



Timely Premiums

May 2024



**TGED
TUED**



Manager Commentary

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TD Active Global Enhanced ETF (TGED) has now celebrated its five-year anniversary. The last five years have been quite a journey. When we conceptualized this idea in 2018 and launched in 2019, we could never have foreseen the varied market cycles we would encounter along the way. However, we had always intended to build a core offering, and we believe the results speak for themselves: despite the potential cap on upside performance inherent in covered call strategies, TGED has ranked in the top Morningstar® decile across the 1-year, 3-year, and 5-year timeframes in the CIFSC Global Equity category.

There are many investment products available. Why did TGED need to be created? Well, when we entered the market, it seemed to us that investors had to choose between growth and income. Unlike today, many of the high-flying stocks in 2019 were non-dividend payers. For income, common product types were covered call strategies and high dividend-yielding funds. There was an opportunity to create a total return approach that aimed to provide an enhanced income stream without sacrificing growth.

Covered call products can place significant responsibility on advisors and individual investors to assess the prevailing market trend. The common belief is that covered call strategies perform well in sideways and down-trending markets but underperform in rising markets. This can leave interested investors trying to determine the market direction and then choose between uncovered and covered strategies at the "right" time. This approach overlooks issues such as transaction costs and potential tax implications. Additionally, as recent events have shown, it is not always clear to market participants which direction the market is heading and how long these periods will last. For example, our view that we have been in a bull market since the summer of 2022 has not been widely shared.

Thus, at the heart of TGED is our desire to be an all-in-one solution for advisors and individual investors. We understand market conditions can change rapidly, so we have designed our active covered call strategy to adapt accordingly, even in rising markets. When we review market growth periods, TGED's compound returns have outperformed both its benchmark and peer category. According to Morningstar, over a 3-year rolling basis, TGED's upside capture ratio is 119 compared to the Global Equity category's 94. Our investment philosophy and style have demonstrated significant benefits in rising markets.

That said, outperformance is never guaranteed in markets, and underperformance should not be dismissed, as it can offer valuable lessons and opportunities for improvement for the savvy. In 2022, our performance lagged our peers, ranking in the third quartile and underperforming the benchmark. We took the opportunity to really focus in on what wasn't working and made improvements to our processes. In retrospect, while the underperformance in 2022 felt painful, it was crucial for our subsequent success. By reflecting and applying lessons learned, we delivered outperformance in 2023 and year-to-date in 2024. In markets, as in golf, underperformance can be a time to gain great knowledge if you seek a path of constant self-improvement.

We want to thank all our unitholders for choosing to invest in TGED as well as the TD Active U.S. Enhanced Dividend ETF. We appreciate your support and continue to believe a total return approach using active management is better for enhancing income and growth. Thank you for taking the time to understand our story and why we believe TGED and TD Active U.S. Enhanced Dividend ETF are worthy of your investment.

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

Performance	1 Month	3 Months	6 Months	1 Year	3 Year	Since Inception	Inception Date
TD Active Global Enhanced Dividend ETF	4.43%	6.26%	21.04%	33.54%	13.65%	14.12%	05/03/2019
MSCI World Index (net return - C\$)	3.65%	4.34%	15.51%	25.27%	11.05%	11.58%	-
Morningstar Quartile Rank ¹	1	1	1	1	1	-	-
Morningstar Decile Rank ¹	2	1	1	1	1	-	-
TD Active U.S. Enhanced Dividend ETF	5.06%	7.31%	22.92%	38.17%	15.85%	18.10%	05/26/2020
S&P 500 Index (net return, C\$)	4.09%	4.32%	16.73%	27.97%	13.54%	16.10%	-

Source: TD Asset Management Inc., as of May 31, 2024. Returns for periods greater than one year are annualized.

¹TD Active Global Enhanced Dividend ETF under the Global Equity Category. The Global Equity Category contains 93 ETFs. Each series of a fund is counted separately. Quartile and decile data taken from Morningstar® for the period May 3, 2019, to May 31, 2024.

For more information,
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