



Interim Management Report of Fund Performance | As at June 30, 2018

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

**Empire Life Emblem Growth Portfolio**

This interim management report of fund performance contains financial highlights, but does not contain either the complete interim or annual financial statements of the investment fund. You can get a copy of the interim or annual financial statements at your request, and at no cost, by calling the toll-free number 1 855 823-6883, by writing to us at 165 University Avenue, 9th Floor, Toronto, Ontario M5H 3B8 or by visiting our website at [www.empirelifeinvestments.ca](http://www.empirelifeinvestments.ca) or SEDAR at [www.sedar.com](http://www.sedar.com). Unitholders may also contact us using one of these methods to request a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure.

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# Empire Life Emblem Growth Portfolio

## Interim Management Report of Fund Performance

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### Management Discussion of Fund Performance

#### Result of operations

For the six-month period ending June 30, 2018 (the "Period"), Empire Life Emblem Growth Portfolio (the "Fund"), Series A, returned -0.88%. 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 Index, broadly representative of the Canadian equity market, returned 1.95% for the same Period. The Fund's mandate is to invest in a diversified target asset mix of equity securities (80%) and fixed-income securities (20%). 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 2.00% for the Period. The blended benchmark is composed of 20% FTSE TMX Canada Universe Bond Index, 50% S&P/TSX Composite Index, 10% S&P 500 Index (CAD), 10% MSCI EAFE Index (CAD) and 10% S&P/TSX Small Cap 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. A modestly short duration (interest rate sensitivity) in the bond portion of the Fund detracted from performance as bond yields declined towards the latter part of the Period amid global trade risks. Stock selection in Canadian equities, particularly in the Energy and Industrials sectors, also detracted from performance. Within the U.S. Consumer Discretionary and Health Care sectors, stock selection was another detractor from the Fund's performance.

An overweight exposure to U.S. equities and an underweight allocation to bonds contributed to the Fund's performance. Within the Fund's bond holdings, an overweight exposure to corporate bonds contributed to performance as these outperformed government bonds during the first six months of 2018. Stock selection in the international equity portion of the Fund, particularly in the Financials, Industrials and Health Care sectors, also contributed to performance.

During the Period, the U.S. Federal Reserve Board ("the Fed") raised interest rates twice, while the Bank of Canada ("BoC") raised its overnight target interest rate once. The threat of a trade war late in the Period caused Canadian government bond yields to decline, as the possibility of U.S.-imposed tariffs on automobiles has the potential to significantly impact Canadian gross domestic product. In the Canadian bond market, longer-duration bonds outperformed short- and medium-duration bonds, and corporate bonds outperformed Government of Canada bonds.

Driven by strong economic data, the 10-year U.S. Treasury yield rose sharply in January and February. As fears of higher borrowing costs set in, equity markets experienced volatility to degrees not seen in over a year. First-quarter corporate earnings results were very strong, as U.S. tax cuts took effect at the beginning of the year. Average earnings growth for S&P 500 Index companies was the strongest since 2010.

European equity markets were negatively affected by the Italian elections held in March. With two opposing populist parties garnering the most votes, fears rose of an exit from the eurozone, particularly as the threat of a follow-up election to determine power led to fears of the populists gaining further momentum. The eventual formation of a coalition government later in the Period, and the naming of a finance minister that is not seen as a vocal supporter of a eurozone exit, somewhat eased market concerns.

Oil prices rebounded, with the West Texas Intermediate ("WTI") price rising from approximately U.S.\$60 per barrel at the beginning of the Period to U.S.\$74 per barrel at the end of June. The oil price rebound, and a narrowing of the Canadian oil discount to WTI, helped the Canadian Energy sector post strong gains in the latter half of the Period.

Following a period of equity market volatility, the Fund's accumulated cash from fund flows was deployed into U.S. and international equities to better balance with the Fund's Canadian equity investments. At the end of the Period, the Fund's asset mix was 10% bonds, 57% Canadian equities, 16% U.S. equities, 11% international equities and 6% in short-term investments. The bond portion of the Fund has maintained a shorter duration than the blended benchmark and an overweight allocation to corporate bonds in order to better manage interest rate sensitivity. The equity portion of the Fund remains oriented to higher-quality companies with attractive cash flow characteristics.

#### Recent developments

The portfolio manager's outlook for Canadian bonds is cautious, given rising interest rates. The market expects the Fed to increase interest rates twice more this year, and the BoC to raise interest rates once more. The portfolio manager's outlook for the Fund overall is less cautious, given its underweight position in bonds, its focus on corporate bonds and its lower duration.

With respect to Canadian equities, the portfolio manager's outlook is more positive. The Financials sector, particularly the banks and life insurance companies, is likely to benefit from rising interest rates. The Canadian Energy sector should benefit from an improved oil price environment as the transportation issues are partially relieved by increased crude-by-rail capacity over the near term, and with new pipeline projects coming online over the medium-to-longer term.

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The portfolio manager's near-term outlook for U.S. equities remains cautiously optimistic, as they should be supported by a strong economy and the positive effects of tax reform. However, risks exist in the form of the Fed increasing interest rates, a rising equity market that is extended by historical standards, and trade disputes that may trigger the next recession if tensions with China erupt into a trade war. The near-term outlook for international equities is generally positive, as the political risks that impacted performance during the Period subside, and the European equity market potentially catches up to the performance in North American markets.

### 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 \$114,392 of total expenses otherwise payable by the Fund, as compared to \$181,953 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, Series 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 Empire Life Investments Inc. Management fees are payable by the Funds on all series except for 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 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 unaudited interim financial statements for the period.

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

Series A Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013
<b>Net Assets, beginning of period</b>	\$ 14.32	\$ 13.86	\$ 12.67	\$ 12.49	\$ 11.60	\$ 10.24
<b>Increase (decrease) from operations:</b>						
Total revenue	0.19	0.36	0.33	0.33	0.32	0.33
Total expenses	(0.18)	(0.35)	(0.32)	(0.34)	(0.33)	(0.30)
Realized gains (losses)	0.17	0.48	0.09	0.08	0.46	0.42
Unrealized gains (losses)	(0.32)	0.31	1.18	(0.01)	0.63	2.01
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (0.14)</b>	<b>\$ 0.80</b>	<b>\$ 1.28</b>	<b>\$ 0.06</b>	<b>\$ 1.08</b>	<b>\$ 2.46</b>
<b>Distributions:</b>						
From income	—	—	—	—	—	(0.15)
From dividends	—	—	—	—	—	—
From capital gains	—	(0.33)	(0.04)	(0.02)	(0.25)	(0.29)
Return of capital	—	—	—	—	—	—
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ —</b>	<b>\$ (0.33)</b>	<b>\$ (0.04)</b>	<b>\$ (0.02)</b>	<b>\$ (0.25)</b>	<b>\$ (0.44)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 14.19</b>	<b>\$ 14.32</b>	<b>\$ 13.86</b>	<b>\$ 12.67</b>	<b>\$ 12.49</b>	<b>\$ 11.60</b>

# Empire Life Emblem Growth Portfolio

## Interim Management Report of Fund Performance

Series T6 Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013
<b>Net Assets, beginning of period</b>	\$ 10.03	\$ 10.31	\$ 10.01	\$ 10.48	\$ 10.31	\$ 9.65
<b>Increase (decrease) from operations:</b>						
Total revenue	0.13	0.26	0.25	0.27	0.27	0.30
Total expenses	(0.12)	(0.25)	(0.25)	(0.28)	(0.29)	(0.27)
Realized gains (losses)	0.11	0.35	0.06	0.09	0.38	0.40
Unrealized gains (losses)	(0.33)	0.22	0.75	–	0.66	2.23
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (0.21)</b>	<b>\$ 0.58</b>	<b>\$ 0.81</b>	<b>\$ 0.08</b>	<b>\$ 1.02</b>	<b>\$ 2.66</b>
<b>Distributions:</b>						
From income	–	–	–	–	–	(0.13)
From dividends	–	–	–	–	–	–
From capital gains	–	(0.24)	(0.03)	(0.02)	(0.21)	(0.26)
Return of capital	(0.30)	(0.62)	(0.60)	(0.63)	(0.62)	(0.58)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.30)</b>	<b>\$ (0.86)</b>	<b>\$ (0.63)</b>	<b>\$ (0.65)</b>	<b>\$ (0.83)</b>	<b>\$ (0.97)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 9.63</b>	<b>\$ 10.03</b>	<b>\$ 10.31</b>	<b>\$ 10.01</b>	<b>\$ 10.48</b>	<b>\$ 10.31</b>

Series T8 Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013
<b>Net Assets, beginning of period</b>	\$ 8.89	\$ 9.35	\$ 9.27	\$ 9.91	\$ 9.95	\$ 9.45
<b>Increase (decrease) from operations:</b>						
Total revenue	0.11	0.24	0.23	0.25	0.26	0.29
Total expenses	(0.11)	(0.23)	(0.23)	(0.26)	(0.27)	(0.26)
Realized gains (losses)	0.10	0.32	0.07	0.07	0.34	0.44
Unrealized gains (losses)	(0.20)	0.15	0.83	0.03	0.50	1.07
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (0.10)</b>	<b>\$ 0.48</b>	<b>\$ 0.90</b>	<b>\$ 0.09</b>	<b>\$ 0.83</b>	<b>\$ 1.54</b>
<b>Distributions:</b>						
From income	–	–	–	–	–	(0.08)
From dividends	–	(0.01)	–	–	–	–
From capital gains	–	(0.21)	(0.03)	(0.02)	(0.20)	(0.25)
Return of capital	(0.36)	(0.75)	(0.74)	(0.79)	(0.80)	(0.75)
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ (0.36)</b>	<b>\$ (0.97)</b>	<b>\$ (0.77)</b>	<b>\$ (0.81)</b>	<b>\$ (1.00)</b>	<b>\$ (1.08)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 8.45</b>	<b>\$ 8.89</b>	<b>\$ 9.35</b>	<b>\$ 9.27</b>	<b>\$ 9.91</b>	<b>\$ 9.95</b>

Series F Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013†
<b>Net Assets, beginning of period</b>	\$ 14.38	\$ 13.86	\$ 12.61	\$ 12.32	\$ 11.32	\$ 10.00 *
<b>Increase (decrease) from operations:</b>						
Total revenue	0.19	0.36	0.33	0.33	0.31	0.31
Total expenses	(0.09)	(0.18)	(0.16)	(0.18)	(0.18)	(0.15)
Realized gains (losses)	0.17	0.48	0.09	0.10	0.46	0.34
Unrealized gains (losses)	(0.31)	0.23	1.18	(0.15)	0.49	1.85
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ (0.04)</b>	<b>\$ 0.89</b>	<b>\$ 1.44</b>	<b>\$ 0.10</b>	<b>\$ 1.08</b>	<b>\$ 2.35</b>
<b>Distributions:</b>						
From income	–	(0.03)	(0.02)	(0.05)	(0.02)	(0.17)
From dividends	–	(0.09)	(0.08)	–	–	–
From capital gains	–	(0.34)	(0.04)	(0.02)	(0.25)	(0.28)
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ –</b>	<b>\$ (0.46)</b>	<b>\$ (0.14)</b>	<b>\$ (0.07)</b>	<b>\$ (0.27)</b>	<b>\$ (0.45)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 14.34</b>	<b>\$ 14.38</b>	<b>\$ 13.86</b>	<b>\$ 12.61</b>	<b>\$ 12.32</b>	<b>\$ 11.32</b>

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Series I Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013
<b>Net Assets, beginning of period</b>	\$ 15.37	\$ 14.81	\$ 13.45	\$ 13.16	\$ 12.05	\$ 10.44
<b>Increase (decrease) from operations:</b>						
Total revenue	0.20	0.39	0.36	0.36	0.34	0.33
Total expenses	(0.01)	(0.03)	(0.03)	(0.03)	(0.04)	(0.04)
Realized gains (losses)	0.18	0.52	0.14	0.01	0.51	0.50
Unrealized gains (losses)	(0.29)	0.37	1.32	(0.13)	0.85	1.32
<b>Total increase (decrease) from operations<sup>(2)</sup></b>	<b>\$ 0.08</b>	<b>\$ 1.25</b>	<b>\$ 1.79</b>	<b>\$ 0.21</b>	<b>\$ 1.66</b>	<b>\$ 2.11</b>
<b>Distributions:</b>						
From income	–	(0.08)	(0.05)	(0.22)	(0.13)	(0.21)
From dividends	–	(0.23)	(0.20)	–	–	–
From capital gains	–	(0.37)	(0.05)	(0.03)	(0.27)	(0.30)
Return of capital	–	–	–	–	–	–
<b>Total annual distributions<sup>(3)</sup></b>	<b>\$ –</b>	<b>\$ (0.68)</b>	<b>\$ (0.30)</b>	<b>\$ (0.25)</b>	<b>\$ (0.40)</b>	<b>\$ (0.51)</b>
<b>Net Assets, end of period<sup>(4)</sup></b>	<b>\$ 15.41</b>	<b>\$ 15.37</b>	<b>\$ 14.81</b>	<b>\$ 13.45</b>	<b>\$ 13.16</b>	<b>\$ 12.05</b>

## Ratios and supplemental data

Series A Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013
<b>Total Net Asset Value</b>	\$ 18,948,386	\$ 19,582,321	\$ 17,635,193	\$ 14,962,696	\$ 8,769,272	\$ 2,272,195
<b>Number of units outstanding</b>	1,335,347	1,367,870	1,272,546	1,180,826	702,037	195,952
Management expense ratio <sup>(5)</sup>	2.40%	2.41%	2.40%	2.40%	2.39%	2.40%
Management expense ratio before waivers or absorptions	2.75%	2.63%	2.77%	2.89%	3.91%	12.48%
Trading expense ratio <sup>(6)</sup>	0.11%	0.11%	0.10%	0.16%	0.23%	0.22%
Portfolio turnover rate <sup>(7)</sup>	23.56%	67.90%	82.99%	102.05%	129.98%	109.81%
<b>Net Asset Value per unit</b>	<b>\$ 14.19</b>	<b>\$ 14.32</b>	<b>\$ 13.86</b>	<b>\$ 12.67</b>	<b>\$ 12.49</b>	<b>\$ 11.60</b>

Series T6 Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013
<b>Total Net Asset Value</b>	\$ 2,668,672	\$ 3,931,647	\$ 3,318,515	\$ 3,558,087	\$ 2,156,301	\$ 381,286
<b>Number of units outstanding</b>	277,107	392,086	321,789	355,436	205,720	36,965
Management expense ratio <sup>(5)</sup>	2.40%	2.41%	2.40%	2.40%	2.39%	2.40%
Management expense ratio before waivers or absorptions	3.33%	3.07%	2.72%	2.76%	3.78%	7.26%
Trading expense ratio <sup>(6)</sup>	0.11%	0.11%	0.10%	0.16%	0.23%	0.22%
Portfolio turnover rate <sup>(7)</sup>	23.56%	67.90%	82.99%	102.05%	129.98%	109.81%
<b>Net Asset Value per unit</b>	<b>\$ 9.63</b>	<b>\$ 10.03</b>	<b>\$ 10.31</b>	<b>\$ 10.01</b>	<b>\$ 10.48</b>	<b>\$ 10.31</b>

Series T8 Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013
<b>Total Net Asset Value</b>	\$ 2,184,540	\$ 2,168,471	\$ 1,741,778	\$ 1,345,318	\$ 953,524	\$ 67,558
<b>Number of units outstanding</b>	258,591	243,992	186,265	145,184	96,246	6,789
Management expense ratio <sup>(5)</sup>	2.40%	2.41%	2.40%	2.40%	2.39%	2.40%
Management expense ratio before waivers or absorptions	3.43%	3.77%	2.62%	2.67%	3.54%	10.15%
Trading expense ratio <sup>(6)</sup>	0.11%	0.11%	0.10%	0.16%	0.23%	0.22%
Portfolio turnover rate <sup>(7)</sup>	23.56%	67.90%	82.99%	102.05%	129.98%	109.81%
<b>Net Asset Value per unit</b>	<b>\$ 8.45</b>	<b>\$ 8.89</b>	<b>\$ 9.35</b>	<b>\$ 9.27</b>	<b>\$ 9.91</b>	<b>\$ 9.95</b>

# Empire Life Emblem Growth Portfolio

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Series F Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013†
<b>Total Net Asset Value</b>	\$ 1,107,074	\$ 1,106,223	\$ 1,170,425	\$ 931,306	\$ 479,634	\$ 173,406
<b>Number of units outstanding</b>	77,200	76,940	84,465	73,861	38,916	15,318
Management expense ratio <sup>(5)</sup>	1.15%	1.16%	1.15%	1.15%	1.15%	1.15% **
Management expense ratio before waivers or absorptions	3.39%	3.04%	1.29%	1.37%	2.17%	7.21% **
Trading expense ratio <sup>(6)</sup>	0.11%	0.11%	0.10%	0.16%	0.23%	0.22% **
Portfolio turnover rate <sup>(7)</sup>	23.56%	67.90%	82.99%	102.05%	129.98%	109.81%
<b>Net Asset Value per unit</b>	<b>\$ 14.34</b>	<b>\$ 14.38</b>	<b>\$ 13.86</b>	<b>\$ 12.61</b>	<b>\$ 12.32</b>	<b>\$ 11.32</b>

Series I Units	For the 6 months ended June 30, 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	For the year ended December 31, 2013
<b>Total Net Asset Value</b>	\$ 240,783,610	\$ 221,313,600	\$ 129,930,313	\$ 67,817,952	\$ 12,490,109	\$ 4,243,797
<b>Number of units outstanding</b>	15,621,214	14,403,095	8,772,599	5,043,059	949,207	352,158
Management expense ratio <sup>(5)</sup>	–	–	–	–	–	–
Management expense ratio before waivers or absorptions	0.04%	0.04%	0.16%	0.28%	1.27%	3.92%
Trading expense ratio <sup>(6)</sup>	0.11%	0.11%	0.10%	0.16%	0.23%	0.22%
Portfolio turnover rate <sup>(7)</sup>	23.56%	67.90%	82.99%	102.05%	129.98%	109.81%
<b>Net Asset Value per unit</b>	<b>\$ 15.41</b>	<b>\$ 15.37</b>	<b>\$ 14.81</b>	<b>\$ 13.45</b>	<b>\$ 13.16</b>	<b>\$ 12.05</b>

\* Initial offering price.

\*\* Annualized.

† From January 15, 2013 to December 31, 2013.

- (1) This information is derived from the Fund's unaudited interim and 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 Empire Life Investments Inc. 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 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	2.10%	50.63%	49.37%
Series T6	2.10%	45.49%	54.51%
Series T8	2.10%	53.11%	46.89%
Series F	0.85%	–	100.00%

# Empire Life Emblem Growth Portfolio

## Interim Management Report of Fund Performance

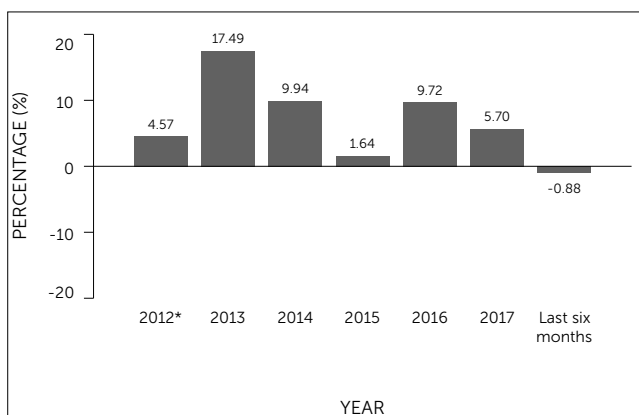
### Past performance

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

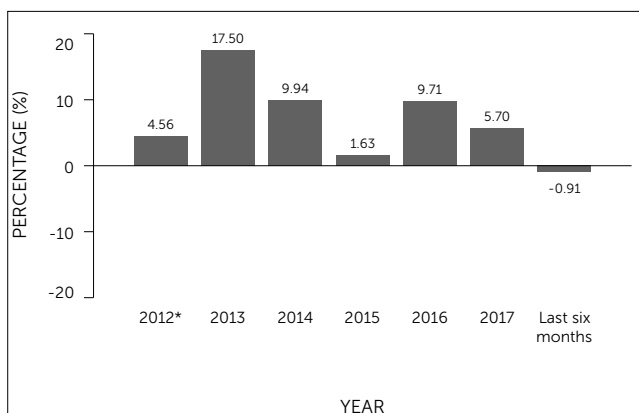
The following bar charts show the annual performance for each series of the Fund and illustrate how that series' performance has varied from year to year. The charts show, in percentage terms, how much an investment made on the first day of each financial year would have increased or decreased by the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



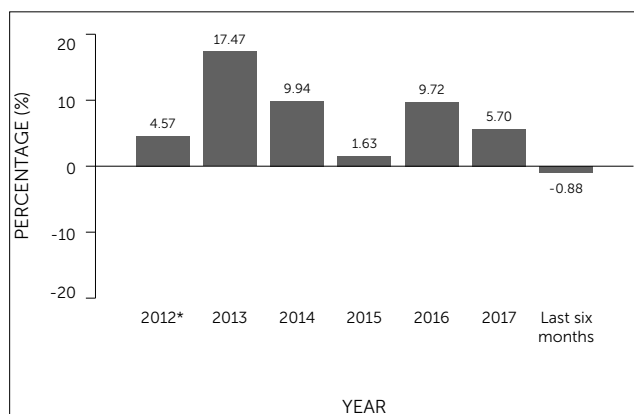
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series T6**



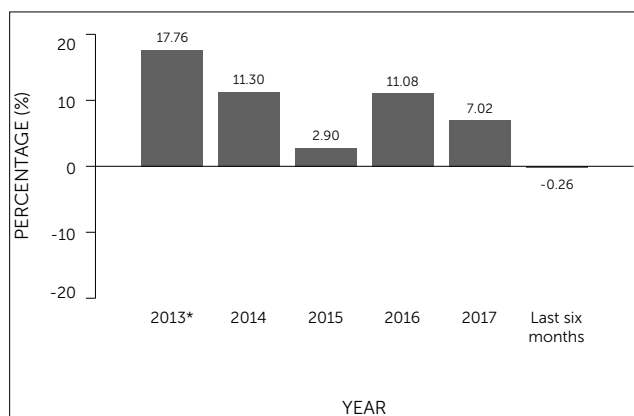
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series T8**



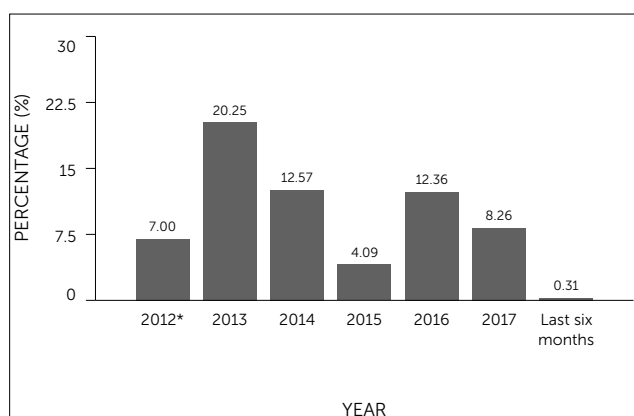
\*From January 9, 2012 to December 31, 2012 (not annualized)

**Series F**



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

**Series I**



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



# Empire Life Emblem Growth Portfolio

## Interim Management Report of Fund Performance

### Summary of investment portfolio

The summary of investment portfolio may have changed since June 30, 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 (%)
Toronto-Dominion Bank	3.7
Royal Bank of Canada	3.4
Royal Bank of Canada 1.200% July 3, 2018*	3.2
Bank of Nova Scotia	3.0
Bank of Montreal	2.5
Shaw Communications Inc. 'B'	2.3
Alimentation Couche-Tard Inc. 'B'	2.3
Brookfield Asset Management Inc. 'A'	2.2
Keyera Corporation	2.2
Rogers Communications Inc. 'B'	2.0
PrairieSky Royalty Limited	1.8
Saputo Inc.	1.7
Enbridge Inc.	1.7
Canadian National Railway Company	1.7
Nutrien Limited	1.6
Toromont Industries Limited	1.6
CGI Group Inc. 'A'	1.6
Molson Coors Brewing Company	1.5
Maxar Technologies Limited	1.4
Intact Financial Corporation	1.4
Restaurant Brands International Inc.	1.4
Cenovus Energy Inc.	1.3
DowDuPont Inc.	1.3
JELD-WEN Holding Inc.	1.3
Cineplex Inc.	1.3
	<b>49.4</b>

\* Debt Instruments

### Portfolio by Category

Asset Type	Percentage of Net Asset Value (%)
Equities	84.6
Fixed Income	10.2
Short-term Investments	5.5
Cash & Cash Equivalents	0.4
Warrants	0.0
Other Net Assets (Liabilities)	(0.7)
	<b>100.0</b>

Sector	Percentage of Net Asset Value (%)
Financials	22.1
Energy	13.1
Industrials	11.2
Consumer Discretionary	9.2
Consumer Staples	8.6
Materials	6.7
Information Technology	5.9
Corporate Bonds	4.8
Term Deposit Receipts	3.3
Telecommunication Services	2.6
Health Care	2.5
Provincial Bonds	2.5
Government Bonds	2.4
Real Estate	1.9
Bankers' Acceptances	1.1
Promissory Note	1.1
Utilities	0.8
Cash & Cash Equivalents	0.4
U.S. Corporate Bonds	0.3
Municipal Bonds	0.1
Foreign Bonds	0.1
Exchange Traded Fund (ETF)/Shares	0.0
Warrants	0.0
Other Net Assets (Liabilities)	(0.7)
	<b>100.0</b>

Country	Percentage of Net Asset Value (%)
Canada	73.3
United States	14.8
United Kingdom	2.9
Japan	2.0
Germany	0.9
France	0.8
Netherlands	0.6
Bermuda	0.6
Australia	0.5
Switzerland	0.4
Denmark	0.4
Ireland	0.4
Finland	0.4
Cash & Cash Equivalents	0.4
Italy	0.3
Norway	0.3
China	0.2
India	0.2
Sweden	0.2
Belgium	0.2
Luxembourg	0.2
Spain	0.2
Cayman Islands	0.2
South Korea	0.2
Jersey	0.1
Other Net Assets (Liabilities)	(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. 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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