



From the Desk of the Quantitative Equities Team



TD Global Disciplined Equity Alpha Fund

By Michael Formuziewich, CFA, Julien Palardy, CFA, edited by Meghry Izmirian as of August 31, 2024

At a Glance:

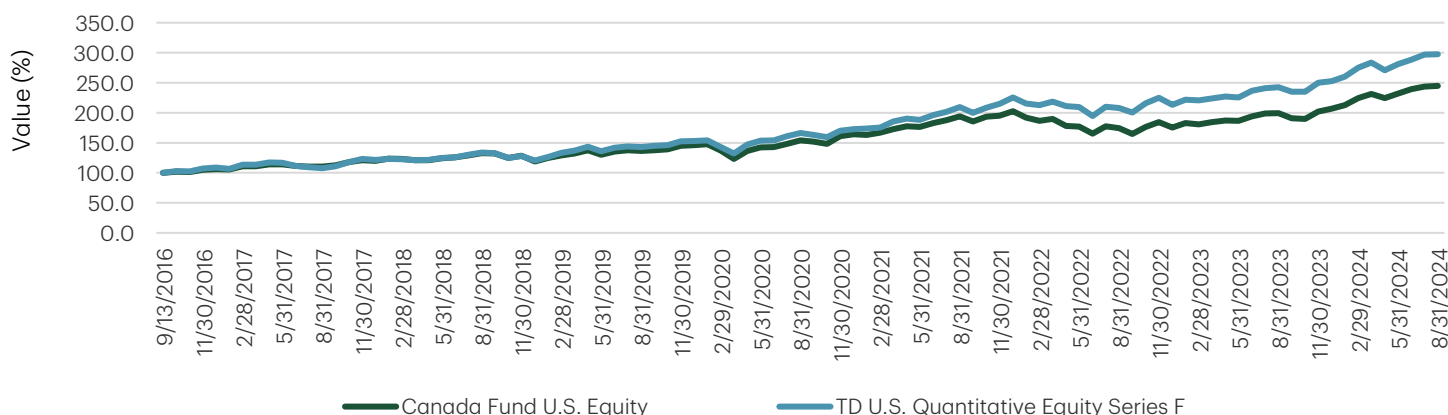
- The **TD Global Disciplined Equity Alpha Fund** (the "Fund") is a new global-focused offering, designed to capitalize on the success of the team behind the Fund Grade A+ award winning **TD U.S. Disciplined Equity Alpha Fund** (formerly the TD Quantitative Equity Fund).
- The Fund seeks to achieve long-term capital growth by investing primarily in the equity securities of issuers located around the world.
- A multi-factored, actively managed technology-aided approach allows us to not only increase the opportunity to capture outperforming styles but also increase the chances of avoiding underperforming ones.

TD Global Disciplined Equity Alpha Fund

On September 17, TD Asset Management Inc. ("TDAM", "we", "our") will be launching a global fund, intending to capitalize on the success of the team behind **TD U.S. Disciplined Equity Alpha Fund**, which has seen periods of significant growth since inception (**Figure 1**). The **TD Global Disciplined Equity Alpha Fund** will be a large- and mid-cap, global core equity offering seeking to maximize the Fund's ability to invest in preferred factors, while minimizing unintended exposures and costs.

Managed by the Quantitative Equities Team (the "Team"), both funds will follow a similar investment philosophy and process. Many of the alpha models, risk management tools, and factor preferences used in the TD U.S. Disciplined Equity Alpha Fund will also be applied in the Fund, ensuring the investment benefits extend to the global platform.

Figure 1: Growth of \$100 (C\$) for the TD U.S. Disciplined Equity Alpha Fund vs. Category since Inception



Source: Morningstar®, TD Asset Management Inc. Data as of August 31, 2024.

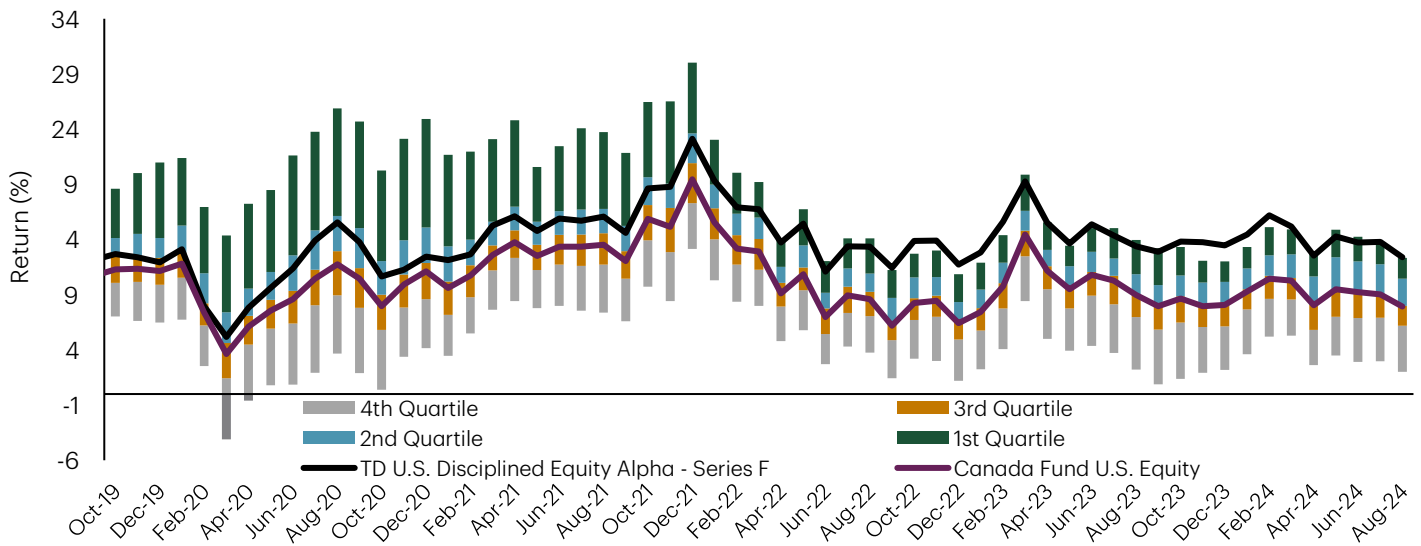
Our Quantitative Strategy – Making Sense of an Ocean of Data

At TDAM, our disciplined equity alpha investment strategies don't adhere to a single investment style. We consider ourselves **style agnostic** and allow our trusted models to efficiently select key factors from a data set of over five hundred candidate factors. The **TD Global Disciplined Equity Alpha Fund** will be managed using this disciplined, quantitative-based process that aims to avoid the kind of emotional and biased decision making that can lead to undesired outcomes.

A key component of our strategy is a **technology-based approach** used to process large volumes of data, allowing the Team to sift through key information in a timely manner. As increasing amounts of data becomes more accessible using large language models and artificial intelligence, the ability to process it quickly, accurately and consistently will be crucial for maintaining long-term outperformance. The Fund's benchmark, the MSCI World Index, holds over 1400 companies, which are all evaluated across multiple factors every day. Given the Fund's global mandate, factor preferences will be generated differently, with each region tailoring its strategy to the factors that most impact stock returns within that specific area. The disciplined equity alpha approach utilizes our in-house alpha models to achieve excess returns over time, while still managing risk through sector and country guardrails, as well as through our use of risk constraints. By diversifying risk across a broad array of companies, the Team seeks to mitigate extreme concentration and highly correlated portfolios.

Hundreds of thousands of data points are analyzed within the Fund's investible universe to help optimize exposure to stocks that are expected to outperform while mitigating risks. Our quantitative methods identify factors that can evolve over time based on their impact on market returns. We use a proprietary algorithm to track fluctuations in individual factor returns and adjust weights to those factors which are impacting market returns. Our technology-based approach does not have a built-in bias to any particular factor or groups of factors. If, for example, the market pivots from rewarding companies with strong earnings growth to preferring companies with reasonable valuation factors, once these shifts have been noted, our disciplined process will start buying companies which score higher on valuation factors, all else being equal. This ability to rapidly switch from style to style as market momentum shifts allows us to perform well in a variety of market conditions. As **Figure 2** shows, on a rolling 3-year basis the TD U.S. Disciplined Equity Alpha Fund has always ranked in the first or second quartile compared to peers despite market rotations through this period.

Figure 2: TD U.S. Disciplined Equity Alpha Fund – F Series Rolling 3-Year Performance



Source: Morningstar®, Fund Category: U.S. Equity. Current number of funds in the category: 1,227. Note: The Fund is compared against peers within the Morningstar® US Equity peer group. Quartile rankings are intended to measure how well a fund has performed compared to other funds in its peer group. Quartile rankings are compiled by ranking all of the funds in a category by return over a given time period. The top performing 25% of funds in the category are assigned a quartile ranking of 1, the next 25% a 2, the next 25% a 3, and the bottom 25% of funds a 4. Quartile rankings can change over time. Since Inception date: Sep 30, 2016. As of August 31, 2024.

Looking Ahead

The Quantitative Equities Team at TDAM is continuously seeking opportunities to generate alpha while managing risk for long-term investors. By being multi-factored, we not only increase the opportunity to capture outperforming styles but also increase the chances of avoiding underperforming ones. With the deep expertise of a broad portfolio management team, the Team relies on market impact models that play a crucial role in determining when to trade, what to trade and how much to trade: all with the goal of turning factor preferences into tangible gains. This flexibility can contribute to more consistent performance over time.

Returns as of August 31, 2024	3 months	YTD	1 Yrs	2 Yrs	3 Yrs	4 Yrs	5 Yrs	Since Inception ¹
TD U.S. Disciplined Equity Alpha Fund – F Series	5.90%	17.85%	22.55%	19.56%	12.38%	15.60%	15.79%	14.67%
Benchmark ²	6.07%	21.83%	26.10%	22.58%	11.23%	14.90%	15.68%	14.79%
Morningstar Quartile	2	3	3	3	1	1	1	

¹ September 13, 2016. ² S&P 500 Index Net Total Return (C\$).

Note: Returns for periods over one year are annualized; net of expenses. Numbers may not add due to rounding.

**For further information,
please contact your investment professional.**



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Commissions, management fees and expenses all may be associated with mutual fund and/or exchange-traded fund ("ETF") investments (collectively, "the Funds"). Trailing commissions may be associated with mutual fund investments. ETF units are bought and sold at market price on a stock exchange and brokerage commissions will reduce returns. Please read the fund facts or summary documents and the prospectus, which contain detailed investment information, before investing in the Funds. The indicated rates of return (other than for money market funds) are the historical total returns for the period, compounded for mutual funds, including changes in unit value and reinvestment of distributions. The indicated rate of return for each money market fund is an annualized historical yield based on the seven-day period ended as indicated and annualized in the case of effective yield by compounding the seven day return and does not represent an actual one year return. Index returns do not represent ETF returns. The indicated rates of return do not take into account sales, redemption, commission charges, distribution or optional charges, as applicable, or income taxes payable by any securityholder that would have reduced returns. The Funds are not covered by the Canada Deposit Insurance Corporation or by any other government deposit insurer and are not guaranteed or insured. Their values change frequently. There can be no assurances that a money market fund will be able to maintain its net asset value per unit at a constant amount or that the full amount of your investment will be returned to you. Past performance may not be repeated.

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TD U.S. Disciplined Equity Alpha Fund was awarded the FundGrade A+™ Award in the US Equity category for 2023. This fund has also previously been awarded the FundGrade A+ Award in 2014, 2015, 2016 and 2022. The FundGrade A+™ Awards is used with permission from Fundata Canada Inc., all rights reserved. The annual FundGrade A+™ Awards are presented by Fundata Canada Inc. to recognize the "best of the best" among Canadian investment funds. The FundGrade A+ calculation is supplemental to the monthly FundGrade™ ratings and is calculated at the end of each calendar year. The FundGrade rating system evaluates funds based on their risk-adjusted performance, measured by Sharpe Ratio, Sortino Ratio, and Information Ratio. The score for each ratio is calculated individually, covering all time periods from 2 to 10 years. The scores are then weighted equally in calculating a monthly FundGrade rating, which is subject to change every month. Funds with the highest 10% receive a grade of A, the next 20% a grade of B, the middle 40% a grade of C, the next 20% a grade of D, and the lowest 10% a grade of E. Eligible funds must have received a FundGrade rating every month in the previous year to be considered for the annual FundGrade A+ Awards. The FundGrade A+ Award uses a GPA-style calculation, where each monthly FundGrade rating from "A" to "E" receives a score from 4 to 0, respectively. A fund's average score for the year determines its GPA. Any fund with a GPA of 3.5.

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