



THOMPSON DAVIS ASSET MANAGEMENT

Form ADV Part 2A Brochure

March 30, 2023

Item 1 – Cover Page

This Brochure provides information about the qualifications and business practices of Thompson Davis Asset Management. If you have any questions about the contents of this Brochure, please contact your Advisor or Peggy Myers Walz, Chief Compliance Officer, at (804) 644-6382 or by emailing her at PWalz@thompsondavis.com. 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.

Thompson Davis Asset Management is a Registered Investment Advisor. Registration of an Investment Advisor does not imply any level of skill or training. Additional information about Thompson Davis Asset Management (CRD #41353) is available on the SEC's website: www.adviserinfo.sec.gov.

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Item 2 – Material Changes

This section summarizes the material changes to our Form ADV Firm Brochure since the last version of our Form ADV on March 30, 2022. We encourage you to read each section. We have made the following amendments to the brochure since the last update:

- **Item 4:** We added language to specifically address retirement plan rollovers or transfers that are covered under a new Department of Labor (“DOL”) rule and related Exemption 2020-02 (“PTE 2020-02”).
- **Item 4:** We updated our Regulatory Assets Under Management.
- **Item 12:** We updated this section to reflect that we no longer use our own internal trading desk and all transactions go directly to our custodian.
- **Item 14:** We updated the language to reflect recent changes to applicable federal securities laws.

Additionally, we have made other changes, some of which may clarify or enhance existing disclosures, but we do not consider these other changes to be material.

Item 2 discusses only specific material changes that have been made to our previous Brochure since our last annual filing dated March 30, 2022. We will further provide clients with a new Brochure as necessary based on changes or new information, at any time, without charge.

At any time, you may receive our Brochure by contacting us at (804) 644-6380, downloading it from our website at www.ThompsonDavis.com, or viewing it at the SEC website <http://www.adviserinfo.sec.gov>.

We urge you to review this document carefully in its entirety, as well as all subsequent summaries of material changes. This document contains important information about our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

Item 3 – Contents

Item 1 – Cover Page	1
Item 2 – Material Changes	2
Item 3 – Contents	3
Item 4 – Advisory Business.....	4
Background Information	4
Advisory Services	4
Wrap Accounts	9
Assets Under Management.....	9
Item 5 – Fees and Compensation	10
Standard Fee Schedules—Aggressive Growth and Tactical Trading Strategy (Fee-Based Compensation Structure), Large Cap Leaders, and other individual Advisor strategies:	10
TDAM Wrap Accounts Summaries (for more detailed information, please reference the Wrap Brochures for these programs).....	11
Financial Planning.....	11
Fee Payments & Termination.....	12
Other Fees.....	12
Other TDAM Compensation (see also Item 14).....	12
Item 6 – Performance-Based Fees and Side-by-Side Management.....	15
Item 7 – Types of Clients	16
Minimum Account Size.....	16
Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss	17
Methods of Analysis and Investment Strategies.....	17
Features, Risks, Disclosures and Other Important Information.....	19
Securities Transactions at the Direction of Clients	24
Item 9 – Disciplinary Information	25
Item 10 – Other Financial Industry Activities and Affiliations	26
Third-Party Money Managers.....	27
Item 11 – Code of Ethics, Policies, and Procedures.....	28
Personal Trading.....	29
Participation or Interest in Client Transactions	29
Trade Errors.....	31
Item 12 – Brokerage Practices.....	32
Brokerage Selection and Best Execution	32
Soft Dollars	32
Investment Allocation, Aggregation, and Block Trading.....	33
Client-Directed Brokerage.....	34
Item 13 – Review of Accounts.....	35
Reviews and Reviewers of the Accounts	35
Nature and Frequency of Regular Reports to Clients on their Accounts.....	35
Confirmations.....	35
Item 14 – Client Referrals and Other Compensation.....	37
Compensation Received from a Non-Client Related to our Advisory Services	37
Promoter Arrangements.....	37
Item 15 – Custody.....	38
Separate Accounts.....	38
Item 16 – Investment Discretion.....	39
Item 17 – Voting Client Securities	40
Item 18 – Financial Information.....	41

Item 4 – Advisory Business

Background Information

Thompson Davis Asset Management (“TDAM,” “Firm,” “we,” “our”) is a division of Thompson Davis & Co., Inc. (“TD&Co.”), a New York corporation that commenced operation as a registered broker-dealer in July 2002. In February 2007, TD&Co. became dually registered as an investment advisor and broker-dealer. In its broker-dealer capacity, the Firm is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”). TDAM represents the asset management side of the business, while TD&Co. represents the broker-dealer side of the business. The Firm has been registered as an investment adviser at both the state and federal level since February 2007. Currently, we are registered with the U.S. Securities and Exchange Commission (“SEC”) and notice filed with the appropriate state regulatory authorities.¹

Thompson Davis & Co., Inc., is a privately held, employee-owned business. The principal shareholder is William D. Davis Jr.

Advisory Services

TD&Co. provides discretionary advisory services through Separately Managed Accounts (“SMAs”) to individuals, corporations, or other business entities, trusts, estates, charitable organizations, and retirement plans located primarily inside the United States through TDAM. In addition, TDAM serves as Portfolio Manager to a limited partnership, Seven Hills Capital Partners, LP (“Seven Hills” or the “Fund”).

When you invest through an SMA, you own individual securities. Although Advisors typically oversee many SMAs and some accounts are managed with other accounts to a specific strategy, your account is “separate” and distinct from all others. When you invest in the Fund, you are investing as a limited partner in a pooled investment vehicle and the Fund owns all individual securities (please reference the Fund’s private placement memorandum for details).

TDAM provides discretionary investment supervisory and management services, defined as providing continuous investment advice based on each client’s individual needs. Upon execution and acceptance of a TDAM Investment Advisory Agreement, your Investment Advisor Representative (“Advisor”) assists you with the establishment of an individual account (“Account”) at TD&Co. (as the introducing broker-dealer) and cleared through RBC Capital Markets LLC (“RBC” or “custodian”). RBC will serve as the qualified custodian.

TDAM collects certain information about customers’ financial situations such as income, net worth, liquid assets, tax status, investment time horizon, and investment objectives. TDAM Advisors also seek to learn additional client information such as a client’s risk tolerance, investment experience, and the types of investments and the amount of trading a customer is comfortable with in their account. You are required as a customer to notify us if your financial situation or investment objectives have changed.

This Brochure discusses the following Advisor strategies and programs we offer (certain strategies or programs, such as Seven Hills or our Wrap Accounts, will also have their own additional Brochure):

- **Active Account Management Strategy (formally known as Aggressive Growth and Tactical Trading Strategy)**
- **Large Cap Leaders Portfolio**
- **Earnings Aristocrats Portfolio**
- **Diversified Funds Program (Wrap Account)**

¹ Registration of an Investment Advisor does not imply any level of skill or training.

- **Outside Advisors Program (Wrap Account)**
- **Seven Hills Fund**
- **Financial Planning**

Please note that our Advisors, in consultation with you, may decide to utilize a single strategy described above, multiple strategies noted above, individual securities in combination with one of the strategies noted above, or none of the strategies noted above. In addition, your Advisor may believe it is in your best interest, given market conditions or their outlook for a particular investment, to maintain concentrated positions in securities they feel are mispriced. These can include large-, mid-, and small-cap equities as well as OTC securities. In some cases, these positions can represent more than 25% of the account, especially with smaller accounts. Your Advisor will discuss this with you on a case-by-case basis, but please see Concentration Risks under [Item 8](#). In any scenario, Advisors will tailor their recommendations and investments based on your investment objectives and risk tolerance through individual stocks, bonds, government's, options, municipals, variable or fixed insurance products, or other individual securities. In any scenario, you will have the opportunity to place reasonable restrictions or constraints on the way your account is managed.

Active Account Management Strategy (formally Aggressive Growth and Tactical Trading Strategy)

This strategy specializes in active investing and can best be described as an “all-cap” aggressive growth and tactical trading strategy. Our central strategy is founded on the discipline of researching, investing, and trading in companies that TDAM believes have the potential to meet the majority or all of certain bottom-up fundamental criteria over the next four quarters. This process is founded on the discipline TDAM refers to as “The Great 8” (see [Item 8](#)). Please note that this strategy is an aggressive trading strategy and clients typically will incur high turnover on portfolio positions, high volatility, and clients should be able to withstand wide fluctuations in portfolio balances. While this style of active investing is an area of specific expertise for certain of our Advisors, we tailor our investment advice, investment strategy, and risk tolerance based on the financial information we collect from you. In addition, you have the opportunity to place reasonable restrictions or constraints on the way your account is managed; however, such restrictions can affect the composition and performance of your portfolio. For these reasons, performance may not be identical to that of other clients and such restrictions can impact your investment objectives.

Large Cap Leaders Portfolio

This internally managed strategy focuses on companies with leading and sustainable competitive positions in their industries. The focus is on large-cap stocks, typically with a minimum \$50B of market capitalization. This strategy utilizes a concentrated portfolio with about 15 positions and looks to provide diversification across industry sectors of the S&P 500. Fully invested and fully transparent.

Earnings Aristocrats Portfolio

This internally managed strategy focuses on S&P 500 companies that consistently outperform earnings expectations. Candidates for inclusion in the strategy must have no more than one earnings miss over the past five years. Potential candidates are screened for additional characteristics including high recurring revenue, consistent free cash flow generation, a margin improvement story, and low debt levels. At its core, this is a buy and hold strategy. Our intention is to outperform the broader S&P 500 Index.

Diversified Funds Program (Wrap Account)

TDAM is the sponsor of this program, a wrap account that utilizes portfolios of mutual funds and/or exchange traded funds (“ETFs”). With a wrap account, all advisory, research, commission, and management expenses are wrapped together into a single fee.

Mutual funds available pursuant to the Diversified Program include both "no load" and "load waived" ("load" refers to a sales charge). A no-load fund does not charge any sales fee or "load" and it does not have any 12b-1 Distribution Fees ("12b-1 fees") associated with it. A load-waived fund also does not charge any sales fee or "load" but typically is restricted to certain types of retirement accounts. A list of these funds is available upon request. Both "no load" and "load waived" funds purchased pursuant to this program are purchased at Net Asset Value. See below, and our ***Diversified Funds Program Wrap Brochure***, for more information on wrap accounts.

Outside Advisors Program (Wrap Account)

This third-party money manager program is offered by us through our clearing firm and Envestnet, an unaffiliated third party.

RBC's advisory program platform is a wrap program, and any interested clients will be provided a copy of the **Wrap Brochure** for more detailed information.

Because the actual investments and trading are authorized by third parties, we can only tailor our recommendations to you with respect to the investment managers we recommend or invest your assets with, and not the individual securities traded by such managers. In addition, we cannot impose limitations or restrictions on the investment manager strategies. We will use our best efforts to incorporate or honor any client restrictions as applicable to the investment managers chosen. Any such restrictions can affect the composition of investment managers from which we are able to choose and therefore impact the performance of your portfolio. For these reasons, performance may not be identical with other clients with similar investment objectives.

Seven Hills Fund

The Fund's investment objective is generating the highest potential capital appreciation. The Portfolio Manager will seek to achieve this objective by utilizing an all-cap dynamic growth and trading strategy with a focus primarily in U.S. micro-cap and mid-cap securities.

TDAM has developed a separate ***Seven Hills Brochure***; please reference that for more detailed information. Please note that this strategy is an aggressive trading strategy; clients typically will incur high turnover on portfolio positions, high volatility, and should be able to withstand wide fluctuations in portfolio balances.

Financial Planning

TDAM provides comprehensive financial planning services for a flat fee based on investment assets. Clients will have regularly scheduled meetings through the term of the engagement, depending on their individual situation. In addition to scheduled meetings, additional face-to-face, email, and/or phone consultations are included at no extra charge.

Clients purchasing this service will receive a written or an electronic report providing an overview of their current financial condition, an assessment of their risks and opportunities, their current goals, and TDAM's recommendations for achieving their goals and mitigating their risks.

Clients get continuous access to a planner who will help them implement recommendations as well as review the plan, make additional recommendations as previous ones are implemented, schedule regular client meetings, adapt the plan to changing circumstances in the client's life, recommend changes when necessary, and ensure the plan is up to date.

The client is expected to inform TDAM when changes or concerns arise and to provide necessary documents and data for TDAM to use in our analysis. Clients might have changes or concerns in any of the areas covered in the initial analysis. TDAM will review the new information in the context of the existing plan and share our findings, analysis, and potential recommendations with the client.

Retirement Overview

Our retirement snapshot includes projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that can impact the original projections, by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, we can offer advice on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

IRA Rollover Recommendations

For purposes of complying with the DOL's Prohibited Transaction Exemption 2020-02 ("PTE 2020-02"), when applicable, we are providing the following acknowledgment to you. When we provide investment advice to you regarding your retirement plan account or individual retirement account, we are fiduciaries within the meaning of Title I of the Employee Retirement Income Security Act and/or the Internal Revenue Code, as applicable, which are laws governing retirement accounts. The way we make money creates some conflicts with your interests, so we operate under an exemption that requires us to act in your best interest and not put our interest ahead of yours. Under this exemption, we must:

- Meet a professional standard of care when making investment recommendations (give prudent advice),
- Never put our financial interests ahead of yours when making recommendations (give loyal advice),
- Avoid misleading statements about conflict of interests, fees, and investments,
- Follow policies and procedures designed to ensure that we give advice that is in your best interest,
- Charge no more than is reasonable for our services, and
- Give you basic information about conflict of interests.

We benefit financially from the rollover of your assets from a retirement account to an account that we manage or provide investment advice, because the assets increase our assets under management and, in turn, our advisory fees. As a fiduciary, we only recommend a rollover when we believe it is in your best interest.

One-Time Comprehensive Financial Plan

The client and TDAM jointly review the client's goals and values around money, net worth, cash flow, investments, employee benefits, retirement planning, insurance, etc. TDAM then does a comprehensive analysis of the client's current and future financial state by using currently known variables to predict future cash flows, asset values and withdrawal plans. The key defining aspect of financial planning is that through the financial planning process, all questions, information, and analysis will be considered as they affect—and are affected by—the entire financial and life situation of the client.

Clients purchasing this service will receive a written or an electronic report providing a detailed financial plan designed to achieve their stated financial goals. Clients are expected to inform TDAM when changes or concerns arise and to provide necessary documents and data for TDAM to use in our analysis.

No follow-up advice is provided in a One-Time Comprehensive Financial Plan engagement following the completion of the project. No investment management services are provided in such an engagement.

Clients are solely responsible for implementing any recommendations made by TDAM. Clients are not obligated to implement any recommendations through TDAM.

TDAM's services in these engagements can also include, but are not limited to, the following:

Cash Flow Management: We will conduct a review of your income and expenses to determine your current surplus or deficit and provide advice on prioritizing how any surplus should be used or how to reduce expenses if they exceed your income. Advice can also be provided on which loans to pay off first based on factors such as the interest rate of the loan and any income tax ramifications. We also may recommend what we believe to be an appropriate cash reserve that should be considered for emergencies and other financial goals, along with a review of accounts (such as money market funds) for such reserves, plus strategies to save desired amounts.

College Planning: Includes projecting the amount that will be needed to achieve college or other post-secondary education funding goals, along with advising on ways for you to save the desired amount. Recommendations as to savings strategies are included, as is a review of your financial picture as it relates to eligibility for financial aid, or the best way to contribute to grandchildren (if appropriate).

Employee Benefits Optimization: We will provide review and analysis as to whether you, as an employee, are taking the maximum advantage possible of your employee benefits. If you are a business owner, we will consider and/or recommend the various benefit programs that can be structured to meet both business and personal retirement goals.

Estate Planning: This usually includes an analysis of your exposure to estate taxes and your current estate plan, which may include whether you have a will, powers of attorney, trusts, and other related documents. Our advice can include ways for you to minimize or avoid future estate taxes by implementing appropriate estate planning strategies such as the use of applicable trusts. We always recommend that you consult with a qualified attorney when you initiate, update, or complete estate planning activities. We can provide you with contact information for attorneys who specialize in estate planning when you wish to hire an attorney for such purposes. From time to time, we will participate in meetings or phone calls between you and your attorney with your approval or request.

Financial Goals: We will help clients identify financial goals and develop a plan to reach them. We will help identify what you plan to accomplish, what resources you will need to make it happen, how much time you will need to reach the goal, and how much you should budget for your goal.

Insurance Review: We will review existing policies to ensure proper coverage for life, health, disability, long-term care, liability, home, and automobile.

Retirement Planning: Our services typically include projections of your likelihood of achieving your financial goals, typically focusing on financial independence as the primary objective. For situations where projections show less than the desired results, we may make recommendations, including those that can impact the original projections by adjusting certain variables (e.g., working longer, saving more, spending less, taking more risk with investments). If you are near retirement or already retired, advice can be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during your retirement years.

Risk Management: This review includes an analysis of your exposure to major risks that could have a significant adverse impact on your financial picture, such as premature death, disability, property and casualty losses, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring").

Tax-Planning Strategies: Advice may include ways to minimize current and future income taxes as a part of your overall financial planning picture. For example, we may make recommendations on which type of account(s) or specific investments should be owned based in part on their “tax efficiency,” with consideration that there is always a possibility of future changes to federal, state, or local tax laws and rates that may impact your situation.

We recommend that you consult with a qualified tax professional before initiating any tax planning strategy, and we can provide you with contact information for accountants or attorneys who specialize in this area if you wish to hire someone for such purposes. We will participate in meetings or phone calls between you and your tax professional with your approval.

Wrap Accounts

As described above, the available account structures include Wrap Programs under which the client pays a single fee that covers the Advisor’s advice and the execution of transactions (through TD&Co. as broker-dealer). The Firm receives a portion of the wrap fee for services rendered. These programs are described in one or more **Wrap Brochures**, which are available upon request. TDAM’s other account structures are set up so that clients pay a management fee to TDAM plus additional charges in connection with each transaction. TDAM typically manages accounts in the Wrap Programs differently than the accounts that pay transaction fees because of the different nature of the services provided. Several factors can influence the selection of the account structure, including but not limited to:

1. The client’s preference for a “wrap” vs. transaction charges per trade on certain or all securities
2. Account size
3. Anticipated trading frequency
4. Anticipated securities to be traded
5. Management style
6. Long-term investment goals.

The overall cost you will incur if you participate in our Wrap Programs may be higher or lower than you might incur by paying transaction costs separately. To compare the cost of our Wrap Programs with non-wrap fee portfolio management services, you should consider the frequency of trading activity associated with our investment strategies, the brokerage commissions charged by other broker-dealers, and the management fees charged by investment advisors.

Assets Under Management

As of December 31, 2022, TDAM managed \$111,949,947 on a discretionary basis through SMAs and the Fund.

Item 5 – Fees and Compensation

All fee arrangements are negotiable, and individual Advisors have flexibility in structuring client fees. Therefore, clients with similar assets under management and investment objectives may pay significantly higher or lower fees than other clients. This section outlines the different fee methodologies and account characteristics TDAM offers. It is important to note that our fees may be higher than industry standard or other investment advisers offering similar services. Therefore, similar services may be available for a lower fee elsewhere. *Please reference your individual investment advisory agreement for specific details on your account(s).*

Standard Fee Schedules—Aggressive Growth and Tactical Trading Strategy (Fee-Based Compensation Structure), Large Cap Leaders, and other individual Advisor strategies:

TDAM charges fees on these strategies according to each client's investment advisory agreement, as negotiated with your individual Advisor.

Management fees will range from 0.75% to 2.5%, depending on the nature of the account and the strategies pursued.

Additionally, clients who meet the definition of "Qualified Client" may choose a Management Fee plus Performance Fee structure. Under Rule 205-3 of the Investment Advisers Act of 1940 ("Advisers Act"), a "Qualified Client" is:

- i. An investor that immediately after entering into the contract has at least \$1,100,000 under the management of the investment advisor; or
- ii. An investor entering into the contract (and any person acting on his behalf) that the investment advisor reasonably believes, immediately prior to entering into the contract, either:
 - a. Has a net worth, excluding primary residence (together, in the case of a natural person, with assets held jointly with a spouse), of more than \$2,200,000 at the time the contract is entered into; or
 - b. Is a qualified purchaser as defined in section 2(a)(51)(A) of the Investment Company Act of 1940 at the time the contract is entered into (in general, investor has investments greater than \$5,000,000); or
- iii. A knowledgeable employee of the advisory Firm.

Under the Management Fee plus Performance Fee structure, clients pay an additional fee (the "Performance Fee") quarterly based on the customer's account performance equal to 5%–20% of net profits (as negotiated with the Advisor) after the customer's account assets are marked to market at the end of such quarter, subject to loss carryforward provisions and a high water mark. The Performance Fee will be payable in arrears at the end of each calendar quarter, and upon a withdrawal of account assets during the year. The Performance Fee has been structured to reward the Portfolio Manager only for performance that surpasses the highest net asset value previously attained. Net profits for a particular quarter will be calculated so that income and gains are not double-counted due to intervening losses. In this regard, new net profits will occur only when cumulative losses in the customer's account from prior periods have been offset by gains achieved in subsequent periods. The Performance Fee creates an incentive for the Advisor to cause the customer's account to make investments that are riskier or more speculative than would be the case if this fee were not made. (Please see **Item 6** for more detailed disclosures of potential conflicts of interest related to performance fees.)

Customers opting for the Management Fee plus Performance Fee structure would incur transaction fees at a reduced rate not to exceed a transaction fee of 1.25 cents per share on equity transactions, \$1.25 per contract on option transactions, and 1.0% on fixed income transactions. Please see **Item 12** (Brokerage Practices) for more information on how we choose the brokers we work with.

Some clients in the same investment mandate and qualification status may negotiate a most-favored nation fee agreement, which specifies that if a client negotiates a lower fee, that lower fee will be applied to existing managed accounts of the same mandate and status.

TDAM Wrap Accounts Summaries (for more detailed information, please reference the Wrap Brochures for these programs)

Diversified Funds/ETF Program:

Under this program the client will pay a wrap fee, which will cover all advisory and transaction charges for trading in the Account. Our fee is based on a percentage of your assets we manage. Fees charged are negotiable and will not exceed 2.5%.

Outside Advisors Program:

Under these programs, the combined fee is based on a percentage of your assets we manage. Fees charged are negotiable and will not exceed 2.5%.

The wrap fee does not include: (i) margin interest; (ii) certain miscellaneous account fees or other administrative fees, such as wire fees, transfer fees, transaction fees mandated by the Securities Act of 1934; or (iii) management fees and expenses of mutual funds (including money market funds), closed-end investment companies or other managed investments, if any are held in the client's account. A miscellaneous fee schedule is available upon request.

Financial Planning

Retirement Overview: The Retirement Overview is a one-time written or electronic report costing \$500 that is due upon signing of client agreement. Fee is negotiable.

One-Time Comprehensive Financial Plan: A One-Time Comprehensive Financial Plan costs between \$1,500–\$2,500, depending on the complexity of the client's financial situation. Half the fee is due upon signing the client agreement, and the remaining half due upon delivery of the plan. The fee is negotiable.

Pursuant to California Code of Regulations, 10 CCR Section 260.235.2, our Firm discloses that by offering financial planning services, a conflict exists between the interests of our Firm and the interests of the client. Furthermore, we disclose that we may utilize various firms for the execution of securities transactions and to custody assets. In certain cases, our Firm may recommend that clients execute transactions through us, or any of the unaffiliated broker-dealers. In any event, the client is under no obligation to act upon our Firm's recommendations, and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through us, or any of the unaffiliated broker-dealers.

In order to disclose all material conflicts of interest pursuant to California Code of Regulations, 10 CCR Section 260.238(k), our Firm discloses that we may utilize various firms for the execution of securities transactions and to custody assets. In certain cases, we may recommend that clients execute transactions through us, or any of the unaffiliated broker-dealers. Our Firm does not earn any commissions from unaffiliated broker-dealers. In any event, the client is under no obligation to act upon our Firm's recommendations and if the client elects to act on any of the recommendations, the client is under no obligation to effect the transaction through us, or any of the unaffiliated broker-dealers.

Fee Payments & Termination

The client will pay a monthly management fee based on the market value of the assets in the account as of the close of business on the last business day of each month. Please note that the balance on which your fee is based may not match the statement you receive from the custodian due to dividends, incoming contributions, outgoing withdrawals, settlement issues, etc. The management fee will be payable in arrears at the beginning of each month. Accounts initiated or terminated during a month will be charged a prorated fee for that month. Upon termination of a client account, any earned, unpaid fees will be due and payable.

You authorize us via the investment advisory agreement and the custodial/clearing agreement to debit the account for the amount of the management fee directly from the custodian to us. Clients will be provided with a statement from the custodian reflecting the deduction of the management fee.

Clients may terminate their investment advisory agreement at any time, effective from the time we receive written notification, or such other time as may be mutually agreed upon, subject to the settlement of transactions in progress. Please note that the custodian typically will charge a fee to transfer the account out. This Agreement will also be terminated by TDAM on the fifth (5th) day after TDAM sends notice to client in writing of our intent to terminate the investment advisory agreement or such other time as may be mutually agreed upon, also subject to the settlement of transactions in progress.

Other Fees

Pursuant to Section 31 of the Securities Exchange Act of 1934, a transactional fee (or "Section 31 fee") is charged on all executed sales. The SEC makes annual (and, in some cases, midyear) adjustments to the rate. Other regulatory fees may also apply to certain transactions. In addition, the custodian will charge accounts certain additional fees such as wire transfer fees, fees associated with checks, margin interest on margin balances, safekeeping fees, and account transfer fees as well as other miscellaneous items. A miscellaneous fee schedule is available upon request.

In addition to any transaction or ticket fee, TDAM charges a \$5 service fee on each transaction, which offsets internal costs associated with servicing client accounts. TDAM Advisors do not receive any portion of the service fee. For Advisors who are also shareholders in the Firm this causes a conflict of interest because it provides an incentive to trade more (the more trades, the higher the compensation rebated back to the Firm). Notwithstanding this conflict, the Firm believes that this arrangement does not interfere with its provision of advice to clients because of its practices and controls. The Firm reviews client accounts for adherence to their stated investment objectives and risk tolerance to help ensure that the trading activity all of the Firm's Advisors is in line with such objectives.

Other TDAM Compensation (see also Item 14)

Depending on the product or security in which you are invested, clients will also incur certain charges imposed by third parties other than TDAM, in connection with investments made through the account, including but not limited to, mutual fund sales loads, surrender charges, and IRA and qualified retirement plan fees. In some instances, TD&Co. receives a portion of these charges. Clients will incur direct fees (e.g., management fees) and expenses for investments in mutual funds, ETFs, closed-end funds, UITs, and/or money market funds. Such fees and expenses are included in the price of a fund and are described in each fund prospectus. Depending on the type of shares held by clients, the applicable investment company and/or its affiliates will make certain payments to us in connection with the clients' investments in the product. We strive to invest client assets in share classes that do not pay additional compensation for distribution and related services (e.g., 12b-1 fees). For example, we have access to various mutual fund companies pursuant to which we have access to "advisory share classes" of the funds (i.e., those share classes that do not pay a 12b-1 fee), and typically we are able to convert non-advisory share classes (i.e., those with a 12b-1 fee) held in client accounts into the desired advisory share classes.

Notwithstanding the foregoing, certain mutual funds do not offer advisory share classes or certain client accounts may not be eligible for that share class.

TDAM generally will not recommend a share class that pays a 12b-1 fee to TDAM or its broker-dealer when there is another share class with similar characteristics that does not pay a 12b-1 fee to the broker-dealer. However, in situations where the only share class that is available is a share class that pays a 12b-1 fee, TDAM and our Advisors will disclose the fee to the clients and recommend that share class if that share class is in the best interest of the client. In those situations, the clients should be aware that the additional compensation associated with 12b-1 fees presents a conflict between the interests of clients on the one hand and those of TDAM and/or your Advisor on the other. This additional compensation provides an incentive to TDAM or your Advisor, in exercising discretion or making recommendations for your account, to choose or recommend investments that result in higher compensation to our firm or your Advisor. In these circumstances, it is our duty to determine that an investment made in your account or recommended to you that results in such additional compensation is in your best interest based on the information you have provided to us. TDAM has implemented a Compliance Program to monitor its compensation arrangements and Advisors to help ensure that client assets are invested in what we believe are the best available mutual funds for the strategies we are implementing and monitoring. As always, please see a fund's prospectus for more information about fees. A client could invest in a mutual fund directly, without our services or the services of the third-party money manager. In that case, the client would not receive the services provided by our firm that are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Clients should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

The use of margin is permitted in certain investment advisory programs. Using margin in a fee-based investment advisory account will increase your fee. If you use margin to purchase additional securities, the total value of your eligible program assets increases, as does your fee. In addition, you will be charged margin interest on the debit balance in your account. The increased fee you pay provides an incentive for the Advisor to recommend the use of margin. As your Advisor will receive an economic benefit from margin balances, there is an incentive for your Advisor to have a customer carry a margin balance. TDAM has policies and procedures in place to monitor the suitability of your account to help address this conflict, and you would need to opt in for the use of margin by signing a margin agreement.

Please note that using margin is not suitable for all investors. The use of margin increases leverage in your account and therefore increase its risk. Please see the "Margin Disclosure Statement," as well as the other provisions of the "New Account Client Agreement and Disclosure Statement," for more details on the risks of margin use. In addition to understanding and assuming the additional principal risks associated with the use of margin, clients authorizing margin are advised of the potential conflict of interest when the client's decision to employ margin shall correspondingly increase the management fee payable to TDAM, as applicable.

Furthermore, syndicate transactions, including initial public offerings, secondary offerings, private investments in public equity, private placements, etc., generally involve a selling concession paid directly from the issuer to TD&Co. (and split with the RR/Advisor) and are not subject to our fee schedules. These types of transactions contain a conflict of interest with our advisory relationship. Your Advisor has an incentive to recommend syndicate transactions because they generally provide a higher level of compensation to the Advisor than other investments. This could cause the Advisor to put his or her financial interests ahead of yours. You may opt out of this type of transaction by notifying us of your intent in writing (see also [Item 14](#)). In addition, TDAM has specific procedures, outlined in [Item 11](#), that address principal transactions.

No matter what structure of compensation a firm receives for managing customer assets, conflicts of interest are inevitable. TDAM attempts to avoid these conflicts whenever possible, and if that is not feasible, we disclose these conflicts to our customers. The primary means we have of disclosing these conflicts of interest to our customers is through this Brochure, which is updated not less than annually. Additional information regarding brokerage practices is available in [Item 12](#).

At our discretion, and as applicable, we may combine the account values of family members living in the same household to determine the applicable management fee. For example, we may combine account values for you and your minor children, joint accounts with your spouse, and other types of related accounts. Combining account values will increase the asset total, which could result in your paying a reduced asset management fee based on any available breakpoints we may offer. Clients should be aware that similar or comparable services are available from other sources, including other investment advisors, for fees lower than those charged by TD&Co.

Item 6 – Performance-Based Fees and Side-by-Side Management

TDAM offers the option of performance-based fees on accounts for “Qualified Clients” and for Seven Hills (hereafter together referred to as “performance accounts”). This fee creates an incentive for Advisors that manage both types of accounts to focus more on the performance accounts (including the Fund). Managing two different formats of investments is often referred to as side-by-side management, and doing so creates some conflicts of interest. For example, because the advisory fees payable to the Portfolio Manager by the performance accounts can exceed advisory fees payable by the transaction fee-based SMAs, the Advisor has an incentive to favor the performance accounts over other accounts in its trading activities. In addition, because of the potential increased compensation from performance-based accounts, Advisors have an incentive to expend more time on such for the execution of the same or similar transactions.

Furthermore, as more fully disclosed under [Item 12](#), Seven Hills’ structure as a private fund allows it to participate in IPOs when other similarly managed separate accounts cannot. This presents a potential conflict of interest in that the manager is financially encouraged to allocate more time or focus more on Seven Hills given the greater opportunity to invest in IPOs. Also, the performance accounts will be in competition with the Advisor’s other clients for the limited amount of time the Advisor has to monitor the various trading portfolios, and orders for securities transactions for the performance accounts, which may be grouped with orders for other clients of the Advisor. TDAM believes that applicable Advisors have sufficient time to devote to monitoring and trading both the transaction fee-based SMAs and performance account’s assets. In addition, TDAM believes it has created and implemented internal allocation policies and procedures to address these conflicts, including the review of IPO allocations to make certain they are equitable among all eligible accounts and that SMAs receive their share of eligible IPOs. Please see [Item 12](#) for a description of TDAM’s allocation procedures. Please reference [Item 5](#) for which individuals are eligible to pay a performance fee for the management of their account.

Item 7 – Types of Clients

TDAM offers its advisory services to individuals, corporations or other business entities, trusts, estates, charitable organizations, and retirement plans.

Minimum Account Size

TDAM's recommended minimum account size by service is:

1. **Active Account Management Strategy (formally known as Aggressive Growth and Tactical Trading Strategy):** \$100,000
2. **Large Cap Leaders Portfolio:** \$100,000
3. **Diversified Funds Program:** \$100,000 (see *Diversified Funds Program Wrap Brochure* for additional information)
4. **Outside Advisors Program (Wrap Accounts):** \$25,000 (see *Wrap Brochure* for additional information)
5. **Seven Hills Fund:** The minimum investment for a limited partner in Seven Hills is \$200,000. Limited Partners of Seven Hills are required to meet the definition of a "Qualified Client" under Rule 205-3. The minimum investment amount can be waived at the discretion of the General Partner. Please see the Private Offering Memorandum for more information (see the *Seven Hills Brochure* for additional information).
6. **All Other:** \$100,000

TDAM will consider waiving the minimum account size requirements; however, smaller account sizes could potentially be at a disadvantage regarding transaction fees and diversification and can experience markedly different performance. Small accounts, if accepted, will likely be invested in a small number of securities, or possibly a single security, and thus be exposed to considerably more risk as well as incurring significantly higher fees as a percentage of equity. In addition, smaller accounts, primarily because they will be less diversified, will be prone to larger swings in account value.

Item 8 – Methods of Analysis, Investment Strategies, and Risk of Loss

Methods of Analysis and Investment Strategies

Active Account Management Strategy (formally known as Aggressive Growth and Tactical Trading Strategy): The approach to our active account management strategy has deep roots in terms of process and discipline. It is a bottom-up approach that seeks to capitalize on perceived informational advantages and can be best described as an “all-cap” aggressive growth and tactical trading strategy. This strategy is founded on the discipline of researching, investing, and trading in companies that we believe have the potential to meet the majority or all of certain bottom-up fundamental criteria over the next four quarters. This process is founded on the discipline TDAM refers to as “The Great 8.”

The Great 8

1. 20% + revenue and earnings growth.
2. Sequential revenue and earnings growth. Quarter-over-quarter improvement in both top and bottom line.
3. Insiders buying in open market. Top management buys the company’s stock in the open market, with their own money.
4. Significant management ownership of the stock. Shows commitment to performance.
5. Strong balance sheet, little or no debt or manageable declining debt. Strong cash position or debt-reduction efforts should be present.
6. Member of a growing market sector. Typically, no deep cyclical or natural resource sectors.
7. Gross margin expansion and market share gains. Shows market demand for products or services.
8. Selling at a discount to the company growth rate. Allows for P/E expansion towards growth rate.

Research Methodology

TDAM uses “The Great 8” discipline to search for potential companies to add to our clients’ portfolios. Our Portfolio Managers and analysts conduct daily searches for growth companies by considering and reviewing information that may include the following:

- *Insider Buying Filings:* We review SEC filings for companies where company insiders also buy their company’s stock in the open market, with their own money.
- *Computer Screening:* We run daily computer screens that look for sequential revenue and earnings growth, strong balance sheets and companies selling at a discount to their growth rates.
- *New High List:* We review the New High List daily to review strong sectors and strong stocks.
- *Examining Earnings Releases:* We examine earnings releases and the company guidance that is given in these releases, searching for undervalued opportunities.

Once we find an interesting prospective investment, we continue the process by attempting to uncover a company’s true potential, which may include the following:

- *Reviewing public financial information:* 10K, 10Q, Annual Reports, Research Reports
- *Interviewing the CFO and/or CEO:* We interview management through conference calls and visits in our office and theirs. We ask the tough questions needed to form an objective opinion.

- *Analyzing management:* We attempt to determine if the management is credible. We examine their background and history. We look for management teams that are excited about the company's prospects, without being promotional.
- *Identifying data points:* We attempt to talk to the company's suppliers, vendors, and their competition to get a well-rounded objective view of the company.
- *Developing or reviewing existing one-year earnings models:* We develop or review detailed earnings models for the next four quarters.

These stocks are considered “core” positions. TDAM may increase or decrease “core” positions in the short term based on TDAM's perceived near-term value of the position. The analysis above is an example, and not every investment idea may go through each step outlined above.

While many of TDAM's core ideas come from the research process and The Great 8, occasionally TDAM may uncover and take advantage of investment opportunities outside of The Great 8 framework. TDAM refers to these as “*event-driven trading positions*.”

Since TDAM is very proactive in its approach, trading in these accounts can have a much higher activity level than a “buy and hold” approach. This increased activity will cause increased costs for clients in terms of tax considerations and brokerage expenses. This active investing in certain positions can best be described as an investment strategy involving ongoing buying and selling actions, with continuous monitoring to exploit profitable conditions.

Large-Cap Leaders Portfolio: This internally managed strategy focuses on companies with leading and sustainable competitive positions in their industries. The focus is on large-cap stocks typically with a minimum \$50B of market capitalization. This strategy utilizes a concentrated portfolio with about 15 positions and looks to provide diversification across industry sectors of the S&P 500. Fully invested and fully transparent.

This strategy utilizes research on large capitalization companies from domestic and internationally based firms whose common equity securities trade in liquid markets. TDAM applies fundamental analysis as the primary method to evaluate company information from financial statements, regulatory filings, and management communications. This information is used to calculate financial ratios to measure company fitness, and toward subjective assessments of its product markets and management competency. TDAM also considers macroeconomic factors that affect our investment universe. These factors, such as economic growth, raw material input prices, wage inflation, interest rates and geopolitical issues, contribute to the evaluation of companies and industries under expected market conditions. TDAM aggregates its research to render a valuation estimate to each company for potential inclusion into its investment strategies.

Most purchases are intended to be held until valuations approach our estimate of fair value or company financials are expected to cause adverse price performance. While most purchases should be held for more than one year, some holdings will be traded within one year, primarily due to faster-than-expected realization of fair value, unexpectedly adverse financial results or an increasingly different company outlook than anticipated.

Earnings Aristocrats Portfolio: This internally managed strategy focuses on S&P 500 companies that consistently outperform earnings expectations. Candidates for inclusion in the strategy must have no more than one earnings miss over the past five years. Potential candidates are screened for additional characteristics including revenue growth potential, consistent free cash flow generation, a margin improvement story, high recurring revenue, low debt levels, and management teams that have a clear, well-articulated vision. The central thesis of Earnings Aristocrats is that earnings drive stocks. We believe that money managers pay up for consistent earnings performance. Earnings Aristocrats is a buy-and-

hold strategy that is intended to have low turnover. One earnings miss will cause a company to be put on watch and possibly removed from the strategy. Two misses within a four-quarter period will result in a stock's removal from the strategy.

Our goal is to outperform the broader S&P 500 Index. We have found that roughly 20% of the S&P 500 pass our first screen of no more than one earnings miss in the past five years. Using our additional screening factors, we further narrowed the list of potential candidates, and the strategy currently holds 15–20 stocks.

Diversified Funds Program: Please see the ***Diversified Funds Program Wrap Brochure*** for detailed information.

Outside Advisors Program (Wrap Accounts): When choosing a third party investment manager, we will research the manager utilizing one or more of the following: resources provided by RBC, Envestnet, ADV filings generated by the manager, industry contacts, third-party services, manager websites, industry publications, and Internet searches.

Our investment strategies and advice may vary depending on each client's specific financial situation. As such, we determine investments and allocations based on your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines can affect the composition of your portfolio.

Our strategies and investments can have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you consult with a tax professional prior to and throughout the investing of your assets.

Seven Hills: Please see the ***Seven Hills Brochure*** for detailed information.

Other Strategies: As discussed in [Item 4](#), Advisors may decide to utilize a single strategy described above, multiple strategies noted above, individual securities in combination with one of the strategies noted above, or none of the strategies noted above. Your Advisor may invest your assets through individual stocks, bonds, government's, options, municipals, variable or fixed insurance products, or other individual securities. In all cases, your Advisor will utilize the method of analysis described above, or some combination of those methodologies to research individual security recommendations or investment ideas, with your personal financial goals in mind.

Features, Risks, Disclosures and Other Important Information

General Investment Risks: Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

Our strategies and investments can have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Each type of security and asset class has its own unique set of risks associated with it, and it would not be possible to list here all the specific risks of every type of investment. Even within the same type of investment, risks can vary widely. However, in very general terms, the higher the anticipated return of an

investment, the higher the risk of loss associated with it. Depending on the strategy, program, or service you choose, the following material risks will apply to your account:

Market Risk: Overall equity and fixed income securities market risks affect the value of a client's portfolio. Factors such as domestic and international economic growth and market conditions, interest rate levels, and political events affect the securities markets.

Active or Frequent Trading Risk Disclosure: Certain TDAM accounts utilize a strategy whereby the Portfolio Manager engages in frequent and/or intraday trading of portfolio securities to achieve the aggressive growth and tactical trading investment goal. This activity can be used to attempt to either achieve short-term gain or protect the portfolio from loss, as in where stop-loss orders are triggered when a certain security falls by a certain parameter. Active trading typically will result in portfolio turnover (total value of purchases annually divided by average account value) that is very high and correspondingly greater transaction cost, which will be borne directly by the client. In some cases, portfolio turnover will exceed 600% and the cost-to-equity ratio (total annual fees divided by average account value) will exceed 10%. In addition, because the strategy requires the Portfolio Manager to be more price sensitive than time sensitive (i.e., may sell securities when they reach a certain price point regardless of the time held, based on, but not limited to valuation, technical levels, news, research calls, or market conditions, and also may sell as a stop-loss point is reached, or may sell to protect the overall portfolio from market risk), active trading typically will have tax consequences for certain types of accounts, creating a possible increase in short-term capital gains or losses. During periods of increased market volatility, active trading will be significantly more pronounced as the Portfolio Manager will attempt to take advantage of any opportunities the volatility may present as well as attempt to protect the overall portfolio with stop-loss orders. During periods where the Portfolio Manager determines that the market conditions are not conducive to attempt to achieve the investment strategy goal and believes the risk of potential loss is too great, the Portfolio Manager may hold few, if any, securities in the portfolio until such conditions change. This could result in the portfolio having significant amounts of cash for a period, until the Portfolio Manager determines that the market conditions are again conducive to deploy capital toward the investment strategy. We believe our aggressive growth and tactical trading strategy, which employs frequent or active trading, can improve the risk profile of the portfolio by seeking many small gains, attempting to limit losses through stop-loss points, and seeking to reduce the damage caused by any one adverse trade or large position.

Small-Cap Securities: The prices of small-capitalization, micro-cap, and OTC securities generally are more volatile and their markets less liquid relative to larger-cap securities. Therefore, our investment strategy will involve considerably more risk of loss, and its returns may differ significantly from other investments, including mutual funds, investing in larger-cap companies or other asset classes.

Smaller companies offer investment opportunities and additional risks. They may not be well known to the investing public, may not be significantly owned by institutional investors and may not have steady earnings growth. In addition, the securities of such companies typically are more volatile in price, have wider spreads between their bid and ask prices, and have significantly lower trading volumes than the securities of larger capitalization companies. As a result, the purchase or sale of more than a limited number of shares of the securities of a smaller company can affect its market price. TDAM may need a considerable amount of time to purchase or sell its positions in these securities.

Small-cap stocks often are followed by few, if any, securities analysts, and there tends to be less publicly available information about them. Their securities generally have limited trading volumes and are subject to abrupt or erratic market price movements. Such companies also may have limited markets, financial resources or product lines, may lack management depth, and may be more vulnerable to adverse business or market developments. These conditions, which create greater opportunities to find securities trading well below our estimate of the company's current worth, also involve increased risk.

Customers' accounts are dependent on TDAM for their success, and TDAM in turn relies on both its research methodology and the account's Portfolio Manager(s). To the extent that the market for small and micro-cap securities does not reward those factors utilized by our research methodology, the performance of the account will be negatively affected. In addition, TDAM's estimate of a company's current worth may prove to be inaccurate, or this estimate may not be recognized by other investors, which could lead to portfolio losses.

Although TDAM's approach to security selection seeks to reduce downside risk by seeking out value, especially during periods of broad smaller-company stock market declines, it also may potentially have the effect of limiting gains in strong smaller-company up markets.

Concentration Risk: Our investment process may result in portfolios that are overweighted in certain issuers, industry sectors, or industry groups. The concentration level in a single issuer could exceed 20% of the portfolio, especially in smaller accounts. As with any concentrated portfolios, these portfolios will be subject to greater volatility and risk with respect to the securities in the portfolios than more diversified portfolios. Concentrated portfolios will be more susceptible to loss due to adverse occurrences affecting a particular issuer, industry, or asset class.

Fixed Income Risks: Portfolios that invest in fixed income securities are subject to several general risks, including interest rate risk, credit risk, and market risk, which could reduce the yield that an investor receives from his or her portfolio. These risks occur from fluctuations in interest rates, a change to an issuer's individual situation or industry, or events in the financial markets.

High-Yield Debt: High-yield debt is issued by companies or municipalities that do not qualify for "investment grade" ratings by one or more rating agencies. The below investment grade designation is based on the rating agency's opinion of an issuer that it has a greater risk to repay both principal and interest and a greater risk of default than those issuers rated investment grade. High-yield debt carries greater risk than investment grade debt. There is the risk that the potential deterioration of an issuer's financial health and subsequent downgrade in its rating will result in a decline in market value or default. Because of the potential inability of an issuer to make interest and principal payments, an investor may receive back less than originally invested. There is also the risk that the bond's market value will decline as interest rates rise and that an investor will not be able to liquidate a bond before maturity.

Foreign Stocks: While not common, we may occasionally invest in foreign securities, which involves risks that may not be encountered in U.S. investments, including adverse political, social, economic or other developments that are unique to a region or country. Prices of foreign securities may, at times, move in a different direction and/or be more volatile than those of U.S. securities. Because we do not intend to hedge our foreign currency exposure, the U.S. dollar value of an investment may be harmed by declines in the value of foreign currencies in relation to the U.S. dollar.

Options Risks: An option holder runs the risk of losing the entire amount paid for the option in a relatively short period of time. This risk reflects the nature of an option as a wasting asset, which becomes worthless when it expires. Option holders who neither sell the option in the secondary market nor exercise it prior to its expiration will necessarily lose their entire investment in the option. An option writer may be assigned an exercise at any time during the period the option is exercisable. Starting with the day it is purchased, an American-style option is subject to being exercised by the option holder at any time until the option expires. This means that the option writer is subject to being assigned an exercise at any time after they have written the option until the option expires or until they have closed out their option position in a closing transaction. By contrast, the writer of a European-style or capped option is subject to assignment only when the option is exercisable or, in the case of a capped option, when the automatic exercise value of the underlying interest hits the cap price.

For more information regarding the risks of options, please read the “Characteristics and Risks of Standardized Options” brochure, at: <https://www.theocc.com/about/publications/character-risks.jsp>

ETF and Mutual Funds Risk: ETFs and mutual funds are subject to investment advisory and other expenses, which will be indirectly paid by clients. As a result, the cost of our investment strategies will be higher than the cost of investing directly in ETFs or mutual funds, as there are two levels of fees. ETFs and mutual funds are subject to specific risks, depending on the nature of the fund.

ETFs are professionally managed pooled vehicles that invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities, or any combination thereof. ETF managers trade fund investments in accordance with fund investment objectives. ETF risk can be significantly increased for funds concentrated in a particular sector of the market, or those that invest primarily in small cap or speculative companies, use leverage (i.e., borrow money) to a significant degree, or concentrate in a particular type of security (i.e., equities), rather than balancing the fund with different types of securities.

ETFs can be bought and sold throughout the day like stocks, and their price can fluctuate throughout the day. During times of extreme market volatility, ETF pricing may lag versus the actual underlying asset values. This lag usually resolves itself in a short period of time (usually less than one day); however, there is no guarantee this relationship will always occur. In addition, ETFs may be invested on passive or tactical basis as agreed to between the Advisor and the client. It is important to note that there is more aggressive trading and therefore more volatility with tactical strategies than passive strategies. For tactical strategies, the client should be able to bear greater trading expenses and fluctuation in portfolio values.

Interest Rate Risk: This is the risk that fixed income securities will decline in value because of an increase in interest rates; a bond or a fixed income fund with a longer duration will be more sensitive to changes in interest rates than a bond or bond fund with a shorter duration.

Credit Risk: This is the risk that an investor could lose money if the issuer or guarantor of a fixed income security is unable or unwilling to meet its financial obligations.

Liquidity Risk: TDAM may invest in stocks in emerging companies not widely followed by Wall Street (micro-cap and OTC securities), which may not be as liquid as larger capitalization stocks and can be considered riskier; therefore, clients should be willing to accept a higher-than-normal risk. TDAM utilizes wide latitude in its stock selection, when searching for undervalued companies. This allows for multiple opportunities to take advantage of market inefficiencies. In some micro-cap securities in which we invest, there could be times (due to liquidity or price movement) during which we may be unable to place or sell a given stock in all of the client portfolios. This can and will result in some conflicts at times regarding the allocation process. Please see **Item 12** for the Firm’s allocation process.

Shorting, Margin, and Use of Leverage: TDAM, with client consent, may open client accounts as margin accounts and, if we elect to use margin, such use can magnify risk to client accounts. Use of margin should be discussed with your Advisor. Clients wishing to use margin are required to complete a Margin Agreement. Other forms of leverage TDAM may use include options, short sales, and other inverse or leveraged derivative instruments. TDAM also has the ability to short stocks in client portfolios; a high level of risk is associated with this strategy. Shorting securities requires the use of margin. TDAM believes shorting provides additional opportunities to make money for margin-approved clients if TDAM believes a stock is overvalued. In rare circumstances, structured products may be offered to certain clients. These products often involve a significant amount of risk and should be offered only to clients who have carefully read and considered the products’ offering documents, as they are often based on derivatives. Structured products are intended to be “buy and hold” investments and are not liquid instruments.

Cash Levels: From time to time, there may be large cash balances in client accounts, which earn interest at the prevailing money market rates (taxable or tax-free). If TDAM believes it is in the best interest of a client, TDAM has the ability to go to 100% cash in the portfolio, which has risk of return associated with being out of the market.

Variable Annuities: If clients purchase a variable annuity that is part of any program, clients will receive a prospectus and should rely solely on the disclosure contained in the prospectus with respect to the terms and conditions of the variable annuity. Clients should also be aware that certain riders purchased with a variable annuity may limit the investment options and the ability to manage the subaccounts.

Private Funds and Managed Futures: Private and managed futures funds may be purchased by clients who meet certain qualification standards. Investing in these funds involves additional risks including, but not limited to, the risk of investment loss due to the use of leveraging and other speculative investment practices and the lack of liquidity and performance volatility. In addition, these funds are not required to provide periodic pricing or valuation information to investors and may involve complex tax structures and delays in distributing important tax information. Clients should be aware that these funds are not liquid as there is no secondary trading market available. At the absolute discretion of the issuer of the fund, there may be certain repurchase offers made from time to time. However, there is no guarantee that clients will be able to redeem the fund during the repurchase offer.

Employee Participation: For the Aggressive Growth and Tactical, and Seven Hills strategies, TDAM is looking for stocks where there is significant management ownership of the stock. Following this principle, many times the Portfolio Manager and employees of TDAM may invest alongside the clients in the same stocks. This could be perceived as a conflict of interest, but TDAM believes in “putting our money where our mouth is,” and we believe this makes TDAM more sensitive to the needs of the clients. TDAM also has systems in place so clients are not disadvantaged as to price execution. While these types of situations typically happen under the Aggressive Growth and Tactical, and Seven Hills strategies, they could happen under other strategies if deemed beneficial to the account and consistent with stated investment objectives.

Style Differences: While TDAM follows a similar philosophy to investing, the individual investing styles of each Advisor may differ. An individual Advisor may focus more on event-driven trading positions than core positions; or focus more on emerging, smaller-cap issues than larger-cap issues; or hold differing levels of cash; or hold a large number of smaller positions in an account, or fewer more concentrated holdings that may exceed 25%, particularly in smaller accounts; as well as other style differences. These style differences may result in different performance between Advisors.

Performance Differences: TDAM believes in managing its SMAs on an individual basis rather than “one size fits all” model portfolios. Investment decisions are based on the client’s objectives, risk tolerances, conversations with the client, as well as other factors. The composition of individual client portfolios (and thus performance and security allocation) will vary based on the above factors as well as the client’s input on investment levels and individual positions, client willingness to use margin or options, availability of certain investments, size of the account, cash availability at the time of an investment opportunity, tax considerations, client preferences on activity levels, as well as other factors. Clients are encouraged to discuss their preferences and goals in depth with their Advisor.

System Failures and Reliance on Technology: TDAM’s investment strategies, operations, research, communications, risk management, and back-office systems rely on technology, including hardware, software, telecommunications, Internet-based platforms, and other electronic systems. Additionally, parts of the technology used are provided by third parties and therefore are beyond our direct control. We seek to ensure adequate backups of hardware, software, telecommunications, Internet-based platforms and other electronic systems, when possible, but there is no guarantee that our efforts will be successful. In

addition, natural disasters, power interruptions, and other events may cause system failures, which will require the use of backup systems (both on- and off-site). Backup systems may not operate as well as the systems that they back up and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, we continually evaluate our backup and disaster recovery systems and perform periodic checks on the backup systems' conditions and operations. Despite our monitoring, hardware, telecommunications, or other electronic systems malfunctions may be unavoidable and may result in consequences such as the inability to trade for or monitor client accounts and portfolios. If such circumstances arise, the Firm will consider appropriate measures for clients.

Cybersecurity: A portfolio is susceptible to operational and information security risks due to the increased use of the Internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact the business operations of service providers and TDAM, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While TDAM has established business continuity plans and risk management systems designed prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems in part due to the ever-changing nature of technology and cyberattack tactics.

Pandemic Risks: The outbreak of the novel coronavirus rapidly became a pandemic and has resulted in disruptions to the economies of many nations, individual companies, and the markets in general, the impact of which cannot necessarily be foreseen at the present time. This has created closed borders, quarantines, supply chain disruptions and general anxiety, negatively impacting global markets in an unforeseeable manner. The impact of the novel coronavirus and other such future infectious diseases in certain regions or countries may be greater or less due to the nature or level of their public health response or due to other factors. Health crises caused by the coronavirus outbreak or future infectious diseases may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such health crises may be quick, severe, and of unknowable duration. This pandemic, and other epidemics and pandemics that may arise in the future, could result in continued volatility in the financial markets and could have a negative impact on investment performance.

The above list of risk factors is not intended to be a complete list or explanation of the risks involved in each of our investment strategies. You are encouraged to consult your financial advisor, legal counsel and tax professional on an initial and continuous basis in connection with selecting and engaging in the services provided by us. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

Securities Transactions at the Direction of Clients

TDAM allows its clients to direct TDAM to purchase, hold, or dispose of securities in their own accounts. TDAM will not be responsible for the consequences of a client's own directed investment decisions. In addition, clients who choose to overweight or concentrate accounts in one or a few individual investments are assuming a much higher degree of risk than a diversified approach to investing, and TDAM will not be responsible for the repercussions of the client's investment choices. Also, clients should be aware if they direct TDAM to change various investments or general investment levels, these actions will increase portfolio turnover, account costs, and possibly hinder account performance.

Item 9 – Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of TDAM or the integrity of TDAM's management. TDAM has no history of material disciplinary actions. Clients are also directed to TDAM's Form ADV Part 1, Item 11 for additional events that are not required to be disclosed here.

Item 10 – Other Financial Industry Activities and Affiliations

Neither TDAM nor any of our management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

TD&Co. is dually registered as a Broker-Dealer and Registered Investment Advisor. Associated persons of TDAM also may be licensed as registered representatives of TD&Co. and receive commissions based on transactions effected through the Firm. Also, some Advisors are registered to sell annuity/insurance products and typically receive compensation for doing so. Clients are under no obligation to purchase insurance products through any particular insurance agency or representative.

Employees of TDAM were involved with the formation of Seven Hills created for private investment purposes, and Seven Hills Capital Management LLC, which serves as the general partner (GP) for the Fund. TDAM has been appointed by the GP to serve as the Portfolio Manager of Seven Hills. The GP is controlled by William D Davis, Jr., the Fund's Portfolio Manager, who is also an employee of TDAM. Due to the relationship between the Fund, TDAM, and the GP, a conflict of interest exists that can cause personnel of these entities to suggest investments in either the Fund or SMAs over other investment alternatives. This conflict of interest also could lead an Advisor to suggest switching assets from an SMA to the Fund, or vice versa, if the Advisor perceives a higher level of compensation will result from the other investment. Interests in the Fund will not be registered under the U.S. Securities Act of 1933 ("Securities Act") or the securities laws of any state or other jurisdiction. Interests will be offered and sold in the United States to sophisticated investors under the exemptions provided by Section 4(2) of the Securities Act and Regulation D. The Fund will not be registered under the Investment Company Act of 1940 in reliance upon the exemption provided by Section 3(c) (1) of that Act.

The day-to-day investment decisions for Seven Hills will be made by Portfolio Managers that include the same employees primarily responsible for managing certain individual SMAs. The Portfolio Managers may follow similar or different investment strategies for the Fund as they follow for other client portfolios.

While Portfolio Managers will use their best efforts to provide the Fund and other client portfolios with suitable investment opportunities, it is possible that Portfolio Managers might not present the Fund and other client portfolios with the same investment opportunities that come to their attention, even if such opportunities are consistent with the Fund's and other clients' investment objectives. Portfolio Managers will use their best judgment and specific knowledge of the Fund and client accounts when determining which securities to recommend or invest in specific instances.

Because Portfolio Managers manage multiple accounts for different groups of clients, it is possible that some clients could be placed at a disadvantage with respect to the timing of trading decisions and/or the price of securities. Moreover, as described in [Item 6](#), it is perceived that there is an incentive to favor a performance account over other client portfolios because the performance accounts pay a performance-based incentive fee to TDAM. However, TDAM believes that such conflict of interest is limited because the investment objectives and strategies of the Fund are different from that of many client portfolios, and TDAM has developed policies and procedures to monitor the fair allocation of investments between all accounts. Nevertheless, TDAM and the Portfolio Managers will attempt to resolve any conflicts of interest in a manner consistent with TDAM's fiduciary duties.

The Chief Compliance Officer (CCO) or designee will review all transactions of related persons of the company to ensure no conflicts exist with client executions.

Third-Party Money Managers

TDAM has developed programs, described in [Item 4](#) and [Item 5](#), designed to allow us to recommend and select third-party money managers for you. Once you select the third-party money manager to manage all or a portion of your assets, the third-party money manager will pay us a portion of the fees you are charged. Please refer to [Item 4](#) and [Item 5](#) (or applicable **Wrap Brochures**) for full details regarding the programs and fees when TDAM selects other investment advisors. Because TDAM receives a portion of the advisory fee from these third parties, TDAM Advisors have an incentive to recommend such advisors. However, TDAM has developed and implemented policies and procedures to conduct due diligence on such advisors and to monitor client accounts for adherence to investment objectives that help mitigate any potential conflicts. TDAM will ensure that the third-party managers are properly licensed or registered as investment advisors before selecting such third-party managers.

Item 11 – Code of Ethics, Policies, and Procedures

In furtherance of the commitment of TDAM to full compliance with its responsibilities under the federal securities laws, TDAM has adopted the following Code of Ethics, Policies, and Procedures:

1. TDAM has appointed a CCO for purposes of administering and overseeing compliance with its Code of Ethics, Policies, and Procedures. TDAM's CCO also serves as the resource for giving guidance and answering questions about the Code of Ethics.
2. All of TDAM's owners, directors, officers, and employees, upon commencing employment or service with TDAM, and each year thereafter, are required to read this Code of Ethics, and attest to their understanding of the Code of Ethics. Attestations of the directors, officers, and employees are retained in the personnel compliance files.
3. In addition, the CCO or designee, in the exercise of his or her best judgment, has the authority to establish a continuing education program to highlight the different types of conflicts of interest that may be present in particular situations, as well as give guidance to owners, officers, and employees as to what types of information present potential for abuse. This program will advise TDAM's personnel as to recent developments or revised requirements through avenues such as email memoranda and meetings.
4. TDAM recognizes that at times its owners, officers, or employees can come into possession, or be deemed in possession, of material non-public information about the corporations and other entities (hereinafter, the "Subject Corporations") that it researches, or about which TDAM may provide investment advice to clients. TDAM recognizes that all material information regarding the subject corporations must be disclosed to the public, if at all, by the subject corporations in accordance with applicable legal and regulatory requirements. It is the policy of TDAM that all material information that has not been publicly disseminated shall be distributed within TDAM only on a strict "need to know" basis, and no owner, officer, or employee of TDAM shall be permitted to disclose such information on a selective basis, or to use such information to his or her personal advantage or for the benefit of others. In addition, TDAM's owners, officers, and employees shall promptly notify the CCO of the names of any subject corporation for which they come into possession of material non-public information.
5. Owners, officers and employees of TDAM, while in possession of material non-public information, may not (i) buy, sell, exchange or otherwise trade in the subject corporation's securities, in securities convertible into the subject corporation's securities, or in put or call options on the subject corporation's securities, or (ii) disclose such information to anyone not authorized to receive the information. Similarly, owners, officers, and employees of TDAM, while in possession of material non-public information, may not advise its advisory clients to, or execute transactions on behalf of clients for which it holds discretionary trading authority to, buy, sell, exchange, or otherwise trade in the subject corporation's securities, in securities convertible into the subject corporation's securities or in put or call options on the subject corporation's securities. If there is any doubt as to whether the information is material and/or non-public, clarification and guidance, TDAM's policies require that guidance be sought from TDAM's CCO.
6. All of TDAM's owners, officers, and employees, upon commencing employment or service with TDAM and thereafter, shall notify TDAM's CCO in writing of any public companies in which he or she is or becomes a director, officer, or 10% shareholder. TDAM's owners, officers, and employees are required to promptly notify the CCO of any changes in such status.
7. Any TDAM employee who learns that material non-public information has been selectively communicated to an unauthorized person is required to immediately notify the CCO.

8. If material non-public information is to be given to consultants or other individuals who are not employees of TDAM, the CCO, at his or her discretion, may require some form of written acknowledgment of the confidentiality of the disclosed material and/or that a confidentiality agreement be executed between the concerned parties.
9. TDAM's CCO, or designee, shall investigate all cases where he or she becomes aware that material non-public information may have been misused. Such investigation shall document the relevant details of the event, including without limitation, the name of the security, the personnel and accounts involved, the date the investigation commenced, and its disposition.
10. It is TDAM's policy that all of its owners, officers and employees comply fully with all insider trading laws and regulations. Violations (whether inadvertent or intentional) will not be tolerated by TDAM and could result in severe disciplinary action being taken against the owner, officer, or employee.

A copy of TDAM's Code of Ethics is available upon request.

Personal Trading

Under the Code, TDAM's personnel are required to conduct their personal investment activities in a manner that TDAM believes is not detrimental to its advisory clients. As discussed above, TDAM personnel must conduct all personal trading in such a manner as to avoid any material conflicts of interest or any abuse of their position of trust and responsibility.

TDAM and/or its employees can buy, sell or hold securities that it also recommends to clients, subject to the requirements of its internal policies and procedures. TDAM's policies are based on the principle that TDAM and its employees have a fiduciary duty to place the interests of clients ahead of their own interests. To the extent not prohibited by its policies, TDAM and/or its employees can hold, acquire, increase, decrease or dispose of securities or other interests at or about the same time that TDAM is purchasing or selling the same securities or interests for an advisory account. TDAM may manage discretionary accounts on behalf of its owners, employees, and family members.

TDAM has created and implemented internal controls to monitor client account activity and proper allocation of investment opportunities, based on each client's stated investment objectives and risk tolerance, to address these conflicts.

Participation or Interest in Client Transactions

Principal and Cross Transactions: On occasion, TDAM will act as principal in a securities transaction with a client. However, TDAM will not act as principal in a transaction without providing written disclosure to the client, as specified in Section 206(3) of the Advisers Act, before completion of the transaction and obtaining client consent to each transaction. A client is deemed to have granted consent if notification of each transaction is made and client fails to notify TDAM of client's denial of consent before the completion of the transaction. TDAM will enter into such transactions only to the extent consistent with its duty to obtain best execution for the client and with appropriate client consent. Clients may revoke consent to engage in such transactions at any time by notifying us in writing.

There are potential conflicts of interest and regulatory issues relating to these transactions that could limit TDAM's decision to engage in these transactions for client accounts. Principal transactions create the potential for Advisors to engage in self-dealing. When an Advisor engages in a principal (or agency cross, discussed below) transaction on behalf of a client, it is primarily the incentive to earn additional compensation that creates the Advisor's conflict of interest. TDAM has developed policies and procedures that address such conflicts of interest, and such transactions will be effected in accordance with fiduciary requirements, applicable law, and internal policy.

In addition to principal transactions above, TDAM, with appropriate disclosure and the client's written consent, can effect agency cross transactions for a client in which it acts as broker for both that client and the other party to the transaction and earn a transaction fee on the trade from that other party. Also, as stated above, TDAM will do so only to the extent consistent with its duty to obtain best execution for the client and with appropriate client consent, as specified in Section 206(3) of the Advisers Act. Client is deemed to have granted consent if notification of each transaction is made and client fails to notify TDAM of client's denial of consent before the completion of the transaction. Clients may revoke consent to engage in such transactions at any time by written notice to TDAM.

Financial Interest in Recommendations: TDAM receives its advisory compensation through one or more of the following methods: transaction fees, management fees, and/or performance fees. TD&Co. is also registered with FINRA and various regulatory agencies to provide services as a broker-dealer. Advisors of TDAM, in their capacity as registered representatives of TD&Co., typically will recommend the Firm's broker-dealer services to clients who have or are utilizing TDAM's advisory services. Clients are free to implement advisory recommendations through any firm. Clients are under no obligation to purchase or sell securities through TD&Co. However, if they choose to do so, commissions can be earned that may be higher or lower than commission rates found at other broker-dealers. In this capacity, the Firm is compensated with fees and/or commissions. Notwithstanding such additional compensation, TD&Co. believes that the overall level of services and support provided to clients by the Firm outweighs the potentially lower transaction cost available under other brokerage arrangements.

In some instances, TDAM or its associated persons typically will recommend to clients the purchase or sale of investment products in which it or related persons receive some financial interest, including, but not limited to, the receipt of compensation. As stated previously, the GP of Seven Hills appointed TDAM as the investment advisor. The GP is controlled by William D. Davis Jr., the Fund's Portfolio Manager, who is also an employee of TDAM. Therefore, TDAM or its associated persons have a financial interest, including, but not limited to, the receipt of compensation.

Because the investment advisory fees payable to the Portfolio Manager or the referral fee payable to a TDAM investment executive, by either the SMAs or the partnership, can exceed any commissions paid in standard broker-dealer accounts, the investment executive/Portfolio Manager might be viewed as having an incentive to switch broker-dealer client assets to an advisory relationship in either a SMA or Seven Hills.

As described in [Item 5](#), TDAM also may participate in new issues or underwritings (including offerings in which TD&Co. is part of the "selling group") when it is deemed to be in the client's best interest. In these scenarios, TD&Co. receives a fee (i.e., concession fee) as part of the selling group, which is in addition to any advisory fee charge for managing the investment. You may withdraw your consent to this type of transaction at any time by notifying us in writing. TDAM has developed policies and procedures that address such conflicts of interest related to the account type recommended and our participation as a selling group member, to ensure that the client's investment objectives are the Advisor's primary concern.

Donations to Charities: From time to time, TDAM donates to charitable organizations that are affiliated with clients, are supported by clients, and/or are supported by an individual employed by one of our clients. In general, such donations are made in response to requests from clients, or their personnel. Because TDAM's contributions could result in the recommendation of TDAM or its products, such contributions can raise a potential conflict of interest. As a result, TDAM maintains procedures that generally limit the dollar amount and frequency of charitable contributions and requires that all contributions be made directly to the charitable organization (normally a 501(c)(3) organization). No contribution will be made if the contribution implies that continued or future business with TDAM depends on making such contribution.

Trade Errors

Any trading made by mistake or incorrectly placed by an Advisor that results in a loss in value of the client's investments will be reversed and TDAM will be responsible for the loss; however, TDAM shall not be responsible for any gains that the client may have obtained had TDAM originally placed the correct order. TDAM will take steps necessary to minimize trade errors and, if a pattern of errors is discovered, TDAM will make any reasonable revisions to its policies necessary to avoid such trade errors in the future.

A trade error generally is an error in the placement, execution, or settlement of a transaction, not an intentional or reckless act of misconduct; in addition, a good-faith error in an investment recommendation or decision for a client does not represent a trade error. Another way TDAM will define a trade error is the gain or loss generated in order to correct one of the following situations, including but not limited to:

- Overbuying or overselling of securities into or out of a client account, caused by clerical errors made by personnel of TDAM or the broker-dealer.
- Buying or selling of unintended securities into, or out of, a client account, caused by clerical errors made by personnel of TDAM or the broker-dealer.
- Erroneously executing buy transactions as sales or vice versa, caused by clerical errors made by personnel of TDAM or the broker-dealer.
- Buying or selling of securities, into or out of a client account, that is inconsistent with a client's written investment guidelines or restrictions.

Trade errors will not include (i) intentional or reckless acts of misconduct or (ii) good faith-errors in judgment in making investment decisions for clients, but they can include innocent errors and negligent acts. As part of a standard examination of an Advisor, examiners will review trade errors to determine if clients were in any way disadvantaged in the process and if errors were resolved in a timely fashion.

The trading area will review all trade errors and will maintain records that reflect the resolution of trade errors to evidence that customers were not charged losses as a result of the error. The CCO or designee will also be responsible for reviewing the trade error file on at least a monthly basis.

- Errors found prior to settlement will be cancelled and re-billed to the Firm error account and covered.
- Errors discovered after settlement will require CCO approval prior to processing through the Firm error account.
- If TDAM is at fault for the error, the error will be settled out of TDAM's own account, not using client brokerage or funds, in order to place the client in such a position as if the error never occurred ("making the client whole").
- If the broker-dealer is at fault for the error, broker-dealer is responsible for making the client whole.

The CCO or designee will evidence review of the correction of trade errors for consistency, timeliness of resolution, and to identify patterns of losses; any material findings will be documented as a result, including any recommendations for changes to TDAM brokerage arrangements and/or order routing practices.

Item 12 – Brokerage Practices

Brokerage Selection and Best Execution

Depending on the service or program you choose, we are likely to recommend and arrange for custodial and transaction services through RBC—an unaffiliated broker-dealer with which we have a clearing and custodial arrangement, as a convenience for the client and us. Except as provided for in any applicable wrap fee program, brokerage commissions and/or transaction fees charged by TD&Co. or RBC are exclusive of, and in addition to, our advisory fees. Factors which we consider in recommending RBC or any other broker-dealer include respective financial strength, reputation, execution, pricing, and service. The commissions paid by our clients shall comply with our duty to provide “best execution;” however, a client may pay a higher commission than another qualified broker-dealer might charge to effect the same transaction in relation to the services provided. In defining best execution, the determining factor is not necessarily the lowest possible cost, but whether the transaction represents the best qualitative execution taking into consideration all services received.

Soft Dollars

Although not a material consideration when determining whether to recommend that a client utilize the services of RBC, TDAM receives research and other benefits from the custodian. Such research and other benefits could include, but are not limited to, investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/or software and/or other products used by TDAM in furtherance of its investment advisory business operations. Other benefits include facilitating payment of TDAM's fees from its clients' accounts, assisting with back-office training and support functions, recordkeeping and client reporting, and institutional trading and custody services, which typically are not available to retail investors. RBC also makes available to TDAM other services intended to help TDAM manage and further develop its business enterprise. These services could include professional, compliance, legal and business consulting; publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance, and marketing. In addition, RBC offers to make available, arrange and/or pay vendors for the above-referenced types of services rendered to TDAM by independent third parties. Where such services are provided by a third-party vendor, the custodian makes a payment to TDAM to cover the cost of such services, reimburse TDAM for the cost associated with the services, or pay the third-party vendor directly on behalf of TDAM. The products and services described above are provided to TDAM as part of its overall relationship with the custodian. The receipt of these benefits creates a conflict of interest because any advice from TDAM's Advisor that leads clients to custody their assets at a particular custodian may be based in part on the benefit to TDAM or its Advisors and the availability of the foregoing research and other benefits and not solely on the nature, cost or quality of custody or brokerage services provided by the custodian. TDAM's receipt of some of these benefits may be based on the amount of TDAM's advisory assets held at the custodian.

TDAM will not enter into any agreement or understanding with any broker-dealer that would obligate TDAM to direct a specific amount of brokerage transactions or commissions in return for such services. However, certain broker-dealers state in advance the amount of brokerage commissions they require for certain services and the applicable cash equivalent. In addition, TDAM does not direct brokerage for client referrals.

Investment Allocation, Aggregation, and Block Trading

TDAM seeks to participate in initial public offerings (“IPOs”), or secondary offerings, when it can and when the investment appears advantageous to our clients. However, our custodial arrangements can limit the IPOs or secondaries available to our separate account clients while allowing our affiliated Fund, Seven Hills, to participate. Typically, an account needs to be of a certain size, have trade-away capability, or TDAM needs to be part of the selling group. Only if TDAM is a part of the selling group will our custodian(s) allow retail separate accounts to participate in such offerings. Although Seven Hills and our SMAs generally have the same investment strategy, Seven Hills will receive a potential benefit by participating in IPOs for which separate accounts are not eligible. Historically, the majority of IPOs available have only gone to Seven Hills. TDAM will make its best efforts to include SMAs in eligible IPOs or secondaries. With respect to purchases of securities that are part of an IPO in equity securities (“New Issue”), we seek to allocate the purchase of New Issues on a pro-rata basis among accounts for which the New Issue security is appropriate. If a New Issue allocation is too small to distribute across all suitable accounts, we will not allocate on a pro-rata basis. In determining whether or not to make a pro-rata allocation, we consider things such as cash availability, investment objectives and guidelines, risk profile, and other account-specific factors. From time to time, we will purchase a New Issue with the intent of selling the security the same day in order to realize a short-term profit (a “flip”).

When Advisors believe it is appropriate, they will aggregate the purchase or sale of securities for various client accounts. Aggregating client orders helps ensure that one client is not favored over another in terms of the timing of transactions. TDAM has an aggregated order allocation policy that applies to all clients advised by TDAM. Trades typically are allocated pro-rata and shall be allocated in a manner that TDAM believes to be fair and equitable. No client will receive preferential treatment over any other. Clients in aggregated transactions receive the same price per unit. If different prices are paid for securities in an aggregated transaction, each client in the transaction will typically receive the average price paid for the block of securities in the same aggregated transaction on that day. The officers and investment advisory personnel of TDAM will take steps to ensure that no client will be systematically disadvantaged by the aggregation, placement, or allocation of trades. If the Advisor is not able to fill an aggregated transaction, it will normally allocate the filled portion of the transaction to clients on a pro rata basis. Allocations are made to the personal accounts of owners, officers and investment advisory personnel of TDAM only when such allocations comply with this trade allocation policy and the employee trading policies and procedures of TDAM. Where a client’s investment objectives are inconsistent with a particular trade, the Advisor does not feel the transaction would be suitable based on his knowledge of the customer, or the client does not have sufficient cash or assets available to make a particular trade, TDAM may not allocate trades on a pro-rata basis among clients. In addition, in certain cases, transaction costs may prevent precise pro-rata allocation. The Advisor has complete discretionary authority to determine whether aggregating orders would be appropriate in any given situation.

As a result of the issues identified above, TDAM has potential conflicts of interest in allocating its investments among client accounts, Seven Hills, or other proprietary accounts and in effecting transactions between client accounts and proprietary accounts where the Firm and/or its personnel have a financial interest.

Although we will attempt to allocate investment opportunities in a manner which is in the best interests of all clients’ accounts, there can be no assurance that an investment opportunity which comes to our attention will be allocated to all client accounts as certain accounts may be unable to participate in such investment opportunity, or participation in a transaction may only be available on a limited basis. In addition, there may be circumstances under which we will consider participation by other client accounts in investment opportunities in which we do not intend to invest, or intend to invest only on a limited basis, on behalf of accounts in which the Firm or its personnel hold a financial interest.

Client-Directed Brokerage

Additionally, a client can direct us, in writing, to use a particular broker-dealer. In that case, it is our expectation that the client will negotiate execution terms with the broker-dealer. Should a client request that we direct execution for brokerage transactions for their account through a broker-dealer that we believe will provide reasonable service, we shall direct transactions accordingly. In such cases, we will not seek better execution services or prices from other broker-dealers or be able to “aggregate” or “batch” orders for execution through another broker-dealer. As a result, the client typically will pay a higher commission or other transaction costs or greater spreads, or receive less favorable net prices, on transactions than would otherwise have been the case. Clients who request directed trades may or may not receive best execution or pay higher brokerage commissions because we may not be able to aggregate orders to reduce transaction costs or otherwise negotiate commissions and also may receive less favorable prices and execution. As a result, we will not provide assurances that best execution will be obtained in accounts where we are instructed to direct trades.

Transactions for these clients generally will be executed following the execution of portfolio transactions in other client accounts where we have full discretion to execute trades. In the event that we do accommodate a directed brokerage relationship, our standard operating procedure will be to place the trade with an executing broker with instructions to complete the trade through the client-directed broker.

Item 13 – Review of Accounts

Reviews and Reviewers of the Accounts

The frequency of account reviews, as well as the nature of the review, can vary widely among the accounts we advise. Considerations such as investment objectives and circumstances, complexity of the relationship, and size and structure of the portfolio are all triggering events.

Each Advisor is involved in continuous and ongoing monitoring of his/her client accounts to ensure that each security or asset allocation is suitable for the account based on information given by the client. In addition, compliance personnel periodically review a sample of customer accounts for adherence to stated investment objectives, among other compliance-related issues. Also, all trades made by TDAM for its clients are reviewed by the CCO or her designee on a daily basis, evidenced by electronically signing the trade blotter on the day the trades were reviewed. The CCO and her designee conduct an annual review of the profitability of client accounts and their investment objectives. They also will conduct extraordinary reviews upon certain events, such as unusual trading activity or performance.

Nature and Frequency of Regular Reports to Clients on their Accounts

Advisory Services: Reports shall be sent to each client in the form of account statements not less than quarterly. Should a client request reports to be sent more frequently, TDAM shall comply with such request. Reports shall detail profits and losses for each client account, disbursements made from the account, and fee payments made to TDAM. When a prime brokerage arrangement exists, the prime broker sends a quarterly statement directly to each client with a copy to TDAM.

Financial Planning: Clients subscribing to our financial planning service will receive a written or an electronic report. The plan and the client's financial situation and goals will be reviewed throughout the year, and follow-up phone calls and emails will be made to the client to confirm that any agreed-upon action steps have been carried out. On an annual basis, there will be a full review of the plan to ensure its accuracy and ongoing appropriateness. Any needed updates will be implemented at that time. For financial planning clients that purchase a one-time financial plan, no further reports will be reviewed or updated without an additional client engagement.

Confirmations

Upon positive written consent, a client can suppress the mailing of separate trade confirmations for their account over which TDAM is exercising investment discretion. For the Fund, the limited partners, when executing the subscription documents, are also suppressing the mailing of separate trade confirmations. In lieu of separate trade confirmations, information from the confirmation will be reported at least quarterly via the brokerage statement. The main transactional fee (shown as "commission" on the brokerage statement) will be listed with the associated transaction, and any additional transactional fees (such as the \$5 service charge described in [Item 5](#)) will be found along with other important disclosures on the statement. The \$5 service charge and Section 31 fee are not itemized in the transactions section of the statement. Transactions executed at brokerage firms other than TD&Co. will appear on the account statement on a net basis without itemizing a commission charge. Detail about these charges is available upon written request. The "amount" of the transaction on the statement is the net transaction amount including all fees (such as the commission, \$5 service charge, and Section 31 fees) associated with that transaction. Clients can obtain, upon request to TD&Co. and at no additional charge, information regarding any trade confirmation in their account, and a paper or electronic copy of any trade confirmation. Upon written request, the Firm can make available to the client all confirmations and statements online. Certain transactions, such as municipal bonds and principal transactions, will generate a trade confirmation regardless of whether the client has chosen to suppress the mailing of confirmations. Positive consent for suppression of trade confirmations is made through the Investment Advisory

Agreement or Subscription Document, as applicable. Clients can rescind this instruction to discontinue mailing of trade confirmations at any time. Suppression of confirmations is not a requirement in order to enter into or continue to have an account with TD&Co. in which the Firm exercises investment discretion. Clients do not pay different fees based on whether or not they suppress trade confirmations.

Item 14 – Client Referrals and Other Compensation

Compensation Received from a Non-Client Related to our Advisory Services

Like many securities firms, TDAM receives payment from third parties whose products we distribute, including mutual fund companies, money market funds, and insurance companies. Payments from mutual fund companies, money market fund, and insurance companies typically include sales loads, Rule 12b-1 fees, sub-transfer agent fees for maintaining customer account information and providing other administrative services for the mutual funds, shareholder account fees, and networking fees and reimbursements for education, marketing support and training-related expenses.

As discussed in [Item 5](#) and [Item 11](#), TDAM also may participate in new issues or underwritings (including offerings in which TD&Co. is part of the “selling group”) when it is deemed to be in the client’s best interest. In these scenarios, TD&Co. receives a fee (i.e., concession fee) as part of the selling group, which is in addition to any advisory fee charge for managing the investment. You may withdraw your consent to this type of transaction at any time by notifying us in writing. TDAM has developed policies and procedures that address such conflicts of interest related to the account type recommended and our participation as a selling group member, to ensure that the client’s investment objectives are the Advisor’s primary concern.

TDAM will at times sponsor and pay for meals, outings, educational seminars, and training programs for its employees in connection with their promotion of investment advisory services. In addition, TDAM Advisors will occasionally attend conferences at which exhibitors have booths. Advisors may accept trinkets at conference exhibit booths as long as the trinkets are less than \$50 in value. Employees also may receive gift baskets or similar items from other professionals, as long as they are less than \$50 in value. To do otherwise would appear ungrateful.

As appropriate, TDAM Advisors solicit referrals from existing clients. Although Advisors do not pay specifically for client referrals, in order to build relationships with their clients, Advisors may provide clients with meals, entertainment, or modest gifts. Such gifts or entertainment may be considered an indirect form of compensation for client referrals.

Promoter Arrangements

TDAM may enter into written promoter agreements to compensate persons either independent of TDAM or employees of TDAM (“Promoters”) for client referrals in compliance with federal securities laws. If a referred client establishes an investment advisory relationship with TDAM, the Promoter will receive a referral fee of a negotiated percentage of the investment advisory fees paid by the client for the duration of the investment advisory relationship. The compensated person(s) are/will be properly registered as Promoters when applicable. This referral fee will be paid out of the total advisory fees collected from clients. TDAM will not charge an additional fee for advisory services to pay a Promoter. There is no difference in the advisory fee schedule for clients who have been referred and those who have not been referred as a result of these promoter agreements. Clients that are referred by a Promoter will receive a copy of the Promoter’s written disclosure document that describes the nature of the relationship between TDAM and the Promoter, in addition to TDAM’s Form ADV Part 2.

Item 15 – Custody

Separate Accounts

We do not hold custody of any client funds or securities. Client assets are held at a qualified custodian. However, we are deemed to have limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. In addition, we are also deemed to have custody of clients' funds or securities when clients have standing letters of authorization ("SLOAs") with their custodian to move money from a client's account to a third party, and under that SLOA it authorizes us to designate the amount or timing of transfers with the custodian. The SEC has established, and we follow, standards intended to protect client assets in such situations. The qualified custodian will send you, at least quarterly, your account statements. The account statements will reveal the funds and securities held with the qualified custodian, any transactions that occurred in your account, and the deduction of our fee. You should carefully review the account statements received from the qualified custodian and compare them with any statements that you receive from us. You should contact us at the address or phone number on the cover of this Brochure with any questions about your statements. You should notify us if you do not receive the account statements, at least quarterly, from the qualified custodian. (For custody issues related to Seven Hills, please reference its Brochure.)

Item 16 – Investment Discretion

TDAM provides investment advisory services on a discretionary basis to clients. Please see [Item 4](#) for a description of any limitations that clients may place on TDAM's discretionary authority. Prior to assuming full discretion in managing a client's assets, TDAM and the client enter into an investment advisory agreement or other agreement that sets forth the scope of TDAM's discretion. This discretionary authority will remain in full force and effect until we receive written notice from a client of its termination, or until we receive actual notice of a client's death or adjudged incompetency. Clients should understand that the purchases and sales of the securities, including those resulting from reallocation or rebalancing of your account, may be taxable events.

For the Fund, unless otherwise instructed, TDAM has the authority to determine (i) the securities to be purchased and sold for the Fund (subject to restrictions on its activities set forth in the applicable investment management agreement, offering documents, and/or any written investment guidelines) and (ii) the amount of securities to be purchased or sold for the Fund. This discretionary authority will remain in full force and effect until the Fund terminates its relationship with TDAM.

Item 17 – Voting Client Securities

As a matter of firm policy and practice, we do not vote proxies on behalf of advisory clients. Our investment management agreement provides that our advisory clients expressly retain the authority and responsibility for voting proxies of portfolio securities unless clients direct otherwise in writing. We may provide advisory clients with administrative assistance regarding proxy voting or issues; however, the clients have the responsibility to receive and vote any proxies.

In most cases, you will receive proxy materials directly from the account custodian. However, in the event we were to receive any written or electronic proxy materials, we would forward them directly to you by mail, unless you have authorized our firm to contact you by email, in which case, we would forward any electronic solicitation to vote proxies.

TDAM generally is not able to advise or act on behalf of its clients in legal proceedings, including class actions or bankruptcies, involving securities purchased or held in client accounts. Our custodian sends all legal notices, including proxies, directly to the owners of each account. To the extent that TDAM receives notice of class actions or bankruptcies of securities purchased or held in client accounts, it will forward such notices to the client's custodian for delivery directly to the affected client.

Item 18 – Financial Information

Registered investment advisors are required in this Item to provide you with certain financial information or disclosures about TDAM's financial condition if we require prepayment of \$1,200 or more six months or more in advance, which we do not. TDAM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and it has not been the subject of a bankruptcy proceeding.