

# **TD Balanced Growth Fund**

532036  
(03/18)

## **TD Mutual Funds Annual Financial Statements**

**for the period ended December 31, 2017**



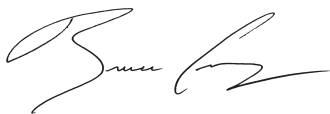
## Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by TD Asset Management Inc. ("TDAM") as manager of the TD Mutual Fund Trusts, TD Managed Assets Program Portfolios and TD Managed ETF Portfolios (collectively the "Funds" and individually the "Fund") and approved by TDAM's board of directors. The manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with International Financial Reporting Standards ("IFRS"). The manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced, and the safeguarding of all assets of the Funds.

The board of directors of TDAM is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

PricewaterhouseCoopers LLP is the external auditor of the Funds. The auditor has audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion on the financial statements. The auditor's report is included on the following page of this annual report.

On behalf of TDAM, manager of the Funds.



Bruce Cooper  
Director and  
Chief Executive Officer  
March 16, 2018



David Lambie  
Director and  
Chief Financial Officer  
March 16, 2018

## Independent Auditor's Report

### To the Unitholders and Trustee of:

TD Canadian Money Market Fund  
TD Premium Money Market Fund  
TD U.S. Money Market Fund  
TD Ultra Short Term Bond Fund  
TD Short Term Bond Fund  
TD Canadian Bond Fund  
TD Income Advantage Portfolio  
TD Canadian Core Plus Bond Fund  
TD Canadian Corporate Bond Fund  
TD Corporate Bond Plus Fund  
TD U.S. Corporate Bond Fund  
TD Real Return Bond Fund  
TD Global Income Fund  
TD Global Core Plus Bond Fund  
TD Global Unconstrained Bond Fund  
TD High Yield Bond Fund  
TD Global Conservative Opportunities Fund  
TD Global Balanced Opportunities Fund  
TD Monthly Income Fund  
TD Tactical Monthly Income Fund  
TD U.S. Monthly Income Fund  
TD U.S. Monthly Income Fund – C\$  
TD Balanced Income Fund  
TD Diversified Monthly Income Fund  
TD Strategic Yield Fund  
TD Balanced Growth Fund  
TD Dividend Income Fund  
TD Canadian Diversified Yield Fund  
TD Canadian Low Volatility Fund  
TD Dividend Growth Fund  
TD Canadian Blue Chip Dividend Fund  
TD Canadian Large-Cap Equity Fund  
TD Canadian Equity Fund  
TD Core Canadian Value Fund  
TD Canadian Value Fund  
TD Canadian Small-Cap Equity Fund  
TD U.S. Risk Managed Equity Fund  
TD U.S. Low Volatility Fund  
TD U.S. Low Volatility Currency Neutral Fund  
TD North American Dividend Fund  
TD U.S. Dividend Growth Fund  
TD U.S. Blue Chip Equity Fund  
TD U.S. Quantitative Equity Fund  
TD U.S. Equity Portfolio  
TD North American Small-Cap Equity Fund  
TD U.S. Mid-Cap Growth Fund  
TD U.S. Small-Cap Equity Fund  
TD Global Risk Managed Equity Fund  
TD Global Low Volatility Fund  
TD International Growth Fund  
TD International Stock Fund  
TD Emerging Markets Low Volatility Fund  
TD Asian Growth Fund  
TD Emerging Markets Fund  
Epoch U.S. Shareholder Yield Fund  
Epoch U.S. Blue Chip Equity Fund  
Epoch U.S. Blue Chip Equity  
Currency Neutral Fund  
Epoch U.S. Large-Cap Value Fund  
Epoch Global Shareholder Yield Fund  
Epoch Global Shareholder Yield  
Currency Neutral Fund  
Epoch Global Equity Fund  
Epoch International Equity Fund  
Epoch European Equity Fund  
TD Resource Fund  
TD Precious Metals Fund  
TD Entertainment & Communications Fund  
TD Science & Technology Fund  
TD Health Sciences Fund  
TD Canadian Bond Index Fund  
TD Balanced Index Fund  
TD Canadian Index Fund  
TD Dow Jones Industrial Average Index Fund  
TD U.S. Index Fund  
TD U.S. Index Currency Neutral Fund  
TD Nasdaq® Index Fund  
TD International Index Fund  
TD International Index  
Currency Neutral Fund  
TD European Index Fund  
TD US\$ Retirement Portfolio  
TD Retirement Conservative Portfolio  
TD Retirement Balanced Portfolio  
TD Advantage Balanced Income Portfolio  
TD Advantage Balanced Portfolio  
TD Advantage Balanced Growth Portfolio  
TD Advantage Growth Portfolio  
TD Advantage Aggressive Growth Portfolio  
TD Comfort Conservative Income Portfolio  
TD Comfort Balanced Income Portfolio  
TD Comfort Balanced Portfolio  
TD Comfort Balanced Growth Portfolio  
TD Comfort Growth Portfolio  
TD Comfort Aggressive Growth Portfolio  
TD Fixed Income Pool  
TD Risk Management Pool  
TD Canadian Equity Pool  
TD Global Equity Pool  
TD Tactical Pool  
TD Managed Income Portfolio  
TD Managed Income & Moderate  
Growth Portfolio  
TD Managed Balanced Growth Portfolio  
TD Managed Aggressive Growth Portfolio  
TD Managed Maximum Equity  
Growth Portfolio  
TD FundSmart Managed Income  
& Moderate Growth Portfolio  
TD FundSmart Managed  
Balanced Growth Portfolio  
TD FundSmart Managed  
Aggressive Growth Portfolio  
TD Managed Index Income Portfolio  
TD Managed Index Income  
& Moderate Growth Portfolio  
TD Managed Index Balanced  
Growth Portfolio  
TD Managed Index Aggressive  
Growth Portfolio  
TD Managed Index Maximum Equity  
Growth Portfolio  
TD Managed Income ETF Portfolio  
TD Managed Income & Moderate Growth  
ETF Portfolio  
TD Managed Balanced Growth ETF Portfolio  
TD Managed Aggressive Growth ETF Portfolio  
TD Managed Maximum Equity Growth  
ETF Portfolio  
(collectively, the "Funds")

## Independent Auditor's Report

We have audited the accompanying financial statements of each of the Funds, which comprise the statements of financial position, comprehensive income, changes in net assets attributable to holders of redeemable units and cash flows as at and for the periods indicated in note 1, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of each of the Funds in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements of each of the Funds based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in each of our audits is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements of each of the Funds present fairly, in all material respects, the financial position, financial performance and cash flows of each of the Funds as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

Toronto, Ontario

March 16, 2018

## TD Balanced Growth Fund

### Statements of Financial Position (in 000s except per unit amounts) as at December 31, 2017 and 2016

	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Investments	\$ 777,793	\$ 813,044
Cash	54,109	8,452
Interest Receivable	1,605	1,644
Dividends Receivable	1,068	1,290
Subscriptions Receivable	357	421
Receivable for Investments Sold	0	1,789
Derivative Assets		
Unrealized Appreciation on Open Foreign Exchange Forward Contracts	191	1,210
	835,123	827,850
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued Liabilities	58	59
Redemptions Payable	742	768
Payable for Investments Purchased	0	1,756
Derivative Liabilities		
Written Options	82	0
Unrealized Depreciation on Open Foreign Exchange Forward Contracts	298	1
	1,180	2,584
<b>Net Assets Attributable to Holders of Redeemable Units</b>		
	\$ 833,943	\$ 825,266
<b>Net Assets Attributable to Holders of Redeemable Units – Per Series (Note 5)</b>		
Investor Series	\$ 802,297	\$ 794,969
Advisor Series	\$ 21,493	\$ 23,267
F-Series	\$ 10,153	\$ 7,030
	\$ 833,943	\$ 825,266
<b>Net Assets Attributable to Holders of Redeemable Units – Per Series Unit</b>		
Investor Series	\$ 28.20	\$ 26.04
Advisor Series	\$ 14.73	\$ 13.61
F-Series	\$ 14.92	\$ 13.73

### Statements of Comprehensive Income (in 000s except per unit amounts) for the periods ended December 31, 2017 and 2016

	2017	2016
<b>Income</b>		
Foreign Exchange Gain (Loss) on Cash	\$ (1,330)	\$ 67
Securities Lending Income	189	121
<b>Net Gain (Loss) on Investments and Derivatives</b>		
<b>Net Gain (Loss) on Investments</b>		
Interest for Distribution Purposes	7,438	8,549
Dividend Income	15,532	16,682
Net Realized Gain (Loss)	25,479	27,187
Net Change in Unrealized Appreciation/ Depreciation	39,057	33,423
<b>Net Gain (Loss) on Investments</b>	<b>87,506</b>	<b>85,841</b>
<b>Net Gain (Loss) on Derivatives</b>		
Net Realized Gain (Loss)	2,851	5,063
Net Change in Unrealized Appreciation/ Depreciation	(1,239)	(586)
<b>Net Gain (Loss) on Derivatives</b>	<b>1,612</b>	<b>4,477</b>
<b>Total Net Gain (Loss) on Investments and Derivatives</b>		
	89,118	90,318
<b>Total Income (Net)</b>		
	87,977	90,506
<b>Expenses (Note 6)</b>		
Management Fees	17,782	17,374
Administration Fees	721	717
Independent Review Committee Fees	2	2
Transaction Costs	404	594
Interest Charges	1	1
<b>Total Expenses before Waivers</b>	<b>18,910</b>	<b>18,688</b>
Less: Waived Expenses	(262)	(1)
<b>Total Expenses (Net)</b>	<b>18,648</b>	<b>18,687</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units before Tax</b>		
	69,329	71,819
<b>Tax Reclaims (Withholding Taxes)</b>		
	(775)	(880)
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>		
	\$ 68,554	\$ 70,939
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series</b>		
Investor Series	\$ 65,938	\$ 68,346
Advisor Series	\$ 1,792	\$ 2,087
F-Series	\$ 824	\$ 506
	\$ 68,554	\$ 70,939
<b>Weighted Average Units Outstanding for the Period – Per Series</b>		
Investor Series	29,407	31,534
Advisor Series	1,517	1,855
F-Series	625	382
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series Unit</b>		
Investor Series	\$ 2.24	\$ 2.17
Advisor Series	\$ 1.18	\$ 1.13
F-Series	\$ 1.32	\$ 1.33

The accompanying notes are an integral part of the financial statements.

## TD Balanced Growth Fund

### Statements of Changes in Net Assets Attributable to Holders of Redeemable Units *(in 000s)*

for the periods ended December 31, 2017 and 2016

	Investor Series		Advisor Series	
	2017	2016	2017	2016
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</b>	\$ 794,969	\$ 799,596	\$ 23,267	\$ 25,150
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	65,938	68,346	1,792	2,087
<b>Distributions to Holders of Redeemable Units</b>				
From Net Investment Income	(2,528)	(5,359)	(65)	(163)
From Net Realized Gains on Investments	0	(9,063)	0	(279)
	(2,528)	(14,422)	(65)	(442)
<b>Redeemable Unit Transactions</b>				
Proceeds from Redeemable Units Issued	58,143	54,090	3,386	3,288
Reinvestments of Distributions to Holders of Redeemable Units	2,517	14,340	64	433
Early Redemption Fees on Redeemable Units	0	4	0	0
Redemption of Redeemable Units	(116,742)	(126,985)	(6,951)	(7,249)
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	(56,082)	(58,551)	(3,501)	(3,528)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	7,328	(4,627)	(1,774)	(1,883)
<b>Net Assets Attributable to Holders of Redeemable Units at End of the Period</b>	\$ 802,297	\$ 794,969	\$ 21,493	\$ 23,267
<b>Redeemable Unit Transactions</b>				
Redeemable Units Outstanding, Beginning of the Period	30,523	32,870	1,710	1,978
Redeemable Units Issued	2,143	2,174	239	251
Redeemable Units Issued on Reinvestments	93	557	5	32
Redeemable Units Redeemed	(4,306)	(5,078)	(495)	(551)
<b>Redeemable Units Outstanding, End of the Period</b>	28,453	30,523	1,459	1,710
	F-Series		TOTAL	
	2017	2016	2017	2016
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</b>	\$ 7,030	\$ 3,840	\$ 825,266	\$ 828,586
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	824	506	68,554	70,939
<b>Distributions to Holders of Redeemable Units</b>				
From Net Investment Income	(103)	(70)	(2,696)	(5,592)
From Net Realized Gains on Investments	0	(56)	0	(9,398)
	(103)	(126)	(2,696)	(14,990)
<b>Redeemable Unit Transactions</b>				
Proceeds from Redeemable Units Issued	3,817	3,667	65,346	61,045
Reinvestments of Distributions to Holders of Redeemable Units	66	85	2,647	14,858
Early Redemption Fees on Redeemable Units	0	0	0	4
Redemption of Redeemable Units	(1,481)	(942)	(125,174)	(135,176)
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	2,402	2,810	(57,181)	(59,269)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	3,123	3,190	8,677	(3,320)
<b>Net Assets Attributable to Holders of Redeemable Units at End of the Period</b>	\$ 10,153	\$ 7,030	\$ 833,943	\$ 825,266
<b>Redeemable Unit Transactions</b>				
Redeemable Units Outstanding, Beginning of the Period	512	301		
Redeemable Units Issued	268	277		
Redeemable Units Issued on Reinvestments	5	6		
Redeemable Units Redeemed	(104)	(72)		
<b>Redeemable Units Outstanding, End of the Period</b>	681	512		

The accompanying notes are an integral part of the financial statements.

## TD Balanced Growth Fund

### Statements of Cash Flows (in 000s)

for the periods ended December 31, 2017 and 2016

	2017	2016
<b>Cash Flows from (used in) Operating Activities</b>		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 68,554	\$ 70,939
Adjustment For:		
Unrealized Foreign Exchange (Gain) Loss on Cash	255	(13)
Net Realized (Gain) Loss on Sale of Investments and Derivatives	(28,330)	(32,250)
Net Change in Unrealized Appreciation/Depreciation of Investments and Derivatives	(37,818)	(32,837)
Purchase of Investments	(238,619)	(1,377,998)
Proceeds from Sale and/or Maturity of Investments	341,454	1,455,819
(Increase) Decrease in Interest Receivable	37	136
(Increase) Decrease in Dividends Receivable	219	(147)
Increase (Decrease) in Accrued Liabilities	(1)	(1,508)
<b>Net Cash from (used in) Operating Activities</b>	<b>105,751</b>	<b>82,141</b>
<b>Cash Flows from (used in) Financing Activities</b>		
Distributions Paid to Holders of Redeemable Units, Net of Reinvested Distributions	(49)	(132)
Proceeds from Issuances of Redeemable Units	62,493	56,343
Amounts Paid on Redemption of Redeemable Units, Net of Early Redemption Fees	(122,283)	(130,425)
<b>Net Cash from (used in) Financing Activities</b>	<b>(59,839)</b>	<b>(74,214)</b>
Unrealized Foreign Exchange Gain (Loss) on Cash	(255)	13
Net Increase (Decrease) in Cash	45,912	7,927
Cash (Bank Overdraft) at Beginning of the Period	8,452	512
<b>Cash (Bank Overdraft) at End of the Period</b>	<b>\$ 54,109</b>	<b>\$ 8,452</b>
Interest for Distribution Purposes Received*, Net of Withholding Taxes	\$ 7,475	\$ 8,685
Dividends Received*, Net of Withholding Taxes	\$ 15,010	\$ 15,654

\* Included as part of Cash Flows from (used in) Operating Activities.

The accompanying notes are an integral part of the financial statements.

## TD Balanced Growth Fund

Schedule of Investment Portfolio (in 000s except number of Shares or Units/Par Value/Contracts) as at December 31, 2017

No. of Shares or Units/Par Value/Contracts	Description	Cost	Fair Value
<b>Canadian Equities – 41.8%</b>			
<b>ENERGY – 9.8%</b>			
315,000	Canadian Natural Resources Limited	\$ 9,725	\$ 14,150
350,000	Enbridge Inc.	14,880	17,206
375,000	Kinder Morgan Canada Ltd.	6,435	6,379
300,000	Pason Systems Inc.	6,166	5,457
300,000	Seven Generations Energy Ltd.	5,636	5,334
200,000	Suncor Energy Inc.	6,560	9,230
220,000	TransCanada Corporation	10,236	13,459
160,000	Vermilion Energy Inc.	6,853	7,309
375,000	Whitecap Resources Inc.	3,674	3,356
		70,165	81,880
<b>MATERIALS – 3.2%</b>			
65,000	Agnico Eagle Mines Limited	3,239	3,772
65,000	Agrium Inc.	8,527	9,398
250,000	Barrick Gold Corporation	4,671	4,545
50,000	Franco-Nevada Corporation	3,003	5,023
50,000	Methanex Corporation	3,030	3,808
		22,470	26,546
<b>INDUSTRIALS – 4.4%</b>			
380,000	CAE Inc.	4,257	8,873
160,000	Canadian National Railway Company	6,805	16,584
40,000	Canadian Pacific Railway Limited	7,473	9,187
60,000	Finning International Inc.	1,598	1,903
		20,133	36,547
<b>CONSUMER DISCRETIONARY – 2.7%</b>			
60,000	Dollarama Inc.	1,630	9,423
100,000	Gildan Activewear Inc.	3,414	4,061
120,000	Restaurant Brands International Inc.	5,692	9,273
		10,736	22,757
<b>CONSUMER STAPLES – 1.2%</b>			
120,000	Alimentation Couche-Tard Inc., Class B SV	6,212	7,871
25,000	Loblaw Companies Limited	1,336	1,705
		7,548	9,576
<b>FINANCIALS – 16.4%</b>			
300,000	The Bank of Nova Scotia	16,341	24,336
300,000	Brookfield Asset Management Inc., Class A	6,353	16,416
70,000	Canadian Imperial Bank of Commerce	5,824	8,578
200,000	Fairfax India Holdings Corporation	2,435	3,771
635,000	Manulife Financial Corporation	10,071	16,650
330,000	Royal Bank of Canada	19,506	33,874
450,000	The Toronto-Dominion Bank*	16,257	33,143
1,764	Trisura Group Ltd.	42	45
		76,829	136,813
<b>INFORMATION TECHNOLOGY – 0.6%</b>			
40,000	Shopify Inc., Class A	2,841	5,084
<b>TELECOMMUNICATION SERVICES – 1.8%</b>			
195,000	BCE Inc.	10,999	11,774
75,000	TELUS Corporation	2,234	3,572
		13,233	15,346
<b>ROYALTY/INCOME TRUSTS – 1.7%</b>			
250,000	Brookfield Infrastructure Partners L.P.	6,014	14,095
	Total Canadian Equities	229,969	348,644

No. of Shares or Units/Par Value/Contracts	Description	Cost	Fair Value
<b>U.S. Equities – 15.2%</b>			
<b>ENERGY – 1.1%</b>			
27,000	EOG Resources Inc.	\$ 2,975	\$ 3,662
12,000	Pioneer Natural Resources Company	2,373	2,607
35,000	Schlumberger Ltd.	3,372	2,965
		8,720	9,234
<b>INDUSTRIALS – 2.4%</b>			
12,500	The Boeing Company	2,477	4,634
15,000	Honeywell International Inc.	1,336	2,892
55,000	Nielsen Holdings PLC	3,217	2,516
13,000	Parker-Hannifin Corporation	1,912	3,261
20,000	Union Pacific Corporation	2,420	3,371
30,000	XPO Logistics Inc.	2,285	3,454
		13,647	20,128
<b>CONSUMER DISCRETIONARY – 2.5%</b>			
3,000	Amazon.com Inc.	2,343	4,410
75,000	Comcast Corporation, Class A	2,552	3,776
15,000	The Home Depot Inc.	1,718	3,574
60,000	NIKE Inc., Class B	4,237	4,717
2,000	The Priceline Group Inc.	4,751	4,369
		15,601	20,846
<b>CONSUMER STAPLES – 0.7%</b>			
10,000	Costco Wholesale Corporation	1,988	2,340
25,000	Philip Morris International Inc.	2,483	3,320
		4,471	5,660
<b>HEALTH CARE – 1.1%</b>			
25,000	Amgen Inc.	5,199	5,465
15,000	Gilead Sciences Inc.	1,446	1,351
10,000	McKesson Corporation	2,083	1,960
		8,728	8,776
<b>FINANCIALS – 2.8%</b>			
30,000	Ameriprise Financial Inc.	4,410	6,391
131,000	Bank of America Corporation	4,194	4,861
40,000	JPMorgan Chase & Co.	2,708	5,377
100,000	Morgan Stanley	3,601	6,595
		14,913	23,224
<b>INFORMATION TECHNOLOGY – 3.6%</b>			
4,000	Alphabet Inc., Class A	3,128	5,296
25,000	Apple Inc.	3,200	5,318
45,000	Broadridge Financial Solutions Inc.	2,160	5,124
50,000	Microsoft Corporation	2,629	5,376
55,000	Oracle Corporation	2,385	3,269
37,000	Visa Inc.	2,554	5,303
50,000	Yext Inc.	795	756
		16,851	30,442
<b>REAL ESTATE – 1.0%</b>			
25,000	Crown Castle International Corp.	3,194	3,488
8,000	Equinix Inc.	3,925	4,558
		7,119	8,046
	Total U.S. Equities	90,050	126,356
<b>International Equities – 10.8%</b>			
<b>AUSTRALIA – 0.4%</b>			
125,000	BHP Billiton Limited	3,364	3,625
<b>BELGIUM – 0.3%</b>			
22,000	Anheuser-Busch InBev NV	3,043	3,090
<b>DENMARK – 0.5%</b>			
60,000	Novo Nordisk AS, Class B	3,719	4,066



**TD Balanced Growth Fund**

No. of Shares or Units/ Par Value/ Contracts	Description	Cost	Fair Value
<b>FRANCE – 1.1%</b>			
25,000	Airbus Group SE	\$ 2,108	\$ 3,130
35,000	BNP Paribas SA	3,191	3,286
37,000	TOTAL SA	2,283	2,569
		7,582	8,985
<b>GERMANY – 0.4%</b>			
13,000	Allianz SE	2,819	3,755
<b>HONG KONG – 0.4%</b>			
300,000	AIA Group Limited	1,874	3,217
<b>IRELAND – 1.0%</b>			
25,000	Accenture PLC, Class A	3,754	4,811
35,000	Medtronic PLC	3,126	3,552
		6,880	8,363
<b>ITALY – 0.5%</b>			
100,000	Moncler SpA	2,378	3,933
<b>JAPAN – 1.4%</b>			
10,000	Daito Trust Construction Company Ltd.	2,113	2,563
5,000	Disco Corporation	1,464	1,398
15,000	FANUC Corporation	3,597	4,528
4,500	Keyence Corporation	2,799	3,169
		9,973	11,658
<b>NETHERLANDS – 1.3%</b>			
165,000	ING Groep NV	2,776	3,814
800,000	Koninklijke KPN NV	3,456	3,509
70,000	NN Group NV	3,129	3,813
		9,361	11,136
<b>SPAIN – 0.9%</b>			
45,000	Amadeus IT Holding SA	2,299	4,080
400,000	Banco Santander SA	2,586	3,305
		4,885	7,385
<b>SWEDEN – 1.0%</b>			
55,000	Atlas Copco AB, Class A	1,893	2,985
275,000	Com Hem Holding AB	3,071	5,285
		4,964	8,270
<b>SWITZERLAND – 1.1%</b>			
4,000	Geberit AG	2,441	2,214
30,000	Nestle SA	2,374	3,243
8,400	Valora Holding AG	2,728	3,522
		7,543	8,979
<b>UNITED KINGDOM – 0.5%</b>			
450,000	BP PLC	3,597	3,992
	Total International Equities	71,982	90,454
<b>Options – 0.0%</b>			
<b>OPTIONS, WRITTEN – 0.0%</b>			
(400)	CF Industries Holdings Inc. Put 38.5, 26/01/2018	(31)	(11)
(125)	Facebook Inc. Put 165, 19/01/2018	(41)	(7)
(150)	Shopify Inc. Put 85, 19/01/2018	(41)	(5)
(300)	Teladoc Inc.* Put 35, 19/01/2018	(50)	(59)
	Total Options	(163)	(82)

No. of Shares or Units/ Par Value/ Contracts	Description	Cost	Fair Value
<b>Canadian Bonds – 22.8%</b>			
<b>FEDERAL BONDS &amp; GUARANTEES – 3.2%</b>			
Canada Housing Trust No. 1			
4,000,000	3.15% due September 15, 2023	\$ 4,463	\$ 4,200
3,400,000	1.95% due December 15, 2025	3,346	3,303
Canada Post Corporation			
2,400,000	4.08% due July 16, 2025	2,398	2,666
Government of Canada			
390,000	0.50% due March 01, 2022	378	369
800,000	1.50% due June 01, 2026	799	768
9,820,000	1.00% due June 01, 2027	9,177	8,950
2,855,000	3.50% due December 01, 2045	3,786	3,570
2,930,000	2.75% due December 01, 2048	3,170	3,245
		27,517	27,071
<b>PROVINCIAL BONDS &amp; GUARANTEES – 5.7%</b>			
Hydro One Inc.			
700,000	Callable 4.17% due June 06, 2044	735	776
Ontrea Inc.			
562,392	4.619% due April 09, 2018	562	567
Province of Alberta			
2,800,000	2.35% due June 01, 2025	2,808	2,766
1,170,000	2.20% due June 01, 2026	1,167	1,134
1,360,000	3.30% due December 01, 2046	1,360	1,436
Province of British Columbia			
1,090,000	5.62% due August 17, 2028	1,345	1,377
700,000	4.30% due June 18, 2042	859	875
650,000	2.80% due June 18, 2048	597	641
Province of Manitoba			
1,000,000	2.45% due June 02, 2025	1,016	993
4,570,000	5.70% due March 05, 2037	6,340	6,362
2,900,000	4.10% due March 05, 2041	3,579	3,407
Province of Nova Scotia			
3,000,000	4.50% due June 01, 2037	3,411	3,683
Province of Ontario			
2,250,000	5.85% due March 08, 2033	3,044	3,087
3,000,000	4.70% due June 02, 2037	3,702	3,802
3,100,000	4.60% due June 02, 2039	3,813	3,925
10,000,000	2.90% due December 02, 2046	9,637	9,908
1,100,000	2.80% due June 02, 2048	1,002	1,071
Province of Ontario Generic Strip Residual			
3,000,000	2.96% due June 02, 2045	1,274	1,349
		46,251	47,159
<b>CORPORATE BONDS – 13.9%</b>			
777 Bay Limited Partnership			
243,849	3.185% due July 17, 2026	244	239
AIMCo Realty Investors LP			
490,000	Callable 2.266% due June 26, 2024	490	476
520,000	Callable 3.043% due June 01, 2028	520	518
Alberta Powerline LP			
270,000	4.065% due December 01, 2053	270	289
Bank of Montreal			
740,000	1.88% due March 31, 2021	740	729
1,500,000	3.40% due April 23, 2021	1,642	1,548
1,330,000	1.61% due October 28, 2021	1,330	1,291
790,000	2.27% due July 11, 2022	790	782
710,000	2.70% due September 11, 2024	710	710
830,000	Callable 3.34% due December 08, 2025	830	845
1,100,000	Callable 2.57% due June 01, 2027	1,100	1,083

**TD Balanced Growth Fund**

TD Balanced Growth Fund				TD Balanced Growth Fund			
No. of Shares or Units/ Par Value/ Contracts	Description	Cost	Fair Value	No. of Shares or Units/ Par Value/ Contracts	Description	Cost	Fair Value
1,820,000	The Bank of Nova Scotia 3.27% due January 11, 2021	\$ 1,900	\$ 1,869	1,900,000	HSBC Bank Canada 2.449% due January 29, 2021	\$ 1,903	\$ 1,902
1,060,000	1.90% due December 02, 2021	1,060	1,038	1,900,000	2.908% due September 29, 2021	1,925	1,928
1,470,000	1.83% due April 27, 2022	1,469	1,429	640,000	2.17% due June 29, 2022	640	629
930,000	Callable 2.36% due November 08, 2022	930	921	830,000	2.542% due January 31, 2023	830	824
1,910,000	2.29% due June 28, 2024	1,910	1,862		Husky Energy Inc.		
1,280,000	Callable 3.367% due December 08, 2025	1,280	1,304	666,000	5.00% due March 12, 2020	725	702
1,000,000	Callable 2.58% due March 30, 2027	989	985		Industrial Alliance Insurance and Financial Services Inc.		
1,560,000	bciMC Realty Corporation Callable 2.84% due June 03, 2025	1,559	1,558	500,000	Callable 3.30% due September 15, 2028	500	507
530,000	Callable 3.00% due March 31, 2027	530	531		Institutional Mortgage Securities Canada Inc.		
2,470,000	Bell Canada Inc. 3.25% due June 17, 2020	2,552	2,523	148,841	Callable 3.69% due April 12, 2020	149	151
770,000	2.00% due October 01, 2021	768	754	240,000	Kent Hills Wind LP 4.454% due December 31, 2033	240	249
1,270,000	Callable 3.00% due October 03, 2022	1,265	1,285		Kingston Solar LP		
346,000	BMO Capital Trust II Callable 10.221% due December 31, 2018	477	372	559,947	3.571% due July 31, 2035	560	545
620,000	BMW Canada Inc. 1.78% due October 19, 2020	620	611		The Manufacturers Life Insurance Company		
1,540,000	1.88% due December 11, 2020	1,540	1,519	1,520,000	Callable 2.10% due June 01, 2025	1,520	1,509
75,000	Bombardier Inc. (USD) 7.75% due March 15, 2020	108	102	1,110,000	Callable 3.181% due November 22, 2027	1,110	1,134
1,300,000	Bow Centre Street L.P. 3.69% due June 14, 2021	1,300	1,282		Manulife Financial Capital Trust II		
630,000	Canadian Imperial Bank of Commerce 1.90% due April 26, 2021	630	621	2,000,000	Callable 7.405% due December 31, 2019	2,301	2,181
900,000	1.64% due July 12, 2021	900	877		Nissan Canada Financial Services Inc.		
1,520,000	2.04% due March 21, 2022	1,510	1,494	200,000	1.75% due April 09, 2020	200	197
500,000	Callable 3.00% due October 28, 2024	515	505	460,000	2.42% due October 19, 2020	460	460
1,570,000	Callable 3.42% due January 26, 2026	1,570	1,601		North West Redwater Partnership/ NWR Financing Company Ltd.		
640,000	Canadian Natural Resources Limited 2.05% due June 01, 2020	640	633	620,000	Callable 2.10% due February 23, 2022	619	608
1,450,000	2.89% due August 14, 2020	1,478	1,463	458,000	Callable 3.20% due April 24, 2026	439	462
650,000	3.31% due February 11, 2022	650	663	440,000	Callable 2.80% due June 01, 2027	439	426
200,000	Chaudiere Hydro L.P., Series 2016-1 4.08% due March 31, 2057	200	201	550,000	Callable 4.25% due June 01, 2029	548	597
500,000	Daimler Canada Finance Inc. 2.30% due November 23, 2020	500	498	530,000	Callable 3.65% due June 01, 2035	530	536
700,000	2.23% due December 16, 2021	700	691	440,000	Callable 3.70% due February 23, 2043	438	435
380,000	2.57% due November 22, 2022	380	378	370,000	Callable 4.05% due July 22, 2044	369	386
560,000	Enbridge Gas Distribution Inc. Callable 3.31% due September 11, 2025	560	581	150,000	NOVA Chemicals Corporation (USD) Callable 5.25% due August 01, 2023	201	195
1,000,000	Callable 2.50% due August 05, 2026	1,002	977		OMERS Realty Corporation		
500,000	Callable 4.00% due August 22, 2044	546	544	510,000	2.971% due April 05, 2021	510	520
2,130,000	Enbridge Pipelines Inc. 4.45% due April 06, 2020	2,149	2,232	650,000	Callable 2.858% due February 23, 2024	650	655
680,000	Callable 3.00% due August 10, 2026	680	676	570,000	3.328% due November 12, 2024	570	590
540,000	Ford Credit Canada Company 2.923% due September 16, 2020	540	543	860,000	Callable 3.244% due October 04, 2027	860	876
530,000	2.71% due February 23, 2022	530	524		Open Text Corporation (USD)		
1,170,000	2.766% due June 22, 2022	1,170	1,157	100,000	Callable 5.625% due January 15, 2023	134	131
640,000	3.349% due September 19, 2022	640	648		Original Wempi Inc.		
339,116	Grand Renewable Solar L.P. 3.926% due January 31, 2035	339	335	620,000	4.309% due February 13, 2024	620	635
600,000	HCN Canadian Holdings-1 L.P. 3.35% due November 25, 2020	598	614		Plenary Roads Winnipeg Transitway L.P.		
630,000	Honda Canada Finance Inc. 2.488% due December 19, 2022	630	626	300,000	4.1126% due May 31, 2049	300	304
580,000	2.537% due March 01, 2023	580	577		Powell River Energy Inc.		
				190,000	4.45% due August 31, 2026	190	190
					Real Estate Asset Liquidity Trust		
				397,721	Callable 2.356% due January 12, 2025	398	389
				470,000	Callable 3.239% due May 12, 2025	470	459
				510,000	Callable 2.588% due October 12, 2025	510	489
					Reliant FN L.P.		
				66,639	4.51% due June 15, 2036	67	68
				99,996	4.77% due December 15, 2036	100	101
					Resolute Forest Products Inc. (USD)		
				125,000	Callable 5.875% due May 15, 2023	135	163
					RioCan Real Estate Investment Trust		
				450,000	2.185% due August 26, 2020	450	446
				300,000	2.194% due April 09, 2021	300	296
				1,200,000	3.716% due December 13, 2021	1,281	1,239
				490,000	2.83% due October 03, 2022	490	487



**TD Balanced Growth Fund**

TD Balanced Growth Fund				TD Balanced Growth Fund			
No. of Shares or Units/ Par Value/ Contracts	Description	Cost	Fair Value	No. of Shares or Units/ Par Value/ Contracts	Description	Cost	Fair Value
75,000	Crown Castle International Corp. (USD) 4.875% due April 15, 2022	\$ 105	\$ 101	25,000	Sirius XM Radio Inc. (USD) Callable 3.875% due August 01, 2022	\$ 32	\$ 32
150,000	Diamond 1 Finance Corporation/ Diamond 2 Finance Corporation (USD) Callable 5.875% due June 15, 2021	208	196	55,000	Callable 4.625% due May 15, 2023	73	71
50,000	Callable 7.125% due June 15, 2024	69	69	76,000	Callable 6.00% due July 15, 2024	105	101
50,000	DISH DBS Corporation (USD) 4.25% due April 01, 2018	70	63	40,000	Callable 5.00% due August 01, 2027	53	51
125,000	7.875% due September 01, 2019	179	169	100,000	Six Flags Entertainment Corporation (USD) Callable 4.875% due July 31, 2024	127	128
134,000	First Data Corporation (USD) Callable 5.375% due August 15, 2023	186	176	185,000	Sprint Corporation (USD) 7.00% due August 15, 2020	241	247
36,000	Callable 5.00% due January 15, 2024	47	47	70,000	Staples Inc., Term Loan (USD) due August 15, 2024	89	86
75,000	GameStop Corp. (USD) Callable 6.75% due March 15, 2021	99	99	45,000	Steel Dynamics Inc. (USD) Callable 5.00% due December 15, 2026	61	60
150,000	The Goodyear Tire & Rubber Company (USD) Callable 5.125% due November 15, 2023	203	197	175,000	TEGNA Inc. (USD) Callable 5.125% due July 15, 2020	234	226
300,000	HCA Inc. (USD) 6.50% due February 15, 2020	441	401	125,000	T-Mobile US Inc. (USD) Callable 6.00% due March 01, 2023	174	165
50,000	The Hertz Corporation (USD) Callable 5.875% due October 15, 2020	67	63	50,000	Callable 6.50% due January 15, 2024	68	67
250,000	Hologic Inc. (USD) Callable 5.25% due July 15, 2022	342	326	267,367	UNA CTL PT Trust, Series A1 (USD) 3.47% due June 15, 2033	350	326
185,000	International Lease Finance Corporation (USD) 6.25% due May 15, 2019	265	244	128,841	UNA CTL PT Trust, Series A2 (USD) 4.03% due June 15, 2033	169	161
175,000	Jabil Circuit Inc. (USD) 4.70% due September 15, 2022	246	232	35,344	UNA CTL PT Trust, Series A3 (USD) 14.00% due June 15, 2033	46	44
96,387	Kawa SBA IO Trust 2016-1 A (USD) 4.00% due October 25, 2019	129	121	200,000	VA Tal CTL Trust, Series A2 (USD) 4.09% due July 15, 2036	264	245
210,000	4.606% due August 01, 2022	270	264	18,000	Valeant Pharmaceuticals International Inc. (USD) Callable 6.375% due October 15, 2020	25	23
140,000	L Brands Inc. (USD) 8.50% due June 15, 2019	219	192	75,000	VeriSign Inc. (USD) Callable 4.625% due May 01, 2023	100	97
125,000	Lamar Media Corp. (USD) Callable 5.875% due February 01, 2022	174	161	5,000	Callable 4.75% due July 15, 2027	7	7
221,000	MSCI Inc. (USD) Callable 5.25% due November 15, 2024	299	294	10,000	WESCO Distribution Inc. (USD) Callable 5.375% due June 15, 2024	13	13
84,000	Neptune Finco Corp. (USD) Callable 6.625% due October 15, 2025	124	115	150,000	ZF North America Capital Inc. (USD) 4.00% due April 29, 2020	198	196
50,000	Nielsen Finance LLC/Nielsen Finance Co. (USD) Callable 4.50% due October 01, 2020	66	64			11,128	10,628
170,000	Callable 5.00% due April 15, 2022	220	220		<b>SUPRANATIONALS – 0.3%</b>		
150,000	NRG Energy Inc. (USD) Callable 6.25% due July 15, 2022	201	197	1,750,000	Inter-American Development Bank 4.40% due January 26, 2026	1,725	1,967
50,000	Callable 6.625% due March 15, 2023	65	65		<b>Total Global Bonds</b>	<b>17,808</b>	<b>17,519</b>
225,000	PVH Corp. (USD) Callable 4.50% due December 15, 2022	299	289	200,000	<b>INDEX EQUIVALENTS – 0.6%</b> iShares S&P/TSX 60 Index ETF	3,858	4,830
125,000	R.R. Donnelley & Sons Company (USD) 7.875% due March 15, 2021	169	164		<b>Transaction Costs</b>	<b>(406)</b>	
129,627	Reynolds Group Issuer Inc. (USD) Callable 6.875% due February 15, 2021	180	165		<b>TOTAL INVESTMENT</b>		
100,000	SBA Communications Corporation (USD) Callable 4.875% due July 15, 2022	133	130		<b>PORTFOLIO – 93.3%</b>	<b>\$ 603,123</b>	<b>\$ 777,711</b>
50,000	Callable 4.00% due October 01, 2022	65	63		<b>FORWARD CONTRACTS</b>		
139,566	SHW CTL PS Trust, Series A1 (USD) 3.67% due May 15, 2029	180	171		(SCHEDULE 1) – 0.0%		(107)
220,000	SHW CTL PS Trust, Series A2 (USD) 4.41% due May 15, 2029	284	273		<b>OTHER NET ASSETS</b>		
200,000	Sinclair Television Group Inc. (USD) Callable 5.375% due April 01, 2021	266	256		(LIABILITIES) – 6.7%		56,339
					<b>TOTAL NET ASSETS – 100.0%</b>		<b>\$ 833,943</b>

\* Related party to the Fund as an affiliated entity of TD Asset Management Inc.

## Schedule 1

## Foreign Exchange Forward Contracts (in 000s except contract price and total number of contract(s))

Settlement Date	Currency to be Delivered		Canadian Value as at December 31, 2017	Currency to be Received		Canadian Value as at December 31, 2017	Contract Price	CAD Unrealized Appreciation
January 31, 2018	2,930	CAD	\$ 2,930	1,758	GBP	\$ 2,987	1.66607	\$ 57
January 31, 2018	52,042	SEK	7,987	8,071	CAD	8,071	6.44797	84
January 31, 2018	13,330	SEK	2,046	2,067	CAD	2,067	6.44963	21
January 31, 2018	11,059	USD	13,894	14,002	CAD	14,002	1.26616	108
February 28, 2018	5,618	USD	7,056	7,141	CAD	7,141	1.27117	85
February 28, 2018	5,576	USD	7,004	7,088	CAD	7,088	1.27110	84
February 28, 2018	15	USD	19	19	CAD	19	1.27111	0
			\$ 40,936			\$ 41,375		\$ 439

Settlement Date	Currency to be Delivered		Canadian Value as at December 31, 2017	Currency to be Received		Canadian Value as at December 31, 2017	Contract Price	CAD Unrealized Depreciation
January 31, 2018	16,443	CAD	\$ 16,443	12,987	USD	\$ 16,316	1.26616	\$ (127)
January 31, 2018	2,274	CAD	2,274	14,661	SEK	2,251	6.44797	(23)
January 31, 2018	2,034	CHF	2,629	2,619	CAD	2,619	0.77667	(10)
January 31, 2018	1,236	CHF	1,597	1,591	CAD	1,591	0.77655	(6)
January 31, 2018	10,061	DKK	2,042	2,025	CAD	2,025	4.96886	(17)
January 31, 2018	12,787	EUR	19,316	19,149	CAD	19,149	1.49752	(167)
January 31, 2018	2,990	EUR	4,517	4,478	CAD	4,478	1.49757	(39)
January 31, 2018	2,153	GBP	3,656	3,587	CAD	3,587	1.66607	(69)
January 31, 2018	1,010	GBP	1,714	1,682	CAD	1,682	1.66606	(32)
January 31, 2018	682,804	JPY	7,626	7,622	CAD	7,622	89.58200	(4)
February 28, 2018	5,529	EUR	8,361	8,333	CAD	8,333	1.50724	(28)
March 28, 2018	445	CAD	445	346	USD	434	1.28728	(11)
March 28, 2018	388	CAD	388	302	USD	378	1.28745	(10)
March 28, 2018	278	CAD	278	181	EUR	275	1.53120	(3)
			\$ 71,286			\$ 70,740		\$ (546)

TOTAL NUMBER OF CONTRACT(S): 23

CAD NET UNREALIZED DEPRECIATION \$ (107)

## TD Balanced Growth Fund

### Fund-Specific Notes to the Financial Statements

#### (A) The Fund

(I) The Fund start date was September 4, 1987.

(II) TDAM is the manager, portfolio adviser and trustee of the Fund. TDIS is the principal distributor of the Investor Series units of the Fund.

(III) The presentation and functional currency of the Fund is the Canadian dollar.

(IV) The investment objective of the Fund is to seek to provide capital growth and income by investing primarily in equity and fixed income securities of issuers in Canada. In seeking to achieve this objective, the Fund balances the major asset classes based on relative valuation parameters between such asset classes and focuses on high-quality investments. Common stock investments concentrate on those companies which are expected to have above-average earnings growth over the course of a market cycle. The Fund may invest in exchange-traded funds, investment and non-investment grade bonds and other evidences of indebtedness (including investments in loans).

(V) Any related party holdings as at December 31, 2017 (2016: 5.2%), are disclosed in the Schedule of Investment Portfolio.

#### (B) Management Fees and Administration Fees (Note 6)

for the periods ended December 31, 2017 and 2016

##### (I) MANAGEMENT FEES (%) (exclusive of GST and HST)

Series	Annual Rate*	Annual Rate After Waiver*	Maximum Annual Rate	Actual Annual Rate*
	2017	2017	2016	2016
Investor Series	2.00	1.93	2.00	1.93
Advisor Series	2.00	1.93	2.00	1.93
F-Series	1.00	1.00	1.00	1.00

\* Includes management fees paid by the Fund and the proportionate management fees, if any, of the underlying fund(s) managed by TDAM held by the Fund. However, there is no duplication of management fees paid to TDAM or its affiliates if the Fund invests in underlying fund(s) that are managed by TDAM.

The amount payable (in 000s) to TDAM as at December 31, 2017 for management fees is \$0 (2016: \$0) which is included in Accrued Liabilities in the Statements of Financial Position.

##### (II) ADMINISTRATION FEES (%) (exclusive of GST and HST)

Series	Annual Rate	
	2017	2016
Investor Series	0.08	0.08
Advisor Series	0.08	0.08

The amount payable (in 000s) to TDAM as at December 31, 2017 for administration fees is \$53 (2016: \$54) which is included in Accrued Liabilities in the Statements of Financial Position.

(C) Brokerage Commissions and Soft Dollars (in 000s) (Notes 3 and 6) for the periods ended December 31, 2017 and 2016

##### (I) BROKERAGE COMMISSIONS

	2017	2016
Total Brokerage Commissions	\$ 404	\$ 594
Paid to Related Parties	14	60

##### (II) SOFT DOLLARS

	2017	2016
Soft Dollars	\$ 17	\$ 9
Percentage of Total Commissions (%)	4.2	1.5

(D) Tax Loss Carry Forwards (in 000s) (Note 7)

as at December 31, 2017

None for the Fund.

##### (E) Securities Lent (Note 3)

###### (I) SECURITIES LENDING INCOME

A reconciliation of the gross amount generated from the securities lending transactions to the securities lending income to the Fund for the periods ended December 31, 2017 and 2016 is as follows:

	Amount (in 000s)		Percentage of Total Amount (%)	
	2017	2016	2017	2016
Gross Securities				
Lending Income	\$ 228	\$ 152	100.0	100.0
Agent fees – The Bank of New York Mellon Corp.	(39)	(31)	(17.1)	(20.4)
Securities Lending				
Income to the Fund before Tax Reclaims (Withholding Taxes)	189	121	82.9	79.6
Tax Reclaims (Withholding Taxes)	(33)	1	(14.5)	0.7
Net Securities Lending Income	\$ 156	\$ 122	68.4	80.3

###### (II) SECURITIES LENT AND COLLATERAL HELD (in 000s)

The table below summarizes the aggregate securities lent and related collateral held by the Fund as at December 31, 2017 and 2016.

	2017	2016
Fair Value of Securities Lent	\$ 60,634	\$ 67,810
Fair Value of Collateral Held	63,774	71,481

Collateral held is in the form of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments or corporations and is not included in the Statements of Financial Position.

**(F) Financial Risk Management** (Notes 3, 4 and 8)

as at December 31, 2017 and 2016

**(I) INTEREST RATE RISK**

The table below summarizes the Fund's exposure to interest rate risk as at December 31, 2017 and 2016 by remaining term to maturity. The table also illustrates the potential impact to the Fund's net assets had the prevailing interest rates changed by 1 percent, assuming a parallel shift in the yield curve, with all other variables held constant. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of the bond portfolio. In practice, the actual trading results may differ from these approximate sensitivity analysis amounts and the differences could be material.

Term to Maturity Bonds	Total Exposure (in 000s)	
	2017	2016
Less than 1 year	\$ 1,256	\$ 7,344
1-5 years	77,996	97,267
5-10 years	68,303	73,382
> 10 years	59,954	62,664
Total	\$ 207,509	\$ 240,657
Impact on Net Assets (000s)	\$ 15,442	\$ 17,254
Impact on Net Assets (%)	1.9	2.1

**(II) CURRENCY RISK**

The following table indicates the foreign currencies to which the fund had exposure to as at December 31, 2017 and 2016 in Canadian dollar terms, including the underlying principal amount of foreign exchange forward contracts, as applicable. The table also illustrates the potential impact to the Fund's net assets if the Fund's functional currency, the Canadian dollar, had strengthened or weakened by 5 percent in relation to all exposure to other currencies, with all other variables held constant. In practice, the actual trading results may differ from these approximate sensitivity amounts and the differences could be material.

Currency (in 000s)	Financial Instruments	Foreign Exchange Forward Contracts	Total Exposure*	Impact on Net Assets*
December 31, 2017				
Australian Dollar	\$ 7,822	\$ 0	\$ 7,822	\$ 391
British Pound	3,992	(2,383)	1,609	80
Danish Krone	4,066	(2,042)	2,024	101
Euro	38,313	(31,919)	6,394	320
Hong Kong Dollar	3,217	0	3,217	161
Japanese Yen	11,658	(7,626)	4,032	202
Swedish Krona	8,269	(7,782)	487	24
Swiss Franc	8,979	(4,226)	4,753	238
United States Dollar	183,976	(10,845)	173,131	8,656
Total	\$ 270,292	\$ (66,823)	\$ 203,469	\$ 10,173
As a Percentage of Net Assets (%)			24.4	1.2

\* Includes both monetary and non-monetary instruments, where applicable.

Currency (in 000s)	Total Exposure*	Impact on Net Assets*
December 31, 2016		
British Pound	\$ 4,890	\$ 244
Danish Krone	1,210	61
Euro	13,949	697
Hong Kong Dollar	5,195	260
Japanese Yen	953	48
New Zealand Dollar	2,226	111
Norwegian Krone	2,217	111
Swedish Krona	10,084	504
Swiss Franc	4,215	211
United States Dollar	152,584	7,629
Total	\$ 197,523	\$ 9,876
As Percentage of Net Assets (%)	23.9	1.2

\* Includes both monetary and non-monetary instruments, where applicable.

**(III) OTHER PRICE RISK**

The table below summarizes the impact of other price risk to the Fund. As at December 31, 2017 and 2016, had the benchmark of the Fund increased or decreased by 5 percent, with all other variables held constant, the net assets of the Fund would have increased or decreased by approximately:

Benchmark	Impact on Net Assets (in 000s)		Impact on Net Assets (%)	
	2017	2016	2017	2016
45% S&P/TSX Composite Total Return Index, 35% FTSE TMX Canada Universe Bond Index, 20% MSCI World Index (Net Dividend, C\$)	\$ 29,936	\$ 29,827	3.6	3.6

In practice, the actual trading results may differ from the above estimated amounts and the differences could be material.

**(IV) CREDIT RISK**

The table below summarizes the debt instruments by credit ratings as at December 31, 2017 and 2016.

Credit Rating <sup>o</sup>	Percentage of Total Bonds (%)		Percentage of Total Net Assets (%)	
	2017	2016	2017	2016
AAA	18.1	16.4	4.5	4.8
AA	23.5	33.3	5.8	9.7
A	29.7	20.2	7.5	5.9
BBB	22.1	24.5	5.5	7.2
BB	2.9	3.1	0.7	0.9
B	1.4	1.2	0.4	0.3
CCC	0.1	0.1	0.0	0.1
No Rating	2.2	1.2	0.5	0.3
Total	100.0	100.0	24.9	29.2

<sup>o</sup> Credit ratings are obtained from Standard & Poor's, Moody's or DBRS rating agencies.



**(V) FINANCIAL INSTRUMENTS BY THE LEVEL IN THE FAIR VALUE HIERARCHY**  
(in 000s)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2017 and 2016.

	Level 1	Level 2	Level 3	Total
December 31, 2017				
Common Shares	\$ 561,683	\$ 3,771	\$ 0	\$ 565,454
Bonds	0	203,045	4,464	207,509
Exchange-Traded Funds	4,830	0	0	4,830
Forward Contracts	0	191	0	191
	566,513	207,007	4,464	777,984
Written Options	(82)	0	0	(82)
Forward Contracts	0	(298)	0	(298)
	(82)	(298)	0	(380)
	\$ 566,431	\$ 206,709	\$ 4,464	\$ 777,604

As at the end of the period, transfers between Level 1 and Level 2 were nil.

	Level 1	Level 2	Level 3	Total
December 31, 2016				
Common Shares	\$ 554,780	\$ 8,551	\$ 0	\$ 563,331
Bonds	0	237,845	2,812	240,657
Exchange-Traded Funds	9,056	0	0	9,056
Forward Contracts	0	1,210	0	1,210
	563,836	247,606	2,812	814,254
Forward Contracts	0	(1)	0	(1)
	\$ 563,836	\$ 247,605	\$ 2,812	\$ 814,253

As at the end of the period, equity positions with a fair value of \$11,352 were transferred from Level 2 to Level 1 as a result of increased activity in the market for those securities.

**(VI) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS** (in 000s)

The table below reconciles the Fund's Level 3 fair value measurements from January 1, 2017 to December 31, 2017 and January 1, 2016 to December 31, 2016.

	Bonds
Balance at January 1, 2017	\$ 2,812
Purchases	1,780
Sales and Paydowns	(115)
Gains (Losses)	
Net Realized Gain (Loss) on Sale of Investments	(3)
Net Change in Unrealized Appreciation/Depreciation of Investments	(10)
Balance at December 31, 2017	\$ 4,464
Total Change in Unrealized Appreciation/Depreciation for Assets Held at December 31, 2017	\$ (11)
	Bonds
Balance at January 1, 2016	\$ 0
Purchases	2,916
Sales and Paydowns	(18)
Gains (Losses)	
Net Change in Unrealized Appreciation/Depreciation of Investments	(86)
Balance at December 31, 2016	\$ 2,812
Total Change in Unrealized Appreciation/Depreciation for Assets Held at December 31, 2016	\$ (86)

**(VII) CONTRACTUAL MATURITIES ANALYSIS FOR FINANCIAL LIABILITIES**

As at December 31, 2017 and 2016, the Fund's net assets are due on demand. All other financial liabilities of the Fund are due in less than three months.

**(G) Investment Portfolio Concentration (%)** (Note 8)

As at December 31, 2017 and 2016, the Fund's investment portfolio concentration can be summarized as follows:

	2017	2016
<b>Canadian Equities</b>		
Energy	9.8	10.9
Materials	3.2	3.2
Industrials	4.4	3.9
Consumer Discretionary	2.7	2.1
Consumer Staples	1.2	1.6
Financials	16.4	16.3
Information Technology	0.6	0.5
Telecommunication Services	1.8	2.1
Royalty/Income Trusts	1.7	1.4
<b>U.S. Equities</b>		
Energy	1.1	1.6
Materials	0.0	0.5
Industrials	2.4	2.0
Consumer Discretionary	2.5	2.2
Consumer Staples	0.7	1.4
Health Care	1.1	1.4
Financials	2.8	2.8
Information Technology	3.6	3.8
Real Estate	1.0	0.3
<b>International Equities</b>		
Australia	0.4	0.0
Belgium	0.3	0.4
Denmark	0.5	0.1
France	1.1	0.7
Germany	0.4	0.6
Hong Kong	0.4	0.4
Ireland	1.0	0.7
Israel	0.0	0.1
Italy	0.5	0.2
Japan	1.4	1.5
Netherlands	1.3	1.5
New Zealand	0.0	0.3
Norway	0.0	0.3
Spain	0.9	0.6
Sweden	1.0	1.2
Switzerland	1.1	0.5
United Kingdom	0.5	1.2
<b>Options</b>		
Options, Written	0.0	0.0
<b>Canadian Bonds</b>		
Federal Bonds & Guarantees	3.2	3.5
Provincial Bonds & Guarantees	5.7	6.5
Corporate Bonds	13.9	16.2
<b>Global Bonds</b>		
Australia	0.5	0.0
Germany	0.0	0.0
Netherlands	0.0	0.0
United Kingdom	0.0	0.2
United States	1.3	2.6
Supranationals	0.3	0.2
Index Equivalents	0.6	1.0
Forward Contracts	0.0	0.1
Other Net Assets (Liabilities)	6.7	1.4
	100.0	100.0



**(H) Interest in Unconsolidated Structured Entities** (in 000s) (Note 3)

The table below illustrates the Fund's investment details in the underlying funds as at December 31, 2017 and 2016.

Underlying Funds	Fair Value of Fund's Investment	Underlying Fund's Net Assets
December 31, 2017		
iShares S&P/TSX 60 Index ETF	\$ 4,830	\$ 11,091,021
December 31, 2016		
iShares S&P/TSX 60 Index ETF	\$ 9,056	\$ 12,295,126

**(I) Offsetting of Financial Assets and Liabilities** (in 000s) (Note 3)

The following table presents the recognized financial instruments that are offset, or subject to enforceable master netting arrangements, if certain conditions arise, or other similar agreements but that are not offset, and cash and financial instruments collateral received or pledged, as at December 31, 2017 and 2016 and shows in the Net Amount column what the impact would be on the Fund's Statements of Financial Position if all set-off rights were exercised.

	Gross Amounts of Recognized Financial Assets (Liabilities)	Amounts Set-Off on the Statements of Financial Position	Net Amounts Presented on the Statements of Financial Position	Related Amounts Not Set-Off on the Statements of Financial Position		
				Financial Instruments	Cash	Net Amount
December 31, 2017						
Derivative Assets	\$ 439	\$ (248)	\$ 191	\$ (43)	\$ 0	\$ 148
Derivative Liabilities	(546)	248	(298)	43	0	(255)
December 31, 2016						
Derivative Assets	\$ 1,517	\$ (307)	\$ 1,210	\$ (1)	\$ 0	\$ 1,209
Derivative Liabilities	(308)	307	(1)	1	0	0

## Notes to the Financial Statements

### 1. The Funds

The TD Mutual Fund Trusts and TD Managed Assets Program Portfolios (collectively, the "Funds" and individually, the "Fund") are open-end mutual funds established under the laws of Ontario and governed by the Declaration of Trust, as amended from time to time.

The TD Managed Assets Program Portfolios invest primarily in units of other investment funds including in units of exchange-traded funds.

TD Asset Management Inc. ("TDAM") is the manager, portfolio adviser and trustee of the Funds. TDAM, TDAM USA Inc., TD Investment Services Inc. ("TDIS"), TD Waterhouse Canada Inc. ("TDW") and Epoch Investment Partners, Inc. ("Epoch") are wholly-owned subsidiaries of The Toronto-Dominion Bank ("TD"). The registered address of the Funds is P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto-Dominion Centre, Toronto, Ontario M5K 1G8.

The financial year-end for the Funds is December 31. The Statements of Financial Position are presented as at December 31, 2017 and 2016. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows are presented for the periods ended December 31, 2017 and 2016. Where a Fund or series of a Fund was established during either period, the information for that Fund or series is provided from the inception date and a comparative statement has only been presented for any period for which that Fund was in existence as at the reporting date.

Each Fund's start date as indicated in the Fund-Specific Notes to the Financial Statements is the date that it commenced operations or in the case of a new series, the date the series was first offered and not its inception date.

These financial statements were authorized for issue by TDAM on March 16, 2018.

### 2. Basis of Presentation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

### 3. Summary of Significant Accounting Policies

#### Financial Instruments

The Funds recognize financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments not measured at FVTPL. Regular way purchases and sales of financial instruments are recognized at their trade date. The Funds' non-derivative investments, which are designated at FVTPL, and derivative assets and liabilities, which are classified as held for trading ("HFT"), are measured at FVTPL.

All other financial assets and liabilities are measured at amortized cost. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate.

The Funds have determined that they meet the definition of an 'investment entity' and as a result, the Funds measure subsidiaries, if any, at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services; commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measures and evaluates the performance of substantially all of its investments on a fair value basis. The significant judgment that the Funds have made in determining that this definition is met is that fair value is the primary measurement attribute used to measure and evaluate the performance of substantially all of the Funds' investments. The Funds' investments may also include associates and joint ventures which are designated at FVTPL.

The Funds' outstanding redeemable units' entitlements include a contractual obligation to distribute any net income and net realized capital gains in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the Funds' only contractual obligation. Consequently, the Funds' outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32, "*Financial Instruments: Presentation*" ("IAS 32"). The Funds' obligations for Net Assets Attributable to Holders of Redeemable Units are presented at the redemption amount.

The accounting policies for measuring the fair value of the Funds' investments and derivatives are substantially similar to those used in measuring the Funds' net asset value ("NAV") for transactions with unitholders. The NAV is the value of the total assets of a fund less the value of its total liabilities determined, on each valuation day, in accordance with Part 14 of National Instrument 81-106, "*Investment Fund Continuous Disclosure*", for the purpose of processing unitholder transactions. Net Assets Attributable to Holders of Redeemable Units, also referred to as net assets, refers to net assets calculated in accordance with IFRS. As at all dates presented, there were no differences between the Funds' NAV per series unit and net assets per series unit.

## Notes to the Financial Statements

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) are based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, TDAM determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels at the end of reporting periods.

The fair value of financial assets and liabilities that are not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants and which make the maximum use of observable inputs.

The valuation methodology for specific types of investments held by the Funds is summarized below.

- (a) Securities not listed on any recognized public securities exchange are valued based on available quotations from recognized dealers in such securities, where readily available. If securities have no available broker-dealer bid/ask quotes, TDAM uses its own pricing model to price the securities. The pricing model will generally include the discounted cash flow valuation approach, the use of a credit spread based on the terms of the security and the use of such credit and yield analysis comparables as TDAM believes are relevant in the circumstances. Debt instruments are valued based on mid prices, where readily available. Other valuation techniques may be used, as described above, where applicable.
- (b) Short-term debt instruments, repurchase and reverse repurchase agreements are valued based on quotations received from recognized investment dealers.
- (c) Real return bonds are valued based on the available public quotations from recognized dealers. Changes in the inflation factor are included in Interest for Distribution Purposes in the Statements of Comprehensive Income.
- (d) The Funds may use foreign exchange forward contracts to hedge against or profit from fluctuations in foreign exchange rates. These contracts are valued on each valuation day based on the difference between the contract rates and the current forward rates at the measurement date applied to the contracts' notional amount. The net change in unrealized appreciation or depreciation and the net realized gain or loss from closing out contracts are reflected in the Statements of Comprehensive Income as part of Net Gain (Loss) on Derivatives.

- (e) The Funds may enter into a forward contract to obtain exposure to a specific type of investment without actually investing directly in such investment. These contracts are valued based on the difference between the contract rate and the current market rate for the underlying investment, at the measurement date. The unrealized gain or loss and the net realized gain or loss from closing out contracts are reflected in the Statements of Comprehensive Income as part of Net Gain (Loss) on Derivatives.
- (f) The Funds may purchase standardized, exchange-traded futures contracts. Any difference between the value at the close of business on the current valuation day and that of the previous valuation day is settled in cash daily and recorded in the Statements of Comprehensive Income as Derivatives Income (Loss). Any amounts receivable (payable) from settlement of futures contracts are reflected in the Statements of Financial Position as Futures Margin Receivable (Payable). Short-term debt instruments as indicated in the Schedule of Investment Portfolio have been segregated and are held as margin against the futures contracts purchased by the Funds, as applicable.
- (g) Options contracts that are traded in exchange markets are valued at their closing prices on each valuation day. The premium received or paid on options written or purchased is included in the cost of the options. Any difference between the current value of the contract and the value of the contract originated is recognized as net change in unrealized appreciation/depreciation on derivatives. When options are closed or exercised, the difference between the premium and the amount paid or received, or the full amount of the premium if the option expires worthless, is reflected in the Statements of Comprehensive Income as part of Net Gain (Loss) on Derivatives. The cost of a security purchased will be reduced by the premium received on options when a written put option is exercised or increased by the amount paid on options when a purchased option is exercised.
- (h) Investments in underlying conventional mutual funds and TD Exchange-Traded Funds are generally valued at the NAV per series unit of the investment funds as reported by the investment funds' managers.
- (i) The exchange-traded funds (ETFs) that are not managed by TDAM are valued based on quoted market prices at the close of trading on the reporting date.

### Fair Value Hierarchy

The Funds classify their investments into fair value measurements within a hierarchy that prioritizes the inputs to fair value measurement. The fair value hierarchy has the following three levels:

- Level 1 Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 Inputs that are not based on observable market data (that is, unobservable inputs).

## Notes to the Financial Statements

All fair value measurements are recurring. The carrying values of Cash, Subscriptions Receivable, Interest Receivable, Dividends Receivable, Receivable for Investments Sold, Payable for Investments Purchased, Redemptions Payable, Distributions Payable, Accrued Liabilities and the Funds' obligation for Net Assets Attributable to Holders of Redeemable Units approximate their fair values due to their short-term nature.

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of its fair value requires the use of significant unobservable inputs, in which case it is classified as Level 3.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment. Observable data is considered to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

TDAM has a Global Fair Value Committee which oversees the performance of the fair value measurements included in the financial statements of the Funds, including any Level 3 measurements. TDAM utilizes a variety of methods (as listed in the Fair Value Measurement section) in determining the fair value of securities classified as Level 3. The committee also meets quarterly to perform reviews of the valuations of investments held by the Funds.

The classification of the Funds' financial instruments within the fair value hierarchy as at December 31 2017 and 2016, and any transfers between levels at end of the reporting period as a result of changes in the lowest level input that is significant to the fair value measurement are disclosed in the Fund-Specific Notes to the Financial Statements, where applicable.

### Interest in Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. TDAM has determined that all of the underlying funds in which the Funds invest are unconsolidated structured entities. In making this determination, TDAM evaluated the fact that decision making about underlying funds' activities is generally not governed by voting or similar rights held by the Funds and other investors in any underlying funds.

The Funds may invest in underlying funds whose investment objectives range from achieving short- to long-term income and capital growth potential. The Funds' interests in these securities as at December 31, 2017 and 2016 are included at their fair value in the Statements of Financial Position, which represent the Funds' exposure in these underlying funds. The Funds do not provide and have not committed to provide any additional significant financial or other support to the underlying funds. The change in fair value of each of the underlying funds during the reporting periods is included in Net Change in Unrealized Appreciation/Depreciation in the Statements of Comprehensive Income in Net Gain (Loss) on Investments. Additional information on the Funds' interest in underlying funds, where applicable, is provided in the Fund-Specific Notes to the Financial Statements.

The TD Mutual Fund Trusts may also invest in mortgage-related and other asset-backed securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. The debt and equity securities issued by these issuers may include tranches with varying levels of subordination. These Funds may also invest in senior notes that have a first lien on assets and have minimum exposure to junior or subordinate tranches. These securities may provide a monthly payment which consists of both interest and principal payments. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

As at December 31, 2017 and 2016, the fair value of mortgage-related and other asset-backed securities of these Funds, where applicable, is disclosed as part of the Investments in the Statements of Financial Position. This amount represents the maximum exposure to losses at that date. The change in fair value of mortgage-related and other asset-backed securities during the reporting periods are included in the Net Change in Unrealized Appreciation/Depreciation in the Statements of Comprehensive Income in Net Gain (Loss) on Investments.

### Translation of Foreign Currencies

A Fund's functional currency, as disclosed in the Fund-Specific Notes to the Financial Statements, represents the currency that TDAM views to most faithfully represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration how units are issued or redeemed and how returns are measured. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Realized foreign exchange gains and losses on income are recognized in investment income in the Statements of Comprehensive Income.

## Notes to the Financial Statements

Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses on the sale of investments are included in Net Realized Gain (Loss). Unrealized foreign exchange gains and losses on investments held and other assets and liabilities are included in Net Change in Unrealized Appreciation/Depreciation. Realized and unrealized foreign exchange gains and losses relating to cash are presented as Foreign Exchange Gain (Loss) on Cash in the Statements of Comprehensive Income.

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position where the Funds have a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In all other situations they are presented on a gross basis. In the normal course of business, the Funds may enter into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set-off in certain circumstances, such as bankruptcy or the termination of the contracts. Offsetting information, where applicable, is presented in the Fund-Specific Notes to the Financial Statements.

### Reverse Repurchase Agreements

Certain Funds may enter into reverse repurchase transactions. In a reverse repurchase transaction, a Fund buys a security at one price from a third party and agree to sell the same security back to the same party at a specified price on an agreed future date and the difference is included as part of Net Gain (Loss) on Investments in the Statements of Comprehensive Income.

The risk with these types of transactions is that the other party may default under the agreement or go bankrupt. These risks are reduced by requiring the other party to provide collateral to the Fund. The value of the collateral has to be at least 102 percent of the market value of the security and the collateral is marked to market on each business day. The type of securities received and related collateral held by the Fund, where applicable, are listed in the Schedule of Investment Portfolio.

### Cash

Cash is comprised of deposits with financial institutions. Bank overdrafts are shown under Current Liabilities in the Statements of Financial Position.

### Receivable for Investments Sold/Payable for Investments Purchased

Receivable for Investments Sold and Payable for Investments Purchased represent trades that have been contracted for but not yet settled or delivered on the Statements of Financial Position dates.

### Margin

Margin accounts represent margin deposits held with brokers in respect of open exchange-traded futures contracts.

### Impairment of Financial Assets

At each reporting date, the Funds assess whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Funds recognize an impairment loss as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. Impairment losses on financial assets at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

### Valuation of Series Units

TDAM generally calculates the NAV for each series of the Funds as at 4 p.m. Eastern Time on each day that the Toronto Stock Exchange is open for trading. However, in some unforeseen circumstances, the series NAV per unit may be calculated at another time.

The NAV is calculated, for processing subscription, switch, conversion or redemption orders of series units, for each series of units of the Funds by taking the series' proportionate share of the individual Fund's common assets less that series' proportionate share of its common liabilities and deducting from this amount all liabilities that relate solely to that specific series.

The Net Assets Attributable to Holders of Redeemable Units – Per Series Unit is determined by dividing the total Net Assets Attributable to Holders of Redeemable Units of each series of the Funds by the total number of units outstanding of that series at the reporting date.

### Income Recognition

Interest for Distribution Purposes as shown in the Statements of Comprehensive Income includes interest income from cash and the coupon interest on debt instruments accounted for on an accrual basis. Interest Receivable is disclosed in the Statements of Financial Position based on the debt instruments' stated rates of interest. The Funds do not amortize premiums paid or discounts received on the purchase of debt securities except for zero coupon bonds which are amortized.

Dividend income from ETFs and distributions from any underlying mutual funds are recognized on the ex-dividend and ex-distribution date, respectively. Dividends received from ETFs are recognized and presented in the financial statements based on the nature of the underlying components such as interest income, dividend income, capital gains and return of capital.

The TD Mutual Fund Trusts may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in Canadian securities legislation. The income earned from securities lending, where applicable, is included in the Statements of Comprehensive Income as it is earned. The fair value of the securities loaned and fair value of the collateral held is determined daily. The details of securities lending income, aggregate values of securities on loan and related collateral held are provided in the Fund-Specific Notes to the Financial Statements, where applicable.

## Notes to the Financial Statements

### Investment Transactions and Transaction Costs

For the purposes of calculating realized and unrealized gains and losses from investment transactions, the cost of each investment security is determined on an average cost basis, excluding transactions costs.

Transaction costs, such as brokerage commissions, incurred by the Funds in the purchase and sale of investments at fair value are recognized in the Statements of Comprehensive Income in the period incurred.

Commissions paid, where applicable, are included in the Fund-Specific Notes to the Financial Statements. No transaction costs are incurred when the Funds invest in underlying mutual funds. However, the underlying funds' investments may be subject to transaction costs.

### Allocation of Income and Expenses, Realized and Unrealized Gains (Losses)

Expenses (excluding interest charges and portfolio transaction costs) are accrued daily, separately for each series. Interest charges and portfolio transaction costs along with income, gains and losses, are allocated to each series based on their respective Net Assets Attributable to Holders of Redeemable Units.

### Increase (Decrease) in Net assets Attributable to Holders of Redeemable Units – Per Series Unit

The Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series Unit is calculated by dividing the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units of each series by the weighted average units outstanding of that series for the period, except when a series was established during a reporting period, in which case the Weighted Average Units Outstanding for the Period – Per Series is calculated from the start date.

### Accounting Standards Issued but Not Yet Adopted

The final version of IFRS 9, "Financial Instruments" ("IFRS 9") was issued by the IASB in July 2014 and will replace International Accounting Standards ("IAS") 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 introduces a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.

The new single, principle based approach for determining the classification of financial assets is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments, which will require more timely recognition of expected credit losses.

It also includes changes in respect of own credit risk in measuring liabilities elected to be measured at fair value, so that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognized in profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The manager has assessed the impact of IFRS 9 by analyzing the current business model of the Funds and does not anticipate significant changes to the valuation of the Funds' financial instruments. As a result, the adoption of IFRS 9 is not expected to have a material impact on the Fund's financial statements.

## 4. Critical Accounting Estimates and Judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Funds have made in preparing the financial statements:

### Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market

The Funds may hold financial instruments that are not quoted in active markets, including derivatives. As described in Note 3, the use of valuation techniques for financial instruments and derivatives that are not quoted in an active market requires TDAM to make assumptions that are based on market conditions existing as at the reporting date of the financial statements. Changes in assumptions about these factors could affect the reported fair values of financial instruments. Refer to the Fund-Specific Notes to the Financial Statements for further information about the fair value measurement of the Funds' financial instruments, where applicable.

### Classification and Measurement of Investments and Application of the Fair Value Option

In classifying and measuring financial instruments held by the Funds, TDAM is required to make significant judgments about whether or not the business of the Funds is to invest on a total return basis for the purpose of applying the fair value option for financial assets under IAS 39. The most significant judgments made include the determination that certain investments are HFT and that the fair value option can be applied to those which are not.

### Investment Entity

In determining whether a Fund meets the definition of an investment entity, TDAM may be required to make significant judgments about whether a Fund has the typical characteristics of an investment entity. Each Fund may hold only one investment, an underlying fund (or have only one investor or have investors that are its related parties), however, consistent with the investment entity definition, each Fund primarily obtains funds from one or more investors for the purpose of providing investment management services, commits to its investors that the business purpose is to invest the funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of its investments on a fair value basis.



## Notes to the Financial Statements

### 5. Redeemable Units

For TD Mutual Fund Trusts and TD Managed Assets Program Portfolios, each individual series of units is sold under differing purchase options and may have higher or lower management fees based on their specific attributes, as summarized below, reflecting the extent of the investment advice provided.

#### TD Mutual Fund Trusts

Each TD Mutual Fund Trust is authorized to issue an unlimited number of units of multiple series that rank equally and are available for sale under a single simplified prospectus. In addition, each of these Funds is also authorized to issue an unlimited number of units of multiple series to be sold under a confidential offering memorandum or other separate simplified prospectus. The various series that may be offered by these Funds are as described below.

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Investor Series:	Offered on a no-load basis to investors.
H-Series:	Offered on a no-load basis to investors who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
Premium Series:	Offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time.
K-Series:	Offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time, and who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital.
e-Series:	Offered on a no-load basis to investors who want to complete their transactions electronically.
D-Series:	Offered on a no-load basis to investors who want to complete their transactions through TD Direct Investing, a division of TDW, or other discount brokers.
Advisor Series:	Offered to investors who seek investment advice and want the option of transacting on a front-end load, back-end load, low-load or low-load-2 basis.
T-Series:	Offered to investors who seek investment advice; want the option of transacting on a front-end load, back-end load, low-load or low-load-2 basis; and who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
F-Series:	Offered to investors, through fee-based financial advisors or dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer instead of transactional sales charges.

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S-Series:	Offered to investors who wish to receive a regular monthly cash flow from the Funds, through fee-based financial advisors or dealer-sponsored "wrap accounts". This series may also be offered to other investors who pay an annual fee to their dealer instead of transactional sales charges. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital.
Premium F-Series:	Offered to large investors, through fee-based financial advisors or dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer instead of transactional sales charges. For this series, investors must make the required minimum investment, as determined by TDAM from time to time.
PS Series:	Offered to large investors who wish to receive a regular monthly cash flow from the Funds, through fee-based financial advisors or dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer instead of transactional sales charges. For this series, investors must make the required minimum investment, as determined by TDAM from time to time. Monthly distributions may consist of net income, net realized capital gains, and/ a return of capital.
W-Series:	Offered to investors, through certain wealth management businesses of TD Bank Group, including certain divisions of TDW, or other dealers authorized by TDAM, who pay an annual fee to their dealer instead of transactional sales charges.
Private Series and Private-EM Series:	Offered on a no-load basis to large investors who make the required minimum investment as determined by TDAM, and have entered into a Private Series agreement with TDAM.
Institutional Series:	Offered on a no-load basis to large investors, such as group savings plans and others who make the required minimum investment, as determined by TDAM from time to time.
Q-Series:	Offered on a no-load basis to large investors such as group savings plans and others who wish to receive a regular monthly cash flow from the Funds, and who make the required minimum investment, as determined by TDAM from time to time. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
C-Series	Offered on a no-load basis to large investors who make the required minimum investment as determined by TDAM and have entered into a C-Series agreement with TDAM.
O-Series:	Offered on a no-load basis to large investors who make the required minimum investment as determined by TDAM, and have entered into an O-Series agreement with TDAM.

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## Notes to the Financial Statements

### TD Managed Assets Program Portfolios

Each TD Managed Assets Program Portfolio is authorized to issue an unlimited number of units of multiple series that rank equally and are available for sale under a single simplified prospectus. The various series that may be offered by these Funds are as described below.

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Investor Series:	Offered on a no-load basis to investors.
H-Series:	Offered on a no-load basis to investors who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
Premium Series:	Offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time.
K-Series:	Offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time, and who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital.
e-Series:	Offered on a no-load basis to investors who want to complete their transactions electronically.
D-Series:	Offered on a no-load basis to investors who want to complete their transactions through TD Direct Investing, a division of TDW, or other discount brokers.
Advisor Series:	Offered to investors who seek investment advice and want the option of transacting on a front-end load, back-end load, low-load or low-load-2 basis.
T-Series:	Offered to investors who seek investment advice; want the option of transacting on a front-end load, back-end load, low-load or low-load-2 basis; and who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
F-Series:	Offered to investors, through fee-based financial advisors or dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer instead of transactional sales charges.
S-Series:	Offered to investors who wish to receive a regular monthly cash flow from the Funds, through fee-based financial advisors or dealer-sponsored "wrap accounts". This series may also be offered to other investors who pay an annual fee to their dealer instead of transactional sales charges. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital.

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Units of TD Mutual Fund Trusts and TD Managed Assets Program Portfolios are redeemable at the option of the unitholder in accordance with the provisions of the Declaration of Trust. Units of these Funds are issued or redeemed on a daily basis at the NAV per series unit next determined after the subscription, switch, conversion order or redemption request, respectively, is received by TDAM. Subscriptions and redemptions include units converted from one series to another series

within a Fund in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. However, conversions between series within a Fund are excluded from Proceeds from Issuances of Redeemable Units and Amounts Paid on Redeemable Units, Net of Early Redemption Fees in the Statements of Cash Flows.

### 6. Related Party Transactions

#### Management Fees

##### (a) TD Mutual Fund Trusts

In consideration for the provision of management, distribution and portfolio management services and oversight of any portfolio sub-advisory services provided to the TD Mutual Fund Trusts, TDAM receives an annual management fee in respect of certain series of these Funds. The management fee is calculated and accrued on a daily basis for each series based on the NAV of that series and paid monthly to TDAM. Where these Funds invest in any underlying funds, there are fees and expenses payable by the underlying funds in addition to those paid by the Funds. However, there is no duplication of management fees paid to TDAM or its affiliates if these Funds invest in underlying funds that are managed by TDAM.

No management fees are charged with respect to Private Series and O-Series units. Instead, unitholders in Private Series and O-Series units may be charged a fee directly by TDAM.

Prior to July 27, 2017, the simplified prospectus disclosed the maximum annual management fee rate that TDAM could charge for each series of units of the TD Mutual Fund Trusts (so the actual management fee being charged to these Funds might have been less than the maximum annual management fee rate). TDAM was able to charge the maximum annual management fee without notice to unitholders. Effective July 27, 2017, the simplified prospectus discloses a specified annual management fee rate. Where TDAM chooses to charge a management fee rate below the specified annual management fee rate, the difference represents a waiver of management fees and is included as Waived Expenses in the Statements of Comprehensive Income. TDAM may waive all or a portion of the management fees charged to these Funds, which may be discontinued at any time by TDAM at its discretion without notice to unitholders. Detailed information on the management fees of these Funds is provided in the Fund-Specific Notes to the Financial Statements.

##### (b) TD Managed Assets Program Portfolios

###### (i) TD MANAGED ASSETS PROGRAM PORTFOLIOS (Excluding TD Managed ETF Portfolios)

In consideration for the provision of management, distribution and portfolio management services to the TD Managed Assets Program Portfolios (other than the TD Managed ETF Portfolios), each series of these Funds pay TDAM an annual management fee. The management fee is calculated and accrued on a daily basis for each series based on the NAV of that series and paid monthly to TDAM. Where these Funds invest in any underlying funds, there are fees and expenses payable by the underlying funds in addition to those paid by the Funds. However, there is no duplication of management fees paid to TDAM or its affiliates if these Funds invest in underlying funds that are managed by TDAM.



## Notes to the Financial Statements

Prior to October 26, 2017, the simplified prospectus disclosed the maximum annual management fee rate that TDAM could charge for each series of units of these Funds (so the actual management fee being charged to these Funds might have been less than the maximum annual management fee rate). Effective October 26, 2017, the simplified prospectus discloses a specified annual management fee rate. Where TDAM chooses to charge a management fee rate below the specified annual management fee rate, the difference represents a waiver of management fees and is included as Waived Expenses in the Statements of Comprehensive Income. TDAM may waive all or a portion of the management fees being charged to these Funds, which may be discontinued at any time by TDAM at its discretion without notice to unitholders. Detailed information on the management fees of these Funds is provided in the Fund-Specific Notes to the Financial Statements.

### (II) TD MANAGED ETF PORTFOLIOS

In consideration for the provision of management, distribution and portfolio management services to the TD Managed ETF Portfolios, each series of these Funds pay TDAM an annual management fee. The management fee is calculated and accrued on a daily basis for each series based on the NAV of that series and paid monthly to TDAM.

Where a TD Managed ETF Portfolio invests in any underlying TD ETFs, there are fees and expenses payable by the underlying TD ETFs in addition to those paid by the Funds. However, there is no duplication of management fees paid to TDAM or its affiliates. TDAM may waive all or a portion of the management fees being charged to these Funds, which may be discontinued at any time by TDAM at its discretion without notice to unitholders. Detailed information on the management fees of these Funds is provided in the Fund-Specific Notes to the Financial Statements.

### Administration Fees

#### (A) TD Mutual Fund Trusts

In consideration for paying certain operating expenses, TDAM is paid an annual administration fee with respect to certain series of the TD Mutual Fund Trusts. The administration fee includes recordkeeping and communication costs, custodial costs, certain legal fees, audit fees, regulatory filing fees and bank charges. The administration fee is calculated and accrued on a daily basis for each series based on the NAV of the applicable series and paid monthly to TDAM. Annual administration fees for each series of these Funds, where applicable, are provided in the Fund-Specific Notes to the Financial Statements.

The administration fee is payable in respect of Investor Series, H-Series, D-Series, Advisor Series and T-Series of the TD Mutual Fund Trusts, as applicable, other than the money market funds, TD Ultra Short Term Bond Fund, TD Short Term Bond Fund, TD Canadian Bond Fund, TD Global Conservative Opportunities Fund, TD Global Balanced Opportunities Fund, the Index funds and Advisor Series units of TD U.S. Equity Portfolio. The administration fee is also payable in respect of Premium Series and K-Series of the TD Mutual Fund Trusts other than TD U.S. Money Market Fund, TD Short Term Bond Fund, TD Canadian Bond Fund, TD Income Advantage Portfolio, TD Canadian Core Plus Bond Fund, TD Corporate Bond Plus Fund, TD Global Conservative Opportunities Fund and TD Global Balanced Opportunities Fund.

No administration fee is charged with respect to other series of the TD Mutual Fund Trusts.

#### (B) TD Managed Assets Program Portfolios

Except for the TD Managed ETF Portfolios, no administration fee is charged to the TD Managed Assets Program Portfolios. For the TD Managed ETF Portfolios, in consideration for paying certain operating expenses, TDAM is paid an annual administration fee with respect to D-Series of the Funds. The administration fee includes recordkeeping and communication costs, custodial costs, certain legal fees, audit fees, regulatory filing fees and bank charges. The administration fee is calculated and accrued on a daily basis based on the NAV of D-Series and paid monthly to TDAM. Annual administration fees for D-Series of the Funds are provided in the Fund-Specific Notes to the Financial Statements.

### Operating Expenses

#### (A) Fund's Independent Review Committee ("IRC")

TDAM is responsible for management of the Funds' investment portfolio, including the making of decisions relating to the investment of the Funds' assets.

TDAM has established an IRC in respect of the Funds and the underlying funds managed by TDAM. The IRC acts as an impartial and independent committee to review and provide recommendations or, if appropriate, approvals respecting any transactions in which TDAM may have a conflict of interest.

The IRC has approved standing instructions to permit the Funds and/or the underlying funds managed by TDAM to enter into the following securities transactions:

- (a) trades in securities of TD or any affiliate or associate thereof;
- (b) investments in the securities of an issuer where TD Securities Inc., TDW, or any other affiliate of TDAM (a "Related Dealer") acted as an underwriter during the distribution of such securities and the 60-day period following the completion of the distribution of the underwritten securities;
- (c) purchases or sales of securities of an issuer from or to another investment fund or discretionary managed account managed by TDAM; and
- (d) purchases of securities from or sales of securities to a Related Dealer, where it acted as principal.

Investments in securities of TD, interests in underlying funds managed by TDAM, or investments in any affiliates that were held by the Funds at the end of the reporting period are disclosed in the Schedule of Investment Portfolio and/or the Fund-Specific Notes to the Financial Statements.

The compensation and relevant expenses of IRC members were allocated among the investment funds managed by TDAM and disclosed in the Statements of Comprehensive Income as Independent Review Committee Fees.

## Notes to the Financial Statements

### (B) TD Mutual Fund Trusts

TDAM pays all of the operating expenses with respect to O-Series units of the TD Mutual Fund Trusts.

Private Series and Private–EM Series of the TD Mutual Fund Trusts and Advisor Series of TD U.S. Equity Portfolio bear their respective pro rata share of the operating expenses of the applicable Fund which are common to the operation of all series of the Fund as well as those expenses which are attributable solely to that series (which may be payable to TDAM or its affiliates), including IRC costs; recordkeeping and communication costs; custodial, legal, audit and filing fees; bank charges; borrowing costs; all taxes, and costs relating to compliance with any new governmental and regulatory requirements.

For other series of the TD Mutual Fund Trusts, TDAM pays all of the operating expenses (including services provided by TDAM or affiliates of TDAM), other than costs and expenses associated with: all taxes; borrowing; the IRC and compliance with any new governmental and regulatory requirements and new types of costs or expenses. Any new types of governmental and regulatory expenses are disclosed as “Other Trust Fund Costs” in the Statements of Comprehensive Income.

### (C) TD Managed Assets Program Portfolios

Except for the TD Managed ETF Portfolios, all operating expenses of the TD Managed Assets Program Portfolios (including for services provided by TDAM or its affiliates) are paid for by TDAM, including cost of the IRC; recordkeeping and communication costs; custodial, legal, audit and filing fees; bank charges; borrowing costs; and all taxes on such costs.

For the TD Managed ETF Portfolios, TDAM pays certain operating expenses. Each TD Managed ETF Portfolio is responsible for paying expenses associated with borrowing; the IRC and compliance with any new governmental and regulatory requirements, new types of costs or expenses and all taxes on such costs and expenses.

### Taxes on Expenses

The Funds also pay applicable goods and services tax and harmonized sales tax at a blended rate to TDAM on management fees, administration fees and certain operating expenses based on the province or territory of residence of the investors in each series of the Funds, which are included with the respective expense in the Statements of Comprehensive Income.

### Waived Expenses

TDAM, at its discretion, may waive or absorb a portion of the operating expenses otherwise payable by the Funds. These waivers or absorptions may be terminated at any time without notice to unitholders. The amount of expenses waived or absorbed is disclosed in the Statements of Comprehensive Income as Waived Expenses, where applicable.

### Brokerage Commissions and Soft Dollars

#### (A) TD Mutual Fund Trusts

Brokerage commissions (including other transaction costs) paid on securities transactions and amounts paid to related parties of TD for brokerage services provided to these Funds for the periods ended December 31, 2017 and 2016, where applicable, are disclosed in the Fund-Specific Notes to the Financial Statements.

Client brokerage commissions are used as payment for order execution services or research services. The portfolio advisers or TDAM may select brokers including its affiliates, who charge a commission in excess of

that charged by other brokers (“soft dollars”) if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized.

For debt instruments traded in the over the counter markets where client brokerage commissions are not charged, soft dollars or client brokerage commissions are not generated. For equities or other securities where client brokerage commissions are charged, the soft dollar portion of the amount paid or payable for goods and services other than order execution for the Funds is not generally ascertainable. Any ascertainable soft dollar value received as a percentage of total brokerage commissions paid under the soft dollar arrangement entered into by the portfolio advisers or TDAM, where applicable, is disclosed in the Fund-Specific Notes to the Financial Statements.

#### (B) TD Managed Assets Program Portfolios

Except for the TD Managed ETF Portfolios, these Funds did not incur any brokerage commissions during the periods ended December 31, 2017 and 2016 to execute transactions in the underlying funds and debt instruments, and accordingly did not receive any investment or research services from brokers in exchange for commissions paid by the Funds. For TD Managed ETF Portfolios, brokerage commissions paid on the purchase or sale of units of the underlying TD ETFs and amounts paid to related parties of TD for brokerage services provided to the Funds for the period ended December 31, 2017, where applicable, are disclosed in the Fund-Specific Notes to the Financial Statements.

Certain of the underlying funds have incurred brokerage commissions, a portion of which may have been received by the underlying funds’ investment advisers in the form of investment or research services (“soft dollars”). Such amounts for each of the underlying funds are disclosed in the underlying funds’ financial statements, where ascertainable.

## 7. Taxation

The Funds (except for TD Managed ETF Portfolios) qualify or intend to qualify as mutual fund trusts under the *Income Tax Act* (Canada) (“Tax Act”), unless otherwise disclosed in the Fund-Specific notes to the Financial Statements. TD Managed ETF Portfolios qualify as unit trusts under the Tax Act. All or substantially all of the net investment income and sufficient amounts of net capital gains realized in any period are distributed to unitholders such that no income tax is payable by the Funds, except that in certain circumstances, a Fund that is not a mutual fund trust may become liable to pay alternative minimum tax under the Tax Act. As a result of the distribution, the Funds have determined that they are in substance not taxable and therefore, do not record income taxes in the Statements of Comprehensive Income nor do they recognize any deferred tax assets or liabilities in the Statements of Financial Position. The Funds’ capital and/or non-capital losses, where applicable, are provided in the Fund-Specific Notes to the Financial Statements. Capital losses have no expiry. Non-Capital losses can be carried forward for up to twenty years.

The Funds currently incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are reported as Tax Reclaims (Withholding Taxes) in the Statements of Comprehensive Income.

### 8. Financial Risk Management

#### Financial Risk Factors

Each Fund is exposed to a variety of financial risks: these may include market risk (including interest rate risk, currency risk, and other price risk), credit risk, liquidity risk and concentration risk. All investments present a risk of loss of capital.

TDAM seeks to reduce financial risks by employing and overseeing professional and experienced portfolio advisers that regularly monitor the Funds' positions and market events and diversify investment portfolios within the constraints of each Fund's investment objectives, investment strategies and applicable TDAM policies and procedures (collectively referred to as "Investment Restrictions").

If a Fund invests in underlying funds, TDAM seeks to reduce financial risks by diversifying investments across the three main asset classes: money market investments for safety, bonds for income and equity investments for growth, where applicable. Since different types of investments tend to move independently from one another, positive performance in one asset class can help offset negative performance in another, thereby reducing volatility and overall risk in the long-term.

The Funds are managed in accordance with their respective Investment Restrictions.

#### (a) Market Risk

##### (i) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing investments.

A Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate derivative instruments, if any. Short-term investments, currencies and other assets and liabilities are short-term in nature and/or non-interest bearing and not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

If a Fund invests in underlying funds, it is exposed to indirect interest rate risk to the extent of the interest-bearing financial instruments held by the underlying funds. A Fund's sensitivity exposure to interest rate risk, where significant, is disclosed in the Fund-Specific Notes to the Financial Statements.

##### (ii) Currency Risk

A Fund may hold assets denominated in currencies other than its functional currency. It is therefore exposed to currency risk, as the value of the securities denominated in other currencies will fluctuate due to changes in the foreign exchange rates of those currencies in relation to such Fund's functional currency. Where a Fund invests in any underlying funds, it is exposed to indirect currency risk in the event that the underlying funds invest in financial instruments that are denominated in a currency other than the underlying funds' functional currency.

A Fund may also enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure or to establish exposure to foreign currencies.

A Fund's direct exposure to currency risk, where significant, is disclosed in the Fund-Specific Notes to the Financial Statements.

##### (iii) Other Price Risk

Other price risk is the risk that securities will fluctuate in value because of changes in market prices (other than those arising from interest rate risk or currency risk). TDAM seeks to reduce this risk through its Investment Restrictions.

In determining each Fund's sensitivity impact from exposure to other price risk, a historical beta may be used when applicable. Historical beta, a measure of the sensitivity of a Fund's returns to market returns, is generally derived from comparing 36 months of returns between a Fund and its benchmark. As such, beta inherently includes effects previously reflected in the interest rate and currency risk disclosures. Historical beta may not be representative of future beta.

Where a Fund invests in a single underlying fund, it is exposed to indirect other price risk in the event that the underlying fund invests in equity securities that trade on a market. Where a Fund invests in several underlying funds, the exposure to other price risk includes all investments in underlying funds.

A Fund's direct exposure to other price risk, where applicable, is disclosed in the Fund-Specific Notes to the Financial Statements.

Except for written options and equities sold short, the maximum risk resulting from financial instruments is the fair value of the financial instruments as presented in the Statements of Financial Position. Possible losses from written options and equities sold short can be unlimited.

##### (b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Where applicable, a Fund's main credit risk concentration is in debt instruments and derivative instruments it holds. A Fund's exposure to credit risk is the risk that an issuer of investments or a counterparty to derivative instruments will be unable to pay amounts in full when due. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default with a broker is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

A Fund may also be exposed indirectly to credit risk if it invests in underlying funds in the event that the underlying funds invest in debt instruments and derivatives.

## Notes to the Financial Statements

The Funds and the underlying funds only buy and hold short-term notes with a minimum R1- Low credit rating by DBRS Limited or an equivalent rating from another recognized credit rating agency. The credit risk from the use of counterparties for foreign exchange forward contracts is, where applicable, minimized by:

- (i) using counterparties with a minimum credit rating of A by S&P Global Ratings ("SPGR") or an equivalent rating from another recognized credit rating agency;
- (ii) limiting the term of the foreign exchange forward contracts to a maximum of 365 days; and,
- (iii) limiting the mark-to-market exposure to any one counterparty to 10 percent of the portfolio value.

A Fund's direct exposure to short term and/or debt instruments, by ratings categories, where applicable, are disclosed in the Fund-Specific Notes to the Financial Statements.

The TD Mutual Fund Trusts may also engage in securities lending transactions with counterparties that have a minimum credit rating of A by SPGR or an equivalent rating from another credit agency. The value of cash or securities held as collateral by these Funds in connection with these transactions is at least 102 percent of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. The aggregate fair value of the securities loaned is limited to 50 percent of each Fund's NAV. Information about the fair values of securities lent and collateral held and securities lending income earned, where applicable, is disclosed in the Fund-Specific Notes to the Financial Statements.

In the TD Managed Assets Program Portfolios, where applicable, the portfolio adviser reviews these Funds' credit positions as part of the investment management process.

### (c) Liquidity Risk

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. A Fund's exposure to this risk is concentrated in the daily cash redemptions of redeemable units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed. In addition, the Funds retain sufficient cash and cash equivalents to maintain liquidity, and have the ability to borrow up to 5 percent of their respective NAV for the purpose of funding redemptions.

The contractual maturities analysis for a Fund's financial liabilities, where applicable, is disclosed in the Fund-Specific Notes to the Financial Statements.

### (d) Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, product type or industry sector. A Fund's concentration risk is disclosed in the Fund-Specific Notes to the Financial Statements.

## 9. Capital Risk Management

Units issued and outstanding represent the capital of the Funds. The Funds do not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Changes in a Fund's capital during the reporting periods are reflected in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. TDAM is responsible for managing the capital of the Funds in accordance with each Fund's investment objectives and for managing liquidity in order to meet redemption requests.

If applicable, the most recent financial statements of the underlying funds managed by TDAM are available, without charge, by writing to:

TD Asset Management Inc.  
P.O. Box 100  
66 Wellington Street West  
TD Bank Tower  
Toronto-Dominion Centre  
Toronto, Ontario  
M5K 1G8

### Currency codes used throughout the report:

Currency Code	Description
ARS	Argentine Peso
AUD	Australian Dollar
BRL	Brazilian Real
CAD/C\$	Canadian Dollar
CHF	Swiss Franc
CLP	Chilean Peso
CZK	Czech Koruna
DEM	German Deutsche Mark
DKK	Danish Krone
EGP	Egyptian Pound
EUR	Euro
GBP	British Pound
HKD	Hong Kong Dollar
HUF	Hungarian Forint
IDR	Indonesian Rupiah
INR	Indian Rupee
ILS	Israeli Shekel
JOD	Jordanian Dinar
JPY	Japanese Yen
KRW	South Korean Won
LKR	Sri Lanka Rupee
MAD	Moroccan Dirham
MYR	Malaysian Ringgit
NOK	Norwegian Krone
NZD	New Zealand Dollar
PHP	Philippine Peso
PKR	Pakistan Rupee
PLN	Polish Zloty
RON	Romanian Leu
SEK	Swedish Krona
SGD	Singapore Dollar
THB	Thai Baht
TRY	New Turkish Lira
TWD	New Taiwan Dollar
USD/US\$	United States Dollar
ZAR	South African Rand

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