

TD Asset Management

TD Q International Low Volatility ETF (TILV)

535774
(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 Q International Low Volatility ETF (the "Fund") is to seek to achieve long-term capital growth by investing in equity securities of developed market issuers outside Canada and the United States, while seeking to reduce volatility. In seeking to achieve this objective, the Fund invests directly in, or obtains exposure to, a diversified portfolio of international stocks domiciled in the developed countries of Europe, Australasia, and the Far East. The Fund's portfolio adviser seeks to optimize the portfolio by overweighting stocks that are expected to deliver less volatile returns and by underweighting, or excluding, stocks that are expected to deliver more volatile returns. As a result of this strategy, the Fund may not fully benefit from strong equity markets.

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 "TILV". The Fund returned 14.4% for the year ended December 31, 2024 (the "Reporting Period"), versus 13.2% for the Fund's product benchmark and general market index, the MSCI EAFE 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.

Market Update

The international economy expanded over the Reporting Period, albeit at a relatively muted pace. Tight financial conditions weighed on consumer demand, hindering trade and business activity. Several major central banks began lowering interest rates in response to softer inflationary pressures and moderating economic conditions. Economic activity in China was relatively stable yet underwhelming, continuing to be negatively impacted by soft domestic demand and a weak property market. China's government provided some fiscal stimulus measures and pledged to provide more in 2025, while the People's Bank of China lowered several interest rates to help support China's economy.

Europe's economy expanded at a relatively modest pace over the Reporting Period. Consumer and business activity continued to be weighed down by tight financial conditions. The European Central Bank lowered interest rates four times, taking its benchmark interest rate to 3.15%. Economic activity in Germany, Europe's largest economy, was weak. Struggles in Germany's key manufacturing sector persisted, which weighed on trade activity and overall economic conditions. In the U.K., the Bank of England lowered its benchmark interest rate from 5.25% to 4.75% in response to falling inflation and relatively weak economic growth. After contracting in the first quarter of 2024, Japan's economy expanded over the second and third quarters, benefiting from higher trade activity. Unlike many other economies, Japan's inflation rate remained elevated, showing little

signs of coming down. In response, the Bank of Japan ("BoJ") raised interest rates twice, taking its benchmark interest rate to 0.25%. This was the BoJ's first interest rate increase in 17 years.

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

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

- The Fund's bias toward the communication services sector contributed to performance as this sector performed strongly over the Reporting Period.
- The Fund's underweight exposure to the materials sector contributed to performance as this sector produced the weakest returns within the product benchmark over the Reporting Period.
- The Fund's stock selection within the financials sector contributed to performance owing to its positions in Sampo Holdings Inc., Tokio Marine Holdings Inc. and DBS Group Holdings Ltd., each of which returned more than 60%.
- The Fund's security selection within the communication services sector detracted from performance owing to a bias toward more defensive telecommunications companies over more volatile internet-based media firms.
- The Fund's bias toward the consumer staples sector detracted from performance as this sector underperformed the product benchmark.

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 outlook for the European economy has weakened as France and Germany, the two biggest economies in Europe, displayed economic weakness and political instability, including an upcoming snap election in Germany. Donald Trump's victory in the U.S. presidential election introduces the possibility of global tariffs and renewed inflation, while growing geopolitical and economic risks could also derail market returns.

The Portfolio Adviser believes the Fund is well positioned to provide stability during periods of economic slowdown or market volatility. The Portfolio Adviser favours stocks that deliver more stable returns, and the Fund maintains underweight exposures to or excludes stocks that are expected to be more volatile. The Portfolio Adviser's systematic process of building low-volatility portfolios allows the Fund to maintain an underweight allocation to volatile growth stocks, such as information technology companies, while staying defensive and diversified across sectors. The Fund's current positioning includes overweight exposures to the communication services, consumer staples and utilities sectors, and underweight exposures to the industrials, consumer discretionary and information technology sectors.

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	14.99	14.21	15.22	13.89	15.11
Increase (Decrease) from Operations:					
Total Revenue	0.69	0.64	0.58	0.55	0.55
Total Expenses (excluding distributions)	(0.15)	(0.16)	(0.17)	(0.12)	(0.15)
Realized Gains (Losses) for the Period	0.57	0.35	0.26	0.24	(1.60)
Unrealized Gains (Losses) for the Period	1.04	0.32	(0.52)	1.08	(0.24)
Total Increase (Decrease) from Operations²	2.15	1.15	0.15	1.75	(1.44)
Distributions:					
From Net Investment Income (excluding dividends)	(0.55)	(0.52)	(0.34)	(0.43)	(0.42)
From Dividends	0.00	0.00	0.00	0.00	0.00
From Capital Gains	(0.13)	0.00	0.00	0.00	0.00
Return of Capital	0.00	(0.01)	(0.06)	0.00	0.00
Total Annual Distributions³	(0.68)	(0.53)	(0.40)	(0.43)	(0.42)
Net Assets at December 31	16.57	14.99	14.21	15.22	13.89

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	0.13	0.00	0.00	0.00	0.00
Notional Return of Capital Distribution	0.00	0.00	0.00	0.00	0.00

Ratios and Supplemental Data

	2024	2023	2022	2021	2020
Total Net Asset Value (\$000s)¹	67,925	59,192	48,301	22,823	22,223
Number of Units Outstanding (000s)¹	4,100	3,950	3,400	1,500	1,600
Management Expense Ratio (%)²	0.40	0.40	0.40	0.40	0.40
Management Expense Ratio Before					
Waivers or Absorptions (%)	0.40	0.40	0.41	0.40	0.40
Trading Expense Ratio (%)³	0.08	0.15	0.33	0.10	0.20
Portfolio Turnover Rate (%)⁴	34.58	66.93	68.33	45.04	71.01
Net Asset Value per Unit (\$)	16.57	14.99	14.21	15.22	13.89
Closing Market Price (\$)⁵	16.52	15.00	14.25	15.26	13.93

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†
Fund	0.35	N/A	0.17	99.83

* 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.

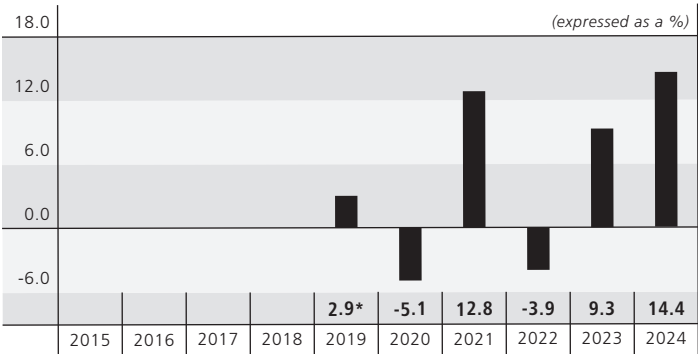
† Trustee, marketing services and other.

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 May 7, 2019 (commencement of operations) to December 31, 2019

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:
 - MSCI EAFE Index (Net Dividend, C\$) – This index includes stocks of companies in all the developed markets around the world excluding Canada and the United States, net of withholding taxes.
- General Market Index:
 - MSCI EAFE Index (Net Dividend, C\$).

(expressed as a %)	Past year	Past 3 years	Past 5 years	Past 10 years	Since inception
(Inception date May 7, 2019)					
TD Q International Low Volatility ETF	14.4	6.3	5.2	N/A	5.1
Product Benchmark	13.2	6.1	6.9	N/A	7.1
General Market Index	13.2	6.1	6.9	N/A	7.1

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	
Financials	20.1
Consumer Staples	20.0
Communication Services	17.3
Health Care	11.1
Industrials	10.0
Utilities	6.4
Real Estate	4.3
Consumer Discretionary	3.7
Energy	3.6
Information Technology	2.0
Materials	1.2
Cash (Bank Overdraft)	0.2
Other Net Assets (Liabilities)	0.1
GEOGRAPHIC ALLOCATION	
Japan	24.8
Singapore	12.0
United Kingdom	11.7
Switzerland	11.2
Australia	9.2
Hong Kong	6.7
France	4.8
Netherlands	4.8
Germany	3.9
Norway	2.1
Other Countries	8.5
Cash (Bank Overdraft)	0.2
Other Net Assets (Liabilities)	0.1
TOTAL NET ASSET VALUE (000s)	\$ 67,925

	% of Net Asset Value
TOP 25 INVESTMENTS	
Roche Holding AG	2.0
Oversea-Chinese Banking Corporation Limited	1.6
Singapore Technologies Engineering Limited	1.6
Singapore Exchange Limited	1.6
DBS Group Holdings Limited	1.5
Wolters Kluwer NV	1.5
Singapore Telecommunications Limited	1.5
Swisscom AG	1.5
KDDI Corporation	1.5
Unilever PLC	1.5
Telstra Group Limited	1.5
RELX PLC	1.5
SoftBank Corporation	1.5
Nippon Telegraph and Telephone Corporation	1.5
ENEOS Holdings Inc.	1.5
Koninklijke KPN NV	1.5
Zurich Insurance Group AG	1.5
Novartis AG	1.4
Deutsche Telekom AG	1.4
Tokio Marine Holdings Inc.	1.4
Koninklijke Ahold Delhaize NV	1.4
Toyota Motor Corporation	1.4
Telia Company AB	1.4
Japan Tobacco Inc.	1.4
Recordati Industria Chimica e Farmaceutica SpA	1.3
Total % of Net Asset Value represented by these holdings	37.4

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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