

# **TD Asset Management**

## **TD Cash Management ETF (TCSH)**

599562  
(08/24)

### **TD Exchange-Traded Funds Interim Financial Report**

**for the period ended June 30, 2024**



## Management's Responsibility for Financial Reporting

The accompanying unaudited interim financial report has been prepared by TD Asset Management Inc. ("TDAM"), as manager of the Fund. The manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with *International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS")*, including International Accounting Standard ("IAS") 34, *"Interim Financial Reporting"*. The manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced, and the safeguarding of all assets of the Fund.

The board of directors of TDAM, is responsible for reviewing and approving the interim financial report and overseeing management's performance of its financial reporting responsibilities.

On behalf of TDAM, manager of the Fund.



Bruce Cooper  
Director and  
Chief Executive Officer  
August 13, 2024



Len Kroes  
Chief Financial Officer

August 13, 2024

## TD Cash Management ETF

### Statements of Financial Position (in 000s except per unit amounts) as at June 30, 2024 and December 31, 2023 (Unaudited)

	June 30, 2024	December 31, 2023
<b>Assets</b>		
<b>Current Assets</b>		
Investments	\$ 167,694	\$ 0
Cash	67	0*
Interest and Dividends Receivables	6	0
Subscriptions Receivable	1,001	0
	168,768	0*
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued Liabilities	2	0
Distributions Payable	668	0
	670	0
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$ 168,098</b>	<b>\$ 0*</b>
<b>Net Assets Attributable to Holders of Redeemable Units – Per Class (Note 5)</b>	<b>\$ 168,098</b>	<b>\$ 0*</b>
<b>Net Assets Attributable to Holders of Redeemable Units – Per Class Unit</b>	<b>\$ 50.03</b>	<b>\$ 50.00*</b>

\* Amount presented as \$0 in the statement due to rounding. Actual amount was \$50.

### Statements of Comprehensive Income (in 000s except per unit amounts) for the periods ended June 30, 2024 and 2023 (Unaudited)

	2024	2023
<b>Income</b>		
<b>Net Gain (Loss) on Investments and Derivatives</b>		
Interest for Distribution Purposes	\$ 1,679	N/A
Net Realized Gain (Loss)	19	N/A
Net Change in Unrealized Appreciation (Depreciation)	35	N/A
<b>Net Gain (Loss) on Investments and Derivatives</b>	<b>1,733</b>	<b>N/A</b>
<b>Total Income (Loss)</b>	<b>1,733</b>	<b>N/A</b>
<b>Expenses (Note 6)</b>		
Management Fees	52	N/A
Independent Review Committee Fees	1	N/A
Transaction Costs	0	N/A
<b>Total Expenses before Waivers</b>	<b>53</b>	<b>N/A</b>
Less: Waived Expenses	0	N/A
<b>Total Net Expenses</b>	<b>53</b>	<b>N/A</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units before Tax</b>	<b>1,680</b>	<b>N/A</b>
<b>Tax Reclaims (Withholding Taxes)</b>	<b>0</b>	<b>N/A</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$ 1,680</b>	<b>N/A</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Class</b>	<b>\$ 1,680</b>	<b>N/A</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Class Unit</b>	<b>\$ 0.96</b>	<b>N/A</b>

The accompanying notes are an integral part of the interim financial report.

## TD Cash Management ETF

### Statements of Changes in Net Assets Attributable to Holders of Redeemable Units *(in 000s)*

for the periods ended June 30, 2024 and 2023 (Unaudited)

	2024	2023
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</b>	\$ 0 <sup>‡</sup>	N/A
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	1,680	N/A
<b>Distributions to Holders of Redeemable Units</b>	(1,894)	N/A
<b>Redeemable Unit Transactions</b>		
Proceeds from Redeemable Units Issued	189,342	N/A
Reinvestments of Distributions	0	N/A
Redemption of Redeemable Units	(21,030)	N/A
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	168,312	N/A
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	168,098	N/A
<b>Net Assets Attributable to Holders of Redeemable Units at End of the Period</b>	<u>\$ 168,098</u>	<u>N/A</u>
<b>Redeemable Unit Transactions</b>		
Redeemable Units Outstanding, Beginning of the Period	0	N/A
Redeemable Units Issued	3,780	N/A
Redeemable Units Issued on Reinvestments	0	N/A
Redeemable Units Consolidated*	0	N/A
Redeemable Units Redeemed	(420)	N/A
<b>Redeemable Units Outstanding, End of the Period</b>	<u>3,360</u>	<u>N/A</u>
<b>Weighted Average Units Outstanding</b>	<u>1,752</u>	<u>N/A</u>

<sup>‡</sup> Amount presented as \$0 in the statement due to rounding. Actual amount was \$50.

\* Redeemable units issued on reinvestments immediately consolidated with the units held prior to distribution.

### Statements of Cash Flows *(in 000s)*

for the periods ended June 30, 2024 and 2023 (Unaudited)

	2024	2023
<b>Cash Flows from (used in) Operating Activities</b>		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 1,680	N/A
Adjustment For:		
Accretion of Interest	(1,592)	N/A
Net Realized (Gain) Loss	(19)	N/A
Net Change in Unrealized (Appreciation) Depreciation	(35)	N/A
Purchase of Investments and Derivatives	(275,784)	N/A
Proceeds from Sale, Paydown and Maturity of Investments and Derivatives	109,736	N/A
(Increase) Decrease in Interest and Dividends Receivables	(6)	N/A
Increase (Decrease) in Accrued Liabilities	2	N/A
<b>Net Cash from (used in) Operating Activities</b>	<u>(166,018)</u>	<u>N/A</u>
<b>Cash Flows from (used in) Financing Activities</b>		
Distributions Paid to Holders of Redeemable Units, Net of Reinvested Distributions	(1,226)	N/A
Proceeds from Issuance of Redeemable Units	188,341	N/A
Amounts Paid on Redemption of Redeemable Units	(21,030)	N/A
<b>Net Cash from (used in) Financing Activities</b>	<u>166,085</u>	<u>N/A</u>
Net Increase (Decrease) in Cash	67	N/A
Cash (Bank Overdraft) at Beginning of the Period	0 <sup>‡</sup>	N/A
<b>Cash (Bank Overdraft) at End of the Period</b>	<u>\$ 67</u>	<u>N/A</u>
Interest for Distribution Purposes Received*, Net of Withholding Taxes	\$ 81	N/A

<sup>‡</sup> Amount presented as \$0 in the statement due to rounding. Actual amount was \$50.

\* Included as part of Cash Flows from (used in) Operating Activities.

The accompanying notes are an integral part of the interim financial report.

## TD Cash Management ETF

### Schedule of Investment Portfolio (in 000s except number of Shares or Units/Par Value) as at June 30, 2024 (Unaudited)

No. of Shares or Units/ Par Value	Description	Cost	Fair Value	No. of Shares or Units/ Par Value	Description	Cost	Fair Value
<b>Commercial Paper – 94.0%</b>							
Bay Street Funding Trust				North West Redwater Partnership			
150,000	5.210% Jul 15, 2024	\$ 150	\$ 150	8,000,000	4.970% Jul 10, 2024	\$ 7,990	\$ 7,988
150,000	5.210% Jul 19, 2024	150	150	3,000,000	4.940% Jul 25, 2024	2,990	2,988
150,000	5.190% Aug 8, 2024	149	149	Ontario Power Generation Inc.			
6,000,000	5.190% Oct 30, 2024	5,900	5,903	1,000,000	4.870% Jul 15, 2024	998	998
3,200,000	5.190% Nov 12, 2024	3,141	3,143	Plaza Trust			
1,000,000	4.890% Nov 26, 2024	981	981	5,000,000	4.870% Sep 4, 2024	4,957	4,955
1,500,000	5.100% Feb 4, 2025	1,456	1,458	800,000	5.250% Oct 3, 2024	789	790
1,400,000	5.010% Feb 24, 2025	1,356	1,358	3,000,000	4.880% Oct 4, 2024	2,963	2,962
Canadian Master Trust				1,100,000	5.090% Feb 10, 2025	1,067	1,068
175,000	5.200% Jul 22, 2024	174	174	Pure Grove Funding			
250,000	5.190% Aug 27, 2024	248	248	730,000	5.200% Aug 9, 2024	726	726
155,000	5.250% Sep 7, 2024	154	154	425,000	5.210% Aug 30, 2024	421	421
5,600,000	5.170% Oct 15, 2024	5,518	5,520	150,000	5.210% Sep 4, 2024	149	149
2,000,000	4.840% Oct 16, 2024	1,972	1,971	2,000,000	5.030% Feb 18, 2025	1,938	1,940
2,750,000	5.110% Nov 13, 2024	2,699	2,700	Ridge Trust			
Clarity Trust				250,000	5.210% Aug 29, 2024	248	248
700,000	5.210% Sep 11, 2024	693	693	318,000	5.210% Sep 4, 2024	315	315
650,000	5.210% Sep 12, 2024	643	644	340,000	5.210% Sep 6, 2024	337	337
1,250,000	5.210% Sep 17, 2024	1,236	1,237	1,000,000	5.170% Sep 13, 2024	990	990
3,200,000	4.820% Dec 20, 2024	3,129	3,129	1,200,000	5.210% Sep 18, 2024	1,187	1,187
1,750,000	5.170% Jan 21, 2025	1,701	1,704	3,160,000	5.120% Oct 2, 2024	3,120	3,120
Enbridge Inc.				1,000,000	5.170% Oct 3, 2024	987	987
3,700,000	4.990% Jul 18, 2024	3,691	3,690	2,100,000	5.170% Oct 4, 2024	2,072	2,073
Fusion Trust				1,300,000	5.190% Oct 17, 2024	1,281	1,281
150,000	5.190% Aug 6, 2024	149	149	1,000,000	5.180% Oct 18, 2024	985	985
200,000	5.210% Sep 4, 2024	198	198	1,850,000	5.120% Nov 1, 2024	1,819	1,819
250,000	5.210% Sep 5, 2024	248	248	500,000	5.150% Jan 8, 2025	487	488
170,000	5.210% Sep 6, 2024	168	168	SAFE Trust			
450,000	5.210% Sep 13, 2024	445	445	930,000	5.210% Jul 18, 2024	928	928
300,000	5.210% Sep 17, 2024	297	297	1,750,000	5.210% Sep 19, 2024	1,731	1,731
2,700,000	5.210% Oct 9, 2024	2,663	2,664	2,500,000	5.010% Jan 7, 2025	2,437	2,437
5,000,000	5.210% Oct 28, 2024	4,917	4,921	3,700,000	5.040% Feb 3, 2025	3,593	3,595
2,500,000	5.160% Nov 12, 2024	2,454	2,456	SOUND Trust			
675,000	5.190% Jan 9, 2025	657	658	300,000	5.210% Aug 29, 2024	298	298
800,000	5.190% Jan 23, 2025	778	779	1,300,000	5.160% Sep 5, 2024	1,288	1,288
King Street Funding Trust				300,000	5.210% Sep 9, 2024	297	297
310,000	5.200% Aug 2, 2024	309	309	450,000	5.210% Sep 10, 2024	446	446
300,000	5.190% Aug 8, 2024	298	298	3,000,000	4.850% Oct 7, 2024	2,962	2,960
1,000,000	5.200% Oct 3, 2024	987	987	Stable Trust			
3,500,000	5.160% Oct 21, 2024	3,446	3,447	180,000	5.190% Aug 12, 2024	179	179
5,000,000	5.190% Oct 30, 2024	4,916	4,919	3,000,000	4.890% Sep 26, 2024	2,966	2,965
1,500,000	4.820% Dec 20, 2024	1,467	1,466	200,000	5.200% Sep 27, 2024	198	198
1,500,000	5.100% Feb 4, 2025	1,456	1,458	700,000	5.210% Oct 2, 2024	691	691
1,000,000	5.060% Feb 11, 2025	970	971	1,700,000	5.190% Oct 10, 2024	1,676	1,677
Lakeshore Trust				450,000	5.180% Oct 23, 2024	443	443
170,000	5.210% Jul 17, 2024	170	170	1,000,000	4.960% Feb 21, 2025	969	970
160,000	5.190% Aug 13, 2024	159	159	Storm King Funding			
820,000	5.290% Aug 14, 2024	815	815	170,000	5.220% Jul 18, 2024	170	170
100,000	5.190% Aug 28, 2024	99	99	160,000	5.230% Aug 15, 2024	159	159
100,000	5.160% Nov 5, 2024	98	98	250,000	5.210% Sep 3, 2024	248	248
5,900,000	5.140% Nov 25, 2024	5,781	5,785	170,000	5.250% Sep 9, 2024	168	168
1,000,000	5.100% Jan 8, 2025	974	975	350,000	5.250% Sep 10, 2024	347	347
Mercedes-Benz Finance Canada Inc.				450,000	5.250% Sep 13, 2024	445	445
1,100,000	4.870% Jul 19, 2024	1,097	1,097	1,050,000	5.250% Sep 20, 2024	1,038	1,038
1,500,000	4.870% Jul 23, 2024	1,496	1,495	4,000,000	4.860% Sep 25, 2024	3,955	3,953
				5,000,000	5.170% Oct 1, 2024	4,936	4,938
				2,700,000	5.090% Feb 12, 2025	2,618	2,622

No. of Shares or Units/ Par Value	Description	Cost	Fair Value
	Sure Trust		
700,000	5.200% Aug 7, 2024	\$ 696	\$ 696
500,000	5.190% Aug 16, 2024	497	497
920,000	5.210% Sep 16, 2024	910	910
3,000,000	5.010% Jan 15, 2025	2,922	2,922
3,300,000	5.100% Feb 5, 2025	3,203	3,206
	Volkswagen Credit Canada Inc.		
3,100,000	4.980% Jul 9, 2024	3,097	3,095
		157,980	158,019
<b>Corporates – 5.8%</b>			
	Bank of Montreal		
5,000,000	Floating Rate 5.068% Apr 28, 2025	5,000	4,996
	Canadian Imperial Bank of Commerce		
600,000	Floating Rate 5.088% Mar 27, 2025	600	600
	North West Redwater Partnership/ NWR Financing Company Limited		
180,000	Callable, Series A 3.200% Jul 22, 2024	179	180
	The Bank of Nova Scotia		
600,000	Floating Rate 5.088% Mar 24, 2025	600	600
3,300,000	Floating Rate 5.118% Jun 27, 2025	3,300	3,299
		9,679	9,675
<b>TOTAL INVESTMENT</b>			
<b>PORTFOLIO – 99.8%</b>			
		\$ 167,659	\$ 167,694
<b>TOTAL PORTFOLIO</b>			
			\$ 167,694

*Note: Percentages shown relate investments at fair value to Net Assets as at the period end.*

**Fund-Specific Notes to the Interim Financial Report (Unaudited)**

**The Fund**

(I) The Fund was inception on October 25, 2023 and its operations commenced on February 15, 2024. The units of the Fund were available for purchase on the Toronto Stock Exchange ("TSX") effective February 22, 2024. The TSX ticker symbol for the Fund is TCSH.

(II) TDAM is the trustee, manager, portfolio adviser and promoter of the Fund.

(III) The presentation and functional currency of the Fund is the Canadian dollar.

(IV) The investment objective of the Fund is to seek to earn a high rate of interest income while preserving capital and maintaining liquidity by investing primarily in high-quality debt securities such as money market and short-term fixed income securities issued by Canadian federal and provincial governments, corporations and trusts. In seeking to achieve this objective, the Fund will invest in high-quality securities generally maturing in not more than one year and may include treasury bills and other debt obligations of Canadian governments; term deposits, certificates of deposit and other debt obligations of Canadian chartered banks; and debt obligations of corporations and trusts. The Fund follows a "bottom-up" strategy using diligent credit analysis to add value and enhance long-term performance.

(V) As at June 30, 2024, TDAM, affiliates of TDAM, and funds managed by TDAM held was not significant (December 31, 2023: 100.0%) of the net assets of the Fund.

(VI) The closing price for TCSH as at June 30, 2024 was \$50.04.

(VII) From October 25, 2023 (inception date), the Fund qualified as a financial institution under the *Income Tax Act* (Canada). Effective March 31, 2024, the Fund qualified as a mutual fund trust under the *Income Tax Act* (Canada) and as a result, the Fund had a deemed taxation year end on the same date. The Fund was required to recognize any gains and losses accrued on securities on a mark-to-market basis at the end of its deemed taxation year. Any income resulting from such treatment will be included in amounts required to be distributed to unitholders.

**Management Fees (%) (Note 6)**

for the period ended June 30, 2024 (exclusive of GST and HST)

The annual management fee rate is 0.15%.

**Brokerage Commissions and Soft Dollars (in 000s) (Notes 3 and 6)**

for the period ended June 30, 2024

Not significant or applicable to the Fund.

**Tax Loss Carry Forwards (in 000s) (Note 7)**

as at March 31, 2024

None for the Fund.

**Securities Lent (Note 3)**

**(I) SECURITIES LENDING INCOME**

for the period ended June 30, 2024

Not significant or applicable to the Fund.

**(II) SECURITIES LENT AND COLLATERAL HELD (in 000s)**

as at June 30, 2024 and December 31, 2023

Not significant or applicable to the Fund.

**Financial Risk Management (Notes 3, 4 and 8)**

as at June 30, 2024 and December 31, 2023

**(I) INTEREST RATE RISK**

Not significant to the Fund.

**(II) CURRENCY RISK**

Not significant to the Fund.

**(III) OTHER PRICE RISK**

Not significant to the Fund.

**(IV) CREDIT RISK**

The table below summarizes the debt instruments by credit ratings as at June 30, 2024 and December 31, 2023.

Credit Rating <sup>a</sup>	Percentage of Total Debt Instruments (%)		Percentage of Total Net Assets (%)	
	Jun 30, 2024	Dec 31, 2023	Jun 30, 2024	Dec 31, 2023
R-1 High	81.5	N/A	81.3	N/A
R-1 Mid	5.7	N/A	5.7	N/A
R-1 Low	12.7	N/A	12.7	N/A
R-2 Mid	0.1	N/A	0.1	N/A
Total	100.0	N/A	99.8	N/A

<sup>a</sup> Credit ratings are obtained from S&PGR, Moody's or DBRS Ltd. rating agencies.

**(V) FINANCIAL INSTRUMENTS BY THE LEVEL IN THE FAIR VALUE HIERARCHY**

(in 000s)

The table below illustrates the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2024.

	Level 1	Level 2	Level 3	Total
Jun 30, 2024				
Short-Term Investments	\$ 0	\$ 167,694	\$ 0	\$ 167,694

as at December 31, 2023

Not significant or applicable to the Fund.

**(VI) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS (in 000s)**

Not significant or applicable to the Fund.

**Investment Portfolio Concentration (%) (Note 8)**

The following table summarizes the Fund's investment portfolio concentration as at June 30, 2024:

	Jun 30, 2024
Commercial Paper	94.0
Corporates	5.8
Cash (Bank Overdraft)	0.0
Other Net Assets (Liabilities)	0.2
	100.0

as at December 31, 2023

Not significant or applicable to the Fund.

**Interest in Unconsolidated Structured Entities (Note 3)**

as at June 30, 2024 and December 31, 2023

Not significant or applicable to the Fund.

**Offsetting of Financial Assets and Liabilities (in 000s) (Note 3)**

as at June 30, 2024 and December 31, 2023

Not significant or applicable to the Fund.

## 1. The Funds

TD Exchange-Traded Funds are open-ended mutual funds (each, a "Fund" and collectively, the "Funds") established as trust under the laws of the Province of Ontario and governed by the Declaration of Trust, as amended from time to time. The Funds are authorized to issue an unlimited number of redeemable, transferrable units of an unlimited number of classes of units. The value of each unit of a class represents an interest in the net assets of a Fund.

The following funds are index mutual funds that seek to track, to the extent possible and before the deduction of fees and expenses, the performance of an index:

TD Canadian Aggregate Bond Index ETF  
 TD Canadian Bank Dividend Index ETF  
 TD Canadian Equity Index ETF  
 TD Global Carbon Credit Index ETF  
 TD Global Healthcare Leaders Index ETF  
 TD Global Technology Innovators Index ETF  
 TD Global Technology Leaders CAD Hedged Index ETF  
 TD Global Technology Leaders Index ETF  
 TD International Equity CAD Hedged Index ETF  
 TD International Equity Index ETF  
 TD U.S. Equity CAD Hedged Index ETF  
 TD U.S. Equity Index ETF

(collectively, the "TD Index ETFs")

The following funds are not index mutual funds and are managed at the discretion of TD Asset Management Inc. ("TDAM") in accordance with their respective investment objectives:

TD Active Global Enhanced Dividend ETF  
 TD Active Global Equity Growth ETF  
 TD Active Global Income ETF  
 TD Active Global Infrastructure Equity ETF  
 TD Active Global Real Estate Equity ETF  
 TD Active Preferred Share ETF  
 TD Active U.S. Enhanced Dividend CAD Hedged ETF  
 TD Active U.S. Enhanced Dividend ETF  
 TD Active U.S. High Yield Bond ETF  
 TD Canadian Long Term Federal Bond ETF  
 TD Cash Management ETF  
 TD Q Canadian Dividend ETF  
 TD Q Canadian Low Volatility ETF  
 TD Q Global Dividend ETF  
 TD Q Global Multifactor ETF  
 TD Q International Low Volatility ETF  
 TD Q U.S. Low Volatility ETF  
 TD Q U.S. Small-Mid-Cap Equity ETF  
 TD Select Short Term Corporate Bond Ladder ETF  
 TD Select U.S. Short Term Corporate Bond Ladder ETF  
 TD U.S. Long Term Treasury Bond ETF

(collectively, the "TD Non-Index ETFs")

TD Balanced ETF Portfolio  
 TD Conservative ETF Portfolio  
 TD Growth ETF Portfolio  
 (collectively, the "TD ETF Portfolios")

TD Target 2025 Investment Grade Bond ETF  
 TD Target 2026 Investment Grade Bond ETF  
 TD Target 2027 Investment Grade Bond ETF  
 TD Target 2025 U.S. Investment Grade Bond ETF  
 TD Target 2026 U.S. Investment Grade Bond ETF  
 TD Target 2027 U.S. Investment Grade Bond ETF  
 (collectively, the "TD Target Maturity Bond ETFs")

TDAM is the trustee, manager, portfolio adviser and promoter of the Funds. TDAM has entered into an agreement with TD Securities Inc. ("TDSI") to act as a designated broker and dealer to perform certain duties for the Funds. TDAM, TDSI, TD Waterhouse Canada Inc. ("TDWCI") and Epoch Investment Partners, Inc. are wholly-owned subsidiaries of The Toronto-Dominion Bank. The registered address of the Funds is P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8.

The financial year-end for the Funds is December 31. The Statements of Financial Position are presented as at June 30, 2024 and December 31, 2023, as applicable. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows are presented for the six-month periods ended June 30, 2024 and 2023, as applicable. Where a Fund or class of a Fund was established during either period, the information for that Fund or class is provided from the inception date, as disclosed in the Fund-Specific Notes to the Interim Financial Report ("Fund-Specific Notes"), to the applicable period end date and a comparative statement has only been presented for any period for which that Fund was in existence as at the reporting date.

These financial statements were authorized for issue by TDAM on August 13, 2024.

## 2. Basis of Presentation

These financial statements have been prepared in accordance with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board* ("IFRS"), applicable to the preparation of interim financial reports, including *International Accounting Standards* ("IAS") 34, "*Interim Financial Reporting*". These financial statements have been prepared on a going concern basis using the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").



### 3. Summary of Material Accounting Policy Information

#### Financial Instruments

Financial instruments include financial assets and financial liabilities, such as investments, derivatives, cash, and other receivables and payables. Derivatives that are reflected in the Statements of Financial Position as Derivative Assets (Liabilities) include rights, warrants, forwards, options, futures and swap contracts, where applicable, and are financial contracts between two or more parties, and whose value is derived from the performance of an underlying asset or group of assets. Underlying assets include stocks, bonds, currencies, commodities, interest rates and market indices. The Funds classify and measure financial instruments in accordance with IFRS 9, *"Financial Instruments"*. Upon initial recognition, financial instruments are measured at FVTPL. All financial assets and liabilities are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or a Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

The Funds' financial assets and financial liabilities, other than receivables and payables, are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income. Other receivables and payables are subsequently measured at amortized cost.

The Funds have determined that they meet the definition of an 'investment entity' within IFRS 10, *"Consolidated Financial Statements"* and as a result, the Funds measure subsidiaries, if any, at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services; commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measures and evaluates the performance of substantially all of its investments on a fair value basis. The Funds' investments may also include associates and joint ventures which are measured at FVTPL.

The Funds' outstanding redeemable units may be redeemed for cash at a redemption discount to the closing price on the Toronto Stock Exchange ("TSX"). Such reduced redemption price causes cash flows on redemption not to be substantially based on net asset value ("NAV"). Consequently, the Net Assets Attributable to Holders of Redeemable Units of the Funds are classified as financial liabilities in accordance with the requirements of IAS 32, *"Financial Instruments: Presentation"*.

The accounting policies for measuring the fair value of the Funds' investments and derivatives are substantially similar to those used in measuring the Funds' net asset value ("NAV") for transactions with unitholders. The NAV is the value of the total assets of a fund less the value of its total liabilities determined, on each valuation date, in accordance with Part 14 of National Instrument 81-106, *"Investment Fund Continuous Disclosure"*, for the purpose of processing unitholder transactions. Net Assets Attributable to Holders of Redeemable Units, also referred to as Net Assets, refers to net assets calculated in accordance with IFRS. As at all dates presented, there were no differences between the Funds' NAV per class unit and Net Assets per class unit.

#### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, TDAM determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants and which attempt to make the maximum use of observable inputs.

The valuation methodology for specific types of investments held by the Funds is summarized below.

- (a) Securities not listed on any recognized public securities exchange are valued based on available quotations from recognized dealers in such securities, where readily available. If securities have no available broker-dealer bid/ask quotes, TDAM uses different valuation techniques and models as described above with inputs that TDAM believes are relevant in the circumstances to price the securities. Debt instruments are valued based on mid prices, where readily available.
- (b) Short-term debt instruments are valued based on quotations received from recognized investment dealers.
- (c) Investments in underlying mutual funds and TDAM managed exchange-traded funds are generally valued at the NAV per series unit or per class unit of the investment funds as reported by the investment funds' managers.
- (d) The Funds may use foreign exchange forward contracts to hedge against or profit from fluctuations in foreign exchange rates. These contracts are valued on each valuation day based on the difference between the contract rates and the current forward rates at the measurement date applied to the contracts' notional amount. The net change in unrealized appreciation or depreciation and the net realized gain or loss from closing out contracts are reflected in the Statements of Comprehensive Income as part of Net Gain (Loss) on Investments and Derivatives.

(e) Options contracts that are traded in exchange markets are valued at their mid prices on each valuation day. The premium received or paid on options written or purchased is included in the cost of the options. Any difference between the current value of the contract and the value of the contract originated is recognized as Net Change in Unrealized Appreciation (Depreciation). When options are closed or exercised, the difference between the premium and the amount paid or received, or the full amount of the premium if the option expires worthless, is reflected in the Statements of Comprehensive Income as Net Realized Gain (Loss). The cost of a security purchased will be reduced by the premium received on options when a written put option is exercised or increased by the amount paid on options when a purchased call option is exercised.

(f) Certain Funds may enter into total return swap ("TRS") agreements with one or more counterparties to gain exposure to the swap reference assets. Under each swap, the Funds pay the counterparties a floating amount based on the prevailing short-term market interest rates computed upon an agreed notional amount. Additionally, the Funds also pay an amount based upon a decline in value, if any, of a notional investment in a notional number of units, the value of which will equal the value of the swap reference assets. In return, the counterparties pay the Funds an amount based upon any increase in value of the swap reference assets.

Floating amounts paid to the counterparties are accrued daily and recorded as Derivative Income (Loss) in the Statements of Comprehensive Income. Changes in the fair value of the TRS agreements outstanding at the reporting date are disclosed in the Statements of Comprehensive Income as Net Change in Unrealized Appreciation (Depreciation). TRS agreements are valued at the amount that the Funds would receive or pay to terminate the agreements. When TRS agreements mature or are closed out, the net realized gain or loss is reflected in the Statements of Comprehensive Income as Net Realized Gain (Loss).

### Fair Value Hierarchy

The Funds classify their investments into fair value measurements within a hierarchy that prioritizes the inputs to fair value measurement. The fair value hierarchy has the following three levels:

- Level 1 Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 Inputs that are not based on observable market data (that is, unobservable inputs).

All fair value measurements are recurring. The carrying values of Cash, Margin Deposit on Derivatives, Subscriptions Receivable, Interest and Dividends Receivables, Receivable for Investments Sold, Bank Overdraft, Margin Payable on Derivatives, Payable for Investments Purchased, Redemptions Payable, Distributions Payable and Accrued Liabilities approximate their fair values due to their short-term nature.

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of their fair value requires the use of significant unobservable inputs, in which case they are classified as Level 3. The Funds' policy is to recognize transfers into and out of the fair value hierarchy levels at the end of the reporting period.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment. Observable data is considered to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

TDAM has a Valuation Committee which oversees the performance of the fair value measurements included in the financial statements of the Funds, including any Level 3 measurements. TDAM utilizes a variety of methods (as listed in the Fair Value Measurement section) in determining the fair value of securities classified as Level 3. The committee also meets quarterly to perform reviews of the valuations of investments held by the Funds.

The classification of the Funds' financial instruments within the fair value hierarchy as at June 30, 2024 and December 31, 2023, and any transfers between levels during the reporting periods as a result of changes in the lowest level input that is significant to the fair value measurement are disclosed in the Fund-Specific Notes, where applicable.

### Interest in Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. TDAM has determined that all of the underlying investment funds ("Underlying Funds") in which the Funds invest are unconsolidated structured entities. Underlying Funds include mutual funds and exchange-traded funds ("ETFs"). In making this determination, TDAM evaluated the fact that decision making about Underlying Funds' activities is generally not governed by voting or similar rights held by the Funds and other investors in any Underlying Funds.

The Funds may invest in Underlying Funds whose investment objectives range from seeking to achieve short- to long-term income and/or capital growth potential. The Funds' interests in these securities as at June 30, 2024 and December 31, 2023 are included at their fair value in the Statements of Financial Position, which represent the Funds' exposure in these Underlying Funds. The Funds do not provide and have not committed to provide any additional significant financial or other support to the Underlying Funds. The change in fair value of each of the Underlying Funds during the reporting periods is included in Net Change in Unrealized Appreciation (Depreciation) in the Statements of Comprehensive Income as part of Net Gain (Loss) on Investments and Derivatives. Additional information on the Funds' interest in Underlying Funds, where applicable, is provided in the Schedule of Investment Portfolio and Fund-Specific Notes.

The Funds may also invest in mortgage-related and/or other asset-backed securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. The debt and equity securities issued by these issuers may include tranches with varying levels of subordination. The Funds may invest in senior notes that have a first lien on assets and have minimum exposure to junior or subordinate tranches. These securities may provide a monthly payment which consists of both interest and principal payments. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

As at June 30, 2024 and December 31, 2023, the fair value of mortgage-related and other asset-backed securities of the Funds, where applicable, is disclosed as Investments in the Statements of Financial Position. The fair value represents the maximum exposure to losses at those dates. The change in fair value of mortgage-related and other asset-backed securities during the reporting periods is included in Net Change in Unrealized Appreciation (Depreciation) in the Statements of Comprehensive Income as part of Net Gain (Loss) on Investments and Derivatives.

#### **Translation of Foreign Currencies**

A Fund's functional currency, as disclosed in the Fund-Specific Notes, represents the currency that TDAM views to most faithfully represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration how units are issued or redeemed and how returns are measured. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date.

Realized foreign exchange gains and losses on the sale of investments and derivatives are included in Net Realized Gain (Loss). Unrealized foreign exchange gains and losses on investments and derivatives are included in Net Change in Unrealized Appreciation (Depreciation). Realized and unrealized foreign exchange gains and losses relating to income, cash, other assets and liabilities are presented as Foreign Exchange Gain (Loss) on Cash and Other Net Assets in the Statements of Comprehensive Income.

#### **Offsetting of Financial Assets and Liabilities**

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position where the Funds have a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the Funds may enter into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set-off in certain circumstances, such as bankruptcy or the termination of the contracts. Offsetting information, where applicable, is presented in the Fund-Specific Notes.

#### **Cash/Bank Overdraft**

Cash is comprised of deposits with financial institutions. Bank overdrafts are included under Current Liabilities in the Statements of Financial Position.

#### **Margin Deposit (Payable) on Derivatives**

Margin accounts represent margin deposits or payable in respect of derivatives entered into by the Funds.

#### **Receivable for Investments Sold/Payable for Investments Purchased**

Receivable for Investments Sold and Payable for Investments Purchased represent trades that have been contracted for but not yet settled or delivered on the Statements of Financial Position dates.

#### **Valuation of Class Units**

TDAM generally calculates the NAV for each class of the Funds as at 4 p.m. Eastern Time on each day that the Toronto Stock Exchange is open for trading.

The NAV per class is calculated by taking the class's proportionate share of the individual Fund's common assets, less the class's proportionate share of the Fund's common liabilities, and deducting from this amount all liabilities that relate solely to that class.

The Net Assets Attributable to Holders of Redeemable Units – Per Class Unit is determined by dividing the Net Assets Attributable to Holders of Redeemable Units of each class of the Funds by the total number of units outstanding of that class as at the reporting date.

### **Income Recognition**

Interest for Distribution Purposes as shown in the Statements of Comprehensive Income consists of interest income from cash and the coupon interest on debt instruments accounted for on an accrual basis. Interest receivable is included in Interest and Dividends Receivables in the Statements of Financial Position based on the debt instruments' stated rates of interest. The Funds do not amortize premiums paid or discounts received on the purchase of debt securities except for zero coupon bonds which are amortized.

Dividend income from equities and ETFs is recognized on ex-dividend dates and distributions from underlying mutual funds are recognized on ex-distribution dates. Dividends received from ETFs are allocated to interest income, dividend income, capital gains and return of capital based on the nature of the underlying components. The allocations are calculated based on the best information available and actual allocations could be different.

The Funds may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in Canadian securities legislation. The income earned from securities lending, where applicable, is included in the Statements of Comprehensive Income as it is received. The fair value of the securities loaned and fair value of the collateral held are determined daily. The details of securities lending income, aggregate values of securities on loan and related collateral held are provided in the Fund-Specific Notes, where applicable.

### **Investment Transactions and Transaction Costs**

For the purposes of calculating realized and unrealized gains and losses from investment transactions, the cost of each investment security is determined on an average cost basis, excluding transaction costs.

Transaction costs, such as brokerage commissions, incurred by the Funds in the purchase and sale of investments at fair value are recognized in the Statements of Comprehensive Income in the period incurred. No transaction costs are incurred when the Funds invest in underlying mutual funds; however, the underlying mutual funds' investments may be subject to transaction costs.

### **Allocation of Income and Expenses, Realized and Unrealized Gains (Losses)**

Expenses (excluding interest charges and portfolio transaction costs) are accrued daily, separately for each class. Interest charges and portfolio transaction costs along with income, gains and losses, are allocated to each class based on their respective Net Assets Attributable to Holders of Redeemable Units of the Fund.

### **Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Class Unit**

The Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Class Unit is calculated by dividing the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units of each class by the weighted average units outstanding of that class for the reporting period, except when a class was established during the reporting period, in which case the Weighted Average Units Outstanding is calculated from the date of its commencement of operation of that class.

## **4. Critical Accounting Estimates and Judgments**

The preparation of financial statements requires management to use judgment in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgments and estimates that the Funds have made in preparing the financial statements:

### **Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market**

The Funds may hold financial instruments that are not quoted in active markets, including derivatives. As described in Note 3, the use of valuation techniques for financial instruments and derivatives that are not quoted in an active market requires TDAM to make assumptions that are based on market conditions existing as at the reporting date of the financial statements. Changes in assumptions about these factors could affect the reported fair values of financial instruments. Refer to the Fund-Specific Notes for further information about the fair value measurement of the Funds' financial instruments, where applicable.

### **Classification and Measurement of Investments**

In classifying and measuring financial instruments held by the Funds, TDAM has assessed the Funds' business model for managing their respective portfolios of investments and evaluating the performance on a fair value basis, and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9.

### **Investment Entity**

In determining whether a Fund meets the definition of an investment entity, TDAM may be required to make significant judgments about whether a Fund has the typical characteristics of an investment entity. Each Fund may hold only one investment, an underlying fund (or have only one investor or have investors that are its related parties); however, consistent with the investment entity definition, each Fund primarily obtains funds from one or more investors for the purpose of providing investment management services, commits to its investors that the business purpose is to invest the funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of its investments on a fair value basis.

## **5. Redeemable Units**

Units of the Funds are listed on the TSX and investors may buy and sell units on the TSX, or any other exchange on which such units are traded, through registered brokers and authorized dealers in the province or territory where the investor resides. Investors may incur customary brokerage commissions in buying and selling units.

Units of the Funds are redeemable at the option of the unitholder in accordance with the provisions of the Declaration of Trust. Units are being issued and sold on a continuous basis and there is no maximum number of units that may be issued.

On any trading day, unitholders may also redeem units of a Fund through TDAM for cash at a redemption price per unit equal to the lower of: (i) 95% of the closing price for the units on the TSX on the effective day of the redemption; and (ii) the NAV per class unit of the Fund on such trading day. In order for a cash redemption to be effective on a trading day, a cash redemption request in the form prescribed by TDAM from time to time must be received by the applicable Fund at its registered office at or before the applicable cut-off time or at such other time as TDAM may determine from time to time. If a cash redemption request is not received by the delivery deadline in respect of a particular trading day, the cash redemption request will be effective only on the next trading day. Payment of the redemption price will be made by no later than the first trading day (prior to May 27, 2024: second trading day) after the effective day of the redemption, or such shorter period as may be required by Canadian securities regulatory authorities or at the discretion of TDAM.

TDAM reserves the right to cause the Funds to redeem the units held by a unitholder at a price equal to the NAV per class unit on the effective date of such redemption if TDAM believes it is in the best interest of the Funds to do so.

On any trading day, unitholders may exchange the prescribed number of units (or an integral multiple thereof) for baskets of securities and cash, or with respect to TD International Equity Index ETF, TD Global Healthcare Leaders Index ETF, TD Global Technology Leaders Index ETF, TD Global Carbon Credit Index ETF, TD Q International Low Volatility ETF, TD Active Global Enhanced Dividend ETF, TD Active Global Equity Growth ETF, TD Active Global Infrastructure Equity ETF, TD Global Technology Innovators Index ETF, TD Active Global Income ETF, TD Q Global Dividend ETF, TD Q Global Multifactor ETF and TD Active Global Real Estate Equity ETF, cash only.

The closing price or mid price of a Fund's redeemable units listed on the TSX as at June 30, 2024, where applicable, is disclosed in the Fund-Specific Notes.

## 6. Related Party Transactions

### Capital

TDAM, affiliates of TDAM, and/or other investment funds managed by TDAM may invest in units of the Funds from time to time. The investment made by related parties is disclosed in the Fund-Specific Notes if significant.

### Custodian

The Toronto-Dominion Bank is the sub-custodian of the Funds which holds a portion of cash of the Funds. The Toronto-Dominion Bank may earn fees and spreads in connections with banking (including deposit taking) services provided to the Funds.

### Management Fees

In consideration for the services provided by the manager to the Funds, each class of the Funds pay TDAM an annual management fee based on its average daily NAV. The management fee is calculated and accrued daily and paid monthly to TDAM.

Where the Funds invest in Underlying Funds, there are fees and expenses payable by the Underlying Funds in addition to those paid by the Funds. However, no management fees are payable by Funds that invest in Underlying Funds that, to a reasonable person, would duplicate a fee payable by the Underlying Funds for the same services.

Detailed information on the management fees of the Funds is provided in the Fund-Specific Notes.

### Operating Expenses

#### Fund's Independent Review Committee ("IRC")

TDAM is responsible for management of the Funds' investment portfolios. TDAM has established an IRC in respect of the Funds and the Underlying Funds managed by TDAM. The IRC 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 unitholders of the Funds.

Investments in securities of The Toronto-Dominion Bank, interests in Underlying Funds managed by TDAM, or investments in any affiliates that were held by the Funds as at the end of the reporting period, where significant, are disclosed in the Schedule of Investment Portfolio and/or the Fund-Specific Notes. The Funds' cash held with The Toronto-Dominion Bank, which acts as a sub-custodian for the Funds at the end of the reporting period, where significant, is also disclosed in the Fund-Specific Notes.

The compensation and relevant expenses of IRC members are allocated among the investment funds managed by TDAM and disclosed in the Statements of Comprehensive Income as Independent Review Committee Fees.

TDAM pays all of the operating expenses (including services provided by TDAM or affiliates of TDAM), other than costs and expenses associated with: the IRC; compliance with any new governmental or regulatory requirements; extraordinary expenses; withholding taxes and all other applicable taxes for such costs, fees and expenses.

TDAM is responsible for all other costs and expenses of the Funds, including the fees payable to the custodian, valuation agent, registrar and transfer agent and fees payable to other service providers retained by TDAM. TDAM is also responsible for all applicable taxes for such costs and expenses.

### Taxes on Expenses

The Funds also pay applicable goods and services tax and harmonized sales tax at a blended rate to TDAM, on management fees and certain operating expenses based on the province or territory of residence of the investors in each class of the Funds, which are included with the respective expense in the Statements of Comprehensive Income.



## Waived Expenses

TDAM, at its discretion, may waive or absorb a portion of the expenses otherwise payable by the Funds. These waivers or absorptions may be terminated at any time without notice to unitholders. The amount of expenses waived or absorbed is disclosed in the Statements of Comprehensive Income as Waived Expenses, where applicable.

The Accrued Liabilities in the Statements of Financial Position represents the amount of management fees and operating expenses (including applicable taxes) payable to TDAM by the Funds as at the reporting period end.

## Brokerage Commissions and Soft Dollars

Brokerage commissions (including other transaction costs) paid on securities transactions and amounts paid to related parties of The Toronto-Dominion Bank for brokerage services provided to the Funds for the reporting periods ended June 30, 2024 and 2023, where applicable, are disclosed in the Fund-Specific Notes.

Client brokerage commissions are used as payment for order execution services and/or research services. The portfolio advisers or TDAM may select brokers including its affiliates, who charge a commission in excess of that charged by other brokers ("soft dollars") if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized.

For debt instruments traded in the over-the-counter markets where client brokerage commissions are not charged, soft dollars or client brokerage commissions are not generated. For equities or other securities where client brokerage commissions are charged, the soft dollar portion of the amount paid or payable for goods and services other than order execution for the Funds is not generally ascertainable. Any ascertainable soft dollar value received under the soft dollar arrangement entered into by the portfolio advisers or TDAM, where applicable, is disclosed in the Fund-Specific Notes.

## 7. Taxation

The Funds qualify or intend to qualify as mutual fund trusts under the *Income Tax Act* (Canada) ("Tax Act"), unless otherwise disclosed in the Fund-Specific Notes. All or substantially all of the net investment income and sufficient amounts of net capital gains realized in any taxation year are distributed to unitholders such that no income tax is payable by the Funds, except that in certain circumstances, a Fund that is not a mutual fund trust may become liable to pay alternative minimum tax under the Tax Act. As a result of the distributions, the Funds have determined that they are in substance not taxable under Part I of the Tax Act and therefore do not record income taxes in the Statements of Comprehensive Income nor do they recognize any deferred tax assets or liabilities in the Statements of Financial Position. The Funds' capital and/or non-capital losses carry forward, where applicable, are provided in the Fund-Specific Notes. Capital losses have no expiry. Non-Capital losses can be carried forward for up to twenty years.

In determining the amount of distributions payable to unitholders at the end of the year, net realized capital gains may be allocated to redeeming unitholders. This is disclosed in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units in the annual financial statements as net realized gains on investments with an offsetting notional reinvestment of the distribution.

Notional distributions are reinvested in additional units and these units will be immediately consolidated such that the number of outstanding units following the distribution will equal the number of outstanding units prior to the distribution. Such distributions increase the adjusted cost base of the unitholder.

The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are reported as Tax Reclaims (Withholding Taxes) in the Statements of Comprehensive Income.

## 8. Financial Risk Management

### Financial Risk Factors

Each Fund is exposed to a variety of financial risks: these may include market risk (including interest rate risk, currency risk and other price risk), credit risk, liquidity risk, concentration risk and leverage risk. All investments present a risk of loss of capital.

The war between Ukraine and the Russian Federation has resulted in significant volatility and uncertainty in global financial markets. The market disruption can adversely affect the investment values and the relevant financial instrument risks associated with each of the Funds.

The TD Index ETFs seek to track, to the extent possible and before the deduction of fees and expenses, the performance of an index. For TD Non-Index ETFs, TD ETF Portfolios and TD Target Maturity Bond ETFs, TDAM seeks to reduce financial risks by employing and overseeing professional and experienced portfolio advisers that regularly monitor these funds' positions and market events and diversify investment portfolios within the constraints of each Fund's investment objectives, investment strategies and applicable TDAM policies and procedures (collectively referred to as "Investment Restrictions").

### (a) Market Risk

#### (i) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing investments.

A Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate derivative instruments, if any. Short-term investments, currencies and other assets and liabilities are short-term in nature and/or non-interest bearing and not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

If a Fund invests in Underlying Funds, it is exposed to indirect interest rate risk to the extent of the interest-bearing financial instruments held by the Underlying Funds. A Fund's direct exposure to interest rate risk, where significant, is disclosed in the Fund-Specific Notes.

**(ii) Currency Risk**

A Fund may hold financial instruments denominated in currencies other than its functional currency. It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency.

Where a Fund invests in any Underlying Funds, it is exposed to indirect currency risk in the event that the Underlying Funds invest in financial instruments that are denominated in a currency other than the Underlying Funds' functional currency.

A Fund and/or its Underlying Funds may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure or to establish exposure to foreign currencies.

A Fund's direct exposure to currency risk (including monetary and non-monetary instruments), where significant, is disclosed in the Fund-Specific Notes. Where a Fund invests in a single Underlying Fund, the direct and indirect exposure to currency risk (including monetary and non-monetary instruments), where significant, is disclosed in the Fund-Specific Notes.

**(iii) Other Price Risk**

Other price risk is the risk that securities will fluctuate in value because of changes in market prices (other than those arising from interest rate risk or currency risk). TDAM seeks to reduce this risk for the TD Non-Index ETFs, TD ETF Portfolios and TD Target Maturity Bond ETFs through its Investment Restrictions.

In determining each Fund's sensitivity impact from exposure to other price risk, a historical beta may be used when applicable. Historical beta, a measure of the sensitivity of a fund's returns to market returns, is generally derived from comparing 36 months of returns between a fund and its benchmark. As such, beta inherently includes effects previously reflected in the interest rate risk and currency risk disclosures. Historical beta may not be representative of future beta.

Where a Fund invests in a single Underlying Fund, it is exposed to indirect other price risk arising from the Underlying Fund's investments. As a result, other price risk, reflecting this indirect exposure, is provided in the Fund-Specific Notes.

Where a Fund invests in several Underlying Funds, its exposure to other price risk includes all investments in Underlying Funds. A Fund's direct exposure to other price risk, where applicable, is disclosed in the Fund-Specific Notes.

Except for written call options, the maximum risk of loss on certain derivative contracts is equal to their notional values. Possible losses from written call options can be unlimited.

**(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Where applicable, a Fund's main credit risk concentration is in debt instruments and derivative instruments it holds.

A Fund's exposure to credit risk is the risk that an issuer of debt instruments or a counterparty to derivative instruments will be unable to pay amounts in full when due. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default with a broker is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

A Fund may be exposed to credit risk from the use of counterparties for foreign exchange forward contracts. Where applicable, this risk is minimized by:

- (i) using counterparties with a minimum credit rating of A by S&P Global Ratings ("S&PGR") or an equivalent rating from another recognized credit rating agency;
- (ii) limiting the term of the foreign exchange forward contracts to a maximum of 365 days; and,
- (iii) limiting the mark-to-market exposure to any one counterparty to 10 percent of the portfolio value.

A Fund may also be exposed indirectly to credit risk if it invests in Underlying Funds in the event that the Underlying Funds invest in debt instruments or derivatives.

The Funds and their Underlying Funds managed by TDAM only buy and hold short-term notes with a minimum of R-1 Low credit rating by DBRS Limited or an equivalent rating from another recognized credit rating agency.

A Fund's direct exposure to short-term notes, debt instruments and/or derivative instruments, by ratings categories, where applicable, is disclosed in the Fund-Specific Notes.

The Funds and the Underlying Funds held by the Funds may also engage in securities lending transactions. For these funds that are managed by TDAM, the securities lending transactions are with counterparties that have a minimum credit rating of A by S&PGR or an equivalent rating from another credit agency. The value of securities held as collateral by these funds in connection with these transactions is at least 102 percent of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. Information about the fair values of securities lent and collateral held and securities lending income received, where applicable, is disclosed in the Fund-Specific Notes.

**(c) Liquidity Risk**

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. A fund's exposure to this risk is concentrated in the daily cash redemptions of redeemable units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed of. Where units are exchanged for baskets of securities rather than cash, the Funds are not exposed to any significant liquidity risk. In addition, the Funds retain sufficient cash and cash equivalents to maintain liquidity, and have the ability to borrow up to 5 percent of their respective NAV for the purpose of funding redemptions.

All non-derivative financial liabilities, other than redeemable units outstanding, are due in less than 3 months.

On August 27, 2020, the International Accounting Standards Board issued Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39 and IFRS 7. The amendments are effective for the Funds' current fiscal year and provide, among other things, practical expedients for instruments accounted for at amortized cost or in hedge accounting relationships. There was no accounting impact from adoption of these amendments. In March 2021, ICE Benchmark Administration (the administrator of LIBOR) in conjunction with the UK's Financial Conduct Authority announced the cessation of LIBOR settings across various tenors and currencies (all GBP, EUR, CHF and JPY LIBOR settings and the one-week and two-month USD LIBOR settings) by December 31, 2021. All remaining USD LIBOR settings (overnight, one-, three-, six-, and twelve-month) ceased to be published after June 30, 2023. On May 16, 2022, Refinitiv Benchmark Services (UK) Limited, the administrator of the Canadian Dollar Offered Rate (CDOR), announced the cessation of the calculation and publication of all tenors of CDOR immediately following a final publication on June 28, 2024. TDAM did not notice any significant liquidity or valuation impact on the Funds from the LIBOR and CDOR transition.

#### (d) Concentration Risk

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, security type or industry sector. A Fund's concentration risk is disclosed in the Fund-Specific Notes.

Where the TD Index ETFs seek to replicate the performance of one or more indices, they may have more of their Net Assets invested in one or more issuers than is usually permitted for mutual funds. In addition, certain markets to which an index has exposure may be more concentrated in a particular sector or industry. Consequently, a TD Index ETF's portfolio may be less diversified when compared to a less concentrated investment portfolio. Also, the NAV of these funds may be more volatile than that of a more broadly-diversified portfolio and may fluctuate substantially over short periods of time.

#### (e) Leverage Risk

Leverage risk is the risk that an adverse change in the value or level of the underlying asset, rate or index to which the fund has leveraged exposure, may amplify losses compared to those that would have been incurred if the fund had not used any leverage and could result in losses that are greater than the amount invested.

TD Global Carbon Credit Index ETF is an alternative mutual fund, in accordance with National Instrument 81-102, *"Investment Funds"*, and is permitted to leverage its assets as part of its investment strategy through the use of cash borrowing, physical short sales and/or specified derivatives, at amounts that may exceed the NAV of the fund. This fund currently does not intend to use these mechanisms as part of its investment strategies, as such, it is not subject to significant leverage risk.

### 9. Capital Risk Management

Units issued and outstanding represent the capital of the Funds. The Funds do not have any specific capital requirements on the subscription and redemption of units, other than certain subscription requirements. Changes in the Funds' capital during the reporting periods are reflected in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. TDAM is responsible for managing the capital of the Funds in accordance with each Fund's investment objectives and for managing liquidity in order to meet redemption requests.

If applicable, the most recent financial statements of the Underlying Funds managed by TDAM are available, without charge, by visiting our website at [www.td.com/ca/en/asset-management](http://www.td.com/ca/en/asset-management), or the SEDAR+ website at [www.sedarplus.ca](http://www.sedarplus.ca), or by writing to TD Asset Management Inc., P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8.

#### Currency codes used throughout the report:

Currency Code	Description	Currency Code	Description	Currency Code	Description
AED	UAE Dirham	HKD	Hong Kong Dollar	PHP	Philippine Peso
ARS	Argentine Peso	HUF	Hungarian Forint	PKR	Pakistan Rupee
AUD	Australian Dollar	IDR	Indonesian Rupiah	PLN	Polish Zloty
BRL	Brazilian Real	ILS	Israeli Shekel	QAR	Qatari Riyal
CAD/C\$	Canadian Dollar	INR	Indian Rupee	RON	Romanian Leu
CHF	Swiss Franc	JOD	Jordanian Dinar	RUB	Russian Ruble
CLP	Chilean Peso	JPY	Japanese Yen	SAR	Saudi Riyal
CNY/CNH	Chinese Renminbi	KRW	South Korean Won	SEK	Swedish Krona
COP	Colombian Peso	LKR	Sri Lankan Rupee	SGD	Singapore Dollar
CZK	Czech Koruna	MAD	Moroccan Dirham	THB	Thai Baht
DKK	Danish Krone	MXN	Mexican Peso	TRY	Turkish Lira
EGP	Egyptian Pound	MYR	Malaysian Ringgit	TWD	New Taiwan Dollar
EUR	Euro	NOK	Norwegian Krone	USD/US\$	United States Dollar
GBP	British Pound	NZD	New Zealand Dollar	ZAR	South African Rand



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