

Investment Management Services



Notice

Fund Manager TD Asset Management

Date June 2016

Notice

TD Asset Management ('TDAM') has announced a change to the Investment Objective and Investment Guidelines for the TD Emerald Hedged Synthetic International Equity Pooled Fund Trust that will become effective June 30, 2016.

Products Affected

Manulife TDAM Hedged Synthetic International Equity Index Fund (GBRS)

Impact

Investment Process and Philosophy

Upon its inception, the Fund was originally designed to provide Canadian investors access to foreign markets outside the investment limits that were in place for registered plans. Presently, these limits are no longer a concern and the manager is making a change in how the Fund will replicate the MSCI International (EAFE) index. Previously, the Fund invested in equity market futures to replicate the MSCI EAFE, whereas going forward, it will have exposure primarily through a full representation of the equity securities which are included in the EAFE index. The Fund's benchmark is changing from the MSCI EAFE ND (LC) to the MSCI EAFE Hedged Index ND (CAD). There is no change to the currency exposure of the Fund's returns.

Performance and Risk Characteristics

The change in approach will provide a more direct and complete coverage of the benchmark and as such the target tracking error of the Fund is expected to be smaller than it has been in the past.

Closing Remarks

IMS has met with the portfolio manager and are satisfied that the operational change to this Fund will produce essentially the same series of returns as the previous method, which is a passive, local currency return based on the MSCI EAFE index. The Fund's tracking error is expected to be closer to that of the index going forward. IMS will continue to monitor the Fund closely.

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