

PROTECT AND GROW WEALTH

FOR DEALER USE ONLY



Whether your clients are seeking investment income for today or capital growth for tomorrow, Empire Life Investments can help them [stay true](#) to their investment goals.

Our funds are designed for Canadian investors who want to protect and grow their wealth for the long-term. We believe our conservative, value-oriented, disciplined investment style, with an emphasis on providing downside protection helps to build wealth. We carefully monitor global economic events with a keen eye on the issues that affect Canadians, as we focus exclusively on serving investors here at home.

The result is a selection of uncomplicated funds built on high-quality investments that investors can understand.

Value-Oriented, Disciplined Investment

The Empire Life Investments Team is made up of experienced professionals with specific expertise, skills and knowledge.

Our team-based approach is at the core of how we manage money. We believe sharing ideas leads to better investment decisions and ensures the continuity and stability of our funds and their performance. The team manages Canadian, U.S. and international equities, balanced and fixed-income investments.

Investment Philosophy

We believe that we can outperform by focusing on attractively valued, high-quality businesses, with a focus on downside protection.

Value

We employ a value oriented approach (rather than deep value) to facilitate proper diversification across industries and sectors in our portfolios.

Quality

We seek quality businesses that can generate returns above their cost of capital through a cycle, and management teams with a track record of efficient capital allocation and a long term strategy.

Downside Protection

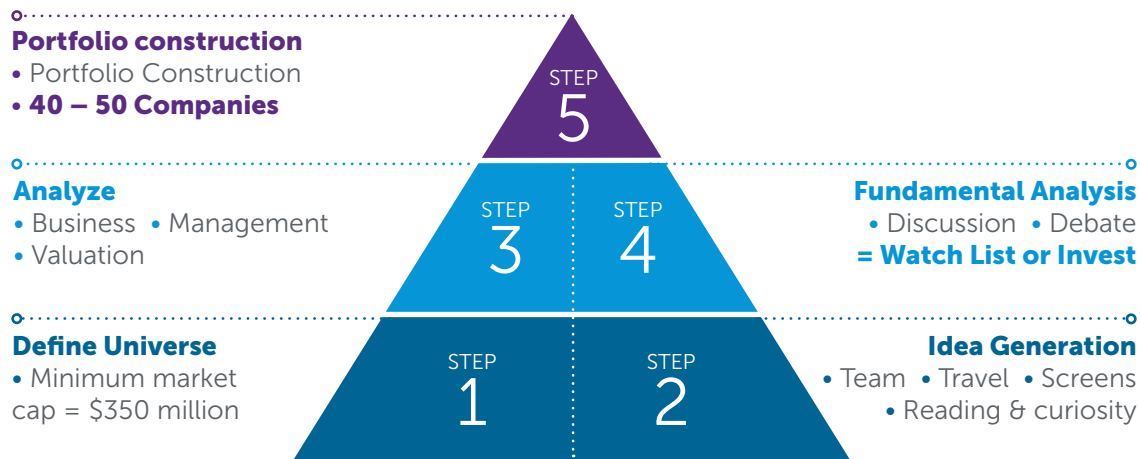
We seek to avoid a permanent loss of capital by avoiding companies with too much debt, dishonest management, or those potentially facing bankruptcy.

Approach

Bottom-up security selection / fundamental analysis	Longer time frame (3 - 5 years)
Focus on "margin of safety"	Conviction and focus
Contrarian	Independent thinking

Equity Investment Process

When we select equities for our funds, we follow a rigorous five-step process. We believe that this approach to stock picking has the potential to deliver consistent long-term returns.



1. Define Universe

First we define the universe by minimum market capitalization – a \$350 million minimum market cap allows for ideas in smaller companies to flow into the portfolio.

2. Idea Generation

Second step is idea generation. We leverage the entire team to generate ideas among the portfolios – not just among equity managers; our fixed income team can provide valuable insights into things like credit research on the same companies under consideration for our equity portfolios. Travelling to visit companies and investment conferences provides further perspectives. Quantitative screens – such as discounted cash flow analysis – can help narrow the universe, particularly when dealing with a large market, such as international equities. Reading and curiosity refers to that fundamental and contrarian mindset, where the goal is to be different from our competitors.

3. Analyze

Step three is about analyzing the company, in which there are three primary factors:

1. Business – Is there a competitive advantage? What's the company's track record in delivering return on invested capital? Can they continue to grow?

2. Management – Are managers' incentives aligned with that of the shareholders? Do they have a long term view and focus on return on invested capital? Is there a long runway and limited risk of a major competitor coming into the market?

3. Valuation – Are we purchasing this company at a discount to its long term value (intrinsic value) and getting an acceptable margin of safety?

We use discounted cash flow analysis; and normalized earnings power for commodity based companies. We also look at relative multiples, such as price to earnings and price to book value.

4. Fundamental Analysis

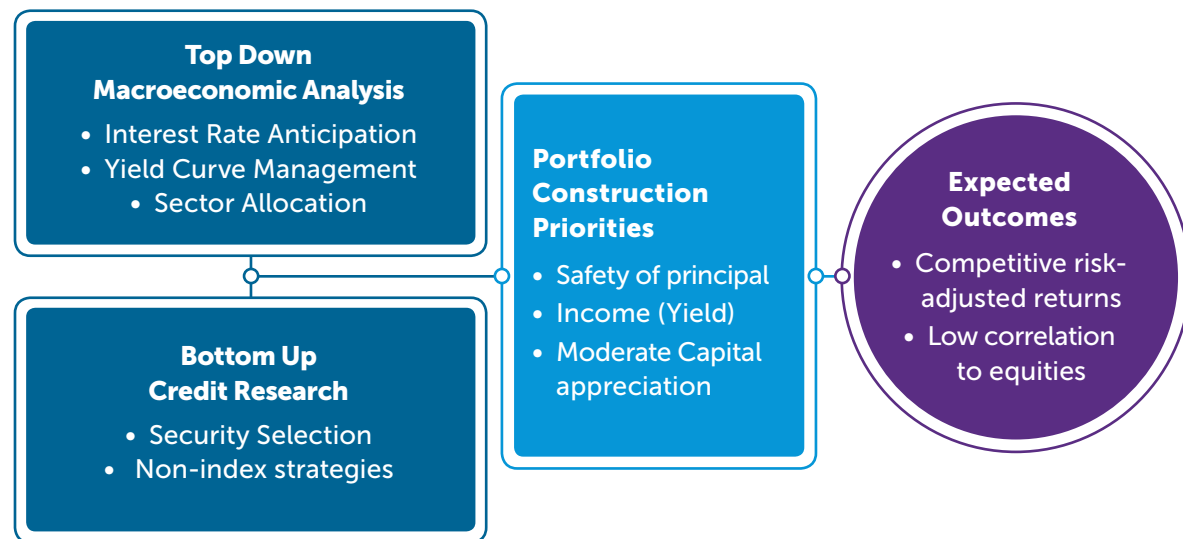
Step four is discussion and debate around our fundamental analysis among the team members (portfolio managers and analysts). After completing our fundamental analysis, we will invest in a company, put it on a watch list, or consider a company not investable.

5. Portfolio Construction

Portfolio construction relates to managing the overall characteristics of the portfolio. If a new company does make it in the portfolio, we will more likely remove another company, as we want to maintain concentrated portfolios. Throughout the process we aim for well diversified portfolios to mitigate downside risks. Our mandates will typically hold 40-50 stocks.

Fixed Income Investment Process

When selecting fixed income investments, we employ an active, multi-strategy approach. We combine both a top-down macroeconomic analysis on interest rate and yield curve as well as a bottom-up credit research with a focus on undervalued securities and sectors.



Top-down Macroeconomic Analysis

1. Interest Rate Anticipation

The single most important factor affecting fixed income market is the interest rate. Our interest rate anticipation and duration strategy is supported by the vigorous research on the business cycle and the outlook for interest rates.

2. Yield Curve Management

The change of the shape of the yield curve can be caused by either a change in interest rate expectations or; a change in risk premium of certain bonds. We carefully monitor and actively manage the portfolio's exposure to the yield curve.

Bottom-up Credit Research

3. Sector Allocation

An active sector allocation strategy involves identifying and allocating assets in the sectors that might perform best under the possible interest rate and credit scenarios.

4. Security Selection

The team analyze the fundamental credit metrics of individual issuers. The security selection strategy provides the opportunity for investments in mispriced securities.

5. Non-index Strategies

We use different securities than what would be included in the bond index from time to time (including Floating Rate Notes, High Yield Bonds, US\$ securities, Real Return Bonds, etc.).

Overall, we use a diversified style, whereby we emphasize different strategies depending on the market environment. Typically interest rate anticipation and/or sector selection have the most impact in terms of the five strategies.

In keeping with our values, our priorities are safety of principal, income (yield) and moderate capital appreciation. Once we have completed our top-down and bottom-up analysis, we carefully select individual fixed income securities for our funds. By only selecting investments with the right safety and return characteristics, we are able to protect and build investments.

The expected outcomes of the strategy are competitive risk-adjusted returns and a low correlation to equities.

Empire Life Investments Inc. is the investment manager for the following funds:

Empire Life Mutual Funds®

Individual Funds

Empire Life Monthly Income Mutual Fund	Empire Life Dividend Growth Mutual Fund
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Emblem Portfolios

Empire Life Emblem Diversified Income Portfolio	Empire Life Emblem Moderate Growth Portfolio
Empire Life Emblem Conservative Portfolio	Empire Life Emblem Growth Portfolio
Empire Life Emblem Balanced Portfolio	Empire Life Emblem Aggressive Growth Portfolio

Empire Life Guaranteed Investment Funds

Individual Funds

Empire Life American Value GIF	Empire Life Global Balanced GIF*
Empire Life Asset Allocation GIF*	Empire Life Global Smaller Companies GIF
Empire Life Balanced GIF*	Empire Life Global Equity GIF
Empire Life Bond GIF*	Empire Life Income GIF*
Empire Life Canadian Equity GIF	Empire Life International Equity GIF
Empire Life Dividend Balanced GIF*	Empire Life Money Market GIF*
Empire Life Dividend Growth GIF	Empire Life Monthly Income GIF*
Empire Life Elite Balanced GIF*	Empire Life Small Cap Equity GIF
Empire Life Elite Equity GIF	Empire Life Strategic Corporate Bond GIF
Empire Life Global Asset Allocation GIF*	

Emblem GIF Portfolios

Empire Life Emblem Diversified Income Portfolio GIF*	Empire Life Emblem Aggressive Growth Portfolio GIF
Empire Life Emblem Conservative Portfolio GIF*	Empire Life Emblem Global Conservative Portfolio GIF*
Empire Life Emblem Balanced Portfolio GIF*	Empire Life Emblem Global Balanced Portfolio GIF*
Empire Life Emblem Moderate Growth Portfolio GIF*	Empire Life Emblem Global Moderate Growth Portfolio GIF *
Empire Life Emblem Growth Portfolio GIF*	Empire Life Emblem Global Aggressive Growth Portfolio GIF

Helping Canadians realize greater financial value

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Empire Life is one of Canada's top 10 insurance companies¹, and an organization that has been helping Canadians realize greater financial value since 1923. We believe our strength and stability gives investors the comfort and peace of mind of knowing what they are invested in. Our investment solutions are forward-thinking, yet traditional in their simplicity, with fewer layers and more common sense. They're built on tried-and-true principles that have helped Canadians succeed for generations. For more information, contact your Empire Life sales representative or visit empirelifeinvestments.ca

*Available in Class Plus 3.0: Guaranteed Retirement Income for Life.

¹ *Globe and Mail* Report on Business, June 2018, based on revenue.



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