STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA

Interim Management Report of Fund Performance

June 30, 2016

STONE

Sleep well.

This interim Management Report of Fund Performance contains financial highlights but does not contain either interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial reports or annual financial statements at your request, and at no cost, by calling 1 800 336 9528: by writing to us at Stone Asset Management Limited, 36 Toronto Street, Suite 710, Toronto, Ontario, M5C 2C5; or by visiting our website at www.stoneco.com; or SEDAR at www.sedar.com.

Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

June 30, 2016

INVESTMENT OBJECTIVES

The investment objective of the Stone & Co. Flagship Growth & Income Fund Canada (the "Fund") is to provide superior investment returns combined with a steady stream of current income by investing primarily in Canadian equity and fixed income securities.

INVESTMENT STRATEGIES

The Fund will generally invest approximately 60% of its assets in equity securities and 40% of its assets in fixed income securities.

The equity portion of the Fund's assets will be invested in a diversified portfolio of equity securities that demonstrate strong annual total return potential. The fixed income portion will be invested in a diversified portfolio of federal and provincial government securities and corporate bonds.

RISK

The overall long-term risk of the Fund is as described in the most recent simplified prospectus. No material changes occurred that would significantly increase the risk associated with an investment in the Fund during the period.

RESULTS OF OPERATIONS

Market Overview and Impact on the Fund

The first half of 2016 contained no shortage of events leading to heightened market volatility. It was a period marked with political surprises, economic policy uncertainties, Chinese stock market volatility and a phoenix-like recovery of commodities reinforced by acute supply disruptions. Investors continued to get proof of just how delicate the economies of developed countries are as they grapple with currency issues, deflationary pressures and negative sovereign interest rates. After maintaining Canadian lending rates at 1.0% for over 4 years, Bank of Canada Governor Stephen Poloz (after one full year into his tenure) shocked the market by cutting the overnight lending rate to 0.5% with 25 basis point cuts in January and again in August of 2015. The impact of lower commodity prices (oil, natural gas and base metals) gave Poloz reason to provide a security blanket for the Canadian economy. Governor Poloz was prescient in lowering rates as the IMF lowered Canada's 2015 GDP forecast from 2.2% to 1.5% and he supported the possibility of negative overnight rates should the economic circumstances weaken further. The IMF's projection for 2016 GDP was also cut from 1.7% to 1.5% citing the drag from the Energy sector and the wild fires in Alberta that caused significant disruptions to energy production as well as consumption for the people of Alberta. During the period, the Bank of Canada increased their forecast for Canada's 2016 GDP to 1.7% from 1.4% as a dramatic recovery in commodities coupled with unprecedented federal fiscal infrastructure spending measures reversed the downward trend observed at the beginning of the period. During the period, the Canadian Dollar appreciated 7.1% mainly due to the continued deferral of interest rate hikes from the US Federal Reserve (the "Fed).

During the first half of 2016, the 10-year Government of Canada bond yield fell by 34 basis points to 1.06%, while the 2-year yield rose by 4 basis points. This flattening of the yield curve led to stronger performance in bonds of longer-dated maturities. In aggregate, the FTSE TMX Canada Universe Bond Index returned 4.05% for the first half of 2016. Over this time frame, provincial and corporate bond spreads rallied modestly, thereby facilitating an outperformance in these two fixed income asset classes relative to comparable maturity Canadian federal government bonds.

Over the course of the first half of 2016, we increased corporate spread risk and participated in a few US investment grade and high yield issues as spreads were very compelling. More recently, we have reduced such risk in favour of adding to provincial and federal credit agency exposure given less attractive valuations in the former relative to the latter. Nonetheless, the portfolio remains overweighted in corporate bonds relative to the index, thereby providing for a meaningful level of incremental yield. Portfolio duration ended the six month period slightly higher than the index, reflecting challenging economic and geopolitical conditions. This positioning provides a partial hedge to the portfolio's overweight in corporate credit.

The US economy was mired in a different kind of uncertainty during the period as the Federal Reserve Chair, Janet Yellen, was unwilling to pursue further interest rate increases beyond the initial liftoff of the federal funds rate from 0.25% to 0.50% in December of 2015 after nearly a decade of keeping the rate in a holding pattern. The Fed began the tapering of its $85 billion monthly asset purchase program in December of 2013 when it announced a $10 billion reduction in its monthly asset purchasing program. The planned reduction in bond purchases had progressed with each successive Federal Open Market Committee meeting and officially concluded in October 2014 and greater emphasis shifted to the language associated with the anticipated eventual rise in short-term interest rates, which began at the end of 2015. Since then, interest rates have remained in a holding pattern with the Fed continually stating that conditions for further rate hikes have not been satisfied. Several reasons for holding rates steady during the period were given including the Chinese economic slowdown, slowing US labour market data, lack of inflation, Brexit and the US election in November of the current year. Among the reasons given, labour and inflation data were not particularly extraordinary, but certainly the shape of the upcoming US presidential election and the vote for the United Kingdom to leave the European Union were acute sources of market uncertainty leading the Fed to take pause. Their forecast for GDP growth in 2016 stood at 2.2% and the longer run expectation is for a 2.0% growth rate. Amid a slowing Chinese economy, such projections reinforce a global GDP growth rate near or below 3.0%. Such modest growth rates support the Fed's position that their path to higher rates will be very gradual. The Fed continues to be data dependant in supporting further moves in interest rates. Hence, the volatility and market schizophrenia that prevailed during the period is likely to persist.

In Europe, the European Central Bank (the "ECB") announced an expanded asset purchase (quantitative easing) program in January of 2015 with 60 billion Euros to be purchased each month through to September 2016. The pace of asset purchases continued to be steady during the period with the aim of supporting price stability in the region despite the challenges associated with Greece's ongoing insolvency issues. The ECB became the first central bank to set their key interest rate below zero in June 2014. In December 2015, the ECB cut its key overnight rate further to -0.3% as an additional measure to stabilize inflation expectations. Several European countries reflect sovereign bond yields below zero as a result of such central bank rate adjustments during the period. Germany's 10-year sovereign Bund reached a record low yield of -0.13% as at the end of the period. Greece's inclusion in the European Union (EU) took a back seat to the United Kingdom's shocking 'Brexit' vote on June 23rd to leave the EU. The historic vote and unexpected result caused a ripple across global markets with European markets down as much as 5.0%-10.0% intraday immediately following the news. By the end of the period, some of the global market declines were recovered, but the broader market uncertainties involved with an EU exit procedure and political upheaval facing the United Kingdom will be ongoing sources of market anxiety and downbeat sentiment. During the period, the British pound declined 15.6% relative to the Canadian Dollar.

Despite Central banks' continued efforts to do the heavy-lifting to keep economies from faltering, the global producer's manufacturing index dropped modestly from 50.7 to 50.4 during the period. A number above 50 indicates positive economic growth, so the global economy still remains on track to deliver modest positive growth. During the period, China kept its benchmark lending rate at 4.35% after having cut it five times with 25bps cuts each time over the course of 2015 as well as devaluing its currency to a four year low in August of 2015. The slowdown in the real economy in China has been going on for some time and the People's Bank of China has been watching this closely as it tries to sustain GDP growth near its 6-7% annual target. Commodities have had a stellar period of performance with the CRB Index up 9.2% as the vicious selloff in the beginning of the period proved to be the trough after 4 years of consecutive declines. The thought that China was not facing a hard landing and the world was not going to experience a severe slowdown in GDP allowed commodities prices to recover from oversold levels.

The price of gold has been the standout during the period with a gain of 24.6% to $1,322/oz. Global geopolitical tensions, coupled with threats of Britain leaving the EU, have all played into the safety trade of gold. Threats on the global economy (and thus the US economy) have resulted in a more dovish stance by the Fed, compelling investors to favour gold over the US Dollar. As a result of the above commodities gains, the resource-rich S&P/TSX Composite Index increased 9.8% during the period. The materials sub-index of the S&P/TSX Composite index was up an astounding 52.3%. The S&P 500 Index gained 3.8% in US Dollar terms and lost 2.5% in Canadian Dollar terms during the period. On the corporate front, fundamentals continued to improve modestly while valuation multiples stood at the higher end of their historic range. Overall, world economic growth remained on pace for modest positive growth aided by the concerted efforts of central banks across the globe.

The best performing stock market at the end of the period was Brazil, up 36.9% as at the end of the period in Canadian Dollar terms. The worst performing market at the end of the period was Italy, down 25.5%. Brexit resulted in the broader European market being a significant detractor to global growth resulting in the MSCI World Index declining 7.1% in Canadian Dollar terms. The continued improving fundamentals of the world's largest economy encouraged investors to favour equities, even though bond yields remained historically low. The slope of both the Canadian and US interest yield curves became flatter during the period as rising bond prices compressed yields. US 10-Year Treasuries gained 8.5% in price during the period while the Government of Canada 10-Year Bond price rose 4.6% during the period.

The Fund manager maintained a bias toward non deep-cyclical areas within North American markets overweighting Technology and Healthcare sectors and conversely underweighting Energy, Financial Services and Industrials sectors. During the period, exposure to the Consumer sectors increased from an underweight position to an overweight position with a bias for low-beta staples and discretionary businesses with low elasticity of demand. Remaining underweight in the Financial Services sector was beneficial but this was offset by underweight positions in the Energy and Materials sectors as these two sectors of the S&P/TSX Composite were up 19.3% and 52.3%, respectively. Weightings in Industrials and Energy were decreased slightly during the period due to active risk management. Meanwhile, holdings in Consumer Staples and Consumer Discretionary sectors increased during the period as a result of adding a couple of new positions in the portfolio. Long-term secular themes of aging populations and greater connectivity remain key themes that merit exposure to Healthcare, Information Technology and Telecommunications Services sectors. Weight in the Consumer Discretionary sector increased during the period to participate more meaningfully in a growing US economic recovery led by healthier household balance sheets and a more confident US consumer.

While the Fund continued to be defensively-positioned in the context of the type of companies that comprise the portfolio, the beta of the Fund decreased from 0.87 to 0.71 as higher cash balances offset the impact of underlying companies in the Energy and Industrials sectors carrying higher beta values following the selloff in oil and subsequent recovery. Even with a reduction in these areas, cash weight was increased to ensure that the beta of the portfolio remained within its range of 0.70 to 0.85. Cash will continue to be used as a strategic counterbalance to cyclical exposure to ensure that the beta remains below its threshold. The geography of the Fund remained firmly tilted toward the US as opportunities in some of our key secular themes (specifically Technology, Consumer and Healthcare) were more diversified and attractive south of the border. Consumer Discretionary weight increases reflect a combination of Canadian and US opportunities. While there have been no material changes with regards to composition of the Fund, the cash balance of the Fund increased from 6.4% to 9.3% during the period as proceeds from cyclical names were set aside as cash to offset existing holdings that carried incrementally higher beta values. The cash balance remains available to be opportunistically redeployed if valuations become more reasonable and as portfolio beta permits. The Fund continues to maintain a bias toward large-capitalization, low-beta dividend growers. Given that the manager believes the US economy is in a better

economic position relative to Canada, the Fund increased its exposure to US equities from 28.4% to 30.2% during the period.

Performance

The Fund's Series trailed its blended benchmark during the period; this was attributed largely to the outperformance of the materials sector of the S&P/TSX Composite Index which contains a large number of high-beta non-dividend-paying stocks. In addition, a negative currency impact affecting US Dollar holdings and asset allocation were other factors leading to the Fund's Series underperformance. As the Fund was nearly maximized with respect to its US exposure, a 7.1% appreciation in the Canadian Dollar negatively impacted this segment of the portfolio. Within asset allocation, underperformance was attributed to the fact that the Fund cannot invest in non dividend-paying and/or highly volatile stocks and hence the portfolio did not participate in the dramatic growth experienced by gold and base metal companies in the Canadian materials sector. The resolve to remain underweight in energy was driven by the Fund manager's discipline to remain within the boundaries of volatility determined by beta. While during the period, this resolve has resulted in underperformance, the bias toward fundamentals and risk management remain core practices. Lower-leveraged, large-capitalization energy stocks and pipelines participated partially in the recovery of oil prices.

As a result the Fund's Series generated the following returns for the period.

AA	BB	FF	L	T8A	T8B	T8C
-2.1%	-2.2%	-1.8%	-2.3%	-2.1%	2.2%	-2.2%

Any differences in performance returns between Series are primarily due to different management and operating fees that are applicable to a particular Series. Please refer to "Past Performance" for details regarding the performance of the Fund's Series. The calculation of the Fund's Series performance takes into consideration all fees and expenses of the Fund, which are not applicable in the calculation of the benchmarks performance. The Fund's broad-based benchmark, the S&P/TSX Composite Index gained 9.8% over the same period. The comparison to this broad-based index is provided to enable you to compare the Fund's performance relative to that of the general market. A comparison to the Fund's blended benchmark, which is composed of 40% of the S&P/TSX Composite (Total Return) Index, 20% of the S&P 500 (Total Return) Index and 40% of the DEX Universe Bond Index, provides a comparison to a blended benchmark that is more reflective of the Fund's investment objective and strategy. The blended benchmark gained 4.8% over the same period.

Change in Net Assets

Net Assets of the Fund decreased by 6.4% or $6.5 million during the period, from $101.6 million at December 31, 2015 to $95.1 million at June 30, 2016. This change in Net Assets is attributed to net sales (redemptions) of ($2.1) million, cash distributions of $2.2 million and $(2.2) million to investment operations, including market appreciation (depreciation), income and expenses.

RECENT DEVELOPMENTS

Please see "Results of Operations" for market-related developments.

There are no known changes at this time to the manager, portfolio manager or the composition of the Independent Review Committee.

Statement of Compliance

The financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board ("IASB").

RELATED PARTY TRANSACTIONS

Stone Asset Management Limited ("SAM") is the manager and portfolio manager of the Fund. SAM is a wholly-owned subsidiary of Stone Investment Group Limited.

In order to obtain foreign growth exposure, the Fund is invested in Series A securities of Stone & Co. Flagship Global Growth Fund and in Series A securities of the Stone & Co. EuroPlus Dividend Growth Fund. The manager ensures there is no duplication of management and performance fees, if the Fund invests in another Fund managed by the manager.

Fund Manager

As Fund Manager, SAM is responsible for managing the Fund's overall business and day to day operational services, as described under the headings "Management Fees" and "Operating Fees".

Portfolio Manager

As Portfolio Manager, SAM is responsible for providing portfolio management services to the Fund.

Under the terms of the Investment Management Agreement, the Portfolio Manager is entitled to receive a performance fee (plus applicable taxes) from each Series of securities of the Fund equal to 10 percent of the amount by which the Fund's Series rate of return exceeds the return of the Fund's established benchmark since the last time a Performance fee was paid, multiplied by the Fund's average series Net Asset Value ("NAV") during the calendar year. Performance fees are limited to a maximum of 0.30 percent (plus applicable taxes) of the Funds' Series average Net Asset Value during the calendar year. Such fees are accrued monthly, if applicable, and paid annually.

Management fees
The Fund pays a management fee, calculated daily and paid monthly, based on the following schedule:

Series	AA/T8A	BB/T8B	T8C	FF	L
Annual Fee (%)	2.0	2.5	2.5	1.0	2.5

The following table lists the major services received by the Fund, as a percentage of the Management Fee:

Series	AA/T8A	BB/T8B	T8C	FF	L
Dealer Compensation (%)	50	20	30	–	20
Investment and Fund Management (%)	50	80	70	100	80
Total (%)	100	100	100	100	100

Operating fees
The Funds pay operating fees (the "Operating Fees") to SAM for the day to day operational services. The Operating Fees include, but are not limited to: legal and audit fees, transfer agency costs, custodian costs, filing fees, administrative and overhead costs charged by SAM, and the Independent Review Committee of the Funds. Operating fees incurred by the Fund are allocated among the Series on a reasonable basis as determined by the SAM.

At its sole discretion, the manager may waive management fees or absorb expenses of the Fund. The management expense ratios of each of the series of units of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table.

Independent Review Committee
SAM has established the Independent Review Committee (the "IRC") for the Funds in accordance with the requirements of National Instrument 81-107 – *Independent Review Committee for Investment Funds* in order to review conflicts of interest as they relate to investment fund management.

The compensation and other reasonable expenses of the IRC are paid pro rata out of the assets of the Funds for which the independent review committee acts. The main component of compensation is an annual retainer. The Chair of the IRC is entitled to an additional fee.

STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA

FINANCIAL HIGHLIGHTS

The following tables present selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated.

THE FUND'S NET ASSETS PER SECURITY[1]

			Increase (decrease) from operations[2]						Distributions [2,3]				
Series	All figures in ($) As at	Net assets, beginning of period[2]	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations[2]	Net investment income (excluding dividends)	Dividends	Capital gains	Return of capital	Total distributions[3]	Net assets, end of period
	Jun 2016	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	**n/a**
	Dec 2015	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	**n/a**
	Dec 2014	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	**n/a**
	Dec 2013	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	**n/a**
	Dec 2012	**1.79**	0.04	(0.02)	0.06	0.04	**0.12**	-	-	(0.36)	-	**(0.36)**	**-**
F**	Dec 2011	**2.28**	0.07	(0.03)	0.05	(0.05)	**0.04**	-	(0.01)	-	(0.53)	**(0.54)**	**1.79**
	Jun 2016	**18.56**	0.17	(0.16)	0.59	(0.94)	**(0.34)**	-	-	(0.01)	-	**(0.01)**	**18.17**
	Dec 2015	**17.15**	0.35	(0.33)	1.01	0.37	**1.40**	-	-	(0.02)	-	**(0.02)**	**18.56**
	Dec 2014	**15.96**	0.37	(0.31)	0.85	0.31	**1.22**	-	-	(0.02)	-	**(0.02)**	**17.15**
	Dec 2013	**14.03**	0.36	(0.31)	0.57	1.26	**1.89**	-	-	(0.02)	-	**(0.02)**	**15.96**
	Dec 2012	**13.01**	0.36	(0.30)	0.49	0.51	**1.06**	-	-	(0.02)	-	**(0.02)**	**14.03**
AA	Dec 2011	**12.90**	0.43	(0.32)	0.38	(0.36)	**0.13**	-	(0.01)	-	-	**(0.01)**	**13.01**
	Jun 2016	**17.94**	0.16	(0.19)	0.57	(0.99)	**(0.45)**	-	-	(0.01)	-	**(0.01)**	**17.53**
	Dec 2015	**16.63**	0.34	(0.37)	1.06	0.41	**1.44**	-	-	(0.02)	-	**(0.02)**	**17.94**
	Dec 2014	**15.55**	0.36	(0.37)	0.82	0.31	**1.12**	-	-	(0.02)	-	**(0.02)**	**16.63**
	Dec 2013	**13.73**	0.36	(0.38)	0.55	1.30	**1.84**	-	-	(0.02)	-	**(0.02)**	**15.55**
	Dec 2012	**12.81**	0.35	(0.37)	0.48	0.49	**0.95**	-	-	(0.02)	-	**(0.02)**	**13.73**
BB‡	Dec 2011	**12.77**	0.43	(0.39)	0.45	(0.31)	**0.18**	-	(0.01)	-	-	**(0.01)**	**12.81**
	Jun 2016	**n/a**	n/a	n/a	n/a	n/a	**n/a**	n/a	n/a	n/a	n/a	**n/a**	**n/a**
	Dec 2015	**16.63**	0.23	(0.25)	0.87	0.03	**0.88**	-	-	(0.02)	-	**(0.02)**	**n/a**
	Dec 2014	**15.55**	0.36	(0.37)	0.81	0.40	**1.20**	-	-	(0.02)	-	**(0.02)**	**16.63**
	Dec 2013	**13.74**	0.36	(0.38)	0.55	1.21	**1.75**	-	-	(0.02)	-	**(0.02)**	**15.55**
	Dec 2012	**12.81**	0.35	(0.37)	0.48	0.47	**0.93**	-	-	(0.02)	-	**(0.02)**	**13.74**
CC‡	Dec 2011	**12.77**	0.42	(0.39)	0.46	(0.39)	**0.10**	-	(0.01)	-	-	**(0.01)**	**12.81**
	Jun 2016	**19.55**	0.18	(0.11)	0.62	(0.87)	**(0.18)**	-	-	(0.01)	-	**(0.01)**	**19.20**
	Dec 2015	**17.97**	0.36	(0.25)	1.03	0.33	**1.47**	-	-	(0.02)	-	**(0.02)**	**19.55**
	Dec 2014	**16.61**	0.38	(0.21)	0.88	0.30	**1.35**	-	-	(0.02)	-	**(0.02)**	**17.97**
	Dec 2013	**14.53**	0.36	(0.25)	0.61	1.43	**2.16**	-	-	(0.02)	-	**(0.02)**	**16.61**
	Dec 2012	**13.38**	0.37	(0.22)	0.49	0.58	**1.22**	-	-	(0.02)	-	**(0.02)**	**14.53**
FF	Dec 2011	**13.15**	0.42	(0.21)	0.08	(0.41)	**(0.12)**	-	(0.01)	-	-	**(0.01)**	**13.38**
	Jun 2016	**14.08**	0.13	(0.15)	0.45	(0.71)	**(0.28)**	-	-	(0.01)	-	**(0.01)**	**13.75**
	Dec 2015	**13.06**	0.26	(0.30)	0.74	0.28	**0.98**	-	-	(0.02)	-	**(0.02)**	**14.08**
	Dec 2014	**12.21**	0.28	(0.29)	0.66	0.16	**0.81**	-	-	(0.02)	-	**(0.02)**	**13.06**
	Dec 2013	**10.79**	0.26	(0.29)	0.46	1.06	**1.49**	-	-	(0.02)	-	**(0.02)**	**12.21**
	Dec 2012	**10.06**	0.28	(0.29)	0.38	0.47	**0.84**	-	-	(0.02)	-	**(0.02)**	**10.79**
L*	Dec 2011	**10.00**	0.12	(0.09)	0.36	(0.19)	**0.20**	-	-	-	(0.01)	**(0.01)**	**10.06**
	Jun 2016	**8.21**	0.07	(0.07)	0.26	(0.40)	**(0.14)**	-	-	(0.09)	(0.24)	**(0.33)**	**7.71**
	Dec 2015	**8.19**	0.16	(0.15)	0.48	0.16	**0.65**	-	-	(0.19)	(0.47)	**(0.66)**	**8.21**
	Dec 2014	**8.25**	0.18	(0.15)	0.42	0.15	**0.60**	-	-	(0.19)	(0.47)	**(0.66)**	**8.19**
	Dec 2013	**7.83**	0.19	(0.17)	0.31	0.70	**1.03**	-	-	(0.10)	(0.53)	**(0.63)**	**8.25**
	Dec 2012	**7.85**	0.21	(0.17)	0.28	0.29	**0.61**	-	-	(0.15)	(0.48)	**(0.63)**	**7.83**
T8A	Dec 2011	**8.45**	0.27	(0.21)	0.19	(0.17)	**0.08**	-	(0.03)	-	(0.65)	**(0.68)**	**7.85**
	Jun 2016	**7.98**	0.07	(0.08)	0.25	(0.44)	**(0.20)**	-	-	(0.09)	(0.23)	**(0.32)**	**7.48**
	Dec 2015	**7.98**	0.16	(0.17)	0.49	0.20	**0.68**	-	-	(0.18)	(0.46)	**(0.64)**	**7.98**
	Dec 2014	**8.07**	0.18	(0.18)	0.41	0.16	**0.57**	-	-	(0.19)	(0.46)	**(0.65)**	**7.98**
	Dec 2013	**7.69**	0.19	(0.19)	0.30	0.68	**0.98**	-	-	(0.10)	(0.52)	**(0.62)**	**8.07**
	Dec 2012	**7.75**	0.20	(0.21)	0.28	0.28	**0.55**	-	-	(0.15)	(0.47)	**(0.62)**	**7.69**
T8B†	Dec 2011	**8.37**	0.26	(0.23)	0.19	(0.17)	**0.05**	-	(0.03)	-	(0.64)	**(0.67)**	**7.75**
	Jun 2016	**7.96**	0.07	(0.08)	0.25	(0.43)	**(0.19)**	-	-	(0.09)	(0.23)	**(0.32)**	**7.46**
	Dec 2015	**7.96**	0.16	(0.17)	0.49	0.18	**0.66**	-	-	(0.18)	(0.46)	**(0.64)**	**7.96**
	Dec 2014	**8.04**	0.18	(0.18)	0.41	0.16	**0.57**	-	-	(0.18)	(0.46)	**(0.64)**	**7.96**
	Dec 2013	**7.66**	0.19	(0.19)	0.30	0.68	**0.98**	-	-	(0.09)	(0.52)	**(0.61)**	**8.04**
	Dec 2012	**7.72**	0.20	(0.21)	0.28	0.28	**0.55**	-	-	(0.15)	(0.47)	**(0.62)**	**7.66**
T8C†	Dec 2011	**8.35**	0.26	(0.24)	0.18	(0.16)	**0.04**	-	(0.03)	-	(0.64)	**(0.67)**	**7.72**

† Series closed to new purchases on December 4, 2009
‡ Series closed to new purchases on August 31, 2011.
Series CC was re-designated to Series L on September 4, 2015.
* Series opened on September 1, 2011.
** Series F units were redesignated as Series FF units on September 7, 2012

Explanatory Notes:

1. This information is derived from the Fund's (unaudited) interim financial report and audited annual financial statements.
2. Net assets and distributions are based on the actual number of securities outstanding at the relevant time. The increase/(decrease) from operations is based on the weighted average number of securities outstanding over the financial period. It is not intended that the Fund's net asset per security table act as a continuity of opening and closing net assets per security.
3. Distributions were paid in cash and/or reinvested in additional securities of the Fund.
4. Periods beginning on or after January 1, 2014, the figures are disclosed in accordance with IFRS. For periods ended December 31, 2012 and prior, the figures are disclosed in accordance with Canadian generally accepted accounting principles.

STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA

FINANCIAL HIGHLIGHTS (continued)

RATIOS AND SUPPLEMENTAL DATA

Series	As at	Total net asset value ($000's)[1]	Number of securities outstanding[1]	Management expense ratio ("MER") (%)[2]	MER before waivers or absorptions (%)[2]	Trading expense ratio (%)[3]	Portfolio turnover rate (%)[4]	Net asset value per security ($)
	Jun 2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Dec 2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Dec 2014	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Dec 2013	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Dec 2012	-	127,078	1.94	1.94	0.05	138	-
F**	Dec 2011	228	125,410	1.94	1.96	0.09	117	1.79
	Jun 2016	12,744	701,452	2.82	2.82	0.08	44	18.17
	Dec 2015	12,013	647,082	2.93	2.93	0.10	71	18.56
	Dec 2014	9,377	546,762	2.78	2.78	0.09	56	17.15
	Dec 2013	7,211	451,849	2.82	2.82	0.07	102	15.96
	Dec 2012	5,503	391,862	2.81	2.81	0.05	138	14.04
AA	Dec 2011	4,591	352,405	2.95	2.97	0.09	117	13.03
	Jun 2016	2,699	153,995	3.19	3.19	0.08	44	17.53
	Dec 2015	3,160	176,144	3.25	3.25	0.10	71	17.94
	Dec 2014	3,621	217,748	3.24	3.24	0.09	56	16.63
	Dec 2013	4,045	260,185	3.33	3.33	0.07	102	15.55
	Dec 2012	4,739	344,677	3.37	3.37	0.05	138	13.75
BB‡	Dec 2011	4,930	384,428	3.52	3.54	0.09	117	12.82
	Jun 2016	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Dec 2015	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	Dec 2014	856	51,482	3.25	3.25	0.09	56	16.63
	Dec 2013	1,242	79,856	3.34	3.34	0.07	102	15.55
	Dec 2012	1,529	111,177	3.36	3.36	0.05	138	13.75
CC‡	Dec 2011	1,427	111,243	3.51	3.53	0.09	117	12.83
	Jun 2016	4,235	220,508	2.12	2.13	0.08	44	19.20
	Dec 2015	3,051	156,053	2.43	2.43	0.10	71	19.55
	Dec 2014	1,430	79,571	2.10	2.10	0.09	56	17.97
	Dec 2013	864	52,069	2.35	2.35	0.07	102	16.61
	Dec 2012	433	29,801	2.13	2.13	0.05	138	14.54
FF	Dec 2011	309	23,071	2.05	2.07	0.09	117	13.39
	Jun 2016	4,833	351,363	3.21	3.21	0.08	44	13.75
	Dec 2015	4,363	309,899	3.28	3.28	0.10	71	14.08
	Dec 2014	2,594	198,661	3.24	3.24	0.09	56	13.06
	Dec 2013	1,289	105,592	3.35	3.35	0.07	102	12.21
	Dec 2012	487	45,108	3.38	3.38	0.05	138	10.80
L*	Dec 2011	70	6,916	3.29	3.31	0.26	117	10.07
	Jun 2016	21,984	2,850,703	2.82	2.83	0.08	44	7.71
	Dec 2015	19,044	2,319,127	2.96	2.96	0.10	71	8.21
	Dec 2014	16,469	2,010,020	2.79	2.79	0.09	56	8.19
	Dec 2013	13,712	1,662,774	2.87	2.88	0.07	102	8.25
	Dec 2012	12,537	1,599,580	2.82	2.82	0.05	138	7.84
T8A	Dec 2011	13,897	1,767,326	3.00	3.01	0.09	117	7.86
	Jun 2016	44,476	5,944,858	3.16	3.16	0.08	44	7.48
	Dec 2015	55,215	6,919,127	3.19	3.19	0.10	71	7.98
	Dec 2014	67,036	8,398,525	3.18	3.18	0.09	56	7.98
	Dec 2013	82,761	10,261,745	3.27	3.27	0.07	102	8.07
	Dec 2012	91,514	11,890,813	3.30	3.30	0.05	138	7.70
T8B†	Dec 2011	101,892	13,129,020	3.32	3.34	0.09	117	7.76
	Jun 2016	4,099	549,244	3.14	3.14	0.08	44	7.46
	Dec 2015	4,740	595,651	3.17	3.17	0.10	71	7.96
	Dec 2014	5,577	700,727	3.15	3.15	0.09	56	7.96
	Dec 2013	6,464	804,128	3.25	3.25	0.07	102	8.04
	Dec 2012	7,270	947,872	3.28	3.28	0.05	138	7.67
T8C†	Dec 2011	8,529	1,102,984	3.51	3.52	0.09	117	7.73

† Series closed to new purchases on December 4, 2009
‡ Series closed to new purchases on August 31, 2011.
Series CC was re-designated to Series L on September 4, 2015.
* Series opened on September 1, 2011.
** Series F units were redesignated as Series FF units on September 7, 2012

Explanatory Notes:

1. This information is provided as at each period shown.

2. Management expense ratio ("MER") for each series is based on total expenses (excluding [distributions], commissions and other portfolio transaction costs), including the pro-rata share of expenses of any underlying Stone Funds, for the stated period and is expressed as an annualized percentage of daily average NAV during the period. The MER excluding performance fees for the period ending December 31,2015 was: 2.85% - Series AA; 2.21% - Series FF; 2.87% - Series T8A and 3.26% - Series L. December 31, 2013 was: 2.79% - Series AA; 2.13% - Series FF; 2.85% - Series T8A. The MER excluding performance fees for the period ending December 31, 2012 was 1.98% for Series FF. The MER excluding performance fees for the period ending December 31, 2011 was 2.02% for Series FF.

3. The trading expense ratio represents total commissions and other portfolio transaction costs, of the Fund and the pro-rata share of any underlying Stone Funds 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 advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover 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 a Fund.

STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA

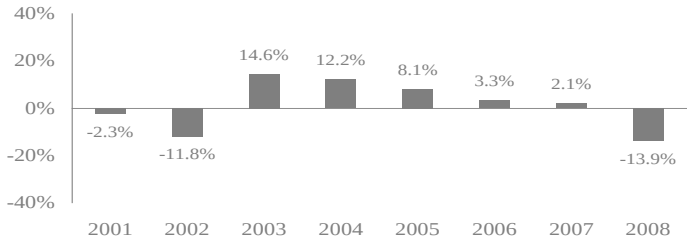
PAST PERFORMANCE

YEAR-BY-YEAR RETURNS

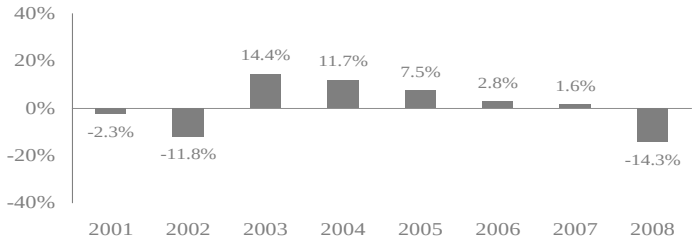
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future.

The following charts present the Fund's performance for each of the periods shown and illustrate how the Fund's performance varied from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year, except where noted.

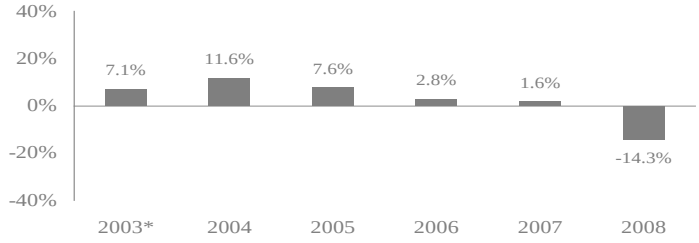
Series A**



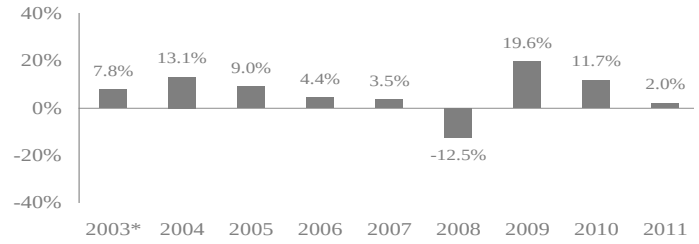
Series B**



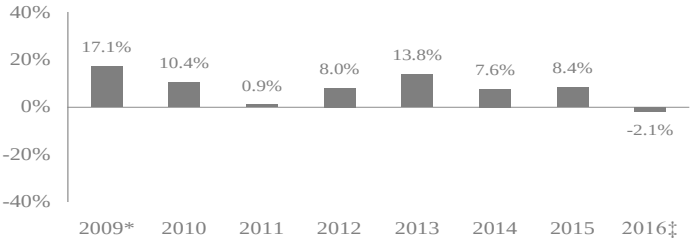
Series C**



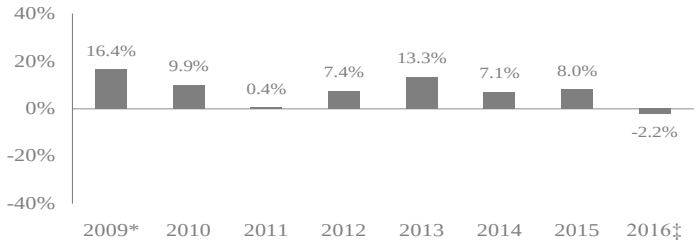
Series F***



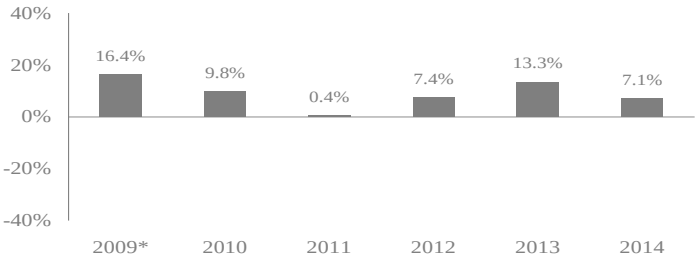
Series AA



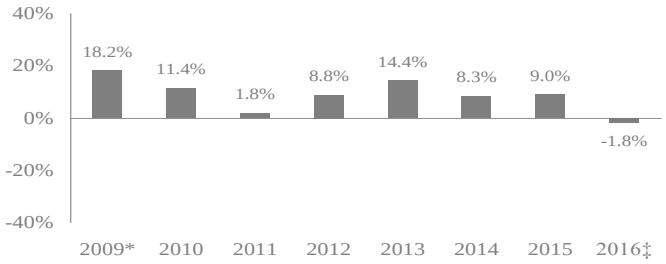
Series BB



Series CC**



Series FF

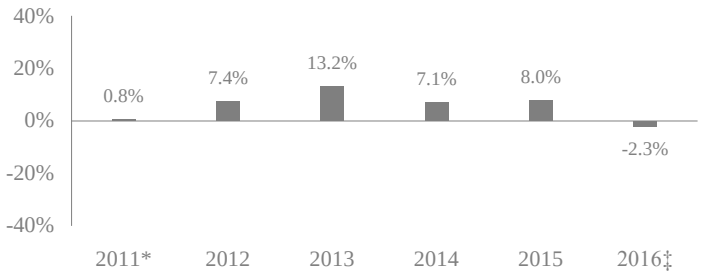


* From inception to December 31 of that year.
** Effective December 4, 2009, Series A, B and C units were redesignated as Series T8A, T8B and T8c units, respectively. As these Series did not exist as of December 31, 2009, Year-by-Year returns for these Series are not presented for 2009 and onwards.
*** Effective September 7, 2012, Series F units were redesignated as Series FF. As this Series did not exist as of December 31, 2012, Year-by-Year returns for this Series is not presented for 2012 and onwards.
*** Effective September 4, 2015, Series CC units were redesignated as Series L. As this Series did not exist as of December 31, 2015, Year-by-Year returns for this Series is not presented for 2015 and onwards.
‡ For the six-month period ended June 30, 2016

STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA

PAST PERFORMANCE (continued)

Series L



Series T8A

Series T8B

Series T8C

* From inception to December 31 of that year.
‡ For the six-month period ended June 30, 2016

STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA

SUMMARY OF INVESTMENT PORTFOLIO

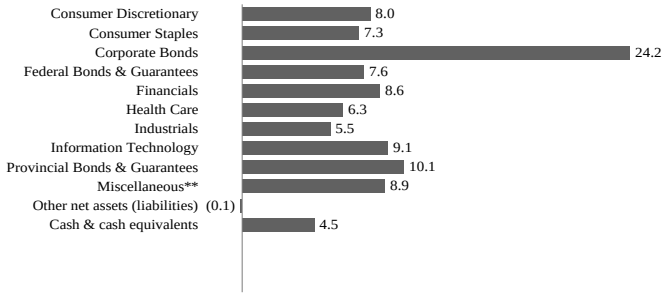
AS AT JUNE 30, 2016

TOP 25 HOLDINGS

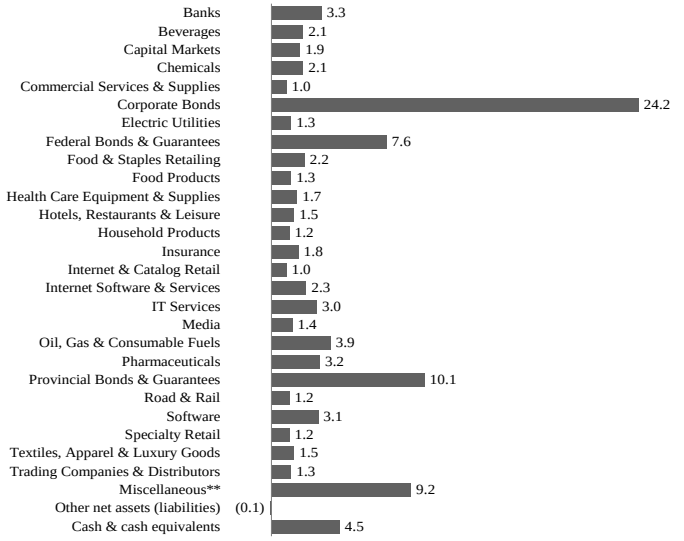
Name of Security	% of Total Net Asset Value
Stone & Co. Flagship Global Growth Fund, Series 'A'	20.6
Stone & Co. EuroPlus Dividend Growth Fund, Series 'A'	13.0
Cash & cash equivalents	4.5
Government of Canada, 1.50%, 2026/06/01	2.8
Canada Housing Trust No. 1, 1.95%, 2025/12/15	1.7
Province of British Columbia, 3.20%, 2044/06/18	1.7
Province of Ontario, 3.45%, 2045/06/02	1.5
Canada Housing Trust No. 1, 1.75%, 2018/06/15	1.5
Province of Ontario, 4.65%, 2041/06/02	1.3
Province of Ontario, 4.70%, 2037/06/02	1.1
Bank of Nova Scotia	1.1
Province of Quebec, 6.25%, 2032/06/01	1.1
PSP Capital Inc., Series '7', Restricted, 3.29%, 2024/04/04	1.1
OPB Finance Trust, Restricted, Callable, 1.88%, 2022/02/24	1.1
Province of Quebec, 4.50%, 2019/12/01	1.1
Canada Housing Trust No. 1, 2.35%, 2023/09/15	1.0
Brookfield Infrastructure Partners L.P.	0.9
TELUS Corp., Series 'CG', Callable, 5.05%, 2019/12/04	0.9
Ford Credit Canada Ltd., Restricted, 2.45%, 2020/05/07	0.8
Enbridge Gas Distribution Inc., Callable, 4.77%, 2021/12/17	0.8
Province of Quebec, 4.25%, 2043/12/01	0.8
Royal Bank of Canada	0.8
Toronto-Dominion Bank	0.8
Bank of Montreal, Callable, 3.21%, 2018/09/13	0.7
Bell Canada, Callable, 3.50%, 2018/09/10	0.7
	63.4

PORTFOLIO COMPOSITION

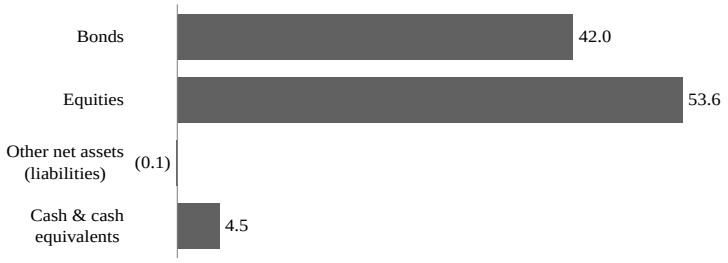
Sector Allocation (%)*



Industry Allocation (%)*



Asset Allocation (%)



This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available from the Manager at www.stoneco.com.
Prospectus and other information about the underlying Funds are available on the internet at www.sedar.com.

*Note: The Manager has done a look-through on Sector, Industry and Asset allocations for the Stone Funds that are held in the portfolio as underlying investment Funds.
**Note: Sectors and Industries representing less than 5% and 1% respectively of the portfolio are included in "Miscellaneous".

NOTES

STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA

Interim Management Report of Fund Performance

June 30, 2016

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements relating to anticipated future events, results, circumstances, performance or expectations that are not historical facts but instead represent our beliefs regarding future events. By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions and other forward-looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed or implied in the forward-looking statements. Actual results may differ materially from management expectations as projected in such forward-looking statements for a variety of reasons, including but not limited to: market and general economic conditions, interest rates, regulatory and statutory developments, the effects of competition in the geographic and business areas in which the Fund may invest and the risks detailed from time to time in the Fund's simplified prospectus. We caution that the foregoing list of factors is not exhaustive and that when relying on forward-looking statements to make decisions with respects to investing in the Fund, investors and others should carefully consider these factors, as well as other uncertainties and potential events, and the inherent uncertainty of forward-looking statements. Due to the potential impact of these factors, the Fund does not undertake, and specifically disclaims, any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required by applicable law.

STONE

Sleep well.

STONE ASSET MANAGEMENT LIMITED

36 Toronto Street, Suite 710 | Toronto, Ontario M5C 2C5 | T: 416 364 9188 or 800 336 9528

F: 416 364 8456 | info@stoneco.com | www.stoneco.com