

**REPORT TO SECURITYHOLDERS
FOR THE 12-MONTH PERIOD ENDING DECEMBER 31, 2016**

Dear Securityholder:

The members of the independent review committee (“IRC”) of the funds listed in Schedule “A” to this report (collectively, the “Funds” and individually, a “Fund”) managed by TD Asset Management Inc. (“TDAM”) are pleased to submit their report to securityholders of the Funds as required under *National Instrument 81-107, Independent Review Committee for Investment Funds* (“NI 81-107”) for the financial year ended December 31, 2016.

The IRC’s mandate is to review Fund conflict of interest matters identified and referred to the IRC by TDAM and to give its approval or recommendation, depending on the nature of the conflict of interest matter. The IRC’s focus is on the question of whether TDAM’s proposed action achieves a fair and reasonable result for the Fund.

At least annually, the IRC reviews and assesses the adequacy and effectiveness of TDAM’s policies and procedures relating to conflict of interest matters in respect of the Funds, and conducts a self-assessment of the IRC’s independence, effectiveness and compensation. The IRC also reviews annually the written charter that outlines its mandate, responsibilities and functions, and the procedures it will follow when performing its functions.

The IRC looks forward to continuing to serve in the best interests of the Funds and working effectively with management of the Funds.

A securityholder in any of the Funds may request a copy of this report free of charge by emailing td.mutualfunds@td.com or by visiting www.tdassetmanagement.com (or, in the case of the TD *Emerald* Funds, www.tdaminstitutional.com) or www.sedar.com.

Paul Moore
Chair of the Independent Review Committee

March 1, 2017



Members of the IRC

The members of the IRC are:

Paul Moore, Chair of the IRC

Peter Gillin

Hap Stephen

Messrs. Gillin and Stephen were appointed to the predecessor independent committee for the Funds in July, 2003. Paul Moore was appointed to the predecessor independent committee and designated as its Chair in April, 2007. All members of the predecessor independent committee were appointed to sit on the IRC on April 26, 2007 and the committee was reconstituted as the IRC on September 19, 2007 with Mr. Moore as its elected Chair.

The members of the IRC also serve as members of an independent review committee for classes of TD Mutual Funds Corporate Class Ltd. as well as for the non-prospectused investment funds managed by TDAM. None of the members of the IRC serve as a member of an independent review committee for the investment funds managed by another investment fund manager. Having completed its own self-assessment process, the IRC has concluded that none of the members has any relationship that would cause a reasonable person to question the independence of any of the IRC members.

Ownership of Securities by the IRC Members

(a) Funds

As at December 31, 2016, none of the members of the IRC beneficially owned, directly or indirectly, any securities of any series of a Fund covered by the report.

(b) Manager

TDAM is a wholly-owned subsidiary of The Toronto-Dominion Bank (the "Bank"). As at December 31, 2016, the members of the IRC beneficially owned, directly or indirectly, in aggregate, less than 0.01 per cent of any class or series of voting or equity securities of the Bank.

(c) Service Providers

As at December 31, 2016, the members of the IRC beneficially owned, directly or indirectly, in the aggregate, less than 0.01 per cent of any class or series of voting or equity securities of any material service provider to TDAM or the Funds.



Compensation and Indemnities Paid to the IRC

The compensation paid to the IRC during the year ended December 31, 2016 was set by the IRC.

The aggregate compensation paid to the members of the IRC by all of the mutual funds managed by TDAM which are subject to NI 81-107 for the year ended December 31, 2016 was \$228,699 (+ HST), of which \$196,250 (+ HST) was allocated to the Funds covered by this report. Any applicable HST was payable on this amount. The amount of compensation paid was consistent with TDAM's recommendation as to the appropriate level of compensation for the IRC members. Expenses incurred by IRC members of \$141.00 (+ HST) were reimbursed by the Funds. These amounts were allocated among the Funds in a manner considered by TDAM to be fair and reasonable to the Funds.

At least annually, the IRC reviews its compensation in a manner consistent with good governance practices, giving consideration to, among other factors the IRC considers important, the following factors:

- the best interests of the Funds;
- the number, nature and complexity of the Funds;
- the nature and extent of the workload of each member of the IRC, including the types of conflicts of interest matters referred to the IRC and the commitment of time and energy that is expected from each member;
- compensation paid to independent review committees of comparable fund complexes; and
- the IRC's most recent self-assessment as well as any recommendations concerning IRC compensation and expenses made by TDAM.

No payments were made to a member of the IRC under any indemnity granted in their favour during the year ended December 31, 2016.

Duties of IRC

During 2016 the IRC considered conflict of interest matters that TDAM referred to it for its recommendations, or, where applicable, its approval pursuant to its mandate in accordance with the requirements of Canadian securities law for independent review committees of publicly offered investment funds. The IRC considers conflict of interest matters referred to it and makes recommendations back to TDAM on whether or not the IRC believes TDAM's proposed action will achieve a fair and reasonable result for the applicable Funds. Where an approval is required, the IRC determines whether the



conditions imposed under Canadian securities law are satisfied before granting its approval. Where appropriate, the IRC gives TDAM standing instructions which enable TDAM to act in a particular conflict of interest matter on a continuing basis provided TDAM complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter. The IRC is not aware of any matter in which a condition to a standing instruction approved by it was not met.

During the period ended December 31, 2016, TDAM acted in reliance on positive recommendations and/or approvals, as applicable, granted by the IRC relating to conflicts of interest matters referred to the IRC. The following is a brief summary of those approvals and recommendations.

Approvals

As permitted by Canadian securities legislation, the Funds may be relieved from certain investment restrictions and practices contained in securities legislation.

In accordance with the requirements of National Instrument 81-102 *Mutual Funds* and NI 81-107 and exemptive relief granted by the Canadian securities regulatory authorities, the IRC has provided approval for the Funds, subject to terms and conditions, to:

1. Invest in or hold securities of related issuers (including the Bank, its affiliates and associates).
2. Invest in the securities of an issuer where TD Securities Inc. or any other affiliate of TDAM (the "Related Dealers") acts as an underwriter during the offering of the securities or at any time during the 60-day period following the completion of the offering of such securities.
3. Purchase equity or debt securities from or sell equity or debt securities to a Related Dealer, where it is acting as principal.
4. Purchase securities from or sell securities to another investment fund or discretionary account managed by TDAM or an affiliate of TDAM (referred to as inter-fund trades or cross-trades).
5. Permit, in certain circumstances, the purchase and redemption of Fund securities in consideration for securities rather than cash.
6. Purchase mortgages from an affiliate of TDAM.

With respect to certain of these matters, the IRC is required to advise the Canadian securities regulatory authorities if it determines that an investment decision was not made in accordance with the conditions of its approval. No such reports to regulators were required in 2016.



In September 2015, the IRC approved the following Fund mergers (each with a Discontinuing Fund merging into a Continuing Fund under which the holders of the Discontinuing Fund were to become holders of securities of the Continuing Fund, which were effected in February 2016):

Discontinuing Funds	Continuing Funds
TD Private Canadian Bond Income Fund	TD Short Term Bond Fund
TD Private Canadian Bond Return Fund	TD Canadian Bond Fund
TD Private Canadian Equity Plus Fund	TD Canadian Equity Fund
TD Private U.S. Mid-Cap Equity Fund	TD U.S. Mid-Cap Growth Fund
TD Private International Equity Fund	Epoch International Equity Fund
TD Private Target Return Fund	TD Target Return Conservative Fund
TD Private Target Return Plus Fund	TD Target Return Balanced Fund

IRC approval, rather than merely a positive recommendation from the IRC, was required in order for TDAM to complete these Fund mergers without obtaining securityholder or regulatory approvals. While our approvals were given in 2015 and reported in last year's Report to Securityholders, we have included reference to these mergers in this year's Report as the mergers, relying upon our approvals, occurred in 2016.

Recommendations

When a conflict of interest matter arises, TDAM must refer the matter, along with its proposed action, to the IRC for its review and recommendations (except in those instances where the "approval" of the IRC is required under applicable securities legislation or the terms of discretionary relief issued by the Canadian securities regulatory authorities). The following are the conflict of interest matters that have been identified by TDAM for the IRC to consider during the 12-month period ending December 31, 2016 and for which the IRC has given positive recommendations:

1. **Trading with or through a Related Broker-Dealer:** Placing trades on behalf of Funds by a portfolio adviser with or through its related broker-dealers creates a potential conflict of interest, as the Funds absorb the spread or commission costs, while the related broker-dealer receives the income from the spread or commissions paid.
2. **Trade Aggregation and Allocation:** Trade aggregation and allocation creates a potential conflict of interest because a portfolio adviser could aggregate and/or allocate trades in a manner that favours itself instead of its clients or in a manner that favours one or more particular client(s) to the detriment of others.



3. Client Brokerage Commissions: A portfolio adviser such as TDAM is permitted to use client brokerage commissions, on behalf of its clients, to obtain products or services (most notably, research) from a broker-dealer in exchange for the direction of client brokerage transactions to that same broker-dealer. The use of client brokerage commissions creates a potential conflict of interest since a portfolio adviser could use the commissions to acquire goods or services that benefit itself instead of the Funds it manages.
4. Proxy Voting: In voting securities held by the Funds, a conflict of interest exists in that TDAM or the sub-advisers selected by TDAM may have to choose between decisions that would be advantageous to TDAM or its affiliates, its sub-advisers or certain of their clients and voting in the best interest of the Funds.
5. Valuing Assets of a Fund: TDAM has a duty to use fair pricing procedures. In valuing assets of a Fund there is a potential conflict of interest in that a higher net asset value ("NAV") increases the management fees earned by TDAM. Also, overstating the NAV would improve a Fund's performance which could result in greater sales which, in turn, would result in TDAM earning greater revenue.
6. Net Asset Value Errors: TDAM identifies and fixes incorrect calculations of the Funds' NAVs in specified circumstances. There is a potential for conflict of interest in that correcting NAV errors may adversely effect TDAM's management fee revenue and/or necessitate TDAM incurring costs to correct such errors.
7. Trust Accounting: There exists a potential conflict of interest as TDAM could intermingle the Funds' assets with its own for its own use or benefit.
8. Allocating Fund Expenses: There is a potential conflict of interest in allocating Fund expenses because TDAM could be motivated to favour one Fund or series of securities over another or to allocate expenses to Funds that TDAM should be bearing itself.
9. Personal Trading: TDAM personnel who have access to non-public information regarding the Funds and their investment decisions are in a potential conflict of interest in respect of their own trading.
10. Business Entertainment and Gifts: There is a potential for conflict of interest in that TDAM personnel would have an incentive to direct trades to brokers or other business to other service providers, or give preferential treatment to clients, if they were permitted to accept excessive or extravagant entertainment or gifts from such entities.



11. Portfolio Management and Investment Decisions: There is the potential for conflict of interest if TDAM were to make investment decisions which favour certain clients over others.
12. Fund-of-Fund: There is a potential for conflict of interest when a Fund invests in a TDAM-managed investment fund rather than an investment fund managed by an unrelated third party. TDAM could potentially be influenced to use the TDAM-managed fund by considerations related to the financial benefits to accrue to TDAM or its affiliates rather than considerations relating to the best interests of the affected Fund(s).
13. Securityholder Activity: A conflict could arise if investors were permitted to engage in trading practices that result in TDAM, or an entity related to TDAM, receiving a benefit as a result of TDAM permitting or being complicit in such activities.
14. Custody: The Bank acts as custodian for securities of underlying funds and holds cash of several Funds which creates a potential conflict of interest as to its selection, and continued retention, as a custodian. The Bank also acts as a sub-custodian for the Funds and holds cash of the Funds.
15. Sales Practices: A potential conflict of interest exists because certain sales practices and compensation arrangements to promote the sale of Funds could undermine, compromise or conflict with TDAM's obligation to act in the best interest of the Funds.
16. Launching, Merging or Closing Funds: These actions have the potential to place TDAM in a conflict of interest with the best interests of the Funds that are affected. In October 2015, the IRC provided positive recommendations in respect of the following Fund mergers:

Discontinuing Funds	Continuing Funds
TD FundSmart Managed Income Portfolio	TD Managed Income Portfolio
TD Canadian Blue Chip Equity Fund	TD Canadian Equity Fund
TD Canadian Blue Chip Equity Class	TD Canadian Equity Class
TD Energy Fund	TD Resource Fund
TD Latin American Growth Fund	TD Emerging Markets Fund
TD Mortgage Fund	TD Short Term Bond Fund

These mergers were effected in April, 2016 following the receipt of the necessary securityholder and regulatory approvals. While our positive recommendations were given in 2015 and reported in last year's Report to Securityholders, we have



included reference to these mergers in this year's Report as TDAM's reliance upon our recommendations occurred in 2016.

17. Portfolio Manager/Sub-Adviser Selection and Supervision: A conflict of interest could arise where the portfolio manager or sub-adviser of a Fund is changed to or from TDAM or any of its affiliates which results in TDAM or the affiliate receiving or retaining a new financial or other benefit.
18. In January 2016, the IRC provided a positive recommendation in respect of TDAM entering into a designated broker agreement with a Related Dealer, pursuant to which the Related Dealer will perform certain duties related to the TD Exchange-Traded Funds.
19. In November 2016, the IRC provided a positive recommendation to terminate, close to new purchasers, close to new investors or convert certain Premium Series, Premium-F Series, K-Series and PS-Series of certain TD Mutual Funds. These changes are anticipated to be effected on or about March 28, 2017.

There were no instances in which TDAM acted in a conflict of interest matter referred to the IRC for which the IRC **did not** give a positive recommendation.



Schedule A

Funds Covered By This Report

TD Mutual Funds

Money Market Funds

TD Canadian Money Market Fund
TD Premium Money Market Fund
TD U.S. Money Market Fund

Fixed Income Funds

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

Balanced Funds

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

Canadian Equity Funds

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

U.S. Equity Funds

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

Global Equity Funds

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 Managed Funds

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

Sector Funds

TD Resource Fund
TD Precious Metals Fund
TD Entertainment & Communications Fund
TD Science & Technology Fund
TD Health Sciences Fund

Index Funds

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

Target Return Funds

TD Target Return Conservative Fund
TD Target Return Balanced Fund

Retirement Portfolios

TD US\$ Retirement Portfolio
TD Retirement Conservative Portfolio
TD Retirement Balanced Portfolio

TD Advantage Investment Portfolios

TD Advantage Balanced Income Portfolio
TD Advantage Balanced Portfolio
TD Advantage Balanced Growth Portfolio
TD Advantage Growth Portfolio
TD Advantage Aggressive Growth Portfolio

Comfort Portfolios

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 Managed Pools

TD Fixed Income Pool
TD Risk Management Pool
TD Canadian Equity Pool
TD Global Equity Pool
TD Tactical Pool



2. TD Exchange-Traded Funds

TD Canadian Aggregate Bond Index ETF
TD International Equity Index ETF
TD International Equity CAD Hedged Index ETF
TD S&P 500 Index ETF
TD S&P 500 CAD Hedged Index ETF
TD S&P/TSX Capped Composite Index ETF

3. TD Managed Asset Program Portfolios

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

4. TD *Emerald* Funds

TD *Emerald* Canadian Treasury Management Fund
TD *Emerald* Canadian Treasury Management – Government of Canada Fund
TD *Emerald* Canadian Short Term Investment Fund
TD *Emerald* Canadian Bond Index Fund
TD *Emerald* Balanced Fund
TD *Emerald* Canadian Equity Index Fund
TD *Emerald* U.S. Market Index Fund
TD *Emerald* International Equity Index Fund

5. TD Pools

TD Income Opportunities Pool
TD Opportunities Pool
TD Risk Reduction Pool
TD Risk Reduction Pool – US\$
TD Canadian Low Volatility Pool

