Financial statements of

Ravensource Fund

June 30, 2008

Ravensource Fund
June 30, 2008 (Unaudited)

Table of contents

Management responsibility for financial reporting 1

Statement of operations 2

Statement of net assets 3

Statement of changes in net assets 4

Statement of investment portfolio 5-6

Notes to the financial statements 7-14

Discussion of financial risk management 15-17

MANAGEMENT RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying unaudited interim financial statements have been prepared by **Stornoway Portfolio Management Inc.** in its capacity as the Investment Manager of the Trust. The Trust's Investment Manager is responsible for the information and representations contained in these financial statements.

The Investment Manager maintains appropriate processes to ensure that relevant and reliable financial information is produced. The unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgements made by the Investment Manager. The significant accounting policies which the Investment Manager believes are appropriate for the Trust are described in Note 2 to the unaudited interim financial statements.

On behalf of the Investment Manager

Scott Reid

Scott Reid, President

Stornoway Portfolio Management Inc. August 29, 2008

Date

NOTICE TO UNITHOLDERS

The Auditors of the Trust have not reviewed these financial statements.

Stornoway Portfolio Management Inc., the Investment Manager of the Trust, appoints an independent auditor to audit the Trust's annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Trust's interim financial statements, this must be disclosed in an accompanying notice.

Ravensource Fund

Statement of Operations
For the six month period ended June 30 (Unaudited)

	2008	2007
Investment Income		
Dividends and income trust distributions	$ 59,292	$ 56,503
Interest	54,669	170,233
	113,961	226,736
Expenses		
Management fees (Note 4(a))	43,216	52,003
Operating	35,665	51,437
Administrative fees (Note 4(b))	23,270	28,002
Audit fee	12,870	24,080
Custodian fees	269	-
Incentive fee (Note 4(c))	-	418,446
	115,290	573,968
Net Investment Loss	(1,329)	(347,232)
Realized And Unrealized Gain (Loss) on Investments		
Transaction costs (Note 2)	(13,892)	-
Net realized gain on investments, including foreign exchange adjustments	675,627	1,228,133
Net change in unrealized appreciation (depreciation) on investments	(1,925,509)	877,086
Net Gain (Loss) On Investments	(1,263,774)	2,105,219
Increase (Decrease) In Net Assets From Operations	$ (1,265,103)	$ 1,757,987
Increase (Decrease) In Net Assets From Operations Per Unit (Note 2(j))	$ (0.8826)	$ 1.1127

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

Ravensource Fund

Statement of Net Assets

	As at June 30, 2008 (Unaudited)	As at December 31, 2007 (Audited)
ASSETS		
Due from broker (cash balances) (Note 2(b))	$ 657,835	$ 942,107
Investments owned, at fair value (Note 2(d))	11,611,247	12,737,371
Interest and dividends receivable	63,354	67,820
	12,332,436	13,747,298
LIABILITIES		
Accounts payable and accrued liabilities	25,784	45,722
Incentive, management and administrative fees payable (Note 4)	144,771	145,591
	170,555	191,313
NET ASSETS	$ 12,161,881	$ 13,555,985
Number of Units Outstanding (Note 6)	1,433,343	1,433,343
Net Asset Value Per Unit (Note 2(i))	$ 8.4850	$ 9.4576

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

Statement of Changes In Net Assets
For the six month period ended June 30 (Unaudited)

	2008	2007
Net Assets, Beginning of period	$ 13,555,985	$ 14,206,689
Increase (Decrease) In Net Assets From Operations	(1,265,103)	1,757,987
Capital Transactions		
Distributions (Note 5(c))	(129,001)	(126,392)
Net Assets, End of period	$ 12,161,881	$ 15,838,284

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

Ravensource Fund

Statement of Investment Portfolio

As at June 30, 2008 (Unaudited)

NUMBER OF SHARES/UNITS	INVESTMENTS OWNED	AVERAGE COST	FAIR VALUE	% OF NET ASSETS
	CANADIAN EQUITIES			
19,999	AECON GROUP INC.	$ 149,998	$ 322,384	2.65
13,000	BCE INC.	517,795	462,150	3.80
50,000	CATALYST PAPER CORP.	164,125	55,000	0.45
80,000	CINRAM INTERNATIONAL INCOME FUND	478,336	464,000	3.82
25,200	COSSETTE COMMUNICATION GROUP INC.	246,596	161,532	1.33
30,000	THE DATA GROUP INCOME FUND	235,203	270,600	2.22
50,000	ESSENTIAL ENERGY SERVICES TRUST	160,910	145,000	1.19
180,000	GLACIER MEDIA INC.	473,147	693,000	5.70
21,100	GVIC COMMUNICATIONS CORP.	17,091	16,880	0.14
15,500	GVIC COMMUNICATIONS CORP.	12,555	12,400	0.10
100,000	HSE INTEGRATED LTD.	100,500	103,000	0.85
52,100	INDIGO BOOKS & MUSIC INC.	264,494	742,946	6.11
16,200	LAB RESEARCH INC.	65,610	105,462	0.87
75,000	LIVINGSTON ENERGY INC.	97,500	75,000	0.62
21,000	MAPLE LEAF FOODS INC.	286,894	229,530	1.89
33,800	MARSULEX INC.	234,582	444,470	3.65
6,500	MCGRAW-HILL RYERSON LTD.	254,405	279,500	2.30
64,000	NEO MATERIAL TECHNOLOGIES INC.	131,900	280,320	2.30
15,000	NORANDA INCOME FUND	136,673	125,250	1.03
271,033	PLAZACORP RETAIL PROPERTIES LTD.	325,240	921,512	7.58
118,800	RETROCOM MID-MARKET REAL ESTATE INV. TRUST	594,693	508,464	4.18
57,700	SFK PULP FUND	203,675	115,400	0.95
200,000	SIGMA INDUSTRIES INC.	180,000	40,000	0.33
25,000	TURNKEY E&P INC.	125,018	65,500	0.54
27,547	TWIN BUTTE ENERGY LTD.	64,737	112,392	0.92
231,800	VILLAGE FARMS INCOME FUND	571,837	567,910	4.67
71,000	WAVE ENERGY LTD.	150,000	390,500	3.21
75,000	WEST ENERGY LTD.	170,250	288,750	2.37
1,691,000	WESTAIM CORP.	426,945	388,930	3.20
91,900	WESTERN FINANCIAL GROUP INC.	218,953	324,407	2.67
45,400	WINPAK LTD.	295,252	229,724	1.89
		7,354,914	8,941,913	73.53
	CANADIAN FIXED INCOME			
300,000	FIRST METALS INC 14% 2012	294,000	273,000	2.24
	CANADIAN WARRANTS			
30,000	WTS-FIRST METALS INC.	-	-	-
100,000	WTS-SIGMA VENTURES	-	-	-
		-	-	-

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

Ravensource Fund

Statement of Investment Portfolio (continued)

As at June 30, 2008 (Unaudited)

NUMBER OF SHARES/UNITS	INVESTMENTS OWNED (Cont'd)	AVERAGE COST	FAIR VALUE	% OF NET ASSETS
	U.S. EQUITIES			
20,000	CAPITAL SENIOR LIVING CORP.	$ 153,455	$ 153,809	1.26
92,000	CITADEL BROADCASTING CORP.	368,758	115,265	0.95
24,965	SOLUTIA INC.	557,938	326,258	2.68
		1,080,151	595,332	4.89
	U.S. FIXED INCOME			
500,000	CRYSTALLEX INTERNATIONAL CORP 9.375% 2011	402,774	331,045	2.72
1,000,000	DELPHI CORP 6.55% 2006	732,498	239,503	1.97
300,000	SEA CONTAINERS LTD 10.5% 2012	388,845	150,498	1.24
1,400,000	SPECIALTY FOOD GROUP 8% 2011	1,219,274	1,069,530	8.79
		2,743,391	1,790,576	14.72
	U.S. WARRANTS			
14,623	WTS-SOLUTIA INC.	-	10,426	0.09
	TOTAL INVESTMENTS OWNED	11,472,456	11,611,247	95
	TRANSACTION COSTS (Note 2)	(19,372)		
	NET INVESTMENTS OWNED	**$ 11,453,084**	**11,611,247**	95.47
			550,634	4.53
	NET ASSETS		**$ 12,161,881**	**100.00**

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

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 the 22nd of August, 2003 and the 1st of July, 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. The Trustee appointed Cinnamon Investments Limited (the "Investment Manager"), an Ontario corporation, to provide 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 535,194 units representing 37.34% of the outstanding units. The Investment Manager has entered into an agreement dated November 1, 2007 with Stornoway Portfolio Management Inc. pursuant to which Stornoway Portfolio Management Inc. will, at the Investment Manager's expense, provide portfolio management services to the Investment Manager for the benefit of the Trust. Effective July 1, 2008, the Trust appointed Stornoway Portfolio Management Inc. as the new Investment Manager of the Trust.

On January 1, 2008, the Trust adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1535, *"Capital Disclosures"*. The Trust has included disclosures recommended by this new Handbook section below.

The capital of the Trust is represented by the Net Asset Value of the Trust. There are no specific capital requirements imposed on the Trust by the Unitholders. 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 continued services 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") and the valuation principles as set forth in the Declaration of Trust. In applying GAAP, management may make estimates and assumptions that affect the reported amounts of assets, liabilities, investment income and expenses reported during the period. Actual results could differ from these estimates.

The following is summary of the significant accounting policies followed by the Trust:

a) Basis of presentation

The financial statements include the financial position and results of operations and investment portfolio of the Trust.

b) Due from broker

Due from broker are cash balances and short-term, highly liquid investments with original maturities of 365 days or less, and are carried at cost plus accrued interest which approximate market value.

2. Summary of significant accounting policies (continued)

c) Adoption of new financial instruments accounting standards

On January 1, 2008, the Trust adopted the Canadian Institute of Chartered Accountants ("CICA") Section 3862, "*Financial Instruments – Disclosures*", of the CICA *Handbook – Accounting* ("Section 3862") and Section 3863, "*Financial Instruments – Presentation*" ("Section 3863"). These sections establish standards for comprehensive disclosure and presentation requirements for financial instruments. The standards include new requirements to quantify certain risk exposures and to provide sensitivity analysis for certain risks.

The Trust's financial instruments include cash and short-term deposits/bank overdraft, investments, foreign exchange contracts, forward contracts, receivable for units issued, receivable for investments sold, receivable for hedges, receivable from the Investment Manager, dividends and interest receivable, accrued management and advisory fees, accrued expenses, accrued forward fees, payable for units redeemed, payable for distributions, payable for investments purchased, and payable for hedges. Investments, foreign exchange contracts and forward contracts are fair valued based on the policies described below. All other financial instruments are carried at cost, as they closely approximate their carrying values, given their short-term nature. Refer to Note 3 for the discussion of management of financial risks.

d) Investments owned

In accordance with the CICA Section 3855 "*Financial Instruments – Recognition and Measurement*" ("Section 3855"), investments are deemed to be categorized as held for trading, and accordingly are required to be recorded at fair value by an investment fund. Section 14.2 of National Instrument 81-106 ("NI 81-106"), issued by the Canadian Securities Administrators ("CSA"), requires that the Transaction NAV of an investment fund be calculated in accordance with GAAP. As the adoption of Section 3855 results in the use of different valuation techniques than previously used, the Canadian Securities Regulatory Authorities ("CSRA") have granted relief to investment funds, for the purposes of calculating and reporting Transaction NAV on each valuation date, from complying on an interim basis with Section 3855, until the earlier of September 30, 2008 or the date on which the proposed amendments to NI 81-106 issued by the CSA on June 1, 2007 come into effect. Accordingly, the Trust would apply the requirements of Section 3855 for financial statement reporting purposes only.

In accordance with the decision made by the CSRA, a reconciliation between the Transaction NAV and the net asset value calculated in accordance with Section 3855 (the "GAAP NAV") of an investment fund is required in the notes to the financial statements. Refer to Note 10 for the reconciliation as at June 30, 2008 and December 31, 2007.

The Trust's investments are held for trading and are presented at fair value. The fair value of investments as at the financial reporting periods end is determined as follows:

i) Securities listed upon a recognized public stock exchange are valued at their bid price on the valuation date. Securities sold short listed upon a recognized public stock exchange are valued at their ask price 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, on such basis and in such manner as established by the Investment Manager.

ii) Securities not listed upon a recognized public stock exchange are valued using valuation techniques, on such basis and in such manner as established by the Investment Manager.

2. Summary of significant accounting policies (continued)

d) Investments owned and investments sold short (continued)

iii) Short-term notes, treasury bills, bonds, asset-backed securities and other debt instruments are valued at the bid quotations from recognized investment dealers.

e) Investment transactions and income recognition

Investment transactions are accounted for on the trade date and any realized gains or losses are recognized using the average cost of the investment. Interest income is recognized on an accrual basis, with dividends being recorded on the ex-dividend date. Distributions from income funds include trusts and limited partnerships, and are recognized on the ex-distribution date.

f) Income tax

The Trust is taxed as a mutual fund trust under the Income Tax Act (Canada). The Trust is required to make distributions each year of its net income and net realized capital gains, and therefore will not generally be liable for income tax. It is the intention of the Trust to distribute all of its net income and net realized capital gains on an annual basis. Accordingly, no tax provision has been recorded.

At December 31, 2007, the Trust had $21,695,565 (2006 - $24,190,534.57) in cumulative net capital losses for income tax purposes that may be carried forward and applied to reduce future net capital gains.

g) Translation of foreign currency

The financial statements of the Trust are expressed in Canadian dollars.

i) Assets including fair value of investments and liabilities denominated in foreign currencies are converted into Canadian dollars at the rates of exchange established on each valuation date.

ii) Purchases and sales of investments, dividends and interest income denominated in foreign currencies are converted into Canadian dollars at the rates of exchange prevailing on the respective dates of such transactions.

iii) Realized exchange gains (losses) on investments are included in "Net realized gain (loss) on sale of investments" in the Statement of Operations.

iv) Unrealized exchange gains (losses) on investments are included in "Net change in unrealized appreciation (depreciation) in value of investments" in the Statement of Operations.

v) Realized and unrealized exchange gains (losses) on assets (other than investments), liabilities and investment income denominated in foreign currencies are included in the Statement of Operations.

h) Interest and borrow fees

As a result of taking both long and short positions, the Trust incurs both interest expense and borrow fees. While the use of borrowed funds can substantially improve the return on invested capital, its use may also increase the adverse impact to which the investment portfolio of the Trust may be subjected by increasing the Trust's exposure to capital risk and higher current expenses.

2. Summary of significant accounting policies (continued)

h) Transaction costs

In accordance with Section 3855, transaction costs are expensed and are included in the Statement 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.

i) Net asset value per unit

The net asset value per unit is calculated by dividing the net asset value by the total number of units outstanding at the end of the period.

j) Increase (decrease) in net assets from operations per unit

Increase (decrease) in net assets from operations per unit is based on the increase (decrease) in net assets from operations, divided by the weighted average number of units outstanding during the period.

3. Management of financial risks

In the normal course of business, the Trust is exposed to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, other price risk and currency risk). The value of investments within the Trust's 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.

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 is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

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.

3. Management of financial risk (continued)

b) Liquidity risk (continued)

The Trust's exposure to liquidity risk is concentrated in the monthly cash redemptions of units. The Trust primarily invests in securities that are traded in active markets and can be readily disposed of. In addition, the Trust retains sufficient cash and cash equivalent positions to maintain liquidity.

The Trust may employ the use of derivatives to moderate certain risk exposures. There is no guarantee that a market will exist for some derivatives and it is possible that the exchanges may impose limits on trading of derivatives.

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 minimal sensitivity to interest rate fluctuations on any cash and cash equivalents invested at short-term market interest rates.

d) 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 or currency risk).

All investments represent a risk of loss of capital. The Investment 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. Except for written options and securities sold short, maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from written options and securities sold short can be unlimited. The Trust's overall market positions are monitored on a regular basis by the Investment Manager. Financial instruments held by the Trust are susceptible to market price risk arising from uncertainties about future prices of the instruments.

e) 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.

Refer to the Discussion of Financial Risk Management for specific risk disclosure.

4. Related party transactions

a) Management fees

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

4. Related party transactions (continued)

a) Management fees (continued)

Average Weekly Assets	Portfolio Management Fee
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 or more	0.55% of Net Asset Value plus GST

b) 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 assets at the end of each week and payable on the last business day of each calendar month as follows:

Average Weekly Assets	Portfolio Management Fee
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 or more	0.25% of Net Asset Value plus GST

c) Incentive fee

An incentive fee will be paid to the Investment Manager in any year in which the Net Asset Value at the end of the year, adjusted for contributions and distributions during the year, exceeds the Net Asset Value 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. It will be calculated and accrued monthly but paid annually.

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 on behalf of the Trust all tax returns that the Trust is required by law to file.

c) 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. Unitholders may have the opportunity to participate in a reinvestment plan.

On June 11, 2008, the Trust made a distribution in the amount of $129,001 or $0.09 cents per unit which was a return of capital.

5. Unitholders' entitlements (continued)

d) Redemption of units

By delivering an Annual Redemption Request to be received by the Trust's registrar and transfer agent on or before the 30th 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 as of the Annual Redemption Date.

6. Units of the Trust

Authorized

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.

	2008	2007
Units, beginning of period	**1,433,343**	1,579,904
Units, end of period	**1,433,343**	1,579,904

7. 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.

8. Indemnification of the Investment Manager

The Trust, in its Portfolio Management agreement, has indemnified the Investment Manager, its principals and their respective affiliates from all claims that may arise for (i) mistakes of judgment or for action or inaction or for losses due to such mistakes, action or inaction so long as they acted honestly and not in bad faith and reasonably believed that their conduct was in the best interests of the Trust and (ii) losses due to mistakes of judgment or the action or omission of any broker or agent of the Investment Manager, selected, engaged or retained by the Investment Manager, the principals or their respective affiliates.

9. Statement of cash flows

A statement of cash flows has not been included as such a statement would not provide additional meaningful information.

10. Reconciliation of net asset value

In accordance with the decision made by the CSRA, a reconciliation between the Transaction NAV and the GAAP NAV of an investment fund is required. For investments that are traded in an active market where quoted prices are readily and regularly available, Section 3855 requires bid prices (for investments held) and ask prices (for investments sold short) to be used in the fair valuation of investments, rather than the use of closing sale prices currently used for the purpose of determining Transaction NAV. For investments that are not traded in an active market, Section 3855 requires specific valuation techniques be used which may differ from those valuation techniques used for the purpose of determining Transaction NAV.

The impact of the adoption of Section 3855 on the net asset value of the Trust is as follows:

	June 30, 2008	December 31, 2007
Transaction NAV	$ 12,285,444	$ 13,694,876
Section 3855 Adjustment	$ (123,563)	$ (138,891)
GAAP NAV	$ 12,161,881	$ 13,555,985
Transaction NAV Per Unit	$ 8.5712	$ 9.5545

11. Comparative figures

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

Ravensource Fund

Discussion of financial risk management
June 30, 2008 (Unaudited)

Risk Management
The principal investment objective of the Ravensource Fund ("Trust") is to achieve long-term absolute returns, with an emphasis on capital gains, through investments in selected North American securities that the investment team has determined to have superior risk/return characteristics. To achieve this investment objective, the Trust invests primarily in high yield bonds, distressed debt and small capitalization equity securities.

Managing the risk of the investment portfolio is a critical element of the investment management process. The Trust'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 Trust utilizes a range of well-established tools and methods to manage the risk of the Trust. One of the most tried and true techniques to manage risk is diversification which limits the portfolio's exposure to:

1. any individual security / issuer;
2. any given industry; and
3. total amount invested in securities of private companies.

Further, we believe by purchasing securities at prices below what we have determined to be their intrinsic value, in the words of Benjamin Graham, we create a "margin of safety". It is our belief that by investing in securities that have a comparatively large "margin of safety", the risk of the portfolio will be lower in the event that future earnings of the investments do not meet our expectations or macroeconomic factors trigger a general decline in security prices. Thus, in the way that we look at the financial markets, the larger the "margin of safety", the bigger the cushion the portfolio has to absorb both general and company-specific investment risks.

Credit Risk
As at June 30, 2008, the Trust invested in debt instruments and derivatives, as applicable, with the following credit ratings:

Debt Instruments * by Credit Rating	Percentage of NAV (%)
AAA	-
AA	-
A	-
BBB	-
BB	-
B	-
CCC	-
Not Rated	13.76%
Defaulted	3.21%

* Excludes cash and cash equivalents

Credit ratings are obtained from Standard & Poor's, Moody's and/or Dominion Bond Rating Services. Where one or more rating is available for a security, the lowest rating has been used.

Interest Rate Risk
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. With that said, high yield bonds do have a degree of interest rate risk which is illustrated in the table below. As at June 30, 2008, 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 25 basis points, holding all other variables constant ("sensitivity"), is as follows:

Debt Instruments ** by Maturity Date	Market Value (Cdn)
Less than 1 year	$ -
1-3 years	$ -
3-5 years	$1,673,575
Greater than 5 years	$ -
Sensitivity to 25bps yield change	$ 11,432

** Excludes cash and cash equivalents, Defaulted Bonds, and preferred shares, as applicable

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

Other Price Risk
As at June 30, 2008, 79% of the Trust's net assets were invested in securities traded on Canadian stock exchanges. If security prices on the Canadian 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 $955,000 respectively. In practice, the actual results may differ from this sensitivity analysis and the difference could be material.

Currency Risk
Currencies to which the Trust had exposure as at June 30, 2008, is as follows:

	Financial Instruments	Foreign Exchange Contracts	Total	Percentage of NAV (%)
United States Dollar	2,399,730	-	2,399,730	19.7

The amounts in the above table are based on the fair value of the Trust's financial instruments (including cash and cash equivalents) as well as the underlying principal amounts of forward currency contracts, as applicable. Other financial assets (including dividends and interest receivables and receivables for equities sold) and financial liabilities (including payables for equities purchased) that are denominated in foreign currencies do not expose the Trust to significant currency risk.

Currency Risk (continued)
As at June 30, 2008, 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 $24,000. In practice, the actual trading results may differ from this sensitivity analysis and the difference could be material.