

TD Balanced Growth Fund

525448
(03/17)

TD Mutual Funds Annual Management Report of Fund Performance

for the period ended December 31, 2016

This Annual Management Report of Fund Performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, at no cost, by calling 1-800-386-3757, by writing to us at TD Asset Management Inc., P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8, by e-mail to td.mutualfunds@td.com, or by visiting our website at tdassetmanagement.com or the SEDAR website at sedar.com

Securityholders may also contact us or visit our website to get a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure at no cost.



Management Discussion of Fund Performance

Investment Objectives and Strategies

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

Risk

The risks of investing in the Fund remain as outlined in the simplified prospectus.

Results of Operations

The Investor Series units of the Fund returned 9.0 percent* for the year ended December 31, 2016 ("Reporting Period"), versus 10.6 percent for the Fund's product benchmark, which is composed of 45 percent the S&P/TSX Composite Total Return Index ("S&P/TSX Composite TR Index"), 35 percent the FTSE TMX Canada Universe Bond Index ("Universe Bond Index"), and 20 percent the MSCI World Index (Net Dividend, C\$) ("MSCI World Index (ND, C\$)"). Returns for other series of the Fund may vary, largely due to differences in fees and expenses. Unlike the benchmark, the Fund's return is quoted after the deduction of fees and expenses.

Market Update

The Canadian economy struggled over the Reporting Period and the Bank of Canada ("BoC") maintained its key interest rate at 0.50 percent. Conversely, the U.S. Federal Reserve Board ("Fed") announced in December 2016 that it was increasing its benchmark interest rate, which strengthened the U.S. dollar and weakened the Canadian dollar. The Organization of the Petroleum Exporting Countries agreed to its first production cut in eight years in an effort to stabilize global markets, significantly boosting oil prices and improving energy sector performance. West Texas Intermediate crude finished the Reporting Period trading at US\$53.72 per barrel, up approximately 43 percent on the Reporting Period.

The S&P/TSX Composite TR Index finished the Reporting Period up 21.1 percent. The materials, energy and financials sectors posted the strongest returns, while the health care, information technology and consumer staples sectors underperformed.

At the end of the Reporting Period, Canadian government bond yields of maturities of less than one year were little changed from their level at the start of the Reporting Period. Yields on maturities of one year and longer were near their highest levels in over a year, with the largest gain occurring in 5-year maturities. The 10-year Government of Canada bond ended the Reporting Period with a yield of 1.72 percent.

The U.K.'s decision to leave the European Union in the second quarter created economic uncertainty, while global economic activity began showing signs of improvement mid-year. U.S. equities, as measured by the S&P 500 Total Return Index, performed well with the energy, telecommunication services and financials posting strong returns and the health care, consumer staples and consumer discretionary sectors underperforming.

Key Contributors/Detractors

The Fund posted a solid return over the Reporting Period. The Portfolio Adviser's preference for equities over fixed income contributed to the Fund's relative performance. Within equities, sector allocation and stock selection detracted from relative performance, largely as a result that the Portfolio Adviser favoured global equities versus Canadian equities.

- Although the health care sector remained the worst performing sector in North America, the Fund benefited from its 1 percent underweight exposure to the sector and the Portfolio Adviser's successful choice of health care stocks over the Reporting Period. A lack of exposure to Valeant Pharmaceuticals International, Inc., which declined 86 percent over the Reporting Period, contributed to relative performance.
- The Fund's 2.5 percent overweight exposure to the energy sector contributed to relative performance as energy prices rose. Many energy sector holdings were among the best-performing stocks in the Fund, such as Seven Generations Energy Ltd. (128 percent) and Vermilion Energy Inc. (59 percent).
- Stock selection in the financials sector detracted from performance. While the Fund's bank holdings, Morgan Stanley and JPMorgan Chase & Co., enjoyed a solid year, the heavier-weighted stock, Brookfield Asset Management Inc., returned 3 percent as a result of relatively slow capital growth.
- While the Fund's industrials sector holdings posted a double-digit return, stock selection within the sector detracted from relative performance. Nielsen Holdings PLC returned negative 11 percent as a result of its disappointing earnings in the third quarter.

* This section compares the returns relative to the Fund's product benchmark. See the Past Performance section for a comparison of the Fund's performance relative to the general market index.

Recent Developments

Looking ahead, the Portfolio Adviser continues to be mindful of a variety of macroeconomic factors that may influence the performance of financial markets over the coming year, including geopolitical uncertainties, slow global economic growth, elevated sovereign debt levels, demographics and inflationary/disinflationary pressures. Globally, central banks' liquidity should continue to provide stimulus to the ailing economies of Europe and Japan. Conversely, the Fed raised the federal funds target interest rate by 0.25 percent at its December 14, 2016 meeting in response to increasingly positive labour market and inflation data. In Japan, quantitative easing measures appear to have proven largely ineffective, while increasingly unorthodox measures like negative interest rates have yet to spark economic growth in that country. Aggressive fiscal policy may be the next step to combat the lower-for-longer economic growth environment, as countries including Japan and Canada have already announced substantial spending plans. The U.S. is likely to follow this path in light of the recent presidential election.

Based on fundamental analysis, the Portfolio Adviser has a positive outlook for the Canadian and U.S. economies. As such, the Portfolio Adviser has shifted the Fund's exposure from defensive sectors such as consumer staples and utilities, to cyclical sectors such as materials and energy, to take advantage of the benefits of the potential U.S. reflationary policies, such as infrastructure spending, and recovering oil prices.

The Portfolio Adviser continues to favour equities over fixed income and maintains the view that companies with superior cash flows and histories of growing dividends are attractive in the current low interest rate environment. The Fund continues to emphasize high-quality companies with strong balance sheets, low earnings variability and long track records of sustainable dividend growth. The Portfolio Adviser anticipates that these stocks should continue to be rewarded in the marketplace given the current global growth outlook.

Within the Fund's fixed income holdings, the Portfolio Adviser continues to favour the yield advantage of corporate bonds over government bonds as the Portfolio Adviser expects corporate bonds to outperform government bonds of similar duration (duration is a measure of a bond's sensitivity to changes in interest rates) over the medium to long term. Within the Fund's fixed income holdings, the Portfolio Adviser prefers to focus on capital preservation by maintaining a duration that is below that of the benchmark. The Portfolio Adviser is aware of the impact that low fixed income market liquidity could have on the Fund's performance, and continues to structure its fixed income holdings with an emphasis on quality and liquidity. The Fund's holdings are also managed tactically in an effort to bolster returns. Before the U.S. presidential election, the Portfolio Adviser added inflation-linked bonds and reduced the Fund's U.S. dollar exposure in order to preserve capital. After the election, the Portfolio Adviser reintroduced a U.S. dollar exposure to benefit from its upward trend.

Related Party Transactions

Affiliates of TD Asset Management Inc. ("TDAM") may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as in connection with banking, custody, brokerage and derivatives transactions.

Manager, Trustee and Portfolio Adviser:

TDAM, a wholly-owned subsidiary of The Toronto-Dominion Bank ("TD"), is the manager, trustee and portfolio adviser of the Fund. The Fund pays TDAM an annual management fee, which may vary for each series of Fund units, and an annual administration fee of 0.08 percent with respect to the Investor Series and Advisor Series units of the Fund.

Distributor:

For certain series of units of the Fund, TD Investment Services Inc., a wholly-owned subsidiary of TD, is the principal distributor for which it is paid a trailer commission by TDAM. Units of the Fund are also distributed through brokers and dealers including TD Waterhouse Canada Inc. ("TDW"), a wholly-owned subsidiary of TD. TDW, like other dealers, is paid a trailer commission by TDAM for distributing certain series of units of the Fund. Trailer commissions are paid by TDAM out of the management fees it receives from the Fund and are based on the average value of assets held by each dealer.

Registrar and Transfer Agent:

TD is the registrar and transfer agent of the Fund, and as such maintains all unitholder records, processes purchase, switch, conversion and redemption orders, issues investor statements and prepares annual tax reporting information on behalf of the Fund.

TD earns a foreign exchange spread when unitholders switch between units of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with TD for which TD earns a fee.

Buying and Selling Securities:

TDAM has established an independent review committee (“IRC”) which acts as an impartial and independent committee to review and provide recommendations or, if appropriate, approvals respecting any conflict of interest matters referred to it by TDAM. The IRC prepares, at least annually, a report of its activities for securityholders of the Fund. The report is available on the TDAM website at tdassetmanagement.com or at the securityholder’s request at no cost by contacting TDAM (see front cover).

The Fund relied on standing instructions from the IRC in respect of one or more of the following 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.

The relevant standing instructions require that securities transactions with related parties conducted by TDAM (i) are free from any influence by an entity related to TDAM and without taking into account any consideration relevant to an entity related to TDAM; (ii) represent the business judgment of TDAM uninfluenced by considerations other than the best interests of the Fund; (iii) comply with the applicable policies and procedures of TDAM; and (iv) achieve a fair and reasonable result for the Fund.

Brokerage Arrangements (000s):

From time to time, the Fund may enter into portfolio securities transactions with Related Dealers who may earn commissions or spreads provided that such trades are made on terms and conditions that are comparable to non-affiliated brokerages. During the Reporting Period, the Fund paid commissions to related parties amounting to \$60 or 10.10 percent of total commissions paid by the Fund for portfolio transactions in total.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five fiscal years, as applicable.

Net Assets per Unit (\$)¹

| INVESTOR SERIES | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-------------|-------------|-------------|-------------|-------------|
| Net Assets, Beginning of Year | 24.33 | 24.63 | 23.90 | 21.61 | 20.61 |
| Increase (Decrease) from Operations: | | | | | |
| Total Revenue | 0.78 | 0.83 | 0.79 | 0.73 | 0.64 |
| Total Expenses (excluding distributions) | (0.60) | (0.60) | (0.60) | (0.54) | (0.52) |
| Realized Gains (Losses) for the Period | 0.99 | 0.93 | 1.56 | 0.88 | 0.06 |
| Unrealized Gains (Losses) for the Period | 1.00 | (0.70) | 0.30 | 1.40 | 0.94 |
| Total Increase (Decrease) from Operations² | 2.17 | 0.46 | 2.05 | 2.47 | 1.12 |
| Distributions: | | | | | |
| From Net Investment Income (excluding dividends) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| From Dividends | (0.17) | (0.23) | (0.15) | (0.17) | (0.15) |
| From Capital Gains | (0.30) | (0.49) | (1.11) | (0.04) | 0.00 |
| Return of Capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Annual Distributions³ | (0.47) | (0.72) | (1.26) | (0.21) | (0.15) |
| Net Assets at December 31 | 26.04 | 24.33 | 24.63 | 23.90 | 21.58 |
| ADVISOR SERIES | 2016 | 2015 | 2014 | 2013 | 2012 |
| Net Assets, Beginning of Year | 12.71 | 12.88 | 12.51 | 11.31 | 10.79 |
| Increase (Decrease) from Operations: | | | | | |
| Total Revenue | 0.41 | 0.44 | 0.41 | 0.38 | 0.33 |
| Total Expenses (excluding distributions) | (0.31) | (0.32) | (0.32) | (0.29) | (0.27) |
| Realized Gains (Losses) for the Period | 0.51 | 0.49 | 0.82 | 0.46 | 0.03 |
| Unrealized Gains (Losses) for the Period | 0.52 | (0.36) | 0.17 | 0.73 | 0.49 |
| Total Increase (Decrease) from Operations² | 1.13 | 0.25 | 1.08 | 1.28 | 0.58 |
| Distributions: | | | | | |
| From Net Investment Income (excluding dividends) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| From Dividends | (0.09) | (0.12) | (0.07) | (0.08) | (0.07) |
| From Capital Gains | (0.16) | (0.26) | (0.59) | (0.02) | 0.00 |
| Return of Capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Annual Distributions³ | (0.25) | (0.38) | (0.66) | (0.10) | (0.07) |
| Net Assets at December 31 | 13.61 | 12.71 | 12.88 | 12.51 | 11.30 |

Footnotes for the above table(s) can be found at the end of the Net Assets per Unit section.

Net Assets per Unit (\$)¹ (continued)

| F-SERIES | 2016 | 2015 | 2014 | 2013 | 2012 |
|--|--------|--------|--------|--------|--------|
| Net Assets, Beginning of Year | 12.74 | 12.89 | 12.38 | 11.18 | 10.67 |
| Increase (Decrease) from Operations: | | | | | |
| Total Revenue | 0.41 | 0.44 | 0.41 | 0.38 | 0.33 |
| Total Expenses (excluding distributions) | (0.17) | (0.17) | (0.16) | (0.12) | (0.12) |
| Realized Gains (Losses) for the Period | 0.50 | 0.45 | 0.81 | 0.46 | 0.03 |
| Unrealized Gains (Losses) for the Period | 0.59 | (0.50) | 0.05 | 0.74 | 0.49 |
| Total Increase (Decrease) from Operations ² | 1.33 | 0.22 | 1.11 | 1.46 | 0.73 |
| Distributions: | | | | | |
| From Net Investment Income (excluding dividends) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| From Dividends | (0.19) | (0.25) | (0.22) | (0.24) | (0.23) |
| From Capital Gains | (0.11) | (0.26) | (0.46) | (0.02) | 0.00 |
| Return of Capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Annual Distributions ³ | (0.30) | (0.51) | (0.68) | (0.26) | (0.23) |
| Net Assets at December 31 | 13.73 | 12.74 | 12.89 | 12.38 | 11.17 |

¹ This information is derived from the Fund's audited annual financial statements. The Fund adopted International Financial Reporting Standards ("IFRS") on January 1, 2014 and accordingly adjusted the immediately preceding financial year ended December 31, 2013 to reflect the amounts in accordance with IFRS. Previously, financial statements were prepared as per Canadian generally accepted accounting principles ("GAAP") under which the Fund measured fair values of its investments based on bid prices for long positions and ask prices for short positions. As such, the net assets per unit presented in the financial statements may have differed from the net asset value ("NAV") per unit calculated for fund pricing purposes. Under IFRS, the Fund measures fair values of its investments based on close market prices, where the close market price falls within the bid-ask spread or based on quotations from recognized dealers. As such, the Fund's accounting policies for measuring the fair value of investments in the financial statements are substantively consistent with those used in measuring the NAV for transactions with unitholders. All figures presented prior to January 1, 2013 were prepared in accordance with Canadian GAAP.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations presented in the Net Assets per Unit tables starting from fiscal year 2013 are based on the weighted average number of units outstanding over the financial periods. The increase (decrease) from operations prior to 2013 were calculated by aggregating each valuation day's increase (decrease) from operations divided by the number of units outstanding on that date. These tables are not intended to be a reconciliation of the net assets per unit.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

| INVESTOR SERIES | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---------|---------|---------|---------|---------|
| Total Net Asset Value (\$000s)¹ | 794,969 | 799,596 | 867,780 | 888,656 | 910,028 |
| Number of Units Outstanding (000s)¹ | 30,523 | 32,870 | 35,233 | 37,187 | 42,111 |
| Management Expense Ratio (%)² | 2.22 | 2.22 | 2.23 | 2.24 | 2.23 |
| Management Expense Ratio Before Waivers or Absorptions (%) | 2.22 | 2.22 | 2.23 | 2.24 | 2.23 |
| Trading Expense Ratio (%)³ | 0.07 | 0.06 | 0.07 | 0.09 | 0.24 |
| Portfolio Turnover Rate (%)⁴ | 42.25 | 33.15 | 34.47 | 44.13 | 115.36 |
| Net Asset Value per Unit (\$) | 26.04 | 24.33 | 24.63 | 23.90 | 21.61 |
| ADVISOR SERIES | 2016 | 2015 | 2014 | 2013 | 2012 |
| Total Net Asset Value (\$000s)¹ | 23,267 | 25,150 | 28,926 | 30,606 | 29,880 |
| Number of Units Outstanding (000s)¹ | 1,710 | 1,978 | 2,246 | 2,447 | 2,641 |
| Management Expense Ratio (%)² | 2.24 | 2.23 | 2.28 | 2.29 | 2.26 |
| Management Expense Ratio Before Waivers or Absorptions (%) | 2.24 | 2.23 | 2.28 | 2.29 | 2.26 |
| Trading Expense Ratio (%)³ | 0.07 | 0.06 | 0.07 | 0.09 | 0.24 |
| Portfolio Turnover Rate (%)⁴ | 42.25 | 33.15 | 34.47 | 44.13 | 115.36 |
| Net Asset Value per Unit (\$) | 13.61 | 12.71 | 12.88 | 12.51 | 11.31 |

Footnotes for the above table(s) can be found at the end of the Ratios and Supplemental Data section.

Ratios and Supplemental Data *(continued)*

| F-SERIES | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|-------|-------|-------|-------|--------|
| Total Net Asset Value (\$000s) ¹ | 7,030 | 3,840 | 2,484 | 1,623 | 1,351 |
| Number of Units Outstanding (000s) ¹ | 512 | 301 | 193 | 131 | 121 |
| Management Expense Ratio (%) ² | 1.11 | 1.11 | 1.02 | 0.89 | 0.88 |
| Management Expense Ratio Before Waivers or Absorptions (%) | 1.11 | 1.11 | 1.02 | 0.89 | 0.88 |
| Trading Expense Ratio (%) ³ | 0.07 | 0.06 | 0.07 | 0.09 | 0.24 |
| Portfolio Turnover Rate (%) ⁴ | 42.25 | 33.15 | 34.47 | 44.13 | 115.36 |
| Net Asset Value per Unit (\$) | 13.73 | 12.74 | 12.89 | 12.38 | 11.18 |

¹ This information is provided as at December 31 of the past five fiscal years, as applicable.

² Management expense ratio ("MER") is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) for the stated period, including the Fund's proportionate share of the MER, if any, of the underlying fund(s) in which the Fund has invested, and is expressed as an annualized percentage of daily average NAV during the period. It excludes any operating expenses waived or absorbed by TDAM, which may be discontinued at any time by TDAM at its discretion without notice.

³ The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the stated period. Where a Fund invests in units of any underlying fund, the TER presented for the Fund includes the portion of TERs, if available, of the underlying fund(s) attributable to this investment.

⁴ The Fund's portfolio turnover rate ("PTR") indicates how actively the Fund's portfolio adviser manages its investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the stated period. The higher a fund's PTR, the greater the trading costs payable, directly or indirectly, by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the fiscal year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

As manager and trustee of the Fund, TDAM is responsible for the overall business and affairs of the Fund including activities related to making units of the Fund available to investors, and providing, or arranging for the provision of, investment advisory services and marketing services to the Fund. In consideration for the provision of such services, each series of the Fund pays TDAM a management fee.

Management fees are calculated and accrued as a percentage of the net asset value of each series of units of the Fund, as of the close of business on each business day for each series and are paid monthly to 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 management fees that are less than the management fees TDAM is otherwise entitled to charge each series of units of the Fund. The actual management fee is the annualized fee that was charged for the Reporting Period. TDAM may charge the maximum management fee without notice to unitholders.

Management fees for the Reporting Period and a breakdown of the major services rendered for each series, as a percentage of the actual management fees, are as follows:

| <i>(expressed as a %)</i> | Maximum Mgmt. Fee | Actual Mgmt. Fee | Dealer Compensation | Waived Expenses | Other [‡] |
|---------------------------|----------------------|---------------------|------------------------|--------------------|--------------------|
| Investor Series | 2.00 | 1.93 | 48.97 | 0.01 | 51.02 |
| Advisor Series | 2.00 | 1.93 | 46.13 | 0.01 | 53.86 |
| F-Series | 1.00 | 1.00 | 0.00 | 0.02 | 99.98 |

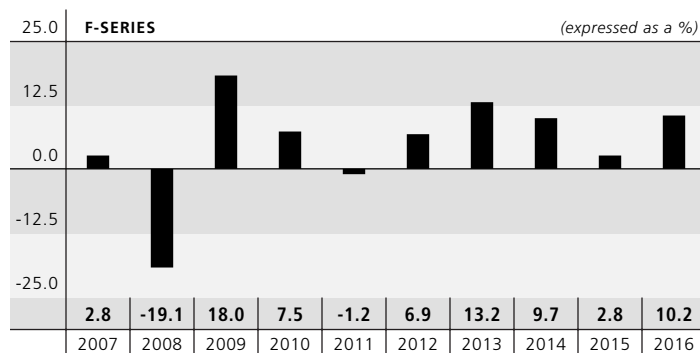
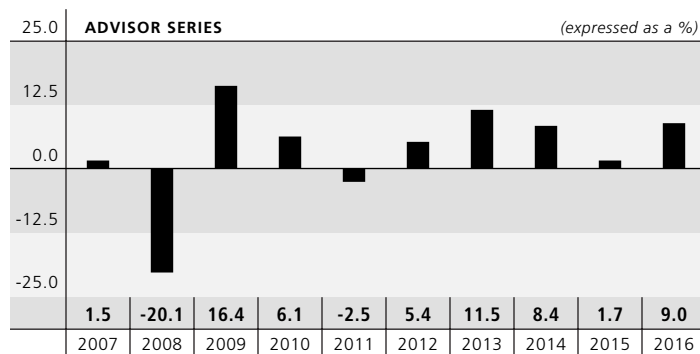
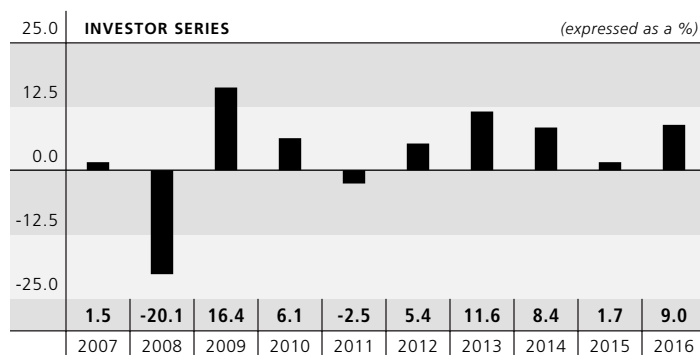
[‡] Investment advisory, trustee, marketing services and other.

Past Performance

The following charts show how the Fund has performed in the past, and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions and would be lower if an investor did not reinvest distributions. They do not include deduction of sales, switch, redemption, or other optional charges (which dealers may charge) or income taxes payable, and these returns would be lower if they did. The Fund's past performance does not necessarily indicate how it will perform in the future.

Year-by-year returns

The bar charts show how the Fund's performance has varied from year to year for each of the years shown. They show in percentage terms how an investment made on January 1 would have increased or decreased by December 31.



Annual Compound Returns

The following table shows the annual compound total returns for each series of units of the Fund for each of the periods indicated ended on December 31, 2016, compared with the following benchmarks:

- The Product Benchmark is composed of:
 - 45% S&P/TSX Composite TR Index – This index is comprised of Canadian issuers traded on the Toronto Stock Exchange;
 - 35% Universe Bond Index – This index is comprised of Canadian investment-grade bonds which mature in more than one year; and
 - 20% MSCI World Index (ND, C\$) – This index includes stocks of companies in all the developed markets around the world, net of withholding taxes.
- General market indices:
 - S&P/TSX Composite TR Index.
 - Universe Bond Index.

| (expressed as a %) | Past 10 years | Past 5 years | Past 3 years | Past year |
|----------------------------|---------------|--------------|--------------|-----------|
| INVESTOR SERIES | 3.3 | 7.2 | 6.3 | 9.0 |
| Product Benchmark | 5.1 | 8.2 | 7.3 | 10.6 |
| General market: | | | | |
| Universe Bond Index | 4.8 | 3.2 | 4.6 | 1.7 |
| S&P/TSX Composite TR Index | 4.7 | 8.2 | 7.1 | 21.1 |
| ADVISOR SERIES | 3.3 | 7.1 | 6.3 | 9.0 |
| Product Benchmark | 5.1 | 8.2 | 7.3 | 10.6 |
| General market: | | | | |
| Universe Bond Index | 4.8 | 3.2 | 4.6 | 1.7 |
| S&P/TSX Composite TR Index | 4.7 | 8.2 | 7.1 | 21.1 |
| F-SERIES | 4.6 | 8.5 | 7.5 | 10.2 |
| Product Benchmark | 5.1 | 8.2 | 7.3 | 10.6 |
| General market: | | | | |
| Universe Bond Index | 4.8 | 3.2 | 4.6 | 1.7 |
| S&P/TSX Composite TR Index | 4.7 | 8.2 | 7.1 | 21.1 |

Over the Reporting Period, units of the Investor Series and Advisor Series returned 9.0 percent and F-Series returned 10.2 percent. This compares to a return of 1.7 percent for the Universe Bond Index and 21.1 percent for the S&P/TSX Composite TR Index. Variations in the returns for the different series of the Fund are largely due to differences in fees and expenses. Unlike the indices, the Fund's return is quoted after the deduction of fees and expenses. The Fund's exposure to bonds and foreign equities contributed to negative relative performance over the S&P/TSX Composite TR Index, the Fund's exposure to equities contributed to positive relative performance when compared to the Universe Bond Index.

Summary of Investment Portfolio

as at December 31, 2016

| | % of Net Asset Value |
|--|----------------------|
| ASSET ALLOCATION | |
| Canadian Equities | 40.6 |
| Canadian Corporate Bonds | 16.0 |
| U.S. Equities | 16.0 |
| International Equities | 10.3 |
| Canadian Government Bonds & Guarantees | 10.0 |
| U.S. Corporate Bonds | 2.0 |
| Income Trusts | 1.4 |
| Index Equivalents | 1.0 |
| U.S. Government Bonds & Guarantees | 0.6 |
| International Corporate Bonds | 0.2 |
| Supranationals | 0.2 |
| Mortgage-Backed Securities | 0.2 |
| Cash | 1.0 |
| Other Net Assets (Liabilities) | 0.5 |

PORTFOLIO DETAILS

| | |
|--------------------------------|------|
| Financials | 21.3 |
| Energy | 13.1 |
| Industrials | 7.3 |
| Information Technology | 5.1 |
| Consumer Discretionary | 5.1 |
| Consumer Staples | 4.1 |
| Materials | 4.0 |
| Telecommunication Services | 3.9 |
| Health Care | 2.1 |
| Utilities | 1.7 |
| Real Estate | 0.6 |
| Bonds | 29.0 |
| Index Equivalents | 1.0 |
| Mortgage-Backed Securities | 0.2 |
| Cash | 1.0 |
| Other Net Assets (Liabilities) | 0.5 |

| | | |
|-------------------------------------|----|---------|
| TOTAL NET ASSET VALUE (000s) | \$ | 825,266 |
|-------------------------------------|----|---------|

as at December 31, 2016

| | % of Net Asset Value |
|--|----------------------|
| TOP 25 INVESTMENTS | |
| 1. Royal Bank of Canada | 3.7 |
| 2. The Toronto-Dominion Bank† | 3.7 |
| 3. The Bank of Nova Scotia | 2.8 |
| 4. TransCanada Corporation | 2.2 |
| 5. Enbridge Inc. | 2.1 |
| 6. Province of Ontario 2.90% due December 02, 2046 | 1.9 |
| 7. Manulife Financial Corporation | 1.9 |
| 8. Canadian National Railway Company | 1.8 |
| 9. Brookfield Asset Management Inc. | 1.8 |
| 10. Canadian Natural Resources Limited | 1.6 |
| 11. Canadian Imperial Bank of Commerce | 1.6 |
| 12. Province of Ontario 2.85% due June 02, 2023 | 1.5 |
| 13. Government of Canada 3.50% due December 01, 2045 | 1.5 |
| 14. BCE Inc. | 1.4 |
| 15. Loblaw Companies Limited | 1.4 |
| 16. Brookfield Infrastructure Partners L.P. | 1.4 |
| 17. Suncor Energy Inc. | 1.1 |
| 18. Seven Generations Energy Ltd. | 1.0 |
| 19. Vermilion Energy Inc. | 1.0 |
| 20. Cash | 1.0 |
| 21. CAE Inc. | 1.0 |
| 22. Agrium Inc. | 1.0 |
| 23. Canadian Pacific Railway Limited | 1.0 |
| 24. Restaurant Brands International Inc. | 0.9 |
| 25. Morgan Stanley | 0.9 |
| Total % of Net Asset Value represented by these holdings | 41.2 |

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

Note: Totals may not add due to rounding to one decimal place of individual figures.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Updates are available quarterly. You may obtain the most current quarterly information by contacting TD Mutual Funds at 1-800-386-3757, by writing to us at TD Asset Management Inc., P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto, Ontario, M5K 1G8, or by e-mail to td.mutualfunds@td.com

Caution regarding forward-looking statements

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements including, but not limited to, statements about the Fund, its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and relevant market factors in North America and internationally, interest and foreign exchange rates, equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events.

The above mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing any undue reliance on forward-looking statements. Further, there is no specific intention of updating any forward-looking statements contained herein whether as a result of new information, future events or otherwise.

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