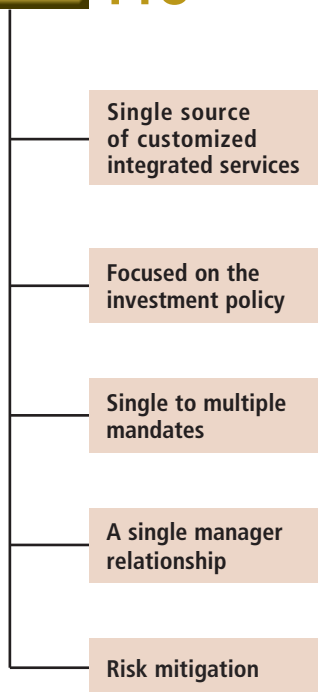


TDAM Policy Pro – Portfolio Integration Service



TDAM Policy Pro



What is TDAM Policy Pro?

Customized investment solutions that focus on the Investment Policy

TD Asset Management Policy Pro (“TDAM Policy Pro”) brings together a group of services that, either individually or in combination, can provide institutional pools of capital with improved portfolio rebalancing and integration techniques. The outcome is reduced tracking error relative to policy allocations with the added benefit of improving risk-adjusted return expectations at the total fund level.

The components of TDAM Policy Pro include the following:

- Cash equitization
- Asset mix rebalancing
- Currency overlay
- Alpha/beta overlay/transport
- Duration extension

TDAM Policy Pro allows clients to leverage the extensive investment skills and resources of TD Asset Management, making these services available to organizations who might

not otherwise be able to execute in-house or, through an outsourced multi-manager structure.

Why consider TDAM Policy Pro?

The complexity of managing large asset pools, such as pension plans and endowments, continues unabated as industry and market place challenges abound. There are mounting regulatory requirements, new accounting rules and the current capital market conditions. Organizations still need to maintain focus on implementing the policy decisions that form the core investment discipline inherent in their plans. At TD Asset Management we offer an integrated approach to meeting these needs.

Integrating these related solutions provides for a more advantageous means of execution, evaluation and managing costs.

What you get: Integrated Policy Implementation.

TDAM Policy Pro is designed for investors seeking expert implementation of their Investment Policy and Manager Structure – specifically rebalancing investors’ portfolios to their Investment



KEY FACTS: ■ Objective: Improved portfolio rebalancing and integration techniques ■ Experience: Extensive investment overlay and portfolio integration experience for a variety of clients across asset classes ■ Outcome: Reduced tracking error relative to policy allocations with the added benefit of improving risk-adjusted return expectations at the total fund level

TDAM Policy Pro

Policy allocation in terms of asset mix, currency and duration, thus limiting unintended risk relative to the policy.

Make use of TDAM Policy Pro to:

- **Incorporate cash equitization strategy.** Integrate cash equitization and liquidity management to better fulfill investment strategies.
- **Apply a tactical asset allocation.** Efficient means of implementing tactical asset allocation decisions. Automatically rebalance to the policy, across asset classes.
- **Implement a currency hedge.** Neutralize volatility that comes from foreign currency exposure. As plans continue to increase allocations to foreign assets, currency hedging is becoming a more important need.
- **Strive to enhance portfolio returns from exposure to particular markets.** Add value to efficient asset classes within traditional policy mix by porting alpha on top of the portfolio in a cost-effective manner. Or implement defined market (or beta) exposures through futures and swaps.
- **Mitigate liability mismatch risk.** Improve the ability to implement Liability Driven Investments.
- **Adjust duration in response to a changing interest rate environment.** Increase fund duration without necessarily increasing the cash allocation to bonds.
- **Manage risk.** Reduce tracking error to policy benchmark.

Features and Benefits:

- **Flexibility – A range of services to choose from.** Investors can utilize all the components of TDAM Policy Pro or may incorporate only one or two of the services in their mandate. The ultimate selection of the TDAM Policy Pro services lies with the client, based on the specific needs of their investment policy.
- **Consolidated reporting – Ease of evaluation.** Reporting counts and TDAM Policy Pro can make it easier – easier to read and easier to evaluate the success of your implemented strategies. We offer reporting at an aggregate level that is clear, concise and provides the interrelated results across the strategies employed. This alone can save you valuable assessment time, month over month. Detailed, transactional reports are also provided.
- **Value – Efficiency and efficacy.** By purchasing a ‘suite’ or set of services from a single manager, clients can reap the benefits of working with a single provider.
The result is a more cost effective solution with the improved implementation of your investment policy.

Philosophy:

Developing customized programs to match your specific objectives.

TD Asset Management believes that clients’ particular investment needs can best be served by customized, progressive solutions that are built to deliver optimal risk-adjusted outcomes. To that end we utilize a highly-evolved and disciplined investment approach.



We understand our clients' need for strategic considerations that address their unique and specific investment objectives. Regardless of the mandate, original research, diligent portfolio construction and strict adherence to risk controls are essential components of our philosophy and processes.

**Investment Process:
Leveraging the Platform**

Previously, utilization of these sophisticated investment strategies has been restricted to the domain of only the larger plans due to resource considerations. Today, TD Asset Management, through TDAM Policy Pro, makes these techniques available to a wider range of institutional investors.

Available to you are our proven, robust and advanced portfolio construction techniques that lever our technology, processes and team of investment specialists.

1. Do more by utilizing the full capacity of our experience, professional skills, investment techniques, evolving technology and processes.

- Customization is increasingly in demand by clients and TDAM has built a platform that can accommodate a broad range of needs.
- Be confident that we make the capital commitments to generate efficiencies and offer utility and economies to our clients.
- Access our investment specialists, with the requisite talent to meet the unique needs of each client and each investment policy scenario.
- We value continuity and consistency of people and process across portfolios and over time.

2. Experience & Skill

- TDAM has been developing tailored investment solutions for institutional clients for more than 25 years.
- We have an extensive track record in managing numerous mandates in overlay, cash equitization, portable alpha/beta and duration strategies.

Consolidated Reporting - clearly illustrates interrelated results across the strategies employed.

TD Asset Management Reporting

POLICY PRO™

Client Name: 888888
Account Number: 888888
As of December 31, 2012

Mandate Objective: The TD Emerald Long Bond Overlay Pooled Fund Trust is designed for Canadian pension funds seeking to better match the interest rate exposures associated with their pension liabilities by increasing their fixed income exposure.

Portfolio Commentary: Long-term government bonds declined over the quarter, reflecting investor confidence that was strengthened by positive economic data from the U.S. and China.

TD Asset Management Reporting

POLICY PRO™

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TD Asset Management Reporting

POLICY PRO™

Performance as of December 31, 2012

	12/31/2012	3 Month	6 Month	1 Year	2 Year	3 Year	Since Inception
Overlay Contribution to Total Plan	-4.1%	-3.7%	-4.4%	-4.4%	-3.7%	-3.8%	-3.9%
Custom Benchmark	-2.1%	-2.5%	-2.2%	-2.2%	-2.2%	-2.2%	-2.2%
Difference	-2.0%	-1.2%	-2.2%	-2.2%	-1.5%	-1.6%	-1.7%
Policy Benchmark	-2.0%	-2.0%	-1.9%	-1.9%	-2.0%	-2.0%	-2.0%
Difference	-2.1%	-1.7%	-2.5%	-2.5%	-1.7%	-1.8%	-1.9%
Contribution to Overlay	-2.5%	-3.0%	-1.1%	-1.1%	-0.5%	-0.6%	-0.6%
Canadian Equity	-2.8%	-3.0%	-4.4%	-4.2%	-2.9%	-1.7%	0.0%
U.S. Equity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
International Equity	0.1%	-0.5%	-1.4%	-1.4%	-0.1%	-0.4%	-0.2%

Performance as of December 31, 2012

Overlay	AUM	Beta	3 Month	6 Month	1 Year	2 Year	3 Year	Since Inception
Canadian Equity Overlay	\$ 83,285,738.90	1.50%	-3.8%	7.8%	22.2%	22.2%	13.8%	9.7%
Custom Benchmark: S&P500 Futures			0.2%	0.3%	2.8%	2.9%	2.1%	1.8%
Difference			-4.0%	7.5%	19.4%	19.3%	11.7%	7.9%
Policy Benchmark: S&P500 Composite TR Index			-2.5%	1.4%	22.3%	22.3%	13.9%	9.7%
Difference			-1.3%	6.1%	19.5%	19.4%	12.0%	8.0%
Canadian Bond Overlay	\$ 1,141,952.78	1.0%	-0.5%	0.7%	0.5%	0.5%	0.4%	0.4%
Custom Benchmark: Canadian Government Bond Futures & Bond Forwards			-0.5%	0.7%	0.5%	0.5%	0.4%	0.4%
Difference			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Policy Benchmark: CIBC Long Overl TR			-0.5%	0.7%	0.5%	0.5%	0.4%	0.4%
Difference			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
U.S. Equity Overlay	\$ 62,628,642.48	1.50%	10.1%	5.2%	22.9%	22.9%	14.8%	16.2%
Custom Benchmark: S&P 500 Futures US & Currency Forwards			10.1%	5.2%	22.9%	22.9%	14.8%	16.2%
Difference			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Policy Benchmark: S&P 500 TR Gross CII**			11.7%	4.9%	22.3%	22.3%	14.9%	16.4%
Difference			-1.6%	0.3%	0.6%	0.6%	0.1%	0.2%
International Equity Overlay	\$ 83,240,333.33	1.0%	1.4%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%
Custom Benchmark: Equity Futures US & Currency Forwards			1.4%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%
Difference			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Policy Benchmark: MSCI EAFE CI			1.4%	-0.8%	-0.8%	-0.8%	-0.8%	-0.8%
Difference			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Footnotes:
1. The information contained herein is based on material believed to be reliable. Where such statements are based in whole or in part on information provided by third parties, we are not responsible for its accuracy or completeness. The information does not constitute an offer of investment services and is for information purposes only. Changes and omissions are used for disclosure purposes only and do not represent future values or performance. Past performance is not indicative of future results. Results are not guaranteed. Risk factors (change frequency and asset performance) may not be repeated. TD Asset Management Inc., The Toronto-Dominion Bank and its affiliates and related entities are not liable for any errors or omissions in the information or for any loss or damage suffered.
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Client Name: 888888
Account Number: 888888



3. Integrated Approach

■ At TDAM, we emphasize partnership with our clients and with investment consultants. We are flexible in our approach to strategy and service and believe that an in-depth understanding of our investors’ decision policy is the most predictable way to outperform the defined strategic objectives.

■ These partnerships are a win-win in good times and particularly important when times are tough.

Risk Management:

Risk Management is inherent in how we do business. Investors benefit from:

■ **Independent monitoring.** An independent 25-plus member Risk Management team oversees and monitors portfolio guidelines and risk controls on a daily basis.

■ **A risk management culture.**

TDAM fosters a risk management culture that increases personal accountability and maintains the integrity of our investment management and product management processes.

Further Investment Considerations:

All mandates carry some degree of risk. TDAM Policy Pro solutions may be impacted by derivative risk. Further information is available on request.

Contact us to find out how TD Asset Management Inc. can help you achieve your most important financial objectives.

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