

# Empire Life Monthly Income Mutual Fund

Annual Management Report of Fund Performance

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## Management Discussion of Fund Performance

### Investment objectives and strategies

Empire Life Monthly Income Mutual Fund (the "Fund") seeks to provide a consistent level of income. The Fund invests primarily in debt and income-generating Canadian equity securities through a value-oriented approach to security selection.

### Risk

For the twelve-month period ending December 31, 2021 (the "Period"), the overall level of risk of investing in the Fund remained the same. The Fund remains suitable for the investor who seeks long-term growth and income, has a low to medium tolerance for risk and wishes to diversify their portfolio through fixed income and equity securities to potentially reduce volatility.

### Results of operations

For the Period, Series A of the Fund returned 13.2%, net of fees. The net returns of other series of this Fund are provided under the section titled "Past Performance." The series have different returns due to the expenses charged to each series. The S&P/TSX Composite Total Return Index, broadly representative of the Canadian equity market, returned 25.1% for the same Period. The Fund's mandate is to invest in a diversified target asset mix of equity securities (55%) and fixed-income securities and cash (45%). Fund returns are reported net of all management fees and expenses unlike the performance of an index that does not pay fees or incur expenses.

The Fund's blended benchmark returned 13.5% for the Period. The blended benchmark is composed of 55% S&P/TSX 60 Index and 45% FTSE Canada Universe Bond Index. In the portfolio manager's view, this blended benchmark provides a more useful comparison to the performance of the Fund because it reflects the asset classes and market sectors in which the Fund invests.

The Fund underperformed its benchmark for the Period. The Fund's cash weighting detracted from performance during a period of rising equity markets. The Fund's exposure to fixed income also detracted from performance, as bonds significantly underperformed equities in Canada. Security selection in the Information Technology, Health Care, Utilities and Financials sectors detracted from the Fund's performance, as did lower-than-benchmark weightings in the Financials and Energy sectors and higher-than-benchmark exposure to the Industrials and Consumer Discretionary sectors.

Allocations to U.S. equities contributed positively to the Fund's relative performance, with support from security selection in the Industrials, Consumer Discretionary, Consumer Staples and Communication Services sectors, as well as allocations to the Health Care and Materials sectors.

During the Period, the global economy continued to recover from the effects of the COVID-19 pandemic. High vaccination rates improved confidence, and accommodative financial conditions supported economic activities. In the portfolio manager's view, investor sentiment and market risk appetite remained elevated. Global equity markets steadily climbed to multiple records, led by strong earnings, encouraging forward guidance and progress in the economic reopening. Equities posted a third consecutive year of strong gains, while yields on ten-year government bonds remained stuck in a narrow range below 1.8%, even as shorter-term yields climbed in both U.S. and Canada. The Fund's fixed income allocation underperformed equity holdings, detracting from overall performance.

Oil prices had a strong run during the Period after COVID-19 restrictions were eased around the world and consumers returned to the roads. A recovery in demand drove down crude inventories to a multiple-year low. Low supply from U.S. shale producers and OPEC+ (Organization of the Petroleum Exporting Countries and Russia) also helped elevate prices. The Energy sector posted one of the biggest percentage gains on record, benefiting the energy-related stocks in the Fund's portfolio.

In the portfolio manager's view, inflation rose in response to large fiscal stimulus packages offered by governments and central banks, as well as a recovery in demand. This, in turn, resulted in tighter credit spreads and rising interest rates. A rise in bond yields bolstered the performance of banks and life insurance companies. The Fund benefited from exposure to these companies.

The mismatch between supply and demand widened, with supply bottlenecks and a rise in energy and food prices further driving the recognition that inflation was potentially more long-term than previously expected. U.S. consumer prices rose at the fastest pace in nearly 40 years at the end of the period, driving government bond yields up from their pandemic lows. Rapid progress in the labour markets and hawkish signals from both the Federal Reserve and the Bank of Canada suggested multiple interest rate hikes in 2022. The Fund's short-dated high-yield fixed income holdings benefited, outperforming the broad fixed income benchmark, which consists primarily of bonds issued by government and corporations with an investment-grade credit rating.

At the end of the Period, the Fund's asset mix consisted of 48.2% Canadian equities, 33.5% bonds, 9.1% U.S. equities, 0.7% international equities and 8.5% cash and equivalents and short-term investments.

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### Recent developments

Looking ahead, the portfolio manager has a positive outlook for the Fund, particularly as economies in developed markets open up following pandemic lockdowns, global vaccinations increase, and as new treatments come to market to fight COVID-19.

In response to rising inflation, central banks around the world are pivoting from accommodative monetary policy to tighter monetary policies, resulting in a global tightening of financial conditions. The portfolio manager expects that interest rates are likely to continue their trajectory higher, but there are a number of unknown variables that could affect the path of rates. The persistence of inflation, the effect of the Omicron and other potential variants on global growth and the effect of rising interest rates on economies could all drag the growth outlook lower. Given the interest rate outlook, the portfolio manager expects high-growth, high-valuation stocks to face more headwinds, and the fixed income market to experience some increased volatility. The portfolio's tilt towards value oriented equities may disproportionately benefit when such a shift takes shape.

The duration (meaning sensitivity to changes in interest rates) of the Fund's fixed income portfolio remains shorter than that of the broad market index. The portfolio manager has a cautiously optimistic outlook for credit, in which the Fund maintains an overweight position in corporate bonds as the portfolio manager believes corporate balance sheets are still in good shape, and corporate credit spreads are likely to move tighter. The Fund continues to maintain a small exposure to high-yield fixed income, as the sector is supported by positive corporate fundamentals and investors' demand for yield in the near to medium term.

The portfolio manager expects robust global economic growth to remain above historical levels over the next year or two. The portfolio manager expects that the ongoing economic recovery is likely to be a tailwind for equities generally, but in particular for Canadian equities that are skewed to economically geared sectors such as Energy, Financials and Materials. Valuations are relatively attractive for Canadian equities compared with the ten-year average. As a result of this positive view, the Fund's equity allocation skews to Canadian value sectors, including Financials, Energy, Real Estate and Communication Services.

Potential risks, in the portfolio manager's view, include the Federal Reserve's reaction to high inflation levels, especially should it raise interest rates too quickly. Additionally, the potential emergence of more transmissible and deadly COVID-19 variants may lead to further economic lockdowns, which may stall the recovery momentum and the Fund's performance.

At the time of writing, events regarding the Russia / Ukraine conflict and ensuing sanctions continue to rapidly evolve. Real-time news updates may cause markets to vacillate between fear and relief and will likely result in continued volatility in equity and credit markets, and potentially Fund performance.

Effective February 1, 2022, the deferred sales charge option and low load options are no longer available for new purchases. Effective on or about May 1, 2022, investors who hold Series A, T6 or T8 units through a discount broker will have their series redesignated as Series F units because trailing commissions are not paid in respect of Series F units, and, in accordance with upcoming regulatory changes, trailing commissions to discount brokers will no longer be paid.

### Related party transactions

Empire Life Investments Inc. (the "Manager") is the manager, trustee and portfolio manager of the Fund. The Manager is a wholly-owned subsidiary of The Empire Life Insurance Company.

The Manager provides or arranges for the provision of all the management and administrative services for the day-to-day operations of the Fund, including providing or arranging the provision of investment advice, record keeping and other administrative services, some of which are provided by an affiliate of the Manager. In consideration of the management and administrative services, the Fund pays the Manager a monthly management fee calculated as a percentage of daily net asset value of each series of the Fund, other than in the case of Series I, where fees are paid directly by the investor to the Manager. The rates for each series are disclosed under "Management fees".

During the Period, the Manager absorbed \$155,840 of total expenses otherwise payable by the Fund, as compared to \$148,990 for the year ended December 31, 2020. The amount of expenses waived or absorbed is determined annually on a series by series basis at the discretion of the Manager and the Manager can terminate the waiver or absorption at any time.

### Series description

The Fund offers the following series: A, T6, T8, F and I. Series A, T6 and T8 units are available to all investors other than, effective May 1, 2022, investors who invest through discount brokers. Series T6 and T8 are designed for investors seeking regular monthly cash flows from the Fund. Series F units are available to investors who have a fee-based account with their dealer and whose dealer has signed an agreement with the Manager. In addition, Series F units may be available to other groups where the Manager does not pay commissions to the dealers, including discount brokers. Management fees are payable by the Funds on all series except Series I. Series I units are available to institutional and high-net-worth investors who meet a minimum investment threshold and who have entered into a Series I Agreement with the Manager. The management fee for Series I units is

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negotiated between the Manager and the investor and is payable directly to the Manager by the investor. Effective on or about May 1, 2022, investors who hold Series A, T6 or T8 units through a discount broker will have their series redesignated as Series F units. The redesignation of series may begin as early as March 2022.

### Financial highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the Period and each of the other periods as shown below. This information is derived from the Fund's audited annual financial statements for the periods shown.

#### The Fund's net assets per unit<sup>(1)</sup>

Series A Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Net Assets, beginning of period</b>	\$ 9.35	\$ 9.54	\$ 9.01	\$ 10.09	\$ 10.14
<b>Increase (decrease) from operations:</b>					
Total revenue	0.25	0.26	0.27	0.28	0.28
Total expenses (excluding distributions)	(0.21)	(0.20)	(0.20)	(0.21)	(0.22)
Realized gains (losses)	0.59	(0.13)	0.03	0.14	0.28
Unrealized gains (losses)	0.60	0.27	0.91	(0.77)	0.12
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.23</b>	<b>\$ 0.20</b>	<b>\$ 1.01</b>	<b>\$ (0.56)</b>	<b>\$ 0.46</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.15)	(0.09)	(0.10)	(0.17)	(0.08)
From dividends	(0.28)	(0.12)	(0.11)	(0.24)	(0.28)
From capital gains	(0.06)	–	–	–	–
Return of capital	(0.04)	(0.27)	(0.25)	(0.10)	(0.15)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.53)</b>	<b>\$ (0.48)</b>	<b>\$ (0.46)</b>	<b>\$ (0.51)</b>	<b>\$ (0.51)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 10.03</b>	<b>\$ 9.35</b>	<b>\$ 9.54</b>	<b>\$ 9.01</b>	<b>\$ 10.09</b>

Series T6 Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Net Assets, beginning of period</b>	\$ 8.27	\$ 8.53	\$ 8.13	\$ 9.20	\$ 9.35
<b>Increase (decrease) from operations:</b>					
Total revenue	0.22	0.23	0.24	0.26	0.26
Total expenses (excluding distributions)	(0.18)	(0.17)	(0.18)	(0.19)	(0.20)
Realized gains (losses)	0.51	(0.11)	0.03	0.12	0.27
Unrealized gains (losses)	0.52	0.28	0.81	(0.71)	0.06
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.07</b>	<b>\$ 0.23</b>	<b>\$ 0.90</b>	<b>\$ (0.52)</b>	<b>\$ 0.39</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	–	–	–	–	–
From dividends	–	–	–	–	–
From capital gains	(0.06)	–	–	–	–
Return of capital	(0.50)	(0.51)	(0.49)	(0.55)	(0.56)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.56)</b>	<b>\$ (0.51)</b>	<b>\$ (0.49)</b>	<b>\$ (0.55)</b>	<b>\$ (0.56)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 8.78</b>	<b>\$ 8.27</b>	<b>\$ 8.53</b>	<b>\$ 8.13</b>	<b>\$ 9.20</b>

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Series T8 Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Net Assets, beginning of period</b>	\$ 6.79	\$ 7.16	\$ 6.96	\$ 8.06	\$ 8.36
<b>Increase (decrease) from operations:</b>					
Total revenue	0.18	0.19	0.20	0.22	0.23
Total expenses (excluding distributions)	(0.15)	(0.15)	(0.16)	(0.17)	(0.18)
Realized gains (losses)	0.41	(0.11)	0.03	0.10	0.24
Unrealized gains (losses)	0.43	0.20	0.68	(0.59)	0.07
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.87</b>	<b>\$ 0.13</b>	<b>\$ 0.75</b>	<b>\$ (0.44)</b>	<b>\$ 0.36</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	—	—	—	—	—
From dividends	—	—	—	—	—
From capital gains	(0.04)	—	—	—	—
Return of capital	(0.54)	(0.57)	(0.56)	(0.64)	(0.67)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.58)</b>	<b>\$ (0.57)</b>	<b>\$ (0.56)</b>	<b>\$ (0.64)</b>	<b>\$ (0.67)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 7.06</b>	<b>\$ 6.79</b>	<b>\$ 7.16</b>	<b>\$ 6.96</b>	<b>\$ 8.06</b>

Series F Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Net Assets, beginning of period</b>	\$ 10.16	\$ 10.26	\$ 9.58	\$ 10.62	\$ 10.57
<b>Increase (decrease) from operations:</b>					
Total revenue	0.27	0.28	0.29	0.30	0.29
Total expenses (excluding distributions)	(0.12)	(0.11)	(0.11)	(0.12)	(0.12)
Realized gains (losses)	0.62	(0.14)	0.03	0.19	0.30
Unrealized gains (losses)	0.68	0.33	1.04	(0.76)	0.16
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.45</b>	<b>\$ 0.36</b>	<b>\$ 1.25</b>	<b>\$ (0.39)</b>	<b>\$ 0.63</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.16)	(0.09)	(0.11)	(0.18)	(0.08)
From dividends	(0.30)	(0.13)	(0.11)	(0.26)	(0.29)
From capital gains	(0.07)	—	—	—	—
Return of capital	(0.05)	(0.29)	(0.26)	(0.09)	(0.16)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.58)</b>	<b>\$ (0.51)</b>	<b>\$ (0.48)</b>	<b>\$ (0.53)</b>	<b>\$ (0.53)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 11.01</b>	<b>\$ 10.16</b>	<b>\$ 10.26</b>	<b>\$ 9.58</b>	<b>\$ 10.62</b>

Series I Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Net Assets, beginning of period</b>	\$ 11.44	\$ 11.43	\$ 10.56	\$ 11.57	\$ 11.38
<b>Increase (decrease) from operations:</b>					
Total revenue	0.31	0.31	0.32	0.33	0.32
Total expenses (excluding distributions)	(0.02)	(0.02)	(0.01)	(0.02)	(0.02)
Realized gains (losses)	0.68	(0.12)	0.04	0.16	0.32
Unrealized gains (losses)	0.78	0.42	0.99	(0.94)	0.24
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.75</b>	<b>\$ 0.59</b>	<b>\$ 1.34</b>	<b>\$ (0.47)</b>	<b>\$ 0.86</b>
<b>Distributions:</b>					
From net investment income (excluding dividends)	(0.18)	(0.11)	(0.12)	(0.19)	(0.09)
From dividends	(0.34)	(0.15)	(0.12)	(0.28)	(0.31)
From capital gains	(0.08)	—	—	—	—
Return of capital	(0.05)	(0.32)	(0.29)	(0.11)	(0.18)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.65)</b>	<b>\$ (0.58)</b>	<b>\$ (0.53)</b>	<b>\$ (0.58)</b>	<b>\$ (0.58)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 12.54</b>	<b>\$ 11.44</b>	<b>\$ 11.43</b>	<b>\$ 10.56</b>	<b>\$ 11.57</b>

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### Ratios and supplemental data

Series A Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Total Net Asset Value<sup>(5)</sup></b>	\$ 4,936,469	\$ 5,948,828	\$ 7,719,293	\$ 8,418,427	\$ 10,100,541
<b>Number of units outstanding</b>	492,105	636,028	808,837	934,474	1,001,131
Management expense ratio <sup>(6)</sup>	2.09%	2.10%	2.09%	2.10%	2.11%
Management expense ratio before waivers or absorptions	2.98%	2.74%	2.68%	2.78%	2.54%
Trading expense ratio <sup>(7)</sup>	0.11%	0.10%	0.08%	0.11%	0.13%
Portfolio turnover rate <sup>(8)</sup>	57.17%	55.42%	57.26%	65.79%	91.30%
<b>Net Asset Value per unit</b>	<b>\$ 10.03</b>	<b>\$ 9.35</b>	<b>\$ 9.54</b>	<b>\$ 9.01</b>	<b>\$ 10.09</b>

Series T6 Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Total Net Asset Value<sup>(5)</sup></b>	\$ 669,126	\$ 811,431	\$ 910,259	\$ 1,070,305	\$ 1,309,964
<b>Number of units outstanding</b>	76,208	98,146	106,735	131,649	142,335
Management expense ratio <sup>(6)</sup>	2.09%	2.10%	2.10%	2.10%	2.11%
Management expense ratio before waivers or absorptions	5.72%	5.15%	4.46%	4.52%	3.77%
Trading expense ratio <sup>(7)</sup>	0.11%	0.10%	0.08%	0.11%	0.13%
Portfolio turnover rate <sup>(8)</sup>	57.17%	55.42%	57.26%	65.79%	91.30%
<b>Net Asset Value per unit</b>	<b>\$ 8.78</b>	<b>\$ 8.27</b>	<b>\$ 8.53</b>	<b>\$ 8.13</b>	<b>\$ 9.20</b>

Series T8 Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Total Net Asset Value<sup>(5)</sup></b>	\$ 72,210	\$ 69,924	\$ 133,716	\$ 118,728	\$ 189,530
<b>Number of units outstanding</b>	10,225	10,304	18,679	17,055	23,529
Management expense ratio <sup>(6)</sup>	2.10%	2.10%	2.10%	2.10%	2.11%
Management expense ratio before waivers or absorptions	36.09%	23.48%	21.08%	18.86%	15.04%
Trading expense ratio <sup>(7)</sup>	0.11%	0.10%	0.08%	0.11%	0.13%
Portfolio turnover rate <sup>(8)</sup>	57.17%	55.42%	57.26%	65.79%	91.30%
<b>Net Asset Value per unit</b>	<b>\$ 7.06</b>	<b>\$ 6.79</b>	<b>\$ 7.16</b>	<b>\$ 6.96</b>	<b>\$ 8.06</b>

Series F Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Total Net Asset Value<sup>(5)</sup></b>	\$ 993,616	\$ 922,631	\$ 1,078,096	\$ 1,403,909	\$ 2,929,240
<b>Number of units outstanding</b>	90,271	90,829	105,098	146,483	275,735
Management expense ratio <sup>(6)</sup>	1.10%	1.10%	1.09%	1.10%	1.11%
Management expense ratio before waivers or absorptions	3.62%	3.47%	3.89%	2.02%	1.93%
Trading expense ratio <sup>(7)</sup>	0.11%	0.10%	0.08%	0.11%	0.13%
Portfolio turnover rate <sup>(8)</sup>	57.17%	55.42%	57.26%	65.79%	91.30%
<b>Net Asset Value per unit</b>	<b>\$ 11.01</b>	<b>\$ 10.16</b>	<b>\$ 10.26</b>	<b>\$ 9.58</b>	<b>\$ 10.62</b>

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Series I Units	For the year ended December 31, 2021	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017
<b>Total Net Asset Value<sup>(5)</sup></b>	\$ 36,383,995	\$ 25,654,344	\$ 22,813,702	\$ 16,097,165	\$ 14,517,028
<b>Number of units outstanding</b>	2,901,971	2,242,305	1,996,757	1,524,948	1,255,069
Management expense ratio <sup>(6)</sup>	–	–	–	–	–
Management expense ratio before waivers or absorptions	0.11%	0.15%	0.17%	0.21%	0.32%
Trading expense ratio <sup>(7)</sup>	0.11%	0.10%	0.08%	0.11%	0.13%
Portfolio turnover rate <sup>(8)</sup>	57.17%	55.42%	57.26%	65.79%	91.30%
<b>Net Asset Value per unit</b>	<b>\$ 12.54</b>	<b>\$ 11.44</b>	<b>\$ 11.43</b>	<b>\$ 10.56</b>	<b>\$ 11.57</b>

(1) This information is derived from the Fund's audited annual financial statements.

(2) Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase/decrease from operations is based on the weighted average number of units outstanding over the financial period.

(3) Distributions were paid in cash or reinvested in additional units of the Fund, or both.

(4) This is not a reconciliation of the beginning and ending net assets per unit.

(5) This information is provided as of December 31 of the year shown.

(6) Management expense ratio (MER) 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 net asset value during the period.

(7) 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.

(8) 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 period. The higher a fund's portfolio turnover rate in a period, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the period. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

### Management fees

The management fee for Series A, T6, T8 and F units is an annualized rate calculated as a percentage of net assets of the applicable series of the Fund and accrued daily and paid monthly to the Manager. The management fee for Series I units is negotiated between the Manager and the investor and paid directly by the investor, not by the Fund.

The Fund's management fees are used by the Manager to pay for the costs of the overall business and affairs of the Fund including activities related to making units of the Fund available to investors, providing or arranging for the provision of investment advisory services and/or marketing services to the Fund. Management fees are also used to pay trailing commissions in connection with Series A, Series T6 and Series T8 to registered dealers.

	As a percentage of management fees		
	Management fee rates	Dealer compensation	General administration, investment advice and profit
Series A	1.80%	48.76%	51.24%
Series T6	1.80%	47.60%	52.40%
Series T8	1.80%	32.98%	67.02%
Series F	0.80%	0.00%	100.00%

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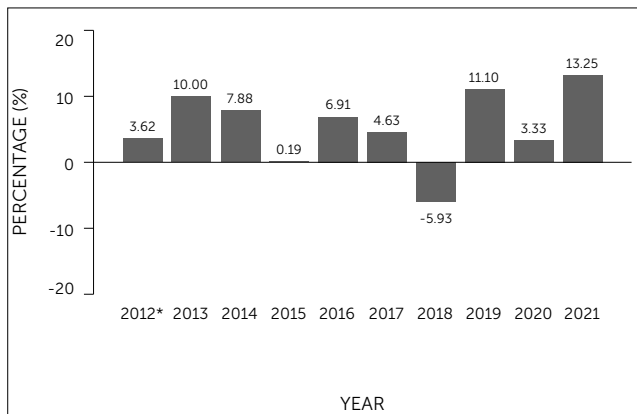
### Past performance

The indicated rates of return assume reinvestment of all distributions in units of the Fund. They do not take into account sales, redemption, distribution or optional sales charges that would have reduced returns or performance. The past performance of the Fund is not necessarily an indication of how it will perform in the future.

### Year-by-year returns

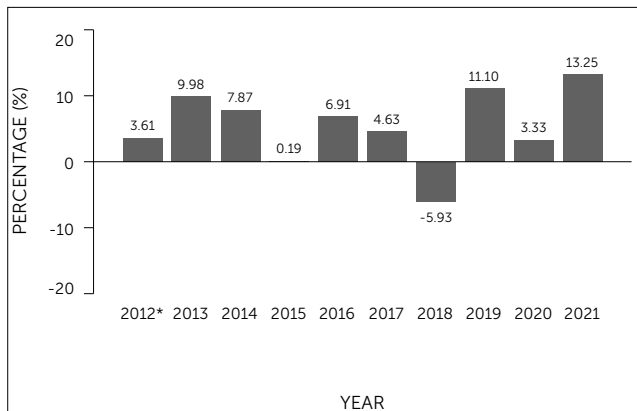
The following bar charts show the annual performance for each series of the Fund and illustrate how each series' performance has varied from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased by the end of the period. For the first year of a series, the percentage shown is the actual return of the series from its commencement of operations.

**Series A**



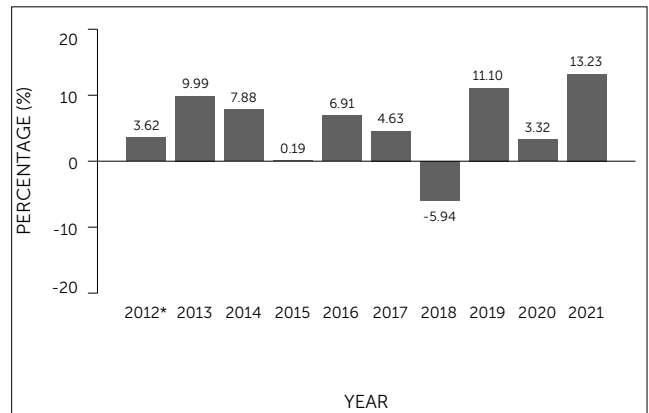
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series T6**



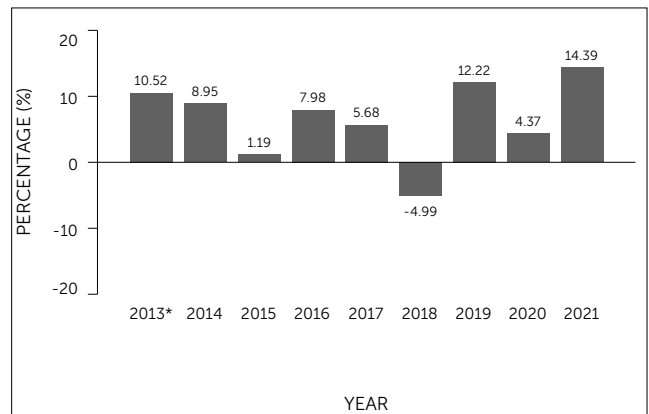
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series T8**



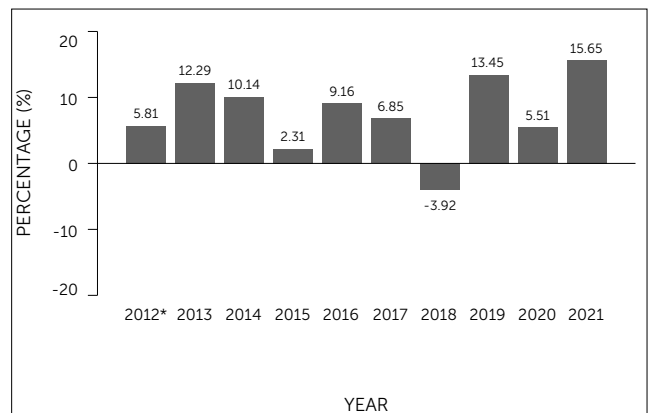
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series F**



\*From January 15, 2013 to December 31, 2013 (not annualized)

**Series I**



\*From January 9, 2012 to December 31, 2012 (not annualized)

# Empire Life Monthly Income Mutual Fund

## Annual Management Report of Fund Performance

### Annual compound returns

This table shows the Fund's historical annual compound returns for each series of the Fund for the periods indicated compared to a broad based index and a blended index, as described below.

	1 Year	3 Years	5 Years	Since Inception*	Inception Date
Series A units <sup>1</sup>	13.2%	9.1%	5.1%	5.4%	January 9, 2012
Series I units <sup>1</sup>	15.6%	11.5%	7.3%	7.6%	January 9, 2012
Series T6 units <sup>1</sup>	13.3%	9.1%	5.1%	5.4%	January 9, 2012
Series T8 units <sup>1</sup>	13.2%	9.1%	5.0%	5.4%	January 9, 2012
Series F units <sup>1</sup>	14.4%	10.2%	6.1%	6.6%	January 15, 2013
S&P/TSX Composite TR Index <sup>2</sup>	25.1%	17.5%	10.0%	9.1%	(10 year return)
Blended Benchmark <sup>3</sup>	13.5%	12.0%	7.6%	7.0%	(10 year return)

(1) Net of all fees and expenses paid by the Fund.

(2) The S&P/TSX Composite TR Index is broadly representative of the Canadian equity market. The S&P/TSX Composite TR Index tracks the performance of some of the largest and most widely held stocks listed on the Toronto Stock Exchange.

(3) The blended index is composed of 55% S&P/TSX 60 Index and 45% FTSE Canada Universe Bond Index.

### Summary of investment portfolio

The summary of investment portfolio may have changed since December 31, 2021, due to ongoing portfolio transactions of the Fund. Quarterly updates are available within 60 days after quarter-end, except for December 31st, the Fund's fiscal year-end, when they are available within 90 days.

Top 25 Holdings	Percentage of Net Asset Value (%)
Royal Bank of Canada 0.200% January 4, 2022	7.5
Toronto-Dominion Bank	3.8
Royal Bank of Canada	3.5
Government of Canada 1.250% June 1, 2030	2.3
Brookfield Asset Management Inc. 'A'	2.1
Bank of Montreal	1.9
Canadian Imperial Bank of Commerce	1.5
Government of Canada 2.500% June 1, 2024	1.4
Manulife Financial Corporation	1.4
Alimentation Couche Tard Inc.	1.2
Canadian Natural Resources Limited	1.2
Enbridge Inc.	1.2
Bank of Nova Scotia	1.2
Costco Wholesale Corporation	1.1
TELUS Corporation	1.1
Granite Real Estate Investment Trust	1.1
Parkland Corporation	1.1
Shaw Communications Inc. 'B'	1.0
WSP Global Inc.	1.0
Canada Housing Trust 2.400% December 15, 2022*	1.0
Microsoft Corporation	1.0
Tourmaline Oil Corporation	1.0
Loblaw Companies Limited	0.9
CGI Inc.	0.9
Waste Connections Inc.	0.9
	<b>42.3</b>

\* Debt instruments

### Portfolio by Category

Asset Type	Percentage of Net Asset Value (%)
Equities	58.0
Bonds	33.5
Short-Term Investments	8.1
Cash & Cash Equivalents	0.1
Other Net Assets (Liabilities)	0.3
	<b>100.0</b>

Sector	Percentage of Net Asset Value (%)
Financials	19.7
Canadian Corporate Bonds	13.2
Government Bonds	9.4
Provincial Bonds	8.9
Term Deposit Receipts	7.5
Energy	7.2
Industrials	7.0
Information Technology	5.4
Communication Services	4.0
Consumer Staples	4.0
Consumer Discretionary	3.5
Real Estate	3.0
Utilities	2.5
Other	4.7
	<b>100.0</b>

Country	Percentage of Net Asset Value (%)
Canada	89.9
United States of America	9.1
Bermuda	0.4
Australia	0.2
Cash	0.1
Other Net Assets (Liabilities)	0.3
	<b>100.0</b>