Philosophy

At TD Asset Management Inc. (TDAM), we view Liability Driven Investing (LDI) as a framework for making investment decisions. In an LDI framework, investment decisions are made in the context of an investor’s projected liabilities, with the goal of managing risk relative to these liabilities rather than aiming to meet an absolute rate of return. Therefore, when taking an LDI approach, clients make a fundamental shift from focusing on market based benchmarks to actively managing relative to the fundamental risk characteristics of their liabilities. It is a dynamic and often evolving process.

Our approach to LDI combines our disciplined investment process with our actuarial expertise and robust analytics tools, to develop objective-based solutions that help clients achieve their funding goals with greater confidence.

Key features

• **Broad and dynamic suite of solutions** – Our dedicated LDI team draws upon TDAM’s breadth of investment solutions and resources, including one of Canada’s largest fixed income teams, independent credit research, derivatives and equities market specialists. Depending on their objectives, clients may require a wide range of investment solutions catering to the specifics of their pension plans and unique challenges. We offer a broad spectrum of investment and risk management solutions, using pooled fund and segregated fund structures, which strategically position us in developing customized total portfolio LDI mandates.

• **Proprietary portfolio analytics platform** – We have developed a robust suite of liability driven investing tools to assist our portfolio management team with the initial benchmarking and portfolio construction process, and the on-going management of our clients’ LDI frameworks. Our customizable LDI toolbox is designed to deliver detailed asset/liability analysis, enhancing our process in seeking to deliver outcome-focused investment solutions to our clients.

• **Tailored portfolio construction** – We believe that the LDI solution set should be flexible, cost-effective and efficient. Each client’s economic and liability risk profile is unique, and as such, requires a customized process for the portfolio construction and hedging strategy. We have longstanding experience in building and managing portfolios tailored to the specific needs of pension plans of all sizes and all stages of de-risking.

• **Integrated team of specialists** – Our LDI strategy team is fully integrated with TDAM’s fixed income team and supported by TDAM’s portfolio analytics team. To help with solution design, we leverage the expertise of our in-house actuarial professionals with significant pension plan consulting experience. This gives us an innate understanding of key liability drivers, which is a significant input when developing LDI solutions tailored to specific client needs.

Investment process

TDAM takes a collaborative and objective-based approach to LDI that evolves along with our clients’ needs at each step of the process:

**Client objectives.** Our process begins and ends with the client. Understanding our clients’ unique needs, goals, risk appetite and constraints is central to developing and implementing a tailored LDI solution. We take a practical approach by working with the clients and their consultants to help clearly define the ultimate objectives for the strategy. While the overarching objective of adopting an LDI program is to manage the variability of the plan’s funded status, pension plans may decide to use LDI to focus on achieving other strategic objectives.

**Analyze and design.** The collaborative approach with our clients allows our LDI team to gain a deep understanding of the mandate and opportunity set. We use our advanced
analytics toolbox and actuarial insights to analyze the plan’s assets and liabilities, and to assist in quantifying and prioritizing risks. This in turn helps us identify and design strategies that address these risks and that are both grounded in the realities of the market, and fully tailored to our client’s asset/liability structure and governance framework.

**Execute and manage.** A critical part of our LDI framework is execution. During the implementation phase, we utilize our full range of resources to ensure a cost-effective, risk-controlled transition from any existing strategy to the new recommended strategy. Given the complexities associated with implementing and managing a de-risking program, TDAM can also act as a completion manager to provide oversight in a multi-manager LDI approach, or to help pension plans implement overlay strategies to add a layer of customization, either to fine-tune the liability hedge or to improve efficiency of glide path transitions. We help streamline implementation and actively manage our clients’ mandates to continually adjust to market conditions and plan changes.

**Track and communicate.** We regularly track progress against plan objectives using our proprietary LDI tools, and provide clear communication and transparent reporting on metrics and performance. This ensures proper governance and oversight by the plan sponsor, and helps to deliver confidence in achieving funding goals through better control of the plan.

### Liability Driven Investing (LDI)

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### Analyze & Design

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### Customized Strategies

| Immunization and cash-flow matching | Immunization plus | Completion Management | Dynamic Glide-Paths |

### Execute & Manage

### Track & Communicate
的风险管理

虽然风险管理是驱动任何 liability driven investment solution 的核心，但它也是 TDAM 业务的一个基础部分。投资者从中受益有以下几点：

- **独立监控**，即一个独立的25人以上的风险管理团队监督和监控投资组合的风险控制。
- **风险管理文化**。TDAM 培养了风险管理文化，这提高了个人的责任感，并保持了我们的投资管理和产品管理流程的诚信。

合作以实现更好的结果

作为加拿大最大的资产管理公司之一，TDAM 提供了完整的投资管理解决方案，为公司、养老金基金、教育基金和超高净值个人。我们与投资者合作，开发进步的投资解决方案，并以远见和纪律实施。

我们具备的投资能力包括：

- 活跃、增强和被动的共同基金
- 各种个性化解决方案，包括：
  - 负债驱动的投资解决方案
  - 战略资产配置
  - 债券和货币对冲策略
  - 基于衍生品的投资解决方案

联系 TDAM，了解我们如何为您的最重大挑战带来新的思维方式。

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1 Source: “The Top 40 Money Managers (as of June 30, 2017)”, Benefits Canada, November 2017. The information contained herein has been provided by TD Asset Management Inc. and is for information purposes only. The information has been drawn from sources believed to be reliable. Graphs and charts are used for illustrative purposes only and do not reflect future values or future performance of any investment. The information does not provide financial, legal, tax or investment advice. Particular investment, tax, or trading strategies should be evaluated relative to each individual's objectives and risk tolerance. Certain statements in this document may contain forward-looking statements (“FLS”) that are predictive in nature and may include words such as “expects”, “anticipates”, “intends”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof. FLS are based on current expectations and projections about future general economic, political and relevant market factors, such as interest and foreign exchange rates, equity and capital markets, the general business environment, assuming no changes to tax or other laws or government regulation or catastrophic events. Expectations and projections about future events are inherently subject to risks and uncertainties, which may be unforeseeable. Such expectations and projections may be incorrect in the future. FLS are not guarantees of future performance. Actual events could differ materially from those expressed or implied in any FLS. A number of important factors including those factors set out above can contribute to these digressions. You should avoid placing any reliance on FLS. TD Asset Management Inc. is a wholly-owned subsidiary of The Toronto-Dominion Bank. © The TD logo and other trade-marks are the property of The Toronto-Dominion Bank.