



## Unlocking Global Opportunities with TD Global Shareholder Yield Fund

### From the Desk of the Global Equity Teams

By Jafer Naqvi, Managing Director, Head of Client Portfolio Management, TD Asset Management (TDAM) and Mitch Fielding, Vice President, Client Portfolio Management, TD Epoch. Edited by Jitesh Chauhan

#### At a Glance:

**A differentiated approach to global equities:** Focused on free cash flow as a more consistent driver of long-term value.

**Built for today's market:** Can help to address concentration risk and volatility through diversified global exposure.

**Added diversification:** Can act as a complement to the TD Global Equity Focused Fund to enhance diversification and risk-adjusted returns.

### A Changing Global Investment Landscape

Investors today are navigating an environment defined by heightened volatility, narrow market leadership, and increasing concentration risk. Active global equity portfolios offer access to a broad opportunity set and may help mitigate some of these risks. How these strategies manage exposure to global equities is critical. At TD Asset Management ("TDAM", "we", "our"), approach is grounded in a differentiated investment philosophy: we focus on free cash flow as the foundation of long-term value creation. By prioritizing how companies generate and allocate cash, we aim to deliver more consistent and resilient outcomes across market cycles.

### A Better Lens on Value

Traditional value investing often relies on accounting-based metrics such as price-to-earnings or book value. These measures can be distorted by the treatment of non-cash items, the timing of revenue or expense recognition, and the use of different accounting assumptions.

While there are multiple ways to define value, not all approaches deliver the same outcomes over time. This approach differs from more growth-oriented strategies, which tend to focus on earnings and/or multiple expansion, by emphasizing how companies generate and return cash to investors over time.

TDAM's approach emphasizes free cash flow yield, a more direct measure of a company's financial strength and its ability to generate real, distributable cash.

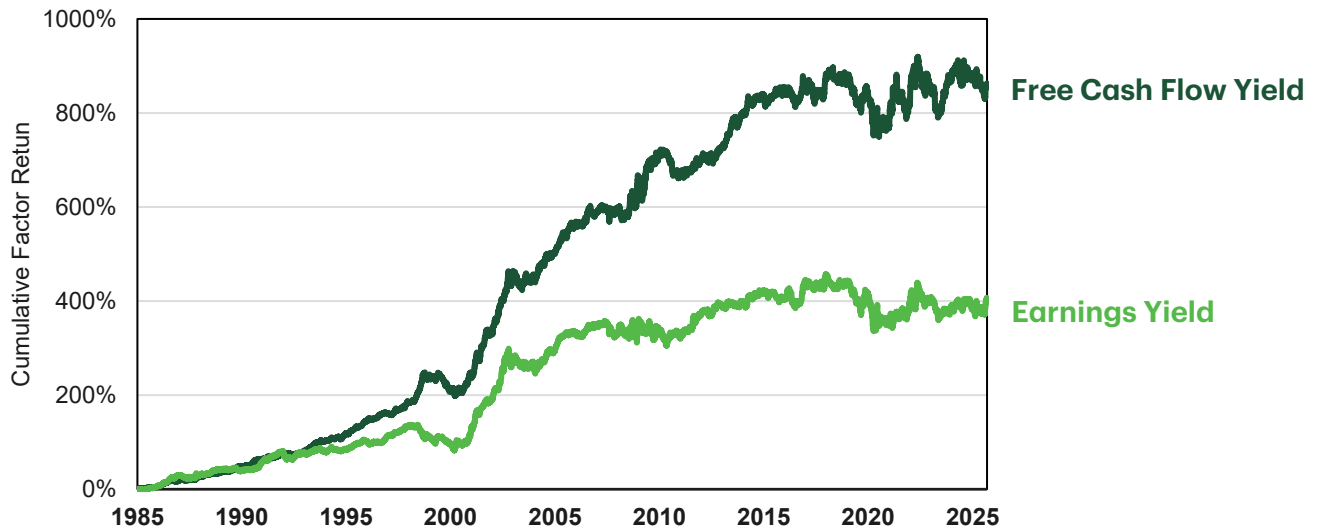
This framework highlights the different ways value can be measured, while reinforcing the importance of free cash flow as a more reliable and consistent driver of long-term performance.

In our view, free cash flow can deliver stronger and more consistent outcomes relative to traditional valuation measures reinforcing its role as a more resilient investment factor.

### Consistency Through a Free Cash Flow Approach

Long-term data support the intuition that a focus on free cash flow adds value. As shown in **Chart 1**, companies with stronger free cash flow have historically delivered more consistent results than those evaluated using traditional measures such as earnings yield.

**Chart 1: Free Cash Flow vs. Earnings Yield**



Source: Piper Sandler Macro. As of September 2025.

This reinforces the importance of how companies generate and use cash when assessing long-term value.

Historical analysis shows that free cash flow as an investment factor has delivered persistent outperformance over time, including across varying market environments. By focusing on companies with strong and sustainable cash generation, this approach seeks to deliver more reliable outcomes compared to traditional value strategies that may be more sensitive to market cycles or accounting distortions.

## How Companies Create and Return Value

Free cash flow provides companies with flexibility in how they allocate capital. There are five primary ways this cash can be used:

- Reinvestment in the business
- Acquisitions
- Dividends
- Share repurchases
- Debt reduction

The TD Global Shareholder Yield Fund focuses on companies that efficiently return capital to investors through dividends, share buybacks and balance sheet improvement. This approach provides a more sustainable and diversified source of return compared to strategies that rely solely on dividends.

## Why Global, Why Now

Active global investing offers a number of potential advantages, especially in the current market environment. Recent market returns have become increasingly concentrated within a small number of large-cap names, while macroeconomic uncertainty continues to drive volatility. An active global equity approach can help:

- Provide a deeper and richer picking pool from which to select stocks
- Reduce reliance on a single market, sector or investment theme
- Access a wider range of return drivers

More importantly, an active, broadly diversified global equity approach can help navigate the structure of modern markets. It is not constrained by traditional sector biases and includes exposure to sectors including technology, where companies are returning capital to investors, particularly in the form of a cash yield, as well as generating significant free cash flow.

## A Complementary Role in Portfolios

Blending growth and value approaches can result in more consistent outcomes and improved risk-adjusted returns over time. The TD Global Shareholder Yield Fund is designed to work alongside TD Global Equity Focus Fund, providing investors with complementary sources of return:

- TD Global Equity Focus Fund: Targets secular growth opportunities and long-term earnings expansion
- TD Global Shareholder Yield Fund: Emphasizes disciplined capital allocation and shareholder returns

Together, these strategies create a more balanced global equity allocation by:

- Offsetting performance across different market cycles
- Reducing concentration risk
- Enhancing overall portfolio stability

## Bottom Line

TD Global Shareholder Yield Fund and TD Global Equity Focus Fund offer a differentiated way to access global equities, focusing on what truly matters: cash generation and disciplined capital allocation.

Used on their own or as part of a broader equity allocation, these funds can provide:

- A more reliable way to invest in value over time
- Attractive and sustainable income potential
- A strong complement to growth-oriented strategies

In a market defined by uncertainty, combining global diversification with a disciplined free cash flow and long-term earnings expansion, can help investors build more resilient portfolios.

**For further information,  
please contact your TDAM Representative.**



---

The information contained herein has been provided by TD Asset Management Inc. ("TDAM") and is for information purposes only. TD Epoch is an investment philosophy and approach within TDAM. The information has been drawn from sources believed to be reliable; however, its accuracy or completeness is not guaranteed. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment.

The information does not provide financial, legal, tax or investment advice. Particular investment, tax or trading strategies should be evaluated relative to each individual's objectives and risk tolerance.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual fund and exchange-traded fund investments. Please read the prospectus and/or ETF Facts before investing.

Mutual funds and exchange-traded funds are not guaranteed or insured, their values change frequently and past performance may not be repeated. Investment strategies and current holdings are subject to change.

Index returns are shown for comparative purposes only. Indexes are unmanaged and their returns include reinvestment of dividends, if applicable, but do not include any fees, expenses or sales charges. It is not possible to invest directly in an index.

Certain statements in this document may contain forward-looking statements ("FLS") that are predictive in nature and may include words such as "expects", "anticipates", "intends", "believes", "estimates" and similar forward-looking expressions. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors. Actual events may differ materially from those expressed or implied in such statements.

TD Asset Management Inc. is a wholly owned subsidiary of The Toronto-Dominion Bank. ®The TD logo and other TD trademarks are the property of The Toronto-Dominion Bank or its subsidiaries.

(0526)