

Financial statements of

RavenSource Fund

December 31, 2009 and 2008

RavenSource Fund

December 31, 2009 and 2008

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Auditors' Report

To the Unitholders of Ravensource Fund

We have audited the statement of investment portfolio of Ravensource Fund (the "Trust") as at December 31, 2009, the statements of net assets as at December 31, 2009 and 2008, and the statements of operations and changes in net assets for the years then ended. These financial statements are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statement present fairly, in all material respects, the financial position of the Trust as at December 31, 2009 and 2008, and the results of its operations and the changes in its net assets for the years then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads "Deloitte & Touche LLP".

Chartered Accountants
Licensed Public Accountants
March 26, 2010

RavenSource Fund

Statements of operations

years ended December 31, 2009 and 2008

	2009	2008
	\$	\$
Investment income		
Interest	352,130	255,367
Dividends and income trust distributions	165,831	191,127
Sundry income (Note 7)	-	133,777
	<u>517,961</u>	<u>580,271</u>
Expenses		
Management fees (Note 4a)	61,173	78,330
Administrative fees (Note 4c)	32,940	42,178
Investor relations fees (Note 4d)	8,631	15,502
Trust administration and transfer agency fees	25,498	25,763
Audit fees	24,623	25,881
Legal fees	17,531	672
Listing fees	16,408	10,666
Accounting fees	17,794	20,248
Professional fees	13,483	-
Other expenses	2,652	1,916
	<u>220,733</u>	<u>221,156</u>
Net investment income	297,228	359,115
Realized and unrealized gain (loss) on investments		
Transaction costs	(16,813)	(21,127)
Net realized gain on investments, including foreign exchange adjustments	306,070	140,724
Net change in unrealized depreciation on investments	3,051,415	(5,806,293)
Net gain (loss) on investments	<u>3,340,672</u>	<u>(5,686,696)</u>
(Decrease) increase in net assets from operations	<u>3,637,900</u>	<u>(5,327,581)</u>
Average number of units outstanding during the period	<u>1,424,016</u>	<u>1,430,328</u>
Increase in net assets from operations per unit	<u>2.55</u>	<u>(3.72)</u>

The accompanying notes are an integral part of these financial statements.

RavenSource Fund

Statements of net assets

as at December 31, 2009 and 2008

	2009	2008
	\$	\$
Assets		
Cash	1,623,101	1,425,993
Investments at fair value (Cost: \$10,412,288; 2008 - \$10,220,574)	9,727,992	6,506,014
Interest and dividends receivable	100,282	138,472
	11,451,375	8,070,479
Liabilities		
Accounts payable and accrued liabilities	38,530	42,558
Incentive, management and administrative fees payable	10,396	7,050
	48,926	49,608
Net assets	11,402,449	8,020,871
Number of units outstanding (Note 6)	1,424,016	1,424,016
Net asset value per unit	8.01	5.63

The accompanying notes are an integral part of these financial statements.

Approved on behalf of the Trust


Investment Manager
Stornoway Portfolio Management Inc.

RavenSource Fund

Statements of changes in net assets years ended December 31, 2009 and 2008

	2009	2008
	\$	\$
Net assets, beginning of year	8,020,871	13,555,985
Increase (decrease) in net assets from operations	3,637,900	(5,327,581)
Unitholder transactions		
Redemption of units (Note 5c)	-	(78,532)
Distributions (Note 5d)	(256,322)	(129,001)
	(256,322)	(207,533)
Increase/(decrease) in net assets	3,381,578	(5,535,114)
Net assets, end of year	11,402,449	8,020,871

The accompanying notes are an integral part of these financial statements.

RavenSource Fund

Statement of investment portfolio

as at December 31, 2009

Number of shares/units	Investments, owned	Average cost	Fair value	Fair value as % of net assets
		\$	\$	
Canadian equities				
30,000	Ace Aviation - Class A	150,600	177,000	1.55%
19,999	Aecon Group Inc.	149,998	299,385	2.63%
80,000	Canwel Holdings Corp.	304,000	313,120	2.75%
98,500	Cinram Intl. Income Fund	556,796	272,845	2.39%
66,500	Data Group Income Fund	447,080	389,025	3.41%
200,000	Ember Resources	170,000	162,000	1.42%
8,362,872	First Metals Inc	464,118	125,443	1.10%
140,375	Glacier Media Inc	368,989	280,750	2.46%
21,100	GVIC Comm - Class B	17,091	6,752	0.06%
22,500	GVIC Comm - Class C	18,045	7,088	0.06%
100,000	HSE Integrated	100,500	46,000	0.40%
27,900	Indigo Books & Music Inc.	141,639	427,707	3.75%
75,000	Livingston Energy	97,500	15,000	0.13%
20,000	Manulife Financial Corp	380,000	386,000	3.39%
33,800	Marsulex Inc.	234,582	385,658	3.38%
7,400	McGraw-Hill Ryerson Ltd.	286,832	325,748	2.86%
15,000	Noranda Income Fund	135,030	37,800	0.33%
271,033	PlazaCorp Retail Prop. LTD.	325,240	840,202	7.37%
40,000	Sceptre Investment Counsel	197,300	224,000	1.96%
200,000	Sigma Ventures	180,000	6,000	0.05%
125,000	Swiss Water Decaf. Coffee Income Fund	375,145	442,500	3.88%
225,000	UTS Energy Services LTD	396,000	506,250	4.44%
231,800	Village Farms Income Fund	540,544	169,214	1.48%
45,000	West Energy Ltd	102,150	173,700	1.52%
1,691,000	Westaim Corp.	426,945	684,855	6.01%
45,400	Winpak Ltd.	295,252	386,354	3.39%
		6,861,374	7,090,396	62.18%
U.S. equities				
313,125	Seaco LTD	392,097	49,157	0.43%
62,295	Solutia Inc.	372,783	827,362	7.26%
		764,880	876,519	7.69%

The accompanying notes are an integral part of these financial statements.

RavenSource Fund

Statement of investment portfolio (continued)

as at December 31, 2009

Number of shares/units	Investments, owned	Average cost	Fair value	Fair value as % of net assets
		\$	\$	
Fixed income				
1,250,000	Crystallex International Corp 9.375% due Dec 30, 2011	638,304	379,393	3.33%
1,000,000	Delphi Holdings Corp. 6.55% due June 15, 2006 **	732,498	3,663	0.03%
84,504	First Metals Inc. 5% due August 2011	78,163	42,252	0.37%
233,000	Newport Partners Income Fund 7% due Dec 31, 2012 **	92,563	94,365	0.83%
1,400,000	Specialty Foods Group 8% due Dec 2011	1,199,834	1,098,930	9.64%
		2,741,361	1,618,603	10.87%
Warrants				
250,000	The Brick Group Income Fund First Metals Inc.	44,373	137,500	1.21%
834,240	Expiry - Feb 2011	-	-	0.00%
60,000	Expiry - July 2012	300	-	0.00%
100,000	Sigma Ventures	-	-	0.00%
14,623	Solutia Inc.	-	4,974	0.04%
		44,673	142,474	1.25%
Net investments owned		10,412,288	9,727,992	85.31%
Brokerage commission		15,200	-	0.00%
Total Portfolio of Investments		10,427,488	9,727,992	85.31%
Other net assets		-	1,674,457	14.69%
Net assets		10,427,488	11,402,449	100.00%

The accompanying notes are an integral part of these financial statements.

RavenSource Fund

Notes to the financial statements

December 31, 2009 and 2008

1. Trust organization and nature of operations

The RavenSource Fund (the "Trust") 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 and as of July 1, 2008 (the "Declaration of Trust"). The Trust's units are listed on the Toronto Stock Exchange ("RAV.UN").

Computershare Trust Company of Canada (the "Trustee") acts as trustee for the Trust. At a special meeting of the Trust's unitholders, Stornoway Portfolio Management Inc. ("SPM"), an Ontario corporation, was appointed as the investment manager ("Investment Manager") of the Trust, effective July 1, 2008. SPM previously provided portfolio management services to Cinnamon Investments Limited, the previous investment manager, who paid for SPM's services from their portfolio management fees. The change in investment manager did not have a significant impact on the basis of fees charged to the Funds.

The Investment Manager provides portfolio management and administrative services to the Trust, subject to the overall supervision of the Trustee. The Investment Manager is authorized to invest and reinvest the Trust's assets and make investment decisions on behalf of the Trust. The Investment Manager and its affiliates own 130,078 (2008 - 116,700) units representing 9.1% (2008 - 8.2%) of the outstanding units as at December 31, 2009.

The capital of the Trust is represented by the net asset value of the Trust, and comprises mainly of investments. As more fully outlined in the Declaration of Trust, the principal investment objective of the Trust is to achieve absolute annual returns, with an emphasis on capital gains, through investment in selected North American securities. The Trust will invest its property primarily in North American high yield and distressed debt securities, and in small capitalization equity securities. The success of the Trust depends on the investment decisions of the Investment Manager and will be influenced by a number of risk factors including liquidity risk, market risks, investment in options, and leverage from borrowed funds.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The following is a summary of the significant accounting policies followed by the Trust:

a) *Valuation of investments*

The Trust's investments are presented at fair value determined as follows:

- ii) Securities listed upon a recognized public stock exchange are valued at their bid prices on the valuation date. In a situation where, in the opinion of the Investment Manager, a market quotation for a security is inaccurate, unreliable or not readily available, the fair value of the security is estimated using valuation techniques generally used in the industry. These techniques take into account market factors, valuation of similar securities and interest rates.
- iii) Securities not listed upon a recognized public stock exchange are valued using valuation techniques which take into account market factors, valuation of similar securities and interest rates.
- iii) Short-term notes, treasury bills, bonds, asset-backed securities and other debt instruments are valued at bid quotations from recognized investment dealers.

b) *Investment transactions and income recognition*

Purchases and sales of securities are recorded on a trade date basis. Interest income is recognized on an accrual basis; however no accrual is made on defaulted bonds. Dividend income (including distributions from income funds) is recognized at the ex-dividend date. Net realized gains (losses) on the sale of investments include net realized gains or losses from foreign currency changes and are based on weighted average cost.

Ravensource Fund

Notes to the financial statements

December 31, 2009 and 2008

2. Summary of significant accounting policies (continued)

c) *Income tax*

The Trust is taxable as a mutual fund trust under the Income Tax Act (Canada) on its income including net realized capital gains in the taxation year, which is not paid or payable to its unitholders as at the end of the taxation year. It is the intention of the Fund to distribute all of its net income and sufficient net realized capital gains so that the Fund will not be subject to income taxes.

d) *Foreign currency translation*

Investments and other assets and liabilities that are denominated in foreign currencies are translated into Canadian dollars at the exchange rates at the year end date. Purchases and sales of investments and income derived from investments are translated at the exchange rate prevailing on the respective dates of such transactions. The Trust does not separately report the effects of changes in foreign exchange rates from changes in market prices on investments held. Such changes are included in net realized gain or loss from unrealized appreciation or depreciation of investments.

e) *Transaction costs*

Transaction costs are expensed and are included in the Statements of Operations. Transaction costs are incremental costs that are directly attributable to the acquisition, issue, or disposal of an investment, which include fees and commission paid to agents, advisors, brokers, and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties.

f) *Use of estimates*

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets (primarily with respect to less liquid investments) and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

g) *Adoption of new accounting standards*

The Canadian Institute of Chartered Accountants Handbook Section 3862 establishes a fair value hierarchy which prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The three levels of the fair value hierarchy as described by Section 3862 are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Trust adopted these new requirements in 2009 (see Note 11).

In January 2009, the Emerging Issues Committee ("EIC") issued Abstract No. 173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities (EIC-173). EIC-173 requires an entity to take into account its own credit risk and that of the relevant counterparties when determining the fair value of financial assets and financial liabilities, including derivative instruments. This EIC had no impact on the Fund's financial position or results of operations.

RavenSource Fund

Notes to the financial statements

December 31, 2009 and 2008

3. Net asset value

Amendments to NI 81-106, effective September 8, 2008, remove the requirement that net asset value, for redemptions and subscriptions, ("Net Asset Value") be calculated in accordance with Canadian GAAP.

Net asset value ("pricing NAV") per unit is computed by dividing the net asset value determined for the purchase and redemption of units in accordance with the Trust's prospectus, by the total number of units outstanding.

In 2007, the pricing NAV per unit of \$9.55 was different from the net assets per unit calculation, which is presented on the Statements of Net Assets ("GAAP net assets"). The difference was due to valuing actively traded securities at bid for GAAP net assets while pricing NAV used closing prices.

From August 31, 2008, the calculation of pricing NAV was changed and it is now consistent with the calculation of GAAP net assets - there is no difference between pricing NAV and GAAP net assets at December 31, 2009.

4. Related party transactions

a) Management fees

The management fee payable to the Investment Manager is based on the Trust's average weekly net assets at the end of each week and payable on the last business day of each calendar month as follows:

<u>Average weekly net assets</u>	<u>Management fee</u>
Up to and including \$250 million	0.65% of Net Asset Value plus GST
Between \$250 million and \$500 million	0.60% of Net Asset Value plus GST
\$500 million and more	0.55% of Net Asset Value plus GST

b) Incentive fee

An incentive fee will be payable to the Investment Manager in any year, equal to 20% of the amount by which the net asset value per unit at the end of the year, adjusted for contributions, distributions, and redemptions during the year, exceeds the net asset value per unit at the beginning of the year by more than 5%, plus any shortfall from prior year. This fee is accrued monthly but calculated and paid annually. No fees were payable for 2008 and 2009.

c) Administrative fees

Subject to the supervision of the Trustee, the Investment Manager agrees to be responsible for and provide certain administrative services to the Trust. The Trust will pay the Investment Manager a fee based on the Trust's average weekly net assets at the end of each week and payable on the last business day of each calendar month as follows:

<u>Average weekly net assets</u>	<u>Administrative fee</u>
Up to and including \$250 million	0.35% of Net Asset Value plus GST
Between \$250 million and \$500 million	0.30% of Net Asset Value plus GST
\$500 million and more	0.25% of Net Asset Value plus GST

d) Investor relations fees

The Investment Manager is paid a monthly investor relations fee for unitholder reporting and other services provided under a service agreement.

RavenSource Fund

Notes to the financial statements

December 31, 2009 and 2008

4. Related party transactions (continued)

e) Other related party transactions

Certain senior executives and board members of the Investment Manager and their affiliated entities (excluding the Investment Manager and its affiliates) are unitholders in the Trust. At December 31, 2009, such related parties held 557,494 (2008 – 547,994) units approximately representing 39.15% (2008 - 38.48%) of the units of the Trust. All transactions were conducted on an arm's length basis based on net asset values. The units held by the Investment Manager and its affiliates in the trust are disclosed in Note 1.

5. Unitholders' entitlements

The Unitholders' entitlements with respect to the net assets and distribution of income are generally as follows:

a) Entitlement in respect of net assets

A pro-rata share of the net assets of the Trust in the proportion that each unitholders' equity bears to the aggregate unitholders' equity.

b) Tax designations and elections

The Trustee shall file all tax returns, on behalf of the Trust, required by law.

c) Redemption of units

By delivering an Annual Redemption Request to be received by the Trust's registrar and transfer agent on or before the twentieth business day prior to the applicable Annual Redemption Date, being the valuation date following August 31 in any year, subject to compliance with applicable laws and the provisions, unitholders shall be entitled to require the Trust to redeem some or all of their units outstanding at net asset value as of the Annual Redemption Date.

d) Distributions

The Trust intends to make semi-annual distributions to unitholders of record as of the last Valuation Date of each of June and December in each calendar year, of such amount per unit as the Trustee, upon consultation with the Investment Manager, may determine. It is anticipated that the annual distribution will be at least equal to the net capital gains plus the net income of the Trust for that year, net of any tax losses brought forward from prior years.

During the year, the Trust made a distribution on June 27, 2009 of \$0.09 per unit (2008 - \$0.09) per unit and a \$0.09 distribution per unit in December 2009 (2008 – \$nil), for a total amount of \$256,322 (2008 – \$129,001).

The Trust has cumulative net capital losses of \$21,464,051 (2008 - \$21,619,646) for income tax purposes that may be carried forward and applied to reduce future net capital gains. The Trust has non-capital losses of \$297,659 for income tax purposes that may be carried forward up to 20 years to offset future net income and realized capital gains.

RavenSource Fund

Notes to the financial statements

December 31, 2009 and 2008

6. Units of the Trust

The Trust is authorized to issue an unlimited number of redeemable units of beneficial interest, each of which represents an equal, undivided interest in the net assets of the Trust. Each unit entitles the holder to one vote and to participate equally with respect to any and all distributions made by the Trust. The redemption price per unit will be equal to the net asset value per unit calculated on the redemption date.

	2009	2008
Units, beginning of year	1,424,016	1,433,343
Sale of units	-	-
Redemption of units	-	(9,327)
Units, end of year	1,424,016	1,424,016

7. Sundry income

The previous investment manager of the Trust, Cinnamon Investments Limited, waived the incentive fees payable to them for services performed in fiscal 2008. There were no incentive fees incurred or paid in fiscal 2009.

8. Expenses

The Investment Manager has the power to incur and make payment out of the Trust property any charges or expenses which, in the opinion 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 Trust. The Trust will be responsible for any income or excise taxes and brokerage commissions on portfolio transactions.

9. Indemnification of the Investment Manager

The Trust has indemnified the Investment Manager (and each of its directors and officers) from and against all liabilities and expenses, reasonably incurred by the Investment Manager, other than liabilities and expenses incurred as a result of the Investment Managers' wilful misconduct, bad faith or negligence. There were no claims or expenses against the Investment Manager requiring indemnification during the years ended December 31, 2009 and 2008.

10. Financial instruments risk management

Managing the risks of the investment portfolio is a critical element of the investment management process. The Investment Manager's overall risk management process seeks to minimize the potentially adverse effect of risk on its financial performance in a manner that is consistent with the Trust's investment mandate. To accomplish this goal, the Investment Manager utilizes a range of well-established tools and methods to manage the risk of the Trust.

In the normal course of business, the Trust is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk, and other price risk). The value of investments within the Trust portfolio can fluctuate on a daily basis as a result of changes in interest rates, economic conditions, market and company news related to specific securities within the Trust. The level of risk depends on the Trust's investment objectives and the type of securities it invests in.

a) Credit risk

Credit risk is the risk that the counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Trust. Where the Trust invests in debt instruments and derivatives, this represents the main concentration of credit risk. The market value of debt instruments and derivatives includes consideration of the credit worthiness of the issuer, and accordingly, represents the maximum credit risk exposure of the Trust.

RavenSource Fund

Notes to the financial statements

December 31, 2009 and 2008

10. Financial instruments risk management (continued)

a) Credit risk (continued)

All transactions executed by the Trust in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities sold takes place once the broker has received payment, and purchases are paid for once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

As at December 31, 2009, the Trust's credit exposure is primarily to high yield bonds which are unrated (93.94% of the total debt portfolio of \$1.6 million) (December 31, 2008 96.65%) and the remaining debt portfolio comprising of defaulted bonds.

b) Liquidity risk

Liquidity risk is defined as the risk that the Trust may not be able to settle or meet its obligation on time or at a reasonable price.

The Trust's exposure to liquidity risk primarily relates to annual redemption of units. Other than the high yield and defaulted bonds, the Trust primarily invests in equity securities that are traded in active markets and can be readily disposed of. In addition, the Trust retains sufficient cash to maintain liquidity.

c) Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or fair values of financial instruments. Interest rate risk arises when the Trust invests in interest-bearing financial instruments. The Trust is exposed to the risk that the value of such financial instruments will fluctuate due to changes in the prevailing levels of market interest rates. There is no sensitivity to interest rate fluctuations on any cash balances.

As the Trust has significant exposure to high yield and defaulted bonds with no exposure to government bonds, its bond investments tend to be affected more by changes in overall economic growth and company-specific fundamentals rather than changes in interest rates. However, high yield bonds do have a degree of interest rate risk which is illustrated in the table below.

As at December 31, 2009, the Trust's exposure to debt instruments by maturity and the impact on its net asset value if the yield curve is shifted in parallel by increase of 25 basis points, holding all other variables constant ("sensitivity"), is as follows:

Maturity date	2009 CAD \$ *	2008 CAD \$ *
1-3 years	1,478,323	1,328,691
3-5 years	42,252	150,000
Sensitivity to 25bps yield change will increase or decrease net assets by	(5,945)	(8,062)

* Excludes cash, defaulted bonds and preferred shares.

In practice, actual results may differ from the above sensitivity analysis and the difference could be material.

RavenSource Fund

Notes to the financial statements

December 31, 2009 and 2008

10. Financial instruments risk management (continued)

d) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than Canadian dollars, which represents the functional currency of the Trust. The Trust may enter into foreign exchange contracts for hedging purposes to reduce its foreign currency exposure, or to establish exposure to foreign currencies. Other currencies to which the Trust had exposure as at December 31, 2009, are as follows:

	CAD \$	% of NAV
United States dollar	2,204,092	19.33

December 31, 2008:

	CAD \$	% of NAV
United States dollar	1,953,305	24.35

As at December 31, 2009, if the Canadian dollar had strengthened or weakened by 1 percent in relation to all currencies, with all other variables held constant, net assets would have increased or decreased, respectively, by approximately 0.19% (\$22,000) (December 31, 2008 2.4% (\$19,533)). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

e) Other price risk

Other price risk is the risk that the market value or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk, credit risk or currency risk). All investments represent a risk of loss of capital. The Manager of the Trust moderates this risk through a careful selection and diversification of securities and other financial instruments within the limits of the Trust's investment objectives and strategy. The Trust's overall market positions are monitored on a regular basis by the Investment Manager. As at December 31, 2009, 70.99% (December 31, 2008 59.45%) of the Trust's net assets were invested in securities traded on North American stock exchanges. If security prices on the North American stock exchanges had increased or decreased by 10% as at the period end, with all other factors remaining constant, net assets could possibly have increased or decreased by approximately 7.10% (\$809,438) (December 31, 2008 10% \$476,771). In addition to its exposure to securities listed on North American stock exchanges, as at December 31, 2009, 0.13% of the Trust's net assets were invested in private equities. If security prices on the North American stock exchanges had increased or decreased by 10% as at the period end, with all other factors remaining constant, net assets could possibly have increased or decreased by approximately 0.013% (\$1,500). In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

RavenSource Fund

Notes to the financial statements

December 31, 2009 and 2008

11. Fair value measurements

The following table presents the Fund's financial instruments that have been measured at fair value, on a recurring basis, as at December 31, 2009.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Net cash	1,623,101	-	-	1,623,101
Investments - Held for trading				
Bonds	519,673		1,098,930	1,618,603
Equities	7,951,915		15,000	7,966,915
Warrants	142,474		-	142,474
	8,614,062	-	1,113,930	9,727,992
Total	10,237,163	-	1,113,930	11,351,093

The Partnership did not have any significant transfers between Level 1 and Level 2 included in the fair value hierarchy during 2009.

12. Future accounting changes

The Canadian Accounting Standards Board has confirmed its plan for changeover to International Financial Reporting Standards (IFRS) on January 1, 2011. At December 31, 2009 the Investment Manager is developing a changeover plan to meet the timetable for changeover to IFRS. The key objectives of the plan include disclosures of the qualitative impact in the 2009 and 2010 management report on fund performance, disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS. The Investment Manager is still evaluating the impact that the changeover to IFRS will have on the Trust.

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

14. Capital Disclosures

The Manager has policies and procedures in place to manage the capital of the Fund in accordance with the Fund's investment objectives, strategies and restrictions as detailed in the offering document. Information about the capital is described in the Statement of Changes of the Funds and the Fund does not have externally imposed capital requirements.