

We are pleased to publish the Independent Review Committee's ("IRC") Annual Report to Securityholders relating to the year ended December 31, 2009 of mutual funds managed by Stone & Co. Limited ("Stone"), listed in Appendix A.

The role of the IRC is to review and to provide approval or recommendation in respect of conflicts of interest that arise between Stone's own interests and Stone's duty to manage the Funds in the best interests of the Funds. Stone is responsible for referring to the IRC any matters in which a reasonable person could view Stone as having an interest that may conflict with its ability to act in the best interests of the Funds. The IRC reviews each matter and provides its approval or recommendation as to whether the proposed course of actions will achieve a fair and reasonable result for the Funds. The IRC has adopted a written charter that includes its mandate, responsibilities and functions, and the policies and procedures it will follow when performing its functions.

THE IRC

Members

William R. Flanigan (Chair)
Robert Philip Mather
Brian Douglas Speedie

Each of the members of the IRC were appointed effective May 1, 2007.

Holding of Securities

As of December 31, 2009 the members of the IRC collectively beneficially owned, directly or indirectly, less than 10% of the securities of any of the Funds. As of December 31, 2009, no member of the IRC beneficially owned, directly or indirectly, any securities of Stone or a company that provides services to the Funds.

IRC APPROVALS AND RECOMMENDATIONS

Matters for which the IRC gave Stone positive recommendations regarding its Conflict of Interest Matters policies and procedures include:

1. Fund Operating Expense Allocation;
2. Trade Allocation;
3. Personal Trading by Employees;
4. Soft Dollar Arrangements;
5. Seeking Best Execution;
6. Correction of Errors;
7. Proxy Voting;
8. Short-Term Trading and Market Timing;
9. Appointment and Changes in sub-advisors;
10. Complaints; and
11. Services provided by Related Parties

The IRC has approved certain Standing Instructions which permit Stone to proceed with the specific action set out in the Standing Instructions on an ongoing basis, without having to refer the Conflict of Interest Matters or its proposed action to the IRC, provided that Stone complies with its terms and conditions. Stone provided written reports to the IRC describing its reliance and compliance with any terms and conditions on any Standing Instructions.

The IRC is not aware of any instance in which the Manager acted in a conflict of interest matters referred to the IRC for which the IRC did not give a positive recommendation or did not meet a condition imposed by the IRC in its recommendation.

Stone referred one Conflict of Interest Matter to the IRC during the year for their recommendation that Stone's proposed course of action would result in a fair and reasonable result for a Fund. Stone requested that the IRC review a proposal to re-designate certain series of a Fund for other series of the same Fund. The IRC provided a recommendation that such an investment would achieve a fair and reasonable result for the Fund.

ANNUAL ASSESSMENTS

The IRC conducted a self assessment review during the financial year. As a result of the self-assessment review, the IRC prepared a report to Stone which set out the results of the IRC's self assessment review.

In accordance with the IRC's written charter, the IRC conducted an annual review of the following:

- the adequacy and effectiveness of Stone's written policies and procedures concerning conflicts of interest;
- the adequacy and effectiveness of the Standing Instructions provided to Stone; and
- Compliance with any conditions imposed by the IRC in a recommendation or approval provided.

IRC COMPENSATION

The IRC reviewed its compensation giving consideration to the best interests of the Funds; the general and specific benefits accruing to the Fund and the number, nature and complexity of the Funds for which the IRC acts. In 2009, the aggregate compensation paid to the IRC members was \$126,500 and was allocated between the Funds in accordance with Stone's expense allocation policy, which has been reviewed by the IRC. No indemnities were paid to the IRC Members by the Funds or Stone during the financial year.

This report is available on Stone's website at www.stoneco.com or you may request a copy, at no cost to you, by contacting the Manager at 1-800-795-1142.

APPENDIX A

List of Stone Funds

Open-end Mutual Funds

Stone & Co. Dividend Growth Class Canada
 Stone & Co. Flagship Growth & Income Fund Canada
 Stone & Co. Flagship Stock Fund Canada
 Stone & Co. Flagship Global Growth Fund
 Stone & Co. Growth Industries Fund
 Stone & Co. Resource Plus Class
 Stone & Co. EuroPlus Dividend Growth Fund
 Stone & Co. Flagship Money Market Fund Canada

Closed-end Fund

Stone Agribusiness Fund

Flow-Through Limited Partnerships

Stone 2008 Flow-Through Limited Partnership
 Stone 2009 Flow-through Limited Partnership

CONTACT

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