

TD Asset Management

TD Q U.S. Small-Mid-Cap Equity ETF (TQSM)

535912
(03/25)

TD Exchange-Traded Funds Annual Financial Statements

for the period ended December 31, 2024



Management's Responsibility for Financial Reporting

The accompanying audited financial statements have been prepared by TD Asset Management Inc. ("TDAM"), as manager of the Funds. 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"). 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 Funds.

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

On behalf of TDAM, manager of the Funds.



Bruce Cooper
Director and
Chief Executive Officer
March 14, 2025



Len Kroes
Chief Financial Officer

March 14, 2025

Independent Auditor's Report

To the Unitholders and Trustee of:

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
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. Cash Management ETF
TD U.S. Long Term Treasury Bond ETF
TD Balanced ETF Portfolio
TD Conservative ETF Portfolio
TD Growth ETF Portfolio
TD Target 2025 Investment Grade Bond ETF
TD Target 2026 Investment Grade Bond ETF
TD Target 2027 Investment Grade Bond ETF
TD Target 2028 Investment Grade Bond ETF
TD Target 2029 Investment Grade Bond ETF
TD Target 2030 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 "Funds")

Opinion

We have audited the financial statements of the Funds, which comprise the statements of financial position as at December 31, 2024 and 2023 (as applicable), and the statements of comprehensive income, statements of changes in net assets attributable to holders of redeemable units and statements of cash flows for the periods then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as at December 31, 2024 and 2023 (as applicable), and their financial performance and their cash flows for the periods then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Management Report of Fund Performance of the Funds. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained the Management Report of Fund Performance of the Funds prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Fraser T. Whale.

Ernst + Young LLP

Chartered Professional Accountants

Licensed Public Accountants

Toronto, Canada

March 14, 2025

TD Q U.S. Small-Mid-Cap Equity ETF

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

	2024	2023
Assets		
Current Assets		
Investments	\$ 517,420	\$ 140,102
Cash	1,921	519
Interest and Dividends Receivables	244	80
Receivable for Investments Sold	0	6
	519,585	140,707
Liabilities		
Current Liabilities		
Accrued Liabilities	0	3
Distributions Payable	1,492	397
	1,492	400
Net Assets Attributable to Holders of Redeemable Units	\$ 518,093	\$ 140,307
Net Assets Attributable to Holders of Redeemable Units – Per Class (Note 5)	\$ 518,093	\$ 140,307
Net Assets Attributable to Holders of Redeemable Units – Per Class Unit	\$ 25.03	\$ 20.94

Statements of Comprehensive Income (in 000s except per unit amounts) for the periods ended December 31, 2024 and 2023

	2024	2023
Income		
Net Gain (Loss) on Investments and Derivatives		
Dividend Income	\$ 5,570	\$ 1,354
Interest for Distribution Purposes	4	0
Net Realized Gain (Loss)	17,824	2,703
Net Change in Unrealized Appreciation (Depreciation)	26,442	10,066
Net Gain (Loss) on Investments and Derivatives	49,840	14,123
Foreign Exchange Gain (Loss) on Cash and Other Net Assets	44	(14)
Securities Lending Income	12	3
Total Income (Loss)	49,896	14,112
Expenses (Note 6)		
Management Fees	1,305	298
Independent Review Committee Fees	2	1
Transaction Costs	83	6
Total Expenses before Waivers	1,390	305
Less: Waived Expenses	0	0
Total Net Expenses	1,390	305
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units before Tax	48,506	13,807
Tax Reclaims (Withholding Taxes)	(725)	(200)
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 47,781	\$ 13,607
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Class	\$ 47,781	\$ 13,607
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Class Unit	\$ 3.83	\$ 3.96

The accompanying notes are an integral part of the financial statements.

TD Q U.S. Small-Mid-Cap Equity ETF

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

for the periods ended December 31, 2024 and 2023

	2024	2023
Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period	\$ 140,307	\$ 19,623
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	47,781	13,607
Distributions to Holders of Redeemable Units		
From Net Investment Income	(3,273)	(761)
From Net Realized Gains	(11,980)	0
Return of Capital	(401)	(12)
	(15,654)	(773)
Redeemable Unit Transactions		
Proceeds from Redeemable Units Issued	395,075	158,948
Reinvestments of Distributions	12,337	0
Redemption of Redeemable Units	(61,753)	(51,098)
Net Increase (Decrease) from Redeemable Unit Transactions	345,659	107,850
Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	377,786	120,684
Net Assets Attributable to Holders of Redeemable Units at End of the Period	\$ 518,093	\$ 140,307
Redeemable Unit Transactions		
Redeemable Units Outstanding, Beginning of the Period	6,700	1,100
Redeemable Units Issued	16,900	8,300
Redeemable Units Issued on Reinvestments	493	0
Redeemable Units Consolidated*	(493)	0
Redeemable Units Redeemed	(2,900)	(2,700)
Redeemable Units Outstanding, End of the Period	20,700	6,700
Weighted Average Units Outstanding	12,472	3,434

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

Statements of Cash Flows *(in 000s)*

for the periods ended December 31, 2024 and 2023

	2024	2023
Cash Flows from (used in) Operating Activities		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 47,781	\$ 13,607
Adjustment For:		
Unrealized Foreign Exchange (Gain) Loss on Cash	(10)	0
Net Realized (Gain) Loss	(17,824)	(2,703)
Net Change in Unrealized (Appreciation) Depreciation	(26,442)	(10,066)
Purchase of Investments and Derivatives†	(208,414)	(13,436)
Proceeds from Sale, Paydown and Maturity of Investments and Derivatives‡	207,842	13,252
(Increase) Decrease in Interest and Dividends Receivables	(164)	(63)
Increase (Decrease) in Accrued Liabilities	(3)	3
Net Cash from (used in) Operating Activities	2,766	594
Cash Flows from (used in) Financing Activities		
Distributions Paid to Holders of Redeemable Units, Net of Reinvested Distributions	(2,222)	(506)
Proceeds from Issuance of Redeemable Units†	998	449
Amounts Paid on Redemption of Redeemable Units‡	(150)	(169)
Net Cash from (used in) Financing Activities	(1,374)	(226)
Unrealized Foreign Exchange Gain (Loss) on Cash	10	0
Net Increase (Decrease) in Cash	1,392	368
Cash (Bank Overdraft) at Beginning of the Period	519	151
Cash (Bank Overdraft) at End of the Period	\$ 1,921	\$ 519
Interest for Distribution Purposes Received*, Net of Withholding Taxes	\$ 4	\$ 0
Dividends Received*, Net of Withholding Taxes	\$ 4,681	\$ 1,091

† Excludes in-kind subscriptions of \$394,077 (2023: \$158,499)

‡ Excludes in-kind redemptions of \$61,603 (2023: \$50,929)

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

The accompanying notes are an integral part of the financial statements.

TD Q U.S. Small-Mid-Cap Equity ETF

Schedule of Investment Portfolio (in 000s except number of Shares or Units/Par Value) as at December 31, 2024

No. of Shares or Units/ Par Value	Description	Cost	Fair Value	No. of Shares or Units/ Par Value	Description	Cost	Fair Value
Communication Services – 1.8%				Consumer Staples – 6.6%			
12,500	CarGurus Inc., Class A	\$ 505	\$ 656	55,397	Cal-Maine Foods Inc.	\$ 5,345	\$ 8,196
30,266	Cinemark Holdings Inc.	1,390	1,348	7,155	Casey's General Stores Inc.	3,282	4,075
94,175	Lumen Technologies Inc.	767	719	1,728	Coca-Cola Consolidated Inc.	2,346	3,130
2,690	Nexstar Media Group Inc., Class A	645	611	174,452	Flowers Foods Inc.	5,505	5,181
162,997	TEGNA Inc.	3,528	4,285	30,016	Fresh Del Monte Produce Inc.	1,248	1,433
7,233	The New York Times Company, Class A	537	541	9,697	Ingredion Inc.	1,923	1,917
17,382	Yelp Inc., Class A	894	967	8,165	Inter Parfums Inc.	1,470	1,544
		8,266	9,127	16,440	John B. Sanfilippo & Son Inc.	2,192	2,059
Consumer Discretionary – 17.5%				11,966	National Beverage Corporation	801	734
18,106	Abercrombie & Fitch Company, Class A	3,987	3,890	7,653	Pilgrim's Pride Corporation	547	499
19,667	Adient PLC	602	487	4,037	Sprouts Farmers Market Inc.	857	737
4,425	Adtalem Global Education Inc.	562	578	32,573	The Andersons Inc.	2,192	1,897
62,252	American Axle & Manufacturing Holdings Inc.	563	522	26,014	Tootsie Roll Industries Inc.	1,126	1,209
16,656	Autoliv Inc.	2,342	2,246	8,973	US Foods Holding Corporation	909	870
80,434	Bath & Body Works Inc.	3,411	4,483	10,200	USANA Health Sciences Inc.	659	526
36,573	Boyd Gaming Corporation	3,663	3,814			30,402	34,007
14,585	Brinker International Inc.	2,201	2,773	Energy – 2.2%			
1,351	Burlington Stores Inc.	492	554	21,334	CONSOL Energy Inc.	2,921	3,271
15,330	Caleres Inc.	677	510	20,683	Dorian LPG Limited	881	725
2,443	Cavco Industries Inc.	1,329	1,567	11,158	Helmerich & Payne Inc.	560	514
6,286	Century Communities Inc.	733	663	22,120	HF Sinclair Corporation	1,531	1,114
4,757	Dick's Sporting Goods Inc.	1,219	1,565	19,132	Oceaneering International Inc.	629	717
16,972	Dorman Products Inc.	2,659	3,161	40,814	Par Pacific Holdings Inc.	1,500	962
3,047	Duolingo Inc., Class A	848	1,420	25,749	REX American Resources Corporation	1,564	1,543
27,554	Etsy Inc.	2,013	2,095	62,559	RPC Inc.	580	534
72,450	Frontdoor Inc.	4,090	5,693	34,302	SM Energy Company	1,996	1,911
149,099	Gentex Corporation	6,555	6,157			12,162	11,291
21,470	G-III Apparel Group Limited	818	1,007	Financials – 23.5%			
30,721	Grand Canyon Education Inc.	6,057	7,233	2,266	Affiliated Managers Group Inc.	506	602
30,213	Green Brick Partners Inc.	3,012	2,453	10,141	Ally Financial Inc.	531	525
17,483	H&R Block Inc.	1,434	1,328	38,869	American Financial Group Inc.	6,781	7,651
3,931	Light & Wonder Inc.	496	488	7,185	Ameris Bancorp	619	646
11,145	M/I Homes Inc.	2,188	2,130	22,138	AMERISAFE Inc.	1,522	1,640
48,453	Macy's Inc.	1,151	1,179	7,902	Axos Financial Inc.	766	793
12,720	Meritage Homes Corporation	2,885	2,812	29,803	BankUnited Inc.	1,559	1,635
21,378	Monarch Casino & Resort Inc.	2,222	2,425	18,753	Berkshire Hills Bancorp Inc.	646	766
5,602	Patrick Industries Inc.	573	669	18,305	BrightSphere Investment Group Inc.	652	693
11,104	PVH Corporation	1,547	1,688	11,922	Cathay General Bancorp	680	816
29,561	Sally Beauty Holdings Inc.	504	444	27,167	Central Pacific Financial Corporation	1,000	1,134
16,508	Signet Jewelers Limited	2,042	1,915	14,675	City Holding Company	2,203	2,499
31,075	Steven Madden Limited	1,783	1,899	20,315	CNO Financial Group Inc.	842	1,087
11,885	Taylor Morrison Home Corporation, Class A	1,079	1,046	27,941	Columbia Banking System Inc.	993	1,085
9,866	Texas Roadhouse Inc., Class A	2,713	2,559	5,594	Comerica Inc.	538	497
26,376	The Buckle Inc.	1,507	1,926	36,245	CVB Financial Corporation	936	1,116
29,575	The Gap Inc.	905	1,005	11,554	Donnelley Financial Solutions Inc.	943	1,042
14,701	The ODP Corporation	758	481	24,183	East West Bancorp Inc.	2,674	3,329
25,252	Toll Brothers Inc.	4,293	4,572	8,073	Employers Holdings Inc.	494	595
1,708	TopBuild Corporation	922	764	27,515	Equitable Holdings Inc.	1,480	1,866
49,565	TRI Pointe Homes Inc.	2,947	2,583	22,889	Essent Group Limited	1,832	1,791
7,396	Urban Outfitters Inc.	527	583	2,202	Evercore Inc., Class A	660	877
18,855	Victoria's Secret & Company	729	1,123	9,184	Fidelity National Financial Inc.	799	741
16,551	Williams-Sonoma Inc.	2,911	4,406	235,975	First BanCorp	6,291	6,306
		83,949	90,896	17,728	First Hawaiian Inc.	560	661
				24,161	First Horizon Corporation	545	700
				54,985	Genworth Financial Inc., Class A	522	553
				11,759	Hancock Whitney Corporation	962	925
				9,527	Horace Mann Educators Corporation	461	537

No. of Shares or Units/ Par Value	Description	Cost	Fair Value
53,671	Janus Henderson Group PLC	\$ 3,063	\$ 3,281
13,600	Jefferies Financial Group Inc.	957	1,533
73,589	Lincoln National Corporation	3,165	3,354
43,758	Mercury General Corporation	3,612	4,182
41,974	National Bank Holdings Corporation, Class A	2,261	2,598
11,857	NBT Bancorp Inc.	667	814
20,532	NMI Holdings Inc., Class A	1,009	1,085
54,708	OFG Bancorp	3,091	3,328
143,314	Old Republic International Corporation	6,180	7,455
8,106	Palomar Holdings Inc.	1,090	1,230
3,292	Pinnacle Financial Partners Inc.	403	541
3,599	Primerica Inc.	1,491	1,404
30,831	PROG Holdings Inc.	1,904	1,873
5,439	Reinsurance Group of America Inc.	1,427	1,670
4,919	RenaissanceRe Holdings Limited	1,557	1,759
10,404	Safety Insurance Group Inc.	1,146	1,232
65,415	SEI Investments Company	6,109	7,756
23,716	SLM Corporation	674	940
28,412	Southside Bancshares Inc.	1,222	1,297
27,361	Stewart Information Services Corporation	2,348	2,654
36,573	StoneX Group Inc.	3,922	5,151
13,917	Synovus Financial Corporation	865	1,025
9,565	The Hanover Insurance Group Inc.	1,752	2,127
36,547	The Western Union Company	559	557
18,176	UMB Financial Corporation	2,325	2,949
33,556	Unum Group	2,562	3,523
25,539	Virtu Financial Inc., Class A	1,165	1,310
6,941	Virtus Investment Partners Inc.	2,063	2,201
32,585	Voya Financial Inc.	3,363	3,224
29,735	Westamerica Bancorporation	2,091	2,242
4,078	Wintrust Financial Corporation	575	731
45,718	Zions Bancorporation National Association	3,516	3,565
		107,131	121,699
Health Care – 6.2%			
6,361	Addus HomeCare Corporation	1,117	1,146
44,593	ADMA Biologics Inc.	1,197	1,099
66,823	Alkermes PLC	2,427	2,763
9,076	Astrana Health Inc.	599	411
59,165	Catalyst Pharmaceuticals Inc.	1,516	1,775
5,501	Chemed Corporation	4,214	4,189
10,105	Corcept Therapeutics Inc.	529	732
33,038	CorVel Corporation	4,075	5,284
9,401	Encompass Health Corporation	1,350	1,248
19,315	Exelixis Inc.	796	925
13,125	Halozyme Therapeutics Inc.	986	902
40,600	Hims & Hers Health Inc.	1,360	1,411
3,121	Inspire Medical Systems Inc.	860	832
5,036	Medpace Holdings Inc.	2,693	2,405
8,489	Omniceil Inc.	521	543
30,089	Organon & Company	827	645
17,820	Privia Health Group Inc.	493	501
16,811	Protagonist Therapeutics Inc.	913	933
12,134	Tandem Diabetes Care Inc.	649	628
8,083	Tenet Healthcare Corporation	1,417	1,467
41,376	TG Therapeutics Inc.	1,486	1,790
5,376	TransMedics Group Inc.	787	482
		30,812	32,111

No. of Shares or Units/ Par Value	Description	Cost	Fair Value
Industrials – 21.9%			
3,095	Advanced Drainage Systems Inc.	\$ 646	\$ 514
21,164	AECOM	3,105	3,250
12,226	Apogee Enterprises Inc.	1,050	1,255
3,243	Applied Industrial Technologies Inc.	887	1,116
9,958	Armstrong World Industries Inc.	1,902	2,023
3,869	Avis Budget Group Inc.	456	448
17,228	Boise Cascade Company	3,007	2,943
57,101	Brady Corporation, Class A	5,046	6,062
10,216	CACI International Inc., Class A	6,807	5,934
10,326	Carlisle Companies Inc.	5,288	5,475
2,267	Comfort Systems USA Inc.	1,339	1,382
8,304	CSW Industrials Inc.	4,225	4,211
5,125	Curtiss-Wright Corporation	2,200	2,614
15,921	Donaldson Company Inc.	1,579	1,541
12,450	EMCOR Group Inc.	5,821	8,123
19,882	Exponent Inc.	2,564	2,546
15,334	Federal Signal Corporation	1,851	2,036
6,341	Flowserve Corporation	549	524
3,676	Franklin Electric Company Inc.	497	515
7,275	Gibraltar Industries Inc.	660	616
4,877	GMS Inc.	575	595
33,799	Graco Inc.	3,852	4,095
24,741	Griffon Corporation	2,332	2,535
14,991	Heidrick & Struggles International Inc.	712	955
7,619	Hub Group Inc., Class A	461	488
22,637	Insteel Industries Inc.	997	879
21,049	Interface Inc.	572	737
10,380	Korn Ferry	922	1,006
20,790	Landstar System Inc.	5,265	5,136
8,342	Lennox International Inc.	5,714	7,306
20,475	Lincoln Electric Holdings Inc.	5,744	5,518
65,411	Marten Transport Limited	1,663	1,468
18,245	Matson Inc.	3,069	3,536
16,347	Maximus Inc.	1,869	1,754
48,893	Mueller Industries Inc.	4,009	5,578
20,301	Owens Corning	4,772	4,970
27,527	Quanex Building Products Corporation	1,131	959
19,189	Resideo Technologies Inc.	536	636
6,953	Science Applications International Corporation	1,216	1,117
9,089	Simpson Manufacturing Company Inc.	2,168	2,167
16,928	SkyWest Inc.	2,659	2,436
36,715	Sunrun Inc.	723	488
23,782	Tetra Tech Inc.	1,386	1,362
1,983	UniFirst Corporation	481	488
9,960	Watts Water Technologies Inc., Class A	2,677	2,911
1,859	WESCO International Inc.	542	484
3,175	XPO Inc.	673	599
		106,199	113,331

No. of Shares or Units/ Par Value	Description	Cost	Fair Value
Information Technology – 9.0%			
14,695	ACI Worldwide Inc.	\$ 1,004	\$ 1,096
21,468	Amkor Technology Inc.	918	793
31,814	Arlo Technologies Inc.	570	512
7,283	Axcelis Technologies Inc.	1,116	731
4,013	Badger Meter Inc.	1,124	1,224
20,269	Commvault Systems Inc.	3,637	4,397
4,793	DocuSign Inc.	568	620
13,726	Dropbox Inc., Class A	555	593
22,810	DXC Technology Company	660	655
25,608	Extreme Networks Inc.	515	616
6,100	Fabrinet	1,897	1,928
22,746	Flex Limited	1,248	1,255
9,284	FormFactor Inc.	551	587
26,171	InterDigital Inc.	6,597	7,288
8,010	Manhattan Associates Inc.	2,709	3,112
39,680	MARA Holdings Inc.	994	957
3,949	Onto Innovations Inc.	980	946
27,042	PC Connection Inc.	2,668	2,693
20,366	Photronics Inc.	651	690
16,830	Rambus Inc.	1,297	1,279
49,934	Sanmina Corporation	4,618	5,431
14,938	Semtech Corporation	927	1,328
3,075	SPS Commerce Inc.	791	813
38,915	TD SYNnex Corporation	6,361	6,560
17,386	Teradata Corporation	777	778
		43,733	46,882
Materials – 8.1%			
18,954	AdvanSix Inc.	753	776
8,558	Alcoa Corporation	551	465
2,683	Alpha Metallurgical Resources Inc.	982	772
27,309	AptarGroup Inc.	5,368	6,167
7,843	Balchem Corporation	1,686	1,837
3,907	Carpenter Technology Corporation	803	953
58,881	Century Aluminum Company	1,198	1,542
6,327	Commercial Metals Company	474	451
3,380	Hawkins Inc.	558	596
19,783	Louisiana-Pacific Corporation	2,818	2,945
4,835	Minerals Technologies Inc.	493	530
7,305	NewMarket Corporation	5,330	5,548
18,707	Olin Corporation	1,256	909
11,809	Reliance Inc.	4,708	4,571
2,836	Royal Gold Inc.	581	537
13,309	RPM International Inc.	2,072	2,354
70,964	Silgan Holdings Inc.	4,639	5,309
72,543	Sonoco Products Company	5,423	5,094
54,284	SunCoke Energy Inc.	790	835
		40,483	42,191

No. of Shares or Units/ Par Value	Description	Cost	Fair Value
Real Estate – 2.8%			
38,102	Alexander & Baldwin Inc.	\$ 1,031	\$ 972
13,409	CareTrust REIT Inc.	547	521
27,563	Cushman & Wakefield PLC	492	518
15,935	EPR Properties	1,005	1,014
17,872	Equity LifeStyle Properties Inc.	1,747	1,711
76,137	eXp World Holdings Inc.	1,324	1,260
9,488	Jones Lang LaSalle Inc.	2,892	3,453
9,928	Omega Healthcare Investors Inc.	549	540
13,978	Saul Centers Inc., Real Estate Investment Trust	763	780
43,403	The St. Joe Company	3,345	2,803
88,447	Uniti Group Inc.	548	699
		14,243	14,271
Utilities – 0.3%			
4,688	American States Water Company	513	523
42,112	MDU Resources Group Inc.	1,288	1,091
		1,801	1,614
	Transaction Costs	(35)	
	TOTAL INVESTMENT		
	PORTFOLIO – 99.9%	\$ 479,146	\$ 517,420
	TOTAL PORTFOLIO		\$ 517,420

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

TD Q U.S. Small-Mid-Cap Equity ETF

Fund-Specific Notes to the Financial Statements

The Fund

(I) The Fund was inception on October 29, 2019 and its operations commenced on November 20, 2019. The units of the Fund were available for purchase on the Toronto Stock Exchange ("TSX") effective November 26, 2019. The TSX ticker symbol for the Fund is TQSM.

(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 achieve long-term capital growth by investing primarily in, or gaining exposure to, equity securities of small or medium-sized issuers located in the United States. In seeking to achieve this objective, the Fund uses a quantitative equity strategy to optimize exposure to a large number of securities, broadly diversified across all sectors, that are expected to outperform the overall market. A quantitative equity strategy is the selection of equity securities based on mathematical or rules-based algorithm.

(V) As at December 31, 2024, TDAM, affiliates of TDAM, and funds managed by TDAM held 23.1% (December 31, 2023: 27.9%) of the net assets of the Fund.

(VI) The closing price for TQSM as at December 31, 2024 was \$25.05.

Management Fees (%) (Note 6)

for the periods ended December 31, 2024 and 2023 (exclusive of GST and HST)
The annual management fee rate is 0.40%.

Brokerage Commissions and Soft Dollars (in 000s) (Notes 3 and 6) for the periods ended December 31, 2024 and 2023

	2024	2023
Total Brokerage Commissions	\$ 83	\$ 6
Commissions Paid to Related Parties	0	0
Soft Dollars	0	0

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

as at December 31, 2024
None for the Fund.

Securities Lent (Note 3)

(I) SECURITIES LENDING INCOME

A reconciliation of the gross amount generated from the securities lending transactions to the securities lending income to the Fund for the periods ended December 31, 2024 and 2023 is as follows:

	Amount (in 000s)		Percentage of Total Amount (%)	
	2024	2023	2024	2023
Gross Securities Lending Income	\$ 16	\$ 4	100.0	100.0
Agent Fees – The Bank of New York Mellon	(4)	(1)	(23.0)	(22.9)
Securities Lending Income to the Fund before Tax Reclaims (Withholding Taxes)	12	3	77.0	77.1
Tax Reclaims (Withholding Taxes)	0	0	0.0	(0.3)
Net Securities Lending Income	\$ 12	\$ 3	77.0	76.8

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

The table below summarizes the aggregate securities lent and related collateral held by the Fund as at December 31, 2024 and 2023.

	2024	2023
Fair Value of Securities Lent	\$ 41,142	\$ 3,881
Fair Value of Collateral Held	44,508	4,076

Collateral held is in the form of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments or corporations and is not included in the Statements of Financial Position.

Financial Risk Management (Notes 3, 4 and 8) as at December 31, 2024 and 2023

(I) INTEREST RATE RISK

Not significant to the Fund.

(II) CURRENCY RISK

The following tables indicate the currencies (other than the Fund's functional currency) to which the Fund had exposure to as at December 31, 2024 and 2023, including the underlying principal amount of foreign exchange forward contracts, as applicable. The tables also illustrate the potential impact to the Fund's net assets if the Fund's functional currency had strengthened or weakened by 5 percent in relation to all exposure to other currencies, with all other variables held constant. In practice, the actual trading results may differ from these approximate sensitivity amounts and the differences could be material.

Currency (in 000s)	Financial Instruments*	Foreign Exchange Forward Contracts*	Total Exposure	Impact on Net Assets
Dec 31, 2024				
United States Dollar	\$ 519,522	\$ 0	\$ 519,522	\$ 25,976
As a Percentage of Net Assets (%)			100.3	5.0

Currency (in 000s)	Financial Instruments*	Foreign Exchange Forward Contracts*	Total Exposure	Impact on Net Assets
Dec 31, 2023				
United States Dollar	\$ 140,309	\$ 0	\$ 140,309	\$ 7,015
As a Percentage of Net Assets (%)			100.0	5.0

* Includes both monetary and non-monetary instruments, where applicable.

(III) OTHER PRICE RISK

The table below summarizes the impact of other price risk to the Fund. As at December 31, 2024 and 2023, had the benchmark of the Fund increased or decreased by 5 percent, with all other variables held constant, the net assets of the Fund would have increased or decreased by approximately:

Benchmark	2024	2023
	Weight (%)	
S&P MidCap 400 Total Return Index (C\$)	50.00	50.00
S&P SmallCap 600 Total Return Index (C\$)	50.00	50.00
Impact on Net Assets (in 000s)	\$ 19,921	\$ 4,834
Impact on Net Assets (%)	3.8	3.4

In practice, the actual trading results may differ from the above estimated amounts and the differences could be material.

(IV) CREDIT RISK

Not significant to the Fund.

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

(in 000s)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at December 31, 2024 and 2023.

	Level 1	Level 2	Level 3	Total
Dec 31, 2024				
Equities	\$ 517,420	\$ 0	\$ 0	\$ 517,420

During the period, transfers between Level 1 and Level 2 were not significant.

	Level 1	Level 2	Level 3	Total
Dec 31, 2023				
Equities	\$ 140,102	\$ 0	\$ 0	\$ 140,102

During the period, transfers between Level 1 and Level 2 were not significant.

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

Not significant or applicable to the Fund.

Investment Portfolio Concentration (%) (Note 8)

The following tables summarize the Fund's investment portfolio concentration as at December 31, 2024 and 2023:

	2024
Financials	23.5
Industrials	21.9
Consumer Discretionary	17.5
Information Technology	9.0
Materials	8.1
Consumer Staples	6.6
Health Care	6.2
Real Estate	2.8
Energy	2.2
Communication Services	1.8
Cash (Bank Overdraft)	0.4
Utilities	0.3
Other Net Assets (Liabilities)	(0.3)
	100.0
	2023
Industrials	24.9
Financials	20.8
Consumer Discretionary	16.4
Materials	10.7
Energy	8.6
Consumer Staples	8.2
Information Technology	4.1
Health Care	3.0
Utilities	2.0
Communication Services	1.2
Cash (Bank Overdraft)	0.4
Other Net Assets (Liabilities)	(0.3)
	100.0

Interest in Unconsolidated Structured Entities (Note 3)

as at December 31, 2024 and 2023

Not significant or applicable to the Fund.

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

as at December 31, 2024 and 2023

Not significant or applicable to the Fund.

Notes to the Financial Statements

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. Cash Management 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 2028 Investment Grade Bond ETF
TD Target 2029 Investment Grade Bond ETF
TD Target 2030 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 December 31, 2024 and 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 twelve-month periods ended December 31, 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 Financial Statements ("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 March 14, 2025.

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"). 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 December 31, 2024 and 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.

Notes to the Financial Statements

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 December 31, 2024 and 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 December 31, 2024 and 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 distributions from ETFs is recognized on ex-dividend dates and distributions from underlying mutual funds are recognized on ex-distribution dates. Distributions received from ETFs are periodically 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.

Notes to the Financial Statements

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.

New standards and amendments not yet effective

A number of new standards and amendments to standards are not yet effective as of December 31, 2024 and have not been applied in preparing these financial statements.

i) *Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7)

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7. Among other amendments, IASB clarified that a financial liability is derecognized on the 'settlement date' and introduced an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. These amendments are effective for annual periods beginning on or after January 1, 2026, with early adoption permitted.

ii) *IFRS 18 Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, which replaces IAS 1 *Presentation of Financial Statements*. It introduces several new requirements that are expected to impact the presentation and disclosure of the financial statements. These include:

- The requirement to classify all income and expense into specified categories and provide specified totals and subtotals in the statement of profit or loss.
- Enhanced guidance on the aggregation, location and labeling of items across the financial statements and the notes to the financial statements.
- Required disclosures about management-defined performance measures.

IFRS 18 is effective for annual periods beginning on or after January 1, 2027, with early adoption permitted.

The Funds are currently assessing the effect of the above standard and amendments. No other new standards and amendments are expected to have a material effect on the financial statements of the Funds.

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 December 31, 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.

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.

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

Notes to the Financial Statements

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; income and 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 December 31, 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 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.

Notes to the Financial Statements

(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 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 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, or the SEDAR+ website at 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

TD ETFs are managed by TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank.

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