

**TD Canadian Money  
Market Fund**

531972  
(03/17)

**TD Mutual Funds  
Annual Financial Statements**

**for the period ended December 31, 2016**



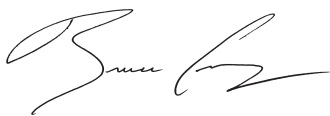
## Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by TD Asset Management Inc. as manager of the TD Mutual Fund Trusts and TD Managed Assets Program Portfolios (collectively the "Funds" and individually the "Fund") and in the case of the latter approved by its 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 TD Asset Management Inc. 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 TD Asset Management Inc., manager of the Funds



Bruce Cooper  
Director and  
Chief Executive Officer  
March 16, 2017



Atanaska Novakova  
Director and  
Chief Financial Officer  
March 16, 2017

## 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 Bond Fund  
TD High Yield Bond 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. Blue Chip Equity Fund  
TD U.S. Quantitative Equity Fund  
TD U.S. Equity Portfolio  
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 Target Return Conservative Fund  
TD Target Return Balanced 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  
(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 an 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, 2017

## TD Canadian Money Market Fund

### Statements of Financial Position (in 000s except per unit amounts) as at December 31, 2016 and 2015

	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Investments	\$ 1,580,105	\$ 1,604,193
Cash	18,677	140
Interest Receivable	1,075	1,917
Subscriptions Receivable	6,239	3,685
	1,606,096	1,609,935
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued Liabilities	0	717
Redemptions Payable	4,500	4,444
Distributions Payable	4	5
	4,504	5,166
<b>Net Assets Attributable to Holders of Redeemable Units</b>		
	\$ 1,601,592	\$ 1,604,769
<b>Net Assets Attributable to Holders of Redeemable Units – Per Series (Note 5)</b>		
Investor Series	\$ 1,455,041	\$ 1,438,139
Institutional Series	\$ 5,892	\$ 6,812
Advisor Series	\$ 67,086	\$ 79,077
F-Series	\$ 10,509	\$ 14,779
O-Series	\$ 63,064	\$ 65,962
	\$ 1,601,592	\$ 1,604,769
<b>Net Assets Attributable to Holders of Redeemable Units – Per Series Unit</b>		
Investor Series	\$ 10.00	\$ 10.00
Institutional Series	\$ 10.00	\$ 10.00
Advisor Series	\$ 10.00	\$ 10.00
F-Series	\$ 10.00	\$ 10.00
O-Series	\$ 10.00	\$ 10.00

### Statements of Comprehensive Income (in 000s except per unit amounts) for the periods ended December 31, 2016 and 2015

	2016	2015
<b>Income</b>		
Securities Lending Income	\$ 25	\$ 38
<b>Net Gain (Loss) on Investments</b>		
Interest for Distribution Purposes	13,227	14,472
Income from Reverse Repurchase Agreements	25	49
<b>Net Gain (Loss) on Investments</b>		
	13,252	14,521
<b>Total Income (Net)</b>		
	13,277	14,559
<b>Expenses (Note 6)</b>		
Management Fees	8,541	10,852
Independent Review Committee Fees	2	1
<b>Total Expenses before Waivers</b>		
	8,543	10,853
Less: Waived Expenses	(1)	0
<b>Total Expenses (Net)</b>		
	8,542	10,853
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units before Tax</b>		
	4,735	3,706
<b>Tax Reclaims (Withholding Taxes)</b>		
	0	0
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>		
	\$ 4,735	\$ 3,706
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series</b>		
Investor Series	\$ 3,925	\$ 2,914
Institutional Series	\$ 32	\$ 39
Advisor Series	\$ 197	\$ 136
F-Series	\$ 51	\$ 37
O-Series	\$ 530	\$ 580
	\$ 4,735	\$ 3,706
<b>Weighted Average Units Outstanding for the Period – Per Series</b>		
Investor Series	146,603	150,036
Institutional Series	641	700
Advisor Series	7,578	7,078
F-Series	1,308	958
O-Series	6,490	6,610
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series Unit</b>		
Investor Series	\$ 0.03	\$ 0.02
Institutional Series	\$ 0.05	\$ 0.06
Advisor Series	\$ 0.03	\$ 0.02
F-Series	\$ 0.04	\$ 0.04
O-Series	\$ 0.08	\$ 0.09

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

## TD Canadian Money Market Fund

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

for the periods ended December 31, 2016 and 2015

	Investor Series		Institutional Series		Advisor Series	
	2016	2015	2016	2015	2016	2015
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</b>	\$ 1,438,139	\$ 1,575,624	\$ 6,812	\$ 7,228	\$ 79,077	\$ 70,476
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	3,925	2,914	32	39	197	136
<b>Distributions to Holders of Redeemable Units</b>						
From Net Investment Income	(3,925)	(2,914)	(32)	(39)	(197)	(136)
<b>Redeemable Unit Transactions</b>						
Proceeds from Redeemable Units Issued	937,058	880,614	3,104	4,414	68,931	87,434
Reinvestments of Distributions to Holders of Redeemable Units	3,888	2,886	32	39	192	133
Early Redemption Fees on Redeemable Units	0	0	0	0	0	0
Redemption of Redeemable Units	(924,044)	(1,020,985)	(4,056)	(4,869)	(81,114)	(78,966)
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	16,902	(137,485)	(920)	(416)	(11,991)	8,601
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	16,902	(137,485)	(920)	(416)	(11,991)	8,601
<b>Net Assets Attributable to Holders of Redeemable Units at End of the Period</b>	\$ 1,455,041	\$ 1,438,139	\$ 5,892	\$ 6,812	\$ 67,086	\$ 79,077
<b>Redeemable Unit Transactions</b>						
Redeemable Units Outstanding, Beginning of the Period	143,814	157,562	681	723	7,908	7,048
Redeemable Units Issued	93,705	88,061	311	441	6,893	8,744
Redeemable Units Issued on Reinvestments	389	289	3	4	19	13
Redeemable Units Redeemed	(92,404)	(102,098)	(406)	(487)	(8,111)	(7,897)
<b>Redeemable Units Outstanding, End of the Period</b>	145,504	143,814	589	681	6,709	7,908

	F-Series		O-Series		TOTAL	
	2016	2015	2016	2015	2016	2015
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</b>	\$ 14,779	\$ 9,489	\$ 65,962	\$ 67,081	\$ 1,604,769	\$ 1,729,898
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	51	37	530	580	4,735	3,706
<b>Distributions to Holders of Redeemable Units</b>						
From Net Investment Income	(51)	(37)	(530)	(580)	(4,735)	(3,706)
<b>Redeemable Unit Transactions</b>						
Proceeds from Redeemable Units Issued	28,337	18,539	28,927	31,270	1,066,357	1,022,271
Reinvestments of Distributions to Holders of Redeemable Units	50	36	530	580	4,692	3,674
Early Redemption Fees on Redeemable Units	0	0	0	0	0	0
Redemption of Redeemable Units	(32,657)	(13,285)	(32,355)	(32,969)	(1,074,226)	(1,151,074)
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	(4,270)	5,290	(2,898)	(1,119)	(3,177)	(125,129)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	(4,270)	5,290	(2,898)	(1,119)	(3,177)	(125,129)
<b>Net Assets Attributable to Holders of Redeemable Units at End of the Period</b>	\$ 10,509	\$ 14,779	\$ 63,064	\$ 65,962	\$ 1,601,592	\$ 1,604,769
<b>Redeemable Unit Transactions</b>						
Redeemable Units Outstanding, Beginning of the Period	1,478	949	6,596	6,708		
Redeemable Units Issued	2,834	1,854	2,893	3,127		
Redeemable Units Issued on Reinvestments	5	4	53	58		
Redeemable Units Redeemed	(3,266)	(1,329)	(3,236)	(3,297)		
<b>Redeemable Units Outstanding, End of the Period</b>	1,051	1,478	6,306	6,596		

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

## TD Canadian Money Market Fund

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

for the periods ended December 31, 2016 and 2015

	2016	2015
<b>Cash Flows from (used in) Operating Activities</b>		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 4,735	\$ 3,706
Adjustment For:		
Purchase of Investments	(9,021,395)	(10,220,696)
Proceeds from Sale and/or Maturity of Investments	9,045,483	10,347,102
(Increase) Decrease in Interest Receivable	842	(1,375)
Increase (Decrease) in Accrued Liabilities	(717)	(371)
<b>Net Cash from (used in) Operating Activities</b>	<b>28,948</b>	<b>128,366</b>
<b>Cash Flows from (used in) Financing Activities</b>		
Distributions Paid to Holders of Redeemable Units, Net of Reinvested Distributions	(44)	(33)
Proceeds from Issuances of Redeemable Units	1,059,413	1,018,195
Amounts Paid on Redemption of Redeemable Units, Net of Redemption Fees	(1,069,780)	(1,146,545)
<b>Net Cash from (used in) Financing Activities</b>	<b>(10,411)</b>	<b>(128,383)</b>
Net Increase (Decrease) in Cash	18,537	(17)
Cash (Bank Overdraft) at Beginning of the Period	140	157
<b>Cash (Bank Overdraft) at End of the Period</b>	<b>\$ 18,677</b>	<b>\$ 140</b>
Interest for Distribution Purposes Received*, Net of Withholding Taxes	14,094	13,146

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

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

# TD Canadian Money Market Fund

## Schedule of Investment Portfolio (in 000s except number of Shares or Units/Par Value) as at December 31, 2016

No. of Shares or Units/ Par Value	Description	Amortized Cost	Fair Value
<b>Short-Term Investments – 98.7%</b>			
<b>FEDERAL &amp; GUARANTEES – 5.0%</b>			
Government of Canada Treasury Bill			
12,000,000	0.44% due January 04, 2017	\$ 11,999	\$ 11,999
9,800,000	0.45% due January 12, 2017	9,799	9,799
5,000,000	0.44% due January 26, 2017	4,998	4,998
6,500,000	0.48% due February 09, 2017	6,497	6,497
17,000,000	0.50% due April 06, 2017	16,978	16,978
20,000,000	0.50% due May 04, 2017	19,966	19,966
6,000,000	0.54% due May 18, 2017	5,988	5,988
4,000,000	0.63% due December 14, 2017	3,976	3,976
		80,201	80,201
<b>PROVINCIAL &amp; GUARANTEES – 15.0%</b>			
Ontario Teachers' Finance Trust			
22,000,000	0.81% due January 04, 2017	21,998	21,998
9,500,000	0.84% due January 25, 2017	9,495	9,495
5,000,000	0.86% due February 14, 2017	4,995	4,995
5,000,000	0.85% due February 22, 2017	4,994	4,994
14,000,000	0.78% due March 24, 2017	13,975	13,975
10,000,000	0.85% due May 03, 2017	9,971	9,971
14,500,000	0.87% due May 18, 2017	14,453	14,453
Province of Alberta			
5,000,000	0.58% due January 10, 2017	4,999	4,999
12,000,000	0.59% due February 01, 2017	11,994	11,994
6,000,000	0.60% due February 21, 2017	5,995	5,995
3,000,000	0.61% due March 14, 2017	2,996	2,996
Province of British Columbia			
4,000,000	0.57% due January 16, 2017	3,999	3,999
Province of Manitoba Treasury Bill			
27,500,000	0.56% due January 11, 2017	27,495	27,495
9,300,000	0.59% due February 08, 2017	9,294	9,294
14,500,000	0.59% due February 15, 2017	14,489	14,489
5,000,000	0.59% due February 22, 2017	4,996	4,996
Province of Ontario Treasury Bill			
6,750,000	0.58% due January 25, 2017	6,747	6,747
9,000,000	0.60% due February 01, 2017	8,995	8,995
5,500,000	0.59% due February 08, 2017	5,497	5,497
1,000,000	0.61% due March 15, 2017	999	999
500,000	0.63% due March 29, 2017	499	499
Province of Quebec Treasury Bill			
700,000	0.58% due January 13, 2017	700	700
12,400,000	0.58% due January 20, 2017	12,396	12,396
24,600,000	0.59% due February 17, 2017	24,581	24,581
Province of Saskatchewan			
12,000,000	0.59% due February 07, 2017	11,993	11,993
1,500,000	0.60% due February 14, 2017	1,499	1,499
		240,044	240,044

No. of Shares or Units/ Par Value	Description	Amortized Cost	Fair Value
<b>CORPORATE – 78.7%</b>			
Bank of Montreal			
11,000,000	0.89% due January 06, 2017	\$ 10,998	\$ 10,998
10,000,000	0.80% due January 16, 2017	9,997	9,997
13,000,000	0.80% due January 17, 2017	12,995	12,995
5,000,000	1.00% due January 30, 2017	4,996	4,996
15,000,000	0.77% due February 14, 2017	14,986	14,986
5,000,000	0.97% due March 06, 2017	4,991	4,991
10,000,000	1.00% due April 12, 2017	9,972	9,972
7,000,000	1.00% due May 08, 2017	6,976	6,976
5,000,000	1.05% due July 11, 2017	4,973	4,973
5,000,000	2.39% due July 12, 2017	5,035	5,035
5,000,000	5.45% due July 17, 2017	5,119	5,119
10,000,000	1.05% due September 07, 2017	9,929	9,929
10,000,000	2.24% due December 11, 2017	10,105	10,105
The Bank of Nova Scotia			
10,000,000	0.77% due January 03, 2017	9,999	9,999
15,000,000	0.77% due January 04, 2017	14,999	14,999
21,351,000	2.598% due February 27, 2017	21,407	21,407
10,000,000	0.87% due April 05, 2017	9,977	9,977
5,000,000	1.05% due September 06, 2017	4,965	4,965
Bay Street Funding Trust			
18,000,000	1.00% due January 06, 2017	17,997	17,997
17,000,000	0.95% due January 24, 2017	16,989	16,989
1,675,000	0.93% due January 27, 2017	1,674	1,674
20,300,000	0.95% due January 31, 2017	20,284	20,284
2,000,000	0.92% due February 03, 2017	1,998	1,998
8,000,000	0.95% due February 10, 2017	7,991	7,991
4,000,000	0.93% due February 13, 2017	3,996	3,996
5,600,000	0.92% due February 24, 2017	5,592	5,592
11,300,000	1.02% due April 28, 2017	11,263	11,263
bclMC Realty Corporation			
8,199,000	2.65% due June 29, 2017	8,265	8,265
Caisse centrale Desjardins			
24,000,000	0.78% due January 13, 2017	23,993	23,993
5,000,000	0.80% due January 17, 2017	4,998	4,998
8,000,000	0.83% due January 20, 2017	7,996	7,996
5,000,000	0.78% due February 14, 2017	4,995	4,995
31,000,000	0.77% due February 23, 2017	30,965	30,965
Canadian Imperial Bank of Commerce			
10,000,000	0.77% due January 03, 2017	9,999	9,999
10,000,000	0.79% due January 18, 2017	9,996	9,996
25,000,000	0.78% due January 23, 2017	24,988	24,988
10,000,000	0.90% due February 28, 2017	9,986	9,986
15,000,000	0.83% due March 20, 2017	14,973	14,973
15,000,000	0.90% due May 05, 2017	14,954	14,954
5,000,000	1.04% due June 09, 2017	4,977	4,977
8,000,000	2.35% due October 18, 2017	8,080	8,080
10,000,000	1.05% due November 15, 2017	9,909	9,909
Canadian Master Trust			
3,000,000	0.93% due January 05, 2017	3,000	3,000
1,000,000	0.87% due January 16, 2017	1,000	1,000
4,500,000	0.87% due February 02, 2017	4,496	4,496
2,500,000	0.87% due February 07, 2017	2,498	2,498
11,300,000	0.90% due February 08, 2017	11,289	11,289
1,000,000	0.87% due February 09, 2017	999	999
18,400,000	0.87% due February 13, 2017	18,381	18,381
17,800,000	0.89% due February 28, 2017	17,774	17,774
11,000,000	1.00% due March 03, 2017	10,981	10,981
4,000,000	1.00% due March 13, 2017	3,992	3,992
9,100,000	0.90% due March 20, 2017	9,082	9,082
4,500,000	1.03% due March 29, 2017	4,489	4,489



**TD Canadian Money Market Fund**

No. of Shares or Units/				No. of Shares or Units/			
Par Value	Description	Amortized Cost	Fair Value	Par Value	Description	Amortized Cost	Fair Value
National Bank of Canada				SOUND Trust			
10,000,000	0.78% due January 19, 2017	\$ 9,996	\$ 9,996	10,500,000	0.95% due January 09, 2017	\$ 10,498	\$ 10,498
14,000,000	0.78% due January 26, 2017	13,992	13,992	2,000,000	0.85% due January 13, 2017	1,999	1,999
15,000,000	0.85% due March 30, 2017	14,969	14,969	14,000,000	0.85% due January 16, 2017	13,995	13,995
12,493,000	2.019% due April 13, 2017	12,525	12,525	5,000,000	0.95% due January 26, 2017	4,997	4,997
OMERS Finance Trust				11,400,000	0.95% due January 27, 2017	11,392	11,392
15,000,000	0.79% due January 05, 2017	14,998	14,998	10,000,000	0.90% due January 30, 2017	9,993	9,993
21,500,000	0.77% due January 06, 2017	21,497	21,497	10,000,000	0.95% due February 21, 2017	9,986	9,986
7,000,000	0.80% due January 12, 2017	6,998	6,998	8,000,000	0.95% due March 08, 2017	7,986	7,986
3,000,000	0.76% due January 23, 2017	2,999	2,999	11,000,000	0.96% due March 28, 2017	10,975	10,975
17,000,000	0.79% due February 13, 2017	16,984	16,984	4,000,000	1.02% due April 18, 2017	3,988	3,988
2,000,000	0.82% due February 17, 2017	1,998	1,998	Storm King Funding			
6,000,000	0.77% due March 01, 2017	5,992	5,992	7,700,000	0.95% due January 03, 2017	7,699	7,699
4,000,000	0.79% due March 10, 2017	3,994	3,994	2,100,000	0.95% due January 09, 2017	2,100	2,100
Plaza Trust				6,300,000	0.95% due January 12, 2017	6,298	6,298
13,000,000	0.95% due January 11, 2017	12,996	12,996	5,000,000	0.95% due January 17, 2017	4,998	4,998
4,400,000	0.95% due January 12, 2017	4,399	4,399	16,500,000	0.95% due February 01, 2017	16,486	16,486
15,500,000	0.93% due February 09, 2017	15,484	15,484	11,500,000	0.95% due February 10, 2017	11,488	11,488
10,000,000	0.95% due February 15, 2017	9,988	9,988	16,000,000	0.98% due March 07, 2017	15,972	15,972
17,500,000	0.95% due March 09, 2017	17,469	17,469	24,000,000	0.98% due March 23, 2017	23,947	23,947
1,200,000	0.95% due March 16, 2017	1,198	1,198	The Toronto-Dominion Bank*			
12,000,000	1.01% due April 17, 2017	11,965	11,965	20,000,000	1.824% due April 03, 2017	20,041	20,041
6,000,000	1.03% due May 15, 2017	5,977	5,977	9,000,000	2.433% due August 15, 2017	9,077	9,077
Ridge Trust				Toyota Credit Canada Inc.			
11,100,000	0.87% due January 05, 2017	11,099	11,099	7,000,000	0.84% due January 05, 2017	6,999	6,999
3,000,000	0.82% due January 09, 2017	2,999	2,999	12,120,000	2.45% due February 27, 2017	12,147	12,147
4,000,000	0.87% due February 02, 2017	3,997	3,997	5,000,000	1.00% due March 06, 2017	4,991	4,991
15,000,000	0.87% due February 03, 2017	14,988	14,988			1,259,860	1,259,860
10,500,000	0.87% due February 06, 2017	10,491	10,491	<b>Total Short-Term Investments</b>			
12,000,000	1.06% due February 07, 2017	11,987	11,987			1,580,105	1,580,105
3,000,000	0.87% due February 21, 2017	2,996	2,996	TOTAL INVESTMENT			
5,000,000	1.00% due March 13, 2017	4,990	4,990	PORTFOLIO – 98.7%			
17,000,000	1.00% due March 17, 2017	16,965	16,965			\$ 1,580,105	\$ 1,580,105
2,700,000	1.00% due March 23, 2017	2,694	2,694	OTHER NET ASSETS			
5,000,000	0.97% due March 27, 2017	4,989	4,989	(LIABILITIES) – 1.3%			
Royal Bank of Canada							
5,000,000	0.80% due January 18, 2017	4,998	4,998	<b>TOTAL NET ASSETS – 100.0%</b>			
18,000,000	0.83% due January 19, 2017	17,992	17,992	<b>\$ 1,601,592</b>			
10,670,000	0.83% due January 20, 2017	10,665	10,665	* Related party to the Fund as an affiliated entity of TD Asset Management Inc.			
7,000,000	3.66% due January 25, 2017	7,013	7,013				
12,000,000	0.79% due March 15, 2017	11,981	11,981				
25,000,000	0.87% due March 31, 2017	24,947	24,947				
24,000,000	2.58% due April 13, 2017	24,102	24,102				
10,000,000	2.364% due September 21, 2017	10,097	10,097				
SAFE Trust							
30,000,000	0.89% due January 09, 2017	29,993	29,993				
16,500,000	0.91% due January 10, 2017	16,496	16,496				
8,200,000	0.89% due January 17, 2017	8,197	8,197				
10,000,000	0.89% due February 02, 2017	9,992	9,992				
10,000,000	0.89% due February 16, 2017	9,989	9,989				
1,000,000	0.95% due February 22, 2017	999	999				
1,000,000	0.95% due February 28, 2017	998	998				
7,000,000	0.95% due March 02, 2017	6,989	6,989				
4,500,000	1.00% due March 29, 2017	4,489	4,489				

## TD Canadian Money Market Fund

### Fund-Specific Notes to the Financial Statements

#### (A) The Fund

(I) The Fund start date was June 29, 1988.

(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 earn a high rate of interest income and at the same time, preserve capital and maintain liquidity by investing primarily in Canadian money market securities, generally maturing in not more than one year. In seeking to achieve this objective, the Fund invests primarily in high-quality corporate debt instruments while taking into account the global macroeconomic environment, and generally employs a "buy-and-hold" strategy. The Fund may also invest in treasury bills and other short-term debt instruments issued or guaranteed by Canadian federal or provincial governments, Canadian chartered banks or Canadian loan or trust companies, as well as commercial paper issued by Canadian corporations and bank-sponsored asset-backed commercial paper. Part of the Fund's strategy is to anticipate interest rate changes with a three- to six-month view on short-term rates. The Portfolio Adviser also performs extensive and continuous credit analysis on all corporate debt. The Fund endeavours to maintain a unit price of \$10.00.

(V) Any related party holdings as at December 31, 2016 (2015: 1.5%), are disclosed in the Schedule of Investment Portfolio.

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

for the periods ended December 31, 2016 and 2015

##### (I) MANAGEMENT FEES (%)

Series	Maximum	Actual Annual Rate (exclusive of GST and HST)	
		2016	2015
Investor Series	1.00	0.50	0.62
Institutional Series	0.30	0.28	0.28
Advisor Series	1.00	0.50	0.61
F-Series	0.75	0.40	0.45
O-Series	0.00	0.00	0.00

The amount payable (in 000s) to TDAM as at December 31, 2016 for management fees is \$0 (2015: \$651) which is included in Accrued Liabilities on the Statements of Financial Position.

##### (II) ADMINISTRATION FEES (%)

Not applicable for the Fund.

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

for the periods ended December 31, 2016 and 2015

Not significant or applicable to the Fund.

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

as at December 31, 2016

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, 2016 and 2015 is as follows:

	Amount (in 000s)		Percentage of Total Amount (%)	
	2016	2015	2016	2015
Gross Securities Lending Income	\$ 31	\$ 48	100.0	100.0
Agent fees – The Bank of New York Mellon Corp.	(6)	(10)	(19.4)	(20.8)
Securities Lending Income to the Fund before Tax Reclaims (Withholding Taxes)	25	38	80.6	79.2
Tax Reclaims (Withholding Taxes)	0	0	0.0	0.0
Net Securities Lending Income	\$ 25	\$ 38	80.6	79.2

##### (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, 2016 and 2015.

	2016	2015
Fair Value of Securities Lent	\$ 44,765	\$ 29,676
Fair Value of Collateral Held	47,247	31,210

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, 2016 and 2015

##### (I) INTEREST RATE RISK

Not significant or applicable to the Fund.

##### (II) CURRENCY RISK

Not significant or applicable to the Fund.

##### (III) OTHER PRICE RISK

Not significant or applicable to the Fund.

##### (IV) CREDIT RISK

The table below summarizes the debt instruments by credit ratings as at December 31, 2016 and 2015.

Credit Rating <sup>o</sup>	Percentage of Total Bonds (%)		Percentage of Total Net Assets (%)	
	2016	2015	2016	2015
R-1 High	77.3	77.8	76.2	77.8
R-1 Mid	19.8	22.2	19.6	22.2
R-1 Low	2.9	0.0	2.9	0.0
Total	100.0	100.0	98.7	100.0

<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, 2016 and 2015.

	Level 1	Level 2	Level 3	Total
December 31, 2016				
Short-Term Investments	\$ 0	\$ 1,580,105	\$ 0	\$ 1,580,105
December 31, 2015				
Short-Term Investments	\$ 0	\$ 1,604,193	\$ 0	\$ 1,604,193

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

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

Not significant or applicable to the Fund.

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

As at December 31, 2016 and 2015, 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, 2016 and 2015, the Fund's investment portfolio concentration can be summarized as follows:

	2016	2015
<b>Short-Term Investments</b>		
Federal & Guarantees	5.0	5.1
Provincial & Guarantees	15.0	10.3
Corporate	78.7	84.6
<b>Other Net Assets (Liabilities)</b>	1.3	0.0
	100.0	100.0

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

Not significant or applicable to the Fund.

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

as at December 31, 2016 and 2015

Not significant or applicable to the Fund.

## Notes to the Financial Statements

### 1. The Fund

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 mutual 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, 2016 and 2015. 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, 2016 and 2015. Where a Fund or series of a Fund was established during either period, the information for the Fund or series is provided from the inception date. A comparative statement has only been presented for any period for which the Fund was in existence as at the reporting date.

The Fund's start date as indicated in the Fund-Specific Notes to the Financial Statements is the date that the Fund 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, 2017.

### 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 Fund recognizes 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 Fund's 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 Fund has determined that it meets the definition of an 'investment entity' and as a result, it measures 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 Fund has made in determining that it meets this definition is that fair value is the primary measurement attribute used to measure and evaluate the performance of substantially all of its investments. The Fund's investments may also include associates and joint ventures which are designated at FVTPL.

The Fund's 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 Fund's only contractual obligation. Consequently, the Fund's outstanding redeemable units are classified as financial liabilities in accordance with the requirements of IAS 32, "Financial Instruments: Presentation" ("IAS 32"). The Fund's obligations for Net Assets Attributable to Holders of Redeemable Units are presented at the redemption amount.

The Fund's accounting policies for measuring the fair value of its investments and derivatives are substantially similar to those used in measuring its 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 Fund's 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 Fund uses 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 Fund's policy is to recognize transfers into and out of the fair value hierarchy levels as of the date of the event or change in circumstances giving rise to the transfer.

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 Fund uses a variety of methods and makes 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 Fund 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 held in the Fund, if any, 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 identification of a "uniqueness" premium 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.
- (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 reported in Interest for Distribution Purposes on the Statements of Comprehensive Income.
- (d) The Fund 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 on the Statements of Comprehensive Income as part of Net Gain (Loss) on Derivatives.
- (e) The Fund 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 on the Statements of Comprehensive Income as part of Net Gain (Loss) on Derivatives.
- (f) The Fund may purchase standardized, exchange-traded futures contracts. Any outstanding futures contracts as at December 31, 2016 are listed in the Schedule of Investment Portfolio. 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 on the Statements of Comprehensive Income as Derivatives Income (Loss). Any amounts receivable (payable) from settlement of futures contracts are reflected on 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 Fund.
- (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 on 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.
- (h) Investments in underlying funds (mutual funds) are generally valued at the NAV per series unit of the underlying funds as reported by the underlying funds' managers.
- (i) The exchange-traded funds (ETFs) are valued based on quoted market prices at the close of trading on the reporting date.

### Fair Value Hierarchy

The Fund classifies its investment 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 Fund's 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 Fund, including any Level 3 measurements. The committee meets regularly to perform detailed reviews of the valuations of investments held by the Fund.

TDAM utilizes a variety of methods in determining the fair value of securities classified as Level 3. These methods include the use of comparable recent arm's length transactions, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants and which make the use of observable inputs. These methods are based on key inputs such as broker quotations, industry multipliers and discount rates.

The classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2016 and 2015, and any transfers between levels at end of the 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 and ETFs in which the Fund invests are unconsolidated structured entities. In making this determination, TDAM evaluated the fact that decision making about underlying funds' and ETF's activities are generally not governed by voting or similar rights held by the Fund and other investors in any underlying funds and ETFs.

The Fund may invest in underlying funds and ETFs whose investment objectives range from achieving short- to long-term income and capital growth potential. The Fund's interests in these securities as at December 31, 2016 and 2015 are included at their fair value on the Statements of Financial Position, which represent the Fund's exposure in these underlying funds and ETFs. The Fund does not provide and has not committed to provide any additional significant financial or other support to the underlying funds and ETFs. The change in fair value of each of the underlying funds and ETFs during the reporting periods is included in Net Change in Unrealized Appreciation (Depreciation) on the Statements of Comprehensive Income in Net Gain (Loss) on Investments. Additional information on the Fund's interest in underlying funds and ETFs, where applicable, is provided in the Fund-Specific Notes to the Financial Statements.

### TD MUTUAL FUND TRUSTS

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 securities may include tranches with varying levels of subordination. The Fund 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, 2016 and 2015, the fair value of mortgage-related and other asset-backed securities of the Fund, where applicable, is disclosed as part of the Investments on 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) on Statements of Comprehensive Income in Net Gain (Loss) on Investments.



## Notes to the Financial Statements

### Translation of Foreign Currencies

The 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. 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) on Investments. Unrealized foreign exchange gains and losses on investments held are included in Net Change in Unrealized Appreciation (Depreciation) on Investments. Realized and unrealized foreign exchange gains and losses relating to cash are presented as Foreign Exchange Gain (Loss) on Cash on the Statements of Comprehensive Income.

### Offsetting Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported on the Statements of Financial Position where the Fund has 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 Fund may enter into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting on 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

The Fund may enter into reverse repurchase transactions. In a reverse repurchase transaction, the 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 included as Net Gain (Loss) on Investments on 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 on 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 in the Statements of Financial Position dates.

### Impairment of Financial Assets

At each reporting date, the Fund assesses whether there is objective evidence that a financial asset at amortized cost is impaired. If such evidence exists, the Fund recognizes 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 Fund as at 4 p.m. Eastern Time on each day that the Toronto Stock Exchange is open for trading. However, in some unusual circumstances, the series NAV per unit may be calculated at another time where it is in the best interests of unitholders to do so.

The NAV is calculated, for processing purchase, switch, conversion or redemption orders of series units, for each series of units of the Fund by taking the series' proportionate share of the Fund's common assets less that series' proportionate share of the Fund's 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 Fund by the total number of units outstanding of that series at the reporting date.

### Income Recognition

Interest for Distribution Purposes as shown on 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 on the Statements of Financial Position based on the debt instruments' stated rates of interest. The Fund does not amortize premiums paid or discounts received on the purchase of debt securities except for zero coupon bonds which are amortized.

Dividend income and distributions from any underlying funds and ETFs, are recognized on the ex-dividend and ex-distribution date respectively.

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 security lending income, aggregate values of securities on loan and related collateral held by the Fund is provided in the Fund-Specific Notes to the Financial Statements, where applicable.

## Notes to the Financial Statements

### Investment Transactions and Transaction Costs

The cost of each investment security (excluding transaction costs), realized and unrealized gains and losses from investment transactions are determined on an average cost basis.

Transaction costs, such as brokerage commissions, incurred by the Fund 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 described in the Fund-Specific Notes to the Financial Statements. No transaction costs are incurred when the Fund invests in underlying funds. However, the underlying funds' investments may be subject to transaction costs.

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

Expenses are accrued on a daily basis; separately for each series (excluding interest charges and portfolio transaction costs), while 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 Weighted Average Units Outstanding for the Period – Per Series which 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, however it is available for early adoption. In addition, the own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The manager is in the process of assessing the impact of IFRS 9 and has not yet determined when it will early adopt the new standard.

## 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 Fund has made in preparing the financial statements:

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

The Fund 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 date of 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 Fund's 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 Fund, TDAM is required to make significant judgments about whether or not the business of the Fund 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 the Fund is an investment entity, TDAM may be required to make significant judgments about whether the Fund has the typical characteristics of an investment entity. The 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, the 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

#### TD Mutual Fund Trusts

Each Fund 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, the Fund is also authorized to issue 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 the Fund are as described below.

---

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 Fund. 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 Fund. 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 Fund. 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 Fund, 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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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 Fund, 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 services, 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:	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 Fund, 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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Units of the Fund are redeemable at the option of the unitholder in accordance with the provisions of the Declaration of Trust. Units of the Fund are issued or redeemed on a daily basis at the NAV per series unit next determined after the purchase, switch, conversion order or redemption request, respectively, is received by TDAM. Purchases and redemptions include units exchanged from one series to another series within a Fund on the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. However, switches between series within a Fund are excluded from Proceeds from Issuances of Redeemable Units and Amounts Paid on Redeemable Units, Net of Redemption Fees on the Statements of Cash Flows.

## Notes to the Financial Statements

### TD Managed Assets Program Portfolios

Each Fund 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 the Fund 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 Fund. 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 Fund. 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.
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 Fund. 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 Fund, 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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For both 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 above, reflecting the extent of the investment advice provided. The management fee rates for the Fund and its various series are provided in the Fund-Specific Notes to the Financial Statements.

## 6. Related Party Transactions

### Management Fees

#### 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 Fund, TDAM receives an annual management fee in respect of certain series of the Fund. The management fee is calculated and accrued on a daily basis for each series based on the NAV of that series of the Fund and paid monthly to TDAM. Where a Fund invests in any underlying funds, there may be fees and expenses payable by the underlying funds in addition to those paid by the Fund. However, there is no duplication of management fees.

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.

The maximum management fee is the maximum fee that can be charged to each series of units of the Fund according to the simplified prospectus. TDAM may charge a management fee that is less than the management fee TDAM is otherwise entitled to charge each series of units of the Fund. The actual management fee is the annualized fee that was charged to each series of the Fund for the reporting periods. TDAM may charge the maximum management fee without notice to unitholders. Actual and maximum management fees for each series of the Fund are provided in the Fund-Specific Notes to the Financial Statements.

#### TD MANAGED ASSETS PROGRAM PORTFOLIOS

In consideration for the provision of management, distribution and portfolio management services to the Fund, each series of the Fund pays TDAM a management fee. The management fee is a variable fee dependent upon the amount of all other fees and expenses, including applicable goods and services tax ("GST") and harmonized sales tax ("HST"). GST and HST are paid or payable by the Fund based on the province or territory of residence of the unitholders in each series of the Fund. Where a Fund invests in any underlying funds, there are fees and expenses payable by the underlying funds in addition to those paid by the Fund. However, there is no duplication of management fees.

The maximum management fee is the amount that would be necessary to reach the cap, when combined with all expenses of the Fund and its share of the underlying funds' expenses. Actual management fees for each series of the Fund are provided in the Fund-Specific Notes to the Financial Statements.

The management fee is calculated and accrued on a daily basis for each series based on the NAV of that series of the Fund and paid monthly to TDAM. The management fee payable as at December 31, 2016 and 2015 are recognized as part of Accrued Liabilities on the Statements of Financial Position.

## Notes to the Financial Statements

### Administration Fees

#### 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 Fund. 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 of the Fund and paid monthly to TDAM. Annual administration fees for each series of the Fund, 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, K-Series, D-Series, Advisor Series and T-Series of the Fund, as applicable, other than the money market funds, TD Ultra Short Term Bond Fund, TD Short Term Bond Fund, TD Canadian Bond Fund, the index funds, the Target Return Funds and Advisor Series units of TD U.S. Equity Portfolio. The administration fee is also payable in respect of Premium Series of the Fund, as applicable, 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 the Target Return Funds.

No administration fee is charged with respect to other series of the Fund according to the simplified prospectus.

### Operating Expenses

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

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

TDAM has established an IRC in respect of the Fund 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 Fund and/or 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 Fund 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 on the Statements of Comprehensive Income as Independent Review Committee Fees.

#### TD MANAGED ASSETS PROGRAM PORTFOLIOS

All operating expenses of the Fund (including for services provided by TDAM or its affiliates) are paid for by TDAM, including costs of the Fund's IRC; recordkeeping and communication costs; custodial, legal, audit and filing fees; bank charges; borrowing costs; and all taxes.

While securities legislation requires the Fund to pay its proportionate share of all reasonable costs and expenses associated with the IRC from its assets, TDAM will reimburse the Fund for such costs and expenses.

### Other Operating Expenses

#### TD MUTUAL FUND TRUSTS

Except in respect of Private Series of the Fund and Advisor Series of TD U.S. Equity Portfolio, TDAM pays all of the operating expenses for the Fund (including services provided by TDAM or affiliates of TDAM), other than expenses associated with taxes of all kinds to which a Fund is or might be subject; borrowing; IRC and other costs relating to compliance with any new governmental and regulatory requirements. Any new types of governmental and regulatory expenses are disclosed as "Other Trust Fund Costs" on the Statements of Comprehensive Income.

TDAM pays the operating expenses with respect to O-Series units of the Fund.

TDAM, at its discretion, may waive or absorb a portion of the operating expenses otherwise payable by the Fund. These waivers or absorptions may be terminated at any time without notice. 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

#### 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 the Fund for the periods ended December 31, 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.

## Notes to the Financial Statements

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 Fund 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.

### TD MANAGED ASSETS PROGRAM PORTFOLIOS

The Fund did not incur any brokerage commissions during the periods ended December 31, 2016 and 2015 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 Fund.

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 Fund qualifies, or intends to qualify if launched during the current period, as a mutual fund trust under the *Income Tax Act* (Canada). 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 Fund. As a result, the Fund has determined that it is in substance not taxable and therefore does not record income taxes in the Statements of Comprehensive Income nor does it recognize any deferred tax assets or liabilities in the Statements of Financial Position. The Fund's 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 Fund currently incurs 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) on the Statements of Comprehensive Income.

## 8. Financial Risk Management

### Financial Risk Factors

The Fund is exposed to a variety of financial risks: 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 Fund's positions, market events and diversify investment portfolios within the constraints of the Fund's investment objectives, investment strategies and applicable TDAM policies and procedures (collectively referred to as "Investment Restrictions").

If the 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 Fund is managed in accordance with its 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.

The Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds, debentures and mortgages) 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 the 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. The Fund's exposure to interest rate risk, where significant, is disclosed in the Fund-Specific Notes to the Financial Statements.

#### (ii) Currency Risk

The Fund may hold assets denominated in currencies other than its functional currency (which is the Canadian dollar for the TD Managed Assets Program Portfolios). The Fund 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 the Fund's functional currency. Where the 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.

The 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.

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

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

Where the Fund invests in underlying funds, it is exposed to indirect other price risk in the event that the underlying funds invest in securities that trade on a market. The impact from indirect exposure to other price risk would be limited to the weighting of securities that trade on a market (equity component) in the underlying funds and may not reflect the Fund's entire indirect proportional ownership of the underlying funds. The Fund's impact from exposure to other price risk, where applicable, is disclosed in the Fund-Specific Notes to the Financial Statements.

For the TD Mutual Fund Trusts, 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 on 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, the Fund's main credit risk concentration is in debt instruments and derivative instruments it holds. The 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.

The 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. Where applicable, detailed information is disclosed in the Fund-Specific Notes to the Financial Statements.

The Fund and the underlying funds only buy and hold short-term notes with a minimum R1- Low credit rating by DBRS 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 Standard & Poor's ("S&P") 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.

The Fund's investments in 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 S&P or an equivalent rating from another credit agency. The value of cash or securities held as collateral by the Fund 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. Information about the fair values of securities lent and collateral held by the Fund, 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 the Fund's 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. The Fund's exposure to this risk is concentrated in the daily cash redemptions of redeemable units. The Fund primarily invests in securities that are traded in active markets and can be readily disposed. In addition, the Fund retains sufficient cash and cash equivalents to maintain liquidity, and has the ability to borrow up to 5 percent of its NAV for the purpose of funding redemptions.

The contractual maturities analysis for the 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. The Fund's concentration risk is disclosed in the Fund-Specific Notes to the Financial Statements.

## Notes to the Financial Statements

### 9. Capital Risk Management

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

### 10. Revision of Comparative Information

Where applicable, certain comparative figures on the Statements of Cash Flows have also been revised. Amounts reclassified to Distributions In-Kind from Underlying Funds have been presented separately from amounts related to Purchases of Investments to appropriately reflect the non-cash components of investments purchased. The impact on the Net Cash from (used in) Operating Activities is nil.

If applicable, the most recent financial statements of the underlying TD Investment funds 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
AUD	Australian Dollar
BRL	Brazilian Real
CAD/C\$	Canadian Dollar
CHF	Swiss Franc
DKK	Danish Krone
EUR	Euro
GBP	British Pound
HKD	Hong Kong Dollar
ILS	Israeli Shekel
JPY	Japanese Yen
KRW	South Korean Won
MXN	Mexican Peso
MYR	Malaysian Ringgit
NOK	Norwegian Krone
NZD	New Zealand Dollar
SEK	Swedish Krona
SGD	Singapore Dollar
THB	Thai Baht
USD	United States Dollar
ZAR	South African Rand



**For Funds with references to FTSE TMX Canada indices:**

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