

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

2020 Annual Management Report of Fund Performance
For the period ended December 31, 2020



This annual Management Report of Fund Performance contains financial highlights but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, and at no cost, by calling 1 800 336 9528; by writing to us at Stone Asset Management Limited, 276 King Street West, Suite 203, Toronto, Ontario, M5V 1J2; 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

December 31, 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

In the first quarter of 2020, the 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.

COVID-19 impact

During the period, the Fund did not face any large redemptions that would have materially affected the performance of the Fund (see change in Net Asset Value for net sales).

To preserve our investors’ capital, in the first half of the year, the Sub advisor maintained a prudent cash level. The monies were deployed throughout the year as we became more comfortable with the reopening of the economy and recovery in corporate profits. Within our mandate, companies that were either highly leveraged or at risk of cutting their dividends were sold.

The portfolio has been structured as more defensive compared to its benchmark index. We believe the best way to invest in markets as these is to have a total return focus. Investors should be rewarded by buying companies with a strong growth profile and robust cashflow generation. Under an economic contraction scenario, companies that can sustain their long-term competitive advantage are attractive investments.

All the public equity holdings are liquid positions and can be sold within a day.

We remain invested and are committed to companies that provide revenue growth, improving free cash flow and higher earnings per share. We have a disciplined investment process including the implementation of various risk management tools to benefit our investors.

Performance

The Morningstar® Global Markets Index (in Canadian Dollar terms) rose 14.6% in 2020.

The addition of environmental, social and governance (ESG) values to the subadvisor’s investment process greatly helped performance during the year, which was one of the most volatile on record.

Names in the Real Estate space performed well during the period. Particularly, Hannon Armstrong Sustainable Infrastructure Capital Inc., a US listed renewables investment platform, more than doubled in value from March 2020 lows.

Several names in the renewable energy space performed extremely well, such as Vestas Wind Systems, a Danish wind turbine manufacturer, saw very strong gains as it pointed to growing revenues and global opportunities in the next five years.

The Technology sector was also a strong performer for the Fund in 2020. Technology plays a key role across many sustainability trends and we continue to see significant investment opportunities. ASML Holding NV, the Dutch semi-conductor equipment manufacturer, increased more than 50% and will be a beneficiary of more electric vehicles in the global transport fleet.

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

Cadence Design Systems Inc., a US listed technology business, also added strong investment performance and it remains a mission critical part of the move to next generation semi-conductor innovation.

Many Industrial holdings are focused on driving positive change. Littelfuse Inc., a US listed industrial company, is a global leader in power control products that are used across multiple sectors. It also added robust investment performance during 2020.

In the Consumer Cyclical space, Aptiv PLC, the UK listed auto supply business, saw strong performance during the year. Aptiv provides the 'electronics nerve centre' in many vehicles and is well placed to benefit from the trend to more complex and autonomous cars on the road.

Several holdings performed more poorly, but we believe they remain well positioned for long-term growth. Ecolab Inc., the US listed cleaning solutions company, was hampered by global economic lockdown but will be a beneficiary of the gradual re-opening we anticipate in 2021. In the Financials space, First Republic Bank and Legal & General Group PLC remained volatile during the year but both continue to offer interesting long-term opportunities.

The most powerful sustainability trends are still in the relatively early stages. We expect electric vehicle penetration to significantly rise from about 5% in the next few years. Equally, global renewable energy share is still less than a third of overall energy production. In many ways, 2020 acted as a catalyst for an accelerated switch to more sustainable technologies and we are well positioned to benefit from that in the Fund.

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 flow 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.

The spread of the 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' spread and the unprecedented economic lockdowns and policy support sent markets on a crazy run into the second half of the year. Moreover, A cascade of important developments around the pandemic, US politics and Brexit made the final three months of 2020 very busy indeed.

As we write, much of the world is still locked up at home. When we first got word of this virus, few of us would have imagined that we would still be struggling to deal with its fallout a full year on. It's a tough time for us all. We're shut off from our families, from our colleagues and from the lives we used to know.

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

	Series	
A	F	O
21.0%	21.5%	0.0%

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.

Change in Net asset value

Net Assets of the Fund decreased by 10.4% or \$0.7 million during the period, from \$6.7 million at December 31, 2019 to \$6.0 million at December 31, 2020. This change in Net Assets is attributed to net sales (redemptions) of (\$1.7) million, cash distributions of \$0.1 million and \$1.1 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.

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.

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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

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 (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 distributions ³
	Dec 2020	15.15	0.04	(0.41)	6.54	(3.36)	2.81	-	-	-	(0.63)	(0.63)	17.57
	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
A	Dec 2016	17.35	0.63	(0.61)	1.39	(0.38)	1.03	-	-	-	(1.08)	(1.08)	17.34
	Dec 2020	19.00	0.05	(0.44)	8.23	(4.15)	3.69	-	-	-	(0.63)	(0.63)	22.32
	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
F	Dec 2016	19.77	0.72	(0.48)	1.44	(0.18)	1.50	-	-	-	(1.08)	(1.08)	20.15
	Dec 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:

1. This information is derived from the Fund's annual audited financial statements.
2. 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.
3. 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 (\$)
	Dec 2020	3,472	197,570	4.80	4.80	0.23	118	17.57
	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
A	Dec 2016	16,207	934,666	3.39	3.61	0.08	59	17.34
	Dec 2020	2,526	113,158	4.38	4.38	0.23	118	22.32
	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
F	Dec 2016	3,031	150,425	2.28	2.43	0.08	59	20.15
	Dec 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)

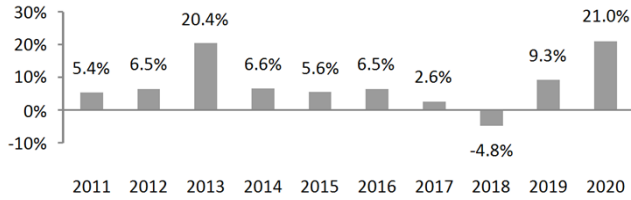
PAST PERFORMANCE

YEAR-BY-YEAR RETURNS

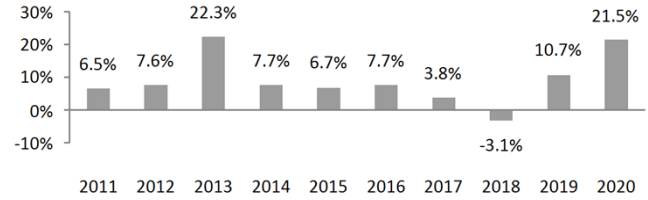
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance.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

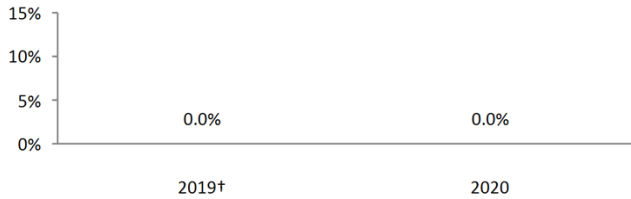
Series A



Series F



Series O



† From inception to December 31 of that year.

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

PAST PERFORMANCE (continued)

ANNUAL COMPOUND RETURNS

The following table shows the annual compound returns for each series of the Fund compared to the benchmark, the Morningstar® Global Markets Index and is expressed in Canadian dollars. The Fund performance is net of management fees, administrative expenses ("MER") and portfolio transaction costs whereas the benchmark performance does not incorporate such costs.

Effective January 1, 2020, the Fund's investment objective was changed in conjunction the Fund's benchmark was also changed to appropriately measure the Fund's returns. As a result the benchmark was changed from the Morningstar® Developed Markets Europe Index ("Old Benchmark") to the Morningstar® Global Markets Index ("New Benchmark").

The Morningstar® Global Markets Index consists of liquid equities that provide an accurate, comprehensive depiction of the performance and fundamental characteristics of global equity markets.

	1 YEAR (%)	3 YEARS (%)	5 YEARS (%)	10 YEAR (%)	SINCE INCEPTION (%)	INCEPTION DATE
Series A	21.0	8.0	6.6	7.7	n/a	2006/10/31
New Benchmark	14.6	10.9	10.8	12.5	n/a	2006/10/31
Old Benchmark	11.6	9.1	8.6	9.3	n/a	2006/10/31
Series F	21.5	9.2	7.7	8.8	n/a	2006/09/06
New Benchmark	14.6	10.9	10.8	12.5	n/a	2006/09/06
Old Benchmark	11.6	9.1	8.6	9.3	n/a	2006/09/06
Series O	0.0	n/a	n/a	n/a	0.0	2019/08/01
New Benchmark	14.6	n/a	n/a	n/a	15.9	2019/08/01
Old Benchmark	11.6	n/a	n/a	n/a	11.3	2019/08/01

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

SUMMARY OF INVESTMENT PORTFOLIO

AS AT DECEMBER 31, 2020

TOP 25 HOLDINGS		PORTFOLIO COMPOSITION	
Name of Security	% of Total Net Asset Value	Sector Allocation (%)†	
AIA Group Ltd.	3.4	Basic Materials	7.5
EDP Renovaveis SA	3.2	Consumer Cyclical	7.1
Hannon Armstrong Sustainable Infrastructure Capital Inc.	3.2	Financials	7.6
Aptiv PLC	2.9	Healthcare	10.5
Visa Inc., Class 'A'	2.9	Industrials	19.8
Vestas Wind Systems AS	2.9	Technology	28.6
Mastercard Inc., Class 'A'	2.9	Utilities	6.1
Orsted AS	2.9	Miscellaneous‡	11.4
Edwards Lifesciences Corp.	2.8	Other net assets (liabilities)	(0.5)
Microsoft Corp.	2.7	Cash & cash equivalents	1.9
ASML Holding NV	2.7	Industry Allocation (%)†	
Adobe Inc.	2.7	Advanced Medical Equipment & Technology	6.7
Tomra Systems ASA	2.6	Auto, Truck & Motorcycle Parts	2.9
Cadence Design Systems Inc.	2.6	Banks	2.4
ANSYS Inc.	2.6	Business Support Services	2.1
Ecolab Inc.	2.6	Commercial REITs	3.2
Linde PLC	2.5	Commodity Chemicals	2.5
Assa Abloy AB, Class 'B'	2.5	Construction Supplies & Fixtures	4.2
Adyen NV	2.5	Electric Utilities	2.9
Alfen Beheer BV	2.5	Electrical Components & Equipment	4.3
Shopify Inc., Class 'A'	2.4	Environmental Services & Equipment	2.6
SIG Combibloc Group AG	2.4	Financial Technology (Fintech)	2.5
First Republic Bank	2.4	Heavy Electrical Equipment	3.8
Trimble Inc.	2.4	Independent Power Producers	3.2
Littelfuse Inc.	<u>2.3</u>	Industrial Machinery & Equipment	2.3
	67.5	Life & Health Insurance	3.4
		Medical Equipment, Supplies & Distribution	3.8
		Online Services	8.3
		Paper Packaging	2.4
		Renewable Energy Equipment & Services	2.9
		Semiconductor Equipment & Testing	2.7
		Software	15.2
		Specialty Chemicals	2.6
		Miscellaneous‡	11.7
		Other net assets (liabilities)	(0.5)
		Cash & cash equivalents	1.9
		Country Allocation (%)†	
		Canada	2.4
		Denmark	10.9
		Finland	1.3
		France	1.8
		Germany	4.0
		Hong Kong	3.3
		Ireland	2.5
		Luxembourg	2.1
		Netherlands	7.7
		Norway	2.6
		Spain	3.2
		Sweden	2.5
		Switzerland	2.4
		United Kingdom	10.7
		United States	41.2
		Other net assets (liabilities)	(0.5)
		Cash & cash equivalents	1.9

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 asset and country allocations, and Top 25 investments, are those held by the Underlying Fund.

‡Note: Sector and Industries representing less than 5% and 2%, respectively, of the portfolio are included in "Miscellaneous".

NOTES

NOTES

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

2020 Annual Management Report of Fund Performance For the period ended December 31, 2020

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.



STONE ASSET MANAGEMENT LIMITED

276 King Street West, Suite 203 | Toronto, Ontario M5V 1J2 | T: 416 364 9188 or 800 336 9528
F: 416 364 8456 | info@stoneco.com | www.stoneco.com

