Philosophy
TD Asset Management Inc. (TDAM)’s passive equity indexing philosophy is grounded on our viewpoint that indexing reduces portfolio risk by investing in a comprehensive range of securities while lowering costs compared with more active approaches.

Key features
- Diversified equity exposure.
- Disciplined risk management process. Ensures stringent adherence to guidelines.
- Low cost. The passive management style and efficient trading strategy result in a low cost solution.
- Minimized tracking error. The relatively large size of assets and deep analytical resources enable the portfolios to closely track benchmark performance.

Investment process
Full replication. The portfolio seeks to replicate the Index by investing in all constituent stocks of the Index at, or close to, benchmark weight. In addition to full replication where investability constraints exist the portfolio may instead use stratified sampling and or optimization.

Technology and proprietary software are used to maintain tight thresholds which help ensure the portfolio mirrors the make-up of the Index as closely as is practical.

Effective trading. A thorough understanding of trading patterns and liquidity characteristics of the stocks in the benchmark Index helps to ensure efficient implementation of rebalancing strategies.

Minimized cash levels. Cash levels are kept to a minimum, and cash balances that cannot be immediately invested may be equitized through the use of futures and/or index participation units.

Risk management
Risk management is inherent in the portfolio architecture of the TD Emerald Funds and the TD Emerald Pooled Fund Trusts. Investors may 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.
Passive Equity

Working together to seek a better outcome.

As one of Canada’s largest investment management firms, TDAM offers a full suite of investment management solutions for corporations, pension funds, endowments, foundations and high net worth individuals.

We collaborate with investors to develop progressive investment solutions and implement them with foresight and discipline. The breadth of our investment capabilities includes:

- Active fundamental, quantitative and passive pooled funds and segregated accounts
- Variety of specialized solutions, including:
  - Liability driven investment solutions
  - Tactical asset allocation
  - Bond and currency overlay strategies
  - Derivatives-based investment solutions

Contact us to find out how TDAM can bring new thinking to your most important challenges.

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