

**TD Asset Management Inc.  
Client Relationship Disclosure &  
Conflicts of Interest Statement**



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## 1. PURPOSE

Securities legislation in Canada requires TD Asset Management Inc. (“**TDAM**”, “**we**”, “**us**” or “**our**”) to make certain disclosures to you, our client. The words “you”, “your” and “yours” refer to the client and any other individuals with authority over the client’s account.

This Client Relationship Disclosure document (the “**Disclosure**”) contains information about us, our affiliates and the services that we offer.

The TDAM Conflicts of Interest Statement forms a part of the Disclosure. The Conflicts of Interest Statement includes a description of the conflicts of interest that arise or may arise between us, individuals acting on our behalf and our clients, or between the differing interests of two or more of our clients to whom we owe, in each case, a duty. The Conflicts of Interest Statement describes the conflicts of interest that we consider a reasonable investor would expect to be informed of or that we believe are necessary to disclose to our clients to ensure that they are adequately informed of matters that may affect the services we provide to them.

## 2. KEY TERMS

In this Disclosure, including the Conflicts of Interest Statement, the following terms have the following meanings:

“**Accounts**” means Client Directed Service Accounts, Managed Accounts, Proprietary Accounts and TDAM Funds managed, advised or made available by TDAM.

“**Alternative Strategies**” means TDAM Alternative Funds, TDAM Investment Funds and Managed Accounts that invest in alternative asset classes, including private debt, mortgages, infrastructure and real estate.

“**Client Directed Service Account**” means a non-discretionary, client-directed service account through which a client may purchase from TDAM, in its capacity as exempt market dealer, securities of the TDAM Funds.

“**Managed Account**” means a client account or model portfolio managed or advised by TDAM on a discretionary basis, which may include individual securities or securities of TDAM Funds.

“**Proprietary Account**” means an investment mandate under the discretionary management of TDAM wherein TD, its affiliates or any directors, officers or employees of TD or its affiliates have a direct or indirect proprietary interest other than non-material interests acquired through normal course purchases.

“**TDAM Funds**” means all current and future funds managed by TDAM in the TD *Emerald* Funds, TD *Emerald* Pooled Fund Trusts, O-Series and Private Series of TD Mutual Funds,

TD *Emerald* Treasury Management Pooled Funds, TD Greystone Funds and/or any other existing or future fund families. The TDAM Funds include both investment funds (“**TDAM Investment Funds**”) and alternative investment vehicles, such as pooled investment products that invest in infrastructure or real estate (“**TDAM Alternative Funds**”).

## 3. OVERVIEW

TDAM is registered as a Portfolio Manager and Exempt Market Dealer across Canada, an Investment Fund Manager in Saskatchewan, Ontario, Quebec and Newfoundland and Labrador, a Derivatives Portfolio Manager in Quebec and a Commodity Trading Manager in Ontario. TDAM is a wholly-owned subsidiary of The Toronto-Dominion Bank (“**TD**”). TD and all of its subsidiaries, consisting of a worldwide group of banks and financial services companies, are referred to as “**TD Bank Group**”. Under the brand name “TD Global Investment Solutions” (“**TDGIS**”), TDAM offers its products and services to institutional investors. The TDGIS brand represents the institutional asset management businesses of the TD Bank Group, globally.

## 4. PRODUCTS AND SERVICES

### Canada

TDAM offers Managed Accounts and Client Directed Service Accounts to Canadian pension plans, insurance companies, charitable organizations, corporations, and other institutional clients who qualify as accredited investors as defined in National Instrument 45-106 *Prospectus Exemptions*. TDAM also manages the TDAM Funds and distributes them to Canadian clients with Client Directed Service Accounts using its EMD registration.

### Globally

TDAM may make Managed Accounts available to institutional investors in select jurisdictions globally, pursuant to the terms and conditions of available exemptions from applicable local registration requirements.

Certain TDAM Funds may be distributed to eligible institutional investors globally. Where required by local laws, these TDAM Funds or their general partners (where applicable) have become registered, perfected the use of a registration exemption and/or retained locally-licensed distributors (which may be TD Affiliates or third parties) in each of the jurisdictions where they are available for distribution.

### Service Descriptions

For Client Directed Service Accounts, the client directs all activity in the account.

For Managed Accounts, the client and TDAM agree upon an investment strategy, and TDAM has the authority to direct the account's investment management and adjust the portfolio holdings. Unless a client requests TDAM to invest their Account in segregated securities, TDAM generally fulfills the client's investment objectives and strategies through investments in one or more of the TDAM Funds as TDAM considers appropriate for that client and using applicable prospectus exemptions. For Managed Accounts of Canadian clients, members of TDAM's institutional distribution team may provide services to clients as Client Relationship Managers ("CRMs").

CRMs are registered individuals who are permitted to select and recommend TDAM Funds for Managed Accounts but are not permitted to select or make recommendations relating to individual securities. Advice regarding individual securities selection and the purchase and sale of securities for the TDAM Funds is provided by registered advising representatives who are members of TDAM's portfolio management team. All products and services are subject to the terms of the applicable agreement.

Certain securities that clients may invest in through their Accounts may have restrictions on the ability to liquidate or resell the security or may have a restriction on redemption. These restrictions are applicable, among other securities, to the Alternative Strategies. Where a client does not waive suitability assessments by TDAM, TDAM will only make or recommend investments in these securities when TDAM considers they are suitable for the client's account.

## 5. CONFIDENTIALITY AND USE OF INFORMATION

Confidentiality of client information is a fundamental principle of TDAM. TDAM, its affiliates, agents, advisers, officers and employees are required to treat as confidential all information pertaining to the client, the Account and the investment program of the Account ("**Account Information**") and shall not disclose the same to persons who are not involved in the management and/or operation of the Account, except in compliance with applicable laws.

As part of the TD Bank Group, TDAM adheres to the TD Privacy Agreement, which explains how we collect, use and disclose personal information about our clients and other individuals. We will handle any personal information you provide us with care and in accordance with applicable law and the TD Privacy Agreement. Our employees are also subject to professional and ethical obligations to maintain confidentiality of all information we receive in the context of conducting our business as an institutional portfolio management firm. TDAM may use Account Information and all other information, collected

from the client (including, to the extent applicable, personal information) to serve that client, determine whether any products or services of TD Bank Group are suitable for that client and offer them to the client through an employee of TDAM or another area of TD Bank Group as required or permitted by law. You may review your options to not be contacted about offers of products or services, by contacting TDAM. The TD Privacy Policy can be accessed [here](#).

TDAM may also provide Account Information to applicable regulators and government agencies as required by law or in connection with reporting requirements.

## 6. ANTI-SPAM LAW

Any commercial electronic messages which we send you will be in accordance with Canada's anti-spam legislation.

## 7. FOREIGN ACCOUNT TAX COMPLIANCE ("FATCA") & COMMON REPORTING STANDARD ("CRS")

TDAM supports the fight against tax avoidance and evasion and has adopted a compliance regime to prevent its services from being used in furtherance of this activity. TDAM will fully comply with both the intent and specific provisions of Parts XVIII and XIX of the *Income Tax Act* (Canada) (the "**ITA**") and the enhanced exchange of tax information, commonly known as FATCA and CRS. However, to respect our duty of client confidentiality and obligations under privacy laws, we will disclose no more information to the Canada Revenue Agency than is required by the ITA.

## 8. ANTI-MONEY LAUNDERING, ANTI-TERRORIST FINANCING AND SANCTIONS

TD's statement on Anti-Money Laundering, Anti-Terrorist Financing and Sanctions can be accessed [here](#).

## 9. VALUATION

The value for each security held in an Account is generally calculated as at 4 p.m. Eastern Time, or at such other time as the Toronto Stock Exchange ("**TSX**") closes, on each day that the TSX is open for trading ("**Valuation Date**").

However, in some unusual circumstances, TDAM may calculate the value of securities at another time where TDAM believes it is in the best interests of the Account to do so.

In computing the market value of an Account, the Account's positions are generally determined as follows:

- Any cash on hand, on deposit or on call, bills, demand notes and accounts receivable, prepaid expenses, cash

distributions received (or to be received, if declared to securityholders of record on a date on or before the date as of which the market value of the Account is being determined) and interest accrued and not yet received, will be valued at the full amount;

- The value of any security of an investment fund held by an Account that is not listed or dealt in upon a securities exchange will be its net asset value ("**NAV**") on the Valuation Date as publicly reported, or if not publicly reported, as provided by the fund manager;
- The value of any security which is a liquid debt obligation will be marked to market based on quotations received from recognized investment dealers;
- The value of any liquid security, commodity or derivative which is listed or dealt in upon an exchange will be determined by taking the latest available trade price and, if there is no record of such price, TDAM will estimate a price which best reflects its fair value;
- The value of any liquid security, commodity or derivative which is not listed or dealt in upon any exchange will be determined on the basis of such price or yield-equivalent quotations that TDAM determines best reflect its fair value;
- The value of any illiquid security or commodity will be estimated by examining the observable or unobservable inputs and assumptions that TDAM determines best reflect its fair value; and
- All securities, commodities and derivatives valued in a currency other than that of the base currency of the Account and all obligations payable by an Account in a currency other than that of the base currency of the Account will be translated into the base currency of the Account using the rate of exchange which is current on the Valuation Date as determined by or on behalf of TDAM.
- For Managed Accounts investing in real estate assets, an arm's length, accredited appraiser will conduct a property valuation to determine fair value. TDAM does not conduct its own appraisals. Arm's length appraisals are conducted quarterly, except in the initial quarter of acquisition and where a property sale is under unconditional contract with a prospective buyer. Monthly values, when an appraisal is not available, are based on the most current financial information available.

TDAM may exercise its discretion to deviate from its valuation practices when such practices cannot be applied to a security or property or when the valuation is deemed to be unreliable or stale. In such cases, TDAM will determine a value for the security or property that is fair and reasonable in the circumstances and may include the services of a third-party valuation service provider or other means.

For valuations specific to the TDAM Funds, please refer to the relevant TDAM Fund's prospectus or offering document.

## 10. FEES AND ACCOUNT OPERATION COSTS

TDAM typically charges its clients a fee for its services, calculated as a percentage of the market value of the assets in the Account. For Canadian real estate portfolios, the fee is calculated on the basis of the client's portion of the appraised value of the underlying properties contained in their portfolio, including mortgage debt (i.e., the gross market value). A minimum annual fee may apply. Additional charges or customized fees may apply for additional Accounts or complex Accounts requiring customized reporting. Clients will be charged separately for transaction costs such as brokerage commissions and settlement disbursements related to the purchase and sale of investments within the Account as well as any commissions, fees and other charges in connection with derivatives transactions TDAM may enter into on behalf of an Account.

Fees and expenses may also be associated with TDAM Funds held in the Account. Investment management fees for TDAM Funds offered in Canada are generally negotiated and charged outside of the TDAM Funds and documented in the Fee Schedule to each client's Investment Management Agreement or Subscription Agreement. Investment management fees for TDAM Funds available to clients domiciled outside of Canada are generally payable by the TDAM Fund based on the TDAM Fund's NAV per unit, as set out in the applicable offering circular and limited partnership agreement, and will be deducted as an expense of the TDAM Fund (or the applicable series thereof) in the calculation of the TDAM Fund's (or the applicable series') NAV.

Certain other fees and expenses (such as administration fees, transaction costs and operating expenses) are payable by TDAM Funds and will reduce the value of an investment in the TDAM Fund. The management expense ratio of each series of a TDAM Fund is the ratio, expressed as a percentage, of the expenses of a TDAM Fund to its average NAV.

The management expense ratio includes applicable taxes but excludes the costs associated with portfolio transactions, including, without limitation, brokerage commissions to purchase and sell portfolio securities, research and order execution costs and costs associated with derivatives contracts and alternative asset classes.

Holdings in TDAM Funds are included in the determination of the market value of the Account. Fees charged for the services of TDAM are in addition to any fees and expenses (including administration fees) accrued and paid within a TDAM Fund.

Any charges levied by a securities or other regulatory body and payable by TDAM, as a consequence of the purchase by the client of securities of the TDAM Funds or other

primary offerings of securities in an Account, shall be borne by the client.

Fees impact the investment returns of a client's portfolio. Fees charged directly to a client's account reduce the market value of the account(s) directly, while fees embedded within certain investment instruments (including the TDAM Funds) reduce the market value of those securities held in the account(s). The impact of fees reduces investment returns and this impact, due to the effect of compounding, increases over time.

For additional information, please refer to the Fee Schedule to the Investment Management Agreement or Subscription Agreement, or TDAM Fund prospectus or offering document.

## 11. FAIRNESS STANDARDS

TDAM maintains standards directed to ensuring fairness for clients. Each director, officer, and employee of TDAM shall, as applicable:

- (a) Use their best efforts to mitigate any conflicts of interest between themselves, TDAM, and clients, and inform clients of any material conflict of interest that might impair their ability to render unbiased and objective advice with respect to investment opportunities. The Conflicts of Interest Statement in Section 21 of this Disclosure provides a description of the conflicts of interest that have been identified to date by TDAM and a description of how it addresses those conflicts of interest in the best interests of clients.
- (b) Exercise diligence, independence (including in the case of securities of TD or affiliates where additional conflict controls are in place), and thoroughness in analyzing investments, making investment recommendations and taking investment action.
- (c) Deal fairly and objectively with all Accounts over time when making investment recommendations, or taking investment action that must not favour some Accounts over others (except in the case of Proprietary Accounts where restrictions on trade aggregation apply in certain circumstances).
- (d) Strive toward a high standard of ethical business and personal conduct, integrity and professionalism in adherence to the TD Code of Conduct and Ethics Policy; comply with TDAM's Personal Trading Policy requiring pre-approval of personal trade requests; and review and attest to these policies annually.
- (e) Adhere to policies and procedures that mitigate trading conflicts of interest. Portfolio managers and traders have the primary responsibility for implementing policies and procedures related to trade management. TDAM has constituted a committee that meets quarterly

with the objective of overseeing trade management processes and controls within TDAM.

## 12. TRADE EXECUTION AND USE OF COMMISSIONS

Consistent with TDAM's duty to seek best execution, TDAM may participate in bundled brokerage and/or commission sharing arrangements to receive permitted goods and services. There are two types of goods and services TDAM may receive: research goods and services ("**Research Goods and Services**") and order execution goods and services ("**Order Execution Goods and Services**").

Research Goods and Services include:

- Advice as to the value of securities and the advisability of effecting transactions in securities;
- Analyses and reports concerning securities, issuers, industries, portfolio strategies or economic or political factors and trends that may have an impact on the value of securities or investment strategies;
- Seminars and conference fees;
- Databases and software;
- Market data from feeds or databases; and
- Post-trade analytics.

Research Goods and Services may be provided by the executing broker-dealer directly or by a party other than the executing broker-dealer.

Order Execution Goods and Services include:

- Execution management systems and order management systems (to the extent they help arrange or effect a securities transaction);
- Algorithmic trading software and market data (to the extent they assist in the execution of orders); and
- Custody, clearing and settlement services that are directly related to an executed order that generated commissions.

Order Execution Goods and Services may also be provided by the executing broker-dealer directly or by a party other than the executing broker-dealer.

Generally, the users of Research Goods and Services and Order Execution Goods and Services are TDAM's portfolio managers, analysts and traders.

In certain instances, TDAM may receive goods and services containing some elements that qualify as Research Goods and Services and/or Order Execution Goods and Services along with other elements that are not permitted goods and services or may use permitted goods and services for non-investment or non-trading activities. This is commonly referred to as a "mixed use" product. In these cases, TDAM will make a good faith determination of the portion



allocated to permitted goods and services (i.e. Research Goods and Services and Order Execution Goods and Services) or permitted activities and will only use brokerage commissions to pay for that portion.

TDAM currently has in place brokerage arrangements with broker-dealer affiliates from which it receives Research Goods and Services and Order Execution Goods and Services. TDAM does, in certain circumstances, make Research Goods and Services and Order Execution Goods and Services available to its affiliate Epoch Investment Partners, Inc. (“**TD Epoch**”). As a result, clients of TD Epoch may also benefit from the Research Goods and Services and Order Execution Goods and Services obtained by TDAM.

For a list of other broker-dealers or third parties who provide Research Goods and Services and/or Order Execution Goods and Services to TDAM, please contact TDAM by calling 1-888-834-6339 or by sending an email to [inst.info@tdam.com](mailto:inst.info@tdam.com).

### 13. TRADE AGGREGATION AND ALLOCATION

TDAM ensures the fair allocation of investment opportunities among Accounts through adherence to TDAM’s policies with regard to fairness of trade aggregation and allocation as follows:

#### **Trade Sequencing and Trade Aggregation –**

TDAM portfolio managers will generate trade orders or provide trade order instructions, when trade order generation is performed by a separate implementation team, involving the same investment decision for all Accounts under their management that are subject to such an investment decision at the same time.

TDAM portfolio managers placing orders for Accounts under their management will aggregate all similar orders, subject to certain exceptions that are consistent with TDAM’s fiduciary duty to treat all of its Accounts fairly and equitably at the time of order generation, and will not give preferential treatment to a single Account or a group of Accounts to the detriment of other Accounts.

- When clients direct TDAM to utilize specific broker-dealers for the purpose of executing trade orders for their Accounts, TDAM will not aggregate such trade orders with trade orders from other Accounts that do not have any broker-dealer restrictions.
- Orders for Proprietary Accounts will generally not be aggregated with orders for TDAM Funds and Managed Accounts (referred to collectively as “**Other Accounts**”) and shall be executed only after trade orders for all Other Accounts involving the same security in the same direction of trade are executed in full, except for private debt securities and preferred shares. However, orders to transact in a particular security may be placed by

multiple portfolio managers, and trading instructions relating to those orders may be communicated at various times throughout the day to multiple traders. As a result, it is possible for a Proprietary Account to transact ahead of Other Accounts at a different price.

- Managed program groups which invest in model portfolios are permitted certain flexibility in the timing of placing orders. Due to the model implementation process, implementation of idea generation for models may take longer as the timing of trades for these managed program groups is dependent on the portfolio modeling and implementation process conducted before trade execution, which means upon receipt of the trade order instructions from the Portfolio Managers, all orders may not be immediately entered for execution. The objective is to minimize material delays in the portfolio modeling and implementation process.
- The trading desk receives trade orders from Portfolio Managers at various times of the day encompassing various asset classes and instrument types, including fixed income, equity, foreign exchange forwards, options and futures. TDAM traders will use their discretion to sequence the trades from various asset classes and instrument types with the objective, at all times, of seeking to obtain best execution within the operational constraints existing at the time.
- Money market trading is driven by the continuous need to reinvest proceeds from maturing money market securities or to address cash flow requirements. Portfolio Managers, within the constraints of regulatory rules and investment guidelines, make a determination about the amount to be invested or reinvested with an issuer. The key concept of fairness is allocation of investment opportunities at the time specific portfolio management requirements are known rather than aggregation and allocation at the time of execution.

**Trade Allocation –** TDAM ensures fairness in allocating partially filled orders among its clients. Where similar orders are aggregated, the standard allocation methodology is to have executions allocated on a pro-rata basis or in another fair and reasonable manner.

- If an aggregated trade order is filled through multiple executions, all participating clients will generally receive a weighted average price. Allocations may be rounded to the nearest normal trading unit. Partially filled aggregated orders that include Proprietary Accounts will be first allocated to all Other Accounts before filling any orders for Proprietary Accounts.
- In the case of limited investment opportunities (i.e. securities that are offered pursuant to a prospectus, including initial and other offerings, and private

placements including bought deals), all Accounts for which such securities are suitable (considering relevant facts such as their investment objectives and guidelines, cash flows, etc.) are allowed to participate. Managed program groups generally do not participate in limited investment opportunities unless specifically requested by a particular client account holder.

## 14. REPORTING

TDAM provides institutional “permitted clients” and, pursuant to a regulatory exemption referred to below, other specified institutional clients with a monthly account statement which contains holdings information, the value of all holdings in the Account, any activity that occurred in the Account during the reporting period, and the performance of the Account.

All other clients receive the following reports:

An account statement, at least quarterly, setting out the following:

- (a) The date of each transaction, whether it was a purchase, sale or transfer, the name of the security, the number of securities, the price per security if the transaction was a purchase or sale and the total value of the transaction if it was a purchase or sale;
- (b) The name and quantity of each security in the Account, the market value of each security in the Account, the total market value of each security position, the position cost of each security position, any cash balance, the total market value of all cash and securities in the Account and the total position cost of all security positions in the Account;
- (c) The name of the party that holds or controls each security and a description of the way it is held; and
- (d) Whether the securities are covered under an investor protection fund approved or recognized by the securities regulatory authority and if so, the name of the investor protection fund.

An annual report on charges and other compensation, setting out the following:

- (a) The current operating charges which might apply to the Account, the total amount of each type of operating charge related to the Account paid by the client and a total of all such operating charges;
- (b) The total amount of each type of transaction charge related to the purchase or sale of securities paid by the client, and the total of all such transaction charges;
- (c) The grand total of all operating charges and transaction charges paid during the reporting period;
- (d) If debt securities were purchased or sold during the reporting period, either:

- (i) the total amount of any mark-ups, mark-downs, commissions or other service charges that were charged on the purchase or sale of debt securities; or
- (ii) the total amount of any commissions charged to the Account on the purchase or sale of debt securities;

- (e) The total amount of each type of payment, other than a trailing commission, that has been made to TDAM or any of its registered individuals by a securities issuer or another registrant in relation to registerable services to the client during the reporting period together with an explanation of each type of payment; and
- (f) The amount of trailing commission, if any, received by TDAM in relation to securities held in the Account.

An annual investment performance report, setting out the following:

- (a) The market value of all cash and securities in the Account at the beginning and at the end of the 12 month period covered by the report;
- (b) The market value of all deposits and transfers of cash and securities into the Account, and the market value of all withdrawals and transfers of cash and securities out of the Account, during the 12 month period covered by the report;
- (c) The market value of all deposits and transfers of cash and securities into the Account, and the market value of all withdrawals and transfers of cash and securities out of the Account, since the opening of the Account or such other date disclosed in the investment performance report;
- (d) The annual change in the market value of the Account for the 12 month period covered by the report;
- (e) The cumulative change in the market value of the Account since the opening of the Account or such other date disclosed in the investment performance report; and
- (f) For an Account that has been open for more than one year, the annualized total percentage return for the Account, calculated net of charges for 1, 3, 5 and 10 year periods.

Pursuant to exemptive relief obtained by TDAM, certain institutional clients who do not fall within a category of “permitted clients” will receive modified Account reporting consistent with the reporting described for permitted clients above. These clients would have received the statements described for TDAM's other clients, but for this exemption.

Subject to any additional charges determined by TDAM, other statements and reports may be provided as may be reasonably requested by the client from time to time.



## Trade Confirmations for Managed Accounts – Waivers

As all transactions pertaining to the purchase or sale of units of TDAM Funds are reflected on the account statement, the client waives receipt of trade confirmations of these individual transactions for the Managed Account.

## Benchmarks

A benchmark is an independent standard against which the performance of an investment portfolio can be evaluated. Benchmarks do not account for the impact of transaction charges or other expenses related to a client's investment account. Benchmarks are often a market index or combination of indices, which allow investors to compare the relative performance of their investment portfolios. An index tracks the performance of a broad asset class, such as all securities listed on a particular stock exchange, or narrower portion of the securities listed on an exchange (e.g. financial services company stocks). Clients should refer to their portfolio report for further details on the benchmark used for the Account or speak with their Relationship Manager. Where requested by a client, TDAM may provide customized performance reporting against a benchmark.

## 15. CUSTODY OF ASSETS

Where a client has its own custodian, segregated securities of an Account are held in the client's custodial account. Clients will receive investment statements concerning their portfolios from us. We encourage clients to carefully review their custodial statements and compare the statements received from their custodians with the statements they receive from us.

Where a client holds TDAM Funds, the client's holdings are maintained by the TDAM Funds' registrar and transfer agent on the books of the TDAM Funds. TDAM provides clients with reports of holdings in TDAM Funds.

## 16. COMPLAINTS PROCESS

A complaint may be communicated verbally or in written form addressed to a TDAM Associate and/or Relationship Manager. All complaints will be given equal consideration; however, if a client raises an issue verbally, it may not be readily apparent that the client is making a complaint.

TDAM may ask the client to clarify a verbal complaint and, if applicable, put the complaint in writing.

### Review of Complaints by TDAM

TDAM will send an acknowledgement letter to the client, typically within five (5) business days of a complaint being received. The client may be asked to provide clarification or

more information to assist TDAM to investigate and resolve the complaint.

Once the complaint has been investigated, TDAM will send the client a written notification of the outcome of the investigation. This will typically occur within ninety (90) days. This notification will include: a summary of the complaint; the result of TDAM's investigation; and TDAM's decision with respect to the complaint along with an explanation of its decision. If the client does not receive a decision by TDAM within ninety (90) days, the client will be provided an explanation for the delay together with a new date for the decision.

In certain circumstances, the client may escalate their complaint within TD and/or to an independent dispute resolution or mediation service. Further information on these options is provided below.

### TD Senior Customer Complaint Office

If a decision in respect of a complaint has not been provided by TDAM within ninety (90) days after a complaint is made or a client is not satisfied with the decision reached, the client may escalate the issue to the TD Senior Customer Complaint Office by mail at: P.O. Box 1, TD Centre, Toronto, ON, M5K 1A2, or by telephone, toll-free at 1-888-361-0319, or by email at [td.scco@td.com](mailto:td.scco@td.com). Please note that the TD Senior Customer Complaint Office is employed by and is an affiliate of TD Bank Group. While the TD Senior Customer Complaint Office does not report directly to any business areas in order to protect the office's impartiality, it is not an independent dispute resolution service. The mandate of the TD Senior Customer Complaint Office is to review your concerns and provide a response that is objective and unbiased. This service is voluntary and the estimated time that the TD Senior Customer Complaint Office takes to review and provide a response to matters is sixty (60) days; however, complex investigations may take longer to resolve. Escalation of a complaint to the TD Senior Customer Complaint Office is voluntary and is not a prerequisite for exercising any other dispute resolution option.

### Independent Dispute Resolution and Mediation Services

A client may escalate their complaint directly to an independent dispute resolution and mediation service (the "Independent Service"), at no cost to the client, where:

- (a) The client is either:
  - (i) an individual; or
  - (ii) an entity that is not a "permitted client" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations*;

- (b) The complaint relates to a trading or advising activity of TDAM or a representative of TDAM and was brought to TDAM within six (6) years from the time that the client first knew, or ought to have known, about the event that caused the complaint;
- (c) Either:
  - (i) TDAM has not provided written notice of its decision within ninety (90) days of receiving the complaint, in which case, the client can escalate the complaint to the Independent Service at any time after such ninety (90) day period and before TDAM has notified the client of its decision; or
  - (ii) The client is not satisfied with TDAM's decision, in which case the client can escalate the complaint to the Independent Service within 180 days of receiving TDAM's written decision; and
- (d) The client agrees that the amount of any compensation recommended by the Independent Service will not exceed \$350,000.

The Independent Service available to clients resident in Canadian jurisdictions other than Quebec is the Ombudsman for Banking Services and Investments ("**OBSI**"), which can be contacted via email at [ombudsman@obsi.ca](mailto:ombudsman@obsi.ca) or via telephone toll-free at 1-888-451-4519 or at 416-287-2877 in Toronto. Any investigation by OBSI will be independent and informal. Clients do not require a lawyer. During its investigation, OBSI may interview the client and TDAM employees. TDAM is required to cooperate in OBSI's investigations. Once OBSI has completed its investigation, its recommendations will be provided to the client and TDAM. OBSI's recommendations are not binding on either party. To learn more about the OBSI process, visit [obsi.ca](http://obsi.ca).

A client who is a resident of Quebec can request their complaint file be transferred to the Autorité des marchés financiers ("**AMF**"), which can be contacted via telephone toll-free at 1-877-525-0337. The AMF may offer dispute resolution services if deemed appropriate.

*Clients are under no obligation to contact the TD Senior Customer Complaint Office prior to engaging the OBSI or the AMF.*

Making a complaint to the TD Senior Customer Complaint Office, OBSI or the AMF does not restrict a client's ability to take the complaint to a dispute resolution service of their choosing, at the client's expense, or to commence a civil action. Clients are reminded that there are statutory time limits for commencing a civil action. These time limits continue to run while complaints are being reviewed by the TD Senior Customer Complaint Office or the AMF. This may impact a client's ability to commence the civil action.

## 17. KNOW YOUR CLIENT AND SUITABILITY

TDAM is required to collect and document Know Your Client ("**KYC**") information to establish the identity of each of its clients and to ensure that trades are suitable for certain clients.

In order to satisfy the KYC requirement, TDAM will obtain from its clients information that will allow it to, when applicable:

- (a) Establish the identity of the client and if there is any concern, make reasonable inquiries as to the reputation of the client. For the purposes of establishing the identity of a client that is a corporation, partnership or trust, TDAM will establish the nature of the client's business and the identity of any individual who:
  - (i) In the case of a corporation, is a beneficial owner of, or exercises direct or indirect control, or direction over more than 25% of the voting rights attached to the outstanding voting securities of the corporation; or
  - (ii) In the case of a partnership or trust, exercises control over the affairs of the partnership or trust;
- (b) Establish whether the client is an insider of a reporting issuer or any other issuer whose securities are publicly traded;
- (c) Establish whether the client would reasonably be expected to have access to material non-public information relating to an issuer of securities;
- (d) Have sufficient information about the client's financial circumstances, investment needs and objectives, investment knowledge, risk profile, and investment time horizon.

In addition to the KYC requirement, TDAM must satisfy the suitability requirement for certain clients, but not if the client is a "permitted client" as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* and has waived the suitability obligation in writing, or if TDAM is able to rely on limited exemptive relief it has obtained in this regard.

Where the suitability obligation applies, TDAM must take reasonable steps to ensure that, before it makes a recommendation, accepts an instruction from a client to buy or sell a security or makes a purchase or sale of a security for a Client Directed Service Account or Managed Account, the purchase or sale is suitable for the client. This means TDAM must take into account the KYC information collected to determine whether the action is appropriate for the client. All actions must put the client's interest first. If a client instructs TDAM to buy, sell or hold a security and in TDAM's reasonable opinion the action would not be suitable for the client, TDAM will inform the client of

TDAM's opinion and will not buy or sell the security unless the client instructs TDAM to proceed nonetheless.

Where a client has not waived suitability assessments, TDAM will endeavour to meet with clients with a Managed Account or Client Directed Service Account at least annually to review their accounts and ensure the KYC information for those clients on file with TDAM is up to date and accurate. For those clients for whom TDAM is required to assess suitability, it will request clients update their KYC information or confirm it continues to be accurate. Updated KYC information is vital to ensure that TDAM can meet its obligations to assess suitability. TDAM may not be able to continue to manage a client's Managed Account or to make trades in a Client Directed Service Account if the client does not provide confirmation about its KYC information on file with TDAM for an extended period of time and TDAM concludes it can no longer assess whether the holdings and/or the Account remains suitable for the client.

If a client with a Managed Account has waived suitability, TDAM will endeavour to contact the client on a periodic basis to ensure that nothing has changed with the client, such that the client would want TDAM to manage their account in a different way.

## 18. INVESTMENT RISKS

Clients may encounter various investment risks in relation to TDAM's investment strategies, including through an investment in a TDAM Fund. The investment risks to which a client is subject will vary depending on the strategy or product selected. Clients invested in TDAM Funds should refer to the prospectus or offering circular for a description of the risks applicable to a particular TDAM Fund.

Some of the more common investment risks include:

- (a) **Asset Allocation Risk** – Asset allocation strategies are subject to the risk that the asset allocation decisions among various asset classes will not anticipate market trends successfully.
- (b) **Concentration Risk** – A relatively high concentration of assets in, or exposure to, a single or small number of issuers may reduce the diversification and/or liquidity of a portfolio and increase its volatility;
- (c) **Credit Risk** – Credit risk is the risk that the issuer of a fixed income or money market security will be unable to make interest payments or pay back the principal. Securities that have a low credit rating have higher credit risk. Lower-rated debt securities issued by companies or governments in developing countries often have higher credit risk. Securities issued by well-established companies or by governments of developed countries

tend to have lower credit risk. The market value of a debt security can be affected by a change in the issuer's credit rating, creditworthiness, or perceived creditworthiness, or, in the case of asset-backed commercial paper, any assets backing the security.

### (d) Market Risks

**Trading Facilities** – Trading on an electronic trading system may differ not only from trading in an open-outcry market but also from trading on other electronic trading systems. If TDAM undertakes transactions on an electronic trading system, such trades are subject to the risks associated with the system, including the failure of hardware and software.

**Off-exchange Transactions** – In some jurisdictions, and only then in restricted circumstances, firms are permitted to effect off-exchange transactions. TDAM may be acting as your counterparty to the transaction. It may be difficult or impossible to liquidate an existing position, to assess the value, to determine a fair price or to assess the exposure to risk. For these reasons, these transactions may involve increased risk. Off-exchange transactions may be less regulated or subject to a separate regulatory regime.

**Transactions in Other Jurisdictions** – Transactions on markets in other jurisdictions, including markets formally linked to a domestic market, may result in additional risk. Such markets may be subject to regulation which may offer different or diminished investor protection.

**Foreign Currency Risk** – The value of an investment will be affected by changes in the value of the currency in which the investment is denominated, relative to the base currency of the Account.

**Equity Risk** – Portfolios that invest in or have exposure to equities, also called stocks or shares, are affected by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices will generally rise, as will the value of Portfolios that own these shares. On the other hand, share prices usually decline in times of general economic or industry downturn. The price of equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the value of the overall stock market because of changes in the outlook for those individual companies or the particular industry. For example, where a portfolio invests in equity securities of companies whose business is based in commodities, such as oil and gold, the market value of the portfolio's investments may be affected by adverse movements in commodity prices.

**Interest Rate Risk** – The value of Accounts that invest in or have exposure to bonds, mortgages and other income-producing securities is primarily affected by changes in the general level of interest rates. Bonds generally pay interest based on the level of rates when the bonds were issued. When interest rates fall, the price of bonds generally rises. On the other hand, when interest rates rise, bond prices generally fall, reducing the value of Accounts that hold them. The ability of an issuer of a debt security to repay principal prior to maturity can cause greater price volatility if interest rates change. Such prepayments often occur during periods of declining interest rates, and may cause reinvestment of assets in lower yielding securities.

**International Market Risk** – Accounts that invest in or have exposure to securities of foreign issuers are subject to additional risks:

- The economic environment or the particular economic and political factors of the country or geographic region in which the foreign issuer operates may impact the value of its securities.
- Certain foreign countries may have different accounting, auditing and financial reporting standards for issuers of securities, making their securities more difficult to evaluate.
- There may be less information publicly available about a foreign issuer than about a Canadian or U.S. issuer and the quality of the information may be less reliable.
- Volume and liquidity in some foreign stock and bond markets are less than in Canada and the U.S. and, at times, price volatility can be greater than in Canada and the U.S.
- Stock exchanges, listed companies and investment dealers in foreign countries may be less regulated than in Canada and the U.S.
- Political and social instability, restrictions on the movement of capital and the threat of expropriation can affect the value of investments in less developed countries.

**Specialization Risk** – Accounts may invest primarily in or have exposure to companies in particular industries or particular geographic areas of the world. If the particular industry or geographic region prospers, the outlook for companies in that industry or geographic region will generally increase, as may the value of the accounts that invest in them. Conversely, if the particular industry or geographic region experiences a downturn, the outlook for companies in that industry or geographic region will generally decline, as may the value of the accounts that invest in or have exposure

to them. In addition, the account may suffer because it has relatively few other investments within other industries or geographic areas to offset the downturn.

- (e) **Derivatives Risk** – A characteristic of many derivatives is that portfolios are only required to deposit funds that correspond to a portion of their total potential obligations when entering into the derivative. However, profits or losses from the derivative are based on changes in the total value of the derivative. This means the leverage characteristic magnifies the profit or loss under a derivative, and losses can greatly exceed the amount of funds deposited. A portfolio may be required to deposit additional funds to cover its obligations under a derivative as the value of the derivative changes.

#### **Effect of Leverage or Gearing in Futures Contracts**

Transactions in futures contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so that the transactions are “leveraged” or “geared”. A relatively small market movement will have a proportionately larger impact on the funds you have deposited or will have to deposit – this may work against you as well as for you. You may sustain a total loss of initial margin funds and any additional funds deposited as margin to maintain your position. If the market moves against your position or margin levels are increased, you may be called upon to pay substantial additional funds on short notice to maintain your position. If you fail to comply with a request for additional funds within the time prescribed, your position may be liquidated at a loss and you will be liable for any resulting deficit.

#### **Risk Reducing Orders or Strategies**

The placing of certain orders (e.g. “stop-loss” orders, where permitted under local law, or “stop-limit” orders) which are intended to limit losses to certain amounts may not be effective because market conditions may make it impossible to execute such orders. Strategies using combinations of positions, such as “spread” and “straddle” positions may be as risky as taking simple “long” or “short” positions.

#### **Options**

Transactions in options carry a high degree of risk. The purchaser of options may offset or exercise the options or allow the options to expire. The exercise of an option results either in cash settlement or in the purchaser acquiring or delivering the underlying interest. If the option is on a futures contract, the purchaser will acquire a futures position with associated liabilities for margin. If the purchased options expire worthless, the purchaser will suffer a total loss of its investment which will consist of the option premium plus transaction



costs. There is a remote chance that the purchase of deep-out-of-the-money options will become profitable. Selling (“writing” or “granting”) an option generally entails considerably greater risk than purchasing options.

Although the premium received by the seller is fixed, the seller may sustain a loss well in excess of that amount. The seller will be liable for additional margin to maintain the position if the market moves unfavourably. The seller will also be exposed to the risk of the purchaser exercising the option and the seller will be obligated to either settle the option in cash or to acquire or deliver the underlying interest. If the option is on a futures contract, the seller will acquire a position in a future with associated liabilities for margin (see the section on Leverage Risk). If the option is “covered” by the seller holding a corresponding position in the underlying interest or a futures contract or another option, the risk may be reduced. If the option is not covered, the risk of loss can be unlimited. Certain exchanges in some jurisdictions permit deferred payment of the option premium, exposing the purchaser to liability for margin payments not exceeding the amount of the premium. The purchaser is still subject to the risk of losing the premium and transaction costs. When the option is exercised or expires, the purchaser is responsible for any unpaid premium outstanding at that time.

#### **Terms and Conditions of Derivatives Contracts**

You should ask TDAM about the terms and conditions of the specific futures contracts, options or other derivatives which are traded in your Account and any associated obligations (e.g. the circumstances under which there is an obligation to make or take delivery of the underlying interest and, in respect of options, expiration dates and restrictions on the time for exercise). Under certain circumstances the specifications of outstanding contracts (including the exercise price of an option) may be modified by the exchange or clearing house to reflect changes in the underlying interest.

#### **Futures Commission Merchant**

A Managed Account that uses cleared derivatives could lose some or all of its margin deposit if another client of a futures commission merchant (“FCM”) defaults and there are insufficient funds at the central clearing agent to cover those losses such that clients of all FCMs of the central clearing agent, including your account, would be expected to cover those losses proportionately.

#### **Suspension or Restriction of Trading Derivatives**

Market conditions (e.g. liquidity) and/or the operation of the rules of certain markets (e.g. the suspension of trading in any contract or contract month because

of price limits or “circuit breakers”) may increase the risk of loss by making it difficult or impossible to effect transactions or liquidate/offset positions. If options have been sold on your behalf, this may increase the risk of loss. Further, normal pricing relationships between the underlying interest and the derivatives may not exist. This can occur when, for example, the futures contract underlying the option is subject to price limits while the option is not. The absence of an underlying reference price may make it difficult to judge “fair” value.

#### **Currency Risk**

The profit or loss in transactions in foreign currency denominated derivatives (whether traded in your own or another jurisdiction) will be affected by fluctuations in currency rates where there is a need to convert from the currency denomination of the derivative to another currency.

- (f) **Exchange-Traded Fund (ETF) Risk** – An investment in an ETF may carry the following risks:
  - There can be no assurance that an ETF’s securities will trade at prices that reflect their NAV per security. As such, it is possible to pay more, or receive less, than the ETF’s NAV per security upon the purchase or sale of the ETF’s securities.
  - There is no guarantee that an active trading market for an ETF’s securities will develop or be maintained.
  - Brokerage commissions may apply to the purchase and/or sale of an ETF’s securities. These commissions will result in a reduction in the return that would otherwise be realized on an investment in the ETF. An investment in an ETF exposes the investor to the risks associated with the securities in which the ETF invests, in proportion to the investor’s investment in that ETF.
- (g) **Fund-of-Funds Risk** – If a TDAM Fund invests in an underlying fund, the risks associated with investing in that fund include the risks associated with the securities in which the underlying fund invests along with the other risks of the underlying fund. Accordingly, a TDAM Fund takes on the risk of the underlying fund and its respective securities in proportion to its investment in that underlying fund.
- (h) **Large Investor Risk** – Units of TDAM Funds may be purchased and sold by large investors, including other mutual funds and investment portfolios and products which may or may not be managed, controlled or advised by TDAM or a party related to TDAM. If a large investor redeems a portion or all of its investment from a TDAM Fund, that TDAM Fund may have to realize capital gains or losses and transaction costs in the process of making the redemption and any income and

realized capital gains recognized within the TDAM Fund may have to be distributed at the next distribution date to securityholders of record at that time. In addition, some securities may have to be sold at unfavourable prices, thus reducing the TDAM Fund's potential return. Conversely, if a large investor makes an investment or increases its investment in a TDAM Fund, that TDAM Fund may have to hold a relatively large position in cash for a period of time while the portfolio manager attempts to find suitable investments, which could also negatively impact the performance of the TDAM Fund.

- (i) **Liquidity Risk** – Liquidity risk is the possibility that an Account will not be able to convert its investments to cash when it needs to, or will not be able to do so at a reasonable price. Some securities, including funds, are, or may become, illiquid because of legal restrictions, the nature of the investment itself, settlement terms, a shortage of buyers or other reasons. Generally, investments with lower liquidity tend to have more dramatic price changes and may subject the holder to losses or additional costs.

Investments in real estate and infrastructure assets are highly illiquid and subject to industry cycles, downturns in demand, market disruptions and the lack of available capital from potential lenders or investors. Accordingly, there can be no assurance that an Account will be able to dispose of such investments in a timely manner and/or on favourable terms, which could negatively impact the performance of the Account.

- (j) **Leverage Risk** – Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If a client uses borrowed money to purchase securities, the responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines. An investment strategy that uses borrowed money could result in far greater losses than an investment strategy that does not use borrowed money.

Transactions in futures contracts carry a high degree of risk. The amount of initial margin is small relative to the value of the futures contract so those transactions are “leveraged” or “geared” (see Derivatives – Effect of Leverage or Gearing).

- (k) **Quantitative Investment Strategy Risk** – Quantitative investment strategies rely on data and historical analysis to predict risk and relative value. Quantitative strategies have inherent limitations, as actual market events may fail to correspond to one or more assumptions underlying the strategy. As a result, actual performance may vary significantly from predicted performance.

- (l) **Regulatory Risk** – Certain issuers involved in specially regulated industries, such as the energy or telecommunications industry, may experience an adverse impact on revenues or costs as a result of compliance with the relevant regulatory requirements.

In addition, issuers in regulated industries may require permits and approvals before commencing projects. Delays or rejections of these proposed plans would hinder the issuer's growth and increase its costs. Such events could result in a decline in the value of an issuer's securities.

- (m) **Repurchase and Reverse Repurchase Agreements Risk** – Sometimes Accounts enter into what are called repurchase transactions and reverse repurchase transactions. A repurchase transaction is where an Account sells a security that it owns to a third party for cash and agrees to buy the same security back from the same party at a specific price on an agreed future date. In a reverse repurchase transaction, an Account buys a security at one price from a third party and agrees to sell the same security back to the same party at a specific price on an agreed future date.

The risk with these types of transactions is that the other party may default under the agreement or go bankrupt. In a reverse repurchase transaction, the Account is left holding the security and may not be able to sell the security at the same price it paid for it, plus interest, if the other party defaults and the value of the security has dropped in the meantime. In the case of a repurchase transaction, the Account could incur a loss if the other party defaults and the value of the security sold has increased more than the value of the cash and collateral held. These risks are reduced by requiring the other party to provide collateral.

The value of the collateral has to be at least 102% of the market value of the security sold (for a repurchase transaction) or of the cash paid for the securities purchased (for a reverse repurchase transaction).

- (n) **Securities Lending Risk** – TDAM Funds may engage in securities lending transactions. In a securities lending transaction, the TDAM Fund lends portfolio securities that it owns to a third-party borrower, and the borrower promises to return to the TDAM Fund at a later date an equal number of the same securities and to pay a fee to the fund for borrowing the securities. As security for the loan, and to reduce the risk of loss if the borrower defaults on its obligation to return securities to the TDAM Fund, the borrower provides the TDAM Fund with collateral equal to at least 102% of the market value of the securities loaned. However, in the event the borrower defaults on its obligation, there is still a risk that the collateral may be insufficient to enable the fund



to purchase replacement securities and the fund may suffer a loss for the difference.

- (o) **Suspension of Trading Risk** – Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render it impossible to liquidate positions and could expose the Account to losses.
- (p) **Tracking Risk** – Certain Accounts (“**Tracking Accounts**”) may seek to have all or a substantial portion of their returns linked to the performance of one or more recognized indices (the “**Reference Index**”).

Tracking Accounts will be subject to the same risks as those associated with the Reference Index(es) that they are attempting to track. The return of a Tracking Account may be lower than that of its Reference Index because the Tracking Account bears its own fees and expenses, including commissions.

There may be a delay between the time the Tracking Account has money to invest and the time the Tracking Account gets additional exposure to the Reference Index(es). During this delay, the Tracking Account may be unable to track closely the performance of its Reference Index(es).

Other factors that may affect the ability of a Tracking Account to match the return of its Reference Index(es) include:

- The size of the Tracking Account; and/or
- The composition of the Reference Index(es). Tracking Accounts that use derivatives to achieve their investment objectives face the same risks of using derivatives as discussed under Derivatives Risk, including the risk that a counterparty might not fulfill its obligations.

- (q) **Valuation Risk for Illiquid Assets** – Illiquid assets may be purchased in the public marketplace or may be purchased privately. Some securities may become illiquid subsequent to their original purchase. An illiquid asset that trades on an exchange or that trades in the public marketplace is valued using the exchange-specific closing price unless there was no trading activity for the asset, in which case a price between the latest available bid and ask prices for the asset is generally used. In cases where the latest available bid and ask price of an illiquid asset available for sale in the public marketplace are deemed to be unreliable or stale and for any illiquid asset for which no published market exists, valuations are determined based on the fair value of the asset. The valuation of illiquid assets that have not had recent trading activity or for which market quotations are not publicly available has

inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investment. The fair value process has an inherent degree of subjectivity and, to the extent that these valuations are inaccurate, investors that invest in, or have exposure to, illiquid assets may gain a benefit or suffer a loss. The value of an investment portfolio that holds illiquid assets may fall substantially if the illiquid assets are sold at prices less than those used in calculating the value of the investment portfolio.

## 19. OTHER RISKS

**Cybersecurity Risk** – As use of the internet and other technologies has become more prevalent in the course of business, organizations have become more susceptible to operational and financial risks associated with cybersecurity. Cybersecurity incidents can result from targeted attacks on systems and applications, malicious software, phishing attacks and theft of data, and may involve attempts to fraudulently induce employees or third-party service providers to disclose sensitive information in order to gain access to our data.

While measures have been developed which are designed to reduce the risks associated with cybersecurity, there is no guarantee that those measures will be effective, particularly since techniques used change frequently and risk can originate from a wide variety of sources that have also become increasingly sophisticated. As such, cybersecurity failures or breaches of our systems or those of our service providers have the potential to cause operational disruptions, financial loss, misappropriation or unauthorized release of confidential, financial or personal information, damage to computers and systems, violations of applicable privacy and other laws, regulatory penalties, additional compliance costs and reputational damage.

## 20. STRIP BOND DISCLOSURE

A strip bond (a “**strip**”) is a fixed income product that is sold at a discount to face value and matures at par. This means the holder is entitled to receive the full face value at maturity. Strips do not pay interest, but rather, the yield at the time of purchase is compounded semi-annually and paid at maturity. Since the return on a strip is fixed at the time of purchase, strips may be suitable investments where the holder requires a fixed amount of funds at a specific future date.

A strip is created when a conventional debt instrument, such as a government or corporate bond, discount note or asset-backed security (i.e. the “underlying bond”), is separated into its “interest” and “principal”

component parts for resale. Components are fungible and may be pooled together where they share the same issuer, payment date and currency and have no other distinguishing features.

The two types of components may be referred to as the “coupon”, which is the interest-paying portion of the bond, and the “residual”, which is the principal portion.

A strip bond package is a security comprised of two or more strip components. Strip bond packages can be created to provide holders with a regular income stream, similar to an annuity, and with or without a lump sum payment at maturity. By laddering strips with staggered maturities or other payment characteristics, holders can strategically manage their cash flow to meet their future obligations and specific needs.

### Strips vs. Conventional Bonds

Strips are offered on a variety of terms and in respect of a variety of underlying bonds, including government bonds issued by the Government of Canada or provincial, municipal and other government agencies, or a foreign government. CARs<sup>1</sup> and PARs<sup>2</sup> are examples of strips derived from high-quality corporate bonds. Some differences between strips and conventional bonds include:

- Strips are sold at a discount to face value and mature at par, similar to T-Bills. Unlike conventional interest bearing debt securities, strips do not pay interest throughout the term to maturity; rather the holder is entitled to receive a fixed amount at maturity. In the case of a strip, their yield or interest earned is the difference between the discounted purchase price and the maturity value. Therefore, for a given par value, the purchase price for a strip will typically be lower the longer the term to maturity;
- A strip with a longer term to maturity will generally be subject to greater price fluctuations than a strip of the same issuer and yield but with a shorter term to maturity;
- Strips typically offer higher yields over T-Bills, GICs and term deposits, and over conventional bonds of the same issuer, term and credit rating;
- The higher yield offered by strips reflects their greater price volatility. Like conventional bonds, the price of a strip is inversely related to its yield. When interest rates rise, strip prices fall, and vice versa. However, the rise or fall of strip prices is typically more extreme than with conventional bonds of the same issuer, term and credit rating. The primary reason for this greater volatility is that interest is not paid in respect of a strip bond and the

holder receives a fixed amount at maturity;

- Unlike conventional bonds that trade in \$1,000 increments, strips may be purchased in \$1 multiples above the minimum investment amount, thereby enabling a holder to purchase a strip for any desired face value amount above the minimum investment amount; and
- Strips are less liquid than conventional bonds of the same issuer, term and credit rating – there may not be a secondary market for certain strips and strip bond packages, and there is no requirement or obligation for investment dealers or financial institutions to maintain a secondary market for strips sold by or through them. As a result, purchasers should generally be prepared to hold a strip to maturity since they may be unable to sell it, or only be able to sell it at a significant loss, prior to maturity.

## 21. CONFLICTS OF INTEREST STATEMENT

TDAM, its representatives and/or the other clients to which we provide services, may have commercial and business interests that are inconsistent with your interests. This may give rise to an actual or perceived risk that we favour our interests or the interests of other clients, over yours.

TDAM always seeks to act fairly, honestly and in good faith with you and our other clients. To this end, we avoid material conflicts of interest that we cannot effectively address and conflicts that are prohibited by law. We have adopted policies and procedures to identify and address all remaining material conflicts in your best interests. Our representatives are also subject to TD's Code of Conduct and Ethics and TDAM policies and procedures.

In this Conflicts of Interest Statement, we tell you about our material conflicts of interest and how we address them so you can better assess how they may impact you.

TDAM's material conflicts of interest fall into the following categories:

- Conflicts arising from our being a member of the TD Bank Group
- Conflicts arising from certain transactions involving TDAM Funds or Managed Accounts
- Conflicts arising out of competing interests among our clients and Accounts
- Conflicts relating to management of the TDAM Funds
- Conflicts relating to management of Alternative Strategies
- Conflicts due to our representatives' personal interests
- Conflicts relating to referral arrangements
- Other material conflicts

<sup>1</sup> CARs are corporate strip bonds comprised of coupon and residual securities.

<sup>2</sup> PARs are a form of strip bond package where the coupon rate is reduced to current yields, thus allowing the package to be sold at par.

Further details on each of the conflicts in these categories are set out below.

TDAM will update this Conflicts of Interest Statement from time to time, including when we identify a material conflict of interest that has not been previously disclosed to you.

Any material updates to this Conflicts of Interest Statement will be made available to you via your password-protected Account on our client portal.

### **Conflicts arising from our being a member of the TD Bank Group**

TDAM is a wholly-owned subsidiary of TD. TD and the TD Bank Group offer a wide array of financial products and services to meet our clients' financial needs. Our relationship to the TD Bank Group creates conflicts of interest when we provide services to you that are sourced from or provided by other members of the TD Bank Group. We may invite you (but not require you) to do more business with us and other members of TD Bank Group, but will do so in a manner that is fair, honest and appropriate for you.

**Related Canadian Registrants & TD Epoch:** The following TD subsidiaries are registrants with the Canadian securities regulators: TDAM, TD Waterhouse Private Investment Counsel Inc., TD Investment Services Inc., TD Securities Inc., and TD Waterhouse Canada Inc. Certain directors and officers of TDAM may also be directors and officers of one or more of these related registrants. Some employees, officers and directors of TDAM may also be independent contractors, officers and/or directors of TD Epoch, a registered investment adviser with the U.S. Securities and Exchange Commission. We do not compensate our employees, directors or officers in a way that might cause them to prefer one TD entity over another.

**Shared Operations:** TDAM's and TD Epoch's investment management and research teams are comprised of portfolio managers, associate portfolio managers, traders and analysts. Individuals in these roles may perform functions on behalf of both TDAM and TD Epoch. Where registered employees are dual personnel of TDAM and TD Epoch, TDAM's outside activities review and approval process applies. TDAM and TD Epoch have entered into a participation agreement which sets out the expectations of dual personnel. The governance approach for TDAM and TD Epoch is the same for both entities, which ensures that proper oversight and supervision is in place.

**Distribution Activities of Affiliated Dealers:** We may recommend or take investment actions for your Account or the TDAM Funds in securities that are underwritten, distributed or researched by, or purchased from our securities dealer affiliates, TD Securities Inc. and Cowen and Company, LLC. We address this conflict by separating our businesses from the corporate finance and research

activities of TD Securities Inc. and Cowen and Company, LLC. Neither our individual representatives nor TDAM itself, are incentivized to recommend or take investment actions in securities underwritten or distributed by TD Securities Inc. or Cowen and Company, LLC instead of other securities. Policies and procedures are in place to restrict the transfer of material non-public and other confidential client information between TDAM and affiliated dealers.

**Principal Trading with Affiliated Dealers:** Prior to the purchase or sale of debt securities from or to an affiliate of TDAM that is a principal dealer in the Canadian debt securities market on behalf of a TDAM Fund or a Managed Account, TDAM will:

- Obtain IRC approval if the transaction is with a TDAM Investment Fund;
- Ensure the investment management agreement or other documentation authorizes the transaction if the transaction is with a Managed Account; and
- Abide by other specified regulatory requirements.

### **Investing in Securities of Related or Connected Issuers:**

We may offer, recommend or take investment actions for an Account involving securities of related or connected issuers. TDAM has no arrangements (contractual or otherwise) in place with our related and connected issuers that incentivize us or our representatives to cause your Account or one of the TDAM Funds to be invested in those securities. We describe and explain our related and connected issuers in Schedule A. We may update our list of related and connected issuers from time to time and will post any updates to your password-protected Account on the TDGIS Portal.

To manage the conflicts inherent in making investment recommendations or taking investment actions for your Account in securities of related or connected issuers, we will only cause your Account to be invested in such securities where permitted by the terms of your agreement; and for clients that have not elected to waive their suitability determination, TDAM will assess whether the securities are suitable for your Account and whether investing in such securities is in your best interest. This includes investing in the TDAM Funds.

**Investing in TDAM Funds:** Subject to the terms of our agreement with you and our assessment on suitability for your Account, we may offer, recommend or cause your Account to invest in securities of TDAM Funds.

- **Client-Directed Accounts:** We distribute to Client-Directed Accounts securities of the TDAM Funds on a prospectus exempt basis.
- **Fund of Funds:** Where a TDAM Fund invests in one or more funds (each an "Underlying Fund") in order to meet its investment objectives, the Underlying Fund generally will be a TDAM Fund.

- **Managed Accounts:** Where TDAM uses its investment discretion to cause Managed Accounts to invest in investment funds or pooled investment products, it primarily invests in TDAM Funds. TDAM generally does not use its investment discretion to invest in third-party funds.

Despite the above, TDAM may use a third-party ETF to equitize cash and quickly gain market exposure and Alternative Strategies may use third-party funds where consistent with their investment guidelines.

TDAM conducts ongoing monitoring and performance measurement to ensure that investing and holding securities of TDAM Funds in your Managed Account or by the TDAM Funds is and remains in your and/or the TDAM Funds' best interest and that the TDAM Funds used are consistent with the applicable investment objectives.

**Arrangements and Transactions with Affiliates:** Where permitted, TDAM may enter into transactions in respect of, among other things, banking, custody, brokerage, derivatives, distribution, global client relationship management and sales support, trust accounting, transfer agency, foreign exchange, and registered plan administration and trusteeship services, on behalf of a client or TDAM Fund with TD and its affiliates, whether these companies are acting in an agency or principal capacity (including as counterparty to a client or a TDAM Fund in an over-the-counter derivatives transaction). TD and its affiliates may earn commissions, fees and/or spreads in connection with these transactions or arrangements. In particular, cash balances held in the TDAM Funds may be transferred into bank accounts at TD for the TDAM Funds' interest earning purposes. The TD Greystone Mortgage Fund may utilize an operating line of credit obtained from TD Bank, subject to ongoing due diligence activities to ensure terms and conditions are in the best interest of the unitholders. TD may earn income and/or spreads on such transferred cash balances. A locally-licensed TD affiliate may be appointed as the distributor of one or more TDAM Funds and/or to provide in-jurisdiction client relationship management and sales support for Managed Accounts in certain global jurisdictions where such products and/or services are available. We regularly review our arrangements with our affiliates for quality and cost competitiveness and to confirm that arrangements are at market rates or better. TDAM may transact with TDAM affiliates provided that such transactions are made on terms and conditions comparable to those offered by unrelated broker-dealers. TDAM acts as trustee for certain TDAM Funds. There is a potential that as trustee, TDAM could commingle TDAM Fund assets with its own assets from a trust accounting perspective. To mitigate this potential conflict of interest, consistent with our policies and procedures, TDAM ensures

that the TDAM Funds' assets are segregated from TDAM's assets and does not invest its own corporate assets in the TDAM Funds.

**Proxy Voting:** In connection with our management of assets on behalf of TDAM Funds and Managed Accounts, we may acquire, and be given the opportunity to vote proxies on securities issued by, TDAM, our affiliates, public companies that have management in common with us, public companies whose personnel have a business or personal relationship with us or our personnel, and material clients or vendors of TDAM. Circumstances may occur where TDAM or its affiliates have actual or perceived material interests in the outcome of a proxy voting matter that could incentivize us to vote in a manner that may be inconsistent with the best interests of TDAM Funds and Managed Accounts, or to vote in a way that favours our affiliates.

TDAM maintains proxy voting policies and procedures under which TDAM generally votes in accordance with automated voting recommendations provided by an independent proxy voting service provider. TDAM overrides those recommendations, in its discretion, where the automated voting recommendation would not be in the best interests of TDAM Funds and Managed Accounts. A summary of TDAM's Proxy Voting Policies & Procedures can be found on the [Sustainable Investing \(ESG\) webpage of the TDAM institutional website](#).

### Conflicts arising from certain transactions involving TDAM Funds or Managed Accounts

**Certain Fixed Income Transactions:** Investments made by TDAM Funds in private fixed income securities which are sourced by TDAM or a related entity, the market for which is based on scale and commitment size, may benefit all Accounts and related entities that are beneficial owners or managers of accounts that wish to participate in investment opportunities for such securities. In addition, proceeds from the issuance of such securities may be used by an issuer to repay a loan to a related entity. To manage such potential related conflicts, TDAM requires compliance with all relevant policies and procedures (including in respect of trade aggregation and allocation as described in the Disclosure) and requires that investment decisions are made free from any influence by a related entity and achieve a fair and reasonable result for the TDAM Funds.

**Cross Trades:** Cross trades give rise to a potential material conflict of interest where TDAM could favour the interest of one TDAM Fund or Managed Account over another while obtaining a benefit for itself. In order to ensure that cross trades are only executed in the best interests of all the participating TDAM Funds and Managed Accounts, prior



to the purchase or sale of securities or other acceptable assets among TDAM Funds and Managed Accounts, TDAM will:

- Ensure any purchase or sale is consistent with the investment objectives of the participating TDAM Fund(s) and/or Managed Account(s);
- If the transaction involves a TDAM Fund, confirm approval has been obtained from the IRC or Alternative Advisory Committee for the TDAM Alternative Funds, as applicable;
- If the transaction involves a Managed Account, ensure the investment management agreement or other client documentation authorizes the transaction; and
- Ensure that transactions are carried out at a price and in accordance with any other requirements of TDAM's cross trading policy and any regulatory relief required in order to permit these cross trades.

**"In kind" Transactions:** The acceptance of contributions of securities "in kind" or the payment of securities "in kind" on a withdrawal, could potentially have a negative impact on a TDAM Fund or Managed Account due to the attributes of the securities contributed to or paid from its portfolio.

As a result, a purchase or redemption "in kind" will only be processed if, in the opinion of the TDAM portfolio manager, the transaction would be in the best interests of the TDAM Fund or Managed Account, including being consistent with their applicable investment objectives. In addition, TDAM will, prior to engaging in "in kind" transactions:

- If the transaction involves a TDAM Fund, confirm approval has been obtained from the IRC or Alternative Advisory Committee for the TDAM Alternative Funds, as applicable;
- If the transaction involves a Managed Account, obtain the prior written consent of the client; and
- Ensure that transactions are carried out at a price and in accordance with any other requirements of TDAM's "in kind" policy and any regulatory relief required in order to permit these transactions.

### **Conflicts arising out of competing interests among clients and Accounts**

TDAM's portfolio managers are responsible for all investment decisions made in the Accounts they manage and have discretionary authority to engage in transactions permitted by applicable legislation or regulation and for the benefit of clients in accordance with any offering document, investment management agreement or similar document governing the Account.

#### **Investment Decisions for Similar and Competing**

**Mandates:** TDAM may make investment decisions for

some Accounts which differ from investment decisions made for or advice given to other Accounts with the same or similar investment objectives. TDAM will act in good faith and follow its policy of allocating over a period of time investment opportunities on a basis which is fair and equitable to each such Account relative to the other Accounts.

**Performance-based Fees:** TDAM may charge performance fees on certain Accounts. This gives rise to potential conflicts of interest because the differences in the fees and compensation arrangements may provide TDAM with an incentive to favour the performance-based fee Account.

TDAM has policies and procedures in place to ensure that over time, no Account is favoured to the detriment of another. TDAM also does not provide any incentives to portfolio managers that would lead to favouring performance-based fee Accounts over others.

**Side-by-Side Portfolio Management:** When TDAM short sells a security in an Account and holds a long position in that same security in another Account, a perceived conflict of interest may exist in that TDAM could be seen as harming the performance of the Account with the "long" position if the short-selling transaction causes the market value of the securities to move lower. In order to identify and manage any perceived conflict of interest, a portfolio manager must obtain prior approval to commence short selling in their Accounts. TDAM also monitors side-by-side management activity to confirm each position is appropriate and consistent with the investment objectives of each Account holding the conflicting positions.

**Investments in Proprietary Accounts:** Portfolio managers could be viewed as having a potential conflict of interest if they purchase the investments of favourably performing securities (or sell unfavourably performing securities) for certain Proprietary Accounts over other Accounts. To manage this perceived conflict of interest, TD Bank and TDAM have agreed to the use of an integrated portfolio management department. Accordingly, Proprietary Accounts are treated in the same way as other Accounts.

**Seed Capital Hedge:** TD or its affiliates may provide seed capital in order to establish a TDAM Fund and allow it to commence operations. This type of investment is intended to be temporary pending subscriptions by unrelated investors and is not made for the purpose of earning investment returns. As a result, TD or its affiliates may hedge a seed capital investment in a TDAM Fund, including by short selling exchange-traded funds or the individual securities held by a TDAM Fund.

**Trade Aggregation and Allocation:** TDAM has policies to ensure we meet our fiduciary duty to treat all of our Accounts fairly and equitably and does not give

preferential treatment to a single Account or a group of Accounts to the detriment of other Accounts. TDAM also seeks to ensure fairness in allocating partially filled orders among the Accounts. Where similar orders are aggregated, the standard allocation methodology is to have executions allocated on a pro-rata basis or in another fair and reasonable manner. TDAM's policies in respect of fairness of trade aggregation and allocation are described in the Disclosure.

### **Conflicts relating to management of the TDAM Funds**

TDAM manages conflicts of interest inherent in managing the TDAM Funds, including causing the TDAM Funds to invest in securities issued by or traded by other members of the TD Bank Group and investing in securities underwritten by dealers that are members of the TD Bank Group, in the best interests of the TDAM Funds, and obtains approvals and positive recommendations from the IRC for the TDAM Investment Funds or Alternative Advisory Committee for the TDAM Alternative Funds, as appropriate, before taking such actions.

**Fund Fees and Expenses:** As noted above, as manager of the TDAM Funds, we charge certain fees and expenses to the TDAM Funds. TDAM reviews expense items for reasonableness and proper authorization prior to the items being charged, reviews progress reports generated by the outsourced service provider and periodically reviews expense allocation.

### **Conflicts relating to management of Alternative Strategies**

The following conflicts of interest apply to investments by the Alternative Strategies.

**Mortgage Servicing:** GMI Servicing Inc., a wholly-owned subsidiary of TDAM, provides mortgage administration services to the TD Greystone Mortgage Fund and earns fees for such services. TDAM regularly reviews GMI Servicing Inc. based on the same criteria as we apply to all mortgage servicers and conducts periodic analyses to ensure that its fees are reasonable in comparison to those of third parties. TDAM and its representatives are not directly incentivized or compensated based on GMI Servicing Inc.'s performance.

**Real Estate Asset Management:** Along with third-party real estate asset managers, TDAM may provide real estate asset management services to properties held by the TDAM Alternative Funds and Managed Accounts investing in real estate strategies (the "Real Estate Strategies") and receive a fee for providing such services. Asset management services include general oversight, financial management, development, leasing, and appointment of third-party property managers.

TDAM has adopted appropriate procedures and controls and will only provide such services to the Real Estate Strategies when this is in the best interest of the Real Estate Strategies' properties, thus avoiding conflicts that could arise with serving multiple clients. A transparent quantitative and qualitative framework, overseen by the TDAM real estate investment team, governs decisions to select and retain real estate asset managers. In addition, all proposals to appoint or change a real estate asset manager and the related fees are subject to prior approval by TDAM's Alternatives Investment Committee and reporting to the Alternative Advisory Committee for the TDAM Alternative Funds.

### **Participating in both Debt and Equity Sides of a**

**Transaction:** From time to time, one or more of TDAM's private debt strategies ("Private Debt Strategies") may have an opportunity to provide financing for an asset in which one or more of TDAM's real estate or infrastructure strategies (collectively, "Private Equity Strategies") has acquired (or may acquire) an equity ownership interest.

If both the Private Debt Strategies and the Private Equity Strategies are successful in their bids to invest, TDAM would be invested on both the debt and equity sides of the transaction. This situation presents an inherent conflict of interest in that TDAM owes a fiduciary duty to the investors in both the Private Debt Strategies and Private Equity Strategies even though their interests may, in certain circumstances, conflict. This conflict of interest becomes material in situations where the Private Debt Strategies provide financing for an asset in which the Private Equity Strategies have acquired (or may acquire) an equity controlling interest, in particular in the rare situation where a transaction becomes adverse (e.g. in the event of a hard default). TDAM has implemented policies and procedures that address the conflicts of interest, which may include avoiding a situation where a Private Debt Strategy or a Private Equity Strategy would be adverse to the other strategy in the same transaction.

### **Representatives Sitting on the Board of a Private Issuer:**

A representative of TDAM may become a member of the board of directors or advisory committee of a private entity through which a TDAM Fund or Managed Account investing in Alternative Strategies indirectly invests in infrastructure, mortgage or real estate assets. Investments may be made through private entities for tax, risk reduction, operational efficiency or other purposes for the benefit of the TDAM Funds, Managed Accounts and their investors. TDAM seeks representation on the on the board of directors or advisory committees of these entities where it determines that doing so is in the best interests of, and will facilitate effective oversight of the investments on behalf of, the TDAM Funds, Managed Accounts and their investors.



**Transactions Involving Affiliates:** TDAM may, from time to time, enter into transactions with affiliates in the course of acquiring, disposing of or managing assets on behalf of TDAM Funds and Managed Accounts invested in Alternative Strategies. In such circumstances, there may be a perception that TDAM will put the interests of its affiliates ahead of the interests of the Alternative Strategies when negotiating the terms of these transactions. Consistent with our fiduciary duty to act in the best interest of the Alternative Strategies, we have implemented the controls described below, to manage the perceived conflicts of interest that may arise from these transactions:

- **Members of the TD Bank Group as a Leasing Tenant in Property Held by the Real Estate Strategies:** TDAM has implemented guidelines, overseen by the Alternative Investment Committee, that govern its entry into leasing agreements with members of the TD Bank Group. These are designed to ensure that TDAM does not solicit affiliates as leasing tenants, and that all leases entered into are in the best interests of the property and on market terms. We also limit the amount of rental income that can be earned from the TD Bank Group to ensure that our Real Estate Strategies do not rely on affiliates for a material portion of their rental income.
- **Investment Financing:** We only obtain development or construction financing from an affiliate if the selection of such affiliate is in the best interest of the Alternative Strategy and we have confirmed that the financing rate provided by the affiliate is comparable to market rates, fair and reasonable based on the term and the size of the loan.
- **Operating Line of Credit:** The TD Greystone Mortgage Fund may utilize an operating line of credit obtained from TD, subject to regular analysis to determine whether the size and use of the facility remains in the best interest of the TDAM Fund and its terms are comparable to market terms.
- **Transaction Advisory Services:** TDAM may retain an affiliate to provide advisory services to assist with financial models, or the sale, purchase or financing of an asset on behalf of an Alternative Strategy where it determines, on the basis of a quantitative and qualitative due diligence process that is consistent with that performed on all service providers, that doing so is in the best interest of the Alternative Strategy.
- **Affiliate as a Buyer or Seller of Property:** TDAM may purchase or sell the property of one or more Alternative Strategies from or to an affiliate where doing so is both consistent with the investment philosophy or guidelines, and in the best interest, of the Alternative Strategy. Information barriers are implemented to ensure confidential information sharing does not take place and

pricing will be validated by an independent third party.

Compliance with each of the measures described above is overseen by TDAM's Portfolio Management Team and/or the TDAM Alternatives Investment Committee, as applicable.

### **Conflicts due to our representatives' personal interests**

**Outside Activities:** At times, TDAM's executives and representatives may participate in outside activities such as serving on a board of directors or pursuing personal outside business interests. Before engaging in any outside activity, our policies require these individuals to disclose situations where a conflict of interest may arise and to determine how such conflicts may be addressed. Our employees may only engage in such outside activities if approved under our policies. TDAM does not generally allow employees to serve on boards of directors of public entities.

The approval may be subject to terms and conditions that help address perceived or actual conflicts of interest.

Our employees are also required to annually review their outside activity submission for accuracy and completeness.

**Gifts and Entertainment:** TDAM's executives and representatives are not permitted to accept gifts or entertainment beyond what we consider consistent with reasonable business practice and applicable laws. We set maximum thresholds for such permitted gifts and entertainment so that there cannot be a perception that the gifts or entertainment will influence decision-making.

**Personal Trading:** Our policies and code of conduct require our representatives to act in accordance with applicable laws that prohibit insider trading, front running and similar conduct. Individuals with access to portfolio holdings and/or Account transactional data are required to obtain prior approval before making trades in their personal securities accounts. Our employees are prohibited from accessing non-public information for their direct or indirect personal benefit. We place securities on a "restricted list" to avoid trading when we have non-public information.

**Personal Dealings with Clients:** From time to time, our executives and representatives may have additional relationships or dealings with our clients. Conflicts of interest may arise where an employee has personal financial dealings with you, such as borrowing money from or lending money to you. To address these conflicts, the TD Code of Conduct and Ethics prohibits borrowing or lending any personal funds to customers, other than (i) relatives and people with whom our employee shares a financial or close personal relationship, and (ii) customers that are financial institutions or ones that offer credit to customers, provided the terms of the loan are in the ordinary course of the customer's business.

**Compensation Practices:** An inherent conflict of interest exists where a firm's compensation practices incentivize its representatives to recommend or sell products or services based on factors other than the best interest of its clients. In order to avoid such conflict, neither TDAM nor its registered representatives who provide services to you are compensated in a manner that incentivize the recommendation or sale of any specific product or service over another.

### Conflicts related to referral arrangements

A client may have been referred to TDAM by a third-party organization (a **"Referring Entity"**) or an employee of a Referring Entity (a **"Referring Employee"**), that may or may not be registered to provide investment advice. The purpose of the referral is to better align client investment needs with the entity that can provide the specific services or products requested. All services resulting from a referral arrangement relating to accounts which require registration under securities laws will be provided by the registrant receiving the referral.

Under a referral arrangement, TDAM may pay a referral fee to the Referring Entity and/or Referring Employee. Likewise, TDAM may receive referral fees if we refer you to a third-party organization. This payment may be a one-time fee based upon a percentage of the value of the annual fee earned by TDAM on the Account of the referred client or the payment may be a fee paid over a period of time based on a percentage of the annual fee earned by TDAM on the referred account or such other factors as may be determined from time to time. In all cases, the referral arrangement will be documented in a written agreement and details of the referral arrangement, how the referral fee is calculated and paid and to whom it is paid will be provided to the client in advance of any referrals being made. We also have policies and procedures that are reasonably designed to ensure fees received are reasonable and do not provide inappropriate incentives. We undertake periodic reviews of referral arrangements. **You do not pay any additional charges or fees in connection with these referral arrangements and are not obligated to purchase any product or service in connection with a referral.**

### Other material conflicts

**Sales Practices:** In order to ensure that TDAM employees do not engage in sales practices that could give rise to actual or potential conflicts of interest, we have implemented policies and procedures to restrict inappropriate sales practices. These include established limits for and reporting of any expenditures that could

be perceived to unduly influence clients, prospects or their consultants.

**Sub-Adviser Selection and Replacement:** TDAM has appointed, and may in the future appoint, an investment manager or sub-adviser (collectively, **"Sub-Adviser"**), including an affiliated Sub-Adviser, for a TDAM Fund.

A decision to appoint an affiliated Sub-Adviser or to replace a third-party Sub-Adviser with either TDAM or an affiliated Sub-Adviser gives rise to a perceived conflict of interest in that TDAM or the affiliated Sub-Adviser will receive a financial or other benefit from its appointment. To ensure that decisions to appoint a Sub-Adviser or insource the investment management of a TDAM Fund to TDAM or an affiliated Sub-Adviser are fair, unbiased and in the best interest of the TDAM Funds, all such decisions are subject to a comprehensive analysis of the impacted TDAM Fund, existing Sub-Adviser, and other matters that may impact new and existing investors, prior approval by TDAM's Investment Performance Oversight Committee and, if applicable, a positive recommendation from the TDAM Funds' IRC. TDAM has also implemented policies and procedures that ensure all Sub-Advisers, including affiliated Sub-Advisers, are subject to ongoing oversight.

### Conflicts Relating to Portfolio Transactions and Trade Execution

**Execution:** In selecting broker-dealers to effect portfolio transactions for Accounts, TDAM has the fiduciary duty to seek to obtain best execution as well as to assess their order execution capabilities, order execution products and services and research products and services. In seeking to achieve best execution, TDAM considers a number of elements, including but not limited to execution price, speed of execution, certainty of execution, and overall cost of the transaction. TDAM uses the same criteria in selecting all of its broker-dealers, regardless of whether the broker-dealer is an affiliate of TDAM.

TDAM maintains a list of approved broker-dealers that meet its requirements for execution and research capabilities. TDAM performs periodic evaluations of order execution capabilities and products and services received from the approved broker-dealers and will update the list, as appropriate.

TDAM may transact with TDAM affiliates who may earn commissions or spreads, provided that such transactions are made on terms and conditions comparable to those offered by unrelated broker-dealers. Any such dealings must conform to statutory and regulatory requirements.

TDAM also participates in commission sharing arrangements (**"CSA"**) in which the CSA provider will allocate TDAM's client commission dollars for transactions TDAM executed through the CSA providers to certain third-

party broker-dealers and/or third-party providers, which have provided or provide TDAM with meaningful research or order execution products or services. TDAM may select broker-dealers from this list of approved broker-dealers, who may charge a commission in excess of that charged by other broker-dealers, if TDAM determines in good faith that the commission is reasonable in relation to the services utilized by it. These determinations can be viewed in terms of either the specific transaction or TDAM's overall responsibility to all clients.

The receipt of Research Goods and Services and/or Order Execution Goods and Services in exchange for client commissions may be deemed to be the receipt of an economic benefit by TDAM because it does not pay hard dollars for the products and services received. Although a customary practice, it is deemed to create a conflict of interest because the arrangements give TDAM an incentive to select or recommend a broker-dealer or third-party provider based on its own interest in receiving the Research Goods and Services and/or Order Execution Goods and Services rather than the interest of clients in receiving a more favourable execution. To address these conflicts, TDAM has adopted written policies and procedures regarding trading, use of client commissions and brokerage selection. In addition, TDAM performs periodic reviews of its trade executions including brokerage commissions to help ensure they are in the best interest of TDAM clients, including the TDAM Funds. TDAM believes access to Research Goods and Services and Order Execution Goods and Services is important to its investment decision-making process. While TDAM seeks to allocate brokerage commissions in a fair and equitable manner, TDAM may use these goods and services in servicing any or all of its clients including clients of the TDAM Funds, as well as clients other than those making the payment of commissions.

**Valuation:** The valuation of the assets in an Account generally influences both the amount of fees that TDAM may receive (where fees are based on a percentage of the assets under management) and the performance of the Account. TDAM has established policies and procedures designed to ensure a reasonable valuation framework and consistent approach to determining the fair value of assets held in Accounts. Where appropriate, TDAM may retain a third-party service provider ("**Valuation Agent**") to undertake securities valuation on its behalf, subject to the oversight of TDAM. In addition, for each of the Funds in the Alternative Strategies, TDAM maintains an appraisal process that utilizes external firms to determine the fair market value of assets held.

**Error Correction:** TDAM makes reasonable efforts to keep errors impacting clients and Accounts to a minimum. Should an error occur, we have an obligation to correct it

and to ensure that clients and Accounts are not adversely affected. In order to avoid the perception that TDAM could benefit from an error or the manner in which it is corrected, we have adopted policies and procedures that provide a framework for the escalation, reporting, and correction of errors. Clients may not be reimbursed for errors when the impact is not material, which TDAM has currently defined to be less than \$100.

## SCHEDULE A

### Related and Connected Issuers

#### Related Issuers

An issuer of securities is "related" to TDAM if through the ownership of, or direction or control over voting securities:

- TDAM exercises a controlling influence over that issuer; or
- that issuer exercises a controlling influence over TDAM; or
- the same third party exercises a controlling influence over TDAM and the issuer.

The following entities, which are reporting issuers or have similarly distributed securities, are related issuers of TDAM:

- The Toronto-Dominion Bank ("**TD**"): TD is a reporting issuer under securities laws and TDAM is a wholly-owned subsidiary of TD. Therefore, TD is a related issuer of TDAM.

#### Connected Issuers

An issuer is "connected" to TDAM if there is a relationship between the issuer and TDAM, a related issuer of TDAM, or a director or officer of TDAM, or the related issuer of TDAM, that might lead a reasonable prospective purchaser of the securities of the connected issuer to question whether TDAM and the issuer are independent of each other for the distribution of the issuer's securities.

- Funds, including exchange traded funds, that have "TD", "TDAM", "TD *Emerald*", "TD Greystone", "Epoch", "Aeon", and "Healthcare Royalty Partners" (or "HCR" and "HCRX") in their name are connected issuers of TDAM.
- Genesis Trust II and Evergreen Credit Card Trust are issuers of TD sponsored asset-backed securities and are therefore considered to be connected issuers of TDAM because TD is the founder and organizer of these issuers.
- In addition, in certain circumstances, issuers with whom TD or a TD related investment dealer, including TD Securities Inc. and TD Execution Services Limited, have a business relationship (such as being borrowers from TD or acting as an underwriter for securities sold to clients of TD or companies in which TD may have a significant investment) may be considered connected issuers of TDAM.

