

## **STONE GROWTH FUND**

### **Interim Management Report of Fund Performance**

June 30, 2022



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 report 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, 1400 - 3280 Bloor Street West, Centre Tower, Toronto, Ontario, M8X 2X3; 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 proxy voting policies and procedures, proxy voting disclosure record, quarterly portfolio disclosure, or the Independent Review Committee's report to securityholders.

# STONE GROWTH FUND

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE

August 23, 2022

### INVESTMENT OBJECTIVES

The investment objective of the Stone Growth Fund (the “Fund”) is to provide investors exposure to North American equity securities seeking long-term capital appreciation.

### INVESTMENT STRATEGIES

The Fund will invest primarily in North American equities. It is anticipated that the Fund will invest approximately 50% of the portfolio in Canadian securities and 50% in US securities with a collar of  $\pm 20\%$ . It will also have the flexibility to increase or decrease geographic exposure from time to time depending on market conditions.

### 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

Annus horribilis. How else can we describe the market action at the halfway mark of the year. The markets were off to a bad start, as the 19.9% drop in the Morningstar US Large Cap index has spread to a global equity selloff. The selling was spread across asset classes and resulted in most markets hitting bear market territory. There was no shortage of bad news from inflation, aggressive interest rate increases, China lockdown policy, supply chain challenges, Russia-Ukraine war and slowing corporate profits. It has truly been an unexpected and tumultuous ride this period for investors.

Most major markets are in bear market territory now, defined as dropping over 20.0% from their highs. We are sort of in no-man’s land as the stock markets have given us a bear market environment without the confirmatory macro data signaling a such recession. Most economists and analysts are preparing for what their universe of stocks would look like in a recessionary environment.

Technology stocks continue to be the hardest hit sector with FANG stocks (the four popular American technology companies: Meta, Amazon, Netflix, and Alphabet/ Google) suffering large losses bringing the heavily-weighted technology Nasdaq index down 29.5% for the six-month period.

Almost every asset class was hit from equities to bonds and cryptocurrencies. Bonds also suffered during the 6-month period with a loss of 11.6% as per the Morningstar Canada Liquid Bond Index. The only thing that rose during this period was the price of commodities. The Commodity Research Bureau Index was up 29.0% led by oil prices surging 40.0% to \$105/b and natural gas up 62.0% to \$6.04/mcf, resulting in North American gasoline prices hitting record prices. The Russia-Ukraine crisis has upended imports from Russia of these critical energy commodities. Supply and demand were already tight ahead of the war, due to the COVID-19-induced supply chain disruptions. The Russian invasion of Ukraine supercharged the rally in commodities as goods coming out of the Black Sea were disrupted.

Base metals have had a wild ride this period. After spiking to \$5/lb in March due to supply concerns, copper prices are now down 15.0% for the period settling at \$3.75/lb as the aggressive central bank rate hikes threaten to slow down global economic growth. Gold prices are down 1.0% so far as investors seek the safety of the US dollar instead of the volatile metal. The US dollar is at a 20-year high vs the Euro.

Canadian markets fared a little better than US markets due to their resource component. The Morningstar Canada index was down 10.1% for the six-month period. The leading sectors in Canada were energy +39.0% and the safety of Consumer Non-Cyclicals (-0.74%) and Utilities (-0.61%). Following the lead of the US, Technology sector was one of the weakest sectors down 39.8% as Canada’s Shopify was down 75.0% for the period. The cannabis-heavy Health Care index was down 49.0% and the heavily weighted Financials sector was down 12.7%.

Such large drops over a half year period are usually a great predictor of an upcoming recession. The issue becomes the magnitude and duration of the decline in economic activity, as the central banks are not done raising interest rates to fight off inflation.

Inflation data continues to garner front page news these days. This has prompted US President Joe Biden to take drastic measures such as releasing oil from the Strategic Petroleum Reserve.

In addition, Biden had meetings with various government officials to try to influence higher oil production. Inflation is also a global phenomenon as higher commodity prices filter into the global supply chain. Eurozone inflation came in at 8.6% annualized rate for June 2022, one of the highest recent readings.

The US 10-year treasury yield surged 151bp this period to finish at 3.0%. Higher inflation and interest rates are starting to take a toll on the consumer and the economy. The drumbeat of signals over a looming recession got louder. Recent economic data has shown that inflation is hot, and the economy is slowing. The latter has raised hopes that the Federal Reserve will eventually ease off on its aggressive interest rate moves. Consumer confidence is weaker given the higher gasoline prices and negative wealth effect from the crumbling bond and stock markets. Consumer confidence has slipped to a 16-month low. The odds of central banks pulling a soft landing are more distant as consecutive 50bp-75bp rate increases could trigger an economic slowdown or a recession (or even worse, stagflation). Higher rates will hit consumer demand. Mortgage rates in the US have climbed to above 5.7% from 3.2% at the start of the year. Such severe moves eat into home buyers’ budgets.

### Performance

The Fund manager maintained a bias toward US markets with a significant overweight in US Technology and Health Care and underweighting Energy, Real Estate and Basic Materials relative to its benchmark, which is composed of 50% of the Morningstar® Canada Index and 50% of the Morningstar® US Large Cap Index.

The Fund’s Energy weighting increased slightly during the period as three names were added to the portfolio as crude oil prices weakened for a brief period after the onset of the war in Ukraine; Imperial Oil Limited in Canada, EOG Resources Inc. and Exxon Mobil Corp. in the US. All three holdings were overwritten using covered calls each month during the holding period and only Imperial Oil was called away during the period. The portfolio remained significantly underweight the sector which resulted in the largest negative contributor to performance. The top performing holding in the Fund was Boralex, a Canadian renewable energy company, up nearly 25.0% during the period. This helped the Fund’s relative return to the Utilities sector despite being nearly equal weight the sector.

# STONE GROWTH FUND

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

The Technology sector performed slightly better than the benchmark, down 21.9% versus down 33.0% as the Fund avoided major drawdowns in some of the benchmark constituents. The best performing holdings in Technology during the period was cloud security provider Palo Alto Networks Inc., which was down only 9.4%.

Long-term secular themes of aging populations and US health care system reforms merit continued exposure to the Health Care sector, including health care providers and prescription drug manufacturers. The Health care weighting in the portfolio decreased slightly over the period as several names were trimmed over the period to raise cash for defensive purposes. The Fund continued to hold no positions in the cannabis sub-sector of Health Care. The sector is generally defensive, and the portfolio holdings worked well with two managed health care holdings, Unitedhealth Group Inc. and Cigna Corp. within the top performers during the period, returning 5.2% and 18.3%, respectively.

Weight in Consumer Non-Cyclicals was relatively unchanged and our positions in the sector underperformed in the period after holdings such as Costco and Jamieson Wellness benefited from the pandemic during the preceding period.

The Fund's Financial sector weight was cut exiting our holdings in US regional banks, while trimming other holdings in Financials KKR & Co. Inc. and Onex Corp. to raise cash and decrease exposure to economically sensitive sectors of the market.

The Fund continues to have a bias toward large-capitalization companies in the US with strong catalysts for growth. The Fund's cash level was increased at the end of the period to 23.6% from 3.5% previously, as previously noted to remain defensive given persistently high volatility and slowing economic growth. In addition to raising cash throughout the period, the Fund added a 0.9% weight in a non-leveraged inverse-ETF on the Nasdaq to hedge the Fund's exposure to the Technology sector. This position ended up being the Fund's second-best performer over the period, up 23.0%.

The Fund underperformed its benchmark over the period, as the benchmark was down 15.0%. This is attributable to negative asset allocation, specifically Energy and Materials, that factored in performance. The Fund is weighted to the US market with 80.0% exposure to the US, inclusive of US cash, which is slightly above last year.

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

| Series  |         |         |         |         |         |         |         |         |         |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| A       | B       | F       | L       | O       | PTF     | R       | T8A     | T8B     | T8C     |
| (17.7)% | (17.9)% | (17.2)% | (17.9)% | (16.4)% | (17.0)% | (17.9)% | (17.7)% | (17.9)% | (17.8)% |

Any differences in performance returns between Series are primarily due to different management, operating and performance fees. Please refer to "Past Performance" for details regarding the performance of the Fund's Series.

The calculation of the Fund's 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 S&P/TSX Composite Index increased 10.1% 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 blended benchmark, which is composed of 50% of the Morningstar® Canada Index and 50% 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 benchmark decreased 15.0% over the same period.

### Change in Net asset value

Net Assets of the Fund decreased by 23.0% or \$8.8 million during the period, from \$38.3 million at December 31, 2021 to \$29.5 million at June 30, 2022. This change in Net Assets is attributed to net sales (redemptions) of (\$2.1) million, cash distributions of \$0.1 million and (\$6.6) million to investment operations, including market appreciation (depreciation), income and expenses.

### RECENT DEVELOPMENTS

Please see "Results of Operations" for market-related developments.

On July 7, 2022, Starlight Investments Capital LP ("Starlight Capital") and Stone Investment Group Limited ("SIG") completed a previously announced plan of arrangement (the "Arrangement") whereby Starlight Capital, through a wholly owned subsidiary, acquired all of the issued and outstanding common shares of SIG. After the Arrangement, SIG became a wholly owned subsidiary of Starlight Capital and as part of the Arrangement, the successor corporation to SIG has changed its name to Starlight Capital Corporation.

In conjunction with the Arrangement, the Fund will have new members in the Independent Review Committee. Merri Jones, Heather-Anne Irwin and Paul Spagnolo replaced Ross MacKinnon, David Crowe and Ronald Riley.

### RELATED PARTY TRANSACTIONS

Stone Asset Management Limited ("SAM") is the manager, portfolio manager and trustee of the Fund. SAM is a wholly owned subsidiary of Starlight Capital Corporation.

In order to obtain foreign growth, the Fund is invested in Series F securities of Stone Global Growth Fund. The Manager ensures there is no duplication of management and performance fees, if the Fund invests in another Fund managed by the Manager.

### 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.

# STONE GROWTH FUND

## MANAGEMENT DISCUSSION OF FUND PERFORMANCE (continued)

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    | F    | L    | O |
|----------------|------|------|------|------|---|
| Annual Fee (%) | 2.00 | 2.50 | 0.95 | 2.50 | - |

| Series (cont'd) | PTF  | R    | T8A  | T8B  | T8C  |
|-----------------|------|------|------|------|------|
| Annual Fee (%)  | 0.68 | 2.50 | 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   | F   | L   | O |
|------------------------------------|-----|-----|-----|-----|---|
| Dealer Compensation (%)            | 50  | 20  | -   | 20  | - |
| Investment and Fund Management (%) | 50  | 80  | 100 | 80  | - |
| Total (%)                          | 100 | 100 | 100 | 100 | - |

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

### Transactions with Related Entities

The Fund may, from time to time, engage in inter-fund trading where the Fund may enter into security trades with other mutual funds managed by SAM or Starlight Capital. These trades, if any, were executed through market intermediaries and under prevailing market terms and conditions and in accordance with SAM's applicable policies and procedures.

### 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 GROWTH 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 information on the following tables is not expected to add across due to the increase (decrease) in net assets from operations being based on average units outstanding during the period and all other numbers being based on actual units outstanding at the relevant point in time.

### THE FUND'S NET ASSETS PER SECURITY<sup>1,4</sup>

| Series      | As at    | Net assets,<br>beginning of<br>period <sup>2</sup> | Increase (decrease) from operations <sup>2</sup> (All figures in \$) |   |   |   |   | Distributions <sup>2,3</sup>                            |           |                  |                      | Net assets,<br>end of period <sup>2</sup> |                                       |
|-------------|----------|--|--|---|---|---|---|---|-----------|------------------|----------------------|---|---------------------------------------|
|             |          |  | Total<br>revenue   | Total<br>expenses<br>(excluding<br>distributions) | Realized<br>gains<br>(losses)<br>for the period | Unrealized<br>gains<br>(losses)<br>for the period | Total increase<br>(decrease)<br>from<br>operations <sup>2</sup> | Net<br>investment<br>income<br>(excluding<br>dividends) | Dividends | Capital<br>gains | Return of<br>capital |   | Total<br>distributions <sup>2,3</sup> |
|             | Jun 2022 | <b>20.99</b>                                       | 0.10   | (0.30)  | 1.87  | (5.36)  | <b>(3.69)</b>   | –   | –         | –                | –                    | –   | <b>17.28</b>                          |
|             | Dec 2021 | <b>17.29</b>                                       | 0.17   | (0.59)  | 0.62  | 3.50  | <b>3.70</b>   | –   | –         | –                | –                    | –   | <b>20.99</b>                          |
|             | Dec 2020 | <b>14.44</b>                                       | 0.14   | (0.55)  | 1.50  | 1.69  | <b>2.78</b>   | –   | –         | –                | –                    | –   | <b>17.29</b>                          |
|             | Dec 2019 | <b>12.38</b>                                       | 0.13   | (0.43)  | 0.97  | 1.30  | <b>1.97</b>   | –   | –         | –                | –                    | –   | <b>14.44</b>                          |
|             | Dec 2018 | <b>11.56</b>                                       | 0.12   | (0.46)  | 1.85  | (0.60)  | <b>0.91</b>   | –   | –         | –                | –                    | –   | <b>12.38</b>                          |
| <b>A</b>    | Dec 2017 | <b>11.14</b>                                       | 0.11   | (0.37)  | 1.04  | (0.40)  | <b>0.38</b>   | –   | –         | –                | –                    | –   | <b>11.56</b>                          |
|             | Jun 2022 | <b>18.76</b>                                       | 0.09   | (0.31)  | 1.69  | (4.81)  | <b>(3.34)</b>   | –   | –         | –                | –                    | –   | <b>15.41</b>                          |
|             | Dec 2021 | <b>15.53</b>                                       | 0.15   | (0.62)  | 0.54  | 3.14  | <b>3.21</b>   | –   | –         | –                | –                    | –   | <b>18.76</b>                          |
|             | Dec 2020 | <b>13.02</b>                                       | 0.13   | (0.55)  | 1.37  | 1.50  | <b>2.45</b>   | –   | –         | –                | –                    | –   | <b>15.53</b>                          |
|             | Dec 2019 | <b>11.22</b>                                       | 0.12   | (0.45)  | 0.63  | 1.52  | <b>1.82</b>   | –   | –         | –                | –                    | –   | <b>13.02</b>                          |
|             | Dec 2018 | <b>10.53</b>                                       | 0.10   | (0.48)  | 1.65  | (0.20)  | <b>1.07</b>   | –   | –         | –                | –                    | –   | <b>11.22</b>                          |
| <b>B‡</b>   | Dec 2017 | <b>10.20</b>                                       | 0.09   | (0.39)  | 0.99  | (0.38)  | <b>0.31</b>   | –   | –         | –                | –                    | –   | <b>10.53</b>                          |
|             | Jun 2022 | <b>26.84</b>                                       | 0.14   | (0.26)  | 2.13  | (6.74)  | <b>(4.73)</b>   | –   | –         | –                | –                    | –   | <b>22.22</b>                          |
|             | Dec 2021 | <b>21.87</b>                                       | 0.22   | (0.49)  | 0.79  | 4.46  | <b>4.98</b>   | –   | –         | –                | –                    | –   | <b>26.84</b>                          |
|             | Dec 2020 | <b>18.08</b>                                       | 0.18   | (0.49)  | 1.80  | 2.41  | <b>3.90</b>   | –   | –         | –                | –                    | –   | <b>21.87</b>                          |
|             | Dec 2019 | <b>15.34</b>                                       | 0.16   | (0.36)  | 1.47  | 1.46  | <b>2.73</b>   | –   | –         | –                | –                    | –   | <b>18.08</b>                          |
|             | Dec 2018 | <b>14.19</b>                                       | 0.15   | (0.41)  | 2.29  | (0.96)  | <b>1.07</b>   | –   | –         | –                | –                    | –   | <b>15.34</b>                          |
| <b>F</b>    | Dec 2017 | <b>13.49</b>                                       | 0.12   | (0.26)  | 1.32  | (0.52)  | <b>0.66</b>   | –   | –         | –                | –                    | –   | <b>14.19</b>                          |
|             | Jun 2022 | <b>27.19</b>                                       | 0.14   | (0.45)  | 2.33  | (6.92)  | <b>(4.90)</b>   | –   | –         | –                | –                    | –   | <b>22.34</b>                          |
|             | Dec 2021 | <b>22.51</b>                                       | 0.22   | (0.89)  | 0.75  | 4.56  | <b>4.64</b>   | –   | –         | –                | –                    | –   | <b>27.19</b>                          |
|             | Dec 2020 | <b>18.88</b>                                       | 0.19   | (0.80)  | 1.95  | 2.23  | <b>3.57</b>   | –   | –         | –                | –                    | –   | <b>22.51</b>                          |
|             | Dec 2019 | <b>16.26</b>                                       | 0.17   | (0.65)  | 0.89  | 2.10  | <b>2.51</b>   | –   | –         | –                | –                    | –   | <b>18.88</b>                          |
|             | Dec 2018 | <b>15.26</b>                                       | 0.16   | (0.70)  | 2.46  | (0.81)  | <b>1.11</b>   | –   | –         | –                | –                    | –   | <b>16.26</b>                          |
| <b>L</b>    | Dec 2017 | <b>14.79</b>                                       | 0.12   | (0.56)  | 1.42  | (0.56)  | <b>0.42</b>   | –   | –         | –                | –                    | –   | <b>15.26</b>                          |
|             | Jun 2022 | <b>11.79</b>                                       | 0.06   | (0.01)  | 0.97  | (2.91)  | <b>(1.89)</b>   | –   | –         | –                | –                    | –   | <b>9.85</b>                           |
|             | Dec 2021 | <b>10.00</b>                                       | 0.07   | (0.01)  | 0.28  | 1.23  | <b>1.57</b>   | –   | –         | –                | –                    | –   | <b>11.79</b>                          |
|             | Dec 2020 | <b>10.00</b>                                       | –  | –   | –   | –   | –   | –   | –         | –                | –                    | –   | <b>10.00</b>                          |
| <b>O*</b>   | Dec 2019 | <b>10.00</b>                                       | –  | –   | –   | –   | –   | –   | –         | –                | –                    | –   | <b>10.00</b>                          |
|             | Jun 2022 | <b>12.04</b>                                       | 0.06   | (0.09)  | 0.95  | (2.90)  | <b>(1.98)</b>   | –   | –         | –                | –                    | –   | <b>9.99</b>                           |
| <b>PTF§</b> | Dec 2021 | <b>10.00</b>                                       | 0.09   | (0.15)  | 0.39  | 1.90  | <b>2.23</b>   | –   | –         | –                | –                    | –   | <b>12.04</b>                          |
|             | Jun 2022 | <b>12.83</b>                                       | 0.06   | (0.22)  | 1.11  | (3.27)  | <b>(2.32)</b>   | –   | –         | –                | –                    | –   | <b>10.53</b>                          |
|             | Dec 2021 | <b>10.63</b>                                       | 0.10   | (0.43)  | 0.36  | 2.14  | <b>2.17</b>   | –   | –         | –                | –                    | –   | <b>12.83</b>                          |
| <b>R**</b>  | Dec 2020 | <b>10.00</b>                                       | 0.02   | (0.08)  | (0.01)  | 0.68  | <b>0.61</b>   | –   | –         | –                | –                    | –   | <b>10.63</b>                          |
|             | Jun 2022 | <b>6.32</b>  | 0.03   | (0.09)  | 0.52  | (1.59)  | <b>(1.13)</b>   | –   | –         | –                | (0.25)               | <b>(0.25)</b>                             | <b>4.97</b>                           |
|             | Dec 2021 | <b>5.61</b>  | 0.05   | (0.18)  | 0.19  | 1.08  | <b>1.14</b>   | –   | –         | –                | (0.45)               | <b>(0.45)</b>                             | <b>6.32</b>                           |
|             | Dec 2020 | <b>5.06</b>  | 0.05   | (0.18)  | 0.52  | 0.51  | <b>0.90</b>   | –   | –         | –                | (0.40)               | <b>(0.40)</b>                             | <b>5.61</b>                           |
|             | Dec 2019 | <b>4.68</b>  | 0.05   | (0.15)  | 0.28  | 0.63  | <b>0.81</b>   | –   | –         | –                | (0.37)               | <b>(0.37)</b>                             | <b>5.06</b>                           |
|             | Dec 2018 | <b>4.70</b>  | 0.05   | (0.18)  | 0.72  | (0.17)  | <b>0.42</b>   | –   | –         | –                | (0.38)               | <b>(0.38)</b>                             | <b>4.68</b>                           |
| <b>T8A</b>  | Dec 2017 | <b>4.92</b>  | 0.04   | (0.15)  | 0.46  | (0.23)  | <b>0.12</b>   | –   | –         | –                | (0.39)               | <b>(0.39)</b>                             | <b>4.70</b>                           |
|             | Jun 2022 | <b>5.88</b>  | 0.03   | (0.09)  | 0.52  | (1.44)  | <b>(0.98)</b>   | –   | –         | –                | (0.24)               | <b>(0.24)</b>                             | <b>4.62</b>                           |
|             | Dec 2021 | <b>5.25</b>  | 0.05   | (0.20)  | 0.17  | 1.01  | <b>1.03</b>   | –   | –         | –                | (0.42)               | <b>(0.42)</b>                             | <b>5.88</b>                           |
|             | Dec 2020 | <b>4.76</b>  | 0.05   | (0.19)  | 0.47  | 0.57  | <b>0.90</b>   | –   | –         | –                | (0.38)               | <b>(0.38)</b>                             | <b>5.25</b>                           |
|             | Dec 2019 | <b>4.42</b>  | 0.04   | (0.17)  | 0.22  | 0.60  | <b>0.69</b>   | –   | –         | –                | (0.35)               | <b>(0.35)</b>                             | <b>4.76</b>                           |
|             | Dec 2018 | <b>4.46</b>  | 0.04   | (0.19)  | 0.69  | (0.17)  | <b>0.37</b>   | –   | –         | –                | (0.36)               | <b>(0.36)</b>                             | <b>4.42</b>                           |
| <b>T8B†</b> | Dec 2017 | <b>4.70</b>  | 0.04   | (0.17)  | 0.44  | (0.20)  | <b>0.11</b>   | –   | –         | –                | (0.38)               | <b>(0.38)</b>                             | <b>4.46</b>                           |
|             | Jun 2022 | <b>5.91</b>  | 0.03   | (0.09)  | 0.51  | (1.48)  | <b>(1.03)</b>   | –   | –         | –                | (0.24)               | <b>(0.24)</b>                             | <b>4.64</b>                           |
|             | Dec 2021 | <b>5.27</b>  | 0.05   | (0.20)  | 0.16  | 1.03  | <b>1.04</b>   | –   | –         | –                | (0.42)               | <b>(0.42)</b>                             | <b>5.91</b>                           |
|             | Dec 2020 | <b>4.77</b>  | 0.05   | (0.19)  | 0.47  | 0.56  | <b>0.89</b>   | –   | –         | –                | (0.38)               | <b>(0.38)</b>                             | <b>5.27</b>                           |
|             | Dec 2019 | <b>4.43</b>  | 0.04   | (0.16)  | 0.29  | 0.54  | <b>0.71</b>   | –   | –         | –                | (0.35)               | <b>(0.35)</b>                             | <b>4.77</b>                           |
|             | Dec 2018 | <b>4.47</b>  | 0.04   | (0.19)  | 0.69  | (0.19)  | <b>0.35</b>   | –   | –         | –                | (0.36)               | <b>(0.36)</b>                             | <b>4.43</b>                           |
| <b>T8C†</b> | Dec 2017 | <b>4.70</b>  | 0.04   | (0.17)  | 0.45  | (0.20)  | <b>0.12</b>   | –   | –         | –                | (0.38)               | <b>(0.38)</b>                             | <b>4.47</b>                           |

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

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

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

\*\*Series opened on July 30, 2020.

§Series opened on March 22, 2021.

# STONE GROWTH FUND

## FINANCIAL HIGHLIGHTS (continued)

### THE FUND'S NET ASSETS PER SECURITY<sup>1 4</sup> (continued)

#### Explanatory Notes:

1. This information is derived from the Fund's unaudited interim financial report and annual audited financial statements.
2. 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.
3. Distributions were paid in cash and/or reinvested in additional securities of the Fund.
4. This schedule is not a reconciliation of NAV since it does not reflect securityholder transactions as shown on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Securities and accordingly columns may not add.

# STONE GROWTH FUND

## 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 (\$) <sup>1</sup> |
|--------|----------|--|---|---|--|--|--|--|
| A      | Jun 2022 | 4,418  | 255,656                                       | 3.11  | 3.13   | 0.09                                   | 8  | 17.28  |
|        | Dec 2021 | 6,681  | 318,275                                       | 3.12  | 3.12   | 0.01                                   | 3  | 20.99  |
|        | Dec 2020 | 5,800  | 335,403                                       | 3.67  | 3.67   | 0.04                                   | 22                                       | 17.29  |
|        | Dec 2019 | 5,733  | 397,104                                       | 3.35  | 3.35   | 0.05                                   | 33                                       | 14.44  |
|        | Dec 2018 | 3,792  | 306,386                                       | 3.75  | 3.77   | 0.08                                   | 19                                       | 12.38  |
|        | Dec 2017 | 3,895  | 337,016                                       | 3.26  | 3.28   | 0.20                                   | 29                                       | 11.56  |
| B‡     | Jun 2022 | 2,117  | 137,400                                       | 3.62  | 3.64   | 0.09                                   | 8  | 15.41  |
|        | Dec 2021 | 3,312  | 176,592                                       | 3.64  | 3.64   | 0.01                                   | 3  | 18.76  |
|        | Dec 2020 | 3,084  | 198,540                                       | 4.02  | 4.03   | 0.04                                   | 22                                       | 15.53  |
|        | Dec 2019 | 3,225  | 247,705                                       | 3.87  | 3.87   | 0.05                                   | 33                                       | 13.02  |
|        | Dec 2018 | 3,433  | 306,015                                       | 4.28  | 4.30   | 0.08                                   | 19                                       | 11.22  |
|        | Dec 2017 | 4,999  | 474,797                                       | 3.81  | 3.83   | 0.20                                   | 29                                       | 10.53  |
| F      | Jun 2022 | 3,915  | 176,186                                       | 2.05  | 2.07   | 0.09                                   | 8  | 22.22  |
|        | Dec 2021 | 3,593  | 133,873                                       | 2.04  | 2.04   | 0.01                                   | 3  | 26.84  |
|        | Dec 2020 | 2,815  | 128,727                                       | 2.61  | 2.61   | 0.04                                   | 22                                       | 21.87  |
|        | Dec 2019 | 2,136  | 118,197                                       | 2.35  | 2.35   | 0.05                                   | 33                                       | 18.08  |
|        | Dec 2018 | 1,550  | 101,052                                       | 2.77  | 2.79   | 0.08                                   | 19                                       | 15.34  |
|        | Dec 2017 | 1,334  | 94,052  | 1.90  | 1.93   | 0.20                                   | 29                                       | 14.19  |
| L      | Jun 2022 | 375  | 16,792  | 3.61  | 3.62   | 0.09                                   | 8  | 22.34  |
|        | Dec 2021 | 492  | 18,084  | 3.62  | 3.62   | 0.01                                   | 3  | 27.19  |
|        | Dec 2020 | 471  | 20,893  | 4.04  | 4.04   | 0.04                                   | 22                                       | 22.51  |
|        | Dec 2019 | 460  | 24,348  | 3.86  | 3.86   | 0.05                                   | 33                                       | 18.88  |
|        | Dec 2018 | 389  | 23,956  | 4.27  | 4.29   | 0.08                                   | 19                                       | 16.26  |
|        | Dec 2017 | 438  | 28,733  | 3.79  | 3.81   | 0.20                                   | 29                                       | 15.26  |
| O*     | Jun 2022 | 35   | 3,572   | –   | –  | 0.09                                   | 8  | 9.85   |
|        | Dec 2021 | 36   | 3,021   | –   | –  | 0.01                                   | 3  | 11.79  |
|        | Dec 2020 | –  | 1   | –   | –  | –                                      | –  | 10.00  |
|        | Dec 2019 | –  | 1   | –   | –  | –                                      | –  | 10.00  |
| PTF§   | Jun 2022 | 452  | 45,203  | 1.50  | 1.51   | 0.09                                   | 8  | 9.99   |
|        | Dec 2021 | 411  | 34,175  | 1.69  | 1.69   | 0.01                                   | 3  | 12.04  |
| R**    | Jun 2022 | 15,980                                       | 1,517,889                                     | 3.73  | 3.75   | 0.09                                   | 8  | 10.53  |
|        | Dec 2021 | 20,925                                       | 1,631,578                                     | 3.74  | 3.74   | 0.01                                   | 3  | 12.83  |
|        | Dec 2020 | 21,730                                       | 2,044,267                                     | 3.70  | 3.70   | 0.04                                   | 22                                       | 10.63  |
| T8A    | Jun 2022 | 1,304  | 262,359                                       | 3.08  | 3.09   | 0.09                                   | 8  | 4.97   |
|        | Dec 2021 | 1,286  | 203,491                                       | 3.08  | 3.08   | 0.01                                   | 3  | 6.32   |
|        | Dec 2020 | 1,257  | 224,015                                       | 3.62  | 3.62   | 0.04                                   | 22                                       | 5.61   |
|        | Dec 2019 | 1,501  | 296,475                                       | 3.30  | 3.30   | 0.05                                   | 33                                       | 5.06   |
|        | Dec 2018 | 1,667  | 356,524                                       | 3.70  | 3.72   | 0.08                                   | 19                                       | 4.68   |
|        | Dec 2017 | 2,041  | 434,132                                       | 3.21  | 3.24   | 0.20                                   | 29                                       | 4.70   |
| T8B†   | Jun 2022 | 596  | 129,155                                       | 3.57  | 3.59   | 0.09                                   | 8  | 4.62   |
|        | Dec 2021 | 1,168  | 198,506                                       | 3.60  | 3.60   | 0.01                                   | 3  | 5.88   |
|        | Dec 2020 | 1,564  | 297,702                                       | 3.99  | 3.99   | 0.04                                   | 22                                       | 5.25   |
|        | Dec 2019 | 1,617  | 339,794                                       | 3.78  | 3.78   | 0.05                                   | 33                                       | 4.76   |
|        | Dec 2018 | 1,821  | 411,904                                       | 4.18  | 4.20   | 0.08                                   | 19                                       | 4.42   |
|        | Dec 2017 | 2,137  | 478,642                                       | 3.75  | 3.78   | 0.20                                   | 29                                       | 4.46   |
| T8C†   | Jun 2022 | 259  | 55,899  | 3.54  | 3.55   | 0.09                                   | 8  | 4.64   |
|        | Dec 2021 | 350  | 59,228  | 3.54  | 3.54   | 0.01                                   | 3  | 5.91   |
|        | Dec 2020 | 460  | 87,256  | 3.94  | 3.94   | 0.04                                   | 22                                       | 5.27   |
|        | Dec 2019 | 409  | 85,653  | 3.72  | 3.72   | 0.05                                   | 33                                       | 4.77   |
|        | Dec 2018 | 405  | 91,343  | 4.12  | 4.14   | 0.08                                   | 19                                       | 4.43   |
|        | Dec 2017 | 458  | 102,435                                       | 3.66  | 3.69   | 0.20                                   | 29                                       | 4.47   |

†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 July 30, 2020.

§Series opened on March 22, 2021.

# STONE GROWTH FUND

## FINANCIAL HIGHLIGHTS (continued)

### RATIOS AND SUPPLEMENTAL DATA (continued)

#### 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), 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. Performance fees (if applicable) are also included in the MER and are calculated in accordance with the Fund's Simplified Prospectus and accordingly are not annualized for those periods that are less than 12 months.  
  
The MER excluding performance fees for the period ending December 31, 2020 was 3.35% - Series A, 3.85% - Series B, 2.29% - Series F, 3.86% - Series L, 3.30% - Series T8A, 3.80% - Series T8B and 3.73% - Series T8C. The MER excluding performance fees for the period ending December 31, 2018 was 3.42% - Series A, 3.94% - Series B, 2.43% - Series F, 3.94% - Series L, 3.37% - Series T8A, 3.85% - Series T8B, 3.80% - Series T8C. The MER excluding performance fees for the period ending December 31, 2021 was 1.55% - Series PTF.
3. The trading expense ratio represents total commissions and other portfolio transaction costs, of the Fund and the pro-rata share of any underlying Stone Funds 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 GROWTH FUND

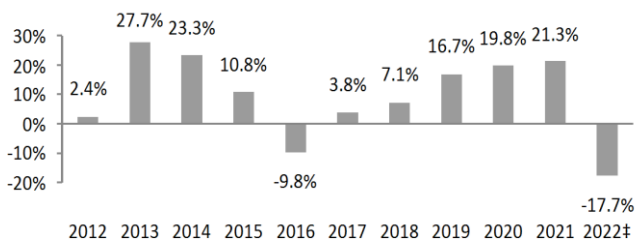
## PAST PERFORMANCE

### YEAR-BY-YEAR RETURNS

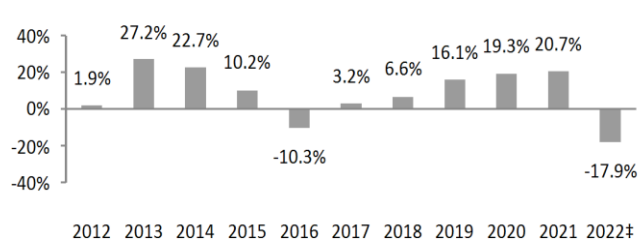
The performance information presented herein assumes all dividends of the Fund during the periods presented were reinvested in additional securities of the Fund. The performance information does not take into account sales, redemption, or other charges that would have reduced returns or performance. Past performance of the Fund is not necessarily indicative of how it will perform in the future. Returns for each series may differ primarily due to differences in management fees and operational expenses allocated to each series.

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.

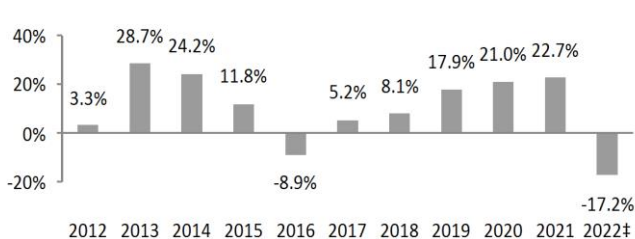
**Series A**



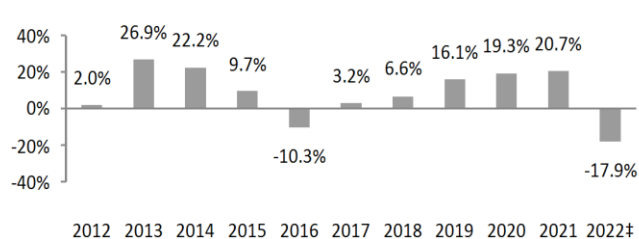
**Series B**



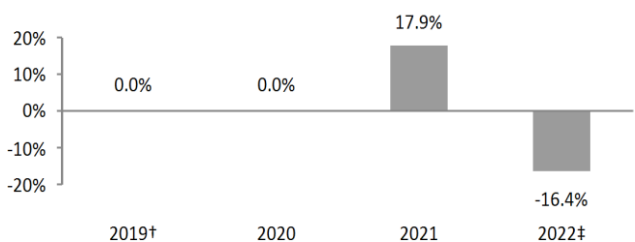
**Series F**



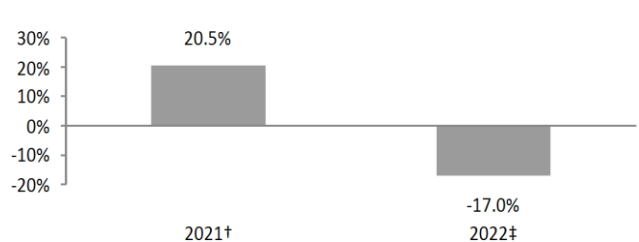
**Series L**



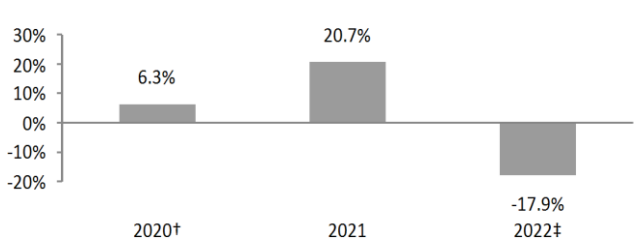
**Series O**



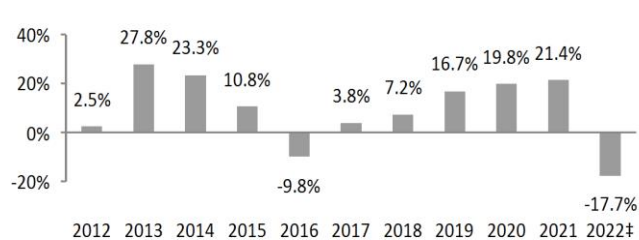
**Series PTF**



**Series R**



**Series T8A**

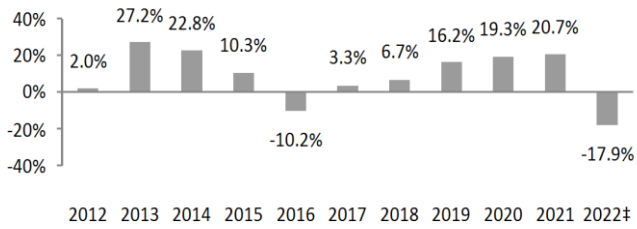


# STONE GROWTH FUND

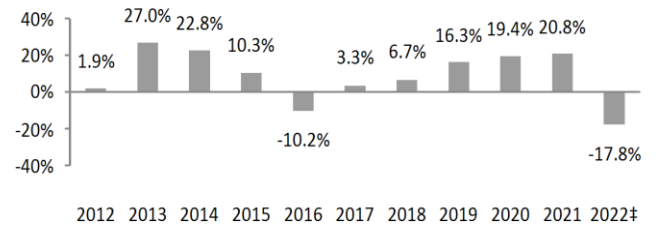
## PAST PERFORMANCE (continued)

### YEAR-BY-YEAR RETURNS

Series T8B



Series T8C



†From inception to December 31 of that year.

‡For the six-month period ended June 30, 2022.

# STONE GROWTH FUND

## SUMMARY OF INVESTMENT PORTFOLIO

AS AT JUNE 30, 2022

| TOP 25 HOLDINGS                      | % of Total Net<br>Asset Value | PORTFOLIO COMPOSITION                      | % of Total Net<br>Asset Value |
|--------------------------------------|-------------------------------|--|-------------------------------|
| <b>Name of Security</b>              |                               | <b>Sector Allocation†</b>                  |                               |
| Cash & cash equivalents              | 23.6                          | Consumer Cyclicals                         | 6.4                           |
| Stone Global Growth Fund, Series 'F' | 3.4                           | Financials                                 | 6.3                           |
| UnitedHealth Group Inc.              | 3.3                           | Healthcare                                 | 17.2                          |
| Cigna Corp.                          | 2.8                           | Industrials                                | 6.9                           |
| ATS Automation Tooling Systems Inc.  | 2.3                           | Technology                                 | 28.5                          |
| STERIS PLC                           | 2.2                           | Miscellaneous‡                             | 11.6                          |
| AES Corp.                            | 2.2                           | Other net assets (liabilities)             | (0.5)                         |
| Costco Wholesale Corp.               | 2.2                           | Cash & cash equivalents                    | 23.6                          |
| TJX Cos. Inc.                        | 2.1                           |  | <b>100.0</b>                  |
| Motorola Solutions Inc.              | 2.1                           |  |                               |
| Visa Inc., Class 'A'                 | 2.1                           | <b>Industry Allocation†</b>                |                               |
| Broadcom Inc.                        | 2.0                           | Advanced Medical Equipment & Technology    | 3.4                           |
| Alphabet Inc., Class 'C'             | 2.0                           | Discount Stores                            | 4.4                           |
| Allkem Ltd.                          | 2.0                           | Electric Utilities                         | 4.2                           |
| Accenture PLC, Class 'A'             | 2.0                           | Electronic Equipment & Parts               | 3.8                           |
| HCA Healthcare Inc.                  | 2.0                           | Investment Management & Fund Operators     | 6.0                           |
| Aecon Group Inc.                     | 2.0                           | IT Services & Consulting                   | 3.7                           |
| Boralex Inc., Class 'A'              | 2.0                           | Managed Healthcare                         | 6.1                           |
| Jamieson Wellness Inc.               | 2.0                           | Medical Equipment, Supplies & Distribution | 4.2                           |
| Onex Corp.                           | 2.0                           | Online Services                            | 8.2                           |
| KKR & Co. Inc.                       | 2.0                           | Software                                   | 5.7                           |
| Hubbell Inc.                         | 1.9                           | Miscellaneous‡                             | 27.2                          |
| Mastercard Inc., Class 'A'           | 1.9                           | Other net assets (liabilities)             | (0.5)                         |
| Sensata Technologies Holding PLC     | 1.9                           | Cash & cash equivalents                    | 23.6                          |
| Intuitive Surgical Inc.              | 1.9                           |  | <b>100.0</b>                  |
|                                      | <b>75.9</b>                   |  |                               |

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). The simplified prospectus, fund facts document and other information about the Fund's investments in other investment funds (if any) are available at [www.sedar.com](http://www.sedar.com) or at [www.stoneco.com](http://www.stoneco.com).

Prospectus and other information about the underlying Funds are available on the internet at [www.sedar.com](http://www.sedar.com).

†Note: The Manager has done a look-through on Sector and Industry allocations for the Stone Fund that is held in the portfolio as an Underlying Investment Fund.

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

# STONE GROWTH FUND

## Interim Management Report of Fund Performance

June 30, 2022

### 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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