



Mutual Funds

**TD Comfort Portfolios
Annual Financial Report**

2008

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Asset Management

March 20, 2009

Dear Investor,

Please find enclosed your copy of the 2008 Annual Financial Report for the TD Comfort Portfolios®.

The enclosed 2008 Annual Financial Report includes financial statements as well as notes to financial statements, the auditors' report and information about the Investor series of the portfolios.

Should you have any questions about the TD Comfort Portfolios, please contact any TD Canada Trust branch, TD Waterhouse®,¹ 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,



Timothy Pinnington
President, TD Mutual Funds

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

¹ TD Waterhouse Canada Inc. is a subsidiary of The Toronto-Dominion Bank. TD Waterhouse Canada Inc. – Member CIPF.

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Management's Responsibility for Financial Reporting

The accompanying financial statements have been prepared by TD Asset Management Inc. as Manager of the Funds and approved by the 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 funds.

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.

PricewaterhouseCoopers LLP are the external auditors of the Funds. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express their opinion on the financial statements. Their report is included to the right of this page.

On behalf of TD Asset Management Inc.,
Manager of the Funds



Timothy Pinnington
Director and President
TD Mutual Funds
February 26, 2009



Rudy Sankovic
Director and
Chief Financial Officer
February 26, 2009

Auditors' Report

To the Unitholders of:

TD Comfort Portfolios

We have audited the accompanying statements of investment portfolio and statements of net assets of the TD Comfort Portfolios (the "Funds") as at December 31, 2008 and the statements of investment operations and changes in net assets for the period then ended as indicated in Note 1. These financial statements are the responsibility of the Manager of the Funds. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Manager, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of each of the Funds as at December 31, 2008 and the results of each of their investment operations and the changes in each of their net assets for the period then ended as indicated in Note 1 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants
Toronto, Canada
February 26, 2009


TD Comfort Conservative Portfolio
Statement of Net Assets (in 000s except per unit amounts and number of units)
as at December 31, 2008

	2008
Assets	
Investments at Fair Value (Note 2)	\$ 2,229
Cash	102
Subscriptions Receivable	106
	2,437
Liabilities	
Accrued Liabilities	1
Redemptions Payable	1
Payable for Investment Purchases	93
	95
Net Assets (Note 2)	<u>\$ 2,342</u>
Net Assets Representing Unitholders' Equity (Note 3)	
Investor Series	<u>\$ 2,342</u>
Number of Units Outstanding	
Investor Series	<u>230,119</u>
Net Assets Per Unit (Note 2)	
Investor Series	<u>\$ 10.18</u>

Statement of Investment Operations (in 000s except per unit amounts)
for the period ended December 31, 2008

	2008
Investment Income	
Income Distributions Received from Underlying Funds	\$ 3
Interest	1
	4
Expenses (Note 4)	
Management Fee	1
Administration Fee	0
Independent Review Committee Fees	0
	1
Net Investment Income (Loss)	3
Net Realized Gain (Loss) on Sale of Investments	(1)
Net Change in Unrealized Appreciation/ Depreciation of Investments	47
Net Gain (Loss) on Investments	46
Increase (Decrease) in Net Assets from Investment Operations	<u>\$ 49</u>
Increase (Decrease) in Net Assets from Investment Operations – Per Unit	
Investor Series	<u>\$ 0.19</u>

Statement of Changes in Net Assets (in 000s except number of units)
for the period ended December 31, 2008

	Investor Series
	2008
Net Assets, Beginning of the Period	\$ 0
Increase (Decrease) in Net Assets from Investment Operations	49
Capital Unit Transactions [†]	
Proceeds from Sale of Units	2,294
Reinvestments of Distributions	3
Amounts Paid on Redemptions	(1)
	2,296
Distributions to Unitholders From Net Investment Income	(3)
Increase (Decrease) in Net Assets for the Period	2,342
Net Assets, End of the Period	<u>\$ 2,342</u>
†Capital Unit Transactions	
Units Outstanding, Beginning of the Period	0
Units Issued	229,915
Units Issued on Reinvestments	346
Units Redeemed	(142)
Units Outstanding, End of the Period	<u>230,119</u>

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


 TD Comfort Conservative Portfolio
Statement of Investment Portfolio as at December 31, 2008

No. of Units	Description	Cost	Fair Value	% of Total Net Assets
Fixed Income Fund				
CANADIAN BOND				
151,025	TD Canadian Core Plus Bond Fund, O-Series	\$ 1,517,903	\$ 1,538,944	65.7
Equity Funds				
CANADIAN EQUITY				
26,350	TD Canadian Equity Fund, O-Series	163,471	173,117	
21,197	TD Dividend Growth Fund, O-Series	165,912	172,116	
		329,383	345,233	14.8
GLOBAL EQUITY				
16,321	TD Global Dividend Fund, O-Series	167,211	172,675	
26,630	TD Global Multi-Cap Fund, O-Series	167,381	171,761	
		334,592	344,436	14.7
	Total Equity Funds	663,975	689,669	29.5
	TOTAL INVESTMENT PORTFOLIO	2,181,878	2,228,613	95.2
	OTHER NET ASSETS	113,139	113,139	4.8
	TOTAL NET ASSETS	\$ 2,295,017	\$ 2,341,752	100.0

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


TD Comfort Moderate Portfolio
Statement of Net Assets (in 000s except per unit amounts and number of units)
as at December 31, 2008

	2008
Assets	
Investments at Fair Value (Note 2)	\$ 3,312
Cash	265
Subscriptions Receivable	164
	3,741
Liabilities	
Accrued Liabilities	2
Payable for Investment Purchases	156
	158
Net Assets (Note 2)	<u>\$ 3,583</u>
Net Assets Representing Unitholders' Equity (Note 3)	
Investor Series	<u>\$ 3,583</u>
Number of Units Outstanding	
Investor Series	<u>350,313</u>
Net Assets Per Unit (Note 2)	
Investor Series	<u>\$ 10.23</u>

Statement of Investment Operations (in 000s except per unit amounts)
for the period ended December 31, 2008

	2008
Investment Income	
Income Distributions Received from Underlying Funds	\$ 8
Interest	1
	9
Expenses (Note 4)	
Management Fee	2
Administration Fee	0
Independent Review Committee Fees	0
	2
Less: Waived Expenses	(0)
Net Investment Income (Loss)	7
Net Change in Unrealized Appreciation/ Depreciation of Investments	84
Net Gain (Loss) on Investments	84
Increase (Decrease) in Net Assets from Investment Operations	<u>\$ 91</u>
Increase (Decrease) in Net Assets from Investment Operations – Per Unit	
Investor Series	<u>\$ 0.24</u>

Statement of Changes in Net Assets (in 000s except number of units)
for the period ended December 31, 2008

	Investor Series 2008
Net Assets, Beginning of the Period	\$ 0
Increase (Decrease) in Net Assets from Investment Operations	91
Capital Unit Transactions [†]	
Proceeds from Sale of Units	3,514
Reinvestments of Distributions	7
Amounts Paid on Redemptions	(22)
	3,499
Distributions to Unitholders From Net Investment Income	(7)
Increase (Decrease) in Net Assets for the Period	3,583
Net Assets, End of the Period	<u>\$ 3,583</u>
†Capital Unit Transactions	
Units Outstanding, Beginning of the Period	0
Units Issued	351,831
Units Issued on Reinvestments	690
Units Redeemed	(2,208)
Units Outstanding, End of the Period	<u>350,313</u>

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


 TD Comfort Moderate Portfolio
Statement of Investment Portfolio as at December 31, 2008

No. of Units	Description	Cost	Fair Value	% of Total Net Assets
Fixed Income Fund				
CANADIAN BOND				
175,178	TD Canadian Core Plus Bond Fund, O-Series	\$ 1,760,409	\$ 1,785,066	49.8
Equity Funds				
CANADIAN EQUITY				
58,328	TD Canadian Equity Fund, O-Series	361,428	383,259	
46,913	TD Dividend Growth Fund, O-Series	367,065	381,056	
		728,493	764,315	21.3
GLOBAL EQUITY				
36,133	TD Global Dividend Fund, O-Series	369,711	382,291	
58,958	TD Global Multi-Cap Fund, O-Series	369,789	380,278	
		739,500	762,569	21.3
	Total Equity Funds	1,467,993	1,526,884	42.6
	TOTAL INVESTMENT PORTFOLIO	3,228,402	3,311,950	92.4
	OTHER NET ASSETS	270,679	270,679	7.6
	TOTAL NET ASSETS	\$ 3,499,081	\$ 3,582,629	100.0

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

TD Comfort Balanced Portfolio

Statement of Net Assets (in 000s except per unit amounts and number of units)
as at December 31, 2008

	2008
Assets	
Investments at Fair Value (Note 2)	\$ 5,832
Cash	657
Subscriptions Receivable	350
	6,839
Liabilities	
Accrued Liabilities	4
Payable for Investment Purchases	421
	425
Net Assets (Note 2)	<u>\$ 6,414</u>
Net Assets Representing Unitholders' Equity (Note 3)	
Investor Series	<u>\$ 6,414</u>
Number of Units Outstanding	
Investor Series	<u>631,178</u>
Net Assets Per Unit (Note 2)	
Investor Series	<u>\$ 10.16</u>

Statement of Investment Operations (in 000s except per unit amounts)
for the period ended December 31, 2008

	2008
Investment Income	
Income Distributions Received from Underlying Funds	\$ 19
Interest	1
	20
Expenses (Note 4)	
Management Fee	4
Administrative Fee	0
Independent Review Committee Fees	0
	4
Less: Waived Expenses	(0)
Net Investment Income (Loss)	16
Net Realized Gain (Loss) on Sale of Investments	(3)
Net Change in Unrealized Appreciation/ Depreciation of Investments	158
Net Gain (Loss) on Investments	155
Increase (Decrease) in Net Assets from Investment Operations	<u>\$ 171</u>
Increase (Decrease) in Net Assets from Investment Operations – Per Unit	
Investor Series	<u>\$ 0.18</u>

Statement of Changes in Net Assets (in 000s except number of units)
for the period ended December 31, 2008

	Investor Series 2008
Net Assets, Beginning of the Period	\$ 0
Increase (Decrease) in Net Assets from Investment Operations	171
Capital Unit Transactions [†]	
Proceeds from Sale of Units	6,261
Reinvestments of Distributions	16
Amounts Paid on Redemptions	(18)
	6,259
Distributions to Unitholders From Net Investment Income	(16)
Increase (Decrease) in Net Assets for the Period	6,414
Net Assets, End of the Period	<u>\$ 6,414</u>
†Capital Unit Transactions	
Units Outstanding, Beginning of the Period	0
Units Issued	631,385
Units Issued on Reinvestments	1,568
Units Redeemed	(1,775)
Units Outstanding, End of the Period	<u>631,178</u>

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


 TD Comfort Balanced Portfolio
Statement of Investment Portfolio as at December 31, 2008

No. of Units	Description	Cost	Fair Value	% of Total Net Assets
Fixed Income Fund				
CANADIAN BOND				
222,962	TD Canadian Core Plus Bond Fund, O-Series	\$ 2,240,202	\$ 2,271,984	35.4
Equity Funds				
CANADIAN EQUITY				
135,996	TD Canadian Equity Fund, O-Series	847,949	893,491	
109,417	TD Dividend Growth Fund, O-Series	854,730	888,469	
		1,702,679	1,781,960	27.8
GLOBAL EQUITY				
84,247	TD Global Dividend Fund, O-Series	864,690	891,330	
137,476	TD Global Multi-Cap Fund, O-Series	865,931	886,718	
		1,730,621	1,778,048	27.7
	Total Equity Funds	3,433,300	3,560,008	55.5
	TOTAL INVESTMENT PORTFOLIO	5,673,502	5,831,992	90.9
	OTHER NET ASSETS	582,459	582,459	9.1
	TOTAL NET ASSETS	\$ 6,255,961	\$ 6,414,451	100.0

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


 TD Comfort Growth Portfolio

Statement of Net Assets (in 000s except per unit amounts and number of units)
 as at December 31, 2008

	2008
Assets	
Investments at Fair Value (Note 2)	\$ 4,230
Cash	868
Subscriptions Receivable	306
	5,404
Liabilities	
Accrued Liabilities	2
Payable for Investment Purchases	438
	440
Net Assets (Note 2)	<u>\$ 4,964</u>
Net Assets Representing Unitholders' Equity (Note 3)	
Investor Series	<u>\$ 4,964</u>
Number of Units Outstanding	
Investor Series	<u>485,680</u>
Net Assets Per Unit (Note 2)	
Investor Series	<u>\$ 10.22</u>

Statement of Investment Operations (in 000s except per unit amounts)
 for the period ended December 31, 2008

	2008
Investment Income	
Income Distributions Received from Underlying Funds	\$ 19
Interest	1
	20
Expenses (Note 4)	
Management Fee	3
Administration Fee	0
Independent Review Committee Fees	0
	3
Less: Waived Expenses	(0)
	3
Net Investment Income (Loss)	17
Net Change in Unrealized Appreciation/ Depreciation of Investments	134
Net Gain (Loss) on Investments	134
Increase (Decrease) in Net Assets from Investment Operations	<u>\$ 151</u>
Increase (Decrease) in Net Assets from Investment Operations – Per Unit	
Investor Series	<u>\$ 0.25</u>

Statement of Changes in Net Assets (in 000s except number of units)
 for the period ended December 31, 2008

	Investor Series
	2008
Net Assets, Beginning of the Period	\$ 0
Increase (Decrease) in Net Assets from Investment Operations	151
Capital Unit Transactions [†]	
Proceeds from Sale of Units	4,817
Reinvestments of Distributions	17
Amounts Paid on Redemptions	(4)
	4,830
Distributions to Unitholders From Net Investment Income	(17)
Increase (Decrease) in Net Assets for the Period	4,964
Net Assets, End of the Period	<u>\$ 4,964</u>
†Capital Unit Transactions	
Units Outstanding, Beginning of the Period	0
Units Issued	484,548
Units Issued on Reinvestments	1,642
Units Redeemed	(510)
Units Outstanding, End of the Period	<u>485,680</u>

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


 TD Comfort Growth Portfolio
Statement of Investment Portfolio as at December 31, 2008

No. of Units	Description	Cost	Fair Value	% of Total Net Assets
Fixed Income Fund				
CANADIAN BOND				
80,233	TD Canadian Core Plus Bond Fund, O-Series	\$ 805,962	\$ 817,571	16.5
Equity Funds				
CANADIAN EQUITY				
130,348	TD Canadian Equity Fund, O-Series	811,220	856,383	
104,892	TD Dividend Growth Fund, O-Series	821,734	851,720	
		1,632,954	1,708,103	34.4
GLOBAL EQUITY				
80,761	TD Global Dividend Fund, O-Series	828,581	854,450	
131,803	TD Global Multi-Cap Fund, O-Series	828,756	850,131	
		1,657,337	1,704,581	34.3
	Total Equity Funds	3,290,291	3,412,684	68.7
	TOTAL INVESTMENT PORTFOLIO	4,096,253	4,230,255	85.2
	OTHER NET ASSETS	733,329	733,329	14.8
	TOTAL NET ASSETS	\$ 4,829,582	\$ 4,963,584	100.0

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


 TD Comfort Equity Portfolio

Statement of Net Assets (in 000s except per unit amounts and number of units)
 as at December 31, 2008

	2008
Assets	
Investments at Fair Value (Note 2)	\$ 943
Cash	81
Subscriptions Receivable	158
	1,182
Liabilities	
Accrued Liabilities	1
Payable for Investment Purchases	186
	187
Net Assets (Note 2)	<u>\$ 995</u>
Net Assets Representing Unitholders' Equity (Note 3)	
Investor Series	<u>\$ 995</u>
Number of Units Outstanding	
Investor Series	<u>98,029</u>
Net Assets Per Unit (Note 2)	
Investor Series	<u>\$ 10.15</u>


Statement of Investment Operations (in 000s except per unit amounts)
 for the period ended December 31, 2008

	2008
Investment Income	
Income Distributions Received from Underlying Funds	\$ 5
Interest	1
	6
Expenses (Note 4)	
Management Fee	1
Administration Fee	0
Independent Review Committee Fees	0
	1
Net Investment Income (Loss)	5
Net Change in Unrealized Appreciation/ Depreciation of Investments	28
Net Gain (Loss) on Investments	28
Increase (Decrease) in Net Assets from Investment Operations	<u>\$ 33</u>
Increase (Decrease) in Net Assets from Investment Operations – Per Unit	
Investor Series	\$ 0.19

Statement of Changes in Net Assets (in 000s except number of units)
 for the period ended December 31, 2008

	Investor Series 2008
Net Assets, Beginning of the Period	\$ 0
Increase (Decrease) in Net Assets from Investment Operations	33
Capital Unit Transactions [†]	
Proceeds from Sale of Units	962
Reinvestments of Distributions	5
	967
Distributions to Unitholders From Net Investment Income	(5)
Increase (Decrease) in Net Assets for the Period	995
Net Assets, End of the Period	<u>\$ 995</u>
†Capital Unit Transactions	
Units Outstanding, Beginning of the Period	0
Units Issued	97,579
Units Issued on Reinvestments	450
Units Redeemed	0
Units Outstanding, End of the Period	<u>98,029</u>

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


 TD Comfort Equity Portfolio
Statement of Investment Portfolio as at December 31, 2008

No. of Units	Description	Cost	Fair Value	% of Total Net Assets
Equity Funds				
CANADIAN EQUITY				
35,983	TD Canadian Equity Fund, O-Series	\$ 225,613	\$ 236,410	
28,969	TD Dividend Growth Fund, O-Series	229,761	235,231	
		455,374	471,641	47.4
GLOBAL EQUITY				
22,306	TD Global Dividend Fund, O-Series	230,090	235,998	
36,415	TD Global Multi-Cap Fund, O-Series	229,313	234,880	
		459,403	470,878	47.3
	Total Equity Funds	914,777	942,519	94.7
	TOTAL INVESTMENT PORTFOLIO	914,777	942,519	94.7
	OTHER NET ASSETS	52,557	52,557	5.3
	TOTAL NET ASSETS	\$ 967,334	\$ 995,076	100.0

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

1. The Funds

The TD Comfort Portfolios (the "Funds"), as listed below, are open-ended mutual funds established under the laws of Ontario and are governed by an Amended, Consolidated and Restated Declarations of Trust dated July 21, 2008 ("Declarations of Trust"). The Funds invest in mutual fund trusts ("Underlying Funds").

Fund	Start Date
TD Comfort Conservative Portfolio	December 8, 2008
TD Comfort Moderate Portfolio	December 8, 2008
TD Comfort Balanced Portfolio	December 8, 2008
TD Comfort Growth Portfolio	December 8, 2008
TD Comfort Equity Portfolio	December 8, 2008

TD Asset Management Inc. ("TDAM") is the manager, portfolio adviser and trustee of the Funds. TD Investment Services Inc. ("TDIS") is the principal distributor of the Investor Series units of the Funds, which are offered on a no-load basis. Both TDAM and TDIS are wholly-owned subsidiaries of The Toronto-Dominion Bank (the "Bank"). The Funds are authorized to issue an unlimited number of units of multiple series that rank equally. Since the start of each fund, only the Investor Series units have been issued and consequently, all per unit information relates to this series.

Period represents inception to December 31, 2008 and comparative figures are not applicable.

2. Summary of Significant Accounting Policies

Basis of Presentation

These financial statements, prepared in accordance with Canadian generally accepted accounting principles ("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 Fund 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 Funds 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 Funds 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 Funds invest in underlying mutual funds and therefore do not incur transaction costs. However, the underlying mutual funds held by the Funds may be subject to transaction costs and therefore the Funds may indirectly incur transaction costs.

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 and Expenses 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.

(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 Accrued interest and dividends receivable, receivable for units issued, receivable for investment sales and other net assets are designated as loans and receivables and recorded at cost or amortized cost. Similarly, accrued liabilities, accounts payable for units redeemed, 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.

(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.

Notes to Financial Statements

(vi) Valuation of the Funds TDAM usually calculates the NAV per series unit for the Funds 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 Funds by taking the series' proportionate share of the Funds' common assets less that series' proportionate share of the Funds' 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 Funds 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 on 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 Funds 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 Funds' 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 that there would be no significant impact to NAV 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 Funds, which are redeemable at the option of the unitholder in accordance with the provisions of the Declarations of Trust, do not have any nominal or par value and the number of units which may be issued is unlimited. Units of the Funds 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.

Units issued and outstanding represent the capital of the Funds. The Funds do not have any specific capital requirements on the subscription and redemption of units, other than minimum subscription requirements. Changes in the Funds' capital during the period are reflected in the Statements of Changes in Net Assets. The Manager is responsible for managing the capital of the Funds in accordance with their investment objectives and in managing their liquidity in order to meet redemption requests as discussed in Note 7.

4. Management Fees, Administration Fees and Other Expenses

(i) In consideration for management services and investment advice provided, TDAM is entitled to a management fee which is payable by the Funds. The management fee, exclusive of Goods and Services Tax ("GST"), is calculated on a daily basis for each Fund based on the NAV of the Funds and is paid monthly.

The maximum annual management fee, exclusive of GST, is the fee that can be charged to each Fund according to the Simplified Prospectus, a portion of which may not be charged at the discretion of TDAM.

The actual management fee is the annualized fee that was charged to each of the Funds for the period. Management fees disclosed for the Funds include the management fees charged to the Underlying Funds. However, there is no duplication of fees.

Fund	Series	Management Fee for the Period Ended December 31, 2008 (%)	
		Maximum	Actual*
TD Comfort Conservative Portfolio	Investor Series	1.45	1.45
TD Comfort Moderate Portfolio	Investor Series	1.60	1.57
TD Comfort Balanced Portfolio	Investor Series	1.70	1.69
TD Comfort Growth Portfolio	Investor Series	1.80	1.77
TD Comfort Equity Portfolio	Investor Series	1.95	1.77

* Annualized

(II) The Funds will also pay TDAM an administration fee at an annual rate of 0.12 percent of the NAV of the Investor Series of each Fund, calculated daily and paid monthly.

(III) TDAM will pay each of the Funds' operating expenses (including for services provided by TDAM or affiliates of TDAM), other than expenses associated with taxes, borrowing, the Fund's Independent Review Committee ("IRC"), compliance with any new governmental and regulatory requirements, or new types of costs or expenses.

IRC costs and expenses, 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 Funds.

(IV) TDAM may reduce or rebate a portion of the management fee attributable to institutional or group plan investors in a Fund. The program to reduce or rebate management fees will not result in adverse tax consequences to a Fund or to those unitholders not participating in such a program. The fee rebate is treated as a distribution of income, capital gains, or a return of capital with additional units being issued.

5. Brokerage Commissions and Soft Dollars

The Funds did not incur any brokerage commissions during the period to execute transactions in the Underlying Funds, nor did they receive any investment or research services from brokers in exchange for commissions paid by the Funds.

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.

6. Tax Status

The Funds intend to qualify as mutual fund trusts under the *Income Tax Act* (Canada). If the Funds qualify as mutual fund trusts, all or substantially all of the net income for tax purposes and sufficient net capital gains realized in any year will be distributed to unitholders such that no income tax is payable by the Funds.

7. Financial Risk Management

The Funds are exposed to a variety of financial risks: market risk (including interest rate risk, currency risk, and other price risk), credit risk and liquidity risk. The manager 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 Funds are managed in accordance with their investment objectives, generally within specific asset class ranges as set out in the Funds' simplified prospectus.

The Funds follow 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 Funds in accordance with their 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 Funds with reasonable expectations for capital market behaviour. The Funds use strategic asset allocation where the time horizon of an investment in the Funds 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 Funds.

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 Funds.

Portfolio Review

The Funds are automatically adjusted or rebalanced on a regular basis to keep their asset mix in line with their investment objectives. In addition, the TDAM portfolio managers regularly monitor the markets and economic conditions, existing asset allocations, and the individual Underlying Funds in the Funds. Although the Funds may be subject to short-term market volatility, the Funds are designed for long-term investment. A long-term focus prevents revisions to the Funds' asset allocations 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 Funds 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 Funds are exposed to interest rate risk to the extent of the interest-bearing financial instruments held by the Underlying Funds.

(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 Funds' functional currency, which is the Canadian dollar. The Funds' direct exposure to currency risk is minimal as the units of the Underlying Funds held are valued in Canadian dollars. The Funds 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.

Notes to Financial Statements

(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 Funds.

The Funds are exposed to other price risk from investments in Underlying Funds. If the equity prices of the Underlying Funds held by the Funds at December 31, 2008 had increased or decreased by 5 percent, with all the other variables held constant, the net assets of those Funds would have increased or decreased by approximately:

Fund	Impact on Net Assets	
	(\$000)	(%)
TD Comfort Conservative Portfolio	35	1.48
TD Comfort Moderate Portfolio	77	2.14
TD Comfort Balanced Portfolio	178	2.78
TD Comfort Growth Portfolio	170	3.44
TD Comfort Equity Portfolio	47	4.73

(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 Funds may be exposed to indirect credit risk in the event that the Underlying Funds invest in debt securities and/or trading derivatives. All debt securities and trading derivative instruments held by the Underlying Funds as at December 31, 2008 were listed financial instruments with the exception of foreign currency derivative contracts.

(v) Liquidity Risk Liquidity risk is defined as the risk that a fund may not be able to settle or meet its obligations on time or at a reasonable price.

The Funds are 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. Liquidity risk is the possibility that a fund will not be able to convert its investments to cash when it needs to. As required by applicable securities legislation, the Funds maintain at least 90 percent of their 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 funds retain sufficient cash and cash equivalents to maintain liquidity, and have the ability to borrow up to 5 percent of their NAV for the purpose of funding redemptions.

8. Other Reports

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

TD Comfort Portfolios

c/o TD Asset Management Inc.
 TD Canada Trust Tower, 35th Floor
 161 Bay Street
 Toronto, Ontario
 M5J 2T2

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