



The TD *Emerald* Private Debt Strategy: Powering Long-term Growth

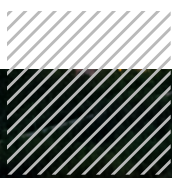
Annual Review



Portfolio Overview

The TD Asset Management (“TDAM”) Private Debt (“PD”) offering was built to offer a high-quality, investment grade, yield-enhanced alternative to public bonds for investors seeking income without sacrificing credit quality. The offering also allows investors to benefit from allocations to unique asset classes usually accessed by large institutional investors (such as insurance companies and pension plans) with internal credit expertise. Other distinct benefits of the offering are the geographical, sectoral and transaction type diversification characteristics that are not available through publicly traded fixed income securities. The portfolio offers a broadly diversified exposure to private securities such as infrastructure debt, private corporate debt, renewable power financings, real estate debt, and private securitization. TDAM’s long-term, cycle proven and independent credit culture, high degree of selectivity and global diversification has resulted in a consistent value-add performance versus the benchmark.

Private debt



Portfolio Characteristics

Below are the portfolio statistics for both the mid-duration fund (TD *Emerald* Private Debt PFT, or “Universe Fund”) and the long duration fund (TD *Emerald* Long Private Debt PFT, or “Long Fund”):

Figure 1: Fund Characteristics

Portfolio Characteristics	Universe Fund	Long Fund
AUM (Millions)	\$1,597	\$1,604
Duration (yrs)	7.0	12.6
Yield to maturity, %	4.73	5.43
Average Credit Quality	BBB+	A-
No. of issuers	96	51

TDAM. As at Dec 31, 2025.

Figure 2: Sector Allocation

Sector allocation	Universe Fund	Long Fund
Private Corporate	38%	24%
Infrastructure	19%	33%
Real Estate Debt	3%	21%
Renewables & Power	28%	14%
Securitization	2%	0%
Publics, cash & other	9%	8%
Total AUM, \$M	1,597	1,604

Note: the ‘Publics, cash, hedges, other’ shown in the table are government bonds used for duration, liquidity and collateral management
TDAM. As at Dec 31, 2025.

Figure 3: Geographic Allocation

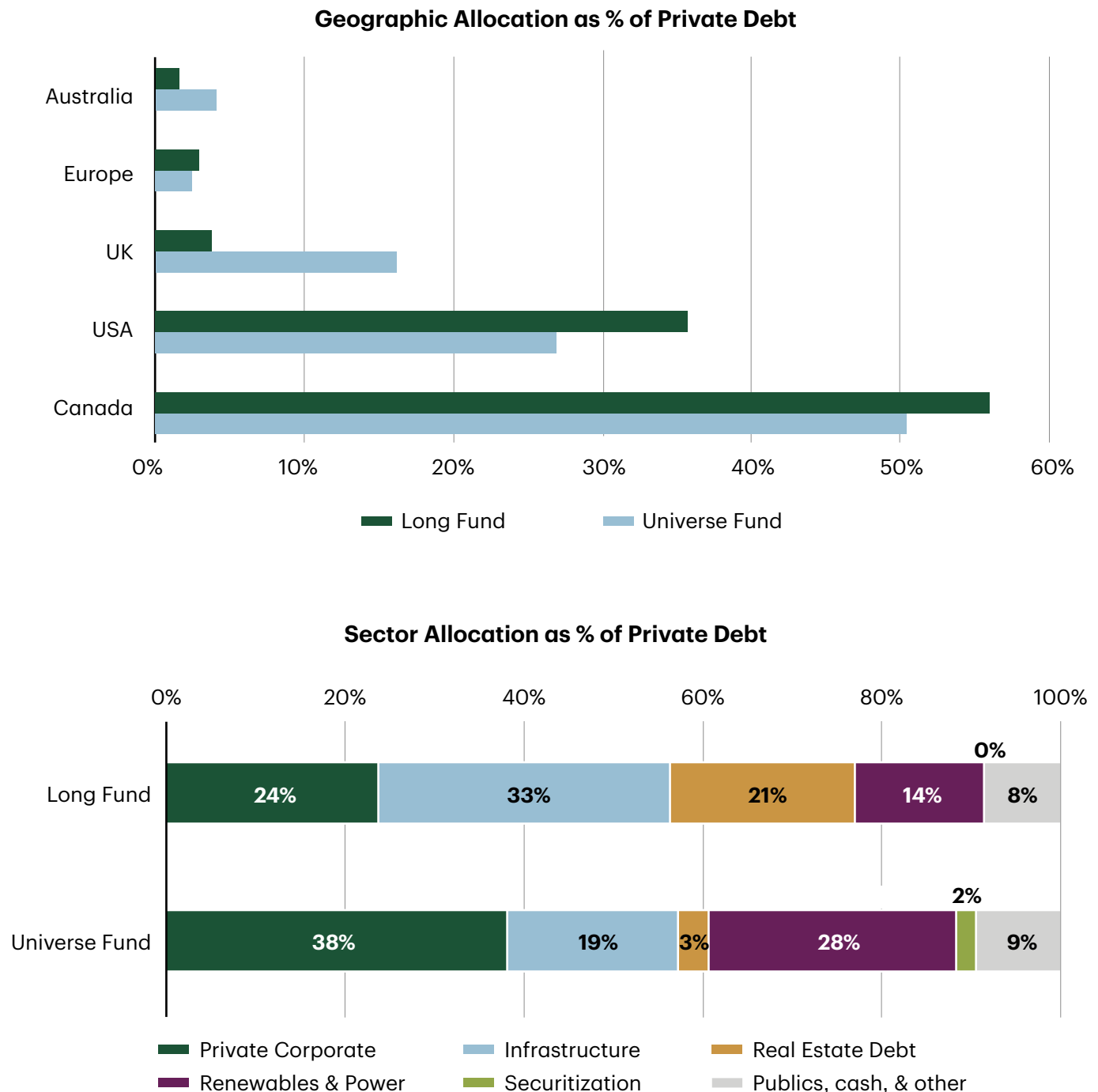
Geographic allocation	Universe Fund	Long Fund
Canada	50.4%	56.0%
USA	26.9%	35.7%
UK	16.2%	3.8%
Europe	2.5%	2.9%
Australia	4.1%	1.6%

*Includes private and public securities (excludes derivative hedges)

TDAM. As at Dec 31, 2025.

TDAM's Portfolio Managers ("PMs") are highly selective in only executing deals where investors are properly compensated for the bespoke nature and illiquidity of private securities for a given level of risk. TDAM's portfolio construction priority is to maintain value-add ("incremental income") from loans for a given level of risk versus publicly available alternatives. Furthermore, PMs are judicious in balancing exposures across geographies and industry sectors where (a) they favor the legal regime, property rights, government support and operating environment, and (b) they are comfortable managing concentration risk within acceptable ranges. The table below detail how geographic and sector concentration is managed:

Figure 4: Diversification of exposure across PD Funds



Source: TDAM. As at Dec 31, 2025.

In addition to the corporate sector (represented by private corporate and credit tenant lease (“CTL”) transactions), the table below also provides deeper granularity for the Infrastructure (Social & Economic projects) and power (energy, midstream, renewable and utility sub-sectors) sectors alongside the sectors detailed earlier:

Figure 5: Private Debt Transaction Types

Transaction Type Breakdown, as % of Net Asset Value (“NAV”)	Universe Fund	Long Fund
Number of Transactions	1539	1540
Infrastructure - Economic	12%	5%
Infrastructure - Social	7%	28%
Energy	6%	0%
Midstream	3%	3%
Renewable	11%	8%
Utilities	7%	3%
Corporate	11%	6%
Credit Tenant Leases (Corporate)	27%	17%
Structured Financing	0%	1%
Ground lease	3%	21%
Mortgage	1%	0%
ABS	2%	0%
Publics, cash, other	9%	8%
Total	100.0%	100.0%

TDAM. As at Dec 31, 2025.

It should be highlighted that TDAM does not classify Renewable energy transactions as Infrastructure transactions as it might appear in other industry classifications and instead reports them as part of the Power & Energy sub-group. Should TDAM include renewable energy generation and transmission (utility) assets in the Infrastructure category, then the overall franchise exposure to infrastructure-like transactions would be 37% in the Universe Fund and 44% in the Long Fund.

Exposure

Performance

2025 was a year characterized by (i) a more volatile interest rate environment across G7¹ economies as markets digested the trade policies of the U.S. administration, and (ii) resilient economic strength and healthy yield levels driving public investment grade credit spreads toward multi-decade lows in the latter half of the year. The conflict between (a) trade war/inflationary fears and (b) economic strength, particularly drive by artificial intelligence (“AI”) infrastructure build, resulted in rate fluctuations that became more range bound as the year progressed. For example, 20-year U.S. Treasury yield ranged from 4.44-5.08%, settling at 4.85% by year-end. The equivalent Canadian 20-year bond ranged from 3.03-3.86% and settled at 3.74% by year-end.

Cooling growth in Canada allowed the central bank to cut the Overnight lending rate four times, from 3.25% in January to 2.25% by December. The weakening Canadian economic outlook was mainly driven by increased uncertainty around future U.S. tariffs and concern for the resilience of Canadian export markets. The U.S. Federal Reserve (the “Fed”) was a more reluctant dove, with inflationary fears constraining the Fed to three cuts, from 4.50% to 3.75% by year-end. Despite the rate differential, the Canadian dollar (“CAD”) strengthened moderately over the course of the year. TDAM private debt fund performance remains shielded from global foreign exchange (“FX”) volatility as TDAM maintains a CAD-neutral portfolio and hedges all global foreign currency and foreign interest rate exposure back to Canadian dollars.

Credit Spreads

Rates volatility drove partial delays or postponements of large financing programs in the private debt investment grade markets, especially in the sectors most sensitive to overall cost of debt, such as real estate. However, activity remains strong especially in the medium tenors which are supported by accommodative credit spread levels. Overall U.S. and Canadian investment grade credit spreads have compressed over the course of 2025, before reversing modestly at year-end, and remain within range of multidecade lows.

This meant that, over the course of 2025, nominal fund returns were very solid, before widening credit spreads in Q4 reversed a portion of these gains. In the intermediate term, both TDAM PD funds strongly outperformed their benchmarks, mainly due to superior incremental income, as well as the reversion of interest-rate hedge valuation factors to their long-term averages.

Long-term

¹ The G7, or Group of 7, are Canada, France, Germany, Italy, Japan, the United Kingdom and the United States

Figure 6: Performance

Returns as of Dec 31, 2025	3 mths	YTD	1 yr	Annualized					Since Jul 13-16
				2 yrs	3 yrs	4 yrs	5 yrs		
TD Emerald Private Debt PFT	-0.15%	4.06%	4.06%	5.90%	7.18%	2.80%	1.95%	3.46%	
FTSE Canada Universe Bond Index	-0.32%	2.64%	2.64%	3.43%	4.51%	0.20%	-0.35%	1.50%	
Difference	0.17%	1.41%	1.41%	2.46%	2.67%	2.60%	2.31%	1.97%	

Returns as of Dec 31, 2025	3 mths	YTD	1 yr	Annualized					Since Jun 21-16
				2 yrs	3 yrs	4 yrs	5 yrs		
TD Emerald Long Private Debt PFT	-1.49%	0.02%	0.02%	1.85%	5.82%	-0.93%	-1.79%	2.11%	
75% FTSE Canada Long Term Bond Index, 25% FTSE Canada Universe Bond Index¹	-1.10%	-0.40%	-0.40%	0.47%	3.40%	-3.56%	-3.75%	0.88%	
Difference	-0.39%	0.42%	0.42%	1.38%	2.43%	2.63%	1.96%	1.23%	

¹ Benchmark changed on Jul 1, 2025 (previously: FTSE Canada Long Term Bond Index).

Returns are for the Reinvestment Series and are net of expenses. Numbers may not add due to rounding. PFT = Pooled Fund Trust.

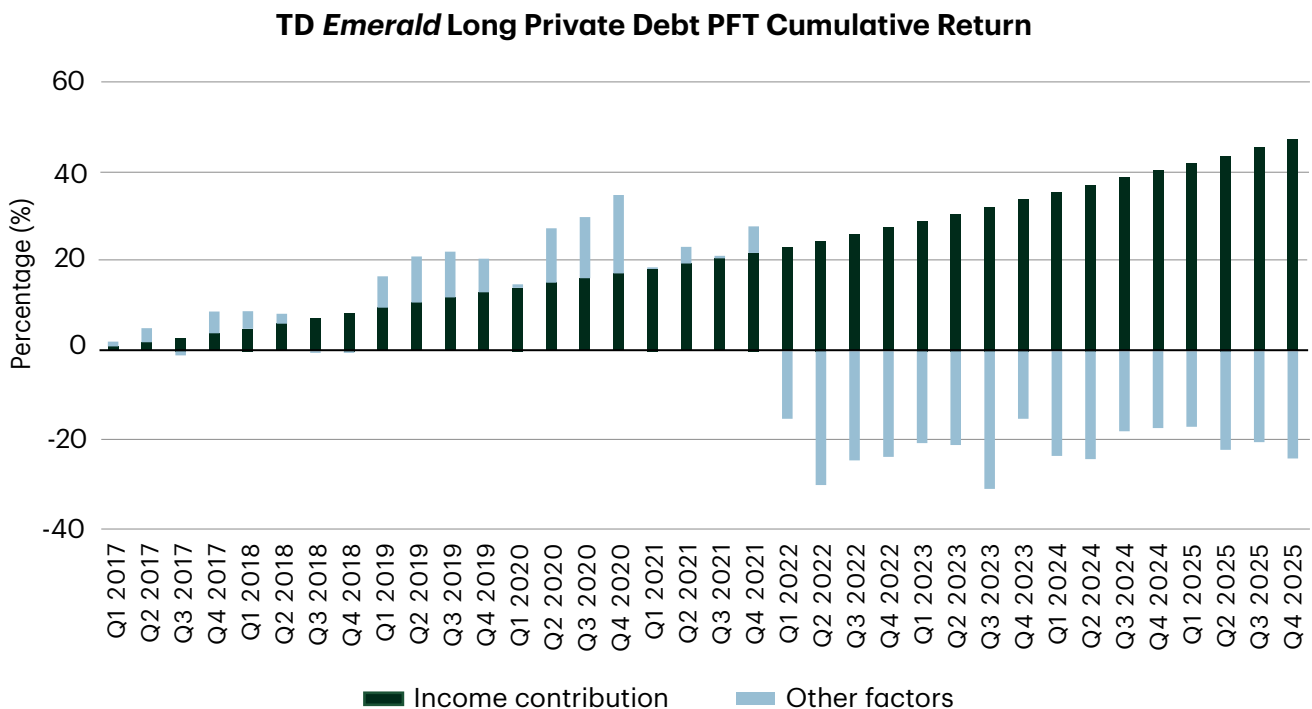
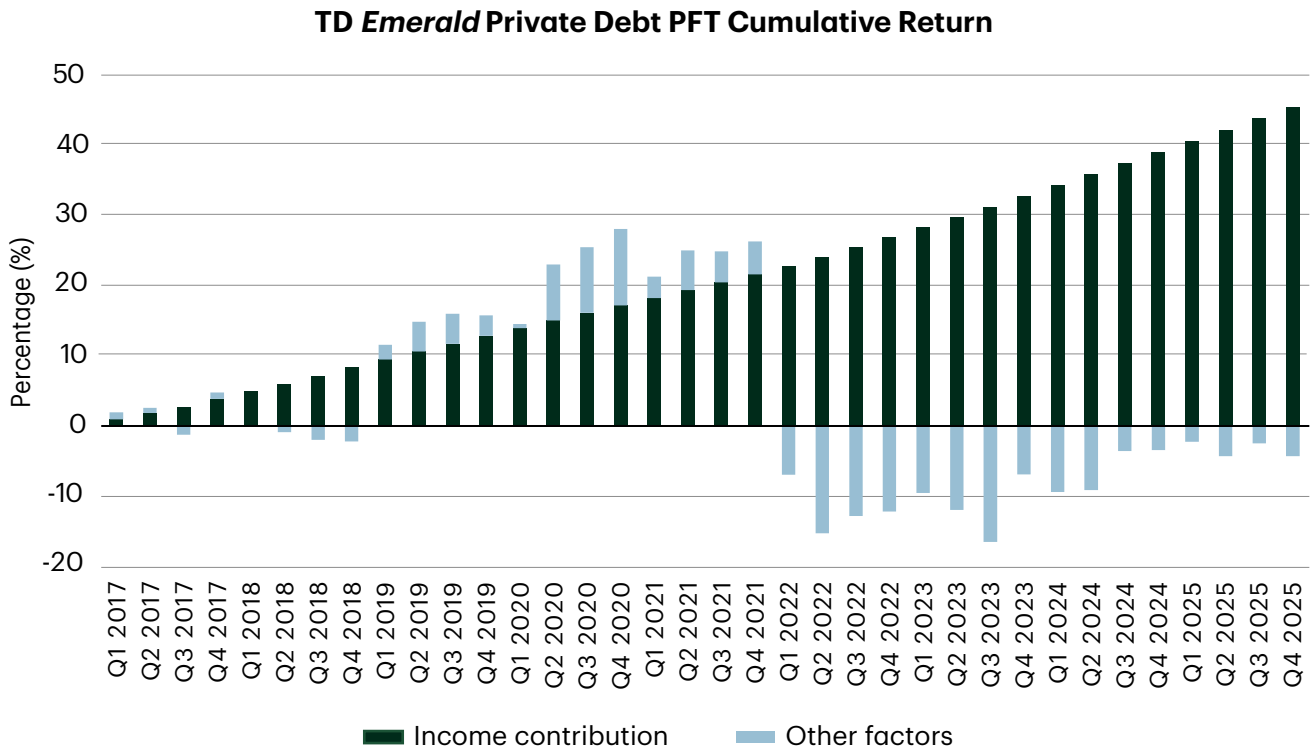
Source: TD Asset Management Inc., FTSE Global Debt Capital Markets Inc. As at Dec 31, 2025.

Highlights from 2025:

- Deployed capital into nine new deals across Canada, the United States and the United Kingdom
- We declined the large majority of deals this year, over 90% on average
- Since inception, well over 100 unique deals have been executed and diversified across multiple sectors and geographies. 2025 saw continued strength in the infrastructure sector, where at least seven of TDAM's nine 2025 deals could be qualified as infrastructure loans.
- Performance achievements: Both Universe and Long Fund performance now exceed benchmarks across all intermediate-to-long time periods and now outperform their respective benchmarks by 197 basis points ("bps") in the Universe and 123 bps in the Long since inception in 2016
- Portfolio yields in 2025 stabilized in the 4.75-5.50% range by the end of the year
- Deal yield enhancement (uniqueness premium plus swap premium) remained robust at since inception average of roughly 75-80 bps on average across the lending platform

A hallmark of TDAM PD funds is that their yield enhancement produces a great deal of cash income for investors, which accumulates over time. The charts below illustrate how the cumulative income return overwhelms all other return or mark-to-market factors (such as yield curve sensitivity, change in credit spreads and the hedge market to market (“MTM”) value change - as cumulatively represented by the negative bars):

Figure 7: Private Debt Cumulative Returns



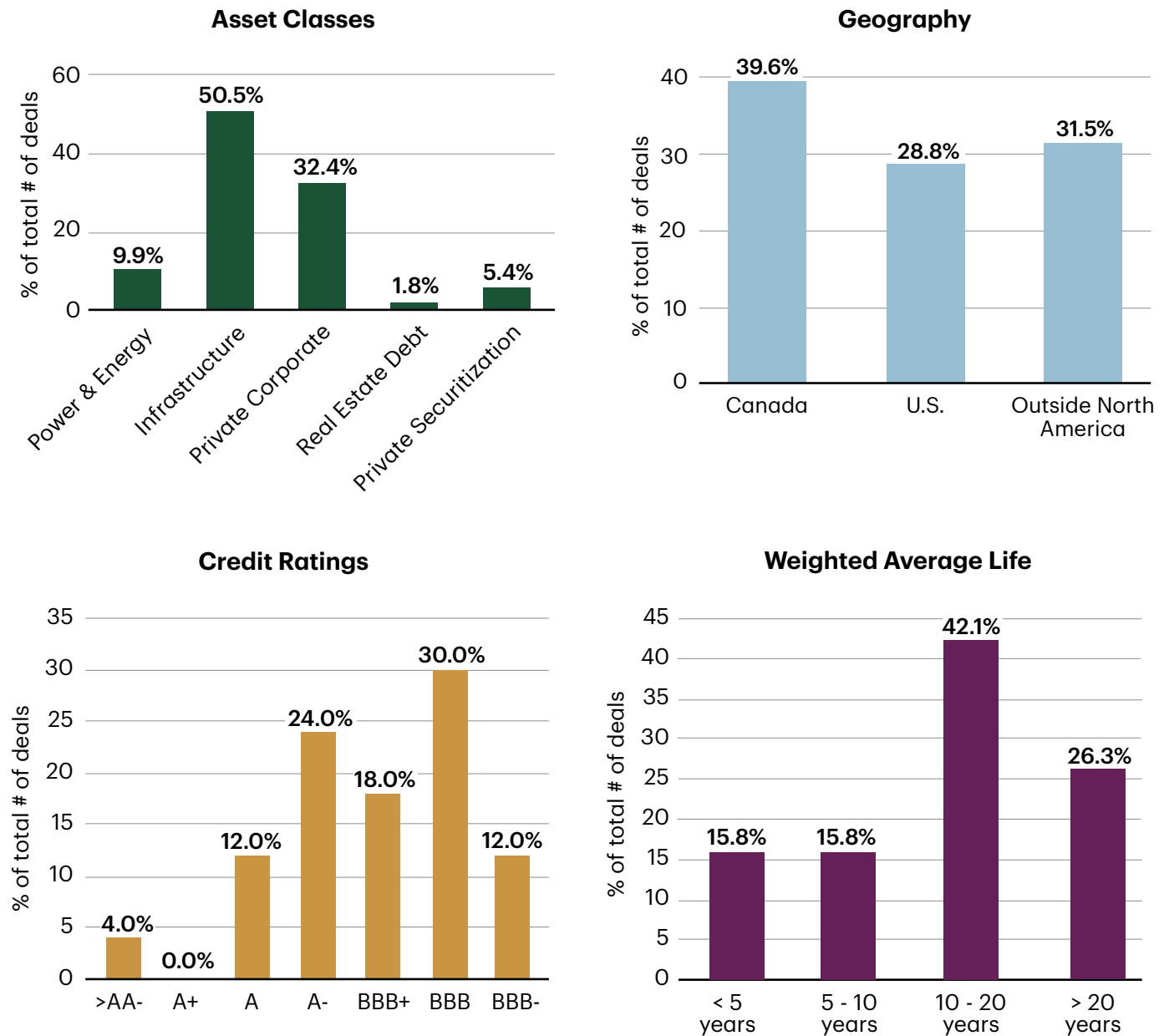
TDAM. As at Dec 31, 2025.

Portfolio Activity

TDAM's calling card is our selectivity in the market. We only execute on opportunities that in aggregate meet our high quality and strict relative value targets.

The key to maintaining this level of selectivity is strong global origination relationships that generate a healthy pipeline of deals. Not only is that pipeline significant in size (almost \$30 billion at year-end 2025), but also broadly diversified across geographic region, credit quality and tenor. This selection allows our Portfolio Management group to execute on deals that fit both our quality/enhancement standards, but also maintain a deeply diversified, balanced portfolio for our clients.

Figure 8: Origination Pipeline Breakdown

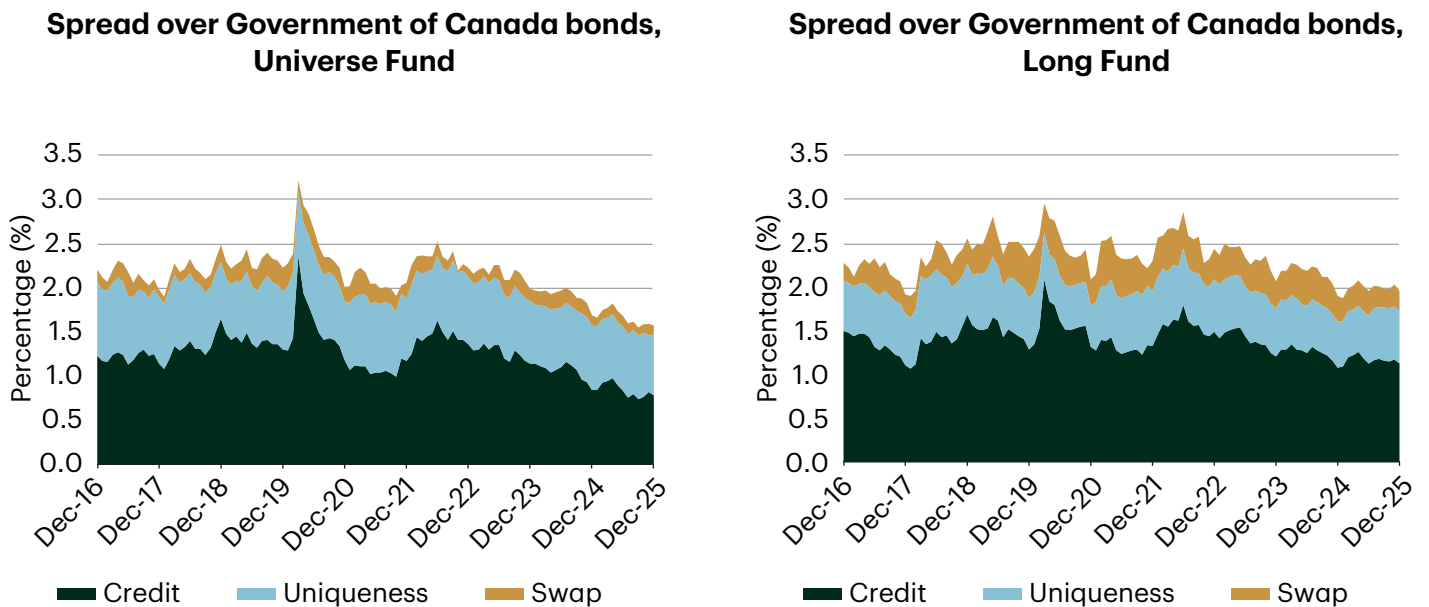


TDAM. As at Dec 31, 2025.

TDAM's selectivity meant that, in certain quarters, we do not execute many deals. The volatility in interest rates, elevated long-term rates for a steepening yield curve, and economic uncertainty, occasionally forced issuers to postpone long dated borrowing programs.

Being selective in executing deals is meant to maintain our targeted levels of additional income or 'enhancement'. That enhancement comes from both illiquidity "uniqueness" premiums, as well as the additional spread TDAM can lock in from currency/rate hedges. The charts below show how TDAM has been able to attain robust yield enhancement above publicly traded government and credit securities across a host of different credit markets, for both of TDAM's private debt funds.

Figure 9: Private Debt Funds Yield Enhancements



TDAM. As at Dec 31, 2025.

TDAM often discusses with its clients the importance of maintaining a robust global pipeline of opportunities. Global reach is important in two senses. i) Certain jurisdictions maintain a very fruitful environment for issuers in specific sectors. An example would be the credit strength of Canadian infrastructure transactions. ii) The domestic market features a well-defined model of 'Public Private Partnerships' (P3s) with government sponsorship and availability payment schemes that are not seen in all developed markets. Another example of private

debt platform origination capabilities would be transactions outside of Canada where the underlying borrowers exhibit characteristics of investment grade credit and own/operate critical economic infrastructure coupled with local monopolistic market positions. The origination team continues to see a robust pipeline of opportunities in North America, Europe, Scandinavia, and Australia, and is actively looking to deploy capital into the best opportunities in 2025. Below we highlight two transactions that our private debt funds participated in during 2025.

ESG

We believe that assessing ESG risks as part of our credit research process may lead to better credit outcomes for long-term, buy-and-hold investors. All investment grade debt, whether publicly traded or privately issued, is rated internally using the same processes, ratings models, and methodologies, which enforces consistency in the oversight of both public and private debt. TDAM's credit risk analysis is fundamentally centered on four pillars, one of which is ESG.

ESG risk factors are analyzed and separately scored. Within the credit research team, there is a dedicated

ESG Credit Sub-Committee that provides oversight over the ESG ratings process, in addition to engaging with other working groups within the firm and relevant external parties. TDAM credit analysts identify and score a comprehensive set of the 26 ESG risk factors. ESG findings and scores are then documented in a standardized format that forms part of the Credit Committee's assessment paper. Direct engagements with borrowers assist us in developing a deeper understanding of potential risks and opportunities, including ESG-related risks, and supports a more informed assessment of borrowers.

2025 Highlights

Supporting Mental Health and Elderly Care

The Private Debt team remains highly active in infrastructure lending, including investments in social infrastructure. In 2025, the Private Debt team financed \$225 Million of critical projects in Canada that will support government-sponsored initiatives for elderly care, public transportation and access to healthcare. These infrastructure investments provide duration and diversification benefits for investors in Private Debt funds and essential services to communities, supporting societal wellbeing for many decades to come.

Case Study



ESG Credit Risk Analysis

The Private Debt Origination and Research team includes material ESG factors in its investment process and consults with the Sustainable Investment team on relevant ESG topics as appropriate. In 2025, the Private Debt team conducted due diligence on an insurance holding company transaction in collaboration with the Sustainable Investment team. The Private Debt team's initial analysis, utilizing its internal credit risk analysis framework, identified enhanced governance risk, primarily due to the issuers' previous regulatory compliance track record. The Sustainable Investment team's additional review further highlighted concerns about oversight, control culture and adequate balance of power at the board, all of which informed a higher governance risk rating for the transaction. Governance was viewed as material to valuation, given its potential to impact long-term enterprise value. Based on the joint assessments and collaboration between the Private Debt and Sustainable Investment teams, the Private Debt Origination and Research team ultimately decided not to proceed with the transaction.



All data is at December 31, 2025 unless otherwise stated.

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