

# **TD Short Term Bond Fund**

531990  
(08/19)

## **TD Mutual Funds Semi-Annual Financial Report**

**for the period ended June 30, 2019**

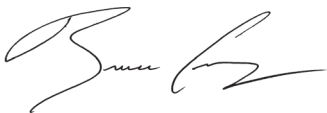


## Management's Responsibility for Financial Reporting

The accompanying unaudited interim financial report has been prepared by TD Asset Management Inc. ("TDAM"), as manager of the TD Mutual Fund Trusts, TD Managed Assets Program Portfolios and TD Managed ETF Portfolios (collectively the "Funds" and individually the "Fund") and approved by TDAM's board of directors. The manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with *International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS")*, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The manager is also responsible for the development of internal controls over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced, and the safeguarding of all assets of the Funds.

The board of directors of TDAM, is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

On behalf of TDAM, manager of the Funds.



Bruce Cooper  
Director and  
Chief Executive Officer  
August 14, 2019



Salma Salman  
Director and  
Chief Financial Officer  
August 14, 2019

## Notice to Unitholders

### **The Auditor of the Funds has not reviewed the TD Mutual Fund Trusts in this Financial Report**

TDAM, as manager of the Funds, appoints an independent auditor to audit the Funds' annual financial statements. Applicable securities laws require that if an auditor has not reviewed the Funds' interim financial report, this must be disclosed in an accompanying notice.

## TD Short Term Bond Fund

**Statements of Financial Position** (in 000s except per unit amounts)  
as at June 30, 2019 and December 31, 2018 (Unaudited)

	June 30, 2019	December 31, 2018
<b>Assets</b>		
<b>Current Assets</b>		
Investments	\$ 3,133,035	\$ 3,989,932
Cash	17,796	42,821
Interest and Dividends Receivables	17,859	21,010
Subscriptions Receivable	2,852	7,612
Receivable for Investments Sold	36,853	0
	<u>3,208,395</u>	<u>4,061,375</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accrued Liabilities	10	12
Redemptions Payable	5,366	4,969
Distributions Payable	2,035	0
Payable for Investments Purchased	19,900	15,637
	<u>27,311</u>	<u>20,618</u>
<b>Net Assets Attributable to Holders of Redeemable Units</b>	<u>\$ 3,181,084</u>	<u>\$ 4,040,757</u>
<b>Net Assets Attributable to Holders of Redeemable Units – Per Series (Note 5)</b>		
Investor Series	\$ 98,734	\$ 136,402
Institutional Series	\$ 7	\$ 7
Premium Series	\$ 10,436	\$ 12,634
Advisor Series	\$ 76,412	\$ 87,488
F-Series	\$ 70,031	\$ 97,743
D-Series	\$ 39,050	\$ 3,063
Private Series	\$ 939,816	\$ 1,341,575
O-Series	\$ 1,946,598	\$ 2,361,845
	<u>\$ 3,181,084</u>	<u>\$ 4,040,757</u>
<b>Net Assets Attributable to Holders of Redeemable Units – Per Series Unit</b>		
Investor Series	<u>\$ 9.70</u>	<u>\$ 9.54</u>
Institutional Series	<u>\$ 9.97</u>	<u>\$ 9.80</u>
Premium Series	<u>\$ 9.62</u>	<u>\$ 9.46</u>
Advisor Series	<u>\$ 10.13</u>	<u>\$ 9.95</u>
F-Series	<u>\$ 10.14</u>	<u>\$ 9.97</u>
D-Series	<u>\$ 9.86</u>	<u>\$ 9.68</u>
Private Series	<u>\$ 9.80</u>	<u>\$ 9.64</u>
O-Series	<u>\$ 10.01</u>	<u>\$ 9.85</u>

The accompanying notes are an integral part of the interim financial report.

## TD Short Term Bond Fund

### Statements of Comprehensive Income *(in 000s except per unit amounts)* for the periods ended June 30, 2019 and 2018 *(Unaudited)*

	2019	2018
<b>Income</b>		
<b>Net Gain (Loss) on Investments and Derivatives</b>		
Interest for Distribution Purposes	\$ 46,378	\$ 68,625
Net Realized Gain (Loss)	(11,686)	(54,008)
Net Change in Unrealized Appreciation/ Depreciation	79,497	11,629
<b>Net Gain (Loss) on Investments and Derivatives</b>	<b>114,189</b>	<b>26,246</b>
Securities Lending Income	127	211
<b>Total Income (Net)</b>	<b>114,316</b>	<b>26,457</b>
<b>Expenses (Note 6)</b>		
Management Fees	1,462	1,927
Independent Review Committee Fees	1	1
Securityholder Reporting Costs	49	53
Custodial Fees	4	5
Filing Fees	4	2
Audit Fees	2	2
<b>Total Expenses before Waivers</b>	<b>1,522</b>	<b>1,990</b>
Less: Waived Expenses	(1)	(1)
<b>Total Expenses (Net)</b>	<b>1,521</b>	<b>1,989</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units before Tax</b>	<b>112,795</b>	<b>24,468</b>
<b>Tax Reclaims (Withholding Taxes)</b>	<b>0</b>	<b>0</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	<b>\$ 112,795</b>	<b>\$ 24,468</b>
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series</b>		
Investor Series	\$ 3,323	\$ (116)
Institutional Series	\$ 0	\$ 3
Premium Series	\$ 289	\$ (15)
Advisor Series	\$ 2,060	\$ (99)
F-Series	\$ 2,203	\$ 176
D-Series	\$ 81	\$ (1)
Private Series	\$ 34,013	\$ 5,285
O-Series	\$ 70,826	\$ 19,235
	<b>\$ 112,795</b>	<b>\$ 24,468</b>

	2019	2018
<b>Weighted Average Units Outstanding for the Period – Per Series</b>		
Investor Series	13,571	16,732
Institutional Series	1	105
Premium Series	1,183	2,290
Advisor Series	8,193	11,344
F-Series	7,714	10,134
D-Series	618	188
Private Series	114,899	119,713
O-Series	233,414	424,556
<b>Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series Unit</b>		
Investor Series	\$ 0.24	\$ (0.01)
Institutional Series	\$ 0.28	\$ 0.03
Premium Series	\$ 0.24	\$ (0.01)
Advisor Series	\$ 0.25	\$ (0.01)
F-Series	\$ 0.29	\$ 0.02
D-Series	\$ 0.13	\$ 0.00
Private Series	\$ 0.30	\$ 0.04
O-Series	\$ 0.30	\$ 0.05

The accompanying notes are an integral part of the interim financial report.

## TD Short Term Bond Fund

### Statements of Changes in Net Assets Attributable to Holders of Redeemable Units (in 000s)

for the periods ended June 30, 2019 and 2018 (Unaudited)

	Investor Series		Institutional Series		Premium Series	
	2019	2018	2019	2018	2019	2018
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</b>	\$ 136,402	\$ 171,833	\$ 7	\$ 1,065	\$ 12,634	\$ 28,563
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	3,323	(116)	0	3	289	(15)
<b>Distributions to Holders of Redeemable Units</b>	(973)	(1,099)	0	(11)	(91)	(163)
<b>Redeemable Unit Transactions</b>						
Proceeds from Redeemable Units Issued	3,458	2,927	0	0	0	0
Reinvestments of Distributions	944	1,065	0	11	78	127
Redemption of Redeemable Units	(44,420)	(24,121)	0	(84)	(2,474)	(12,254)
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	(40,018)	(20,129)	0	(73)	(2,396)	(12,127)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	(37,668)	(21,344)	0	(81)	(2,198)	(12,305)
<b>Net Assets Attributable to Holders of Redeemable Units at End of the Period</b>	\$ 98,734	\$ 150,489	\$ 7	\$ 984	\$ 10,436	\$ 16,258
<b>Redeemable Unit Transactions</b>						
Redeemable Units Outstanding, Beginning of the Period	14,303	17,902	1	108	1,336	2,998
Redeemable Units Issued	358	306	0	0	0	0
Redeemable Units Issued on Reinvestments	98	112	0	2	8	13
Redeemable Units Redeemed	(4,582)	(2,525)	0	(9)	(260)	(1,291)
<b>Redeemable Units Outstanding, End of the Period</b>	10,177	15,795	1	101	1,084	1,720

	Advisor Series		F-Series		D-Series	
	2019	2018	2019	2018	2019	2018
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</b>	\$ 87,488	\$ 124,804	\$ 97,743	\$ 100,095	\$ 3,063	\$ 2,470
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	2,060	(99)	2,203	176	81	(1)
<b>Distributions to Holders of Redeemable Units</b>	(609)	(776)	(790)	(954)	(46)	(15)
<b>Redeemable Unit Transactions</b>						
Proceeds from Redeemable Units Issued	5,182	4,396	18,524	27,585	36,171	127
Reinvestments of Distributions	541	694	620	720	44	13
Redemption of Redeemable Units	(18,250)	(27,166)	(48,269)	(29,135)	(263)	(1,042)
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	(12,527)	(22,076)	(29,125)	(830)	35,952	(902)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	(11,076)	(22,951)	(27,712)	(1,608)	35,987	(918)
<b>Net Assets Attributable to Holders of Redeemable Units at End of the Period</b>	\$ 76,412	\$ 101,853	\$ 70,031	\$ 98,487	\$ 39,050	\$ 1,552
<b>Redeemable Unit Transactions</b>						
Redeemable Units Outstanding, Beginning of the Period	8,791	12,459	9,804	9,977	316	254
Redeemable Units Issued	514	440	1,837	2,761	3,667	13
Redeemable Units Issued on Reinvestments	54	70	62	72	4	1
Redeemable Units Redeemed	(1,813)	(2,725)	(4,794)	(2,919)	(27)	(107)
<b>Redeemable Units Outstanding, End of the Period</b>	7,546	10,244	6,909	9,891	3,960	161

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## TD Short Term Bond Fund

### Statements of Changes in Net Assets Attributable to Holders of Redeemable Units *(in 000s)* for the periods ended June 30, 2019 and 2018 *(Unaudited)*

	Private Series		O-Series		TOTAL	
	2019	2018	2019	2018	2019	2018
<b>Net Assets Attributable to Holders of Redeemable Units at Beginning of the Period</b>	\$ 1,341,575	\$ 1,326,899	\$ 2,361,845	\$ 4,500,527	\$ 4,040,757	\$ 6,256,256
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	34,013	5,285	70,826	19,235	112,795	24,468
<b>Distributions to Holders of Redeemable Units</b>	(14,896)	(14,703)	(30,724)	(53,357)	(48,129)	(71,078)
<b>Redeemable Unit Transactions</b>						
Proceeds from Redeemable Units Issued	162,911	215,037	33,464	173,554	259,710	423,626
Reinvestments of Distributions	11	11	30,694	53,355	32,932	55,996
Redemption of Redeemable Units	(583,798)	(446,313)	(519,507)	(1,564,032)	(1,216,981)	(2,104,147)
<b>Net Increase (Decrease) from Redeemable Unit Transactions</b>	(420,876)	(231,265)	(455,349)	(1,337,123)	(924,339)	(1,624,525)
<b>Net Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units</b>	(401,759)	(240,683)	(415,247)	(1,371,245)	(859,673)	(1,671,135)
<b>Net Assets Attributable to Holders of Redeemable Units at End of the Period</b>	\$ 939,816	\$ 1,086,216	\$ 1,946,598	\$ 3,129,282	\$ 3,181,084	\$ 4,585,121
<b>Redeemable Unit Transactions</b>						
Redeemable Units Outstanding, Beginning of the Period	139,161	136,747	239,889	453,908		
Redeemable Units Issued	16,740	22,284	3,370	17,576		
Redeemable Units Issued on Reinvestments	1	1	3,083	5,413		
Redeemable Units Redeemed	(60,014)	(46,186)	(51,898)	(158,720)		
<b>Redeemable Units Outstanding, End of the Period</b>	95,888	112,846	194,444	318,177		

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## TD Short Term Bond Fund

### Statements of Cash Flows (in 000s)

for the periods ended June 30, 2019 and 2018 (Unaudited)

	2019	2018
<b>Cash Flows from (used in) Operating Activities</b>		
Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units	\$ 112,795	\$ 24,468
Adjustment For:		
Net Realized (Gain) Loss	11,686	54,008
Net Change in Unrealized Appreciation/Depreciation	(79,497)	(11,629)
Purchase of Investments and Derivatives	(664,483)	(1,342,768)
Proceeds from Sale, Paydown and Maturity of Investments and Derivatives	1,556,601	2,974,271
(Increase) Decrease in Interest and Dividends Receivables	3,151	7,179
Increase (Decrease) in Accrued Liabilities	(2)	(1)
<b>Net Cash from (used in) Operating Activities</b>	<b>940,251</b>	<b>1,705,528</b>
<b>Cash Flows from (used in) Financing Activities</b>		
Distributions Paid to Holders of Redeemable Units, Net of Reinvested Distributions	(13,162)	(12,697)
Proceeds from Issuances of Redeemable Units	227,650	428,519
Amounts Paid on Redemption of Redeemable Units	(1,179,764)	(2,114,381)
<b>Net Cash from (used in) Financing Activities</b>	<b>(965,276)</b>	<b>(1,698,559)</b>
Net Increase (Decrease) in Cash	(25,025)	6,969
Cash (Bank Overdraft) at Beginning of the Period	42,821	15,049
<b>Cash (Bank Overdraft) at End of the Period</b>	<b>\$ 17,796</b>	<b>\$ 22,018</b>
Interest for Distribution Purposes Received*, Net of Withholding Taxes	\$ 49,529	\$ 75,804

\* Included as part of Cash Flows from (used in) Operating Activities.

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## TD Short Term Bond Fund

**Schedule of Investment Portfolio** (in 000s except number of Shares or Units/Par Value) as at June 30, 2019 (Unaudited)

No. of Shares or Units/ Par Value	Description	Cost	Fair Value
<b>Canadian Bonds – 98.4%</b>			
<b>FEDERAL BONDS &amp; GUARANTEES – 20.3%</b>			
Canada Housing Trust No. 1			
10,000,000	1.25% due June 15, 2021	\$ 10,092	\$ 9,928
110,000,000	1.15% due December 15, 2021	107,838	108,747
50,000,000	1.75% due June 15, 2022	49,587	50,165
95,000,000	2.40% due December 15, 2022	95,169	97,413
55,000,000	2.35% due September 15, 2023	54,829	56,518
80,000,000	2.55% due December 15, 2023	82,229	82,996
30,000,000	2.90% due June 15, 2024	31,826	31,711
Government of Canada			
50,000,000	2.75% due June 01, 2022	53,133	51,870
50,000,000	2.00% due September 01, 2023	49,893	51,199
100,000,000	2.25% due March 01, 2024	103,210	103,853
		637,806	644,400
<b>PROVINCIAL BONDS &amp; GUARANTEES – 12.3%</b>			
Province of Alberta			
25,000,000	2.55% due December 15, 2022	25,171	25,667
Province of British Columbia			
40,000,000	2.70% due December 18, 2022	40,434	41,347
20,000,000	3.30% due December 18, 2023	20,828	21,319
Province of Ontario			
60,000,000	1.35% due March 08, 2022	59,017	59,477
45,000,000	3.15% due June 02, 2022	46,363	46,848
35,000,000	2.85% due June 02, 2023	35,481	36,437
55,000,000	3.50% due June 02, 2024	59,423	59,290
Province of Quebec			
70,000,000	4.25% due December 01, 2021	76,905	74,276
30,000,000	3.00% due September 01, 2023	30,714	31,487
		394,336	396,148
<b>CORPORATE BONDS – 65.8%</b>			
Bank of Montreal			
45,000,000	1.61% due October 28, 2021	44,663	44,672
30,000,000	2.12% due March 16, 2022	30,513	30,118
29,900,000	2.27% due July 11, 2022	29,757	30,137
19,600,000	2.89% due June 20, 2023	19,613	20,236
25,700,000	2.85% due March 06, 2024	25,694	26,263
The Bank of Nova Scotia			
40,000,000	2.09% due September 09, 2020	40,050	40,070
40,000,000	3.27% due January 11, 2021	42,247	40,801
39,900,000	1.83% due April 27, 2022	39,885	39,746
35,400,000	2.36% due November 08, 2022	35,395	35,774
34,400,000	2.98% due April 17, 2023	34,390	35,577
bclMC Realty Corporation			
10,000,000	2.10% due June 03, 2021	10,192	10,030
Bell Canada Inc.			
30,000,000	2.00% due October 01, 2021	30,162	29,971
1,000,000	Callable 3.00% due October 03, 2022	993	1,025
BMW Canada Inc.			
42,700,000	1.88% due December 11, 2020	42,700	42,571
23,200,000	2.80% due January 28, 2021	23,196	23,458
12,900,000	2.57% due August 06, 2021	12,896	13,038
Canadian Imperial Bank of Commerce			
40,000,000	1.64% due July 12, 2021	40,047	39,763
50,000,000	2.04% due March 21, 2022	49,607	50,074
17,400,000	2.97% due July 11, 2023	17,397	18,012
45,000,000	3.29% due January 15, 2024	46,306	46,770

No. of Shares or Units/ Par Value	Description	Cost	Fair Value
25,900,000	Canadian Natural Resources Limited 2.05% due June 01, 2020	\$ 25,894	\$ 25,852
13,500,000	Caterpillar Financial Services Limited 2.80% due June 08, 2021	13,494	13,693
30,100,000	Daimler Canada Finance Inc. 2.23% due December 16, 2021	30,090	30,073
30,900,000	2.57% due November 22, 2022	30,986	31,090
9,500,000	2.97% due March 13, 2024	9,498	9,691
40,000,000	Enbridge Gas Distribution Inc. 4.04% due November 23, 2020	43,295	41,041
40,000,000	Enbridge Pipelines Inc. 4.45% due April 06, 2020	43,083	40,691
10,000,000	2.93% due November 30, 2022	10,110	10,257
20,100,000	Ford Credit Canada Company 2.923% due September 16, 2020	20,078	20,170
10,000,000	3.742% due May 08, 2023	10,000	10,050
10,000,000	HCN Canadian Holdings-1 L.P. 3.35% due November 25, 2020	10,019	10,145
25,000,000	Honda Canada Finance Inc. 2.155% due February 18, 2021	25,028	25,025
18,580,000	2.488% due December 19, 2022	18,580	18,756
27,900,000	3.176% due August 28, 2023	27,900	28,879
17,300,000	2.50% due June 04, 2024	17,300	17,420
29,000,000	HSBC Bank Canada 1.816% due July 07, 2020	28,406	28,934
17,100,000	2.449% due January 29, 2021	17,029	17,210
27,987,000	Husky Energy Inc. 5.00% due March 12, 2020	30,190	28,509
11,500,000	Ivanhoe Cambridge II Inc. Callable 2.909% due June 27, 2023	11,500	11,854
13,300,000	John Deere Canada Funding Inc. 1.85% due March 24, 2021	13,299	13,251
33,000,000	2.70% due January 17, 2023	32,994	33,619
27,800,000	3.02% due July 13, 2023	27,799	28,670
16,500,000	John Deere Financial Inc. 3.07% due July 23, 2021	16,495	16,824
17,500,000	2.99% due January 14, 2022	17,500	17,902
13,600,000	2.46% due April 04, 2024	13,598	13,711
7,500,000	Manulife Bank of Canada 2.844% due January 12, 2023	7,500	7,674
17,400,000	National Bank of Canada 2.983% due March 04, 2024	17,400	17,883
30,200,000	Nissan Canada Financial Services Inc. 1.75% due April 09, 2020	29,903	30,114
26,900,000	2.42% due October 19, 2020	26,900	26,946
20,000,000	3.606% due March 05, 2021	20,000	20,097
30,000,000	North West Redwater Partnership/ NWR Financing Company Ltd. Callable 2.10% due February 23, 2022	29,819	29,923
20,000,000	OMERS Realty Corporation 2.971% due April 05, 2021	21,011	20,344
11,000,000	3.358% due June 05, 2023	11,133	11,518
11,700,000	RioCan Real Estate Investment Trust 2.185% due August 26, 2020	11,700	11,692
12,570,000	2.194% due April 09, 2021	12,562	12,569
1,120,000	3.746% due May 30, 2022	1,136	1,163
630,000	2.83% due October 03, 2022	617	638
11,000,000	Rogers Communications Inc. 4.70% due September 29, 2020	12,181	11,342
30,000,000	5.34% due March 22, 2021	33,885	31,633
25,000,000	4.00% due June 06, 2022	26,652	26,278



**TD Short Term Bond Fund**

No. of Shares or Units/ Par Value	Description	Cost	Fair Value
	Royal Bank of Canada		
30,000,000	1.65% due July 15, 2021	\$ 30,023	\$ 29,842
30,000,000	1.583% due September 13, 2021	29,903	29,783
30,000,000	2.00% due March 21, 2022	29,599	30,022
40,000,000	2.36% due December 05, 2022	39,780	40,458
39,700,000	2.949% due May 01, 2023	39,700	41,035
30,000,000	3.296% due September 26, 2023	29,955	31,213
19,900,000	2.352% due July 02, 2024	19,900	19,911
	Shaw Communications Inc.		
35,000,000	3.15% due February 19, 2021	35,835	35,539
23,500,000	Callable 3.80% due November 02, 2023	23,500	24,698
	TELUS Corporation		
31,000,000	5.05% due July 23, 2020	34,604	31,921
25,000,000	Callable 2.35% due March 28, 2022	24,877	25,125
	The Toronto-Dominion Bank*		
50,000,000	1.994% due March 23, 2022	49,621	50,051
28,900,000	3.005% due May 30, 2023	28,900	29,975
40,000,000	2.85% due March 08, 2024	40,615	40,939
	Toyota Credit Canada Inc.		
15,700,000	2.02% due February 28, 2022	15,695	15,686
25,300,000	2.62% due October 11, 2022	25,413	25,696
900,000	3.04% due July 12, 2023	900	929
11,000,000	2.64% due March 27, 2024	10,999	11,181
	TransCanada PipeLines Limited		
40,000,000	3.65% due November 15, 2021	42,295	41,473
	Ventas Canada Finance Limited		
780,000	Callable 3.30% due February 01, 2022	782	797
660,000	Callable 2.55% due March 15, 2023	638	660
	VW Credit Canada Inc.		
5,000,000	2.15% due June 24, 2020	4,923	4,989
29,300,000	2.90% due March 29, 2021	29,270	29,584
17,500,000	3.70% due November 14, 2022	17,471	18,166
19,700,000	3.25% due March 29, 2023	19,677	20,187
	Westcoast Energy Inc.		
40,458,000	4.57% due July 02, 2020	42,790	41,390
		2,089,932	2,092,487
	<b>Total Canadian Bonds</b>	<b>3,122,074</b>	<b>3,133,035</b>
	<b>TOTAL INVESTMENT</b>		
	<b>PORTFOLIO – 98.4%</b>	<b>\$ 3,122,074</b>	<b>\$ 3,133,035</b>
	<b>TOTAL PORTFOLIO</b>		<b>\$ 3,133,035</b>

*Note: Percentages shown relate investments at fair value to Net Assets as at the period end.*

*\* Related party to the Fund as an affiliated entity of TD Asset Management Inc.*

## TD Short Term Bond Fund

### Fund-Specific Notes to the Interim Financial Report (Unaudited)

#### The Fund

(I) The Fund was inception on February 5, 1988 and its operations commenced on January 23, 1989.

(II) TDAM is the manager, portfolio adviser and trustee of the Fund. TDIS is the principal distributor of the Investor Series units of the Fund.

(III) The presentation and functional currency of the Fund is the Canadian dollar.

(IV) The investment objective of the Fund is to seek to maximize income while simultaneously preserving investment capital and liquidity. In seeking to achieve this objective, the Fund invests primarily in debt obligations with terms to maturity of up to five years issued or guaranteed by the Canadian federal or provincial governments, or any agency of such governments, or any debt obligations of Schedule I Canadian chartered banks, loan or trust companies, or corporations. The Fund focuses on the Canadian corporate debt market as well as global macroeconomic trends. Generally, the Fund utilizes a bottom-up strategy using diligent credit analysis combined with a "buy-and-hold" strategy to seek to add value, enhance long-term performance, and reduce risk.

(V) Any related party holdings as at June 30, 2019 (December 31, 2018: 5.0%), are disclosed in the Schedule of Investment Portfolio.

(VI) As at June 30, 2019, TD and funds managed by TDAM held 33.9% (December 31, 2018: 35.8%) of the net assets of the Fund.

(VII) The following change was made:

- The Premium Series was closed to all purchases effective March 28, 2017.

#### Management Fees and Administration Fees (%) (Note 6)

for the periods ended June 30, 2019 and 2018 (exclusive of GST and HST)

Series	Annual Rate	
	Management Fees*	Administration Fees
Investor Series	1.00	N/A
Institutional Series	0.40	N/A
Premium Series*	0.90	N/A
Advisor Series	1.00	N/A
F-Series	0.55	N/A
D-Series	0.80	N/A
Private Series	0.00	N/A
O-Series	0.00	N/A

\* Includes management fees paid by the Fund and the proportionate management fees, if any, of the Underlying Funds managed by TDAM held by the Fund. However, there is no duplication of management fees paid to TDAM or its affiliates if the Fund invests in Underlying Funds that are managed by TDAM.

\* The management fee rate disclosed represents the maximum annual rate per the simplified prospectus dated July 28, 2016. The Premium Series is no longer being offered under the most recent simplified prospectus.

#### Brokerage Commissions and Soft Dollars (in 000s) (Notes 3 and 6)

for the periods ended June 30, 2019 and 2018

Not significant or applicable to the Fund.

#### Tax Loss Carry Forwards (in 000s) (Note 7)

as at December 31, 2018

Capital Losses	\$ 152,178
Non-Capital Losses (by year of expiry)	None

#### Securities Lent (Note 3)

##### (I) SECURITIES LENDING INCOME

A reconciliation of the gross amount generated from the securities lending transactions to the securities lending income to the Fund for the periods ended June 30, 2019 and 2018 is as follows:

	Amount (in 000s)		Percentage of Total Amount (%)	
	2019	2018	2019	2018
Gross Securities Lending Income	\$ 159	\$ 264	100.0	100.0
Agent Fees – The Bank of New York Mellon	(32)	(53)	(19.9)	(20.1)
Securities Lending Income to the Fund before Tax Reclaims (Withholding Taxes)	127	211	80.1	79.9
Tax Reclaims (Withholding Taxes)	0	0	(0.3)	0.0
Net Securities Lending Income	\$ 127	\$ 211	79.8	79.9

##### (II) SECURITIES LENT AND COLLATERAL HELD (in 000s)

The table below summarizes the aggregate securities lent and related collateral held by the Fund as at June 30, 2019 and December 31, 2018.

	June 30, 2019	December 31, 2018
Fair Value of Securities Lent	\$ 0	\$ 469,976
Fair Value of Collateral Held	0	494,139

Collateral held is in the form of debt obligations of the Government of Canada and other countries, Canadian provincial and municipal governments or corporations and is not included in the Statements of Financial Position.

**Financial Risk Management** (Notes 3, 4 and 8)

as at June 30, 2019 and December 31, 2018

**(I) INTEREST RATE RISK**

The table below summarizes the Fund's exposure to interest rate risk as at June 30, 2019 and December 31, 2018 by remaining term to maturity. The table also illustrates the potential impact to the Fund's net assets had the prevailing interest rates changed by 1 percent, assuming a parallel shift in the yield curve, with all other variables held constant. The Fund's sensitivity to interest rate changes was estimated using the weighted average duration of its debt instruments. In practice, the actual trading results may differ from these approximate sensitivity analysis amounts and the differences could be material.

Term to Maturity Debt Instruments	Total Exposure (in 000s)	
	June 30, 2019	December 31, 2018
Less than 1 year	\$ 130,153	\$ 56,735
1-5 years	2,982,971	3,933,197
5-10 years	19,911	0
Total	\$ 3,133,035	\$ 3,989,932
Impact on Net Assets (in 000s)	\$ 88,098	\$ 109,300
Impact on Net Assets (%)	2.8	2.7

**(II) CURRENCY RISK**

Not significant to the Fund.

**(III) OTHER PRICE RISK**

Not significant to the Fund.

**(IV) CREDIT RISK**

The table below summarizes the debt instruments by credit ratings as at June 30, 2019 and December 31, 2018.

Credit Rating <sup>o</sup>	Percentage of Total Debt Instruments (%)		Percentage of Total Net Assets (%)	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
AAA	22.6	25.3	22.2	25.0
AA	38.4	44.4	37.8	43.8
A	20.6	14.5	20.3	14.4
BBB	18.4	15.8	18.1	15.5
Total	100.0	100.0	98.4	98.7

<sup>o</sup> Credit ratings are obtained from S&PGR, Moody's or DBRS Ltd. rating agencies.

**(V) FINANCIAL INSTRUMENTS BY THE LEVEL IN THE FAIR VALUE HIERARCHY**

(in 000s)

The tables below illustrate the classification of the Fund's financial instruments within the fair value hierarchy as at June 30, 2019 and December 31, 2018.

	Level 1	Level 2	Level 3	Total
June 30, 2019				
Bonds	\$ 0	\$ 3,133,035	\$ 0	\$ 3,133,035
December 31, 2018				
Bonds	\$ 0	\$ 3,989,932	\$ 0	\$ 3,989,932

As at the end of the periods, transfers between Level 1 and Level 2 were not significant.

**(VI) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENTS (in 000s)**

Not significant or applicable to the Fund.

**Investment Portfolio Concentration (%) (Note 8)**

As at June 30, 2019 and December 31, 2018, the Fund's investment portfolio concentration can be summarized as follows:

	June 30, 2019	December 31, 2018
<b>Canadian Bonds</b>		
Federal Bonds & Guarantees	20.3	22.8
Provincial Bonds & Guarantees	12.3	13.4
Corporate Bonds	65.8	62.5
<b>Other Net Assets (Liabilities)</b>	1.6	1.3
	100.0	100.0

**Interest in Unconsolidated Structured Entities (in 000s) (Note 3)**

as at June 30, 2019 and December 31, 2018

Not significant or applicable to the Fund.

**Offsetting of Financial Assets and Liabilities (in 000s) (Note 3)**

as at June 30, 2019 and December 31, 2018

Not significant or applicable to the Fund.

## 1. The Funds

The TD Mutual Fund Trusts and TD Managed Assets Program Portfolios (collectively, the "Funds" and individually, the "Fund") are open-end mutual funds established under the laws of Ontario and governed by their respective Declarations of Trust or Trust Indenture, as amended from time to time.

TD Asset Management Inc. ("TDAM") is the manager, portfolio adviser and trustee of the Funds. TDAM, TDAM USA Inc., TD Investment Services Inc. ("TDIS"), TD Waterhouse Canada Inc. ("TDWCI") and Epoch Investment Partners, Inc. ("Epoch") are wholly-owned subsidiaries of The Toronto-Dominion Bank ("TD"). TD Greystone Asset Management ("TD Greystone") represents Greystone Managed Investments Inc., a wholly-owned subsidiary of Greystone Capital Management Inc. ("GCMI"). GCMI is a wholly-owned subsidiary of TD. The registered address of the Funds is P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8.

The financial year-end for the Funds is December 31. The Statements of Financial Position are presented as at June 30, 2019 and December 31, 2018, as applicable. The Statements of Comprehensive Income, Statements of Changes in Net Assets Attributable to Holders of Redeemable Units and Statements of Cash Flows are presented for the six-month periods ended June 30, 2019 and 2018, as applicable. Where a Fund or series of a Fund was established during either period, the information for that Fund or series is provided from the inception date, as disclosed in the Fund-Specific Notes to the Interim Financial Report ("Fund-Specific Notes"), to the applicable period end date and a comparative statement has only been presented for any period for which that Fund was in existence as at the reporting date.

These financial statements were authorized for issue by TDAM on August 14, 2019.

## 2. Basis of Presentation

These financial statements have been prepared in accordance with *International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS")*, applicable to the preparation of interim financial reports, including International Accounting Standards ("IAS") 34, *"Interim Financial Reporting"*. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss ("FVTPL").

## 3. Summary of Significant Accounting Policies

### Financial Instruments

Financial instruments include financial assets and financial liabilities, such as investments, derivatives, cash, and other receivables and payables. Derivatives that are reflected in the Statements of Financial Position as Derivative Assets (Liabilities) include rights, warrants, forwards, options, futures and swap contracts, where applicable, and are financial contracts between two or more parties, and whose value is derived from the performance of an underlying asset or group of assets. Underlying assets include stocks, bonds, currencies, interest

rates and market indices. The Funds classify and measure financial instruments in accordance with IFRS 9, *"Financial Instruments"*. Upon initial recognition, financial instruments are measured at FVTPL. All financial assets and liabilities are recognized in the Statements of Financial Position when a Fund becomes a party to the contractual requirements of the instrument. Financial instruments are derecognized when the right to receive cash flows from the instrument has expired or a Fund has transferred substantially all risks and rewards of ownership. As such, investment purchase and sale transactions are recorded as of the trade date.

The Funds' financial assets and financial liabilities, other than receivables and payables, are subsequently measured at FVTPL with changes in fair value recognized in the Statements of Comprehensive Income. Other receivables and payables are subsequently measured at amortized cost.

The Funds have determined that they meet the definition of an 'investment entity' and as a result, the Funds measure subsidiaries, if any, at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services; commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and measures and evaluates the performance of substantially all of its investments on a fair value basis. The Funds' investments may also include associates and joint ventures which are measured at FVTPL.

The Funds' outstanding redeemable units' entitlements include a contractual obligation to distribute any net income and net realized capital gains in cash (at the request of the unitholder) and therefore the ongoing redemption feature is not the Funds' only contractual obligation. Consequently, the Funds' Net Assets Attributable to Holders of Redeemable Units are classified as financial liabilities in accordance with the requirements of IAS 32, *"Financial Instruments: Presentation"*. The Funds' obligations for Net Assets Attributable to Holders of Redeemable Units are presented at the redemption amount.

The accounting policies for measuring the fair value of the Funds' investments and derivatives are substantially similar to those used in measuring the Funds' net asset value ("NAV") for transactions with unitholders. The NAV is the value of the total assets of a fund less the value of its total liabilities determined, on each valuation day, in accordance with Part 14 of National Instrument 81-106, *"Investment Fund Continuous Disclosure"*, for the purpose of processing unitholder transactions. Net Assets Attributable to Holders of Redeemable Units, also referred to as Net Assets, refers to net assets calculated in accordance with IFRS. As at all dates presented, there were no differences between the Funds' NAV per series unit and Net Assets per series unit.

### Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and marketable securities) is based on quoted market prices at the close of trading on the reporting date. The Funds use the last traded market price for both financial assets and financial liabilities where the last traded price falls within that day's bid-ask spread. In circumstances where the last traded price is not within the bid-ask spread, TDAM determines the point within the bid-ask spread that is most representative of fair value based on the specific facts and circumstances.

The fair value of financial assets and liabilities not traded in an active market, including over-the-counter derivatives, is determined using valuation techniques. The Funds use a variety of methods and make assumptions that are based on market conditions existing at each reporting date. Valuation techniques include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other techniques commonly used by market participants and which attempt to make the maximum use of observable inputs.

The valuation methodology for specific types of investments held by the Funds is summarized below.

- (a) Securities not listed on any recognized public securities exchange are valued based on available quotations from recognized dealers in such securities, where readily available. If securities have no available broker-dealer bid/ask quotes, TDAM uses its own pricing model to price the securities. The pricing model will generally include the discounted cash flow valuation approach, the use of a credit spread based on the terms of the security and the use of such credit and yield analysis comparables as TDAM believes are relevant in the circumstances. Debt instruments are valued based on mid prices, where readily available. Other valuation techniques may be used, as described above, where applicable.
- (b) Short-term debt instruments, repurchase and reverse repurchase agreements are valued based on quotations received from recognized investment dealers.
- (c) Real return bonds are valued based on the available public quotations from recognized dealers. Changes in the inflation factor are included in Interest for Distribution Purposes in the Statements of Comprehensive Income.
- (d) The Funds may use foreign exchange forward contracts to hedge against or profit from fluctuations in foreign exchange rates. These contracts are valued on each valuation day based on the difference between the contract rates and the current forward rates at the measurement date applied to the contracts' notional amount. The net change in unrealized appreciation or depreciation and the net realized gain or loss from closing out contracts are reflected in the Statements of Comprehensive Income as part of Net Gain (Loss) on Investments and Derivatives.
- (e) Options contracts that are traded in exchange markets are valued at their closing prices on each valuation day. The premium received or paid on options written or purchased is included in the cost of the options. Any difference between the current value of the contract and the value of the contract originated is recognized as Net Change in Unrealized Appreciation/Depreciation. When options are closed or exercised, the difference between the premium and the amount paid or received, or the full amount of the premium if the option expires worthless, is reflected in the Statements of Comprehensive Income as Net Realized Gain (Loss). The cost of a security purchased will be reduced by the premium received on options when a written put option is exercised or increased by the amount paid on options when a purchased option is exercised.
- (f) The Funds may purchase standardized, exchange-traded futures contracts. Any difference between the value at the close of business on the current valuation day and that of the previous valuation day is settled in cash daily and recorded in the Statements of Comprehensive Income as Derivatives Income (Loss). Any cash deposits or borrowings on margin are reflected in the Statements of Financial Position as Margin Deposit (Payable) on Derivatives. Short-term debt instruments as indicated in the Schedule of Investment Portfolio have been segregated and are held as margin against the futures contracts purchased by the Funds, as applicable.
- (g) The TD Mutual Fund Trusts may enter into a credit default swap ("CDS") agreements to gain exposure to debt instruments without investing in them directly. A CDS agreement is a bilateral over-the-counter derivative contract between a protection buyer and a protection seller that exchange the credit risk of a specific issuer (reference entity). The protection buyer pays a periodic premium, often quarterly, to the protection seller to assume the credit risk associated with a particular credit event. Credit events include bankruptcy, a material default and debt restructuring for a specified reference asset. If a credit event occurs, the CDS agreements may be settled by either the physical delivery of the referenced asset for proceeds equal to par value or a cash payment equal to the loss amount. If there is no credit default event, no contingent amount is payable.

During the reporting periods, certain Funds have entered into CDS indices as protection seller. Any upfront payment made or received by these funds at the initiation of a CDS agreement is included in the CDS agreement's fair value. Quarterly premiums received from the counterparty are accrued daily and recorded as Derivative Income (Loss) in the Statements of Comprehensive Income. Changes in the fair value of the CDS agreements outstanding at the reporting date are disclosed in the Statements of Comprehensive Income as Net Change in Unrealized Appreciation/Depreciation. Prices used to value the CDS are obtained directly from the data vendor or broker. When CDS agreements expire or are closed out, the net realized gain or loss is reflected in the Statements of Comprehensive Income as Net Realized Gain (Loss).

The Funds' exposure to CDS is limited to the notional amount of the contract less any applicable recoverable amount, calculated by the product of the notional amount and the recovery rate of the respective reference entity.

- (h) The exchange-traded funds (“ETFs”) that are not managed by TDAM are valued based on quoted market prices at the close of trading on the reporting date.
- (i) Investments in underlying conventional mutual funds and TDAM managed ETFs are generally valued at the NAV per series unit of the investment funds as reported by the investment funds’ managers.

#### Fair Value Hierarchy

The Funds classify their investments into fair value measurements within a hierarchy that prioritizes the inputs to fair value measurement. The fair value hierarchy has the following three levels:

- Level 1 Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 Inputs that are not based on observable market data (that is, unobservable inputs).

All fair value measurements are recurring. The carrying values of Cash, Margin Deposit on Derivatives, Subscriptions Receivable, Interest and Dividends Receivables, Receivable for Investments Sold, Bank Overdraft, Margin Payable on Derivatives, Payable for Investments Purchased, Redemptions Payable, Distributions Payable, Accrued Liabilities and the redemption value of Funds’ obligation for Net Assets Attributable to Holders of Redeemable Units approximate their fair values due to their short-term nature.

Fair values are classified as Level 1 when the related security or derivative is actively traded and a quoted price is available. If an instrument classified as Level 1 subsequently ceases to be actively traded, it is transferred out of Level 1. In such cases, instruments are reclassified into Level 2, unless the measurement of their fair value requires the use of significant unobservable inputs, in which case they are classified as Level 3. The Funds’ policy is to recognize transfers into and out of the fair value hierarchy levels at the end of the reporting period.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement. Observable data is considered to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

TDAM has a Global Fair Value Committee which oversees the performance of the fair value measurements included in the financial statements of the Funds, including any Level 3 measurements. TDAM utilizes a variety of methods (as listed in the Fair Value Measurement section) in determining the fair value of securities classified as Level 3. The committee also meets quarterly to perform reviews of the valuations of investments held by the Funds.

The classification of the Funds’ financial instruments within the fair value hierarchy as at June 30, 2019 and December 31, 2018, and any transfers between levels at the end of the reporting periods as a result of changes in the lowest level input that is significant to the fair value measurement are disclosed in the Fund-Specific Notes, where applicable.

#### Interest in Unconsolidated Structured Entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. TDAM has determined that all of the underlying investment funds (“Underlying Funds”) in which the Funds invest are unconsolidated structured entities. Underlying Funds include conventional mutual funds and ETFs. In making this determination, TDAM evaluated the fact that decision making about Underlying Funds’ activities is generally not governed by voting or similar rights held by the Funds and other investors in any Underlying Funds.

The Funds may invest in Underlying Funds whose investment objectives range from seeking to achieve short- to long-term income and/or capital growth potential. The Funds’ interests in these securities as at June 30, 2019 and December 31, 2018 are included at their fair value in the Statements of Financial Position, which represent the Funds’ exposure in these Underlying Funds. The Funds do not provide and have not committed to provide any additional significant financial or other support to the Underlying Funds. The change in fair value of each of the Underlying Funds during the reporting periods is included in Net Change in Unrealized Appreciation/Depreciation in the Statements of Comprehensive Income as part of Net Gain (Loss) on Investments and Derivatives. Additional information on the Funds’ interest in Underlying Funds, where applicable, is provided in the Schedule of Investment Portfolio and Fund-Specific Notes.

The TD Mutual Fund Trusts may also invest in mortgage-related and/or other asset-backed securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. The debt and equity securities issued by these issuers may include tranches with varying levels of subordination. The Funds may invest in senior notes that have a first lien on assets and have minimum exposure to junior or subordinate tranches. These securities may provide a monthly payment which consists of both interest and principal payments. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans.

## Notes to the Interim Financial Report (Unaudited)

As at June 30, 2019 and December 31, 2018, the fair value of mortgage-related and other asset-backed securities of these funds, where applicable, is disclosed as Investments in the Statements of Financial Position. The fair value represents the maximum exposure to losses at those dates. The change in fair value of mortgage-related and other asset-backed securities during the reporting periods is included in Net Change in Unrealized Appreciation/Depreciation in the Statements of Comprehensive Income as part of Net Gain (Loss) on Investments and Derivatives.

### Translation of Foreign Currencies

A Fund's functional currency, as disclosed in the Fund-Specific Notes, represents the currency that TDAM views to most faithfully represent the economic effects of the Fund's underlying transactions, events and conditions taking into consideration how units are issued or redeemed and how returns are measured. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates that transactions occur. Realized foreign exchange gains and losses on income are recognized as income in the Statements of Comprehensive Income.

Assets and liabilities denominated in a foreign currency are translated into the functional currency using the exchange rate prevailing at the measurement date. Foreign exchange gains and losses on the sale of investments are included in Net Realized Gain (Loss). Unrealized foreign exchange gains and losses on investments held and other assets and liabilities are included in Net Change in Unrealized Appreciation/Depreciation. Realized and unrealized foreign exchange gains and losses relating to cash are presented as Foreign Exchange Gain (Loss) on Cash in the Statements of Comprehensive Income.

### Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and the net amount reported in the Statements of Financial Position where the Funds have a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. In the normal course of business, the Funds may enter into various master netting agreements or other similar arrangements that do not meet the criteria for offsetting in the Statements of Financial Position but still allow for the related amounts to be set-off in certain circumstances, such as bankruptcy or the termination of the contracts. Offsetting information, where applicable, is presented in the Fund-Specific Notes.

### Reverse Repurchase Agreements

Certain TD Mutual Fund Trusts may enter into reverse repurchase transactions. In a reverse repurchase transaction, a fund buys a security at one price from a third party and agrees to sell the same security back to the same party at a specified price on an agreed future date and the difference is reflected as Income from Reverse Repurchase Agreements in the Statements of Comprehensive Income.

The risk with these types of transactions is that the other party may default under the agreement or go bankrupt. These risks are reduced by requiring the other party to provide collateral to these funds. The value of the collateral has to be at least 102 percent of the market value of the security and the collateral is marked to market on each business day. The type of securities received and related collateral held by these funds, where applicable, are listed in the Schedule of Investment Portfolio.

### Cash/Bank Overdraft

Cash is comprised of deposits with financial institutions. Bank overdrafts are included under Current Liabilities in the Statements of Financial Position.

### Margin Deposit (Payable) on Derivatives

Margin accounts represent margin deposits or payable in respect of derivatives entered into by the Funds.

### Receivable for Investments Sold/Payable for Investments Purchased

Receivable for Investments Sold and Payable for Investments Purchased represent trades that have been contracted for but not yet settled or delivered on the Statements of Financial Position dates.

### Valuation of Series Units

TDAM generally calculates the NAV for each series of the Funds as at 4 p.m. Eastern Time on each day that the Toronto Stock Exchange is open for trading. However, in some unforeseen circumstances, the series NAV per unit may be calculated at another time.

The NAV is calculated, for processing subscription, switch, conversion or redemption orders of series units, for each series of units of the Funds by taking the series' proportionate share of the individual Fund's common assets less that series' proportionate share of its common liabilities and deducting from this amount all liabilities that relate solely to that specific series.

The Net Assets Attributable to Holders of Redeemable Units – Per Series Unit is determined by dividing the total Net Assets Attributable to Holders of Redeemable Units of each series of the Funds by the total number of units outstanding of that series as at the reporting date.

### Income Recognition

Interest for Distribution Purposes as shown in the Statements of Comprehensive Income consists of interest income from cash and the coupon interest on debt instruments accounted for on an accrual basis. Interest receivable is included in Interest and Dividends Receivables in the Statements of Financial Position based on the debt instruments' stated rates of interest. The Funds do not amortize premiums paid or discounts received on the purchase of debt securities except for zero coupon bonds which are amortized.

Dividend income from equities and ETFs are recognized on ex-dividend dates and distributions from underlying mutual funds are recognized on ex-distribution dates. Dividends received from ETFs are recognized in the Statements of Comprehensive Income based on the nature of the underlying components such as interest income, dividend income, capital gains and return of capital. Distributions received from underlying mutual funds are included in Distributions from Underlying Funds in the Statements of Comprehensive Income.

The TD Mutual Fund Trusts may engage in securities lending pursuant to the terms of an agreement which includes restrictions as set out in Canadian securities legislation. The income earned from securities lending, where applicable, is included in the Statements of Comprehensive Income as it is earned. The fair value of the securities loaned and fair value of the collateral held are determined daily. The details of securities lending income, aggregate values of securities on loan and related collateral held are provided in the Fund-Specific Notes, where applicable.

**Investment Transactions and Transaction Costs**

For the purposes of calculating realized and unrealized gains and losses from investment transactions, the cost of each investment security is determined on an average cost basis, excluding transaction costs.

Transaction costs, such as brokerage commissions, incurred by the Funds in the purchase and sale of investments at fair value are recognized in the Statements of Comprehensive Income in the period incurred. Commissions incurred, where applicable, are also disclosed in the Fund-Specific Notes. No transaction costs are incurred when the Funds invest in underlying mutual funds, however, the underlying mutual funds' investments may be subject to transaction costs.

**Allocation of Income and Expenses, Realized and Unrealized Gains (Losses)**

Expenses (excluding interest charges and portfolio transaction costs) are accrued daily, separately for each series. Interest charges and portfolio transaction costs along with income, gains and losses, are allocated to each series based on their respective Net Assets Attributable to Holders of Redeemable Units.

**Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series Unit**

The Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units – Per Series Unit is calculated by dividing the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units of each series by the weighted average units outstanding of that series for the reporting period, except when a series was established during the reporting period, in which case the Weighted Average Units Outstanding for the Period – Per Series is calculated from the date of commencement of operation of that series.

**4. Critical Accounting Estimates and Judgements**

The preparation of financial statements requires management to use judgement in applying its accounting policies and to make estimates and assumptions about the future. The following discusses the most significant accounting judgements and estimates that the Funds have made in preparing the financial statements:

**Fair Value Measurement of Derivatives and Securities Not Quoted in an Active Market**

The Funds may hold financial instruments that are not quoted in active markets, including derivatives. As described in Note 3, the use of valuation techniques for financial instruments and derivatives that are not quoted in an active market requires TDAM to make assumptions that are based on market conditions existing as at the reporting date of the financial statements. Changes in assumptions about these factors could affect the reported fair values of financial instruments. Refer to the Fund-Specific Notes for further information about the fair value measurement of the Funds' financial instruments, where applicable.

**Classification and Measurement of Investments**

In classifying and measuring financial instruments held by the Funds, TDAM has assessed the Funds' business model for managing their respective portfolios of investments and evaluating the performance on a fair value basis, and concluded that these financial assets and liabilities should be measured at FVTPL in accordance with IFRS 9.

**Investment Entity**

In determining whether a Fund meets the definition of an investment entity, TDAM may be required to make significant judgements about whether a Fund has the typical characteristics of an investment entity. Each Fund may hold only one investment, an underlying fund (or have only one investor or have investors that are its related parties), however, consistent with the investment entity definition, each Fund primarily obtains funds from one or more investors for the purpose of providing investment management services, commits to its investors that the business purpose is to invest the funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of its investments on a fair value basis.

**5. Redeemable Units**

For TD Mutual Fund Trusts and TD Managed Assets Program Portfolios, each individual series of units is sold under different purchase options and may have higher or lower management fees based on their specific attributes, as summarized below, reflecting the extent of the investment advice provided.

**TD Mutual Fund Trusts**

Each TD Mutual Fund Trust is authorized to issue an unlimited number of units of multiple series that rank equally and are available for sale under a single simplified prospectus. In addition, each of these funds is also authorized to issue an unlimited number of units of multiple series to be sold under a confidential offering memorandum or other separate simplified prospectus. The various series that may be offered by these funds are as described below.

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Investor Series:	Offered on a no-load basis to investors.
H5 Series and H8 Series:	Offered on a no-load basis to investors who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
Premium Series:	Offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time.
K-Series:	Offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time, and who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital.
e-Series:	Offered on a no-load basis to investors who want to complete their transactions electronically.
D-Series:	Offered on a no-load basis to investors who want to complete their transactions through TD Direct Investing, a division of TDWCI, or other discount brokers.

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Advisor Series:	Offered to investors who seek investment advice and want the option of transacting on a front-end load, back-end load, low-load or low-load-2 basis.
T5 Series and T8 Series:	Offered to investors who seek investment advice; want the option of transacting on a front-end load, back-end load, low-load or low-load-2 basis; and who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
F-Series:	Offered to investors, through fee-based financial advisors or dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer instead of transactional sales charges.
FT5 Series and FT8 Series:	Offered to investors, through fee-based financial advisors or dealer-sponsored "wrap accounts", who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital. These series may also be offered to other investors who pay an annual fee to their dealer instead of transactional sales charges.
Premium F-Series:	Offered to large investors, through fee-based financial advisors or dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer instead of transactional sales charges. For this series, investors must make the required minimum investment, as determined by TDAM from time to time.
W-Series:	Offered to investors, through certain wealth management businesses of TD Bank Group, including certain divisions of TDWCI, or other dealers authorized by TDAM, who pay an annual fee to their dealer instead of transactional sales charges.
Private Series and Private-EM Series:	Offered on a no-load basis to large investors who make the required minimum investment as determined by TDAM, and have entered into a Private Series agreement with TDAM.
Institutional Series:	Offered on a no-load basis to large investors, such as group savings plans and others who make the required minimum investment, as determined by TDAM from time to time.
C-Series:	Offered on a no-load basis to large investors who make the required minimum investment as determined by TDAM and have entered into a C-Series agreement with TDAM.
O-Series:	Offered on a no-load basis to large investors, such as institutions and mutual funds, who make the required minimum investment as determined by TDAM, and have entered into an O-Series agreement with TDAM.

Effective July 26, 2018, H-Series was renamed as H5 Series or H8 Series, T-Series was renamed as T5 Series or T8 Series and S-Series was renamed as FT5 Series or FT8 Series. Refer to Fund-Specific Notes of the applicable Funds for further details.

### TD Managed Assets Program Portfolios

Each TD Managed Assets Program Portfolio is authorized to issue an unlimited number of units of multiple series that rank equally and are available for sale under a single simplified prospectus. The various series that may be offered by these funds are as described below.

Investor Series:	Offered on a no-load basis to investors.
H5 Series:	Offered on a no-load basis to investors who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
Premium Series:	Offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time.
K5 Series:	Offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time, and who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital.
e-Series:	Offered on a no-load basis to investors who want to complete their transactions electronically.
D-Series:	Offered on a no-load basis to investors who want to complete their transactions through TD Direct Investing, a division of TDWCI, or other discount brokers.
Advisor Series:	Offered to investors who seek investment advice and want the option of transacting on a front-end load, back-end load, low-load or low-load-2 basis.
T5 Series:	Offered to investors who seek investment advice; want the option of transacting on a front-end load, back-end load, low-load or low-load-2 basis; and who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains and/or a return of capital.
F-Series:	Offered to investors, through fee-based financial advisors or dealer-sponsored "wrap accounts", and others who pay an annual fee to their dealer instead of transactional sales charges.
FT5 Series and FT8 Series:	Offered to investors, through fee-based financial advisors or dealer-sponsored "wrap accounts", who wish to receive a regular monthly cash flow from the Funds. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital. This series may also be offered to other investors who pay an annual fee to their dealer instead of transactional sales charges.
W-Series:	Offered to investors, through certain wealth management businesses of TD Bank Group, including certain divisions of TDWCI, or other dealers authorized by TDAM, who pay an annual fee to their dealer instead of transactional sales charges.

WT5 Series and WT8 Series: Offered to investors who wish to receive a regular monthly cash flow from the Funds, through certain wealth management businesses of TD Bank Group, including "certain divisions of TDWCI, or other dealers authorized by TDAM, who pay an annual fee to their dealer instead of transactional sales charges. Monthly distributions may consist of net income, net realized capital gains, and/or a return of capital.

Effective October 25, 2018, H-Series, K-Series, T-Series, S-Series and WT-Series were renamed as H5 Series, K5 Series, T5 Series, FT5 Series and WT5 Series, respectively. Refer to Fund-Specific Notes of the applicable Funds for further details.

Units of TD Mutual Fund Trusts and TD Managed Assets Program Portfolios are redeemable at the option of the unitholder in accordance with their respective provisions of the Declarations of Trust or Trust Indenture. Units of these funds are issued or redeemed on a daily basis at the NAV per series unit next determined after the subscription, switch, conversion order or redemption request, respectively, is received by TDAM. Subscriptions and redemptions include units converted from one series to another series within a Fund in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. However, conversions between series within a Fund are excluded from Proceeds from Issuances of Redeemable Units and Amounts Paid on Redemption of Redeemable Units in the Statements of Cash Flows.

## 6. Related Party Transactions

### Capital

TDAM, affiliates of TDAM, and/or other investment funds managed by TDAM may invest in units of the Funds from time to time. The investment made by related parties is disclosed in the Fund-Specific Notes if significant.

### Management Fees

#### (a) TD Mutual Fund Trusts

In consideration for the provision of management, distribution, and portfolio management services and oversight of any portfolio sub-advisory services provided to the TD Mutual Fund Trusts, TDAM receives an annual management fee in respect of certain series of these funds. The management fee is calculated and accrued on a daily basis for each applicable series based on the NAV of that series and paid monthly to TDAM.

No management fees are charged with respect to Private Series and O-Series units. Instead, unitholders in Private Series and O-Series units may be charged a fee directly by TDAM.

#### (b) TD Managed Assets Program Portfolios

In consideration for the provision of management, distribution and portfolio management services to the TD Managed Assets Program Portfolios, each series of these funds pay TDAM an annual management fee. The management fee is calculated and accrued on a daily basis for each series based on the NAV of that series and paid monthly to TDAM.

Where the TD Mutual Fund Trusts and TD Managed Assets Program Portfolios invest in any Underlying Funds, there are fees and expenses

payable by the Underlying Funds in addition to those paid by the Funds. However, there is no duplication of management fees paid to TDAM or its affiliates if the Funds invest in Underlying Funds that are managed by TDAM or its affiliates. TDAM may waive all or a portion of the management fees charged to the Funds, which may be discontinued at any time by TDAM at its discretion without notice to unitholders. Detailed information on the management fees of the Funds is provided in the Fund-Specific Notes.

### Administration Fees

#### (a) TD Mutual Fund Trusts

In consideration for paying certain operating expenses, TDAM is paid an annual administration fee with respect to certain series of the TD Mutual Fund Trusts. The administration fee includes recordkeeping and communication costs, custodial costs, legal fees, audit fees, filing fees and bank charges. The administration fee is calculated and accrued on a daily basis for each applicable series based on the NAV of that series and paid monthly to TDAM. Annual administration fees for each series of these funds, where applicable, are provided in the Fund-Specific Notes.

The administration fee is payable in respect of Investor Series, H5 Series, H8 Series, D-Series, Advisor Series and T5 Series and T8 Series of the TD Mutual Fund Trusts, as applicable, other than the money market funds, TD Ultra Short Term Bond Fund, TD Short Term Bond Fund, TD Canadian Bond Fund, TD Global Conservative Opportunities Fund, TD Global Balanced Opportunities Fund, the Index funds and Advisor Series units of TD U.S. Equity Portfolio. The administration fee is also payable in respect of Premium Series and K-Series of TD Mutual Fund Trusts other than TD U.S. Money Market Fund, TD Short Term Bond Fund, TD Canadian Bond Fund, TD Income Advantage Portfolio, TD Canadian Core Plus Bond Fund, TD Corporate Bond Plus Fund and TD Global Conservative Opportunities Fund.

No administration fee is charged with respect to other series of the TD Mutual Fund Trusts.

#### (b) TD Managed Assets Program Portfolios

Except for the TD Managed ETF Portfolios, no administration fee is charged to the TD Managed Assets Program Portfolios. For the TD Managed ETF Portfolios, in consideration for paying certain operating expenses, TDAM is paid an annual administration fee with respect to D-Series of the Funds. The administration fee includes recordkeeping and communication costs, custodial costs, certain legal fees, audit fees, regulatory filing fees and bank charges. The administration fee is calculated and accrued on a daily basis based on the NAV of D-Series and paid monthly to TDAM. Annual administration fees for D-Series of the Funds are provided in the Fund-Specific Notes.

## Operating Expenses

### Fund's Independent Review Committee ("IRC")

TDAM is responsible for management of the Funds' investment portfolios, including the making of decisions relating to the investment of the Funds' assets.

TDAM has established an IRC in respect of the Funds and the Underlying Funds managed by TDAM. The IRC acts as an impartial and independent committee to review and provide recommendations or, if appropriate, approvals respecting any transactions in which TDAM may have a conflict of interest. The IRC prepares, at least annually, a report of its activities for unitholders of the Funds.

The IRC has approved standing instructions to permit the Funds and/or the Underlying Funds managed by TDAM to enter into the following securities transactions:

- (i) trades in securities of TD or any affiliate or associate thereof;
- (ii) investments in the securities of an issuer where TD Securities Inc., TDWCI, or any other affiliate of TDAM (a "Related Dealer") acted as an underwriter during the distribution of such securities and the 60-day period following the completion of the distribution of the underwritten securities;
- (iii) purchases or sales of securities of an issuer from or to another investment fund or discretionary managed account managed by TDAM; and
- (iv) purchases of securities from or sales of securities to a Related Dealer, where it acted as principal.

Investments in securities of TD, interests in Underlying Funds managed by TDAM, or investments in any affiliates that were held by the Funds at the end of the reporting period are disclosed in the Schedule of Investment Portfolio and/or the Fund-Specific Notes.

The compensation and relevant expenses of IRC members are allocated among the investment funds managed by TDAM and disclosed in the Statements of Comprehensive Income as Independent Review Committee Fees.

### (a) TD Mutual Fund Trusts

TDAM pays all of the operating expenses with respect to O-Series units of the TD Mutual Fund Trusts.

Private Series and Private-EM Series of the TD Mutual Fund Trusts and Advisor Series of TD U.S. Equity Portfolio bear their respective pro rata share of the operating expenses which are common to the operation of all series of these funds as well as those expenses which are attributable solely to that series (which may be payable to TDAM or its affiliates), including IRC costs, recordkeeping and communication costs, custodial, legal, audit and filing fees, bank charges, borrowing costs, all taxes, costs relating to compliance with any new governmental and regulatory requirements, and new types of costs or expenses.

For other series of the TD Mutual Fund Trusts, TDAM pays all of the operating expenses (including services provided by TDAM or its affiliates), other than costs and expenses associated with: all taxes; borrowing; the IRC; compliance with any new governmental and regulatory requirements, and new types of costs or expenses.

### (b) TD Managed Assets Program Portfolios

Except for the TD Managed ETF Portfolios, all operating expenses of the TD Managed Assets Program Portfolios (including for services provided by TDAM or its affiliates) are paid for by TDAM, including cost of the IRC, recordkeeping and communication costs, custodial, legal, audit and filing fees, bank charges, borrowing costs, and all taxes on such costs.

For the TD Managed ETF Portfolios, TDAM pays certain operating expenses. Each TD Managed ETF Portfolio is responsible for paying expenses associated with borrowing, the IRC, compliance with any new governmental and regulatory requirements, new types of costs or expenses, and all taxes on such costs and expenses.

### Taxes on Expenses

The Funds also pay applicable goods and services tax and harmonized sales tax at a blended rate to TDAM on management fees, administration fees and certain operating expenses based on the province or territory of residence of the investors in each series of the Funds, which are included with the respective expense in the Statements of Comprehensive Income.

### Waived Expenses

TDAM, at its discretion, may waive or absorb a portion of the expenses otherwise payable by the Funds. These waivers or absorptions may be terminated at any time without notice to unitholders. The amount of expenses waived or absorbed is disclosed in the Statements of Comprehensive Income as Waived Expenses, where applicable.

The Accrued Liabilities in the Statements of Financial Position represents the amount of management fees, administration fees and operating expenses (including applicable taxes) payable to TDAM by the Funds as at the reporting period end.

### Brokerage Commissions and Soft Dollars

#### (a) TD Mutual Fund Trusts

Brokerage commissions (including other transaction costs) paid on securities transactions and amounts paid to related parties of TD for brokerage services provided to these funds for the reporting periods ended June 30, 2019 and 2018, where applicable, are disclosed in the Fund-Specific Notes.

Client brokerage commissions are used as payment for order execution services and/or research services. The portfolio advisers or TDAM may select brokers including its affiliates, who charge a commission in excess of that charged by other brokers ("soft dollars") if they determine in good faith that the commission is reasonable in relation to the order execution and research services utilized.

For debt instruments traded in the over the counter markets where client brokerage commissions are not charged, soft dollars or client brokerage commissions are not generated. For equities or other securities where client brokerage commissions are charged, the soft dollar portion of the amount paid or payable for goods and services other than order execution for the TD Mutual Fund Trusts is not generally ascertainable. Any ascertainable soft dollar value received under the soft dollar arrangement entered into by the portfolio advisers or TDAM, where applicable, is disclosed in the Fund-Specific Notes.

**(b) TD Managed Assets Program Portfolios**

Except for the TD Managed ETF Portfolios, these funds did not incur any brokerage commissions for the reporting periods ended June 30, 2019 and 2018 to execute transactions in the Underlying Funds, and accordingly did not receive any investment or research services from brokers in exchange for commissions paid by these funds. For the TD Managed ETF Portfolios, brokerage commissions paid on the purchase or sale of units of the underlying TD ETFs and amounts paid to related parties of TD for brokerage services provided to these funds for the reporting periods ended June 30, 2019 and 2018, where applicable, are disclosed in the Fund-Specific Notes.

Certain of the Underlying Funds have incurred brokerage commissions, a portion of which may have been received by the Underlying Funds' investment advisers in the form of investment or research services ("soft dollars"). Such amounts for each of the TDAM managed Underlying Funds are disclosed in the Underlying Funds' financial statements, where ascertainable.

**7. Taxation**

The Funds (except for the TD Managed ETF Portfolios) qualify or intend to qualify as mutual fund trusts under the *Income Tax Act* (Canada) ("Tax Act"), unless otherwise disclosed in the Fund-Specific Notes. TD Managed ETF Portfolios qualify as unit trusts under the Tax Act. All or substantially all of the net investment income and sufficient amounts of net capital gains realized in any taxation year are distributed to unitholders such that no income tax is payable by the Funds, except that in certain circumstances, a Fund that is not a mutual fund trust may become liable to pay alternative minimum tax under the Tax Act. As a result of the distribution, the Funds have determined that they are in substance not taxable and therefore, do not record income taxes in the Statements of Comprehensive Income nor do they recognize any deferred tax assets or liabilities in the Statements of Financial Position. The Funds' capital and/or non-capital losses carry forward, where applicable, are provided in the Fund-Specific Notes. Capital losses have no expiry. Non-Capital losses can be carried forward for up to twenty years.

The Funds may incur withholding taxes imposed by certain countries on investment income and capital gains. Such income and gains are recorded on a gross basis and the related withholding taxes are reported as Tax Reclaims (Withholding Taxes) in the Statements of Comprehensive Income.

**8. Financial Risk Management**

**Financial Risk Factors**

Each Fund is exposed to a variety of financial risks: these may include market risk (including interest rate risk, currency risk, and other price risk), credit risk, liquidity risk and concentration risk. All investments present a risk of loss of capital.

TDAM seeks to reduce financial risks by employing and overseeing professional and experienced portfolio advisers that regularly monitor the Funds' positions and market events and diversify investment portfolios within the constraints of each Fund's investment objectives, investment strategies and applicable TDAM policies and procedures (collectively referred to as "Investment Restrictions").

If a Fund invests in Underlying Funds, TDAM seeks to reduce financial risks by diversifying investments across the three main asset classes: money market investments for safety, bonds for income and equity investments for growth, where applicable. Since different types of investments tend to move independently from one another, positive performance in one asset class may help to offset negative performance in another, thereby reducing volatility and overall risk in the long-term.

The Funds are managed in accordance with their respective Investment Restrictions.

**(a) Market Risk**

**(i) Interest Rate Risk**

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair values of interest-bearing investments.

A Fund's exposure to interest rate risk is concentrated in its investments in debt instruments (such as bonds and debentures) and interest rate derivative instruments, if any. Short-term investments, currencies and other assets and liabilities are short-term in nature and/or non-interest bearing and not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

If a Fund invests in Underlying Funds, it is exposed to indirect interest rate risk to the extent of the interest-bearing financial instruments held by the Underlying Funds. A Fund's direct exposure to interest rate risk, where significant, is disclosed in the Fund-Specific Notes.

**(ii) Currency Risk**

A Fund may hold financial instruments denominated in currencies other than its functional currency. It is therefore exposed to currency risk, as the value of the financial instruments denominated in other currencies will fluctuate due to changes in the foreign exchange rates of those currencies in relation to the Fund's functional currency.

Where a Fund invests in any Underlying Funds, it is exposed to indirect currency risk in the event that the Underlying Funds invest in financial instruments that are denominated in a currency other than the Underlying Funds' functional currency.

A Fund and/or its Underlying Funds may enter into foreign exchange forward contracts for hedging purposes to reduce its foreign currency exposure or to establish exposure to foreign currencies.

A Fund's direct exposure to currency risk (including monetary and non-monetary instruments), where significant, is disclosed in the Fund-Specific Notes. Where a Fund invests in a single Underlying Fund, the direct and indirect exposure to currency risk (including monetary and non-monetary instruments), where significant, is disclosed in the Fund-Specific Notes.

**(iii) Other Price Risk**

Other price risk is the risk that securities will fluctuate in value because of changes in market prices (other than those arising from interest rate risk or currency risk). TDAM seeks to reduce this risk through its Investment Restrictions.

In determining each Fund's sensitivity impact from exposure to other price risk, a historical beta may be used when applicable. Historical beta, a measure of the sensitivity of a fund's returns to market returns, is generally derived from comparing 36 months of returns between a fund and its benchmark. As such, beta inherently includes effects previously reflected in the interest rate risk and currency risk disclosures. Historical beta may not be representative of future beta.

Where a Fund invests in a single Underlying Fund, it is exposed to indirect other price risk in the event that the Underlying Fund invests in equity securities. As a result, other price risk, reflecting this indirect exposure, is provided in the Fund-Specific Notes.

Where a Fund invests in several Underlying Funds, its exposure to other price risk includes all investments in Underlying Funds. A Fund's direct exposure to other price risk, where applicable, is disclosed in the Fund-Specific Notes.

Except for written options and equities sold short, the maximum risk resulting from financial instruments is the fair value of the financial instruments as presented in the Statements of Financial Position. Possible losses from written options and equities sold short can be unlimited.

**(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Where applicable, a Fund's main credit risk concentration is in debt instruments and derivative instruments it holds. A Fund's exposure to credit risk is the risk that an issuer of debt instruments or a counterparty to derivative instruments will be unable to pay amounts in full when due. All transactions in listed securities are settled or paid for upon delivery using approved brokers. The risk of default with a broker is considered minimal, as delivery of securities sold is only made once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

A Fund may be exposed to credit risk from the use of counterparties for foreign exchange forward contracts. Where applicable, this risk is minimized by:

- (i) using counterparties with a minimum credit rating of A by S&P Global Ratings ("S&PGR") or an equivalent rating from another recognized credit rating agency;
- (ii) limiting the term of the foreign exchange forward contracts to a maximum of 365 days; and,
- (iii) limiting the mark-to-market exposure to any one counterparty to 10 percent of the portfolio value.

A Fund may also be exposed indirectly to credit risk if it invests in Underlying Funds in the event that the Underlying Funds invest in debt instruments and derivatives.

The Funds and their Underlying Funds managed by TDAM only buy and hold short-term notes with a minimum of R-1 Low credit rating by DBRS Limited or an equivalent rating from another recognized credit rating agency.

A Fund's direct exposure to short-term and/or debt instruments, by ratings categories, where applicable, is disclosed in the Fund-Specific Notes.

The TD Mutual Fund Trusts and the Underlying Funds held by the Funds may also engage in securities lending transactions. For these funds that are managed by TDAM, the securities lending transactions are with counterparties that have a minimum credit rating of A by S&PGR or an equivalent rating from another credit agency. The value of cash or securities held as collateral by these funds in connection with these transactions is at least 102 percent of the fair value of the securities loaned. The collateral and loaned securities are marked to market on each business day. The aggregate fair value of the securities loaned, together with repurchase transactions, are limited to 50 percent of each fund's NAV at the time these funds enter into the transactions. Information about the fair values of securities lent and collateral held and securities lending income earned, where applicable, is disclosed in the Fund-Specific Notes.

In the TD Managed Assets Program Portfolios, where applicable, the portfolio adviser reviews these funds' credit positions as part of the investment management process.

**(c) Liquidity Risk**

Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price. A fund's exposure to this risk is concentrated in the daily cash redemptions of redeemable units. The Funds primarily invest in securities that are traded in active markets and can be readily disposed of. In addition, the Funds retain sufficient cash and cash equivalents to maintain liquidity, and have the ability to borrow up to 5 percent of their respective NAV for the purpose of funding redemptions.

All non-derivative financial liabilities, other than redeemable units outstanding, are due in less than 3 months.

**(d) Concentration Risk**

Concentration risk arises as a result of the concentration of exposures within the same category, whether it is geographical location, security type or industry sector. A Fund's concentration risk is disclosed in the Fund-Specific Notes.

## 9. Capital Risk Management

Units issued and outstanding represent the capital of the Funds. The Funds do not have any specific capital requirements on the subscription and redemption of units, other than certain minimum subscription requirements. Changes in the Funds' capital during the reporting periods are reflected in the Statements of Changes in Net Assets Attributable to Holders of Redeemable Units. TDAM is responsible for managing the capital of the Funds in accordance with each Fund's investment objectives and for managing liquidity in order to meet redemption requests.

## 10. Comparative Financial Information

Where applicable, certain comparative figures in the Statements of Comprehensive Income have been reclassified. Amounts related to Net Gain (Loss) on Derivatives, including the derivatives' Net Realized Gain (Loss) and Net Change in Unrealized Appreciation/Depreciation, have been reclassified into Net Realized Gain (Loss) and Net Change in Unrealized Appreciation/Depreciation, respectively, under Net Gain (Loss) on Investments and Derivatives. Amounts related to Income Distributions and Capital Gain Distributions from Underlying Funds have been aggregated into Distributions from Underlying Funds. For these reclassifications, there was no impact on the Increase (Decrease) in Net Assets Attributable to Holders of Redeemable Units.

If applicable, the most recent financial statements of the Underlying Funds managed by TDAM are available, without charge, by writing to TD Asset Management Inc., P.O. Box 100, 66 Wellington Street West, TD Bank Tower, Toronto-Dominion Centre, Toronto, Ontario, M5K 1G8, or by e-mail to [td.mutualfunds@td.com](mailto:td.mutualfunds@td.com), or by visiting our website at [www.tdassetmanagement.com](http://www.tdassetmanagement.com) or the SEDAR website at [www.sedar.com](http://www.sedar.com)

### Currency codes used throughout the report:

Currency Code	Description	Currency Code	Description	Currency Code	Description
AED	UAE Dirham	HKD	Hong Kong Dollar	PHP	Philippine Peso
ARS	Argentine Peso	HUF	Hungarian Forint	PKR	Pakistan Rupee
AUD	Australian Dollar	IDR	Indonesian Rupiah	PLN	Polish Zloty
BRL	Brazilian Real	ILS	Israeli Shekel	QAR	Qatari Riyal
CAD/C\$	Canadian Dollar	INR	Indian Rupee	RON	Romanian Leu
CHF	Swiss Franc	JOD	Jordanian Dinar	RUB	Russian Ruble
CLP	Chilean Peso	JPY	Japanese Yen	SEK	Swedish Krona
CNY/CNH	China Renminbi	KRW	South Korean Won	SGD	Singapore Dollar
COP	Colombian Peso	LKR	Sri Lanka Rupee	THB	Thai Baht
CZK	Czech Koruna	MAD	Moroccan Dirham	TRY	Turkish Lira
DKK	Danish Krone	MXN	Mexican Peso	TWD	New Taiwan Dollar
EGP	Egyptian Pound	MYR	Malaysian Ringgit	USD/US\$	United States Dollar
EUR	Euro	NOK	Norwegian Krone	ZAR	South African Rand
GBP	British Pound	NZD	New Zealand Dollar		

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