



10 Years of the TD Retirement Portfolios

Stability Through Uncertain Times



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At a glance

- Pursuing one's investment goals can feel overwhelming in a world where information moves markets quickly, leaving investors to wonder where to find a little extra help along the way.
- Navigating volatile markets and delivering a smooth journey on clients' paths to reaching their investment goals is what drives the Asset Allocation team at TD Asset Management Inc.
- The TD Retirement Portfolios, which this year celebrated their tenth anniversary, can help investors who are looking to diversify and improve risk-adjusted returns within their fixed income allocation.

Over the past decade the world has seen its share of trials and tribulations. From Greece going bankrupt, to the United Kingdom exiting the European Union (Brexit) and a plethora of natural disasters, a global pandemic, geopolitical conflicts and recent rate hikes occurring at an unprecedented speed and magnitude, markets have not been short on events to react to. Neither have investment portfolios. While all these events have certainly led to market volatility, it is important to remember the value of positioning portfolios in a manner that allows them to weather economic turbulence more smoothly.

Dealing with market volatility can mean different things depending on the investment goal. For the TD Retirement Portfolios (Portfolios), which in 2023 celebrate their tenth anniversary, this means providing investors with an offering that acts as a fixed income compliment within their portfolios that delivers a risk profile in-line with fixed income combined with a potential return profile that surpasses fixed income.

Navigating volatile markets and delivering a smoother journey on clients' paths to reaching their investment goals is of key importance to the Asset Allocation team at TD Asset Management Inc. (TDAM). Now that we have officially reached the 10-year anniversary of our Portfolios, we are certainly more than pleased to have delivered on expectations for our investors.

Solving the retirement income conundrum – one decade at a time

Pursuing one's investment goals can certainly feel overwhelming in a world where information moves markets quickly, leaving investors to wonder where to find a little extra help along the way. With this in mind, the Portfolios were built to help give fixed income allocations a little extra lift without adding additional risk.

Aiming to Solve the Retirement Income Conundrum



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Stability

The table below illustrates how TDAM has consistently delivered returns that have beat the fixed income index since the inception of the Portfolios. While this statement is true throughout the past decade, it can be said that these portfolios have proven their worth even more in the last few years.

It goes without saying that it has been far from a walk in the park for fixed income markets, however, investors who allocated to these Portfolios as a compliment to their existing fixed income allocation were rewarded meaningfully. With 3-year annualized returns from our Portfolios delivering over 4% above fixed income markets, this can truly help investors manage turbulent markets with a bit more comfort.

Topping Fixed Income Returns for an Entire Decade

	YTD	1 Year	3 Years	5 Years	10 Years
TD Retirement Conservative Portfolio F	4.46	2.39	0.38	3.46	3.43
TD Retirement Balanced Portfolio F	3.50	1.85	0.88	3.23	3.84
FTSE Canada Universe Bond	3.15	1.45	-3.77	0.89	2.03
TD Retirement Conservative Portfolio - FTSE (value add)	1.30	0.95	4.15	2.57	1.40
TD Retirement Balanced Portfolio - FTSE (value add)	0.34	0.40	4.65	2.34	1.82

Source: TD Asset Management, Morningstar Direct, as at November 30, 2023

Fixed Income

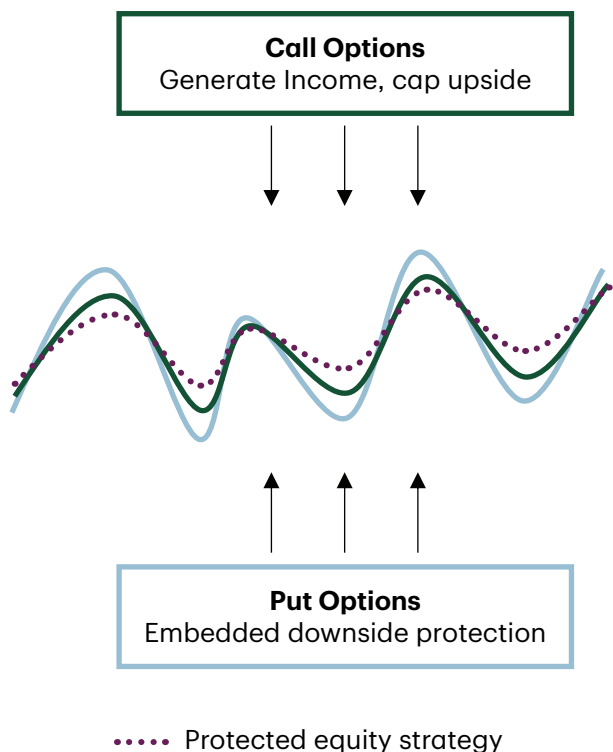
Delivering for Investors

Delivering investor outcomes is key to the way the asset allocation team builds investment strategies and the only way to consistently achieve this is to have a strong process. An integral part of achieving these outcomes is thanks to our protected equity strategy*. This consists of a collar strategy around the S&P 500 Index where we always have full downside protection in place and sell away some of the upside which generates income for the portfolio.

The chart below illustrates a distribution of all monthly returns of the collar strategy in the TD Retirement Conservative Portfolio since inception. By avoiding extreme outcomes (both positive and negative) and “hitting a lot of singles” in a consistent manner, the strategy has delivered a smoother journey (5.10% annualized return since inception) with lower downside exposure along the way. Importantly, by avoiding extreme events in equity markets, the strategy not only delivered additional returns to fixed income portfolios, but also avoided meaningful drawdowns when compared to BOTH equity and fixed income markets.

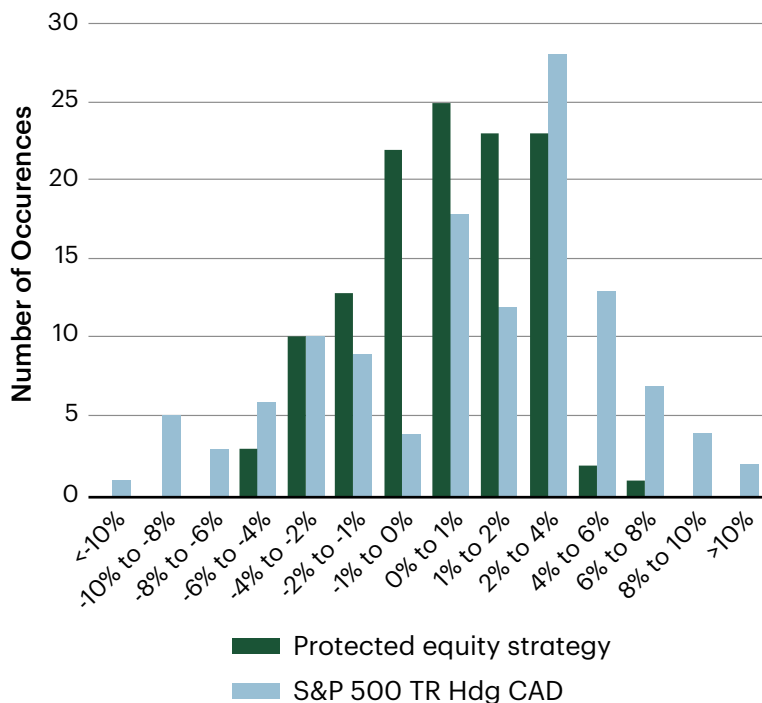
Avoiding the Outliers – Smoother returns with lower drawdowns Delivering 5.10% annualized returns since inception

The protected equity strategy



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Number of monthly return occurrences over the past 10 years

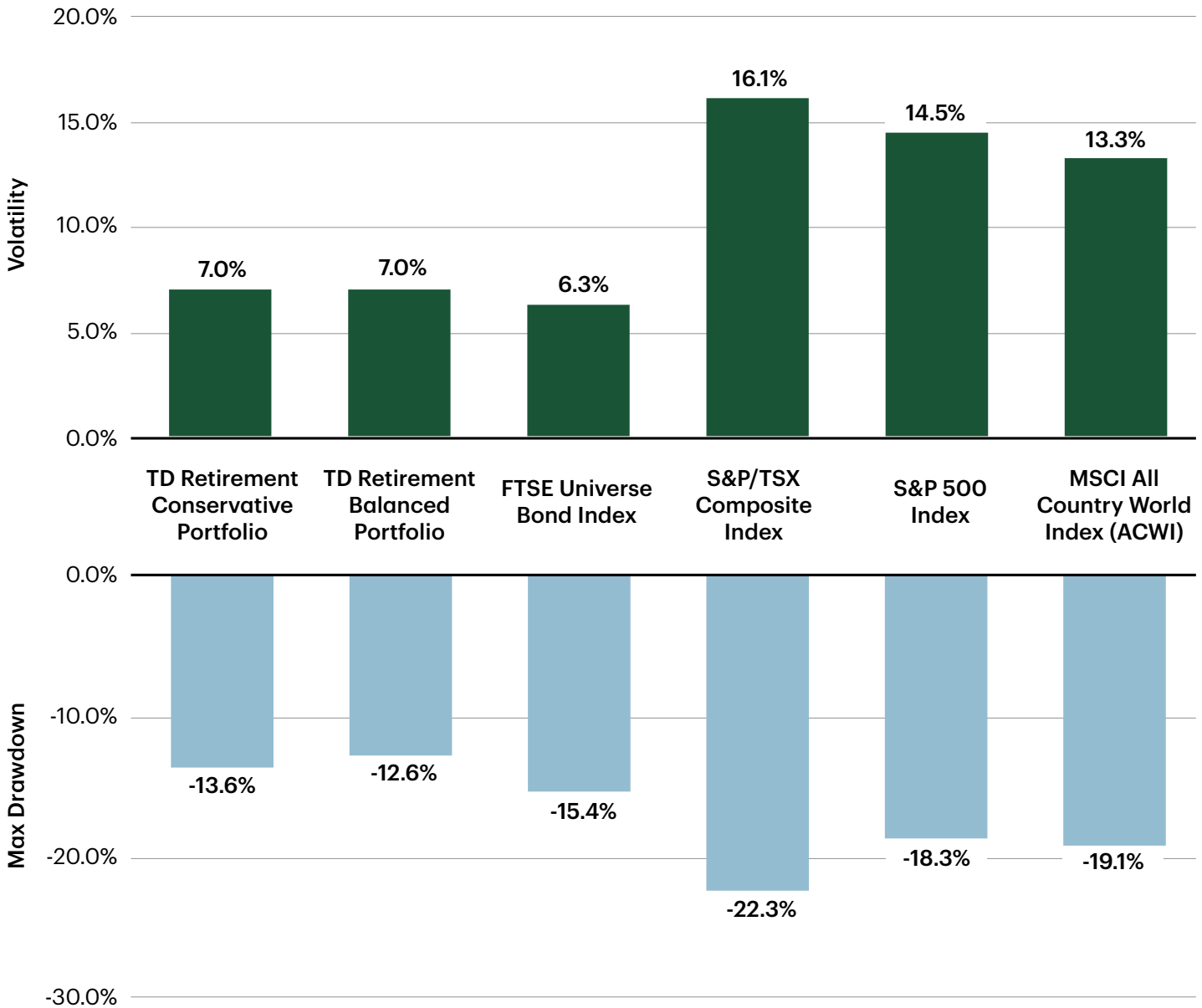


Source: TD Asset Management, Morningstar Direct, As at November 30, 2023

The following chart illustrates that since inception, the maximum drawdown is below that of both bond and equity markets while delivering a volatility profile in-line with fixed income markets. This shows that a smoother journey through various cycles can be achieved.

Delivering on Expectations

Striving to provide low volatility and downside protection



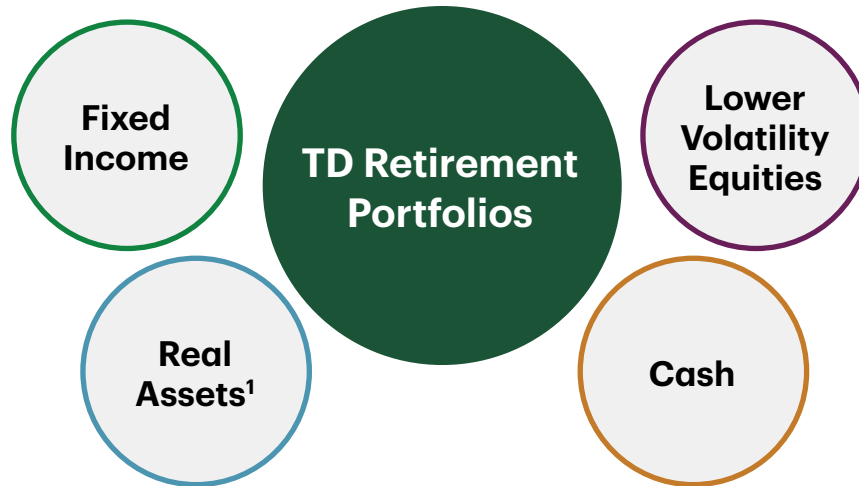
Note: F-Series net monthly returns used for the TD Retirement Portfolios. Net dividend, Canadian dollar returns used for MSCI World Index & S&P 500 Index.

Source: Morningstar Direct. Data as of November 30, 2023.

Flexibility and optionality: a winning combination

Economic and market environments may change, but the goal of the Portfolios remains consistent: to deliver fixed income like risk with above fixed income like returns. We have delivered this outcome over the past decade because of the deep bench strength of experienced individuals within the TDAM Asset Allocation Team, as well as the tools at our disposal. The team takes pride in evolving the mandates and ensuring that we have the right tools in our toolkit to add diversification levers and ultimately strive to continuously improve the risk-return profiles of our strategies. The team will not only manage the weights of the four buckets outlined in the diagram below but will also be nimble and tactical with the underlying constituents, including the option strategies employed, to deliver the result that our clients expect.

What Tools Do The Portfolios Leverage?



TD Fixed Income

Nimble fixed income exposure encompassing varying maturities and credit quality

Tools:

- ETFs for duration management
- TDAM fixed income funds used for:
 - Liquidity
 - Accretive yields
 - Absolute returns

Lower Volatility Equities

Limits volatility and provides **downside protection**

Tools:

- Protected equity strategy
- Regional and sector ETFs
- Low volatility funds
- Dividend paying funds

Real Assets¹

Adding overall portfolio diversification with **uncorrelated streams of returns**

Provides exposure to **Private Infrastructure** and **Private Real Estate**

Cash

Stability when needed to help manage volatility

Optionality to quickly seize opportunities

¹Real Assets are not included in all Retirement Portfolios

Checking all the boxes

If investors are looking to diversify and improve risk-adjusted returns, the Portfolios may be a great complement to a traditional fixed income allocation. Pursuing long-term investment goals can feel overwhelming at times, however, we believe that adding levers to portfolios that may improve returns without increasing risk helps ease the stress and simply improves the probability of reaching these goals.

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- Volatility in line with fixed income
 - Returns above fixed income
 - Lower drawdowns than equities and fixed income
 - A consistent decade long track record of delivering on expectations
 - Deep and experienced team with the ability to be nimble
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Connect with TD Asset Management



* Protected equity strategy – A protected equity strategy strives to enable investors to remain invested in the growth potential of equity investments while offering lower volatility and drawdowns. Buying protective options on the downside, while selling call options on the upside, can lessen the cost of protection. This “collar strategy” can create a smoother and more stable returns stream than outright equities.

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Fund Performance

Asset Allocation – F Series

Return as of Nov. 30, 2023	Inception Date	3 mths	YTD	1 Yr	Annualized			Since Inception
					3 Yrs	5 Yrs	10 Yrs	
TD Retirement Conservative Portfolio	Sep 10- 2013	1.35%	4.46%	2.39%	0.38%	3.46%	3.43%	3.67%
Benchmark ¹		1.94%	4.68%	2.59%	-2.44%	1.96%	3.08%	3.35%
Difference		-0.58%	-0.22%	-0.20%	2.83%	1.49%	0.35%	0.32%
TD Retirement Balanced Portfolio	Sep 10- 2013	1.18%	3.50%	1.85%	0.88%	3.23%	3.84%	4.15%
Benchmark ²		1.92%	7.00%	4.31%	-0.44%	3.57%	4.66%	5.00%
Difference		-0.75%	-3.50%	-2.47%	1.32%	-0.33%	-0.82%	-0.85%
TD US\$ Retirement Portfolio	Sep 15- 2015	0.62%	3.32%	1.69%	0.04%	3.97%	-	4.12%
Benchmark ³		0.48%	4.30%	2.99%	-2.41%	2.52%	-	2.76%
Difference		0.13%	-0.97%	-1.30%	2.45%	1.45%	-	1.37%

¹ Benchmark: 90% FTSE Canada Universe Bond Index, 5% MSCI World Index (ND) - CA\$, 5% S&P 500 Net (TR) - CA\$.

² Benchmark: 75% FTSE Canada Universe Bond Index, 12.5% MSCI World Ex Canada (ND) - CA\$, 12.5% S&P 500 Net (TR) - CA\$.

³ Benchmark: 85% Bloomberg US\$ Aggregate Bond Index (US\$), 15% S&P 500 Net (TR) - US\$.

Note: Returns for periods over one year are annualized; net of expenses. Numbers may not add due to rounding.

Source: TD Asset Management Inc. As of November 30, 2023