TD Asset Management

Market Perspectives 10 Minutes

The Case for International Investing Today

From the Desk of the Quantitative Equities Team

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The Power of the Team

The Quantitative Equities Team (the Team) at TD Asset Management Inc. (TDAM, we, our) has built a disciplined investment process that has fueled the growth of its Quantitative Dividend ETF franchise (TD Q ETF strategies), helping these strategies surpass $4 billion in assets under management[1] while earning industry recognition and high quartile Morningstar® ratings[2] versus category peers. Our award-winning dividend strategies, the TD Q Canadian Dividend ETF (TQCD)[3] and the TD Q Global Dividend ETF (TQGD)[4], have established a strong presence across Canadian and global markets. With the launch of TD Q International Dividend ETF (TQID), we are seeking to extend the same investment framework that has guided our Canadian and global dividend strategies into international markets.

F-Series Returns as of August 31, 2026	1 yr	3 yrs	5 yrs	10 yrs	Since Inception	Since Inception Date
TD Q Canadian Dividend ETF (TQCD)	35.79%	28.61%	18.86%	N/A	15.30%	11/20/2019
TD Q Global Dividend ETF (TQGD)	27.01%	21.80%	16.04%	N/A	13.22%	11/20/2019

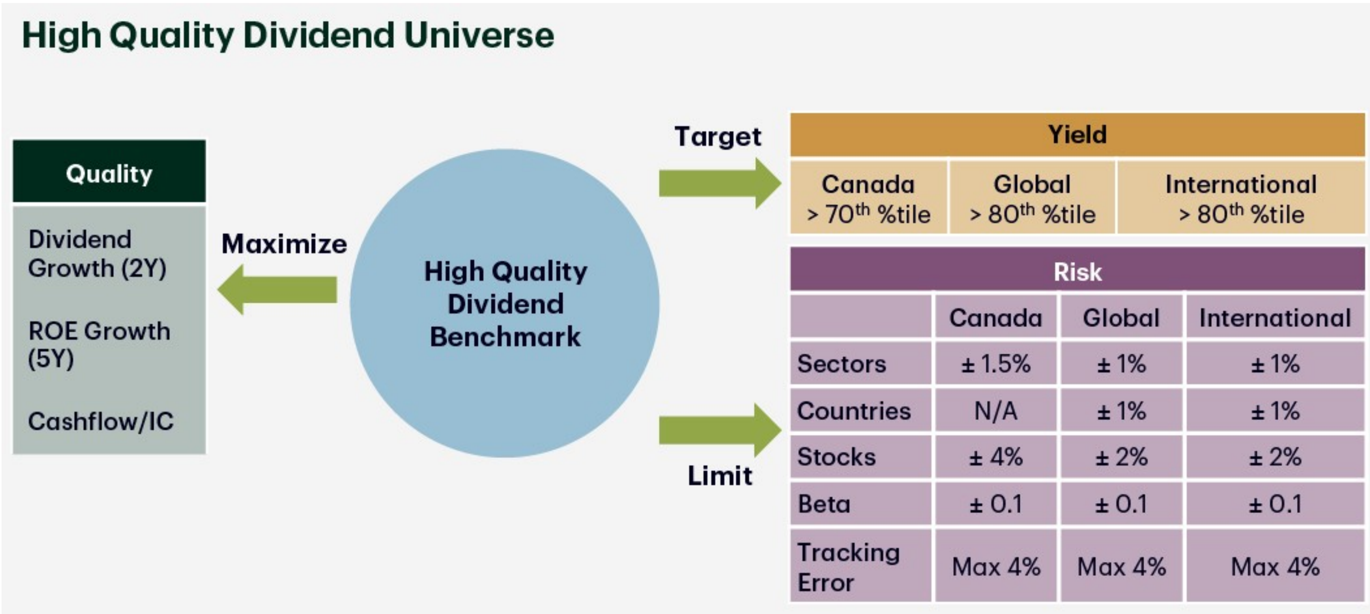
Source: TD Asset Management Inc. As of August 31, 2026.

Portfolio Construction Matters

Starting with the MSCI EAFE Index, our process first eliminates non-dividend-paying companies and applies a quality screen to identify a universe of companies with strong underlying fundamentals. From there, securities are ranked based on dividend growth, profitability, and cash flow characteristics, before undergoing a portfolio optimization process designed to balance these attributes against diversification, risk controls, and yield objectives.

Built on the same proven framework as TQCD and TQGD, TQID seeks to construct a diversified portfolio of high-quality dividend-paying companies. Rather than simply targeting the highest yielding stocks, the strategy emphasizes sustainable dividend income, company fundamentals, and disciplined portfolio construction to deliver a more balanced risk-return profile.

Figure 1: The Portfolio Construction Process for Our Dividend ETFs



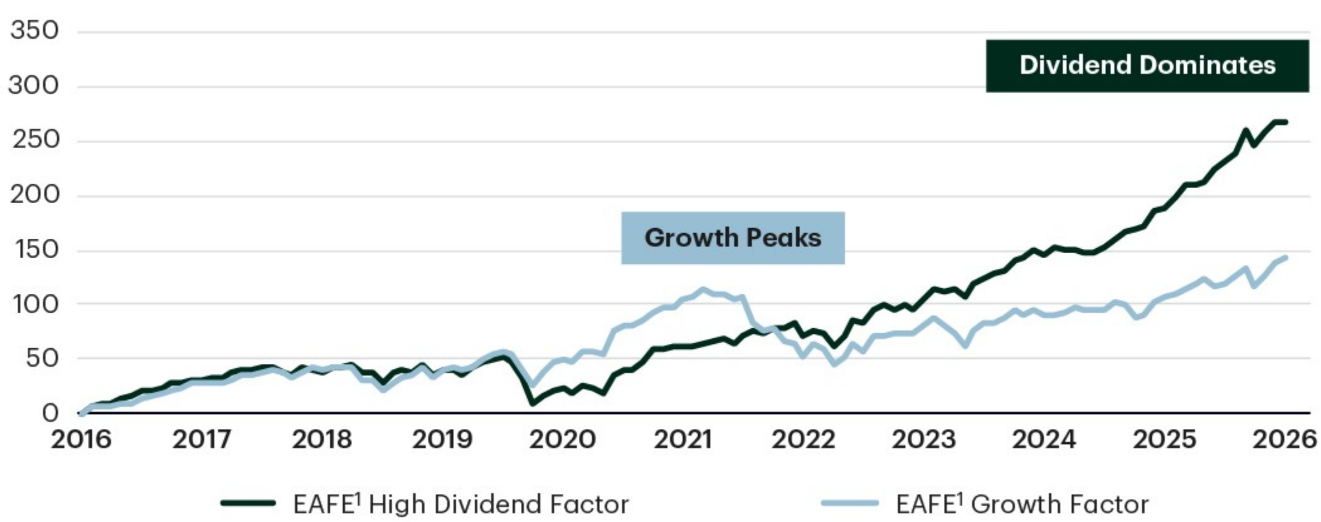
Source: TD Asset Management Inc., as of August 31, 2026.
Note: ROE = Return on Equity, IC = Invested Capital. For illustrative puposes only.

Where Dividends Led the Way

Leveraging our proprietary factor models and research, TD Q ETF strategies follow a disciplined investment process that evaluates a broad universe of stocks while incorporating robust portfolio construction and risk controls. While growth stocks have dominated headlines in the U.S., international markets have told a different story, with dividend-oriented companies significantly outperforming growth over the past five years and many higher-yielding stocks ranking among the strongest performers.

Given the composition of international markets, which have greater exposure to regions such as Europe and Japan, a quality dividend approach can be well suited to this opportunity set. By focusing on companies with attractive dividend growth potential, strong profitability, and healthy cash flows, investors can gain exposure to business that have historically been well positioned to deliver both income and long-term growth.

Chart 2: Factor Environment



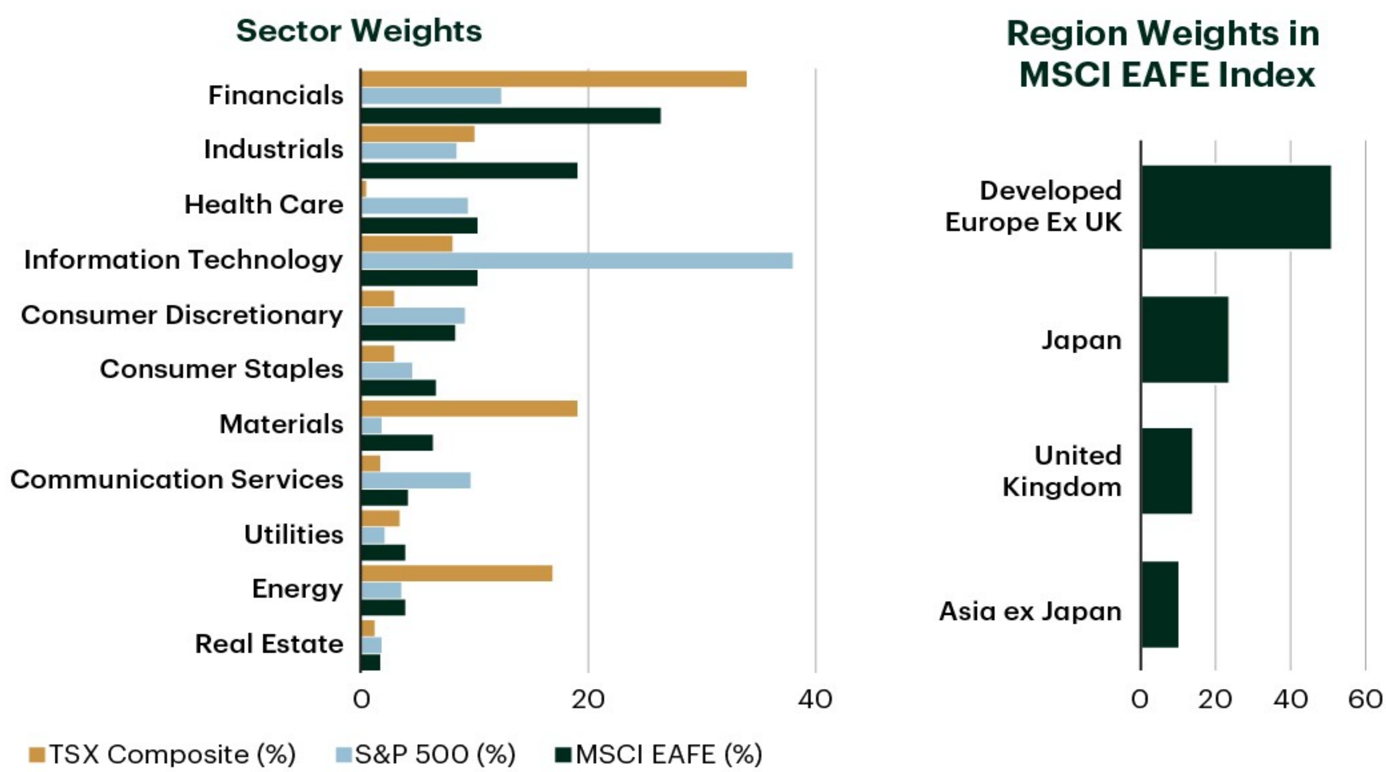
Source: TD Asset Management Inc., as of August 31, 2026.

Unlike in the U.S., where growth stocks captured most of the attention, dividend investing has been a dominant source of returns in international markets.

Diversification Beyond North America

International equities can play an important diversification role within a portfolio, offering exposure to sectors and regions that are less represented in North American markets. With greater exposure to the Industrials, Health Care, and Consumer Staples sectors, and less reliance on a small number of mega-cap stocks, international markets can provide access to a broader opportunity set. In addition, exposure to developed economies such as Europe, Japan, and Australia, can help investors build more balanced and diversified equity portfolios.

Chart 3: Region Weights and Sector Weights in MSCI EAFE Index



Source: TD Asset Management Inc., as of August 31, 2026.

Our approach combines disciplined portfolio construction, active diversification, and ongoing risk management to help unlock international opportunities.

The Bull Case for International Equities

While investors may point to more than a decade of U.S. market outperformance, artificial intelligence-driven leadership in U.S. technology, and the perception that international markets provide slower-growth opportunities, the case for international equities remains compelling:

1. **Diversification beyond growing U.S. concentration:** U.S. equity performance has resulted in many investor portfolios becoming increasingly concentrated in U.S. markets and a small number of mega-cap companies. Expanding exposure to international equities can help diversify sources of return and reduce reliance on a narrow segment of the global equity market.
2. **Compelling Relative Valuations:** compared to many U.S. equities, international stocks continue to trade at more attractive valuations. For investors, this can mean access to quality businesses, earnings growth, and dividend income at a lower starting price, potentially enhancing long-term return prospects.

3. **Broadening Access to Regional Opportunities:** International markets offer exposure to unique regional opportunities that are less accessible in North America, including Japan's corporate governance improvements, attractive growth prospects in parts of Europe, and high-quality Nordic financial institutions. This broader opportunity set can help investors diversify sources of return and participate in a wider range of market drivers.

International equities can play an important role in a diversified portfolio, offering exposure to distinct opportunities beyond North America. With TQID, investors can access these markets through the same disciplined quality-dividend framework that has supported the success of TDAM's Quantitative Dividend ETF franchise.

For further information, please contact your investment professional.

1 Source: TD Asset Management Inc., as of August 31, 2026.

2 Quartile rankings are intended to measure how well a fund has performed compared to other funds in its peer group. Quartile rankings are compiled by ranking all of the funds in a category by return over a given time period. The top performing 25% of funds in the category are assigned a quartile ranking of 1, the next 25% a 2, the next 25% a 3, and the bottom 25% of funds a 4. Quartile rankings can change over time.

3 **TD Q Canadian Dividend ETF (TQCD)** was awarded the **2025 Canada LSEG Lipper Fund Award** in the **Canadian Dividend & Income Equity category** for the **2025** year period ending **July 31, 2025** out of a total of **21** funds (3 years)/ 17 funds (5 years). Performance for the fund for the period ended **September 30, 2025** is **as follows: 28.16% (1 year), 23.17% (3 years), 19.53% (5 years), N/A (10 years) and 12.61% (since inception on November 20, 2019**. The corresponding Lipper Leader for Consistent Return ratings of the fund for the same period are as follows: **5** (1 year), **5** (3 years), **5** (5 years), **N/A** (10 years). The LSEG Lipper Fund Awards granted annually, highlight funds and fund companies that have excelled in delivering consistently strong risk-adjusted performance relative to their peers. The LSEG Lipper Fund Awards are based on the Lipper Leader for Consistent Return rating, which is a risk-adjusted performance measure calculated over 36, 60 and 120 months. **The highest 20% of funds in each category are named Lipper Leaders for Consistent Return and receive a score of 5, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2 and the lowest 20% are scored 1.** The fund with the highest Lipper Leader for Consistent Return (Effective Return) value in each eligible classification wins the LSEG Lipper Fund Award. **Lipper Leader ratings change monthly.** For more information, see lipperfundawards.com. Although LSEG Lipper makes reasonable efforts to ensure the accuracy and reliability of the data contained herein, the accuracy is not guaranteed by Refinitiv Lipper.

4 TD Q Canadian Dividend ETF (TQCD) was awarded the FundGrade A+™ Award in the Canadian Dividend & Income Equity category for the period ending December 31, 2025 out of a total of 87 funds. TD Q Global Dividend ETF (TQGD) was awarded the FundGrade A+™ Award in the Global Dividend & Income Equity category for the period ending December 31, 2025 out of a total of 43 funds. The FundGrade A+™ Awards is used with permission from Fundata Canada Inc., all rights reserved. Awards are presented by Fundata Canada Inc. to recognize the "best of the best" among Canadian investment funds. The FundGrade A+ calculation is supplemental to the monthly FundGrade™ ratings and is calculated at the end of each calendar year. Performance for TQCD for the period ended December 31, 2025 is as follows: 1 year, 33.11; 3 years, 23.35%; 5 years, 19.24%; and since inception, 13.48% (November 20, 2019). Performance for TQGD for the period ended December 31, 2025 is as follows: 1 year, 16.25; 3 years, 17.87%; 5 years, 14.92%; and since inception, 11.23% (November 20, 2019).

The FundGrade rating system evaluates funds based on their risk-adjusted performance, measured by Sharpe Ratio, Sortino Ratio, and Information Ratio. The score for each ratio is calculated individually, covering all time periods from 2 to 10 years. The scores are then weighted equally in calculating a monthly FundGrade rating, which is subject to change every month. Funds with the highest 10% receive a grade of A, the next 20% a grade of B, the middle 40% a grade of C, the next 20% a grade of D, and the lowest 10% a grade of E. Eligible funds must have received a FundGrade rating every month in the previous year to be considered for the annual FundGrade A+ Awards. The FundGrade A+ Award uses a GPA-style calculation, where each monthly FundGrade rating from "A" to "E" receives a score from 4 to 0, respectively. A fund's average score for the year determines its GPA. Any fund with a GPA of 3.5 or greater is awarded a FundGrade A+ Award. For more information, see www.FundGradeAwards.com.