

Investment Adviser Brochure for TDAM USA Inc.

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This Brochure provides information about the qualifications and business practices of TDAM USA Inc. (“TD Asset Management”). If you have any questions about the contents of this Brochure, please contact us at 1-866-714-4088. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

TD Asset Management is a registered investment adviser with the SEC. Registration does not imply any level of skill or training.

Additional information about TD Asset Management is also available on the SEC’s website at www.adviserinfo.sec.gov.



2. MATERIAL CHANGES

Our last annual update was dated January 31, 2012 and our last Brochure amendment was dated December 14, 2012. This Brochure is the 2013 annual update and an other-than-annual amendment describing two new affiliated advisers and our material business relationships with them. During 2012, we amended our description of products we offer, clients we advise and related conflicts of interest. This Brochure also contains a new chart summarizing the investment strategies we offer.

To the extent that we materially amend our Brochure in the future, you will receive either an amended Brochure or a summary of any material changes to the annual update within 120 days of the close of our fiscal year. We may also provide you with an interim amended Brochure based on material changes or new information. Upon request, we will provide you with a current Brochure, at any time, without charge.

Our current Brochure is publicly available at www.adviserinfo.sec.gov or on our website, www.tdamusa.com. You may also request a free copy of our Brochure by contacting James Simmonds, our Chief Compliance Officer (“CCO”) at 1-866-714-4088.

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4. ADVISORY BUSINESS

TDAM USA Inc. (“TD Asset Management”) is a Delaware corporation formed in 1995. Our principal office is located in Toronto, Ontario, Canada and branch offices are located in New York, NY, Burlington, MA and Montreal, Quebec, Canada.

We offer a broad spectrum of fundamental and quantitative investment strategies, including actively managed equity and fixed income strategies. We offer custom solutions, such as asset liability matching and portfolio transition management, as well as other specialized segregated investment management services, including cash management and currency overlay. Clients can impose restrictions on investing in certain securities or types of securities through written investment guidelines.

We provide discretionary and non-discretionary investment management services to a wide variety of clients. We primarily provide advice to our affiliates, including TD Bank, N.A. (“TD Bank”), a nationally chartered U.S. bank, and its subsidiary, TD Private Client Wealth LLC (“TDPCW”), a registered investment adviser and broker dealer, in each case on behalf of their customers and clients. We also provide advice to TD Asset Management Inc. (“TDAM”), a Canadian-licensed portfolio manager; investment companies; and certain other institutions. We serve as the adviser to TD Asset Management USA Funds Inc. (the “TDAM Funds”), a family of open-end mutual funds registered under the Investment Company Act of 1940 (“1940 Act”), as sub-adviser to TDAM in the management of two affiliated Canadian mutual funds, and as a subadviser to various unaffiliated mutual funds. We offer our services as a discretionary adviser or subadviser to corporations, insurance companies, foundations, endowments, pension plans and mutual funds. Where services are provided to a pension plan, we do so as a “fiduciary” within the meaning of the Employment Retirement Income Security Act of 1974.

TD Asset Management, TDAM, TD Bank and TDPCW are all wholly-owned subsidiaries of The Toronto-Dominion Bank, a Canadian chartered bank. The Toronto-Dominion Bank and its subsidiaries are collectively known as TD Bank Group (“TD”). See Section 10.C.3, below, for more information on TDAM, Section 10.C.4 for additional information on TD Bank and The Toronto-Dominion Bank and Sections 10.C.1 and 10.C.3 for more information on TDPCW.

Advisory Services Provided to TD Bank and TDPCW

We provide discretionary and non-discretionary investment management services to TD Bank and TDPCW, on behalf of their customers and clients, through separately managed account programs. More specifically, we provide TD Bank and TDPCW with models consisting of various securities corresponding to different investment strategies (each, a “Model Portfolio”).

TD Bank

We create and provide to TD Bank various Model Portfolios which are offered by TD Bank to its customers. TD Bank customers in this program may give TD Bank either full discretion with no special guidelines (“Sole Authority”) or may include guidelines or restrictions to be applied to

their accounts (“Shared Authority”). On behalf of participating customers, TD Bank may select among: (1) specific Model Portfolios we or an affiliate create; (2) modules consisting either wholly of 2 or more Model Portfolios, or partially of 1 or more Model Portfolios and selected non-modeled assets (“Modules”); or (3) portfolios of non-modeled assets. Once TD Bank selects among Model Portfolios, Modules or non-modeled assets for specific TD Bank customers, we assume responsibility for managing the portfolios of customers invested in Model Portfolios, in Modules or in non-modeled assets in accordance with guidelines and restrictions provided by TD Bank and, as applicable, participating customers. Where a customer imposes restrictions on investing in certain securities or types of securities, the performance of its account may be different from the performance of other accounts within the same Model Portfolio that lack any such restrictions.

Model Portfolios for TD Bank

The Model Portfolios provide TD Bank customers with discretionary management of various asset classes, including equities, fixed income and shares of affiliated and unaffiliated mutual funds. We create and re-balance most of the Model Portfolios offered by TD Bank as a bank fiduciary to its customers. TD Bank charges its customers in this program an asset-based fee that covers investment advice and TD Bank custody. We receive a portion of this asset-based fee depending on the nature and amount of assets we participate in advising.

We create and maintain all of the Model Portfolios currently used by TD Bank except for the Model Portfolios created and maintained by a specialized, research and strategy division within The Toronto-Dominion Bank (the “Research Affiliate”). The Research Affiliate’s Models consist primarily of third party mutual funds and exchange traded funds (“ETFs”), but may also include TDAM Funds. Where the Research Affiliate selects TDAM Funds for its Model Portfolios, TD Bank customers will pay their pro rata portion of advisory fees embedded in the TDAM Funds to us. However, we do not charge TD Bank any external asset management fee on its customers’ account assets invested in any proprietary money market fund we manage. See Section 5, below, for a more detailed discussion of our fees.

Modules of Model Portfolios and Non-Modeled Assets for TD Bank

In addition to the Models we create and maintain, we also provide TD Bank with investment recommendations with respect to other investment opportunities, including equity and fixed income securities and ETFs that TD Bank may select as Modules of a mixed portfolio or as non-modeled assets.

Our investment management practices apply to all Model Portfolios, Modules and non-modeled assets, including unaffiliated mutual funds, except for our Research Affiliate’s Model Portfolios. We also provide trading services to TD Bank and its customers by arranging, on a discretionary basis, for the execution of all orders for each participating TD Bank customer account. For a more complete discussion of our discretionary trading activities, see Section 12, below. With respect to our Research Affiliate’s Model Portfolios, our role is limited to administrative processing services related to the purchase or sale of its approved third party mutual fund shares.

TDPCW's Wrap Programs

We provide discretionary investment advice to TDPCW clients through participation in two types of programs, also known as 'wrap programs'. First, clients of TDPCW may select us from a list of separate account managers presented to them by TDPCW. Where a client selects us from the list of separate account managers, we receive a portion of the wrap fee clients pay to TDPCW. We provide fixed income strategies, or Model Portfolios, to TDPCW clients through the program and manage each client's account in accordance with the investment strategy of the selected Model Portfolio. Certain of these Model Portfolios may be invested in unaffiliated ETFs or in TDAM Funds that do not charge an advisory fee. Clients grant us full investment discretion and may include guidelines and reasonable restrictions to be applied to their account. As noted above, the performance a client's account subject to restrictions may be different from the performance of other accounts within the same Model Portfolio that lack any restrictions. We are responsible for fixed income trading in connection with this program, but TDPCW (or its designee) is responsible for providing all client statements and reports. We will not conduct any client suitability determinations for clients invested in the Model Portfolios, and will rely exclusively on TDPCW's suitability determination.

We also advise and make available certain series of TDAM Funds through TDPCW's mutual fund wrap program. The mutual fund wrap program invests primarily in select TDAM Funds and offers discretionary managed portfolios for various investment goals and risk tolerances. TDPCW clients pay their pro rata portion of management and administrative fees embedded within each TDAM Fund. These fees are in addition to the wrap fee TDPCW clients pay to TDPCW, and are disclosed in each TDAM Fund prospectus.

Our role as an investment manager in the programs of TD Bank and TDPCW is substantially similar, in that we manage each account in accordance with the selected Model Portfolio, subject to any restrictions imposed by the customer or client. Most of the Model Portfolios available through both platforms are very similar, except that the execution of a particular Model Portfolio through the TDPCW platform may differ due to the use of no-fee TDAM Funds or unaffiliated ETFs, as described above.

As of May 31, 2013, we managed approximately US \$13,874,600,00 of client assets on a discretionary basis.

5. FEES AND COMPENSATION

Separate Accounts

Management fees for separate accounts are subject to negotiation. Our specific fee schedule for each client is established in the client's investment management agreement with us. Separate account client fees are generally calculated daily based on assets under management (subject to a

minimum fee) and are billed in arrears on a calendar quarterly basis. An invoice is sent to each client.

Advisory fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses. Clients may also incur certain charges imposed by custodians, brokers and other third parties such as fees charged by other managers, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. See Section 12 for additional information on brokerage.

Mutual Funds

U.S. mutual funds and ETFs pay management fees and commissions related to fund securities' transactions. Fund shares may also be sold with sales charges. All fund-related fees are disclosed in each fund's prospectus and are exclusive of and in addition to our fees. They are paid directly by the fund shareholder. We receive no portion of these fund fees, commissions or costs for any unaffiliated fund. We may not accept compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. However, a related broker-dealer may receive asset-based compensation for the sale of TDAM Funds or compensation for trade execution. See Section 10.C.1 for additional information on related broker-dealers. See also Section 12 for information on the factors that we consider in selecting broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Where we serve as the adviser or subadviser of an affiliated U.S. mutual fund, we receive all or a portion of the fund's embedded management fees. When we recommend or invest client assets in affiliated mutual funds, we may charge or receive an external management fee on such assets in addition to the advisory fee embedded in our funds. However, we do not charge any client an external management fee on assets invested in affiliated money market funds.

TD Bank

As discussed in Section 4, above, we provide a variety of investment management and other services to TD Bank. In furtherance of this relationship, we entered into a service agreement with TD Bank which, among other things, provides for fee sharing based on the nature and extent of services provided. TD Bank pays us a portion of the advisory fees it collects from its own customers in the program. Our portion of the fee, up to a maximum of 20 basis points of TD Bank's fee, depends on the nature of the investment strategy we provide (*e.g.* equity versus fixed income) and the total size of TD Bank's customer portfolios invested in each respective strategy. TD Bank also pays us a portion of its asset-based fees for providing administrative services with respect to unaffiliated mutual funds. The maximum fee for our unaffiliated mutual fund administrative services is currently 10 basis points on the first breakpoint of TD Bank customer assets invested in such funds.

TDPCW

As noted above, we receive a portion of the wrap fee clients pay to TDPCW for creating and maintaining the Model Portfolios in the program. Management fees are currently 25 basis points annually for each Model Portfolio, and are deducted from a client's account by TDPCW's platform administrator and remitted to us quarterly in arrears. We also receive management and administrative fees from TDAM Funds offered through the TDPCW platform, which are separate from the wrap fees clients pay to TDPCW. These fees are disclosed in each TDAM Fund's prospectus. The wrap fee does not cover certain charges associated with fixed-income transactions in a client's account, such as dealer markups or markdowns.

6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

We do not currently charge performance-based fees for advisory services. Only fees based on a percentage of AUM are charged. However, our affiliate, TDAM, charges performance-based fees on certain accounts which are managed by portfolio managers who manage similar mandates for both TDAM and us. As such, even though we do not charge any performance-based fees, we may be deemed to engage in side-by-side management of asset-based fee and performance-based fee accounts. Performance-based fees may create potential conflicts of interest because of the incentive for supervised persons to favor these accounts in the allocation of investment opportunities. Additionally, certain of our portfolio managers who are also portfolio managers for TDAM may manage portfolios with short positions for TDAM clients. Thus, from time to time, different accounts may hold long and short positions in the same security which could also create potential conflicts.

In recognition of these potential conflicts, TD Asset Management and TDAM have adopted and implemented policies and procedures designed to provide that over time no account is favored to the detriment of another, whether charged asset-based or performance-based fees. We also have a policy requiring the Wealth Investment Compliance department ("Compliance") shared by TD Asset Management and TDAM to monitor trades monthly to identify any security that meets the side-by-side criteria. Side-by-side trading includes situations in which a single portfolio manager manages multiple accounts eligible to hold the same security or manages long and short portfolios simultaneously where knowledge of the trading program of a long-only strategy could be used to implement a long-short strategy (or vice versa) to advantage or disadvantage other accounts. Portfolio managers must confirm the rationale for any simultaneous long-short trades and Compliance must confirm that the portfolio manager's rationale meets the policy requirements.

If policy requirements are not met, the trade would be considered an error and our error reporting and review processes would be followed. All errors are reported and reviewed by representatives from Risk Management and Compliance. With respect to accounts managed by the same portfolio manager with like investment mandates, the Risk Management – Investment Risk team compares performance across the portfolio manager's accounts with similar mandates and investigates any significant deviations.

7. TYPES OF CLIENTS

As discussed in Section 4, above, our direct clients are institutional and include U.S. registered and foreign investment companies, corporations and certain affiliates, including TDAM, TD Bank and TDPCW. We also offer our services to pension plans, endowments and foundations, but do not directly enter into contracts with high net worth or retail clients. Through our relationship with TD Bank and TDPCW, however, we provide discretionary advice and trading services to the portfolios of participating TD Bank customers and TDPCW clients, some of which are high net worth or retail accounts.

8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

Methods of Analysis

Our security analysis methods include the use of quantitative models (which use brokerage research as an input factor), including sampling of securities included in various securities indices. We also employ fundamental analysis. Our methods of security analysis may include such factors as market position, product development, management capabilities and financial strength.

We may use written reports (including brokerage research) prepared by recognized analysts who are specialists in a particular industry. We may also use computer-based models to assist in portfolio management. In addition, we may use statistical and other information published by industry and government sources as well as telephone communications with and meetings of professionals within a particular industry.

Investment Strategies

We offer various investment strategies through our Model Portfolios, and a general description of these strategies is set forth in the chart below:

Equity Strategies	Investment Approach
Large Cap Core Equity	Seeks companies with above average growth prospects. Emphasis is placed on bottom-up security selection and combines active fundamental, quantitative, and valuation analysis.
Blue Chip Equity	Focuses on high quality companies that are recognized as leaders in their industry. Careful consideration is given to the long-term fundamental outlook for a company's business prospects.

Value Equity	Focuses on companies with market leading positions and healthy balance sheets that are undervalued compared to their peers.
Dividend Equity	Seeks common stock of attractive companies that pay above average dividends.

Fixed Income Strategies	Investment Approach
High Net Worth Bond	Focuses on U.S. Treasury, Agency and corporate bonds and invests in investment-grade securities with maturities between 1 and 10 years.
Ultra Short Government/Corporate Bond	Focuses on U.S. Treasury, Agency and corporate bonds and invests in investment-grade securities with maturities between 0 and 2 years.
Short Term Government/Corporate Bond	Seeks U.S. Treasury, Agency and corporate bonds and invests in investment-grade securities with maturities between 1 and 3 years.
Short Term Government Bond	Seeks U.S. Treasury and Agency securities and invests in government securities with maturities between 1 and 3 years.
Short Intermediate Government Bond	Focuses on U.S. Treasury and Agency securities and invests in government securities with maturities between 1 and 5 years.
Short Intermediate Government/Corporate Bond	Focuses on U.S. Treasury and Agency securities and corporate bonds (which may be held directly or via a pooled vehicle) with maturities between 1 and 5 years.
Intermediate Government/Corporate Bond	Seeks U.S. Treasury and Agency securities and corporate bonds (which may be held directly or via a pooled vehicle) with maturities between 1 and 10 years.
Intermediate Government Bond	Focuses on U.S. Treasury and Agency securities and invests in government securities with maturities between 1 and 10 years.
Core Bond Government/Corporate	Focuses on U.S. Treasury, Agency and corporate bonds and invests in investment-grade securities with maturities between 1 and 30 years.
Core Bond Aggregate	Seeks U.S. Treasury, Agency, corporate bonds and mortgages and invests in investment-grade securities with maturities between 1 and 30 years.
U.S. Intermediate Government/Corporate Bond – ‘A’ Minimum	Focuses on U.S. Treasury, Agency, and corporate bonds with an overweight on non-Treasury sectors. The strategy invests in investment-grade securities with a minimum credit rating of A and maturities

	between 1 and 10 years.
Long Government Bond	Invests in Treasury and Agency securities with maturities primarily 10 years or greater.
Long Government/Corporate Bond	Invests in fixed-income securities which may include Treasuries, Agencies, and corporate bonds as well as mortgage-backed and asset-backed securities that may be held directly or via a pooled vehicle. Maturities are between 1 and 30 years.

We also provide certain global equity and target date strategies as part of the subadvisory services we provide to mutual funds sponsored by other investment management organizations. Those strategies are described in the prospectuses of the relevant funds.

Risks

Below are the potential material risks our clients may encounter in relation to entering into or holding investments directly or through a mutual fund we manage. Clients may be subject to risks other than those described.

Performance Risk

As with any investment, there is a risk of loss and there is no guarantee that your portfolio will achieve its investment objectives.

Equity Risk

Accounts that invest in or have exposure to equities, also called stocks or shares, are affected by stock market movements. When the economy is strong, the outlook for many companies will be good, and share prices will generally rise, as will the value of the account that owns these shares. On the other hand, share prices usually decline in times of general economic or industry downturn. The price of equity securities of certain companies or companies within a particular industry sector may fluctuate differently than the value of the overall stock market because of changes in the outlook for those individual companies or the particular industry.

Liquidity Risk

Liquidity risk is the possibility that an account will not be able to convert its investments to cash when it needs to, or will not be able to do so at a reasonable price. Some securities are or may become illiquid because of legal restrictions, the nature of the investment itself, settlement terms, a shortage of buyers or other reasons. Generally, investments with lower liquidity tend to have more dramatic price changes and may subject the holder to losses or additional costs.

International Market Risk

Accounts that invest in or have exposure to securities of foreign issuers are subject to additional risks including, but not limited to:

- The economic environment or the particular economic and political factors of the country or geographic region in which the foreign issuer operates may impact the value of its securities.
- Certain foreign countries may have different accounting, auditing and financial reporting standards for issuers of securities, making their securities more difficult to evaluate.
- There may be less information publicly available about a foreign issuer than about a U.S. issuer, and the quality of the information may be less reliable.
- Volume and liquidity in some foreign stock and bond markets are less than in the U.S. Also, at times, there can be greater price volatility. Listed companies and investment dealers in foreign countries may be less regulated than in the U.S. Political and social instability, restrictions on the movement of capital and the threat of expropriation can affect the value of investments in less developed countries.

Suspension of Trading Risk

Securities exchanges typically have the right to suspend or limit trading in any instrument traded on the exchange. A suspension would render it impossible to liquidate positions and could expose the account to losses.

Tracking Risk – Index, Funds or Securities

Certain Funds (each a “Tracking Fund”) may seek to have all or a substantial portion of their returns linked to the performance of one or more recognized indices (the “Reference Index”), units of one or more mutual funds (the “Reference Fund”) or a basket of securities (the “Reference Securities”) by either directly purchasing the appropriate securities or by entering into forward contracts and other derivative instruments. The return of a Tracking Fund may be lower than that of its respective Reference Index, Reference Fund or Reference Securities because the Tracking Fund bears its own fees and expenses, including commissions and the costs of the forward contracts and other derivatives that it may use to achieve its investment objectives. Tracking Funds that use derivatives to achieve their investment objectives face the same risks of using derivatives as discussed below under Derivatives risk, including the risk that a counterparty might not fulfill its obligations. The ability of such Tracking Funds to achieve their investment objective may depend on whether suitable derivative arrangements can be entered into. If a Tracking Fund is not able to find enough suitable counterparties with whom to enter into derivative arrangements, the Tracking Fund may be unable to track the performance of its corresponding Reference Index, Reference Fund or Reference Securities, to the extent desired. A Tracking Fund may be terminated if enough suitable counterparties cannot be found. There may be a delay between the time an investor buys units of a Tracking Fund and the time the Tracking Fund gets additional exposure to the Reference Index, Reference Fund or Reference Securities through the use of derivatives or otherwise. During this delay, the Tracking Fund may

be unable to track the performance of its corresponding Reference Index, Reference Fund or Reference Securities for the purchase amount of those units to the extent desired. If new purchases or redemptions of units are large compared to the size of the Tracking Fund, the ability of the Tracking Fund to track its Reference Index, Reference Fund or Reference Securities may be significantly reduced.

Specialization Risk

Accounts may invest primarily in or have exposure to companies in particular industries or particular geographic areas of the world. If the particular industry or geographic region prospers, the outlook for companies in that industry or geographic region will generally increase, as may the value of the accounts that invest in them. Conversely, if the particular industry or geographic region experiences a downturn, the outlook for companies in that industry or geographic region will generally decline, as may the value of the accounts that invest in or have exposure to them. In addition, the account may suffer because it has relatively few other investments within other industries or geographic areas to offset the downturn.

Interest Rate Risk

Income from fixed income investments will vary with changes in prevailing interest rates. As a result, fixed income securities may decline in value. Accounts that invest in or have exposure to bonds, mortgages and other income-producing securities can also be affected by changes in the general level of interest rates. Bonds generally pay interest based on the level of rates when the bonds were issued. When interest rates fall, the price of bonds generally rises. That is because existing bonds pay higher rates than new ones, and are therefore in greater demand and worth more. On the other hand, when interest rates rise, bond prices generally fall, reducing the value of the bond.

Credit Risk

Fixed income investments involve credit risk. Credit risk is the risk that the government, company or special purpose vehicle (such as a trust) issuing a short-term (sometimes called commercial paper) or long-term fixed income security will be unable to make interest payments or pay back the principal. Securities that have a low credit rating have high credit risk. Lower-rated debt securities issued by companies or governments in developing countries often have higher credit risk. Securities issued by well-established companies or by governments of developed countries tend to have lower credit risk. The market value of a debt security can be affected by a downgrade in the issuer's credit rating, a change in the creditworthiness, or perceived creditworthiness, of the issuer or, in the case of asset-backed commercial paper, any assets backing the security. Accounts that invest in or have exposure to companies or markets with high credit risk tend to be more volatile.

Prepayment Risk

Prepayment risk is the risk that the ability of an issuer of a debt security to repay principal prior to a security's maturity can cause greater price volatility if interest rates change. Such prepayments often occur during periods of declining interest rates, and may cause reinvestment of assets in lower yielding securities.

Asset-Backed Securities Risk

The value of asset-backed securities may be affected by the credit risk of the servicing agent for the pool, the originator of the loans or receivables, or the financial institution(s) providing the credit support. In addition to credit risk, asset-backed securities and other securities with early redemption features are subject to prepayment risk. During periods of declining interest rates, prepayment of loans underlying asset-backed securities can be expected to accelerate or an issuer may retire an outstanding bond early to reduce interest costs.

Tax Risk

Tax laws and regulations applicable to an account or fund may change, which may result in unexpected tax liabilities. Clients should consult their own tax advisors to determine the potential tax-related consequences of investing through an account or in a fund.

State-Specific Risks

When investing in a particular state's bonds, yields will depend on, among other things, conditions in that state's municipal securities markets and debt securities markets generally, and economic, political and regulatory occurrences within that state.

Concentration Risk

The investment objectives of an account may permit concentration in one or more issuers. A relatively high concentration of assets in, or exposure to, a single or small number of issuers may reduce the diversification and/or liquidity of an account, and increase its volatility.

Derivatives Risk

The use of derivatives by accounts is subject to certain risks:

- There is no assurance that liquid markets will exist for an account to close out its derivative positions. Derivative instruments in foreign markets may be less liquid and more risky than comparable instruments traded in North American markets.
- Exchange-imposed trading limits could affect the ability of an account to close out its positions in derivatives. These events could prevent an account from making a profit or limiting its losses.

- Prices of options and futures on a stock index may be distorted if trading of certain stocks in the index is interrupted or if trading of a large number of stocks in the index is halted. Such price distortions could make it difficult to close out a position.
- An account that uses derivatives is subject to credit risk associated with the ability of counterparties to meet their obligations. In addition, an account could lose its margin deposits if a dealer or clearing agent with whom an account has an open derivatives position goes bankrupt.
- There is no assurance that an account's hedging strategies will be effective. There may be an imperfect historical correlation between the behaviour of the derivative instrument and the investment being hedged. Any historical correlation may not continue for the period during which the hedge is in place.
- Using futures and forward contracts to hedge against changes in currencies, stock markets or interest rates cannot eliminate fluctuations in the prices of securities in the account or prevent losses if the prices of these securities decline.
- Hedging may also limit the opportunity for gains if the value of the hedged currency or stock market rises or if the hedged interest rate falls. The inability to close out options, futures, forwards and other derivative positions could prevent an account from using derivatives to effectively hedge its portfolio or implement its strategy.
- Gains or losses from derivatives contracts may result in fluctuations in an investment company's taxable income. As a result, shareholders in investment companies that use derivatives during a taxation year may be subject to the possibility of larger distributions, smaller distributions, and an inability to make a regular distribution and/or distributions which include a return of capital.

Foreign Currency Risk

Changes in non-U.S. currency exchange rates or the imposition of foreign exchange controls may negatively affect the value of any securities with foreign currency exposure held by an account. For example, if the U.S. dollar rises in value relative to the Canadian dollar, an account's Canadian stocks will be worth less in U.S. dollars. On the other hand, if the U.S. dollar falls, an account's Canadian holdings will be worth more in U.S. dollars.

Leverage Risk

Using borrowed money to finance the purchase of securities involves greater risk than a purchase using cash resources only. If a client uses borrowed money to purchase securities, the responsibility to repay the loan and pay interest as required by its terms remains the same even if the value of the securities purchased declines.

Repurchase Risk

An account or fund may enter into repurchase agreements, which are instruments under which an account or fund acquires ownership of a security from a broker-dealer or bank that agrees to repurchase that security from the account or fund at a mutually agreed upon time and price (which resale price is higher than the purchase price), thereby determining the yield during

the account's or fund's holding period. Repurchase agreements are, in effect, loans collateralized by the underlying securities. In the event of a bankruptcy or other default of a seller of a repurchase agreement, an account or fund might have expenses in enforcing its rights, and could experience losses, including a decline in the value of the underlying security and loss of income.

Additional risk disclosures specifically applicable to the TDAM Funds are provided in each Fund's Prospectus and Statement of Additional Information. Please review those documents prior to investing in a TDAM Fund.

9. DISCIPLINARY INFORMATION

TD Asset Management and our management persons have no reportable legal or disciplinary information to disclose.

10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

10.A. & 10.B. –Broker-Dealer, FCM, CPO or CTA Registration

No reportable information.

10.C. – Material Relationships with Related Persons

As a wholly-owned subsidiary of The Toronto-Dominion 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.

1. Broker-Dealers

TD Securities Inc. ("TD Securities"), is a Canadian "investment dealer" registered in all provinces and territories of Canada and, as a wholly-owned subsidiary of The Toronto-Dominion Bank, a related person of TD Asset Management. We may execute securities transactions through TD Securities subject to applicable regulatory requirements. TD Securities receives dealer mark-ups or mark-downs on principal transactions and commissions on agency transactions. We seek to obtain best execution on all such transactions. We may purchase securities underwritten by TD Securities for our client accounts subject to applicable regulatory requirements.

TD Securities (USA) LLC ("TDSI USA"), a broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"), is a wholly owned subsidiary of The Toronto-Dominion Bank. TDSI USA provides products and services in the areas of investment banking, capital markets, derivatives and commodities. We may purchase securities underwritten by TDSI USA for our client accounts subject to applicable regulatory requirements.

TD Private Client Wealth LLC (“TDPCW”), an affiliate dually registered with the SEC as a broker-dealer and investment adviser, and a member of FINRA, is a wholly owned subsidiary of The Toronto-Dominion Bank. TDPCW offers several wrap programs under which clients pay a single fee for asset management, custody and brokerage. We make available certain TDAM Funds and provide Model Portfolios for clients in these programs. See discussion of our affiliated advisers in Section 10.C.3, below, for more information on our material relationship with TDPCW.

TD Ameritrade relationships. We also have relationships material to our investment management business with certain organizations associated with us by a joint venture between TD Luxembourg International Holdings S.a.r.l., a wholly owned subsidiary of The Toronto-Dominion 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 and technology-based financial services to retail investors and business partners. As of October 31, 2012, The Toronto-Dominion Bank owned approximately 45.37% 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. In particular, the Stockholders Agreement places restrictions on ownership percentage for TD to purchase more than the specified limits of outstanding Ameritrade shares for the account of TD or any customer or client over which TD exercises discretion. Ameritrade has issued securities to the public in the United States and we may purchase securities of Ameritrade for discretionary managed accounts subject to these restrictions. Before acquiring such securities, we fully disclose the relationship and obtain informed written client consent.

TD Ameritrade Inc. (“TD Ameritrade”) is a U.S. registered broker-dealer and member of FINRA. TD Ameritrade distributes shares of the TDAM Funds to its customers, for which it also provides shareholder services. TD Ameritrade receives compensation from the TDAM Funds for both distribution and shareholder service activities, although TD Ameritrade may elect to waive these amounts. These payments may create a conflict of interest by influencing TD Ameritrade to recommend to its customers the TDAM Funds over another investment. We benefit financially from increased sales of fund shares. To address these potential conflicts of interest, recommendations to invest assets in TDAM Funds are made only when such investments are consistent with an account’s investment objectives, policies, guidelines and restrictions.

TD Ameritrade Clearing, Inc., also a U.S. registered broker-dealer, provides transfer agency services for the TDAM Funds and is paid by the TDAM Funds for these services. We have a conflict in using TD Ameritrade Clearing rather than a third party, because more of the fees charged to the TDAM funds will remain within TD and Ameritrade entities.

2. Investment Companies

As disclosed in Section 4, above, we advise the TDAM Funds, a U.S. registered series investment company. We also have an Administration Agreement with the TDAM Funds to provide administrative services such as maintaining books and records and preparing reports required by federal, state and other applicable laws and regulations. Subject to client investment guidelines and applicable law, we may invest clients' assets in the TDAM Funds.

3. Investment Advisers

TD Asset Management Inc. ("TDAM"). As discussed throughout this Brochure, we are affiliated with TDAM, a corporation organized under the laws of Ontario, Canada, and a wholly-owned subsidiary of The Toronto-Dominion Bank. TDAM is registered as a "portfolio manager" in all Canadian provinces and territories. Despite sharing physical office space with TDAM, we intend to file for exemption from registration with the Ontario Securities Commission as a Canadian investment fund manager because we have no direct relationship with Canadian clients. As discussed above, we sub-advise TDAM with respect to two Canadian mutual funds, but we are not the investment fund manager of those funds.

We also share trading policies and procedures with TDAM. Canadian law may in some instances require TDAM to implement different procedures applicable to non-U.S. clients. Where policies and procedures can be shared, it increases our operational efficiency and regulatory compliance by ensuring that portfolio managers, traders and other advisory personnel are subject to the same requirements in both firms unless legally required to do otherwise.

In providing investment management services and advice, we draw on TDAM's personnel, resources and experience through an arrangement which provides us with TDAM's advice and/or research for use with our U.S. clients. TDAM acts as a "participating affiliate" in accordance with a series of SEC staff no-action letters, under which we share portfolio management and other personnel. By the same token, TDAM may recommend to its clients, or invest on behalf of its clients in, securities that are the subject of our recommendations to, or discretionary trading on behalf of, our U.S. clients. In some instances, this advice is provided by persons who are dual employees of both advisers as discussed below. These dual employees may manage performance fee accounts for TDAM clients side-by-side with our asset-based fee clients. As discussed in Section 6, above, we have adopted policies and procedures to prevent the inherent conflict of interest posed by side-by-side management of accounts subject to asset based fees versus performance based fees from favoring any client account over others. Whether dual employees or not, all TDAM personnel who participate in our advisory activities are deemed to be "supervised persons" under our Code of Ethics ("Code") and TDAM access persons are subject to our personal securities transaction reporting requirements. For more information on our Code and reporting requirements, see Section 11, below.

Various senior executives and portfolio managers have overlapping titles and responsibilities in both affiliated advisers and executive positions in The Toronto-Dominion Bank (the "Bank"). For example, our Chief Executive Officer ("CEO") is also Chairman and CEO of TDAM and a

Senior Vice President of the Bank and our Chief Risk Officer (“CRO”) is also the TDAM CRO and a Vice President of the Bank. We also share client service personnel. In general, we believe that sharing executive officers improves organizational communication and efficiency. More importantly, the application of our Code to dual employees minimizes any conflicts of interest associated with their dual responsibilities.

We also share a brand name with TDAM. Both TDAM USA Inc. in the United States and TD Asset Management Inc. in Canada use the brand name “TD Asset Management” for marketing purposes.

TDPCW, described in Section 10.C.1, above, offers investment advisory services through several wrap programs. We advise certain series of the TDAM Funds available through TDPCW’s mutual fund wrap program and receive management and administrative fees from the TDAM Funds in this program. We also provide various Model Portfolios to TDPCW as separately managed investment options for its clients. In connection with these Model Portfolios, we receive a management fee that is calculated as a percentage of client assets invested in each Model Portfolio.

Epoch Investment Partners, Inc. (“Epoch”), a wholly owned subsidiary of The Toronto-Dominion Bank, is registered with the SEC as an investment adviser and serves as subadviser to certain TDAM Funds. We pay Epoch a portion of the management fee we receive from the TDAM Funds subadvised by Epoch. Epoch underwent due diligence prior to being selected to subadvise the TDAM Funds, including an analysis of its investment process, operations and compliance team. Epoch will share physical office space with certain of our personnel, some of whom are subject to Epoch’s Code of Ethics, but we do not employ Epoch investment personnel in managing our client accounts.

TD Waterhouse Private Investment Counsel Inc. (“TDW PIC”) is registered in Canada as a portfolio manager. It may also act as an exempt market dealer of securities, including securities of investment funds managed by TDAM. TDW PIC also has discretion to place client assets in units of Canadian funds managed by TDAM. Although we have no direct contractual relationship with TDW PIC, whenever TDW PIC exercises its discretionary investment authority to place client assets in the institutional fund we subadvise for TDAM (that is only available to discretionary investment management clients of TDW PIC or TDAM), we benefit by the receipt of additional subadvisory fees.

4. Bank or Thrift Company

TD Bank, N.A. (“TD Bank”), a U.S. national bank subject to regulation by the Office of the Comptroller of the Currency (“OCC”) and, as a wholly-owned subsidiary of The Toronto-Dominion Bank, a related person. TD Bank distributes shares of certain TDAM Funds to its customers, for which it also provides shareholder services. TD Bank receives compensation from certain TDAM Funds for performing both of these services, although TD Bank may elect to waive these amounts. In addition, we pay TD Bank for the performance of shareholder servicing activities for certain TDAM Funds. The same types of conflicts of interest inherent in the TD

Ameritrade distribution arrangement exist with respect to TD Bank and are mitigated by the same type of requirement; that is, TD Bank may only sell TDAM Fund shares to its customers whose investment objectives are met by the affiliated funds.

TD Bank also offers its customers the Model Portfolios created by the Research Affiliate, which may include TDAM Funds as described in Item 4, above. In addition, TD Bank may delegate investment authority to us as permitted by OCC regulations. TD Bank may delegate pursuant to written investment management agreements between itself and certain TD Bank customers, including pension plans, and they may describe us as a fiduciary to such plans.

The Toronto-Dominion Bank (“The Bank”), TD Asset Management’s parent company, is a foreign Canadian chartered bank regulated by the Canadian Office of the Superintendent of Financial Institutions. Certain areas of The Bank may provide us with services, including Compliance, Legal and Finance. In addition, as discussed above, some of our senior executives are also executive officers of The Bank.

The Bank has issued securities to the public in the United States and Canada. We may purchase securities of The Bank for our clients’ accounts subject to regulatory requirements. Before acquiring such securities, we fully disclose the relationship and obtain informed written client consent.

11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

We have adopted a Code of Ethics (“Code”) for all supervised persons of the firm describing our standards of business conduct and fiduciary duty to our clients. The Code includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All of our supervised persons, including the TDAM “participating affiliate” employees discussed in Section 10.C.3, above must acknowledge the terms of the Code annually, or as amended.

We anticipate that, in appropriate circumstances, consistent with clients’ investment objectives, we will cause accounts over which we have management authority to effect, and will recommend to investment advisory clients or prospective clients, the purchase or sale of securities in which we, our affiliates and/or clients, directly or indirectly, have a position of interest. Our employees, persons associated with us and applicable employees of TDAM are required to follow our Code and Personal Trading Policy and Procedures. Subject to satisfying this policy and applicable laws, officers, directors and employees of TD Asset Management as well as other supervised persons subject to the Code may trade for their own accounts in securities that we recommend to and/or purchase for our clients. The Code is designed to assure that the personal securities transactions, activities and interests of our employees and applicable TDAM employees will not interfere with:

1. making decisions in the best interest of advisory clients;

2. implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt securities, based upon a determination that trades in these exempt securities would not materially interfere with the best interest of our clients. In addition, the Code requires pre-clearance of non-exempt securities and restricts trading in close proximity to client trading activity. Nonetheless, because the Code in some circumstances would permit employees to invest in the same securities as clients, there is a possibility that employees might benefit from market activity by a client in a security held by an employee. Employee trading is continually monitored under the Code, which is reasonably designed to prevent conflicts of interest between us and our clients. In the event that a violation does occur, there are various disciplinary measures that can be imposed based on the severity of the violation; and
3. The Code and Personal Trading Policy and Procedures are overseen by Compliance, which has a reporting line to The Toronto-Dominion Bank Global Corporate Compliance Department.

Our clients or prospective clients may request a copy of our Code by contacting our Chief Compliance Officer as provided in Section 2.

Gifts and Entertainment

Employees may be offered a Gift or Entertainment by clients, prospective clients, brokers, vendors or other entities which transact or seek to transact business with us. Gifts and Entertainment received or provided under appropriate circumstances may build goodwill and enhance working relationships among business partners; however, the offer or acceptance of such items may result in actual or perceived conflicts of interest. We are committed to the highest standards of business conduct and have adopted a Gifts and Entertainment Policy to provide guidance for the offering and acceptance of Gifts and Entertainment.

12. BROKERAGE PRACTICES

Broker Selection and Best Execution

Unless otherwise directed by the client in writing, we make all decisions as to the purchase and sale of securities, including the selection of the broker-dealer and the negotiation, where applicable, of commissions or spreads on a discretionary basis. In general, we also exercise discretion over the selection of broker-dealers for trade execution, including for the nondiscretionary recommendations we make to TD Bank in connection with the Model Portfolios. In selecting broker-dealers to effect securities transactions for all our clients' investment accounts, we have a fiduciary duty to seek to obtain "best execution" (*i.e.*, the most advantageous execution terms for our clients that are reasonably available under the circumstances at the time of the trade), as well as to assess their order execution capabilities, order execution products and services, and research products and services. In seeking best execution, we consider a number of elements,

including but not limited to, execution price, speed of execution, certainty of execution, and overall cost of the transaction.

We maintain a list of broker-dealers (“Approved Brokers”) that meet our standards with respect to execution and research capabilities. We perform periodic evaluations of the brokerage, order execution and research services received from the Approved Brokers and update the list as appropriate.

Trades executed directly with a market-maker in a security, such as transactions in most fixed income securities, are charged dealer mark-ups or mark-downs rather than commissions. Over-the-counter trades with brokers may result in commissions on top of dealer mark-ups or mark-downs. Trades that could be executed with a market-maker are executed on an agency basis only when we believe that agency execution will be more favorable to the client than going directly to a market-maker.

For fixed income transactions, brokerage allocation is primarily based on the broker-dealer’s order execution capabilities, focusing on availability of inventory and pricing. Our traders may place fixed income trades with affiliated broker-dealers, so long as the trader believes that the costs and execution of such trades are comparable to and competitive with other brokers on the Approved Brokers list and trade-by-trade client consent is obtained as required by law. See also, discussion of affiliated broker-dealers in Section 10.C.1, above.

For equity transactions and through the broker vote process, we estimate a target percentage allocation of trades covering a six month period, which is based on our evaluation of how each Approved Broker has performed for us in the past. The target allocations we make to each Approved Broker are strictly targets and not an obligation. While we try to adhere to the target percentages, variance may occur due to the overriding principle of seeking best execution. Again, affiliated broker-dealers may be used to the extent permitted by law.

We have established a Trade Management Oversight Committee (“TMOC”) as a framework for oversight on conflict of interest matters relating to trading, as well as our overall trading processes. TMOC has a broad representation within the firm, and its membership includes Portfolio Management, Trading, Risk Management, Compliance and Operations. Quarterly TMOC meetings are held during which members evaluate and approve the addition or deletion of broker-dealers on the Approved Brokers list, review various trading related reports, and assess and approve trading policies. Committee members also discuss industry developments and share ideas. Additionally, TMOC sub-committees conduct periodic asset class-specific meetings where trading matters relevant to each asset class are reviewed, including adherence to the brokerage allocation targets set from the results of the broker-dealer vote for equity transactions.

Brokerage, Research and Soft Dollars

The term “soft dollars” is generally defined as the practice whereby an adviser causes a client to pay a brokerage commission that is in excess of what another broker might have charged for effecting the same transaction, in recognition of the value of the brokerage and/or research

products and services provided by the specific broker. While we do not enter into specific soft dollar commitments, consistent with our duty to seek best execution, and in accordance with SEC guidance, we may participate in bundled brokerage and/or commission sharing arrangements to receive brokerage and research products and services.

Brokerage and research products and services provided to us by a broker-dealer or third party service provider may include, among other things, advice as to the value of securities and the advisability of effecting transactions in securities; analyses and reports concerning securities, issuers, industries and portfolio strategies or economic or political factors and trends that may have an impact on the value of securities or investment strategies; seminars and conferences; databases and software including, but not limited to, quantitative analytical software; market data from feeds or databases; post-trade analytics; execution management systems and order management systems (to the extent they help arrange or effect a securities transaction); algorithmic trading software and market data (to the extent they assist in the execution of orders); and custody, clearing and settlement services that are directly related to an executed order that generated commissions. The brokerage and research products and services provided by a broker-dealer may be proprietary and/or provided by a third party (i.e., originates from a party independent from the broker that provided the execution services).

As part of our duty to seek best execution, we may select a specific broker-dealer for a portion of our trades provided that we have: (i) determined that the brokerage and research products or services provided by the broker-dealer appropriately support our investment decision-making responsibilities, and (ii) made a good faith determination that the amount of commissions paid (which may be higher than commissions charged by other Approved Brokers) is reasonable in relation to the value of brokerage and research products and services received. These determinations can be viewed in terms of either the specific transactions or our overall responsibility to the accounts for which we exercise investment discretion.

We believe access to this type of research and brokerage is important to our investment decision-making process. While we seek to allocate soft dollar benefits in a fair and equitable manner, we may use the brokerage and research products and services provided by a broker-dealer and/or third party provider in servicing any or all of our clients, including clients other than those making the payment of commissions to the extent permitted by SEC interpretive positions. Because we have both dual employees and a participating affiliate arrangement with TDAM, TDAM clients may also benefit from the brokerage and research products and services we obtain. By the same token, because of the dual employee relationships, our clients benefit from research and brokerage obtained by TDAM.

We also participate in Commission Sharing Arrangements (“CSAs”) in which the CSA provider will allocate our client commission dollars for transactions we’ve executed through them to certain non-affiliated broker-dealers and/or third party providers, which provide or have provided us with meaningful research or brokerage products or services. We may cause clients to pay more if we believe that the amount of additional commission is reasonable in relation to the value of the brokerage and research products and services received.

In some cases, we may receive research/brokerage and non-research/non-brokerage (e.g., administrative or accounting services) services. In addition, we may use certain research /brokerage products to assist us with marketing our services to the public or other operational processes. This is commonly referred to as a “mixed use” product. In these cases, we will make a good faith determination of the portion allocated to non-research/non-brokerage and/or marketing and operations, and we will pay the allocation amount with our own monies (“hard dollars”). In making such good faith allocations, a conflict of interest may exist by reason of our allocation of the costs of such services and benefits between those that primarily benefit us and those that primarily benefit our clients.

The receipt of brokerage and research products and services in exchange for client soft dollars may be deemed to be the receipt of an economic benefit by us, because we do not pay hard dollars for the products and services received. Although customary practice, it is deemed to create a conflict of interest, because these arrangements give us an incentive to select or recommend a broker-dealer or third party provider based on our interest in receiving the research or brokerage products or services, rather than on our clients’ interest in receiving a more favorable execution. To address the conflicts surrounding soft dollar arrangements, we have adopted written policies and procedures regarding trading, use of client commissions and brokerage selection. In addition, TMOC performs periodic reviews of our trade executions and soft dollar arrangements to help ensure they are in the best interests of our clients.

Directed Brokerage

At the request of a client, we may enter into directed brokerage and/or commission recapture arrangements, which are solely for the benefit of the requesting client. When a client designates a broker-dealer, it may not be possible for us to obtain the same execution that would be attainable if we had full discretion to select the executing broker-dealer. Under these circumstances, clients should understand that: (1) we generally do not negotiate specific brokerage commission rates with the directed broker on the client’s behalf, or seek better execution services or prices from other broker-dealers and, as a result, a client may pay higher commissions and/or receive less favorable net prices on transactions for their account than might otherwise be the case; and (2) transactions for that client generally will be effected independently (not aggregated). Therefore, prior to directing us to use a specific broker-dealer, a client should consider whether the directed broker’s execution, clearance and settlement capabilities, commission expenses and whatever amount is allocated to custodian fees, if applicable, would be comparable to those otherwise obtainable on the client’s behalf by allowing us to select the executing broker-dealer.

All client directed brokerage and/or commission recapture arrangements, including terms and conditions, are required to be approved by Compliance and Risk Management prior to their commencement.

Trade Aggregation and Allocation

At a particular moment in time, we may determine, for a variety of reasons, that the purchase or sale of a particular security is appropriate for multiple client accounts. This may give rise to actual

or potential conflicts of interest among the accounts for whom the security purchase or sale is planned. We have a fiduciary duty to treat all accounts fairly and equitably. In this endeavor, we generate trade orders or trade order instructions for the same investment decision at the same time, and aggregate all similar orders (subject to certain exceptions) and consistently allocate securities. In cases of partial fills, a conflict may be created among the accounts participating in an aggregated order. To address these conflicts, we have adopted certain policies and procedures that we follow when aggregating orders in an effort to provide an objective and equitable method of trade allocation so that all participating clients are treated fairly.

When allocating filled aggregated orders among our clients we allocate partially filled orders on a pro rata basis or in another fair and reasonable manner, as outlined in our policies and procedures, to ensure fairness to all participating accounts. When orders for the same security are aggregated for execution, the allocation method used in relation to the corresponding fills will be documented prior to the execution. Partially filled orders that include pooled proprietary accounts (i.e., new funds that are launched with an investment by TD that do not contain any client investments) will be allocated to all non-proprietary accounts first, with the pooled proprietary accounts filled last.

While some of our pooled proprietary accounts participate in aggregated orders as mentioned above, the firm's proprietary accounts (i.e., accounts where TD is the beneficial owner, except for pooled proprietary accounts) are excluded from aggregation and those orders are executed only after all other client account orders involving the same security, in the same direction of trade, are fully executed. For detailed information regarding employee personal trading, please refer to Item 11 above.

Money market trading is driven by the continuous need to reinvest proceeds from maturing money market securities or to address cash flow requirements of accounts. We, within the constraints of regulatory rules and investment guidelines, make a determination about the amount to be invested or reinvested with an issuer. The key concept of fairness is allocation of investment opportunities at the time specific portfolio management requirements are known rather than aggregation and allocation at the time of executions.

Trade Sequencing

As an adviser to both separate accounts and to the Model Portfolios, we generally do not aggregate orders for separate accounts with orders for accounts of TD Bank customers or TDPCW clients participating in the Model Portfolios ("Model Portfolio Accounts"). Although our investment decisions for separate accounts and recommendations for Model Portfolio Accounts are made/conveyed simultaneously, differences in the time required to make trade decisions for the Model Portfolio Accounts generally means that these accounts will trade later than separate accounts. To the extent that orders in the same securities are aggregated for both separate accounts and Model Portfolio Accounts, we will average price the securities acquired for the benefit of all participating accounts. However, while Model Portfolio Accounts within the same program are generally aggregated and block traded with each other, due to the timing of the portfolio modeling and implementation process of each program they may not be aggregated and block traded with Model Portfolio Accounts of a different program and may not trade at the same time or on the

same day. This may result in clients paying or receiving different prices for the same recommended securities.

Limited Offering Allocations

We may, from time to time, when determined consistent with a client's investment objectives, strategy and restrictions, purchase limited investment offerings (*e.g.*, new issues, private placements) for certain client accounts, including the firm's proprietary and pooled proprietary accounts. When this occurs we seek to allocate these investments among participating accounts in an equitable manner so as not to unfairly prefer one account over another. If we do not receive a full allocation, then the amount received will be allocated to the participating accounts on a pro rata basis, with the exception that we will not allocate to any account where such allocation would result in a de minimis amount. All proprietary accounts receive allocations only after client accounts are completely filled. We reserve the right to make exceptions to this policy if we believe it is in the best interest of clients to do so. We do not purchase securities in any initial public offering or private placement for Model Portfolio Accounts unless specifically requested by TD Bank or TDPCW on behalf of a particular customer or client.

Error Correction

A trade error is an error in the placement, execution or settlement of a transaction. A trade error is not an intentional or reckless act of misconduct. We correct trade errors promptly, in a manner that does not disadvantage the client, and not through the use of client brokerage commissions. We maintain trade error reports that are reviewed on a regular basis to ensure for consistency, timeliness of resolution, and proper recording.

Cross Trades

Cross trades are transactions where two or more investment accounts are transacting with one another. We may engage in cross trades if: (1) the transaction is believed to be in the best interest of the clients; (2) the transaction is believed to fulfill our duty to seek best execution; (3) we have made full and appropriate disclosures; and (4) the transaction does not violate applicable law. Further, cross trades are prohibited where one of the investment accounts is a TDAM Fund and TD's seed capital investment in that TDAM Fund is 25% or more.

13. REVIEW OF CLIENT ACCOUNTS

Our portfolio managers and risk management teams review client accounts on a regular basis. In addition, our separate account clients provide us with written investment guidelines and these guidelines are monitored on a daily basis by our risk management group using an automated compliance monitoring system. Finally, depending on their requirements, clients receive, on a monthly or quarterly basis, written reports on portfolio positions, transaction summaries and performance reviews.

As previously discussed, we provide portfolio management and advisory services to TD Bank and TDPCW on behalf of their customers or clients. We do not formulate investment guidelines customized to an individual's investment objectives, as this responsibility resides with TD Bank or TDPCW and we generally have no direct interaction with the TD Bank customers or TDPCW clients. However, we develop and distribute to TD Bank documentation for the portfolio strategy of certain Model Portfolios, perform asset allocation rebalancing on customer accounts, place transactions and arrange for the settlement of all transactions, except fixed income trades of Model Portfolios which are performed by TD Bank, and prepare reports to TD Bank on the performance of the Model Portfolios, including quarterly summaries.

For clients in TDPCW's wrap programs we are responsible for creating and rebalancing the Model Portfolios and placing fixed income transactions. TDPCW's platform manager provides administrative and trading services for clients invested in the mutual fund wrap program. We do not provide statements or reports to TD Bank customers or TDPCW clients as these are provided by TD Bank and TDPCW, respectively.

14. CLIENT REFERRALS AND OTHER COMPENSATION

We do not receive any economic benefit from persons who are not clients for providing investment advice or advisory services to our clients or to customers or clients of TD Bank or TDPCW.

Although not a general practice, we and our affiliate, TDAM, may pay referral fees in some instances to affiliates and non-affiliates who successfully refer clients. These are one time or ongoing arrangements, based on a percentage of the management fee paid by the client, and would not result in an additional charge to advisory clients. We comply with the requirements of the Cash Solicitation Rule, Rule 206(4)-3 under the Investment Advisers Act of 1940.

Our affiliate, TDAM, subscribes to investment manager databases and TDAM employees may attend a conference sponsored by an institutional asset management consultant who conducts searches and recommends investment managers to clients. These consultants may recommend that their clients hire us or our affiliate or invest in products that we or our affiliate sponsor.

15. CUSTODY

We do not take actual custody of client assets, nor do we automatically deduct our advisory fees from client accounts. Our separate account clients' assets are custodied at qualified custodians, including banks and broker-dealers. TD Bank and Pershing LLC provide custody services to TD Bank customers and TDPCW clients, respectively, including those who participate in the Model Portfolios.

Our separate account clients receive statements concerning their portfolios from us. We encourage clients to carefully review their custodial statements and compare the statements received from their custodians with the statements they receive from us.

16. INVESTMENT DISCRETION

We receive discretionary authority from clients at the outset of an advisory relationship to select the identity and amount of securities to be bought or sold. The discretionary authority is provided in the Investment Management Agreement. In all cases, however, such discretion is to be exercised in a manner consistent with the stated investment objectives for the particular client account and in accordance with fiduciary standards. We do not generally accept nondiscretionary advisory clients, but we provide some nondiscretionary advice to TD Bank in connection with the Model Portfolios. This advice is generally coupled with discretionary trading services as previously discussed.

When selecting securities and determining amounts, we observe our clients' investment guidelines, limitations and restrictions. Client investment guidelines and restrictions (e.g. affiliated entities) must be provided to us in writing.

For Sole Authority accounts of TD Bank customers, we honor any investment guidelines established by TD Bank. For example, when seeking municipal bonds for customer accounts, we comply with the credit quality and maturity guidelines established by TD Wealth, a division of TD Bank. Similarly, we apply target allocation limits imposed by TD Bank when re-balancing accounts whether the accounts are invested in one of our Model Portfolios, Modules or non-modeled assets. For Shared Authority accounts, we honor both the TD Bank guidelines and the restrictions of each TD Bank customer to the extent that TD Bank has accepted the customer restrictions under its investment management agreement with its customer and has provided these restrictions to us.

Similarly, TDPCW clients grant us full investment discretion and may impose guidelines and reasonable restrictions on their accounts. Where a client seeks to impose reasonable restrictions on its account, we will review all documentation provided by the client prior to the inception of an account.

For registered investment companies, our authority to trade securities may also be limited by certain federal securities and tax laws that require diversification of investments and favor the holding of investments once made.

17. VOTING CLIENT SECURITIES

We have established policies and procedures that set out a general statement of policy with respect to our proxy voting activities. The Proxy Policy includes guidelines for determining how to vote in respect of common issues that require voting decisions, a framework for addressing novel or contentious matters and the obligations of the Proxy Committee.

The Proxy Policy permits us to delegate responsibility for certain proxy voting activities to third-party service providers. We have engaged Institutional Shareholder Services, Inc. ("ISS") to vote proxies related to securities held by accounts for which we retain the right to vote. ISS has been instructed to vote in accordance with the principles and guidelines set out in the Proxy Policy.

The Proxy Policy sets out a framework to ensure that we can resolve material conflicts of interest related to voting matters, including conflicts between an account and (i) us and our affiliates; (ii) individuals making proxy voting decisions; or (iii) service providers making proxy voting decisions (collectively, “Conflicts”). This framework requires independent proxy decision makers to ensure proxies are voted in accordance with the Proxy Policy or brought to the attention of the Proxy Committee. Such decision makers are provided guidance in determining whether a Conflict exists with respect to any voting matter. In cases where a Conflict arises, the Proxy Committee reviews the matter to determine what actions are necessary to ensure the Conflict is handled appropriately and the proxy is voted in the best interests of the account.

Clients may obtain information about how their securities were voted and may obtain the Proxy Policy, at no cost, by contacting our Chief Compliance Officer as provided in Section 2.

18. FINANCIAL INFORMATION

Investment advisers are required to disclose in this Brochure any financial condition reasonably likely to impair their ability to meet contractual commitments to clients. We have no such reportable information at this time.

We do not require or solicit prepayment of more than \$1,200 in fees per client six months or more in advance and thus have not included a balance sheet of our most recent fiscal year. We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to clients, nor have we been the subject of a bankruptcy petition at any time during the past ten years.