

# TD Asset Management

## TD *Emerald* Canadian Treasury Management – Government of Canada Fund

526406  
(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](mailto:inst.info@tdam.com), or by visiting our website at [www.tdaminstitutional.com](http://www.tdaminstitutional.com) or the SEDAR website at [www.sedar.com](http://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 Institutional Class units of TD Emerald Canadian Treasury Management – Government of Canada Fund (the “Fund”) returned 0.82% for the six-month period ended June 30, 2019 (“Reporting Period”), versus 0.82% for the Fund’s product benchmark. The Fund’s product benchmark is the FTSE Canada 30 Day T-Bill 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 (“BoC”) 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.

The FTSE Canada 91 Day T-Bill Index posted a gain of 0.81% over the Reporting Period. The Government of Canada 91-day Treasury bill yield was 1.66% at the end of the Reporting Period, up slightly from 1.65% at the start of the Reporting Period.

*Key Contributors/Detractors*

The Fund continued to be managed with the objective of seeking to earn interest income while preserving capital and maintaining liquidity. The Fund performed within expectations.

**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 (the difference in yields between corporate bonds and government bonds with similar maturities) 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 \$250 Million of Net Asset Value	0.03
Next \$250 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](http://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

INSTITUTIONAL CLASS	2019	2018	2017	2016	2015	2014
<b>Net Assets, Beginning of Period</b>	10.00	10.00	10.00	10.00	10.00	10.00
<b>Increase (Decrease) from Operations:</b>						
Total Revenue	0.08	0.14	0.06	0.05	0.06	0.09
Total Expenses (excluding distributions)	0.00	(0.01)	0.00	0.00	0.00	0.00
Realized Gains (Losses) for the Period	0.00	0.00	0.00	0.00	0.00	0.00
Unrealized Gains (Losses) for the Period	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Increase (Decrease) from Operations</b> ²	0.08	0.13	0.06	0.05	0.06	0.09
<b>Distributions:</b>						
From Net Investment Income (excluding dividends)		(0.13)	(0.06)	(0.05)	(0.06)	(0.09)
From Dividends		0.00	0.00	0.00	0.00	0.00
From Capital Gains		0.00	0.00	0.00	0.00	0.00
Return of Capital		0.00	0.00	0.00	0.00	0.00
<b>Total Annual Distributions</b> ³	(0.08)	(0.13)	(0.06)	(0.05)	(0.06)	(0.09)
<b>Net Assets, End of Period</b>	10.00	10.00	10.00	10.00	10.00	10.00

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

INSTITUTIONAL CLASS	2019	2018	2017	2016	2015	2014
Total Net Asset Value (\$000s)¹	80,619	96,618	152,113	175,250	272,568	337,780
Number of Units Outstanding (000s)¹	8,062	9,662	15,211	17,525	27,257	33,778
Management Expense Ratio (%)²	0.05	0.05	0.03	0.03	0.03	0.03
Management Expense Ratio Before						
Waivers or Absorptions (%)	0.06	0.05	0.07	0.05	0.04	0.04
Trading Expense Ratio (%)³	0.00	0.00	0.00	0.00	0.00	0.00
Portfolio Turnover Rate (%)⁴	N/A	N/A	N/A	N/A	N/A	N/A
Net Asset Value per Unit (\$)	10.00	10.00	10.00	10.00	10.00	10.00

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

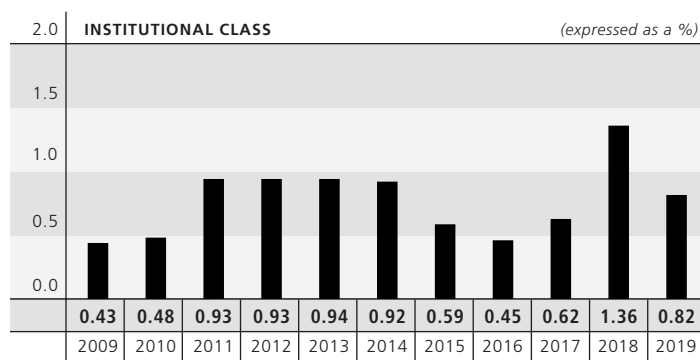
The Fund's Institutional Class units do not pay a management fee. Instead, such fee is negotiated separately and paid directly by unitholders to TDAM.

### 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

### Current Yield

This is an annualized historical yield based on the seven-day period ended on June 30, 2019 and does not represent an actual one year return.

	(expressed as a %)
Institutional Class	1.63

### Summary of Investment Portfolio

as at June 30, 2019

	% of Net Asset Value
<b>PORTFOLIO ALLOCATION</b>	
Federal & Guarantees	55.0
Reverse Repurchase Agreements	35.2
Cash (Bank Overdraft)	9.8
Other Net Assets (Liabilities)	0.0

### FIXED INCOME CREDIT RATING<sup>§</sup>

R-1 High	90.2
----------	------

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

<b>TOTAL NET ASSET VALUE (000s)</b>	\$	80,619
-------------------------------------	----	--------

	% of Net Asset Value
--	----------------------

### TOP 25 INVESTMENTS

Government of Canada Treasury Bill, Reverse Repurchase Agreement dated June 28, 2019 1.73% due July 02, 2019	24.5
Government of Canada Treasury Bill, Reverse Repurchase Agreement dated June 28, 2019 1.72% due July 02, 2019	10.7
Cash (Bank Overdraft)	9.8
Government of Canada Treasury Bill 1.83% due July 11, 2019	7.4
Government of Canada Treasury Bill 1.71% due August 22, 2019	7.4
Government of Canada Treasury Bill 1.75% due July 25, 2019	6.8
Government of Canada Treasury Bill 1.71% due August 08, 2019	6.2
Government of Canada Treasury Bill 1.71% due September 05, 2019	5.0
Government of Canada Treasury Bill 1.68% due September 19, 2019	5.0
Government of Canada Treasury Bill 1.71% due October 17, 2019	4.9
Government of Canada Treasury Bill 1.70% due October 03, 2019	3.7
Government of Canada Treasury Bill 1.73% due October 31, 2019	3.7
Government of Canada Treasury Bill 1.68% due November 14, 2019	2.5
Government of Canada Treasury Bill 1.69% due November 28, 2019	1.2
Government of Canada Treasury Bill 1.69% due December 12, 2019	1.2
<b>Total % of Net Asset Value represented by these holdings</b>	<b>100.0</b>

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

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](mailto: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.

Source: London Stock Exchange Group plc and its group undertakings (collectively, the “LSE Group”). © LSE Group 2019. FTSE Russell is a trading name of certain of the LSE Group companies. “FTSE®”, “Russell®”, and “FTSE Russell®” are trade marks of the relevant LSE Group companies and are used by any other LSE Group company under license. “TMX®” is a trade mark of TSX, Inc. and used by the LSE Group under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company’s express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication.

TD *Emerald* Funds are managed by TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank.

All trademarks are the property of their respective owners.

© The TD logo and other trade-marks are the property of The Toronto-Dominion Bank.