

UP CLOSE

INDUSTRY LEADERSHIP IN FOCUS

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TD Asset Management and Epoch Investment Partners launch 'TD Global Investment Solutions'

In April 2023, TD Asset Management Inc. (TDAM) and Epoch Investment Partners, Inc. (TD Epoch) launched a new unified global distribution identity, TD Global Investment Solutions (TDGIS) to market their innovative capabilities to the global institutional investing community.

For the past three decades, TDAM has provided innovative solutions to the Canadian market. TD Epoch, an established asset manager in the U.S. market with expanding global distribution capabilities, became an affiliate of TDAM in 2013.

Building on the strengths of their North American franchise, TDAM and TD Epoch have collaborated on a new strategic approach for their institutional asset management business and are bringing their combined capabilities to the global investing community under a new name.

TDGIS was launched to deliver their collective investment experience and expertise across equities, alternative investments, and fixed income (in certain jurisdictions) to institutional investors globally.

Bruce Cooper, Chief Executive Officer, TDAM and TD Epoch, Senior Vice President, TD Bank Group, explains the plan going forward and what it means for the evolution of the company in an 'Up Close' interview with the executive editor for *Benefits and Pensions Monitor*, Joe Hornyak.



We believe that going global will strengthen the delivery of our multiple investment capabilities, foster innovation, and enhance our ability to bring forward relevant products and solutions to global asset owners and our existing valued clients.



**TD Global
Investment Solutions**



Why is now the right time to go global?

Cooper: There are a couple of different parts to this – why global, and why this new name encompassing both? To start, both are very successful firms that have been owned by TD Bank Group for a long period of time. However, this collaboration will see TDAM really starting to work much more closely with TD Epoch than we have historically.

When we first discussed going global, we felt it was very important to take a unified approach and go to market under one banner – TD Global Investment Solutions. I think the timing of our expansion is great because we are coming together to operate in a more integrated fashion, and the name encompasses so many things that are important to us – the TD name, the shield, the global presence, and providing

solutions to meet the needs of our clients.

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Tell us about how your relationship with TD Epoch started?

Cooper: TD acquired TD Epoch just over 10 years ago and they have operated independently within TD, but over time we've come to realize that we're stronger together. Scale is important in the asset management business and bringing together our collective capabilities creates a stronger whole.

What are some of the capabilities that were brought on board when TD acquired TD Epoch?

Cooper: TD Epoch is an equity shop with U.S. and global equity capabilities. It was founded on a philosophy centered around the importance of free cash flow. Its strategies are built on the belief that the generation of free cash flow is what determines the value of every business and the allocation of that cash flow determines whether the value of the business grows. Based on this, it builds portfolios of companies that have strong free cash flow and allocates that capital intelligently among the five uses of cash – Dividends, Share Buybacks, Debt Reduction, Reinvestment in the Business, and Acquisitions.

In addition to fundamental strategies that focus on companies that are allocating well among the five uses, TD Epoch has two strategy franchises that look for companies allocating to certain uses particularly well. The first is called Shareholder Yield and it targets companies with a history of returning free cash flow to shareholders through dividends, share buybacks, and debt reduction. The other is quality capital reinvestment, which focuses on companies that earn a return on invested capital from reinvestment and acquisitions that are higher than their cost of capital, increasing the value of the business.

How would you describe the value proposition of TD Global Investment Solution?

Cooper: At TDGIS, we believe in exploring what's possible with our clients by understanding and evolving to meet their needs. When you work with us, you will discover that we put clients first. We do this by collaborating with our clients, innovating, and creating strong relationships to deliver customized solutions and better client outcomes.

How does selling global now differ from what you were doing globally before?

Cooper: TDAM has not really had global clients before. We have global products – for example global equities, global infrastructure, global real estate, etc., but we sell those global products to Canadian clients. What we're doing now is widening the aperture and saying we want global clients to invest in our strategies. TD Epoch, on the other hand, actually has a global footprint. It has clients in Europe, Africa, Asia, and Australia in addition to the United States. What we're trying to do with 'global' is take the full suite of our capabilities – TDAM and TD Epoch – and sell them in Europe and Asia, the same way that Epoch has historically sold its product suite. Our plan is to offer a product suite that is relevant to global institutional investors.

What does TDGIS have to offer in the global space?

Cooper: We're going to start with a subsection of our full suite that we think are most relevant to the global audience. These include TDAM's global equity capabilities that will go along with the TD Epoch strategies already being sold globally.

On the TDAM side, we have global equity



capabilities such as Chinese equities, international equities, and global equities that we believe are going to be very important. TD Epoch provides global, U.S., and non-U.S. versions of the strategies mentioned before along with concentrated portfolios of global, U.S., and non-U.S. companies based on the free cash flow focus. In addition, it has a suite of fundamental U.S. equity value strategies that are driven by its differing definition of value, which is based on finance metrics rather than accounting, and a franchise of strategies that incorporate a higher degree of data and technology into the process, highlighted by its emerging markets equity strategy.

The other big piece will be alternatives. In 2018, TD acquired Greystone Capital Management Inc. and its subsidiary Greystone Managed Investments Inc. for its global infrastructure and global real estate capabilities. They were then amalgamated with TDAM in 2019. These are important product categories for us that we've sold to Canadian investors and we now think they will be very suitable for global investors.

There is a lot of excitement around the alternative product category on a global basis. We've seen lots of clients move away from that more traditional 60/40 portfolio to what we think of as a 'three-legged stool' – fixed income, equities, and alternatives. Real estate, infrastructure, and private credit are all well established and legitimate asset classes. This is why we believe our global infrastructure and global real estate capabilities will be important for the global marketplace.

Given your new identity, describe your approach when it comes to clients?

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TDGIS really symbolizes how we're approaching the market. This will change the geographies in which we're doing business. We're going to be more present and market our products in Asia, Australia, and Europe. And underneath the hood, TDAM and TD Epoch are collaborating much more closely than they ever have before

Cooper: We take a client-centric approach to everything we do and always have. I think of that as problem-solving. What are the clients really trying to achieve? In a lot of cases for pension plans, it gets expressed in a portfolio, but it's really 'I'm trying to match off this promise that I've made to my pensioners.'

This is not about product pushing: 'We've got this product that's performed well in the last two years...' is not the way our conversations go. It's around: 'What are you trying to achieve? What are your return expectations? What's your risk appetite?' There are always trade-offs in these conversations and we think if we have a deep understanding of what our clients need, then we can build solid solutions for them. This is how we have run our business for decades.

With this new global identity, what sort of changes can we expect to see, if any?

Cooper: TDGIS really symbolizes how we're approaching the market. This will change the geographies in which we're doing business. We're going to be more present and market our products in Asia, Australia, and Europe. And underneath the hood, TDAM and TD Epoch are collaborating much more closely than they ever have before on the delivery of our investment expertise, and we believe this will foster innovation and enhance our ability to bring forward client focused solutions.

What's not changing?

Cooper: Although we are launching TDGIS as a new global distribution identity, we want to be very clear that our investment leadership, dedicated research teams, investment processes, and philosophies are not changing. We've got a long track



record that we're very proud of. The return streams we've generated, the strategies we've built up, and what we've delivered for clients – none of that will change.

What are some of the other benefits this new global entity brings to clients?

Cooper: It's really bringing that full depth of our capabilities to clients. We've not really done that before. We've had a lot of success here in the Canadian market, bringing all these capabilities together to build solutions. However, going global requires a certain scale. Thirty years ago, we were a pretty small group. Today with 300 people on the investment team alone and 900 people across the whole business, we have the scale to really bring this full suite of capabilities to clients.

The other point I make frequently is, we are going global in the sense that we'll be competing in Asia, Australia, and Europe for clients. But the firms with whom we're competing, we're already competing with today. We're just competing with them in Canada. If you look at the leaderboard of the institutional marketplace in Canada, you'll see lots of global firms. Those are the same firms we will be competing against as we go abroad.

What does this mean for Canadian clients?

Cooper: Here in Canada, TDGIS really symbolizes our commitment to our Canadian institutional clients and I think it's a reinforcement of what we already do for them here. That said, as I mentioned we believe that TDGIS will enhance our ability to bring forward new, relevant products and solutions to both global institutional clients and our existing North American clients.

How do you plan on reaching the global market?

Cooper: This will not be what is often called a 'fly in and fly out' model. We will have people on the ground locally in Europe, Asia, and Australia, but we will be servicing those people with the investment engine that remains based here in North America. That's the go-to-market strategy. It's local distribution, tied to North American manufacturing.

What areas in the global investment space do you think are garnering a lot of interest right now?

Cooper: With diversification so important now, I would say 'alternatives' is probably what people are asking the most questions about, given the evolution we are seeing with the traditional 60/40 balanced portfolio. We believe that an allocation to alternative assets can benefit investor portfolios, whether it be providing inflation protection, the potential for attractive absolute returns, and their ability to be long-term portfolio stabilizers via their diversification benefits with less correlated income streams.

Last year was an amazing example, right? Stocks and bonds were both down; alternatives in many cases were up. What we're trying to do as an asset manager is put together these different pieces that will perform at different times to help our clients.

But it's getting more challenging in the 'alternative' space, is it not?

Cooper: It's competitive like all spaces in the investment world are competitive. One nice thing that sets us apart is that we do have a long track record in the alternatives space. We entered the space with the

acquisition of Greystone five years ago, but Greystone itself had a track record dating back to its founding in 1988. A track record of excellence is a formidable ally at any time and, certainly, as you're going global.

How are Environmental, Social and Governance (ESG) factors considered in your investment decision-making process?

Cooper: Our investment thesis involves taking an integrated engagement approach to ESG factors. As investors in an array of investment classes, we believe we have a role to play in positively influencing ESG improvements. We engage with companies when we believe we need more clarity on how they are approaching ESG-related issues or to advocate for changes which we believe may benefit shareholders in the long run. We are also committed to acting as true stewards of our clients' capital through active proxy voting and collaborating with industry participants. Our approach continues to evolve to help position our portfolios to capitalize on investment opportunities arising from an accelerated transition to a low carbon economy and manage climate-related physical and transition risks.

Any final thoughts?

Cooper: Throughout our history, we've had a successful track record of growth and we are really excited about our new identity and what this means for our capabilities and clients. When I started at TDAM, there were only five people on the investment team and a handful of millions of dollars in assets. We've come a long way in 30 years and we are really looking forward to this next step as we look to take on a global leadership position in this industry.