

# TD Short Term Bond Fund

525436  
(03/26)

## TD Mutual Funds Annual Management Report of Fund Performance

for the period ended December 31, 2025

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 calling 1-800-386-3757, 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](http://www.td.com/ca/en/asset-management) or the SEDAR+ website at [www.sedarplus.ca](http://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 and Strategies

The investment objective of TD Short Term Bond Fund (the "Fund") is to seek to maximize income while simultaneously preserving investment capital and liquidity. In seeking to achieve this objective, the Fund invests primarily in debt obligations with terms to maturity of up to five years issued or guaranteed by the Canadian federal or provincial governments, or any agency of such governments, or any debt obligations of Schedule I Canadian chartered banks, loan or trust companies, or corporations. The Fund focuses on the Canadian corporate debt market as well as global macroeconomic trends. Generally, the Fund utilizes a bottom-up strategy using diligent credit analysis combined with a "buy-and-hold" strategy to seek to add value, enhance long-term performance, and reduce risk.

#### Risk

The risks of investing in the Fund remain as outlined in the simplified prospectus.

#### Results of Operations

The Investor Series units of the Fund returned 3.1% for the year ended December 31, 2025 (the "Reporting Period"), versus 3.9% for the Fund's product benchmark and 2.6% for the Fund's general market index. The Fund's product benchmark is the FTSE Canada Short Term Overall Bond Index and its general market index is the FTSE Canada Universe Bond Index. Unlike the product benchmark and general market index, the Fund's return is quoted after the deduction of fees and expenses. Returns for other series of the Fund may vary, largely due to differences in fees and expenses. Refer to the Past Performance section for returns of various series of the Fund.

#### Market Update

Canada's economy came under immense pressure during the Reporting Period as the U.S. imposed significant tariffs on Canada. While Canada-United States-Mexico Agreement goods were exempted, Canada faced tariffs on important industries such as automotive, lumber, aluminum and steel. Despite that, Canada's economy posted a small expansion over the Reporting Period. It did fall into a contraction during the second quarter of 2025, mainly due to a sharp decline in exports. However, the Canadian government's efforts to diversify trade helped the economy over the remainder of the Reporting Period. Canada's inflation rate hovered near the Bank of Canada's ("BoC") 2% target over much of the Reporting Period. The labour market cooled off part way through the Reporting Period before stabilizing. Canada's unemployment rate fell to a low of 6.5%, its lowest level since June 2024. The BoC continued to lower its benchmark interest rate over the Reporting Period but at a relatively slower pace. The BoC's benchmark interest rate was 2.25% by the end of the Reporting Period, a position that left the BoC feeling comfortable it would support Canada's economy while also keeping inflation close to its target.

Canadian bond prices increased over the Reporting Period, with yields moving slightly lower. The BoC lowered its benchmark interest rates over the Reporting Period, helping to put downward pressure on Canadian bond yields, particularly those at the shorter end of the yield curve. However, Canadian economic activity proved resilient over the Reporting Period, despite trade tensions with the U.S. This helped keep interest rates from falling even further. The benchmark 10-year Government of Canada bond yield rose from 3.22% to 3.43%. Mid-term bond prices outperformed their short- and long-term counterparts. Long-term bond prices declined. Corporate bond prices increased and outperformed government bonds, which also increased. Credit spreads (the difference in yields between corporate and government bonds with similar maturities) narrowed over the Reporting Period.

The FTSE Canada Short Term Overall Bond Index increased 3.9% over the Reporting Period. The corporate bond sector rose 4.8%, outperforming the government bond sector, which rose 3.4%.

Within the corporate sector, BBB-rated bonds delivered the strongest returns, rising 5.0%. A-rated bonds rose 4.7%, while AAA/AA-rated bonds advanced 4.4%. Among corporate issuers, communication and energy sector bonds posted the largest returns. Municipal and provincial bonds delivered the strongest returns within the government sector. Investment-grade credit spreads narrowed from 0.78% to 0.67%.

The FTSE Canada Short Term Overall Bond Index's average yield fell from 3.23% to 2.97% over the Reporting Period. The average yield of corporate bonds declined from 3.71% to 3.39%, while the average yield of government bonds fell from 3.00% to 2.78%.

#### Key Contributors/Detractors Relative to the Product Benchmark

During the Reporting Period, the Fund generated a positive return and outperformed its product benchmark before the deduction of fees and expenses.

- The Fund had an income advantage relative to the product benchmark which contributed to performance.
- The Fund's yield curve positioning (allocation to bonds with different maturities) detracted from performance.

#### Key Contributors/Detractors Relative to the General Market Index

During the Reporting Period, the Fund outperformed its general market index owing in part to yield curve positioning.

### Recent Developments

Looking ahead, the Portfolio Adviser expects modest growth for 2026 with risks skewed more toward slower activity than a renewed inflation surge. Central banks in Canada and the U.S. have signaled that future policy moves will be data-dependent, balancing inflation uncertainty against a gradually weakening labour market. Meanwhile, a new Chair of the U.S. Federal Reserve Board is set to be appointed, which has raised questions around the institution's independence. Another key event on the radar is the upcoming U.S. midterm election, as the results may affect political stability and cohesion. The Portfolio Adviser believes domestic and global fiscal deficits, shifting trade policies and varying levels of stimulus are likely to affect global interest rates through the year. Despite the challenges mentioned, bond yields are at decade highs, presenting strong income opportunities.

While the Portfolio Adviser has a favourable outlook for fixed income, market volatility and the current backdrop call for caution and selectivity. In the U.S., fiscal stimulus is expected to help support the broad economy, so the Portfolio Adviser believes there should be limited deterioration in corporate fundamentals, and thus remains constructive, albeit selective, toward corporate credit overall. The Fund maintains a significant allocation to corporate bonds relative to its product benchmark as exposure to high-quality corporate credit is expected to add value over time versus government bonds, in the Portfolio Adviser's view.

Effective June 30, 2025, the independent review committee for the Fund appointed Hari Panday as a member and Paul Moore ceased to be chair and a member of the committee. Effective July 1, 2025, the independent review committee appointed Frances Kordyback as chair of the committee.

### 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 (including deposit taking), custody, securityholder account maintenance and reporting, brokerage and derivatives transactions.

#### *Manager, Trustee and Portfolio Adviser:*

TDAM, a wholly-owned subsidiary of The Toronto-Dominion Bank ("TD"), is the manager, trustee and portfolio adviser of the Fund. The Fund pays TDAM an annual management fee, which may vary for each series of the Fund.

#### *Distributor:*

Certain series of units of the Fund are distributed through brokers and dealers including TD Waterhouse Canada Inc. ("TDWCI"), a wholly-owned subsidiary of TD. TDWCI, like other dealers, is paid a trailer commission by TDAM for distributing certain series of units of the Fund. Trailer commissions are paid by TDAM out of the management fees it receives from the Fund and are based on the average value of assets held by each dealer.

#### *Registrar and Transfer Agent:*

TD is the registrar and transfer agent of the Fund, and as such maintains all unitholder records, processes purchase, switch, conversion and redemption orders, issues investor statements and prepares annual tax reporting information on behalf of the Fund.

TD earns a foreign exchange spread when unitholders switch between units of funds denominated in different currencies. The Fund also maintains bank accounts and overdraft provisions with TD for which TD earns a fee.

#### *Administration and Securityholder Services:*

TDWCI, in addition to acting as a dealer, also provides administration and securityholder services to the Private Series units of the Fund for which such costs are reflected in the operating expenses for the Private Series units of the Fund. These services include securityholder account maintenance and reporting.

#### *Custodian:*

TD is the sub-custodian of the Fund and may hold a portion of the assets (including cash and investments) of the Fund.

#### *Buying and Selling Securities:*

TDAM has established an independent review committee ("IRC") which acts 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](http://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 TD Securities Inc., TDWCI, 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 past five fiscal years, as applicable. For series 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

	INVESTOR SERIES					INSTITUTIONAL SERIES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
<b>Net Assets, Beginning of Year</b>	9.43	9.20	9.01	9.63	9.96	9.70	9.46	9.26	9.90	10.24
<b>Increase (Decrease) from Operations:</b>										
Total Revenue	0.35	0.32	0.28	0.22	0.24	0.36	0.33	0.29	0.23	0.25
Total Expenses (excluding distributions)	(0.10)	(0.10)	(0.10)	(0.10)	(0.11)	(0.04)	(0.05)	(0.04)	(0.04)	(0.04)
Realized Gains (Losses) for the Period	0.13	0.12	(0.25)	(0.35)	0.06	0.13	0.13	(0.26)	(0.37)	0.06
Unrealized Gains (Losses) for the Period	(0.09)	0.10	0.43	(0.30)	(0.39)	(0.09)	0.11	0.46	(0.27)	(0.40)
<b>Total Increase (Decrease) from Operations²</b>	0.29	0.44	0.36	(0.53)	(0.20)	0.36	0.52	0.45	(0.45)	(0.13)
<b>Distributions:</b>										
From Net Investment Income (excluding dividends)	(0.24)	(0.21)	(0.18)	(0.12)	(0.14)	(0.32)	(0.28)	(0.25)	(0.19)	(0.21)
From Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions³</b>	(0.24)	(0.21)	(0.18)	(0.12)	(0.14)	(0.32)	(0.28)	(0.25)	(0.19)	(0.21)
<b>Net Assets at December 31</b>	9.48	9.43	9.20	9.01	9.63	9.75	9.70	9.46	9.26	9.90
	PREMIUM SERIES					ADVISOR SERIES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
<b>Net Assets, Beginning of Year</b>	9.35	9.12	8.93	9.55	9.88	9.85	9.61	9.41	10.05	10.40
<b>Increase (Decrease) from Operations:</b>										
Total Revenue	0.34	0.32	0.28	0.22	0.24	0.36	0.33	0.29	0.23	0.26
Total Expenses (excluding distributions)	(0.09)	(0.09)	(0.09)	(0.09)	(0.09)	(0.11)	(0.11)	(0.10)	(0.10)	(0.11)
Realized Gains (Losses) for the Period	0.13	0.12	(0.25)	(0.35)	0.06	0.14	0.13	(0.27)	(0.37)	0.06
Unrealized Gains (Losses) for the Period	(0.08)	0.09	0.41	(0.29)	(0.39)	(0.09)	0.11	0.44	(0.31)	(0.41)
<b>Total Increase (Decrease) from Operations²</b>	0.30	0.44	0.35	(0.51)	(0.18)	0.30	0.46	0.36	(0.55)	(0.20)
<b>Distributions:</b>										
From Net Investment Income (excluding dividends)	(0.26)	(0.22)	(0.19)	(0.13)	(0.15)	(0.26)	(0.22)	(0.19)	(0.13)	(0.14)
From Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions³</b>	(0.26)	(0.22)	(0.19)	(0.13)	(0.15)	(0.26)	(0.22)	(0.19)	(0.13)	(0.14)
<b>Net Assets at December 31</b>	9.39	9.35	9.12	8.93	9.55	9.90	9.85	9.61	9.41	10.05
	F-SERIES					D-SERIES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
<b>Net Assets, Beginning of Year</b>	9.86	9.61	9.41	10.06	10.41	9.59	9.35	9.16	9.79	10.12
<b>Increase (Decrease) from Operations:</b>										
Total Revenue	0.36	0.33	0.29	0.23	0.26	0.35	0.32	0.29	0.23	0.25
Total Expenses (excluding distributions)	(0.05)	(0.05)	(0.06)	(0.06)	(0.06)	(0.05)	(0.05)	(0.05)	(0.07)	(0.09)
Realized Gains (Losses) for the Period	0.14	0.13	(0.26)	(0.37)	0.06	0.13	0.13	(0.26)	(0.36)	0.06
Unrealized Gains (Losses) for the Period	(0.08)	0.12	0.47	(0.26)	(0.43)	(0.08)	0.10	0.44	(0.27)	(0.40)
<b>Total Increase (Decrease) from Operations²</b>	0.37	0.53	0.44	(0.46)	(0.17)	0.35	0.50	0.42	(0.47)	(0.18)
<b>Distributions:</b>										
From Net Investment Income (excluding dividends)	(0.31)	(0.27)	(0.24)	(0.18)	(0.20)	(0.30)	(0.27)	(0.23)	(0.16)	(0.16)
From Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions³</b>	(0.31)	(0.27)	(0.24)	(0.18)	(0.20)	(0.30)	(0.27)	(0.23)	(0.16)	(0.16)
<b>Net Assets at December 31</b>	9.91	9.86	9.61	9.41	10.06	9.64	9.59	9.35	9.16	9.79

Footnotes for the above table(s) can be found at the end of the Net Assets per Unit section.

Net Assets per Unit (\$)¹ (continued)

	PRIVATE SERIES					O-SERIES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Net Assets, Beginning of Year	9.53	9.30	9.11	9.72	10.06	9.73	9.48	9.29	9.93	10.27
<b>Increase (Decrease) from Operations:</b>										
Total Revenue	0.35	0.32	0.28	0.23	0.25	0.36	0.33	0.29	0.23	0.25
Total Expenses (excluding distributions)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Realized Gains (Losses) for the Period	0.13	0.13	(0.26)	(0.35)	0.06	0.13	0.13	(0.26)	(0.37)	0.06
Unrealized Gains (Losses) for the Period	(0.08)	0.09	0.50	(0.22)	(0.40)	(0.08)	0.13	0.56	(0.32)	(0.40)
<b>Total Increase (Decrease) from Operations²</b>	<b>0.40</b>	<b>0.54</b>	<b>0.52</b>	<b>(0.34)</b>	<b>(0.09)</b>	<b>0.41</b>	<b>0.59</b>	<b>0.59</b>	<b>(0.46)</b>	<b>(0.09)</b>
<b>Distributions:</b>										
From Net Investment Income (excluding dividends)	(0.35)	(0.32)	(0.29)	(0.22)	(0.25)	(0.36)	(0.32)	(0.29)	(0.23)	(0.26)
From Dividends	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
From Capital Gains	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Return of Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions³</b>	<b>(0.35)</b>	<b>(0.32)</b>	<b>(0.29)</b>	<b>(0.22)</b>	<b>(0.25)</b>	<b>(0.36)</b>	<b>(0.32)</b>	<b>(0.29)</b>	<b>(0.23)</b>	<b>(0.26)</b>
<b>Net Assets at December 31</b>	<b>9.58</b>	<b>9.53</b>	<b>9.30</b>	<b>9.11</b>	<b>9.72</b>	<b>9.78</b>	<b>9.73</b>	<b>9.48</b>	<b>9.29</b>	<b>9.93</b>

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 value 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 periods. These tables are 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.

Ratios and Supplemental Data

	INVESTOR SERIES					INSTITUTIONAL SERIES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Total Net Asset Value (\$000s)¹	57,873	52,471	55,168	60,872	78,725	8	8	7	7	7
Number of Units Outstanding (000s)¹	6,103	5,562	5,997	6,756	8,175	1	1	1	1	1
Management Expense Ratio (%)²	1.08	1.10	1.09	1.10	1.10	0.42	0.45	0.45	0.44	0.46
Management Expense Ratio Before Waivers or Absorptions (%)	1.08	1.10	1.09	1.10	1.10	0.42	0.45	0.45	0.44	0.46
Trading Expense Ratio (%)³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Portfolio Turnover Rate (%)⁴	104.11	123.08	120.84	106.74	59.88	104.11	123.08	120.84	106.74	59.88
Net Asset Value per Unit (\$)	9.48	9.43	9.20	9.01	9.63	9.75	9.70	9.46	9.26	9.90

	PREMIUM SERIES					ADVISOR SERIES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Total Net Asset Value (\$000s)¹	2,881	3,419	3,898	4,791	6,214	32,364	33,321	36,821	47,989	61,736
Number of Units Outstanding (000s)¹	307	366	427	536	651	3,268	3,381	3,831	5,101	6,143
Management Expense Ratio (%)²	0.97	0.98	0.99	0.99	0.99	1.09	1.11	1.11	1.11	1.11
Management Expense Ratio Before Waivers or Absorptions (%)	0.97	0.98	0.99	0.99	0.99	1.09	1.11	1.11	1.11	1.11
Trading Expense Ratio (%)³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Portfolio Turnover Rate (%)⁴	104.11	123.08	120.84	106.74	59.88	104.11	123.08	120.84	106.74	59.88
Net Asset Value per Unit (\$)	9.39	9.35	9.12	8.93	9.55	9.90	9.85	9.61	9.41	10.05

	F-SERIES					D-SERIES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Total Net Asset Value (\$000s)¹	56,307	68,069	61,327	66,474	79,037	24,200	25,139	26,555	27,628	30,225
Number of Units Outstanding (000s)¹	5,684	6,903	6,378	7,061	7,853	2,511	2,621	2,839	3,017	3,088
Management Expense Ratio (%)²	0.54	0.56	0.59	0.61	0.61	0.53	0.55	0.58	0.72	0.88
Management Expense Ratio Before Waivers or Absorptions (%)	0.54	0.56	0.59	0.61	0.61	0.53	0.55	0.58	0.76	0.88
Trading Expense Ratio (%)³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Portfolio Turnover Rate (%)⁴	104.11	123.08	120.84	106.74	59.88	104.11	123.08	120.84	106.74	59.88
Net Asset Value per Unit (\$)	9.91	9.86	9.61	9.41	10.06	9.64	9.59	9.35	9.16	9.79

Footnotes for the above table(s) can be found at the end of the Ratios and Supplemental Data section.

Ratios and Supplemental Data (continued)

	PRIVATE SERIES					O-SERIES				
	2025	2024	2023	2022	2021	2025	2024	2023	2022	2021
Total Net Asset Value (\$000s) <sup>1</sup>	640,103	633,029	707,141	731,301	527,210	1,257,455	1,126,780	808,459	625,060	898,314
Number of Units Outstanding (000s) <sup>1</sup>	66,835	66,420	76,072	80,311	54,213	128,520	115,773	85,259	67,314	90,487
Management Expense Ratio (%) <sup>2,5</sup>	0.02	0.02	0.02	0.01	0.01	0.00	0.00	0.00	0.00	0.00
Management Expense Ratio Before Waivers or Absorptions (%)	0.02	0.02	0.02	0.01	0.01	0.00	0.00	0.00	0.00	0.00
Trading Expense Ratio (%) <sup>3</sup>	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Portfolio Turnover Rate (%) <sup>4</sup>	104.11	123.08	120.84	106.74	59.88	104.11	123.08	120.84	106.74	59.88
Net Asset Value per Unit (\$)	9.58	9.53	9.30	9.11	9.72	9.78	9.73	9.48	9.29	9.93

<sup>1</sup> This information is provided as at December 31 of the past five fiscal years, as applicable.  
<sup>2</sup> 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.  
<sup>3</sup> 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 units 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.  
<sup>4</sup> 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.  
<sup>5</sup> The Fund does not pay any management fees or operating expenses with respect to the O-Series units of the Fund, but may have a MER as a result of its holdings in underlying fund(s), representing the weighted average MER of those underlying fund(s) for the reporting period.

Management Fees

As manager and trustee of the Fund, TDAM is responsible for the overall business and affairs of the Fund, including activities related to making units of the Fund available to investors, and providing, or arranging for the provision of, investment advisory services and marketing services to the Fund. In consideration for the provision of such services, each series of the Fund, other than Private Series units and O-Series units, pays TDAM a management fee.

Management fees are calculated and accrued on a daily basis for each applicable series based on the net asset value of that series and paid monthly to TDAM.

The simplified prospectus discloses a specified annual management fee rate that TDAM can charge for each series of the Fund. Where TDAM chooses to charge a management fee rate below the specified annual management fee rate, the difference represents a waiver of management fees. 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 for each series, as a percentage of the management fees paid, are as follows:

(expressed as a %)	Annual Mgmt. Fees*	Dealer Compensation	Waived Operating Expenses	Other†
Investor Series	0.85	35.06	0.06	64.88
Institutional Series	0.25	0.00	0.13	99.87
Premium Series	0.85†	55.85	0.06	44.09
Advisor Series	0.85	48.71	0.05	51.24
F-Series	0.35	0.00	0.11	99.89
D-Series	0.35	0.00	0.11	99.89
Private Series	0.00	N/A	N/A	N/A
O-Series	0.00	N/A	N/A	N/A

There are no management fees paid by the Fund in respect of Private Series and O-Series units of the Fund. Unitholders in the Private Series pay a negotiated fee directly to TDAM, their dealer or TD Waterhouse Private Investment Counsel Inc. Unitholders in the O-Series pay a negotiated fee directly to TDAM.

Effective November 20, 2025, the management fee rate charged to Investor Series and Advisor Series was changed from 1.00% to 0.85%, Institutional Series was changed from 0.40% to 0.25%, Premium Series was changed from 0.90% to 0.85%, and F-Series and D-Series was changed from 0.50% to 0.35%.

\* 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.

† The management fee rate disclosed represents the maximum annual rate per the simplified prospectus dated July 28, 2016. The series is no longer being offered under the most recent simplified prospectus.

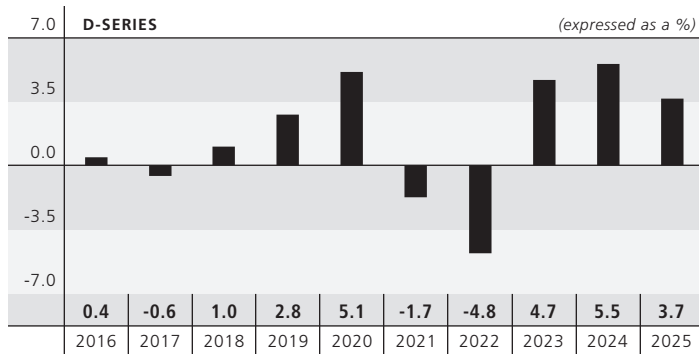
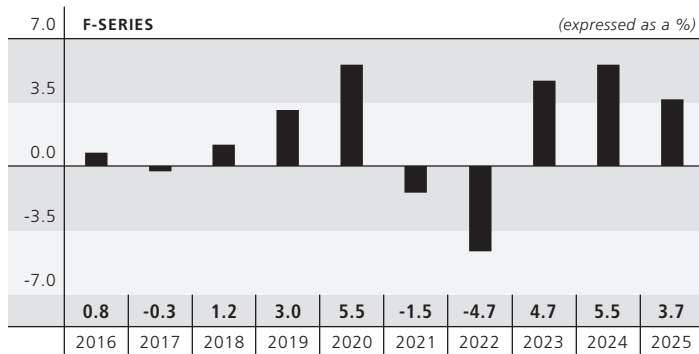
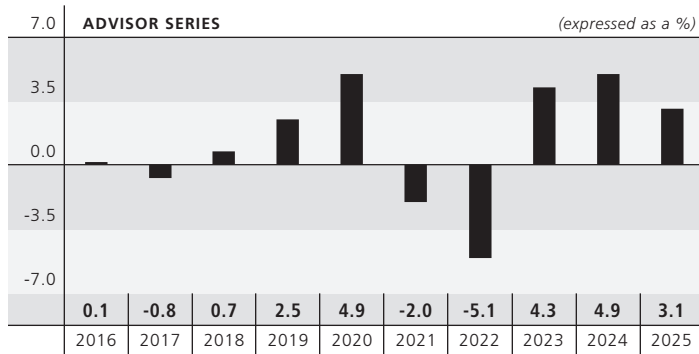
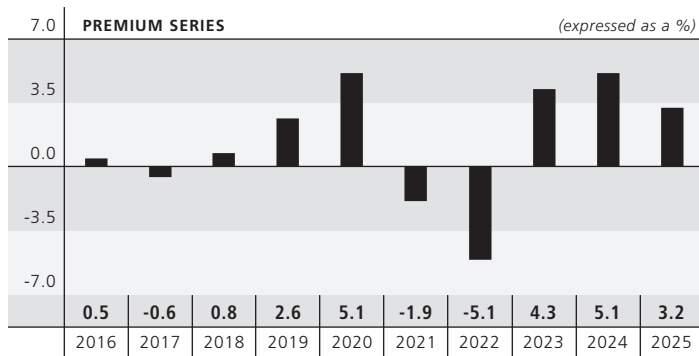
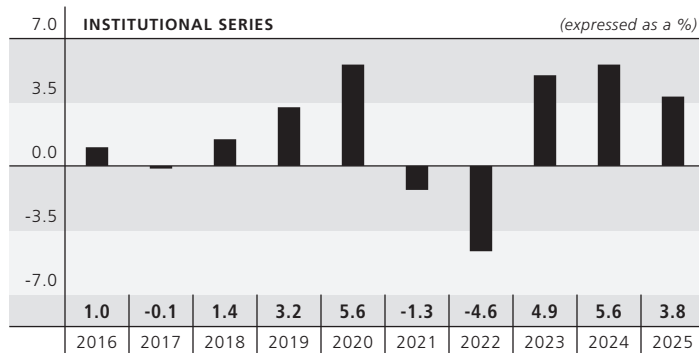
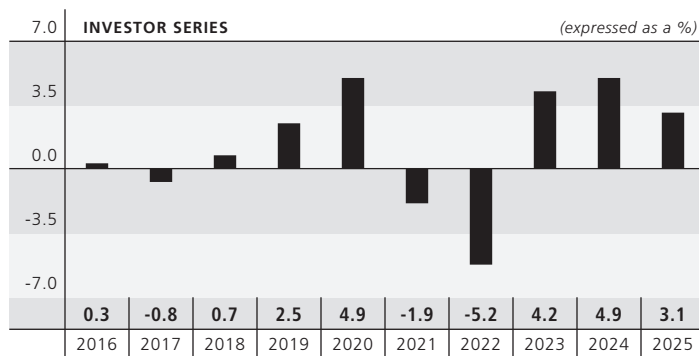
‡ Investment advisory, trustee, marketing services and other.

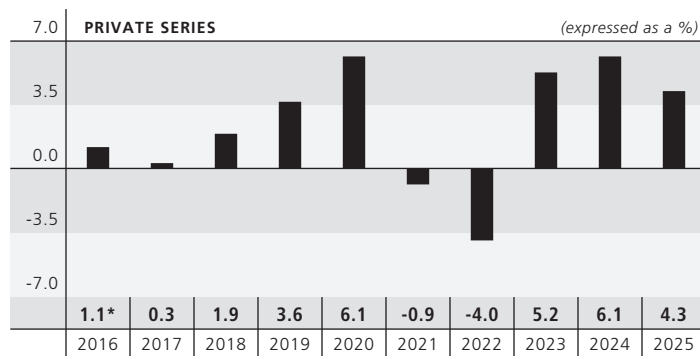
### Past Performance

The following charts show 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. They do not include deduction of sales, switch, redemption, or other optional charges (which dealers may charge) or income taxes payable, 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.

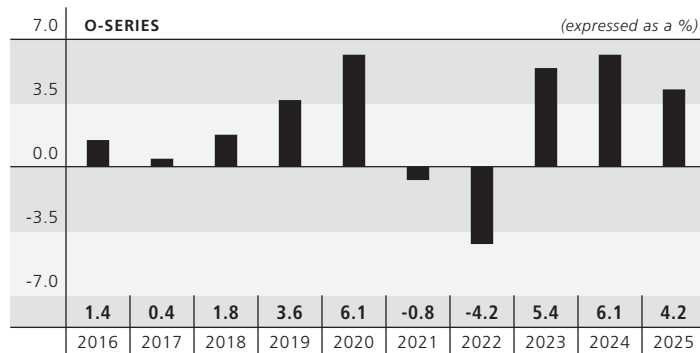
#### Year-by-year returns

The bar charts show how the Fund's performance has varied from year to year for each of the years shown. They show in percentage terms how an investment made on January 1 would have increased or decreased by December 31.





\* From February 4, 2016 (commencement of operations) to December 31, 2016



### Annual Compound Returns

The following table shows the annual compound total returns for each series of units of the Fund for each of the periods indicated ended on December 31, 2025, compared with the following benchmarks:

- Product Benchmark:
  - FTSE Canada Short Term Overall Bond Index – This index is comprised of Canadian investment-grade bonds with a term to maturity of one to five years.
- General Market Index:
  - FTSE Canada Universe Bond Index – This index is comprised of Canadian investment-grade bonds which mature in more than one year.

(expressed as a %)	Past year	Past 3 years	Past 5 years	Past 10 years	Since inception
Investor Series	3.1	4.1	1.0	1.2	N/A
Institutional Series	3.8	4.8	1.6	1.9	N/A
Premium Series	3.2	4.2	1.0	1.3	N/A
Advisor Series	3.1	4.1	1.0	1.2	N/A
F-Series	3.7	4.7	1.5	1.7	N/A
D-Series	3.7	4.7	1.4	1.6	N/A
Private Series	4.3	5.2	2.1	N/A	2.3
O-Series	4.2	5.2	2.1	2.3	N/A
Product Benchmark	3.9	4.9	1.9	2.1	♦
General Market Index	2.6	4.5	-0.4	1.9	♦

♦ Please refer to the following table for product benchmark and general market index returns relative to each series' inception date, where applicable.

(expressed as a %)	Product Benchmark	General Market Index
Private Series (Feb. 4, 2016)	2.0	1.8

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, 2025

	% of Net Asset Value
<b>PORTFOLIO ALLOCATION</b>	
Corporates	68.8
Federal & Guarantees	20.1
Alternative Investment Funds	8.6
Provincial & Guarantees	1.7
Cash (Bank Overdraft)	0.1
Foreign Exchange Forward Contracts	0.0
Other Net Assets (Liabilities)	0.7
<b>TERM ALLOCATION</b>	
Maturing in 1-5 Years	88.4
Maturing under 1 Year	2.2
Alternative Investment Funds	8.6
Cash (Bank Overdraft)	0.1
Foreign Exchange Forward Contracts	0.0
Other Net Assets (Liabilities)	0.7
<b>TOTAL NET ASSET VALUE (000s)</b>	<b>\$ 2,071,191</b>

	% of Net Asset Value
<b>TOP 25 INVESTMENTS</b>	
Canada Housing Trust No. 1 1.750% Jun 15, 2030	9.1
TD Greystone Mortgage Fund <sup>†</sup>	8.6
Canada Housing Trust No. 1 2.900% Dec 15, 2029	5.3
Government of Canada 2.750% Mar 1, 2030	5.2
Canadian Imperial Bank of Commerce Callable 5.500% Jan 14, 2028	1.6
Enbridge Pipelines Inc. Callable 3.000% Aug 10, 2026	1.2
Federation des caisses Desjardins du Quebec 4.407% May 19, 2027	1.2
Enbridge Inc. Callable 5.700% Nov 9, 2027	1.1
Canadian Imperial Bank of Commerce Callable 5.050% Oct 7, 2027	1.1
Federation des caisses Desjardins du Quebec Callable 5.467% Nov 17, 2028	1.1
Brookfield Infrastructure Finance ULC Callable 4.193% Sep 11, 2028	1.1
Federation des caisses Desjardins du Quebec 5.475% Aug 16, 2028	1.1
Royal Bank of Canada 4.632% May 1, 2028	1.1
Bruce Power Limited Partnership Callable, Series 17-2 4.010% Jun 21, 2029	1.0
Province of Ontario 1.350% Dec 2, 2030	1.0
Royal Bank of Canada 4.642% Jan 17, 2028	1.0
TransCanada Pipelines Limited Callable 3.390% Mar 15, 2028	1.0
Enbridge Inc. Callable 3.200% Jun 8, 2027	1.0
National Bank of Canada 5.023% Feb 1, 2029	0.9
North West Redwater Partnership/NWR Financing Company Limited Callable, Series F 4.250% Jun 1, 2029	0.9
Federation des caisses Desjardins du Quebec 3.804% Sep 24, 2029	0.9
TELUS Corporation Callable 4.800% Dec 15, 2028	0.9
Hydro One Inc. Callable 3.020% Apr 5, 2029	0.9
Bank of Montreal Callable 5.039% May 29, 2028	0.9
Enbridge Inc. Callable 4.900% May 26, 2028	0.9
<b>Total % of Net Asset Value represented by these holdings</b>	<b>50.1</b>

<sup>†</sup> 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](http://www.sedarplus.ca). The prospectus and other information about underlying TD investment funds are also available at [www.td.com/ca/en/asset-management](http://www.td.com/ca/en/asset-management), [www.td.com/ca/en/global-investment-solutions](http://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 contacting 1-800-386-3757, 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](http://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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