

**REPORT TO UNITHOLDERS
FOR THE PERIOD ENDING DECEMBER 31, 2009**

Dear Unitholder:

The members of the independent review committee (“IRC”) of the funds listed in Schedule “A” to this report (collectively, the “Funds” and individually, a “Fund”) managed by TD Asset Management Inc. (“TDAM”) are pleased to submit their report to Unitholders of the Funds required under *National Instrument 81-107, Independent Review Committee for Investment Funds* (“NI 81-107”) for the financial year ended December 31, 2009.

The IRC’s mandate is to review Fund conflict of interest matters identified and referred to the IRC by TDAM and to give its approval or recommendation, depending on the nature of the conflict of interest matter. The IRC’s focus is on the question of whether the manager’s proposed action achieves a fair and reasonable result for the Fund.

At least annually, the IRC reviews and assesses the adequacy and effectiveness of TDAM’s policies and procedures relating to conflict of interest matters in respect of the Funds, and conducts a self-assessment of the IRC’s independence, effectiveness and compensation.

The IRC looks forward to continuing to serve in the best interests of the Funds and working effectively with management of the Funds.

A unitholder in any of the Funds may request a copy of this report free of charge by emailing td.mutualfunds@td.com or by visiting www.tdassetmanagement.com or www.sedar.com.

Paul Moore
Chair of the Independent Review Committee

March 15, 2010

Members of the IRC

The members of the IRC are:

Paul Moore, Chair of the IRC

Peter Gillin

Warren Moysey

Hap Stephen

Messrs. Gillin, Moysey and Stephen were appointed to the predecessor independent committee for the Funds in July, 2003. Paul Moore was appointed to the predecessor independent committee and designated as its Chair in April, 2007. All members of the predecessor independent committee were appointed to sit on the IRC on April 26, 2007 and the committee was reconstituted as the IRC on September 19, 2007 with Mr. Moore as its elected Chair.

The members of the IRC also serve as members of an independent review committee for the non-prospectused investment funds managed by TDAM. None of the members of the IRC serve as a member of an independent review committee for the investment funds managed by another investment fund manager. Having completed its own self-assessment process, the IRC has concluded that none of the members has any relationship that would cause a reasonable person to question the independence of any of the IRC members.

Ownership of Securities by the IRC Members

(a) Funds

As at December 31, 2009, none of the members of the IRC beneficially owned, directly or indirectly, any units of any series of a Fund covered by the report.

(b) Manager

TDAM is a wholly-owned subsidiary of The Toronto-Dominion Bank (the “Bank”). As at December 31, 2009, the members of the IRC beneficially owned, directly or indirectly, in aggregate, less than 0.01 per cent of any class or series of voting or equity securities of the Bank.

(c) Service Providers

As at December 31, 2009, the members of the IRC beneficially owned, directly or indirectly, in the aggregate, less than 0.01 per cent of any class or series of voting or equity securities of any material service provider to TDAM or the Funds.

Compensation and Indemnities Paid to the IRC

The compensation paid to the IRC during the year ended December 31, 2009 was set by the IRC.

The aggregate compensation paid by the Funds to the members of the IRC for the year ended December 31, 2009, was \$245,601.72. Any applicable GST was payable on this amount. The amount of compensation paid was consistent with TDAM's recommendation as to the appropriate level of compensation for the IRC members. This amount was allocated among the Funds in a manner considered by TDAM to be fair and reasonable to the Funds.

At least annually, the IRC reviews its compensation in a manner consistent with good governance practices, giving consideration to, among other factors the IRC considers important, the following factors:

- the best interests of the Funds;
- the number, nature and complexity of the Funds;
- the nature and extent of the workload of each member of the IRC, including the types of conflicts of interest matters referred to the IRC and the commitment of time and energy that is expected from each member;
- compensation paid to independent review committees of comparable fund complexes; and
- the IRC's most recent self-assessment as well as any recommendations concerning IRC compensation and expenses made by TDAM.

No payments were made to a member of the IRC under any indemnity granted in their favour during the year ended December 31, 2009.

Duties of IRC

During 2009 the IRC considered conflict of interest matters that TDAM referred to it for its recommendations, or, where applicable, its approval pursuant to its mandate in accordance with the requirements of Canadian securities law for independent review committees of publicly offered investment funds. The IRC considers conflicts of interest matters referred to it and makes recommendations back to TDAM on whether or not the IRC believes the proposed action of TDAM will achieve a fair and reasonable result for the applicable Funds. Where appropriate, the IRC gives TDAM standing instructions which enable TDAM to act in a particular conflict of interest matter on a continuing basis provided TDAM complies with its policies and procedures established to address that conflict of interest matter and reports periodically to the IRC on the matter.

The IRC is not aware of any material matter in which a condition to a standing instruction approved by it was not met. TDAM has an obligation to notify the IRC of any such instances.

In one non-material matter, a sub-adviser to TDAM purchased debt securities underwritten by an affiliate of TDAM for a Fund despite the securities not having the required credit rating under an applicable standing instruction. This occurred due to a delay in information being provided to TDAM and the sub-adviser, which TDAM addressed with the information provider. The IRC is satisfied that this matter was addressed appropriately by TDAM and does not raise any concerns with TDAM's compliance procedures.

During the period ended December 31, 2009, TDAM acted in reliance on positive recommendations and/or approvals, as applicable, granted by the IRC relating to conflicts of interest matters referred to the IRC. The following is a brief summary of those approvals and recommendations.

Approvals

As permitted by Canadian securities legislation, the Funds may be relieved from certain investment restrictions and practices contained in securities legislation.

In accordance with the requirements of NI 81-102 and NI 81-107 and exemptive relief granted by the Canadian securities regulatory authorities, the IRC has provided approval for the Funds, subject to terms and conditions, to:

1. Invest in or hold securities of related issuers (including The Toronto-Dominion Bank, its affiliates and associates).
2. Invest in the securities of an issuer where TD Securities Inc. or any other affiliate of TDAM (the "Related Dealers") acts as an underwriter during the offering of the securities or at any time during the 60-day period following the completion of the offering of such securities.
3. Purchase equity or debt securities from or sell equity or debt securities to a Related Dealer, where it is acting as principal.
4. Purchase securities from or sell securities to another investment fund or discretionary account managed by TDAM or an affiliate of TDAM (referred to as inter-fund trades or cross-trades).
5. To permit, in certain circumstances, the purchase and redemption of Fund units in consideration for securities rather than cash.
6. Purchase mortgages from an affiliate of TDAM.

With respect to certain of these matters, the IRC is required to advise the Canadian securities regulatory authorities if it determines that an investment decision was not made in accordance with conditions of its approval.

Recommendations

When a conflict of interest matter arises, TDAM must refer the matter, along with its proposed action, to the IRC for its review and recommendations. These are the conflict of interest matters that have been identified by TDAM for the IRC to consider during the period ending December 31, 2009:

1. **Trading with or through a Related Broker-Dealer:** Placing trades on behalf of Funds by a portfolio advisor with or through its related broker-dealers creates a potential conflict of interest, as the Funds absorb the spread or commission costs, while the related broker-dealer receives the income from the spread or commissions paid.
2. **Trading Aggregation and Allocation:** Trade aggregation and allocation creates a potential conflict of interest because a portfolio advisor could aggregate and/or allocate trades in a manner that favours itself instead of its clients or in a manner that favours one or more particular client to the detriment of others.
3. **Client Brokerage Commissions:** A portfolio advisor such as TDAM is permitted to use client brokerage commissions, on behalf of its clients, to obtain products or services (most notably, research) from a broker-dealer in exchange for the direction of client brokerage transactions to that same broker-dealer. The use of client brokerage commissions creates a potential conflict of interest since a portfolio advisor could use the commissions to acquire goods or services that benefit itself instead of the Funds it manages.
4. **Proxy Voting:** In voting securities held by the Funds, a conflict of interest exists in that TDAM or the sub-advisors selected by TDAM may have to choose between decisions that would be advantageous to TDAM or its affiliates, its sub-advisors or certain of its clients and voting in the best interest of the Funds.
5. **Valuing Assets of a Fund:** TDAM has a duty to use fair pricing procedures. In valuing assets of a Fund there is a potential conflict of interest in that a higher net asset value increases the management fees earned by TDAM. Also, overstating the NAV would improve fund performance which could result in greater sales which, in turn, would result in TDAM earning greater revenue.
6. **Net Asset Value Errors:** TDAM has a duty to identify and fix incorrect calculations of the Funds' net asset values. There is a potential for conflict of interest in that correcting net asset value errors may adversely effect TDAM's management fee revenue and/or necessitate TDAM incurring costs to correct such errors.
7. **Trust Accounting:** There exists a potential conflict of interest as TDAM could intermingle the Funds' assets with its own for its own use or benefit.

8. **Allocating Fund Expenses:** There is a potential conflict of interest in allocating Fund expenses because the manager could be motivated to favour one Fund or series over another or to allocate expenses to Funds that TDAM should be bearing itself.
9. **Personal Trading:** TDAM personnel who have access to non-public information regarding the Funds and their investment decisions are in a potential conflict of interest in respect of their own trading.
10. **Business Entertainment and Gifts:** There is a potential for conflict of interest in that TDAM personnel would have an incentive to direct trades to brokers or other business to other service providers, or give preferential treatment to clients, if they were permitted to accept excessive or extravagant entertainment or gifts from such entities.
11. **Portfolio Management and Investment Decisions:** There is the potential for conflict of interest if TDAM were to make investment decisions which favour certain clients over others.
12. **Fund-of-Fund:** There is a potential for conflict of interest when a Fund invests in a TDAM-managed mutual fund or a mutual fund managed by an unrelated third party TDAM could potentially be influenced to use the TDAM-managed fund by considerations related to the financial benefits to accrue to TDAM or its affiliates rather than considerations relating to the best interests of the affected Fund(s).
13. **Unitholder Activity:** A conflict could arise if investors were permitted to engage in trading practices that result in TDAM, or an entity related to TDAM, receiving a benefit as a result of TDAM permitting or being complicit in such activities.
14. **Custody:** The Bank acts as custodian for and holds cash of several Funds which creates a potential conflict of interest as to its selection, and continued retention, as a custodian. The Bank also acts as sub-custodian for the Funds and holds cash of the Funds.
15. **Sales Practices:** A potential conflict of interest exists because TDAM could attempt to influence dealers, including the principal distributor and other affiliated dealers, or their sales representatives to promote the sale of Funds through the provision of inappropriate incentives.
16. **Launching, Merging or Closing Funds:** These actions have the potential to place TDAM in a conflict of interest with the best interests of the Funds that are affected.

The IRC is **not** aware of any instance in which TDAM acted in a conflict of interest matter referred to the IRC for which the IRC **did not** give a positive recommendation.

Schedule A

Funds Covered By This Report

TD Mutual Funds

TD Canadian T-Bill Fund
TD Canadian Money Market Fund
TD Premium Money Market Fund
TD U.S. Money Market Fund
TD Short Term Bond Fund
TD Mortgage Fund
TD Canadian Bond Fund
TD Canadian Core Plus Bond Fund
TD Corporate Bond Capital Yield Fund
TD Real Return Bond Fund
TD Global Bond Fund
TD High Yield Income Fund
TD Monthly Income Fund
TD Balanced Income Fund
TD Diversified Monthly Income Fund
TD Balanced Growth Fund
TD Dividend Income Fund
TD Dividend Growth Fund
TD Income Trust Capital Yield Fund¹
TD Canadian Blue Chip Equity Fund
TD Canadian Equity Fund
TD Canadian Value Fund
TD Canadian Small-Cap Equity Fund
TD North American Dividend Fund
TD U.S. Blue Chip Equity Fund
TD U.S. Quantitative Equity Fund
TD U.S. Large-Cap Value Fund
TD U.S. Large-Cap Value Currency Neutral Fund
TD U.S. Mid-Cap Growth Fund
TD U.S. Small-Cap Equity Fund
TD Global Dividend Fund
TD Global Value Fund
TD Global Select Fund
TD Global Multi-Cap Fund
TD Global Sustainability Fund
TD International Equity Fund
TD International Equity Growth Fund
TD European Growth Fund

¹ Terminated on July 31, 2009.

TD Japanese Growth Fund
TD Asian Growth Fund
TD Pacific Rim Fund
TD Emerging Markets Fund
TD Latin American Growth Fund
TD Resource Fund
TD Energy Fund
TD Precious Metals Fund
TD Entertainment & Communications Fund
TD Science & Technology Fund
TD Health Sciences Fund
TD Canadian Bond Index Fund
TD Balanced Index Fund
TD Canadian Index Fund
TD Dow Jones Industrial AverageSM Index Fund
TD U.S. Index Fund
TD U.S. Index Currency Neutral Fund
TD Nasdaq® Index Fund
TD International Index Fund
TD International Index Currency Neutral Fund
TD European Index Fund
TD Japanese Index Fund
TD Income Advantage Portfolio
TD U.S. Equity Advantage Portfolio
TD U.S. Equity Advantage Currency Neutral Portfolio
TD Global Equity Advantage Portfolio
TD Advantage Conservative Portfolio
TD Advantage Moderate Portfolio
TD Advantage Balanced Portfolio
TD Advantage Growth Portfolio
TD Advantage Equity Portfolio

Comfort Portfolios

TD Comfort Conservative Portfolio
TD Comfort Moderate Portfolio
TD Comfort Balanced Portfolio
TD Comfort Growth Portfolio
TD Comfort Equity Portfolio

TD Managed Assets Program

TD Managed Index Aggressive Growth Portfolio
TD Managed Index Balanced Growth Portfolio
TD Managed Index Income & Moderate Growth Portfolio
TD Managed Index Income Portfolio
TD Managed Index Maximum Equity Growth Portfolio

TD Managed Maximum Equity Growth Portfolio
TD FundSmart Managed Maximum Equity Growth Portfolio
TD Managed Income Portfolio
TD Managed Aggressive Growth Portfolio
TD FundSmart Managed Income Portfolio
TD FundSmart Managed Aggressive Growth Portfolio
TD Managed Balanced Growth Portfolio
TD Managed Income & Moderate Growth Portfolio
TD FundSmart Managed Income & Moderate Growth Portfolio
TD FundSmart Managed Balanced Growth Portfolio

TD Emerald Pooled Funds

TD Emerald Balanced Fund
TD Emerald Canadian Bond Index Fund
TD Emerald Canadian Equity Index Fund
TD Emerald Canadian Short Term Investment Fund
TD Emerald International Equity Index Fund
TD Emerald Global Government Bond Index Fund
TD Emerald U.S. Market Index Fund

TD Emerald Treasury Management Pooled Funds

TD Emerald Canadian Treasury Management Fund
TD Emerald Canadian Treasury Management - Financial Institution Fund²
TD Emerald Canadian Treasury Management - Government of Canada Fund
TD Emerald U.S. Dollar Treasury Management Fund

TD Pools

TD Income Trust Pool³
TD Corporate Bond Pool
TD World Bond Pool
TD Opportunities Pool

TD Private Funds

TD Private Canadian Bond Income Fund
TD Private Canadian Bond Return Fund
TD Private Canadian Corporate Bond Fund
TD Private North American Equity Fund⁴
TD Private Canadian Equity Fund
TD Private Canadian Dividend Fund
TD Private Income Trust Fund⁵

² Terminated on November 25, 2009.

³ Terminated on July 31, 2009.

⁴ Terminated on February 26, 2010.

⁵ Terminated on July 31, 2009.

TD Private U.S. Equity Fund
TD Private U.S. Large-Cap Currency Neutral Fund
TD Private Small/Mid-Cap Equity Fund
TD Private International Equity Fund
TD Private Canadian Strategic Opportunities Fund