

TD Asset Management

TD *Emerald* Balanced Fund

526374
(08/19)

TD *Emerald* Funds Semi-Annual Management Report of Fund Performance

for the period ended June 30, 2019

This Interim Management Report of Fund Performance contains financial highlights, but does not contain either the complete interim financial report or annual financial statements of the investment fund. You can get a copy of the interim financial report or annual financial statements at your request, at no cost, by calling 1-888-834-6339, by writing to us at TD Asset Management Inc., TD Canada Trust Tower, 34th Floor, 161 Bay Street, Toronto, Ontario, M5J 2T2, by e-mail to inst.info@tdam.com, or by visiting our website at www.tdaminstitutional.com or the SEDAR website at www.sedar.com

Securityholders may also contact us or visit our website to get a copy of the investment fund's proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure at no cost.

This Interim Management Report of Fund Performance represents management's view of the significant factors and developments affecting the investment fund's performance and outlook since December 31, 2018, the investment fund's fiscal year-end, until June 30, 2019. This report should be read in conjunction with the 2018 Annual Management Report of Fund Performance.



Management Discussion of Fund Performance

Results of Operations

The Class B units of TD *Emerald* Balanced Fund (the "Fund") returned 10.6% for the six-month period ended June 30, 2019 ("Reporting Period"), versus 10.7% for the Fund's product benchmark. The Fund's product benchmark is the *Emerald* Balanced Target Mix. Unlike the product benchmark, the Fund's return is quoted after the deduction of fees and expenses.

Market Update

Global economic growth advanced over the Reporting Period despite ongoing trade disputes and sanctions imposed on Iran by the U.S. The cautious stance taken by global central banks and the increased possibility of further monetary stimulus among governments helped to sustain global economies. Taking into account trade uncertainty and lower forecasts for the economy, the U.S. Federal Reserve Board ("Fed") held its benchmark interest rate steady at a range of 2.25% to 2.50% throughout the Reporting Period.

Economic growth in Europe, as measured by first-quarter gross domestic product ("GDP"), improved and was led by growth in Spain. The European Central Bank ("ECB") held its benchmark interest rate steady at 0.00%, noting its concern over trade tensions and the possibility of a global recession. The U.K. experienced relatively stronger GDP growth in the first quarter of 2019 and, in March, reached its lowest unemployment rate since 1974. The Bank of Japan left its central interest rate unchanged at -0.10%. In the first quarter of 2019, Japan's economy improved by 2.2% annualized, as measured by GDP, driven by growth in net exports.

International equity markets advanced over the Reporting Period. Early on, gains in international equities were driven by heightened expectations for a trade deal between the U.S. and China. However, equities pulled back later in the Reporting Period, as a trade deal was not completed and the U.S. government suggested it might impose further tariffs on China. International equities received a boost near the end of the Reporting Period, as the tone set by global central banks turned more cautious. European equity markets moved higher, partly in response to stronger economic growth, which was supported by robust consumer spending. Japanese equities rose in response to stronger economic growth that was driven by increased net exports. Chinese equity markets were volatile, but ended the Reporting Period higher.

Over the Reporting Period, the Canadian equity market rose, with all 11 sectors posting gains. Information technology, health care and utilities were the strongest-performing sectors, while communication services, energy and consumer staples were the weakest-performing sectors.

U.S. equities were also up over the Reporting Period in Canadian-dollar terms, as all 11 sectors posted positive returns. Information technology, consumer discretionary and industrials were the strongest-performing sectors, while health care, energy and utilities were the weakest-performing sectors.

During the Reporting Period, investors moved into bonds with longer maturities, increasing the price of mid- to long-term Government of Canada bonds and pushing longer-term yields lower. Yields on short-term bonds remained largely unchanged. Near the mid-point of the Reporting Period, the benchmark 10-year Government of Canada bond yield fell below the yield of three-month Treasury bills, which resulted in an inverted yield curve (when the yields of longer-term bonds are lower than those of shorter-term bonds). Investment-grade corporate bonds outperformed both the government sector and high-yield bonds.

Key Contributors/Detractors

The Fund continued to be managed with the objective of seeking to track the performance of its product benchmark. The Fund's returns are influenced by the same factors that affect the Canadian equity and fixed income markets coupled with some exposure to foreign equity markets.

Recent Developments

Looking ahead, the Portfolio Adviser continues to monitor a variety of macroeconomic factors that could impact financial markets. Central banks have become less optimistic about the global economy. The Portfolio Adviser expects the Bank of Canada and the Fed to reduce interest rates from current levels given a slowing global economy and persistent trade frictions. In the Portfolio Adviser's view, Brexit uncertainty and weak industrial production could hamper economic growth in Europe, which may prompt the ECB to cut interest rates as well. The Portfolio Adviser expects a low and potentially declining interest rate environment in the coming year.

In the Portfolio Adviser's view, financial markets may experience periods of volatility as a slowing global economy and trade tensions between the U.S. and China cause uncertainty for investors. While corporate fundamentals, valuations and low interest rates tend to support equity prices, the Portfolio Adviser anticipates that political and economic risks could pose a challenge to financial markets over the coming year.

Related Party Transactions

Affiliates of TD Asset Management Inc. (“TDAM”) may earn fees and spreads in connection with various services provided to, or transactions with, the Fund, such as in connection with banking, custody, brokerage and derivatives transactions.

Manager, Trustee and Portfolio Adviser:

TDAM, a wholly-owned subsidiary of The Toronto-Dominion Bank (“TD”), is the manager, trustee and portfolio adviser of the Fund. TDAM is paid directly by the unitholders an annual management fee for providing management services. The Fund may also hold class of units of other Funds managed by TDAM. However, there is no duplication of fees paid to TDAM or its affiliates.

The Fund pays TDAM an annual administration fee in consideration for TDAM paying certain operating expenses of the Fund. The tiered administration fee is calculated based on the net asset value of the Fund, and is accrued daily and paid to TDAM monthly.

	<i>(expressed as a %)</i>
First \$70 Million of Net Asset Value	0.03
Next \$300 Million of Net Asset Value	0.02
Balance Over \$370 Million	0.01

Distributor:

Units of the Fund are generally intended for sale to institutional investors subject to certain restrictions and can be obtained directly from a TDAM representative in any province or territory where TDAM is or may become qualified to receive orders for units of the Fund.

Registrar and Transfer Agent:

TD is the registrar and transfer agent of the Fund, and as such maintains all unitholder records, processes purchase, switch, conversion and redemption orders, issues investor statements and prepares annual tax reporting information on behalf of the Fund.

Administration and Securityholder Services:

The Fund also maintains bank accounts and overdraft provisions with TD for which TD earns a fee.

Buying and Selling Securities:

TDAM has established an independent review committee (“IRC”) which acts as an impartial and independent committee to review and provide recommendations or, if appropriate, approvals respecting any conflict of interest matters referred to it by TDAM. The IRC prepares, at least annually, a report of its activities for securityholders of the Fund. The report is available on the TDAM website at www.tdaminstitutional.com or at the securityholder’s request at no cost by contacting TDAM (see front cover).

The Fund and/or underlying fund(s) in which the Fund invests relied on standing instructions from the IRC in respect of one or more of the following transactions:

- (a) trades in securities of TD or any affiliate or associate thereof;
- (b) investments in the securities of an issuer where TD Securities Inc., TD Waterhouse Canada Inc., 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;
- (c) purchases or sales of securities of an issuer from or to another investment fund or discretionary managed account managed by TDAM; and
- (d) purchases of securities from or sales of securities to a Related Dealer, where it acted as principal.

The IRC of the Fund and/or underlying fund(s) in which the Fund invests has approved standing instructions to permit the Fund to engage in *in specie* transactions with related mutual funds and discretionary managed accounts managed by TDAM.

The relevant standing instructions require that securities transactions with related parties conducted by TDAM (i) are free from any influence by an entity related to TDAM and without taking into account any consideration relevant to an entity related to TDAM; (ii) represent the business judgment of TDAM uninfluenced by considerations other than the best interests of the Fund and/or underlying fund(s); (iii) comply with the applicable policies and procedures of TDAM; and (iv) achieve a fair and reasonable result for the Fund and/or underlying fund(s).

Financial Highlights

The following tables show selected key financial information about the Fund and are intended to help you understand the Fund's financial performance for the six-month period ended June 30, 2019 and the past five fiscal years, as applicable.

Net Assets per Unit (\$)¹

CLASS B	2019	2018	2017	2016	2015	2014
Net Assets, Beginning of Period	16.87	18.56	17.83	17.37	17.40	16.39
Increase (Decrease) from Operations:						
Total Revenue	0.10	0.69	0.49	0.51	0.53	0.53
Total Expenses (excluding distributions)	0.00	0.00	0.00	0.00	0.00	(0.03)
Realized Gains (Losses) for the Period	0.22	0.70	0.83	0.69	0.56	0.48
Unrealized Gains (Losses) for the Period	1.48	(1.80)	0.17	0.07	(0.28)	0.77
Total Increase (Decrease) from Operations ²	1.80	(0.41)	1.49	1.27	0.81	1.75
Distributions:						
From Net Investment Income (excluding dividends)		(0.35)	(0.34)	(0.34)	(0.35)	(0.34)
From Dividends		(0.18)	(0.16)	(0.17)	(0.18)	(0.16)
From Capital Gains		(0.71)	(0.26)	(0.36)	(0.30)	(0.24)
Return of Capital		0.00	0.00	0.00	0.00	0.00
Total Annual Distributions ³	(0.10)	(1.24)	(0.76)	(0.87)	(0.83)	(0.74)
Net Assets, End of Period	18.56	16.87	18.56	17.83	17.37	17.40

¹ This information is derived from the Fund's interim and audited annual financial statements prepared in accordance with International Financial Reporting Standards. The Fund measures fair value of its investments based on close market prices, where the close market price falls within the bid-ask spread or based on quotations from recognized dealers. As such, the Fund's accounting policies for measuring the fair value of investments in the financial statements are substantively consistent with those used in measuring the net asset value ("NAV") for transactions with unitholders.

² Net assets and distributions are based on the actual number of units outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial periods. This table is not intended to be a reconciliation of the net assets per unit.

³ Distributions were paid in cash or reinvested in additional units of the Fund, or both.

Ratios and Supplemental Data

CLASS B	2019	2018	2017	2016	2015	2014
Total Net Asset Value (\$000s)¹	763,112	700,347	772,001	802,269	801,495	789,974
Number of Units Outstanding (000s)¹	41,114	41,514	41,586	44,997	46,140	45,393
Management Expense Ratio (%)²	0.04	0.04	0.04	0.04	0.04	0.04
Management Expense Ratio Before Waivers or Absorptions (%)	0.04	0.04	0.04	0.04	0.04	0.04
Trading Expense Ratio (%)³	0.01	0.01	0.01	0.01	0.00	0.01
Portfolio Turnover Rate (%)⁴	6.95	16.25	13.66	23.99	13.65	13.58
Net Asset Value per Unit (\$)	18.56	16.87	18.56	17.83	17.37	17.40

¹ This information is provided as at June 30, 2019 and December 31 of the past five fiscal years, as applicable.

² Management expense ratio ("MER") is based on total expenses (excluding distributions, commissions and other portfolio transaction costs) net of any waivers or absorptions for the stated period, including the Fund's proportionate share of the MER, if any, of the underlying fund(s) in which the Fund has invested in, and is expressed as an annualized percentage of daily average NAV during the period. Any waivers or absorptions may be discontinued at any time by TDAM at its discretion without notice.

³ The trading expense ratio ("TER") represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the stated period. Where a Fund invests in units of any underlying fund, the TER presented for the Fund includes the portion of TERs, if available, of the underlying fund(s) attributable to this investment.

⁴ The Fund's portfolio turnover rate ("PTR") indicates how actively the Fund's portfolio adviser manages its investments. A PTR of 100% is equivalent to the Fund buying and selling all of the securities in its portfolio once in the course of the stated period. The higher a fund's PTR, the greater the trading costs payable, directly or indirectly, by the fund in the period, and the greater the chance of an investor receiving taxable capital gains in the fiscal year. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

Management Fees

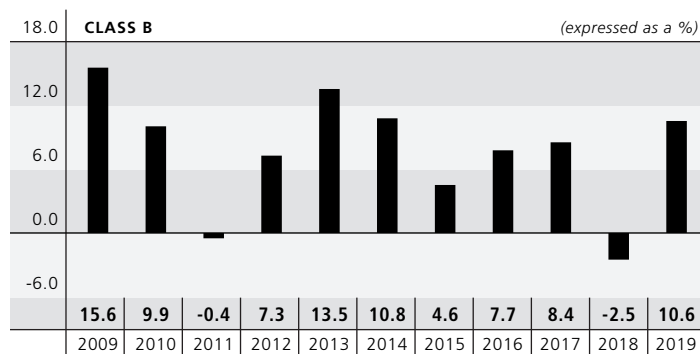
The Fund's Class B units do not pay a management fee to TDAM. Instead, such fees are negotiated separately and paid directly by unitholders.

Past Performance

The following chart shows how the Fund has performed in the past, and can help you understand the risks of investing in the Fund. These returns include the reinvestment of all distributions and would be lower if an investor did not reinvest distributions. They do not include deduction of sales, switch, redemption, or other optional charges (which dealers may charge) or income taxes payable, and these returns would be lower if they did. The Fund's past performance does not necessarily indicate how it will perform in the future.

Year-by-year returns

The bar chart shows how the Fund's performance has varied from year to year for each of the years shown. It shows in percentage terms how an investment made on January 1 would have increased or decreased by December 31 for each year and for the six-month period ended June 30, 2019.



For the 12 months ended Dec. 31 and six-month period ended June 30, 2019

Summary of Investment Portfolio

as at June 30, 2019

	% of Net Asset Value
ASSET ALLOCATION	
Canadian Bond Funds	34.1
Canadian Equity Funds	31.5
Global & International Equity Funds	16.1
U.S. Equity Funds	14.1
Canadian Short-Term Funds	4.1
Cash (Bank Overdraft)	0.0
Other Net Assets (Liabilities)	0.1

TOTAL NET ASSET VALUE (000s)	\$ 763,112
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	% of Net Asset Value
TOP 25 INVESTMENTS	
TD Emerald Canadian Bond Index Fund	34.1
TD Emerald Canadian Equity Index Fund	31.5
TD Emerald International Equity Index Fund	16.1
TD Emerald U.S. Market Index Fund	14.1
TD Emerald Canadian Short Term Investment Fund	4.1
Cash (Bank Overdraft)	0.0
Total % of Net Asset Value represented by these holdings	99.9

Note: Totals may not add due to rounding to one decimal place of individual figures.

The prospectus and other information about the underlying investment funds are available on the internet at www.sedar.com and/or www.sec.gov/edgar.shtml, as applicable. The prospectus and other information about underlying TD investment funds are also available on the internet at www.tdassetmanagement.com, www.tdaminstitutional.com or upon request to TD Asset Management Inc.

The Summary of Investment Portfolio may change due to ongoing portfolio transactions of the Fund. Updates are available quarterly. You may obtain the most current quarterly information by contacting TD Asset Management Inc. at 1-888-834-6339, by writing to us at TD Asset Management Inc., TD Canada Trust Tower, 34th Floor, 161 Bay Street, Toronto, Ontario, M5J 2T2, or by e-mail to inst.info@tdam.com

Caution regarding forward-looking statements

Certain portions of this report, including, but not limited to, “Results of Operations” and “Recent Developments”, may contain forward-looking statements including, but not limited to, statements about the Fund, its strategy, risks, expected performance and condition. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” and similar forward-looking expressions or negative versions thereof.

In addition, any statement that may be made concerning future performance, strategies or prospects, and possible future Fund action, is also a forward-looking statement. Forward-looking statements are based on current expectations and projections about future general economic, political and relevant market factors, such as interest rates, foreign exchange rates, equity and capital markets, and the general business environment, in each case assuming no changes to applicable tax or other laws or government regulation. Expectations and projections about future events are inherently subject to, among other things, risks and uncertainties, some of which may be unforeseeable. Accordingly, assumptions concerning future economic and other factors may prove to be incorrect at a future date.

Forward-looking statements are not guarantees of future performance, and actual events could differ materially from those expressed or implied in any forward-looking statements made by the Fund. Any number of important factors could contribute to these digressions, including, but not limited to, general economic, political and relevant market factors in North America and internationally, interest and foreign exchange rates, equity and capital markets, business competition, technological change, changes in government relations, unexpected judicial or regulatory proceedings and catastrophic events.

The above mentioned list of important factors is not exhaustive. You are encouraged to consider these and other factors carefully before making any investment decisions and you are urged to avoid placing any undue reliance on forward-looking statements. Further, there is no specific intention of updating any forward-looking statements contained herein whether as a result of new information, future events or otherwise.

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