

# 2009 Semi-Annual Financial Report

TD MANAGED  
PORTFOLIOS

TD MANAGED MAXIMUM EQUITY  
GROWTH PORTFOLIO

June 30, 2009

**TD Managed  
Assets Program**

 **Mutual Funds**

# TD Managed Assets Program

## SEMI-ANNUAL FINANCIAL REPORT

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# **Asset Management**

August 13, 2009

Dear Investor,

Please find enclosed your copy of the 2009 Semi-Annual Financial Report for the TD Managed Assets Program\*<sup>1</sup>.

The enclosed 2009 Semi-Annual Financial Report includes financial statements as well as notes to financial statements and information about all series of the Portfolios.

Should you have any questions about the TD Managed Assets Program, please contact any TD Canada Trust branch, TD Waterhouse\*<sup>2</sup> 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](mailto:td.mutualfunds@td.com) or visit [www.tdassetmanagement.com](http://www.tdassetmanagement.com).

Thank you for investing with us.

Sincerely,



Timothy Pinnington  
President  
TD Mutual Funds

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

<sup>1</sup> TD Mutual Funds(\*) and TD Managed Assets Program are managed by TD Asset Management Inc., a wholly-owned subsidiary of The Toronto-Dominion Bank.

<sup>2</sup> TD Waterhouse Canada Inc. is a subsidiary of The Toronto-Dominion Bank. TD Waterhouse Canada Inc. - Member CIPF.

\* Trade-mark of The Toronto-Dominion Bank, used under license.



# TD MANAGED MAXIMUM EQUITY 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 and approved by its Board of Directors. 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



Timothy Pinnington  
Director and President, TD Mutual Funds  
August 13, 2009



Rudy Sankovic  
Director and Chief Financial Officer  
August 13, 2009

## TD MANAGED MAXIMUM EQUITY GROWTH PORTFOLIO

### Statements of Net Assets *(in 000s except per unit amounts and number of units)*

*as at June 30, 2009 and December 31, 2008 (Unaudited)*

	2009	2008
<b>Assets</b>		
Investments at Fair Value (Note 2)	\$ 136,541	\$ 126,210
Cash	0	186
Subscriptions Receivable	157	164
Receivable for Investment Sales	265	35
	<u>136,963</u>	<u>126,595</u>
<b>Liabilities</b>		
Bank Overdraft	54	0
Accrued Liabilities	203	177
Redemptions Payable	134	95
Payable for Investment Purchases	0	91
	<u>391</u>	<u>363</u>
<b>Net Assets</b> (Note 2)	<u>\$ 136,572</u>	<u>\$ 126,232</u>
<b>Net Assets Representing Unitholders' Equity</b> (Note 3)		
Investor Series	\$ 132,467	\$ 122,582
Premium Series	\$ 1,399	\$ 1,455
Advisor Series	\$ 2,706	\$ 2,195
	<u>\$ 136,572</u>	<u>\$ 126,232</u>
<b>Number of Units Outstanding</b>		
Investor Series	18,008,679	17,846,905
Premium Series	176,054	196,525
Advisor Series	334,052	290,203
	<u>334,052</u>	<u>290,203</u>
<b>Net Assets Per Unit</b> (Note 2)		
Investor Series	\$ 7.36	\$ 6.87
Premium Series	\$ 7.95	\$ 7.40
Advisor Series	\$ 8.10	\$ 7.56

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

## TD MANAGED MAXIMUM EQUITY GROWTH PORTFOLIO

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

*for the periods ended June 30, 2009 and 2008 (Unaudited)*

	2009	2008
<b>Investment Income</b>		
Income Distributions Received from Underlying Funds	\$ 44	\$ 0
Interest	0	5
Less: Withholding Taxes	(0)	(0)
	44	5
<b>Expenses (Note 4)</b>		
Management Fee	1,107	1,570
Independent Review Committee Fees	0	0
	1,107	1,570
Less: Waived Expenses	(0)	(0)
	1,107	1,570
Net Investment Income (Loss)	(1,063)	(1,565)
Net Realized Gain (Loss) on Sale of Investments	(6,471)	(1,320)
Net Change in Unrealized Appreciation/Depreciation of Investments	16,729	(8,572)
Net Gain (Loss) on Investments	10,258	(9,892)
<b>Increase (Decrease) in Net Assets from Investment Operations†</b>	<b>\$ 9,195</b>	<b>\$ (11,457)</b>
<b>*Increase (Decrease) in Net Assets from Investment Operations</b>		
Investor Series	\$ 8,916	\$ (11,159)
Premium Series	\$ 105	\$ (109)
Advisor Series	\$ 174	\$ (189)
	\$ 9,195	\$ (11,457)
<b>Increase (Decrease) in Net Assets from Investment Operations - Per Unit</b>		
Investor Series	\$ 0.50	\$ (0.63)
Premium Series	\$ 0.54	\$ (0.67)
Advisor Series	\$ 0.57	\$ (0.75)

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

## TD MANAGED MAXIMUM EQUITY GROWTH PORTFOLIO

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

*for the periods ended June 30, 2009 and 2008 (Unaudited)*

	Investor Series	
	2009	2008
Net Assets, Beginning of the Period	\$ 122,582	\$ 178,463
Increase (Decrease) in Net Assets from Investment Operations	8,916	(11,159)
Capital Unit Transactions†		
Proceeds from Sale of Units	10,885	23,459
Early Redemption Fees	2	2
Amounts Paid on Redemptions	(9,918)	(20,037)
	969	3,424
Increase (Decrease) in Net Assets for the Period	9,885	(7,735)
<b>Net Assets, End of the Period</b>	<b>\$ 132,467</b>	<b>\$ 170,728</b>
<b>†Capital Unit Transactions</b>		
Units Outstanding, Beginning of the Period	17,846,905	17,329,600
Units Issued	1,665,459	2,413,399
Units Redeemed	(1,503,685)	(2,045,661)
<b>Units Outstanding, End of the Period</b>	<b>18,008,679</b>	<b>17,697,338</b>

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

Premium Series		Advisor Series		TOTAL	
2009	2008	2009	2008	2009	2008
\$ 1,455	\$ 1,826	\$ 2,195	\$ 2,722	\$ 126,232	\$ 183,011
105	(109)	174	(189)	9,195	(11,457)
238	109	480	782	11,603	24,350
0	0	0	0	2	2
(399)	(137)	(143)	(250)	(10,460)	(20,424)
(161)	(28)	337	532	1,145	3,928
(56)	(137)	511	343	10,340	(7,529)
\$ 1,399	\$ 1,689	\$ 2,706	\$ 3,065	\$ 136,572	\$ 175,482

196,525	165,468	290,203	240,068
31,905	10,635	63,878	71,666
(52,376)	(13,075)	(20,029)	(23,172)
176,054	163,028	334,052	288,562

# TD MANAGED MAXIMUM EQUITY GROWTH PORTFOLIO

## Statement of Investment Portfolio

as at June 30, 2009 (Unaudited)

NO. OF UNITS	DESCRIPTION	COST	FAIR VALUE	% OF TOTAL NET ASSETS
<b>CANADIAN EQUITY</b>				
876,815	TD Canadian Blue Chip Equity Fund, Institutional Series	\$ 16,101,141	\$ 13,818,603	
953,365	TD Canadian Equity Fund, Institutional Series	13,035,773	9,695,723	
718,496	TD Canadian Small-Cap Equity Fund, Institutional Series	10,292,551	8,226,779	
784,573	TD Canadian Value Fund, Institutional Series	12,976,238	9,869,927	
		<u>52,405,703</u>	<u>41,611,032</u>	<u>30.5</u>
<b>U.S. EQUITY</b>				
739,029	TD U.S. Blue Chip Equity Fund, Institutional Series	11,278,165	9,341,333	
1,197,404	TD U.S. Large-Cap Value Fund, Institutional Series	13,461,427	9,267,908	
558,224	TD U.S. Mid-Cap Growth Fund, Institutional Series	7,553,856	6,665,198	
447,613	TD U.S. Small-Cap Equity Fund, Institutional Series	5,294,977	4,225,467	
		<u>37,588,425</u>	<u>29,499,906</u>	<u>21.6</u>
<b>INTERNATIONAL EQUITY</b>				
1,587,754	TD International Equity Fund, Institutional Series	23,310,516	13,845,212	
2,020,813	TD International Equity Growth Fund, Institutional Series	20,388,651	14,085,068	
		<u>43,699,167</u>	<u>27,930,280</u>	<u>20.4</u>
<b>GLOBAL EQUITY</b>				
2,096,334	TD Global Multi-Cap Fund, Institutional Series	20,957,722	13,605,206	
2,017,032	TD Global Value Fund, Institutional Series	19,725,133	13,352,754	
978,817	TD Opportunities Pool, O-Series	9,797,139	10,541,859	
		<u>50,479,994</u>	<u>37,499,819</u>	<u>27.5</u>
	TOTAL INVESTMENT PORTFOLIO	184,173,289	136,541,037	100.0
	Other Net Assets	30,558	30,558	0.0
	TOTAL NET ASSETS	<u>\$ 184,203,847</u>	<u>\$ 136,571,595</u>	<u>100.0</u>

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

# NOTES TO FINANCIAL STATEMENTS

June 30, 2009 (Unaudited)

## 1. The Portfolio

The TD Managed Maximum Equity Growth Portfolio (the "Portfolio") is an open-ended mutual fund trust established under the laws of Ontario and is governed by Amended, Consolidated and Restated Declaration of Trust dated October 26, 2007 ("Declaration of Trust"). The Portfolio invests exclusively 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 and Premium Series, and one for the Advisor 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 with a minimum initial investment of \$250,000.

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

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.

"Period" in these financial statements refers to the six months ended June 30, 2009 and June 30, 2008.

The Investor Series of the Portfolio was established on November 12, 1998, the Premium Series was established on November 1, 2005, and the Advisor Series was established on November 30, 2001.

## 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 presented in the notes to the annual financial statements that are required under Canadian generally accepted accounting principles ("GAAP") 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.

Net asset value ("NAV") is the value of the total assets of a Portfolio less the value of its total liabilities at a Valuation Date (defined below) determined in accordance with Part 14 of National Instrument 81-106 - Investment Fund Continuous Disclosure ("NI 81-106") for the purpose of processing unitholder transactions. Net assets ("Net Assets") are determined in accordance with CICA Handbook Section 3855, "*Financial Instruments - Recognition and Measurement*" ("Section 3855").

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 in accordance with Section 3855, and therefore are recorded at fair value.

Bid prices are not available for the Underlying Funds held by the Portfolio since these investments are valued at the series' NAV per unit at the end of each Valuation Date (as defined below). Therefore, the investments in the Underlying Funds are valued using the series' NAV per unit.

The change in net excess (shortfall) of the market 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 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, 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.

**(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** 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 is calculated as the Increase (Decrease) in Net Assets from Investment Operations attributed to each series of units, divided by the weighted average number of units of that series outstanding during the period.

**Future Accounting Change:** In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian standards and interpretations for publicly accountable enterprises effective January 1, 2011, which includes investment funds. The Portfolio will adopt IFRS on January 1, 2011. Management has commenced activities to identify key issues and the likely impacts resulting from the adoption of IFRS and is in the process of developing a changeover plan, which will include identifying differences between the Portfolio's current accounting policies and those it expects to apply under IFRS, as well as any accounting policy and implementation decisions and their resulting impact. Management has presently determined that the impact of IFRS would be limited to additional note disclosures and modifications to the financial statement presentation. It is anticipated that there would be no significant impact to Net Assets per unit as a result of the changeover to IFRS. 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 9.

#### 4. Management Fees and Other Expenses (000s)

Series	Management Fees for the six months ended June 30		Other Expenses for the six months ended June 30		Waived Expenses for the six months ended June 30	
	2009	2008	2009	2008	2009	2008
Investor Series	\$ 1,078	\$ 1,535	\$ 0*	\$ 0*	\$ 0*	\$ 0*
Premium Series	9	11	0*	0*	0*	0*
Advisor Series	20	24	0*	0*	0*	0*

\*Less than \$500

The Portfolio pays TDAM a management fee for the investment management and portfolio administration provided on behalf of the Portfolio. The management fee is a variable fee dependent upon the amount of all other fees and expenses 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 cannot exceed 2.70 percent, the MER of the Premium Series cannot exceed 2.20 percent and the MER of the Advisor Series cannot exceed 2.95 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.

##### Management Fees For Periods Ended June 30 (%)\*\*

Series	Year	Portfolio	Underlying	Total
Investor Series	2009	1.73	0.80	2.53
	2008	1.69	0.83	2.52
Premium Series	2009	1.26	0.80	2.06
	2008	1.23	0.82	2.05
Advisor Series	2009	1.73	0.80	2.53
	2008	1.69	0.83	2.52

\*\*Annualized

All operating expenses of the Portfolio are paid for by TDAM, including securityholder reporting costs, custodian, legal, filing and audit fees, bank charges, borrowing costs and all taxes.

Pursuant to National Instrument 81-107, an Independent Review Committee (“IRC”) for the Portfolio was appointed on April 26, 2007 and became operational effective September 19, 2007. Costs and expenses associated with the Portfolio's IRC, including the remuneration of committee members, the costs of legal and other advisors to, and legal and other services for, committee members, and insurance costs are chargeable to the Portfolio, and TDAM fully reimburses the Portfolio for such costs and expenses.

#### 5. Other Related Party Transactions

Pursuant to securities law, the Portfolio and Underlying Funds managed by TDAM rely on standing instructions from the IRC permitting the Portfolio and Underlying Funds managed by TDAM to enter into one or more of the following securities transactions:

- trades in securities of the Bank or any affiliate or associate thereof;
- purchase of securities from or sales of securities to the Bank, where it acted as principal;
- purchases or sales of securities of an issuer from or to another investment fund managed by TDAM; and
- investments in the securities of an issuer for which the Bank or an affiliate thereof 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.

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 the Underlying Funds managed by TDAM; (iii) comply with the applicable policies and procedures of TDAM; and (iv) achieve a fair and reasonable result for the Portfolio and Underlying Funds managed by TDAM.

#### 6. Brokerage Commissions and Soft Dollars

The Portfolio did not incur any brokerage commissions during the periods ended June 30, 2009 and 2008 to execute transactions in the Underlying Funds, nor did it 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. Net Assets per Unit and NAV per Unit

NI 81-106 was amended effective September 8, 2008 to require all investment funds, including the Fund, to calculate NAV for all purposes other than financial statements without giving effect to Section 3855 referred to in Note 2, which may result in a difference between the net assets per series unit and NAV per series unit. As at June 30, 2009 there were no differences between the net assets per series unit and the NAV per series unit.

## 8. 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.

## 9. Financial Risk Management

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 in order 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 managers 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 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 managers look for performance consistency and attractive risk-adjusted returns. This is complemented with qualitative analysis where the TDAM portfolio managers look for a consistent and credible investment process performed by a quality management team working in a stable organization. Only the funds with strong managers and consistent long-term performance at an appropriate level of risk are included in the Portfolio.

**Portfolio Review:** The Portfolio is automatically adjusted or rebalanced on a regular basis to keep its asset mix in line with its investment objectives. In addition, the TDAM portfolio managers 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 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 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 other 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, 2009, 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:

<b>Benchmark</b>	<b>Impact on Net Assets (\$000)</b>	<b>Impact on Net Assets %</b>
75% MSCI World Index Net Dividend (C\$), 25% S&P/TSX Composite Total Return Index	7,511	5.50

**LEGEND**

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

In practice, the actual trading results may differ from the above approximate 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 trading derivative instruments held by the Underlying Funds. All debt securities and trading derivative instruments held by the Underlying Funds as at June 30, 2009 were listed financial instruments with the exception of foreign currency derivative contracts.

*(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 90 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.

**10. Other Reports**

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

**TD Managed Assets Program**  
c/o TD Asset Management Inc.  
TD Canada Trust Tower, 35<sup>th</sup> Floor  
161 Bay Street  
Toronto, Ontario  
M5J 2T2

## TD Asset Management Inc.

How to contact us

### TD Investment Services Clients

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