

Semi-Annual Financial Report

for the period ended June 30, 2011

TD MANAGED
PORTFOLIOS

TD MANAGED BALANCED GROWTH
PORTFOLIO

**TD Managed
Assets Program**



TD Managed Assets Program

SEMI-ANNUAL
FINANCIAL REPORT

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August 11, 2011

Dear Investor,

Please find enclosed a copy of the Semi-Annual Financial Report for your TD Managed Assets Program¹, for the period ended June 30, 2011. This report includes financial statements as well as notes to financial statements and information about all series of the Portfolio.

Should you have any questions about the TD Managed Assets Program, please contact any TD Canada Trust branch, TD Waterhouse² or your Financial Advisor. Or call us toll-free at 1-800-386-3757 (English), 1-800-409-7125 (French) or 1-800-288-1177 (Chinese). You can also e-mail us at td.mutualfunds@td.com or visit www.tdassetmanagement.com.

Thank you for investing with us.

Sincerely,



Thomas J. Dyck
President, TD Mutual Funds
TD Asset Management Inc.

Mutual Fund Representatives with TD Investment Services Inc. distribute mutual funds at TD Canada Trust.

¹ TD Mutual Funds and TD Managed Assets Program are managed by TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank.

² TD Waterhouse Canada Inc. is a subsidiary of The Toronto-Dominion Bank.
TD Waterhouse Canada Inc. is a member of the Canadian Investor Protection Fund.

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TD MANAGED BALANCED GROWTH PORTFOLIO (THE "PORTFOLIO")

Management's Responsibility for Financial Reporting

The accompanying unaudited interim financial statements have been prepared by TD Asset Management Inc. as Manager of the Portfolio. The Manager is responsible for the integrity, objectivity and reliability of the data presented. This responsibility includes selecting appropriate accounting principles and making judgments and estimates consistent with Canadian generally accepted accounting principles. The Manager is also responsible for the development of internal controls over the financial reporting process which are designed to provide reasonable assurance that relevant and reliable financial information is produced and the safeguarding of all assets of the Portfolio.

The Board of Directors of TD Asset Management Inc. is responsible for reviewing and approving the financial statements and overseeing management's performance of its financial reporting responsibilities.

On behalf of TD Asset Management Inc.,

Manager of the Portfolio



Thomas J. Dyck
Director and President, TD Mutual Funds
August 11, 2011



Francesca Shaw
Director and Chief Financial Officer
August 11, 2011

TD MANAGED BALANCED GROWTH PORTFOLIO

Statements of Net Assets (in 000s except per unit amounts and number of units)
as at June 30, 2011 and December 31, 2010 (Unaudited)

	2011	2010
Assets		
Investments at Fair Value (Note 2)	\$ 2,931,847	\$ 3,091,754
Short-term Investments	8,300	0
Cash	100	3,734
Subscriptions Receivable	2,305	1,656
Receivable for Investment Sales	2,314	3,723
	<u>2,944,866</u>	<u>3,100,867</u>
Liabilities		
Accrued Liabilities	5,801	6,271
Redemptions Payable	2,848	3,371
Distributions Payable	29	102
	<u>8,678</u>	<u>9,744</u>
Net Assets (Note 2)	<u>\$ 2,936,188</u>	<u>\$ 3,091,123</u>
Net Assets Representing Unitholders' Equity (Note 3)		
Investor Series	\$ 2,839,533	\$ 2,998,326
Premium Series	\$ 54,614	\$ 53,416
H-Series	\$ 4,497	\$ 3,954
K-Series	\$ 540	\$ 296
Advisor Series	\$ 33,500	\$ 32,270
T-Series	\$ 3,504	\$ 2,861
	<u>\$ 2,936,188</u>	<u>\$ 3,091,123</u>
Number of Units Outstanding		
Investor Series	266,934,593	283,852,780
Premium Series	5,440,179	5,371,702
H-Series	389,311	332,795
K-Series	45,662	24,371
Advisor Series	3,027,835	2,936,068
T-Series	303,461	240,843
Net Assets Per Unit (Note 2)		
Investor Series	\$ 10.64	\$ 10.56
Premium Series	\$ 10.04	\$ 9.94
H-Series	\$ 11.55	\$ 11.88
K-Series	\$ 11.83	\$ 12.14
Advisor Series	\$ 11.06	\$ 10.99
T-Series	\$ 11.54	\$ 11.88

The accompanying notes are an integral part of these financial statements.

TD MANAGED BALANCED GROWTH PORTFOLIO

Statements of Investment Operations *(in 000s except per unit amounts)*

for the periods ended June 30, 2011 and 2010 (Unaudited)

	2011	2010
Investment Income		
Income Distributions Received from Underlying Funds	\$ 32,681	\$ 30,502
Interest	12	0
Less: Withholding Taxes	(705)	(1)
	<u>31,988</u>	<u>30,501</u>
Expenses (Note 4)		
Management Fees	36,096	32,295
Independent Review Committee Fees	7	8
	<u>36,103</u>	<u>32,303</u>
Less: Waived Expenses	(7)	(8)
	<u>36,096</u>	<u>32,295</u>
Net Investment Income (Loss)	<u>(4,108)</u>	<u>(1,794)</u>
Net Realized Gain (Loss) on Sale of Investments	(48,682)	(24,885)
Net Change in Unrealized		
Appreciation/Depreciation of Investments	75,487	(52,965)
Net Gain (Loss) on Investments	<u>26,805</u>	<u>(77,850)</u>
Increase (Decrease) in Net Assets from Investment Operations*	<u>\$ 22,697</u>	<u>\$ (79,644)</u>
*Increase (Decrease) in Net Assets from Investment Operations		
Investor Series	\$ 21,977	\$ (77,411)
Premium Series	\$ 476	\$ (1,278)
H-Series	\$ 29	\$ (73)
K-Series	\$ 5	\$ (19)
Advisor Series	\$ 193	\$ (791)
T-Series	\$ 17	\$ (72)
	<u>\$ 22,697</u>	<u>\$ (79,644)</u>
Increase (Decrease) in Net Assets from Investment Operations - Per Unit		
Investor Series	\$ 0.07	\$ (0.25)
Premium Series	\$ 0.10	\$ (0.22)
H-Series	\$ 0.09	\$ (0.31)
K-Series	\$ 0.12	\$ (0.29)
Advisor Series	\$ 0.07	\$ (0.28)
T-Series	\$ 0.08	\$ (0.32)

The accompanying notes are an integral part of these financial statements.

TD MANAGED BALANCED GROWTH PORTFOLIO

Statements of Changes in Net Assets *(in 000s except number of units)*

for the periods ended June 30, 2011 and 2010 (Unaudited)

	Investor Series	
	2011	2010
Net Assets, Beginning of the Period	\$ 2,998,326	\$ 3,161,885
Increase (Decrease) in Net Assets from Investment Operations	21,977	(77,411)
Capital Unit Transactions [†]		
Proceeds from Sale of Units	183,666	194,346
Reinvestments of Distributions	0	1,527
Early Redemption Fees	22	19
Amounts Paid on Redemptions	(364,458)	(361,595)
	(180,770)	(165,703)
Distributions to Unitholders	0	(1,529)
Increase (Decrease) in Net Assets for the Period	(158,793)	(244,643)
Net Assets, End of the Period	\$ 2,839,533	\$ 2,917,242

†Capital Unit Transactions

Units Outstanding, Beginning of the Period	283,852,780	317,667,566
Units Issued	17,165,363	19,544,969
Units Issued on Reinvestments	0	151,602
Units Redeemed	(34,083,550)	(36,363,727)
Units Outstanding, End of the Period	266,934,593	301,000,410

	Advisor Series	
	2011	2010
Net Assets, Beginning of the Period	\$ 32,270	\$ 27,172
Increase (Decrease) in Net Assets from Investment Operations	193	(791)
Capital Unit Transactions [†]		
Proceeds from Sale of Units	4,895	6,078
Reinvestments of Distributions	0	14
Early Redemption Fees	0	0
Amounts Paid on Redemptions	(3,858)	(2,948)
	1,037	3,144
Distributions to Unitholders	0	(14)
Increase (Decrease) in Net Assets for the Period	1,230	2,339
Net Assets, End of the Period	\$ 33,500	\$ 29,511

†Capital Unit Transactions

Units Outstanding, Beginning of the Period	2,936,068	2,624,438
Units Issued	439,763	586,823
Units Issued on Reinvestments	0	1,345
Units Redeemed	(347,996)	(285,075)
Units Outstanding, End of the Period	3,027,835	2,927,531

The accompanying notes are an integral part of these financial statements.

Premium Series		H-Series		K-Series	
2011	2010	2011	2010	2011	2010
\$ 53,416	\$ 55,032	\$ 3,954	\$ 2,231	\$ 296	\$ 684
476	(1,278)	29	(73)	5	(19)
7,049	4,926	1,095	1,326	249	134
0	93	81	44	9	8
0	0	0	0	0	0
(6,327)	(6,285)	(511)	(258)	0	0
722	(1,266)	665	1,112	258	142
0	(93)	(151)	(101)	(19)	(28)
1,198	(2,637)	543	938	244	95
\$ 54,614	\$ 52,395	\$ 4,497	\$ 3,169	\$ 540	\$ 779

5,371,702	5,907,562	332,795	186,900	24,371	56,413
697,642	529,705	92,811	113,855	20,559	11,049
0	9,811	6,877	3,816	732	712
(629,165)	(677,700)	(43,172)	(22,145)	0	0
5,440,179	5,769,378	389,311	282,426	45,662	68,174

T-Series		TOTAL	
2011	2010	2011	2010
\$ 2,861	\$ 2,516	\$ 3,091,123	\$ 3,249,520
17	(72)	22,697	(79,644)
910	578	197,864	207,388
28	22	118	1,708
0	0	22	19
(198)	(352)	(375,352)	(371,438)
740	248	(177,348)	(162,323)
(114)	(94)	(284)	(1,859)
643	82	(154,935)	(243,826)
\$ 3,504	\$ 2,598	\$ 2,936,188	\$ 3,005,694

240,843	210,703
77,060	49,002
2,347	1,898
(16,789)	(30,167)
303,461	231,436

The accompanying notes are an integral part of these financial statements.

TD MANAGED BALANCED GROWTH PORTFOLIO

Statement of Investment Portfolio

as at June 30, 2011 (Unaudited)

NO. OF UNITS	DESCRIPTION	COST	FAIR VALUE	% OF TOTAL NET ASSETS
FIXED INCOME FUNDS				
CANADIAN BOND				
90,191,118	TD Canadian Bond Fund, O-Series	\$ 915,276,340	\$ 947,006,735	32.3
GLOBAL BOND				
9,101,247	TD Income Opportunities Pool, O-Series	100,740,243	98,202,455	3.3
HIGH YIELD BOND				
12,300,381	TD High Yield Bond Fund, O-Series	130,845,547	122,880,804	4.2
	Total Fixed Income Funds	1,146,862,130	1,168,089,994	39.8
EQUITY FUNDS				
CANADIAN EQUITY				
21,457,873	TD Canadian Blue Chip Equity Fund, O-Series	211,501,391	224,663,928	
14,054,572	TD Canadian Equity Fund, O-Series	144,869,605	165,703,407	
8,317,960	TD Canadian Small-Cap Equity Fund, O-Series	82,693,892	112,708,363	
12,223,106	TD Canadian Value Fund, O-Series	127,629,178	133,231,853	
		566,694,066	636,307,551	21.7
U.S. EQUITY				
12,523,746	TD U.S. Blue Chip Equity Fund, O-Series	126,167,882	141,643,568	
13,978,618	TD U.S. Large-Cap Value Fund, O-Series	154,711,089	146,216,340	
4,792,628	TD U.S. Mid-Cap Growth Fund, O-Series	51,928,276	57,751,167	
		332,807,247	345,611,075	11.8
INTERNATIONAL EQUITY				
17,470,837	TD International Growth Fund, O-Series	210,437,158	185,889,709	
19,831,172	TD International Value Fund, O-Series	242,078,321	190,974,186	
		452,515,479	376,863,895	12.8
GLOBAL EQUITY				
21,412,064	TD Global Multi-Cap Fund, O-Series	178,453,092	176,221,283	
21,911,266	TD Opportunities Pool, O-Series	231,204,146	228,753,614	
		409,657,238	404,974,897	13.8
	Total Equity Funds	1,761,674,030	1,763,757,418	60.1
	TOTAL INVESTMENT PORTFOLIO	2,908,536,160	2,931,847,412	99.9
	Short-Term Investments	8,300,000	8,300,000	0.3
	Other Net Liabilities	(3,959,732)	(3,959,732)	(0.2)
	TOTAL NET ASSETS	\$ 2,912,876,428	\$ 2,936,187,680	100.0

The accompanying notes are an integral part of these financial statements.

TD MANAGED BALANCED GROWTH PORTFOLIO

Statement of Investment Portfolio (cont'd)

as at June 30, 2011 (Unaudited)

Financial Instruments by the Level in the Fair Value Hierarchy (in 000s) (Note 8)

The table below illustrates the classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2011 and December 31, 2010:

	Level 1	Level 2	Level 3	Total
June 30, 2011				
Short-Term Investments	\$ 0	\$ 8,300	\$ 0	\$ 8,300
Underlying Funds	2,931,847	0	0	2,931,847
	\$ 2,931,847	\$ 8,300	\$ 0	\$ 2,940,147
December 31, 2010				
Underlying Funds	\$ 3,091,754	\$ 0	\$ 0	\$ 3,091,754

During the periods, transfers between Level 1 and Level 2 were nil.

Contractual Maturities Analysis for Financial Liabilities (in 000s) (Note 8)

The table below summarizes cash flows associated with the maturities of the Portfolio's financial liabilities as at June 30, 2011 and December 31, 2010:

	Less than 3 months	
	2011	2010
Accounts payable and other liabilities	\$ 8,678	\$ 9,744

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 (Unaudited)

1. The Portfolio

The TD Managed Balanced Growth Portfolio (the "Portfolio") is an open-ended mutual fund trust established under the laws of Ontario and is governed by an Amended, Consolidated and Restated Declaration of Trust dated October 26, 2007 ("Declaration of Trust"). The Portfolio invests primarily in specified mutual fund trusts ("Underlying Funds").

TD Asset Management Inc. ("TDAM") is the manager, portfolio adviser and trustee of the Portfolio. TD Investment Services Inc. ("TDIS") is the principal distributor of the Investor Series and Premium Series units of the Portfolio. Both TDAM and TDIS are wholly-owned subsidiaries of The Toronto-Dominion Bank (the "Bank").

The Portfolio is authorized to issue an unlimited number of units of multiple series that rank equally and are available for sale under two separate simplified prospectuses, one for the Investor Series, Premium Series, H-Series and K-Series, and one for the Advisor Series and T-Series. The various series offered by the Portfolio are as described below.

Investor Series: offered to investors on a no-load basis.

Premium Series: offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time.

H-Series: offered on a no-load basis to investors who wish to receive a regular monthly cash flow from the Portfolio. Distributions will consist of net income, net realized capital gains, and/or a return of capital monthly.

K-Series: offered on a no-load basis to large investors and others who make the required minimum investment, as determined by TDAM from time to time, and who wish to receive a regular monthly cash flow from the Portfolio. Distributions will consist of net income, net realized capital gains, and/or a return of capital monthly.

Advisor Series: offered to investors through registered brokers and dealers with either a front-end, back-end or low-load purchase option.

T-Series: offered to investors through registered brokers and dealers with either a front-end, back-end or low-load purchase option who wish to receive a regular monthly cash flow from the Portfolio. Distributions will consist of net income, net realized capital gains, and/or a return of capital monthly.

Each series of units is sold under differing purchase options and may have different management fees. The management fee rates for each series of the Portfolio are provided in Note 4.

The Investor Series of the Portfolio was established on November 12, 1998, the Advisor Series was established on November 30, 2001, and the Premium Series was established on November 1, 2005. The H, K and T-Series were established on November 5, 2007.

"Period" represents the six months ended June 30, 2011 and June 30, 2010.

2. Summary of Significant Accounting Policies

These interim financial statements have been prepared on a consistent basis with the annual financial statements. The interim financial statements, together with the notes to financial statements, should be read in conjunction with the most recent annual financial statements. Certain disclosures that are required under Canadian generally accepted accounting principles ("GAAP") in the notes to the annual financial statements have been omitted here.

Basis of presentation: These financial statements, prepared in accordance with Canadian GAAP, include estimates and assumptions by management that affect the reported amounts of assets, liabilities, investment income, expenses and gains and losses during the reporting period. Actual results may differ from these estimates.

The following is a summary of significant accounting policies followed by the Portfolio in determining net assets for purposes of these financial statements.

(i) Valuation of Investments Investments are deemed to be held for trading and therefore are recorded at fair value determined as the Series' net asset value ("NAV") per unit of the Underlying Funds.

The change in net excess (shortfall) of the fair value of investments (including unrealized gains and losses on foreign exchange) over (under) the total average cost of the investments is included as Net Change in Unrealized Appreciation/Depreciation of Investments in the Statements of Investment Operations.

(ii) Investment Transactions, Income, Expenses and Transaction Costs The cost of investments represents the amount paid for each security, and is determined on an average cost basis. Investment transactions are accounted for as of the trade date. Realized and unrealized gains and losses from investment transactions are calculated on an average cost basis. Interest income and expenses are accrued daily, and expenses are accrued separately to each series, while income, gains and losses are allocated to each series based on their respective NAV.

The Portfolio invests in Underlying Funds and therefore does not incur transaction costs. However, the Underlying Funds held by the Portfolio may be subject to transaction costs and therefore the Portfolio may indirectly incur these transaction costs.

(iii) Distributions from Underlying Funds

Distributions received from Underlying Funds out of interest, foreign income and related withholding taxes, Canadian dividends and net realized capital gains are recognized when declared.

(iv) Other Assets and Liabilities

Subscriptions receivable, receivable for investment sales and other assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, accrued liabilities, redemptions payable, distributions payable, payable for investment purchases, and other liabilities are designated as other financial liabilities and reported at cost or amortized cost. Cost or amortized cost approximates fair value for these assets and liabilities due to their short term nature.

(v) Translation of Foreign Currencies

The fair value of investments and other assets and liabilities denominated in a foreign currency are translated into Canadian dollars at the rate of exchange which is current on the Valuation Date (as defined below).

The Underlying Funds' investment portfolios may consist of securities that are traded in foreign markets. The proceeds on the sale of such securities will be realized in the respective currency. Unhedged foreign currency positions are subject to gains and losses due to fluctuations in the respective exchange rates.

Purchases and sales of investments in foreign currencies and foreign currency dividend and interest income are translated into Canadian dollars at the rate of exchange on the respective date of the transaction.

(vi) Valuation of the Portfolio Unit

TDAM usually calculates the NAV per series unit for the Portfolio as at 4 p.m. (Eastern time) on each day that the Toronto Stock Exchange is open for trading, but in some circumstances, it may be calculated at another time. Each day on which a NAV is calculated is referred to as a Valuation Date ("Valuation Date").

A separate NAV is calculated for each series of units of the Portfolio by taking the series proportionate share of the Portfolio's common assets less that series' proportionate share of the Portfolio's common liabilities and deducting from this amount all liabilities that relate solely to that specific series. The NAV per series unit is determined by dividing the NAV of each series of the Portfolio by the total number of units of that series outstanding.

(vii) Increase (Decrease) in Net Assets from Investment Operations Per Unit

The Increase (Decrease) in Net Assets from Investment Operations Per Unit reported in the Statements of Investment Operations for the period is calculated by aggregating each valuation day's Increase (Decrease) in Net Assets from Investment Operations attributed to the series of units divided by the number of such units outstanding on that date.

(viii) Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

The Portfolio's own credit risk (in the case of financial liabilities) and a counter-party's credit risk (in the case of financial assets) are considered, where applicable, in determining the fair value of financial assets and financial liabilities, including derivative instruments.

Future Accounting Change – Transition to International Financial Reporting Standards ("IFRS")

The Portfolio will adopt IFRS for the fiscal period beginning January 1, 2013 and will issue its initial financial statements in accordance with IFRS, including comparative financial information, for the interim period ending June 30, 2013, as currently required by the Canadian Accounting Standards Board for investment companies.

Management has been monitoring developments in the IFRS conversion program and has been assessing the likely impacts on implementation decisions, internal controls, information systems and training.

Based on management's current assessment of the differences between Canadian GAAP and IFRS, it is not expected that there would be any impact on the Portfolio's NAV per series unit or net assets per series unit. Management has presently determined that the impact of IFRS to the financial statements would be limited to additional note disclosures and modifications to presentation including unitholders' interests. However, this present determination is subject to change resulting from the issuance of new standards or new interpretations of existing standards.

3. Unitholders' Equity

Units of the Portfolio, which are redeemable at the option of the unitholders in accordance with the provisions of the Declaration of Trust, do not have any nominal or par value and the number of units which may be issued is unlimited. Units are issued or redeemed on a daily basis at the NAV per series unit next determined after the purchase order or redemption request, respectively, is received by TDAM. Purchases and redemptions include units exchanged from one series to another series within the Portfolio.

Units issued and outstanding represent the capital of the Portfolio. The Portfolio does not have any specific capital requirements on the subscription and redemption of units, other than minimum subscription requirements. Changes in the Portfolio's capital during the period are reflected in the Statements of Changes in Net Assets. TDAM is responsible for managing the capital of the Portfolio in accordance with its investment objectives and in managing its liquidity in order to meet redemption requests as discussed in Note 8.

4. Management Fees and Other Expenses

The Portfolio pays TDAM a management fee for the investment management and portfolio administration provided to the Portfolio. The management fee is a variable fee dependent upon the amount of all other fees and expenses including applicable goods services taxes and harmonized sales taxes that are paid by the Portfolio. The Portfolio also holds series of units of other funds managed by TDAM for which TDAM is paid a fee.

The Management Expense Ratios ("MER") of the Portfolio are capped such that the MER of the Investor Series and H-Series cannot exceed 2.45 percent, the MER of the Premium Series and K-Series cannot exceed 1.95 percent and the MER of the Advisor Series and T-Series cannot exceed 2.70 percent. The maximum management fee is the amount that would be necessary to reach the cap, when combined with all expenses of the Portfolio and its share of the Underlying Funds' expenses.

Series	Year	Portfolio	Underlying	Total
Investor Series	2011	2.18	0.00	2.18
	2010	1.97	0.31	2.28
Premium Series	2011	1.73	0.00	1.73
	2010	1.51	0.31	1.82
H-Series	2011	2.18	0.00	2.18
	2010	2.00	0.31	2.31
K-Series	2011	1.70	0.00	1.70
	2010	1.51	0.31	1.82
Advisor Series	2011	2.28	0.00	2.28
	2010	1.98	0.31	2.29
T-Series	2011	2.28	0.00	2.28
	2010	1.98	0.31	2.29

*Annualized

All operating expenses of the Portfolio are paid for by TDAM, including cost of the portfolio's record keeping and communication costs, custodian, legal, filing and audit fees, bank charges, borrowing costs and all taxes.

While the Portfolio pays its proportionate share of all reasonable costs and expenses associated with the Independent Review Committee ("IRC") from its assets, TDAM will reimburse the Portfolio for such costs and expenses.

5. Other Related Party Transactions

TDAM is responsible for management of the Portfolio's investment portfolio, including the making of decisions relating to the investment of the Portfolio's assets. TDAM has established an IRC in respect of the Portfolio and the Underlying Funds managed by TDAM. The IRC acts as an impartial and independent committee to review and provide approvals respecting certain transactions in which the Portfolio and the Underlying Funds managed by TDAM have conflicts of interest. The IRC has approved standing instructions to permit the Portfolio and/or Underlying Funds managed by TDAM to enter into the following securities transactions:

- (a) trades in securities of the Bank or any affiliate or associate thereof;
- (b) investments in the securities of an issuer where TD Securities Inc., TD Waterhouse Canada Inc., or any other affiliate of TDAM ("Related Dealer") acted as an underwriter during the distribution of such securities and the 60-day period following the completion of the distribution of the underwritten securities;
- (c) purchases or sales of securities of an issuer from or to another investment fund or discretionary managed account managed by TDAM; and
- (d) purchases of securities from or sales of securities to a Related Dealer, where it acted as principal.

The standing instructions require that securities transactions with related parties conducted by TDAM (i) are free from any influence by an entity related to TDAM and without taking into account any consideration relevant to an entity related to TDAM; (ii) represent the business judgment of TDAM uninfluenced by considerations other than the best interests of the Portfolio and/or Underlying Funds; (iii) comply with the applicable policies and procedures of TDAM; and (iv) achieve a fair and reasonable result for the Portfolio and Underlying Funds.

6. Brokerage Commissions and Soft Dollars

The Portfolio did not incur any brokerage commissions during the periods ended June 30, 2011 and 2010 to execute transactions in the Underlying Funds, and accordingly did not receive any investment or research services from brokers in exchange for commissions paid by the Portfolio.

Certain of the Underlying Funds have incurred brokerage commissions, a portion of which may have been received by the Underlying Funds' investment advisers in the form of investment or research services ("soft dollars"). Amounts for each Underlying Fund are disclosed in the Underlying Funds' annual financial statements, where ascertainable.

7. Tax Status

The Portfolio qualifies as a mutual fund trust under the *Income Tax Act* (Canada).

All or substantially all of the net income for tax purposes and net taxable capital gains realized in any year are distributed to unitholders such that no income tax is payable by the Portfolio.

8. Financial Risk Management

(A) Financial Risk Factors

The Portfolio is exposed to a variety of financial risks: market risk (including interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. TDAM seeks to reduce these risks by diversifying investments across the three main asset classes: money market investments for safety, bonds for income and equity investments for growth. Since different types of investments tend to move independently from one another, positive performance in one asset class can help offset negative performance in another, thereby reducing volatility and overall risk in the long-term.

The Portfolio is managed in accordance with its investment objectives, generally within specific asset class ranges as set out in the Portfolio's simplified prospectus.

The Portfolio follows a long-term strategic asset allocation plan, which involves setting an asset allocation policy, selecting investments for each asset class, and periodically rebalancing the asset allocation of the Portfolio in accordance with its investment objectives.

Asset Allocation: This first step involves diversifying portfolio investments among several different investment categories or asset classes with the aim to optimally match the investment objectives and risk tolerances of the Portfolio with reasonable expectations for capital market behaviour. The Portfolio uses strategic asset allocation where the time horizon of an investment in the Portfolio is assumed to be long-term in nature. As a result, asset mix changes are infrequent and are usually in response to: changes in the risk profile or return objective; altered long-term expectations about one or several asset classes; or the emergence of a new class of assets not previously included. TDAM portfolio advisers aim to conduct a comprehensive analysis of the long-term risk and return relationships for the key asset categories - broadly defined as equity, fixed income and cash or cash equivalents. They then aim to determine the optimal mix of these categories in order to try to maximize the potential returns given the risk tolerance of the Portfolio.

Fund Selection: The Underlying Funds are selected based on the strategic asset allocation decisions made in the asset allocation phase. Underlying Funds are evaluated using both quantitative and qualitative processes. On the quantitative side, the TDAM portfolio advisers look for performance consistency and attractive risk-adjusted returns. This is complemented with qualitative analysis where TDAM portfolio advisers look for consistent and credible investment processes performed by quality management teams.

Portfolio Review: The Portfolio is adjusted or rebalanced on a regular basis to keep its asset mix in line with its investment objectives. In addition, the TDAM portfolio advisers regularly monitor the markets and economic conditions, existing asset allocation, and the individual

Underlying Funds in the Portfolio. Although the Portfolio may be subject to short-term market volatility, the Portfolio is designed for long-term investment. A long-term focus prevents revisions to the Portfolio's asset allocation in reaction to short-term market fluctuations. However, when required, the selection of individual Underlying Funds and the weightings of the Underlying Funds within the Portfolio will be adjusted with the aim to increase potential returns and/or reduce risk.

(i) Interest Rate Risk Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of interest-bearing investments. The Portfolio is exposed to indirect interest rate risk to the extent of the interest-bearing financial instruments held by the Underlying Funds. Underlying Funds' exposure to interest rate risk is concentrated in their investments in debt securities (such as bonds and debentures) and interest rate derivative instruments, if any. Short-term investments, currencies, and other assets and liabilities held by the Portfolio and the Underlying Funds are short-term in nature and/or non-interest bearing and not subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates.

(ii) Currency Risk Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises from financial instruments (including cash and cash equivalents) that are denominated in a currency other than the Portfolio's functional currency, which is the Canadian dollar. The Portfolio's direct exposure to currency risk is minimal as the units of the Underlying Funds held are valued in Canadian dollars. The Portfolio may be exposed to indirect currency risk in the event that the Underlying Funds invest in financial instruments that are denominated in a currency other than the Canadian dollar.

(iii) Other Price Risk Other price risk is the risk that securities will fluctuate in value because of changes in market prices (other than those arising from interest rate risk or currency risk). All security investments present a risk of loss of capital. The maximum risk is determined by the fair value of the securities held by the Portfolio.

As at June 30, 2011 and December 31, 2010, had the benchmark of the Portfolio increased or decreased by 5 percent, with all other variables held constant, the net assets of the Portfolio would have increased or decreased by approximately:

Benchmark	Impact on Net Assets (\$000)		Impact on Net Assets (%)	
	June 30, 2011	December 31, 2010	June 30, 2011	December 31, 2010
40% DEX Universe Bond Index				
40% MSCI World Index Net Dividend (C\$)	96,894	102,007	3.30	3.30
20% S&P/TSX Composite Total Return Index				

LEGEND

MSCI – Morgan Stanley Capital International
S&P/TSX – Standard & Poor's/Toronto Stock Exchange

In practice, the actual trading results may differ from the above sensitivity analysis amounts and the differences could be material.

(iv) Credit Risk Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. The Portfolio's main credit risk concentration is in debt securities and derivative instruments held by the Underlying Funds.

(v) Liquidity Risk Liquidity risk is defined as the risk that the Portfolio may not be able to settle or meet its obligations on time or at a reasonable price. The Portfolio is exposed to daily cash redemptions of redeemable units. Units are redeemable on demand at the then current NAV per series unit at the option of unitholders. As required by applicable securities legislation, the Portfolio maintains at least 85 percent of its assets in liquid investments (i.e., investments that are traded in active markets and can be readily disposed of). The Underlying Funds invest the majority of their investments in instruments that are traded in an active market and can be readily disposed of. In addition, the Portfolio retains sufficient cash and cash equivalents to maintain liquidity, and has the ability to borrow up to 5 percent of its NAV for the purpose of funding redemptions. Where applicable, contractual maturities analysis for the Portfolio's financial liabilities is disclosed in the Portfolio's Statement of Investment Portfolio.

(B) Classification of Fair Value Measurement

The Portfolio classifies its investments into fair value measurements within a hierarchy that prioritizes the inputs to fair value measurement. The fair value hierarchy has the following three levels:

Level 1 Quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2 Inputs other than quoted prices that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 Inputs that are not based on observable market data (that is, unobservable inputs).

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgment. Observable data is considered to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

The classification of the Portfolio's financial instruments within the fair value hierarchy as at June 30, 2011 and December 31, 2010 and any transfers between levels during the period as a result of changes in the lowest level input that is significant to the fair value measurement is disclosed in the Portfolio's Statement of Investment Portfolio.

9. Other Reports

The most recent statements of the Underlying Funds are available, without charge, by writing to:

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