

# **TD Private Client Wealth LLC**

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## **January 29, 2015 Wrap Fee Program Brochure**

This Appendix 1 to Part 2A of Form ADV (hereinafter referred to as the “Wrap Fee Brochure”) provides information about the qualifications and business practices of TD Private Client Wealth LLC (“TDPCW”, the “Firm”, “we”, “us” or “our”). If you have any questions about the contents of this Wrap Fee Brochure, please contact us at 1-800-800-2535. The information in this Wrap Fee Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about TDPCW is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s website also provides information about any of our affiliated persons who are registered, or are required to be registered, as investment adviser representatives of TDPCW.

Any reference to or use of the terms “registered investment adviser” or “registered” does not imply that TDPCW or any person associated with it has achieved a certain level of skill or training.

## **Item 2. Material Changes**

This Wrap Fee Brochure dated January 29, 2015, has been prepared according to the requirements and rules promulgated by the SEC. Pursuant to SEC Rules, we will prepare a summary of any material changes to this Wrap Fee Brochure within 90 days of the close of our fiscal year. We may also elect to include a summary of material changes to this Wrap Fee Brochure as part of other-than-annual amendments filed by TDPCW.

- This Item provides a summary of the material changes that have been made to this Wrap Fee Brochure and our business from January 29, 2014 through January 29, 2015. Our last annual update of our Wrap Fee Brochure was on January 29, 2014. Included in the summary is a description of the material changes that were previously described in our most recent update to this Wrap Fee Brochure on September 30, 2014.
- The following summary of material changes was provided on September 30, 2014:
  - Providing the maximum fee that may be charged for a portfolio, rather than the average fee that may be charged, depending on total Assets Under Management. In the case of TD Strategic Portfolios, the revised maximum fees for Equity/Balanced Account vary from a maximum of 1.63% to 0.73%, while revised maximum fees for Fixed Income Accounts varies from a maximum of 1.23% to 0.58%. In the case of TD Guided Portfolios, the revised maximum fees for Equity/Balanced Account vary from a maximum of 1.73% to 0.73%, while revised maximum fees for Fixed Income Accounts varies from a maximum of 0.83% to 0.63%. In the case of TD Premier Guided Portfolios, the revised maximum fees for Equity/Balanced Account vary from a maximum of 1.48% to 0.73%, while revised maximum fees for Fixed Income Accounts varies from a maximum of 0.98% to 0.53%. Please ask your Investment Advisor for additional information or clarification.
  - Lowering the minimum investment requirement for investors. The original minimum investment requirement was \$100,000 for TD Strategic Portfolios to \$2,000,000 for TD Premier Guided Portfolios. The new minimum investment requirement is \$10,000 for TD Strategic Portfolios, \$100,000 for TD Guided Portfolios, and \$500,000 for TD Premier Guided Portfolios. Please ask your Investment Advisor for additional information or clarification.
  - Eliminating the requirement for you to pay a minimum annual advisory fee.
  - Clarifying that balances in all accounts are not automatically combined, but instead may be combined upon request that you make to your Investment Adviser.
  - Removing an example of fee calculations.
  - Clarifying that program fees will be charged quarterly after the assessment of the first quarterly fees.
  - Clarifying when refunds are assessed to you after termination of the advisory contract.

- Clarifying that client assets may be invested primarily or exclusively in affiliated funds and/or SMA strategies.
  - Adding in additional locations that, when utilizing affiliated funds or SMA strategies, our firm earns more compensation than it would if you selected an unaffiliated fund or SMA strategy.
  - Restating the standard for selecting funds to indicate that TDPCW will recommend funds and SMA strategies that are in the client's best interest.
  - Clarifying that the qualitative and quantitative factors used to select managers and strategies for participation in the TD Guided Portfolios and TD Premier Guided Portfolios are applied differently for affiliated and unaffiliated funds, depending on the specific circumstances and evaluation on a case-by-case-basis.
- The following is summary of material changes that have been made to this Wrap Fee Brochure from September 30, 2014 through January 29, 2015.
    - Clarifying that program fees may be subject to negotiation and may vary from the stated schedules based on multiple factors.
    - Clarifying that the total program fee may change over time due to changes in the amount of program assets, changes in selected sub-managers (if applicable), the amounts allocated to particular sub-managers (if applicable), account rebalancing, and investment performance; changes could result in a higher or lower program fee being charged against your program assets.
    - Adding in additional locations that client assets may be invested primarily or exclusively in affiliated funds and/or SMA strategies.
    - Restating the standard for selecting funds to indicate that TDPCW will recommend funds and SMA strategies that are appropriate for the client.
    - Providing additional detail that TDPCW relies on the services of Portfolio Advice & Investment Research (PAIR), a department within The Bank and TD Wealth, to provide screening, analysis, due diligence and recommendation of affiliated and non-affiliated investment products for inclusion within the TDPCW Portfolios, and that the analysis of each investment product is presented to the TDPCW Wealth Investment Risk Oversight Committee for review and approval for inclusion on the platform.
    - Adding additional detail that affiliated investment products are not required to satisfy certain quantitative factors in initial screening, including minimum asset size and track record.
    - Adding additional detail that the qualitative and quantitative factors used to select managers and strategies for participation in the TD Guided Portfolios and TD Premier Guided Portfolios are evaluated differently for affiliated and non-affiliated funds.
    - Providing examples of some of the qualitative characteristics that are reviewed by Portfolio Advice & Investment Research (PAIR).
    - Adding additional detail that TDPCW and Portfolio Advice & Investment Research (PAIR) have greater qualitative access and insight to the organizational structure, investment team

history, risk management culture, investment philosophy, and analytical process for affiliated investment products, which may favor the inclusion and retention of affiliated SMAs, models, and mutual funds in the TDPCW Portfolios; non-affiliated funds are typically held to a higher standard.

- Adding additional detail that Portfolio Advice & Investment Research (PAIR) compares the performance of SMAs, models, mutual funds and ETFs on the platform with benchmarks and peer group returns generally for rolling one-, three- and five-year periods, where data is available.
- Adding detail that PAIR conducts due diligence reviews and manager interviews at least annually for all SMA and model managers and mutual funds on the platform, that affiliated managers and funds are reviewed differently than non-affiliated managers and funds, and that Portfolio Advice & Investment Research (PAIR) relies on increased access and insight to affiliated funds when conducting due diligence reviews and manager interviews.
- Clarifying that TDPCW may remove or replace any SMA, Model, mutual fund, or ETF on the platform as performance, market conditions, or other circumstances dictate, and that the Wealth Investment Risk Oversight Committees reviews and approves the removal of funds from the platform.
- Clarifying that investment advice may involve recommended exposures within a client's established investment policy.
- Clarifying that TDPCW, its affiliates, and Investment Advisors do not provide legal or tax advice and that clients should seek advice based on their individual circumstances from an independent tax and/or legal advisor.
- Adding in additional locations that our affiliates, TDAM USA, Inc. and Epoch Investment Partners, Inc., are subject to manager due diligence reviews and performance monitoring by our affiliated consultant, Portfolio Advice & Investment Research (PAIR).
- Clarifying that our affiliates, TDAM USA, Inc. and/or Epoch Investment Partners, Inc. serve as an adviser or sub-adviser to affiliated funds on the platform and may use investment discretion to invest in other affiliated funds.
- Adding a section that describes potential risks of loss associated with investing in securities.
- Adding more detail that Portfolio Advice & Investment Research (PAIR) has a relationship with TDAM, our Canadian affiliate, under which TDAM's long-term market view, analyses, and opinions on tactical asset allocation changes are considered when developing the asset mix in portfolios.
- Clarifying that TDAM USA, Inc. and Portfolio Advice & Investment Research (PAIR) representatives participate in the Wealth Asset Allocation Committee which was established to deliver a consistent asset allocation message across the TD Wealth organization. The committee meets monthly to determine a six to eighteen month view on asset allocation and is supported by the U.S. Implementation Committee which is responsible for adopting and executing asset allocation views for TDPCW. As a result, TDPCW indirectly benefits from investment research and analysis performed by PAIR and TDAM USA representatives when receiving recommendations on tactical asset allocations from WAAC.

- Indicating that TDAM or its affiliates may redeem all or a part of its seed capital in a TDAM USA mutual fund at any time, without notice, and that TDAM USA may exercise its discretionary authority over a client account in order to invest client assets in securities of a TDAM USA mutual fund, and that this may occur without notice concurrently with the withdrawal of all or a part of the seed capital by TDAM or one of its affiliates from the same TDAM USA mutual fund.
- Removing the requirement that employees who have direct contact with certain client account information get approval in advance of any securities transactions they wish to make.
- Throughout the document, conforming changes were made from January 29, 2014 through January 29, 2015, including:
  - Updating dates and dated information;
  - Defining terms ("Firm"), ("Program Fee"), ("Program Assets"), ("Model"), and ("Affiliated SMAs and Funds");
  - Including reference to investment models and model managers when discussing available investment products;
  - Removing the floor reference in the address on the front cover;
  - Removing reference to the Liquid Insured Deposits Program, which has not been implemented;
  - Removing reference to being a newly registered investment adviser;
  - Removing reference to certain globally prominent asset managers; and
  - Reflecting that the name of the group referred to as Products, Services and Strategy (PS&S) was changed to Portfolio Advice & Investment Research (PAIR).

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## **Item 4. Services, Fees and Compensation**

### **Services**

TDPCW is a federally registered investment adviser that provides investment management services to Clients, as further described in this section below, and a registered broker-dealer. TDPCW is a wholly-owned subsidiary of TD Bank, N.A. ("TD Bank"). TD Bank provides a broad range of traditional banking and investment services in the Eastern United States from Maine to Florida. TD Bank is itself a subsidiary of TD Bank US Holding Company. TD Bank US Holding Company is a subsidiary of TD US P&C Holdings ULC. TD US P&C Holdings ULC is a subsidiary of The Toronto-Dominion Bank ("The Bank").

We provide investment management services (the "Services") to high-net-worth individual investors, not-for-profit organizations, corporations, endowments, foundations, qualified plans and other institutions ("Client," "you" or "your"). The Services are discretionary in nature and consist of routine reviews of each Client's investments (the "Portfolios").

TDPCW will tailor the Services to the individual needs of each Client, primarily through the analysis performed for each Client and for each security recommended. We review the information provided by each Client such as their investment objectives and/or investment policy statement. Clients may be able to impose reasonable restrictions on securities, asset classes, holdings or any other reasonable restriction they would like to impose on their portfolios.

TDPCW provides its Clients proprietary managed accounts programs described in this Wrap Fee Brochure (the "TDPCW Portfolios") through Envestnet Asset Management, Inc., a U.S. registered investment adviser ("Envestnet"). TDPCW and Envestnet have entered into a Program Agreement where Envestnet provides a range of services including administrative services, reporting capabilities, technology systems and transaction execution for all Clients. For example, Envestnet will provide reporting about account adherence to policy guidelines, Client account performance reporting, and back office services such as trade execution and statement generation. In addition, Envestnet acts as an investment adviser with respect to discretionary accounts within the TD Guided Portfolios and TD Premier Guided Portfolios. TDPCW has a fully disclosed clearing agreement with Pershing LLC ("Pershing") pursuant to which it provides custody services to you, among other things.

The TDPCW investment adviser representatives (each, an "Investment Advisor") will work closely with the Client to assess the Client's personal circumstances including investment objectives, goals and time horizon, age, risk tolerance and other relevant information. Based on the information gathered, the Client's unique profile is developed and evaluated. Through this evaluation and analysis, the Investment Advisor will provide the Client with a recommendation that seeks to meet the Client's specific circumstances.

Investment choices for your account(s) are the subject of a proprietary due diligence process by our investment professionals. We make recommendations only after we have reviewed your investment goals and risk tolerance and come to a conclusion that the recommended investment products are appropriate for you. We will provide on-going investment advice to you and routinely monitor your investments to confirm that they remain consistent with your objectives and risk tolerance.

## **Fees and Compensation**

### **Fees**

Clients pay fees (the "Program Fee") based on the total assets under management ("AUM") in the Client's Portfolio, which are tiered based on the total amount of advised assets ("Program Assets"). Fees include investment management as well as custody and execution services, and no separate brokerage commissions will be charged.

If you maintain multiple accounts with one or more TDPCW Portfolios, the balances in all of your accounts may be combined for purposes of calculating the applicable fees. Please contact your Investment Advisor in order to request that your eligible accounts be combined for fee purposes.

After assessment of the first quarterly fee, your subsequent Program Fees will be charged quarterly in advance, on or about the 10<sup>th</sup> business day of January, April, July and October, based on the average daily balance of the previous calendar quarter. All fees are deducted from the Client's account(s). The fee for the first quarter in which a Client participates in an account shall be calculated on a pro-rata basis and debited in the month immediately following the account's opening, based on the average daily balance of the account on the date the assets are placed in the program until the end of the same month. For example, if assets are placed in the program on May 15<sup>th</sup>, it will be charged on or about the 10<sup>th</sup> business day in June for 46 days, to include 16 days in May and 30 days in June, based on the average daily balance for the period of May 15 to May 31. Fees for the next quarter beginning July 1<sup>st</sup> will be charged in July, on or about the 10<sup>th</sup> business day of the month, based on the average daily balance calculated for May 15 to June 30.

Advisory contracts may be terminated by a Client without penalty by written notice not less than 30 days in advance. Contracts terminate automatically in the event of assignment unless prior notice and consent is obtained from the Client. In the case of a termination, fees collected in advance are pro-rated to the day of termination. The refund is generally assessed the month following termination. Upon termination, the Client's account(s) will be transferred in kind to a non-managed brokerage relationship at TDPCW and become available for transfer upon the Client's request.

Program Fees may be subject to negotiation and may vary from schedules shown below based on multiple factors including the overall complexity of the Client's financial affairs, the extent of service provided and the mix of investments managed as well as the overall relationship. Any term or



condition related to a Client's account(s) can be waived by TDPCW based on multiple factors, including, but not limited to, the factors described above.

The total Program Fee may change over time due to changes in the amount of Program Assets, changes in selected sub-managers (if applicable), the amounts allocated to particular sub-managers (if applicable), account rebalancing and investment performance. Changes could result in a higher or lower Program Fee being charged against your Program Assets.

TDPCW's standard fee schedule for each of its TDPCW Portfolios is shown below:

### **TD Strategic Portfolios**

Equity / Balanced Account	
Total AUM	Incremental Maximum Fee Per Annum
First \$250,000	<b>1.63%</b>
Next \$250,000	<b>1.43%</b>
Next \$500,000	<b>1.23%</b>
Next \$1,000,000	<b>1.18%</b>
Next \$2,000,000	<b>0.83%</b>
Over \$4,000,000	<b>0.73%</b>

Fixed Income Account	
Total AUM	Incremental Maximum Fee Per Annum
First \$250,000	<b>1.23%</b>
Next \$250,000	<b>1.13%</b>
Next \$500,000	<b>0.93%</b>
Next \$1,000,000	<b>0.88%</b>
Next \$2,000,000	<b>0.68%</b>

Over \$4,000,000	<b>0.58%</b>
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The TD Strategic Portfolio fee schedules above include advisor, custody, and platform fees. They do not include separately managed account or model manager fees, and do not include internal management fees and costs charged by affiliated and non-affiliated mutual funds and exchange traded funds. Please see "Additional Fees" section below for details regarding these fees.

There is no minimum annual fee for an Equity /Balanced or a Fixed Income account. Each account in the Client's Portfolio requires a minimum \$10,000 initial investment.

### **TD Guided Portfolios**

Equity / Balanced Account	
Total AUM	Incremental Maximum Fee Per Annum
First \$1,000,000	<b>1.73%</b>
Next \$1,000,000	<b>1.18%</b>
Next \$2,000,000	<b>0.98%</b>
Over \$4,000,000	<b>0.73%</b>

Fixed Income Account	
Total AUM	Incremental Maximum Fee Per Annum
First \$1,000,000	<b>0.83%</b>
Next \$1,000,000	<b>0.73%</b>
Next \$2,000,000	<b>0.68%</b>
Over \$4,000,000	<b>0.63%</b>

The TD Guided Portfolios fee schedules above include advisor, custody, and platform fees. They do not include separately managed account or model manager fees, and do not include internal management fees and costs charged by some mutual funds and exchange traded funds. Please see “Additional Fee” section below for details regarding these fees.

There is no minimum annual fee for a TD Guided Portfolios – Equity/Balanced account or a TD Guided Portfolios – Fixed Income account. Each account in a TD Guided Portfolio requires a minimum initial investment of \$100,000.

### **TD Premier Guided Portfolios**

Equity / Balanced Account	
Total AUM	Incremental Maximum Fee Per Annum
First \$2,000,000	<b>1.48%</b>
Next \$2,000,000	<b>0.98%</b>
Over \$4,000,000	<b>0.73%</b>

Fixed Income Account	
Total AUM	Incremental Maximum Fee Per Annum
First \$2,000,000	<b>0.98%</b>
Next \$2,000,000	<b>0.73%</b>
Over \$4,000,000	<b>0.53%</b>

The TD Premier Guided Portfolios fee schedules above include advisor, custody, and platform fees. They do not include separately managed account or model manager fees, and do not include internal management fees and costs charged by some mutual funds and exchange traded funds. Please see “Additional Fee” section below for details regarding these fees.

There is no minimum annual fee for a TD Premier Guided Portfolios – Equity/Balanced account or a TD Premier Guided Portfolios – Fixed Income account. The Client’s TD Premier Guided Portfolio requires a minimum initial investment of \$500,000.

## **Additional Fees**

Clients may incur certain charges imposed by custodians, brokers, investment managers, and other third parties such as fees charged by affiliated and non-affiliated managers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic funds transfer fees and other fees and taxes on brokerage accounts and securities transactions.

Additionally, Clients who select a separately managed account ("SMA") or model strategy ("Model") for their Portfolio will be subject to minimum investment thresholds as prescribed by such affiliated and non-affiliated investment management firms. Clients with investments in a SMA or Model will pay investment manager fees which are exclusive of and in addition to our fees. The investment manager fees will vary depending on the investment manager and the investment strategy of the investment manager. The asset-based fees of the investment managers generally range from 0.15% to 0.75% per annum. When utilizing an affiliated SMA or Model manager, our firm earns more compensation than it would if you selected a non-affiliated SMA or Model manager because the fees you pay for investment management are retained by us or one of our affiliates.

Mutual funds and exchange traded funds ("ETFs") are charged internal management fees, commissions related to fund securities' transactions and other fees. All material fund-related fees should be disclosed in each fund's prospectus and are exclusive of and in addition to our fees. They are paid directly by the fund shareholder. TDPCW receives no portion of these fund management fees, commissions or costs for any non-affiliated fund. When utilizing an affiliated fund, our firm earns more compensation than it would if you selected a non-affiliated fund because the fees you pay for fund management are retained by us or one of our affiliates.

## **Compensation to Investment Advisors**

If you invest in one of the TDPCW Portfolios described in this Wrap Fee Brochure, a portion of the fees payable to us in connection with your account(s) is allocated on an ongoing basis to your Investment Advisor. The compensation paid to Investment Advisors may be more than if you participated in other investment advisory programs, or if you paid separately for investment advice, brokerage and other services.

## **Item 5. Account Requirements and Types of Clients**

### **Account Requirements**

The initial minimum investments for the advisory programs offered are listed below.

<b>Program Name</b>	<b>Initial Minimum Investment</b>
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TD Strategic Portfolios	\$10,000
TD Guided Portfolios	\$100,000
TD Premier Guided Portfolios	\$500,000

Under certain circumstances the initial minimum account size may be waived.

### **Types of Clients**

TDPCW generally provides investment advisory services to high-net-worth individuals, not-for-profit organizations, corporations, endowments, foundations, municipalities, unions, and other institutional Clients. TDPCW generally requires that Clients have a minimum of \$750,000 in investable assets for individuals or a net worth of at least \$3,000,000.

## **Item 6. Method of Analysis, Investment Strategies, Manager Selection and Evaluation, and Risk of Loss**

### **Method of Analysis**

As described in Item 4, the Investment Advisor generally meets with the Client and, during a discovery process, the Client provides information regarding their current assets, liabilities, income sources, expenditures, current tax status and objectives. TDPCW uses the information provided by the Client to assess the Client's risk profile and investment objectives and to develop recommendations about asset allocation and Portfolio construction. The advice may involve recommended exposures within a client's established investment policy. TDPCW relies solely on the information that the Client and/or their designated agents and representatives provide to us. We do not independently verify such information. Accordingly, it is the Client's responsibility to ensure that the information provided is accurate and complete. If the Client should experience any changes to their financial situation, investment objectives or otherwise that would require a modification to the Client's risk profile, the Client should notify their Investment Advisor in a timely manner.

TDPCW, its affiliates, and Investment Advisors do not provide legal or tax advice. Clients should seek advice based on their individual circumstances from an independent tax and/or legal advisor.

### **Investment Strategies**

- **TD Strategic Portfolios**

The TD Strategic Portfolios are proprietary discretionary managed portfolios that invest primarily or exclusively in mutual funds managed by TDPCW's affiliate, TDAM USA Inc., a U.S. registered investment adviser ("TDAM USA"), and may include non-affiliated ETFs. TD Asset Management

USA Funds Inc. (“TDAM USA Funds”) is a family of open-end mutual funds registered under the Investment Company Act of 1940 (“1940 Act”). The TD Strategic Portfolios are designed for Clients seeking a long-term, goals-driven approach to investment planning. The fund styles and asset classes selected depend upon the goals that each TD Strategic Portfolio seeks to achieve.

Within the TD Strategic Portfolios, strategic asset mixes for various investment goals and risk tolerances have been developed. The asset allocation and fund selection for the Portfolios is determined using a number of proprietary analytical tools and considers a variety of factors including historical rates of return and risk for a broad range of asset classes, correlation across asset classes and downside risk metrics. These asset mixes may be adjusted as appropriate to reflect changes in market environments. The TD Strategic Portfolios are monitored on a periodic basis to confirm they continue to fulfill the stated Portfolio objectives.

- **TD Guided Portfolios**

The TD Guided Portfolios program combines the investment expertise of various affiliated and non-affiliated asset managers (“Portfolio Managers”) in multiple investment programs into a single discretionary Portfolio. This investment strategy features the benefits of SMA portfolios, Models, mutual funds, and ETFs in a single diversified Portfolio. TDPCW provides guidance on asset allocation for a range of investment goals and risk tolerances. In consultation with the Client, the Portfolio can be customized by adjusting the asset allocation and selecting appropriate investment strategies from a select list of SMAs, Models, mutual funds and ETFs identified by TDPCW.

Within the TD Guided Portfolios, TDPCW has developed strategic asset mixes for various investment goals and risk tolerances. The suggested asset allocation for the TD Guided Portfolio is designed using a number of analytical tools and considers a variety of factors including historical rates of return and risk for a broad range of asset classes, correlation across asset classes and downside risk metrics. The Client’s Investment Advisor selects from these investment strategies and can adjust the asset allocation to reflect the Client’s unique circumstances and preferences as well as to reflect changes in market environments.

- **TD Premier Guided Portfolios**

The TD Premier Guided Portfolios offer Clients further ability to customize their Portfolios and provide access to more investment strategies and managers than the TD Guided Portfolios. The TD Premier Guided Portfolios combine the investment expertise of Portfolio Managers in multiple investment programs into a single discretionary Portfolio, sometimes represented by multiple accounts. This investment strategy features the benefits of SMAs, Models, mutual funds, and ETFs in a single Portfolio. TDPCW provides guidance on asset allocation for a range of investment goals and risk tolerances. In consultation with the Client, the Portfolio can be customized by adjusting the

asset allocation and selecting appropriate investment strategies from a select list of SMAs, Models, mutual funds and ETFs identified by TDPCW.

Within the TD Premier Guided Portfolios, TDPCW has developed strategic asset mixes for various investment goals and risk tolerances. The suggested asset allocation for the Portfolios is designed using a number of analytical tools and considers a variety of factors including historical rates of return and risk for a broad range of asset classes, correlation across asset classes and downside risk metrics. The Client's Investment Advisor selects from these investment strategies and can adjust the asset allocation to reflect the Client's unique circumstances and preferences as well as to reflect changes in market environments.

### **Portfolio Manager Selection and Evaluation: TD Strategic Portfolios**

When designing the TD Strategic Portfolios, TDPCW relies on services provided by its affiliate, Portfolio Advice & Investment Research ("PAIR") a department within The Bank and TD Wealth. Strategic asset mixes for various investment goals and risk tolerances have been developed for the TD Strategic Portfolios. The asset allocation for each of the TD Strategic Portfolios is determined using a number of proprietary analytical tools and considers a variety of factors including historical rates of return and risk for a broad range of asset classes, correlation across asset classes and downside risk metrics.

When selecting funds for the TD Strategic Portfolios, the investment mandate and the portfolio manager's style and performance in similar investment strategies over various time periods are considered. ETFs are used for exposure to asset classes which are not accessible using a TDAM USA Fund. When assessing ETFs for inclusion in the TD Strategic Portfolios, PAIR relies on the process for ETF selection and monitoring that is used for the TD Guided Portfolios and the TD Premier Guided Portfolios. Please see the description of ETF Selection in the "Portfolio Manager Selection and Evaluation: TD Guided Portfolios and TD Premier Guided Portfolios" below. ETFs that are included in any of the TD Strategic Portfolios have been reviewed and approved for inclusion in TDPCW's list of approved investments and strategies (the "Select List").

PAIR applies a variety of risk analytical tools, estimated volatilities and rates of return for each fund included in a solution, and in different market environments. The information is applied in scenario analysis using various combinations of funds and risk weightings. TD Asset Management Inc., a wholly-owned Canadian subsidiary of The Bank, is registered as a "portfolio manager" in all Canadian provinces and territories, and is an affiliate of TDPCW and PAIR ("TDAM"). TDAM provides services to PAIR in support of this process. PAIR and TDAM review the various scenarios and make adjustments using qualitative judgments based on their fundamental views, manager analysis and any additional constraints not captured in the scenario analysis. The adjusted portfolio is then analyzed and stress-tested to arrive at a recommended portfolio for each goal. The relationship between TDPCW, PAIR and TDAM is more fully described in Item 9, "Material Relationships with Related Persons."

The TD Strategic Portfolio asset mixes and fund selections may be adjusted as appropriate to reflect changes in market environments. The TD Strategic Portfolios and each of the underlying funds are monitored on a periodic basis to confirm they continue to fulfill the stated investment objectives. Each TDAM USA Fund is subject to an internal review of fund performance and key drivers of the results to determine if these are consistent with the expected outcome based on the fund's investment process, portfolio characteristics, style, and risk characteristics. Additionally, PAIR monitors the TDAM USA Funds from a quantitative and qualitative perspective for consistency with each fund's stated objectives. PAIR and TDPCW may replace funds in the TD Strategic Portfolios as performance, market conditions or other circumstances dictate.

### **Investment Manager Selection and Evaluation: TD Guided Portfolios and TD Premier Guided Portfolios**

As the sponsor of various managed account programs, TDPCW employs a multi-phase approach to researching and selecting managers and strategies suitable for participation in the TD Guided Portfolios and TD Premier Guided Portfolios. This approach searches for SMAs, Models, mutual funds and ETFs. The overall analysis is based on sophisticated quantitative measures as well as an in-depth qualitative assessment.

TDPCW relies on the services of PAIR, a department within The Bank and TD Wealth, to provide screening, analysis, due diligence and recommendation of asset managers, SMAs, Models, mutual funds, and ETFs for inclusion within the TDPCW Portfolios (the "Select List"). The analysis of each SMA, Model, mutual fund, and ETF is presented to the TDPCW Wealth Investment Risk Oversight Committee ("Committee") for review and approval for inclusion on the Select List.

- **Selection of SMAs, Models, and Mutual Funds**

In determining which SMAs, Models, and mutual funds are selected for analysis, PAIR utilizes a preliminary screening process involving a variety of criteria such as assets under management, personnel, and operating and performance history. Affiliated mutual funds, Models, and SMA managers are not subjected to the preliminary screening process.

If the preliminary screen is successful, the next phase of the analysis includes a review of a range of quantitative criteria (relating to performance and portfolio reviews) and qualitative criteria (relating to such items as the investment team, philosophy and process, capacity and structure). PAIR also reviews information regarding the SMAs, Models, and mutual funds from the following types of sources: Sponsor's website, publicly available sources, regulator websites, commercially available databases and in-person meetings. The criteria employed for each SMA, Models, and mutual fund may not be identical and instead is typically based on the nature of the portfolios and investment philosophy.

The evaluation of a wide range of quantitative factors underpins the research process. This process involves analyzing several risk and return measures including: peer group ranking, trailing return



history, performance and style consistency and volatility measures. We use performance information - discrete and compound performance, risk-adjusted, upside/downside capture ratios, volatility and tracking error measures - to screen and filter the product universe down to those we feel demonstrate positive characteristics supportive of a recommendation.

Qualitative factors are the most important aspects of the SMA, Model, and mutual fund reviews. The qualitative stage of the analysis relies upon an investigation of the manager and review of the qualitative factors that can influence portfolio returns. This includes a review of the manager's investment style or approach, the strategy, process and methodology they apply to build and maintain portfolios, and their underlying investment philosophy. These aspects are then reviewed in the context of the tools, infrastructure and support resources that can be applied to support or drive the investment process. Some of the qualitative characteristics that are reviewed include: manager tenure and experience, portfolio management discipline, research capabilities and organizational strength.

The quantitative and qualitative factors described above are evaluated differently for affiliated SMAs, Models, and mutual funds, including TDAM USA Funds, SMAs managed by our affiliate TDAM USA, and SMAs managed by our affiliate Epoch Investment Partners, Inc. (collectively "Affiliated SMAs and Funds"). Affiliated SMAs and Funds are not subject to the preliminary screening process and are not required to satisfy certain quantitative factors, including minimum assets size and track record. This allows newly established Affiliated SMAs and Funds to be considered for inclusion on the Select List. TDPCW and PAIR also have greater qualitative access and insight to the organizational structure, investment team history, risk management culture, investment philosophy, and analytical process for Affiliated SMAs and Funds, which may favor the inclusion of Affiliated SMAs and Funds in the TDPCW Portfolios. (Please see section B of Item 9 below for a further description of our relationship with Affiliated SMAs and Funds and the conflicts of interest that arise as a result of those relationships.)

- **Selection of ETFs**

When assessing ETFs, the research process starts by screening the universe of ETFs listed on U.S. exchanges. PAIR screens for passively-managed ETFs that could provide efficient exposure to their respective asset class/category. ETFs are evaluated for several factors including structure, cost, liquidity, tracking error as well as the experience and expertise of the fund sponsor.

### **Investment Monitoring**

Once an SMA, Model, mutual fund, or ETF is approved by the Committee for inclusion on the Select List, PAIR engages in on-going due diligence of the SMA's, Model's, mutual fund's or ETF's appropriateness for the program as described below under "Change in Status" and "Watch Policy."

PAIR compares the SMA, Model, mutual fund or ETF performance with benchmarks and peer group returns generally for rolling one-, three- and five-year periods, where data is available, and maintains ongoing contact with the managers we select. PAIR conducts due diligence reviews and manager interviews at least annually for all SMA and Model managers and mutual funds on the

Select List. ETFs are monitored by confirming the absence of material events. The SMAs, Models, mutual funds and ETFs are further monitored for any other material changes including changes at the organizational, manager or investment process levels. Affiliated SMA managers, Models, and mutual funds are reviewed differently than non-affiliated managers and funds, and PAIR relies on increased access and insight to Affiliated SMAs and Funds when conducting due diligence reviews and manager interviews. (Please see section B of Item 9 below for a further description of our relationship with Affiliated SMAs and Funds and the conflicts of interest that arise as a result of those relationships.)

Performance data for each Model, SMA, mutual fund, and ETF on the Select List is monitored on an ongoing basis, formally reviewed on no less than a quarterly basis, and reviewed by the Committee at least annually.

- **Change in Status**

TDPCW may remove or replace any SMA, Model, mutual fund, or ETF on the Select List as performance, market conditions, or other circumstances dictate. In some circumstances, PAIR may determine that a SMA, Model, mutual fund or ETF no longer meets the criteria under the evaluation process and may recommend that a SMA, Model, mutual fund or ETF no longer be approved for sale on the platform. The criteria for monitoring and removing Affiliated SMAs and Funds differs from non-affiliated SMAs, Models, mutual funds and ETFs, and generally favors the retention of Affiliated SMAs and Funds in the discretionary programs. (Please see section B of Item 9 below for a further description of our relationship with Affiliated SMAs and Funds and the conflicts of interest that arise as a result of those relationships.)

The analysis of each SMA, Model, mutual fund, and ETF is presented to the Committee for review and approval for removal from the Select List. We may notify affected Clients of changes in the status of funds on the Select List. When appropriate, TDPCW specifies a replacement SMA, Model, mutual fund or ETF with similar attributes to the terminated SMA, Model, mutual fund or ETF.

- **Watch Policy**

TDPCW has a "Watch" policy for SMAs, Model, mutual funds and ETFs on the Select List. Watch status indicates that, in reviewing a SMA, Model, mutual fund or ETF, TDPCW has identified specific areas of the sponsor's business, or the SMA, Model, mutual fund or ETF that (a) merit further evaluation, or (b) may, but are not certain to, result in a change in the SMA's, Model's, mutual fund's or ETF's status. Putting a SMA, Model, mutual fund or ETF on Watch does not signify an actual change in TDPCW's opinion nor necessarily indicate a change in its status.

### **Performance Standards**

TDPCW obtains investment performance information from the fund sponsors. Individual fund sponsors may use various methods of calculating performance. While every attempt is made to obtain information that is consistent across all SMAs, Model. mutual funds and ETFs, it is not always possible to do so. In some cases, the information provided by fund sponsors may not be calculated

on a uniform and consistent basis. TDPCW is not able to independently verify the accuracy of the investment performance information it receives.

### **Risk of Loss**

All investments have risk associated with them and have a potential for loss. Clients need to be able to bear this risk of loss. While we believe our investment strategies are designed to potentially produce the highest possible return for a given level of risk, we cannot guarantee that the investment objective or goal will be achieved. Some investment decisions made by us may result in loss, which may include the original principal amount invested.

Asset Allocation Risks. Asset allocation strategies are subject to the risk that TDPCW's asset allocation decisions among various asset classes will not anticipate market trends successfully. For example, investing too heavily in common stocks during a stock market decline may result in a failure to preserve capital. Conversely, investing too heavily in fixed income securities during a period of stock market appreciation may result in lower total returns.

Diversification does not guarantee a profit or protect against a loss.

Trade Rotation Methodology. Clients that hold securities in a model provided by sub-advisers should note that certain sub-advisors, as part of their trading procedures, may use a trade rotation methodology that results in sponsors of programs that use model portfolios receiving investment advice and trade recommendations after trade orders have been placed for accounts over which the sub-adviser has full discretionary investment management authority. This may result in purchasing or selling securities in the model portfolio at prices which are different than the prices at which clients of the sub-adviser purchased or sold the same securities, and could disadvantage your Account.

Overall Market Risk. Securities markets are volatile and the market prices of securities may decline generally. Equity securities fluctuate in price and may decline in value due to both real and perceived general market and economic industry conditions and the issuing company's financial condition and overall market and economic conditions.

Fixed income securities are affected by a number of risks, including fluctuations in interest rates, credit risk, prepayment risk, and inflation risk.

Interest Rate Risk. Prices of fixed income securities rise and fall in response to changes in the interest rate paid by similar securities. Generally, when interest rates rise, prices of fixed income securities fall. However, market factors, such as the demand for particular fixed income securities, may cause the price of certain fixed income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes generally have a greater effect on the price of fixed income securities with longer durations. Duration measures the price sensitivity of a fixed income security to changes in interest rates.

Credit Risk. Fixed income securities carry the risk of default, which means that the issuer fails to pay interest or principal when due. Many fixed income securities receive credit ratings from services such as Standard & Poor's and Moody's Investor Services, Inc. These services assign ratings to securities by assessing the likelihood of issuer default. Lower credit ratings correspond to higher credit risk.

Call Risk. Call risk is the possibility that an issuer may redeem a fixed income security before maturity (a call) at a price below its current market price. An increase in the likelihood of a call may reduce the security's price.

Prepayment Risk. Prepayment risk is the risk that the issuer of a security will repay principal prior to the bond's maturity date, thereby changing the expected payment schedule. This is especially prevalent with mortgage-backed securities. Homeowners frequently refinance high interest rate mortgages when mortgage rates fall. This results in the prepayment of mortgage backed securities with higher interest rates. Conversely, prepayments due to refinancings decrease when mortgage rates increase. This extends the life of mortgaged backed securities with lower interest rates. Other economic factors can also lead to increases or decreases in prepayments. Increases in prepayments of high interest rate mortgage backed securities, or decreases in prepayment of lower interest rate mortgage backed securities, may reduce their yield and price. These factors, particularly the relationship between interest rates and mortgage prepayments, makes the price of mortgage backed securities more volatile than many other types of fixed income securities with comparable credit risks.

Alternative Asset Classes. Investing in alternative asset classes such as commodities, hedge funds, real estate and bank loans, may have their own unique risks including, but not limited to, market risk, interest rate risk, lack of liquidity, volatility of returns, absence of valuation and pricing information, delays in tax reporting and substantial loss due to speculative investment practices.

International Investments. International investing is subject to additional risks including currency fluctuations, political factors, withholding, lack of liquidity, absence of adequate financial information, and exchange control restrictions impacting foreign issuers. These risks may be magnified in emerging markets.

Tracking Risk. Certain mutual funds and/or ETFs ("Tracking Funds") may seek to have all or a substantial portion of their returns linked to the performance of one or more recognized indices (each, a "Reference Index"), one or more mutual funds (each, a "Reference Fund") or a basket of securities ("Reference Securities"). Tracking Funds will be subject to the same risks as those associated with the Reference Index(es), Reference Fund(s) or Reference Securities that they are attempting to track.

The return of a Tracking Fund may be different from that of its respective Reference Index(es), Reference Fund(s) or Reference Securities because the Tracking Fund bears its own fees and expenses, including commissions and the costs of any derivatives that it may use to achieve its investment objectives.

There may be a delay between the time an investor buys securities of a Tracking Fund and the time the Tracking Fund gets additional exposure to the Reference Index(es), Reference Fund(s) or Reference Securities. During this delay, the Tracking Fund may be unable to track closely the performance of its corresponding Reference Index(es), Reference Fund(s) or Reference Securities with respect to the purchase amount of those securities of the Tracking Fund. If new purchases or redemptions of securities of the Tracking Fund are large compared to the overall size of the Tracking Fund, the ability of the Tracking Fund to track its Reference Index(es), Reference Fund(s) or Reference Securities may be significantly reduced.

Other factors that may affect the ability of a Tracking Fund to match the return of its Reference Index(es), Reference Fund(s) or Reference Securities include:

- the size of the Tracking Fund;
- the composition of the Reference Index(es), Reference Fund(s) or Reference Securities;
- investment strategies employed to track the performance of the Reference Index(es), Reference Fund(s) or Reference Securities; and/or
- the level of trading activity by the Tracking Fund's securityholders.

## **Item 7. Client Information Provided to Portfolio Managers**

TDPCW provides its Clients TDPCW Portfolios through Envestnet. TDPCW and Envestnet have entered into a Program Agreement where Envestnet provides a range of services to include administrative services, reporting capabilities, technology systems and transaction execution for all Clients.

TDPCW and your custodian, Pershing LLC, share your personal identification, account and holdings data with Envestnet and Envestnet may share this information with third-party managers as needed. We also share this information with your Investment Advisor. Your Investment Advisor provides us with access to the following Client-related information: (i) account opening documents (which include, among other things, your investment objective, risk tolerance and any account restrictions you imposed on management of assets), (ii) your investment guidelines (if applicable), and (iii) reports relating to the performance of your account(s).

## **Item 8. Client Contact with Portfolio Managers**

Clients are encouraged to contact their Investment Advisor or TDPCW with any questions they may have regarding their account(s) and the Investment Advisor or TDPCW may or may not contact the third-party manager.

## **Item 9. Additional Information**

### **A. Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the adviser or the integrity of the firm's management. TDPCW has no material legal or disciplinary events to disclose related to TDPCW's business or its management.

### **B. Other Financial Industry Activities and Affiliations**

#### **Broker-Dealer, FCM, CPO or CTA Registration**

TDPCW is registered with the SEC and the Financial Industry Regulatory Authority ("FINRA") as a broker-dealer. All TDPCW management personnel are registered representatives of TDPCW.

#### **Material Relationships with Related Persons**

Described below are potential conflicts of interest related to TDPCW's advisory business. TDPCW addresses these conflicts by disclosing it to you and through the mitigations described in this section.

As an indirect wholly-owned subsidiary of The Bank, we have relationships with, and may utilize, suggest or recommend the services of, various TD-affiliated entities. The particular services involved will largely depend upon the types of services offered by the affiliated entity. Technically, we are only required to disclose material relationships with certain types of "related persons," which are defined to include entities we control, entities that control us or entities that are under common control with us. However, because we have material relationships with some affiliated entities that are within the reportable categories but are not related persons, we have described below all such material relationships even if the affiliate is not technically a related person. We also have material relationships with affiliates which, in turn, have relationships with other affiliates. These indirect relationships are also described below.

## 1. Broker-Dealers

TDPCW has affiliates and related persons that are engaged in investment banking and securities-related activities.

TD Securities Inc. ("TD Securities") is a Canadian "investment dealer" registered in all provinces and territories of Canada and is a wholly-owned subsidiary of The Bank. TD Securities (USA) LLC ("TD Securities (USA)") is a broker-dealer registered with FINRA and is an indirect wholly-owned subsidiary of The Bank. We may purchase securities underwritten by TD Securities and/or TD Securities (USA) for our Client accounts subject to applicable regulatory requirements.

We also have certain organizations associated with us by a joint venture between TD Luxembourg International Holdings S.a.r.l., a wholly owned subsidiary of The Bank, and TD Ameritrade Holding Corporation ("Ameritrade"), the parent company of entities bearing the "Ameritrade" name, and certain of its original shareholders. Ameritrade is a U.S. publicly-traded company with common shares listed on the New York Stock Exchange. It is a leading provider of securities brokerage services, investment advisory services, and technology-based financial services to retail investors and business partners. As of December 31, 2014, the Bank owned approximately 41.03% of the outstanding voting securities of Ameritrade. The Bank's investment in Ameritrade is subject to a Stockholders Agreement that contains provisions relating to governance, board composition, stock ownership, transfers of shares, voting and other matters.

## 2. Investment Companies

Subject to Client investment guidelines and applicable law, TDPCW may discretionarily invest Client assets in or recommend TDAM USA Funds, a family of open-end mutual funds registered under the 1940 Act that managed by our affiliate TDAM USA, SMA strategies managed by our affiliate TDAM USA, and/or SMA strategies managed by our affiliate Epoch Investment Partners, Inc. Depending on your investment objectives and the type of portfolio chosen, you may be invested significantly, and in some cases exclusively, in TDAM USA Funds or other Affiliated SMAs and Funds. TDPCW receives fees from our customers on invested assets, whether invested in affiliated or non-affiliated SMAs and Funds, as described above. TDAM USA and Epoch receive management and/or advisory fees from the Affiliated SMAs and Funds. This creates a conflict of interest because investing in Affiliated SMAs and Funds is generally more profitable to TDPCW and its affiliates than investing in non-affiliated SMAs and funds. Please refer to the applicable prospectus for a full description of fees and charges.

TDPCW works to reduce this conflict by subjecting TDAM USA and Epoch to manager due diligence reviews and performance monitoring by our affiliated consultant, PAIR. In addition, Affiliated SMAs and Funds are also subject to due diligence review and approval alongside non-affiliated funds. Also, TDPCW may only invest in or recommend Affiliated SMAs and Funds if the Affiliated SMAs and Funds are appropriate based on your investment objectives and financial circumstances, subject to reasonable restrictions. Finally, you have the ability to direct us not to invest your assets in or recommend to you Affiliated SMAs and Funds. Our relationship with PAIR, Epoch and TDAM USA, and relevant conflicts of interest, are discussed more fully below.

### 3. Investment Advisers

TDPCW's affiliates, TDAM USA and Epoch Investment Partners, Inc., are U.S. registered investment advisers and wholly-owned subsidiaries of the The Toronto-Dominion Bank Group. TDAM USA and/or Epoch serve as an adviser or sub-adviser to each of the Affiliated SMAs and Funds described above. Where clients select SMAs managed by TDAM USA and/or Epoch, our affiliate managers may use investment discretion to invest in other Affiliated SMAs and Funds.

TDPCW's, TDAM USA's, and Epoch's discretionary authority to invest Client assets in Affiliated SMAs and Funds creates an inherent conflict of interest because increased investments in Affiliated SMAs and Funds increases revenues to the Toronto-Dominion Bank Group as described above. TDPCW works to reduce this conflict by (1) monitoring all affiliate Models, SMAs, and mutual funds (2) only investing in or recommending Affiliated SMAs and Funds according to your investment objectives and financial circumstances, and (3) your ability to direct us not to invest your assets in or recommend to you Affiliated SMAs and Funds, subject to reasonable restrictions.

TD Asset Management ("TDAM") is a Canadian-licensed portfolio manager and wholly owned subsidiary of the The Bank. TDAM operates as a "participating affiliate" of TDAM USA in accordance with a series of SEC staff no-action letters, under which they share portfolio management and other personnel and resources. They have entered into a participating affiliate arrangement under which TDAM USA receives advice and/or research from TDAM for use with U.S. clients. Consistent with the no-action letters, certain TDAM personnel are subject to the TDAM USA Code of Ethics and other conditions as set forth in the agreement. TDAM also has a relationship with PAIR which indirectly benefits TDPCW. This relationship is discussed below.

TDAM USA has entered into a sub-advisory agreement with Epoch pursuant to which Epoch will provide sub-advisory services to certain series of the TDAM USA Funds.

### 4. Bank or Thrift Company

The Bank is a foreign Canadian chartered bank regulated by the Canadian Office of the Superintendent of Financial Institutions. Certain areas of The Bank may provide various services, such as Compliance, Legal and Finance, to TDPCW as well as to others of its subsidiaries.

TDPCW has entered into an inter-company service agreement with PAIR to provide certain research, due diligence and advisory services in connection with the TDPCW Portfolios. PAIR's services include investment analysis, investment management, asset allocation guidance, and TDPCW Portfolio construction and maintenance. TDPCW has also engaged PAIR to perform due diligence and oversight on investment managers and strategies in the TDPCW Portfolios, including the mutual funds, models and strategies that are advised by TDPCW's affiliate, TDAM USA, in order to advise TDPCW on the comparability of all mutual funds, models and strategies offered by TDPCW to its Clients. Finally, PAIR provides TDPCW with investment recommendations with respect to other investment opportunities that TDPCW may select.

PAIR currently provides similar services to one other affiliated U.S. client, TD Bank, a U.S. bank excluded from registration as an investment adviser. With respect to both TD Bank, N.A. and



TDPCW, PAIR provides advice solely to its affiliates, not to their respective customers or clients, and qualifies as a foreign private adviser, exempt from registration as a U.S. investment adviser under Section 203(b)(3) of the Investment Advisers Act of 1940, as amended (the "Advisers Act").

PAIR also has a relationship with TDAM, our Canadian affiliate, under which TDAM's long-term market view, analyses, and opinions on tactical asset allocation changes are considered when developing the asset mix in portfolios. PAIR seeks to construct portfolios in each category that reflect these asset allocation views. As a result, TDPCW indirectly benefits from investment research performed by TDAM for PAIR when receiving recommended model portfolios from PAIR.

PAIR and TDAM also participate in the WAAC, a committee of TD Wealth. The WAAC was established to deliver a consistent asset allocation message across the TD Wealth organization. The committee meets monthly to determine a six to eighteen month view on asset allocation and is supported by the U.S. Implementation Committee ("USIC") which is responsible for adopting and executing asset allocation views for TDPCW. As a result, TDPCW indirectly benefits from investment research and analysis performed by PAIR and TDAM representatives when receiving recommendations on tactical asset allocations from WAAC.

PAIR-recommended portfolios include only those funds which have undergone both fund and manager due diligence performed by PAIR, including any affiliated manager or fund. PAIR has an inherent conflict of interest in conducting due diligence with respect to TDAM USA as a manager and the TDAM USA Funds it manages. PAIR also has an inherent conflict of interest conducting due diligence reviews with respect to Epoch managers. Affiliated and non-affiliated managers are both subjected to qualitative and quantitative analysis, but the analysis and standards are not the same. TDPCW and PAIR have greater qualitative access and insight into Affiliated SMAs and Funds. Non-affiliated funds are typically held to a higher standard of evaluation. As a result, TDPCW generally favors Affiliated SMAs and Funds for inclusion and retention within the TDPCW Portfolios. However, TDPCW may only invest in or recommend Affiliated SMAs and Funds if the Affiliated SMAs and Funds are appropriate based on your investment objectives and financial circumstances. Finally, you have the ability to direct us not to invest your assets in or recommend to you Affiliated SMAs and Funds, subject to reasonable restrictions.

## 5. Other Conflicts of Interest

**Affiliate access and training.** The Investment Advisors of TDPCW may receive a broader level of access to, and support and training from, certain management persons and employees of TDPCW affiliates than they receive from non-affiliates. TDPCW Investment Advisors' access to affiliates includes access to support from product specialists, detailed product training, relevant product information, and participation in marketing events. TDPCW does not receive comparable access to non-affiliated asset managers and product providers. TDPCW Investment Advisor's enhanced familiarity with affiliated products may result in Investment Advisors making more frequent recommendations of affiliated products than non-affiliated products. TDPCW Investment Advisors do not receive greater compensation to sell affiliated products.

**Advisory vs. Brokerage Account.** TDPCW and your Investment Advisor may earn more compensation if you invest in the TDPCW Portfolios than if you open a brokerage account to buy individual securities (although, in a brokerage account, you would not receive all the benefits of the program described in this Wrap Fee Brochure). Investment Advisors and TDPCW therefore have a financial incentive to recommend the TDPCW Portfolios. We address this conflict of interest by requiring Investment Advisors' supervisors to review your account at account-opening to determine that it is suitable for you in light of matters such as your investment objectives and financial circumstances.

**Use of Seed Capital.** TDAM or one of its affiliates may provide seed capital in order to establish a TDAM USA Fund and/or allow it to operate. This type of investment is intended to be temporary pending purchases by unrelated investors and is not made for the purpose of earning investment returns. As a result, TDAM or one of its affiliates may hedge a seed capital investment in a TDAM USA Fund, including by short selling exchange-traded funds or the individual securities held by a TDAM USA Fund.

TDAM or its affiliates may redeem all or a part of its seed capital in a TDAM USA Fund at any time, without notice. TDAM USA may exercise its discretionary authority over a client account in order to invest the client assets in securities of a TDAM USA Fund and this may occur without notice concurrently with the withdrawal of all or a part of the seed capital by TDAM or one of its affiliates from the same TDAM USA Fund.

**Services provided by affiliates and others to other Clients.** TD Securities, TD Securities (USA), Epoch, and other affiliates of TDPCW, and TD Ameritrade and its affiliates, may provide a variety of services in some cases (including research, brokerage, asset management, trading, lending and investment banking services) for each other, and for various Clients (including issuers of securities that may be purchased, sold, or recommended for purchase or sale by Clients or are otherwise held in Client accounts). TDPCW's affiliates and others receive compensation and fees in connection with these services. TDPCW believes that the nature and range of Clients to which such services are rendered is such that it would be inadvisable to exclude categorically all of these companies from an account. Accordingly, it is likely that securities in an account will include some of the securities of companies for which TDPCW's affiliates perform investment banking or other services.

**Different advice.** TDPCW, PAIR, TDAM USA, Epoch, and their affiliates may give different advice, take different action, receive more or less compensation, or hold or deal in different securities for any other party, Client or account (including their own accounts or those of their affiliates) from the advice given, actions taken, compensation received or securities held or dealt for your account(s).

**Trading or Issuing Securities in, or Linked to Securities in, Client Accounts.** TD Securities, TD Securities (USA), TD Ameritrade, and their affiliates, may provide bids and offers, and may act as principal market maker, in respect of the same securities held in Client accounts. TD Securities, TD Ameritrade, and their affiliates and employees may hold a position (long or short) in the same securities held in Client accounts. TD Securities and/or their affiliates are regular issuers of traded financial instruments linked to securities that may be purchased in Client accounts. From time to

time, the trading of TD Securities and/or its affiliates may be detrimental to securities held by a Client and thus create a conflict of interest.

**Material Relationships with Recommended Investment Advisors.** TDPCW does not receive compensation from funds of recommended mutual funds, strategies and Portfolios.

## **C. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

TDPCW has adopted a Code of Ethics that complies with Rule 204A-1 under the Advisers Act. The Code of Ethics applies to all of TDPCW's employees, although the trading restrictions and reporting requirements are more involved for TDPCW's supervised persons. The term "supervised person" means any partner, officer, director (or other person occupying a similar status or performing similar functions) or employee of TDPCW, or other person who provides investment advice on behalf of TDPCW and is subject to TDPCW's supervision and control.

TDPCW's Code of Ethics sets forth the fiduciary standards that apply to all TDPCW employees, incorporates TDPCW's insider trading policy, and governs outside employment and receipt of gifts. The Code of Ethics also addresses the following areas of TDPCW's business: procedures for personal securities transactions of TDPCW's partners, officers, directors and employees; and initial public offerings and private offerings. Each partner, officer, director and employee is required to certify annually that he or she has read and understands the Code of Ethics. TDPCW will provide a copy of its Code of Ethics to any Client or prospective Client upon request.

With respect to personal trading, the Code of Ethics contains rules and restrictions on the purchase and sale of securities by employees. These rules and/or restrictions are designed to protect TDPCW's Clients. All officers and employees are required to put the interests of the Clients first in all dealings relating to the Client and their investments.

Activities that are strictly prohibited include:

- Having a personal interest in any Client transaction;
- Getting any personal benefit from a Client transaction;
- Using knowledge of Client transactions for personal gain; and
- Allowing TDPCW directors, officers and employees to prefer his or her own interests to that of any advisory Client

TDPCW's Compliance personnel monitor personal securities trading by employees and the members of the employee's household. Employee personal trading reports are reviewed by Compliance personnel to verify the employees are complying with the Code of Ethics. TDPCW may impose penalties and sanctions on employees who have violated provisions of the Code of Ethics, including the personal trading policy. Employees must file transaction reports with Compliance at least quarterly. Compliance personnel review employee transaction reports.

Please refer to Section A above for the description of how TDPCW handles the conflicts of recommending securities in which a related person has a material interest.

## **D. Review of Accounts**

TDPCW, through its Investment Advisors, gathers information from a Client about that Client's financial situation, risk tolerance, investment objectives and any reasonable restrictions that the Client wishes to impose upon the management of the account(s). Each Investment Advisor periodically reviews reports and otherwise consults with the Client, and contacts the Client at least annually to review the Client's financial situation and investment objectives. Clients should notify promptly their Investment Advisors of any changes in their financial situation, risk tolerance, investment objectives or account restrictions.

TDPCW provides each Client with a quarterly written performance report. Additionally, the custodian sends Clients written statements on a monthly or quarterly basis depending on the level of activity within the account(s). Such statements reflect the account value, the holdings within, and the activity conducted over the previous period. Clients are encouraged to review their statements carefully and to contact the firm with any questions or concerns regarding same.

## **E. Client Referrals and Other Compensation**

From time to time we may compensate, either directly or indirectly, any person or company for referring clients to us. In addition, under certain circumstances, our employees and employees of our affiliates may have the opportunity to refer clients to each other or to non-affiliated third parties. Such referrals may result in the receipt of a referral fee. We will comply with all applicable requirements of SEC Rule 206(4)-3 under the Advisers Act, in connection with any referral arrangements, including appropriate disclosure of referral arrangements to our Clients and maintenance of referral arrangements.

## **F. Financial Information**

This Item requires Investment Advisors to provide certain financial information or disclosures about their financial condition. TDPCW does not require prepayment of fees six months or more in advance. Therefore it is not required to include a balance sheet with this Wrap Fee Brochure. TDPCW has no financial hardships or other conditions that might impair its ability to meet its contractual obligations to Clients. TDPCW has not been the subject of a bankruptcy proceeding.