

TD Asset Management

TD *Emerald* Canadian Bond Index Fund

526370
(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 Canadian Bond Index Fund (the "Fund") returned 6.4% for the six-month period ended June 30, 2019 ("Reporting Period"), versus 6.5% for the Fund's product benchmark. The Fund's product benchmark is the FTSE Canada Universe Bond Index. Unlike the product benchmark, the Fund's return is quoted after the deduction of fees and expenses.

Market Update

Over the Reporting Period, the Canadian economy was supported by a healthy labour market; however, it experienced relatively weak annualized gross domestic product growth over the first quarter of 2019. Ongoing trade uncertainty between the U.S. and China weighed on markets and caused volatility. In response to soft growth and global trade disruptions, the Bank of Canada held its benchmark interest rate at 1.75% throughout the Reporting Period. Canada's unemployment rate generally fell throughout the Reporting Period, hitting its lowest level since 1976 in May, as a substantial number of jobs were added to the economy. Canada's inflation rate steadily increased, moving closely with the price of oil, and rose towards the end of the Reporting Period as a result of higher food prices.

As global economic expansion faced challenges, central banks around the world abandoned efforts to raise their benchmark interest rates and adopted a more cautious tone. By the end of the Reporting Period, central banks even appeared willing to lower benchmark interest rates to avoid any further economic deterioration. As global economic growth and inflation decreased, renewed speculation about an extended period of lower interest rates pushed bond prices higher.

Over 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).

Over the Reporting Period, long-term bonds outperformed bonds with shorter maturities. Short-term bonds posted the weakest gains. Investment-grade corporate bonds outperformed both the government sector and high-yield bonds.

Key Contributors/Detractors

The Portfolio Adviser continued to manage the Fund with the objective of seeking to track the performance of its product benchmark. The Fund's return is influenced by the same factors that affect the Canadian fixed income market.

Recent Developments

Looking ahead, the Portfolio Adviser continues to be mindful of a variety of macroeconomic factors that may influence the performance of financial markets. Global economic indicators have begun to show signs of slowing growth, particularly across the eurozone and the U.K. There appears to be a greater dispersion among major regions, as economic data and sentiment in the U.S. remain resilient. Nonetheless, industrial production, job creation and construction activity have all been broadly positive. While these factors are supportive of continued economic growth, the Portfolio Adviser cautions that any optimism should be balanced against potential risks, including geopolitical developments, trade protectionism and central bank actions.

The Portfolio Adviser expects major global central bank policies to be supportive of continuing economic expansion. Monetary policy action in the near term is likely to become more accommodative, as central banks have pivoted to a cautious stance in 2019. Inflation measures have largely remained below target, as economic uncertainty has manifested itself in episodes of financial market volatility. The Portfolio Adviser believes heightened inflation is not likely to be the primary concern of global central banks in 2019. While solid economic fundamentals and strong corporate earnings are supportive of global equity prices, the Portfolio Adviser anticipates that geopolitical uncertainty, trade tensions and, more specifically, their impact on global growth could lead to greater volatility in financial markets over the balance of the year.

Under such circumstances, the Portfolio Adviser expects earnings growth to slow but remain broadly positive, and companies generating substantial free cash flow are expected to continue to boost dividends and repurchase shares, supporting equity markets. Market valuations for higher-risk assets appear to be at fair value in a historical context. Credit spreads are supported by low interest rates and a search for yield by global investors. The Portfolio Adviser maintains a preference for quality and, as such, is cautiously optimistic. In addition, the Portfolio Adviser anticipates that the "lower-for-longer" interest rate environment may continue for a prolonged period. Lastly, the Portfolio Adviser continues to monitor all of the factors that could influence the Fund's investment portfolio.

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 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 \$200 Million of Net Asset Value	0.03
Next \$300 Million of Net Asset Value	0.02
Balance Over \$500 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 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 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; (iii) comply with the applicable policies and procedures of TDAM; and (iv) achieve a fair and reasonable result for the Fund.

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	12.54	12.75	12.84	13.08	13.06	12.44
Increase (Decrease) from Operations:						
Total Revenue	0.19	0.39	0.39	0.42	0.44	0.45
Total Expenses (excluding distributions)	0.00	0.00	0.00	0.00	0.00	0.00
Realized Gains (Losses) for the Period	0.01	(0.05)	0.00	0.08	0.12	0.04
Unrealized Gains (Losses) for the Period	0.60	(0.18)	(0.08)	(0.30)	(0.10)	0.58
Total Increase (Decrease) from Operations²	0.80	0.16	0.31	0.20	0.46	1.07
Distributions:						
From Net Investment Income (excluding dividends)		(0.39)	(0.39)	(0.41)	(0.44)	(0.45)
From Dividends		0.00	0.00	0.00	0.00	0.00
From Capital Gains		0.00	0.00	(0.03)	0.00	0.00
Return of Capital		0.00	0.00	0.00	0.00	0.00
Total Annual Distributions³	(0.20)	(0.39)	(0.39)	(0.44)	(0.44)	(0.45)
Net Assets, End of Period	13.13	12.54	12.75	12.84	13.08	13.06

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	4,428,611	4,155,289	4,560,818	4,800,578	4,767,051	5,010,846
Number of Units Outstanding (000s)¹	337,183	331,423	357,607	373,993	364,399	383,658
Management Expense Ratio (%)²	0.01	0.01	0.01	0.01	0.01	0.02
Management Expense Ratio Before Waivers or Absorptions (%)	0.01	0.01	0.01	0.01	0.01	0.02
Trading Expense Ratio (%)³	0.00	0.00	0.00	0.00	0.00	0.00
Portfolio Turnover Rate (%)⁴	20.77	29.55	35.50	42.35	38.75	36.12
Net Asset Value per Unit (\$)	13.13	12.54	12.75	12.84	13.08	13.06

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 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 represents total commissions and other portfolio transaction costs expressed as an annualized percentage of daily average NAV during the stated period.

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 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

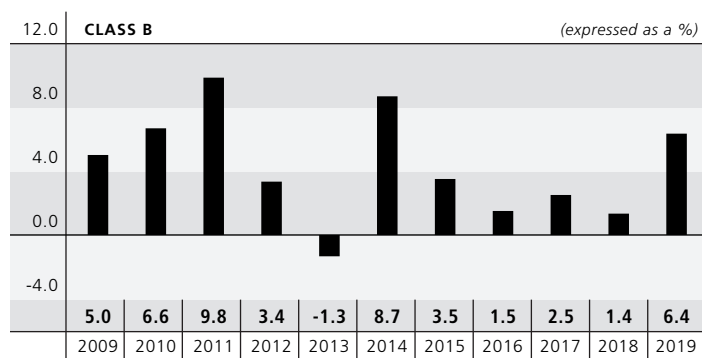
The Fund's Class B units do not pay a management fee to TDAM. Instead, such fees are negotiated separately and paid directly by unitholders.

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 Bonds	98.9
Cash (Bank Overdraft)	0.1
U.S. Bonds	0.1
International Bonds	0.0
Other Net Assets (Liabilities)	0.9
PORTFOLIO ALLOCATION	
Provincial Bonds & Guarantees	34.5
Federal Bonds & Guarantees	34.0
Corporate Bonds	28.0
Municipal Bonds	2.5
Cash (Bank Overdraft)	0.1
Supranationals	0.0
Other Net Assets (Liabilities)	0.9
FIXED INCOME CREDIT RATINGS[§]	
AAA	38.5
AA	38.2
A	22.3
BBB	0.0

[§] Credit Ratings are obtained from S&PGR, Moody's or DBRS Ltd. rating agencies.

TOTAL NET ASSET VALUE (000s)	\$ 4,428,611
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	% of Net Asset Value
TOP 25 INVESTMENTS	
Government of Canada 0.75% due September 01, 2020	2.1
Government of Canada 0.75% due March 01, 2021	1.7
Government of Canada 0.75% due September 01, 2021	1.3
Government of Canada 3.25% due June 01, 2021	1.2
Government of Canada 1.00% due June 01, 2027	1.1
Government of Canada 4.00% due June 01, 2041	1.1
Province of Ontario 2.90% due December 02, 2046	1.1
Government of Canada 2.75% due December 01, 2048	1.0
Government of Canada 0.50% due March 01, 2022	1.0
Government of Canada 5.75% due June 01, 2033	1.0
Government of Canada 5.75% due June 01, 2029	1.0
Government of Canada 1.00% due September 01, 2022	0.9
Province of Ontario 3.45% due June 02, 2045	0.9
Province of Ontario 2.85% due June 02, 2023	0.9
Government of Canada 2.50% due June 01, 2024	0.9
Government of Canada 2.25% due March 01, 2024	0.9
Government of Canada 3.50% due December 01, 2045	0.9
Government of Canada 5.00% due June 01, 2037	0.9
Canada Housing Trust No. 1 2.40% due December 15, 2022	0.8
Province of Ontario 3.50% due June 02, 2024	0.8
Province of Ontario 3.50% due June 02, 2043	0.7
Province of Ontario 3.15% due June 02, 2022	0.7
Government of Canada 2.75% due June 01, 2022	0.7
Canada Housing Trust No. 1 1.75% due June 15, 2022	0.7
Province of Quebec 3.50% due December 01, 2048	0.7
Total % of Net Asset Value represented by these holdings	25.0

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

The TD *Emerald* Canadian Bond Index Fund has been developed solely by TD Asset Management Inc. ("TDAM"). The Fund is not in any way connected to or sponsored, endorsed, sold or promoted by the London Stock Exchange Group plc and its group undertakings (collectively, the "LSE Group"). FTSE Russell is a trading name of certain of the LSE Group companies.

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The Index is calculated by or on behalf of FTSE International Limited or its affiliate, agent or partner. The LSE Group does not accept any liability whatsoever to any person arising out of (a) the use of, reliance on or any error in the Index or (b) investment in or operation of the Fund. The LSE Group makes no claim, prediction, warranty or representation either as to the results to be obtained from the Fund or the suitability of the Index for the purpose to which it is being put by TDAM.

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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