TD Balanced Index Fund

TD Mutual Funds
Annual Financial Statements

for the period ended December 31, 2019
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 as issued by the International Accounting Standards Board (“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 13, 2020

Salma Salman
Director and
Chief Financial Officer
March 13, 2020
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$ fund
TD Diversified Monthly Income Fund
TD Global Tactical Monthly Income Fund
(formerly 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 Canadian Small-Cap Equity Fund
TD U.S. Risk Managed Equity Fund
TD U.S. Low Volatility 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 Global Equity Focused 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 Equity Fund
Epoch International Equity Fund
TD Resource Fund
TD Precious Metals Fund
TD Global 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 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
(individually, a Fund)
Independent Auditor’s Report

Our opinion
In our opinion, the accompanying December 31, 2019 financial statements of each Fund present fairly, in all material respects, the financial position of each Fund, its financial performance and its cash flows as at and for the periods indicated in note 1 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

WHAT WE HAVE AUDITED
The financial statements of each Fund comprise:
• the statements of financial position as at the period-end dates indicated in note 1;
• the statements of comprehensive income for the periods indicated in note 1;
• the statements of changes in net assets attributable to holders of redeemable units for the periods indicated in note 1;
• the statements of cash flows for the periods indicated in note 1; and
• the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion
We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report.

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

INDEPENDENCE
We are independent of each Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information
Management is responsible for the other information of each Fund. The other information comprises the Annual Management Report of Fund Performance of each Fund.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of each Fund, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of each Fund or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements of each Fund in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the ability of each Fund to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate any Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of each Fund.

Auditor’s responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole for each Fund are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements of each Fund.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
• Identify and assess the risks of material misstatement of the financial statements of each Fund, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
• Obtain an understanding of internal control relevant to the audit 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 internal control of each Fund.
• Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of each Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements of each Fund or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause any Fund to cease to continue as a going concern.

• Evaluate the overall presentation, structure and content of the financial statements of each Fund, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP
Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
March 13, 2020
## TD Balanced Index Fund

### Statements of Financial Position (in 000s except per unit amounts)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>$109,875</td>
<td>$97,801</td>
</tr>
<tr>
<td>Cash</td>
<td>43</td>
<td>146</td>
</tr>
<tr>
<td>Income Receivable from Underlying Funds</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Subscriptions Receivable</td>
<td>147</td>
<td>310</td>
</tr>
<tr>
<td>Receivable for Investments Sold</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>110,068</td>
<td>98,264</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued Liabilities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Redemptions Payable</td>
<td>84</td>
<td>116</td>
</tr>
<tr>
<td>Payable for Investments Purchased</td>
<td>0</td>
<td>83</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>84</td>
<td>199</td>
</tr>
<tr>
<td><strong>Net Assets Attributable to Holders of Redeemable Units</strong></td>
<td>$109,984</td>
<td>$98,065</td>
</tr>
</tbody>
</table>

### Statements of Comprehensive Income (in 000s except per unit amounts)

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Gain (Loss) on Investments and Derivatives</td>
<td>$2</td>
<td>3</td>
</tr>
<tr>
<td>Interest for Distribution Purposes</td>
<td>$2,042</td>
<td>$2,899</td>
</tr>
<tr>
<td>Distributions from Underlying Funds</td>
<td>3,042</td>
<td>2,899</td>
</tr>
<tr>
<td>Net Realized Gain (Loss)</td>
<td>1,370</td>
<td>2,095</td>
</tr>
<tr>
<td>Net Change in Unrealized Appreciation/ Depreciation</td>
<td>9,550</td>
<td>(7,146)</td>
</tr>
<tr>
<td><strong>Total Income (Net)</strong></td>
<td>13,964</td>
<td>(2,149)</td>
</tr>
<tr>
<td><strong>Expenses</strong> (Note 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management Fees</td>
<td>714</td>
<td>687</td>
</tr>
<tr>
<td>Independent Review Committee Fees</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total Expenses before Waivers</strong></td>
<td>716</td>
<td>689</td>
</tr>
<tr>
<td>Less: Waived Expenses</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total Expenses (Net)</strong></td>
<td>715</td>
<td>688</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units before Tax</strong></td>
<td>13,249</td>
<td>(2,837)</td>
</tr>
<tr>
<td><strong>Tax Reclaims (Withholding Taxes)</strong></td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</strong></td>
<td>13,249</td>
<td>(2,837)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
### Statements of Changes in Net Assets Attributable to Holders of Redeemable Units

* (in 000s)

<table>
<thead>
<tr>
<th></th>
<th>Investor Series</th>
<th></th>
<th>O-Series</th>
<th></th>
<th>TOTAL</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</td>
<td>$73,404</td>
<td>$77,040</td>
<td>$24,661</td>
<td>$28,680</td>
<td>$98,065</td>
<td>$105,720</td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</td>
<td>9,797</td>
<td>(2,301)</td>
<td>3,452</td>
<td>(536)</td>
<td>13,249</td>
<td>(2,837)</td>
<td></td>
</tr>
<tr>
<td>Distributions to Holders of Redeemable Units</td>
<td>(1,593)</td>
<td>(1,471)</td>
<td>(741)</td>
<td>(749)</td>
<td>(2,334)</td>
<td>(2,220)</td>
<td></td>
</tr>
<tr>
<td>From Net Investment Income</td>
<td>0</td>
<td>(792)</td>
<td>0</td>
<td>(278)</td>
<td>0</td>
<td>(1,070)</td>
<td></td>
</tr>
<tr>
<td>From Net Realized Gains on Investments</td>
<td>0</td>
<td>(1,593)</td>
<td>(741)</td>
<td>(1,027)</td>
<td>(2,334)</td>
<td>(3,290)</td>
<td></td>
</tr>
<tr>
<td>Redeemable Unit Transactions</td>
<td>Proceeds from Redeemable Units Issued</td>
<td>13,467</td>
<td>12,599</td>
<td>527</td>
<td>452</td>
<td>13,994</td>
<td>13,051</td>
</tr>
<tr>
<td>Reinvestments of Distributions</td>
<td>1,573</td>
<td>2,234</td>
<td>741</td>
<td>1,027</td>
<td>2,314</td>
<td>3,261</td>
<td></td>
</tr>
<tr>
<td>Redemption of Redeemable Units</td>
<td>(12,991)</td>
<td>(13,905)</td>
<td>(2,313)</td>
<td>(3,935)</td>
<td>(15,304)</td>
<td>(17,840)</td>
<td></td>
</tr>
<tr>
<td>Net Increase (Decrease) from Redeemable Unit Transactions</td>
<td>2,049</td>
<td>928</td>
<td>(1,045)</td>
<td>(2,456)</td>
<td>1,004</td>
<td>(1,528)</td>
<td></td>
</tr>
<tr>
<td>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</td>
<td>10,253</td>
<td>(3,636)</td>
<td>1,666</td>
<td>(4,019)</td>
<td>11,919</td>
<td>(7,655)</td>
<td></td>
</tr>
<tr>
<td>Net Assets Attributable to Holders of Redeemable Units at End of the Period</td>
<td>$83,657</td>
<td>$73,404</td>
<td>$26,327</td>
<td>$24,661</td>
<td>$109,984</td>
<td>$98,065</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
Statements of Cash Flows (in 000s)
for the periods ended December 31, 2019 and 2018

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows from (used in) Operating Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</td>
<td>$13,249</td>
<td>$(2,837)</td>
</tr>
<tr>
<td>Adjustment For:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Realized (Gain) Loss</td>
<td>(1,370)</td>
<td>(2,095)</td>
</tr>
<tr>
<td>Net Change in Unrealized Appreciation/Depreciation</td>
<td>(9,550)</td>
<td>7,146</td>
</tr>
<tr>
<td>Purchase of Investments and Derivatives</td>
<td>(7,058)</td>
<td>(14,121)</td>
</tr>
<tr>
<td>Distributions In-Kind from Underlying Funds</td>
<td>(3,042)</td>
<td>(2,899)</td>
</tr>
<tr>
<td>Proceeds from Sale, Paydown and Maturity of Investments and Derivatives</td>
<td>8,866</td>
<td>19,808</td>
</tr>
<tr>
<td>(Increase) Decrease in Income Receivable from Underlying Funds</td>
<td>1</td>
<td>(2)</td>
</tr>
<tr>
<td>Increase (Decrease) in Accrued Liabilities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Cash from (used in) Operating Activities</strong></td>
<td>1,096</td>
<td>5,000</td>
</tr>
<tr>
<td><strong>Cash Flows from (used in) Financing Activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions Paid to Holders of Redeemable Units, Net of Reinvested Distributions</td>
<td>(20)</td>
<td>(29)</td>
</tr>
<tr>
<td>Proceeds from Issuances of Redeemable Units</td>
<td>14,157</td>
<td>12,850</td>
</tr>
<tr>
<td>Amounts Paid on Redemption of Redeemable Units</td>
<td>(15,336)</td>
<td>(17,780)</td>
</tr>
<tr>
<td><strong>Net Cash from (used in) Financing Activities</strong></td>
<td>(1,199)</td>
<td>(4,959)</td>
</tr>
<tr>
<td>Net Increase (Decrease) in Cash</td>
<td>(103)</td>
<td>41</td>
</tr>
<tr>
<td>Cash (Bank Overdraft) at Beginning of the Period</td>
<td>146</td>
<td>105</td>
</tr>
<tr>
<td><strong>Cash (Bank Overdraft) at End of the Period</strong></td>
<td>$43</td>
<td>$146</td>
</tr>
</tbody>
</table>

Interest for Distribution Purposes Received*, Net of Withholding Taxes

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

The accompanying notes are an integral part of the financial statements.
## Schedule of Investment Portfolio (in 000s except number of Shares or Units/Par Value) as at December 31, 2019

<table>
<thead>
<tr>
<th>No. of Shares or Units/Par Value</th>
<th>Description</th>
<th>Cost</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Canadian Bond Funds – 46.9%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4,769,483</td>
<td>TD Canadian Bond Index Fund, O-Series*</td>
<td>$50,358</td>
<td>$51,558</td>
</tr>
<tr>
<td></td>
<td><strong>Canadian Equity Funds – 32.5%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2,456,252</td>
<td>TD Canadian Index Fund, O-Series*</td>
<td>$28,450</td>
<td>$35,714</td>
</tr>
<tr>
<td></td>
<td><strong>U.S. Equity Funds – 9.3%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>324,359</td>
<td>TD U.S. Index Fund, O-Series*</td>
<td>$5,925</td>
<td>$10,198</td>
</tr>
<tr>
<td></td>
<td><strong>Global Equity Funds – 9.3%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>793,223</td>
<td>TD International Index Fund, O-Series*</td>
<td>$8,377</td>
<td>$10,272</td>
</tr>
<tr>
<td></td>
<td><strong>Money Market Funds – 1.9%</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>213,270</td>
<td>TD Canadian Money Market Fund, O-Series*</td>
<td>$2,133</td>
<td>$2,133</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL INVESTMENT PORTFOLIO – 99.9%</strong></td>
<td>$95,243</td>
<td>$109,875</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL PORTFOLIO</strong></td>
<td></td>
<td>$109,875</td>
</tr>
</tbody>
</table>

*TD Asset Management Inc. is also the manager of the underlying funds.*

*Note: Percentages shown relate investments at fair value to Net Assets as at the period end.*
**Fund-Specific Notes to the Financial Statements**

**(I)** The Fund was incepted on June 8, 1998 and its operations commenced on June 29, 1998.

**(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 maximize long-term growth while seeking to preserve capital by investing in a balanced portfolio of primarily Canadian equities, bonds, and short-term instruments, but also including U.S. and international securities. In seeking to achieve this objective, the Portfolio Adviser uses a strategic asset allocation. The Fund’s asset mix will generally be 40-60 percent in fixed income and 40-60 percent in equities. The Fund primarily invests in units of a mix of index mutual funds (“Underlying Funds”) managed by TD Asset Management Inc.

**(V)** As at December 31, 2019, the Fund’s related party investment holdings as a percentage of its net assets was 99.9% (December 31, 2018: 99.7%).

**Management Fees and Administration Fees (%) (Note 6)**

<table>
<thead>
<tr>
<th>Series</th>
<th>Annual Rate Management Fees</th>
<th>Annual Rate Administration Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor Series</td>
<td>0.80</td>
<td>N/A</td>
</tr>
<tr>
<td>O-Series</td>
<td>0.00</td>
<td>N/A</td>
</tr>
</tbody>
</table>

* Includes management fees paid by the Fund and the proportionate management fees, if any, of the Underlying Funds managed by TDAM held by the Fund. However, no management fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the Underlying Funds for the same services.

**Brokerage Commissions and Soft Dollars (in 000s) (Notes 3 and 6)**

Not significant or applicable to the Fund.

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

None for the Fund.

**Securities Lent (Note 3)**

**(I)** SECURITIES LENDING INCOME

For the periods ended December 31, 2019 and 2018
Not significant or applicable to the Fund.

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

As at December 31, 2019 and 2018
Not significant or applicable to the Fund.

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

**(I)** INTEREST RATE RISK

Not directly significant to the Fund.

**(II)** CURRENCY RISK

Not directly significant to the Fund.

**(III)** OTHER PRICE RISK

The table below summarizes the impact of other price risk to the Fund. As at December 31, 2019 and 2018, 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:

<table>
<thead>
<tr>
<th>Benchmark</th>
<th>Impact on Net Assets (in 000s)</th>
<th>Impact on Net Assets (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>48% FTSE Canada Universe Bond Index</td>
<td>$5,439</td>
<td>4.9</td>
</tr>
<tr>
<td>32% S&amp;P/TSX Composite Total Return Index</td>
<td>$4,890</td>
<td>5.0</td>
</tr>
<tr>
<td>9% S&amp;P 500 Total Return Index (C$)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9% MSCI EAFE Index (Net Dividend, C$)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2% FTSE Canada 91 Day T-Bill Index</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

**(IV)** CREDIT RISK

Not directly significant to the Fund.

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

The tables below illustrate the classification of the Fund’s financial instruments within the fair value hierarchy as at December 31, 2019 and 2018.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2019</td>
<td>$109,875</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2018</td>
<td>$97,801</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

As at the end of the periods, transfers between Level 1 and Level 2 were not significant.

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

Not significant or applicable to the Fund.
Investment Portfolio Concentration (%) (Note 8)
The following tables summarize the Fund’s investment portfolio concentration as at December 31, 2019 and 2018:

### 2019
- Canadian Bond Funds: 46.9%
- Canadian Equity Funds: 32.5%
- Global Equity Funds: 9.3%
- U.S. Equity Funds: 9.3%
- Money Market Funds: 1.9%
- Cash (Bank Overdraft): 0.0%
- Other Net Assets (Liabilities): 0.1%

Total: 100.0%

### 2018
- Canadian Bond Fund: 47.4%
- Canadian Equity Fund: 32.1%
- U.S. Equity Fund: 9.1%
- International Equity Fund: 9.1%
- Canadian Short-Term Fund: 2.0%
- Other Net Assets (Liabilities): 0.3%

Total: 100.0%

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, 2019 and 2018.

<table>
<thead>
<tr>
<th>Underlying Funds</th>
<th>Fair Value of Fund’s Investment</th>
<th>Underlying Fund’s Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 31, 2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TD Canadian Bond Index Fund</td>
<td>$ 51,558</td>
<td>$ 929,994</td>
</tr>
<tr>
<td>TD Canadian Index Fund</td>
<td>35,714</td>
<td>1,632,240</td>
</tr>
<tr>
<td>TD Canadian Money Market Fund</td>
<td>2,133</td>
<td>1,608,974</td>
</tr>
<tr>
<td>TD International Index Fund</td>
<td>10,272</td>
<td>812,003</td>
</tr>
<tr>
<td>TD U.S. Index Fund</td>
<td>10,198</td>
<td>1,965,213</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>$ 109,875</td>
<td></td>
</tr>
</tbody>
</table>

| December 31, 2018           |                                 |                             |
| TD Canadian Bond Index Fund | $ 46,481                        | $ 814,199                   |
| TD Canadian Index Fund      | 31,506                          | 1,361,975                   |
| TD Canadian Money Market Fund | 1,939                      | 1,483,496                   |
| TD International Index Fund | 8,995                          | 680,917                     |
| TD U.S. Index Fund          | 8,980                           | 1,545,457                   |
|                             | $ 97,801                        |                             |

Offsetting of Financial Assets and Liabilities (in 000s) (Note 3)
as at December 31, 2019 and 2018
Not significant or applicable to the Fund.
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 their respective Declarations of Trust or Trust Indenture, as amended from time to time.

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. ("TDWCI") 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, 2019 and 2018, as applicable. 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 twelve-month periods ended December 31, 2019 and 2018, as applicable. 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, as disclosed in the Fund-Specific Notes to the Financial Statements (“Fund-Specific Notes”), to the applicable period end date and a comparative statement has only been presented for any period for which that Fund was in existence as at the reporting date.

These financial statements were authorized for issue by TDAM on March 13, 2020.

2. Basis of Presentation

These financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). 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

Financial instruments include financial assets and financial liabilities, such as investments, derivatives, cash, and other receivables and payables. Derivatives that are reflected in the Statements of Financial Position as Derivative Assets (Liabilities) include rights, warrants, forwards, options, futures and swap contracts, where applicable, and are financial contracts between two or more parties, and whose value is derived from the performance of an underlying asset or group of assets. Underlying assets include stocks, bonds, currencies, interest rates and market indices. The Funds classify and measure financial instruments in accordance with IFRS 9, “Financial Instruments”. Upon initial recognition, financial instruments are measured at FVTPL. All financial assets and liabilities are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or a Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

The Funds’ financial assets and financial liabilities, other than receivables and payables, are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income. Other receivables and payables are subsequently measured at amortized cost.

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 Funds’ investments may also include associates and joint ventures which are measured 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’ Net Assets Attributable to Holders of Redeemable Units are classified as financial liabilities in accordance with the requirements of IAS 32, “Financial Instruments: Presentation”. 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) is 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 fair value of financial assets and liabilities 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 attempt to 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 Investments and Derivatives.

(e) 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. 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 Net Realized Gain (Loss). 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 call option is exercised.

(f) The Funds may enter into standardized, exchange-traded futures contracts to purchase or sell a financial instrument at a contracted price on a specified future date. 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 cash deposits or borrowings on margin are reflected in the Statements of Financial Position as Margin Deposit (Payable) on Derivatives. Short-term debt instruments as indicated in the Schedule of Investment Portfolio have been segregated and are held as margin against the futures contracts entered into by the Funds, as applicable.

(g) The TD Mutual Fund Trusts may enter into a credit default swap ("CDS") agreements to gain exposure to debt instruments without investing in them directly. A CDS agreement is a bilateral over-the-counter derivative contract between a protection buyer and a protection seller that exchange the credit risk of a specific issuer (reference entity). The protection buyer pays a periodic premium, often quarterly, to the protection seller to assume the credit risk associated with a particular credit event. Credit events include bankruptcy, a material default and debt restructuring for a specified reference asset. If a credit event occurs, the CDS agreements may be settled by either the physical delivery of the referenced asset for proceeds equal to par value or a cash payment equal to the loss amount. If there is no credit default event, no contingent amount is payable.

During the reporting periods, certain TD Mutual Fund Trusts have entered into CDS indices as protection seller. Any upfront payment made or received by these funds at the initiation of a CDS agreement is included in the CDS agreement’s fair value. Quarterly premiums received from the counterparty are accrued daily and recorded as Derivative Income (Loss) in the Statements of Comprehensive Income. Changes in the fair value of the CDS agreements outstanding at the reporting date are disclosed in the Statements of Comprehensive Income as Net Change in Unrealized Appreciation/Depreciation. Prices used to value the CDS are obtained directly from the data vendor or broker. When CDS agreements expire or are closed out, the net realized gain or loss is reflected in the Statements of Comprehensive Income as Net Realized Gain (Loss).

The TD Mutual Fund Trusts’ exposure to CDS is limited to the notional amount of the contract less any applicable recoverable amount, calculated by the product of the notional amount and the recovery rate of the respective reference entity.
**Notes to the Financial Statements**

(h) 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.

(i) Investments in underlying conventional mutual funds and TDAM managed ETFs are generally valued at the NAV per series unit of the investment funds as reported by the investment funds’ managers.

**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).

All fair value measurements are recurring. The carrying values of Cash, Margin Deposit on Derivatives, Subscriptions Receivable, Interest and Dividends Receivables, Receivable for Investments Sold, Bank Overdraft, Margin Payable on Derivatives, Payable for Investments Purchased, Redemptions Payable, Distributions Payable, Accrued Liabilities and the redemption value of 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 their fair value requires the use of significant unobservable inputs, in which case they are classified as Level 3. The Funds’ policy is to recognize transfers into and out of the fair value hierarchy levels at the end of the reporting period.

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, 2019 and 2018, and any transfers between levels at the end of the reporting periods 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, 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 investment funds (“Underlying Funds”) in which the Funds invest are unconsolidated structured entities. Underlying Funds include conventional mutual funds and ETFs. 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 seeking to achieve short- to long-term income and/or capital growth potential. The Funds’ interests in these securities as at December 31, 2019 and 2018 are included at their fair value in the Statements of Financial Position, which represent the Funds’ exposure to the 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 as part of Net Gain (Loss) on Investments and Derivatives. Additional information on the Funds’ interest in Underlying Funds, where applicable, is provided in the Schedule of Investment Portfolio and Fund-Specific Notes.

The TD Mutual Fund Trusts may also invest in mortgage-related and/or 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. The Funds may 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, 2019 and 2018, the fair value of mortgage-related and other asset-backed securities of these funds, where applicable, is disclosed as Investments in the Statements of Financial Position. The fair value represents the maximum exposure to losses at those dates. The change in fair value of mortgage-related and other asset-backed securities during the reporting periods is included in Net Change in Unrealized Appreciation/Depreciation in the Statements of Comprehensive Income as part of Net Gain (Loss) on Investments and Derivatives.

Translation of Foreign Currencies
A Fund’s functional currency, as disclosed in the Fund-Specific Notes, 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. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date.

Realized foreign exchange gains and losses on the sale of investments and derivatives are included in Net Realized Gain (Loss). Unrealized foreign exchange gains and losses on investments and derivatives are included in Net Change in Unrealized Appreciation/Depreciation. Realized and unrealized foreign exchange gains and losses relating to income, cash, other assets and liabilities are presented as Foreign Exchange Gain (Loss) on Cash and Other Net Assets in the Statements of Comprehensive Income.

Offsetting of 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 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.

Reverse Repurchase Agreements
Certain TD Mutual Fund Trusts may enter into reverse repurchase transactions. In a reverse repurchase transaction, a fund buys a security at one price from a third party and agrees to sell the same security back to the same party at a specified price on an agreed future date and the difference is reflected as Income from Reverse Repurchase Agreements 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 these funds. The value of the collateral must 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 these funds, where applicable, are listed in the Schedule of Investment Portfolio.

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

Margin Deposit (Payable) on Derivatives
Margin accounts represent margin deposits or payable in respect of derivatives entered into by the Funds.

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.

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 as at the reporting date.

Income Recognition
Interest for Distribution Purposes as shown in the Statements of Comprehensive Income consists of interest income from cash and the coupon interest on debt instruments accounted for on an accrual basis. Interest receivable is included in Interest and Dividends Receivables 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 equities and ETFs are recognized on ex-dividend dates and distributions from underlying mutual funds are recognized on ex-distribution dates. Dividends received from ETFs are recognized in the Statements of Comprehensive Income based on the nature of the underlying components such as interest income, dividend income, capital gains and return of capital. Distributions received from underlying mutual funds are included in Distributions from Underlying Funds in the Statements of Comprehensive Income.

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 are 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, 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 transaction 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 incurred, where applicable, are also disclosed in the Fund-Specific Notes. No transaction costs are incurred when the Funds invest in underlying mutual funds; however, the underlying mutual 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 of the Fund.

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 reporting period, except when a series was established during the reporting period, in which case the Weighted Average Units Outstanding is calculated from the date of commencement of operation of that series.

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 for further information about the fair value measurement of the Funds’ financial instruments, where applicable.

Classification and Measurement of Investments
In classifying and measuring financial instruments held by the Funds, TDAM has assessed the Funds’ business model for managing their respective portfolios of investments and evaluating the performance on a fair value basis, and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9.

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.

5. Redeemable Units
For TD Mutual Fund Trusts and TD Managed Assets Program Portfolios, each individual series of units is sold under different 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.

<table>
<thead>
<tr>
<th>Investor Series</th>
<th>Offered on a no-load basis to investors.</th>
</tr>
</thead>
<tbody>
<tr>
<td>H5 Series</td>
<td>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.</td>
</tr>
<tr>
<td>H8 Series</td>
<td>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.</td>
</tr>
<tr>
<td>K-Series</td>
<td>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.</td>
</tr>
<tr>
<td>e-Series</td>
<td>Offered on a no-load basis to investors who wish to complete their transactions electronically.</td>
</tr>
<tr>
<td>D-Series</td>
<td>Offered on a no-load basis to investors who want to complete their transactions through TD Direct Investing, a division of TDWCI, or other discount brokers.</td>
</tr>
</tbody>
</table>
### 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.

### T5 Series and T8 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.

### FT5 Series and FT8 Series
Offered to investors, through fee-based financial advisors or dealer-sponsored “wrap accounts”, 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. These series may also be offered to other investors who pay an annual fee to their dealer instead of transactional sales charges.

### 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.

### W-Series
Offered to investors, through certain wealth management businesses of TD Bank Group, including certain divisions of TDWCI, 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.

### 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, such as institutions and mutual funds, who make the required minimum investment as determined by TDAM, and have entered into an O-Series agreement with TDAM.

### Effective November 1, 2019, the back-end load, low-load and low-load-2 purchase options of Advisor Series, T5 Series and T8 Series were closed to all purchases by investors. Switches and conversions are permitted if shares or units of the TD Mutual Funds and TD Managed Assets Program Portfolios being switched or converted are held in the same purchase option.

### Investor Series:
Offered on a no-load basis to investors.

### H5 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.

### K5 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 TDWCI, 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.

### T5 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. These series may also be offered to other investors who pay an annual fee to their dealer instead of transactional sales charges.

### 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.

### FT5 Series and FT8 Series:
Offered to investors, through fee-based financial advisors or dealer-sponsored “wrap accounts”, 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.

### W-Series:
Offered to investors, through certain wealth management businesses of TD Bank Group, including certain divisions of TDWCI, or other dealers authorized by TDAM, who pay an annual fee to their dealer instead of transactional sales charges.

### Effective July 26, 2018, H-Series was renamed as H5 Series or H8 Series, T-Series was renamed as T5 Series or T8 Series and S-Series was renamed as FT5 Series or FT8 Series. Refer to Fund-Specific Notes of the applicable Funds for further details.

### 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.
WTS Series and WT8 Series: Offered to investors who wish to receive a regular and WT8 Series: monthly cash flow from the Funds, through certain wealth management businesses of TD Bank Group, including “certain divisions of TDWCI, or other dealers authorized by TDAM, 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.

Effective November 1, 2019, the back-end load, low-load and low-load-2 purchase options of Advisor Series, and T5 Series were closed to all purchases by investors. Switches and conversions are permitted if shares or units of the TD Mutual Funds and TD Managed Assets Program Portfolios being switched or converted from are held in the same purchase option.

Effective October 25, 2018, H-Series, K-Series, T-Series, S-Series and WT-Series were renamed as H5 Series, K5 Series, T5 Series, FT5 Series and WT5 Series, respectively. Refer to Fund-Specific Notes of the applicable Funds for further details.

Units of TD Mutual Fund Trusts and TD Managed Assets Program Portfolios are redeemable at the option of the unitholder in accordance with their respective provisions of the Declarations of Trust or Trust Indenture. 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 Redemption of Redeemable Units in the Statements of Cash Flows.

6. Related Party Transactions

Capital
TDAM, affiliates of TDAM, and/or other investment funds managed by TDAM may invest in units of the Funds from time to time. The investment made by related parties is disclosed in the Fund-Specific Notes if significant.

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 applicable series based on the NAV of that series and paid monthly to 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.

(b) TD Managed Assets Program Portfolios
In consideration for the provision of management, distribution and portfolio management services to the TD Managed Assets Program 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 the TD Mutual Fund Trusts and TD Managed Assets Program Portfolios invest in Underlying Funds, there are fees and expenses payable by the Underlying Funds in addition to those paid by the Funds. However, no management fees are payable by Funds that invest in Underlying Funds that, to a reasonable person, would duplicate a fee payable by the Underlying Funds for the same services. TDAM may waive all or a portion of the management fees charged to the Funds, which may be discontinued at any time by TDAM at its discretion without notice to unitholders. Detailed information on the management fees of the Funds is provided in the Fund-Specific Notes.

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, legal fees, audit fees, filing fees and bank charges. The administration fee is calculated and accrued on a daily basis for each applicable series based on the NAV of that series and paid monthly to TDAM. Annual administration fees for each series of these funds, where applicable, are provided in the Fund-Specific Notes.

The administration fee is payable in respect of Investor Series, H5 Series, H8 Series, D-Series, Advisor Series and T5 Series and T8 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 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 and TD Global Conservative 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 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.
Operating Expenses

Fund's Independent Review Committee ("IRC")

TDAM is responsible for management of the Funds’ investment portfolios, 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 prepares, at least annually, a report of its activities for unitholders of the Funds.

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:

(i) trades in securities of TD or any affiliate or associate thereof;
(ii) investments in the securities of an issuer where TD Securities Inc., TDWCI, 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;
(iii) purchases or sales of securities of an issuer from or to another investment fund or discretionary managed account managed by TDAM; and
(iv) 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.

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

(a) 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 which are common to the operation of all series of these funds 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, costs relating to compliance with any new governmental and regulatory requirements, and new types of costs or expenses.

For other series of the TD Mutual Fund Trusts, TDAM pays all of the operating expenses (including services provided by TDAM or its affiliates), other than costs and expenses associated with: all taxes; borrowing; the IRC; compliance with any new governmental and regulatory requirements, and new types of costs or expenses.

(b) 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, 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 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.

The Accrued Liabilities in the Statements of Financial Position represents the amount of management fees, administration fees and operating expenses (including applicable taxes) payable to TDAM by the Funds as at the reporting period end.

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 reporting periods ended December 31, 2019 and 2018, where applicable, are disclosed in the Fund-Specific Notes.

Client brokerage commissions are used as payment for order execution services and/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 TD Mutual Fund Trusts is not generally ascertainable. Any ascertainable soft dollar value received under the soft dollar arrangement entered into by the portfolio advisers or TDAM, where applicable, is disclosed in the Fund-Specific Notes.
Notes to the Financial Statements

(b) TD Managed Assets Program Portfolios
These funds do not incur any brokerage commissions for executing transactions in the underlying mutual funds, and accordingly will not receive any investment or research services from brokers in exchange for commissions paid for such transactions. However, if these funds invest in underlying ETFs, brokerage commissions will be paid on the purchase or sale of units of the underlying ETFs and amounts paid to related parties of TD for brokerage services provided to these funds for the reporting periods ended December 31, 2019 and 2018, where applicable, are disclosed in the Fund-Specific Notes.

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 TDAM managed Underlying Funds are disclosed in the Underlying Funds’ financial statements, where ascertainable.

7. Taxation
The Funds (except for the 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. 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 taxation year are distributed to unitholders such that no income tax is payable by the Funds, except 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 distributions, 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 non-capital losses carry forward, where applicable, are provided in the Fund-Specific Notes. Capital losses have no expiry. Non-Capital losses can be carried forward for up to twenty years.

The Funds may 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.


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 may help to 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 direct exposure to interest rate risk, where significant, is disclosed in the Fund-Specific Notes.

(ii) Currency Risk
A Fund may hold financial instruments denominated in currencies other than its functional currency. It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the 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 and/or its Underlying Funds may 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 (including monetary and non-monetary instruments), where significant, is disclosed in the Fund-Specific Notes. Where a Fund invests in a single Underlying Fund, the direct and indirect exposure to currency risk (including monetary and non-monetary instruments), where significant, is disclosed in the Fund-Specific Notes.
(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 risk 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. As a result, other price risk, reflecting this indirect exposure, is provided in the Fund-Specific Notes.

Where a Fund invests in several Underlying Funds, its 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.

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 debt instruments 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 be exposed to credit risk from the use of counterparties for foreign exchange forward contracts. Where applicable, this risk is minimized by:

(i) using counterparties with a minimum credit rating of A by S&P Global Ratings ("S&PGR") 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 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 or derivatives.

The Funds and their Underlying Funds managed by TDAM only buy and hold short-term notes with a minimum of R-1 Low credit rating by DBRS Limited or an equivalent rating from another recognized credit rating agency.

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

The TD Mutual Fund Trusts and the Underlying Funds held by the Funds may also engage in securities lending transactions. For these funds that are managed by TDAM, the securities lending transactions are with counterparties that have a minimum credit rating of A by S&PGR 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, together with repurchase transactions, are limited to 50 percent of each fund’s NAV determined immediately after the fund enters into any such transaction. 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.

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 of. 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.

All non-derivative financial liabilities, other than redeemable units outstanding, are due in less than 3 months.

(d) Concentration Risk
Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, security type or industry sector. A Fund’s concentration risk is disclosed in the Fund-Specific Notes.
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 the Funds’ 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.

10. Comparative Financial Information

Where applicable, certain comparative figures in the Statements of Comprehensive Income have been reclassified. Amounts related to realized foreign exchange gains and losses on income have been reclassified from income into Foreign Exchange Gain (Loss) on Cash and Other Net Assets in the Statements of Comprehensive Income. Amounts related to unrealized foreign exchange gains and losses on other assets and liabilities have been reclassified from Net Change in Unrealized Appreciation/Depreciation into Foreign Exchange Gain (Loss) on Cash and Other Net Assets. For these reclassifications, there was no impact on the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units.

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, or by e-mail to td.mutualfunds@td.com, or by visiting our website at www.tdassetmanagement.com or the SEDAR website at www.sedar.com.

Currency codes used throughout the report:

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TD Mutual Funds, TD Pools and the TD Managed Assets Program portfolios are managed by TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank and are available through authorized dealers.

TD Exchange-Traded Funds are managed by TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank.

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