

**TD Asset Management**

# **Montebello Institutional Dialogue**

## **Private Debt Investing: Opportunities and Risks**

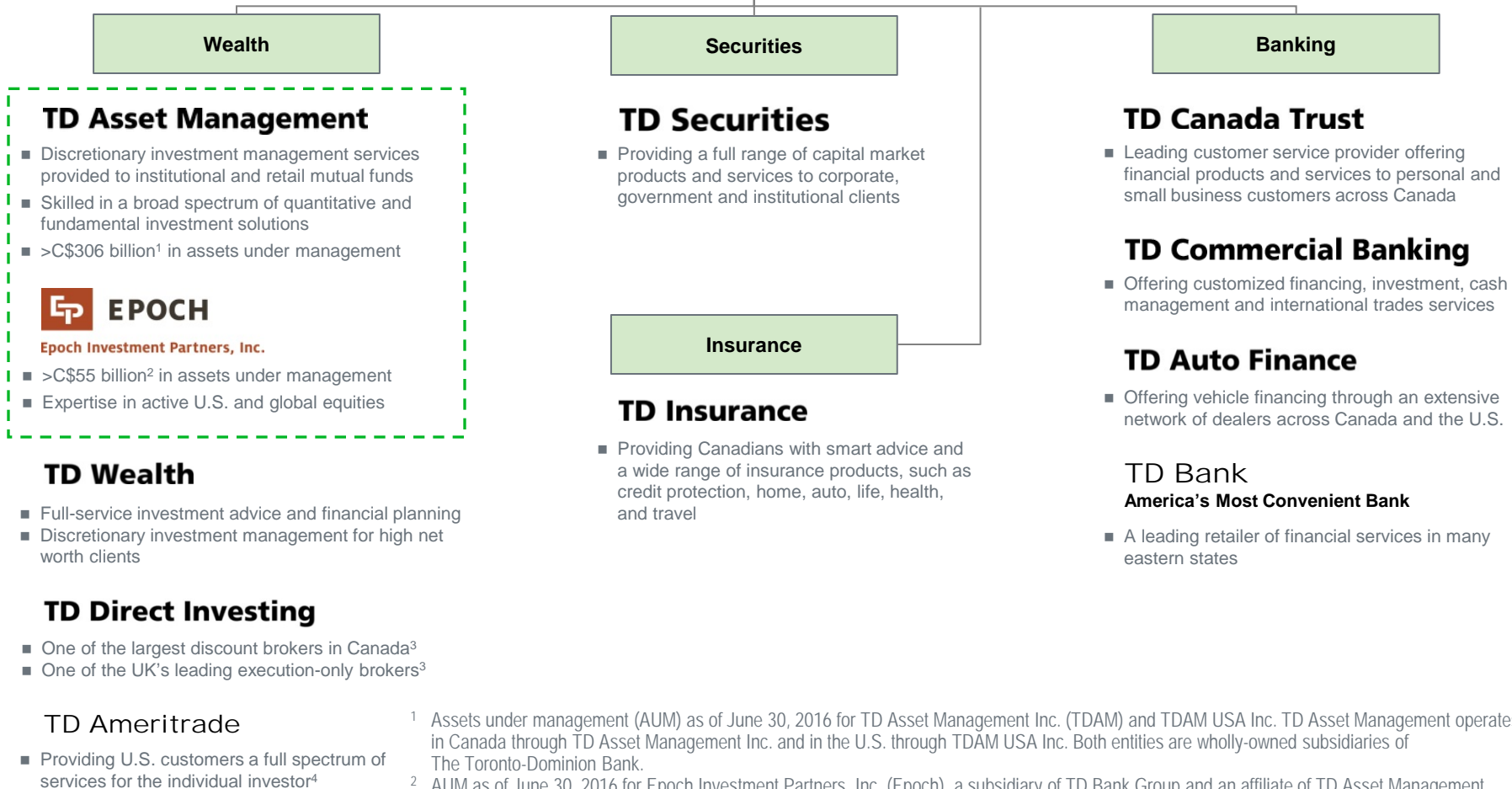
**Louis Bélanger, CFA, FRM**  
Vice President & Director



# TD Bank Group: Overview



- Approx. C\$1.1 trillion in assets (as at April 30, 2016)
- Worldwide customers: Approx. 24 million



<sup>1</sup> Assets under management (AUM) as of June 30, 2016 for TD Asset Management Inc. (TDAM) and TDAM USA Inc. TD Asset Management operates in Canada through TD Asset Management Inc. and in the U.S. through TDAM USA Inc. Both entities are wholly-owned subsidiaries of The Toronto-Dominion Bank.

<sup>2</sup> AUM as of June 30, 2016 for Epoch Investment Partners, Inc. (Epoch), a subsidiary of TD Bank Group and an affiliate of TD Asset Management.

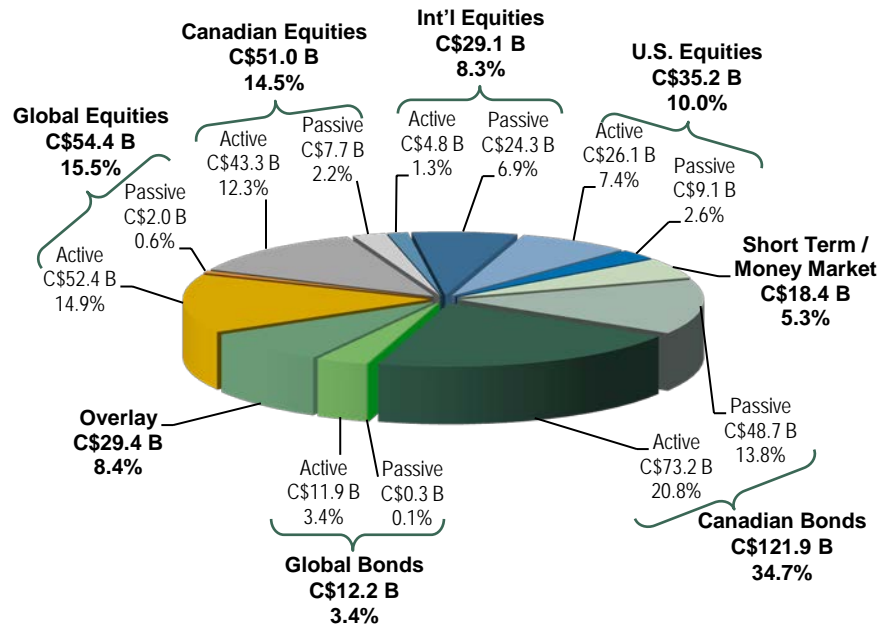
<sup>3</sup> TD Direct Investing represents separate legal entities in Canada (TD Waterhouse Canada Inc.) and the U.K. [TD Direct Investing (Europe) Limited].

<sup>4</sup> TD Bank Group has an investment of 45% in TD Ameritrade.

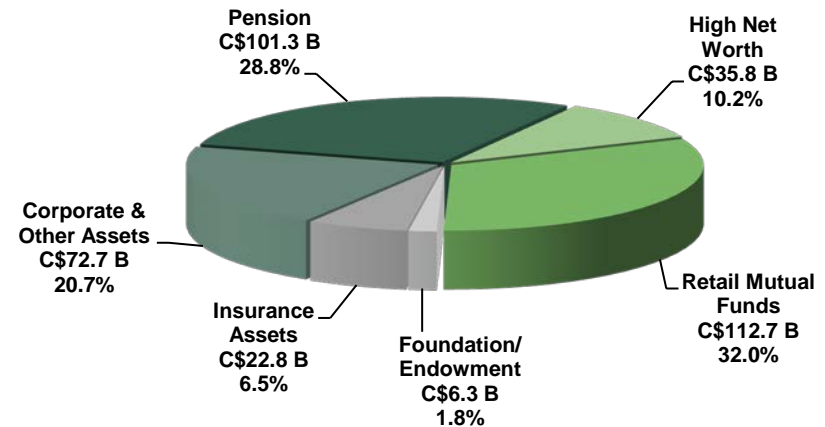
Note: The information provided in the organizational chart above is valid as of the date of this presentation.

# Asset Management at TD

## By Asset Type



## By Client Type



**Total assets under management: C\$351.6 billion**

Note: Assets under management (AUM) as at June 30, 2016 for TD Asset Management Inc., TDAM USA Inc. and Epoch Investment Partners, Inc. (Epoch). Active AUM include both active fundamental and active enhanced assets. Numbers may not add due to rounding. Overlay AUM do not include C\$9.50 B of currency hedging programs in place within TD Asset Management pooled funds accounted for in other asset classes. The TD Bank Group (TD) means The Toronto-Dominion Bank and its affiliates, who provide deposit, investment, loan, securities, trust, insurance and other products or services. TD Asset Management operates through TD Asset Management Inc. in Canada and through TDAM USA Inc. in the United States. Epoch is an affiliate of TD Asset Management. All entities listed are affiliates and are wholly-owned subsidiaries of The Toronto-Dominion Bank.

## 69 Fixed Income Investment Professionals Managing C\$165.8 B<sup>1</sup> in Fixed Income

**28** Portfolio Management Professionals

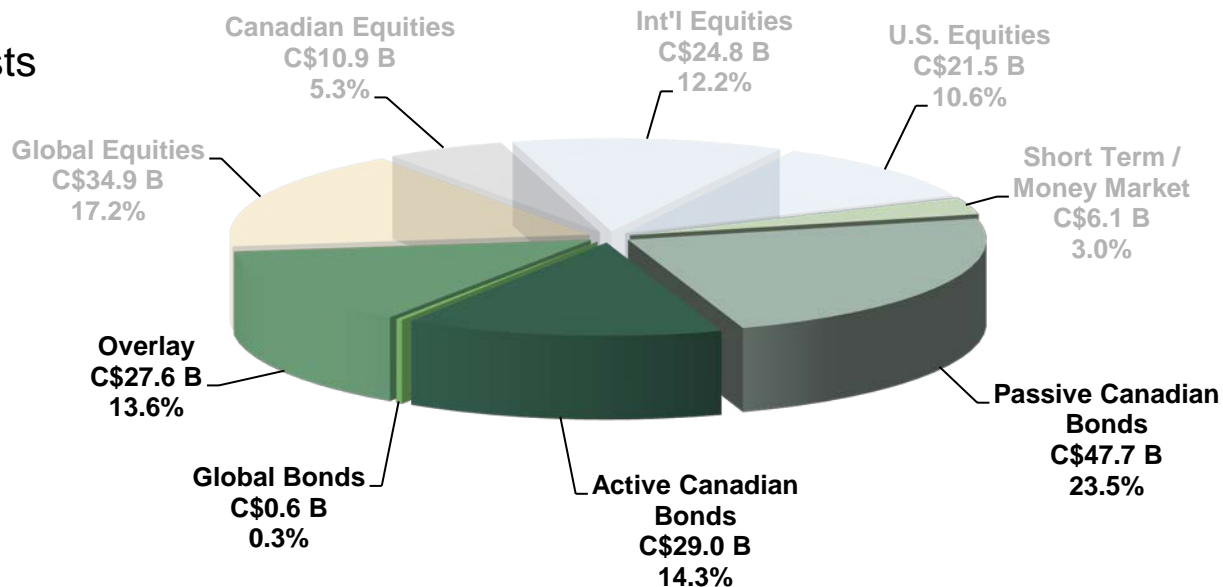
**14** Credit Research Analysts

**9** Quantitative Analysts

**7** Overlay Professionals

**9** Trading Professionals

**2** Product Specialists



## Expertise, track record and risk-management focus

<sup>1</sup> Fixed Income Assets under management (AUM) as at June 30, 2016 for TD Asset Management Inc., TDAM USA Inc. and Epoch Investment Partners, Inc. (Epoch).

Note: Numbers may not add due to rounding. Overlay AUM do not include C\$9.45B of currency hedging programs in place within TD Asset Management pooled funds accounted for in other asset classes. The TD Bank Group (TD) means The Toronto-Dominion Bank and its affiliates, who provide deposit, investment, loan, securities, trust, insurance and other products or services. TD Asset Management operates through TD Asset Management Inc. in Canada and through TDAM USA Inc. in the United States. Epoch is an affiliate of TD Asset Management. All entities listed are affiliates and are wholly-owned subsidiaries of The Toronto-Dominion Bank.



## Breadth of Institutional Clients at TDAM

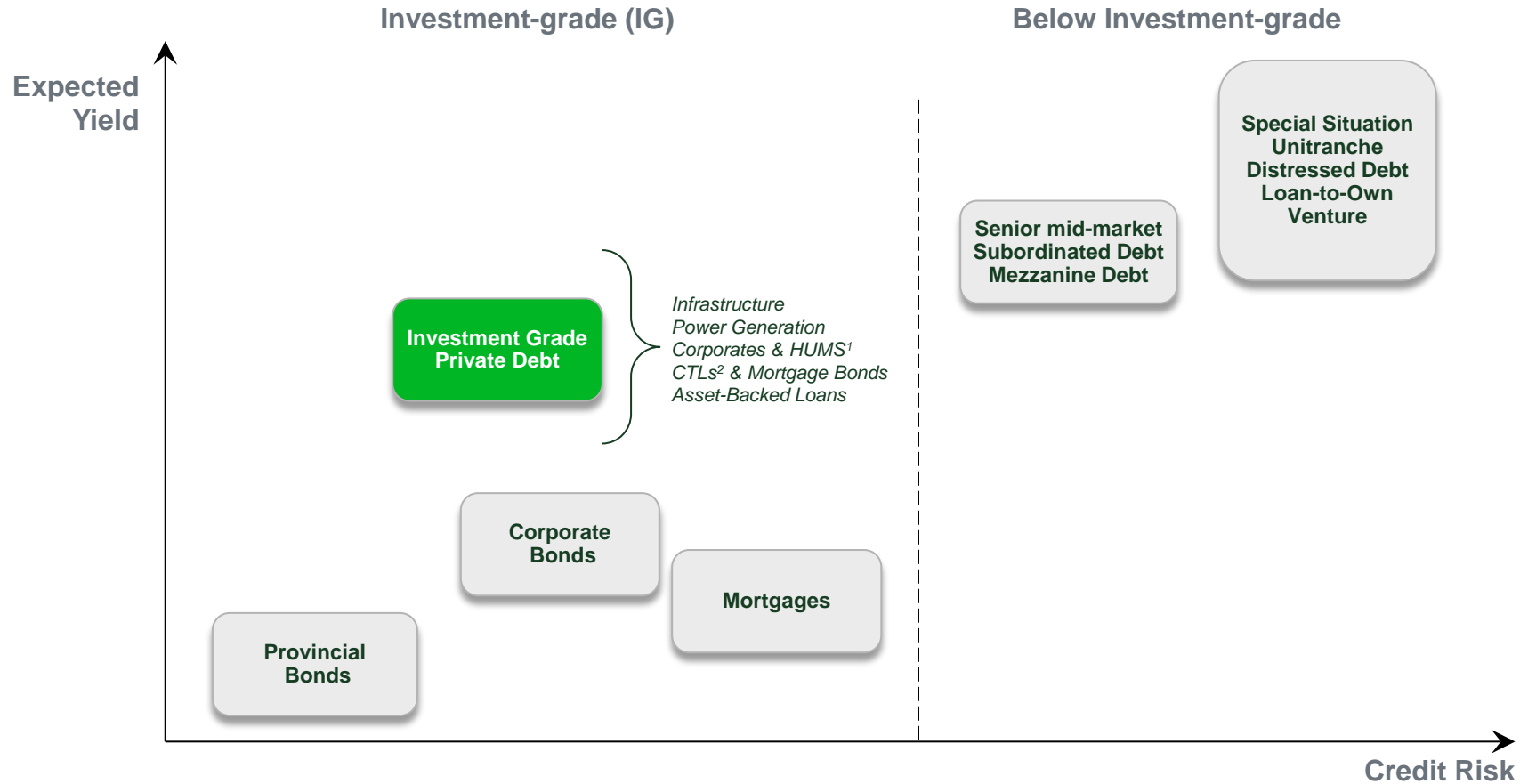
Client Type	Asset Under Management (in C\$ billions)	Number of Clients
Corporate & Other Assets	35.77	174
Foundation, Endowment & Charitable Organizations	5.68	45
Insurance Asset	22.05	37
Pension	94.86	278
<i>Universities<sup>1</sup></i>	16.13	13
<i>Government entities<sup>1</sup></i>	9.75	35
<i>Unions<sup>1</sup></i>	6.23	30

**Total institutional assets under management: C\$158.4 billion**

<sup>1</sup> Subsets of Pension clients.

Note: Assets under management (AUM) as at June 30, 2016 for TD Asset Management Inc. and TDAM USA Inc. Numbers may not add due to rounding.

# Comprehensive Investment Grade Private Debt Strategy



<sup>1</sup> HUMS = Hospitals, Universities, Municipalities, Schools

<sup>2</sup> CTLs = Credit Tenant Leases

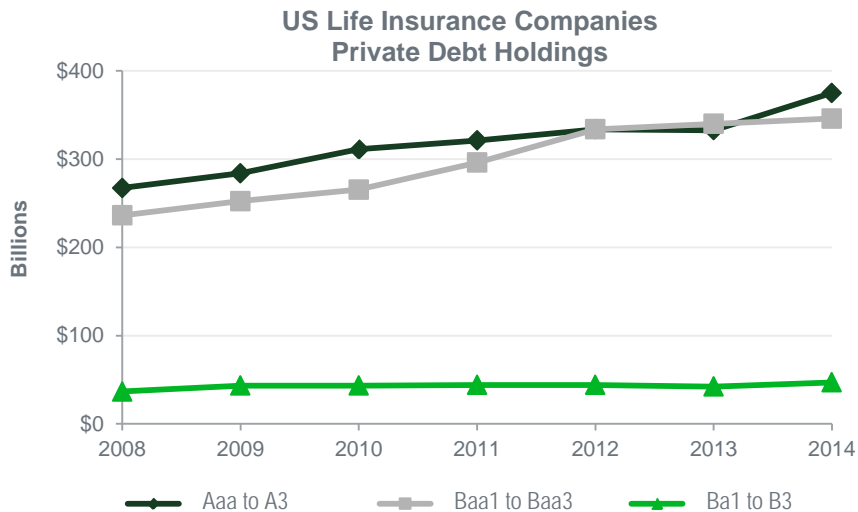
Note: For illustrative purposes only.

# North American Investment Grade Private Debt Market

Niche market typically the domain of life insurance companies:

- Yield, diversification, safety
- Capital efficient match for liabilities

- 2014 IG PD holdings by US lifecos: \$720.8 billion
  - IG represents 85-90% of total PD holdings
- US\$58.7 billion issued in 2015 (Aaa to A3 + Baa1 to Baa3)



Source: ACLI Fact Book

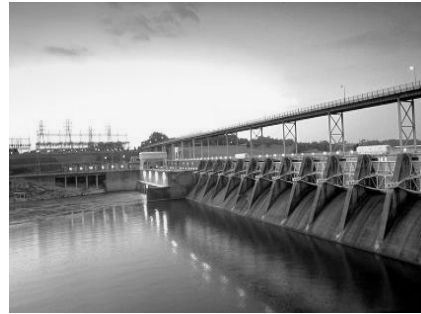
(in \$ millions)	Total PD Portfolios	Annual Volume - Canada (excl. lease financing)
Total	\$67,273	\$8,250

Source: 2015 Annual reports, TD Asset Management estimates

**Providing clients with access**

# Why Investment Grade Private Debt

- Illiquidity / uniqueness premium
- Diversification
- Credit enhancement
- Lower economic losses vs public bonds



**Private debt can result in better risk-adjusted outcomes**



# Private Debt Offering

**TD *Emerald* Private Debt Pooled Fund Trusts**

**TD *Emerald* Long Private Debt Pooled Fund Trusts**

## Global Fixed Income Opportunity Set

### Private Debt:

- Infrastructure
- Power
- Corporates & HUMS<sup>1</sup>
- CTLs<sup>2</sup> & Mortgage Bonds
- Asset Backed Loans

### Public Bonds (max. 30%)

- Global Investment Grade
- Canadian Provincial
- Canadian Federal
- Derivative Exposure
- Currency Hedged

## Sources of Additional Yield

- Uniqueness/illiquidity
- Sector
- Security Selection

- Quality
- Geography

## Yield Enhancement Objective:

**FTSE TMX Canada Universe Bond Benchmark +125 to 175 bps per annum**  
**FTSE TMX Canada Long Term Bond Benchmark +100 to 125 bps per annum**

**Expanding the toolkit available to clients**

<sup>1</sup> HUMS = Hospitals, Universities, Municipalities, Schools

<sup>2</sup> CTLs = Credit Tenant Leases

## Speaker Biography

Louis Bélanger, CFA, FRM, Vice President & Director

18 years experience



Louis Bélanger joined TD Asset Management Inc. (TDAM) in February 2016, bringing over 18 years of experience in private debt management. In his current role as lead Portfolio Manager of TDAM's Private Debt initiative, he is responsible for managing private debt portfolios and raising capital on behalf of TDAM's institutional clients. Prior to joining TDAM, Louis served as Managing Director for a Canadian asset management company, where he established the firm's asset management division in 2011 with the creation of the first two private infrastructure debt funds in Canada. In his prior role as Assistant Vice President at a large insurance firm, he managed senior secured private debt transactions within the income trusts, securitization, real estate, project and equipment financing sectors. Louis holds a Bachelor of Economics with Honours from Bishop's University and a Masters of Science in Finance from Université de Sherbrooke. Louis is a CFA charterholder and a certified Financial Risk Manager.

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