



Timely Premiums

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**TGED
TUED**



Manager Commentary

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Valuations and valuation analysis are significant preoccupations for portfolio managers and analysts. Particularly for equities, many market participants like to employ the price-to-earnings (P/E) multiple to value an enterprise and use it as a comparison to measure its relative valuation.

Using a price relative to some common denominator as a valuation measure is common across many industries. The most tangible example is Real Estate; the most common valuation metric is dollars per square foot (\$/sq.ft.). Whether you are in the market for a new residential property or looking to lease, \$/sq.ft. dominates the property markets.

While this metric may appear simplistic, it is pretty elegant. Whether you are looking at properties in the Mile End neighbourhood of Montreal or a commercial lease in Prince George, British Columbia, the size of a square foot remains constant. As such, all relevant information is captured in the price. If the neighbourhood is up-and-coming or gentrifying, that will be reflected in the numerator. If the condo building you are considering does not have a policy against short-term rentals and residents and gives little care to the common areas, that will also be captured in the price. It is up to the interested party to determine if the price efficiently or inefficiently captures the opportunities and risks tied to a piece of property. Since we all need a place to live, we are inherently familiar with this valuation metric.

While the P/E multiple looks similar to \$/sq.ft., there are key differences that people must understand if they want to employ this valuation metric properly. Like real estate properties, the stock price contains much information regarding the opportunities and risks tied to a particular enterprise. However, one key difference investors must recognize and navigate is that a dollar of earnings is inconsistent across companies, sectors, and geographies.

When it comes to future earnings estimates, caution is key. This average, derived from a group of analysts employed by investment banks, is often influenced by management guidance. Investors should carefully assess the quality of this forecast, as it contains information that may significantly impact the valuation analysis. This is a stark contrast to our real estate property comparison, where the denominator remains consistent regardless of the property.

We hope everyone has a great summer and finds opportunities to spend time with family and friends. We look forward to providing you with a new update in the fall.

Standard Performance – TD Active Global Enhanced Dividend ETF ("TGED") and TD Active U.S. Enhanced Dividend ETF ("TUED")

Performance	1 Month	3 Months	6 Months	1 Year	3 Year	Since Inception	Inception Date
TD Active Global Enhanced Dividend ETF	3.66%	6.53%	24.50%	34.68%	13.55%	14.68%	05/03/2019
MSCI World Index (net return - C\$)	2.42%	3.78%	15.96%	24.29%	10.47%	11.90%	-
TD Active U.S. Enhanced Dividend ETF	5.19%	9.05%	28.16%	40.23%	15.91%	19.17%	05/26/2020
S&P 500 Index (net return, C\$)	3.95%	5.34%	19.39%	28.22%	13.21%	16.85%	-

Source: TD Asset Management Inc., as of June 30, 2024. Returns for periods greater than one year are annualized.

For more information,
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