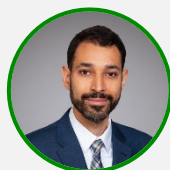




# TD Global Healthcare Leaders Index ETF



As of April 30, 2024



## Analyst Commentary

**Tarik Aeta, CFA**

Vice President  
Portfolio Manager

In April 2024, TD Asset Management Inc., ("TDAM", "we", "our") celebrated an important milestone; the 3-year anniversary of the TD Global Healthcare Leaders Index ETF ("TDOC"). We continue to believe that Health Care is an attractive sector, and that investors may want to consider an allocation to this sector, particularly over the long-term and within a diversified portfolio.

Looking beyond investment implications, our personal health is our greatest asset, and the cornerstone that enables all other aspects of our lives. The 'right to health' has been codified as a human right by the United Nations, and with governments, individuals, and corporations investing ever growing amounts into healthcare. The Health Care sector has historically provided strong growth and low sensitivity to economic cycles. Historically, this has often allowed the sector to post returns ahead of the broader equity markets over the long-term, and with less volatility on the aggregate.

With the goal of providing investors with a vehicle to tap into this secular growth, TDOC was launched in April 2021. The primary goal of TDOC is to provide investors with broad based global exposure to the Health Care sector, with the hopes of capitalizing on the secular trends driving growth within the sector, but without the risk of investing in a narrow niche or industry group.

When it came time to designing our own healthcare exchanged traded fund ("ETF"), we wanted to separate TDOC from other ETFs on the market and aimed to address many of the pain points other ETFs had not yet addressed. We continue to see opportunities in the healthcare industry, and we feel the decision to add TDOC to an investment portfolio remains worth consideration as:

- TDOC aims to provide investors with diversified access to the global Health Care sector and across a broad range of innovative companies.
- TDOC has a capped methodology, with the weight of mega-cap companies capped at 2%. This reduces the weight allocated to slower growing mega-cap pharmaceutical companies. Instead, TDOC tilts its weight towards higher growing areas of the market, such as the biotechnology, medical devices, life science tools, and healthcare services industries.
- TDOC was designed to deliver a low-cost structure while providing comprehensive exposure to the global healthcare industry.

Reviewing TDOC's performance since its launch, we are pleased with what the ETF has been able to achieve. In the three years ending April 30, 2024, TDOC has delivered a 7.1% compounded total return. That said, healthcare has underperformed the broader equity market since the start of 2023, as COVID-19-related revenues including vaccines, antivirals, testing, and vaccine manufacturing equipment has rolled-off. However, we believe the sector is much better positioned moving forward, with earnings having reset to a lower and more sustainable base, and with valuations versus the broader equity market attractive at current levels.

Looking ahead, we continue to believe that TDOC is well positioned to capitalize on the secular tailwinds within the Health Care sector. When combined with attractive sector valuations versus the broader market, we believe the set-up for TDOC is attractive over a multi-year horizon.

## Standard Performance – TD Global Healthcare Leaders Index ETF

Performance	1 Month	3 Months	6 Months	1 Year	Since Inception	Inception Date
TD Global Healthcare Leaders Index ETF	-3.01%	2.26%	12.46%	3.16%	7.49%	04/07/21

Source: TD Asset Management Inc., as of April 30, 2024. Returns for periods greater than one year are annualized.

For more information,  
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