



When the Finish Line Comes Into View:

Making the Most of TD's 2026 Target Maturity Bond Strategies

There are few moments in investing where time brings clarity instead of uncertainty. Markets move, interest rates shift, and what feels like a strong signal one day can quickly fade the next. For investors in TD's 2026 Target Maturity Bond Strategies, however, as they move closer to maturity, they also move closer to certainty not less.

With maturity set for the fall of 2026, these funds are entering their final stretch. And as that finish line comes into focus, investors have an opportunity not just to reflect on what they hold, but to think carefully about what comes next.

A different experience from traditional bond funds

Most bond funds are designed with an open end date. They buy and sell securities continuously, adjusting to market conditions while maintaining a consistent strategy. While that flexibility has its advantages, it can pose a challenge for investors trying to anchor expectations around a specific point in time. Target maturity bond strategies were designed with a different purpose in mind.

Target maturity bond strategies hold bonds that mature in or around a defined year. As time passes,

those bonds gradually approach their maturity dates, and the portfolio naturally winds down. From the outset, the appeal is straightforward: a clearer investment horizon, a more predictable path, and a defined moment when capital is returned. As we move closer to that moment, however, understanding how the fund behaves becomes just as important as understanding why it was designed in the first place.

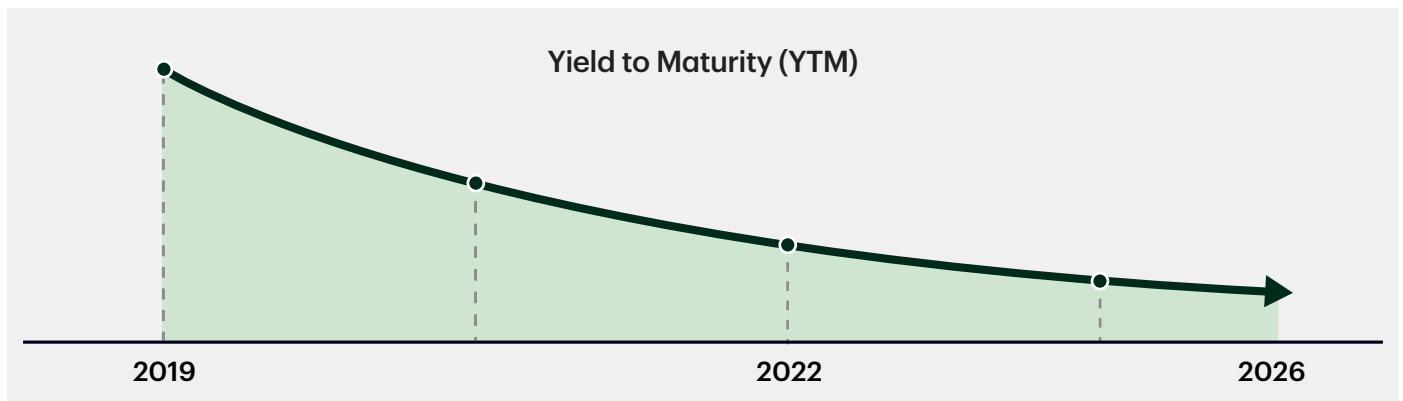
Why yields move, but outcomes don't always follow

One of the most common points of confusion for investors in target maturity strategies arises from changes in yield. At the time of purchase, yield to maturity (YTM) plays an important role. It represents the annualized return an investor can reasonably expect if the bonds in the portfolio are held through to maturity. In practice, that outcome is based on three key assumptions: that bonds are held to maturity, issuers do not default, and coupon income can be reinvested at similar yields over time. It brings

together coupon income, price paid, and the passage of time into a single, forward looking number.

But what's equally important is that YTM does not stand still. It can rise or fall based on changes in interest rates, credit spreads, and market demand. Over the life of the strategy, investors may see its quoted yield shift. What's happening beneath the surface is both simple and structural.

What Investors See



For illustrative purposes only.

- Changes with interest rates and market conditions.
- Declines as bonds get closer to maturity.
- Reflects current market pricing.

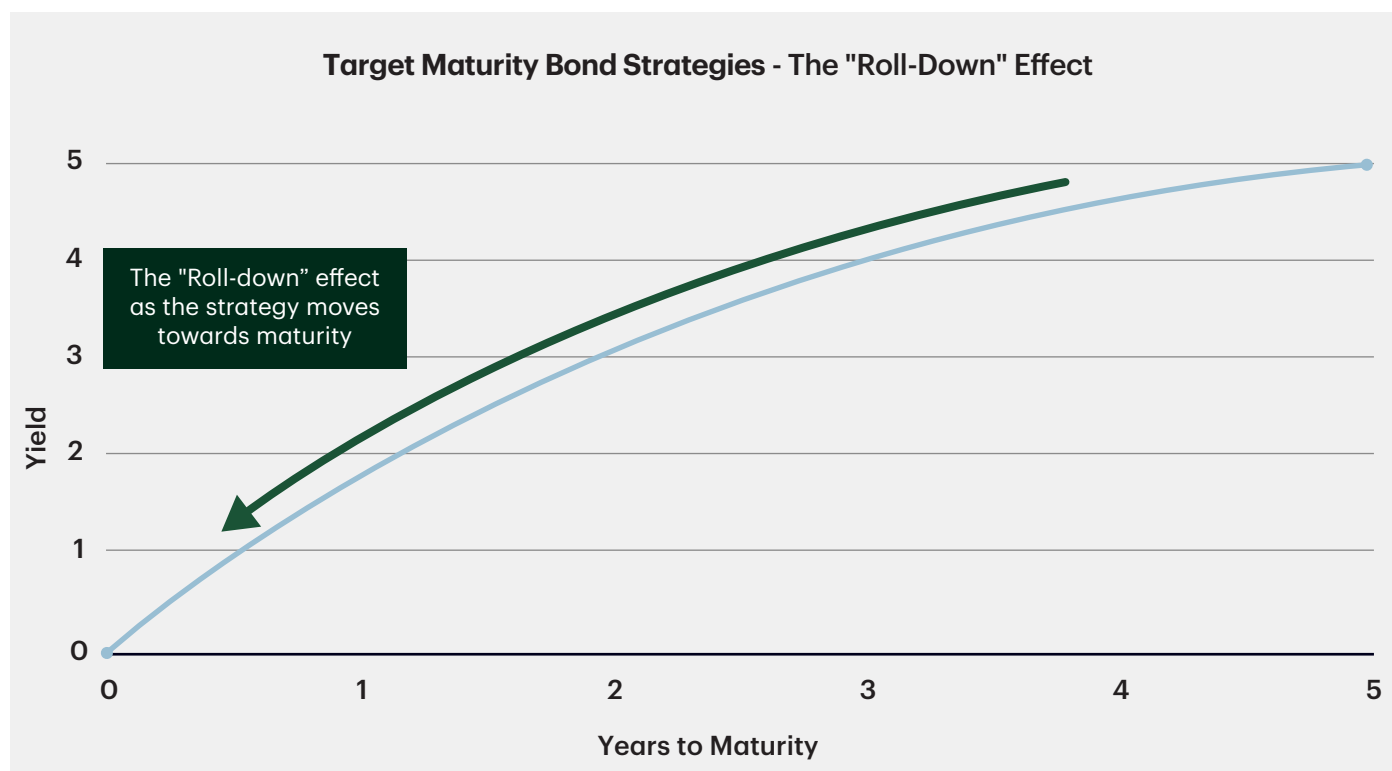
As a target maturity bond strategy progresses through time, the bonds it holds are getting closer to maturity. All else equal, shorter-term bonds offer lower yields than longer-term ones. So as the average maturity of the portfolio shortens, a process often referred to as “rolling down the curve”, the fund’s yield will naturally decline.

This becomes especially noticeable in the final year. Bonds mature and are reinvested into securities that mature within the remaining timeframe. Eventually, as

the end date approaches, proceeds are increasingly held in shorter-duration instruments, including treasury bills or cash equivalents.

The result is a yield that gradually tends to lower, not because the investment is weakening, but because its job is close to completion. This distinction matters. A declining yield can feel like a signal to act, but with target maturity funds, it is often just a reflection of time passing.

What’s Really Happening



For illustrative purposes only.

- Bond duration gets shorter closer the maturity.
- Shorter bonds = Lower yields.
- Declining yield ≠ Declining outcome.

Maturity

The stability investors don't always see

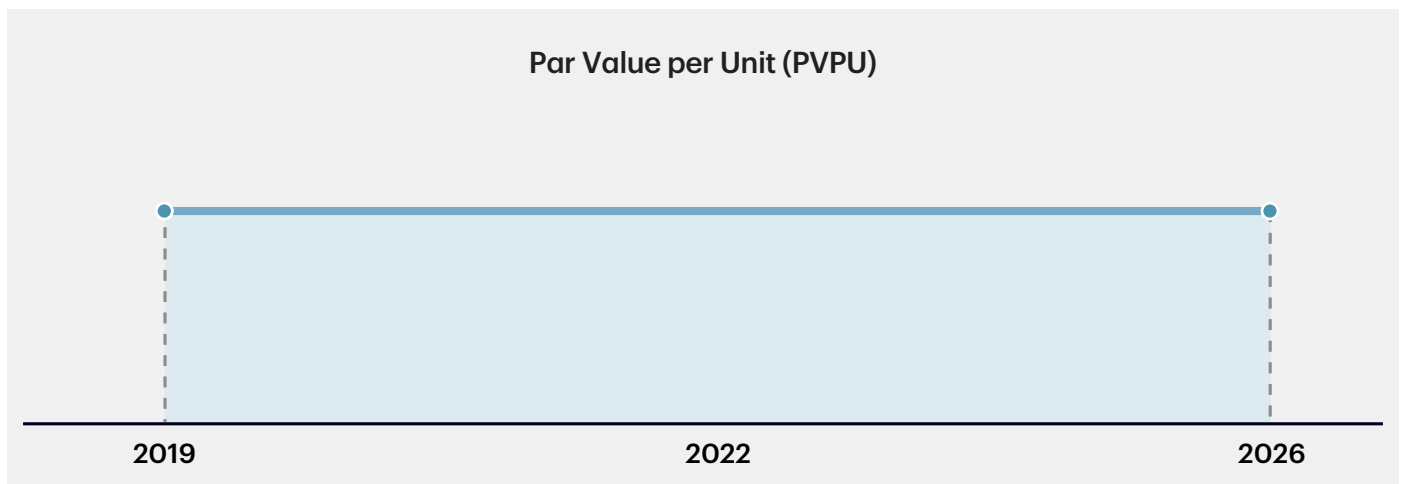
If yield tells one story, Par value per unit (PVPU) tells another, and that is of stability. PVPU represents the face value of the bonds held within the investment. Put simply, it reflects what those bonds are expected to return at maturity, assuming no defaults and a stable credit environment.

Unlike yield, which moves with market sentiment, PVPU is anchored in contractual outcomes. It is tied to the amounts issuers have agreed to repay when their bonds mature. As a result, it tends to remain relatively consistent throughout the life of the fund.

There may be modest fluctuations due to portfolio adjustments or cash flows, but the overall trajectory is far more stable than what investors see in daily market pricing or headline yields. For investors, this creates an important anchor.

While market conditions may shift, and interim prices may move, PVPU provides a clearer indication of where the investment is ultimately heading. As maturity approaches, that endpoint becomes increasingly relevant.

What Actually Anchors the Investment



For illustrative purposes only.

- Represents expected value at maturity.
- Based on bond repayment contracts.
- Stays relatively stable over time.

Stability

Bringing the two together

Understanding how yield and par value interact is essential to understanding why target maturity funds behave the way they do, and why they can be so effective in certain portfolios. Yield to maturity is most useful at the moment an investment decision is made- at its initiation. It sets expectations, helping investors compare opportunities and determine whether a given strategy aligns with their return objectives. Par value, by contrast, becomes more meaningful as time passes.

In the early stages of an investment, yield tends to dominate the conversation. Markets move, opportunities shift, and investors naturally focus on relative value. But as these strategies move into their final year, the question becomes less about what the fund would yield if purchased today, and more about what it is expected to deliver from here to maturity. This is where many investors can gain an edge: not by reacting to every change in yield, but by recognizing when the original investment thesis is still intact.

The 2026 maturity: more than an end point

With the fall 2026 maturity approaching, investors in TD's Target Maturity Bond Strategies will soon reach a natural transition point. When the strategies mature, proceeds are returned to investors. Unlike traditional bond funds, where capital remains continuously reinvested, target maturity bond strategies are tied to a defined liquidity event.

It offers investors a moment to step back and reassess, with clarity about both what has been achieved and what opportunities lie ahead. In many ways, this is where the strategy reveals its full value.



From maturity to momentum

Rather than viewing maturity as a conclusion, investors can think of it as a reset. For some, that may mean reinvesting into the next rung of a target maturity ladder, extending exposure into later years to maintain a steady income profile while managing reinvestment risk.

For others, it may be an opportunity to adapt. Interest rate environments evolve, and what made sense at one point in the cycle may shift. The ability to redeploy capital, without having to exit a strategy prematurely, can be a powerful advantage. There is also a behavioural benefit embedded in this structure.

Because target maturity bond strategies encourage investors to think in terms of time horizons rather than day to day price movements, they can help reduce the temptation to react to short term volatility. The relationship between YTM and PVPU reinforces that discipline. It highlights the difference between what markets are signaling in the moment and what an investment is designed to deliver over time.

Why this matters now

The journey to 2026 has unfolded during an unusually dynamic period for fixed income investors.

Interest rates have risen and fallen sharply. Yields have reset to levels not seen in years. Market narratives have shifted repeatedly, often in short periods of time. Through that environment, target maturity bond strategies have provided something increasingly valuable: structure.

Now, as maturity approaches, that structure is translating into visibility. Investors are no longer simply navigating uncertainty; they are approaching a known outcome.

And with that comes choice.

Investing is often about navigating uncertainty. But every so often, it is about recognizing when uncertainty is beginning to fall away—and having the discipline to see the strategy through. For investors in 2026 target maturity bond strategies, that moment is fast approaching. The finish line is not just in sight. It is doing exactly what it was designed to do. ■

Momentum

Bond Strategies

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