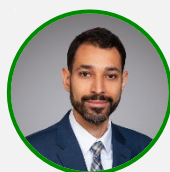




TD Global Healthcare Leaders Index ETF



As of May 31, 2024



Analyst Commentary

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May marked the end of first quarter earnings season for the Health Care sector. The sector posted favourable results with revenues up +5.9% year-over-year ("YoY"), and adjusted earnings up +5.7%, with 91% of S&P 500 Index healthcare members surpassing or meeting earnings estimates. The Health Care sector is increasingly demonstrating that the worst of the earning challenges coming out of the COVID-19 pandemic are now largely behind us, with the sector returning to growth.

There were a couple of notable areas of strength during this quarter's earnings season. First, the Portfolio Advisor ("we", "our") saw strong results out of the Medical Equipment & Supplies industry. The continued recovery of elective surgeries, made possible by continued staffing gains at hospitals and outpatient facilities, drove strong volume growth across the sector. Additionally, the continued recovery in elective procedures resulted in favourable volume growth at hospitals and enabled positive operating leverage. This quarter, we also saw signs of recovery from the Life Sciences Tools industry, with the inventory destocking cycle in North America and Europe having largely run its course (e.g., Pharmaceutical & Biotechnology companies have been using up extra bioreactor supplies, surplus cell culture media, and other excess supplies ordered during the COVID-19 pandemic). Management teams are increasingly constructive that we'll see a recovery in volumes in the upcoming quarters.

Lastly, in the Pharmaceutical & Biotechnology industry, we noted mixed results. GLP-1 drug manufacturers delivered strong operating momentum from adoption growth in diabetes and obesity fighting drugs, in addition to oncology drug manufacturers seeing higher volumes.

However, ongoing Medicare drug reimbursement reforms are overshadowing the broader Pharmaceutical & Biotechnology industry, with uncertainty on how much it may weigh on future years earnings.

For the full-year 2024, healthcare revenues are expected to grow approximately 6% year-over-year ("YoY"), and earnings to grow approximately 17% YoY as we finally lapse the loss of COVID-19 pandemic related sales. Looking out over the next few years, we expect growth to normalize back to the approximately 9% Compound Annual Growth Rate ("CAGR"), seen over the last 30 years.

The TD Global Healthcare Leaders Index ETF ("TDOC") was up +7.5% year-to-date ("YTD") at the end of May 2024. However, returns trailed the broader market with the MSCI World Index posting a +13.4 % gain YTD, driven by gains in the Technology and Communication Services sectors. The primary contributors to TDOC performance in May included Moderna, Inc., (+28.2% month-over-month ("MoM")), Humana Inc., (+17.6% MoM) and Vertex Pharmaceuticals Inc., (+15.0% MoM). The primary detractors over the month included Illumina, Inc., (-15.9% MoM), Baxter International Inc., (-15.5% MoM), and Veeva Systems Inc., (-12.9% MoM).

Looking out over the long run, we believe that TDOC continues to be well positioned and will continue to benefit from the many attractive attributes of the Health Care sector including largely inelastic demand, strong volume growth driven by an aging population, as well as historically strong research and development productivity which has repeatedly expanded the addressable market for healthcare. Combined with attractive valuations when compared to the broader market, we believe the Health Care sector remains well positioned to outperform over a multi-year horizon.

Standard Performance – TD Global Healthcare Leaders Index ETF

| Returns as of May 31, 2024 | 1 month | 3 months | 6 months | 1 Year | Since Inception | Inception Date |
|---|---------------|---------------|---------------|---------------|-----------------|-----------------|
| TD Global Healthcare Leaders Index ETF | 1.90% | 0.85% | 10.54% | 9.73% | 7.93% | 04/07/21 |
| Benchmark ¹ | 1.95% | 0.99% | 10.81% | 10.22% | 8.48% | |
| Difference | -0.05% | -0.14% | -0.27% | -0.49% | -0.55% | |

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

¹100% Solactive Global Healthcare Leaders Index (\$C, Net Total Return).

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