

STONE GLOBAL BALANCED FUND

(formerly STONE & CO. FLAGSHIP GROWTH & INCOME FUND
CANADA)

Interim Management Report of Fund Performance

June 30, 2018



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; 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 GLOBAL BALANCED FUND (formerly STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA)

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

June 30 2018

INVESTMENT OBJECTIVES

The investment objective of the Stone Global Balanced Fund (the "Fund") is to provide investors access to a global balanced fund seeking capital appreciation and a steady stream of current income.

INVESTMENT STRATEGIES

The Fund will generally invest approximately 60% of its assets in equity securities and 40% of its assets in fixed income securities, which weightings may vary from time to time.

The equity portion of the Fund's assets will be allocated amongst the following three segments to achieve a diversified portfolio of common stocks:

1. total-return stocks that seek to deliver a combination of capital appreciation and dividend income that trade on stock exchanges in North America.
2. total-return stocks that seek to deliver a combination of capital appreciation and dividend income that trade on primary stock exchanges worldwide.
3. growth-oriented stocks that primarily seek to deliver capital appreciation that trade on primary stock exchanges worldwide.

The fixed income segment will be invested in a diversified portfolio of sovereign debt securities and corporate obligations, which may include convertible securities. The fixed income portfolio will have the flexibility to allocate between developed markets in North American, European, Pacific and Emerging Market fixed-income securities.

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

The first quarter of 2018 was one of the most turbulent in the history of financial markets with few places to hide. After what followed to be a year of low volatility in 2017, investors have had a myriad of issues to deal with so far in 2018. The year began with a month for the ages in the stock markets.

By the end of the first half, the US markets continued to trade within a range unable to recapture the year's high while the TSX Index rallied to a new all-time high.

The near-absence of volatility throughout 2017 and the first month of 2018 ended in a violent move higher for the CBOE Volatility Index (the "VIX") in February. Volatility has returned albeit at much lower rates than historical norms. The S&P 500 Index had 12 trading days with moves of at least 1% in either direction in February and by the midpoint of 2018 there had been 4.5 times the number of 1% moves in the market than for all of 2017.

This caused the VIX index to more than double from below 10 in 2017 to levels well above 20 for much of the first quarter. The VIX has since been trending back down to around 13, which is historically low but much higher than what the market has become accustomed to.

Despite trade concern headlines, global growth has been strong for 2018. The upswing in global growth projections has also been a cause for higher interest rates as growth ultimately leads to inflation. Although inflation has yet to be an issue for central banks, synchronized global growth, governments enforcing minimum wage structures immediately rather than gradually, increased asset prices especially for real estate and stocks, increased commodity prices and increased taxes could result in inflation surprises to the upside.

This grinding upward move in both headline and core inflation has been one of the factors behind the rise in yields.

Headline consumer price inflation in the OECD has spent most of the past year above the 2% camp that most central banks set as their target. The 10-year US Treasuries managed to peak above the 3% level only to pull back below just as quickly for the first time since 2014, and shorter-dated issues are also at decade-highs.

The 2-year treasury yield has surpassed the S&P 500 Index yield on equities for the first time since the credit crisis. As this gap widens, the incentive to own bonds over stocks is greater. Utilities, Telecommunications and REITs have lagged on concerns of rising interest rates as these bond-proxy sectors are the most sensitive to rising rates.

At the same time rates are rising, the demand picture for bonds is deteriorating as one of the biggest buyers of US bonds will ease up on the purse strings. The Federal Reserve (the "Fed") has indicated that it will be stepping back from the market in its desire to remove the quantitative easing ("QE") it initiated after the credit crisis.

This cutback in demand will come at a time when the supply of new debt instruments is forecast to increase. The Fed has been increasing rates steadily and has indicated that "further" interest rate hikes are coming with estimates of up to three-four hikes in 2018 and an additional three hikes in 2019.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

On top of that, NAFTA negotiations do not appear to be making any progress. The US's decision to impose steel and aluminum tariffs on its closest allies, including Canada, has sparked a potential global trade war. Canada responded by levying \$16.6B of tariffs on US imported goods across many products.

Investors are hoping the US will avoid placing further trade barriers on Canada and Mexico, even if it leads to bilateral agreements with the parties involved. Globalization has played a major role in the growth of corporate earnings and any move toward protectionist policies would impede global economic growth.

Given the unpredictability of Trump policy, we can see why Poloz is non-committal on Canada's interest rate policy.

Energy has surprised many as it was the best-performing sector in both the S&P 500 Index and the TSX Index. Lead by a surging price of crude oil, US energy equities returned 8.9% for the period while Canadian energy names were also strong returning 4.8% over the same period.

Oil companies are generating excellent cash flows and paying back shareholders in the form of dividends. The surging oil price is on the back of a disciplined OPEC-Russia supply response as well as surging demand from the global GDP growth. This has led to record production in the US but surging exports to global markets, resulting in record inventory drawdowns both in the US and globally.

Supply disruptions are being experienced in other parts of the world such as Venezuela with economic and political turmoil affecting production and Libya with a force majeure on its oil export facilities.

Technology stocks dipped near the end of the period and finished slightly off their all-time highs with some individual names down much more. Enriched by corporate tax cuts from the Trump administration and a strong global economy, these companies continue to generate excellent cash flows and are paying back shareholders in the form of dividends and share buybacks.

Technology disruption and favourable government court decisions are creating a healthy mergers and acquisitions market. There has been \$2.35T in deals announced globally this year, up 57% from the same time in 2017. Given the increasingly robust global economy, CEOs are more confident in entering these types of deals and investing in growth.

The Canadian economy remained robust in the first half of 2018 with unemployment reaching a 40-year low. After a six-month pause on interest rate policy, the Bank of Canada (the "BoC") raised interest rates to begin to slow the economy before inflation pressures rise above the target range. Additionally, the BoC governor, Stephen Poloz, has issues such as elevated household debt levels, a hot housing market and the start of a trade war to deal with. Global trends are similar to those in Canada and driven primarily by the US.

Strong growth and low unemployment rates mean the extreme levels of monetary policy accommodation are slowly being scaled back.

The corporate credit rally that began a few years ago ended at the beginning of 2018. In the first half of the year companies raced to issue bonds with spreads and yields at very low levels before the opportunity disappeared as a result of rising interest rates. These heavy levels of issuance negatively impacted spreads which widened for most of the period.

The other key theme driving investments was uncertainty around global trade and the impact of tariffs and supply chain challenges and what this could mean for future corporate profits. Bond investors, naturally adverse to this uncertainty, avoided many of the sectors that could be impacted.

Within asset allocation, outperformance was attributed to the fact that the Fund had a higher proportional weight assigned to Stone Global Growth Fund and Stone EuroPlus Fund. The Stone Global Growth Fund, Series 'A' had a stellar 12.6% return for the first half of 2018 while the Stone EuroPlus Fund, Series 'A' had a loss of 2.4%.

The Fund was underweighted in several interest-sensitive sectors such as the Telecommunications and Real Estate. We had a zero weight in Telecommunications compared to the benchmark index 4.3% weight, and 0.08% weight in Real Estate vs. the index of 2.8%. The weakness in the above sectors proved to be a profitable trade for us as we were not affected by the weakness in telecom names.

Our Utilities exposure of 1.0% vs. the benchmark of 3.5% was also a positive in that the selection of investments provided excellent returns compared to the index, with names such as AES Corp.

We had the largest underweight in the Financials sector with an 5.2% weight vs. the benchmark of 33.2%, and this helped our performance as we avoided the general weakness in the Financials sector.

Our stock selection in the Consumer Staples sector also proved to be quite profitable. Even though we were slightly underweight the sector at 0.9% vs. 3.4%, stellar returns from Jamieson Wellness Inc., Coca-Cola Co., and Costco Wholesale Corp. outperformed the index performance.

Our Industrials sector positions did well for us with excellent returns from TFI International Inc., Transcontinental Inc., and CP Rail.

Our underweight in the Energy sector at 0.0% vs. 20.2% for the benchmark ended up hurting our relative performance as the Fund did not participate in the rally in energy names.

Our underweight in the Technology sector at 1.5% vs. 4.0% for the benchmark ended up hurting our relative performance as the strong gains in Microsoft Corp. and Visa Inc. were not enough to keep up with the stronger returns from other technology names.

We were negatively impacted by our underweight the Consumer Discretionary sector at 0.1% vs. the benchmark 5.5%. Even though our holding in the sector, Park Lawn Corp., continues to do well, being underweight the sector hurt our performance.

The Fund avoided torpedo-like speculative companies as the Fund does not invest in non-dividend-paying and/or highly volatile stocks.

The Fund held a low cash balance of 0.5%, up slightly from 0.2% at the end of last year.

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

After a weak start to the year, the S&P/TSX Composite Index was up 1.9% for the period. The MSCI World Index up 5.4% and the S&P 500 Index up 7.7%.

The Fund's Series outperformed its benchmark during the period. As mentioned above, both sector allocation and stock selection were the reasons for our outperformance vs. the benchmark. In addition, our US investments made up 7.9% of the portfolio and the 4.3% drop in the Canadian dollar had a positive effect on our US dollar 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 | | | | | | |
|--------|-----|-----|-----|-----|-----|-----|
| AA | BB | FF | L | T8A | T8B | T8C |
| 3.5 | 3.3 | 3.8 | 3.3 | 3.5 | 3.3 | 3.3 |

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 benchmarks performance. The Fund's broad-based benchmark, the S&P/TSX Composite Index returned 1.9% 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 15% of the S&P/TSX Composite (Total Return) Index, 15% of the S&P 500 (Total Return) Index, 40% of the FTSE TMX Canada Universe Bond Index, and 30% of the MSCI World (Total Return) Index provides a comparison to a benchmark that is more reflective of the Fund's investment objective and strategy. The blended benchmark gained 3.3% over the same period.

Change in Net asset value

Net Assets of the Fund decreased by 3.5% or \$2.9 million during the period, from \$82.6 million at December 31, 2017 to \$79.7 million at June 30, 2018. This change in Net Assets is attributed to net sales (redemptions) of (\$4.3) million, cash distributions of \$1.4 million and \$2.8 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

On July 11, 2017 the security holders of the Fund approved changes to the Fund's fundamental investment objectives. A summary of the new and old investment objectives are summarized below:

New:

To provide investors access to a global balanced fund seeking capital appreciation and a steady stream of current income.

Old:

To provide superior investment returns combined with a steady stream of current income by investing primarily in Canadian equity and fixed-income securities.

Along with the approval of the changes to the fundamental investment objectives, the performance benchmark was also revised as per below:

New:

15% of the percentage gain or loss of the S&P/TSX Composite Index; plus

15% of the percentage gain or loss of the S&P 500 Index; plus

40% of the percentage gain or loss of the FTSE TMX Canada Universe Bond Index; plus

30% of the percentage gain or loss of the MSCI World Index.

Old:

40% of the percentage gain or loss of the S&P/TSX Composite Index; plus

20% of the percentage gain or loss of the S&P 500 Index; plus

40% of the percentage gain or loss of the DEX Universe Bond Index

On July 26, 2017, the Fund Manager announced changes to the Fund name from Stone & Co. Flagship Growth & Income Fund Canada to Stone Global Balanced Fund.

All changes became effect on August 22, 2017.

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 Global Growth Fund and in Series A securities of the Stone EuroPlus 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".

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MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

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 | BB | FF | L | T8A | T8B | T8C |
|----------------|-----|-----|------|-----|-----|-----|-----|
| Annual Fee (%) | 2.0 | 2.5 | 0.95 | 2.5 | 2.0 | 2.5 | 2.5 |

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

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

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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 (\$)) | | | | | Distributions ^{2,3} | | | | | Net assets, end of period |
|--------|----------|--|--|--|--|--|--|---|-----------|---------------|-------------------|----------------------------------|---------------------------|
| | | | 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 distribution ^{s3} | |
| AA | Jun 2018 | 19.93 | 0.15 | (0.16) | 0.33 | 0.38 | 0.70 | - | - | - | (0.01) | (0.01) | 20.61 |
| | Dec 2017 | 18.47 | 0.32 | (0.34) | 0.73 | 0.78 | 1.49 | - | - | - | (0.02) | (0.02) | 19.93 |
| | Dec 2016 | 18.56 | 0.34 | (0.34) | 1.08 | (1.11) | (0.03) | - | - | (0.02) | - | (0.02) | 18.47 |
| | 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 |
| BB† | Jun 2018 | 19.13 | 0.14 | (0.18) | 0.31 | 0.38 | 0.65 | - | - | - | (0.01) | (0.01) | 19.75 |
| | Dec 2017 | 17.79 | 0.31 | (0.39) | 0.75 | 0.78 | 1.45 | - | - | - | (0.02) | (0.02) | 19.13 |
| | Dec 2016 | 17.94 | 0.33 | (0.39) | 1.04 | (1.19) | (0.21) | - | - | (0.02) | - | (0.02) | 17.79 |
| | 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 |
| CC‡ | Jun 2018 | 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 2017 | 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 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 |
| FF** | Jun 2018 | 21.31 | 0.15 | (0.11) | 0.35 | 0.39 | 0.78 | - | - | - | (0.01) | (0.01) | 22.10 |
| | Dec 2017 | 19.59 | 0.34 | (0.20) | 0.73 | 0.77 | 1.64 | - | - | - | (0.02) | (0.02) | 21.31 |
| | Dec 2016 | 19.55 | 0.36 | (0.22) | 1.12 | (1.02) | 0.24 | - | - | (0.02) | - | (0.02) | 19.59 |
| | 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 |
| L* | Jun 2018 | 15.01 | 0.11 | (0.14) | 0.25 | 0.28 | 0.50 | - | - | - | (0.01) | (0.01) | 15.49 |
| | Dec 2017 | 13.96 | 0.24 | (0.31) | 0.55 | 0.58 | 1.06 | - | - | - | (0.02) | (0.02) | 15.01 |
| | Dec 2016 | 14.08 | 0.26 | (0.31) | 0.81 | (0.83) | (0.07) | - | - | (0.02) | - | (0.02) | 13.96 |
| | 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 |
| T8A | Jun 2018 | 7.51 | 0.05 | (0.06) | 0.12 | 0.14 | 0.25 | - | - | - | (0.30) | (0.30) | 7.47 |
| | Dec 2017 | 7.52 | 0.12 | (0.13) | 0.28 | 0.32 | 0.59 | - | - | - | (0.60) | (0.60) | 7.51 |
| | Dec 2016 | 8.21 | 0.15 | (0.14) | 0.46 | (0.46) | 0.01 | - | - | (0.31) | (0.35) | (0.66) | 7.52 |
| | 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 |
| T8B† | Jun 2018 | 7.25 | 0.05 | (0.07) | 0.12 | 0.14 | 0.24 | - | - | - | (0.29) | (0.29) | 7.19 |
| | Dec 2017 | 7.28 | 0.12 | (0.15) | 0.28 | 0.32 | 0.57 | - | - | - | (0.58) | (0.58) | 7.25 |
| | Dec 2016 | 7.98 | 0.14 | (0.17) | 0.45 | (0.52) | (0.10) | - | - | (0.30) | (0.34) | (0.64) | 7.28 |
| | 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 |
| T8C† | Jun 2018 | 7.23 | 0.05 | (0.07) | 0.12 | 0.13 | 0.23 | - | - | - | (0.29) | (0.29) | 7.18 |
| | Dec 2017 | 7.26 | 0.12 | (0.15) | 0.28 | 0.30 | 0.55 | - | - | - | (0.58) | (0.58) | 7.23 |
| | Dec 2016 | 7.96 | 0.14 | (0.16) | 0.45 | (0.51) | (0.08) | - | - | (0.30) | (0.34) | (0.64) | 7.26 |
| | 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 |

† 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 financial report and annual audited 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.

STONE GLOBAL BALANCED FUND (formerly 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 2018 | 12,140 | 589,071 | 3.14 | 3.15 | 0.04 | 31 | 20.61 |
| | Dec 2017 | 12,017 | 602,895 | 2.94 | 2.94 | 0.10 | 47 | 19.93 |
| | Dec 2016 | 13,219 | 715,687 | 2.80 | 2.80 | 0.09 | 81 | 18.47 |
| | 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 |
| AA | Jun 2018 | 1,169 | 59,188 | 3.41 | 3.42 | 0.04 | 31 | 19.75 |
| | Dec 2017 | 1,509 | 78,896 | 3.27 | 3.27 | 0.10 | 47 | 19.13 |
| | Dec 2016 | 2,471 | 138,944 | 3.17 | 3.17 | 0.09 | 81 | 17.79 |
| | 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 |
| BB† | Jun 2018 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | Dec 2017 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| | Dec 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 |
| CC‡ | Jun 2018 | 8,909 | 403,196 | 2.54 | 2.55 | 0.04 | 31 | 22.10 |
| | Dec 2017 | 7,963 | 373,720 | 2.14 | 2.15 | 0.10 | 47 | 21.31 |
| | Dec 2016 | 6,062 | 309,494 | 2.10 | 2.10 | 0.09 | 81 | 19.59 |
| | 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 |
| FF** | Jun 2018 | 3,467 | 223,758 | 3.43 | 3.45 | 0.04 | 31 | 15.49 |
| | Dec 2017 | 4,075 | 271,530 | 3.29 | 3.29 | 0.10 | 47 | 15.01 |
| | Dec 2016 | 4,662 | 333,994 | 3.19 | 3.19 | 0.09 | 81 | 13.96 |
| | 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 |
| L* | Jun 2018 | 20,090 | 2,691,100 | 3.10 | 3.11 | 0.04 | 31 | 7.47 |
| | Dec 2017 | 21,160 | 2,817,671 | 2.91 | 2.92 | 0.10 | 47 | 7.51 |
| | Dec 2016 | 21,001 | 2,793,414 | 2.80 | 2.80 | 0.09 | 81 | 7.52 |
| | 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 |
| T8A | Jun 2018 | 30,658 | 4,261,113 | 3.39 | 3.41 | 0.04 | 31 | 7.19 |
| | Dec 2017 | 32,622 | 4,500,870 | 3.24 | 3.24 | 0.10 | 47 | 7.25 |
| | Dec 2016 | 40,265 | 5,530,213 | 3.14 | 3.14 | 0.09 | 81 | 7.28 |
| | 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 |
| T8B† | Jun 2018 | 3,222 | 448,860 | 3.36 | 3.38 | 0.04 | 31 | 7.18 |
| | Dec 2017 | 3,270 | 452,223 | 3.22 | 3.22 | 0.10 | 47 | 7.23 |
| | Dec 2016 | 3,753 | 516,842 | 3.13 | 3.13 | 0.09 | 81 | 7.26 |
| | 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 |

†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:

- 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), 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. For those Series' that had a performance fee, 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 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.
- 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 GLOBAL BALANCED FUND (formerly STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA)

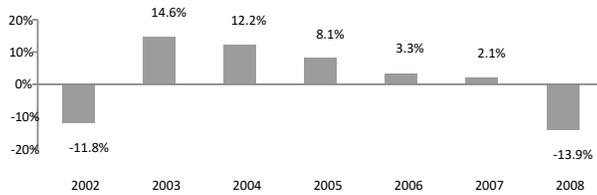
PAST PERFORMANCE

YEAR-BY-YEAR RETURNS

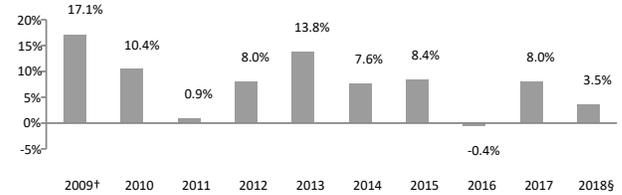
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance.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

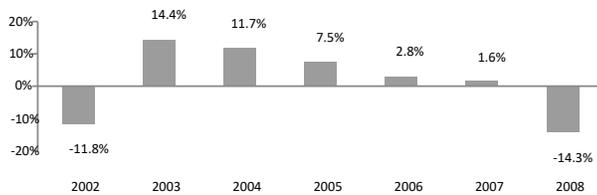
Series A‡



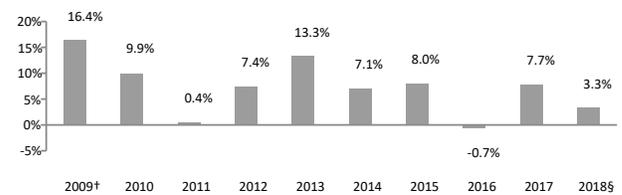
Series AA



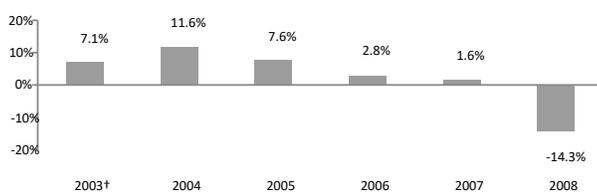
Series B‡



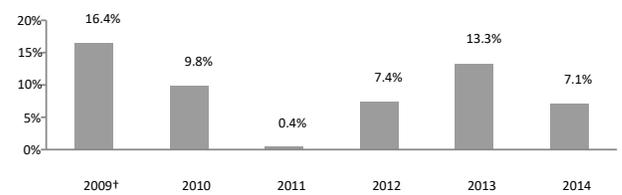
Series BB



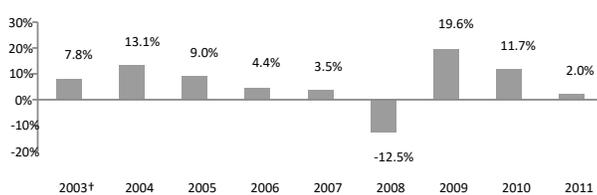
Series C‡



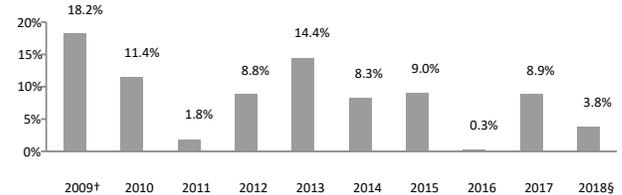
Series CC**



Series F*



Series FF

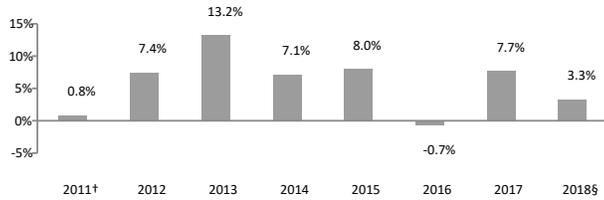


STONE GLOBAL BALANCED FUND (formerly STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA)

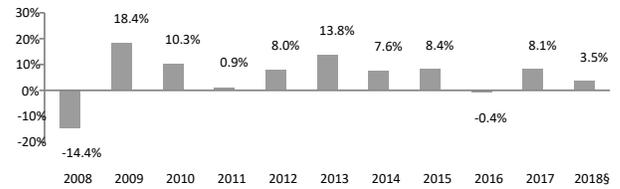
PAST PERFORMANCE (continued)

YEAR-BY-YEAR RETURNS

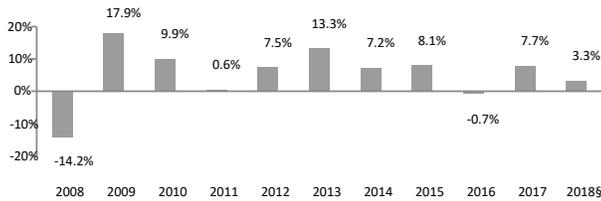
Series L



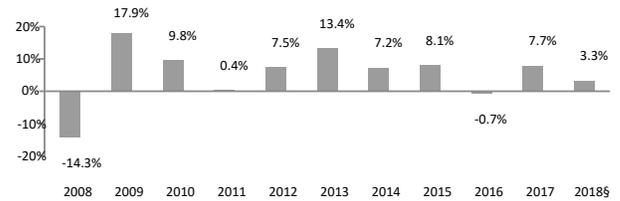
Series T8A



Series T8B



Series T8C



† 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, 2018.

STONE GLOBAL BALANCED FUND (formerly STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA)

SUMMARY OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2018

| TOP 25 HOLDINGS | | PORTFOLIO COMPOSITION | |
|--|----------------------------|------------------------------------|------|
| Name of Security | % of Total Net Asset Value | Sector Allocation (%)† | |
| Stone Global Growth Fund, Series 'A' | 29.8 | Corporate Bonds | 21.5 |
| Stone Europlus Fund, Series 'A' | 18.0 | Information Technology | 14.3 |
| Cash & cash equivalents | 4.5 | Financials | 10.4 |
| Government of Canada, 4.00%, 2041/06/01 | 3.2 | Federal Bonds & Guarantees | 9.4 |
| Canada Housing Trust No.1, 1.90%, 2026/09/15 | 2.6 | Health Care | 9.4 |
| Canada Housing Trust No.1, 2.35%, 2023/06/15 | 1.6 | Industrials | 9.0 |
| Canada Housing Trust No.1, 2.65%, 2028/03/15 | 1.3 | Consumer Staples | 7.2 |
| Bank of Nova Scotia | 1.0 | Consumer Discretionary | 5.1 |
| ENMAX Corp., Callable, 3.805%, 2024/12/05 | 0.9 | Provincial Bonds & Guarantees | 3.9 |
| Province of British Columbia, 3.2%, 2044/06/18 | 0.9 | Miscellaneous‡ | 5.2 |
| Province of Ontario, 4.700%, 2037/06/02 | 0.8 | Other net assets (liabilities) | 0.1 |
| General Motors Financial of Canada Ltd., 3%, | 0.8 | Cash & cash equivalents | 4.5 |
| Toronto-Dominion Bank, 1.693%, 2020/04/02 | 0.8 | | |
| Ford Credit Canada Co., 3.349%, 2022/09/19 | 0.8 | Industry Allocation (%)† | |
| Toronto-Dominion Bank | 0.8 | Banks | 5.0 |
| Enbridge Income Fund, 3.95%, 2024/11/19 | 0.7 | Beverages | 3.2 |
| Province of Quebec, 3.500%, 2045/12/01 | 0.7 | Building Products | 1.0 |
| ENMAX Corp., Series '4', 3.836%, 2028/06/05 | 0.7 | Capital Markets | 3.0 |
| Bank of Montreal, 1.88%, 2021/03/31 | 0.7 | Chemicals | 1.3 |
| Royal Bank of Canada, 2.86%, 2021/03/04 | 0.6 | Commercial Services & Supplies | 1.6 |
| Province of Quebec, 4.25%, 2043/12/01 | 0.6 | Corporate Bonds | 21.5 |
| AT&T Inc., Callable, 2.850%, 2024/05/25 | 0.6 | Federal Bonds & Guarantees | 9.4 |
| Goldman Sachs Group Inc., 2.433%, | 0.6 | Food Products | 1.2 |
| Teva Pharmaceutical Finance Netherlands | 0.5 | Gas Utilities | 1.0 |
| Bayer US Finance II LLC, 4.625%, 2038/06/25 | 0.5 | Health Care Equipment & Supplies | 4.0 |
| | <u>0.5</u> | Insurance | 1.7 |
| | 74.0 | Internet & Direct Marketing Retail | 1.3 |
| | | Internet Software & Services | 2.9 |
| | | IT Services | 4.5 |
| | | Life Sciences Tools & Services | 1.3 |
| | | Machinery | 2.1 |
| | | Media | 2.3 |
| | | Personal Products | 1.2 |
| | | Pharmaceuticals | 3.3 |
| | | Professional Services | 1.3 |
| | | Provincial Bonds & Guarantees | 3.9 |
| | | Software | 5.6 |
| | | Trading Companies & Distributors | 1.3 |
| | | Miscellaneous‡ | 10.5 |
| | | Other net assets (liabilities) | 0.1 |
| | | Cash & cash equivalents | 4.5 |
| | | | |
| | | Asset Allocation (%) † | |
| | | Bonds | 34.8 |
| | | Equities | 60.6 |
| | | Other net assets (liabilities) | 0.1 |
| | | Cash & cash equivalents | 4.5 |

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.

Prospectus and other information about the underlying investment 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 GLOBAL BALANCED FUND

(formerly STONE & CO. FLAGSHIP GROWTH & INCOME FUND CANADA)

Interim Management Report of Fund Performance

June 30, 2018

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.



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