



# ANNUAL MANAGEMENT REPORT OF FUND PERFORMANCE

DECEMBER 31, 2025

## **THE RAVENSOURCE FUND**

*This annual management report of fund performance (“MRFP”) contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, by calling (416) 250-2845, by writing to us at Stornoway Portfolio Management Inc., 30 St. Clair Avenue West, Suite 901, Toronto, ON M4V 3A1, by e-mailing us at [info@stornowayportfolio.com](mailto:info@stornowayportfolio.com), by visiting our website at [www.ravensource.ca](http://www.ravensource.ca), or through the SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com). Ravensource’s net asset value per unit is published weekly and can be found on our website at [www.ravensource.ca](http://www.ravensource.ca).*

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

### **A Note on Forward-Looking Statements**

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

## **MANAGEMENT DISCUSSION OF FUND PERFORMANCE**

### **THE TRUST**

The Ravensource Fund (“Ravensource” or the “Trust”) is a closed-end investment trust whose units are listed on the Toronto Stock Exchange under the symbol RAV.UN and can be purchased / sold like other publicly listed securities. As of December 31, 2025, the net assets of the Trust were \$21.3 million and with 1,296,075 units outstanding, the net asset value (“NAV”) per unit was \$16.45. The closing / last bid for Ravensource units as of December 31, 2025, was \$15.84 and the last trade was \$15.84.

### **THE INVESTMENT MANAGER**

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

### **INVESTMENT OBJECTIVE AND STRATEGIES**

The principal objective of Ravensource is to achieve superior absolute long-term returns, with an emphasis on capital gains, primarily through investments in selected under-followed / out-of-favour North American debt instruments, creditor claims and equity securities that are typically off the radar screen of most

traditional investors. The investment objectives of the Trust are stated in the Declaration of Trust and on the Trust's website at [www.ravensource.ca](http://www.ravensource.ca).

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

1. *Distressed Opportunities*: investing in corporate debt, creditor claims and/or equity securities of companies that are in, perceived to be in, or emerging from financial distress at a price materially different from what we believe to be the underlying fundamental value of the securities.
2. *Alternative Credit*: investing in corporate debt, on either a primary or secondary basis, that is reasonably expected to be repaid at or above par at or before its stated maturity in a manner consistent with the terms of its indenture and earn a yield that we believe is attractive given the underlying credit risk.
3. *Special Situations Equities*: investing primarily in Canadian and U.S. small- and mid-cap equities that are attractively valued with catalysts to unlock value.

## **RISK**

The Trust has not altered its stated investment strategies or implemented significant changes during 2025 that would have materially affected the overall risk of investing in Ravensource. The risks of the Trust remain as discussed in its most recently filed Annual Information Form and in the notes to the financial statements.

Ravensource invests primarily in out-of-favour, illiquid and often complex securities, including securities of issuers experiencing financial, operational or other distress. These investments may be more volatile, less liquid and more difficult to value than securities of larger, more widely followed issuers. In addition, the realization of value from certain investments may depend on events that are uncertain in timing and outcome, including restructurings, asset sales, litigation outcomes, regulatory developments and changes in market conditions.

Unexpected volatility or illiquidity could also result from broader legal, political, regulatory, economic or market developments, including public health events, natural disasters, war and related geopolitical risks, and may impair the portfolio manager's ability to carry out the Trust's investment objectives or cause the Trust to incur losses. Neither the duration nor the ultimate effect of such conditions, nor the degree to which they may worsen, can be predicted.

An investment in the Trust continues to be appropriate only for investors who have the capacity to absorb a loss of some or all of their investment, who seek long-term capital growth, have a long-term investment horizon, and possess a medium- to high-risk tolerance. Further, because Ravensource does not currently make distributions, an investment in the Trust may not be appropriate for investors who prioritize current income from their investments.

A more complete discussion of the risks associated with an investment in units of Ravensource is set out in the Annual Information Form and in the notes to the financial statements, which are available on SEDAR+ website at [www.sedarplus.com](http://www.sedarplus.com) and on the Ravensource website at [www.ravensource.ca](http://www.ravensource.ca).

## **RESULTS OF OPERATIONS**

### **Size of the Trust**

Ravensource's net assets were \$21.3 million at December 31, 2025, an increase of \$0.7 million, or 3.47%, during fiscal 2025. By comparison, Ravensource's net assets decreased by \$1.2 million, or 5.67%, during 2024. During 2025, the Trust did not make any distributions or raise additional capital.

### **Investment Performance**

Ravensource's net asset value per unit ("NAV") increased by \$0.55, or 3.47%, during 2025, reflecting an increase in the market value of its investment portfolio, net of fees and expenses. Performance during the year was led by positive contributions from investments in Kiwetinohk Energy Corp. and Crystallex International Corp., partially offset by negative performance from our investments in Algoma Steel Group Inc. and GXI Acquisition Corp. Given Ravensource's concentrated portfolio, individual investments can have a meaningful impact on annual results. For additional discussion of portfolio attribution, individual investments and developments during the year, unitholders should refer to Ravensource's Letter to Unitholders.

### **Redemptions and Recirculation of Units Tendered for Redemption**

Ravensource provides unitholders with an annual redemption right at net asset value. Ravensource may also recirculate units tendered for redemption by arranging for an investment dealer to use commercially reasonable efforts to find purchasers for those units at the redemption price, rather than cancelling them.

During the year ended December 31, 2025, 15,934 units were tendered for redemption and all 15,934 units were recirculated. Accordingly, the 2025 annual redemption process did not result in any net reduction in units outstanding. In comparison, during 2024, 39,116 units were tendered for redemption and all 39,116 units were recirculated.

## **RECENT DEVELOPMENTS**

The Independent Review Committee (the "IRC") is the independent committee established for Ravensource under National Instrument 81-107 to review conflict of interest matters referred to it by the Investment Manager and to provide impartial judgment on whether the proposed action would achieve a fair and reasonable result for the Trust.

As discussed in the IRC's 2024 Report to Securityholders, the IRC and the Investment Manager implemented during 2025 a transition plan for the committee's composition and leadership in light of CSA guidance that IRC members should not serve indefinitely or for periods that span excessively beyond six years. The transition was intended to address the lengthy tenure of existing members while preserving continuity, supporting orderly succession and introducing fresh perspectives and complementary expertise to the committee.

Effective January 1, 2026, David Magahey completed his term as a member of the IRC. Michael Siskind stepped down as Chair effective December 31, 2025 and continues as a member of the IRC through December 31, 2026. Steve Schaus was reappointed for an additional two-year term ending December 31, 2027 and was designated Chair effective January 1, 2026. Joanne Horibe and Noah Goldstein were appointed as new members of the IRC effective January 1, 2026, each for a three-year term ending December 31, 2028. Ms. Horibe brings senior legal, governance and compliance experience, and Mr. Goldstein brings investment management, capital markets and advisory experience.

The IRC intentionally adopted a four-member structure for 2026 to support continuity, transfer institutional knowledge and facilitate the integration of the new members. The committee currently expects to return to a three-member structure in 2027.

## **RELATED PARTY TRANSACTIONS**

### **Investment Manager Compensation**

Stornoway Portfolio Management Inc. (the “Investment Manager”), receives compensation for services provided to Ravensource, consisting of a management fee, an administrative fee, an investor relations fee and, if applicable, an incentive fee.

### **Management Fee**

The management fee is based on the Trust’s average weekly net assets and is payable monthly in arrears at the following annual rates, plus HST:

<b>Average weekly net assets</b>	<b>Management Fee</b>
Up to and including \$250,000,000	0.65% of net asset value plus HST
Between \$250,000,001 and \$500,000,000	0.60% of net asset value plus HST
\$500,000,001 and more	0.55% of net asset value plus HST

Over 2025, the management fee amounted to \$152,705, including HST (2024 - \$161,912).

### **Administrative Fee**

Subject to the supervision of the Trustee, the Investment Manager provides certain administrative services to the Trust. The administrative fee is based on the Trust’s average weekly net assets and is payable monthly in arrears at the following annual rates, plus HST:

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

Over 2025, the administrative fee amounted to \$82,226, including HST (2024 - \$87,183).

### **Investor Relations Fee**

The Investment Manager receives a monthly investor relations fee of \$1,000, plus HST, for unitholder reporting and other services. Over 2025, this fee amounted to \$13,560, including HST (2024 - \$13,560).

### **Incentive Fee**

The Investment Manager is entitled to an incentive fee equal to 20% of the amount by which the net asset value per unit at year-end, adjusted for contributions, distributions and redemptions during the year, exceeds the beginning net asset value per unit by more than 5%, plus any shortfalls from prior years.

As at December 31, 2025, the net asset value per unit would have had to exceed \$20.53 before any incentive fee became payable. Accordingly, no incentive fee was payable for fiscal 2025 (2024 - nil).

### **Employee Ownership**

Employees of the Investment Manager own 146,663 units, representing 11.3% of the outstanding units of Ravensource as at December 31, 2025 (2024 – 148,743 units, representing 11.5%).

## FINANCIAL HIGHLIGHTS

### For the years ended December 31, 2021, to December 31, 2025

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

The Trust's Net Assets per Redeemable Unit (\$) <sup>(1)</sup>	2025	2024	2023	2022	2021
<b>Opening Net Assets per Redeemable Unit</b>	<b>\$15.90</b>	<b>\$16.85</b>	<b>\$14.93</b>	<b>\$17.43</b>	<b>\$15.85</b>
<b>Increase (decrease) from operations:</b>					
Interest and dividend revenue	0.32	0.31	0.25	0.41	0.09
Expenses	(0.55)	(0.52)	(0.44)	(0.53)	(0.40)
Realized gains (losses) for the period	1.39	(0.53)	1.35	(0.70)	0.39
Unrealized gains (losses) for the period	(0.61)	(0.21)	0.76	(1.38)	1.80
<b>Total increase (decrease) from operations <sup>(2)</sup></b>	<b>\$0.55</b>	<b>(\$0.95)</b>	<b>\$1.92</b>	<b>(\$2.20)</b>	<b>\$1.88</b>
<b>Distributions:</b>					
From income (excluding dividends)	-	-	-	-	-
From dividends	-	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	-	-	-	(0.30)	(0.30)
<b>Total distributions <sup>(3)</sup></b>	<b>\$ --</b>	<b>\$ --</b>	<b>\$ --</b>	<b>(\$0.30)</b>	<b>(\$0.30)</b>
<b>Net Assets per Redeemable Unit, end of period</b>	<b>\$16.45</b>	<b>\$15.90</b>	<b>\$16.85</b>	<b>\$14.93</b>	<b>\$17.43</b>

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

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

(3) Distributions were paid in cash.

Ratios and Supplemental Data	2025	2024	2023	2022	2021
Total net asset value (000's) <sup>(1)</sup>	\$21,318	\$20,603	\$21,841	\$15,690	\$20,864
Number of units outstanding <sup>(1)</sup>	1,296,075	1,296,075	1,296,075	1,050,695	1,197,334
Management expense ratio <sup>(2)</sup>	3.40%	2.95%	3.07%	3.30%	2.38%
Management expense ratio before waivers or absorptions	3.40%	2.95%	3.07%	3.30%	2.38%
Trading expense ratio <sup>(3)</sup>	0.00%	0.14%	0.04%	0.08%	0.07%
Portfolio turnover rate <sup>(4)</sup>	98.29%	73.15%	44.04%	15.98%	36.45%
Net asset value per redeemable unit	\$16.45	\$15.90	\$16.85	\$14.93	\$17.43
Closing market price <sup>(5)</sup>	\$15.84	\$16.80	\$15.50	\$11.86	\$15.35

(1) This information is provided as at December 31 of each year.

(2) Management expense ratio is based on total expenses (excluding commissions and transaction costs) for the stated period and is expressed as an annualized percentage of weekly average net asset value.

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

(4) The Trust's portfolio turnover rate indicates how actively the Trust's portfolio adviser manages its investments and is based on investment purchases or sales for the stated period (whichever is less) expressed as an annualized percentage of weekly average net asset value. A portfolio turnover rate of 100% is equivalent to the Trust buying and selling all of the securities in the portfolio once in the course of the year. The higher a fund's portfolio turnover rate in a year, the greater the trading costs payable by the fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of the fund.

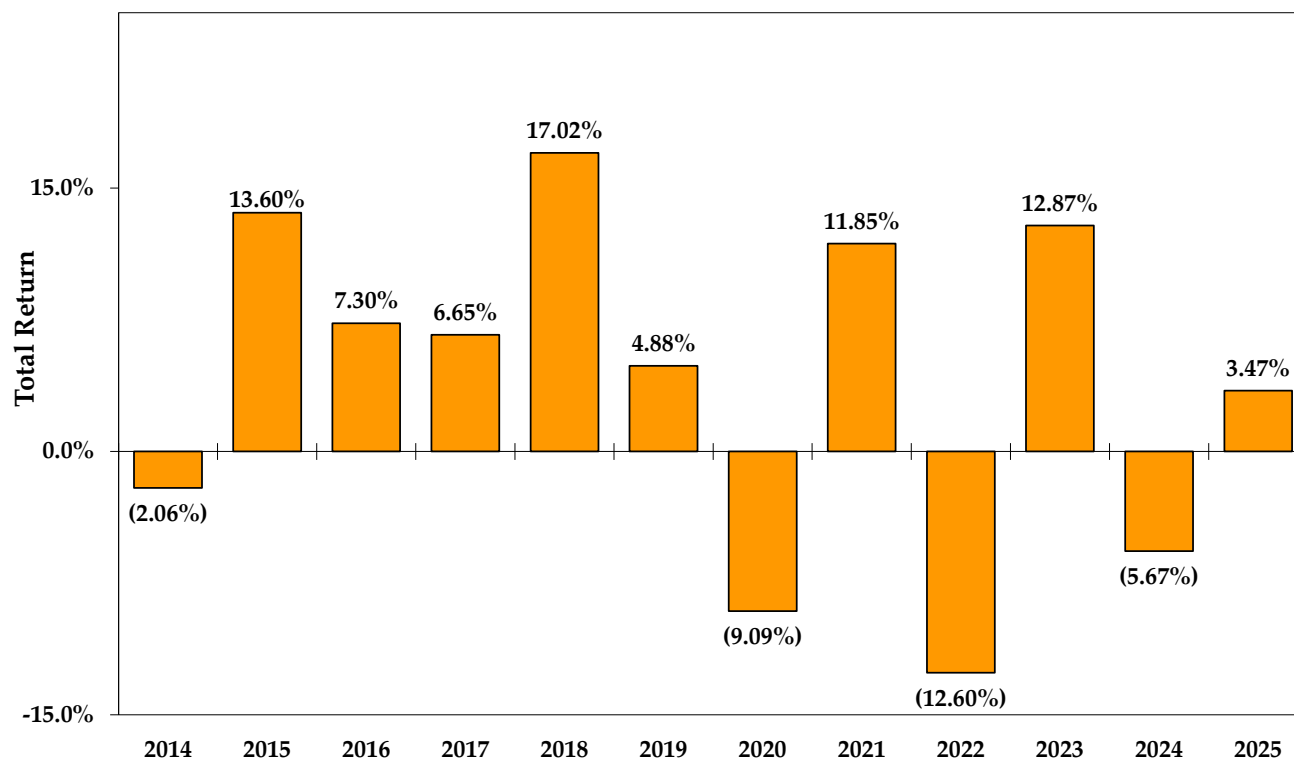
(5) The Closing market price refers to the last bid for a given period end.

## PAST PERFORMANCE

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

### Year-by-Year Trust Returns

The following bar chart shows the performance of the Trust for each of the financial years ended 2014 to 2025. This chart shows in percentage terms how an investment in the Trust made on the first day of each financial year would have increased or decreased, by the last day of each financial year.



### Annual Compounded Returns

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

As at December 31, 2025 <sup>(1)</sup>	1 Year	3 Years	5 Years	10 Years	Since <sup>(2)</sup> July 1, 2008
Ravensource Fund - RAV.UN <sup>(1)</sup>	3.5%	3.3%	1.5%	3.3%	5.8%
S&P/TSX Composite Total Return Index	31.7%	21.4%	16.1%	12.6%	7.8%
S&P/TSX Small Cap Total Return Index	50.2%	23.2%	15.3%	12.0%	6.0%
ICE BofAML US High Yield Index	8.5%	10.0%	4.5%	6.4%	6.9%
HFRI Distressed/Restructuring Index	9.0%	9.6%	7.8%	7.3%	5.4%

(1) Based on net asset value per unit, assuming all distributions are reinvested in Units at net asset value. Returns are net of all fees and expenses.

(2) Stornoway Portfolio Management was appointed as Manager of Ravensource Fund effective July 1, 2008.

(3) Returns are annualized except YTD returns.

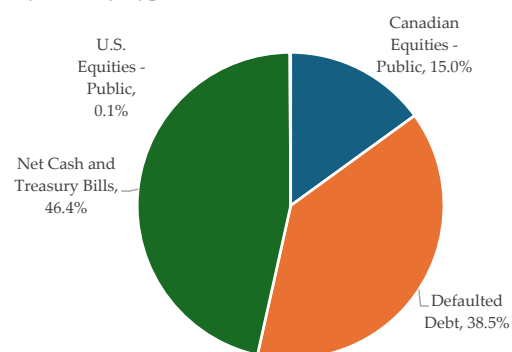
(4) Past performance is no guarantee of future results.

## SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2025

By Industrial Group **	% of Portfolio	Top 25 Holdings Issuer/Security	% of Net Assets
Litigation Finance	80.8%	Canadian Treasury Bills	46.7%
Real Estate	10.7%	Crystallex International Corp. 9.375% 23DEC2011 *	38.5%
Steel	8.4%	Firm Capital Apartment Real Estate Investment Trust	5.7%
Media & Publishing	0.1%	Algoma Steel Group Inc.	4.5%
		Gold Reserve Inc.	4.8%
		Spanish Broadcasting System Inc.	0.1%
		Brookfield DTLA Fund Office Trust Investor Inc.	0.0%
<b>Total % of Investment Portfolio</b>	<b>100.0%</b>	<b>Total % of Net Assets</b>	<b>100.2%</b>

### By Security Type - % of Net Assets



\* Not publicly traded. Valued by independent third parties, valuation model, and/or last transaction price.

By Investment Strategy **	% of Investment Portfolio	
	2025-12-31	2024-12-31
Distressed Opportunities	91.1%	93.7%
Special Situations Equities	8.9%	6.3%
Alternative Credit	0.0%	0.0%
<b>Total % of Investment Portfolio</b>	<b>100.0%</b>	<b>100.0%</b>

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

## **ADDITIONAL INFORMATION**

### **RavenSource Independent Review Committee**

To adhere to National Instrument 81-107 and to provide an arms-length vehicle to deal with matters that involve potential conflicts of interest between the Trust and the Investment Manager, RavenSource established and maintains an Independent Review Committee (“IRC”). The role, composition and responsibilities of the IRC can be summarized as follows:

- As of January 1, 2026, the size of the IRC is 4 members that are independent from the Investment Manager with no material relationships to the Investment Manager;
- Its mandate is to consider and provide impartial judgment on any conflict of interest referred to it by the Investment Manager;
- When a conflict of interest is referred, the IRC will review and recommend to the Investment Manager what action it should take to achieve a fair and reasonable result for RavenSource;
- Report to the relevant securities regulators any instance where the Investment Manager acted in a conflict of interest matter in such a way that did not comply with conditions imposed by securities legislation or the IRC;
- Meet at least annually with at least one of the meetings to be held “in camera”;
- For each calendar year, the IRC must prepare a report that describes the IRC and its activities for the fiscal year. This report is posted on the Trust’s website @ [www.ravenSource.ca](http://www.ravenSource.ca)

As of January 1, 2026, the IRC is comprised of Steven Schaus (Chairman), Michael Siskind, Joanne Horibe and Noah Goldstein. The fees and other reasonable expenses of members of the IRC are paid by the Trust. For 2025, the annual compensation for ordinary IRC members is \$10,000 while the Chair of the IRC will be compensated \$13,000. In addition, IRC members are entitled to \$600 per meeting for any additional meetings other than the annual meeting that occur during the year.

### **Access to Information**

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

### **Trust Information**

#### **Trustee, Registrar and Transfer Agent**

Computershare Fund Co. of Canada

#### **Auditor**

KPMG LLP

#### **Investment Manager**

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

#### **Investor Relations**

Scott Reid  
416-250-2845  
[sreid@Stornowayportfolio.com](mailto:sreid@Stornowayportfolio.com)

## RavenSource's Use of Comparable Indices

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

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

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