

## **STONE DIVIDEND GROWTH CLASS**

### **A Class of Shares of Stone Corporate Funds Limited**

### **Interim Management Report of Fund Performance**

June 30, 2019



This interim Management Report of Fund Performance contains financial highlights but does not contain either the 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, 40 University Ave., Suite 901, Toronto, Ontario, M5J 1T1; or by visiting our website at [www.stoneco.com](http://www.stoneco.com); or SEDAR at [www.sedar.com](http://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 DIVIDEND GROWTH CLASS

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

June 30 2019

### INVESTMENT OBJECTIVES

The investment objective of the Stone Dividend Growth Class (the “Fund”) is to achieve above-average long-term capital growth that is consistent with a conservative investment philosophy encompassing a diversified portfolio approach. The Fund invests primarily in equity securities of Canadian companies that demonstrate financial strength and good growth potential.

### INVESTMENT STRATEGIES

The Fund will invest in companies that offer potential for strong growth and have the ability to provide stable dividend payments. When evaluating the investment potential of a particular company, the Portfolio Manager (as defined below) may assess the financial condition and management of the company, analyze financial data and other information sources to compare revenue acceleration, earnings and cash flows and conduct company interviews.

Investment selections are broadly diversified among all market segments; the Portfolio Manager does not have a bias towards any particular sector. A portion of the assets of the Fund may also be invested in foreign securities. Under normal market conditions, it is anticipated that the Fund will invest approximately 30% of its assets in foreign securities in accordance with its performance benchmark, although the Fund’s investments in foreign securities may be above this level from time to time.

### 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 markets have experienced a volatile “snakes and ladders” type ride over the first 6 months of 2019. The S&P 500 index (the “S&P”) went from record highs in the fall of 2018 to the cusp of bear market by Christmas eve 2018. Then the markets rallied strongly early in the year and hitting new highs in the first quarter.

The S&P had its best first quarter since 1998! The markets got walloped in May after having enjoyed their best four-month start to the year in decades. Escalating trade tensions between the US and both China and Mexico threatened to put a damper on the year-to-date rally. The rally was based on optimism for an accommodative Federal Reserve, upbeat economic prospects and decent earnings reports.

The Nasdaq dropped to correction territory in May as the US government threats of antitrust probes of big technology companies had a serious drag on these companies.

Not to be outdone, the US markets staged another incredible recovery in June to end the second quarter. The June rally was once again based on optimism for an accommodative Federal Reserve and other global central banks and the de-escalation of the trade tensions post the G20 meeting of world leaders in Osaka.

The US markets had their best June on record since 1938 with the S&P up 6.89% for the month and up 13.4% YTD in Canadian Dollar terms.

In Canada the S&P /TSX Composite (the “TSX”) also participated in the bounce and is up 16.2% for the period. Every sector of the TSX is up for the period. The biggest move was from information technology sector up 43.8% as companies such as Constellation Software and Shopify continue to excite the investment public.

The heavily weighted financials sector had a healthy gain of 12.0% as both banks and insurance companies rallied. Concerns early in the year about increasing provisions for loan losses and a slowdown in the housing market have dissipated on the back of lower interest rates. The Canadian dollar has responded with a 3.4% move higher for the month and a 4.3% move higher for the year closing at a 5-month high of 76.5 to the US dollar.

After a sluggish start to the year, the materials sector gained 13.6% for the period led by the gold sector up 19.6% as the gold price moved decisively over the \$1,400 level (up 10.1% for the period). Copper prices are still down 11% from their April highs and down 1.2% for the period as investors signal continued concerns about the state of the global economy after the US-China trade war threats.

As the metal is used in a wide variety of applications such as office buildings to electric vehicles, investors often watch the price of this industrial metal to gauge momentum in the global economy.

Crude oil prices had dropped to bear market territory in April but bounced back as the OPEC coalition agreed to curb oil production by 1.2M barrels/day for another 9 months. Oil equities continue to be concerned about the surging domestic stockpiles, the fear of a slowdown in global economic growth and the lack of funds flow into the sector.

The US is clearly on the path to become one of the largest producers of oil in the world. This would make it less energy-dependent on imports from countries like Saudi Arabia.

Concerns about the Canadian government’s inability to get pipelines and infrastructure built to serve the energy industry is casting a black shadow on the sector. Time will tell if the Trans Mountain pipeline (TMX) gets built (or Keystone XL) and this has negative implications for foreign investors coming into Canada.

The differential in pricing on heavy oil Western Canadian Select “WCS” and West Texas Intermediate “WTI” recovered from the \$50/barrel in the fall of 2018. Drastic action by the Alberta government in the form of production curtailments and crude by rail agreements helped bring in the price differential to more reasonable levels (approximately \$10-\$13).

This uncertainty in the Canadian oil & gas industry has resulted in Canada’s energy index underperforming other sectors. The energy index continues to be a drag on the TSX as it was the worst performing sector, increasing only 1.1% for the period (but down 32.4% over one year) even with the 30% bounce back in crude oil prices to \$59.08/barrel!

# STONE DIVIDEND GROWTH CLASS

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

The S&P breakdown is similar to the returns in the TSX. The information technology sector rocketed 29% for the period led by tech-heavy leaders Microsoft and Apple. Their weakest sector was also energy, but their energy sector did much better with a 10% return compared to the TSX. Interest sensitive and economically sensitive sectors did well with financials up 17%, industrials up 20% and consumer discretionary up 23%.

Corporate earnings are supportive of our neutral to bullish long-term view on the markets. For the S&P Q1 earnings, 76% of companies have reported earnings above consensus estimates while 57% have reported revenues above estimates. Although earnings have come in 0.8% lower year over year, we do not believe that this is the start of an earnings recession.

The sales beat has been a bit of a disappointment for the companies that have reported thus far, but the number has improved steadily since reporting season began. Companies that fall short of either sales or earnings estimates continue to get punished. An example includes Alphabet which tumbled 7.5% after reporting its slowest quarter of revenue growth since 2015.

The Fund was underweighted in several interest-sensitive sectors such as Telecommunications and Real Estate. We had a zero weight in Telecommunications compared to the benchmark index 5.6% weight, and a zero weight in Real Estate vs. the index of 3.4%. The strength in the above sectors proved to be a detractor for the Fund as bond yields plummeted, and interest-sensitive sectors rose.

Our Utilities exposure of 7.1% vs. the benchmark of 4.0% made up for some of our underweight exposure in other interest-sensitive sectors and was a positive in that the selection of investments provided excellent returns compared to the index with AES Corp continuing its rise in price.

Even though our Energy weight was below the index at 7.5% vs. 15.5%, some of our strong returns came from the Energy sector such as AltaGas recovered some of the losses experienced in 2018 with a 34.7% return during our holding period.

Our stock selection in the Consumer Staples sector was in line with the benchmark, strong returns from Coca-Cola and Costco were positive contributors to performance.

The same can not be said of our Industrials weight which was below the benchmark at 7.4% vs. 10.6%, despite strong performance from holdings in Waste Connections Inc and CargoJet we did not have positions in two of the strongest contributors to the benchmark, Air Canada and WestJet, which were both targets of M&A during the period.

Our largest weight was in the Financials sector, 45.7% vs. the benchmark of 28.5% and performed slightly below the benchmark during the period.

Our overweight position in the Technology sector also did well with companies such as Microsoft, VISA and Open Text, but we underperformed the benchmark due to no weighting in two of Canada's largest technology companies, Shopify Inc or Kinaxis, neither of which pay a dividend.

We were positively impacted by our underweight in the Consumer Discretionary sector, 2.4% vs. the benchmark 5.4%, helped by our only holding in the sector, Park Lawn Corp., which returned 25.8%.

The Fund held a smaller-than-normal cash balance of 2.0%, down from 9.4% at the end of last year which was used to fund redemptions.

### Performance

The Fund's Series underperformed against its blended benchmark during the period. As mentioned above, both sector allocation and stock selection were the reasons for our underperformance. In addition, our US investments made up 41.5% of the portfolio and the 4.0% rise in the Canadian dollar had a negative effect on our US\$ holdings.

Our disciplined approach toward total return remains a core practice in managing the portfolio risk and this approach is paying off.

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

Series							
A	B	C	F	L	T8A	T8B	T8C
11.6	11.3	11.3	12.2	11.2	11.6	11.3	11.3

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/TSX Composite Index returned 16.2% 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 80% of the S&P/TSX Composite Index (Total Return) and 20% of the S&P 500 Index (Total Return), provides a comparison to a benchmark that is more reflective of the Fund's investment objective and strategy.

The blended benchmark returned 15.7% over the same period.

### Change in Net asset value

Net Assets of the Fund increased by 3.3% or \$9.9 million during the period, \$297.3 million at December 31, 2018 to \$307.2 at June 30, 2019. This change in Net Assets is attributed to net sales (redemptions) of (\$21.9) million, cash distributions of \$2.3 million and \$34.1 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").

# STONE DIVIDEND GROWTH CLASS

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

### 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.

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	A	B	C	F	L	T8A	T8B	T8C
Annual Fee (%)	2.00	2.50	2.50	0.95	2.50	2.00	2.50	2.50

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

Series	A	B	C	F	L	T8A	T8B	T8C
Dealer Compensation (%)	50	20	30	-	20	50	20	30
Investment and Fund Management (%)	50	80	70	100	80	50	80	70
Total (%)	100	100	100	100	100	100	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.

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 DIVIDEND GROWTH CLASS

## 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<sup>1</sup>

		Increase (decrease) from operations <sup>2</sup> (All figures in \$)					Dividends <sup>2,3</sup>					
Series	As at	Net assets, beginning of period <sup>2</sup>	Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations <sup>2</sup>	Dividends	Capital gains	Return of capital	Total dividends <sup>3</sup>	Net assets, end of period
	Jun 2019	<b>10.87</b>	0.16	(0.16)	(0.04)	1.31	<b>1.27</b>	(0.12)	-	-	<b>(0.12)</b>	<b>12.00</b>
	Dec 2018	<b>11.37</b>	0.28	(0.33)	0.42	(0.60)	<b>(0.23)</b>	(0.24)	-	-	<b>(0.24)</b>	<b>10.87</b>
	Dec 2017	<b>11.07</b>	0.28	(0.33)	1.23	(0.64)	<b>0.54</b>	(0.24)	-	-	<b>(0.24)</b>	<b>11.37</b>
	Dec 2016	<b>10.28</b>	0.29	(0.30)	1.77	(0.76)	<b>1.00</b>	(0.24)	-	-	<b>(0.24)</b>	<b>11.07</b>
	Dec 2015	<b>10.92</b>	0.33	(0.29)	1.00	(1.41)	<b>(0.37)</b>	(0.24)	-	-	<b>(0.24)</b>	<b>10.28</b>
<b>A</b>	Dec 2014	<b>10.17</b>	0.31	(0.29)	0.64	0.34	<b>1.00</b>	(0.24)	-	-	<b>(0.24)</b>	<b>10.92</b>
	Jun 2019	<b>10.01</b>	0.14	(0.17)	(0.04)	1.24	<b>1.17</b>	(0.11)	-	-	<b>(0.11)</b>	<b>11.03</b>
	Dec 2018	<b>10.53</b>	0.26	(0.36)	0.42	(0.49)	<b>(0.17)</b>	(0.21)	-	-	<b>(0.21)</b>	<b>10.01</b>
	Dec 2017	<b>10.30</b>	0.25	(0.37)	1.16	(0.60)	<b>0.44</b>	(0.21)	-	-	<b>(0.21)</b>	<b>10.53</b>
	Dec 2016	<b>9.61</b>	0.27	(0.33)	1.65	(0.76)	<b>0.83</b>	(0.21)	-	-	<b>(0.21)</b>	<b>10.30</b>
	Dec 2015	<b>10.24</b>	0.31	(0.33)	0.95	(1.30)	<b>(0.37)</b>	(0.21)	-	-	<b>(0.21)</b>	<b>9.61</b>
<b>B†</b>	Dec 2014	<b>9.58</b>	0.29	(0.34)	0.60	0.34	<b>0.89</b>	(0.21)	-	-	<b>(0.21)</b>	<b>10.24</b>
	Jun 2019	<b>10.04</b>	0.14	(0.17)	(0.03)	1.23	<b>1.17</b>	(0.11)	-	-	<b>(0.11)</b>	<b>11.06</b>
	Dec 2018	<b>10.56</b>	0.26	(0.36)	0.40	(0.52)	<b>(0.22)</b>	(0.21)	-	-	<b>(0.21)</b>	<b>10.04</b>
	Dec 2017	<b>10.32</b>	0.26	(0.37)	1.15	(0.59)	<b>0.45</b>	(0.21)	-	-	<b>(0.21)</b>	<b>10.56</b>
	Dec 2016	<b>9.63</b>	0.27	(0.33)	1.64	(0.78)	<b>0.80</b>	(0.21)	-	-	<b>(0.21)</b>	<b>10.32</b>
	Dec 2015	<b>10.26</b>	0.31	(0.33)	0.97	(1.29)	<b>(0.34)</b>	(0.21)	-	-	<b>(0.21)</b>	<b>9.63</b>
<b>C‡</b>	Dec 2014	<b>9.59</b>	0.29	(0.33)	0.61	0.37	<b>0.94</b>	(0.21)	-	-	<b>(0.21)</b>	<b>10.26</b>
	Jun 2019	<b>13.33</b>	0.19	(0.11)	(0.04)	1.58	<b>1.62</b>	(0.13)	-	-	<b>(0.13)</b>	<b>14.83</b>
	Dec 2018	<b>13.76</b>	0.35	(0.23)	0.47	(0.82)	<b>(0.23)</b>	(0.25)	-	-	<b>(0.25)</b>	<b>13.33</b>
	Dec 2017	<b>13.18</b>	0.33	(0.23)	1.42	(0.69)	<b>0.83</b>	(0.25)	-	-	<b>(0.25)</b>	<b>13.76</b>
	Dec 2016	<b>12.08</b>	0.35	(0.22)	2.09	(0.84)	<b>1.38</b>	(0.25)	-	-	<b>(0.25)</b>	<b>13.18</b>
	Dec 2015	<b>12.67</b>	0.39	(0.21)	1.09	(1.64)	<b>(0.37)</b>	(0.25)	-	-	<b>(0.25)</b>	<b>12.08</b>
<b>F</b>	Dec 2014	<b>11.66</b>	0.36	(0.21)	0.73	0.33	<b>1.21</b>	(0.25)	-	-	<b>(0.25)</b>	<b>12.67</b>
	Jun 2019	<b>13.17</b>	0.19	(0.23)	(0.05)	1.62	<b>1.53</b>	(0.11)	-	-	<b>(0.11)</b>	<b>14.54</b>
	Dec 2018	<b>13.79</b>	0.34	(0.48)	0.54	(0.70)	<b>(0.30)</b>	(0.21)	-	-	<b>(0.21)</b>	<b>13.17</b>
	Dec 2017	<b>13.42</b>	0.33	(0.49)	1.49	(0.75)	<b>0.58</b>	(0.21)	-	-	<b>(0.21)</b>	<b>13.79</b>
	Dec 2016	<b>12.47</b>	0.35	(0.44)	2.16	(0.95)	<b>1.12</b>	(0.21)	-	-	<b>(0.21)</b>	<b>13.42</b>
	Dec 2015	<b>13.24</b>	0.40	(0.44)	1.19	(1.72)	<b>(0.57)</b>	(0.21)	-	-	<b>(0.21)</b>	<b>12.47</b>
<b>L*</b>	Dec 2014	<b>12.34</b>	0.38	(0.44)	0.77	0.34	<b>1.05</b>	(0.21)	-	-	<b>(0.21)</b>	<b>13.24</b>
	Jun 2019	<b>6.81</b>	0.10	(0.10)	(0.02)	0.82	<b>0.80</b>	(0.04)	(0.23)	-	<b>(0.27)</b>	<b>7.33</b>
	Dec 2018	<b>7.58</b>	0.18	(0.21)	0.27	(0.39)	<b>(0.15)</b>	(0.08)	(0.53)	-	<b>(0.61)</b>	<b>6.81</b>
	Dec 2017	<b>7.83</b>	0.19	(0.23)	0.84	(0.44)	<b>0.36</b>	(0.06)	(0.57)	-	<b>(0.63)</b>	<b>7.58</b>
	Dec 2016	<b>7.71</b>	0.22	(0.22)	1.28	(0.48)	<b>0.80</b>	(0.06)	(0.56)	-	<b>(0.62)</b>	<b>7.83</b>
	Dec 2015	<b>8.70</b>	0.26	(0.23)	0.75	(1.09)	<b>(0.31)</b>	(0.23)	(0.47)	-	<b>(0.70)</b>	<b>7.71</b>
<b>T8A</b>	Dec 2014	<b>8.56</b>	0.25	(0.24)	0.52	0.25	<b>0.78</b>	(0.21)	(0.48)	-	<b>(0.69)</b>	<b>8.70</b>
	Jun 2019	<b>6.41</b>	0.09	(0.11)	(0.02)	0.79	<b>0.75</b>	(0.03)	(0.23)	-	<b>(0.26)</b>	<b>6.87</b>
	Dec 2018	<b>7.18</b>	0.17	(0.24)	0.27	(0.33)	<b>(0.13)</b>	(0.08)	(0.49)	-	<b>(0.57)</b>	<b>6.41</b>
	Dec 2017	<b>7.46</b>	0.18	(0.26)	0.82	(0.41)	<b>0.33</b>	(0.05)	(0.55)	-	<b>(0.60)</b>	<b>7.18</b>
	Dec 2016	<b>7.39</b>	0.20	(0.25)	1.25	(0.66)	<b>0.54</b>	(0.05)	(0.54)	-	<b>(0.59)</b>	<b>7.46</b>
	Dec 2015	<b>8.38</b>	0.25	(0.26)	0.77	(1.01)	<b>(0.25)</b>	(0.22)	(0.45)	-	<b>(0.67)</b>	<b>7.39</b>
<b>T8B†</b>	Dec 2014	<b>8.30</b>	0.24	(0.28)	0.52	0.32	<b>0.80</b>	(0.20)	(0.46)	-	<b>(0.66)</b>	<b>8.38</b>
	Jun 2019	<b>6.45</b>	0.09	(0.11)	(0.02)	0.81	<b>0.77</b>	(0.03)	(0.23)	-	<b>(0.26)</b>	<b>6.92</b>
	Dec 2018	<b>7.21</b>	0.17	(0.24)	0.26	(0.34)	<b>(0.15)</b>	(0.08)	(0.50)	-	<b>(0.58)</b>	<b>6.45</b>
	Dec 2017	<b>7.49</b>	0.18	(0.26)	0.81	(0.43)	<b>0.30</b>	(0.05)	(0.55)	-	<b>(0.60)</b>	<b>7.21</b>
	Dec 2016	<b>7.41</b>	0.20	(0.25)	1.24	(0.54)	<b>0.65</b>	(0.05)	(0.54)	-	<b>(0.59)</b>	<b>7.49</b>
	Dec 2015	<b>8.40</b>	0.25	(0.26)	0.77	(1.03)	<b>(0.27)</b>	(0.22)	(0.45)	-	<b>(0.67)</b>	<b>7.41</b>
<b>T8C†</b>	Dec 2014	<b>8.31</b>	0.25	(0.27)	0.51	0.32	<b>0.81</b>	(0.20)	(0.46)	-	<b>(0.66)</b>	<b>8.40</b>

† Series closed to new purchases on December 4, 2009.

‡ Series closed to new purchases on August 31, 2011.

\* Series opened on September 1, 2011.

#### Explanatory Notes:

- This information is derived from the Fund's unaudited interim financial report and annual audited 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 DIVIDEND GROWTH CLASS

## FINANCIAL HIGHLIGHTS (continued)

### RATIOS AND SUPPLEMENTAL DATA

Series	As at	Total net asset value (\$000's) <sup>1</sup>	Number of securities outstanding <sup>1</sup>	Management expense ratio ("MER") (%) <sup>2</sup>	MER before waivers or absorptions (%) <sup>2</sup>	Trading expense ratio (%) <sup>3</sup>	Portfolio turnover rate (%) <sup>4</sup>	Net asset value per security (\$)
	Jun 2019	150,913	12,576,838	2.53	2.53	-	-	12.00
	Dec 2018	144,439	13,293,262	2.67	2.67	0.05	11	10.87
	Dec 2017	170,738	15,010,522	2.67	2.67	0.22	63	11.37
	Dec 2016	195,308	17,646,561	2.58	2.58	0.19	59	11.07
	Dec 2015	201,391	19,588,484	2.51	2.51	0.09	26	10.28
A	Dec 2014	237,174	21,728,892	2.60	2.60	0.05	12	10.92
	Jun 2019	22,512	2,042,230	3.12	3.12	-	-	11.03
	Dec 2018	24,195	2,416,692	3.26	3.26	0.05	11	10.01
	Dec 2017	36,811	3,495,081	3.26	3.26	0.22	63	10.53
	Dec 2016	51,402	4,992,721	3.16	3.16	0.19	59	10.30
	Dec 2015	64,539	6,718,917	3.09	3.09	0.09	26	9.61
B‡	Dec 2014	88,763	8,666,270	3.19	3.19	0.05	12	10.24
	Jun 2019	6,552	592,214	3.11	3.11	-	-	11.06
	Dec 2018	6,775	674,676	3.24	3.24	0.05	11	10.04
	Dec 2017	9,648	913,058	3.23	3.23	0.22	63	10.56
	Dec 2016	12,740	1,234,459	3.14	3.14	0.19	59	10.32
	Dec 2015	17,382	1,805,642	3.04	3.04	0.09	26	9.63
C‡	Dec 2014	24,553	2,393,470	3.12	3.12	0.05	12	10.26
	Jun 2019	58,689	3,956,482	1.39	1.39	-	-	14.83
	Dec 2018	52,820	3,961,063	1.51	1.51	0.05	11	13.33
	Dec 2017	52,375	3,805,496	1.37	1.37	0.22	63	13.76
	Dec 2016	41,302	3,133,052	1.50	1.50	0.19	59	13.18
	Dec 2015	36,350	3,008,109	1.45	1.45	0.09	26	12.08
F	Dec 2014	35,114	2,771,847	1.56	1.56	0.05	12	12.67
	Jun 2019	8,827	607,046	3.15	3.15	-	-	14.54
	Dec 2018	9,317	707,494	3.29	3.29	0.05	11	13.17
	Dec 2017	13,250	960,531	3.29	3.29	0.22	63	13.79
	Dec 2016	16,056	1,196,032	3.19	3.19	0.19	59	13.42
	Dec 2015	17,532	1,406,247	3.15	3.15	0.09	26	12.47
L*	Dec 2014	19,240	1,453,150	3.26	3.26	0.05	12	13.24
	Jun 2019	46,413	6,335,859	2.52	2.52	-	-	7.33
	Dec 2018	45,366	6,657,144	2.64	2.64	0.05	11	6.81
	Dec 2017	52,306	6,902,724	2.66	2.66	0.22	63	7.58
	Dec 2016	52,281	6,677,881	2.60	2.60	0.19	59	7.83
	Dec 2015	35,948	4,664,648	2.54	2.54	0.09	26	7.71
T8A	Dec 2014	39,593	4,552,103	2.62	2.62	0.05	12	8.70
	Jun 2019	11,564	1,682,314	3.13	3.13	-	-	6.87
	Dec 2018	12,468	1,943,790	3.28	3.28	0.05	11	6.41
	Dec 2017	17,369	2,419,367	3.25	3.25	0.22	63	7.18
	Dec 2016	24,629	3,299,776	3.11	3.11	0.19	59	7.46
	Dec 2015	46,148	6,247,515	3.04	3.04	0.09	26	7.39
T8B†	Dec 2014	68,877	8,219,837	3.16	3.16	0.05	12	8.38
	Jun 2019	1,732	250,303	3.02	3.02	-	-	6.92
	Dec 2018	1,897	293,998	3.16	3.16	0.05	11	6.45
	Dec 2017	2,311	320,410	3.16	3.16	0.22	63	7.21
	Dec 2016	2,679	357,533	3.08	3.08	0.19	59	7.49
	Dec 2015	2,843	383,542	2.97	2.97	0.09	26	7.41
T8C†	Dec 2014	3,723	442,785	3.07	3.07	0.05	12	8.40

† Series closed to new purchases on December 4, 2009

‡ Series closed to new purchases on August 31, 2011.

\* Series opened on September 1, 2011.

#### Explanatory Notes:

- This information is provided as at each period shown.
- 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.
- 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.
- 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 DIVIDEND GROWTH CLASS

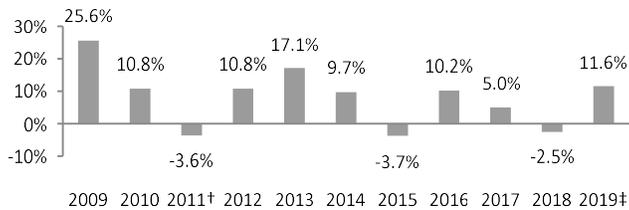
## PAST PERFORMANCE

### YEAR-BY-YEAR RETURNS

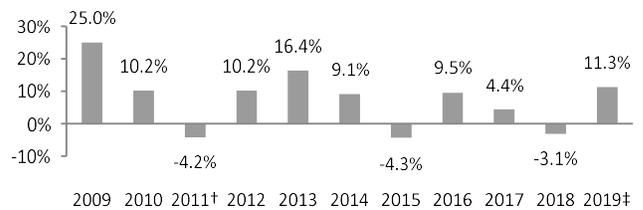
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance.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

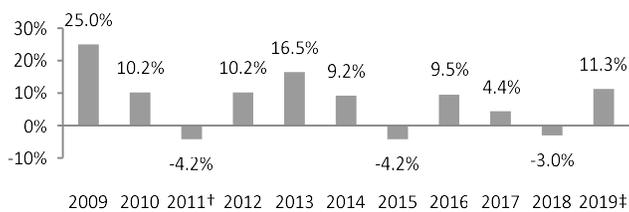
**Series A**



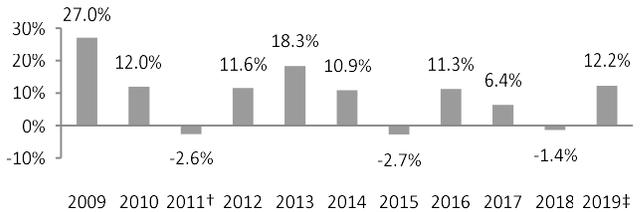
**Series B**



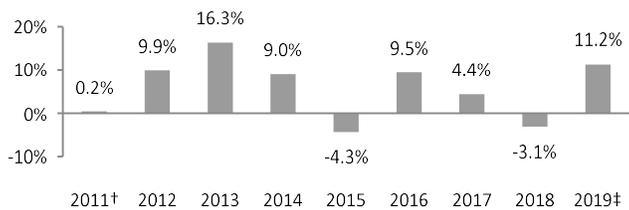
**Series C**



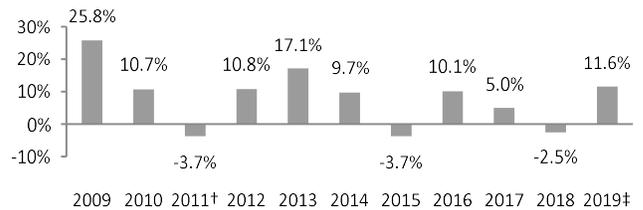
**Series F**



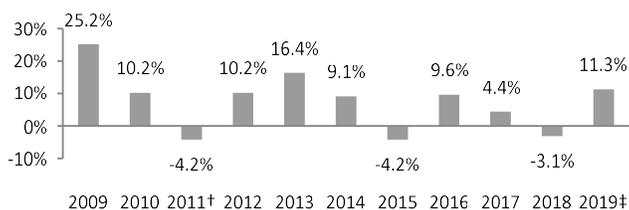
**Series L**



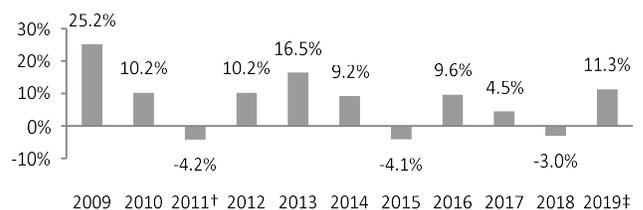
**Series T8A**



**Series T8B**



**Series T8C**



† From inception to December 31 of that year.

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

# STONE DIVIDEND GROWTH CLASS

## SUMMARY OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2019

TOP 25 HOLDINGS		PORTFOLIO COMPOSITION	
Name of Security	% of Total Net Asset Value	Sector Allocation (%)	
		Energy	7.5
Bank of Nova Scotia	8.0	Financials	45.7
Royal Bank of Canada	7.6	Health Care	13.0
Toronto-Dominion Bank	6.5	Industrials	7.4
Microsoft Corp.	5.4	Technology	9.0
Brookfield Asset Management Inc., Class 'A'	4.5	Utilities	7.1
Stryker Corp.	4.0	Miscellaneous†	8.3
Abbott Laboratories	3.8	Other net assets (liabilities)	0.1
Visa Inc., Class 'A'	3.7	Cash & cash equivalents	1.9
AES Corp.	3.7		
TFI International Inc.	3.1	<b>Industry Allocation (%)</b>	
Power Financial Corp.	3.0	Asset Management	4.7
JPMorgan Chase & Co.	2.9	Banking	27.5
Bank of America Corp.	2.9	Biotech & Pharma	3.8
Waste Connections Inc.	2.6	Diversified Banks	5.2
Costco Wholesale Corp.	2.5	Insurance	3.0
Bank of Montreal, Preferred, Class 'B', Series '2	2.4	Medical Equipment & Devices	9.1
Canadian Imperial Bank of Commerce	2.3	Oil, Gas & Coal	7.5
Oracle Corp.	2.1	Software	9.0
Suncor Energy Inc.	2.0	Specialty Finance	5.3
Ecolab Inc.	1.9	Transportation & Logistics	4.8
Cash & cash equivalents	1.9	Utilities	7.1
Canadian Natural Resources Ltd.	1.7	Miscellaneous†	11.0
Cargojet Inc.	1.7	Other net assets (liabilities)	0.1
Park Lawn Corp.	1.7	Cash & cash equivalents	1.9
Fidelity National Information Services Inc.	<u>1.6</u>		
	<b>83.5</b>		

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](http://www.stoneco.com).

† Note: Sectors and Industries representing less than 5% and 3% respectively of the portfolio are included in "Miscellaneous".

## NOTES

## NOTES

## NOTES

# STONE DIVIDEND GROWTH CLASS

## A Class of Shares of Stone Corporate Funds Limited

### Interim Management Report of Fund Performance

June 30, 2019

#### 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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