

Empire Life Small Cap Equity Mutual Fund

Series I

This document contains key information you should know about Empire Life Small Cap Equity Mutual Fund (the "Fund"). You can find more detailed information in the Fund's simplified prospectus. Ask your representative for a copy, contact Empire Life Investments Inc. at 1-855-823-6883 or mutualfund@empire.ca, or visit www.empirelifeinvestments.ca.

Before you invest in any fund, consider how the fund would work with your other investments and your tolerance for risk.

Quick facts

Fund codes:	Initial Sales Charge ELM900	Fund manager:	Empire Life Investments Inc.
Date series started:	January 9, 2012	Portfolio manager:	Empire Life Investments Inc.
Total value of the fund on December 31, 2016:	\$1,626,787	Distributions:	Annually in December
Management expense ratio (MER):	0.00%	Minimum investment:	Negotiated between Empire Life Investments Inc. and the investor

What does the Fund invest in?

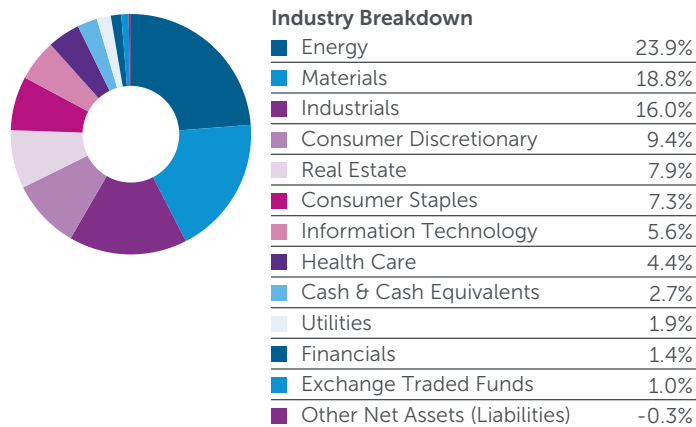
The Fund aims to provide long-term capital growth by investing primarily in equity securities of Canadian corporations with small to medium market capitalization. The Fund may invest up to approximately 35% of its assets in foreign securities.

The charts below give you a snapshot of the fund's investments on December 31, 2016. The fund's investments will change over time.

Top 10 Investments as at December 31, 2016

1. The Descartes Systems Group Inc.	3.4%
2. Lundin Mining Corporation	3.1%
3. EnerCare Inc.	2.9%
4. Chartwell Retirement Residences	2.8%
5. CAE Inc.	2.8%
6. AGT Food & Ingredients Inc.	2.7%
7. FirstService Corporation	2.7%
8. Freehold Royalties Limited	2.7%
9. Cash & Cash Equivalents	2.7%
10. Interfor Corporation	2.6%
Total percentage of top 10 investments:	28.4%
Total number of investments:	64

Investment Mix as at December 31, 2016



How risky is it?

The value of the fund can go down as well as up. You could lose money. One way to gauge risk is to look at how much a fund's returns change over time. This is called "volatility".

In general, funds with higher volatility will have returns that change more over time. They typically have a greater chance of losing money and may have a greater chance of higher returns. Funds with lower volatility tend to have returns that change less over time. They typically have lower returns and may have a lower chance of losing money.

Risk rating

Empire Life Investments Inc. has rated the volatility of this fund as **medium to high**.

This rating is based on how much the fund's returns have changed from year to year.



For more information about the risk rating and specific risks that can affect the fund's returns, see the "What are the Risks of Investing in the Fund?" section of the fund's simplified prospectus.

No guarantees

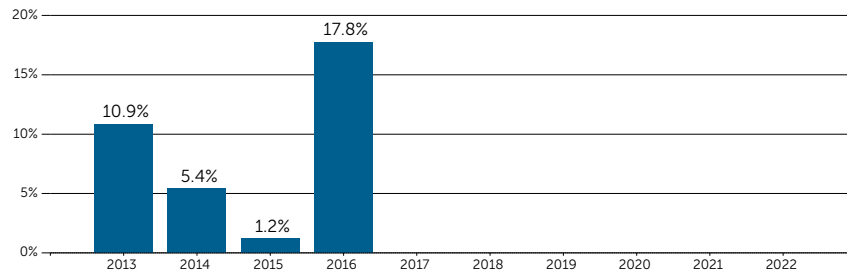
Like most mutual funds, this fund doesn't have any guarantees. You may not get back the money you invest.

How has the Fund performed?

This section tells you how series I units of the Fund have performed over the past 4 years. Returns are after expenses have been deducted. These expenses reduce the series' returns.

Year-by-year returns

This chart shows how series I units of the Fund performed in each of the past 4 years. The Fund did not drop in value in any of the 4 years. The range of returns and change from year to year can help you assess how risky the Fund has been in the past. It does not tell you how the Fund will perform in the future.



Best and worst 3-month returns

This table shows the best and worst returns for series I units of the Fund in a 3-month period over the past 4 years. The best and worst 3-month returns could be higher or lower in the future. Consider how much of a loss you could afford to take in a short period of time.

	Return	3 months ending	If you invested \$1,000 at the beginning of the period
Best return	12.4%	May 31, 2016	Your investment would rise to \$1,124
Worst return	-10.1%	November 30, 2014	Your investment would drop to \$899

Average return

A person who invested \$1,000 in series I units of the Fund on the inception date now has \$1,373.79. This works out to an annual compound return of 6.6%.

Who is the Fund for?

Investors who:

- Seek long-term capital growth associated with small cap companies; and
- Are willing to accept a medium to high level of risk.

A word about tax

In general, you will have to pay tax on any money you make on a fund including your share of the fund's earnings and on taxable capital gains from redeeming your investment. How much tax you pay depends on the tax laws where you live and whether or not you hold the fund in a registered plan and the type of earnings of the fund (e.g. interest, dividends, capital gains, etc.). In general, you do not pay tax on your investments while held in a Registered Retirement Savings Plan, Tax-Free Savings Account or other registered plan. If you hold your investment outside of a registered plan, you will receive a tax slip showing your share of the fund's earnings. You must include the amounts shown in your income whether you receive them in cash or have them reinvested. You must calculate your taxable capital gains from a redemption.

How much does it cost?

The following tables show the fees and expenses you could pay to buy, own and sell Series I units of the Fund. The fees and expenses—including any commissions—can vary among series of a fund and among funds. Higher commissions can influence representatives to recommend one investment over another.

Ask about other funds and investments that may be suitable for you at a lower cost. Ask about other funds and investments that may be suitable for you at a lower cost.

1. Sales charges

This series is only available to eligible institutional and high net worth investors, employees of Empire Life Investments Inc. and employees of certain affiliates of Empire Life Investments Inc. and is not sold to the general public. There are no sales charges or commissions payable to your representative's firm for this series. Instead, each Series I investor negotiates a management fee that is paid directly to Empire Life Investments Inc.

How much does it cost? (continued)

2. Fund expenses

You do not pay these expenses directly. They affect you because they reduce the series' returns. As of June 30, 2016 the series' expenses were 0.37% of its value. This equals \$3.70 for every \$1,000 invested.

	Annual rate (as a % of the series' value)
Management expense ratio (MER) This is the operating expense of this series.	0.00%
Trading expense ratio (TER) These are the fund's trading costs	0.37%
Fund expenses	0.37%

More about the trailing commission

No trailing commission is paid in respect of Series I.

3. Other fees

You may have to pay other fees when you buy, hold, sell or switch units of the Fund.

Fee	What you pay
Short-term trading fees	Up to 2% of the value of the units redeemed or switched if you redeem or switch your units within 30 days of buying them. This fee is payable to the Fund.
Switch fees	Your representative's firm may charge you up to 2% of the value of the units switched, as negotiated between you and your representative's firm.
Series I Management Fee	Series I management fee is negotiated and paid directly to Empire Life Investments Inc. by you and will not exceed an annual rate of 2.25%.
Insufficient funds fee	You may be charged a fee of \$25 plus applicable taxes for each payment not honoured by your financial institution.

What if I change my mind?

Under securities law in some provinces and territories, you have the right to:

- withdraw from an agreement to buy mutual fund securities within two business days after you receive a simplified prospectus or Fund Facts, or
- cancel your purchase within 48 hours after you receive confirmation of the purchase.

In some provinces and territories, you also have the right to cancel a purchase, or in some jurisdictions, claim damages, if the simplified prospectus, Fund Facts, annual information form or financial statements contain a misrepresentation. You must act within the time limit set by the securities law in your province or territory.

For more information, see the securities law of your province or territory or ask a lawyer.

For more information

Contact Empire Life Investments Inc. or your representative for a copy of the Fund's simplified prospectus and other disclosure documents, which have more detailed information. These documents and the Fund Facts make up the Fund's legal documents.

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To learn more about investing in mutual funds, see the brochure **Understanding mutual funds**, which is available on the website of the Canadian Securities Administrators at www.securities-administrators.ca.