

TD Asset Management

TD Q International Low Volatility ETF (TILV)

535772
(08/24)

TD Exchange-Traded Funds Interim Management Report of Fund Performance

for the period ended June 30, 2024

This Interim Management Report of Fund Performance contains financial highlights, but does not contain either the complete interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or 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 proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure at no cost.



This interim management report of fund performance represents management's view of the significant factors and developments affecting the investment fund's performance and outlook since December 31, 2023, the investment fund's fiscal year-end, until June 30, 2024. This report should be read in conjunction with the 2023 annual management report of fund performance.

Management Discussion of Fund Performance

Results of Operations

TD Q International Low Volatility ETF (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 5.7% for the six-month period ended June 30, 2024 (the "Reporting Period"), versus 9.3% for the Fund's product benchmark, the MSCI EAFE Index (Net Dividend, C\$). Unlike the product benchmark, the Fund's return is quoted after the deduction of fees and expenses.

Market Update

The international economy grew at a modest pace over the Reporting Period, continuing to avoid a recession that was widely expected amid tight financial conditions. China's economy showed some signs of stabilizing and expanded in the first quarter of 2024, but ongoing challenges limited overall growth. China's property market continued to struggle amid high debt levels. In addition, domestic demand remained subdued, weighing on business activity. In an effort to stimulate the property market, the People's Bank of China lowered its five-year loan prime rate, a reference rate for mortgages, early in the Reporting Period. Meanwhile, the government undertook an aggressive bond issuance, seeking to use the money to support the challenged areas of China's economy.

After contracting in the fourth quarter of 2023, Europe's economy rebounded in the first quarter of 2024, posting a small expansion. The services sector was a key driver of growth, benefiting from an increase in demand and output. Conversely, manufacturing sector activity remained challenged, weighing on overall economic growth. Amid slowing inflation and modest economic growth, the European Central Bank ("ECB") reduced its benchmark interest rate by 0.25% to 4.25%. Among Europe's largest countries, the German economy expanded over the Reporting Period, albeit at a relatively slow pace. Business investment and exports increased, positively contributing to the German economy. The U.K. economy expanded in the first quarter of 2024 after falling into a technical recession (a technical recession is reached when an economy has two straight quarterly contractions) towards the end of 2023. The economy got a boost from consumer spending. The Bank of England ("BoE") held its benchmark interest rate steady at 5.25%. However, a downward trend in inflation raised expectations that the BoE might be preparing to reduce interest rates later in 2024. Japan's economy was relatively weak in the first quarter of 2024, hindered by a decline in personal spending. For the first time in 17 years, the Bank of Japan increased its benchmark interest rate to a target range of 0.00%-0.10%, largely in response to elevated inflationary pressures.

International equity markets advanced over the Reporting Period, with some central banks beginning to lower interest rates, while others signalled their intentions to do so later in 2024. Furthermore, the global economy remained resilient despite tight financial conditions, avoiding a deep recession. Chinese equities increased slightly,

supported by the relatively strong performance of the energy and utilities sectors. Investor sentiment was boosted by the government taking steps to help stimulate the economy, which has been weighed down by weak domestic demand and a challenging property market. European equities delivered a relatively strong return amid signs the economy may be stabilizing. The ECB lowered interest rates, which could stimulate consumer activity. Information technology and financials were among the top-performing sectors in European equity markets. From a country perspective, returns were driven by the Netherlands, Italy and Spain. U.K. equities advanced, benefiting from solid gains in the industrials and health care sectors. Japanese equities posted strong returns, with financials and energy being among the top-performing sectors.

Key Contributors/Detractors

The Fund generated a positive return over the Reporting Period but underperformed its product benchmark. This is in line with expectations since the Fund's strategy is designed to be more defensive and often underperforms in a rising market.

- Stock selection within the communication services sector detracted from performance owing to the Portfolio Adviser's preference for more-defensive companies in the telecommunications industry, which generally underperformed the sector over the Reporting Period.
- An overweight position in the consumer staples sector detracted from performance as the sector underperformed the product benchmark during the Reporting Period.
- An underweight exposure to the information technology sector detracted from performance as this was one of the top-performing sectors.
- An underweight allocation to the materials sector contributed to performance as this sector underperformed the product benchmark.
- Security selection within the energy sector contributed to performance, largely owing to positions in two different Japanese oil & gas refining companies, both of which returned over 25%.

Recent Developments

The Portfolio Adviser expects global economic activity to remain relatively modest in 2024, as a result of tight financial conditions, geopolitical tensions, and softer demand from consumers and businesses. Given relatively weak economic conditions and moderating inflation, global central banks are expected to begin lowering interest rates. This could help reignite economic growth over the second half of 2024 and help the global economy avoid a recession.

International economic expansion is proving to be more resilient than most forecasters would have predicted heading into 2024. Across most international regions, core inflation measures (which excludes more volatile items such as food and energy) have continued to move lower and a cycle of interest rate reductions has begun, with over 20 central banks making cuts so far this year. The exception to this is the U.S. Federal Reserve Board, which will likely delay cuts until later this year.

Internationally, equity markets have been supported by relatively robust economic data, particularly in the global manufacturing sector, which has seen some recovery with companies looking to restock inventories. European equities have recovered since the start of the year, with economic growth reaccelerating after the energy crisis of the past couple of years. Within Asia, the outlook for Japan remains favourable as corporate reforms give rise to more shareholder-friendly actions, such as returning cash to shareholders and unwinding complex cross-ownership structures. Japan is close to ending its long-term deflation, which has been a problem for the country in recent decades. In the Portfolio Adviser's view, Japanese companies should continue to benefit from a weaker yen, and the Portfolio Adviser expects that companies should be able to set higher prices as the economy transitions to an inflationary environment. Challenges in the global banking sector and waning consumer demand might also challenge growth and financial markets in the coming months.

Unforeseen economic or geopolitical shocks and increasing volatility in the run-up to the 2024 U.S. elections could destabilize global stock markets. The Portfolio Adviser believes quality companies that are well-capitalized and can withstand challenging economic conditions represent attractive opportunities for investors.

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 less-volatile returns, and the Fund maintains an underweight exposure to (or excludes) stocks that are expected to deliver more-volatile returns. 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 information technology, consumer discretionary and industrials 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 six-month period ended June 30, 2024 and 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	2019
Net Assets, Beginning of Period	14.99	14.21	15.22	13.89	15.11	15.00 [†]
Increase (Decrease) from Operations:						
Total Revenue	0.41	0.64	0.58	0.55	0.55	0.37
Total Expenses (excluding distributions)	(0.09)	(0.16)	(0.17)	(0.12)	(0.15)	(0.12)
Realized Gains (Losses) for the Period	0.19	0.35	0.26	0.24	(1.60)	(0.02)
Unrealized Gains (Losses) for the Period	0.34	0.32	(0.52)	1.08	(0.24)	0.12
Total Increase (Decrease) from Operations ²	0.85	1.15	0.15	1.75	(1.44)	0.35
Distributions:						
From Net Investment Income (excluding dividends)		(0.52)	(0.34)	(0.43)	(0.42)	(0.32)
From Dividends		0.00	0.00	0.00	0.00	0.00
From Capital Gains		0.00	0.00	0.00	0.00	0.00
Return of Capital		(0.01)	(0.06)	0.00	0.00	0.00
Total Annual Distributions ³	(0.22)	(0.53)	(0.40)	(0.43)	(0.42)	(0.32)
Net Assets, End of Period	15.62	14.99	14.21	15.22	13.89	15.11

¹ This information is derived from the Fund's interim and 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	2019
Notional Income Distribution	0.00	0.00	0.00	0.00	0.00	0.00
Notional Dividend Distribution	0.00	0.00	0.00	0.00	0.00	0.00
Notional Capital Gains Distribution	0.00	0.00	0.00	0.00	0.00	0.00
Notional Return of Capital Distribution	0.00	0.00	0.00	0.00	0.00	0.00

[†] Initial offering price.

Ratios and Supplemental Data

	2024	2023	2022	2021	2020	2019
Total Net Asset Value (\$000s) ¹	67,932	59,192	48,301	22,823	22,223	13,598
Number of Units Outstanding (000s) ¹	4,350	3,950	3,400	1,500	1,600	900
Management Expense Ratio (%) ²	0.40	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	0.44
Trading Expense Ratio (%) ³	0.08	0.15	0.33	0.10	0.20	0.54
Portfolio Turnover Rate (%) ⁴	10.99	66.93	68.33	45.04	71.01	1.10
Net Asset Value per Unit (\$)	15.62	14.99	14.21	15.22	13.89	15.11
Closing Market Price (\$) [‡]	15.60	15.00	14.25	15.26	13.93	15.15

¹ This information is provided as at June 30, 2024 and 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:

<i>(expressed as a %)</i>	Annual Mgmt. Fees*	Dealer Compensation	Waived Operating Expenses	Other†
Fund	0.35	N/A	0.19	99.81

* 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.

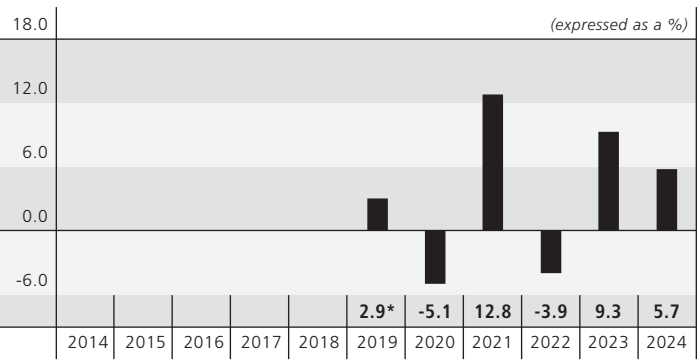
† Trustee, marketing services and other.

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 for each year and for the six-month period ended June 30, 2024.



For the 12 months ended Dec. 31 and six-month period ended June 30, 2024
* From May 7, 2019 (commencement of operations) to December 31, 2019

Summary of Investment Portfolio

as at June 30, 2024

	% of Net Asset Value
PORTFOLIO ALLOCATION	
Financials	20.0
Consumer Staples	19.3
Communication Services	18.2
Health Care	10.7
Industrials	9.6
Utilities	7.7
Real Estate	3.9
Consumer Discretionary	3.8
Energy	3.2
Information Technology	1.6
Materials	1.5
Cash (Bank Overdraft)	0.9
Other Net Assets (Liabilities)	(0.4)
GEOGRAPHIC ALLOCATION	
Japan	24.3
Switzerland	11.5
Singapore	11.4
United Kingdom	11.3
Australia	8.5
Hong Kong	7.0
France	5.3
Netherlands	4.8
Germany	3.3
Denmark	2.3
Other Countries	9.8
Cash (Bank Overdraft)	0.9
Other Net Assets (Liabilities)	(0.4)
TOTAL NET ASSET VALUE (000s)	\$ 67,932

	% of Net Asset Value
TOP 25 INVESTMENTS	
Roche Holding AG	1.9
Singapore Telecommunications Limited	1.7
RELX PLC	1.6
Wolters Kluwer NV	1.6
Singapore Technologies Engineering Limited	1.6
Tokio Marine Holdings Inc.	1.6
Koninklijke KPN NV	1.5
Novartis AG	1.5
CLP Holdings Limited	1.5
Unilever PLC	1.5
Zurich Insurance Group AG	1.5
SoftBank Corporation	1.5
Telstra Group Limited	1.5
Oversea-Chinese Banking Corporation Limited	1.5
DBS Group Holdings Limited	1.5
ENEOS Holdings Inc.	1.5
HKT Trust and HKT Limited	1.5
Toyota Motor Corporation	1.5
KDDI Corporation	1.4
Nippon Telegraph and Telephone Corporation	1.4
Mizuho Financial Group Inc.	1.4
Japan Tobacco Inc.	1.4
Swisscom AG	1.4
CSL Limited	1.4
Telia Company AB	1.3
Total % of Net Asset Value represented by these holdings	37.7

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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