



Annual Management Report of Fund Performance | As at December 31, 2016

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

**Empire Life Canadian Equity Mutual Fund**

This annual 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 Canadian Equity Mutual Fund

Annual Management Report of Fund Performance

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## Management Discussion of Fund Performance

### Investment objectives and strategies

Empire Life Canadian Equity Mutual Fund (the "Fund") seeks to achieve long-term capital growth. The Fund will invest its assets primarily in equity securities of Canadian corporations with a value-oriented approach to security selection.

### Risk

The overall level of risk of investing remains as discussed in the Simplified Prospectus. Any changes as a result of operations during the period have not affected the overall risk of the Fund. The Fund is suitable for the investor who seeks long-term capital growth, who has a medium tolerance for risk and is comfortable with the risks associated with equity investments.

### Result of operations

For the twelve-month period ending December 31, 2016 (the "Period"), Empire Life Canadian Equity Fund (the "Fund"), Series A, returned 15.42%. 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 Total Return Index, broadly representative of the Canadian equity market, returned 21.08% 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. Sector positioning detracted from the Fund's performance. Underweight positions in the Materials and Financials sectors, as well as overweight positions in the Consumer Staples, Telecommunication Services, Information Technology and Health Care sectors, also detracted from performance. Allocations to foreign equities detracted slightly from performance as a result of negative currency effects.

Security selection in the Health Care, Consumer Staples, Information Technology and Utilities sectors contributed to the Fund's relative performance. In terms of stock selection, the Fund's lack of position in Valeant Pharmaceuticals International Inc., a Health Care sector company, significantly contributed to performance. An underweight position in the Consumer Discretionary sector and an overweight allocation to the Industrials sector also contributed to the relative performance.

Despite a challenging start to the Period, Canadian equities were very resilient over 2016. The Canadian equity market fell roughly 10% in the first six weeks of the Period on news of weaker Chinese economic growth, as well as in response to weak commodity and oil prices. Canadian equities then rebounded in response to a rally in base metal prices. Gold prices peaked in July 2016, but gave back much of those gains over the remainder of 2016. After July, however, Energy-related stocks rose in response to the recovering price of oil, as the Organization of the Petroleum Exporting Countries ("OPEC") – as well as a number of other oil-producing countries – pledged to cut production, which drove the price of oil higher. The election of Donald Trump as U.S. President late in the Period was widely seen as having the potential to lead to better economic growth and higher inflation. Cyclical stocks surged and outperformed their more defensive counterparts.

The gains in the Energy sector positively impacted other industries as well. Fear regarding the potential for impaired loans from Energy companies fell, while Industrials firms that supply Energy companies got a boost. As such, the Materials, Energy, Financials and Industrials sectors all posted strong gains in 2016. The S&P/TSX Composite Total Return Index rose more than 20% over 2016, and was the one of the strongest-performing indices in the developed markets. Propelled by rising oil prices, the Canadian dollar appreciated by 3.1% against its U.S. counterpart, which made it the strongest-performing currency among Group of Ten countries.

The portfolio manager reduced the Fund's underweight position in the Energy sector by gradually increasing its exposure to high-quality Energy companies. The portfolio manager maintained the Fund's overweight allocations in the Consumer Staples, Information Technology and Telecommunication Services sectors, as well as maintaining a modest weighting (below 10%) in foreign equities. The portfolio manager also shifted some of the Fund's exposure from U.S. equities to high-quality, dividend-paying European stocks.

### Recent developments

At the end of the Period, oil prices were about 100% higher than their February 2016 low, with OPEC's late-Period decision to cut oil production adding to this momentum. The Chinese economy grew at close to 6.5% in 2016, and the portfolio manager believes it is likely to do the same in 2017 as a result of the government refocusing on infrastructure investment. The global economy is poised to accelerate in 2017, and commodity prices are likely to benefit as a result. Some of the drivers behind the rally – such as a low interest rate environment, a weaker Canadian currency, demand from a stronger U.S. economy and the Canadian federal government's fiscal plans for infrastructure spending – are likely to remain in place in 2017. Other drivers – such as earnings growth, particularly in the Materials, Energy, Industrials and Consumer Discretionary sectors, and insurance companies – should provide support to financial markets. The portfolio manager believes the Canadian economy should continue to recover from

# Empire Life Canadian Equity Mutual Fund

## Annual Management Report of Fund Performance

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lower commodity prices and lost exports. The portfolio manager is cautiously optimistic regarding Canadian equities, while remaining alert to continued macroeconomic and geopolitical risks.

The portfolio manager believes Canadian equity markets are, in general, close to fully valued. The portfolio manager will continue to focus on investment in high-quality, reasonably valued companies with strong balance sheet, sustainable competitive advantages, good returns on equity and smart management teams. The portfolio manager's focus continues to be on capital preservation and downside protection.

### Future Accounting Changes

#### IFRS 9 *Financial Instruments*

In July 2014, the International Accounting Standards Board published the complete version of IFRS 9, which is effective for annual periods beginning on or after January 1, 2018, with retrospective application. The new standard includes requirements on the classification and measurement of financial assets and liabilities, an expected credit loss model that replaces the existing incurred loss impairment model and new hedge accounting guidance. The Manager is currently evaluating the impact of IFRS 9 on the Fund's financial statements.

### Related party transactions

Empire Life Investments Inc. 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. The rates for each series are disclosed under "*Management fees*".

During the Period, the Manager absorbed \$79,022 of total expenses otherwise payable by the Fund, as compared to \$68,115\* for the year ended December 31, 2015. 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.

\* The expenses absorbed by the Manager for the year ended December 31, 2015 of \$68,115 have been revised from the \$64,794 reported in the Annual Management Report of Fund Performance for the year ended December 31, 2015. This revision has been made to conform with the presentation used in the Fund's 2016 Annual Financial Statements, where Management fee rebates have been reclassified from Management fee expense to Expenses absorbed by Manager.

### Series description

The Fund offers the following series: A, T6, T8 and I. Series A, Series T6 and T8 units are available to all investors. Management fees are payable by the Funds on these series. Series T6 and T8 are designed for investors seeking regular monthly cash flows from a Fund. 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 Empire Life Investments Inc. and the investor and is payable directly to Empire Life Investments Inc. 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 audited annual financial statements for the period.

# Empire Life Canadian Equity Mutual Fund

## Annual Management Report of Fund Performance

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

Series A Units	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
<b>Net Assets, beginning of period</b>	\$ 12.51	\$ 13.02	\$ 11.94	\$ 10.08	\$ 10.00 *
<b>Increase (decrease) from operations:</b>					
Total revenue	0.35	0.32	0.31	0.29	0.29
Total expenses	(0.21)	(0.31)	(0.31)	(0.26)	(0.23)
Realized gains (losses)	0.34	0.36	0.60	0.08	(0.50)
Unrealized gains (losses)	1.52	(0.67)	0.63	1.75	0.64
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 2.00</b>	<b>\$ (0.30)</b>	<b>\$ 1.23</b>	<b>\$ 1.86</b>	<b>\$ 0.20</b>
<b>Distributions:</b>					
From income	(0.00)	(0.02)	(0.05)	(0.05)	(0.11)
From dividends	–	–	–	–	–
From capital gains	(0.09)	(0.31)	(0.23)	(0.00)	(0.00)
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.09)</b>	<b>\$ (0.33)</b>	<b>\$ (0.28)</b>	<b>\$ (0.05)</b>	<b>\$ (0.11)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 14.35</b>	<b>\$ 12.51</b>	<b>\$ 13.02</b>	<b>\$ 11.94</b>	<b>\$ 10.07</b>

Series T6 Units	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
<b>Net Assets, beginning of period</b>	\$ 9.90	\$ 10.95	\$ 10.60	\$ 9.45	\$ 10.00 *
<b>Increase (decrease) from operations:</b>					
Total revenue	0.27	0.26	0.27	0.26	0.29
Total expenses	(0.25)	(0.25)	(0.26)	(0.24)	(0.22)
Realized gains (losses)	0.26	0.31	0.50	0.09	(0.43)
Unrealized gains (losses)	1.20	(0.48)	0.56	1.63	0.67
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.48</b>	<b>\$ (0.16)</b>	<b>\$ 1.07</b>	<b>\$ 1.74</b>	<b>\$ 0.31</b>
<b>Distributions:</b>					
From income	(0.00)	(0.01)	(0.00)	(0.00)	(0.13)
From dividends	(0.07)	(0.00)	(0.00)	(0.00)	(0.00)
From capital gains	(0.06)	(0.25)	(0.19)	(0.00)	(0.00)
Return of capital	(0.59)	(0.65)	(0.64)	(0.57)	(0.60)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.72)</b>	<b>\$ (0.91)</b>	<b>\$ (0.83)</b>	<b>\$ (0.57)</b>	<b>\$ (0.73)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 10.66</b>	<b>\$ 9.90</b>	<b>\$ 10.95</b>	<b>\$ 10.60</b>	<b>\$ 9.44</b>

# Empire Life Canadian Equity Mutual Fund

## Annual Management Report of Fund Performance

Series T8 Units	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
<b>Net Assets, beginning of period</b>	\$ 9.06	\$ 10.23	\$ 10.15	\$ 9.24	\$ 10.00 *
<b>Increase (decrease) from operations:</b>					
Total revenue	0.25	0.24	0.25	0.25	0.29
Total expenses	(0.22)	(0.24)	(0.25)	(0.23)	(0.21)
Realized gains (losses)	0.22	0.29	0.50	0.13	(0.43)
Unrealized gains (losses)	0.87	(0.42)	0.58	1.81	0.65
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.12</b>	<b>\$ (0.13)</b>	<b>\$ 1.08</b>	<b>\$ 1.96</b>	<b>\$ 0.30</b>
<b>Distributions:</b>					
From income	(0.00)	(0.00)	(0.04)	(0.03)	(0.13)
From dividends	(0.08)	(0.00)	(0.00)	(0.00)	(0.00)
From capital gains	(0.06)	(0.23)	(0.18)	(0.00)	(0.00)
Return of capital	(0.72)	(0.82)	(0.81)	(0.74)	(0.80)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.86)</b>	<b>\$ (1.05)</b>	<b>\$ (1.03)</b>	<b>\$ (0.77)</b>	<b>\$ (0.93)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 9.54</b>	<b>\$ 9.06</b>	<b>\$ 10.23</b>	<b>\$ 10.15</b>	<b>\$ 9.23</b>

Series I Units	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
<b>Net Assets, beginning of period</b>	\$ 12.94	\$ 13.40	\$ 12.19	\$ 10.23	\$ 10.00 *
<b>Increase (decrease) from operations:</b>					
Total revenue	0.37	0.33	0.32	0.30	0.27
Total expenses	(0.01)	(0.01)	(0.02)	(0.02)	–
Realized gains (losses)	0.35	0.40	0.62	0.10	(0.47)
Unrealized gains (losses)	1.62	(0.61)	0.77	1.81	0.62
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 2.33</b>	<b>\$ 0.11</b>	<b>\$ 1.69</b>	<b>\$ 2.19</b>	<b>\$ 0.42</b>
<b>Distributions:</b>					
From income	(0.00)	(0.24)	(0.24)	(0.24)	(0.20)
From dividends	(0.30)	(0.00)	(0.00)	(0.00)	(0.00)
From capital gains	(0.09)	(0.33)	(0.24)	(0.00)	(0.00)
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.39)</b>	<b>\$ (0.57)</b>	<b>\$ (0.48)</b>	<b>\$ (0.24)</b>	<b>\$ (0.20)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 14.90</b>	<b>\$ 12.94</b>	<b>\$ 13.40</b>	<b>\$ 12.19</b>	<b>\$ 10.21</b>

## Ratios and supplemental data

Series A Units	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
<b>Total Net Asset Value</b>	\$ 809,330	\$ 643,074	\$ 463,865	\$ 222,340	\$ 115,604
<b>Number of units outstanding</b>	56,401	51,409	35,629	18,626	11,468
Management expense ratio <sup>(5)</sup>	2.30%	2.30%	2.30%	2.30%	2.30% **
Management expense ratio before waivers or absorptions	7.28%	6.70%	11.08%	24.82%	121.20% **
Trading expense ratio <sup>(6)</sup>	0.05%	0.05%	0.08%	0.12%	0.20% **
Portfolio turnover rate <sup>(7)</sup>	28.30%	31.04%	43.03%	52.47%	75.30%
<b>Net Asset Value per unit</b>	<b>\$ 14.35</b>	<b>\$ 12.51</b>	<b>\$ 13.02</b>	<b>\$ 11.94</b>	<b>\$ 10.08</b>

# Empire Life Canadian Equity Mutual Fund

## Annual Management Report of Fund Performance

Series T6 Units	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
<b>Total Net Asset Value</b>	\$ 56,231	\$ 38,876	\$ 27,215	\$ 12,021	\$ 10,059
<b>Number of units outstanding</b>	5,277	3,927	2,486	1,134	1,065
Management expense ratio <sup>(5)</sup>	2.30%	2.30%	2.29%	2.30%	2.30%
Management expense ratio before waivers or absorptions	6.46%	6.55%	10.28%	16.52%	370.37%
Trading expense ratio <sup>(6)</sup>	0.05%	0.05%	0.08%	0.12%	0.20%
Portfolio turnover rate <sup>(7)</sup>	28.30%	31.04%	43.03%	52.47%	75.30%
<b>Net Asset Value per unit</b>	<b>\$ 10.66</b>	<b>\$ 9.90</b>	<b>\$ 10.95</b>	<b>\$ 10.60</b>	<b>\$ 9.45</b>

Series T8 Units	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
<b>Total Net Asset Value</b>	\$ 139,206	\$ 106,763	\$ 110,133	\$ 34,214	\$ 10,040
<b>Number of units outstanding</b>	14,588	11,779	10,762	3,372	1,086
Management expense ratio <sup>(5)</sup>	2.30%	2.30%	2.29%	2.30%	2.30%
Management expense ratio before waivers or absorptions	5.73%	4.40%	5.75%	10.91%	370.43%
Trading expense ratio <sup>(6)</sup>	0.05%	0.05%	0.08%	0.12%	0.20%
Portfolio turnover rate <sup>(7)</sup>	28.30%	31.04%	43.03%	52.47%	75.30%
<b>Net Asset Value per unit</b>	<b>\$ 9.54</b>	<b>\$ 9.06</b>	<b>\$ 10.23</b>	<b>\$ 10.15</b>	<b>\$ 9.24</b>

Series I Units	For the year ended December 31, 2016	For the year ended December 31, 2015	For the year ended December 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012
<b>Total Net Asset Value</b>	\$ 982,556	\$ 848,988	\$ 871,632	\$ 779,948	\$ 491,134
<b>Number of units outstanding</b>	65,957	65,585	65,067	63,965	48,026
Management expense ratio <sup>(5)</sup>	–	–	–	–	–
Management expense ratio before waivers or absorptions	3.92%	3.92%	6.75%	12.34%	7.85%
Trading expense ratio <sup>(6)</sup>	0.05%	0.05%	0.08%	0.12%	0.20%
Portfolio turnover rate <sup>(7)</sup>	28.30%	31.04%	43.03%	52.47%	75.30%
<b>Net Asset Value per unit</b>	<b>\$ 14.90</b>	<b>\$ 12.94</b>	<b>\$ 13.40</b>	<b>\$ 12.19</b>	<b>\$ 10.23</b>

\* Initial offering price.

\*\* Annualized.

- (1) This information is derived from the Fund's interim and annual audited financial statements. The 2016, 2015, 2014 and 2013 numbers are determined using International Financial Reporting Standards (IFRS), while the 2012 numbers are determined using previous Canadian generally accepted accounting principles (CGAAP). Closing amounts for 2012 may therefore vary slightly from opening balances for 2013. The term Net Asset Value per Unit used under CGAAP has been changed under IFRS to Net Assets Attributable to Holders of Redeemable Units per Unit.
- (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 and T8 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 Empire Life Investments Inc. The management fee for Series I units is negotiated and paid directly by the investor, not by the Fund.

# Empire Life Canadian Equity Mutual Fund

## Annual Management Report of Fund Performance

The Fund's management fees were used by Empire Life Investments Inc. 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, and providing or arranging for the provision of investment advisory services and marketing services to the Fund.

	As percentage of management fees		
	Management fee rates	Dealer compensation	General administration, investment advice and profit
Series A	2.00%	46.23%	53.77%
Series T6	2.00%	81.93%	18.07%
Series T8	2.00%	29.44%	70.56%



# Empire Life Canadian Equity Mutual Fund

## Annual Management Report of Fund Performance

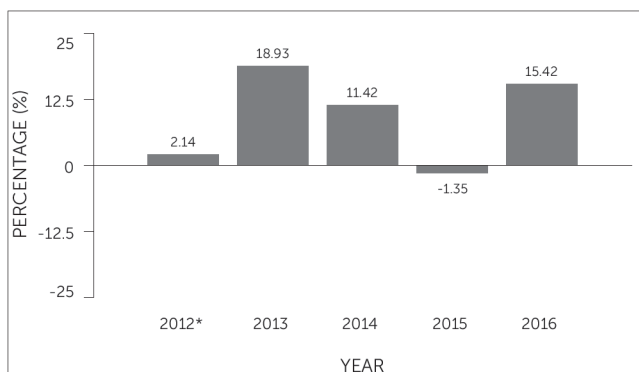
### Past performance

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

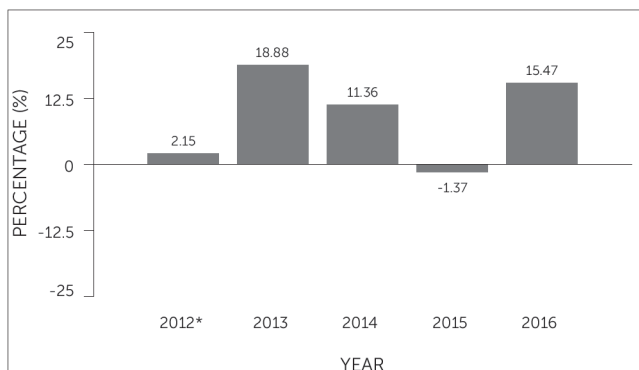
The following bar charts show the annual performance for each series of the Fund and illustrate how that series' performance has varied from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased by the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



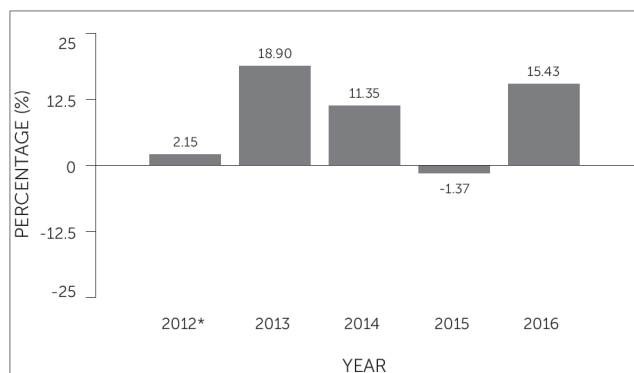
\*From January 9, 2012 to December 31, 2012 (not annualized)

Series T6



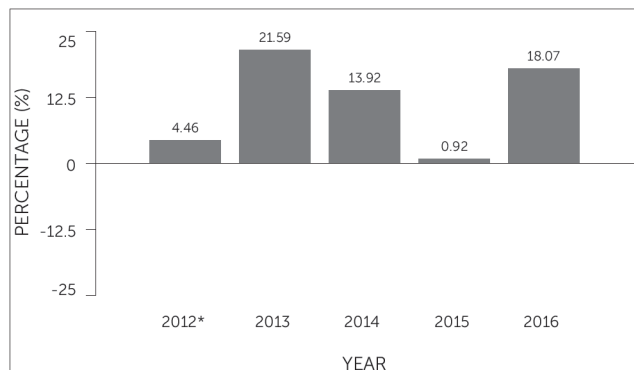
\*From January 9, 2012 to December 31, 2012 (not annualized)

Series T8



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

Series I



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

### Annual compound returns

The Annual Compound Returns table shows the Fund's historical annual compound returns for each series of the Fund for the periods indicated. The annual compound returns are also compared to a broad based index, as described below.

	1 Year	3 Years	5 Years	Since Inception*	Inception Date
Series A units <sup>1</sup>	15.4%	8.2%	N/A	9.1%	January 9, 2012
Series I units <sup>1</sup>	18.1%	10.7%	N/A	11.6%	January 9, 2012
Series T6 units <sup>1</sup>	15.5%	8.2%	N/A	9.1%	January 9, 2012
Series T8 units <sup>1</sup>	15.4%	8.2%	N/A	9.1%	January 9, 2012
S&P/TSX Composite TR Index <sup>2</sup>	21.1%	7.1%		8.2%	(5 year return)

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

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

### Summary of investment portfolio

The summary of investment portfolio may have changed since December 31, 2016, due to ongoing portfolio transactions of the Fund. Quarterly updates are available within 60 days after quarter-end, except

# Empire Life Canadian Equity Mutual Fund

## Annual Management Report of Fund Performance

for December 31st, the Fund's fiscal year-end, when they are available within 90 days.

<b>Top 25 Holdings</b>	<b>Percentage of Net Asset Value (%)</b>
Royal Bank of Canada	5.0
Toronto-Dominion Bank	4.9
Bank of Montreal	4.7
Bank of Nova Scotia	4.5
Canadian National Railway Company	4.4
Constellation Software Inc.	4.2
CGI Group Inc. 'A'	3.5
Suncor Energy Inc.	3.0
PrairieSky Royalty Limited	2.9
Intact Financial Corporation	2.8
Brookfield Asset Management Inc. 'A'	2.8
Imperial Oil Limited	2.8
Great-West Lifeco Inc.	2.5
TELUS Corporation	2.5
Alimentation Couche-Tard Inc. 'B'	2.4
Toromont Industries Limited	2.4
Rogers Communications Inc. 'B'	2.4
Enbridge Inc.	2.2
Dollarama Inc.	2.1
Cash & Cash Equivalents	2.1
Sun Life Financial Inc.	2.1
Stantec Inc.	2.1
Saputo Inc.	2.0
BCE Inc.	2.0
Altria Group Inc.	2.0
	<b>74.3</b>

## Portfolio by Category

<b>Asset Type</b>	<b>Percentage of Net Asset Value (%)</b>
Equities	97.9
Cash & Cash Equivalents	2.1
	<b>100.0</b>

<b>Sector</b>	<b>Percentage of Net Asset Value (%)</b>
Financials	29.2
Energy	17.6
Consumer Staples	11.0
Industrials	10.5
Telecommunication Services	8.1
Information Technology	7.7
Consumer Discretionary	4.1
Health Care	3.9
Materials	3.1
Utilities	2.7
Cash & Cash Equivalents	2.1
	<b>100.0</b>

<b>Country</b>	<b>Percentage of Net Asset Value (%)</b>
Canada	90.0
United States	6.0
Cash & Cash Equivalents	2.1
United Kingdom	1.2
Netherlands	0.7
	<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. 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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