

TD Select U.S. Short Term Corporate Bond Ladder ETF (TUSB/TUSB.U)

535722
(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 Select U.S. Short Term Corporate Bond Ladder 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 "TUSB" for Canadian dollar denominated units and "TUSB.U" for U.S. dollar denominated units. Units of TUSB returned 5.3% for the six-month period ended June 30, 2024 (the "Reporting Period"), versus 5.4% for the Fund's product benchmark, the Bloomberg US Corporate 1-5 Years Total Return Index (Value Unhedged, C\$). Unlike the product benchmark, the Fund's return is quoted after the deduction of fees and expenses. Returns for other units of the Fund may vary, largely due to differences in currencies. Refer to the Past Performance section for returns of various units of the Fund.

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. bond prices posted a small decline over the Reporting Period, while bond yields increased. Elevated inflation, a strong labour market and resilient economic growth kept the Fed from lowering interest rates, putting upward pressure on U.S. bond yields. Towards the end of the Reporting Period, however, bond yields declined as expectations grew that the Fed could begin lowering interest rates later in 2024. The benchmark 10-year U.S. Treasury bond yield increased from 3.88% to 4.40% over the Reporting Period. The yield curve remained inverted (when short-term government bond yields are higher than long-term government bond yields). Government bond prices declined and underperformed corporate bonds, which also fell. Credit spreads (the difference in yields between corporate and government bonds with similar maturities) narrowed.

Key Contributors/Detractors

During the Reporting Period, the Fund generated positive performance and performed in-line with its product benchmark before the deduction of fees and expenses.

- The Fund's holdings generated income above its product benchmark which contributed to performance.
- The Funds overweight position in the industrials and real estate sectors relative to its product benchmark contributed to performance.
- The Fund's overweight position in financials sector relative to its product benchmark detracted from performance.

Recent Developments

The Portfolio Adviser expects global economic activity to remain relatively modest in 2024 as a result of restrictive monetary policy, geopolitical tensions and weaker demand from consumers and businesses. Some global central banks have begun lowering interest rates, as they seek to balance the risks of resurging inflation and weakening economic conditions, causing a divergence from the Fed.

Looking ahead, the Portfolio Adviser continues to invest primarily in higher-quality corporate bonds compared to high-yield bonds, as elevated interest rates and weakening economic conditions might contribute to greater volatility in high-yield fixed-income markets. The Portfolio Adviser expects slowing economic conditions in the second half of the year may cause credit spreads to widen further, but with strong credit fundamentals and attractive all-in yields, returns from domestic corporate bonds have the potential to remain positive in the near term. Considering the Portfolio Adviser's view, the Fund is positioned defensively, with a bias toward investment-grade credits.

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. Each class of 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

	TUSB (C\$)						TUSB.U (US\$)					
	2024	2023	2022	2021	2020	2019	2024	2023	2022	2021	2020	2019
Net Assets, Beginning of Period	13.51	13.60	13.80	14.37	15.14	15.50	9.97	9.78	10.84	11.29	11.54	11.38
Increase (Decrease) from Operations:												
Total Revenue	0.36	0.66	0.60	0.53	0.73	0.58	0.27	0.56	0.51	0.46	0.35	0.44
Total Expenses (excluding distributions)	(0.02)	(0.04)	(0.04)	(0.04)	(0.04)	(0.05)	(0.01)	(0.03)	(0.02)	(0.03)	(0.03)	(0.04)
Realized Gains (Losses) for the Period	0.11	0.10	(0.63)	(0.70)	(0.46)	0.18	0.08	0.06	(0.48)	(0.49)	(0.16)	0.22
Unrealized Gains (Losses) for the Period	0.25	(0.10)	0.46	0.24	(0.10)	(0.74)	0.17	0.24	0.11	(0.07)	(0.46)	(0.41)
Total Increase (Decrease) from Operations²	0.70	0.62	0.39	0.03	0.13	(0.03)	0.51	0.83	0.12	(0.13)	(0.30)	0.21
Distributions:												
From Net Investment Income (excluding dividends)		(0.62)	(0.48)	(0.48)	(0.75)	(0.37)		(0.50)	(0.62)	(0.36)	(0.35)	(0.34)
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	(0.18)		0.00	0.00	0.00	0.00	(0.17)
Return of Capital		(0.10)	0.00	0.00	0.00	(0.13)		(0.04)	(0.03)	(0.13)	(0.05)	(0.15)
Total Annual Distributions³	(0.36)	(0.72)	(0.48)	(0.48)	(0.75)	(0.68)	(0.27)	(0.54)	(0.65)	(0.49)	(0.40)	(0.66)
Net Assets, End of Period	13.85	13.51	13.60	13.80	14.37	15.14	9.90	9.97	9.78	10.84	11.29	11.54

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.

	TUSB (C\$)						TUSB.U (US\$)					
	2024	2023	2022	2021	2020	2019	2024	2023	2022	2021	2020	2019
Notional Income Distribution	0.00	0.00	0.00	0.00	0.00	0.00	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	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	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	0.00	0.00	0.00	0.00	0.00	0.00

Ratios and Supplemental Data

	TUSB (C\$)						TUSB.U (US\$)					
	2024	2023	2022	2021	2020	2019	2024	2023	2022	2021	2020	2019
Total Net Asset Value (\$000s) ¹	7,620	7,090	5,780	4,141	3,592	5,297	2,474	2,243	4,155	7,048	5,645	3,461
Number of Units Outstanding (000s) ¹	550	525	425	300	250	350	250	225	425	650	500	300
Management Expense Ratio (%) ²	0.29	0.28	0.28	0.29	0.29	0.28	0.28	0.28	0.27	0.27	0.27	0.28
Management Expense Ratio Before												
Waivers or Absorptions (%)	0.30	0.30	0.30	0.30	0.31	0.32	0.29	0.29	0.29	0.28	0.29	0.31
Trading Expense Ratio (%) ³	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Portfolio Turnover Rate (%) ⁴	85.44	136.83	145.37	79.83	116.23	118.77	85.44	136.83	145.37	79.83	116.23	118.77
Net Asset Value per Unit (\$)	13.85	13.51	13.60	13.80	14.37	15.14	9.90	9.97	9.78	10.84	11.29	11.54
Closing Market Price (\$) [†]	13.88	13.45	13.70	13.92	14.34	15.14	9.89	9.98	9.77	10.83	11.28	11.53

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†
TUSB	0.25	N/A	6.79	93.21
TUSB.U	0.25	N/A	6.71	93.29

* 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.

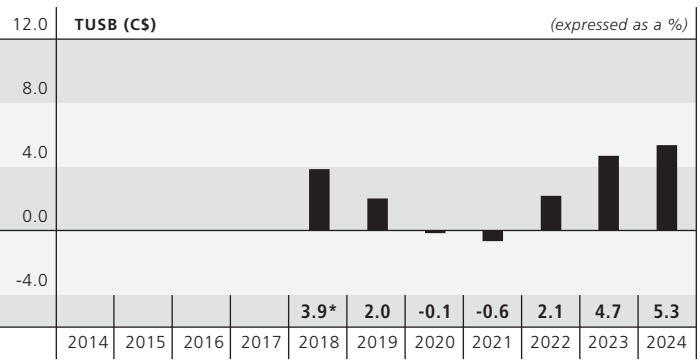
† Trustee, marketing services and other.

Past Performance

The following 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 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.

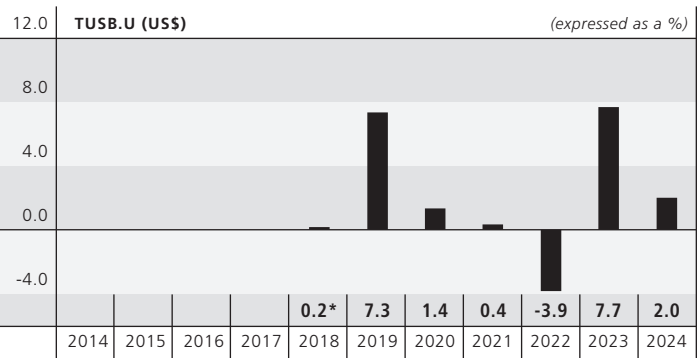
Year-by-year returns

The bar charts show 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 November 8, 2018 (commencement of operations) to December 31, 2018



For the 12 months ended Dec. 31 and six-month period ended June 30, 2024

* From November 8, 2018 (commencement of operations) to December 31, 2018

Summary of Investment Portfolio

as at June 30, 2024

	% of Net Asset Value
ASSET ALLOCATION	
U.S. Bonds	90.1
Canadian Bonds	8.0
Global Bonds	1.0
Cash (Bank Overdraft)	0.2
Other Net Assets (Liabilities)	0.7
PORTFOLIO ALLOCATION	
Corporate Bonds	99.1
Cash (Bank Overdraft)	0.2
Other Net Assets (Liabilities)	0.7
CREDIT RATING[§]	
A	13.2
BBB	72.1
BB	10.9
B	2.5
CCC	0.4
TOTAL NET ASSET VALUE (000s)	
	\$ 11,005

[§] Credit Ratings are obtained from S&PGR, Moody's or DBRS Ltd. rating agencies.

	% of Net Asset Value
TOP 25 INVESTMENTS	
Targa Resources Partners Limited Partnership/Targa Resources Partners Finance Corporation (USD) Callable 6.875% Jan 15, 2029	2.7
Capital One Financial Corporation (USD) Variable Rate, Callable 5.700% Feb 1, 2030	2.4
Energy Transfer Limited Partnership (USD) Callable 5.250% Apr 15, 2029	2.4
Hyundai Capital America (USD) Callable 6.500% Jan 16, 2029	2.3
Tapestry Inc. (USD) Callable 7.350% Nov 27, 2028	2.3
Truist Financial Corporation (USD) Callable 3.875% Mar 19, 2029	2.3
Citigroup Inc. (USD) Variable Rate, Callable 3.980% Mar 20, 2030	2.2
Sysco Corporation (USD) Callable 3.750% Oct 1, 2025	2.0
AbbVie Inc. (USD) Callable 3.600% May 14, 2025	2.0
Wells Fargo & Company (USD) 3.550% Sep 29, 2025	2.0
Bank of America Corporation (USD) Series L 3.950% Apr 21, 2025	2.0
General Motors Company (USD) Callable 6.125% Oct 1, 2025	1.9
Citigroup Inc. (USD) 3.875% Mar 26, 2025	1.8
The Boeing Company (USD) Callable 4.875% May 1, 2025	1.8
Bank of America Corporation (USD) 4.250% Oct 22, 2026	1.8
JPMorgan Chase & Company (USD) Variable Rate, Callable 1.578% Apr 22, 2027	1.7
Morgan Stanley (USD) 4.350% Sep 8, 2026	1.7
Truist Financial Corporation (USD) Variable Rate, Callable 1.267% Mar 2, 2027	1.7
Marriott International Inc. (USD) Callable 5.750% May 1, 2025	1.7
Boston Properties Limited Partnership (USD) Callable 3.650% Feb 1, 2026	1.7
The Goldman Sachs Group Inc. (USD) 4.250% Oct 21, 2025	1.7
Royal Bank of Canada (USD) 1.400% Nov 2, 2026	1.6
Dell International LLC/EMC Corporation (USD) Callable 6.020% Jun 15, 2026	1.6
American Tower Corporation (USD) Callable 1.450% Sep 15, 2026	1.5
The Boeing Company (USD) Callable 3.100% May 1, 2026	1.5
Total % of Net Asset Value represented by these holdings	48.3

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

CURRENCY LEGEND

(USD) United States Dollar

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.

Source: London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). © LSE Group 2024. FTSE Russell is a trading name of certain of the LSE Group companies. “FTSE®”, “Russell®”, and “FTSE Russell®” are trade marks of the relevant LSE Group companies and are used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company’s express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

TD Exchange-Traded Funds are managed by TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank.

Epoch Investment Partners, Inc. operates in the United States and is an affiliate of TD Asset Management Inc. TD Asset Management Inc. operates in Canada. Both are wholly-owned subsidiaries of The Toronto-Dominion Bank.

©The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries.