

TD Q U.S. Low Volatility ETF (TULV)

536216
(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 U.S. 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 "TULV". The Fund returned 8.3% for the six-month period ended June 30, 2024 (the "Reporting Period"), versus 19.0% for the Fund's product benchmark, the MSCI USA Index (Net Dividend, Total Return, C\$). Unlike the product benchmark, the Fund's return is quoted after the deduction of fees and expenses.

Market Update

The resiliency of the U.S. consumer supported economic growth in the world's largest economy over the Reporting Period. Despite tight financial conditions, the U.S. economy expanded at a relatively robust pace compared to other economies around the world. Still, the U.S. economy was not without its challenges, particularly its manufacturing sector activity, which was hindered by weak demand and output. Elevated inflationary pressures persisted after coming down from decades-high levels in 2022 and inflation remained well above the U.S. Federal Reserve Board's ("Fed") 2% target. U.S. consumer strength was driven by a strong labour market. The U.S. economy continued to add jobs, which helped to keep the unemployment rate at historically low levels. While the labour market continued to be a beacon of strength for the U.S. economy, it showed signs of cooling, with job and wage growth easing as the Reporting Period progressed. However, economic conditions remained robust, adding to the Fed's willingness to hold interest rates at current levels for longer. The Fed held the target range of its benchmark interest rate steady at 5.25%-5.50%, citing inflationary pressures, a robust labour market and a strong economy as reasons to delay a potential rate cut until later in 2024.

U.S. equities posted robust gains over the Reporting Period, with 10 of 11 sectors generating positive returns. Performance was driven by mega-capitalization technology companies. Resilient economic conditions and expectations that the Fed might begin lowering interest rates in 2024 had boosted investor optimism. Information technology, communication services and financials were the strongest-performing sectors, while real estate, materials, and consumer discretionary were the weakest-performing sectors.

The information technology sector posted the highest return over the Reporting Period, benefiting from positive investor sentiment on the progress and potential capabilities of artificial intelligence ("AI"). Furthermore, expectations of lower interest rates supported the sizable valuations of the sector. Like the information technology sector, the communication services sector benefited from strong investor optimism and the potential of AI. Mega-capitalization technology stocks helped drive the strong performance of the sector. The financials sector posted a gain amid expectations of relatively strong profit growth and the resiliency of the U.S. economy, which has avoided a recession despite high borrowing costs and elevated inflationary pressures. Furthermore, higher interest rates for longer were viewed as supportive of banks' profit margins.

Key Contributors/Detractors

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

- An underweight allocation to the information technology sector detracted from performance as this was one of the top-performing sectors during the Reporting Period.
- Stock selection within the financials sector detracted from performance owing to the Fund's positions in an insurance company, a financial data provider and a derivatives exchange company, each of which produced negative returns.
- An overweight exposure to the consumer staples sector detracted from performance as this sector underperformed the product benchmark.
- An underweight allocation to the consumer discretionary sector contributed to performance as the sector underperformed the product benchmark.
- The Fund's lack of exposure to the real estate sector contributed to performance as it was one of the weakest-performing sectors during the Reporting Period.

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.

U.S. markets ended the quarter with the S&P 500 Index and NASDAQ Composite Index each setting new highs amid continued strong performance from a small group of AI-related stocks. Markets also reacted positively to second-quarter earnings that beat expectations, with earnings-per-share growth at the highest levels in two years. The timing of the Fed's first interest rate reduction remains an open question, and any such decision will depend on Consumer Price Index and jobs data. Although the U.S. economy should avoid a recession, there are some indications of weakness, including increasing unemployment, weaker-than-expected numbers from the U.S. manufacturing Purchasing Managers' Index and slowing retail sales, which may indicate that higher interest rates are finally affecting the U.S. consumer's ability to absorb rising prices for goods and services.

Unforeseen economic or geopolitical shocks and increasing volatility in the run-up to the 2024 U.S. elections could negatively affect U.S. economic growth and destabilize U.S. stock markets. Furthermore, the increasing concentration of U.S. market returns in just a few mega-capitalization stocks presents downside risks should these companies fail to meet ever-increasing expectations. 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 consumer staples, health care and financials 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 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.

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	18.16	19.13	19.04	15.66	15.00 [†]	N/A
Increase (Decrease) from Operations:						
Total Revenue	0.23	0.49	0.49	0.37	0.24	N/A
Total Expenses (excluding distributions)	(0.06)	(0.13)	(0.13)	(0.11)	(0.08)	N/A
Realized Gains (Losses) for the Period	0.06	(0.23)	0.62	1.49	0.43	N/A
Unrealized Gains (Losses) for the Period	1.20	(0.78)	(0.17)	1.82	(0.19)	N/A
Total Increase (Decrease) from Operations ²	1.43	(0.65)	0.81	3.57	0.40	N/A
Distributions:						
From Net Investment Income (excluding dividends)		(0.36)	(0.28)	(0.28)	(0.66)	N/A
From Dividends		0.00	0.00	0.00	0.00	N/A
From Capital Gains		0.00	(0.82)	(1.52)	(0.02)	N/A
Return of Capital		0.00	(0.06)	0.00	0.00	N/A
Total Annual Distributions ³	(0.16)	(0.36)	(1.16)	(1.80)	(0.68)	N/A
Net Assets, End of Period	19.50	18.16	19.13	19.04	15.66	N/A

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	0.02	0.54	N/A
Notional Dividend Distribution	0.00	0.00	0.00	0.00	0.00	N/A
Notional Capital Gains Distribution	0.00	0.00	0.82	1.52	0.01	N/A
Notional Return of Capital Distribution	0.00	0.00	0.04	0.00	0.00	N/A

[†] Initial offering price.

Ratios and Supplemental Data

	2024	2023	2022	2021	2020	2019
Total Net Asset Value (\$000s) ¹	56,538	47,205	42,090	24,755	23,491	N/A
Number of Units Outstanding (000s) ¹	2,900	2,600	2,200	1,300	1,500	N/A
Management Expense Ratio (%) ²	0.34	0.34	0.34	0.34	0.34	N/A
Management Expense Ratio Before Waivers or Absorptions (%)	0.34	0.34	0.34	0.34	0.35	N/A
Trading Expense Ratio (%) ³	0.00	0.01	0.01	0.01	0.01	N/A
Portfolio Turnover Rate (%) ⁴	18.86	69.91	131.51	39.93	21.55	N/A
Net Asset Value per Unit (\$)	19.50	18.16	19.13	19.04	15.66	N/A
Closing Market Price (\$) [‡]	19.52	18.16	19.07	19.04	15.65	N/A

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:

(expressed as a %)	Annual Mgmt. Fees*	Dealer Compensation	Waived Operating Expenses	Other†
Fund	0.30	N/A	0.00	100.00

* 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.

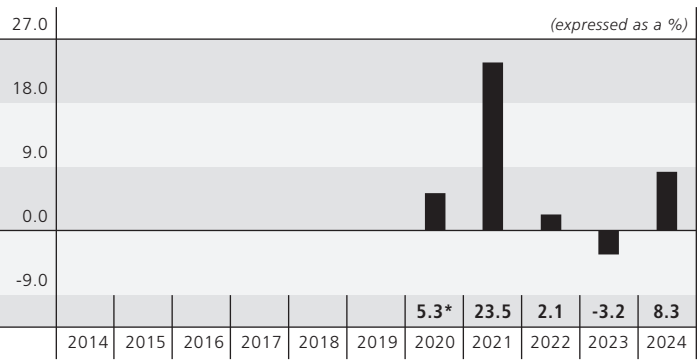
† Trustee, marketing services and other.

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 26, 2020 (commencement of operations) to December 31, 2020

Summary of Investment Portfolio

as at June 30, 2024

	% of Net Asset Value
ASSET ALLOCATION	
U.S. Equities	98.6
Global Equities	1.2
Cash (Bank Overdraft)	0.5
Other Net Assets (Liabilities)	(0.3)
PORTFOLIO ALLOCATION	
Consumer Staples	24.9
Health Care	24.8
Financials	23.5
Utilities	12.7
Communication Services	9.8
Industrials	2.7
Information Technology	1.4
Cash (Bank Overdraft)	0.5
Other Net Assets (Liabilities)	(0.3)
TOTAL NET ASSET VALUE (000s)	\$ 56,538

	% of Net Asset Value
TOP 25 INVESTMENTS	
Colgate-Palmolive Company	3.1
The Progressive Corporation	3.0
Verizon Communications Inc.	3.0
Public Service Enterprise Group Inc.	3.0
CME Group Inc.	3.0
Cboe Global Markets Inc.	3.0
Johnson & Johnson	3.0
Kellanova	2.9
Consolidated Edison Inc.	2.8
Becton Dickinson and Company	2.8
General Mills Inc.	2.8
The Hershey Company	2.8
Boston Scientific Corporation	2.7
Fox Corporation	2.6
PepsiCo Inc.	2.6
T-Mobile US Inc.	2.2
Merck & Company Inc.	2.2
McKesson Corporation	2.1
Assurant Inc.	2.1
Campbell Soup Company	1.9
CMS Energy Corporation	1.7
Arthur J. Gallagher & Company	1.7
Kimberly-Clark Corporation	1.6
The Procter & Gamble Company	1.6
FactSet Research Systems Inc.	1.6
Total % of Net Asset Value represented by these holdings	61.8

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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