



Designed for Impact – Where Sustainability Meets Strategy

From the Desk of the Sustainable Investing Team

John McHughan, Vice President, Sustainable Investment, TDAM
Annie Zhang, CFA, Vice President, Portfolio Manager, TDAM
Sayada Nabi, Associate, Fixed Income, Client Portfolio Management, TDAM

At TD Asset Management Inc. (“TDAM”), our approach to investing is grounded in long-term thinking, disciplined research, and transparency. We believe that when investors understand the rationale behind our decision-making, they can navigate changing market environments with greater confidence.

As sustainability becomes increasingly connected to economic resilience and investment strategy, our focus remains on how these considerations are thoughtfully integrated into portfolios.

Sustainability in Today’s Market Environment

The global investment landscape continues to evolve under the influence of structural forces such as geopolitical uncertainty, energy security concerns, and the need for more resilient economic systems. In this environment, sustainability has become increasingly relevant, not only as a values-based consideration, but as a framework for assessing long-term risks and opportunities.

Energy security has moved to the forefront as countries reassess how to ensure reliable and affordable supply. Recent geopolitical tensions, including the conflict in the Middle East, have underscored the importance of energy security and diversification, accelerating investment in domestic and alternative energy sources. Capital investment continues to expand across renewable power, grid modernization, battery storage, and nuclear energy - areas that intersect sustainability objectives with long-term economic stability. These dynamics are reshaping the opportunity set for investors in meaningful ways.

Investor Demand Is Established - Clarity Now Matters More

Investor interest in sustainable investing remains meaningful. Canadian investor research continues to show strong interest in strategies that incorporate sustainability considerations alongside traditional investment objectives. According to the 2026 Responsible Investment Association (RIA) Investor Opinion Survey, two-thirds (67%) of respondents express interest in responsible investing and 47% of survey respondents who currently own responsible investments claimed that they expect to increase the proportion of their investment portfolio allocated to sustainable investments over the next year¹.

As markets mature, expectations are shifting toward clearer definitions, transparent frameworks, and disciplined implementation. Today, investors are less focused on labels and more interested in understanding how sustainability

considerations are applied in practice, how risks are managed, and how these strategies fit within a diversified portfolio¹.

Artificial Intelligence, Innovation, and the Sustainability Lens

Technological innovation, particularly artificial intelligence ("AI"), is reshaping the global economy and introducing new layers of complexity. From a sustainability perspective, AI presents both opportunities and challenges. AI can enhance efficiency, optimize resource use, and support innovation, while also increasing demands on energy systems and infrastructure.

At TDAM, we approach this evolution pragmatically. Our focus is on how companies govern innovation, manage long-term resource demands, and balance opportunity with responsibility. Sustainable investing, in our view, must reflect the realities of a rapidly changing economy rather than rely on simplified assumptions.

TDAM's Approach to Sustainable Investing

TDAM's approach to sustainable investing aligns with its philosophy of serving its securityholders' investment goals and adhering to its fiduciary duty as an asset manager. Incorporating material ESG factors within the overall investment framework and for applicable investments is one of the ways in which we further TDAM's goal of seeking to provide strong risk-adjusted returns. TDAM strives to be an active owner by engaging with investees and leveraging its investor rights with the aim of improving long-term risk-adjusted returns. TDAM has been a signatory to the PRI since July 2008. Our Sustainable Investing Approach is aligned with the six principles set out in the PRI, and is grounded in the following four pillars:

- 1) ESG Integration²
- 2) Stewardship (Engagement and Proxy Voting)³
- 3) Thought Leadership
- 4) Client-Driven ESG solutions

TDAM's Sustainable Investing Solutions: From Philosophy to Practice

TDAM offers a suite of dedicated funds designed to translate sustainable investing principles into investable portfolios across asset classes. Our approach to sustainable investing is reflected in our dedicated sustainability funds across equity, fixed income, and balanced strategies, detailed below, combining financial discipline with measurable sustainability alignment. These strategies focus on identifying companies and issuers that demonstrate credible alignment with sustainability objectives while maintaining strong fundamentals.

Alignment with the UN Sustainable Development Goals (SDGs)

At TDAM, SDG alignment is a core component of our sustainability-focused equity and bond strategies, where exposure is actively assessed, mapped, and documented at the security level to provide clarity and accountability. The SDGs offer a globally recognized framework for evaluating real-world outcomes across areas including clean energy, infrastructure, health, and social inclusion.

Active, research driven process TDAM's sustainable strategies referenced below are actively managed and supported by deep fundamental research. Portfolio construction remains focused on disciplined portfolio construction, diversification, and long-term risk-adjusted returns at the core.

TD North American Sustainability Equity Fund >

The fundamental investment objective is to seek to achieve long-term capital appreciation while following a socially responsible approach to investing. The Fund may invest primarily in, or gain exposure to, North American equity securities. The TD North American Sustainability Equity Fund is a strategic solution focused on achieving long-term capital appreciation, where each portfolio holding company has been assessed by TDAM to be positively contributing towards achieving the SDGs. The process, which is rooted in fundamentals and guided by the SDG framework, is aimed towards helping the fund [continue to achieve its objectives over its initial five years and beyond](#).

TD North American Sustainability Bond Fund >

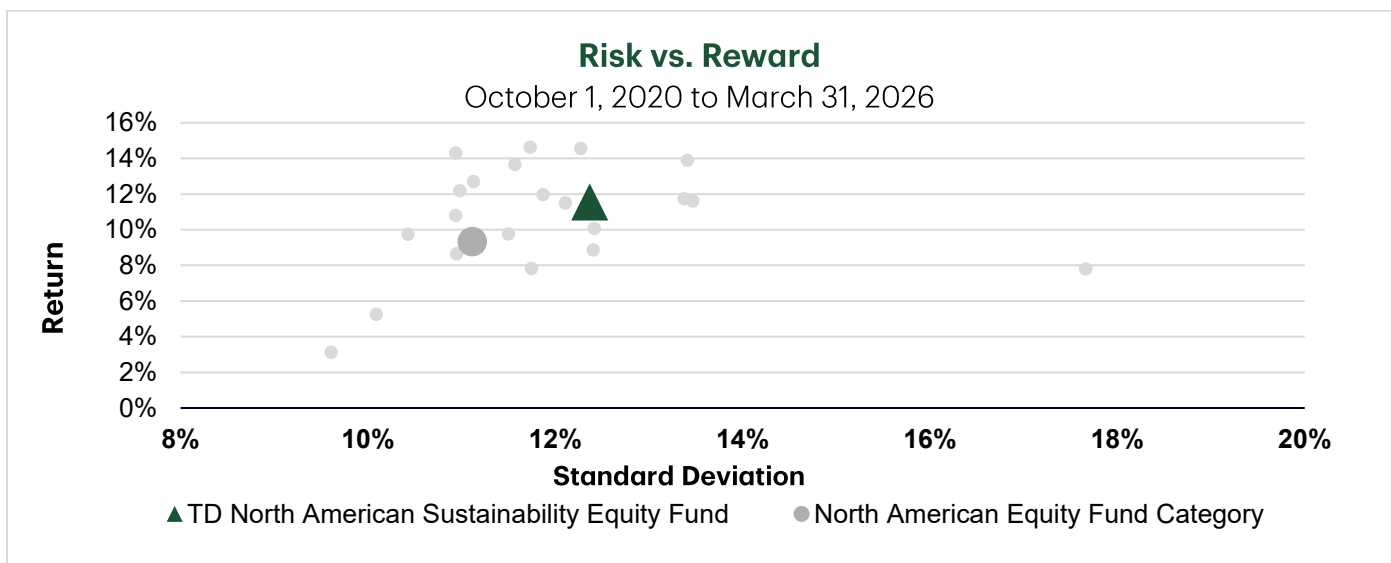
The fundamental investment objective is to seek to earn current income by investing primarily in North American fixed income securities, while following a socially responsible approach to investing. To determine if a bond is suitable for the strategy, a rigorous bottom-up process is used that thoroughly reviews the issuer's overall creditworthiness and ESG characteristics. A significant portion of the strategy will also be allocated to green, social, sustainability and/or sustainability-linked bonds. Such bond investments will be considered those that have strong sustainability characteristics and/or positively contribute towards the 17 SDGs.

TD North American Sustainability Balanced Fund >

The fundamental investment objective is to seek to earn income with the potential for capital appreciation while following a socially responsible approach to investing. The Fund may invest primarily in, or gain exposure to, North American equity and fixed income securities. This fund combines the investment strategies of the TD North American Sustainability Equity Fund and Bond Fund.

This visual in **Exhibit 1** illustrates how TD North American Sustainability Equity Fund is positioned across the risk vs. reward spectrum, reinforcing the role of active management, diversification, and disciplined construction.

Exhibit 1: TD North American Sustainability Equity Fund Risk Metrics are Favourable Relative to Peers



Source: TD Asset Management Inc., Morningstar®. As at March 31, 2026. Shown for illustrative purposes only using the TD North American Sustainability Equity Fund relative to Peers (the North American Equity Funds Category).

What Investors Should Keep Top of Mind

- Sustainability is increasingly linked to long-term economic structure and resilience
- Investor interest remains strong, with growing emphasis on clarity and accountability
- Active management and rigorous research are critical in navigating complexity
- Sustainable investing can support long-term financial goals without compromising investment discipline

At TDAM, we remain focused on delivering strategies designed for impact, where sustainability meets strategy in a clear, credible, and investment-driven way.

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



¹ Source: <https://ri-research-initiative.ca/partners/td-asset-management/>

² ESG integration: Ongoing consideration of ESG factors within an investment analysis and decision-making process with the aim to improve risk-adjusted returns. Source: Definitions for Responsible Investment Approaches, CFA Institute, Global Sustainable Investment Alliance, and Principles for Responsible Investment, <https://rpc.cfainstitute.org/research/reports/2023/definitions-for-responsibleinvestment-approaches>

³ Stewardship means the use of investor rights and influence to protect and enhance overall long-term value for clients and beneficiaries, including the common economic, social and environmental assets on which their interests depend. Source: PRI <https://www.unpri.org/>

The information contained herein has been provided by TD Asset Management Inc. and is for information purposes only. The information has been drawn from sources believed to be reliable. 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 investments. Please read the fund facts and prospectus, which contain detailed investment information, before investing. The indicated rates of return are the historical annual compounded total returns for the period indicated including changes in unit value and reinvestment of all distributions and do not take into account sales, redemption, distribution or optional charges or income taxes payable by any unitholder that would have reduced returns. Mutual funds are not guaranteed or insured, their values change frequently and past performance may not be repeated. Mutual fund strategies and current holdings are subject to change.

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 or negative versions thereof. FLS are based on current expectations and projections about future general economic, political and relevant market factors, such as interest and foreign exchange rates, equity and capital markets, the general business environment, assuming no changes to tax or other laws or government regulation or catastrophic events. Expectations and projections about future events are inherently subject to risks and uncertainties, which may be unforeseeable. Such expectations and projections may be incorrect in the future. FLS are not guarantees of future performance. Actual events could differ materially from those expressed or implied in any FLS. A number of important factors including those factors set out above can contribute to these digressions. You should avoid placing any reliance on FLS.

TD Mutual Funds are managed by TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank and are available through authorized dealers.

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