



## Important Information: TD Asset Management Fixed Income Models in UMA plus Bond Ladders

### At a Glance

- TD Asset Management Fixed Income Managed Accounts available as an SMA on Investnet to PCW Clients are also available as UMA accounts to both PCW Clients and TD Bank NA Clients on Investnet
- Additionally, a suite of 7 new passive bond ladder managed accounts announced in 2020 are also available in both SMA and UMA
- For more information and to help you respond to client inquiries, please read the Questions and Answers below

### Q: What is new?

1. TD Asset Management Fixed Income Managed Accounts currently available as an SMA on Investnet to PCW Clients are also available as UMA accounts to both PCW Clients and TD Bank NA Clients on Investnet.
2. In addition to the UMA launch, TD Asset Management added a suite of 7 new passive bond ladder managed accounts in 2020 which are available in both SMA and UMA:
  - TD 1-5 Year A Minimum Corporate Bond Ladder Managed Account
  - TD 1-10 Year A Minimum Corporate Bond Ladder Managed Account
  - TD 1-5 Year BBB Minimum Corporate Bond Ladder Managed Account
  - TD 1-10 Year BBB Minimum Corporate Bond Ladder Managed Account
  
  - TD 1-3 Year Treasury Bond Ladder Managed Account
  - TD 1-5 Year Treasury Bond Ladder Managed Account
  - TD 1-10 Year Treasury Bond Ladder Managed Account
3. TD Asset Management is also making the TD U.S. Intermediate Government Corporate A Min model available on Investnet for SMA and UMA accounts.
4. To simplify the line-up and eliminate duplication, the TD Short/Intermediate Government/Corporate Bond Institutional Managed Account and TD Intermediate Government/Corporate Bond Model Institutional Managed Account are being removed from the Investnet platform. The few clients formerly subscribing to these Managed Accounts are now subscribing to the non-institutional versions which are identical.

## **Q: Why launch fixed income models in UMA?**

Making our models available in UMA accounts will allow you greater flexibility in building portfolios for your clients and to consolidate your clients' investments within one account.

## **Q: Why are we adding Bond Ladder Strategies to the line up?**

We know that many advisors are tasked with manually building their own bond ladder strategies outside the Envestnet account. Providing you with a suite of ladders that can be used within SMA and UMA accounts will provide you with more options to consolidate your clients into one account as well as greater efficiency in managing your client investments.

## **Q: What is a bond ladder strategy?**

A bond ladder is a portfolio construction strategy that invests an approximately equal number of bonds in each maturity bucket within a desired liquidity timeframe. As bonds mature, their proceeds are reinvested in the far end of the ladder to maintain its structure. A ladder strategy allows investors to minimize interest rate risk and increase portfolio liquidity given its regular pay-out and maturity term.

## **Q: How will the bond ladders benefit my clients?**

TD Asset Management professionally managed accounts offer clients several meaningful benefits in today's complicated bond market:

- **The strength of TD Asset Management's team of credit analysts;** all securities are approved and monitored by our team of dedicated credit analysts
- **Professional portfolio management;** security selection, portfolio construction, diversification and risk management
- **A dedicated implementation team;** which aggregates clients' trades before sending to the trading team
- **Access to bonds;** TD Asset Management's dedicated institutional fixed income trading team, with access to institutional global broker dealers and major electronic platforms, seeks best execution on our clients' behalf at institutional pricing, avoiding retail bond market markups.

## **Q: Are these available in both UMA and SMA?**

Yes, these are available for PCW Clients in both SMA and UMA accounts. TD Bank NA Clients will only have access to these managed accounts in UMA accounts.

## Q: What are the investment objectives of the Treasury and Corporate Ladder models?

- The objectives of the **Treasury Ladder** models are to seek predictable income and capital preservation from U.S. Treasuries. We also offer different maturity ranges – 3, 5 and 10 years to accommodate client liquidity and maturity preferences.
- The objectives of the **Corporate Ladder** models are to seek predictable income and capital preservation from U.S. Corporate bonds. We also offer different maturity ranges (5 and 10 years) and credit quality ("A" minimum and "BBB" minimum) to accommodate client preferences when it comes to liquidity, maturity, and credit quality.

## Q: What are the investment characteristics of each model?

- For diversification purposes, bonds will generally be equally weighted within each year of the ladder. For Corporate ladders, the portfolio will hold bonds across major index sectors (financials, Industrials and utilities). Generally, the holdings in any corporate issuer will be 2-3%, and guidelines allow a maximum of 5%.
- For Corporate ladders, there will be credit restrictions placed on each model. The bond must be rated higher than A3/A- for the A ladders and Baa3/BBB- for BBB ladders at the time of purchase. Furthermore, all bonds must be vetted through TDAM's credit analysis and be placed on the Approved List at Epoch Investment Partners, Inc. to be eligible in the portfolio.

## Q: How will Advisors be supported?

These Managed Accounts will be supported with the same materials provided other Managed Accounts on the platform, including access to the Portfolio Managers through monthly conference calls.

In addition, custom **proposal presentations** are being offered to advisors for the new ladders to help with clients and prospect interactions

## Q: What are the benchmarks for the new ladder portfolios?

Model	Benchmark
TD 1-3 Year Treasury Bond Ladder Managed Account	Bloomberg Barclays U.S. Treasury: 1-3 Years Total Return Index
TD 1-5 Year Treasury Bond Ladder Managed Account	Bloomberg Barclays US Treasury 1-5 Years Total Return Index
TD 1-10 Year Treasury Bond Ladder Managed Account	Bloomberg Barclays US Intermediate Treasury Total Return Index

TD 1-5 Year A Minimum Corporate Bond Ladder Managed Account	Bloomberg Barclays US Corporate 1-5 Years Total Return Index
TD 1-5 Year BBB Minimum Corporate Bond Ladder Managed Account	Bloomberg Barclays US Corporate 1-5 Years Total Return Index
TD 1-10 Year A Minimum Corporate Bond Ladder Managed Account	Bloomberg Barclays Intermediate Corporate Total Return Index
TD 1-10 Year BBB Minimum Corporate Bond Ladder Managed Account	Bloomberg Barclays Intermediate Corporate Total Return Index

## **Q. Which models do I select if I am transitioning clients from the OCC Platform to Investnet?**

In most cases the models are identical. In the case of short treasuries, you will need to assess what approach works best for your client. Please contact us to learn more.

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