



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

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

**Empire Life Dividend Growth Mutual Fund**

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.

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# Empire Life Dividend Growth Mutual Fund

## Interim Management Report of Fund Performance

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### Management Discussion of Fund Performance

#### Results of operations

For the six-month period ending June 30, 2019 (the "Period"), Empire Life Dividend Growth Mutual Fund (the "Fund"), Series A, returned 9.3% 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. 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 underperformed its benchmark over the Period. Exposure to U.S. equities and international equities detracted from the Fund's performance as these generally underperformed Canadian equities. The Fund's cash allocation also detracted from performance. From a sector allocation perspective, an underweight exposure to the Information Technology sector detracted from performance. The strengthening Canadian dollar against the U.S. dollar detracted somewhat from the performance of the Fund's U.S. equity holdings. Stock selection in the Materials and Financials sectors detracted from performance as well.

Individual equity stocks which detracted from performance as compared to the benchmark included Affiliated Managers Group Inc. ("Affiliated Managers"), DuPont de Nemours Inc. ("Dupont") and a lack of exposure to Shopify Inc. ("Shopify"). Affiliated Managers reported disappointing earnings results in May, which were impacted by negative market performance in the second half of 2018. DuPont is a manufacturer of specialty chemicals for products such as cars, consumer goods and electronics. Increased market fears 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, but as it was not held in the Fund, the lack of ownership detracted from relative results compared to the benchmark.

Stock selection within the Energy and Consumer Discretionary sectors contributed to the Fund's performance. Individual contributors to performance included holdings in Keyera Corp. ("Keyera"), JELD-WEN Holding Inc. ("JELD-WEN") and NFI Group Inc. ("NFI Group"). 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. NFI Group's share price benefited from its acquisition of a British bus manufacturing company, allowing NFI Group to diversify its product line and create a platform for international 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. Dividend-yielding Canadian equities generally trailed the performance of broad-based Canadian equities.

The Fund's cash allocation was increased to about 5% by the end of the Period. Strong equity market performance early in the Period led to stock prices that the portfolio manager believed to be somewhat expensive. The portfolio manager also reduced the Fund's sensitivity to general economic growth and Canadian consumer activity. For example, the Fund's exposure to Canadian banks was reduced, as the portfolio manager believes loan growth may be challenged over the near term because of the high debt levels of Canadians. Instead, the portfolio manager has found opportunities in other areas of the Financials sector, such as insurance.

At the end of the Period, the Fund held 72% in Canadian equities, 13% in U.S. equities, 10% in international equities and 5% in cash and short-term investments. Of the Fund's equity securities, Energy and Financials are the largest weightings relative to the benchmark, while the Utilities and Information Technology sectors are the lowest weightings relative to the benchmark.

#### 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

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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.

### **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 \$82,578 of total expenses otherwise payable by the Fund, as compared to \$74,489 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, Series 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 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.

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### 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>	\$ 11.81	\$ 14.43	\$ 14.17	\$ 12.33	\$ 12.82	\$ 12.25
<b>Increase (decrease) from operations:</b>						
Total revenue	0.46	0.43	0.42	0.39	0.41	0.41
Total expenses	(0.14)	(0.30)	(0.31)	(0.29)	(0.32)	(0.33)
Realized gains (losses)	0.03	0.28	0.79	0.50	(0.08)	0.23
Unrealized gains (losses)	0.79	(2.44)	(0.05)	1.49	(0.26)	0.47
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	\$ <b>1.14</b>	\$ <b>(2.03)</b>	\$ <b>0.85</b>	\$ <b>2.09</b>	\$ <b>(0.25)</b>	\$ <b>0.78</b>
<b>Distributions:</b>						
From income	–	–	–	–	(0.01)	(0.01)
From dividends	(0.33)	(0.08)	(0.10)	(0.02)	–	–
From capital gains	–	(0.46)	(0.46)	(0.17)	(0.29)	(0.41)
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	\$ <b>(0.33)</b>	\$ <b>(0.54)</b>	\$ <b>(0.56)</b>	\$ <b>(0.19)</b>	\$ <b>(0.30)</b>	\$ <b>(0.42)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	\$ <b>12.57</b>	\$ <b>11.81</b>	\$ <b>14.43</b>	\$ <b>14.17</b>	\$ <b>12.33</b>	\$ <b>12.82</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>	\$ 8.23	\$ 10.84	\$ 11.31	\$ 10.32	\$ 11.16	\$ 10.94
<b>Increase (decrease) from operations:</b>						
Total revenue	0.32	0.32	0.33	0.32	0.35	0.35
Total expenses	(0.10)	(0.22)	(0.24)	(0.24)	(0.28)	(0.29)
Realized gains (losses)	0.02	0.21	0.62	0.41	(0.08)	0.11
Unrealized gains (losses)	0.54	(1.84)	(0.05)	1.20	(0.26)	0.13
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	\$ <b>0.78</b>	\$ <b>(1.53)</b>	\$ <b>0.66</b>	\$ <b>1.69</b>	\$ <b>(0.27)</b>	\$ <b>0.30</b>
<b>Distributions:</b>						
From income	–	–	–	–	(0.00)	–
From dividends	–	(0.06)	(0.08)	(0.07)	–	–
From capital gains	–	(0.36)	(0.37)	–	–	–
Return of capital	(0.25)	(0.65)	(0.68)	(0.62)	(0.67)	(0.66)
<b>Total annual distributions<sup>(3)</sup></b>	\$ <b>(0.25)</b>	\$ <b>(1.07)</b>	\$ <b>(1.13)</b>	\$ <b>(0.69)</b>	\$ <b>(0.67)</b>	\$ <b>(0.66)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	\$ <b>8.75</b>	\$ <b>8.23</b>	\$ <b>10.84</b>	\$ <b>11.31</b>	\$ <b>10.32</b>	\$ <b>11.16</b>

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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>	\$ 7.08	\$ 9.56	\$ 10.20	\$ 9.48	\$ 10.48	\$ 10.51
<b>Increase (decrease) from operations:</b>						
Total revenue	0.27	0.28	0.30	0.29	0.33	0.35
Total expenses	(0.08)	(0.20)	(0.23)	(0.23)	(0.26)	(0.28)
Realized gains (losses)	0.02	0.16	0.55	0.36	(0.09)	0.11
Unrealized gains (losses)	0.48	(1.61)	–	1.06	(0.29)	0.26
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.69</b>	<b>\$ (1.37)</b>	<b>\$ 0.62</b>	<b>\$ 1.48</b>	<b>\$ (0.31)</b>	<b>\$ 0.44</b>
<b>Distributions:</b>						
From income	–	–	–	–	(0.02)	(0.02)
From dividends	–	(0.08)	(0.07)	(0.05)	–	–
From capital gains	–	(0.31)	(0.33)	–	–	–
Return of capital	(0.28)	(0.76)	(0.82)	(0.76)	(0.84)	(0.84)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.28)</b>	<b>\$ (1.15)</b>	<b>\$ (1.22)</b>	<b>\$ (0.81)</b>	<b>\$ (0.86)</b>	<b>\$ (0.86)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 7.45</b>	<b>\$ 7.08</b>	<b>\$ 9.56</b>	<b>\$ 10.20</b>	<b>\$ 9.48</b>	<b>\$ 10.48</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>	\$ 11.30	\$ 13.77	\$ 13.44	\$ 11.69	\$ 12.32	\$ 11.75
<b>Increase (decrease) from operations:</b>						
Total revenue	0.40	0.41	0.41	0.37	0.39	0.39
Total expenses	(0.07)	(0.16)	(0.17)	(0.17)	(0.19)	(0.19)
Realized gains (losses)	0.05	0.27	0.76	0.57	(0.22)	(0.17)
Unrealized gains (losses)	1.18	(2.32)	(0.07)	1.49	(0.19)	0.03
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.56</b>	<b>\$ (1.80)</b>	<b>\$ 0.93</b>	<b>\$ 2.26</b>	<b>\$ (0.21)</b>	<b>\$ 0.06</b>
<b>Distributions:</b>						
From income	–	–	–	–	(0.29)	(0.11)
From dividends	(0.33)	(0.20)	(0.11)	(0.07)	–	–
From capital gains	–	(0.41)	(0.48)	(0.17)	(0.28)	(0.39)
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.33)</b>	<b>\$ (0.61)</b>	<b>\$ (0.59)</b>	<b>\$ (0.24)</b>	<b>\$ (0.57)</b>	<b>\$ (0.50)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 12.07</b>	<b>\$ 11.30</b>	<b>\$ 13.77</b>	<b>\$ 13.44</b>	<b>\$ 11.69</b>	<b>\$ 12.32</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>	\$ 12.08	\$ 14.70	\$ 14.13	\$ 12.27	\$ 13.06	\$ 12.41
<b>Increase (decrease) from operations:</b>						
Total revenue	0.48	0.44	0.43	0.39	0.42	0.41
Total expenses	(0.01)	(0.02)	(0.02)	(0.04)	(0.05)	(0.07)
Realized gains (losses)	0.03	0.34	0.80	0.52	(0.05)	0.43
Unrealized gains (losses)	0.76	(2.52)	(0.16)	1.49	(0.25)	0.49
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.26</b>	<b>\$ (1.76)</b>	<b>\$ 1.05</b>	<b>\$ 2.36</b>	<b>\$ 0.07</b>	<b>\$ 1.26</b>
<b>Distributions:</b>						
From income	–	–	–	–	(0.58)	(0.21)
From dividends	(0.36)	(0.38)	(0.13)	(0.12)	–	–
From capital gains	–	(0.39)	(0.44)	(0.18)	(0.29)	(0.41)
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.36)</b>	<b>\$ (0.77)</b>	<b>\$ (0.57)</b>	<b>\$ (0.30)</b>	<b>\$ (0.87)</b>	<b>\$ (0.62)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 12.96</b>	<b>\$ 12.08</b>	<b>\$ 14.70</b>	<b>\$ 14.13</b>	<b>\$ 12.27</b>	<b>\$ 13.06</b>

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### 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>	\$ 10,096,080	\$ 10,194,557	\$ 14,631,183	\$ 14,017,812	\$ 11,886,042	\$ 8,888,451
<b>Number of units outstanding</b>	803,468	862,921	1,013,788	989,596	964,345	693,397
Management expense ratio <sup>(5)</sup>	2.16%	2.16%	2.16%	2.15%	2.15%	2.14%
Management expense ratio before waivers or absorptions	2.74%	2.65%	2.42%	2.61%	2.70%	3.93%
Trading expense ratio <sup>(6)</sup>	0.08%	0.10%	0.09%	0.23%	0.30%	0.37%
Portfolio turnover rate <sup>(7)</sup>	10.59%	38.72%	37.51%	102.13%	165.78%	171.80%
<b>Net Asset Value per unit</b>	<b>\$ 12.57</b>	<b>\$ 11.81</b>	<b>\$ 14.43</b>	<b>\$ 14.17</b>	<b>\$ 12.33</b>	<b>\$ 12.82</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>	\$ 1,179,716	\$ 1,142,847	\$ 1,691,744	\$ 1,672,164	\$ 1,523,998	\$ 1,219,930
<b>Number of units outstanding</b>	134,826	138,836	156,075	147,814	147,674	109,354
Management expense ratio <sup>(5)</sup>	2.15%	2.16%	2.16%	2.15%	2.15%	2.14%
Management expense ratio before waivers or absorptions	4.20%	4.05%	3.50%	2.42%	2.53%	3.32%
Trading expense ratio <sup>(6)</sup>	0.08%	0.10%	0.09%	0.23%	0.30%	0.37%
Portfolio turnover rate <sup>(7)</sup>	10.59%	38.72%	37.51%	102.13%	165.78%	171.80%
<b>Net Asset Value per unit</b>	<b>\$ 8.75</b>	<b>\$ 8.23</b>	<b>\$ 10.84</b>	<b>\$ 11.31</b>	<b>\$ 10.32</b>	<b>\$ 11.16</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>	\$ 909,879	\$ 915,619	\$ 1,015,911	\$ 1,020,262	\$ 1,021,624	\$ 532,734
<b>Number of units outstanding</b>	122,141	129,416	106,299	100,069	107,725	50,819
Management expense ratio <sup>(5)</sup>	2.16%	2.16%	2.16%	2.15%	2.15%	2.13%
Management expense ratio before waivers or absorptions	4.86%	4.77%	4.48%	2.67%	2.69%	3.66%
Trading expense ratio <sup>(6)</sup>	0.08%	0.10%	0.09%	0.23%	0.30%	0.37%
Portfolio turnover rate <sup>(7)</sup>	10.59%	38.72%	37.51%	102.13%	165.78%	171.80%
<b>Net Asset Value per unit</b>	<b>\$ 7.45</b>	<b>\$ 7.08</b>	<b>\$ 9.56</b>	<b>\$ 10.20</b>	<b>\$ 9.48</b>	<b>\$ 10.48</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>	\$ 1,674,461	\$ 2,801,859	\$ 3,405,600	\$ 2,085,832	\$ 1,521,755	\$ 605,081
<b>Number of units outstanding</b>	138,736	247,883	247,356	155,231	130,145	49,122
Management expense ratio <sup>(5)</sup>	1.12%	1.15%	1.15%	1.15%	1.15%	1.14%
Management expense ratio before waivers or absorptions	2.22%	1.83%	2.14%	1.32%	1.46%	2.06%
Trading expense ratio <sup>(6)</sup>	0.08%	0.10%	0.09%	0.23%	0.30%	0.37%
Portfolio turnover rate <sup>(7)</sup>	10.59%	38.72%	37.51%	102.13%	165.78%	171.80%
<b>Net Asset Value per unit</b>	<b>\$ 12.07</b>	<b>\$ 11.30</b>	<b>\$ 13.77</b>	<b>\$ 13.44</b>	<b>\$ 11.69</b>	<b>\$ 12.32</b>

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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>	\$ 542,109	\$ 490,846	\$ 868,429	\$ 1,026,670	\$ 834,666	\$ 789,593
<b>Number of units outstanding</b>	41,842	40,649	59,064	72,672	68,047	60,443
Management expense ratio <sup>(5)</sup>	-	-	-	-	-	-
Management expense ratio before waivers or absorptions	4.26%	3.82%	2.49%	0.78%	0.96%	2.80%
Trading expense ratio <sup>(6)</sup>	0.08%	0.10%	0.09%	0.23%	0.30%	0.37%
Portfolio turnover rate <sup>(7)</sup>	10.59%	38.72%	37.51%	102.13%	165.78%	171.80%
<b>Net Asset Value per unit</b>	<b>\$ 12.96</b>	<b>\$ 12.08</b>	<b>\$ 14.70</b>	<b>\$ 14.13</b>	<b>\$ 12.27</b>	<b>\$ 13.06</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	1.85%	53.52%	46.48%
Series T6	1.85%	35.49%	64.51%
Series T8	1.85%	42.74%	57.26%
Series F	0.85%	0.00%	100.00%



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## Interim Management Report of Fund Performance

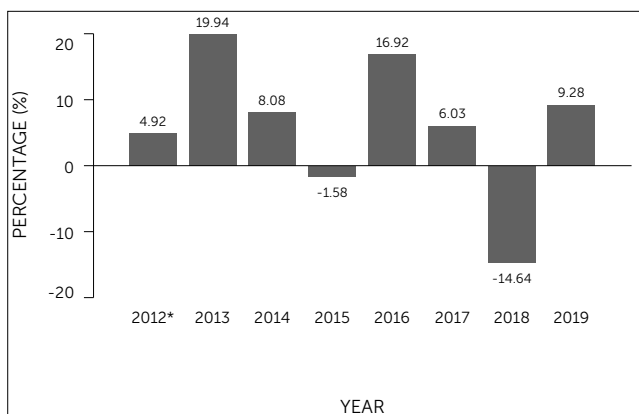
### Past performance

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

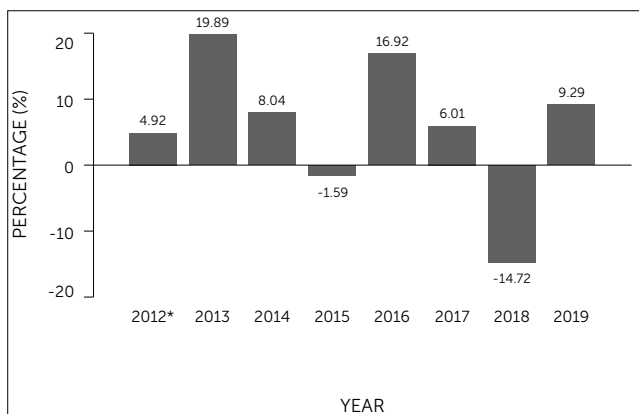
The following bar charts show the annual performance for each series of the Fund for each of the years ended December 31, and includes the performance for last the six months ended June 30, 2019. The charts illustrate how each series' performance has varied from year to year and show, in percentage terms,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



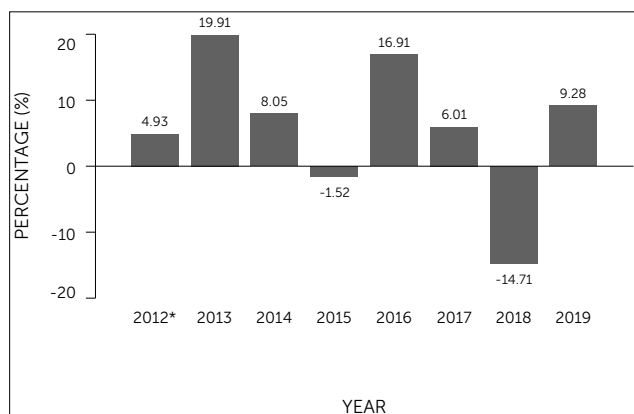
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series T6**



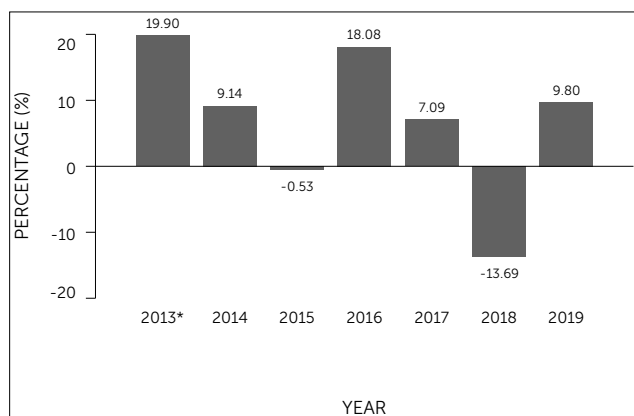
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series T8**



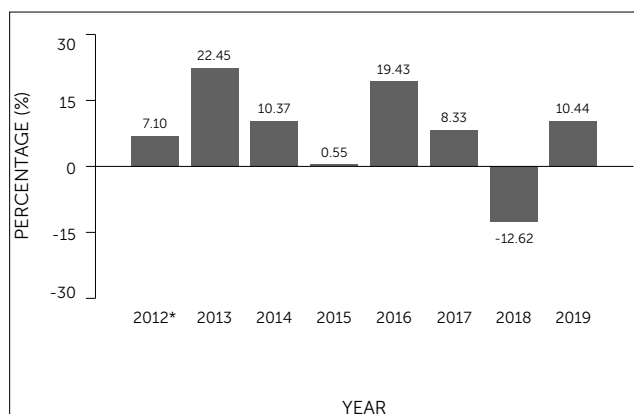
\*From January 9, 2012 to December 31, 2012 (not annualized)

**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 Dividend Growth Mutual Fund

## 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 (%)
Bank of Nova Scotia	5.9
Toronto-Dominion Bank	5.5
Royal Bank of Canada	5.1
Keyera Corporation	4.1
Brookfield Asset Management Inc. 'A'	4.0
Parkland Fuel Corporation	3.5
Enbridge Inc. 1.99% July 30, 2019 *	3.5
PrairieSky Royalty Limited	3.1
Saputo Inc.	3.0
Alimentation Couche-Tard Inc. 'B'	3.0
Canadian Imperial Bank of Commerce	3.0
Brookfield Property Partners Limited partnership	3.0
Cenovus Energy Inc.	2.9
Manulife Financial Corporation	2.7
Domino's Pizza Group PLC	2.7
Shaw Communications Inc. 'B'	2.7
Toromont Industries Limited	2.5
NFI Group Inc.	2.4
JELD-WEN Holding Inc.	2.4
Bunzl PLC	2.4
Bank of Montreal	2.3
Affiliated Managers Group Inc.	2.3
Cineplex Inc.	2.2
Canadian National Railway Company	2.1
Canadian Natural Resources Limited	2.1
	<b>78.4</b>

\* Debt instruments

### Portfolio by Category

Asset Type	Percentage of Net Asset Value (%)
Equities	95.1
Short-Term Investments	3.5
Other Net Assets (Liabilities)	1.4
	<b>100.0</b>

Sector	Percentage of Net Asset Value (%)
Financials	34.4
Energy	20.4
Industrials	11.8
Communication Services	7.5
Materials	6.0
Consumer Staples	6.1
Consumer Discretionary	4.3
Real Estate	4.6
Commercial Paper	3.5
Other Net Assets (Liabilities)	1.4
	<b>100.0</b>

Country	Percentage of Net Asset Value (%)
Canada	76.2
United States of America	12.7
United Kingdom	5.1
Bermuda	3.0
Japan	1.1
Switzerland	0.5
Other Net Assets (Liabilities)	1.4
	<b>100.0</b>

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#### 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.

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