RAVENSOURCE FUND

ANNUAL REPORT – DECEMBER 31, 2009

MANAGEMENT REPORT OF FUND PERFORMANCE

This document has been prepared to provide Management Report on Financial Performance ("MRFP") of the financial condition and results of operations for the period ending December 31, 2009. This MRFP should be read in conjunction with the Fund's December 31, 2009 audited financial statements. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) and unless otherwise noted, both the financial statements and this MRFP are expressed in Canadian Dollars.

The MRFP contains certain forward-looking statements that are subject to risks and uncertainties that may cause the results or events mentioned in this discussion to differ materially from actual results or events. No assurance can be given that results, performance or achievements expressed in, or implied by, forward-looking statements within this disclosure will occur, or if they do, that any benefits will be derived.

The Ravensource Fund

The Ravensource Fund (“Ravensource” or “the Fund”) is a closed-end mutual fund trust, the units of which trade on the TSX under the symbol **RAV.UN.** The investment objectives of the Fund are stated in detail in the notes to the financial statements and in greater detail in the Declaration of Trust. In 2003, the Fund’s investment strategy was transitioned away from its roots as an income fund specializing in debt securities of issuers in Australia, New Zealand and other Asian countries and into a fund that specializes in North American High Yield, Distressed Debt and equity securities. To reflect the change in the investment mandate, the name was changed from the First Asia Income Fund to the Ravensource Fund.

Investment Manager - Stornoway Portfolio Management Inc.

By way of a special meeting of unitholders, Stornoway Portfolio Management Inc. (“SPM”) was appointed as the Investment Manager to the Ravensource Fund effective July 1, 2008. SPM'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. I am the President of SPM and have over 20 years of experience in the Capital Markets researching, restructuring and investing in companies that are experiencing financial distress. Whether serving on a creditor committee, Board of Directors or in a more informal capacity, I do not shy away from rolling up my sleeves and getting actively involved in investee companies to ensure the successful completion of a corporate turnaround with the goal of ultimately realizing higher value on our investment. Currently, I sit on the Board of Directors of SFG Inc., a private U.S. meat processing company which represents Ravensource’s single largest investment.

Ravensource Investment Committee

To oversee the investment management of the Fund, Pat Hodgson and I established the Ravensource Investment Committee (the "RIC"). As many will know, Pat is the President of Cinnamon Investments Limited ("Cinnamon") and managed the Ravensource Fund up until July 1, 2008. What you may not know is that Ravensource is merely the formalization of a partnership that has been many years in the making. Pat and I have been examining and capitalizing on investment opportunities together for almost a decade. Through the RIC, Pat remains actively involved in Ravensource by contributing investment ideas, providing a sounding board and imparting his years of investment experience, which adds depth, horsepower and balance to the management of the Fund. Further, Pat's strength and track record in the value side of equity investing provides a key counter-balance to my fixed income and distressed securities background. Speaking personally and professionally, I am truly honoured to be partners with Pat.

Both Pat and I firmly believe that an investment manager should have "skin in the game". As such, I personally own 132,878 units of Ravensource representing approximately 9.3% of the total units outstanding while Pat – directly and through related parties – owns 557,494 units of Ravensource representing approximately 39.2% of the units of the Fund. Both Pat and I purchased units in the open market during the course of 2009.

Investment Philosophy

We are deep value investors that often find attractive investment opportunities from situations that are overlooked by traditional investors. Many of these opportunities arise from companies with warts on them:

- Debt of companies who require a financial/operational turnaround
- Income trusts who ceased / reduced their distribution
- Companies with hidden assets or overstated liabilities
- Shares of companies lacking or losing institutional research coverage

Pat and I spend a lot of time combing through analyst reports, having discussions with our various networks, and other less trodden avenues to uncover these opportunities. However, investment analysis and identification of opportunities is not sufficient to generate investment returns. To realize value from these opportunities, we believe we bring the following attributes to Ravensource's investors:

- ability to see beyond current corporate/financial challenges;
- patience and an investment horizon long enough for the markets to recognize the intrinsic value that we did at time of investment;
- businessman's ability to assess viability of an operational turnaround;
- recognition of catalysts to unlock value; and
- willingness to become actively involved to protect / increase the value of our investments.

The underlying margin of safety has always been considered before making an investment. This is an ephemeral concept that can include hidden asset values in companies losing money, excess cash, strong market positions combined with excess debt or some combination of ugliness and attraction. We don't like the catastrophic percentage losses which happened on several positions during the recent turmoil and are looking for wider margins of safety-a free umbrella for a rainy day with the wind blowing. Many of our investment positions had temporary large losses during 2008 and have since recovered because they indeed had wide margins of safety.

Annual Results of Operations

Investment Performance

Ravensource Fund generated a net return on investment of 45.4% after all fees and expenses over the course of 2009. After a horrible performance in 2008, the Fund is working its way back to its year-end high net asset value of $9.46 that was set in December 2007. Net assets increased by $3,637,901 / $2.55 per unit prior to factoring in the $0.18 per unit distribution that was paid to unitholders in 2009.

The Fund's Net Assets per Unit ($) (1)	**2009**	**2008**	**2007**	**2006**	**2005**
Net Assets, beginning of year	5.63	9.46	8.99	8.24	6.92
Increase (decrease) from operations:					
Total revenue	0.36	0.41	0.27	0.14	0.14
Total expenses	0.16	0.15	0.28	0.31	0.44
Realized gains (losses) for the period	0.20	0.08	1.38	0.67	0.72
Unrealized gains (losses) for the period	2.14	(4.06)	(0.69)	0.48	1.00
Total increase (decrease) from operations (2)	2.55	(3.72)	0.68	0.97	1.42
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	0.03	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	0.15	0.09	0.17	0.14	0.11
Total Distributions (3)	0.18	0.09	0.17	0.14	0.11
Net assets, End of Period	8.01	5.63	9.46	8.99	8.24

(1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(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.

While we are focused are producing absolute returns, we do understand that some of our investors will benchmark our performance versus other investment vehicles including the broad market indices. On a relative basis, we outperformed the TSX by 10.3% for 2009, recovering much of our relative underperformance in 2008. Over the past 3 years, we have lagged the TSX by 1.8%.

The key drivers for Ravensource's 2009 performance can be found in the table below where the top 10 profit contributors along with the top 3 negative performing positions are listed.

Investment	% of Total Investment Income [1]	Effect on NAV [2]
Solutia Inc.	27.15%	13.06%
Wave Energy	9.84%	4.74%
Westaim Corp.	7.45%	3.58%
PlazaCorp Retail Prop. Ltd	7.00%	3.37%
Neo Materials	5.95%	2.86%
Contrans Income Fund	5.25%	2.53%
Data Group Income Fund	4.93%	2.37%
Specialty Foods Group Bonds	4.23%	2.03%
West Energy Ltd	3.97%	1.91%
Marsulex Inc.	3.69%	1.77%
First Metals Bonds	-1.45%	-0.70%
Village Farms Income Fund	-1.50%	-0.72%
Crystallex International Bonds	-3.23%	-1.55%

[1] Total Investment Income = realized gains/losses + unrealized gains/losses + dividends + interest

[2] Investment Income / Starting Net Asset Value

The first quarter of 2009 was a tough start for the markets in general, but particularly painful for Solutia shareholders. Starting the year at US$4.50, Solutia shares fell to a low of US$1.04 in early march. In addition to the general malaise in the share prices of chemical companies, Solutia's share price reacted very badly to a series of SEC filings stating: (i) that the company may issue additional shares to satisfy pension payments; and (ii) management had sold some of their shares. Despite the fact that on closer examination of both of these issues amounted to form versus substance, Solutia shares cratered to an all-time low. In response, we took a deep breath, re-looked at our models, tested our investment thesis with other investors, and came away with the decision to more than double our existing position by buying shares at U$1.47. With Solutia's share price closing the year at US$12.69, our temerity was rewarded and it ended up being our top performing position.

The take-over of Wave Energy by Crescent Point Energy Corp (TSX: CPG) in an all stock deal at a ratio of 0.21 CPG shares per Wave Energy share marked another significant milestone for the year. Using the closing price on the date of the announcement – August 24, 2009 – the transaction valued Wave at $7.56 per share. Soon after the announcement, we pre-sold the CPG shares we were set to receive on the closing of the transaction at $37.67, thereby locking in a price of $7.91 for our Wave shares. With an average cost of $2.11 and a December 31st 2008 market value of $2.50, the transaction not only significantly contributed to the year's performance but more importantly, delivered a superior return on investment. Further, as Wave was a private company at the time of the transaction, the take-over delivered freely tradable and liquid stock in return for our otherwise illiquid shares.

Lastly, in May, we received a cash payment on our largest single investment - Specialty Foods Group debentures. The payment amounted to 12% of the face value of the bonds representing unpaid interest between June 2006 and December 2007. Given Ravensource was not carrying an accrual for the interest in arrears; it was a windfall both in terms of income and in cash liquidity. The company's strong operating performance and healthy balance sheet enabled it to clean up its outstanding obligations to its debenture holders and the current outlook for our investment has never looked better. From a credit perspective, the debentures are secured against the assets of the company and well covered from cash on the balance sheet and working capital. Based on the current price of $75 as valued by a third party valuation firm, the bonds have a yield to maturity of approximately 25% and thus represent an attractive bond investment. Moreover, as the debentures are collectively convertible into 92% of the shares of the company, if the management of SFG continues to deliver superior results, we stand a good chance of receiving greater than par for our bonds.

Expenses of the Fund are currently running at approximately 2.27% of NAV on an annualized basis, roughly in line with those incurred in 2008. As some of the costs are fixed in nature, there has been a slight increase in the non-performance related fees as a percentage of net assets given the Fund is smaller than it was in 2006/2007. Comparing total expenses to pre-2008 levels is akin to comparing apples to oranges due to the lack of performance fees paid in recent years. And as the current net asset value of the Fund remains lower than its high water mark, Pat and I have to chop a lot of wood before we earn any performance fees. During 2009, SPM was paid a total of $106,175.84 in management and administrative fees.

Liquidity and Investment Activity

In the carnage of the 2008/2009 credit crunch, Pat and I uncovered and capitalized on several attractive investment opportunities during 2009. Our net buying activity was more concentrated during the first half of the year and our net liquidity as a percentage of NAV fell to 7.2%. During the latter half of the year, some of our investments reached our target prices and we took some profits. Quite frankly, these days, given the increase in basically all segments of the capital markets, Pat and I are having trouble finding opportunities that meet our criteria. Thus, we ended the year with 14.2% of Ravensource's NAV in cash. While on a percentage basis, we are holding less cash, net/net, our purchase transactions largely met our dispositions and thus we have approximately the same dollar amount of cash that we started the year with. The sources and uses of cash is summarized in the table below:

	Amount	**per Unit**
Sources		
Net Income	297,228	0.2087
Investment Divestitures	3,163,374	2.2214
Other	190,024	0.1334
Total	3,650,626	2.5636
Uses		
Distributions to Unitholders	256,323	0.1800
Investment Purchases	3,197,195	2.2452
Total	3,453,518	2.4252
Change in Cash	197,108	0.1384

On the trading activity front, we were more active in the marketplace as demonstrated by the increase in the Portfolio Turnover Ratio from 28.5% in 2008 to 32.6% for 2009. It is unlikely that we will ever have a high turnover ratio relative to other investment funds as our investments are generally in under-followed securities that require time and patience to be rewarded by Mr. Market.

Over the course of 2009, we established positions in Manulife Financial Corp (TSX: MFC), UTS Energy Corporation (TSX: UTS), Sceptre Investment Counsel (TSX: SZ), Swiss Water (TX: SWS.U) and Canwel Holding (TSX: CWX) and added to our existing positions in Solutia (NYSE: SOA) and McGraw-Hill Ryerson Ltd. (TSX: MHR) shares. In addition, some of the investments that we added over the course of 2009 - Contrans Income Fund, The Brick Income Fund Bonds, and Intact Financial – were sold prior to year-end as they reached their target prices and produced healthy returns for the Fund.

One common theme that ran through many of our purchases came from opportunities where entities or investors needed liquidity. We have been particularly focused on providing rescue financing to companies that are unable to roll-over their debt with their existing lenders or to investors that are in need of liquidity. Investments in Canwel, the Brick, Contrans, Solutia, and Intact Financial all stemmed from a need for liquidity for which Ravensource profited handsomely. In short, providing solutions – whether to companies or investors - is very attractive.

From the disposition perspective, we trimmed our positions in Glacier Media shares (TSX: GVC), West Energy (TSX: WTL) and Twin Butte while liquidating our holdings in Retrocom units (TSX: RMM.U), Neo Materials (TSX: NEM), and BCE (TSX: BCE).

Investment Strategy and Risks

As of December 31st, 2009, the investment portfolio continues to emphasize Equities and Distressed Securities. To some degree, this is due to the increase in the relative outperformance of these securities versus the more stable bond positions. Given the strong performance of the credit markets in 2009, some may say we missed a once in a life-time buying opportunity by not increasing our corporate bond exposure. And I am certain we did miss some great opportunities, and not just in the credit markets. However, when it came right down to it, we found more attractive investments in the distressed security / equity markets and in our existing portfolio. With bond prices escalating to near pre-credit crisis levels, it is unlikely that we will materially increase our exposure to high yield bonds in 2010, as an asset class we simply do not believe they offer compelling value. While in the past we have held a greater percentage of the portfolio in these instruments, our primary motive has always been to capitalize on a corporate event or from their depressed value rather than as a source of interest income. To be clear, Ravensource is not an income fund.

Investment Strategy	Fair Value	% of Net Assets	% of Investment Portfolio
Equities	6,118,045	53.66%	62.89%
Distressed Securities	2,571,408	22.55%	26.43%
High Yield Bonds/Trusts	1,038,539	9.11%	10.68%
Total	9,727,992	85.31%	

Industry Concentration

While Ravensource is not an investment fund that specializes in specific industries, as a result of our experience and investment philosophy, we tend to focus on investing in companies with hard assets. At the risk of being called Old School, the portfolio has no exposure to Technology, Pharmaceutical and other companies whose primary assets are a function of "clicks" or offer a promise of a kiss in the event that a better mousetrap is discovered. We like to invest in companies in which we understand the products/services they offer and more importantly have a strong grasp of the business model. Further, over the past year, we have consciously tried to lower our exposure to the more sensitive sectors of the economy. For example, our largest single investment, SFG, produces hot dogs! With that said, Ravensource is quite diversified across various industry groups.

	Fair Value	% of Net Assets
Industrial	1,702,535	14.9%
Food Products	1,268,144	11.1%
Media & Publishing	1,009,363	8.9%
Energy	856,950	7.5%
Real Estate	840,202	7.4%
Chemicals	832,336	7.3%
Manufacturing	665,199	5.8%
Construction	612,505	5.4%
Financial	610,000	5.3%
Metals & Mining	584,888	5.1%
Retail	565,207	5.0%
Transportation	177,000	1.6%
Automotive	3,663	0.0%
Total	**9,727,992**	**85.3%**

Diversification

As we generally believe that the most effective method to reduce/manage risk is to know your investments inside and out, Ravensource may be a more concentrated portfolio than other investment funds. However, the Fund currently does not have one investment that exceeds 10% of Net Assets and only 4 of our top 25 positions exceed 5% of Net Assets. As a general guideline, when we make a new investment, we limit our exposure to between 2.5% to 5% of Net Assets depending on relative attractiveness, liquidity and the degree of risk/margin of safety.

Distributions

2009 marked the resumption of the semi-annual $0.09 per unit distribution. Reflective of the grim state of the capital markets in the second half of 2008, it was decided not to pay a distribution in December 2008. This decision was to take a momentary pause / time-out amidst the turmoil while we reviewed the landscape rather than establishing new policy going forward. With a relatively normal state returning to the markets, we resumed paying a $0.09 per unit distribution on the regular June and December payment dates.

Annual Redemption Right and the Trading in Units

Every July, unitholders have the option to redeem their units for cash at the August 31st NAV. In most years, this amounts to a less than 1% of the units outstanding. However in 2009, a total of 97,678 units of the Fund representing approximately 7% of the total units outstanding were tendered for redemption. Given the Fund's poor performance in 2008 and the high redemption rate experienced by most investment funds, it was not surprising that 2009 redemptions were much higher than previous years.

But what is for someone an option to exit, for others is an opportunity to enter.

As provided for in Declaration of Trust, the Fund can enter into a recirculation agreement with a third party with the purpose of re-selling the units that have been submitted for redemption. In previous years, the number of units tendered for redemption has been too small to go through all the hoops required to enter into a recirculation agreement. But, combining the much larger number of units tendered for redemption along with the number of investors that were interested in buying units, 2009 was a different story. Accordingly, Ravensource unleashed Operation Recirculation and engaged TD Securities Inc. to find purchasers for the redeemed units of the Fund. TDSI was successful in finding purchasers for all units tendered for redemption and as a result, the Fund had no reduction in the units outstanding over the course of 2009.

While I did participate and buy approximately 7,700 units, as I understand it, the vast majority of purchasers of the units were new investors in the Fund. Most of these new investors have mentioned to me that it was great opportunity to invest in Ravensource as they found it very frustrating to purchase units of the Fund in the open market given the paucity of offers of units and the struggle to compete with other participants.

The competition retail investors face when purchasing units is an issue that has become more challenging with the advent of more computerized market activity. This can include icebergs, pounce orders, black pools and pings. There are people who like to make a profit by getting in the middle of trading and become your middleman with an algorithm. As long as their activity returns a profit they will be around and test your patience. All we can suggest is that when buying or selling you use orders that allow for more than one day to execute and a price that is based off the net asset value and in the context of the offered price.

Concluding Remarks

Since year-end, our investments have gone up significantly. Ravensource's NAV has increased to $9.01, up 12.5% year-to-date as of March 25, 2010 versus a 2.4% gain in the TSX. Our investments in Solutia, Village Farms, Crystallex, Westaim, Data Group, and the Brick have all contributed significantly to the rise in the Fund's NAV. In fact, the only position that has experienced a significant mark-to-market loss from December 31st levels is our position in Cinram units. Despite recent investment gains, we firmly believe that our existing portfolio continues to offer Ravensource investors a compelling investment proposition. While our cash position has increased since year end, I can assure you, that both Pat and I are wearing our hunting gear to uncover attractive investments with sufficient margin of safety.

I look forward to hearing via phone or e-mail from unitholders. Any ideas that the Fund should consider or any opinions on existing positions are also most welcome. I also encourage any feedback on how investee companies treat their customers, employees, communities and the environment.

We are appreciative of your partnership, trust and patience.

Scott Reid

March 31, 2010

Scott Reid, President
Stornoway Portfolio Management Inc.
Manager of the Ravensource Fund

Financial Highlights

The following tables show selected key financial information for the Fund and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's audited annual financial statements. This annual management report of fund performance contains financial highlights but does not contain the complete annual Financial Statements of the fund. Please see the last page for information about how you can obtain the Fund's annual or interim financial statements.

The Fund's Net Assets per Unit ($) [1]	**2009**	**2008**	**2007**	**2006**	**2005**
Net Assets, beginning of year	5.63	9.46	8.99	8.24	6.92
Increase (decrease) from operations:					
Total revenue	0.36	0.41	0.27	0.14	0.14
Total expenses	0.16	0.15	0.28	0.31	0.44
Realized gains (losses) for the period	0.20	0.08	1.38	0.67	0.72
Unrealized gains (losses) for the period	2.14	(4.06)	(0.69)	0.48	1.00
Total increase (decrease) from operations [2]	2.55	(3.72)	0.68	0.97	1.42
Distributions:					
From income (excluding dividends)	-	-	-	-	-
From dividends	0.03	-	-	-	-
From capital gains	-	-	-	-	-
Return of capital	0.15	0.09	0.17	0.14	0.11
Total Distributions [3]	0.18	0.09	0.17	0.14	0.11
Net assets, End of Period	8.01	5.63	9.46	8.99	8.24

(1) This information is derived from the Fund's audited annual financial statements. The net assets per security presented in the financial statements differs from the net asset value calculated for fund pricing purposes. An explanation of these differences can be found in the notes to the financial statements.

(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

	2009	2008	2007	2006	2005
Total net asset value (000's) (1)	$11,402	$8,021	$13,556	$14,207	$11,320
Number of units outstanding (1)	1,424,016	1,424,016	1,433,343	1,579,904	1,374,350
Management expense ratio (2)	2.27%	2.05%	3.04%	3.94%	5.92%
Management expense ratio before waivers or absorptions	2.27%	2.05%	3.04%	3.94%	5.92%
Trading expense ratio (3)	0.17%	0.20%	0.19%	0.17%	0.33%
Portfolio turnover rate (4)	32.57%	28.45%	65.43%	59.32%	47.72%
Net asset value per unit	$8.01	$5.63	$9.46	$8.99	$8.24
Closing market price (5)	$7.05	$5.00	$9.20	$8.45	$7.77

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

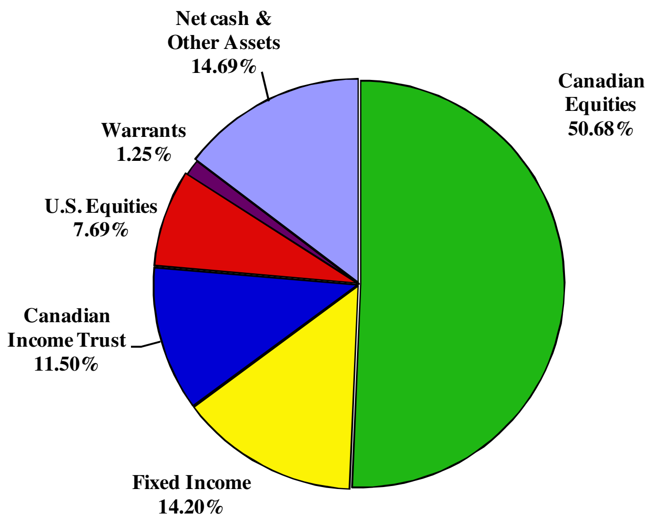
(2) Management expense ratio is based on total expenses (excluding commissions and transaction costs) for the stated period and is expressed as an annualized percentage of daily average net asset value.

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

(4) The Fund's portfolio turnover rate indicates how actively the Fund's portfolio adviser manages its investments. A portfolio turnover rate of 100% is equivalent to the Fund 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.

SUMMARY OF INVESTMENT PORTFOLIO



Top 25 Holdings

Company / Issuer	Security Type	% of Net Assets
Net Cash *	Cash	14.69%
Specialty Foods Group - 8% due Dec 2011 **	Convertible Secured Bond	9.64%
PlazaCorp Retail Prop. Ltd	Common Shares	7.37%
Solutia Inc.	Common Shares	7.26%
Westaim Corp.	Common Shares	6.01%
UTS Energy Services Ltd	Common Shares	4.44%
Swiss Water Decaf. Coffee Income Fund	Income Trust Units	3.88%
Indigo Books & Music Inc.	Common Shares	3.75%
Data Group Income Fund	Income Trust Units	3.41%
Winpak Ltd.	Common Shares	3.39%
Manulife Financial Corp	Common Shares	3.39%
Marsulex Inc.	Common Shares	3.38%
Crystallex - 9.375% due Dec 2011	Bonds	3.33%
McGraw-Hill Ryerson Ltd.	Common Shares	2.86%
Canwel Holdings Corp.	Common Shares	2.75%
Aecon Group Inc.	Common Shares	2.63%
Glacier Media Inc	Common Shares	2.46%
Cinram Intl. Income Fund	Income Trust Units	2.39%
Sceptre Investment Counsel	Common Shares	1.96%
Ace Aviation - Class A	Common Shares	1.55%
West Energy Ltd	Common Shares	1.52%
Village Farms Income Fund	Income Trust Units	1.48%
Ember Resources	Common Shares	1.42%
Brick Group Warrants	Warrants	1.21%
First Metals Inc	Common Shares	1.10%
Total		**97.25%**

* Includes interest and dividends receivables, and is net of all liabilities

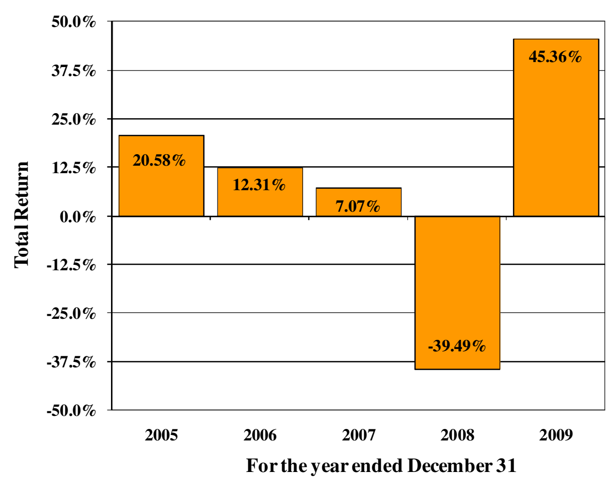
** Not publicly traded company. Valued by independent valuation

This summary will change due to ongoing portfolio transactions and fluctuations.
The top 25 holdings are made available quarterly, 60 days after quarter end.

Past Performance

The charts and tables that follow show the past performance of the Fund and will not necessarily indicate how the Fund will perform in the future. Mutual fund values change frequently and past performance may not be repeated.

The bar chart shows the Fund's annual performance in each of the past 5 years to December 31, 2009. The chart shows in percentage terms how an investment made on January 1 would have increased by December 31 of the same fiscal year.



Annualized Total Returns

	One Year	Three Year	Five Year
RAV.UN	45.36%	-2.02%	4.77%
S&P/TSX Total Return	35.05%	-0.21%	7.66%

Additional Information

Ravensource Independent Review Committee ("IRC")

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 Fund and the Manager, Ravensource established and maintains an Independent Review Committee ("IRC"). The role, composition and responsibilities of the IRC can be summarized as follows:

- size of the IRC is 3 members that are independent from the Manager with no material relationships to the Manager;
- its mandate is to consider and provide impartial judgment on any conflict of interest referred to it by the Manager;
- when a conflict of interest arises, the IRC will review and recommend to the 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 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 on a semi-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. This report is posted on the Fund's website @ www.ravensource.ca

The IRC is comprised of Michael Siskind (Chairman), David Magahey, and Michael Gardiner.

Access to Information

We continue to meet the requirements of National Instrument 81-106 and publish our 25 largest holdings quarterly and net asset value weekly. All of the key Fund documents along with further information on the Fund and the investment team that manages your investments can be accessed through our website (www.ravensource.ca). We are committed to keeping the website current and I encourage you to make use of this resource tool. In addition, we are likely to expand our current reporting to include periodic postings on subjects that may be of interest to unitholders expressed in a less formal manner than is appropriate for this document. Over time we have been mandated to tell you so much in the management discussion and analysis that your patience might be tested by greater length to cover discretionary subjects. Aside from the website, Fund documents can also be retrieved through SEDAR (www.sedar.com).

Fund Information

Trustee, Registrar and Transfer Agent
Computershare Trust Co. of Canada

Investment Manager
Stornoway Portfolio Management Inc.
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Auditor
Deloitte & Touche LLP

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