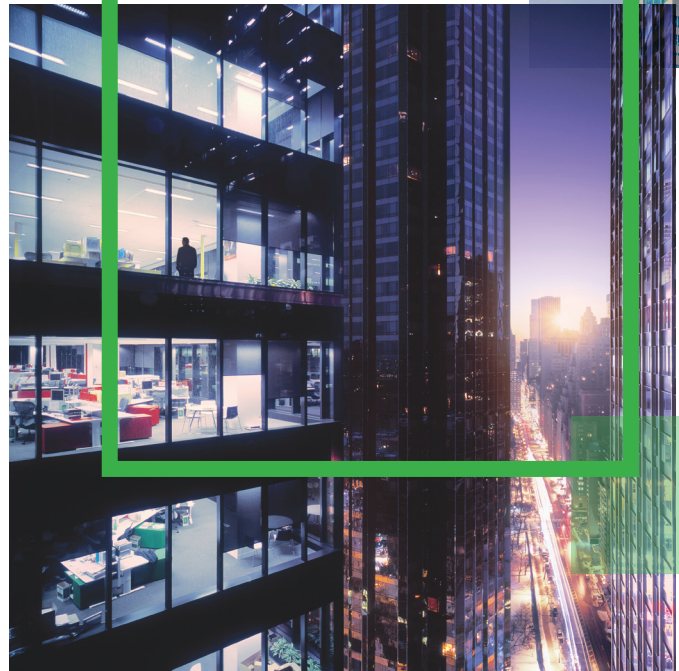




# TD Global Technology Leaders Index ETF



## At a Glance

- **Outperformance of Technology Sector:** Technology companies have experienced tremendous growth and their stocks have delivered impressive returns over the past 10 years.
- **Investment Opportunities Abound:** Broad exposure to the technology sector through large-cap and emerging tech companies, could be key to capturing higher return potential.
- **TD Global Technology Leaders Index ETF:** Invest in the growth potential of the expansive technology universe. Access emerging themes and established growth-oriented companies - in a single solution.

## Invest in Technology Leaders and Emerging Technology - in a Single Solution.

TD Asset Management Inc. (TDAM) has launched the TD Global Technology Leaders Index Exchange Traded Fund (ETF). The ETF provides access to a universe of technology companies, representing large and mid-cap equities across 34 developed countries, including Canada and the United States.

## Today's Tech Giants Pave Way for Innovators of Tomorrow

Our continuous drive to revolutionize how we produce, consume, and communicate, has led to achievements that have greatly reshaped the human experience. Through technological progress and innovation, we can now accomplish almost anything with the click of a button or swipe of a finger. Many expect the next decade to be another era of unprecedented change and advancement.

The technology giants of today were once gutsy innovators and market disruptors who seemed to stand no chance against an entrenched status quo. For instance, in their infancy Facebook, Apple Inc., Amazon, Netflix, and Google, collectively known as "FAANG," were trailblazers that articulated a vision for the future that their competitors failed to replicate. As these companies revolutionized their respective industries, and continued

to grow, their share valuations followed suit. Now a new generation of companies are positioning themselves to follow in the footsteps of these global giants; poised to deliver the next breakthroughs in technology.

## Technology Outperformance Fuels Growth in ETFs

The relative outperformance of technology companies compared to 'non-tech' companies has helped drive investor interest and fuel growth in the sector. The visual below illustrates how the accelerated rise of **specific technology companies**, over the last ten years, have grown to exceed the market capitalization of recognizable large-cap corporations from other sectors. The mobile and internet revolution has fundamentally reshaped the way we do business, propelling technology companies to become some of the most valuable firms in the world.

Current Rank (By Mkt.Cap)	Company	2009 Rank	± Rank Change
1	Microsoft Corp.	6	+5 ▲
2	Apple Inc.	42	+40 ▲
3	Amazon.com Inc.	167	+164 ▲
4	Alphabet Inc. (A)	21	+17 ▲
5	Berkshire Hathaway (A)	12	+7 ▲
6	Facebook Inc. (A)	na	na
7	Alibaba Group	na	na
8	Tencent	505	+497 ▲
9	Johnson & Johnson	7	-2 ▼
10	JPMorgan Chase	31	+21 ▲
11	Exxon Mobil Corp.	1	-10 ▼
12	Ind. & Comm. Bank (A)	5	-7 ▼
13	Visa Inc. (A)	83	+70 ▲
14	Walmart Inc.	4	-10 ▼
15	Bank of America	109	+94 ▲

Source: TDAM, Bloomberg Finance LP (As at February 2019. 2009 rank as at February 2009).

The rapid growth of technology stocks helps to explain the significant increase in the popularity of technology ETFs over the past decade. This trend has also contributed to the recent rise in product offerings, where of the 22 technology related ETFs listed in Canada, a majority were launched in 2017 or later. This is not surprising considering that ETFs have provided an efficient means for investors to participate in the

above average returns of the sector.

This rapid expansion begs the question: are these high returns sustainable, and does technology still represent a compelling investment opportunity? TDAM believes that attractive, wide-ranging opportunities will continue to emerge, and tapping into this growth potential can be best accomplished through broad sector diversification.

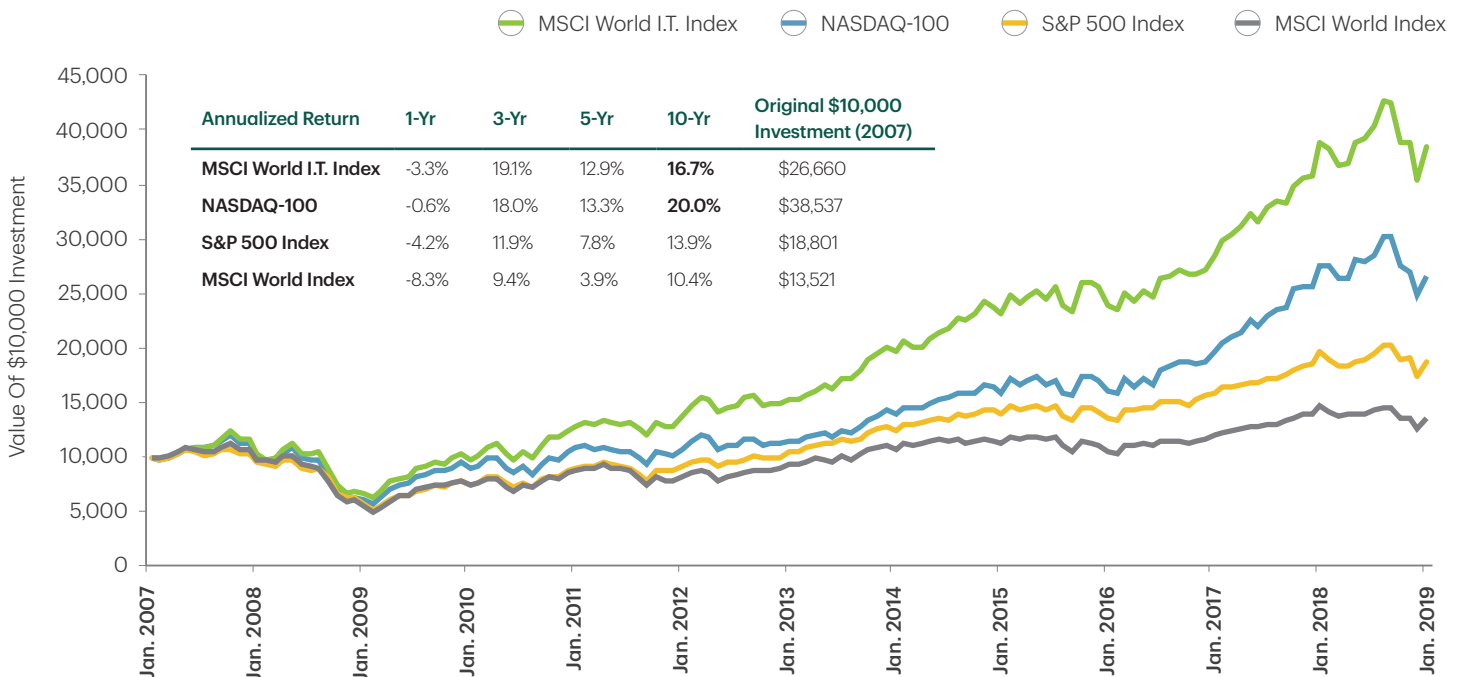
## Broad Exposure Key to Capturing Growth

Innovation never stops. Pioneering companies are working relentlessly to reshape the fabric of our society and economy. With the development of new products and services that gain wide user acceptance, these companies can influence and disrupt conventional businesses. As they further solidify their industry positioning, increase revenue-generating potential and grow cash flow, they become compelling investment options. For example, industry disruptors can be found in emerging technologies that include:

Artificial Intelligence, Virtual Reality and 3D Printing & Automation, to name a few.

Many emerging technology companies are represented in the MSCI World Information Technology and NASDAQ-100 Indexes. As captured in the chart below, these indexes have outperformed the broader S&P 500 Index and MSCI World Index, that have less technology exposure. Technology's outperformance underscores the importance of ensuring your investment portfolio has adequate exposure to the sector, as this can provide access to some the fastest growing investment opportunities.

## MSCI World Information Technology & NASDAQ-100 Vs. S&P 500 and MSCI World Index



Source: TDAM, Bloomberg Finance LP, All returns in USD as at Jan/31/2019.

While the NASDAQ-100 Index does provide exposure to some of the fastest growing companies in the U.S., not all are within the technology sector. And while the MSCI World Information Technology Index provides greater technology exposure, it can exclude some non pure-play technology names like Amazon.

Additionally, many technology ETF indices provide little to no exposure to non-U.S. companies, as is the case with the NASDAQ-100 Index<sup>1</sup>. Technological innovation is not confined to the U.S. and given the magnitude and pace of change within the tech universe, excluding investments from other parts of the world could result in missed opportunities.

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## Technology Niche and Index Replicating ETFs

There are two primary types of technology ETF products on the market today: **Niche** and **index replication**.

- **Niche products.** While niche strategies may provide exposure to emerging technologies, they exclude more recognizable and established companies. This can result in concentration risk, particularly if the specific theme is not sustainable or successful over time.

- **Index Replicating.** The majority of technology ETFs replicate major indexes or subsectors of the S&P/TSX Composite Index, S&P 500 Index and NASDAQ-100 Index. As mentioned, these products can provide access to familiar stocks and some emerging technologies but may lack exposure to non-traditional tech areas or be limited to a specific sector. For example, some technology ETFs invest in only 20-40 companies, consisting of several smaller-cap companies, concentrated in the same subsector, or located only in the United States.

**Investors seeking the greatest return potential from a broadly diversified portfolio of pure technology companies,** can look to the **TD Global Technology Leaders Index ETF** – a solution that seeks to capture emerging and future growth trends, from anywhere in the world.

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## The TD Global Technology Leaders Index ETF advantages:

### Broad Exposure in a Single Solution

The primary advantage of the TD Global Technology Leaders Index ETF is that it seeks to offer broader diversification to the technology universe compared to typical niche or index replication investments. This ETF consists of nearly 200 technology related companies, across a variety of emerging themes like Cybersecurity, Automobile Innovation and Blockchain, in addition to recognizable large-cap technology names.

The dynamic nature of this ETF strives to capture the growth of expanding technology, from anywhere in the world, by providing exposure to the full spectrum of tech. It also provides access to technology related companies in non-traditional tech sectors such as Fintech (Financials), E-Commerce (Consumer Discretionary) and 3D Printing/Automation (Industrials).

The following highlights some key differentiators between the TD Global Technology Leaders Index ETF, versus Niche and Index Replicating products.

ETF Type	Broad Exposure to Technology	Access to Emerging Tech Themes	Access to Large-Cap Tech Companies	Management Fee
<b>TD Global Technology Leaders ETF</b> (Solactive Global Technology Index Total Return Index)	✓	✓	✓	Attractively priced at 0.35%
<b>Niche Technology ETFs</b>	✗	✓	✗	Competing ETFs can range from ~0.60% to 1.50% or higher
<b>ETF Index Replication</b> -i.e. NASDAQ-100 Index (54% technology, 46% non-tech)	Moderate	Minimal	✓	Competing ETFs can range from ~0.30% to 0.60%

Source: TDAM, Morningstar direct, Simfund as at December 31, 2018.

### Constructed to Maximize Growth Potential

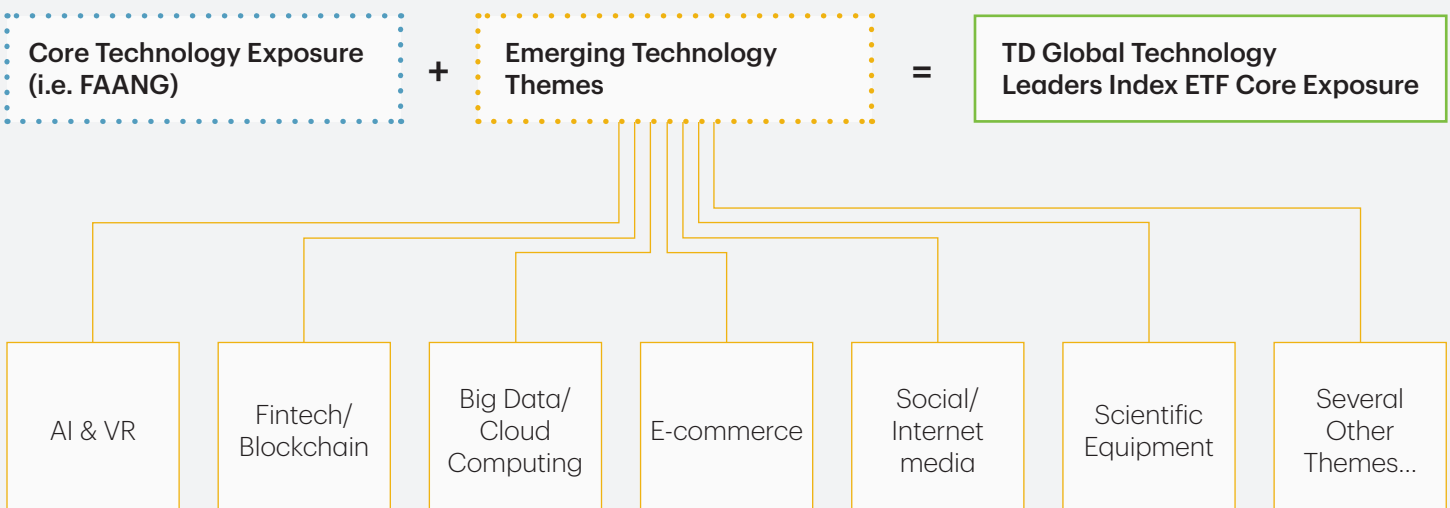
In seeking the greatest growth potential, this new diversified ETF developed by TDAM is constructed to provide access to the expansive technology universe. This includes

investments in emerging themes and established large-cap technology companies – so that you can participate in the fastest growing tech segments, to maximize return potential.

### Invest in Today's Largest and Fastest Growing Tech Companies

There's no need to choose between recognizable technology names and emerging companies that are at the forefront of innovation. The TD Global Technology Leaders Index ETF provides access to the companies striving to reshape the technology landscape, as well as some of today's largest technology names.

#### Exposure to Multiple Themes That Are Driving Innovation



The key characteristics of the TD Global Technology Leaders Index ETF are highlighted below.

## TD Global Technology Leaders Index ETF

<b>ETF Ticker Symbol</b>	<b>TEC</b> (Toronto Stock Exchange)
<b>Broad Technology diversification</b>	Construction focuses on several emerging themes, not just one. Exposure to the global technology sector with access to companies that are developing new technologies.
<b>Custom Index</b>	Seeks to track the Solactive Global Technology Leaders Index, a custom index TDAM designed in partnership with Solactive.
<b>Capitalization Threshold</b>	Minimum market capitalization threshold of \$1Bn (US\$) to capture companies with the greatest potential for growth without sacrificing liquidity.
<b>Benchmark Characteristics</b>	The benchmark index is primarily technology focused followed by technology related companies in non-traditional areas (i.e. Fintech (Financials), E-Commerce (Consumer Discretionary) and 3D Printing/Automation (Industrials)).
<b>Emerging Opportunities</b>	As new themes or investment opportunities emerge, TDAM can request a thorough review with Solactive to incorporate new companies into the index. This review may occur once annually.

As technology advancements continue to benefit society, new investment opportunities will continue to emerge over time. These opportunities may include several of the high-profile technology companies planning an Initial Public Offering in 2019, and our new ETF has a good chance of capturing these investments due to its construction.

The TD Technology Leaders ETF is a single product solution, capable of providing broad-based exposure to expanding tech-based businesses and established future-focused global giants. This new TDAM ETF aims to offer a unique opportunity to invest in the future – today. ■

# Technology Leaders



## About TD Asset Management

TD Asset Management (TDAM), a member of TD Bank Group, is a North American investment management firm. Operating through TD Asset Management Inc. in Canada and TDAM USA Inc. in the U.S., TDAM brings new thinking to investors' most important challenges. TDAM offers investment solutions to corporations, pension funds, endowments, foundations and individual investors. Additionally, TDAM manages assets on behalf of almost 2 million retail investors and offers a broadly diversified suite of investment solutions including mutual funds, professionally managed portfolios and corporate class funds. Asset management businesses at TD manage \$366.9 billion in assets as at December 31, 2018. Assets under management include TD Asset Management Inc., TDAM USA Inc., Epoch Investment Partners Inc. (Epoch) and TD Greystone Asset Management. TD Greystone Asset Management represents Greystone Managed Investments Inc., a wholly-owned subsidiary of Greystone Capital Management Inc. All entities are wholly-owned subsidiaries of The Toronto-Dominion Bank.

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<sup>1</sup> Source: NASDAQ, March 29 2019, NASDAQ 100, <[https://indexes.nasdaqomx.com/docs/FS\\_NDX.pdf](https://indexes.nasdaqomx.com/docs/FS_NDX.pdf)>.

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