



Interim Management Report of Fund Performance | As at June 30, 2019

# EMPIRE LIFE MUTUAL FUNDS<sup>®</sup>

**Empire Life Emblem Moderate Growth Portfolio**

This interim management report of fund performance contains financial highlights, but does not contain either the complete interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling the toll-free number 1 855 823-6883, by writing to us at 165 University Avenue, 9th Floor, Toronto, Ontario M5H 3B8 or by visiting our website at [www.empirelifeinvestments.ca](http://www.empirelifeinvestments.ca) or SEDAR at [www.sedar.com](http://www.sedar.com). Unitholders 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, or quarterly portfolio disclosure.

(This page has been left intentionally blank.)

# Empire Life Emblem Moderate Growth Portfolio

## Interim Management Report of Fund Performance

---

### Management Discussion of Fund Performance

#### Results of operations

For the six-month period ending June 30, 2019 (the "Period"), Empire Life Emblem Moderate Growth Portfolio (the "Fund"), Series A, returned 9.0% 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 Fund's benchmark, the S&P/TSX Composite TR Index, broadly representative of the Canadian equity market, returned 16.2% for the same Period. The Fund's mandate is to invest in a diversified target asset mix of equity securities (65%) and fixed-income securities and cash (35%). Fund returns are reported net of all management fees and expenses for all series, unlike the returns of the Fund's benchmark, which are based on the performance of an index that does not pay fees or incur expenses.

The Fund's blended benchmark returned 11.6% for the Period. The blended benchmark is composed of 35% FTSE Canada Universe Bond Index, 40% S&P/TSX Composite TR Index, 10% S&P 500 Index (CAD), 10% MSCI EAFE Index (CAD) and 5% S&P/TSX Small Cap Index. In the portfolio manager's view, this comparison more closely reflects the market sectors in which the Fund invests, to provide a more useful comparative to the performance of the Fund.

The Fund underperformed its benchmark over the Period. Exposure to bonds, U.S. equities and international equities detracted from the Fund's performance as these generally underperformed Canadian equities. The second-largest weighting within the Fund is to bonds. While the overall Canadian bond market provided positive returns, the segment underperformed Canadian equities. The Fund's cash allocation, which averaged 9%, was another detractor from performance. Cash provided the lowest absolute returns given the generally low interest rate environment.

Individual equity stocks which detracted from performance as compared to the benchmark included DuPont de Nemours Inc. ("Dupont"), which was held by the Fund, and a lack of exposure to Shopify Inc. ("Shopify"), which was included in the benchmark but not held by the Fund. DuPont is a manufacturer of specialty chemicals for products such as cars, consumer goods and electronics. Increased market concerns about global economic growth stemming from the trade dispute between the U.S. and China negatively affected its stock price. Shopify's stock price rose over 100% during the Period and the lack of ownership detracted from relative results as compared to the benchmark's performance.

Individual contributors to the Fund's performance included holdings in Celgene Corp. ("Celgene"), Keyera Corp. ("Keyera") and JELD-WEN Holding Inc. ("JELD-WEN"). Celgene's stock rose dramatically after Bristol-Myers Squibb Co. announced its plan to acquire Celgene at a much higher value than where the stock was trading at the time. Keyera's stock benefited from the announcement of a final investment decision on the Key Access Pipeline System, which is a significant part of the company's longer-term growth plans. JELD-WEN reported strong financial results, much of it attributable to events that transpired prior to the Period: the appointment of a new CEO and a restructuring of operations that led to regaining market share in an important segment of its business.

During the Period, global equity markets bounced back after suffering large losses in the fourth quarter of 2018. Early in 2019, the market expected the U.S. Federal Reserve Board (the "Fed") to hold interest rates steady for the remainder of 2019. This compares to late in 2018 when the Fed was expected to continue to raise interest rates. The change in monetary policy expectations to a more supportive stance fueled general market optimism. As the trade dispute between the U.S. and China showed no signs of a near-term resolution, market expectations that the Fed would move to lower interest rates gained momentum.

Canadian equities outperformed U.S. and international equities. Much of the Canadian equity performance came in January, backed by strength in the Energy sector. A recovery in Canadian crude oil prices stemmed from oil production curtailments mandated by the Alberta provincial government. Canadian value-style stocks (those with lower price-to-book ratios, lower price-to-earnings ratios and higher dividend yields) generally underperformed the overall Canadian equity market.

While other major central banks signaled potentially lower interest rates over the remainder of the year, the Bank of Canada was expected to hold Canadian interest rates steady. This contributed to a rise in the Canadian dollar versus the U.S. dollar and other international currencies.

Late in April, the portfolio manager sold a modest portion of the Fund's international equities, and primarily allocated the proceeds to U.S. equities. The rationale was to increase the Fund's exposure to the U.S. dollar and to stocks whose underlying businesses the portfolio manager believes to be more stable. Since that portfolio shift, U.S. equities generally outperformed international equities. However, weakness in the U.S. dollar (as a result of market expectations of falling interest rates in the U.S.) more than offset that performance advantage. At the end of the Period, the Fund was composed of 40% in Canadian equities, 26% in bonds, 15% in U.S. equities, 10% in international equities and 9% in cash and short-term investments.

#### Recent developments

The portfolio manager maintains a positive outlook for Canadian equities over the medium-to-long term. Over the shorter term, however, the portfolio manager is more cautious. Accordingly, the portfolio manager expects to position the Fund with an elevated cash level and an increased exposure to stocks whose businesses are believed to be more stable. Global economic growth is believed to be challenged by the continuing trade dispute between the U.S. and China. Additionally, the length of the current general rise in stock markets (since 2009) has been among the longest on

# Empire Life Emblem Moderate Growth Portfolio

## Interim Management Report of Fund Performance

---

record, which correlates to overall stock valuations that are believed to be somewhat expensive. This, in the portfolio manager's view, incrementally increases the risk of a near-term general correction in stock markets.

With most of the stocks whose performance disappointed during the Period, the portfolio manager believes the factors causing the results are largely reflected in the price of those stocks and that they remain investments with positive future potential. The Fund's meaningful allocation to bonds is expected to provide a degree of performance stabilization, as the asset class has historically been a good diversifier to equities.

### **Independent Review Committee ("IRC")**

One of the IRC members is retiring effective December 31, 2019. Recruitment for a replacement is underway.

### **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 \$125,299 of total expenses otherwise payable by the Fund, as compared to \$123,611 for the six month period ended June 30, 2018. 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. Series T6 and T8 are designed for investors seeking regular monthly cash flows from the Fund. Series F units are only available to investors who have a fee-based account with their dealer and whose dealer has signed an agreement with the Manager. Management fees are payable by the Funds on all series except for Series I. Series I units are available to institutional investors who meet a minimum investment threshold and who have entered into a Series I Agreement. The management fee for Series I units is negotiated between the Manager and the investor and is payable directly to the Manager by the investor.

### **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 unaudited interim and audited annual financial statements for the period.

# Empire Life Emblem Moderate Growth Portfolio

## Interim Management Report of Fund Performance

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

Series A Units	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Net Assets, beginning of period</b>	\$ 12.33	\$ 13.74	\$ 13.32	\$ 12.53	\$ 12.30	\$ 11.49
<b>Increase (decrease) from operations:</b>						
Total revenue	0.32	0.36	0.34	0.32	0.33	0.33
Total expenses	(0.16)	(0.33)	(0.33)	(0.31)	(0.33)	(0.32)
Realized gains (losses)	0.09	0.05	0.36	0.12	0.10	0.50
Unrealized gains (losses)	0.90	(1.29)	0.28	0.75	0.03	0.59
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.15</b>	<b>\$ (1.21)</b>	<b>\$ 0.65</b>	<b>\$ 0.88</b>	<b>\$ 0.13</b>	<b>\$ 1.10</b>
<b>Distributions:</b>						
From income	–	–	–	–	–	–
From dividends	–	–	–	–	–	–
From capital gains	–	(0.13)	(0.25)	(0.08)	(0.02)	(0.30)
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ –</b>	<b>\$ (0.13)</b>	<b>\$ (0.25)</b>	<b>\$ (0.08)</b>	<b>\$ (0.02)</b>	<b>\$ (0.30)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 13.43</b>	<b>\$ 12.33</b>	<b>\$ 13.74</b>	<b>\$ 13.32</b>	<b>\$ 12.53</b>	<b>\$ 12.30</b>

Series T6 Units	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Net Assets, beginning of period</b>	\$ 8.14	\$ 9.68	\$ 9.97	\$ 9.96	\$ 10.39	\$ 10.29
<b>Increase (decrease) from operations:</b>						
Total revenue	0.21	0.25	0.25	0.26	0.27	0.29
Total expenses	(0.10)	(0.22)	(0.23)	(0.23)	(0.27)	(0.28)
Realized gains (losses)	0.06	0.03	0.26	0.10	0.11	0.46
Unrealized gains (losses)	0.57	(0.89)	0.21	0.59	0.07	0.50
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.74</b>	<b>\$ (0.83)</b>	<b>\$ 0.49</b>	<b>\$ 0.72</b>	<b>\$ 0.18</b>	<b>\$ 0.97</b>
<b>Distributions:</b>						
From income	–	–	–	–	–	–
From dividends	–	(0.01)	–	–	–	–
From capital gains	–	(0.09)	(0.18)	(0.06)	(0.02)	(0.25)
Return of capital	(0.24)	(0.58)	(0.60)	(0.60)	(0.62)	(0.62)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.24)</b>	<b>\$ (0.68)</b>	<b>\$ (0.78)</b>	<b>\$ (0.66)</b>	<b>\$ (0.64)</b>	<b>\$ (0.87)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 8.63</b>	<b>\$ 8.14</b>	<b>\$ 9.68</b>	<b>\$ 9.97</b>	<b>\$ 9.96</b>	<b>\$ 10.39</b>

# Empire Life Emblem Moderate Growth Portfolio

## Interim Management Report of Fund Performance

Series T8 Units	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Net Assets, beginning of period</b>	\$ 7.01	\$ 8.51	\$ 8.96	\$ 9.14	\$ 9.73	\$ 9.84
<b>Increase (decrease) from operations:</b>						
Total revenue	0.18	0.21	0.22	0.24	0.25	0.27
Total expenses	(0.09)	(0.19)	(0.20)	(0.21)	(0.25)	(0.26)
Realized gains (losses)	0.05	0.03	0.23	0.09	0.11	0.41
Unrealized gains (losses)	0.49	(0.78)	0.20	0.53	0.08	0.51
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.63</b>	<b>\$ (0.73)</b>	<b>\$ 0.45</b>	<b>\$ 0.65</b>	<b>\$ 0.19</b>	<b>\$ 0.93</b>
<b>Distributions:</b>						
From income	–	–	–	–	–	–
From dividends	–	–	–	–	–	–
From capital gains	–	(0.07)	(0.15)	(0.05)	(0.02)	(0.23)
Return of capital	(0.28)	(0.68)	(0.72)	(0.73)	(0.78)	(0.79)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.28)</b>	<b>\$ (0.75)</b>	<b>\$ (0.87)</b>	<b>\$ (0.78)</b>	<b>\$ (0.80)</b>	<b>\$ (1.02)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 7.35</b>	<b>\$ 7.01</b>	<b>\$ 8.51</b>	<b>\$ 8.96</b>	<b>\$ 9.14</b>	<b>\$ 9.73</b>

Series F Units	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Net Assets, beginning of period</b>	\$ 12.16	\$ 13.59	\$ 13.16	\$ 12.32	\$ 12.03	\$ 11.19
<b>Increase (decrease) from operations:</b>						
Total revenue	0.31	0.36	0.34	0.31	0.33	0.32
Total expenses	(0.08)	(0.16)	(0.16)	(0.15)	(0.17)	(0.17)
Realized gains (losses)	0.09	0.04	0.36	0.12	0.12	0.49
Unrealized gains (losses)	0.90	(1.30)	0.31	0.75	(0.01)	0.71
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.22</b>	<b>\$ (1.06)</b>	<b>\$ 0.85</b>	<b>\$ 1.03</b>	<b>\$ 0.27</b>	<b>\$ 1.35</b>
<b>Distributions:</b>						
From income	–	(0.08)	(0.06)	(0.03)	(0.08)	(0.08)
From dividends	–	(0.10)	(0.09)	(0.06)	–	–
From capital gains	–	(0.13)	(0.25)	(0.07)	(0.03)	(0.29)
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ –</b>	<b>\$ (0.31)</b>	<b>\$ (0.40)</b>	<b>\$ (0.16)</b>	<b>\$ (0.11)</b>	<b>\$ (0.37)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 13.33</b>	<b>\$ 12.16</b>	<b>\$ 13.59</b>	<b>\$ 13.16</b>	<b>\$ 12.32</b>	<b>\$ 12.03</b>

Series I Units	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Net Assets, beginning of period</b>	\$ 13.02	\$ 14.56	\$ 14.08	\$ 13.17	\$ 12.86	\$ 11.89
<b>Increase (decrease) from operations:</b>						
Total revenue	0.34	0.39	0.37	0.35	0.36	0.35
Total expenses	(0.01)	(0.02)	(0.02)	(0.02)	(0.03)	(0.03)
Realized gains (losses)	0.09	0.04	0.39	0.16	0.02	0.53
Unrealized gains (losses)	0.93	(1.45)	0.33	0.86	(0.11)	0.76
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.35</b>	<b>\$ (1.04)</b>	<b>\$ 1.07</b>	<b>\$ 1.35</b>	<b>\$ 0.24</b>	<b>\$ 1.61</b>
<b>Distributions:</b>						
From income	–	(0.16)	(0.12)	(0.09)	(0.24)	(0.17)
From dividends	–	(0.20)	(0.19)	(0.16)	–	–
From capital gains	–	(0.14)	(0.27)	(0.08)	(0.03)	(0.31)
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ –</b>	<b>\$ (0.50)</b>	<b>\$ (0.58)</b>	<b>\$ (0.33)</b>	<b>\$ (0.27)</b>	<b>\$ (0.48)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 14.35</b>	<b>\$ 13.02</b>	<b>\$ 14.56</b>	<b>\$ 14.08</b>	<b>\$ 13.17</b>	<b>\$ 12.86</b>

# Empire Life Emblem Moderate Growth Portfolio

## Interim Management Report of Fund Performance

### Ratios and supplemental data

	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Series A Units</b>						
<b>Total Net Asset Value</b>	\$ 20,710,570	\$ 21,774,433	\$ 30,470,302	\$ 35,798,967	\$ 33,917,721	\$ 21,305,949
<b>Number of units outstanding</b>	1,541,796	1,766,476	2,217,901	2,687,804	2,707,271	1,732,582
Management expense ratio <sup>(5)</sup>	2.35%	2.35%	2.36%	2.35%	2.35%	2.34%
Management expense ratio before waivers or absorptions	2.68%	2.67%	2.51%	2.59%	2.71%	3.50%
Trading expense ratio <sup>(6)</sup>	0.07%	0.09%	0.09%	0.09%	0.14%	0.18%
Portfolio turnover rate <sup>(7)</sup>	19.37%	52.13%	84.82%	113.46%	119.39%	133.60%
<b>Net Asset Value per unit</b>	<b>\$ 13.43</b>	<b>\$ 12.33</b>	<b>\$ 13.74</b>	<b>\$ 13.32</b>	<b>\$ 12.53</b>	<b>\$ 12.30</b>

	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Series T6 Units</b>						
<b>Total Net Asset Value</b>	\$ 3,453,276	\$ 3,611,717	\$ 4,501,916	\$ 4,282,405	\$ 3,837,671	\$ 3,428,327
<b>Number of units outstanding</b>	400,374	443,625	465,043	429,459	385,196	330,108
Management expense ratio <sup>(5)</sup>	2.35%	2.35%	2.36%	2.35%	2.35%	2.35%
Management expense ratio before waivers or absorptions	3.40%	3.27%	3.01%	2.55%	2.60%	3.33%
Trading expense ratio <sup>(6)</sup>	0.07%	0.09%	0.09%	0.09%	0.14%	0.18%
Portfolio turnover rate <sup>(7)</sup>	19.37%	52.13%	84.82%	113.46%	119.39%	133.60%
<b>Net Asset Value per unit</b>	<b>\$ 8.63</b>	<b>\$ 8.14</b>	<b>\$ 9.68</b>	<b>\$ 9.97</b>	<b>\$ 9.96</b>	<b>\$ 10.39</b>

	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Series T8 Units</b>						
<b>Total Net Asset Value</b>	\$ 2,766,116	\$ 2,611,191	\$ 3,380,395	\$ 3,225,753	\$ 2,683,221	\$ 2,385,496
<b>Number of units outstanding</b>	376,206	372,654	397,048	360,189	293,656	245,275
Management expense ratio <sup>(5)</sup>	2.34%	2.35%	2.36%	2.35%	2.35%	2.34%
Management expense ratio before waivers or absorptions	3.34%	3.32%	3.06%	2.48%	2.59%	3.12%
Trading expense ratio <sup>(6)</sup>	0.07%	0.09%	0.09%	0.09%	0.14%	0.18%
Portfolio turnover rate <sup>(7)</sup>	19.37%	52.13%	84.82%	113.46%	119.39%	133.60%
<b>Net Asset Value per unit</b>	<b>\$ 7.35</b>	<b>\$ 7.01</b>	<b>\$ 8.51</b>	<b>\$ 8.96</b>	<b>\$ 9.14</b>	<b>\$ 9.73</b>

	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Series F Units</b>						
<b>Total Net Asset Value</b>	\$ 2,255,233	\$ 2,184,257	\$ 2,555,984	\$ 2,166,163	\$ 1,872,437	\$ 1,517,753
<b>Number of units outstanding</b>	169,217	179,652	188,086	164,577	151,979	126,159
Management expense ratio <sup>(5)</sup>	1.15%	1.15%	1.16%	1.15%	1.15%	1.15%
Management expense ratio before waivers or absorptions	2.28%	2.30%	2.12%	1.20%	1.30%	1.84%
Trading expense ratio <sup>(6)</sup>	0.07%	0.09%	0.09%	0.09%	0.14%	0.18%
Portfolio turnover rate <sup>(7)</sup>	19.37%	52.13%	84.82%	113.46%	119.39%	133.60%
<b>Net Asset Value per unit</b>	<b>\$ 13.33</b>	<b>\$ 12.16</b>	<b>\$ 13.59</b>	<b>\$ 13.16</b>	<b>\$ 12.32</b>	<b>\$ 12.03</b>

# Empire Life Emblem Moderate Growth Portfolio

## Interim Management Report of Fund Performance

Series I Units	For the 6 months ended June 30, 2019	For the year ended December 31, 2018	For the year ended December 31, 2017	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014
<b>Total Net Asset Value</b>	\$ 296,927,199	\$ 278,662,698	\$ 283,341,510	\$ 179,399,680	\$ 90,615,997	\$ 14,148,176
<b>Number of units outstanding</b>	20,695,497	21,410,980	19,453,969	12,737,854	6,881,632	1,100,436
Management expense ratio <sup>(5)</sup>	-	-	-	-	-	-
Management expense ratio before waivers or absorptions	0.02%	0.03%	0.03%	0.15%	0.26%	0.93%
Trading expense ratio <sup>(6)</sup>	0.07%	0.09%	0.09%	0.09%	0.14%	0.18%
Portfolio turnover rate <sup>(7)</sup>	19.37%	52.13%	84.82%	113.46%	119.39%	133.60%
<b>Net Asset Value per unit</b>	<b>\$ 14.35</b>	<b>\$ 13.02</b>	<b>\$ 14.56</b>	<b>\$ 14.08</b>	<b>\$ 13.17</b>	<b>\$ 12.86</b>

(1) This information is derived from the Fund's unaudited interim and 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) Management expense ratio (MER) is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the period and is expensed as an annualized percentage of daily average net asset value during the period.

(6) 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.

(7) 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	2.05%	50.50%	49.50%
Series T6	2.05%	48.89%	51.11%
Series T8	2.05%	48.73%	51.27%
Series F	0.85%	0.00%	100.00%



# Empire Life Emblem Moderate Growth Portfolio

## Interim Management Report of Fund Performance

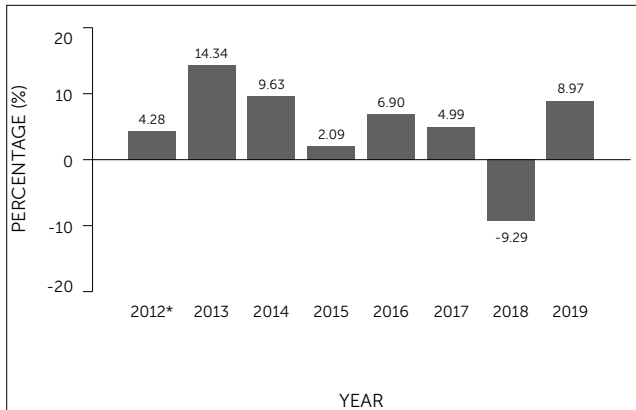
### Past performance

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

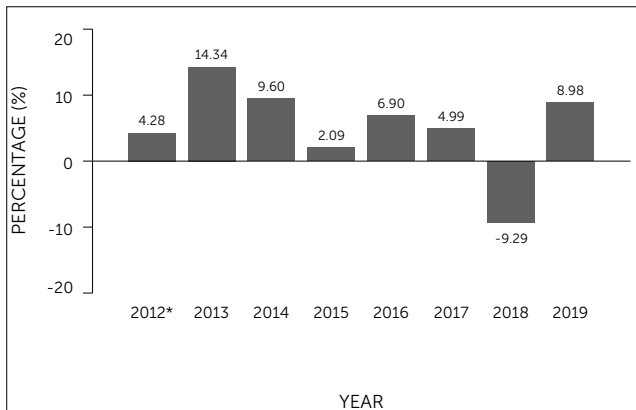
The following bar charts show the annual performance for each series of the Fund for each of the years ended December 31, and includes the performance for last the six months ended June 30, 2019. The charts illustrate how each series' performance has varied from year to year and show, in percentage terms, 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**



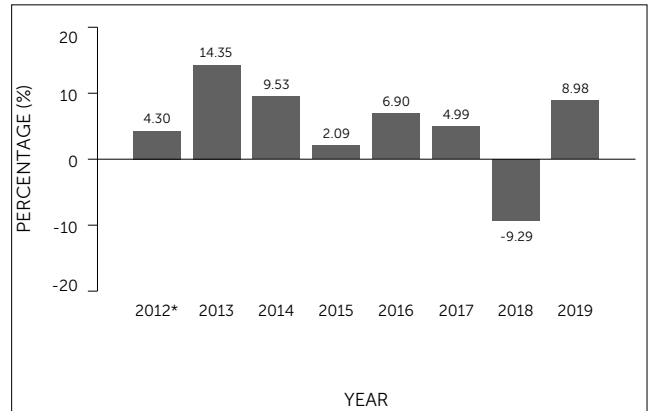
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series T6**



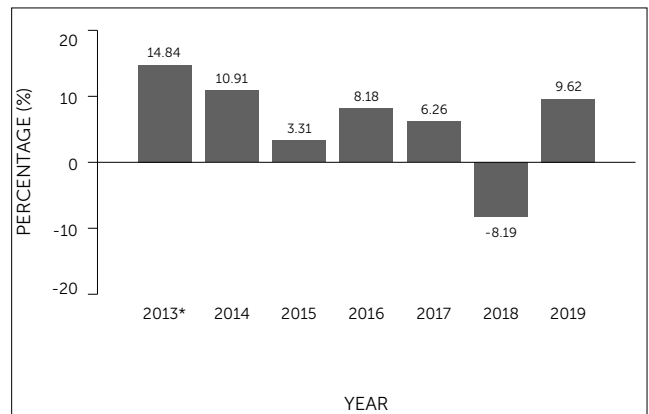
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series T8**



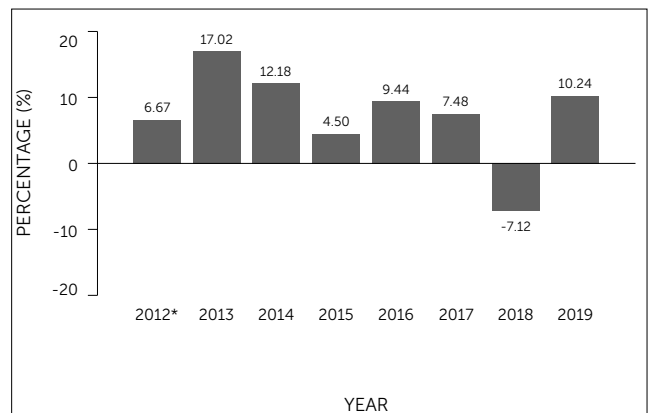
\*From January 9, 2012 to December 31, 2012 (not annualized)

**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 Emblem Moderate Growth Portfolio

## Interim Management Report of Fund Performance

### Summary of investment portfolio

The summary of investment portfolio may have changed since June 30, 2019, 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 1.700% July 2, 2019 *	4.2
Toronto-Dominion Bank	2.6
Royal Bank of Canada	2.3
Bank of Nova Scotia	2.3
Canada Housing Trust 1.250% December 15, 2020 *	2.2
Brookfield Asset Management Inc. 'A'	1.9
Keyera Corporation	1.8
Bank of Montreal	1.6
Alimentation Couche-Tard Inc. 'B'	1.5
Toromont Industries Limited	1.4
Saputo Inc.	1.4
NFI Group Inc.	1.4
PrairieSky Royalty Limited	1.2
Cenovus Energy Inc.	1.2
Domino's Pizza Group PLC	1.2
Parkland Fuel Corporation	1.2
Intact Financial Corporation	1.2
JELD-WEN Holding Inc.	1.1
Cineplex Inc.	1.1
Canadian Natural Resources Limited	1.1
Shaw Communications Inc. 'B'	1.0
Stella-Jones Inc.	1.0
CGI Inc.	0.9
Canadian National Railway Company	0.9
Province of Alberta 1.770% August 6, 2019 *	0.9
	<b>38.6</b>

\* Debt Instruments

### Portfolio by Category

Asset Type	Percentage of Net Asset Value (%)
Equities	65.6
Bonds	25.5
Short-Term Investments	8.9
Cash & Cash Equivalents	0.2
Other Net Assets (Liabilities)	(0.2)
	<b>100.0</b>

Sector	Percentage of Net Asset Value (%)
Financials	17.6
Canadian Corporate Bonds	12.2
Energy	10.9
Industrials	8.9
Provincial Bonds	6.9
Communication Services	5.0
Government Bonds	4.9
Consumer Staples	4.9
Materials	4.2
Term Deposit Receipts	4.2
Other	20.3
	<b>100.0</b>

Country	Percentage of Net Asset Value (%)
Canada	73.6
United States of America	15.4
United Kingdom	2.7
Japan	1.9
France	0.7
Netherlands	0.7
Switzerland	0.6
Australia	0.6
Denmark	0.6
Bermuda	0.4
Ireland	0.4
Finland	0.4
Italy	0.3
Germany	0.3
Jersey	0.2
Cash & Cash Equivalents	0.2
India	0.2
Cayman Islands	0.2
Luxembourg	0.2
Belgium	0.2
Spain	0.1
China	0.1
Norway	0.1
South Korea	0.1
Other Net Assets (Liabilities)	(0.2)
	<b>100.0</b>

(This page has been left intentionally blank.)



Empire Life Investments Inc.  
165 University Ave, 9th Floor  
Toronto, ON  
M5H 3B8

[www.empirelifeinvestments.ca](http://www.empirelifeinvestments.ca)

#### A NOTE ON FORWARD-LOOKING STATEMENTS

This report may contain forward-looking statements about the Fund, including its strategy, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects," "anticipates," "intends," "plans," "believes," "estimates" or negative versions thereof and similar expressions. In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement.

Forward-looking statements are the opinions and views of Empire Life Investments Inc. based on current expectations and projections about future events and are inherently subject to, among other things, risks, uncertainties and assumptions about the Fund and economic factors and are subject to change without notice. Forward-looking statements are not guarantees of future performance, and actual events and results could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and market factors in North America and internationally, interest and foreign exchange rates, global equity and capital markets, business competition, technological change, changes in government regulations, unexpected judicial or regulatory proceedings, and catastrophic events.

The above-mentioned list of important factors is not exhaustive. You should consider these and other factors carefully before making any investment decisions and avoid placing undue reliance on forward-looking statements. The Fund has no specific intention of updating any forward-looking statements whether as a result of new information, future events or otherwise.

© Registered trademark of The Empire Life Insurance Company.  
Empire Life Investments Inc. is a licensed user of this trademark.

MF-REG-603-EN 08/19