

STONE GLOBAL ESG STRATEGY FUND

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; 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

MANAGEMENT DISCUSSION OF FUND PERFORMANCE

December 31, 2021

INVESTMENT OBJECTIVES

The investment objective of the Stone Global ESG 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 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

Markets had a split personality over 2021. Running hot, then cold, then hot again, investors struggled to determine how each wave of the pandemic would affect GDP growth, inflation and earnings – both in the next quarter or two and in the fullness of time.

Markets swayed between bouts of outperformance for ‘value’ companies that would benefit from accelerating economic expansion and sustained inflation and outperformance for ‘growth’ names whose values are based on consistent, multi-year earnings increases that are largely uncoupled from the business cycle. At the end of the year, both camps had done very well indeed. Markets had another strong year, despite the awful virus that continues to pester us, and the Fund was no exception.

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).

The portfolio has had to be 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. We think investors should be rewarded for buying companies with a strong growth profile and robust cashflow generation. If the global economy contracts, companies that can sustain their long-term competitive advantage are attractive investments. Moreover, we believe our Fund’s rigorous sustainability framework provides an additional layer of long-term risk protection. All the public equity holdings are liquid positions and can be sold within a day.

The portfolio has remained fully invested during the time period and remains focused on 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

Following an extremely strong risk-adjusted Fund performance in 2020, we anticipated some potentially weaker performance in 2021. This view was not based on structural concerns around the portfolio or the companies we invest in, but more due to the exceptional stock returns we witnessed in the early stages of the global pandemic, particularly in specific areas of renewable energy (discussed in more detail below).

Several of our Technology holdings performed strongly again in 2021, including ASML Holdings and Cadence Design Systems Inc. ASML, the Dutch semi-conductor equipment maker, continued to benefit from strong demand and its continued success reflects a long-term focus on product development that has cemented the business’s market position. ASML is exposed to several powerful sustainability trends including vehicle electrification and industrial digitisation. Equally Cadence Design Systems Inc., the US-listed design software developer, remains firmly embedded in the semi-conductor innovation cycle and has enjoyed another strong year of performance.

Microsoft Corp. was also a strong performer for the Fund in 2021. The company has continued to benefit from the diversity of its business throughout the pandemic and in many ways has become even more indispensable as the world had switched to more remote working. We continue to believe that the business is equally well positioned as the global economy recovers and remains a core ‘compounder’ in the Fund.

In the Health Care space, Thermo Fisher Scientific Inc. (the US diagnostics and health equipment maker) performed robustly in 2021. The company provides vital testing equipment used to detect COVID-19 and remains a critical resource for the scientific community. The company continues to develop next-generation testing and diagnostic capabilities and remains one of our core holdings. US listed medical devices company Edwards Lifesciences Corp. also enjoyed strong stock performance. One of Edwards’ core products is a heart valve replacement technology that makes heart surgery less invasive and easier for surgeons to perform. As COVID restrictions were lifted during 2021, there were signs that hospitals could start to free-up capacity for vital operations and cancer treatment.

During the year, we increased our exposure to the Industrials sector to reflect more confidence in global recovery and to also add ‘quality cyclical’ exposure to the Fund.

Several of our long-standing names, including Norwegian plastic recycling and sorting equipment maker Tomra Systems, were strong performers. Tomra develops technology used in consumer plastic recycling schemes, which are being slowly adopted around the world as a key tool to promote a more sustainable re-use of materials. Its sorting equipment plays a key role in ensuring food safety as well. While it is a less known name, the company enjoys strong market share across its divisions.

STONE GLOBAL ESG STRATEGY FUND

MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

Throughout the period, we focused very carefully on adding industrial exposure with a clear sustainability focus. Evoqua Water Technologies Corp. is a US-listed provider of clean and safe water solutions to multiple sectors. Evoqua's equipment is used to ensure that water is properly filtrated in industrial applications for example. The company has strong market share in a fragmented industry and management are extremely focused on sustainability when allocating capital. We believe the focus on improving water infrastructure will likely accelerate in the medium term and Evoqua can play a critical role in this.

Another example of a new sustainable industrial holding is Ranpak Holdings Corp., the only pure-play paper packaging company in the US. It supplies industrial companies as well as ecommerce businesses. Ranpak has an attractive 'razor/razorblade' model. For Ranpak, its 'razors' are packaging dispenser units it sells to businesses that distribute a lot of goods. Ranpak's 'razorblade' is the paper packaging that is fed into the unit. Paper currently accounts for less than 20% of the global wrap packaging market, but it is much more sustainable than other materials, especially plastics. We believe Ranpak should enjoy significant growth from here.

One sector of significant weakness in 2021 was our exposure to the renewable energy space. Several renewable energy companies performed extremely well in 2020. While this, in part, reflected the significant long-term opportunity in the space, there was also a flood of money chasing exposure to names such as Vestas Wind Systems (Danish wind turbine maker), Hannon Armstrong Sustainable Infrastructure Capital Inc. (US sustainable investments) and Ballard Power Systems Inc. (Canadian hydrogen equipment maker).

Perhaps inevitably, this led to some of that performance being given back in 2021. Meanwhile, new sources of capital have entered the renewables space, including some of the incumbent integrated energy companies. In some cases, this has led to less capital discipline when bidding for new contracts (particularly in wind power). We have kept a very close eye on developments and the new reality has driven us to lower our exposure to the industry. While the long-term opportunities in energy transformation should be compelling in terms of scale, we will not sacrifice business quality to get exposure in the wrong way.

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

	Series	
A	F	O
9.9%	10.0%	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 increased by 0.0% or \$0.0 million during the period, from \$6.0 million at December 31, 2020 to \$6.0 million at December 31, 2021. This change in Net Assets is attributed to net sales (redemptions) of (\$0.5) million and \$0.5 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.

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.

On or about May 6, 2022, Stone Global ESG Strategy Fund (the "Merging Trust Fund") will merge with Stone Global Sustainability Fund (the "Continuing Trust Fund"). The Manager believes that the Fund merger is in best interest of the investors. The investment objectives of the Merging Trust Fund and the Continuing Trust Fund are similar as they both invest in a portfolio of securities that meet the ethical and sustainability criteria as set out by the UN Sustainable Development Goals.

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

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

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

		Increase (decrease) from operations ² (All figures in (\$))					Distributions ^{2,3}						
Series	As at	Net assets, beginning of period ²	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	Net assets, end of period ²
	Dec 2021	17.57	0.00	(0.34)	0.19	1.82	1.67	—	—	—	—	—	19.32
	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
A	Dec 2017	17.34	0.48	(0.62)	0.45	0.16	0.47	—	—	—	(1.08)	(1.08)	16.71
	Dec 2021	22.32	0.00	(0.42)	0.25	2.32	2.15	—	—	—	—	—	24.56
	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
F	Dec 2017	20.15	0.57	(0.49)	0.55	0.10	0.73	—	—	—	(1.08)	(1.08)	19.83
	Dec 2021	10.00	—	—	—	—	—	—	—	—	—	—	10.00
	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:

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

STONE GLOBAL ESG 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 2021	3,089	159,876	3.62	3.62	0.04	–	19.32
	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
A	Dec 2017	8,866	530,403	3.46	3.68	0.04	28	16.71
	Dec 2021	2,931	119,346	3.56	3.56	0.04	–	24.56
	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
F	Dec 2017	3,000	151,299	2.36	2.51	0.04	28	19.83
	Dec 2021	–	1	–	–	–	–	10.00
	Dec 2020	–	1	–	–	–	–	10.00
O†	Dec 2019	–	1	–	–	–	–	10.00

†Series opened on August 1, 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), including the pro-rata share of expenses of any underlying Stone Funds, for the stated period and is expressed as an annualized percentage of daily average NAV during the period.
- 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 GLOBAL ESG STRATEGY FUND

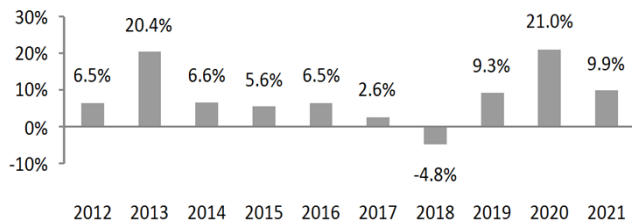
PAST PERFORMANCE

YEAR-BY-YEAR RETURNS

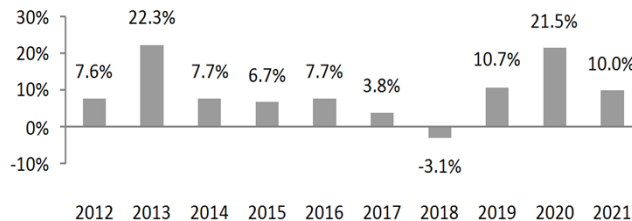
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance.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

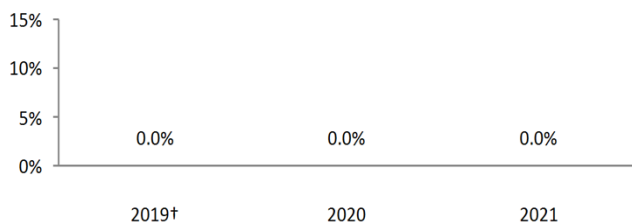
Series A



Series F



Series O



†From inception to December 31 of that year.

STONE GLOBAL ESG STRATEGY FUND

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.

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 YEARS (%)	SINCE INCEPTION (%)	INCEPTION DATE
Series A	9.9	13.3	7.3	8.1	n/a	2006/10/31
New Benchmark	17.3	17.4	13.2	14.9	n/a	2006/10/31
Series F	10.0	13.9	8.3	9.2	n/a	2006/09/07
New Benchmark	17.3	17.4	13.2	14.9	n/a	2006/09/07
Series O	0.0	n/a	n/a	n/a	0.0	2019/08/01
New Benchmark	17.3	n/a	n/a	n/a	n/a	2019/08/01

STONE GLOBAL ESG STRATEGY FUND

SUMMARY OF INVESTMENT PORTFOLIO

AS AT DECEMBER 31, 2021

TOP 25 HOLDINGS	% of Total Net Asset Value	PORTFOLIO COMPOSITION	% of Total Net Asset Value
Name of Security		Sector Allocation†	
Cash & cash equivalents	3.0	Basic Materials	8.4
ASML Holding NV	2.9	Consumer Cyclical	9.3
Linde PLC	2.7	Financials	7.4
Edwards Lifesciences Corp.	2.7	Healthcare	10.0
Tomra Systems ASA	2.7	Industrials	25.8
Legal & General Group PLC	2.7	Technology	31.1
Thermo Fisher Scientific Inc.	2.7	Miscellaneous‡	4.7
Adobe Inc.	2.6	Other net assets (liabilities)	0.3
Visa Inc., Class 'A'	2.6	Cash & cash equivalents	3.0
Nidec Corp.	2.6		
Microsoft Corp.	2.6	Industry Allocation†	
Abbott Laboratories	2.6	Advanced Medical Equipment & Technology	5.4
Evoqua Water Technologies Corp.	2.6	Auto, Truck & Motorcycle Parts	2.5
Trimble Inc.	2.5	Banks	2.4
Aptiv PLC	2.5	Business Support Services	2.2
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	2.5	Commodity Chemicals	2.7
DSV AS	2.5	Construction Supplies & Fixtures	6.8
Trex Co. Inc.	2.5	Courier, Postal, Air Freight & Land-based Logistics	2.5
Adyen NV	2.5	Electrical Components & Equipment	6.3
Jungheinrich AG, Preferred	2.4	Environmental Services & Equipment	5.3
Littelfuse Inc.	2.4	Financial Technology (Fintech)	2.5
Cadence Design Systems Inc.	2.4	Heavy Electrical Equipment	2.4
RELX PLC	2.4	Heavy Machinery & Vehicles	2.4
First Republic Bank	2.4	Industrial Machinery & Equipment	2.3
Mastercard Inc., Class 'A'	2.3	Investment Management & Fund Operators	2.7
	64.3	Life & Health Insurance	2.3
		Medical Equipment, Supplies & Distribution	4.6
		Online Services	9.1
		Paper Packaging	3.9
		Professional Information Services	2.4
		Semiconductor Equipment & Testing	2.9
		Semiconductors	2.5
		Software	12.3
		Miscellaneous‡	8.3
		Other net assets (liabilities)	0.3
		Cash & cash equivalents	3.0

STONE GLOBAL ESG STRATEGY FUND

SUMMARY OF INVESTMENT PORTFOLIO (continued)

AS AT DECEMBER 31, 2021

PORTFOLIO COMPOSITION (cont'd)	% of Total Net Asset Value
Country Allocation†	
Canada	2.8
Denmark	3.4
Finland	1.2
France	2.1
Germany	2.4
Hong Kong	2.3
Ireland	2.7
Japan	2.6
Luxembourg	2.2
Netherlands	6.6
Norway	2.7
Spain	1.2
Sweden	2.3
Switzerland	2.1
Taiwan	2.5
United Kingdom	9.5
United States	48.1
Other net assets (liabilities)	0.3
Cash & cash equivalents	3.0

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

STONE GLOBAL ESG STRATEGY FUND

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.



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

