

Quarterly Fund Commentary | Q3 2018

Epoch U.S. Small-Mid Cap Equity Fund

Advisor Class



Symbol: TDUAX	Asset Class: U.S. Equity	Style: Active Fundamental	Inception: 05/30/2013	CUSIP: 87237U469
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Fund Commentary¹

As of September 30, 2018

Stocks had a strong quarter, touching all-time highs, shrugging off trade tensions and benefitting from exceptional profit growth. Corporate profits jumped 16% year-over-year, helped by tax cuts and a robust domestic economy. There were, however, notable stumbles. Information technology stocks generally experienced an increase in volatility in an environment of heightened regulatory scrutiny. Specific companies hurt by tariffs also made headlines. Large-cap stocks beat small caps. Health care, industrials, information technology and telecommunications services had strong returns. Consumer staples declined. Energy also lagged despite Brent crude edging over \$80 per barrel, a four-year high. The 10-year U.S. Treasury yield closed the quarter above 3%.

Over the quarter, the portfolio underperformed the benchmark. While security selection was positive in the consumer staples and health care sectors, selection in other sectors more than offset that advantage. Certain holdings within the consumer discretionary, financials, materials, and real estate sectors detracted from relative results among others. Ten of eleven sectors posted positive returns for the period. Two underlying factors that are related have contributed to the strategy's underperformance for both the quarter and YTD period: the strong performance of unprofitable or "low quality" companies within the index and the market's preference for high revenue growth over stable profit growth.

While the portfolio had been positioned to do well in a positive economic environment, this factor has been more than offset by an environment favoring unprofitable or speculative companies. We believe the portfolio is superior to the index on several measures including cash generation, valuation, return on equity, and balance sheet strength. We cannot predict when unprofitable companies will be out of favor, but that outcome represents a compelling opportunity for the U.S. SMID Cap strategy moving forward.

Investment Overview

Investment Objective: The Epoch U.S. Small-Mid Cap Equity Fund ("Fund") seeks to provide long-term capital appreciation.

Portfolio Management:

Epoch Investment Partners Inc.

David N. Pearl
Executive Vice President, Co-CIO
Industry Experience: 34 years

Michael A. Welhoelter, CFA
Managing Director
Industry Experience: 32 years

Historical performance (%)

	1 mos.	3 mos.	1 yr.	3 yrs.	5 yrs.	10 yrs.	Since Inception
Fund	-3.12	0.66	7.77	11.10	8.39	-	9.11
Benchmark ²	-1.52	4.70	16.19	16.13	11.37	-	12.00

Benchmark: Russell 2500 Total Return Index

Calendar year returns (%)

	YTD	2017	2016	2015	2014
Fund	0.61	16.21	15.98	-4.74	6.68
Benchmark ²	10.41	16.81	17.59	-2.90	7.07

Gross Expense Ratio³: 1.40%

Net Expense Ratio^{3,4}: 1.25%

Actual Expense Ratio³: 1.02%

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

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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, 2018 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

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