

Investment Adviser Brochure for TDAM USA Inc.

**TDAM USA INC.
TD Canada Trust Tower
161 Bay Street, 35th Floor
Toronto, Ontario M5K 2T2**

www.tdamusa.com

December 14, 2012

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 Brochure amendment was dated November 15, 2012. This amended Brochure contains material changes with respect to the description of products we offer, clients we advise and related conflicts of interest. Although not required to update Section 2 of the Brochure at this time, we have done so in the interest of clarity.

We will ensure that you receive a summary of any material changes to the annual update and subsequent Brochures within 120 days of the close of our fiscal year. We may provide you with an amended Brochure as necessary based on material changes or new information and, upon request, will provide you with a current Brochure, at any time, without charge.

This amended Brochure is publically 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.

3. TABLE OF CONTENTS

1.	Cover Page	1
2.	Material Changes.....	2
3.	Table of Contents	3
4.	Advisory Business	4
5.	Fees and Compensation.....	6
6.	Performance-based Fees and Side-by-Side Management	7
7.	Types of Clients.....	8
8.	Methods of Analysis, Investment Strategies, and Risk of Loss	8
9.	Disciplinary Information	13
10.	Other Financial Industry Activities and Affiliations.....	13
11.	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	18
12.	Brokerage Practices.....	19
13.	Review of Client Accounts	24
14.	Client Referrals and Other Compensation.....	24
15.	Custody	25
16.	Investment Discretion.....	25
17.	Voting Client Securities.....	25
18.	Financial Information	26

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 and Burlington, MA.

We are skilled in a broad spectrum of fundamental and quantitative investment strategies, including actively managed money market funds and 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 currently provide primarily discretionary investment management services, primarily to TD Bank, N.A. (“TD Bank”), an affiliated, nationally chartered U.S. bank; TD Asset Management Inc. (“TDAM”), a Canadian-licensed portfolio manager; investment companies; and certain other institutions (collectively, “institutional clients”). We serve as the adviser to the TD Asset Management USA Funds Inc. (“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.

TD Asset Management, TDAM and TD Bank 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 and Section 10.C.4 for additional information on TD Bank and The Toronto-Dominion Bank.

Advisory Services Provided to TD Bank

As mentioned above, we primarily provide discretionary advisory and trading services to TD Bank on behalf of certain of its customers; essentially, those customers who participate in the TD Bank model portfolio program (“Model Portfolios”). We create and provide to TD Bank various models (“Models”) offered by TD Bank to its customers through the program. Model Portfolio customers 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 Models 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 our Models, in Modules or in non-modeled assets in accordance with guidelines provided by TD Bank and, as applicable, participating customers.

Model Portfolios

The Model Portfolios are excepted from registration as investment companies by 1940 Act Rule 3a-4. 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. As the creator of several of the Models, we re-balance or reallocate most of the Model Portfolios offered by TD Bank as a bank fiduciary to its customers. TD Bank charges its Model Portfolios customers 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. All other account-related expenses, including brokerage, are charged by TD Bank to participating accounts at cost outside of the asset-based fee. To the extent that proprietary mutual funds are included in various Model Portfolios, bank customers will also 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.

We create and maintain all of the Models currently used by TD Bank except for the Models created and maintained by the Products, Services and Strategy Division of The Toronto-Dominion Bank ("PS&S"), an affiliate of both TD Bank and us. The PS&S Models consist primarily of third party mutual funds and exchange traded funds. PS&S conducts manager due diligence for TD Bank on mutual funds, including both the third party mutual funds included in its Models as well as due diligence on us and the TDAM Funds we manage, in order to advise TD Bank on the comparability of all mutual funds offered by TD Bank to its customers. According to PS&S guidelines, proprietary funds may be utilized where a healthy organizational capability is present at reasonable cost in a form competitive to third party funds. Due to the affiliated relationships, there are associated conflicts of interest which are discussed more fully in Section 10.C.2, below.

Modules of Model Portfolios and Non-Modeled Assets

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 exchange traded funds that TD Bank may select as Modules of a mixed portfolio or as non-modeled assets. For Sole Authority accounts, 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 Management (US), a division of TD Bank. Similarly, we apply target allocation limits imposed by TD Bank when re-balancing or reallocating 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.

Our investment management practices apply to all Models, Modules and non-modeled assets, including unaffiliated mutual funds, except for PS&S Models. 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 the PS&S Models, our role is limited to administrative processing services related to the purchase or sale of PS&S-approved third party mutual fund shares. As such, these assets have been excluded from our Regulatory Assets Under Management (“RAUM”) as reported in our Form ADV, Part 1A, representing a decrease from the RAUM reported in our annual January 31, 2012, Form ADV and Brochure amendments.

Our relationships with TD Bank and TDAM create certain inherent conflicts of interest with respect to advice and trading activities. These conflicts and how we handle them are addressed in more detail in Sections 10 and 12, below.

As of November 30, 2012, TD Asset Management had US \$13,459,885,810 of client assets under management (“AUM”). We use the same calculation to report both AUM and RAUM.

5. FEES AND COMPENSATION

Institutional clients’ fees are subject to negotiation. Our specific fee schedule for each client is established in the client’s investment management agreement with us. Institutional 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 and exchange traded funds are charged internal management fees and commissions related to fund securities’ transactions. Fund shares may also be accompanied by 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 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 mutual fund, we receive all or a portion of the fund's embedded management fees. To the extent that 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, including TD Bank and its Model Portfolio customers, any external management fee on assets invested in affiliated money market funds.

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 Model Portfolio customers. 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. Thus, TD Bank customers participating in the Model Portfolios may invest in affiliated and/or unaffiliated mutual funds and will pay their pro rata share of each fund's embedded fees in addition to the Model Portfolio fee paid to TD Bank. A portion of the Model Portfolio fees paid to TD Bank will be shared with us for either advisory or administrative services we provide to TD Bank on behalf of its customer portfolios. Conflicts of interest associated with this relationship are discussed in Section 10.C.4., below.

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 trade monitoring 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, investigates any significant deviations and reports its findings to the Investment Performance Oversight Committee ("IPOC"). Additionally, we have a Policy Oversight Committee that reviews adherence to investment guidelines for all accounts.

7. TYPES OF CLIENTS

As discussed in Section 4, above, our clients are institutional only and include U.S. registered and foreign investment companies, corporations and certain affiliates, including TDAM and TD Bank. We also offer our services to pension plans, endowments and foundations, but do not directly accept high net worth or retail clients. However, our relationship with the TD Bank Model Portfolios results in providing discretionary advice and trading services to the portfolios of participating TD Bank customers, some of which are high net worth or retail accounts.

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

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 prepared by recognized analysts (including brokerage research) 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.

Below are some of the risks our clients may encounter when entering into a discretionary investment management agreement with us.

Risks of Investing:

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:

- 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 above 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 will 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 will 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 in an account or 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 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 the value of the United States dollar compared to a foreign currency or the imposition of foreign exchange controls will 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 U.S. stocks will be worth more in Canadian dollars. On the other hand, if the U.S. dollar falls, an account's U.S. holdings will be worth less in Canadian 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, TDAM and our respective 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. 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.

While not common, we note that we may from time to time pay referral fees to affiliates who successfully refer clients to us. See Section 14, below, for a more detailed discussion of our referral practices.

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 transaction 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 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.

Although not related persons, the Ameritrade-affiliated entities with which we have material relationships are:

TD Ameritrade Inc. (“TD Ameritrade”), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”). TD Ameritrade distributes shares of the TDAM Funds to its customers, for which it also provides shareholder services. For performing these 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, which provides transfer agency services for the TDAM Funds and is paid by the TDAM Funds for these services. While a potential conflict still derives from the incentive to service shares of TDAM Funds in exchange for the fees, the conflict is mitigated by the fact that, as stated above, TD Ameritrade cannot recommend investments in TDAM Funds unless consistent with clients' objectives.

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. As discussed in Section 5, above, we also receive from TD Bank external fees for our services with respect to assets of Model Portfolio customers invested in the TDAM Funds, except that we do not charge any external advisory fees, either to TD Bank or other clients, on assets invested in our proprietary money market funds.

We have a conflict of interest because we discretionarily invest, or recommend to TD Bank, investment of Model Portfolio customer assets in the TDAM Funds. We benefit financially from increased sales of the TDAM Funds. However, this conflict is minimized by the fact that our client, TD Bank, has the authority to direct us not to invest Model Portfolio customer assets in proprietary mutual funds. Moreover, PS&S, TD Bank's affiliated mutual fund consultant, is responsible for performing due diligence on managers of all mutual funds used by TD Bank in the Model Portfolios, including us. As discussed below, PS&S may have a conflict of interest in conducting due diligence with respect to both us and unaffiliated mutual fund managers, but the PS&S due diligence process requires comparisons of the performance of the TDAM Funds to comparable unaffiliated funds for consideration by TD Bank. This process tends to limit the conflict of interest, but does not necessarily eliminate it, because proprietary funds may be utilized where a healthy organizational capability is present at reasonable cost in a competitive form, but third-party funds are required to exhibit characteristics that are viewed as among class-leaders. This standard may be viewed to discriminate in favor of the TDAM Funds. However, TD Bank Model Portfolio customers have the authority to reject any affiliated fund included in a Model Portfolio by selecting Modules of investments which do not contain our affiliated funds instead of a Model containing such funds. Since we honor all customer investment restrictions accepted by TD Bank in relation to the Model Portfolios, customers' decisions regarding use of affiliated mutual funds are followed.

We also act as sub-adviser to TDAM in its management of two Canadian mutual fund trusts sponsored by TDAM and TD Waterhouse Private Investment Counsel Inc. The Canadian mutual fund trusts are registered for public offer and sale in all Canadian provinces. These trusts are not offered or sold in the United States and we do not recommend the purchase of any trust units to our US clients or prospects. However, units may be held in the accounts of former Canadian residents or retirees who currently reside in the United States.

3. Investment Adviser

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, but is exempt from SEC registration as a foreign private adviser. Despite sharing physical office space with TDAM, we have filed 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 some 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, CEO and a Director of

TDAM and an Executive Vice President of the Bank; our Chief Operating Officer (“COO”) is also the TDAM COO 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.

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 the TDAM Funds to its customers, for which it also provides shareholder services. For performing these services, TD Bank receives compensation from certain TDAM Funds for distribution and shareholder service activities, 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 described in Item 4, above. The conflicts of interest associated with the Model Portfolios have been described throughout this Brochure and include the sharing of advisory fees with an affiliate and the potential for paying external fees related to services we provide to TD Bank that include our affiliated mutual funds. As discussed above, these conflicts are mitigated by the fact that TD Bank has hired an affiliated consultant, PS&S, to advise it on whether we continue to meet the standard imposed for recommending affiliated mutual funds to TD Bank customers and by the fact that participating TD Bank customers may direct TD Bank not to invest their assets in any affiliated mutual fund.

In addition, TD Bank may delegate investment authority to us as permitted by OCC regulations. TD Bank may effectuate delegation 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. PS&S, a division of The Bank, provides services to TD Bank as described in this Section and Sections 4 and 10.C.2, above. Among the services

performed by PS&S for TD Bank are mutual fund manager due diligence, including TD Asset Management. The related conflict of interest is described more fully in Section 10.C.2.

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 which are recommended to and/or purchased 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; and
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.

3. The Code and Personal Trading Policy and Procedures are overseen by our Compliance Department 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 even with respect to 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 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 favourable 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 and competitive to other brokers on the Approved Brokers list and trade-by-trade client consent is obtained as required by U.S. 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's 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 U.S. 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 one or more clients pay a brokerage commission to a specific broker 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 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, effecting securities transactions and performing services incidental thereto (such as clearance, settlement and custody) and providing information regarding the economy, industries, sectors of securities, individual companies, statistical information, taxation; political developments, legal developments, technical market action, pricing and appraisal services, credit analysis; risk measurement analysis and performance analysis. Such brokerage and research products and services can be received in the form of written reports, personal meetings with security analysts and/or individual company management, attending conferences, and databases and software including, but not limited to, quantitative analytical software; market data from feeds or databases and post-trade analytics. 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 favourable 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 favourable 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

From time to 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 appropriate. We aggregate trade orders, where appropriate under our fiduciary duty to seek best execution, in order to mitigate this conflict and to ensure that all participating client accounts obtain the same trading outcome. In cases of partial fills, a conflict may be created among the accounts participating in a block trade. To address these conflicts, we have adopted certain policies and procedures that we follow when aggregating trades 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 trades 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.

Trade Sequencing

As an adviser to both institutional accounts and to the TD Bank Model Portfolios, we generally do not aggregate trades for institutional accounts with trades for accounts of TD Bank customers participating in the Model Portfolios ("Model Portfolio Accounts"). Although our investment decisions for institutional 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 institutional accounts. To the extent that trades in the same securities are aggregated for both institutional accounts and Model Portfolio Accounts, we will average price the securities acquired for the benefit of all participating accounts. However, while Model Portfolio Accounts are generally aggregated and block traded with each other, they may not be aggregated and block traded with institutional client accounts or trade on the same day. This may result in different trading outcomes for accounts purchasing the same recommended securities.

Money market trading is driven by the continuous need to reinvest proceeds from maturing securities or to address cash flow requirements of accounts. Portfolio managers, subject to account investment guidelines, make a determination about the amount to be invested or reinvested with an issuer. The portfolio manager will ensure that all relevant accounts are considered for participation and that clients are not favoured based on fees.

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 it is our intention to allocate shares in these investments among participating accounts in an equitable manner so as not to give one account preference over another. If we do not receive a full allocation of shares, then the shares 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 minimus amount of shares. 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.

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 client; (2) the transaction is believed to fulfill our duty to seek best execution; (3) we have made full and appropriate disclosures; and (4) the trade does not violate applicable law.

13. REVIEW OF CLIENT ACCOUNTS

Our portfolio managers and risk management teams review client accounts on a regular basis. In addition, our clients provide TDAM with written investment guidelines and these guidelines are monitored on a daily basis by an independent 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 on behalf of its Model Portfolio customers. We do not formulate investment guidelines customized to each Model Portfolio customer's investment objectives as this responsibility resides with TD Bank and we have no direct interaction with the TD Bank customers. However, we are responsible for, among other things, developing and distributing to TD Bank documentation for the portfolio strategy of certain Model Portfolios, performing asset allocation rebalancing and reallocation on Model Portfolio customers' portfolios, placing transactions for each customer portfolio, arranging for the settlement of all transactions, except fixed income trades of Model Portfolios which are performed by TD Bank, and preparing reports to TD Bank on the performance of the Model Portfolios, including quarterly summaries.

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 its clients.

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.

If a client purchases shares of the TDAM Funds through a broker-dealer or other financial intermediary (such as a bank, including TD Bank, N.A.), the TDAM Funds and related companies may pay the intermediary for the sale of shares and related services. See Item 10.C.1, above for a more detailed discussion of these fees and their associated conflicts of interest.

15. CUSTODY

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

Our 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 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 Risk Metrics Group, (formerly known as Institutional

Shareholder Services, Inc.) (“RMG”) to vote proxies related to securities held by accounts for which we retain the right to vote. RMG 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. Our reported AUM has been intentionally lowered to coincide with the definition of RAUM established by the SEC. However, this action had no impact on our ability to meet contractual commitments to clients.