

TD Canadian Blue Chip Equity Fund – Portfolio Management Change

TD Asset Management Announcement

On July 14, TD Asset Management (TDAM) announced that the TD Canadian Blue Chip Equity Fund currently managed by Jarislowsky Fraser Limited, will be managed in house effective September 30, 2010. This decision was made because TDAM has already been managing a Canadian blue chip strategy for over 15 years for TD Waterhouse Private Investment Counsel. They think that this expertise will benefit investors in the TD Canadian Blue Chip Equity Fund. Jarislowsky Fraser had been the portfolio adviser of the TD Canadian Blue Chip Equity Fund since 1999.

The TD Canadian Blue Chip Equity Fund is held in 6 Meritage Portfolios®. Therefore, this announcement will trigger a due diligence process to assess this change of management.

Due Diligence Process

The Meritage Portfolios® are dedicated to providing the best blend of the best third-party funds. Therefore, the following steps of our due diligence process will be undertaken:

1. A complete review of the new manager's track record, according to the Select Rating System criteria:
 - √ Manager tenure
 - √ Value added by the manager
 - √ Complete downside risk analysis
 - √ Returns per unit of risk
 - √ Other observations: holdings-based style consistency, correlation with the other equity funds already in Meritage, downside and upside capture ratios, validation of management team continuity and additional qualitative data provided by Aon Consulting.
2. Analysis and comparisons with alternative Canadian equity funds within a comparable universe will also be made.
3. Aon Consulting will review the analysis process. They will validate the screening criteria, the quantitative model and the final selection. The recommendation will then be submitted to the Meritage Investment Committee.