

March 24, 2021

## INDEPENDENT REVIEW COMMITTEE 2020 REPORT TO SECURITYHOLDERS

Dear Investor:

The members of the independent review committee (the “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 provide investors of those Funds, as required under *National Instrument 81-107 - Independent Review Committee for Investment Funds* (“NI 81-107”), with this report for the financial year ended December 31, 2020.

The IRC’s mandate is to review conflicts of interests matters that relate to the Funds as identified and referred to the IRC by TDAM and to provide an 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 actions, in each matter, achieves a fair and reasonable result for the Funds.

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, on an annual basis, its written charter that outlines its mandate, responsibilities and functions, and the procedures it will follow to perform its functions.

The IRC looks forward to continuing to serve in the best interests of the Funds and the investors who place their trust in the integrity and professional expertise of TDAM.

An investor in any of the Funds may request a copy of this report, free of charge, by sending an e-mail to [td.mutualfunds@td.com](mailto:td.mutualfunds@td.com). A copy of this report is also available at [www.tdassetmanagement.com](http://www.tdassetmanagement.com) (or, in the case of the TD *Emerald* Funds, [www.tdaminstitutional.com](http://www.tdaminstitutional.com)) or at [www.sedar.com](http://www.sedar.com) - the internet site of SEDAR (System for Electronic Document Analysis and Retrieval).

### Independent Review Committee

*"Paul Moore"*

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Paul Moore  
Chairman



## IRC Members

### Members of the IRC

Name	Residence	First Appointed <sup>1</sup>
<b>Paul Moore</b> Chairman	Mississauga, Ontario	April, 2007 <sup>2</sup>
<b>Peter Gillin</b>	Toronto, Ontario	April, 2007 <sup>3</sup>
<b>Hap Stephen</b>	Mississauga, Ontario	April, 2007 <sup>4</sup>
<b>Patricia Youzwa</b>	Regina, Saskatchewan	October, 2019 <sup>5</sup>
<b>Frances Kordyback</b>	Toronto, Ontario	June, 2020 <sup>6</sup>

Mr. Moore, Mr. Stephen and Ms. Kordyback also serve as members of an independent review committee for classes of the TD Mutual Funds Corporate Class Ltd. All members of the IRC serve as members of an independent review committee for non-prospectus 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, the IRC has concluded that none of its members have existing relationships that would cause a reasonable person to question the independence of the IRC members.

### Holdings of Securities

#### (a) Funds

As at December 31, 2020, the percentage of units of each series of the Funds (as set out in Schedule A) beneficially owned, directly or indirectly, in aggregate, by all members of the IRC did not exceed 10 per cent.

#### (b) Manager

TDAM is a wholly-owned subsidiary of The Toronto-Dominion Bank (the “Bank”). As at December 31, 2020, the percentage of securities of each class of voting or equity securities of the Bank beneficially owned, directly or indirectly, in aggregate, by all members of the IRC was less than 0.01 per cent.

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<sup>1</sup> Certain 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.

<sup>2</sup> Mr. Moore was elected Chair of the IRC on September 19, 2007.

<sup>3</sup> Mr. Gillin was first appointed to the predecessor independent committee for the Funds in July, 2003. His term with the IRC ended on June 30, 2020.

<sup>4</sup> Mr. Stephen was appointed to the predecessor independent committee for the Funds in July, 2003.

<sup>5</sup> Ms. Youzwa was appointed as a member of the IRC for an interim period, commencing on October 23, 2019 and ending on June 30, 2020.

<sup>6</sup> Ms. Kordyback was appointed as a member of the IRC on June 30, 2020.

**(c) Service Providers**

The Bank and/or its affiliates and associates are service providers to the Funds and TDAM. As at December 31, 2020, the percentage of securities of each class of voting or equity securities of the Bank and other service providers beneficially owned, directly or indirectly, in aggregate, by all members of the IRC was less than 0.01 per cent.

**Compensation and Indemnities**

The aggregate compensation paid to the IRC for the year ended December 31, 2020 was \$315,460, (excluding HST). TDAM has advised that, of this amount, \$124,892 (excluding HST) was charged to the Funds in a manner, considered by TDAM, to be fair and reasonable. Applicable HST was payable on these amounts.

No indemnities were paid to the IRC by the Funds during the period.

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:

- 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 the IRC's compensation made by TDAM.

The compensation paid to the IRC during the year ended December 31, 2020 was set by the IRC and was consistent with TDAM's recommendation, as to the appropriate level of compensation for the IRC members.

**Conflict of Interest Matters**

TDAM is required to refer to the IRC its proposed actions, and its related policies and procedures, for situations in which TDAM or a related party has or could be perceived to have an interest that may conflict with its ability to act in the best interests of a Fund. For example, the manager may have to forgo what might otherwise be a benefit to itself or a related party, or incur a cost, in order to act in accordance with its responsibilities to the Funds.

The IRC is not aware of any instance in the period in which TDAM acted in a conflict of interest matter but did not meet a condition imposed by the IRC.

### *Approvals pursuant to Standing Instructions*

TDAM relied on approvals and standing instructions of the IRC in the period in relation to the following activities. In each case, the standing instructions required TDAM to comply with its related policy and procedure and to report periodically to the IRC.

1. Approval to allow the Funds to invest in or hold securities of related issuers (including the Bank, its affiliates and associates).
2. Approval to allow the Funds to invest in the securities of an issuer where TD Securities Inc., an affiliate of TDAM, or any other affiliate of TDAM (collectively, the "Related Dealers", and individually, a "Related Dealer") 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. Approval to allow the Funds to purchase equity or debt securities from or sell equity or debt securities to a Related Dealer, where it is acting as principal.
4. Approval to allow the Funds to 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), and to allow TDAM as portfolio adviser to the Funds to manage or advise on both sides of the trade and provides a direction to cross the buy and sell transaction (referred to as cross-trades).
5. Approval to permit, in certain circumstances, the Funds to purchase and redeem Fund securities in consideration for securities rather than cash.
6. Approval to allow the Funds to purchase mortgages from an affiliate of TDAM.

### *Specific Approval*

#### ***Bank of Canada's Commercial Paper Purchase Program***

On March 29, 2020, TDAM received the IRC's approval for the Funds to participate in the Bank of Canada's Commercial Paper Purchase Program.

After reasonable inquiry and having determined that TDAM's proposed actions to govern certain potential conflicts of interest achieved a fair and reasonable result for the Funds, the IRC approved the Funds' participation in the Bank of Canada's Commercial Paper Purchase Program.

#### ***Temporary Increase in Borrowing Limits for Mutual Funds***

On April 24, 2020, TDAM received the IRC's approval for the Funds to rely on Ontario Instrument 81-504 – *Temporary Exemption from Borrowing Limits to Accommodate Redemption Requests of Mutual Funds* (the "Temporary Order") issued by the Ontario Securities Commission. The Temporary Order, subject to certain terms and conditions, provided an exemption from the borrowing limit imposed in subsection 2.6(1)(a)(i) of National Instrument 81-102 – *Investment Funds* for the period from April 17, 2020 to July 31, 2020.

After reasonable inquiry and having determined that TDAM's proposed actions to govern certain potential conflicts of interest achieved a fair and reasonable result for the Funds, the IRC approved the Funds' reliance on the Temporary Order.

### ***Bank of Canada's Corporate Bond Purchase Program***

On May 22, 2020, TDAM received the IRC's approval for the Funds to participate in the Bank of Canada's Corporate Bond Purchase Program.

After reasonable inquiry and having determined that TDAM's proposed actions to govern certain potential conflicts of interest achieved a fair and reasonable result for the Funds, the IRC approved the Funds' participation in the Bank of Canada's Corporate Bond Purchase Program.

### ***Positive Recommendations pursuant to Standing Instructions***

TDAM has received positive recommendations and relied on standing instructions with respect to the conflict of interest matters addressed by the following policies. In each case, the standing instructions required TDAM to comply with its related policy and procedure and to report periodically to the IRC.

1. **Asset Valuation:** TDAM has a duty and obligation 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.
2. **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 with a portfolio adviser's ability to direct brokerage transactions involving client commissions to a broker dealer in return for the provision of goods or services, other than order execution.
3. **Business Entertainment and Gifts:** There is a potential conflict of interest in that TDAM personnel may 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.
4. **Custody:** The Bank acts as custodian for securities of underlying funds and certain 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.
5. **Error Corrections (NAV 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.
6. **Launching, Merging or Closing Funds:** These actions have the potential to place TDAM in a conflict of interest position.

7. Mutual Fund Fees and Expenses: There is a potential conflict of interest in charging Fund expenses because TDAM could charge expenses inappropriately to a fund or series units in a manner that would result in a benefit to TDAM or an entity related to TDAM
8. Mutual Fund Trust Accounting: TDAM, as trustee, holds legal title of the assets in the mutual funds so it could intermingle the funds' assets with its own for TDAM's own use or benefit.
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. 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.
11. 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.
12. 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.
13. Purchases by Funds that are Reporting Issuers of Private Fixed Income Securities Sourced by TDAM or a Related Entity: There is the potential for perceived conflicts of interest concerning the Funds due to the nature of private fixed income securities and the origination of and investment in such securities.
14. 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.
15. 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.
16. 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.
17. Related Designated Broker: TDAM has entered into a designated broker agreement with a Related Dealer, pursuant to which the Related Dealer performs certain duties related to the TD Exchange-Traded Funds.
18. Underlying Investment Fund Investment: 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).

19. Unitholder 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.

### *Specific recommendations*

Acting in accordance with NI 81-107, the IRC has a duty to provide specific recommendations to TDAM for any conflict of interest matters specifically referred to the IRC by TDAM. In such cases, after reviewing the course of action proposed by TDAM, the duty of the IRC is to consider whether a proposed transaction would achieve a fair and reasonable result for the applicable Fund(s).

For the period from January 1, 2020 to December 31, 2020, TDAM referred the following conflict of interest matter to the IRC for which the IRC made a recommendation that the proposed transaction would achieve a fair and reasonable result for the applicable Fund(s):

**Fund Merger:** On October 22, 2020, TDAM advised the IRC that it proposed to merge TD Greystone Money Market Fund into TD *Emerald* Canadian Treasury Management Fund.

After a review of information provided by TDAM, including the investment objectives, historical returns and fee structures of TD Greystone Money Market Fund and TD *Emerald* Canadian Treasury Management Fund, the IRC determined that the proposed merger achieved a fair and reasonable result for these funds.



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## SCHEDULE A

### THE FUNDS as at December 31, 2020

#### 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 Income Fund  
TD Global Core Plus Bond Fund  
TD Global Unconstrained Bond Fund  
TD High Yield Bond Fund

##### Balanced Funds

TD Global Conservative Opportunities Fund  
TD Global Balanced Opportunities Fund  
TD Monthly Income Fund  
TD Tactical Monthly Income Fund  
TD North American Sustainability Balanced Fund  
TD U.S. Monthly Income Fund  
TD U.S. Monthly Income Fund – C\$  
TD Diversified Monthly Income Fund  
TD Global Tactical Monthly Income 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 Canadian Small-Cap Equity Fund

##### U.S. Equity Funds

TD U.S. Risk Managed Equity Fund  
TD U.S. Low Volatility Fund  
TD North American Dividend Fund  
TD North American Sustainability Equity Fund  
TD U.S. Dividend Growth Fund  
TD U.S. Blue Chip Equity Fund  
TD U.S. Quantitative Equity Fund  
TD U.S. Equity Pool (formerly TD U.S. Equity Portfolio)  
TD North American Small-Cap Equity Fund  
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 Global Equity Focused Fund  
TD International Stock Fund  
TD Emerging Markets Low Volatility Fund  
TD China Income & Growth Fund (formerly, TD Asian Growth Fund)  
TD Emerging Markets Fund

##### Epoch 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 Equity Fund  
Epoch International Equity Fund

##### Sector Funds

TD Resource Fund  
TD Precious Metals Fund  
TD Global 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

### **Retirement Portfolios**

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

### **TD Advantage Investment Portfolios**

TD Advantage Balanced Income Portfolio<sup>1</sup>  
TD Advantage Balanced Portfolio<sup>2</sup>  
TD Advantage Balanced Growth Portfolio<sup>3</sup>

### **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

### **TD MANAGED ASSETS PROGRAM**

### **TD Managed 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 Portfolios**

TD FundSmart Managed Income & Moderate Growth Portfolio<sup>4</sup>

TD FundSmart Managed Balanced Growth Portfolio<sup>5</sup>

TD FundSmart Managed Aggressive Growth Portfolio<sup>6</sup>

### **TD Managed Index Portfolios**

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

### **TD Managed ETF Portfolios**

TD Managed Income ETF Portfolio

TD Managed Income & Moderate Growth ETF Portfolio

TD Managed Balanced Growth ETF Portfolio

TD Managed Aggressive Growth ETF Portfolio

TD Managed Maximum Equity Growth ETF Portfolio

### **TD POOLS**

TD Income Opportunities Pool

TD Opportunities Pool

TD Risk Reduction Pool

TD Risk Reduction Pool – US\$

TD Canadian Low Volatility Pool

<sup>1</sup> TD Advantage Balanced Income Portfolio was closed to all purchases by investors on January 1, 2020.

<sup>2</sup> TD Advantage Balanced Portfolio was closed to all purchases by investors on January 1, 2020.

<sup>3</sup> TD Advantage Balanced Growth Portfolio was closed to all purchases by investors on November 1, 2019.

<sup>4</sup> TD FundSmart Managed Income & Moderate Growth Portfolio was closed to all purchases by investors on November 1, 2019.

<sup>5</sup> TD FundSmart Managed Balanced Growth Portfolio was closed to all purchases by investors on November 1, 2019.

<sup>6</sup> TD FundSmart Managed Aggressive Growth Portfolio was closed to all purchases by investors on November 1, 2019.

**TD EMERALD FUNDS**

TD U.S. Long Term Treasury Bond ETF

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

**TD EXCHANGE-TRADED FUNDS**

TD Canadian Aggregate Bond Index ETF  
TD Canadian Equity Index ETF  
TD U.S. Equity Index ETF  
TD U.S. Equity CAD Hedged Index ETF  
TD International Equity Index ETF  
TD International Equity CAD Hedged Index ETF  
TD Global Technology Leaders Index ETF  
TD Select Short Term Corporate Bond Ladder ETF  
TD Select U.S. Short Term Corporate Bond Ladder  
ETF  
TD Active Preferred Share ETF  
TD Q Canadian Low Volatility ETF  
TD Q U.S. Low Volatility ETF  
TD Q International Low Volatility ETF (formerly  
TD Systematic International Equity Low Volatility  
ETF)  
TD Active U.S. Enhanced Dividend ETF  
TD Active Global Enhanced Dividend ETF  
TD Active Global Equity Growth ETF  
TD Active Global Infrastructure Equity ETF  
TD One-Click Conservative ETF Portfolio  
TD One-Click Moderate ETF Portfolio  
TD One-Click Aggressive ETF Portfolio  
TD Morningstar ESG Canada Equity Index ETF  
TD Morningstar ESG International Equity Index  
ETF  
TD Morningstar ESG U.S. Equity Index ETF  
TD Active Global Income ETF  
TD Active Global Real Estate Equity ETF  
TD Active U.S. High Yield Bond ETF  
TD Canadian Long Term Federal Bond ETF  
TD Income Builder ETF  
TD Q Canadian Dividend ETF  
TD Q Global Dividend ETF  
TD Q Global Multifactor ETF  
TD Q U.S. Small-Mid-Cap Equity ETF