



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

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

**Empire Life Small Cap 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.

(This page has been left intentionally blank.)

# Empire Life Small Cap Equity Mutual Fund

## Annual Management Report of Fund Performance

---

### Management Discussion of Fund Performance

#### Investment objectives and strategies

Empire Life Small Cap Equity Mutual Fund (the "Fund") seeks long-term capital growth. The Fund invests primarily in the equity securities of small- to mid-cap Canadian corporations through a value-oriented approach to stock 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 through exposure to small-cap and mid-cap equities and who has a medium to high tolerance for risk.

#### Result of operations

For the twelve-month period ending December 31, 2016 (the "Period"), Empire Life Small Cap Equity Mutual Fund (the "Fund"), Series A, returned 14.82%. 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 Small Cap index, broadly representative of the Canadian small-cap market, returned 38.48% 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, primarily as a result of stock selection and its underweight positions in the strong-performing Energy and Materials sectors. In the portfolio manager's view, many of the best performing stocks in these sectors would have subjected the Fund to unwarranted risks, through insufficient average trading volumes (liquidity risk), or the financial risk associated with lower quality companies. In the Materials sector, the Fund's underweight position in industrial metals stocks detracted from its relative performance, as underlying commodity prices rose after the November U.S. presidential election. Stock selection in the Consumer Staples sector also detracted from the Fund's performance.

The Fund's underweight allocations to the underperforming Utilities, Financials and Real Estate sectors, as well as positive stock selection in the Information Technology and Utilities sectors, contributed to the Fund's performance over the Period.

During the Period, commodity prices rebounded significantly. Earlier in the Period, this was partially driven by the U.S. Federal Reserve Board (the "Fed") holding off on further interest rate increases as a result of continued global macroeconomic risks. This contributed to a weaker U.S. dollar versus the currencies of the U.S.'s major trading partners, and made commodities priced in U.S. dollars more attractive. Oil prices advanced 41% over the Period. Part of this gain was likely the result of the commodity being oversold and out of favour among investors early in the Period, but the gain was later supported by reduced U.S. supply and an agreement by the Organization of the Petroleum Exporting Countries' agreement to cut production. The price of oil was bolstered by the potential of healthier demand out of stabilizing economies around the world, as well as optimism about the stimulative impact of the new U.S. administration. Donald Trump's late-Period election also helped a number of industrial commodities, such as copper. Gold advanced early in the Period in response to heightened global economic risks, and again in the lead-up to – and immediately after – the U.K.'s vote to leave the European Union ("Brexit"). That said, the perceived risks surrounding these two events eased later in 2016, and so did the price of gold, which still ended the Period with a 7% gain. The S&P/TSX Small Cap Index is very heavily weighted in commodities, and the index benefited from the strong gains of the Energy and Materials sectors over the Period.

Late in the Period, the portfolio manager increased the Fund's exposure to the U.S. economy. This was achieved by adding to Canadian stocks that generate a high percentage of their revenues in the U.S., as well as U.S. stocks that generate much their revenue domestically. This increase was in response to the domestic growth-oriented platform of the new U.S. administration. The portfolio manager also increased the Fund's weighting in industrial metals stocks, which resulted in a reduction in the Fund's underweight position in the Materials sector. The Fund's position in companies with a royalty structure that should benefit from higher Energy prices (but that have less sensitivity to a more protectionist stance out of the U.S.) was increased, which resulted in a reduction in the Fund's underweight position in the Energy sector. At the end of the Period, the Industrials and Consumer Staples sectors were the Fund's largest overweight positions, while the Financials and Materials sectors were its largest underweight positions.

#### Recent developments

The portfolio manager's outlook for the Canadian small-cap equity market remains somewhat cautious, although this outlook improved somewhat during the Period. The portfolio manager believes the U.S. will lead global economic growth over the coming Period, and the growth-oriented policies of the incoming U.S. administration, including expected tax reforms, deregulation and fiscal spending, should be supportive of commodity prices. This should be positive for the Canadian small-cap market. That said, increasing U.S. protectionism, including the potential for a renegotiated

# Empire Life Small Cap Equity Mutual Fund

## Annual Management Report of Fund Performance

---

or repealed North American Free Trade Agreement, has created some uncertainty for Canadian companies. Canadian Industrials sector companies, such as auto parts manufacturers, sold off immediately after the U.S. election results, but recovered when investors realized much of these companies' operations have already been shifted to the U.S. and, therefore, may not be as negatively impacted as anticipated by trade barriers. Canadian Energy companies may also benefit from an improved pricing environment. However, U.S. Energy independence may have a negative impact on Canadian oil exports to the U.S. Going into 2017, global geopolitical uncertainties remain, including what Britain's relationship with Europe will look like after the details of Brexit have been determined and an upcoming French presidential election in April 2017 that may result in a further move toward nationalism and protectionism.

### 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 \$77,149 of total expenses otherwise payable by the Fund, as compared to \$66,760\* 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 \$66,760 have been revised from the \$64,917 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 Small Cap 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>	\$ 10.50	\$ 10.60	\$ 10.30	\$ 9.54	\$ 10.00 *
<b>Increase (decrease) from operations:</b>					
Total revenue	0.13	0.18	0.20	0.22	0.27
Total expenses	(0.27)	(0.30)	(0.31)	(0.27)	(0.24)
Realized gains (losses)	0.82	(0.42)	0.06	(0.82)	(0.24)
Unrealized gains (losses)	0.87	0.34	(0.32)	1.86	0.65
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.55</b>	<b>\$ (0.20)</b>	<b>\$ (0.37)</b>	<b>\$ 0.99</b>	<b>\$ 0.44</b>
<b>Distributions:</b>					
From income	(0.00)	(0.00)	(0.00)	(0.02)	(0.10)
From dividends	–	–	–	–	–
From capital gains	(0.00)	(0.00)	(0.00)	(0.00)	(0.11)
Return of capital	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>	<b>\$ (0.21)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 12.06</b>	<b>\$ 10.50</b>	<b>\$ 10.60</b>	<b>\$ 10.30</b>	<b>\$ 9.50</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>	\$ 8.16	\$ 8.80	\$ 9.08	\$ 8.94	\$ 10.00 *
<b>Increase (decrease) from operations:</b>					
Total revenue	0.10	0.14	0.17	0.19	0.28
Total expenses	(0.24)	(0.24)	(0.27)	(0.25)	(0.23)
Realized gains (losses)	0.68	(0.30)	0.13	(0.72)	(0.22)
Unrealized gains (losses)	0.64	0.28	0.21	1.48	0.63
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.18</b>	<b>\$ (0.12)</b>	<b>\$ 0.24</b>	<b>\$ 0.70</b>	<b>\$ 0.46</b>
<b>Distributions:</b>					
From income	(0.00)	(0.00)	(0.00)	(0.00)	(0.08)
From dividends	–	–	–	–	–
From capital gains	(0.00)	(0.00)	(0.00)	(0.00)	(0.11)
Return of capital	(0.49)	(0.53)	(0.54)	(0.54)	(0.60)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.49)</b>	<b>\$ (0.53)</b>	<b>\$ (0.54)</b>	<b>\$ (0.54)</b>	<b>\$ (0.79)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 8.85</b>	<b>\$ 8.16</b>	<b>\$ 8.80</b>	<b>\$ 9.08</b>	<b>\$ 8.90</b>

# Empire Life Small Cap 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>	\$ 7.49	\$ 8.25	\$ 8.68	\$ 8.73	\$ 10.00 *
<b>Increase (decrease) from operations:</b>					
Total revenue	0.10	0.13	0.16	0.18	0.28
Total expenses	(0.21)	(0.22)	(0.25)	(0.24)	(0.22)
Realized gains (losses)	0.61	(0.28)	0.10	(0.84)	(0.22)
Unrealized gains (losses)	0.58	0.26	0.00	2.00	0.62
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.08</b>	<b>\$ (0.11)</b>	<b>\$ 0.01</b>	<b>\$ 1.10</b>	<b>\$ 0.46</b>
<b>Distributions:</b>					
From income	(0.00)	(0.00)	(0.00)	(0.00)	(0.08)
From dividends	—	—	—	—	—
From capital gains	(0.00)	(0.00)	(0.00)	(0.00)	(0.11)
Return of capital	(0.60)	(0.66)	(0.69)	(0.70)	(0.80)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.60)</b>	<b>\$ (0.66)</b>	<b>\$ (0.69)</b>	<b>\$ (0.70)</b>	<b>\$ (0.99)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 7.96</b>	<b>\$ 7.49</b>	<b>\$ 8.25</b>	<b>\$ 8.68</b>	<b>\$ 8.70</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>	\$ 11.20	\$ 11.07	\$ 10.60	\$ 9.72	\$ 10.00 *
<b>Increase (decrease) from operations:</b>					
Total revenue	0.15	0.19	0.20	0.22	0.21
Total expenses	(0.04)	(0.03)	(0.03)	(0.03)	—
Realized gains (losses)	0.97	(0.40)	0.15	(0.85)	0.04
Unrealized gains (losses)	0.90	0.36	0.26	1.82	(0.37)
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 1.98</b>	<b>\$ 0.12</b>	<b>\$ 0.58</b>	<b>\$ 1.16</b>	<b>\$ (0.12)</b>
<b>Distributions:</b>					
From income	(0.00)	(0.00)	(0.10)	(0.17)	(0.15)
From dividends	—	—	—	—	—
From capital gains	(0.00)	(0.00)	(0.00)	(0.00)	(0.11)
Return of capital	—	—	—	—	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>	<b>\$ (0.10)</b>	<b>\$ (0.17)</b>	<b>\$ (0.26)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 13.19</b>	<b>\$ 11.20</b>	<b>\$ 11.07</b>	<b>\$ 10.60</b>	<b>\$ 9.68</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>	\$ 745,203	\$ 873,871	\$ 453,022	\$ 229,608	\$ 84,333
<b>Number of units outstanding</b>	61,810	83,225	42,742	22,290	8,842
Management expense ratio <sup>(5)</sup>	2.55%	2.55%	2.55%	2.55%	2.55% **
Management expense ratio before waivers or absorptions	7.23%	6.78%	12.82%	33.92%	304.72% **
Trading expense ratio <sup>(6)</sup>	0.28%	0.25%	0.26%	0.32%	0.65% **
Portfolio turnover rate <sup>(7)</sup>	68.44%	62.71%	71.27%	63.16%	151.72%
<b>Net Asset Value per unit</b>	<b>\$ 12.06</b>	<b>\$ 10.50</b>	<b>\$ 10.60</b>	<b>\$ 10.30</b>	<b>\$ 9.54</b>

# Empire Life Small Cap 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>	\$ 12,831	\$ 11,174	\$ 11,327	\$ 11,024	\$ 10,141
<b>Number of units outstanding</b>	1,449	1,369	1,287	1,214	1,135
Management expense ratio <sup>(5)</sup>	2.55%	2.55%	2.55%	2.55%	2.55%
Management expense ratio before waivers or absorptions	8.89%	7.71%	10.04%	16.46%	327.65%
Trading expense ratio <sup>(6)</sup>	0.28%	0.25%	0.26%	0.32%	0.65%
Portfolio turnover rate <sup>(7)</sup>	68.44%	62.71%	71.27%	63.16%	151.72%
<b>Net Asset Value per unit</b>	<b>\$ 8.85</b>	<b>\$ 8.16</b>	<b>\$ 8.80</b>	<b>\$ 9.08</b>	<b>\$ 8.94</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>	\$ 41,660	\$ 38,253	\$ 41,164	\$ 32,223	\$ 10,121
<b>Number of units outstanding</b>	5,232	5,107	4,987	3,711	1,159
Management expense ratio <sup>(5)</sup>	2.55%	2.55%	2.55%	2.55%	2.55%
Management expense ratio before waivers or absorptions	7.40%	6.30%	7.59%	10.97%	327.71%
Trading expense ratio <sup>(6)</sup>	0.28%	0.25%	0.26%	0.32%	0.65%
Portfolio turnover rate <sup>(7)</sup>	68.44%	62.71%	71.27%	63.16%	151.72%
<b>Net Asset Value per unit</b>	<b>\$ 7.96</b>	<b>\$ 7.49</b>	<b>\$ 8.25</b>	<b>\$ 8.68</b>	<b>\$ 8.73</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>	\$ 827,093	\$ 714,948	\$ 716,297	\$ 694,078	\$ 465,918
<b>Number of units outstanding</b>	62,695	63,816	64,694	65,459	47,949
Management expense ratio <sup>(5)</sup>	–	–	–	–	–
Management expense ratio before waivers or absorptions	4.51%	4.33%	7.08%	12.74%	7.71%
Trading expense ratio <sup>(6)</sup>	0.28%	0.25%	0.26%	0.32%	0.65%
Portfolio turnover rate <sup>(7)</sup>	68.44%	62.71%	71.27%	63.16%	151.72%
<b>Net Asset Value per unit</b>	<b>\$ 13.19</b>	<b>\$ 11.20</b>	<b>\$ 11.07</b>	<b>\$ 10.60</b>	<b>\$ 9.72</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 Small Cap 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	2.25%	39.98%	60.02%
Series T6	2.25%	0.00%	100.00%
Series T8	2.25%	24.16%	75.84%



# Empire Life Small Cap Equity Mutual Fund

## Annual Management Report of Fund Performance

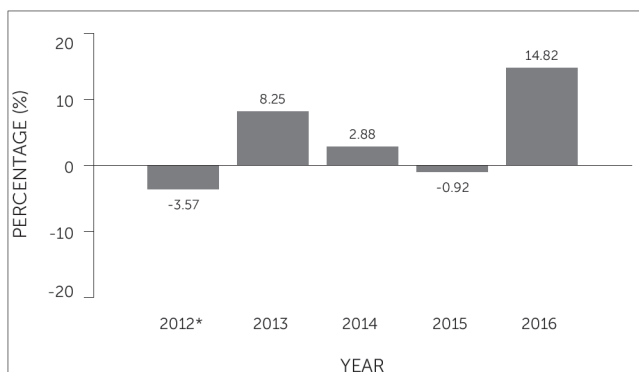
### Past performance

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

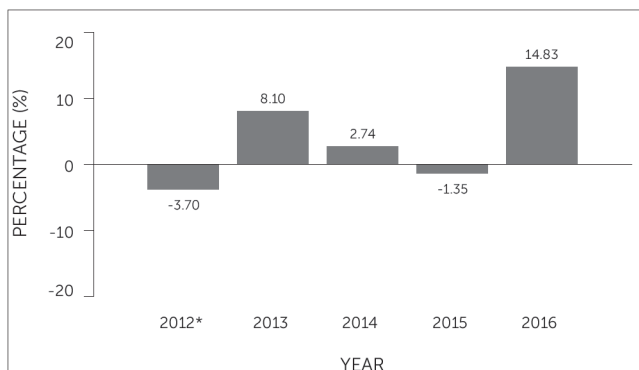
The following bar charts show the annual performance for each series of the Fund and illustrate how that series' performance has varied from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased by the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



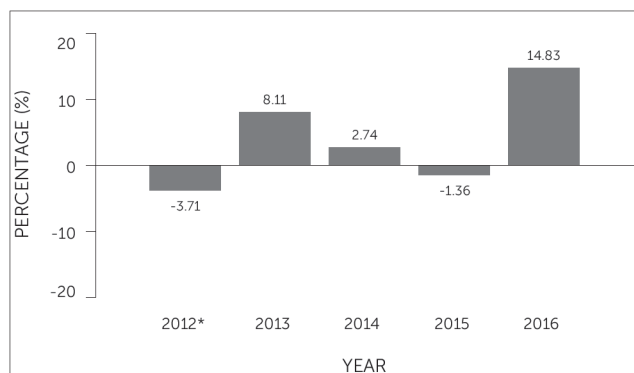
\*From January 9, 2012 to December 31, 2012 (not annualized)

Series T6



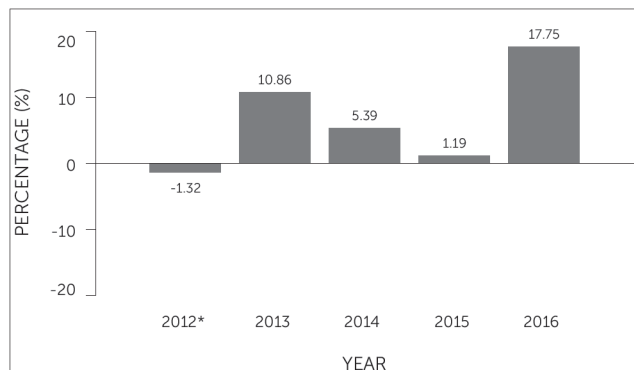
\*From January 9, 2012 to December 31, 2012 (not annualized)

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>	14.8%	5.4%	N/A	4.1%	January 9, 2012
Series I units <sup>1</sup>	17.8%	7.9%	N/A	6.6%	January 9, 2012
Series T6 units <sup>1</sup>	14.8%	5.2%	N/A	3.9%	January 9, 2012
Series T8 units <sup>1</sup>	14.8%	5.2%	N/A	3.9%	January 9, 2012
S&P/TSX Small Cap TR Index <sup>2</sup>	38.5%	5.4%		4.3%	(5 year return)

- (1) Net of all fees and expenses paid by the Fund.
- (2) The S&P/TSX Small Cap Index provides an investable index for the Canadian small cap market. The index is float adjusted and market cap weighted and was developed with industry input as the ideal benchmark for those with small cap exposure of the Canadian equity market.

### Summary of investment portfolio

The summary of investment portfolio may have changed since December 31, 2016, due to ongoing portfolio transactions of the Fund.

# Empire Life Small Cap Equity Mutual Fund

## Annual Management Report of Fund Performance

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.

<b>Top 25 Holdings</b>	<b>Percentage of Net Asset Value (%)</b>
The Descartes Systems Group Inc.	3.4
Lundin Mining Corporation	3.1
EnerCare Inc.	2.9
Chartwell Retirement Residences	2.8
CAE Inc.	2.8
AGT Food & Ingredients Inc.	2.7
FirstService Corporation	2.7
Freehold Royalties Limited	2.7
Cash & Cash Equivalents	2.7
Interfor Corporation	2.6
CT Real Estate Investment Trust	2.4
Advantage Oil & Gas Limited	2.3
Winpak Limited	2.3
Seven Generations Energy Limited	2.2
Franco-Nevada Corporation	2.2
Colliers International Group Inc.	2.1
Alamos Gold Inc.	2.1
New Flyer Industries Inc.	2.1
Boyd Group Income Fund	2.0
Premium Brands Holdings Corporation	2.0
Badger Daylighting Limited	2.0
CCL Industries Inc. 'B'	2.0
Richelieu Hardware Limited	1.9
Linamar Corporation	1.9
Boralex Inc. 'A'	1.8
	<b>59.7</b>

<b>Country</b>	<b>Percentage of Net Asset Value (%)</b>
Canada	92.8
United States	4.8
Cash & Cash Equivalents	2.7
Other Net Assets (Liabilities)	(0.3)
	<b>100.0</b>

## Portfolio by Category

<b>Asset Type</b>	<b>Percentage of Net Asset Value (%)</b>
Equities	97.6
Cash & Cash Equivalents	2.7
Other Net Assets (Liabilities)	(0.3)
	<b>100.0</b>

<b>Sector</b>	<b>Percentage of Net Asset Value (%)</b>
Energy	23.9
Materials	18.8
Industrials	16.0
Consumer Discretionary	9.4
Real Estate	7.9
Consumer Staples	7.3
Information Technology	5.6
Health Care	4.4
Cash & Cash Equivalents	2.7
Utilities	1.9
Financials	1.4
Exchange Traded Funds	1.0
Other Net Assets (Liabilities)	(0.3)
	<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. 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-606-EN 03/17