



## Product Overview

# TD Target Maturity Bond Funds

### At a glance

**Independent Credit Research:** The TD Target Maturity Bond Funds benefit from TD Asset Management Inc.'s (TDAM) proprietary credit research capabilities, security selection and in-depth analysis.

**Choice of Canadian or U.S. Dollar Exposure:** Investors can choose exposure to either Canadian or U.S. dollar investment-grade corporate bonds by allocating to a respective fund and maturity year.

**Diversification:** Holding a basket of bonds from different issuers and sectors can provide investors with enhanced diversification, which potentially contributes to the overall fixed income portfolio resilience.

### Investment Objectives

**TD Target Maturity Bond Funds** seek to provide regular income and preserve capital by investing primarily in a portfolio of investment-grade corporate bonds, with the TD Target Maturity Canadian Bond Funds focusing on investment-grade Canadian corporate bonds denominated in Canadian dollars, and the TD Target Maturity U.S. Bond Funds focusing on investment-grade U.S. corporate bonds denominated in U.S. dollars.

### Why Invest:

- Simple and efficient way to manage cash flows with the potential to earn an attractive yield from a diversified portfolio of investment-grade bonds
- Time horizon matching provides a potential path for meeting financial goals
- Convenient and cost-effective solution to help build better bond ladders

**Designed for investors seeking to maximize monthly income while preserving capital by investing in a diversified mix of high-quality bonds.**

## Streamline and Diversify your Bond Holdings with TD Target Maturity Bond Funds

#### Low-cost<sup>1</sup>

Opportunity to benefit from diversification at a low cost

#### Convenience and efficiency

Simple way to manage cash flows with the potential to earn attractive yields

#### Active professional management

Benefit from the research, experience and insights of TDAM's experienced Fixed Income Investment Team

<sup>1</sup> Source: Morningstar® as at August 20, 2024. The estimated Management Expense Ratio (MER) for the F-Series of the TD Target Maturity Canadian Bond Funds and TD Target Maturity U.S. Bond Funds is 0.23% for each fund, which is below the average and median MER for their respective CIFSC categories. For F-Series funds of the Canadian Short-Term Fixed Income CIFSC category, the average MER is 0.58% and median MER is 0.61%. For F-Series funds of the Global Corporate Fixed Income CIFSC Category, the average MER is 0.70% and median MER is 0.80%.

## Key Features

TD Target Maturity Bond Funds can offer investors:



### Diversification

Diversification through allocation to a basket of bonds from different issuers and sectors, which potentially contributes to a more resilient fixed-income portfolio.



### Independent Credit Analysis

TDAM's experienced credit research team performs deep credit analysis aimed at uncovering value and identifying opportunities to help enhance portfolio yield while managing risk in the evolving fixed income market.



### Defined Maturity

The TD Target Maturity Bond Funds allow investors to align their cash flow needs with the known maturity date and seek to reduce sensitivity to changes in the interest rates as the fund approaches maturity.



### Active Professional Management

The solution's active management allows portfolio managers to respond to market events, seek out strategic opportunities, and potentially offer a higher yield to maturity while managing reinvestment risk in the final year of the investment.

## Investment Strategy

The portfolio adviser seeks to achieve the investment objectives of the TD Target Maturity Bond Funds (the "Funds") by investing primarily in a portfolio of investment-grade corporate bonds, with the TD Target Maturity Canadian Bond Funds focusing on investment-grade Canadian corporate bonds denominated in Canadian dollars and the TD Target Maturity U.S. Bond Funds focusing on investment-grade U.S. corporate bonds denominated in U.S. dollars.

**Such exposure may be obtained in one or more of the following ways:**

- by investing in units of the corresponding TD Target Maturity Bond ETFs (the "Underlying Funds")
- by investing directly in such securities
- through the use of derivatives to gain exposure to such securities

Each Fund may invest up to 100% of its net asset value in units of the corresponding Underlying Fund.

As target maturity funds, each TD Target Maturity Bond Fund has a pre-determined, specified lifespan. It is, therefore, anticipated that, outside of the exception noted below, bonds held by each TD Target Maturity Bond Fund will mature in the same year the TD Target Maturity Bond Fund is

expected to terminate. The portfolio adviser will use its proprietary fundamental credit research and quantitative screens to seek to select securities that provide a high level of interest income and will attempt to minimize declining yield risk in the year of termination of the TD Target Maturity Bond Fund. Bonds selected at the outset will generally be held until maturity. Bonds must be rated investment grade at the time of purchase.

Investment-grade bonds issued by financial institutions that have a maturity date beyond the anticipated termination year of the Fund may be included in its portfolio, provided that such bonds may be redeemed prior to such maturity date and in the year the Fund terminates.

Each Fund will not seek to return any pre-determined amount at the end of its lifespan. In the year a Fund terminates, cash generated from maturing bonds held may be reinvested in cash and cash equivalents or additional investment-grade corporate bonds that mature within that same year.

## Simplify your Fixed Income Investing with TD Target Maturity Bond Funds

TD Target Maturity Bond Funds combine the benefits of popular fixed income investment options to build a simple, flexible, efficient and low-cost solution to help investors meet their financial goals.

Quick Comparison	TD Target Maturity Bond Funds	Individual Bonds	GICs	Traditional Bond Funds
Defined Maturity	✓	✓	✓	✗
Ability to Bulk Trade	✓	✗ <sup>2</sup>	✗	✓
Monthly Income	✓	✗ <sup>3</sup>	✗	✓
Ease of Execution	✓	✗	✓	✓
Diversification	✓	✗	N/A	✓
Professional Management	✓	✗	N/A	✓

TD Target Maturity Bond Funds combine the benefits of traditional bond funds (such as diversification, professional management, ease of execution and regular income) with the characteristics of an individual bond (including defined maturity and reduction of duration risk over time), allowing investors to align their fixed income investment with specific financial goals or liabilities. This time horizon matching provides investors a path to help meet their financial goals.

<sup>2</sup> Bonds trade over the counter and inventory may be limited.

<sup>3</sup> Most corporate bonds pay coupons on a semi-annual basis.

# Fast Facts

## TD Target Maturity Canadian Bond Funds

Fund Names and Fund Codes	<b>TD Target 2025 Investment Grade Bond Fund</b>
	TDB2135 – Advisor Series
	TDB2136 – F-Series
	<b>TD Target 2026 Investment Grade Bond Fund</b>
	TDB2507 – Advisor Series
	TDB2508 – F-Series
	<b>TD Target 2027 Investment Grade Bond Fund</b>
	TDB2515 – Advisor Series
	TDB2516 – F-Series

**Benchmark** ICE BofA 1-3 Year Canada Corporate Index

**CIFSC Category** Canadian Short-Term Fixed Income

**Suitability**

Each TD Target Maturity Canadian Bond Fund seeks to provide regular income and preserve capital by investing primarily in a portfolio of investment-grade Canadian corporate bonds denominated in Canadian dollars.

**Portfolio Managers** Benjamin Chim and Rachana Bhat

**Estimated Management Expense Ratio<sup>4</sup>** Advisor (ISC) – 0.51% | F-Series – 0.23%

**Currency** Canadian Dollar

**Currency Hedging** No

**Risk Rating** Low

**Management Style** Active

**Distributions** Monthly & Variable

<sup>4</sup> Estimated Management Expense Ratio (MER) is calculated using hypothetical 14% tax rate. As the TD Target Maturity Bond Funds are less than one year old, actual MER costs will not be known until the fund publishes financial statements for the current fiscal year. The indicated MER is an estimate only of expected fund costs until the completion of a full fiscal year and is not guaranteed.

# Fast Facts

## TD Target Maturity U.S. Bond Funds

Fund Names and Fund Codes	<b>TD Target 2025 U.S. Investment Grade Bond Fund</b>
	TDB2534 – Advisor Series / TDB2537 US\$
	TDB2535 – F-Series / TDB2538 US\$
	<b>TD Target 2026 U.S. Investment Grade Bond Fund</b>
	TDB2654 – Advisor Series / TDB2657 US\$
	TDB2655 – F-Series / TDB2658 US\$
	<b>TD Target 2027 U.S. Investment Grade Bond Fund</b>
	TDB2674 – Advisor Series / TDB2677 US\$
	TDB2675 – F-Series / TDB2678 US\$

**Benchmark** ICE BofA 1-3 Year US Corporate Index

**CIFSC Category** Global Corporate Fixed Income

**Suitability** Each TD Target Maturity U.S. Bond Funds seeks to provide regular income and preserve capital by investing primarily in a portfolio of investment-grade U.S. corporate bonds denominated in U.S. dollars.

**Portfolio Managers** Benjamin Chim and Rachana Bhat

**Estimated Management Expense Ratio<sup>5</sup>** Advisor (ISC) – 0.51% | F-Series – 0.23%

**Currency** U.S. Dollar

**Currency Hedging** No

**Risk Rating** Low

**Management Style** Active

**Distributions** Monthly & Variable

<sup>5</sup> Estimated Management Expense Ratio (MER) is calculated using hypothetical 14% tax rate. As the TD Target Maturity Bond Funds are less than one year old, actual MER costs will not be known until the fund publishes financial statements for the current fiscal year. The indicated MER is an estimate only of expected fund costs until the completion of a full fiscal year and is not guaranteed.

# Portfolio Managers

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## **Benjamin Chim, CFA**

**Managing Director, Lead of High Yield Fixed Income Team, TDAM**

- Benjamin leads the High Yield Fixed Income Team, and as a Portfolio Manager is responsible for active retail and institutional fixed income portfolios
- He is also Lead Manager of the Global High Yield Bond and Canadian Corporate Bond mandates. He co-manages the Canadian Core Plus Bond mandates, the Global Corporate Bond investments within the Canadian and Global Fixed Income mandates, and Active Fixed Income ETFs and Sustainable Corporate Bond mandates.
- Benjamin has extensive experience analyzing corporate bonds and active fixed income management. He earned progressively senior roles at major Canadian investment firms.
- Benjamin holds a B.A.C.S. from Western University



## **Rachana Bhat, CFA**

**Vice President, Active Fixed Income Portfolio Management, TDAM**

- Rachana is a Vice President on the Active Fixed Income Portfolio Management Team
- She co-manages the TD Target Maturity Bond ETFs, TD Canadian Corporate Bond Fund and TD Canadian Diversified Yield Fund
- Previously, she was a part of the credit research team with the firm, where she covered the Global Consumer & Retail sector. She gained industry experience as a Senior Analyst on the Infrastructure Finance Team of a credit research and ratings firm, focusing on public/private partnerships, airports, ports and other infrastructure-related issuers. She also previously worked in the Investment Banking division of a large international bank in New York.
- Rachana holds a B.Eng. with Distinction from Visvesvaraya Technological University, and an M.Sc. in Financial Engineering from University of Michigan



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