

STONE AMERICAN DIVIDEND GROWTH FUND
(formerly MARQUEST AMERICAN DIVIDEND GROWTH FUND)

Interim Management Report of Fund Performance

June 30, 2019



This interim Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the 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, 40 University Ave., Suite 901, Toronto, Ontario, M5J 1T1; 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 American Dividend Growth Fund (formerly Marquest American Dividend Growth Fund)

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

June 30 2019

INVESTMENT OBJECTIVES

The investment objective of the Stone American Dividend Growth Fund (the "Fund") is to provide investors with long term capital appreciation, by investing primarily in a portfolio of large cap, dividend paying equity securities listed on a U.S. stock exchange.

INVESTMENT STRATEGIES

In order to achieve the Fund's objective, investments will be made in a portfolio of securities whose returns, over time, are expected to exceed the S&P 500 Index on a total return basis, primarily in large cap equity securities listed on a U.S. stock exchange selected based on a bottom-up, fundamental approach for selection of issuers with durable growth prospects.

Investments will be made in companies when their current market price represents value relative to their long-term potential, and so long as it continues to offer attractive return potential.

The Fund may, from time to time, hold part of its assets in cash reserves or short-term fixed income investments as a result of a lack of attractive investment opportunities or to facilitate cash flows.

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 quarter began with a strong recovery from weak year-end 2018 equity prices. And the second quarter witnessed ups and downs in the equity market before closing on a strong note. Share prices in North America closed at or near new highs at mid-year. Other bourses around the world didn't fare as well, reflecting lower growth prospects than the North American economies, which continue to exhibit growth, albeit at a reduced pace from earlier expectations.

For the 18 months leading up to mid-year 2018, the market's advance had been dominated by a few large tech names. But in the last 12 months these particular companies have not been leading the market. Valuation levels, and concerns surrounding the business practices of social media companies have come to investors' attention.

A heavy new issue calendar this year has taken some of the attention away from the tech sector. In short, risk-off (value) investments improved their relative performance, but still lagged the growth sector. Very recently, the market was driven to new highs, not by the usual momentum stories, but rather, by several of the lower volatility names.

Consistent with lower interest rates for marketable securities, dividend yielding stocks have performed well of late.

The tone of the US Federal Reserve (the "Fed") has changed quite dramatically since their last rate hike in December. There is now more willingness to be open to a rate cut, or cuts, before year-end. That said, the Fed would still like their actions to be data driven, rather than by President Trump's public badgering.

The economy is showing some signs of slow-down, driven largely by the uncertainty surrounding trade talks with China. It has been estimated that tariffs now in place would cut about 50 basis points from US GDP this year, leaving current growth estimates at 2.5%.

The hesitancy by the Fed to cut short term rates hasn't stopped market rates from falling dramatically. Ten-year Treasuries that yielded 2.7% at year-end, yielded only 2.0% at June 30.

Investors are quite nervous about the President's love of tariffs. He has even shown a willingness to invoke tariffs as a means of bargaining for other things on his wish list, as recently demonstrated by his threat to impose tariffs as high as 25% on Mexican goods, to force Mexico to provide more border security.

His most recent threat of the imposition of 10% tariffs on roughly \$300 billion of consumer goods from China to be effective early September has resulted in market corrections off recent stock market highs in North American exchanges. The huge rally in the bond market over the last eight months creates another question for equity investors.

Lower rates have helped the dividend yielding equities, but perhaps portend lower growth for the economy, maybe even a recession. Ten years into this business cycle leads investors to wonder if the expansion may simply die of exhaustion.

Strong US equity market returns for the first half of 2019 were tempered by strength in the Canadian dollar which appreciated 4.2% against the US dollar. The partial hedge position in the Fund remains in place, in recognition that the liabilities of the Canadian investor are in fact in Canadian dollars.

The US hedges are in the money at June 30. Higher oil prices and smaller differentials between Western Canada Select and West Texas Intermediate along with an anticipation of US interest rate reductions in the second half of 2019 have strengthened the Canadian dollar.

In the sub-advisor's view, asset prices of stocks and bonds appear to be a little extended in the short term. Share prices in North America have advanced on hopes for a trade deal with China, and the apparent reversal of direction by the Fed. Since the last interest rate hike in December, the Fed is now willing to cut rates, if data supports the need for easing.

At the same time, Chairman Powell has to endure the pressure coming from the White House regarding the next monetary policy action.

Another point regarding the country's finances is about the upcoming debt ceiling adjustment which is expected to be on the agenda for the fall. That is likely to be contentious and has the potential to create volatility in the markets.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

In summary, SEAMARK remains cautiously optimistic for the forecast period, but expect that there may be bumps along the way. But generally, leading up to a 2020 election, and with the current levels of economic data, the probability for the US economy to dip into recession is still low. If asset prices warrant, we would be willing to realize some profits, and we would selectively redeploy funds into more attractively priced securities when circumstances warrant.

Performance

Over the six-month period, the S&P 500 Index earned an 18.5% return in U. S. Dollars. The Canadian dollar appreciated during this time period, from 73.3 to 76.4, thereby reducing returns on USD assets held by Canadian investors by 4.2%. In Canadian dollar terms, the S&P 500 registered a six month return of 13.4%.

Over the same period, the Fund's Series A securities recorded a return of 4.2%. The dividend tilt of the conservatively structured portfolio did not keep pace with the broader S&P 500 Index in the first six months.

As at June 30, 2019 the largest equity sectors of the Fund were Financials, Technology, Consumer Staples and Health Care. In combination, these sectors comprise 64.1% of the portfolio. Technology showed the strongest weighted returns followed by Industrials and Consumer Staples, while Materials and Health Care were the weakest.

The strongest holdings were Anheuser-Busch InBev, QUALCOMM Inc., Honeywell International Inc., Nestle SA and Walt Disney Co., while the weakest holdings were AbbVie Inc., Kroger Co., Walgreens Boots Alliance Inc., Mosaic Co. and State Street Corp. During the period, new positions were established in Newmont Goldcorp Corp., Ingredion Inc., Applied Materials Inc. and KLA-Tencor Corp., while positions in DowDuPont Inc., The Kraft Heinz Co., Walmart Inc., Bristol-Meyers Squibb Co., AT&T Inc. and Vodafone Group PLC were sold.

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

Series	
A	F
4.2	4.8

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 benchmark's performance. The Fund's Broad-based benchmark, the S&P 500 Index gained 13.4% 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.

Change in Net asset value

Net Assets of the Fund decreased by 18.8% or \$2,797,150 during the period, from \$14,916,752 at December 31, 2018 to \$12,119,602 at June 30, 2019. This change in Net Assets is attributed to net sales (redemptions) of (\$2,799,602), cash distributions of \$600,530 and \$602,892 to investment operations, including market appreciation (depreciation), income and expenses.

RECENT DEVELOPMENTS

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

On December 6, 2018, Stone Asset Management Limited acquired the management contract of the Fund from Marquest Asset Management Inc.

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.

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.

Management fees

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

Series	A	F
Annual Fee (%)	2.00	1.00

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

Series	A	F
Dealer Compensation (%)	50	-
Investment and Fund Management (%)	50	100
Total (%)	100	100

Operating fees

The Fund pays 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 Fund.

Stone American Dividend Growth Fund (formerly Marquest American Dividend Growth Fund)

MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

Operating fees incurred by the Fund are allocated among the Series on a reasonable basis as determined by 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 Fund 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 Fund 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 American Dividend Growth Fund (formerly Marquest American Dividend Growth Fund)

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 SECURITY¹

Series	As at	Net assets, beginning of period ²	Increase (decrease) from operations ² (All figures in (\$))				Total increase (decrease) from operations ²	Distributions ^{2,3}				Total distributions ³	Net assets, end of period
			Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period	Unrealized gains (losses) for the period		From net investment income (excluding dividends)	Dividends	Capital gains	Return of capital		
	Jun 2019	8.70	0.18	(0.17)	(0.17)	0.54	0.38	-	-	(0.11)	(0.34)	(0.45)	8.61
	Dec 2018	10.37	0.30	(0.43)	0.46	(0.92)	(0.59)	(0.90)	-	-	-	(0.90)	8.70
	Dec 2017	10.84	0.28	(0.32)	0.16	0.30	0.42	-	-	-	(0.90)	(0.90)	10.37
	Dec 2016	11.05	0.26	(0.34)	0.20	1.40	1.52	-	-	(0.22)	(0.68)	(0.90)	10.84
	Dec 2015	10.60	0.31	(0.34)	0.17	0.88	1.02	-	-	(0.03)	(0.63)	(0.66)	11.05
A†	Dec 2014	10.00	0.12	(0.10)	0.04	0.58	0.64	(0.02)	-	(0.04)	(0.12)	(0.18)	10.60
	Jun 2019	9.23	0.19	(0.13)	(0.21)	0.61	0.46	-	-	(0.11)	(0.34)	(0.45)	9.22
	Dec 2018	10.82	0.32	(0.33)	0.50	(1.01)	(0.52)	(0.90)	-	-	-	-	9.23
	Dec 2017	11.16	0.29	(0.21)	0.14	0.38	0.60	-	-	-	(0.90)	(0.90)	10.82
	Dec 2016	11.23	0.28	(0.21)	0.32	0.62	1.01	-	-	(0.22)	(0.68)	(0.90)	11.16
	Dec 2015	10.66	0.31	(0.21)	0.28	0.79	1.17	(0.12)	-	(0.09)	(0.45)	(0.66)	11.23
F‡	Dec 2014	10.00	0.07	(0.01)	0.01	0.62	0.69	(0.01)	-	(0.01)	(0.16)	(0.18)	10.66

†Series A securities were issued on September 9, 2014.

‡Series F securities were issued on August 15, 2014.

Explanatory Notes:

- This information is derived from the Fund's unaudited interim financial report and audited annual financial statements.
- Net assets and dividends 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.
- Dividends were paid in cash and/or reinvested in additional securities of the Fund.

Stone American Dividend Growth Fund (formerly Marquest American Dividend Growth Fund)

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 2019	11,724	1,360,928	3.21	3.21	0.05	8	8.61
	Dec 2018	14,534	1,670,842	3.62	3.62	0.04	25	8.70
	Dec 2017	24,404	2,353,073	2.70	3.24	0.03	19	10.37
	Dec 2016	29,729	2,742,159	2.78	3.70	0.12	16	10.84
	Dec 2015	4,366	395,139	2.63	5.59	0.09	23	11.05
A†	Dec 2014	759	71,592	2.33	30.66	0.12	139	10.60
	Jun 2019	395	42,882	2.08	2.08	0.05	8	9.22
	Dec 2018	383	41,467	2.47	2.47	0.04	25	9.23
	Dec 2017	583	53,896	1.67	2.01	0.03	19	10.82
	Dec 2016	622	55,676	1.64	2.19	0.12	16	11.16
	Dec 2015	365	32,514	1.58	3.36	0.09	23	11.23
F‡	Dec 2014	13	1,264	0.23	3.04	0.12	139	10.66

†Series A securities were issued on September 9, 2014.

‡Series F securities were issued on August 15, 2014.

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) for the stated period and is expressed as an annualized percentage of daily average NAV during the period.
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 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.

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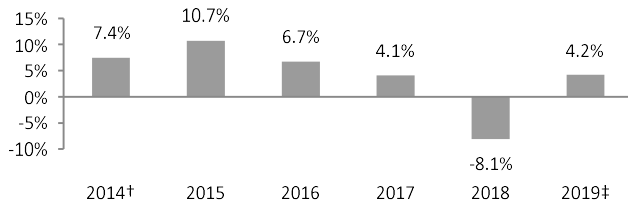
PAST PERFORMANCE

YEAR-BY-YEAR RETURNS

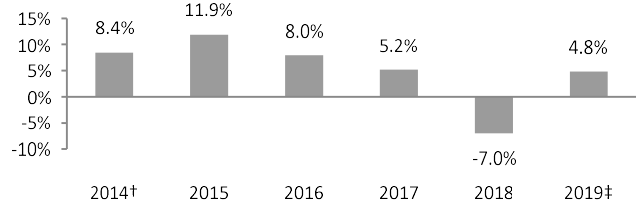
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance. 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 F



† From inception to December 31 of that year.

‡ For the six-month period ended June 30, 2019

Stone American Dividend Growth Fund (formerly Marquest American Dividend Growth Fund)

SUMMARY OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2019

TOP 25 HOLDINGS		PORTFOLIO COMPOSITION	
Name of Security	% of Total Net Asset Value	Sector Allocation (%)	
JPMorgan Chase & Co.	4.8	Communications	5.8
Bank of America Corp.	4.5	Consumer Staples	14.9
Northern Trust Corp.	4.1	Energy	9.9
Royal Dutch Shell PLC, ADR, Class 'B'	3.5	Financials	19.2
State Street Corp.	3.3	Health Care	14.0
Exxon Mobil Corp.	3.3	Industrials	11.0
Anheuser-Busch InBev NV, ADR	3.2	Materials	7.8
Chevron Corp.	3.1	Technology	16.0
Pfizer Inc.	3.0	Futures Contract	1.0
Walt Disney Co.	3.0	Other net assets (liabilities)	-1.1
Applied Materials Inc.	3.0	Cash & cash equivalents	1.5
Apple Inc.	3.0		
Newmont Goldcorp Corp.	3.0	Industry Allocation (%)	
Nestle SA, ADR, Registered	2.9	Banking	11.8
Merck & Co. Inc.	2.9	Biotech & Pharma	14.0
Unilever PLC, ADR	2.9	Chemicals	4.8
QUALCOMM Inc.	2.9	Consumer Products	10.4
ABB Ltd., ADR	2.9	Electrical Equipment	5.7
International Business Machines Corp.	2.8	Hardware	5.8
Honeywell International Inc.	2.8	Institutional Financial Services	7.4
United Parcel Service Inc., Class 'B'	2.8	Media	3.0
Cisco Systems Inc.	2.8	Metals & Mining	3.0
Verizon Communications Inc.	2.8	Oil, Gas & Coal	9.9
Novartis AG, ADR	2.8	Retail - Consumer Staples	4.5
AbbVie Inc.	2.7	Semiconductors	7.4
	78.8	Miscellaneous†	10.9
		Futures Contract	1.0
		Other net assets (liabilities)	-1.1
		Cash & cash equivalents	1.5

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.

†Note: Industries representing less than 3% of the portfolio are included in "Miscellaneous".

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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 respect 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.



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