

TD Asset Management

TD Global Carbon Credit Index ETF (TCBN)

536314
(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 Global Carbon Credit Index ETF (the "Fund") is to seek to track, to the extent reasonably possible and before the deduction of fees and expenses, the performance of a global carbon credit index which measures the investment return of global cap-and-trade carbon emission credits. In seeking to achieve this objective, the Fund may invest directly in carbon emission allowance futures and/or use swap agreements to obtain economic exposure to futures contracts (based on an Emissions Trading System's carbon credits) included in the Solactive Global Carbon Credit CAD Hedged Index. The Fund will hold cash, cash equivalent and other money market instruments, and may use other derivative instruments for investment and hedging purposes.

The Fund 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 net asset value of the Fund. The Fund currently does not intend to use these mechanisms as part of its investment strategies.

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 "TCBN". The Fund returned -9.3% for the year ended December 31, 2024 (the "Reporting Period"), versus -7.8% for the Fund's product benchmark and general market index, the Solactive Global Carbon Credit CAD Hedged Index. Unlike the product benchmark and general market index, the Fund's return is quoted after the deduction of fees and expenses.

Market Update

The European Union's ("EU") policy developments, such as the European Green Deal, significantly impacted the EU Emissions Trading System ("ETS") and the carbon market over the Reporting Period. These initiatives aim to reduce net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. As a result, the EU has introduced stricter emission allowance allocations and reinforced the role of carbon pricing in its climate strategy. The new regulations and adjustments to the EU ETS, including the Market Stability Reserve mechanism, were designed to tighten the supply of allowances and support higher carbon prices, ultimately affecting carbon credit prices.

Carbon credit markets were relatively volatile over the Reporting Period and finished lower. The market was weighed down by lacklustre global economic activity, particularly early in the Reporting Period. Carbon credits dropped as economic, industrial and policy-related factors affected supply and demand. Relatively soft domestic demand and weak economic conditions in China weighed on economic

activity in the EU, which resulted in a reduction in carbon emissions, pushing down the prices of carbon credits. Additionally, demand for carbon credits fell in several sectors that are in the process of transitioning to cleaner alternatives. The EU's commitment to reducing carbon emissions has been constructive for carbon credit prices over the past several years, despite the decline over the Reporting Period. The contract price of EU carbon credits traded between 50 and 78 euros over the Reporting Period, starting at 77.25 euros and ending at 70.95 euros.

Key Contributors/Detractors

The Fund continues to be managed with the objective of seeking to track the performance of its product benchmark. The Fund's returns are influenced by the same factors that affect the global carbon credit markets.

Recent Developments

The Portfolio Adviser expects consumer and business activity to pick up after several central banks began to ease monetary policy and loosen financial conditions. Still, several risks to the outlook persist, such as geopolitical tensions, the potential for inflationary pressures to reemerge and the impact of potential tariffs on global trade activity. Many central banks are expected to keep lowering interest rates, which could further boost global economic activity in 2025 and help the global economy avoid a recession. The Portfolio Adviser continues to monitor all the factors that could influence the Fund's investment portfolio.

The carbon credit market experienced significant developments over the Reporting Period, shaping a more positive outlook for 2025. The finalization of Article 6 at the 29th United Nations Climate Change Conference (COP29) has established a framework for international carbon trading, which is expected to enhance market participation. The Portfolio Adviser expects the carbon credit market to remain influenced by the trajectory of global economic recovery in the near term and the carbon credit market is poised for growth over the long term as the EU remains committed to achieving its climate goals, suggesting a continuing tightening of emission allowances.

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. 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 did not engage in any portfolio transactions requiring IRC approval during the Reporting Period.

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

	2024	2023	2022	2021	2020
Net Assets, Beginning of Year	43.16	45.56	50.00 [†]	N/A	N/A
Increase (Decrease) from Operations:					
Total Revenue	1.50	2.32	0.32	N/A	N/A
Total Expenses (excluding distributions)	(0.27)	(0.35)	(0.11)	N/A	N/A
Realized Gains (Losses) for the Period	(8.13)	(10.72)	5.71	N/A	N/A
Unrealized Gains (Losses) for the Period	2.87	3.93	(5.50)	N/A	N/A
Total Increase (Decrease) from Operations ²	(4.03)	(4.82)	0.42	N/A	N/A
Distributions:					
From Net Investment Income (excluding dividends)	0.00	0.00	(3.76)	N/A	N/A
From Dividends	0.00	0.00	0.00	N/A	N/A
From Capital Gains	0.00	0.00	0.00	N/A	N/A
Return of Capital	0.00	0.00	0.00	N/A	N/A
Total Annual Distributions ³	0.00	0.00	(3.76)	N/A	N/A
Net Assets at December 31	39.13	43.16	45.56	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.

	2024	2023	2022	2021	2020
Notional Income Distribution	0.00	0.00	3.76	N/A	N/A
Notional Dividend Distribution	0.00	0.00	0.00	N/A	N/A
Notional Capital Gains Distribution	0.00	0.00	0.00	N/A	N/A
Notional Return of Capital Distribution	0.00	0.00	0.00	N/A	N/A

[†] Initial offering price.

Ratios and Supplemental Data

	2024	2023	2022	2021	2020
Total Net Asset Value (\$000s) ¹	3,522	3,884	2,734	N/A	N/A
Number of Units Outstanding (000s) ¹	90	90	60	N/A	N/A
Management Expense Ratio (%) ²	0.73	0.73	0.71	N/A	N/A
Management Expense Ratio Before Waivers or Absorptions (%)	0.79	0.77	0.94	N/A	N/A
Trading Expense Ratio (%) ³	0.00	0.00	0.00	N/A	N/A
Portfolio Turnover Rate (%) ⁴	0.00	0.00	0.00	N/A	N/A
Net Asset Value per Unit (\$)	39.13	43.16	45.56	N/A	N/A
Closing Market Price (\$) [‡]	39.51	43.25	44.73	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.

[‡] 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†
Fund	0.65	N/A	8.05	91.95

* 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.

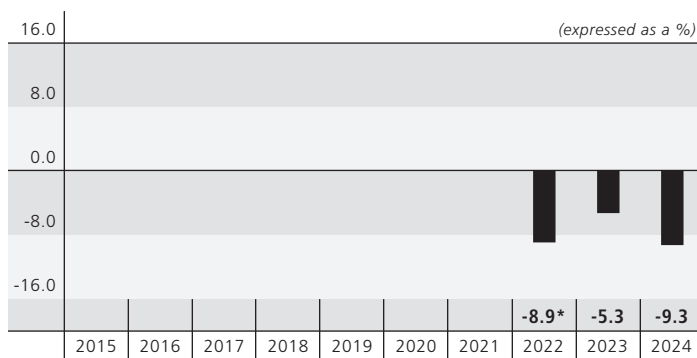
† Trustee, marketing services and other.

Past Performance

The following chart shows 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 chart shows 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 August 23, 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:
 - Solactive Global Carbon Credit CAD Hedged Index – This index intends to track the prices of global cap-and-trade carbon emission allocation markets that are accessible via futures contracts and have sufficient liquidity and volume to allow for institutional participation, hedged back to Canadian currency.
- General Market Index:
 - Solactive Global Carbon Credit CAD Hedged Index.

(expressed as a %)	Past year	Past 3 years	Past 5 years	Past 10 years	Since inception
(Inception date August 23, 2022)					
TD Global Carbon Credit Index ETF	-9.3	N/A	N/A	N/A	-9.9
Product Benchmark	-7.8	N/A	N/A	N/A	-8.9
General Market Index	-7.8	N/A	N/A	N/A	-8.9

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
PORTFOLIO ALLOCATION	
Cash (Bank Overdraft)	75.0
Short-Term Investments	14.1
Total Return Swap Agreements	10.9
Other Net Assets (Liabilities)	0.0

LONG NOTIONAL UNDERLYING EXPOSURE

Royal Bank of Canada Enhanced Commodity EUE Index	91.6
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TOTAL NET ASSET VALUE (000s)	\$	3,522
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Cash held with The Toronto-Dominion Bank, a related party to the Fund, was 74.1% of net asset value of the Fund.

	% of Net Asset Value
TOP 25 INVESTMENTS	
Cash (Bank Overdraft)	75.0
Government of Canada, Treasury Bill 3.960% Feb 27, 2025	14.1
Royal Bank of Canada Enhanced Commodity EUE Index, Total Return Swap (EUR) Feb 14, 2025	10.9
Total % of Net Asset Value represented by these holdings	100.0

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

CURRENCY LEGEND

(EUR) Euro

The Fund is not sponsored, promoted, sold or supported in any other manner by Solactive AG nor does Solactive AG offer any express or implicit guarantee or assurance either with regard to the results of using the Solactive Global Carbon Credit CAD Hedged Index (the "Index") and/or any trade mark(s) associated with the Index or the price of the Index at any time or in any other respect. The Index is calculated and published by Solactive AG. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards TDAM, Solactive AG has no obligation to point out errors in the Index to third parties including but not limited to investors and/or financial intermediaries of the Fund. Neither publication of the Index by Solactive AG nor the licensing of the Index or any trade mark(s) associated with the Index for the purpose of use in connection with the Fund constitutes a recommendation by Solactive AG to invest capital in said Fund nor does it in any way represent an assurance or opinion of Solactive AG with regard to any investment in the Fund.

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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