



Annual Management Report of Fund Performance | As at December 31, 2018

EMPIRE LIFE MUTUAL FUNDS[®]

Empire Life Monthly Income Mutual Fund

This annual management report of fund performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the 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 or SEDAR at 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 Monthly Income Mutual Fund

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Management Discussion of Fund Performance

Investment objectives and strategies

Empire Life Monthly Income Mutual Fund (the "Fund") seeks 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, 2018 (the "Period"), the overall level of risk of investing in the Fund remained the same. Effective January 31, 2019, the risk rating of the Fund changed from "low to medium" to "low". The Fund is suitable for the investor who seeks long-term growth and income, has a low tolerance for risk and wishes to diversify their portfolio through fixed income and equity securities to potentially reduce volatility.

Result of operations

For the Period, Series A of the Fund returned -5.9%. 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 -8.9% 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's blended benchmark returned -3.5% for the Period. The blended benchmark is composed of 55% S&P/TSX 60 Index and 45% FTSE TMX Canada Universe Bond 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 blended benchmark over the Period. An overweight allocation to equities versus bonds detracted from the Fund's performance, as did its exposure to corporate fixed-income securities. Equity security selection in Energy and Industrials sectors was the largest detractor from performance. An overweight allocation to the Consumer Discretionary sector was another detractor.

Stock selection in the Consumer Discretionary and Health Care sectors contributed to the Fund's relative performance. An overweight exposure to Industrials, and underweight allocations to the Energy and Materials sectors also contributed to performance. The Fund also benefited from the currency effect, primarily from its exposure to the U.S. dollar, which gained 8% against the Canadian dollar during the Period.

During the Period, the Canadian economy had solid momentum and gross domestic product ("GDP") growth increased to a pace of 2.9% in the second quarter. In the U.S., economic expansion far outstripped the rest of the world. U.S. GDP growth hit 4.2% in the second quarter and 3.5% in the third. However, during the fourth quarter, investor concerns about rising interest rates, the U.S.-China trade dispute, geopolitical tensions and a sharp drop in oil prices led to a sell-off in global equities. Global stock markets had one of their worst years since the 2008 financial crisis.

At the end of the year, the European Central Bank ended net purchases in its asset purchase program, the Bank of Canada increased interest rates three times during the Period, and the U.S. Federal Reserve Board ("Fed") increased its rate four times. The Canadian bond market was mostly in slightly negative territory until the end of October, while the U.S. 10-year Treasury yield touched its highest level since February 2011 in late October and early November. Despite the Fed's fourth interest rate increase of the year in December, bond yields declined sharply amid the equity sell-off. Canadian government bond yields dropped across the yield curve. However, on the credit side, equity market volatility translated into a widening of credit spreads (the difference in yield between two bonds of similar maturity but different credit quality). Corporate credit spreads widened across the curve, more than offsetting the underlying Government of Canada bond yield decline.

Global equity markets were subject to challenges, from escalating trade tensions and geopolitical uncertainties, and the gradual removal of economic stimulus measures by central banks. All major equity regions (Canada, the U.S. and international) delivered negative returns (before accounting for any currency effects). For much of the year, Canadian equities were faced with uncertainty surrounding the renegotiation of the North American Free Trade Agreement. This uncertainty essentially lifted in September as the three countries drafted a new trade deal, called the Canada-United States-Mexico Agreement ("CUSMA").

Trade tensions between the U.S. and China continued throughout the Period as various tariffs and counter tariffs were imposed. As concerns over slowing global economy activity mounted, its effect on the price of oil reached a tipping point late in the Period. West Texas Intermediate ("WTI") oil fell from a high of about US\$76 per barrel in early October to US\$45 per barrel at the end of the Period. For Canadian oil, the price dipped significantly lower. At one point, a barrel of Western Canadian Select oil was trading for less than US\$11 per barrel, while a barrel of WTI was trading at US\$50. In response, the Alberta government imposed a production decrease of 325,000 barrels per day starting in January 2019 to help shrink the pricing. The Energy sector was the worst-performing sector in the benchmark Index during the Period.

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The portfolio manager rotated out of lower-quality investments into higher-quality companies at more reasonable valuations. Additionally, select stocks that the portfolio manager believed had been overly impacted by negative market sentiment were increased.

The Fund's bond portfolio is conservatively structured with good liquidity. Portfolio duration (interest rate sensitivity) is close to neutral with an overweight allocation to high-quality corporate bonds. The Fund's equity component maximizes foreign equity exposure, particularly in the U.S.

At the end of the Period, the Fund's asset mix was 43% bond, 33% Canadian equities, 11% U.S. equities, 6% international equities and 7% cash and short-term investments. Relative to the benchmark, the Fund holds an underweight allocation to bonds. Within equities, the Fund holds underweight exposures to the Financials, Energy and Materials sectors, and overweight allocations to Health Care, Utilities and Communication Services.

Recent developments

The portfolio manager expects that central banks in Canada and the U.S. will take a more cautious approach to tightening monetary policy in 2019. Current bond yields are relatively low and the recent Government Bond price rebound and credit spread widening may be overdone as yields declined significantly amid the stock market's volatility and the Bank of Canada's change in policy.

The portfolio manager's outlook for Canadian equities is positive. Financials, particularly banks and life insurance companies, should benefit from rising interest rates. The portfolio manager's view of the Canadian Energy sector is also positive as it should benefit from improved oil pricing as transportation issues are relieved by increased crude-by-rail capacity and new pipeline projects.

Independent Review Committee ("IRC")

Effective January 2, 2018, Joanne Vézina was appointed as chair of the IRC and Paul Batho's term of office expired.

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 \$173,310 of total expenses otherwise payable by the Fund, as compared to \$140,263 for the year ended December 31, 2017. 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 a 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 past five years. This information is derived from the Fund's audited annual financial statements for the period.

Empire Life Monthly Income Mutual Fund

Annual Management Report of Fund Performance

The Fund's net assets per unit⁽¹⁾

Series A Units	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
Net Assets, beginning of period	\$ 10.09	\$ 10.14	\$ 9.97	\$ 10.46	\$ 10.18
Increase (decrease) from operations:					
Total revenue	0.28	0.28	0.28	0.30	0.31
Total expenses	(0.21)	(0.22)	(0.32)	(0.24)	(0.24)
Realized gains (losses)	0.14	0.28	0.30	0.09	0.18
Unrealized gains (losses)	(0.77)	0.12	0.42	(0.17)	0.39
Total increase (decrease) from operations⁽²⁾	\$ (0.56)	\$ 0.46	\$ 0.68	\$ (0.02)	\$ 0.64
Distributions:					
From income	(0.17)	(0.08)	–	(0.52)	(0.51)
From dividends	(0.24)	(0.28)	(0.50)	–	–
From capital gains	–	–	–	–	–
Return of capital	(0.10)	(0.15)	–	–	–
Total annual distributions⁽³⁾	\$ (0.51)	\$ (0.51)	\$ (0.50)	\$ (0.52)	\$ (0.51)
Net Assets, end of period⁽⁴⁾	\$ 9.01	\$ 10.09	\$ 10.14	\$ 9.97	\$ 10.46

Series T6 Units	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
Net Assets, beginning of period	\$ 9.20	\$ 9.35	\$ 9.28	\$ 9.98	\$ 9.92
Increase (decrease) from operations:					
Total revenue	0.26	0.26	0.26	0.28	0.30
Total expenses	(0.19)	(0.20)	(0.31)	(0.23)	(0.23)
Realized gains (losses)	0.12	0.27	0.31	0.08	0.18
Unrealized gains (losses)	(0.71)	0.06	0.38	(0.17)	0.41
Total increase (decrease) from operations⁽²⁾	\$ (0.52)	\$ 0.39	\$ 0.64	\$ (0.04)	\$ 0.66
Distributions:					
From income	–	–	–	(0.07)	(0.03)
From dividends	–	–	–	–	–
From capital gains	–	–	–	(0.05)	(0.08)
Return of capital	(0.55)	(0.56)	(0.56)	(0.60)	(0.59)
Total annual distributions⁽³⁾	\$ (0.55)	\$ (0.56)	\$ (0.56)	\$ (0.72)	\$ (0.70)
Net Assets, end of period⁽⁴⁾	\$ 8.13	\$ 9.20	\$ 9.35	\$ 9.28	\$ 9.98

Empire Life Monthly Income Mutual Fund

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Series T8 Units	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
Net Assets, beginning of period	\$ 8.06	\$ 8.36	\$ 8.47	\$ 9.29	\$ 9.42
Increase (decrease) from operations:					
Total revenue	0.22	0.23	0.23	0.26	0.28
Total expenses	(0.17)	(0.18)	(0.27)	(0.21)	(0.22)
Realized gains (losses)	0.10	0.24	0.23	0.09	0.14
Unrealized gains (losses)	(0.59)	0.07	0.38	(0.15)	0.31
Total increase (decrease) from operations⁽²⁾	\$ (0.44)	\$ 0.36	\$ 0.57	\$ (0.01)	\$ 0.51
Distributions:					
From income	—	—	—	(0.05)	(0.03)
From dividends	—	—	—	—	—
From capital gains	—	—	—	(0.05)	(0.07)
Return of capital	(0.64)	(0.67)	(0.68)	(0.74)	(0.75)
Total annual distributions⁽³⁾	\$ (0.64)	\$ (0.67)	\$ (0.68)	\$ (0.84)	\$ (0.85)
Net Assets, end of period⁽⁴⁾	\$ 6.96	\$ 8.06	\$ 8.36	\$ 8.47	\$ 9.29

Series F Units	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
Net Assets, beginning of period	\$ 10.62	\$ 10.57	\$ 10.28	\$ 10.68	\$ 10.29
Increase (decrease) from operations:					
Total revenue	0.30	0.29	0.29	0.30	0.32
Total expenses	(0.12)	(0.12)	(0.24)	(0.14)	(0.13)
Realized gains (losses)	0.19	0.30	0.36	0.09	0.17
Unrealized gains (losses)	(0.76)	0.16	0.36	(0.19)	0.18
Total increase (decrease) from operations⁽²⁾	\$ (0.39)	\$ 0.63	\$ 0.77	\$ 0.06	\$ 0.54
Distributions:					
From income	(0.18)	(0.08)	—	(0.53)	(0.51)
From dividends	(0.26)	(0.29)	(0.51)	—	—
From capital gains	—	—	—	—	—
Return of capital	(0.09)	(0.16)	—	—	—
Total annual distributions⁽³⁾	\$ (0.53)	\$ (0.53)	\$ (0.51)	\$ (0.53)	\$ (0.51)
Net Assets, end of period⁽⁴⁾	\$ 9.58	\$ 10.62	\$ 10.57	\$ 10.28	\$ 10.68

Series I Units	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
Net Assets, beginning of period	\$ 11.57	\$ 11.38	\$ 10.95	\$ 11.31	\$ 10.78
Increase (decrease) from operations:					
Total revenue	0.33	0.32	0.31	0.32	0.33
Total expenses	(0.02)	(0.02)	(0.19)	(0.02)	(0.02)
Realized gains (losses)	0.16	0.32	0.48	0.03	0.23
Unrealized gains (losses)	(0.94)	0.24	0.42	(0.25)	0.53
Total increase (decrease) from operations⁽²⁾	\$ (0.47)	\$ 0.86	\$ 1.02	\$ 0.08	\$ 1.07
Distributions:					
From income	(0.19)	(0.09)	—	(0.56)	(0.54)
From dividends	(0.28)	(0.31)	(0.55)	—	—
From capital gains	—	—	—	(0.07)	—
Return of capital	(0.11)	(0.18)	—	—	—
Total annual distributions⁽³⁾	\$ (0.58)	\$ (0.58)	\$ (0.55)	\$ (0.63)	\$ (0.54)
Net Assets, end of period⁽⁴⁾	\$ 10.56	\$ 11.57	\$ 11.38	\$ 10.95	\$ 11.31

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Ratios and supplemental data

	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
Series A Units					
Total Net Asset Value	\$ 8,418,427	\$ 10,100,541	\$ 9,951,568	\$ 10,435,039	\$ 9,627,621
Number of units outstanding	934,474	1,001,131	981,305	1,046,915	920,200
Management expense ratio ⁽⁵⁾	2.10%	2.11%	2.11%	2.10%	2.09%
Management expense ratio before waivers or absorptions	2.78%	2.54%	2.70%	2.72%	3.91%
Trading expense ratio ⁽⁶⁾	0.11%	0.13%	0.15%	0.15%	0.14%
Portfolio turnover rate ⁽⁷⁾	65.79%	91.30%	154.70%	146.51%	126.95%
Net Asset Value per unit	\$ 9.01	\$ 10.09	\$ 10.14	\$ 9.97	\$ 10.46

	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
Series T6 Units					
Total Net Asset Value	\$ 1,070,305	\$ 1,309,964	\$ 1,429,693	\$ 1,283,867	\$ 1,028,846
Number of units outstanding	131,649	142,335	152,951	138,318	103,120
Management expense ratio ⁽⁵⁾	2.10%	2.11%	2.11%	2.10%	2.10%
Management expense ratio before waivers or absorptions	4.52%	3.77%	2.43%	2.47%	3.02%
Trading expense ratio ⁽⁶⁾	0.11%	0.13%	0.15%	0.15%	0.14%
Portfolio turnover rate ⁽⁷⁾	65.79%	91.30%	154.70%	146.51%	126.95%
Net Asset Value per unit	\$ 8.13	\$ 9.20	\$ 9.35	\$ 9.28	\$ 9.98

	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
Series T8 Units					
Total Net Asset Value	\$ 118,728	\$ 189,530	\$ 172,872	\$ 201,739	\$ 187,153
Number of units outstanding	17,055	23,529	20,689	23,812	20,154
Management expense ratio ⁽⁵⁾	2.10%	2.11%	2.11%	2.10%	2.09%
Management expense ratio before waivers or absorptions	18.86%	15.04%	3.04%	2.82%	4.00%
Trading expense ratio ⁽⁶⁾	0.11%	0.13%	0.15%	0.15%	0.14%
Portfolio turnover rate ⁽⁷⁾	65.79%	91.30%	154.70%	146.51%	126.95%
Net Asset Value per unit	\$ 6.96	\$ 8.06	\$ 8.36	\$ 8.47	\$ 9.29

	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
Series F Units					
Total Net Asset Value	\$ 1,403,909	\$ 2,929,240	\$ 2,919,346	\$ 2,805,661	\$ 2,439,105
Number of units outstanding	146,483	275,735	276,218	272,857	228,317
Management expense ratio ⁽⁵⁾	1.10%	1.11%	1.10%	1.10%	1.10%
Management expense ratio before waivers or absorptions	2.02%	1.93%	1.41%	1.41%	1.63%
Trading expense ratio ⁽⁶⁾	0.11%	0.13%	0.15%	0.15%	0.14%
Portfolio turnover rate ⁽⁷⁾	65.79%	91.30%	154.70%	146.51%	126.95%
Net Asset Value per unit	\$ 9.58	\$ 10.62	\$ 10.57	\$ 10.28	\$ 10.68

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Series I Units	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
Total Net Asset Value	\$ 16,097,165	\$ 14,517,028	\$ 6,244,602	\$ 3,162,005	\$ 1,287,137
Number of units outstanding	1,524,948	1,255,069	548,799	288,831	113,772
Management expense ratio ⁽⁵⁾	–	–	–	–	–
Management expense ratio before waivers or absorptions	0.21%	0.32%	0.20%	0.33%	1.21%
Trading expense ratio ⁽⁶⁾	0.11%	0.13%	0.15%	0.15%	0.14%
Portfolio turnover rate ⁽⁷⁾	65.79%	91.30%	154.70%	146.51%	126.95%
Net Asset Value per unit	\$ 10.56	\$ 11.57	\$ 11.38	\$ 10.95	\$ 11.31

- (1) This information is derived from the Fund's annual audited financial statements. The financial statements are prepared using International Financial Reporting Standards (IFRS).
- (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) The management expense ratio (MER) is based on total expenses (excluding withholding tax and other transaction costs) 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 year. The higher a fund's portfolio turnover rate 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. Portfolio turnover rate is calculated based on the lesser of the cumulative cost of purchases or cumulative proceeds of sales divided by the average market value of the portfolio, excluding short-term investments.

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 and paid directly by the investor, not by the Fund.

The Fund's management fees were 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 for the services and/or advice that they provide to investors.

	As percentage of management fees		
	Management fee rates	Dealer compensation	General administration, investment advice and profit
Series A	1.80%	49.54%	50.46%
Series T6	1.80%	37.32%	62.68%
Series T8	1.80%	27.50%	72.50%
Series F	0.80%	0.00%	100.00%

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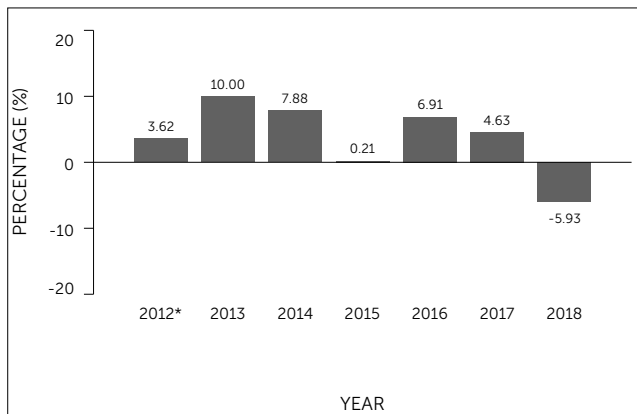
Past performance

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

Year-by-year returns

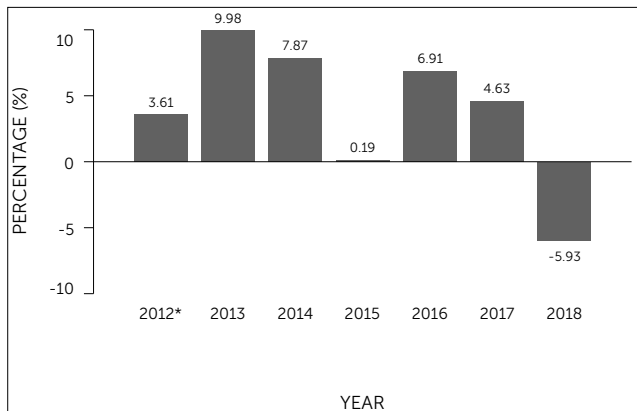
The following bar charts show the annual performance for each series of the Fund and illustrate how that series' performance has varied from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased by the 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



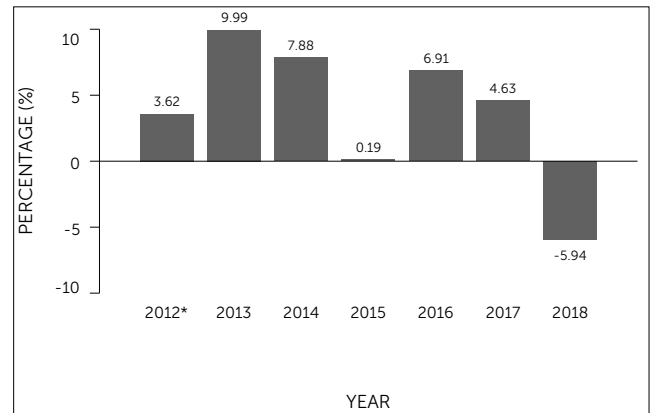
*From January 9, 2012 to December 31, 2012 (not annualized)

Series T6



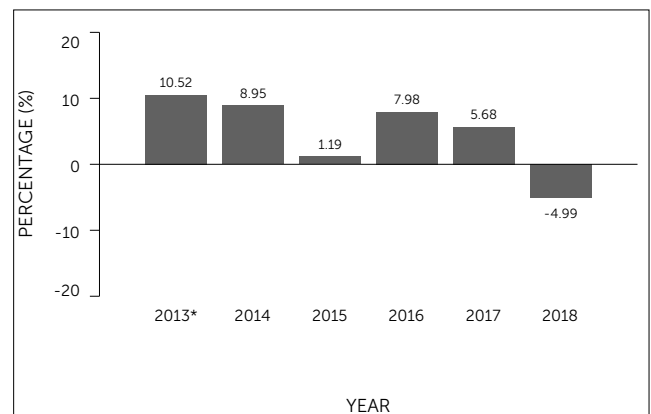
*From January 9, 2012 to December 31, 2012 (not annualized)

Series T8



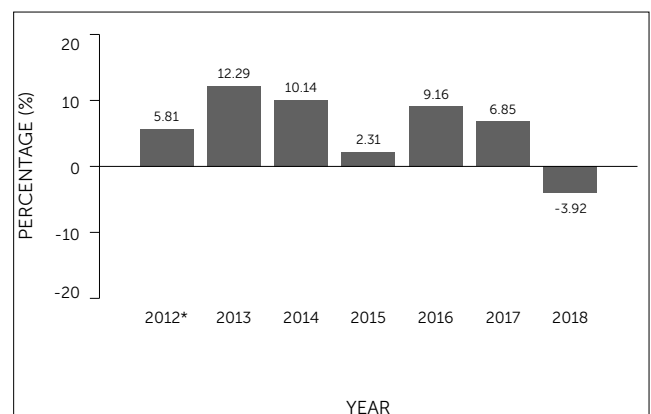
*From January 9, 2012 to December 31, 2012 (not annualized)

Series F



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

Series I



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

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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 ¹	-5.9%	1.7%	2.6%	3.8%	January 9, 2012
Series I units ¹	-3.9%	3.9%	4.8%	6.0%	January 9, 2012
Series T6 units ¹	-5.9%	1.7%	2.6%	3.8%	January 9, 2012
Series T8 units ¹	-5.9%	1.7%	2.6%	3.8%	January 9, 2012
Series F units ¹	-5.0%	2.7%	3.6%	4.8%	January 15, 2013
S&P/TSX Composite TR Index ²	-8.9%	6.4%	4.1%	5.7%	(7 year return)
Blended Benchmark ³	-3.5%	4.9%	4.4%	5.0%	(7 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 TMX Canada Universe Bond Index.

Summary of investment portfolio

The summary of investment portfolio may have changed since December 31, 2018, 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% January 2, 2019*	5.4
Canada Housing Trust 1.250% December 15, 2020*	3.7
Toronto-Dominion Bank	3.2
Royal Bank of Canada	3.2
OMERS Finance Trust 2.158% January 18, 2019*	1.8
BCE Inc.	1.6
Bank of Nova Scotia	1.5
SPDR Gold Shares	1.4
Shaw Communications Inc. 'B'	1.3
Sumitomo Mitsui Financial Group Inc.	1.2
Province of Ontario 2.800% June 2, 2048*	1.2
Canadian Imperial Bank of Commerce	1.1
Brookfield Asset Management Inc. 'A'	1.1
Johnson & Johnson	1.1
Emera Inc.	1.0
TELUS Corporation	1.0
Province of Nova Scotia 4.500% June 1, 2037*	1.0
Scotiabank Capital Trust 5.650% December 31, 2056*	1.0
Granite Real Estate Investment Trust	0.9
Canada Housing Trust 2.400% December 15, 2022*	0.9
Union Gas Limited 3.800% June 1, 2046*	0.9
Duke Realty Corporation	0.9
Anthem Inc.	0.9
Canadian Pacific Railway Limited	0.8
Royal Dutch Shell PLC	0.8
	38.9

* Debt instruments

Portfolio by Category

Asset Type	Percentage of Net Asset Value (%)
Equities	49.4
Fixed Income	43.0
Short-term Investments	7.2
Cash & Cash Equivalents	0.1
Other Net Assets (Liabilities)	0.3
	100.0

Sector	Percentage of Net Asset Value (%)
Canadian Corporate Bonds	22.9
Financials	15.7
Provincial Bonds	9.9
Energy	8.0
Government Bonds	7.7
Communication Services	5.6
Term Deposit Receipts	5.4
Industrials	3.8
Health Care	2.5
Utilities	2.5
Other	16.0
	100.0

Country	Percentage of Net Asset Value (%)
Canada	81.2
United States of America	13.5
United Kingdom	2.1
Japan	2.0
China	0.4
Cayman Islands	0.4
Cash & Cash Equivalents	0.1
Other Net Assets (Liabilities)	0.3
	100.0

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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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