

## **STONE DIVIDEND GROWTH CLASS**

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

### **2021 Annual Management Report of Fund Performance**

For the period ended December 31, 2021



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](http://www.stoneco.com); or SEDAR at [www.sedar.com](http://www.sedar.com).

Securityholders may also contact us using one of these methods to request a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure.

# STONE DIVIDEND GROWTH CLASS

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

December 31, 2021

### INVESTMENT OBJECTIVES

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

### INVESTMENT STRATEGIES

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

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

### RISK

The overall long-term risk of the Fund is as described in the most recent simplified prospectus. No material changes occurred that would significantly increase the risk associated with an investment in the Fund during the period.

### RESULTS OF OPERATIONS

#### Market Overview and Impact on the Fund

Stocks closed out 2021 with double-digit gains led by the economic recovery, continued fiscal stimulus, successful vaccine deployment and strong corporate earnings. US companies ended the year with a record \$3.88 trillion in cash on their balance sheets and this led to a record \$234 billion in share buybacks in Q3 of this year. Data on everything from consumer spending to hiring to small business confidence had bounced back and stayed above the pandemic lows. These strong data points offset the risk of the spike in COVID-19 cases brought on by the Omicron variant and higher inflation torpedoing the economy back into another malaise.

The Morningstar Global Markets index was up 17.3% for the year. The Morningstar US Large cap index was up 26.1% this year closing at a record, scoring its 70<sup>th</sup> record close of the year. Asian markets performed horribly with the Hang Seng down 14.1%. China's crackdown on technology companies, coupled with the massive real estate debt on companies such as Evergrande, have caused investors to sell the market.

Even with this strong rally, stocks are cheaper now than they were at the beginning of the year. US companies are trading at 21x analysts' projected earnings for the next year, compared to 22.8 times at the end of 2020. This was due to the blowout year of corporate earnings as the US companies' profit rose 45.0%, the most since 2008. Profit growth for next year is still expected to grow by 9.0% for 2022.

Domestically, the Morningstar Canada index posted a strong gain for 2021 with a 24.7% return. The best performing sectors were Energy and Financials as they have benefited from the global economic reopening after the pandemic-driven downturn. Energy and Financials make up 45.3% of the entire market and these sectors benefited from the move to cyclical and value names. The Energy sector was up 79.9% for the year while Financials were up 31.6%. Oil prices topped \$85 per barrel for the first time since 2018 as the reopening economy caused surging demand for oil in the industrialized economies. Energy demand was also boosted by domestic consumption as the extreme weather events in the year saw a deep freeze in Texas, record-setting heat temperatures on the North American west coast, and skyrocketing gas prices in Europe. Oil eased back to \$75 per barrel at the end of 2021 after the Omicron variant threat hit demand but this was still up 55.0% for the year. The Financial sector was helped by rising bond yields as this helps these companies with higher net interest margin spreads. The weakest sector was the Basic Materials group up 2.4% as the price of gold remained depressed for the year. The precious metal has suffered since its record close of \$2069/oz in August 2020 and is now down 15.0% from that high point at \$1800/oz (and down 3.5% for the year). Silver prices were down 11.4% in 2021.

The steady rise in bond yields accelerated earlier in the year roiling markets and questioning central banks' ability of controlling the pace of economic recovery. Government bond yields soared globally popping the US 10-year Treasury yields to 1.7% mid-year (tripling from its low last summer) before falling back to the 1.6% level at year end. This was a level not seen since February 2020. Even though the economic data does not suggest a return to solid economic recovery any time soon, the markets have begun to price in much faster growth. Canadian bond yields also moved in tandem with their US counterparts with yields on the 10-year Canadian jumping to 1.6% before settling at 1.4%. Expectations are that the Bank of Canada will join the US Federal Reserve and "taper" its rate of buying government bonds and raising rates. Economists and investment managers believe the bond market is moving on faster-than-expected economic growth as the COVID-19 vaccine rollout boosts GDP forecasts. However, the move in yields could also signal hotter inflation ahead, which weighed on equity valuations in certain periods throughout the year.

#### COVID-19 Impact

During the year equity markets continued to gain, after recovering most if not all the losses incurred in the COVID-19 related bear market earlier in calendar year of 2020. Cash levels were deployed throughout the period as we became more comfortable with the reopening of the economy and recovery in corporate profits. In addition, 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).

Within our pure total return and income mandates, companies that are either highly leveraged or at risk of cutting their dividends have been sold. Within our growth mandates, we eliminated companies that will have a hard time growing in this challenged environment. All the portfolios have been structured as more defensive compared to their 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 growing dividend stream. All the public equity holdings are liquid positions and can be sold within a day.

# STONE DIVIDEND GROWTH CLASS

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

We use our proprietary investment process daily and in volatile market conditions, we seek to ensure that we can manage downside risk and adjust the portfolios accordingly while seeking to achieve our long-term investment goals for our clients.

### Performance

The Fund added positions to the Real Estate sector which had no exposure in the previous period but closed with 5.2% weight in three positions vs. the benchmark of 3.0%. The overweight in this sector contributed positively to the overall performance of the Fund.

Our Utilities exposure of 7.7% vs. the benchmark weight of 4.3% made up for some of our underweight exposure in other sectors and was a drag on performance contributed to by both allocation and selection of investments with the Fund's largest detractors, Boralex Inc., Class 'A', tumbling 25.3% over the period.

Even though our Energy weight began the period below the benchmark our weight was increase to 3.1% after adding Suncor Energy Inc. during the period. This gross sector underweight was the second most significant detractor as the Energy sector benchmark increased 49.2% during the period.

Our overweight exposure to Consumer Non-Cyclicals was dragged by allocation effect as the sector underperformed the benchmark but it was more than offset by superior stock selection as Jamieson Wellness Inc. and Coca-Cola Co. performed positively albeit lower than the sector benchmark.

The Fund's Industrials holdings has been the largest contributor to relative performance where the Fund's slight overweight tilt combined with security selection helped outperform the sector benchmark. Strong performance came from holdings in TFI International Inc., up 118.7% and Stantec Inc., up 74.1% and Waste Connections Inc. up 33.0%.

The Fund's largest weight was in the Financials sector where being well overweight and the holdings outperforming the benchmark resulted in the 2nd best contribution to relative performance among all sectors. Two holdings were among the top 10 best performing securities held by the Fund including Power Corp. of Canada, up 50% and Brookfield Asset Management Inc., Class 'A' up 46.7%, respectively. The best performing Canadian bank was Canadian Imperial Bank of Commerce up 41.5%.

Our Basic Materials sector weight decreased from 7.1% to 1.7% as holdings in gold producers were sold during the first half, including Wheaton Precious Metals Corp. and Barrick Gold Corp. Being underweight the underperforming sector ended up positively contributing to relative performance.

Our slight underweight position in the Technology sector positively contributed to relative performance through allocation effect. However, the overall performance was negatively impacted as double-digit performance in Microsoft Corp., and Oracle Corp. was more than offset by the underperformance of Visa Inc., Class 'A' and Fidelity National Information Services Inc., as they both performed well below the Technology benchmark with the latter being the 2nd worst performer among all holdings.

We were more than double the benchmark weight in Health Care, the Fund returned 25.0% whereas benchmark was up approximately 14.0%, attributed to Abbott Laboratories and UnitedHealth Group Inc., both significantly outperformed the Health Care sector benchmark.

The Fund's Series (except for Series O) outperformed its benchmark during the period. The outperformance is greatly contributed to by superior stock selection (particularly in Industrials, Healthcare, Financials, Real Estate and Consumer Non- Cyclical sectors). Our US exposure was decreased to make up 28.8% of the portfolio, inclusive of US cash, which hurt performance slightly as the Canadian dollar increased relative to US dollar and had a positive effect on our US holdings during the first half of 2021. Our disciplined approach toward total return remains a core practice in managing the portfolio risk and this approach is paying off.

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

Series									
A	B	C	F	L	O	PTF	T8A	T8B	T8C
25.7%	24.9%	25.0%	27.1%	24.9%	17.5%	27.4%	25.7%	24.9%	25.0%

Any differences in performance returns between Series are primarily due to different management, operating and performance fees that are applicable to a particular Series. Please refer to "Past Performance" for details regarding the performance of the Fund's Series. The calculation of the Fund's Series performance takes into consideration all fees and expenses of the Fund, which are not applicable in the calculation of the benchmark's performance. The Fund's broad-based benchmark, the Morningstar® Canada Index returned 24.7% 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 benchmark, which is composed of 80% of the Morningstar® Canada Index and 20% of the Morningstar® US Large Cap Index, provides a comparison to a benchmark that is more reflective of the Fund's investment objective and strategy. The Fund's benchmark returned 25.0% over the same period.

### Change in Net asset value

Net Assets of the Fund increased by 22.9% or \$72.3 million during the period, from \$316.2 million at December 31, 2020 to \$388.5 million at December 31, 2021. This change in Net Assets is attributed to net sales (redemptions) of (\$5.0) million, cash distributions of \$4.0 million and \$81.3 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.

Subsequent to December 31, 2021, the escalating conflict between Ukraine and the Russian Federation has resulted in significant volatility and uncertainty in financial markets. NATO, EU and G7 member countries, including Canada, have imposed severe and coordinated sanctions against Russia. Restrictive measures have also been imposed by Russia and some securities have materially declined in value and/or may no longer be tradable. These actions have resulted in significant disruptions to investing activities and businesses with operations in Russia. The longer-term impact to geopolitical norms, supply chains and investment valuations is uncertain.

# STONE DIVIDEND GROWTH CLASS

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

As at December 31, 2021, the Funds did not have any exposure to Russian or Ukrainian securities. It is unclear what further actions may be taken by governments and the resulting impact on global economies, businesses and financial markets. While the situation remains fluid, SAM will continue to monitor ongoing developments and the impact to investment strategies.

### 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.

#### Fund Manager

As Fund Manager, SAM is responsible for managing the Fund’s overall business and day-to-day operational services, as described under the headings “Management Fees” and “Operating Fees”.

#### Portfolio Manager

As Portfolio Manager, SAM is responsible for providing portfolio management services to the Fund.

Under the terms of the Investment Management Agreement, the Portfolio Manager is entitled to receive a performance fee (plus applicable taxes) from each Series of securities of the Fund equal to 10 percent of the amount by which the Fund’s Series rate of return exceeds the return of the Fund’s established benchmark since the last time a Performance fee was paid, multiplied by the Fund’s average Series Net Asset Value (“NAV”) during the calendar year.

Performance fees are limited to a maximum of 0.30 percent (plus applicable taxes) of the Funds’ Series average Net Asset Value during the calendar year. Such fees are accrued monthly, if applicable, and paid annually.

#### Management fees

The Fund pays a management fee, calculated daily and paid monthly, based on the following schedule:

Series	A	B	C	F	L
Annual Fee (%)	2.00	2.50	2.50	0.95	2.50

Series (cont’d)	O	PTF	T8A	T8B	T8C
Annual Fee (%)	-	0.65	2.00	2.50	2.50

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

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

Series (cont’d)	O	PTF	T8A	T8B	T8C
Dealer Compensation (%)	-	-	50	20	30
Investment and Fund Management (%)	-	100	50	80	70
Total (%)	-	100	100	100	100

#### Operating fees

The Fund pays operating fees (the “Operating Fees”) to SAM for the day-to-day operational services. The Operating Fees include, but are not limited to: legal and audit fees, transfer agency costs, custodian costs, filing fees, administrative and overhead costs charged by SAM, and the Independent Review Committee of the Fund.

Operating fees incurred by the Fund are allocated among the Series on a reasonable basis as determined by SAM.

At its sole discretion, the manager may waive management fees or absorb expenses of the Fund. The management expense ratios of each of the Series of units of the Fund with and without the waivers and absorptions are reported in the Ratios and Supplemental Data table.

#### Independent Review Committee

SAM has established the Independent Review Committee (the “IRC”) for the Fund in accordance with the requirements of National Instrument 81-107 – Independent Review Committee for Investment Funds in order to review conflicts of interest as they relate to investment fund management.

The compensation and other reasonable expenses of the IRC are paid pro rata out of the assets of the Fund for which the independent review committee acts. The main component of compensation is an annual retainer. The Chair of the IRC is entitled to an additional fee.

# STONE DIVIDEND GROWTH CLASS

## FINANCIAL HIGHLIGHTS

The following tables present selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the periods indicated.

### THE FUND'S NET ASSETS PER SECURITY<sup>1</sup>

Series	As at	Net assets, beginning of period <sup>2</sup>	Increase (decrease) from operations <sup>3</sup> (All figures in (\$))				Dividends <sup>3</sup>			Net assets, end of period <sup>2</sup>		
			Total revenue	Total expenses (excluding distributions)	Realized gains (losses) for the period	Unrealized gains (losses) for the period	Total increase (decrease) from operations <sup>2</sup>	Dividends	Capital gains		Return of capital	
	Dec 2021	<b>13.43</b>	0.36	(0.39)	0.44	3.01	<b>3.42</b>	(0.24)	—	—	(0.24)	<b>16.61</b>
	Dec 2020	<b>12.63</b>	0.33	(0.33)	1.00	—	<b>1.00</b>	(0.24)	—	—	(0.24)	<b>13.43</b>
	Dec 2019	<b>10.87</b>	0.30	(0.32)	(0.14)	2.19	<b>2.03</b>	(0.24)	—	—	(0.24)	<b>12.63</b>
	Dec 2018	<b>11.37</b>	0.28	(0.33)	0.42	(0.60)	<b>(0.23)</b>	(0.24)	—	—	(0.24)	<b>10.87</b>
<b>A</b>	Dec 2017	<b>11.07</b>	0.28	(0.33)	1.23	(0.64)	<b>0.54</b>	(0.24)	—	—	(0.24)	<b>11.37</b>
	Dec 2021	<b>12.25</b>	0.33	(0.43)	0.42	2.72	<b>3.04</b>	(0.21)	—	—	(0.21)	<b>15.07</b>
	Dec 2020	<b>11.58</b>	0.30	(0.37)	0.94	(0.09)	<b>0.78</b>	(0.21)	—	—	(0.21)	<b>12.25</b>
	Dec 2019	<b>10.01</b>	0.28	(0.36)	(0.13)	2.08	<b>1.87</b>	(0.21)	—	—	(0.21)	<b>11.58</b>
	Dec 2018	<b>10.53</b>	0.26	(0.36)	0.42	(0.49)	<b>(0.17)</b>	(0.21)	—	—	(0.21)	<b>10.01</b>
<b>B‡</b>	Dec 2017	<b>10.30</b>	0.25	(0.37)	1.16	(0.60)	<b>0.44</b>	(0.21)	—	—	(0.21)	<b>10.53</b>
	Dec 2021	<b>12.29</b>	0.33	(0.43)	0.42	2.73	<b>3.05</b>	(0.21)	—	—	(0.21)	<b>15.13</b>
	Dec 2020	<b>11.62</b>	0.30	(0.37)	0.92	(0.02)	<b>0.83</b>	(0.21)	—	—	(0.21)	<b>12.29</b>
	Dec 2019	<b>10.04</b>	0.28	(0.36)	(0.13)	2.07	<b>1.86</b>	(0.21)	—	—	(0.21)	<b>11.62</b>
	Dec 2018	<b>10.56</b>	0.26	(0.36)	0.40	(0.52)	<b>(0.22)</b>	(0.21)	—	—	(0.21)	<b>10.04</b>
<b>C‡</b>	Dec 2017	<b>10.32</b>	0.26	(0.37)	1.15	(0.59)	<b>0.45</b>	(0.21)	—	—	(0.21)	<b>10.56</b>
	Dec 2021	<b>16.97</b>	0.46	(0.27)	0.55	3.83	<b>4.57</b>	(0.25)	—	—	(0.25)	<b>21.28</b>
	Dec 2020	<b>15.73</b>	0.41	(0.24)	1.20	0.19	<b>1.56</b>	(0.25)	—	—	(0.25)	<b>16.97</b>
	Dec 2019	<b>13.33</b>	0.38	(0.23)	(0.16)	2.64	<b>2.63</b>	(0.25)	—	—	(0.25)	<b>15.73</b>
	Dec 2018	<b>13.76</b>	0.35	(0.23)	0.47	(0.82)	<b>(0.23)</b>	(0.25)	—	—	(0.25)	<b>13.33</b>
<b>F</b>	Dec 2017	<b>13.18</b>	0.33	(0.23)	1.42	(0.69)	<b>0.83</b>	(0.25)	—	—	(0.25)	<b>13.76</b>
	Dec 2021	<b>16.25</b>	0.44	(0.58)	0.62	3.53	<b>4.01</b>	(0.21)	—	—	(0.21)	<b>20.06</b>
	Dec 2020	<b>15.30</b>	0.40	(0.50)	1.24	(0.10)	<b>1.04</b>	(0.21)	—	—	(0.21)	<b>16.25</b>
	Dec 2019	<b>13.17</b>	0.37	(0.48)	(0.17)	2.70	<b>2.42</b>	(0.21)	—	—	(0.21)	<b>15.30</b>
	Dec 2018	<b>13.79</b>	0.34	(0.48)	0.54	(0.70)	<b>(0.30)</b>	(0.21)	—	—	(0.21)	<b>13.17</b>
<b>L</b>	Dec 2017	<b>13.42</b>	0.33	(0.49)	1.49	(0.75)	<b>0.58</b>	(0.21)	—	—	(0.21)	<b>13.79</b>
	Dec 2021	<b>10.00</b>	0.18	(0.01)	0.03	1.48	<b>1.68</b>	(0.11)	—	—	(0.11)	<b>11.63</b>
	Dec 2020	<b>10.00</b>	—	—	—	—	<b>—</b>	—	—	—	—	<b>10.00</b>
<b>O*</b>	Dec 2019	<b>10.00</b>	—	—	—	—	<b>—</b>	—	—	—	—	<b>10.00</b>
	Dec 2021	<b>11.15</b>	0.30	(0.13)	0.36	2.50	<b>3.03</b>	(0.17)	—	—	(0.17)	<b>14.04</b>
	Dec 2020	<b>10.29</b>	0.26	(0.11)	0.19	1.83	<b>2.17</b>	(0.17)	—	—	(0.17)	<b>11.15</b>
<b>PTF§</b>	Dec 2019	<b>10.00</b>	0.06	(0.03)	0.01	0.48	<b>0.52</b>	(0.04)	—	—	(0.04)	<b>10.29</b>
	Dec 2021	<b>7.49</b>	0.20	(0.21)	0.25	1.61	<b>1.85</b>	(0.47)	—	(0.13)	(0.60)	<b>8.75</b>
	Dec 2020	<b>7.51</b>	0.19	(0.19)	0.60	(0.11)	<b>0.49</b>	(0.14)	—	(0.46)	(0.60)	<b>7.49</b>
	Dec 2019	<b>6.81</b>	0.19	(0.20)	(0.08)	1.34	<b>1.25</b>	(0.11)	—	(0.44)	(0.55)	<b>7.51</b>
	Dec 2018	<b>7.58</b>	0.18	(0.21)	0.27	(0.39)	<b>(0.15)</b>	(0.08)	—	(0.53)	(0.61)	<b>6.81</b>
<b>T8A</b>	Dec 2017	<b>7.83</b>	0.19	(0.23)	0.84	(0.44)	<b>0.36</b>	(0.06)	—	(0.57)	(0.63)	<b>7.58</b>
	Dec 2021	<b>6.96</b>	0.18	(0.24)	0.25	1.49	<b>1.68</b>	(0.44)	—	(0.12)	(0.56)	<b>8.07</b>
	Dec 2020	<b>7.02</b>	0.18	(0.22)	0.56	(0.05)	<b>0.47</b>	(0.13)	—	(0.43)	(0.56)	<b>6.96</b>
	Dec 2019	<b>6.41</b>	0.17	(0.23)	(0.08)	1.32	<b>1.18</b>	(0.10)	—	(0.41)	(0.51)	<b>7.02</b>
	Dec 2018	<b>7.18</b>	0.17	(0.24)	0.27	(0.33)	<b>(0.13)</b>	(0.08)	—	(0.49)	(0.57)	<b>6.41</b>
<b>T8B†</b>	Dec 2017	<b>7.46</b>	0.18	(0.26)	0.82	(0.41)	<b>0.33</b>	(0.05)	—	(0.55)	(0.60)	<b>7.18</b>
	Dec 2021	<b>7.01</b>	0.18	(0.23)	0.25	1.47	<b>1.67</b>	(0.44)	—	(0.12)	(0.56)	<b>8.15</b>
	Dec 2020	<b>7.07</b>	0.18	(0.21)	0.55	(0.01)	<b>0.51</b>	(0.13)	—	(0.43)	(0.56)	<b>7.01</b>
	Dec 2019	<b>6.45</b>	0.18	(0.22)	(0.08)	1.32	<b>1.20</b>	(0.11)	—	(0.41)	(0.52)	<b>7.07</b>
	Dec 2018	<b>7.21</b>	0.17	(0.24)	0.26	(0.34)	<b>(0.15)</b>	(0.08)	—	(0.50)	(0.58)	<b>6.45</b>
<b>T8C‡</b>	Dec 2017	<b>7.49</b>	0.18	(0.26)	0.81	(0.43)	<b>0.30</b>	(0.05)	—	(0.55)	(0.60)	<b>7.21</b>

<sup>†</sup>Series closed to new purchases on December 4, 2009.

<sup>‡</sup>Series closed to new purchases on August 31, 2011.

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

§Series PTF was seeded on September 3, 2019 at \$10.00.

#### Explanatory Notes:

- This information is derived from the Fund's annual audited financial statements.
- Net assets and dividends are based on the actual number of securities outstanding at the relevant time. The increase/(decrease) from operations is based on the weighted average number of securities outstanding over the financial period. It is not intended that the Fund's net asset per security table act as a continuity of opening and closing net assets per security.
- Dividends were paid in cash and/or reinvested in additional securities of the Fund.

# STONE DIVIDEND GROWTH CLASS

## FINANCIAL HIGHLIGHTS (continued)

### RATIOS AND SUPPLEMENTAL DATA

Series	As at	Total net asset value (\$000's) <sup>1</sup>	Number of securities outstanding <sup>1</sup>	Management expense ratio ("MER") (%) <sup>2</sup>	MER before waivers or absorptions (%) <sup>2</sup>	Trading expense ratio (%) <sup>3</sup>	Portfolio turnover rate (%) <sup>4</sup>	Net asset value per security (\$)
A	Dec 2021	177,435	10,684,147	2.50	2.50	0.01	12	16.61
	Dec 2020	146,193	10,887,462	2.54	2.55	0.04	24	13.43
	Dec 2019	148,280	11,739,928	2.55	2.55	0.01	–	12.63
	Dec 2018	144,439	13,293,262	2.67	2.67	0.05	11	10.87
	Dec 2017	170,738	15,010,522	2.67	2.67	0.22	63	11.37
B‡	Dec 2021	17,576	1,166,133	3.10	3.10	0.01	12	15.07
	Dec 2020	16,738	1,366,246	3.13	3.13	0.04	24	12.25
	Dec 2019	19,589	1,691,486	3.13	3.13	0.01	–	11.58
	Dec 2018	24,195	2,416,692	3.26	3.26	0.05	11	10.01
	Dec 2017	36,811	3,495,081	3.26	3.26	0.22	63	10.53
C‡	Dec 2021	6,530	431,733	3.08	3.08	0.01	12	15.13
	Dec 2020	5,866	477,214	3.10	3.11	0.04	24	12.29
	Dec 2019	6,134	528,022	3.13	3.13	0.01	–	11.62
	Dec 2018	6,775	674,676	3.24	3.24	0.05	11	10.04
	Dec 2017	9,648	913,058	3.23	3.23	0.22	63	10.56
F	Dec 2021	113,465	5,331,139	1.36	1.36	0.01	12	21.28
	Dec 2020	82,462	4,860,469	1.40	1.40	0.04	24	16.97
	Dec 2019	66,071	4,201,095	1.41	1.41	0.01	–	15.73
	Dec 2018	52,820	3,961,063	1.51	1.51	0.05	11	13.33
	Dec 2017	52,375	3,805,496	1.37	1.37	0.22	63	13.76
L	Dec 2021	6,813	339,556	3.13	3.13	0.01	12	20.06
	Dec 2020	7,526	463,083	3.16	3.17	0.04	24	16.25
	Dec 2019	8,751	571,928	3.17	3.17	0.01	–	15.30
	Dec 2018	9,317	707,494	3.29	3.29	0.05	11	13.17
	Dec 2017	13,250	960,531	3.29	3.29	0.22	63	13.79
O*	Dec 2021	158	13,585	–	–	0.01	12	11.63
	Dec 2020	–	1	–	–	–	–	10.00
	Dec 2019	–	1	–	–	–	–	10.00
PTF§	Dec 2021	12,481	888,852	0.99	0.99	0.01	12	14.04
	Dec 2020	7,130	639,253	0.96	0.97	0.04	24	11.15
	Dec 2019	4	352	0.97	0.97	0.01	–	10.29
T8A	Dec 2021	45,775	5,233,327	2.47	2.47	0.01	12	8.75
	Dec 2020	41,016	5,478,508	2.52	2.52	0.04	24	7.49
	Dec 2019	48,093	6,406,238	2.53	2.53	0.01	–	7.51
	Dec 2018	45,366	6,657,144	2.64	2.64	0.05	11	6.81
	Dec 2017	52,306	6,902,724	2.66	2.66	0.22	63	7.58
T8B†	Dec 2021	7,031	870,890	3.11	3.11	0.01	12	8.07
	Dec 2020	7,888	1,133,924	3.15	3.15	0.04	24	6.96
	Dec 2019	10,162	1,447,305	3.15	3.15	0.01	–	7.02
	Dec 2018	12,468	1,943,790	3.28	3.28	0.05	11	6.41
	Dec 2017	17,369	2,419,367	3.25	3.25	0.22	63	7.18
T8C†	Dec 2021	1,213	148,884	3.02	3.02	0.01	12	8.15
	Dec 2020	1,404	200,192	3.04	3.05	0.04	24	7.01
	Dec 2019	1,728	244,412	3.04	3.04	0.01	–	7.07
	Dec 2018	1,897	293,998	3.16	3.16	0.05	11	6.45
	Dec 2017	2,311	320,410	3.16	3.16	0.22	63	7.21

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

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

\*Series opened on August 1, 2019.

§Series opened on September 3, 2019.

#### Explanatory Notes:

- This information is provided as at each period shown.
- Management expense ratio ("MER") for each Series is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period and is expressed as an annualized percentage of daily average NAV during the period. For those Series that had a performance fee, the MER excluding performance fees for the period ending December 31, 2021 was 0.96% - Series PTF.
- The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average net asset value during the period.
- The Fund's portfolio turnover rate indicates how actively the Fund's portfolio advisor manages its portfolio investments. A portfolio turnover rate of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the year. The higher a Fund's portfolio turnover in a year, the greater the trading costs payable by the Fund in the year, and the greater the chance of an investor receiving taxable capital gains in the year. There is not necessarily a relationship between a high turnover rate and the performance of a Fund.

# STONE DIVIDEND GROWTH CLASS

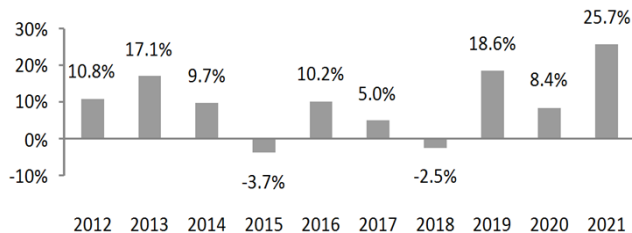
## PAST PERFORMANCE

### YEAR-BY-YEAR RETURNS

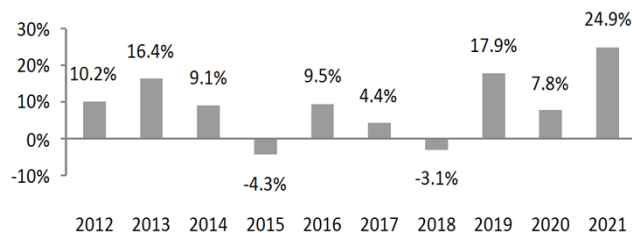
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future.

The following charts present the Fund's performance for each of the periods shown and illustrate how the Fund's performance varied from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have grown or decreased by the last day of each financial year, except where noted. Returns are not disclosed for Series of the Fund that have been in existence for less than one year.

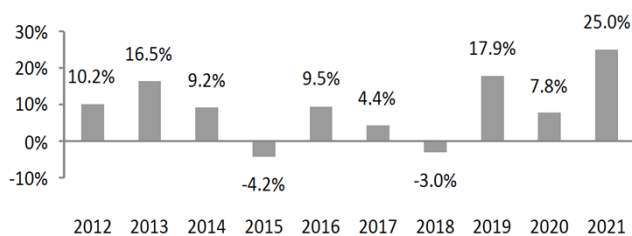
**Series A**



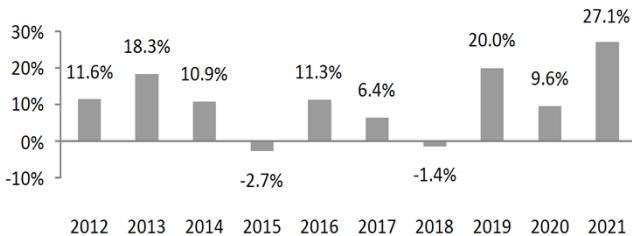
**Series B**



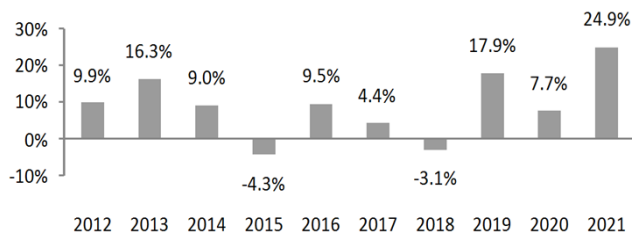
**Series C**



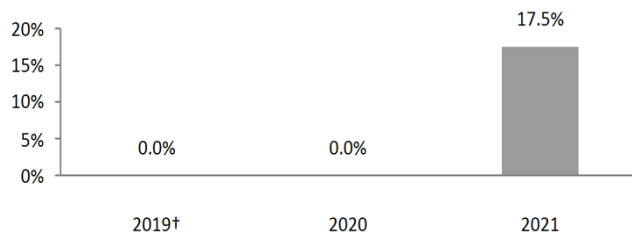
**Series F**



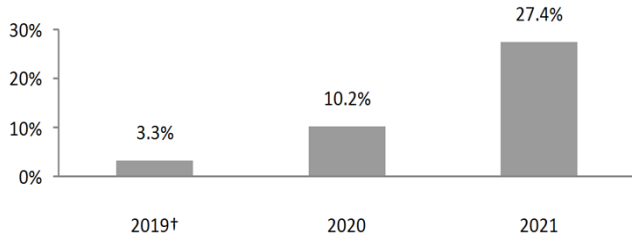
**Series L**



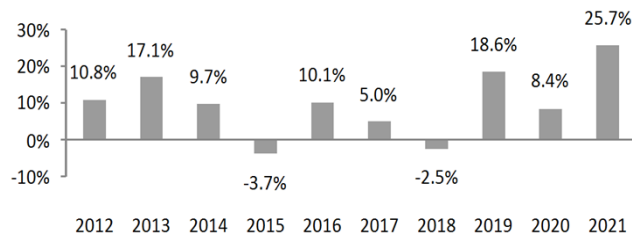
**Series O**



**Series PTF**



**Series T8A**

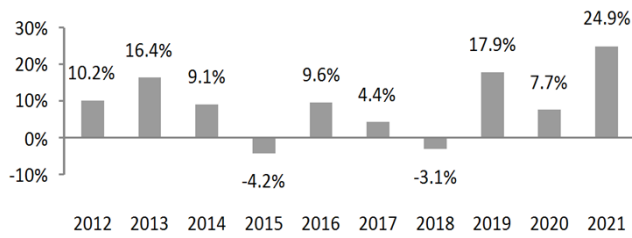


# STONE DIVIDEND GROWTH CLASS

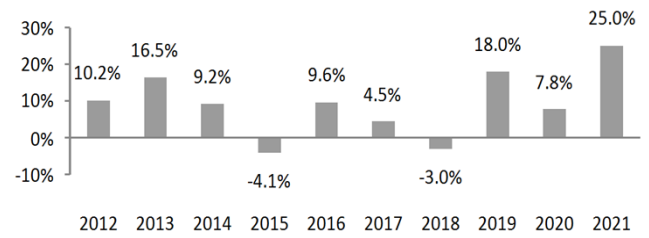
## PAST PERFORMANCE (continued)

### YEAR-BY-YEAR RETURNS

Series T8B



Series T8C



†From inception to December 31 of that year.



# STONE DIVIDEND GROWTH CLASS

## PAST PERFORMANCE (continued)

### ANNUAL COMPOUND RETURNS

The following table shows the annual compound returns for each Series of the Fund compared to the blended benchmark consisting of an 80% weighting of the Morningstar® Canada Index and a 20% weighting of the Morningstar® US Large Cap Index, and is expressed in Canadian dollars. The Fund performance is net of management fees, performance fees, administrative expenses (“MER”) and portfolio transaction costs whereas the benchmark performance does not incorporate such costs.

The Morningstar® Canada Index<sup>SM</sup> is a rule-based, float market capitalization weighted index designed to cover 97% of the equity market capitalization of the Canada market. The Morningstar® US Large Cap Index<sup>SM</sup> is a rule-based, float market capitalization weighted index designed to cover 70% of the equity market capitalization of the United States market.

	1 YEAR (%)	3 YEARS (%)	5 YEARS (%)	10 YEARS (%)	SINCE INCEPTION (%)	INCEPTION DATE
Series A	25.7	17.3	10.6	9.6	n/a	1957/11/14
Benchmark	25.0	18.6	11.5	11.1	n/a	1957/11/14
Series B	24.9	16.6	9.9	8.9	n/a	2003/08/01
Benchmark	25.0	18.6	11.5	11.1	n/a	2003/08/01
Series C	25.0	16.7	10.0	9.0	n/a	2003/08/01
Benchmark	25.0	18.6	11.5	11.1	n/a	2003/08/01
Series F	27.1	18.7	11.9	10.8	n/a	2003/08/01
Benchmark	25.0	18.6	11.5	11.1	n/a	2003/08/01
Series L	24.9	16.6	9.9	8.9	n/a	2011/09/01
Benchmark	25.0	18.6	11.5	11.1	n/a	2011/09/01
Series O	17.5	n/a	n/a	n/a	6.9	2019/08/01
Benchmark	25.0	n/a	n/a	n/a	16.2	2019/08/01
Series PTF	27.4	n/a	n/a	n/a	17.1	2019/09/03
Benchmark	25.0	n/a	n/a	n/a	14.0	2019/09/03
Series T8A	25.7	17.4	10.6	9.6	n/a	2007/09/01
Benchmark	25.0	18.6	11.5	11.1	n/a	2007/09/01
Series T8B	24.9	16.6	9.9	9.0	n/a	2007/09/01
Benchmark	25.0	18.6	11.5	11.1	n/a	2007/09/01
Series T8C	25.0	16.7	10.0	9.0	n/a	2007/09/01
Benchmark	25.0	18.6	11.5	11.1	n/a	2007/09/01

# STONE DIVIDEND GROWTH CLASS

## SUMMARY OF INVESTMENT PORTFOLIO

AS AT DECEMBER 31, 2021

TOP 25 HOLDINGS	% of Total Net Asset Value	PORTFOLIO COMPOSITION	% of Total Net Asset Value
<b>Name of Security</b>		<b>Sector Allocation</b>	
Royal Bank of Canada	7.3	Consumer Non-Cyclicals	6.7
Toronto-Dominion Bank	6.3	Financials	34.0
Brookfield Asset Management Inc., Class 'A'	6.0	Healthcare	8.5
Microsoft Corp.	5.6	Industrials	12.2
TFI International Inc.	5.3	Real Estate	5.2
Bank of Nova Scotia	5.1	Technology	17.1
Abbott Laboratories	4.1	Utilities	7.7
Costco Wholesale Corp.	3.3	Miscellaneous†	8.1
Visa Inc., Class 'A'	3.2	Other net assets (liabilities)	0.3
Power Corp. of Canada	2.6	Cash & cash equivalents	0.2
Canadian Imperial Bank of Commerce	2.6		
Waste Connections Inc.	2.6	<b>Industry Allocation</b>	
Stantec Inc.	2.5	Banks	23.4
UnitedHealth Group Inc.	2.3	Commercial REITs	5.2
AES Corp.	2.2	Electric Utilities	3.5
Suncor Energy Inc.	2.1	Ground Freight & Logistics	5.3
Stryker Corp.	2.1	Independent Power Producers	3.1
Oracle Corp.	2.1	Integrated Telecommunications Services	4.0
Bank of Montreal	2.1	Investment Management & Fund Operators	6.0
Jamieson Wellness Inc.	2.1	Life & Health Insurance	4.5
TELUS Corp.	2.0	Medical Equipment, Supplies & Distribution	6.2
BCE Inc.	2.0	Online Services	3.2
Summit Industrial Income REIT	2.0	Software	9.0
Park Lawn Corp.	1.9	Discount Stores	3.3
Sun Life Financial Inc.	1.9	Miscellaneous†	22.8
	<b>81.3</b>	Other net assets (liabilities)	0.3
		Cash & cash equivalents	0.2

This summary of investment portfolio may change due to the ongoing portfolio transactions of the Fund. Quarterly updates of the Fund's investment portfolio are available from the Manager at [www.stoneco.com](http://www.stoneco.com).

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

## NOTES

# STONE DIVIDEND GROWTH CLASS

## A Class of Shares of Stone Corporate Funds Limited

### 2021 Annual Management Report of Fund Performance

For the period ended December 31, 2021

#### 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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