

TD Asset Management

TD *Emerald* International Equity Index Fund

525658
(03/20)

TD *Emerald* Funds Annual Management Report of Fund Performance

for the year ended December 31, 2019

This Annual Management Report of Fund Performance contains financial highlights, but does not contain the complete annual financial statements of the investment fund. You can get a copy of the 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 interim financial report, proxy voting policies and procedures, proxy voting disclosure record, or quarterly portfolio disclosure at no cost.

Management Discussion of Fund Performance

Investment Objectives and Strategies

The investment objective of TD *Emerald* International Equity Index Fund (the "Fund") is to seek to provide long-term growth of capital by tracking the performance of the MSCI EAFE Index (Net Dividend, C\$) ("MSCI EAFE Index (ND, C\$)"). In seeking to achieve this objective, the Fund invests primarily in securities of companies in substantially the same proportion that such securities are weighted in the MSCI EAFE Index (ND, C\$). The Fund may use derivatives.

Risk

The risks of investing in the Fund remain as outlined in the simplified prospectus.

Results of Operations

The Class B units of the Fund returned 15.9% for the year ended December 31, 2019 ("Reporting Period"), versus 15.8% for the Fund's product benchmark and general market index, the MSCI EAFE Index (ND, C\$). Unlike the product benchmark and general market index, the Fund's return is quoted after the deduction of fees and expenses.

Market Update

The global economy continued to grow, albeit at a slower pace when compared to 2018, despite ongoing global trade tensions over much of the Reporting Period. Europe's economy, as measured by gross domestic product, grew at a moderate pace over the second and third quarters. The European Central Bank ("ECB") restarted its asset purchase program and reduced its deposit rate to negative 0.50% in September in response to muted inflation and weakening trade.

Economic growth in the U.K. was mixed. After contracting in the second quarter, the U.K. economy rebounded in the third quarter as a result of growth in the services and construction industries. The Bank of England held its benchmark interest rate steady at 0.75%, but noted that it would adjust its monetary policy accordingly if economic conditions weakened further. The Bank of Japan left its benchmark interest rate unchanged and stated that it would be willing to change its monetary policy in response to changing economic conditions. Weaker manufacturing activity and slower domestic demand caused China's economic growth to slow down. Late in the Reporting Period, the People's Bank of China reduced its benchmark interest rate in an effort to bolster its local economy.

International equities posted gains over the Reporting Period, with a preliminary trade agreement between the U.S. and China, as well as monetary policy easing among many global central banks, helping to strengthen the performance of equities. European equities gained, largely in response to further monetary policy easing by the ECB. Equities in the U.K. rose despite continued uncertainty regarding a possible no-deal Brexit, as the newly elected government delayed the vote to leave the European Union until January 31, 2020.

Japanese equities posted gains over the Reporting Period in response to easing global trade tensions, which benefited Japan's export-driven economy. Chinese equity markets also posted gains. Although continued U.S.-China trade tensions and political unrest in Hong Kong caused some volatility, the preliminary trade agreement with the U.S. in December helped bolster the performance of Chinese equities.

Key Contributors/Detractors

The Fund continues to be managed with the objective of seeking to track the performance of its benchmark. The Fund's returns are influenced by the same factors that affect the international equity market.

Recent Developments

Looking ahead, the Portfolio Adviser continues to monitor a variety of macroeconomic factors that could impact financial markets. Heading into 2020, global central banks tempered optimism about the global economy, lowering growth forecasts accordingly. In the Portfolio Adviser's view, Brexit uncertainty and weak industrial production are hampering economic growth in Europe. Over the first few months of 2020, policy makers became concerned about the economic effects of the COVID-19 outbreak. Monetary policy is broadly expected to remain accommodative as central banks seek to insulate the global economy from decreased demand and a disruption of supply chains in the wake of the COVID-19. The Portfolio Adviser expects the Bank of Canada and the U.S. Federal Reserve Board to implement further accommodative policy action in the near term. Inflation is expected to remain tepid while labour market strength will be tested. The Portfolio Adviser expects a continued low 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, geopolitical tensions and lingering trade disputes between the U.S. and China cause uncertainty for investors. The Portfolio Adviser continues to monitor all of the factors that could influence the Fund's investment portfolio.

Regarding the recent COVID-19 outbreak, the Portfolio Adviser is aware of the negative economic consequences and continues to closely monitor the impact to markets. While there is no definitive way to estimate the degree of the economic damage as different governments and central banks may have different abilities to respond, the Portfolio Adviser believes the U.S. economy could be relatively resilient to a global downturn given strong corporate health, low unemployment, a relatively high savings rate and strong consumer spending. The Portfolio Adviser continues to monitor the risk and will adjust positioning when warranted.

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 \$1,100 Million of Net Asset Value	0.03
Next \$1,250 Million of Net Asset Value	0.02
Balance Over \$2,350 Million of Net Asset Value	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.

Brokerage Arrangements (000s):

From time to time, the Fund may enter into portfolio securities transactions with Related Dealers who may earn commissions or spreads provided that such trades are made on terms and conditions that are comparable to non-affiliated brokerages. During the Reporting Period, the Fund paid commissions to related parties amounting to \$104 or 13.76% of total commissions paid by the Fund for portfolio transactions in total.

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 past five fiscal years, as applicable.

Net Assets per Unit (\$) ¹

CLASS B	2019	2018	2017	2016	2015
Net Assets, Beginning of Year	15.73	17.28	15.26	16.11	13.91
Increase (Decrease) from Operations:					
Total Revenue	0.68	0.62	0.59	0.53	0.56
Total Expenses (excluding distributions)	(0.08)	(0.07)	(0.06)	(0.08)	(0.08)
Realized Gains (Losses) for the Period	0.63	0.17	0.38	0.13	0.25
Unrealized Gains (Losses) for the Period	1.27	(1.77)	1.68	(0.86)	1.94
Total Increase (Decrease) from Operations ²	2.50	(1.05)	2.59	(0.28)	2.67
Distributions:					
From Net Investment Income (excluding dividends)	(0.63)	(0.54)	(0.56)	(0.46)	(0.45)
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
Total Annual Distributions ³	(0.63)	(0.54)	(0.56)	(0.46)	(0.45)
Net Assets at December 31	17.59	15.73	17.28	15.26	16.11

¹ This information is derived from the Fund's 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
Total Net Asset Value (\$000s) ¹	4,214,572	4,198,187	4,295,092	3,812,670	3,753,812
Number of Units Outstanding (000s) ¹	239,629	266,929	248,601	249,895	233,049
Management Expense Ratio (%) ²	0.02	0.03	0.03	0.03	0.03
Management Expense Ratio Before Waivers or Absorptions (%)	0.02	0.03	0.03	0.03	0.03
Trading Expense Ratio (%) ³	0.02	0.03	0.02	0.03	0.01
Portfolio Turnover Rate (%) ⁴	12.64	18.64	19.02	19.62	14.97
Net Asset Value per Unit (\$)	17.59	15.73	17.28	15.26	16.11

¹ This information is provided as at 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

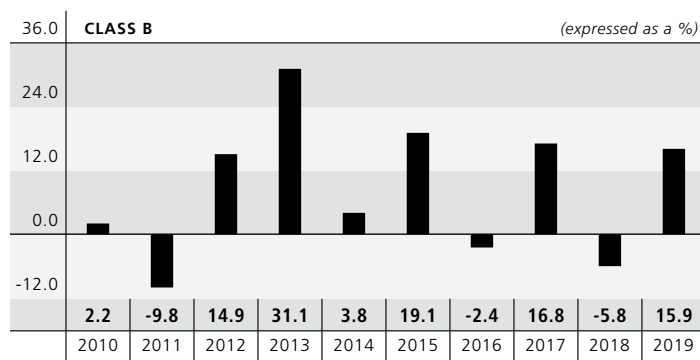
The Fund's Class B units do not pay a management fee to TDAM. Instead, such fees are negotiated separately and paid directly by unitholders.

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.



Annual Compound Returns

The following table shows the annual compound total returns of the Fund for each of the periods indicated ended on December 31, 2019, compared with the following benchmarks:

- Product Benchmark:
 - MSCI EAFE Index (ND, C\$) – This index includes stocks of companies in developed markets around the world excluding Canada and the United States, net of withholding taxes.
- General Market Index:
 - MSCI EAFE Index (ND, C\$).

(expressed as a %)	Past year	Past 3 years	Past 5 years	Past 10 years	Since inception
Class B	15.9	8.4	8.2	7.9	N/A
Product Benchmark	15.8	8.3	8.1	7.8	N/A
General Market Index	15.8	8.3	8.1	7.8	N/A

A discussion of the Fund’s performance compared to the product benchmark and general market index can be found in the Results of Operations section.

Summary of Investment Portfolio

as at December 31, 2019

	% of Net Asset Value
PORTFOLIO ALLOCATION	
Financials	18.4
Industrials	14.9
Health Care	12.1
Consumer Discretionary	11.5
Consumer Staples	11.2
Materials	7.2
Information Technology	7.0
Communication Services	5.1
Energy	4.8
Utilities	3.7
Real Estate	3.5
Exchange-Traded Funds	0.5
Cash (Bank Overdraft)	0.1
Foreign Exchange Forward Contracts	0.0
Other Net Assets (Liabilities)	0.0
GEOGRAPHIC ALLOCATION	
Japan	24.4
United Kingdom	14.9
France	11.1
Switzerland	9.7
Germany	8.5
Australia	6.9
Netherlands	4.9
Hong Kong	3.3
Spain	2.8
Sweden	2.5
Other Countries	10.4
Exchange-Traded Funds	0.5
Cash (Bank Overdraft)	0.1
Foreign Exchange Forward Contracts	0.0
Other Net Assets (Liabilities)	0.0
TOTAL NET ASSET VALUE (000s)	\$ 4,214,572

	% of Net Asset Value
TOP 25 INVESTMENTS	
Nestle SA	2.2
Royal Dutch Shell PLC	1.6
Roche Holding AG	1.5
Novartis AG	1.4
Toyota Motor Corporation	1.1
HSBC Holdings PLC	1.1
Unilever	1.0
SAP SE	0.9
TOTAL SA	0.9
AstraZeneca PLC	0.9
BHP Group	0.9
LVMH Moet Hennessy Louis Vuitton SE	0.9
BP PLC	0.9
AIA Group Limited	0.8
ASML Holding NV	0.8
GlaxoSmithKline PLC	0.8
Sanofi	0.8
Allianz SE	0.7
Novo Nordisk AS	0.7
Diageo PLC	0.7
Siemens AG	0.7
Commonwealth Bank of Australia	0.7
British American Tobacco PLC	0.7
Rio Tinto Limited	0.6
CSL Limited	0.6
Total % of Net Asset Value represented by these holdings	23.9

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

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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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