

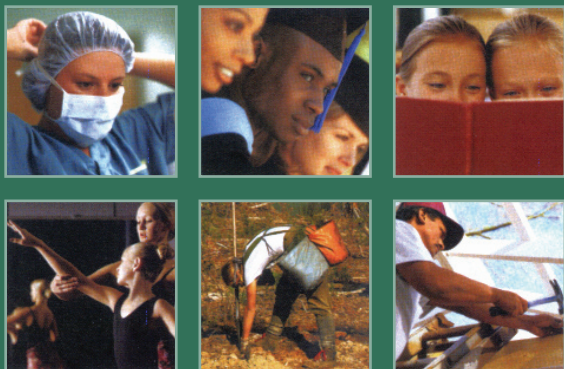


Waterhouse

Wealth of Experience

Private Giving Foundation

DECEMBER 2008



*A simple, effective way
to support the causes that matter to you*

How the Wind Will Blow: An Interview with Chief Portfolio Strategist Bob Gorman

In light of the current volatility in the market, we have asked Bob Gorman, Chief Portfolio Strategist and Private Giving Foundation (PGF) Board member, to share his views with our donors.

Jo-Anne: We have experienced unprecedented times in the market recently. What do you see for us going forward?

Bob: *I expect three things to happen: first, volatility should gradually ebb from recent record levels; second, stock prices should consolidate for a while as investors come to grips with slowing corporate earnings in this soft economy. Third, at some point, investors should begin to look beyond the current credit crisis and slowdown to recovery. At that point, equity markets will begin to recover.*

Jo-Anne: The Canadian dollar has fallen dramatically. What are the implications?

Bob: *The recent decline in the loonie has had the effect of boosting the value of foreign investments, especially U.S. holdings. Since both U.S. and international investments*

are held in the TD Balanced Income Fund ("the Fund"), to which contributions to the PGF are invested in, this has generally helped cushion the impact of the stock market's recent decline.

Jo-Anne: In light of the current market volatility, what should people be focused on?

Bob: *When you witness a sharp market correction such as that endured in recent months, investors tend to focus on the adverse impact reflected on their investment statements. This is perfectly understandable, particularly when you have one of the worst quarters on record, such as we saw for the three months ending September 30. The better question to ask yourself is whether your investments have been permanently impaired or whether they will recover. In each market cycle, the investors who suffer are generally those who buy into an idea or concept that proves unsustainable. Earlier in this decade, overpriced tech stocks proved to be an example of this concept. This cycle, investors in junior oils whose*



Bob Gorman

Chief Portfolio Strategist, TD Waterhouse
PGF Board Member

fortunes were tied to the idea of an imminent \$200 oil price have likely had their investments permanently impaired. In contrast, I believe the holdings in the Fund are of very high calibre, and have generally held up much better than the markets in this difficult period. I expect them to fully recover in time. For the immediate future, that should be the focus.



Charitable Giving in Volatile Markets

Don't let the markets knock the wind out of your sails



Photo: ©Greg Pacek

Jo-Anne Ryan

Jo-Anne Ryan

Vice President, Philanthropic Advisory Services,
TD Waterhouse Canada Inc.
& Executive Director, Private Giving Foundation
www.tdwaterhouse.ca/privategiving

The Private Giving Foundation (PGF) is pleased to be celebrating its fourth anniversary. TD Waterhouse was the first financial institution to launch a donor- advised fund program in the fall of 2004 as a simple alternative to creating a family foundation. Since its inception, the PGF, thanks to the generosity of its donors, has disbursed close to \$7 million to charities across Canada.

The fall is typically a busy season for charitable giving, due to the impending December 31st deadline to

make donations that may be claimed in the 2008 taxation year. In the spring 2008 edition of this newsletter, I mentioned that the elimination of capital gains for donating publicly-listed securities to registered Canadian charities has encouraged many people to donate stock in lieu of cash. This year, however, we have seen a more cautious approach to donating securities due to a high level of market volatility. There is no doubt that the market turmoil has had an impact on giving. However, there are still some donation strategies worth considering:

Donate your winners and sell your losers. If you believe that one of your investments still has upside potential and therefore do not want to part with it, consider donating and then re-purchasing it immediately.

If you do so you will

- (a) avoid paying capital gains tax on your profits to date
- (b) receive a charitable tax receipt resulting in a tax credit and
- (c) “step up” the adjusted cost base (ACB) of your investment.

A higher ACB will reduce your capital gains and associated taxation when you sell your investments in the future. If you own securities that have depreciated since their purchase and have realized capital gains elsewhere, consider

triggering a capital loss by selling one or more of your “underperformers” and donating the cash proceeds to charity. If you do, you will not only receive a donation credit, but also generate a capital loss, which can be used to offset capital gains in the current year, or in the past three years, and which may be carried forward indefinitely. Remember, however, that you must wait thirty days to re-purchase the security.

If you are still feeling uneasy about donating stock in light of the current market conditions, consider donating via an old fashioned cheque instead. You will receive a charitable tax receipt resulting in a donation tax credit of approximately 46% subject to certain limits which may reduce taxes payable in that year.

Establish a donor-advised fund or a private foundation once markets recover. Establishing one of these vehicles and funding it when markets are robust will ensure that you will have funds available to support the causes that are important to you in both good times and bad.



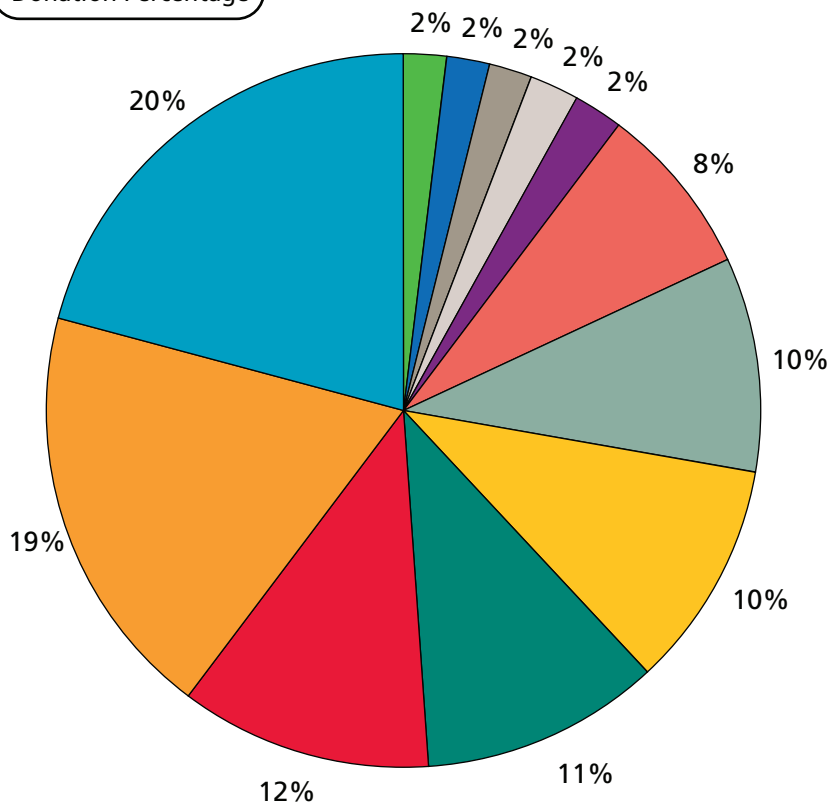


Where your money has gone

Thanks to the generosity of our donors, PGF is celebrating its fourth anniversary with \$6.9 million donated to registered Canadian charities since its inception.

Top 12 Categories for All PGF Charity Distributions April 2005 to October 2007

Donation Percentage



Category Name

- Libraries, Museums and Other Repositories
- Missionary Organizations and Propagation of Gospel
- Salvation Army Temples
- Cultural Activities and Promotion of the Arts
- (Education) Charitable Corporations
- Welfare Organizations (not elsewhere classified)
- (Welfare) Charitable Corporations
- Hospitals
- Teaching Institutions or Institutions of Learning
- Services Other Than Hospitals
- Organizations Providing Care Other than Treatment
- (Health) Charitable Corporations

Statistics Canada released its report on charitable giving on November 4, 2008 Canadian generosity is country wide

Total donations reported by tax filers in 2007 was \$8.6 billion, up 1.4% from 2006

Province with highest percentage of those claiming a donation: Manitoba (27%) followed by Ontario, Prince Edward Island and Saskatchewan (26%)

Province/Territory with the highest median donation: Nunavut followed by Prince Edward Island and Alberta



You Asked Us

Q. *This year I had to convert my RRSP to a registered retirement income fund (RRIF). Next year I have to start withdrawing money from my RRIF. If I donate my RRIF payment, what are the tax consequences?*

A. Withdrawals from RRIFs are fully taxable as income. If you donate your RRIF payment to charity, you will receive a tax receipt and the resulting tax credit will offset the taxes payable. This is a great idea for RRIF clients who are looking for a way to meet their charitable objectives in a tax effective manner.

Q. *I am interested in adding to my Private Giving Foundation account through my will. How do I go about doing this?*

A. Many of our donors have decided to add to their PGF through a bequest in their will. Bequest language can be found on page 8 of the Program Guide, which may be accessed on www.tdwaterhouse.ca/privategiving.

Q. *How are the current market conditions affecting the amount that is currently available for payout to charities?*

A. The tax rules generally require that the PGF disburse a minimum of 3.5 % annually. The PGF has normally been disbursing 5% of its value. The board of directors of the PGF has the discretion to adjust this if necessary. The funds available to be disbursed to charities in 2009 will be based on the value as at December 31, 2008 and will be communicated to you in January '09.

We welcome your comments and questions. Please direct them to joanne.ryan@td.com (416-308-6735 or 1-866-866-5166).

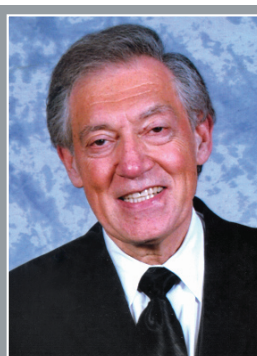
On behalf of the Board Directors of the PGF, I would like to extend warmest wishes for a happy and safe holiday season.

Introducing PGF's Two New Board Members



Lisa Driscoll
Senior Vice President
TD Bank Financial Group

Lisa Driscoll, a native of P.E.I., has a twenty-year history with TD Bank. She is currently a senior vice-president in marketing at TD Bank Financial Group, where she is championing the retirement strategy and leading marketing planning for wealth management. During a recent stint in Halifax, as regional senior vice-president in Atlantic Region, she served on the board of directors for Feed Nova Scotia



Sam Hirsch
Former Multi-Franchise Owner
of Shoppers Drug Mart Stores

Sam Hirsch is a retired, multi-franchise owner of Shoppers Drug Mart stores. He has served as president of the Metropolitan Toronto Pharmacy Association and as the executive director of the Shoppers Drug Mart/Pharmaprix Life Foundation. He has also received awards from the Ontario Pharmacists' Association and the University of Toronto for outstanding voluntary service.

Welcome, Sam and Lisa! Our Deepest Thanks. We would also like to extend a very special thank you to retiring Board members Jaimie Watt and Fran Strike, who have completed their two-year terms on our board. We are very appreciative of your service to our Foundation.

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