

TD Asset Management

TD Balanced ETF Portfolio (TBAL)

536282
(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 Balanced ETF Portfolio (the “Fund”) is to seek to generate long-term capital growth while providing the opportunity to earn some income by investing primarily in units of other exchange-traded funds, emphasizing exchange-traded funds with greater potential for capital growth. In seeking to achieve this objective, the Fund obtains exposure to equity and fixed income securities of issuers located anywhere in the world. Such exposure will be obtained by investing primarily in exchange-traded funds managed by TD Asset Management Inc.; by investing directly in such securities or other income-producing securities; and/or through the use of derivatives that provide the desired exposure. The exchange-traded funds are expected to be index funds that provide exposure to broad based equity and fixed income markets. The Fund’s balanced asset mix will generally provide exposure to 60% equities and 40% fixed income and will be rebalanced on a quarterly basis.

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 “TBAL”. The Fund returned 16.5% for the year ended December 31, 2024 (the “Reporting Period”), versus 16.5% for the Fund’s product benchmark. The Fund’s product benchmark is comprised of 40% Solactive Broad Canadian Bond Universe TR Index, 25% Solactive US Large Cap CAD Index (CA NTR), 20% Solactive Canada Broad Market Index (CA NTR) and 15% Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index (CA NTR). The Fund’s general market indices, the FTSE Canada Universe Bond Index and the MSCI World Index (Net Dividend, C\$), returned 4.2% and 29.4%, respectively. Unlike the product benchmark and general market indices, the Fund’s return is quoted after the deduction of fees and expenses.

Market Update

Canada’s economy came under pressure over the Reporting Period, largely as a result of tight financial conditions. Consumer spending, real estate activity and the labour market weakened. At the same time, inflationary pressures softened, moving closer to the Bank of Canada’s (“BoC”) 2% target. In response, the BoC began lowering interest rates in June 2024 and continued to lower rates over the remainder of the year. Overall, the BoC lowered its benchmark overnight interest rate by 1.75% to 3.25%. The BoC also suggested it would gradually lower interest rates further in 2025, hoping that looser financial conditions could ease the burden on Canadian households and help reignite consumer spending. There was also some expectation that rising demand could kickstart business activity, potentially resulting in improved job growth.

Canadian bond prices increased over the Reporting Period, with yields moving lower. The Bank of Canada’s (“BoC”) interest rate decreases helped push down Canadian bond yields, particularly those at the shorter end of the yield curve. The benchmark 10-year Government of Canada bond yield rose from 3.11% to 3.22%, with much of the gains coming early in the Reporting Period before the BoC lowered interest rates. Short-term bond prices outperformed their mid- and long-term counterparts. Corporate bond prices rose and outperformed government bonds, which also increased. Credit spreads (the difference in yields between corporate and government bonds with similar maturities) narrowed.

The Canadian equity market rose over the Reporting Period, with 10 of 11 sectors posting positive returns. The information technology, financials and materials sectors were the strongest performers, while communication services, real estate and health care were the weakest-performing sectors.

Lower interest rates, developments in artificial intelligence and positive investor sentiment helped push information technology stocks higher over the Reporting Period. Expectations that economic activity in Canada could pick up after multiple interest rate cuts from the BoC helped lift the financials sector higher. Additionally, the dividends of financials sector stocks became more attractive as interest rates declined. The materials sector benefited from higher gold prices amid economic uncertainty and ongoing geopolitical tensions. Supply concerns pushed up the prices of many commodities.

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. 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.

International equity markets posted a small gain over the Reporting Period. Chinese equities increased, getting a boost from the government’s announcement to help support China’s economic activity. The financials and information technology sectors drove gains for China’s equity markets. European equities posted a relatively solid gain. Financials and industrials were among the top-performing sectors in European equity markets. Among European countries, Italy, Germany and Spain were the top performers. U.K. equities advanced, lifted by gains in the financials and industrials sectors. Japanese equities also gained, benefiting from the strong performance of the financials and energy sectors.

Key Contributors/Detractors Relative to the Product Benchmark

The underlying index funds held within the Fund generated returns that were consistent with the broader markets that they seek to track.

- TD U.S. Equity Index ETF was the main contributor to the Fund's performance as U.S. equities outperformed all other equity and fixed-income markets
- TD Canadian Aggregate Bond Index ETF detracted from the Fund's performance over the Reporting Period as fixed income underperformed Canadian, U.S. and international equities.

Key Contributors/Detractors Relative to the General Market Indices

The Fund's significant exposure to equity markets compared to the FTSE Canada Universe Bond Index contributed to performance. Conversely, the Fund's exposure to fixed income markets detracted from performance relative to the MSCI World Index (Net Dividend, C\$).

Assets

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

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.

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. The Fund may also hold underlying fund(s) managed by TDAM for which TDAM may be paid a fee. 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.

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 and/or underlying fund(s) in which the Fund invests relied on standing instructions from the IRC in respect of one or more of the following transactions:

- trades in securities of TD or any affiliate or associate thereof;
- 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;
- purchases or sales of securities of an issuer from or to another investment fund or discretionary managed account managed by TDAM; and
- 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 and/or underlying fund(s); (iii) comply with the applicable policies and procedures of TDAM; and (iv) achieve a fair and reasonable result for the Fund and/or underlying fund(s).

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	16.74	14.87	17.42	15.68	15.00†
Increase (Decrease) from Operations:					
Total Revenue	0.43	0.52	0.46	0.31	0.21
Total Expenses (excluding distributions)	(0.03)	(0.04)	(0.04)	(0.01)	(0.01)
Realized Gains (Losses) for the Period	0.31	0.14	0.17	0.12	0.07
Unrealized Gains (Losses) for the Period	2.01	1.76	(2.44)	1.64	0.77
Total Increase (Decrease) from Operations ²	2.72	2.38	(1.85)	2.06	1.04
Distributions:					
From Net Investment Income (excluding dividends)	(0.28)	(0.34)	(0.28)	(0.23)	(0.11)
From Dividends	(0.12)	(0.10)	(0.11)	(0.06)	(0.03)
From Capital Gains	(0.14)	(0.04)	(0.11)	(0.12)	(0.13)
Return of Capital	(0.05)	0.00	0.00	0.00	0.00
Total Annual Distributions ³	(0.59)	(0.48)	(0.50)	(0.41)	(0.27)
Net Assets at December 31	18.98	16.74	14.87	17.42	15.68

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	0.00	0.00	0.00
Notional Dividend Distribution	0.00	0.00	0.00	0.00	0.00
Notional Capital Gains Distribution	0.11	0.04	0.11	0.12	0.13
Notional Return of Capital Distribution	0.00	0.00	0.00	0.00	0.00

† Initial offering price.

Ratios and Supplemental Data

	2024	2023	2022	2021	2020
Total Net Asset Value (\$000s)¹	81,629	31,805	13,381	10,455	3,136
Number of Units Outstanding (000s)¹	4,300	1,900	900	600	200
Management Expense Ratio (%)²	0.17	0.23	0.28	0.28	0.28
Management Expense Ratio Before Waivers or Absorptions (%)	0.17	0.24	0.29	0.30	0.37
Trading Expense Ratio (%)³	0.01	0.07	0.03	0.03	0.04
Portfolio Turnover Rate (%)⁴	13.98	76.24	2.44	4.00	0.06
Net Asset Value per Unit (\$)	18.98	16.74	14.87	17.42	15.68
Closing Market Price (\$)⁵	18.99	16.75	14.84	17.44	15.71

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, including the Fund's proportionate share of the MER, if any, of the underlying fund(s) in which the Fund has invested in, and is expressed as an annualized percentage of daily average NAV during the period. Management Expense Ratio Before Waivers or Absorptions is based on total expenses and excludes the management fees on the portion of the NAV the Fund invests in the underlying funds that are managed by TDAM or its affiliates. There will be no duplication of management fees paid to TDAM or its affiliates. Any waivers or absorptions may be discontinued at any time by TDAM at its discretion without notice.

³ The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the stated period. Where a Fund invests in securities of any underlying fund, the TER presented for the Fund includes the portion of TERs, if available, of the underlying fund(s) attributable to this investment.

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, directly or indirectly, 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:

<i>(expressed as a %)</i>	Annual Mgmt. Fees*	Dealer Compensation	Waived Operating Expenses	Other†
Fund	0.15	N/A	0.10	99.90

* 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.

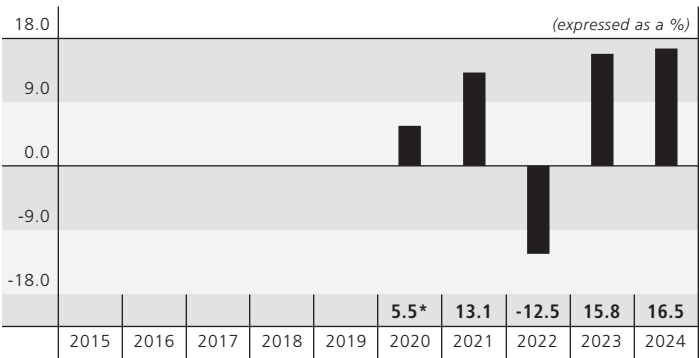
† Trustee, marketing services and other.

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 11, 2020 (commencement of operations) to December 31, 2020

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:

- The Product Benchmark is comprised of:
 - 40% Solactive Broad Canadian Bond Universe TR Index – This index is comprised of Canadian investment-grade bonds including government, quasi-government and corporate bonds;
 - 25% Solactive US Large Cap CAD Index (CA NTR) – This index is comprised of the 500 largest companies in the U.S. stock market according to free float market capitalization, net of withholding taxes;
 - 20% Solactive Canada Broad Market Index (CA NTR) – This index is comprised of Canadian companies primarily listed on the Toronto Stock Exchange with a free float percentage of at least 10%; and
 - 15% Solactive GBS Developed Markets ex North America Large & Mid Cap CAD Index (CA NTR) – This index is comprised of large- and mid-cap companies in developed markets around the world excluding North America, net of withholding taxes.
- General Market Index 1:
 - FTSE Canada Universe Bond Index.
- General Market Index 2:
 - MSCI World Index (Net Dividend, C\$) – This index includes stocks of companies in all the developed markets around the world, net of withholding taxes.

(expressed as a %)	Past year	Past 3 years	Past 5 years	Past 10 years	Since inception
(Inception date August 11, 2020)					
TD Balanced ETF Portfolio	16.5	5.7	N/A	N/A	8.1
Product Benchmark	16.5	5.7	N/A	N/A	7.9
General Market Index 1	4.2	-0.6	N/A	N/A	-0.9
General Market Index 2	29.4	11.0	N/A	N/A	14.6

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

Summary of Investment Portfolio

as at December 31, 2024

	% of Net Asset Value
ASSET ALLOCATION	
Canadian Bond Funds	39.8
U.S. Equity Funds	25.1
Canadian Equity Funds	19.7
Global Equity Funds	15.1
Cash (Bank Overdraft)	0.1
Other Net Assets (Liabilities)	0.2

TOTAL NET ASSET VALUE (000s)	\$	81,629
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	% of Net Asset Value
TOP 25 INVESTMENTS	
TD Canadian Aggregate Bond Index ETF [†]	39.8
TD U.S. Equity Index ETF, TPU [†]	25.1
TD Canadian Equity Index ETF [†]	19.7
TD International Equity Index ETF [†]	15.1
Cash (Bank Overdraft)	0.1
Total % of Net Asset Value represented by these holdings	99.8

[†] Related party to the Fund as an affiliated entity of TD Asset Management Inc.

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

The prospectus and other information about the underlying investment funds are available on the investment fund's designated website and/or at www.sedarplus.ca. The prospectus and other information about underlying TD investment funds are also available at www.td.com/ca/en/asset-management, www.td.com/ca/en/global-investment-solutions or upon request to TD Asset Management Inc.

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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