TD Active U.S. Enhanced Dividend ETF

A high-performance income solution focused on dividend growers and income with active option writing strategies

TUED

TD Active U.S. Enhanced Dividend ETF ("TUED", "the ETF") is focused on investing in high-quality U.S. corporates with consistent dividend growth and aims to provide investors with capital appreciation and steady income. Furthermore, we believe the ETF's active option writing strategies may be able to enhance income streams for clients, which may be an advantage in the current macroeconomic environment. Since its May 2020 inception, TD Active U.S. Enhanced Dividend ETF has generated strong absolute returns and consistently outperformed its Morningstar® peer group[1].

At a Glance

- **Fund Objective:** The ETF seeks to earn income and generate moderate capital growth by investing primarily in dividend-paying equity securities of issuers located in the United States.

- **Active Option Writing:** The ETF aims to enhance income using proprietary and actively-managed options strategies without sacrificing total return potential.

- **Income Growth:** The ETF has been able to deliver consistent income streams to clients through various market regimes.

- **Risk-Adjusted Returns:** The ETF has delivered higher returns than the peer category with lower risk and better downside protection[1].

TD Active U.S. Enhanced Dividend ETF Performance

Returns as of July 31, 2023	6 Month	1 Year	3 Year	Since Inception	Inception Date	Morningstar Rating™
TD Active U.S. Enhanced Dividend ETF	13.5%	14.7%	12.0%	13.4%	5/26/2020	★★★★
Morningstar Canada Fund US Category[1]	8.7%	11.9%	10.2%	8.5%	1/1/1972	

Source: TDAM, Morningstar as of July 31, 2023. Returns for periods greater than one year are annualized. [1]Morningstar Peer Group refers to the Canada Fund US Equity category in Morningstar where similarly-structured US equity funds in Canada are grouped together. The peer group average refers to the average performance of this category.

Balancing growth and income in the search for yield can be a challenge for traditional ETFs. Unlike some systemic covered call strategies that pay high distribution yields at the expense of growth, TD Active U.S. Enhanced Dividend ETF is designed with a focus on total return, actively investing in quality companies and employing options to help generate income while maintaining exposure to the growth potential of stocks.

With the ETF's enhanced dividend strategy, you can get active management in three different ways:

Active Call Writing

Active Core

Active Put Writing

Aims to capture growth and enhance income using a proprietary strategy
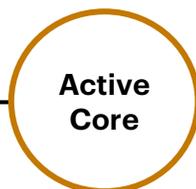
Seeks global compounders and secular winners
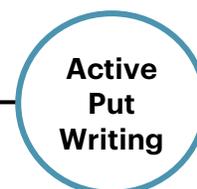
Seeks to maximize yield on cash and get rewarded for buying stocks at lower prices

A Strong History of Income Generation

Since the ETF's inception in 2020, it has provided income across various market regimes. This is the result of a disciplined approach focusing on quality dividend-growing companies and enhanced income from option writing strategies.

**Chart 1: Growth and Cumulative Income of $100,000 Since Inception**

Legend:
- Growth of $100,000 (LHS)
- Canada Fund US Equity
- Cumulative Income (RHS)

LHS axis: $100,000 / $115,000 / $130,000 / $145,000 / $160,000
RHS axis: $0 / $5,000 / $10,000 / $15,000 / $20,000
X-axis: May-20, May-21, May-22, May-23
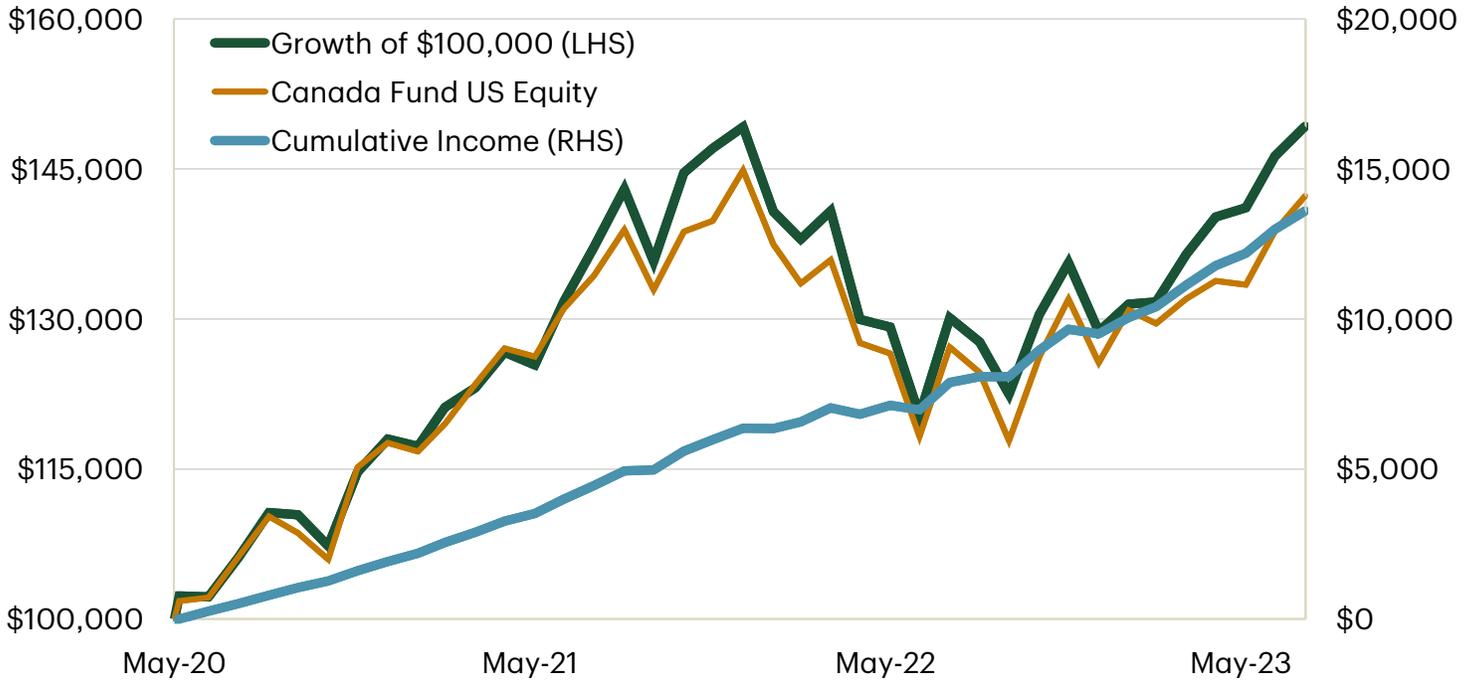
Source: Morningstar®. As at July 31, 2023.

Income Beyond Dividend Streams

By using options in the strategy, the ETF can generate income in addition to the dividend streams from its investments. The portfolio manager writes calls and puts to help achieve this goal. As per **Chart 2**, the ETF seeks to increase the income yield above what the current S&P 500 Index delivers from dividends.

Chart 2: Enhancing Income with Active Options

Legend:
- Put Premium
- Call Premium
- Dividend

Bars:
- S&P 500 Index (Dividend)
- TUED (Dividend + Target Call Income Yield + Target Put Income Yield)

Annotations:
- **Target Put Income Yield**
- **Target Call Income Yield**
- **Current S&P 500 Index Income Yield**
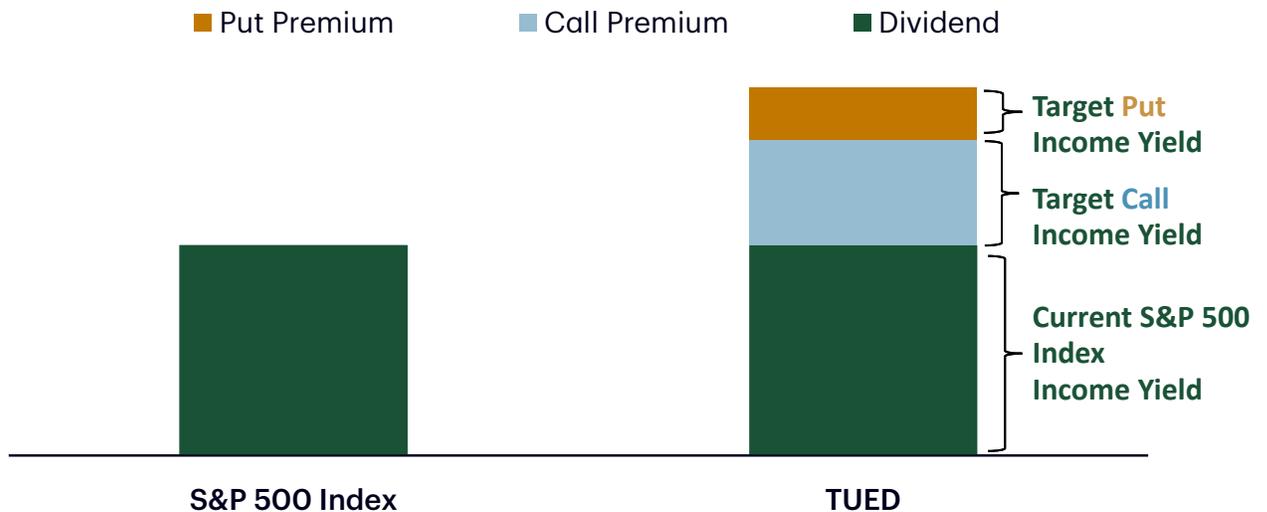
For illustrative purposes only.

Capturing Dividend Growth

TD Asset Management Inc. ("TDAM") has implemented our enhanced dividend strategy to help achieve the overall goal of enhancing total returns while providing income. With our Dividend Growth strategies, we seek companies that firstly pay consistent dividends to shareholders and more importantly, grow their dividends over time. Empirical data also shows that companies that initiate or grow their dividends over time, generate higher returns with less volatility.

40% of Portfolio holdings increased dividends **year-to-date.**

82% of Portfolio holdings increased dividends in **2022.**

40%
Dividend Growers

82%
Dividend Growers

Average Dividend Growth Rate: 10%

Average Dividend Growth Rate: 15%

Source: TDAM, Bloomberg as at July 31, 2023
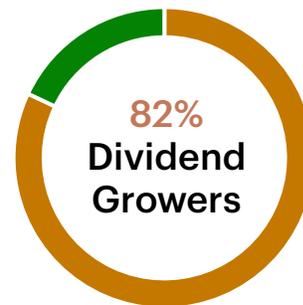
Key Facts

Pure U.S. Equities:
100% U.S. stocks provides clear geographic allocation

Active Option Writing:
Proprietary and actively managed option overlay strategies enhance income yield

Income Focus:
Invests in high quality companies with a history of consistent dividend growth

Advanced Diversification:
Risk is further diversified by identifying the sources of cash flow generation

Portfolio Managers

Benjamin Gossack, CFA

Managing Director, TDAM

Benjamin is Lead Manager for the TD Tactical Monthly Income Fund, TD North American Dividend Fund, TD North American Dividend Model, TD Balanced Growth Fund, TD Diversified Monthly Income Fund, TD Active Global Enhanced Dividend ETF (TGED) and TD Active U.S. Enhanced Dividend ETF (TUED). He is Co-Manager for the TD Global Equity Focused Fund, TD Global Tactical Monthly Income Fund, TD U.S. Dividend Growth Fund, TD U.S. Dividend Model, TD U.S. Monthly Income Fund, TD U.S. Equity Focused Fund, PIC North American Blue Chip Model, TD North American Sustainability Leadership Model, TD North American Sustainability Balanced Fund, and the TD North American Sustainability Equity Fund. He previously held Primary Analyst responsibilities for the global banking, global technology, global media and global telecom sectors. Benjamin started his career at the company as a member of the Derivatives Team, where his responsibilities included portfolio management and research for derivative-based portfolios and passive strategies. Prior to joining the firm, he spent five years as an Engineering Analyst in the Aerospace industry. Benjamin holds a B.A.Sc. from the University of Toronto and an MBA from Rotman School of Management at the University of Toronto.

Damian Fernandes, CFA

Managing Director, TDAM

Damian is Lead Manager of the TD Global Equity Focused, TD Global Tactical Monthly Income, TD U.S. Dividend Growth, TD US Monthly Income, TD US Equity Focused and TD North American Sustainability Leaders Funds. He is Co-Manager of the TD North American Dividend, TD Tactical Monthly Income, TD Global Enhanced Dividend ETF, TD US Enhanced Dividend ETF, TD Balanced Growth and TD Diversified Monthly Income Funds. He previously gained portfolio management experience in U.S. Equity, Tactical Asset Allocation and Proprietary Investments at a major Canadian financial institution. Damian holds a B. Comm. from the University of Toronto.

David Mau, CFA

Vice President & Director, TDAM

David is Co-Manager of the TD Tactical Monthly Income Fund, TD U.S. Monthly Income Fund, TD U.S. Dividend Growth Fund, TD Global Tactical Monthly Income Fund, TD Global Equity Focused Fund, TD Global Enhanced Dividend ETF, TD U.S. Equity Focused Fund, TD U.S. Enhanced Dividend ETF, TD Balanced Growth Fund, TD Diversified Monthly Income Fund, TD North American Sustainability Balanced Fund and the TD North American Sustainability Equity Fund. Previously, he gained experience at two U.S. investment management firms. David holds a B.A. in Economics from Western University and an MBA from Richard Ivey School of Business.

David Sykes, CFA

Chief Investment Officer, Head of Investments, TDAM

David is Senior Vice President, Chief Investment Officer, Head of Investments and oversees teams that manage equities, fixed income, asset allocation, derivatives, alternatives and balanced solutions. David is also responsible for the firm's trading operations. He is Co-Manager of the TD Tactical Monthly Income, TD North American Dividend, TD U.S. Monthly Income, and TD U.S. Dividend Growth Funds. He was formerly the Head of Public Equities at the firm. David also gained experience as an Analyst in the Equity Group, covering a wide range of sectors including Health Care, Consumer Staples and Financials. As Chief Investment Officer, he is also chairperson of the Wealth Asset Allocation Committee. David holds a B. Comm. and B.A., both from Saint Mary's University, an M.A. in Politics, Philosophy and Economics from Oxford University and an M.Sc. in International Relations from London School of Economics.

For more information about the TD Active U.S. Enhanced Dividend ETF, contact your **investment professional**.

Connect with TD Asset Management