Quarterly Fund Commentary | Q3 2017

TD Core Bond Fund, Advisor Class

Symbol:	Asset Class:	Style:	Inception:	CUSIP:
TDCBX	Fixed Income	Active Fundamental	03/21/2013	87237U659

Fund Commentary[1]

As of September 30, 2017

Market Recap: The U.S. Federal Reserve (Fed) kept the federal funds rate unchanged during the quarter. Although the job market has strengthened and growth projections were revised upwards, inflation has declined and continues to run below the Fed's 2% target. Fed Chair Yellen indicated that several of the factors keeping inflation down are expected to be temporary. Yellen also noted that while recent hurricanes in the U.S. may lead to a temporary spike in the price of items such as gasoline; this should not have a material effect in the medium term. The Fed also detailed its plans to start normalizing its balance sheet beginning in October. It will stop reinvesting a part of the maturing assets it holds on its balance sheet. A predictable and passive tapering strategy, such as outlined by the Fed, should allow markets to adjust in a stable manner, helping to minimize financial market volatility.

Performance Summary: During the quarter, U.S. Treasury rates increased across the yield curve. Short-end yields increased the most, reflecting the heighted probability of future rate increases by the Fed. Mid- to long-term Treasury yields rose modestly as U.S. economic growth was offset by muted inflationary pressure. As a result, the yield curve flattened over the period. The 10-year U.S. Treasury bond yield stood at 2.33% at the end of the period, falling from 2.45% at the beginning of the year; similarly, the 30-year Treasury yield, at 2.86% is 20bp lower year-to-date. The shift in the yield curve contributed to the underperformance of short-term bonds over the period. The Bloomberg Barclays U.S. Aggregate Bond Index returned 0.85% during the quarter.

The spread premium on the Bloomberg Barclays U.S. Credit Index (Investment Grade) narrowed 7bp to 96 basis points (1 bp = 0.01%) at the end of the period. Narrowing credit spreads contributed to the outperformance of corporate bonds versus Treasury issues. Moreover, lower-rated corporate bonds, which are typically more sensitive to economic conditions, outperformed their higher-quality counterparts. Among corporate issuers, energy, metals and mining, and utility sectors had a strong quarter.

Industrials and financials had another strong quarter. Lower quality (BBB's) bonds outperformed higher quality (AA and A) bonds during the quarter. The dispersion in excess return between broad sectors of the credit market is more subdued compared to last year. The same is true regarding intermediate and long duration credit. The Mortgage Backed Securities (MBS) sector continued to lag the credit sector during the quarter on an excess return basis; this has been the case for several quarters. The Fed's balance sheet normalization program will begin in October. This program, which will reduce the Fed's US Treasury and MBS holdings, may pressure MBS spreads wider. The portfolio remains underweight the MBS sector. Growth in the economy should continue to be supportive of the credit market. Our preference is for high quality investment grade bonds over government bonds and MBS.

Historical performance (%) [1]

	1 mos.	3 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	Since Inception
Fund	-0.54	0.70	-0.63	2.15	-	-	1.85
Benchmark[2]	-0.48	0.85	0.07	2.71	-	-	2.31

Calendar year returns (%)

	YTD	2016	2015	2014	2013
Fund	2.72	1.92	0.01	5.76	
Benchmark[2]	3.14	2.65	0.55	5.97	

Investment Overview

Investment Objective: The TD Core Bond Fund ("Fund") seeks to provide current income.

Portfolio Management:

Glenn S. Davis, CFA
Managing Director, TDAM USA Inc.
Industry Experience: 37 years

Dennis Woessner, CFA, CAIA
Vice President & Director, TDAM USA Inc.
Industry Experience: 29 years

Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index

Gross Expense Ratio[3]: 1.31%

Net Expense Ratio[3,4]: 0.76%

Actual Expense Ratio[3]**:** 0.55%

Performance information represents past performance and does not guarantee future results. Current performance may be higher or lower than the performance data cited. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. For performance information current to the most recent month end, please visit www.tdamusa.com. Performance greater than one year is annualized.

Before investing you should carefully read the prospectus and/or the summary prospectus and carefully consider the investment objectives, risks, charges and expenses of the Fund. The prospectus and the summary prospectus contain this and other information about the Fund and may be obtained by calling 1-866-416-4031.

SECURITIES AND INVESTMENTS		
NOT FDIC INSURED	NO BANK GUARANTEE	MAY LOSE VALUE

Important Information

1. All information provided within this document is current as of the date indicated on the first page unless otherwise specified and is subject to change. Source: TD Asset Management.
2. Benchmark performance is not impacted by fees. There are no fees for the benchmark as one cannot invest in an index.
3. Gross Expense and Net Expense Ratios are taken from the most recent prospectus. Actual Expense Ratio is historical and annualized based on the six-month period ending July 31, 2017 as calculated in the most recent semi-annual or annual report. The Net Expense Ratio represents the amount that will be paid by the investor.
4. The Adviser has contractually agreed to waive fees and reimburse expenses at least through May 31, 2019.

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Investment Risks

Bonds and bond funds are subject to interest rate risk and will decline in value as interest rates rise. Mortgage-backed securities are subject to prepayment and extension risk and therefore react differently to changes in interest rates than other bonds. Small movements in interest rates may quickly and significantly reduce the value of certain mortgage-backed securities. The Fund may invest in derivatives, which are often more volatile than other investments and may magnify the Fund's gains or losses. Not FDIC Insured • May Lose Value • No Bank Guarantee.