

TD Asset Management

TD Active U.S. Enhanced Dividend ETF (TUED/TUED.U)

536190
(03/25)

TD Exchange-Traded Funds Annual Management Report of Fund Performance

for the period ended December 31, 2024

This Annual Management Report of Fund Performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the annual financial statements at your request, at no cost, by writing to us at TD Asset Management Inc., P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8, or by visiting our website at www.td.com/ca/en/asset-management or the SEDAR+ website at www.sedarplus.ca.



Securityholders may also contact us or visit our website to get a copy of the investment fund's interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure at no cost.

Management Discussion of Fund Performance

Investment Objectives & Strategies

The investment objective of TD Active U.S. Enhanced Dividend ETF (the "Fund") is to seek to earn income and generate moderate capital growth by investing primarily in dividend-paying equity securities of issuers located in the United States. In seeking to achieve this objective, the Fund selects securities through an active fundamental methodology that considers an issuer's ability to profitably generate and grow free cash flow, and its efficiency at allocating capital. In seeking to enhance income or to reduce overall portfolio volatility, the Fund may write covered call options or cash covered put options. The Fund may also hedge any or all foreign currency exposure.

Risk

The risks of investing in the Fund remain as outlined in the prospectus.

Results of Operations

The Fund is an exchange-traded fund listed on the Toronto Stock Exchange ("TSX"). Units of the Fund are traded under TSX ticker symbol "TUED" for Canadian dollar denominated units and "TUED.U" for U.S. dollar denominated units. Units of TUED returned 46.9% for the year ended December 31, 2024 (the "Reporting Period"), versus 35.8% for the Fund's product benchmark and general market index, the S&P 500 Total Return Index (Net Dividend, C\$). Unlike the product benchmark and general market index, the Fund's return is quoted after the deduction of fees and expenses. Returns for other units of the Fund may vary, largely due to differences in currencies. Refer to the Past Performance section for returns of various units of the Fund.

Market Update

The U.S. economy continued to expand over the Reporting Period, demonstrating its relative strength despite tight financial conditions and softer economic activity elsewhere around the world. Consumer spending was the key driver of growth as U.S. households proved their resiliency amid high borrowing costs and elevated inflation. However, small cracks began to emerge as the Reporting Period progressed. Relatively strong manufacturing activity began to fade in response to slower demand. Real estate market activity waned with high mortgage rates weighing on demand. A slowing U.S. labour market raised concerns about the health of the overall economy. The U.S. unemployment rate rose to its highest level since 2021. In response to the slowing labour market and easing inflationary pressures, the U.S. Federal Reserve Board ("Fed") lowered the target range of its benchmark interest rate by 1.00% to 4.25%-4.50%. At its final meeting of the Reporting Period, the Fed lowered its expectations for the number of interest rate cuts in 2025 given inflation was still above its 2% target and economic conditions were relatively stable.

U.S. equities delivered a strong gain over the Reporting Period, with 10 of 11 sectors generating positive returns. Communication services, information technology and consumer discretionary were the strongest-performing sectors, while materials, health care and real estate were the weakest-performing sectors.

The communication services and information technology sectors were key drivers of U.S. equity market gains over the Reporting Period. Both benefited from the progress and expected capabilities of artificial intelligence ("AI"). Investors also raised the valuations of stocks in both sectors in response to lower interest rates. U.S. consumer spending remained resilient despite tight financial conditions, which benefited the consumer discretionary sector.

Key Contributors/Detractors

The Fund generated positive returns over the Reporting Period and outperformed its product benchmark.

- Security selection within the information technology sector was a source of strength as the Fund owned both NVIDIA Corp. and Broadcom Inc., semiconductor giants that continued to exhibit strong business momentum. Owning an enterprise software-as-a-service provider of technology service management solutions also contributed to returns.
- Stock selection within the financials sector contributed positively owing to the Fund's exposures to an alternative investment management company, a global card issuer and payments network, an independent investment bank, and a property and casualty insurance leader specializing in motor insurance, all of which returned more than 50%.
- Stock selection within the industrials sector contributed to performance owing to positions in multiple aerospace and defense companies, a global power management company, and a company that provides heating, ventilation and air conditioning solutions, all of which strongly outperformed their sector peers.
- Both an underweight allocation to the health care sector and stock selection within this sector contributed to performance. A pharmaceutical giant that is a leader in cancer immunotherapy, vaccines and animal health products contributed as well.
- An underweight allocation to the communication services sector detracted from performance as it was the top-performing sector.

Assets

The Fund experienced a significant increase in assets due to investor purchase activity.

Recent Developments

The Portfolio Adviser believes the U.S. economy is well positioned for continued growth supported by anticipated regulatory reduction, which should unlock additional business activity, a shift toward a more business-friendly policy environment, and a long-term productivity boost from AI. The corporate environment remains positive, with the incoming U.S. Administration likely to focus on extending and modifying the Tax Cuts & Jobs Act, measures providing tax breaks for households and increasing deregulation to boost productivity. Additionally, the macroeconomic environment still suggests a period of moderate inflation, all of which bodes well for corporate earnings outlook next year. However, President-Elect Donald Trump's proposed policies also bring risks, as noted above. Universal tariffs may bring the risk of retaliatory tariffs from other countries, which could hurt U.S. exporters.

Looking ahead, the Portfolio Adviser will be monitoring several factors that influence market performance, including earnings momentum, policy announcements and geopolitics. Although a strong U.S. dollar has created some concerns for the global economy, the Portfolio Adviser believes this also presents an opportunity within the Fund's current investment framework, which seeks out companies that will outperform in dynamic market conditions. The U.S. continues to exhibit resilience as it potentially enters the mid-cycle stage of a sustained economic cycle. Consumer sentiment has also lifted in recent months and the generally lower interest rates should allow greater discretionary spending if optimism is sustained.

The Fund remains invested in the big-picture themes like AI, data centres, travel and consumer resilience, and in high-conviction ideas that will likely see faster acceleration of free cash flows in the current environment. The Portfolio Adviser has added to select exposures and reduced the Fund's defensive exposures. During the Reporting Period, 76% of the Fund's holdings increased dividends at an average of 19%. The Fund is invested in high-quality companies that can continue to grow and compound their income streams.

Related Party Transactions

Affiliates of TD Asset Management Inc. ("TDAM") may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as in connection with banking, deposit-taking, custody, brokerage and derivatives transactions, subject to approval or review by the Fund's independent review committee ("IRC") and/or compliance with applicable internal policies and procedures.

Manager, Trustee and Portfolio Adviser:

TDAM, a wholly-owned subsidiary of The Toronto-Dominion Bank ("TD"), is the manager, trustee, portfolio adviser and promoter of the Fund. Each class of the Fund pays TDAM an annual management fee.

Designated Broker and Dealer:

TDAM has entered into an agreement with TD Securities Inc. ("TDS"), an affiliate of TDAM, to act as designated broker and dealer to perform certain duties for the Fund. The designated broker arrangements entered into with TDS are consistent with market terms and conditions.

Custodian:

TD is the sub-custodian of the Fund and may hold a portion of cash of the Fund.

Buying and Selling Securities:

TDAM has established the IRC to act 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 securityholders of the Fund. The report is available on the TDAM website at www.td.com/ca/en/asset-management or at the securityholder's request at no cost by contacting TDAM (see front cover).

The Fund relied on standing instructions from the IRC in respect of one or more of the following transactions:

- (a) trades in securities of TD or any affiliate or associate thereof;
- (b) investments in the securities of an issuer where TDS, TD Waterhouse Canada Inc., or any other affiliate of TDAM (a "Related Dealer") acted as an underwriter during the distribution of such securities and the 60-day period following the completion of the distribution of the underwritten securities;
- (c) purchases or sales of securities of an issuer from or to another investment fund or discretionary managed account managed by TDAM; and
- (d) purchases of securities from or sales of securities to a Related Dealer, where it acted as principal.

The relevant standing instructions require that securities transactions with related parties conducted by TDAM (i) are free from any influence by an entity related to TDAM and without taking into account any consideration relevant to an entity related to TDAM; (ii) represent the business judgment of TDAM uninfluenced by considerations other than the best interests of the Fund; (iii) comply with the applicable policies and procedures of TDAM; and (iv) achieve a fair and reasonable result for the Fund.

Brokerage Arrangements (000s):

From time to time, the Fund may enter into portfolio securities transactions with Related Dealers who may earn commissions or spreads provided that such trades are made on terms and conditions that are comparable to non-affiliated brokerages. During the Reporting Period, the Fund paid commissions to related parties amounting to \$1 or 0.2% of total commissions paid by the Fund for portfolio transactions in total.

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the past five fiscal years, as applicable. For units of the Fund that commenced operations during any of the periods presented, the data reported for that period represents results from the commencement of operations (as disclosed in the Past Performance section) to the end of that reporting period.

Net Assets per Unit (\$)¹

	TUED (C\$)					TUED.U (US\$)				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Net Assets, Beginning of Year	21.55	17.89	21.43	17.41	15.00†	16.22	13.19	16.39†	N/A	N/A
Increase (Decrease) from Operations:										
Total Revenue	0.28	0.28	0.31	0.23	0.10	0.21	0.21	0.20	N/A	N/A
Total Expenses (excluding distributions)	(0.25)	(0.20)	(0.20)	(0.20)	(0.10)	(0.19)	(0.15)	(0.12)	N/A	N/A
Realized Gains (Losses) for the Period	5.77	1.49	(1.62)	1.83	0.79	4.18	1.06	(1.19)	N/A	N/A
Unrealized Gains (Losses) for the Period	4.03	2.72	(1.19)	2.66	2.14	2.65	2.04	(0.55)	N/A	N/A
Total Increase (Decrease) from Operations²	9.83	4.29	(2.70)	4.52	2.93	6.85	3.16	(1.66)	N/A	N/A
Distributions:										
From Net Investment Income (excluding dividends)	(0.01)	(0.11)	(0.10)	(0.07)	(1.49)	(0.01)	(0.08)	(0.06)	N/A	N/A
From Dividends	(0.02)	0.00	0.00	0.00	(0.01)	(0.01)	0.00	0.00	N/A	N/A
From Capital Gains	(3.30)	(0.57)	0.00	(1.76)	(0.18)	(1.63)	(0.47)	0.00	N/A	N/A
Return of Capital	(0.12)	(0.06)	(0.51)	(0.06)	0.00	(0.17)	(0.04)	(0.30)	N/A	N/A
Total Annual Distributions³	(3.45)	(0.74)	(0.61)	(1.89)	(1.68)	(1.82)	(0.59)	(0.36)	N/A	N/A
Net Assets at December 31	30.90	21.55	17.89	21.43	17.41	21.42	16.22	13.19	N/A	N/A

¹ This information is derived from the Fund's audited annual financial statements prepared in accordance with International Financial Reporting Standards. The Fund measures fair values of its investments based on close market prices, where the close market price falls within the bid-ask spread or based on quotations from recognized dealers. As such, the Fund's accounting policies for measuring the fair value of investments in the financial statements are substantively consistent with those used in measuring the net asset value ("NAV") for transactions with unitholders.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This table is not intended to be a reconciliation of the net assets per unit.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both. The Fund may make notional distributions from time to time and the units issued on reinvestments are immediately consolidated with the units held prior to the notional distribution. As a result, the total number of units held after the notional distribution is identical to the number of units held before the notional distribution. The following table shows the notional distributions for the periods presented, as applicable.

	TUED (C\$)					TUED.U (US\$)				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Notional Income Distribution	0.00	0.00	0.00	0.00	1.37	0.00	0.00	0.00	N/A	N/A
Notional Dividend Distribution	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N/A	N/A
Notional Capital Gains Distribution	2.75	0.13	0.00	1.36	0.04	1.23	0.11	0.00	N/A	N/A
Notional Return of Capital Distribution	0.05	0.00	0.00	0.00	0.00	0.10	0.00	0.00	N/A	N/A

† Initial offering price.

Ratios and Supplemental Data

	TUED (C\$)					TUED.U (US\$)				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
Total Net Asset Value (\$000s)¹	509,785	262,930	182,439	104,989	52,236	32,129	1,622	1,319	N/A	N/A
Number of Units Outstanding (000s)¹	16,500	12,200	10,200	4,900	3,000	1,500	100	100	N/A	N/A
Management Expense Ratio (%)²	0.73	0.73	0.73	0.74	0.73	0.72	0.73	0.72	N/A	N/A
Management Expense Ratio Before Waivers or Absorptions (%)	0.73	0.73	0.73	0.74	0.75	0.72	0.74	0.74	N/A	N/A
Trading Expense Ratio (%)³	0.09	0.11	0.13	0.11	0.10	0.09	0.11	0.13	N/A	N/A
Portfolio Turnover Rate (%)⁴	136.94	115.15	141.13	114.41	63.77	136.94	115.15	141.13	N/A	N/A
Net Asset Value per Unit (\$)	30.90	21.55	17.89	21.43	17.41	21.42	16.22	13.19	N/A	N/A
Closing Market Price (\$)⁵	30.92	21.55	17.78	21.51	17.34	21.44	16.22	13.20	N/A	N/A

¹ This information is provided as at December 31 of the past five fiscal years, as applicable.

² Management Expense Ratio ("MER") is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) net of any waivers or absorptions for the stated period and is expressed as an annualized percentage of daily average NAV during the period. Any waivers or absorptions may be discontinued at any time by TDAM at its discretion without notice.

³ The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the stated period.

⁴ The Fund's portfolio turnover rate ("PTR") indicates how actively the Fund's portfolio adviser manages its investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the stated period. The higher a fund's PTR, the greater the trading costs payable by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the fiscal year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

⁵ Mid price would be used if no transaction took place on the last business day of the financial period.

Management Fees

As manager of the Fund, TDAM is responsible for the overall business and affairs of the Fund, including activities related to providing, or arranging for the provision of, certain administrative services and marketing services to the Fund. In consideration for the provision of such services, the Fund pays TDAM a management fee.

Management fees, plus applicable taxes, are calculated and accrued on a daily basis based on the net asset value of the Fund and are paid monthly to TDAM.

The prospectus discloses a specified annual management fee rate that TDAM can charge to the Fund. TDAM may waive all or a portion of the management fees being charged to the Fund, which may be discontinued at any time by TDAM at its discretion without notice to unitholders.

The annual management fees and a breakdown of the major services rendered, as a percentage of the management fees paid, are as follows:

(expressed as a %)	Annual Mgmt. Fees*	Dealer Compensation	Waived Operating Expenses	Other†
TUED	0.65	N/A	0.09	99.91
TUED.U	0.65	N/A	0.06	99.94

* Includes management fees paid by the Fund and the proportionate management fees, if any, of the underlying fund(s) managed by TDAM held by the Fund. However, no management fees are payable by the Fund that, to a reasonable person, would duplicate a fee payable by the underlying fund(s) for the same services.

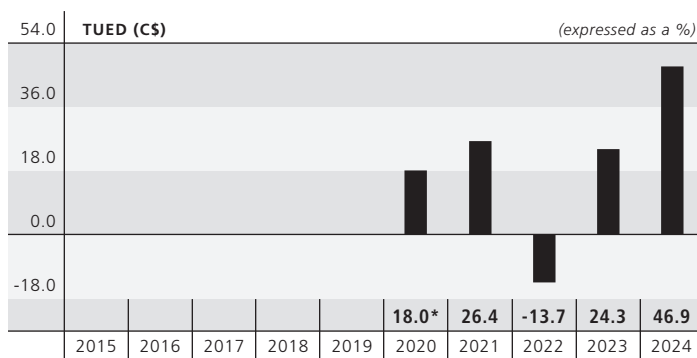
† Trustee, marketing services and other.

Past Performance

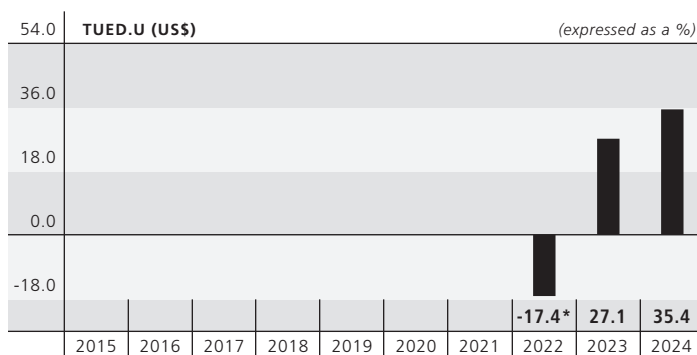
The following charts show how the Fund has performed in the past, and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions during the period in additional units at the net asset value per unit of the Fund at the time of distribution. They do not take into account sales, redemption, distribution or other optional charges or income taxes payable by any unitholder, and these returns would be lower if they did. The Fund's past performance does not necessarily indicate how it will perform in the future.

Year-by-year returns

The bar charts show how the Fund's performance has varied from year to year for each of the years shown. It shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31.



* From May 26, 2020 (commencement of operations) to December 31, 2020



* From March 29, 2022 (commencement of operations) to December 31, 2022

Annual Compound Returns

The following table shows the annual compound total returns of the Fund for each of the periods indicated ended on December 31, 2024, compared with the following benchmarks:

- Product Benchmark:
 - S&P 500 Total Return Index (Net Dividend) – This index is comprised of 500 widely-held U.S. companies, net of withholding taxes.
- General Market Index:
 - S&P 500 Total Return Index (Net Dividend).

(expressed as a %)	Past year	Past 3 years	Past 5 years	Past 10 years	Since inception
TUED (C\$) (May 26, 2020)	46.9	16.4	N/A	N/A	20.4
Product Benchmark (C\$)	35.8	13.2	N/A	N/A	18.1
General Market Index (C\$)	35.8	13.2	N/A	N/A	18.1
TUED.U (US\$) (Mar. 29, 2022)	35.4	N/A	N/A	N/A	13.6
Product Benchmark (US\$)	24.5	N/A	N/A	N/A	10.2
General Market Index (US\$)	24.5	N/A	N/A	N/A	10.2

A discussion of the Fund's performance compared to the product benchmark and general market index can be found in the Results of Operations section.

Summary of Investment Portfolio

as at December 31, 2024

	% of Net Asset Value
ASSET ALLOCATION	
U.S. Equities	92.1
Global Equities	6.0
Cash (Bank Overdraft)	1.2
Canadian Equities	0.9
Derivatives	0.0
Other Net Assets (Liabilities)	(0.2)
PORTFOLIO ALLOCATION	
Information Technology	36.0
Financials	16.1
Industrials	14.0
Consumer Discretionary	10.8
Communication Services	8.5
Health Care	3.7
Consumer Staples	3.3
Energy	3.2
Materials	1.7
Real Estate	1.5
Cash (Bank Overdraft)	1.2
Utilities	0.2
Options, Written	0.0
Other Net Assets (Liabilities)	(0.2)
TOTAL NET ASSET VALUE (000s)	
	\$ 555,969

	% of Net Asset Value
TOP 25 INVESTMENTS	
NVIDIA Corporation	8.0
Apple Inc.	7.6
Microsoft Corporation	6.7
Amazon.com Inc.	6.0
Meta Platforms Inc.	4.7
Broadcom Inc.	4.4
Alphabet Inc.	3.8
JPMorgan Chase & Company	3.7
Costco Wholesale Corporation	3.3
ServiceNow Inc.	2.8
Apollo Global Management Inc.	2.5
Motorola Solutions Inc.	2.5
American Express Company	2.5
Eaton Corporation PLC	2.4
Eli Lilly & Company	2.4
The Progressive Corporation	2.4
Trane Technologies PLC	2.4
Targa Resources Corporation	2.3
Hilton Worldwide Holdings Inc.	2.2
SAP SE	2.1
Curtiss-Wright Corporation	1.9
Cintas Corporation	1.9
Fair Isaac Corporation	1.9
Howmet Aerospace Inc.	1.8
Arthur J. Gallagher & Company	1.8
Total % of Net Asset Value represented by these holdings	84.0

Note: Totals may not add due to rounding to one decimal place of individual figures.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Updates are available quarterly. You may obtain the most current quarterly information by writing to us at TD Asset Management Inc., P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto, Ontario, M5K 1G8, or by visiting our website at www.td.com/ca/en/asset-management.

Caution regarding forward-looking statements

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements including, but not limited to, statements about the Fund, its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and relevant market factors in North America and internationally, interest and foreign exchange rates, equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events.

The above mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing any undue reliance on forward-looking statements. Further, there is no specific intention of updating any forward-looking statements contained herein whether as a result of new information, future events or otherwise.

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