### ***Conflicts of Interest***

The Investment Manager and its officers and employees engage in the promotion, management, or investment management of one or more funds with similar investment objectives to those of the Fund. Although none of the officers and employees of the Investment Manager will devote his or her full time to the business and affairs of the Fund, each officer and employee will devote as much time as is necessary to manage the Fund diligently and in accordance with the mandate of the Fund.

From time to time, officers or employees of the Investment Manager may serve on the boards of directors or other governing bodies of companies whose securities are, or may be, traded by the Fund or by the proprietary accounts of the Investment Manager or investment funds it manages. In addition, the Fund or such proprietary accounts may trade the securities of affiliates, investors, customers, suppliers, or lenders of, or joint ventures with, such portfolio companies. In serving as directors or other governing members of such portfolio companies, the particular officer or employee will have a fiduciary duty to such companies and will be required to act in the best interests of such companies, and such officer or employee and accounts that he or she controls will be restricted at certain times from trading the securities of such companies.



Additional disclosure regarding potential conflicts of interest can be found later in this Annual Information Form, and in the Relationship Disclosure and Conflicts of Interest Statement on [www.Ravensource.ca](http://www.Ravensource.ca).

### *Nature of Ravensource Units*

The Ravensource Units are neither fixed income nor equity securities. The Ravensource Units represent a fractional interest in the net assets of the Fund. Ravensource Units are dissimilar to debt instruments in that there is no principal amount owing to Unitholders. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

### **Distribution Policy**

On June 30, 2023, Stornoway announced a change to Ravensource’s distribution policy. Going forward, on a semi-annual basis, Ravensource intends to distribute the amount, if any, for Ravensource to remain non-taxable, as well as any excess liquidity should there be a lack of compelling investment opportunities.

### *Distribution History*

Consistent with the distribution policy, Ravensource did not make any distributions to unitholders in 2024.

### **Market for Securities**

Ravensource Units of the Fund (the “Ravensource Units”) are listed on the Toronto Stock Exchange (“TSX”) under the symbol RAV.UN. The following table sets forth the market price range and trading volume of the units on the TSX during 2024.

### *Trading Price and Volume*

2024

<b>Month</b>	<b>Unit Price</b>		<b>Volume</b>
	<b>High</b>	<b>Low</b>	
January	\$17.10	\$17.10	197
February	\$17.54	\$16.01	3,467
March	\$16.22	\$15.77	12,122
April	\$15.85	\$15.84	902
May	\$16.27	\$15.97	3,426
June	\$17.00	\$16.87	1,373
July	\$16.56	\$16.56	154
August	\$16.99	\$16.51	1,104
September	\$17.63	\$16.81	61,100
October	\$16.87	\$16.82	2,101
November	\$17.12	\$17.12	108
December	-	-	-
<i>Over 2024</i>	\$17.63	\$15.77	86,054

## **Responsibility for Fund Operations**

### *The Investment Manager and Administrator*

Stornoway is a corporation incorporated under the Business Corporations Act (Ontario) whose registered office is located at 30 St. Clair Avenue West, Suite 901, Toronto, Ontario, M4V 3A1. Stornoway can be reached at (416) 250 2845 or through e-mail at [info@stornowayportfolio.com](mailto:info@stornowayportfolio.com). Further information on the Investment Manager can be found by visiting the company website [www.stornowayportfolio.com](http://www.stornowayportfolio.com).

By way of a special meeting of unitholders, Stornoway 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.

Pursuant to a portfolio management agreement dated as of April 28, 1997, as amended and restated as of September 30, 2003, and further amended and restated as of July 1st, 2008 (the "Portfolio Management Agreement"), between the Trustee, on behalf of the Fund, and the Investment Manager, the Investment Manager has been retained to arrange for the provision of portfolio management services to the Fund. Subject to the general control and supervision of the Trustee, the Investment Manager is authorized to arrange for the investment and reinvestment of the assets of the Fund to achieve the investment objective of the Fund. For performing these services, the Investment Manager receives fees from the Fund. See below under the heading "Fees and Expenses". The Investment Manager may also engage the services of other independent advisors to provide services for the Fund. The Portfolio Management Agreement will continue in effect until the termination of the Fund. The Portfolio Management Agreement may also be terminated by the Investment Manager in the event the Fund is in breach or default of the provisions therein and such breach of default has not been cured within 20 business days' notice of such breach of default. In such circumstances, unitholders must also have approved such termination by Extraordinary Resolution. Termination may also occur in certain other specified circumstances, including the bankruptcy (or other similar event) of the Investment Manager.

The Investment Manager also provides administrative services to the Fund pursuant to an administration agreement dated as of April 28, 1997, as amended and restated as of September 30, 2003, and further amended and restated as of July 1st, 2008 (the "Administration Agreement"), between the Trustee, on behalf of the Fund, and the Investment Manager. Pursuant to the Administration Agreement, the Investment Manager assists the Fund with certain administrative matters, including the calculation of the Net Asset Value per Ravensource Unit, the preparation of the continuous disclosure material on behalf of the Fund, in conjunction with the Trustee, the preparation of financial information for the Fund and quarterly, semi-annual, and annual reports to unitholders, and responding to investors' inquiries relating to the Fund. The Investment Manager pays its own costs in connection with the provision of these services, other than the costs of printing and distributing any reports and similar expenses which, pursuant to the Declaration of Trust, are for the account of the Fund. The Investment Manager receives an administration fee from the Fund for performing these services.

The name, municipality of residence, and the principal occupation of the directors and officers of the Investment Manager are as follows:

<u>Name and Address</u>	<u>Position with the Investment Manager</u>	<u>Principal Occupation</u>
Scott R. Reid Toronto, ON	President and Director	President and Director of the Investment Manager (since 2004)
Daniel T. Metrikin Toronto, ON	Principal and Executive Vice President, Investments	Principal and EVP of the Investment Manager (employee since 2017)

Scott R. Reid is the President of the Investment Manager, and has overall responsibility for directing the research efforts, investment decisions and execution of investment strategies for the funds that the Investment Manager manages. Prior to establishing the Investment Manager in 2004, Mr. Reid was a Managing Director in the Fixed Income Group at National Bank Financial. For a description of Mr. Reid's biography and other members of the Investment Team, please refer to the Fund's designated website ([www.ravensource.ca](http://www.ravensource.ca)).

Daniel T. Metrikin is a Principal and Executive Vice President, Investments of the Investment Manager and has responsibilities across all aspects of the investment process, including due diligence, analysis of potential investment opportunities, and value enhancement of existing positions. Prior to joining the Investment Manager, Mr. Metrikin held positions as a Vice President at Bayside Capital and Associate at Oaktree Capital Management. Mr. Metrikin graduated *magna cum laude* from the Wharton School at the University of Pennsylvania with a B.Sc. in economics and holds an MBA from the Stanford Graduate School of Business.

#### ***Brokerage Arrangements***

The Fund has no contract or arrangement with any investment dealer or broker regarding portfolio security transactions. The Fund directs portfolio security transactions to the investment dealer(s) or broker(s) that executes trades at the most advantageous terms for the Fund, as expeditiously as practicable, under prevailing market conditions. Portfolio security transactions are not directed based upon the provision of investment-making services or sales of Ravensource Units.

#### ***Custodian***

As of the date hereof, BMO Nesbitt Burns Inc. (the "Custodian") is the custodian of the Fund. The principal office of the Custodian is located in Toronto, Ontario. The Custodian hold the Fund's securities and other portfolio assets through a prime brokerage account on behalf of the Fund.

#### ***Registrar and Transfer Agent***

Computershare Investor Services Inc. (the "Transfer Agent and Registrar") has been appointed the registrar and transfer agent of the Fund. The Transfer Agent and Registrar is responsible for maintaining the register of the owners of Ravensource Units of the Fund. The register of Ravensource Units of the Fund is kept in Toronto, Ontario, at the head office of the Transfer Agent and Registrar.

### *Auditor*

The auditors of the Fund are KPMG LLP, 333 Bay Street, Suite 4600, Toronto, ON, M5H 2S5. For the year ended December 31, 2024, fees paid or payable to KPMG LLP and its network firms for the audit of the financial statements were \$63,037 (2023 - \$41,643).

### *Trustee*

Computershare Trust Company of Canada is the trustee of the Fund pursuant to the Declaration of Trust. The principal office of the Trustee is in Toronto, Ontario. The Trustee holds legal title to the property of the Fund for the benefit of all the unitholders of the Fund.

### **Conflicts of Interest**

The Investment Manager has established written policies and procedures requiring it and its employees to identify reasonably foreseeable material conflicts of interest. Identified material conflicts of interest must then be addressed in the best interest of the party that may be impacted by the conflict, including the Fund. Where it is determined that a material conflict of interest cannot be addressed in the relevant third party's best interest, the conflict must be avoided. Below is a summary of the potential conflicts of interests identified by the Investment Manager. Please refer to the Relationship Disclosure and Conflict of Interest Statement on [www.Ravensource.ca](http://www.Ravensource.ca) for more detail.

The Investment Manager refers any potential decision involving actual or perceived conflicts of interest in respect of the Fund to an Independent Review Committee for review. See "Governance of the Fund – Conflicts of Interest and the Independent Review Committee".

### *Principal Holders of Securities*

Scott Reid owned or controlled or directed, directly or indirectly, 112,555 Ravensource Units representing approximately 8.7% of the issued and outstanding Ravensource Units as of March 31, 2025. Further, Mr. Reid indirectly owned 100% of the Investment Manager.

Mr. Lars Bader owned or controlled or directed, directly or indirectly, 252,166 Ravensource Units representing approximately 19.5% of the issued and outstanding Ravensource Units as of March 31, 2025.

To the knowledge of the Fund, as of March 31, 2025, no person (other than CDS and as described above) owned, beneficially or of record, either directly or indirectly, or exercised control or direction over, more than 10% of the outstanding Ravensource Units.

As of March 31, 2025, Mr. David Magahey, a member of the IRC, beneficially owned 180 common shares of Bank of Montreal. BMO Nesbitt Burns Inc., a subsidiary of the Bank of Montreal, provides prime brokerage services to the Fund and is the Fund's custodian.

### *Other Business Activities*

At times, an employee of the Investment Manager may or may wish to participate in business activities outside of their employment such as serving on a board of directors, participating in community events or pursuing personal outside interests, whether paid or unpaid. A potential material conflict of interest can arise from an employee of the Investment Manager engaging in such outside activities for various reasons, including as a result of compensation received, the time commitment required or the position held by the employee in respect of these outside activities and whether, for example, the position may be one that could influence a potential investor's determination as to what is in its best interest. Engaging in outside activities may call into question the employee's ability to carry out his or her responsibilities to

the Investment Manager or may cause confusion as to which entity(ies) the employee is acting for in a given situation.

In addition, an employee of the Investment Manager may become a member of the board of directors of an issuer in which the Fund has made an investment (an "Investee Company"). In addition to the potential material conflicts of interest set out above, in this circumstance the employee would have an obligation to act in the best interest of the Investee Company (as a member of the board) and would also have an obligation to act in the best interest of the Investment Manager and the Fund. Owing separate best interest obligations to different constituents within a relationship can cause a material conflict of interest. Further, the Fund may be unable to divest of an investment in an Investee Company (or to invest further in an Investee Company) to the extent an employee of the investment Manager has knowledge of material non-public information in respect of the Investee Company.

In respect of the above, Scott Reid, the Investment Manager's President, is currently a director on the Board of Directors of GXI Acquisition Corp ("GXI"), and a director on the Board of Directors of Guestlogix Inc. ("Guestlogix").

The Fund is invested in GXI which is an investment holding company that wholly-owns Guestlogix. Guestlogix is a travel commerce company whose platform helps airlines to increase ancillary revenues while improving traveler satisfaction across their entire journey. Powered by AI and machine learning, Guestlogix enable airlines to introduce digital concierge services to passengers that deliver highly relevant, personalized information and offers. Neither the Investment Manager nor Scott Reid act or shall act as a portfolio manager or dealer to GXI or Guestlogix.

#### *Fair Allocation of Investment Opportunities*

In addition to the Fund, the Investment Manager does act as the investment manager to other funds. The Investment Manager has a responsibility to ensure that all of the funds it manages are provided equal opportunity to participate in suitable investment opportunities uncovered by it and to benefit from its investment resources and acumen.

A material conflict of interest would arise if investment opportunities were not allocated to the Fund and the other funds managed by the Investment Manager in a fair and reasonable manner. By way of example, the Investment Manager may have an incentive to allocate superior investment opportunities to a particular fund, including to a fund from which it receives greater fees or in which there are more assets under management or to a new fund that it wishes to bolster at the outset. This concern is most acute when an investment opportunity is unusually attractive at the time of inception or is unattractive at the time of disposition.

In addition to disclosure, the Investment Manager manages this conflict as follows:

- The Fund and the other funds managed by the Investment Manager each have clearly defined investment mandates, policies, objectives, risk parameters, and concentration limits.
- The Investment Manager has established policies designed to ensure that it allocates investment opportunities fairly among the funds it manages and that at all times they are treated equally, regardless of the size of their investment portfolios, in accordance with their stated investment objectives and policies.
- The Investment Manager's investment team is responsible to review each investment opportunity prior to initial investment and throughout its investment life to determine whether, in their opinion, the opportunity is an appropriate investment for each relevant fund, as well as the

maximum investment size a fund may make based on its mandate, total assets, available liquidity and other relevant factors.

- If suitable for more than one of the funds managed by the Investment Manager, the Investment Manager allocates the investment on a *pro-rata* basis based on the remaining investment room for each fund.
- If the availability of any particular security is limited and that security is appropriate for more than one fund managed by the Investment Manager, any purchase of that security will otherwise be allocated on an equitable basis in accordance with its fair allocation policy. Similarly, sales of securities will be allocated in accordance with that policy.
- When orders for more than one fund are entered as a combined order (block trade) and transactions are all executed at carrying prices, each fund will be given the same execution price (including that trading commissions for combined orders (block trades) are allocated on a *pro-rata* basis).
- When orders for more than one fund are entered as a combined order (block trade) and transactions are executed at varying prices, the Investment Manager will endeavour to treat each fund on a basis that is fair and reasonable in the context of the nature of the particular transaction and the transaction costs. This may include calculating a weighted average execution price (including with respect to trading commissions) to be attributed to each account having orders included in the combined order (block trade).
- In the event securities are purchased in an initial public offering (“IPO”), the Investment Manager will allocate investment purchases and sales to all funds for which it has decided to proceed with the investment, and the allocation of each purchase or sale to a fund will be made on a *pro-rata* basis based on the relative remaining investment limit of each such fund. In the event the allotment received would be insufficient to meet the full requirements of all fund accounts on whose behalf orders were placed, allocation would be made on a *pro-rata* basis. However, if such prorating would result in an inappropriately small position for a particular fund, the allotment could be reallocated. Depending on the number of IPOs, over a period of time, efforts would be made to ensure that these prorating and reallocation policies result in fair and equitable treatment of all funds managed by the Investment Manager.

#### ***Personal Trading by the Investment Manager***

A material conflict of interest may arise if the Investment Manager’s employees are permitted in their personal investment portfolios to trade in the same securities considered for or held by the Fund.

Employee personal trading can create a material conflict of interest for several reasons, including that employees with knowledge of the Investment Manager’s trading decisions could use that information for their own benefit.

In addition to disclosure, the Investment Manager manages this conflict as follows:

- the Investment Manager has implemented a personal trading policy and procedure intended to restrict and monitor the personal trading by its employees in order to help manage any material potential conflict of interest between such personal trading and the interests of the Fund;
- employees may only engage in personal trades in accordance with the Investment Manager’s personal trading policy and procedures and will only be permitted to make a personal trade if it

has been determined by the Chief Compliance Officer that such trade will not result in a conflict of interest with a relevant third-party. The Investment Manager has procedures in place requiring it to monitor and ensure compliance with this policy;

- all employees have had training in respect to the Investment Manager’s personal trading policy and procedures and are required to execute an annual statement confirming their understanding of the personal trading policy and procedures and their adherence to them;
- the Investment Manager has adopted a code of ethics that includes standards of professional conduct, and in particular, that provides that any individual who has, or is able to obtain access to, non-public information concerning the portfolio holdings, the trading activities or the ongoing investment programs of the funds managed by the Investment Manager, is prohibited from using such information for his or her direct or indirect personal benefit or in a manner which would not be in the best interests of any fund managed by the Investment Manager, including the Fund; and
- the priority and responsibility of the Investment Manager and its employees is to focus its resources and investment acumen on executing the mandate of the Fund and the other funds managed by the Investment Manager.

#### *Incentive Fee*

An incentive fee is payable to the Investment Manager in any year in which the NAV at the end of the year, adjusted for contributions and distributions during the year, exceeds the NAV at the beginning of the year by more than 5%, plus any shortfall from prior years. The fee will be equal to 20% of this increase and will be calculated and accrued monthly but paid annually. The conditions required to be met for this fee to be payable may create an incentive for the Investment Manager to cause the Fund to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance of the Fund.

The Investment Manager manages this conflict by:

1. Ensuring that it selects investments based on the best interest of the Fund, including verifying that each investment is in line with the Fund’s investment objectives, risk tolerance and other relevant suitability factors;
2. Retaining third party service providers that provide weekly net asset valuations, confirm investment security pricing, and provide valuation services for private / unlisted investments; and
3. Providing an overview of the Fund and its investment portfolio to Ravensource’s Independent Review Committee annually.

Additionally, the employees of the Investment Manager owned 148,743 (2023 – 143,647) Ravensource units, representing 11.5% (2023 - 11.1%) of the units outstanding as at December 31, 2024, aligning their interests with those of Ravensource unitholders.

#### *Advisory Service Fees from Investee Companies*

The Investment Manager may from time to time provide business advisory services to Investee Companies (or their affiliates). The Investment Manager maintains policies to ensure that the provision of such business advisory services does not adversely impact the performance of its duties to the Fund or other SPM Managed Accounts.

To address the potential conflict of interest that would otherwise arise from receiving income for the provision of business advisory services to Investee Companies, the Investment Manager waives a portion of the fees charged to the SPM Managed Accounts (including the Fund) that have an investment in such companies. The amount of waived fees is in aggregate equal to the total income received by the Investment Manager for providing the business advisory services. Each SPM Managed Account is allocated waived fees equal to that SPM Managed Account's share of the aggregate fair market value of all such Investee Company investments held by all SPM Managed Accounts. In the event that the income received for providing business advisory services exceed the fees available to be waived in any given payment period, the Investment Manager will increase the amount of waived fees during subsequent payment periods in order to make up for the difference.

The Investment Manager's policy regarding fees received from Investee Companies was referred to the IRC and the IRC provided a positive recommendation for the Investment Manager to follow its policy as a way to manage the conflict of interest inherent in receiving fees from Investee Companies.

#### *Fair Valuation of Assets*

As the Investment Manager earns fees based on the assets under management of the Fund, there is a potential material conflict of interest in valuing the assets held in its portfolio because a higher value will result in a higher fee paid to the Investment Manager. Overstating the value of the assets in the Fund's portfolio will also incorrectly inflate the Fund's apparent investment performance. The Investment Manager manages this conflict in several manners, including the establishment and application of policies and procedures governing the valuation of securities in accordance with recognized accounting standards and industry practices governing the fair valuation of investments.

#### *Error Correction*

The Investment Manager makes reasonable efforts to keep trade errors to a minimum and ensure fairness to the Fund with respect to protection from such trade errors. A trade error is an inadvertent error in the placement, execution or settlement of a transaction. A trade error is not an intentional or reckless act of misconduct, or an error of judgment. When a trade error occurs, the Fund will keep any resulting gain and the Investment Manager will reimburse the Fund for any associated loss. Where more than one transaction is involved in an error, the gain will be determined net of any associated loss. Although errors or issues are a potential by-product of operational process, the Investment Manager has established controls and processes that are designed to reduce the possibility of their occurrence.

#### *Fee and Expense Allocation*

The Investment Manager may be able to exercise discretion as to whether a fee or expense incurred will be paid by the Investment Manager or will be charged to the Fund. This discretion can create a material conflict of interest because the Investment Manager could inappropriately have fees or expenses charged to the Fund to benefit itself. Additionally, as the Investment Manager also has the discretion to determine how certain fees and expenses should be allocated between the various investment funds it manages, this can also present a similar material conflict of interest.

The Declaration of Trust establishes the types of fees and expenses that may be charged to the Fund. The Investment Manager manages this conflict of interest by complying with the terms of the Declaration of Trust, as well as via the establishment and application of its expense allocation policies and procedures.



### ***Broker-dealer Selection / Best Execution***

All decisions as to the purchase and sale of securities for the Fund and all decisions as to the execution of portfolio transactions, including the selection of execution venues, the broker-dealer and the negotiation, where applicable, of commissions or spreads, are made by the Investment Manager.

The Investment Manager uses various third-party broker-dealers to execute trades on behalf of the Fund. A material conflict of interests may arise if the Investment Manager is biased in its selection of broker-dealers based on these relationships or by certain incentives offered to it by some of them. This may, for example, result in a trading or brokerage commission paid by the Fund being somewhat higher than the commission that might be charged by a different broker-dealer.

In selecting broker-dealers to effect portfolio transactions for the Fund, the Investment Manager has an obligation to use reasonable efforts to achieve best execution (i.e., the most advantageous execution terms reasonably available under the circumstances). However, there are situations where only one broker-dealer has access to a given investment opportunity and thus the Investment Manager is not able to select an alternative broker-dealer.

In addition to disclosure, the Investment Manager manages this conflict as follows:

- it maintains a list of approved broker-dealers that meet its requirements for best execution;
- in selecting broker-dealers, it assesses each broker-dealer's order execution capabilities (which involves a number of factors, including execution price, speed of execution, certainty of execution, and overall cost of the transaction). The Investment Manager uses the same criteria in selecting all of its broker-dealers, regardless of whether it has other relationships with them;
- the Investment Manager performs periodic evaluations of order execution capabilities and products and services received from the approved broker-dealers and updates the list, as appropriate.

The Investment Manager may select broker-dealers from its list of approved broker-dealers who may charge a commission in excess of that charged by other broker-dealers, if it determines in good faith that the commission is reasonable in relation to the services provided. These determinations can be viewed in terms of either the specific transaction or the Investment Manager's overall responsibility to the funds it manages.

### ***Soft Dollar Arrangements***

"Soft dollars" is a term generally used to describe the research or other benefits provided to a portfolio manager by a broker-dealer as a result of commissions generated from financial transactions executed by the broker-dealer for funds or other client accounts managed by the portfolio manager. In a soft dollar arrangement, the portfolio manager directs commissions generated by a fund or other client's transactions to a broker-dealer as payment for research or other benefits provided to the portfolio manager.

Soft dollar arrangements present a potential material conflict of interest because higher commissions may be paid to a broker-dealer that provides research or other benefits to the portfolio manager, and the goods and services the portfolio manager receives may be used for the benefit of clients other than the client(s) on whose behalf the commissions were incurred.

The Investment Manager does not use soft dollar arrangements for the payment of third-party products or other services. However, the Investment Manager receives investment recommendations or research from the brokers with whom it executes trades. In effecting portfolio transactions, the Investment Manager operates on a best execution basis per the above and it does not take into account the research it receives in selecting dealers through whom it executes trades.

### ***Proxy Voting***

The Investment Manager has responsibility for proxy voting in respect of the Fund. A material conflict of interest may arise when an investment manager has the discretion in how it exercises the voting rights of the securities held in the portfolios it manages, particularly if the investment manager has an incentive to exercise those rights otherwise than in the best interest of the beneficial owner of the securities. By way of example, this could occur where the investment manager has a material relationship with a proponent / opponent of a particular initiative that is the subject of the voting process, or with a service provider retained to solicit proxy votes for a proponent/opponent. The potential impact of this conflict is that proxies may not be voted in the best interest of the beneficial owner of the securities but rather in a manner that may instead benefit the investment manager.

The Investment Manager votes proxies on behalf of the Fund in accordance with its proxy voting policy. See “Governance of the Fund – Proxy Voting Policy”

## **Governance of the Fund**

### ***Fund Governance***

The board of directors of the Investment Manager (the “Board”) is responsible for fund governance matters.

The Investment Manager has a compliance policies and procedures manual (the “Manual”) that governs the policies and practices of the Investment Manager in connection with its business practices, sales practices, risk management controls and internal conflicts of interest. The Manual includes employee policies such as the code of ethics and the personal trading policy. It also prescribes procedures for sales communications and practices, and timely and continuous disclosure requirements.

As was further detailed above under the caption “Use of Derivatives”, the Fund may invest in or use options, futures, forwards, options on futures, swaps, or other derivative instruments (collectively, “derivatives”) that are consistent with the investment objective of the Fund, subject to the investment restrictions of the Fund. The Fund may use derivatives rather than direct investments to reduce transaction costs, achieve greater liquidity, and create effective exposure to financial markets or increase speed and flexibility in making portfolio changes.

### ***Conflicts of Interest and the Independent Review Committee***

The Investment Manager has established written policies and procedures requiring it and its employees to identify reasonably foreseeable material conflicts of interest. Identified material conflicts of interest must then be addressed in the best interest of the party that may be impacted by the conflict, including the Fund. Where it is determined that a material conflict of interest cannot be addressed in the relevant third party’s best interest, the conflict must be avoided.

As required by applicable securities legislation, including National Instrument 81-107 *Independent Review Committee for Investment Funds*, an Independent Review Committee (“IRC”) was established for the Fund. The Investment Manager refers any potential decision involving actual or perceived conflicts of interest

in respect of the Fund to the IRC for review. The IRC began overseeing decisions involving actual or perceived conflicts of interest on November 1, 2007.

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 arises, 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 on an annual basis with at least one of the meetings to be held “in camera”;
- for each calendar year, the IRC must prepare a report to the Ravensource Fund that describes the IRC and its activities for the fiscal year.

The IRC is composed of the following three individuals: Michael Siskind (Chairman), Steven Schaus, and David Magahey. Each of the IRC members is independent of the Investment Manager and its affiliates.

The compensation of the IRC is disclosed in the Renumeration of the Directors, Officers, IRC, and Trustee section.

### ***Proxy Voting Policy***

The Investment Manager has full responsibility for proxy voting and related duties in respect of the Fund. In fulfilling these duties, the Investment Manager and the Fund have adopted proxy policies and procedures (the “Proxy Policies”) to ensure that proxies for securities held by the Fund are voted consistently and solely in the best economic interests of the Fund. The Proxy Policies are more fully summarized below.

- The Investment Manager is responsible for the oversight of the Fund’s proxy voting process and has assigned a senior member of its staff to be responsible for this oversight.
- The Investment Manager will typically vote in favour of routine matters unless there are specific circumstances for voting against. Routine matters include election of directors; appointment of auditors and auditor compensation; changes in capitalization; and management compensation. Proxies will, however, be voted against stock option plans that are excessive, undeserved, or evergreen in structure.
- How the Investment Manager votes the proxies or refrains from voting on non-routine matters will vary depending on the specific matter involved. For example, with respect to shareholder rights plans, the Fund will typically vote against proposals that entrench incumbency and dilute the fundamental right of ownership. Non-routine matters would also include corporate reorganization; mergers and acquisitions; proposals affecting shareholder rights; corporate governance; and social and environmental issues.

- Deviations from the standing policy may occur on routine and non-routine matters where there is a conflict of interest. For example, if the Investment Manager has actual knowledge of a material conflict of interest between itself and the Fund with respect to the voting of a proxy, the Investment Manager shall vote the applicable proxy to avoid such conflict of interest.

The Investment Manager will compile and maintain annual proxy voting records for the Fund for the annual periods beginning July 1 in a year and ending June 30 of the following year. Copies of the annual proxy voting record are available on the Fund’s designated website at [www.ravensource.ca](http://www.ravensource.ca). Copies of the proxy voting record and complete proxy voting procedures for the Fund are available to investors free of charge upon request. Requests can be made by calling (416) 250 2845 or sending an email to [info@stornowayportfolio.com](mailto:info@stornowayportfolio.com). Investors may also send a request by mail addressed to the attention of the Investment Manager at 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1.

## **Fees and Expenses**

The management fees and administrative fees payable by the Fund to the Investment Manager are based on the Fund’s average weekly assets at the end of each week and are payable on the last business day of each month as follows:

<b><u>Average Weekly Assets</u></b>	<b><u>Portfolio Management Fee</u></b>	<b><u>Administrative Services Fee</u></b>
Up to and including \$250 million	0.65% of NAV plus HST	0.35% of NAV plus HST
Between \$250 and \$500 million	0.60% of NAV plus HST	0.30% of NAV plus HST
\$500 million or more	0.55% of NAV plus HST	0.25% of NAV plus HST

An incentive fee will also be paid to the Investment Manager in any year in which the NAV at the end of the year, adjusted for contributions and distributions during the year, exceeds the NAV at the beginning of the year by more than 5%, plus any shortfall from prior years. The fee will be equal to 20% of this increase and will be calculated and accrued monthly but paid annually.

In addition, the Investment Manager will be paid the Investor Relations Fee of \$1,000 per month as compensation for unitholder reporting and other services provided under a service agreement.

During 2024, the Investment Manager received a total of \$262,655 (2023 - \$206,343) in fees including HST, from the Fund for its services.

The Investment Manager has the power to incur and make payment out of the Fund any charges or expenses which, in the opinion of the Investment Manager, are necessary or incidental to, or proper for, carrying out any of the purposes of the Declaration of Trust, including without limitation all fees and expenses relating to the management and administration of the Fund.

## **Remuneration of the Directors, Officers, IRC, and Trustee**

### *Directors and Officers*

The directors and officers of the Investment Manager receive their remuneration from the Investment Manager. The expenses of the directors of the Investment Manager and the premiums for directors' and officers' insurance coverage for the directors and officers of the Investment Manager are paid by the Investment Manager.

### *IRC*

The fees and other reasonable expenses of members of the IRC are paid by the Fund. For the year ended December 31st, 2024, compensation for IRC members comprised 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 2024. In addition, the Chair of the IRC received an additional \$3,000. The aggregate compensation paid to the IRC by the Fund for 2024 was \$40,200 (2023 - \$33,000).

### *Trustee*

During 2024, Trustee fees & expenses amounted to \$19,931 (2023 - \$19,998) including HST, for its services as Trustee and as Transfer Agent and Registrar.

## **Income Tax Considerations for Investors**

The following is, as of the date hereof, a summary of the principal Canadian federal income tax considerations under the Tax Act and the regulations thereto ("Regulations") generally applicable to the acquisition, holding and disposition of Ravensource Units by a unitholder who acquires Ravensource Units. This summary only applies to a unitholder who is an individual (other than a trust) and who, for the purposes of the Tax Act and the Regulations and at all relevant times, is or is deemed to be resident in Canada, deals at arm's length with the Fund and holds Ravensource Units as capital property. Ravensource Units will generally be considered to be capital property to a unitholder unless the Ravensource Units are held or were acquired in the course of carrying on a business or such Ravensource Units are held or were acquired in a transaction considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act and Regulations, all specific proposals to amend the Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (such proposals referred to hereafter as the "Tax Proposals"), and the current published administrative and assessing practices of the Canada Revenue Agency ("CRA") announced prior to the date hereof. This summary assumes that the Tax Proposals will be enacted as proposed; however, there can be no assurance that the Tax Proposals will be enacted in the form publicly announced or at all. Except for the Tax Proposals, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial decision or action, nor does it take into account provincial, territorial or foreign income tax legislation or considerations.

This summary is not exhaustive of all possible Canadian federal tax considerations applicable to an investment in Ravensource Units and does not describe the income tax considerations relating to the deductibility of interest on money borrowed to acquire Ravensource Units. Moreover, the income and other tax consequences of acquiring, holding, or disposing of Ravensource Units will vary depending on an investor's particular circumstances including the province or provinces in which the investor resides or carries on business.

**This summary is of a general nature only and is not intended to be, and should not be construed to be, legal or tax advice to any particular investor. Investors should consult their own tax advisors for advice**

**with respect to the income tax consequences of an investment in Ravensource Units, based on their particular circumstances.**

This summary also assumes that none of the issuers of the securities held by the Fund will be foreign affiliates of the Fund or of any unitholders and that none of the securities held by the Fund will be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act. Further, this summary assumes that none of the securities held by the Fund will be an “offshore investment fund property” that would require the Fund to include amounts in the Fund’s income pursuant to section 94.1 of the Tax Act, or an interest in a trust which would require the Fund to report income in connection with such interest pursuant to the rules in section 94.2 of the Tax Act, or an interest in a non-resident trust other than an exempt foreign trust as defined in section 94 of the Tax Act.

This summary is based on the assumption that the Fund complies with the investment restrictions as described above under the heading “Investment Restrictions and Practices of the Fund”.

### *Status of the Fund*

This summary assumes that the Fund will qualify at all relevant times as a “mutual fund trust” within the meaning of the Tax Act. In the event the Fund were not to qualify as a mutual fund trust at all times, the income tax consequences as described below may be in some respects be materially different. In 2024, the Fund qualified as a mutual fund trust under the Income Tax Act (Canada) and qualification has continued to the date of this Annual Information Form.

This summary assumes that the Fund will not be a “SIFT trust” under the Tax Act. Provided that the Fund does not hold any “non-portfolio property” as defined in the Tax Act it will not be a SIFT trust. It is expected that the Fund will not hold any non-portfolio properties. As with previous years, the Fund was not a SIFT trust under the Tax Act during the year ended December 31, 2024.

Provided that the Fund qualifies as a mutual fund trust within the meaning of the Tax Act or the Ravensource Units are listed on a “designated stock exchange” within the meaning of the Tax Act (which includes the TSX), the Ravensource Units will be qualified investments under the Tax Act for trusts governed by registered retirement savings plans, registered retirement income funds, registered disability savings plans, registered education savings plans, tax-free savings accounts, first home savings accounts (each, a “Registered Plan”) and deferred profit sharing plans. The Fund has not deviated in the last year from the rules under the Tax Act that apply to the status of the Ravensource Units as qualified investments.

See “Income Tax Considerations for Investors - Taxation of Registered Plans” for certain consequences of holding Ravensource Units in plan trusts.

### *Taxation of the Fund*

The Fund is subject to tax in each taxation year under Part I of the Tax Act on the amount of its income for the year, including the taxable portion of net realized capital gains, less the portion thereof that it deducts in respect of the amounts paid or payable to unitholders in the year. The Fund intends to deduct, in computing its income in each taxation year, the full amount available for deduction in each year and, therefore, provided the Fund makes sufficient distributions in each year of its net income and net realized capital gains it will generally not be liable in such year for income tax under Part I of the Tax Act.

The Fund had approximately \$10.4 million of unused net capital losses and \$1.0 million of unused non-capital losses as of December 31, 2024. Losses incurred by the Fund in a taxation year cannot be allocated to unitholders of the Fund but may be deducted by the Fund in future years in accordance with the Tax

Act. Accordingly, subject to the loss restriction event rules discussed below, until such losses are fully used, the Fund will not have any taxable income.

The Tax Act contains “loss restriction event” rules that could potentially apply to certain trusts including the Fund. If the Fund experiences a loss restriction event (i) the Fund will be deemed to have a year-end for tax purposes, and (ii) the Fund will be subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on its ability to carry forward losses. Generally, the Fund could be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the Fund, or a group of persons becomes a “majority-interest group of beneficiaries” as those terms are defined in the affiliated person rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the Fund will be a beneficiary who, together with the beneficial interest of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all interest in the income or capital respectively in the Fund. Generally, a person is deemed not to become a majority-interest beneficiary of the Fund, and a group of persons is deemed not to become a majority-interest group of beneficiaries of the Fund, if the Fund meets certain investment requirements and qualifies as an “investment fund” under the rules.

In computing its income for tax purposes, the Fund is required to include in its income for each taxation year any dividends received (or deemed to be received) by it in such year on a security. The Fund is also required to include in its income for each taxation year all interest that accrues, or is deemed to accrue, to it to the end of the year, or becomes receivable or is received by it before the end of the year, except to the extent that such interest was included in computing its income for a preceding taxation year.

On a disposition of a security held by the Fund as capital property, the Fund will realize a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such security to the Fund. Gains or losses on the Fund’s invested securities would generally be on capital account unless the Fund is considered to be in the business of buying and selling its invested securities or if the Fund is considered to have acquired its invested securities as an adventure in the nature of trade. The Fund will purchase securities with the objective of earning income and interest thereon. Accordingly, the Fund intends to treat any gains or losses on its invested securities as capital gains or losses.

The Fund is required to compute all amounts, including income, cost of property and proceeds of disposition, in Canadian dollars for purposes of the Tax Act. As a consequence, the amount of income, expenses and capital gains or capital losses may be affected by changes in the value of foreign currency relative to the Canadian dollar. Gains or losses in respect of currency hedges entered into in respect of amounts invested in the Fund’s portfolio will likely constitute capital gains and capital losses to the Fund if the securities in the Fund’s portfolio are capital property to the Fund, and provided that the hedge is sufficiently linked to the securities denominated in the foreign currency.

The Fund is entitled for each taxation year throughout which it is a mutual fund trust to reduce (or receive a refund in respect of) its liability, if any, for tax on its net realized capital gains by an amount determined under the Tax Act based on the redemption of Ravensource Units during the year (the “Capital Gains Refund”). In certain circumstances, the Capital Gains Refund in a particular taxation year may not completely offset the Fund’s tax liability for that taxation year arising in connection with the distribution of its property on the redemption of Ravensource Units.

In computing its income for tax purposes, the Fund may deduct reasonable administrative and other expenses incurred by it for the purpose of earning income.

The Fund will derive income (including gains) from investments in countries other than Canada and, as a result, may be liable to pay income or profits tax to such countries. To the extent that such foreign tax paid does not exceed 15% of such income and has not been deducted in computing the Fund's income, the Fund may designate a portion of its foreign source income in respect of a unitholder so that such income and a portion of the foreign tax paid by the Fund may be regarded as foreign source income of, and foreign tax paid by, the unitholder for the purposes of the foreign tax credit provisions of the Tax Act. To the extent that such foreign tax paid by the Fund exceeds 15% of the amount included in the Fund's income from such investments, such excess may generally be deducted by the Fund in computing its income for the purposes of the Tax Act.

### *Taxation of Unitholder*

Under the Tax Act, the Fund is permitted to deduct in computing its income for a taxation year an amount which is less than the amount of its distributions for the year. This will enable the Fund to use, in a taxation year, losses from prior years without affecting the ability of the Fund to distribute its income annually. The amount distributed to a unitholder but not deducted by the Fund is not included in the unitholder's income. However, the adjusted cost base of the unitholder's Ravensource Units is reduced by such amount. To the extent that the adjusted cost base of a Ravensource Unit would otherwise be less than zero, the negative amount is deemed to be a capital gain realized by the unitholder from the disposition of the Ravensource Unit and the unitholder's adjusted cost base is increased by the amount of such deemed capital gain.

As of December 31st, 2024, the Fund had approximately \$10.4 million of unused net capital losses and \$1.0 million of non-capital losses carried forward. Losses incurred by the Fund in a taxation year cannot be allocated to unitholders of the Fund, but may be deducted by the Fund in future years in accordance with the Tax Act. Accordingly, until such losses are fully used, the Fund will not have any taxable income with the result that distributions from the Fund will be returns of capital.

Once the losses are fully used, a unitholder will generally be required to include in computing income for a particular taxation year of the unitholder such portion of the net income of the Fund for a taxation year, including the taxable portion of net realized capital gains, as is paid, or becomes payable to the unitholder (whether in cash or in Ravensource Units) in that particular taxation year. The non-taxable portion of the Fund's net realized capital gains that are paid or become payable to a unitholder in a taxation year are not included in computing the unitholder's income for the year. Any other amount in excess of the unitholder's share of the net income of the Fund for a taxation year that is paid or becomes payable to the unitholder in the year will not generally be included in the unitholder's income for the year but will reduce the adjusted cost base of the unitholder's Ravensource Units.

Provided that appropriate designations are made by the Fund, such portion of the net realized taxable capital gains of the Fund, the foreign source income of the Fund and the taxable dividends received by the Fund on shares of taxable Canadian corporations as is paid or becomes payable to a unitholder and the amount of foreign taxes paid or deemed to be paid by the Fund, if any, will effectively retain its character and be treated as such in the hands of the unitholder for purposes of the Tax Act. A unitholder may be entitled to claim a foreign tax credit in respect of foreign taxes designated to such unitholder in accordance with the detailed rules in the Tax Act. To the extent that amounts are designated as taxable dividends from taxable Canadian corporations, the gross-up and dividend tax credit rules will apply.

The NAV per Ravensource Unit will reflect any income and gains of the Fund that have accrued or been realized but have not been made payable at the time Ravensource Units are acquired. Accordingly, a unitholder who acquires Ravensource Units, including on the reinvestment of distributions, may become



taxable on the unitholder's share of income and gains of the Fund that accrued before the Ravensource Units were acquired.

On the disposition or deemed disposition of a Ravensource Unit, including on a redemption, the unitholder will realize a capital gain (or capital loss) to the extent that the unitholder's proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Ravensource Unit. For the purpose of determining the adjusted cost base of Ravensource Units to a unitholder, when additional Ravensource Units are acquired, the cost of the newly acquired Ravensource Units is averaged with the adjusted cost base of all Ravensource Units owned by the unitholder as capital property immediately before that time. For this purpose, the cost of Ravensource Units that have been issued as a special distribution will generally be equal to the amount of the net income or capital gain distributed to the unitholder that has been distributed in the form of Ravensource Units. A consolidation of Ravensource Units following a distribution paid in the form of additional Ravensource Units is not regarded as a disposition of Ravensource Units and will not affect the aggregate adjusted cost base to a unitholder.

One-half of any capital gain ("taxable capital gain") realized by a unitholder on the disposition of Ravensource Units or designated by the Fund in respect of the unitholder in a taxation year will generally be included in computing the unitholder's income for that year and one-half of any capital loss realized by a unitholder in a taxation year may be deducted from taxable capital gains realized by the unitholder or designated by the Fund in respect of the unitholder in accordance with the provisions of the Tax Act.

Amounts designated by the Fund to a unitholder as taxable capital gains, taxable dividends from taxable Canadian corporations and taxable capital gains realized on the disposition of Ravensource Units may increase the unitholder's liability for alternative minimum tax.

### ***International Information Reporting***

Generally, unitholders will be required to provide their dealer with information related to their citizenship and tax residence and, if applicable, a foreign taxpayer identification number. If a unitholder does not provide the information or is identified as a U.S. citizen or a foreign (including U.S.) tax resident, additional details about the unitholder and their investment in the Fund will be reported to the CRA, unless the investment is held within a Registered Plan other than a first home savings account. The CRA is expected to provide that information to the relevant foreign tax authority if that foreign country has signed an exchange of financial information agreement with Canada.

### ***Taxation of Registered Plans***

Amounts of income and capital gains included in a Registered Plan's income are generally not taxable under Part I of the Tax Act, provided that the Ravensource Units are qualified investments for the plan trust. See "Income Tax Considerations for Investors – Status of the Fund". Investors should consult their own advisors regarding the tax implications of establishing, amending, terminating, or withdrawing amounts from a plan trust.

Notwithstanding that the Ravensource Units may be qualified investments for a Registered Plan, the holder, subscriber, or annuitant of, or under a Registered Plan (the "Controlling Individual"), will be subject to a penalty tax if such Ravensource Units are a "prohibited investment" for the particular Registered Plan. Ravensource Units will generally not be a "prohibited investment" if the Controlling Individual (i) does not hold a "significant interest" (within the meaning of the Tax Act) in the Fund, or (ii) does not deal at arm's length with the Fund for purposes of the Tax Act. Generally, a "significant interest" means the ownership of 10% or more of the Ravensource Units by the Controlling Individual

(either alone or together with persons with whom the Controlling Individual does not deal at arm's length for purposes of the Tax Act). Controlling Individuals are advised to consult their own tax advisors with respect to whether Ravensource Units would be prohibited investments in their particular circumstances.

### **Material Contracts**

The following are the material contracts of the Fund:

- the Declaration of Trust, as described under "Name, Formation and History of the Fund";
- the Portfolio Management Agreement, as described under "Responsibility for Fund Operations – the Investment Manager and Administrator";
- the Custodian Agreement, as described under "Responsibility for Fund Operations – Custodian; and
- the Administration Agreement as described under "Responsibility for Fund Operations – the Investment Manager and Administrator".

These contracts may be inspected by you, either as a prospective investor or as an existing unitholder, at the offices of the Investment Manager during normal business hours. They are also available from the Fund's designated website at [www.ravensource.ca](http://www.ravensource.ca) or [www.sedarplus.ca](http://www.sedarplus.ca).

# ANNUAL INFORMATION FORM



Additional information about the Fund is available in the Fund's management reports of fund performance and financial statements.

You can get a copy of these documents at your request, and at no cost, by calling (416) 250-2845, or from your dealer or broker or by e-mail at [info@stornowayportfolio.com](mailto:info@stornowayportfolio.com).

These documents and other information about the Fund, such as information circulars and material contracts, are also available either from the Fund's designated website at [www.ravensource.ca](http://www.ravensource.ca) or at [www.sedar.com](http://www.sedar.com).

Managed by:

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