TD Asset Management

Asia Pacific Equities

A Natural Complement for Many Canadian Investors

The Asia Pacific region is one of the most dynamic and innovative markets available to investors

The region has generated an annualized nominal GDP growth rate of 9% over the past 20 years — in excess of traditional advanced economies.

This is forecast to continue with 8% nominal GDP growth in 2022.

> The region has generated an annualised nominal GDP growth rate of 9%+ over the past 20 years

Asia has an increasing share of global GDP and an expanding population

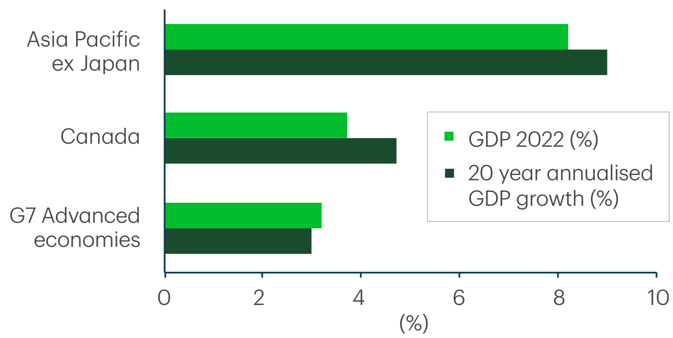
The 13 countries that make up the MSCI AC Asia Pacific ex Japan index now account for 26% of global nominal GDP with 47% of the world's population.

Home to some of the fastest-growing countries and cities in the world, its expanding population and rising incomes are leading to growing consumption across the region.

Economic growth is, in turn, driving four long-term strong secular trends

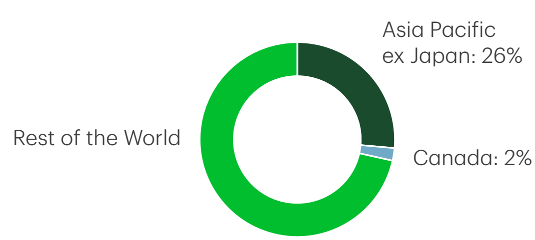
- **Consumption** — Growing population, rising income and low unemployment
- **Trade** — Growth of intra-regional trade and tariffs coming down
- **Infrastructure** — A virtuous cycle with economic growth
- **Technology** — Causing disruption across sectors

GDP growth

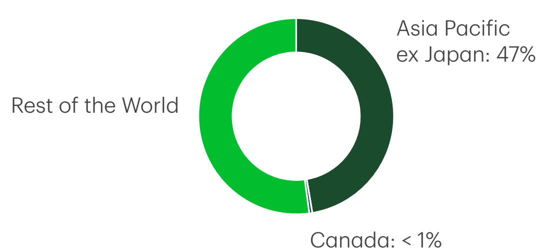


Past performance is not a guide to future returns.
Source: IMF World Economic Outlook over periods shown to 31 December 2017. GDP is based on the data published by the IMF in October 2017 in US$. GDP data is subject to revision and historic numbers may change. GDP numbers for 2022 use estimated data.

Global nominal GDP share — 2017



Global population share — 2017



Past performance is not a guide to future returns.
Source: IMF World Economic Outlook over periods shown to 31 December 2017. GDP is based on the data published by the IMF in October 2017 in US$. GDP data is subject to revision and historic numbers may change. GDP numbers for 2022 use estimated data.

Asia — a natural complement to Canadian equities

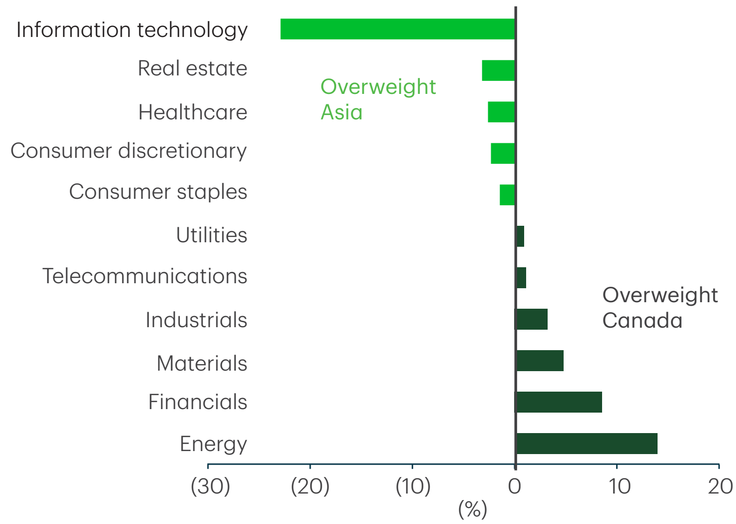
The chart opposite shows the relative sector exposures of the Asia Pacific and Canadian stock markets.

While the energy and material sectors predominate Canadian equities, Asia has higher exposure to information technology, real estate and consumer stocks.

What this means, is that Asia provides access to the fast growing technology and consumer companies under-represented in the Canadian market, with performance not overly dependent on the movement of commodity prices.

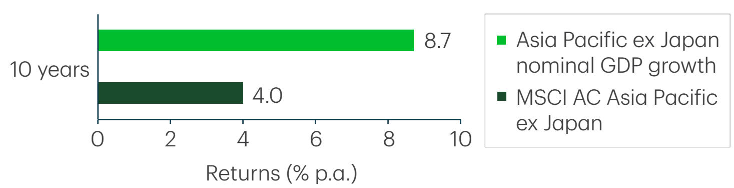
> Asia provides access to fast growing technology and consumer companies not available in the Canadian market

Relative sector exposures
S&P TSX versus MSCI AC Asia Pacific ex Japan



Source: S&P and Martin Currie as at 31 March 2018

Annualized growth — nominal GDP versus market



Past performance is not a guide to future returns.
Source: IMF World Economic Outlook over periods shown to 31 December 2017. GDP is based on the data published by the IMF in October 2017 in US$. GDP data is subject to revision and historic numbers may change.

An active approach

Stock markets have not always reflected economic growth — volatility, poor corporate governance and capital stewardship have at times impeded returns.

Investors need to be selective. An actively managed, high conviction approach, focusing on Asia's strongest franchises can help bridge the gap between economic and stock market returns.

Why Asia Pacific

- **Opportunity** — Strong economic growth is driving rising wealth and increased consumption
- **Complementary** — Technology and demand for consumer and financial products makes Asia a natural partner to the commodity led Canadian market
- **Conviction** — Active management can help investors bridge the inefficiency between stock market and economic returns

For more information please contact your Financial Advisor.