

STONE GLOBAL ESG STRATEGY FUND
(formerly STONE GLOBAL STRATEGY FUND)

Interim Management Report of Fund Performance
June 30, 2020



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 ESG STRATEGY FUND (formerly STONE GLOBAL STRATEGY FUND)

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

June 30, 2020

INVESTMENT OBJECTIVES

The investment objective of the Stone Global ESG Strategy Fund (formerly Stone Global Strategy Fund) (the “Fund”) is to provide investors with a global balanced fund that will deliver a total return by investing in a portfolio of global stocks and fixed income securities which meet the ESG criteria.

This means the Fund will seek to invest in companies whose activities or ways of operating are aligned with sustainable development and therefore support the achievement of the UN Sustainability Development Goals.

INVESTMENT STRATEGIES

In order to achieve the investment objective and reduce costs for the investors, the Manager may invest up to 95% of the Fund’s assets in the Stone Global Sustainability Fund (formerly Stone EuroPlus Fund) and up to 10% of the Fund’s assets into a global ethical bond fund established and managed by the Portfolio Sub-Advisor of the Stone Global Sustainability Fund.

The Fund invests substantially all of its assets in the Stone Global Sustainability Fund, and accordingly the discussion that follows pertains to this Underlying Fund.

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 Global markets (in Canadian dollar terms) fell 2.0% in the six months to 30 June.

The spread of the COVID-19 pandemic across the world was matched by truly enormous support packages from central banks and governments. In particular, the US, Europe and UK rolled out trillions of dollars of furlough schemes, bargain loans, grants, bolstered unemployment benefits and the obligatory quantitative easing (QE).

This welcome response to the global health emergency was a much timelier reaction than during the credit crunch a decade ago.

The hare-like speed of the virus’s spread and the unprecedented economic lockdowns and policy support sent markets on a crazy run. The first quarter was the worst for stock markets since 1987. Yet markets rallied sharply. By mid-July, global equities had climbed almost 40.0% since their March low, leaving them around 10.0% below the all-time highs reached in February.

At the start of the year, the Portfolio Subadvisor’s mandate was changed to incorporate sustainability analysis, with a Global, rather than European focus. Sustainable investing means different things to different people. For us, sustainable investing is about long-term value creation for investors, society and the environment.

We invest in companies that operate sustainably and are committed to helping achieve the United Nations Sustainable Development Goals. We avoid companies that fail our rigorous sustainability criteria. We believe that companies displaying strong environmental, social and governance policies and practices are likely to be well positioned to deliver long-term value for investors.

As shareholders we work with companies to encourage best practice and highlight any concerns we have.

When choosing investments, we still use our own trinity of risk framework: price, business and financial. We look for businesses that offer good value and make strong and consistent profits with high quality earnings – those that are backed by real cash rather than accounting contrivance. Companies shouldn’t have more debt than they can handle.

This addition of environmental, social and governance (ESG) values to the subadvisor’s investment process greatly helped performance during the recent market gyrations. The complete avoidance of carbon-heavy industries and skew toward new-world companies, like renewable power operators, software developers and medical device companies, has helped the Fund.

Yet we believe the greatest benefit will be borne out over the years to come. The pandemic has shown the inherent frailty of poorly run and unsustainable businesses. Yet COVID-19 isn’t the only obstacle they face. You can already see how treatment of workers; suppliers and the environment can have powerful effects on brands that flows right through to sales and the bottom line.

In our connected age, people are more aware of the impact they can have, so values and moral codes are increasingly affecting the way people spend and invest their money.

Oil companies have been hit particularly hard over the past six months. Obviously, this is an area where we have zero exposure. We do own some industrial companies; however, in the main they have performed better than their peers. Our portfolio is chock full of technology and healthcare companies, many of which have been boosted by the pandemic and greater demand for remote working and increased production of healthcare materials and equipment.

We are broadly comfortable with our positioning and maintain our preference for durable companies with strong management teams. We’ve noticed that our companies have been quick to reach out to investors like us and they are presenting a clear picture of how they are treating their employees and supply chains.

Lots of businesses are pitching in to help solve the crisis in any way they can which is important to us given our focus on stocks which generate a positive impact. For example, DiaSorin, an Italian-listed firm, has developed three COVID-19 tests that have been rolled out globally. Thermo Fisher Scientific, a US laboratory equipment business, is providing significant global testing capacity that will be required in the months and years to come.

STONE GLOBAL ESG STRATEGY FUND (formerly STONE GLOBAL STRATEGY FUND)

MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

Amongst our technology holdings, Team Viewer AG (a German listed software company) is providing remote working software that allows companies to promote agile working for their employees. Microsoft, the US listed software giant, has accelerated the roll out of a suite of applications that will help people all over the world work from home more efficiently.

Picking investments is multi-faceted and difficult – even more so during a pandemic that makes the world appear completely different to how it did back in 2019. In some respects, this is true: the experience of the pandemic will change people’s habits and the way companies operate. Public sector responses will alter the financial landscape by influencing future growth rates and inflation.

All these measures will change the world in which we invest. Hopefully changes in how all three parts of the economy behave will also push our societies towards cleaner energy and commerce too!

Most of us like the safe, the familiar and the tested. Times like we’re living through now push us out of our comfort zone, forcing us to do new things in new ways. That leads to progress. Yet, in other respects, the world will carry on as it always has. People – and the institutions and customs they create – have an inertia that shouldn’t be flippantly ignored.

There will be many other parts of life that people will return to for the sheer familiarity of it. And other parts because it really was the best and easiest way of doing things.

When living through turbulent times, you can get swept into thinking that the whole world will shift on its axis. Instead, you should try to remain as objective as you can and survey every situation through the proper, long-term lens. You need to find out where true change is likely to bed in and determine what is likely to return to the old order; where companies’ prospects have dramatically changed or where investors have let the times get to their heads.

This has led us to take profits from companies whose share prices have run too high and add to those businesses that have been sold too heavily.

During the recovery from the March lows, markets have been flipping sharply and more often between the ‘growth’ companies that are less reliant on GDP growth to make greater profits and the ‘value’ companies for which accelerating GDP growth is crucial. For now, growth businesses have remained top dog, which is good for the Fund.

But if value companies really do roar back, we would do relatively poorly.

Such a resurgence in value would be fleeting, in our view. Which is why we are sticking with the quality growth companies that we have been drawn to. We can’t know the future, but our reasoning is that so many economic phenomena are blowing against a surge in growth and inflation. The world’s population is older, more indebted and the IT revolution continues to drive down costs.

All these trends reduce the demand for goods and services in economies, making GDP growth scarce and dampening inflation. That would keep interest rates stuck to the floor and drive investors, in our opinion, toward those companies that are growing despite the overall situation.

The Fund does not chase themes. The investments we make are determined by the strength of individual companies and their prospects. Yet you can see how the global economic situation has framed our selection. The companies we hold tend to be those that are in the vanguard of the IT revolution, those that can provide for older people – particularly healthcare companies – and businesses that help alleviate the demand on our overloaded planetary resources.

These are the areas where we see potential over the coming five years.

Performance

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

	Series	
A	F	O*
2.3%	2.6%	n/a

* Returns are not disclosed for series of the Fund that have been in existence for less than one year.

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 benchmark, the Morningstar® Global Markets was down -2.0% over the same period.

Change in Net asset value

Net Assets of the Fund decreased by 11.9% or \$0.8 million during the period, from \$6.7 million at December 31, 2019 to \$5.9 million at June 30, 2020. This change in Net Assets is attributed to net sales (redemptions) of (\$0.8) million, cash distributions of \$0.1 million and \$0.1 million to investment operations, including market appreciation (depreciation), income and expenses.

RECENT DEVELOPMENTS

Please see “Results of Operations” for market-related developments.

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.

The Fund invests substantially all of its assets in Stone Global Sustainability Fund, Series F. The Manager ensures there is no duplication of management fees.

STONE GLOBAL ESG STRATEGY FUND (formerly STONE GLOBAL STRATEGY FUND)

MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

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	O
Annual Fee (%)	2.10	0.98	-

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

Series	A	F	O
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.

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 GLOBAL ESG STRATEGY FUND (formerly STONE GLOBAL STRATEGY 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 \$)					Distributions ^{2,3}				Net assets, end of period	
			Total revenue	Total expenses (excluding distributions)	Realized gains for the period	Realized 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
	Jun 2020	15.15	0.03	(0.24)	5.10	(4.60)	0.29	-	-	-	(0.54)	(0.54)	14.94
	Dec 2019	14.89	0.42	(0.67)	1.28	0.36	1.39	-	-	-	(1.08)	(1.08)	15.15
	Dec 2018	16.71	0.48	(0.73)	0.18	(0.46)	(0.53)	-	-	(0.02)	(1.06)	(1.08)	14.89
	Dec 2017	17.34	0.48	(0.62)	0.45	0.16	0.47	-	-	-	(1.08)	(1.08)	16.71
	Dec 2016	17.35	0.63	(0.61)	1.39	(0.38)	1.03	-	-	-	(1.08)	(1.08)	17.34
A	Dec 2015	17.45	(0.02)	(0.65)	0.14	1.21	0.68	-	-	-	(1.08)	(1.08)	17.35
	Jun 2020	19.00	0.04	(0.24)	6.33	(5.66)	0.47	-	-	-	(0.54)	(0.54)	18.94
	Dec 2019	18.18	0.50	(0.56)	1.64	0.30	1.88	-	-	-	(1.08)	(1.08)	19.00
	Dec 2018	19.83	0.58	(0.66)	0.20	(0.60)	(0.48)	-	-	(0.02)	(1.06)	(1.08)	18.18
	Dec 2017	20.15	0.57	(0.49)	0.55	0.10	0.73	-	-	-	(1.08)	(1.08)	19.83
	Dec 2016	19.77	0.72	(0.48)	1.44	(0.18)	1.50	-	-	-	(1.08)	(1.08)	20.15
F	Dec 2015	19.53	(0.04)	(0.50)	0.14	1.63	1.23	-	-	-	(1.08)	(1.08)	19.77
	Jun 2020	10.00	-	-	-	-	-	-	-	-	-	-	10.00
O†	Dec 2019	10.00	-	-	-	-	-	-	-	-	-	-	10.00

†Series O was seeded on August 1, 2019 at \$10.00.

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.
- Distributions were paid in cash and/or reinvested in additional securities of the Fund.

STONE GLOBAL ESG STRATEGY FUND (formerly STONE GLOBAL STRATEGY 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 2020	3,569	238,874	4.41	4.41	0.47	123	14.94
	Dec 2019	4,023	265,479	4.01	4.01	0.01	-	15.15
	Dec 2018	5,844	392,399	4.04	4.04	0.04	21	14.89
	Dec 2017	8,866	530,403	3.46	3.68	0.04	28	16.71
	Dec 2016	16,207	934,666	3.39	3.61	0.08	59	17.34
A	Dec 2015	19,280	1,111,480	3.40	3.78	0.06	51	17.35
	Jun 2020	2,336	123,330	3.77	3.77	0.47	123	18.94
	Dec 2019	2,640	138,911	2.65	2.65	0.01	-	19.00
	Dec 2018	2,536	139,485	2.95	2.95	0.04	21	18.18
	Dec 2017	3,000	151,299	2.36	2.51	0.04	28	19.83
	Dec 2016	3,031	150,425	2.28	2.43	0.08	59	20.15
F	Dec 2015	2,173	109,886	2.29	2.54	0.06	51	19.77
	Jun 2020	-	1	-	-	-	-	10.00
O†	Dec 2019	-	1	-	-	-	-	10.00

† Series opened on August 1, 2019.

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.

STONE GLOBAL ESG STRATEGY FUND (formerly STONE GLOBAL STRATEGY FUND)

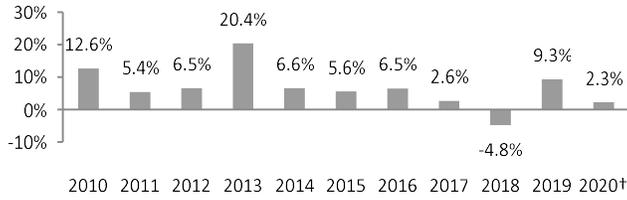
PAST PERFORMANCE

YEAR-BY-YEAR RETURNS

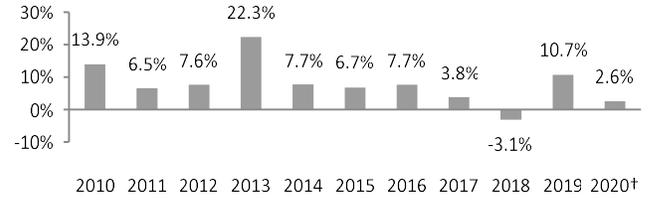
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance. 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. Returns are not disclosed for series of the Fund that have been in existence for less than one year.

Series A



Series F



† For the six month period ended June 30, 2020.

STONE GLOBAL ESG STRATEGY FUND (formerly STONE GLOBAL STRATEGY FUND)

SUMMARY OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2020

TOP 25 HOLDINGS		PORTFOLIO COMPOSITION	
Name of Security	% of Total Net Asset Value	Sector Allocation (%)	
Cash & cash equivalents	3.8	Basic Materials	9.9
AIA Group Ltd.	3.4	Consumer Cyclical	7.1
Microsoft Corp.	3.4	Financials	16.8
Adobe Inc.	3.1	Healthcare	12.9
Visa Inc., Class 'A'	3.0	Industrials	14.2
Linde PLC	3.0	Technology	27.1
MasterCard Inc., Class 'A'	3.0	Miscellaneous‡	8.1
GN Store Nord AS	2.9	Other net assets (liabilities)	0.1
Cadence Design Systems Inc.	2.9	Cash & cash equivalents	3.8
ANSYS Inc.	2.8	Industry Allocation (%)	
Kingspan Group PLC	2.8	Advanced Medical Equipment & Technology	7.6
Tomra Systems ASA	2.8	Auto, Truck & Motorcycle Parts	2.6
Ecolab Inc.	2.7	Banks	5.3
Hannon Armstrong Sustainable Infrastructure Capital Inc.	2.6	Commercial REITs	2.6
TeamViewer AG	2.6	Commodity Chemicals	3.0
Aptiv PLC	2.6	Construction Supplies & Fixtures	4.5
Vestas Wind Systems AS	2.5	Electrical Components & Equipment	4.3
Thermo Fisher Scientific Inc.	2.4	Environmental Services & Equipment	2.8
ASML Holding NV	2.4	Heavy Electrical Equipment	2.3
Edwards Lifesciences Corp.	2.3	Industrial Machinery & Equipment	3.5
Kone OYJ, Class 'B'	2.3	Investment Management & Fund Operators	2.1
Halma PLC	2.2	Life & Health Insurance	3.4
Abbott Laboratories	2.2	Medical Equipment, Supplies & Distribution	5.3
SIG Combibloc Group AG	2.2	Online Services	8.0
Legal & General Group PLC	<u>2.1</u>	Paper Packaging	4.2
	68.0	Personal Products	2.1
		Property & Casualty Insurance	2.1
		Renewable Energy Equipment & Services	2.5
		Semiconductor Equipment & Testing	2.4
		Software	16.8
		Specialty Chemicals	2.7
		Miscellaneous‡	6.0
		Other net assets (liabilities)	0.1
		Cash & cash equivalents	3.8
		Country Allocation (%)	
		Canada	2.0
		Denmark	5.4
		Finland	4.3
		France	1.3
		Germany	4.0
		Hong Kong	3.4
		Ireland	7.8
		Italy	1.8
		Netherlands	2.4
		Norway	2.8
		Spain	1.9
		Sweden	1.7
		Switzerland	2.2
		United Kingdom	13.2
		United States	41.9
		Other net assets (liabilities)	0.1
		Cash & cash equivalents	3.8

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: The Fund invests substantially all of its assets in securities of Stone Global Sustainability Fund. The above investments are those held by the underlying Fund

‡Note: Sectors and Industries representing less than 5% and 2%, respectively, 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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