



**In this issue**

---

Sustainable investing,  
committed conviction ..... 1

TDAM updates..... 4

**Product Update**

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**Fund Launches**

- TD *Emerald* Short Liability Driven Provincial Bond Pooled Fund Trust
- TD *Emerald* Mid Liability Driven Provincial Bond Pooled Fund Trust
- TD *Emerald* Long Liability Driven Provincial Bond Pooled Fund Trust

**Events**

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**Sharing of Knowledge  
Learning Series 2016**

Coming to a city near you!  
See page 3 for more details.

**Sustainable investing, committed conviction**

Responsible investing has long been engrained in TD Asset Management's investment process

In the early 1990s, recognition of the relationship between the investment world and Environmental, Social and Governance (ESG) challenges was becoming increasingly prevalent. It became clear that financial institutions could play a role in creating a more sustainable world. Against this backdrop, the United Nations established the Environment Programme Finance Initiative (UNEP FI) in 1992 as a platform linking the United Nations and the global financial sector.

Fast forward to 2006, the UNEP FI contributed to the launch of the Principles for Responsible Investment (PRI). International investors collaborated to create six Principles for Responsible Investment, with the ultimate goal of understanding the implications of sustainability for investors and supporting signatories as they incorporate these issues into their investment decision making and ownership practices.

Over the years, the PRI have been influential in raising awareness about responsible investment within the global investment community, increasing the level of transparency around the activities and capabilities of its signatories and supporting their engagements with companies and policymakers on ESG issues.

**TDAM an early participant in sustainable investing**

In April 2009, TD Asset Management (TDAM) became a signatory of the PRI and adopted a Sustainable Investing Policy across our business. As a manager of a wide range of investment strategies and funds, incorporating sustainability criteria within our investment framework was compatible with TDAM's goal of maximizing long-term financial returns. Considering ESG factors not only contributes to the greater good, but it also provides TDAM with a more robust view of potential risks and opportunities that are likely to influence the value of an investment.



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In many ways, the Sustainable Investing Policy formalized an approach that TDAM had employed for quite some time. For example, our equity managers would consider it in areas such as proxy voting, and our fixed income managers would consider it as part of their credit research on active fixed income mandates.

**Taking it to another level**

After adopting the PRI framework, TDAM created its own proprietary sustainability matrix, making the results of that matrix available to our equity and fixed income teams. Further to that, TDAM created an engagement committee to help ensure that we enhance the value of our investments by bringing relevant ESG issues to the attention of companies we invest in or are considering investing in.

TDAM’s approach to sustainable investing is broadly based on the six principles set out in the PRI:

**Integration** — We integrate ESG factors directly into our investment analysis by maintaining a database of sector-specific and thematic ESG research as well as a proprietary sustainability matrix.

The matrix uses a number of ESG indicators that we believe apply to all industry sectors, and any issues that could put a company’s expected earnings at risk are of particular importance. The output produced by the matrix is one of several fundamental indicators used by our active equity and fixed-income portfolio managers.

**Active Ownership** —

We strive to be active owners by engaging with the companies in which we invest and by taking advantage of our voting rights to help effect change.

■ **Engagement** —

Our sector specialists meet with corporate management teams as part of our broader engagement efforts. The information they gather is used in our corporate analysis and helps us when making investment or voting decisions.

■ **Proxy Voting** —

We vote on proposals that involve environmental or social issues on a case-by-case basis. Since 2008, we have supported over 450 shareholder proposals related to a wide range of environmental and social issues, plus a number of governance issues that have an environmental or social link.

**Did you know...?**

ESG is often mistaken for ethical or Socially Responsible Investing (SRI). Although there might be some overlap between the two, they are different.

Within an SRI framework, an investment strategy will seek to consider both financial return and social good (often avoiding alcohol, weapons and tobacco companies), whereas ESG involves enhanced analysis of companies and a better understanding of overall risk — both financial and non-financial.

**Sustainable Investing**



**Environment**

- Climate change
- Hazardous waste
- Nuclear energy
- Sustainability



**Social**

- Social
- Diversity
- Human rights
- Consumer protection
- Community impact
- Employee relations



**Governance**

- Governance
- Management structure (board independence/accountability)
- Employee relations
- Anti-corruption
- Executive compensation
- Shareholder rights and voting

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**Disclosure** — We collaborate with regulators to ensure that securities filings disclose key ESG facts in plain language.

**Advocacy** — We continue to encourage others in the investment industry to embrace sustainable investing. We do this by helping to educate the business media, speaking at industry conferences and sharing our experience as a PRI signatory with firms that are considering becoming signatories.

**Collaboration** — Our chances for success are sometimes better when we collaborate with other institutional investors. Therefore, we participate in initiatives that make collective action easier, including the Carbon Disclosure Project (CDP) Climate Change, CDP Water, CDP Forests, CDP Carbon Action and the Canadian Coalition of Good Governance.

**Reporting** — To help investors and potential investors understand our approach in more depth, our website includes an annual report disclosing how we have delivered on our PRI commitments, plus annual reports disclosing how we have voted at hundreds of company meetings.

**TDAM has a long history of promoting good governance at the companies in which we invest. For more information and to review the policy, please visit our website at [tdaminstitutional.com](http://tdaminstitutional.com) or contact your TDAM Relationship Manager. ■**

#### TDAM's initiatives to support sustainable investing

- Implementation of a Sustainable Investing Policy for both the Canadian and U.S. operations.
- Became a signatory to the United Nations Principles for Responsible Investment in 2009.
- Becoming a signatory to the Carbon Disclosure Project and CDP Water Disclosure.
- Providing disclosure on our Proxy Practices for TDAM and TDAM USA.



## Sharing of Knowledge Learning Series 2016

This year will mark the 13th year of TDAM's Sharing of Knowledge Learning Series. TDAM will once again go across the country to facilitate discussions on industry issues that affect all of us in the institutional investment world.

The event will feature a captivating presentation titled The Imbalance Game that you won't want to miss. Look for your invitation coming soon.

Saskatoon – April 5 Manos Restaurant	Ottawa – April 13 Fairmont Château Laurier	Toronto – May 3 Toronto Board of Trade
Regina – April 6 Hotel Saskatchewan	Calgary – April 19 Saltlik Restaurant	Montreal – May 4 Le Windsor Ballrooms
Winnipeg – April 7 Bergmann's on Lombard	Edmonton – April 20 Fairmont Hotel Macdonald	Quebec – May 5 Michelangelo Restaurant
Halifax – April 12 Marriott Hotel	Vancouver – April 21 Shangri-La Hotel	

## Industry Outlook: Articles to read

Click on the title below to view the article

### **Complementary Global Equity Investments (available upon request)**

January 2016

### **FYI on LDI, Benefits and Pension Monitor**

By: Michael Augustine, Vice President & Director and Maxime Carrier, Vice President Asset Liability Management, TD Asset Management, December 2015

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Telephone: 1-888-834-6339 Email: [inst.info@tdam.com](mailto:inst.info@tdam.com)

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