

We are pleased to publish the Independent Review Committee’s (“IRC”) Annual Report to Securityholders relating to the year ended December 31, 2020 for the mutual funds managed by Stone Asset Management Limited (“Stone” or the “Manager”), listed in Appendix A.

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

THE IRC MEMBERS AND COMPENSATION (Calendar Year 2020)

Member	Term	Compensation
Ross MacKinnon (Chair)*	June 30, 2022	\$17,500
David Crowe*	March 31, 2022	\$15,000
Ronald Riley	September 30, 2022	\$15,000

The aggregate compensation paid to the IRC members for the calendar year ended December 31, 2020, was \$47,500 plus HST.

*Each of the members as noted of the IRC were appointed effective July 1, 2011 with terms. Mr. Riley was appointed May 1, 2019. Mr. MacKinnon is a member of the IRC for Arrow Capital Management Inc.

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

Holding of Securities

As of December 31, 2020 the members of the IRC collectively beneficially owned, directly or indirectly, less than 10% of the securities of any of the Funds. As of December 31, 2020, no member of the IRC beneficially owned, directly or indirectly, any securities of Stone or a company that provides services to the Funds.

IRC APPROVALS AND RECOMMENDATIONS

The IRC has approved certain Standing Instructions which permit Stone to proceed with the specific action set out in the Standing Instructions on an ongoing basis, without having to refer the Conflict of Interest Matters (“COIM”) or its proposed action to the IRC, provided that Stone complies with its terms and conditions

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

1. Fund Operating Expense Allocation;
2. Trade Allocation;
3. Personal Trading by Employees;
4. Brokerage Policies (best execution and soft dollar arrangements);
5. Portfolio Valuation;
6. Correction of Errors;
7. Proxy Voting;
8. Short-Term Trading and Market Timing;
9. Appointment and Changes in Sub-advisors; and
10. Complaints.

Creation of Series R Units for former ROI investors subscribing to Stone Growth Fund

The IRC concurred with the Manager’s creation of a special “legacy” R Series for certain of those investors redeeming from the unrelated terminating Return on Innovation Fund Inc. (“ROI Fund”) and electing to subscribe to the R Series of Stone Growth Fund for cash.

(Separately the Manager of the ROI Fund received approval from the securityholders of the ROI Fund, the securities commission, as well as the concurrence by the IRC of the ROI Fund and board of directors to effect the windup transaction, whereby the Manager received a portion of the management fee and performance fee if earned from Stone for a period up to 5 years for those former ROI Fund investors subscribing to the R Series). The R Series subscription transaction totalling approximately \$22 million was completed on or about October 3, 2020.

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

ANNUAL ASSESSMENTS

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

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

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

APPENDIX A

Open-end Mutual Funds

Stone Dividend Growth Class

Stone Global Balanced Fund

Stone Growth Fund

Stone Global Growth Fund

Stone Global Sustainability Fund [Securityholders approved name and investment objective change effective 2020, formerly Stone Europlus Fund]

Stone Dividend Yield Hog Fund [formerly Stone Monthly Pay Fund, prior thereto Marquest Monthly Pay Fund]

Stone American Dividend Growth Fund [formerly Marquest American Dividend Growth Fund]

Stone Covered Call Canadian Banks Plus Fund [formerly Marquest Covered Call Canadian Banks Plus Fund]

Stone Global ESG Strategy Fund [Securityholders approved name and investment objective change effective 2020, formerly Stone Global Strategy Fund]

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