



2009 Interim Report (unaudited)

TD Canadian Quantitative  
Research Portfolio

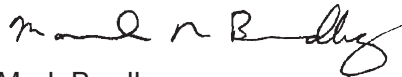
## Disclosure of Auditor's Review:

TD Canadian Quantitative Research Portfolio

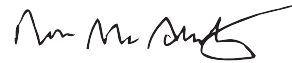
The accompanying unaudited interim financial statements have been prepared by First Defined Portfolio Management Co., the Manager of the TD Canadian Quantitative Research Portfolio (the "Trust"). The Trust's Manager is responsible for the information and representations contained in these interim financial statements and other sections of the report.

The Trust's independent auditors have not performed a review of these interim financial statements.

The interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and include certain amounts that are based on estimates and judgments. The significant accounting policies which management believes are appropriate for the Trust is described in note 3 to the interim financial statements.



Mark Bradley  
Director



Ron McAlister  
Director

# First Trust Portfolios Canada

## TD Canadian Quantitative Research Portfolio

### SCHEDULE OF INVESTMENTS As at December 31, 2009 (unaudited)

Number of Shares	Category	Average Cost (\$)	Fair Value (\$)	% of Total
113,811	Bank of Montreal	4,138,197	6,349,515	4.92
175,781	Bank of Nova Scotia	6,689,001	8,646,666	6.70
106,065	Barrick Gold Corp.	4,306,932	4,391,091	3.41
152,542	BCE Inc.	4,109,003	4,416,091	3.43
287,805	Bombardier Inc.	1,341,641	1,378,586	1.07
86,997	Cameco Corp.	2,433,647	2,941,369	2.28
63,758	Canadian Imperial Bank of Commerce	3,497,545	4,332,356	3.36
49,457	Canadian National Railway Co.	2,115,359	2,826,468	2.19
57,799	Canadian Pacific Railway Ltd.	2,573,824	3,277,203	2.54
57,597	Canadian Tire Corp. Ltd.	3,310,092	3,303,188	2.56
115,599	Cenovus Energy Inc.	3,493,015	3,059,906	2.37
92,956	Enbridge Inc.	3,447,900	4,513,014	3.50
115,599	EnCana Corp.	3,720,242	3,936,146	3.05
99,510	Fortis Inc.	2,291,415	2,853,947	2.21
100,702	Goldcorp Inc.	3,648,740	4,160,000	3.23
153,138	Husky Energy Inc.	5,524,392	4,597,203	3.57
83,422	Imperial Oil Ltd.	3,818,687	3,387,767	2.63
21,526	Inmet Mining Corp.	1,374,299	1,368,193	1.06
48,861	Intact Financial Corp.	1,679,454	1,801,994	1.40
45,882	Loblaw Cos Ltd.	1,460,198	1,551,729	1.20
340,106	Lundin Mining Corp.	1,437,764	1,452,253	1.13
41,115	Magna International Inc.	1,928,126	2,186,496	1.70
228,218	Manulife Financial Corp.	6,519,910	4,404,607	3.42
74,484	Metro Inc.	2,220,930	2,919,773	2.26
44,098	National Bank of Canada	2,516,426	2,652,936	2.06
98,318	Pan American Silver Corp.	2,631,643	2,456,967	1.91
39,327	Petrobank Energy & Resources Ltd.	1,988,218	2,006,857	1.56
32,773	Potash Corp. of Saskatchewan Inc.	3,254,294	3,739,727	2.90
259,203	Power Corp. of Canada	7,900,269	7,547,990	5.85
58,395	Research In Motion Ltd.	4,218,498	4,143,709	3.21
100,702	Rogers Communications Inc.	3,334,439	3,278,857	2.54
119,770	Royal Bank of Canada	5,215,192	6,750,237	5.24
101,298	Shaw Communications Inc.	1,949,254	2,188,037	1.70
79,846	Shoppers Drug Mart Corp.	3,776,950	3,624,210	2.81
174,590	Suncor Energy Inc.	5,401,211	6,479,035	5.03
<b>Total investments</b>		<b>119,266,707</b>	<b>128,924,123</b>	<b>100.00</b>
<b>Transaction costs</b>		<b>(65,832)</b>	<b>-</b>	<b>-</b>
<b>Net investments</b>		<b>119,200,875</b>	<b>128,924,123</b>	<b>100.00</b>

# First Trust Portfolios Canada

## TD Canadian Quantitative Research Portfolio

### STATEMENTS OF NET ASSETS As at December 31 (unaudited) and June 30 (audited)

	December 31, 2009 (\$)	June 30, 2009 (\$)
<b>Assets</b>		
Investments, at fair value	128,924,123	111,510,793
Cash	7,696,787	10,279,296
Subscription receivable	197,162	484,167
Accrued investment income receivable	350,040	235,132
Due from Manager	8,875	77,977
	137,176,987	122,587,365
<b>Liabilities</b>		
Accrued liabilities	457,416	289,802
Redemptions payable	65,092	919,214
	522,508	1,209,016
<b>Total net assets and unitholders' equity</b>	136,654,479	121,378,349
<b>Total Unitholder Equity for each class</b>		
Series A	114,178,876	100,715,836
Series F	22,475,603	20,662,513
<b>Units outstanding [note 5]</b>		
Series A	10,640,125	9,999,439
Series F	2,008,294	1,977,442
<b>Net assets per class</b>		
Series A	10.73	10.07
Series F	11.19	10.45
Investments, at average cost	119,200,875	107,026,320

### STATEMENTS OF OPERATIONS For the periods ended December 31 (unaudited)

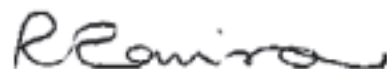
	December 31, 2009 (\$)	December 31, 2008 (\$)
<b>Revenues</b>		
Dividends, net of withholding taxes	1,780,296	1,183,084
Interest	—	112,065
Other income	635	13,457
	1,780,931	1,308,606
<b>Expenses [note 6]</b>		
Management fees	970,624	763,242
Custody fees	121,391	68,334
Securityholder reporting costs	68,703	61,556
Independent Review Committee fees	13,022	7,837
Audit fees	9,829	14,362
Other expenses	7,791	58,064
Trustee fees	2,500	2,500
Interest expenses	—	56
	1,193,860	975,951
<b>Net investment income</b>	587,071	332,655
<b>Realized and unrealized gain (loss) on investments</b>		
Net realized gain (loss) on investments [note 7]	2,533,133	(6,334,655)
Transaction costs [note 3]	(51,005)	(60,469)
Change in unrealized appreciation (depreciation) of investments	5,238,776	(26,262,138)
Change in unrealized depreciation of foreign currencies	(250)	(150)
<b>Net gain (loss) on investments</b>	7,720,654	(32,657,412)
<b>Net increase (decrease) in net assets resulting from operations</b>	8,307,725	(32,324,757)
<b>Increase (decrease) in net assets from operations for each class</b>		
Series A	6,846,465	(27,129,411)
Series F	1,461,260	(5,195,346)
<b>Increase (decrease) in net assets from operations per unit</b>		
Series A	0.66	(3.37)
Series F	0.75	(3.31)

See accompanying notes.

On behalf of the Trustee,  
RBC Dexia Investor Services Trust



..... Trustee



..... Trustee

# First Trust Portfolios Canada

## TD Canadian Quantitative Research Portfolio

### STATEMENTS OF CHANGES IN NET ASSETS For the periods ended December 31 (unaudited)

	2009 Series A (\$)	2008 Series A (\$)	2009 Series F (\$)	2008 Series F (\$)
<b>Net assets, beginning of period</b>	100,715,836	92,953,289	20,662,513	17,970,748
<b>Net increase (decrease) in net assets resulting from operations</b>	6,846,465	(27,129,411)	1,461,260	(5,195,346)
<b>Capital unit transactions [note 5]</b>				
Proceeds from issuance of units	17,931,306	15,956,258	3,331,077	6,175,955
Redemption of units	(11,314,731)	(7,723,800)	(2,979,247)	(2,037,763)
	6,616,575	8,232,458	351,830	4,138,192
<b>Increase (decrease) in net assets for the period</b>	13,463,040	(18,896,953)	1,813,090	(1,057,154)
<b>Net assets, end of period</b>	114,178,876	74,056,336	22,475,603	16,913,594
			<b>2009 Total (\$)</b>	<b>2008 Total (\$)</b>
<b>Net assets, beginning of period</b>			121,378,349	110,924,037
<b>Net increase (decrease) in net assets resulting from operations</b>			8,307,725	(32,324,757)
<b>Capital unit transactions [note 5]</b>				
Proceeds from issuance of units			21,262,383	22,132,213
Redemption of units			(14,293,978)	(9,761,563)
			6,968,405	12,370,650
<b>Increase (decrease) in net assets for the period</b>			15,276,130	(19,954,107)
<b>Net assets, end of period</b>			136,654,479	90,969,930

See accompanying notes.

## TD Canadian Quantitative Research Portfolio

Notes to Financial Statements

December 31, 2009 and 2008 (unaudited)

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### 1. THE TRUST

TD Canadian Quantitative Research Portfolio (the "Trust") is part of a series of investment trusts offered under the name First Trust Portfolios, all of which have a portfolio of securities and different investment objectives.

The Trust was created under the laws of the Province of Ontario pursuant to a trust agreement on January 13, 2006. The units of the Trust are offered on a continuous basis. Units of the Trust may be redeemed at the net asset value thereof next determined following receipt by the Trust of an application for redemption.

The Trust is an open-ended fund without a pre-determined termination or closing date. First Defined Portfolio Management Co. is Manager of the Trust.

### 2. INVESTMENT STRATEGIES

The fundamental investment objective of the Trust is to provide long-term growth of capital by investing primarily in equity securities of large cap Canadian issuers.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Manager to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reported period. Actual results may differ from those estimates.

#### Adoption of New Accounting Standards

Effective July 1, 2009, the Trust adopted the recent amendments to CICA 3862, Financial Instruments – Disclosures. Disclosures about fair value of Financial Instruments, requires the disclosure of the estimated fair value of financial instruments. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Trust's financial instruments are recorded at fair value or at amounts that approximates fair value in the financial statements.

An amendment to CICA 3862, Financial Instruments – Disclosures, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows.

- Level 1 Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Investment Manager has the ability to access at the measurement date.
- Level 2 Inputs other than quoted prices that is observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.
- Level 3 One or more significant pricing inputs are unobservable for the financial asset or liability and include situations where there is little, if any, market activity for the financial asset or liability. The inputs into the determination of fair value require significant management judgment or estimation.

## TD Canadian Quantitative Research Portfolio

Notes to Financial Statements

December 31, 2009 and 2008 (unaudited)

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital Disclosures

Section 1535 (Capital Disclosures) specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data and qualitative information about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. Section 1535 does not have a significant impact on the Trust's disclosures as: (i) the Trust's objectives, policies and processes are described in Note 2; (ii) information on the Trust's unitholders' equity is described in Note 5; and (iii) the Trust does not have any externally imposed capital requirements.

#### Financial Instruments

The Trust adopted new CICA Handbook sections 3862, "Financial Instruments – Disclosures" ("Section 3862") and 3863, "Financial Instruments – Presentation" ("Section 3863"), replacing the previous section 3861. Section 3862 requires enhanced disclosure of the nature and extent of the risks arising from financial instruments, and how the Trust manages those risks (which disclosure is contained in Note 10, "Financial risk management"). Section 3863 carries forward unchanged the presentation requirements of section 3861 with respect to financial instruments.

#### Transaction Costs

Transaction costs, such as brokerage commissions, incurred in the purchase and sale of securities be charged to net investment income in the period incurred. Transaction costs are presented as a separate line item in the Statements of Operations.

#### Valuation of Investments

Investments in listed securities are measured at fair value, which is determined in reference to their quoted bid prices on the principal securities exchange on which the issue is traded. The difference between the fair value and average cost is included in unitholders' equity as unrealized appreciation (depreciation) on investments.

A different net assets value is calculated for each series of units of a trust. The net assets value of a particular series of units is computed by calculating the value of the series' proportionate share of the assets and liabilities of the fund common to all series less direct expenses attributable only to that series. The net assets value is divided by the number of units outstanding for each series on the day of valuation to compute net assets value per unit. Other expenses are allocated proportionately to each series based upon the relative net assets value of each series. Expenses are accrued daily.

#### Investment transactions and gains and losses on disposal of investments

Investment transactions are accounted for on the trade date. Realized gains and losses from investments are determined on an average cost basis.

#### Recognition of income and expenses

Income from investment transactions is recognized on an accrual basis. Interest income is recognized as earned and dividends and distribution income are recognized on the ex-dividend date.

# First Trust Portfolios Canada

## TD Canadian Quantitative Research Portfolio

Notes to Financial Statements

December 31, 2009 and 2008 (unaudited)

### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Foreign currencies

The financial statements are prepared in Canadian Dollars. Investments purchased or sold in foreign currencies are translated into Canadian dollars using the exchange rate prevailing on the trade date. Income on foreign investments is recorded net of withholding taxes and is translated at the rate of exchange on the dates of such transactions. The fair values of investments and other assets and liabilities in foreign currencies are translated at the year-end exchange rates.

#### Increase (decrease) in net assets from operations per unit

Increase (decrease) in net assets from operations per unit represents the increase (decrease) in net assets from operations by series divided by the average units outstanding per series during the period.

### 4. FAIR VALUE DISCLOSURES

The Trust's assets recorded at fair value have been categorised based upon a fair value hierarchy in accordance with the amendments to CICA 3862. See Note 3 for a discussion of the Trust's policies regarding this hierarchy. The following fair value hierarchy table presents information about the Trust's assets measured at fair value on a recurring basis as of December 31, 2009.

	Financial Assets at Fair Value as at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Equities	128,924,123	–	–	128,924,123
	128,924,123	–	–	128,924,123

As of December 31, 2009, there were no transfers of investment between level 1 and level 2.

### 5. UNITHOLDERS' EQUITY

The Trust is authorized to issue two Series of units; Series A and Series F. Series A are available for any investor. Series F is only available to clients of certain dealers and brokers who have agreements with the Manager of the Trust.

Units of the Trust are offered on a continuous basis and may be redeemed at the net asset value for transactional purposes thereof next determined following receipt by the Fund of an application for redemption. The Trust is an open-ended fund with no pre-determined termination or closing date.

Sales charge is payable up to 2% of the purchase price of Series A. No sales charge is applicable for Series F.

The Trust issued (redeemed) the following shares during the periods ended December 31 (unaudited) and June 30:

	December 31, 2009			June 30, 2009		
	Issued	Redeemed	Outstanding	Issued	Redeemed	Outstanding
Series A	1,742,845	(1,102,159)	10,640,125	3,906,674	(1,414,545)	9,999,439
Series F	308,358	(277,505)	2,008,294	1,027,179	(463,376)	1,977,442

# First Trust Portfolios Canada

## TD Canadian Quantitative Research Portfolio

Notes to Financial Statements

December 31, 2009 and 2008 (unaudited)

### 6. MANAGEMENT FEES AND EXPENSES

The Manager is entitled to receive management fees from the Trust at the annual rates set out below:

	Annual Management Fee (payable monthly) (%)
Series A	1.95
Series F	0.95

The management fee payable monthly is accrued daily and is based on the daily net asset value. The Manager has agreed to waive all or a portion of its fees or absorb any expenses of the Trust which would cause the management expense ratio to exceed 1.95% and 0.95% for Series A and Series F respectively. For purposes of the foregoing, the expenses referred to above do not include income taxes, GST, brokerage commissions, and reasonable costs relating to the operation of the Independent Review Committee or extra-ordinary expenses such as litigation.

### 7. NET REALIZED GAIN (LOSS) ON INVESTMENTS

The net realized gain (loss) on sale of investments was as follows:

	2009 (\$)	2008 (\$)
Cost of investments at beginning of period	107,026,320	87,919,032
Add: Purchases of investments during the period	44,459,260	49,684,037
	151,485,580	137,603,069
Less: Cost of investments at end of period	119,200,875	99,344,366
Cost of investments sold during the period	32,284,705	38,258,703
Less: Proceeds from sale of investments	34,817,978	31,924,048
	2,533,273	(6,334,655)
Add: Net foreign exchange loss	(140)	—
Net realized gain (loss) on investments	2,533,133	(6,334,655)

### 8. TAXATION

#### Income taxes

The Trust qualifies as a mutual fund trust under the provisions of the Income Tax Act (Canada) (the "Act"). The Trust will generally not be subject to tax under Part I of the Income Tax Act (Canada) in respect of its net income or net realized capital gain in each taxation year to the extent that such net income and net realized capital gain are paid or payable in the year to the unit holders. No amount was payable on account of income taxes for the year.

#### Distributions

Distributions of net income of the Trust are made semi-annually on the last business day of June and on December 15. Distributions of sufficient net realized capital gains (reduced by loss carry-forwards, if any) are made on December 15 to ensure that the Trust will not be liable for income taxes. All distributions are reinvested.

#### Tax loss carry-forwards

The capital losses for income tax purposes may be carried forward indefinitely and applied against capital gains realized in future periods. The capital losses as at December 15, 2009 were \$9,410,737 (2008 – \$2,757,854).

## TD Canadian Quantitative Research Portfolio

Notes to Financial Statements

December 31, 2009 and 2008 (unaudited)

### 9. COMMISSION

Total commissions and other transaction costs paid or payable to dealers by the investment trust for its portfolio transactions during the period reported were \$51,005 (2008 – \$60,469). There were no soft dollars paid during the period (2008 – nil).

### 10. FINANCIAL RISK MANAGEMENT

The Trust's financial instruments consist of cash, investments, and other short-term account receivables and account payables. As a result, the Trust is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. The most important risks include market risk, interest rate risk, credit risk, liquidity risk and currency risk. These risks and related risk management practices employed by the Trust are discussed below:

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The investments of the Trust are subject to normal market fluctuations and the risks inherent in investment in financial markets. The maximum risk resulting from financial instruments held by the Trust is determined by the fair value of the financial instruments. The Manager moderates this risk through a careful selection of securities within specified limits and the Trust's market price risk is managed through diversification of the investment portfolio. The Investment Manager monitors the Trust's overall market positions on a daily basis and positions are maintained within established ranges. As at December 31, 2009 and June 30, 2009, the overall market exposures were as follows:

	At December 31, 2009		At June 30, 2009	
	Fair Value (\$)	% Net Assets	Fair Value (\$)	% Net Assets
Securities held for trading	128,924,123	94.34%	111,510,793	91.93%
<b>Total market exposure</b>	<b>128,924,123</b>	<b>94.34%</b>	<b>111,510,793</b>	<b>91.93%</b>

As at December 31, 2009, the Trust's market risk is affected by three main components: changes in actual market prices, interest rates and foreign currency movements. If the following index had increased (decreased) by 5% at December 31, 2009, with all other variables held constant, this would have approximately increased (decreased) net assets as follows:

Market Sensitivity	December 31, 2009		June 30, 2009	
	5% Increase (\$)	5% Decrease (\$)	5% Increase (\$)	5% Decrease (\$)
<b>Index</b>				
S&P/TSX Composite Index	16,056,987	16,056,987	5,276,909	5,276,909
<b>Total</b>	<b>16,056,987</b>	<b>16,056,987</b>	<b>5,276,909</b>	<b>5,276,909</b>

#### Interest rate risk

The majority of the Trust's financial assets and liabilities are non-interest bearing. As a result, the Trust is not subject to a significant amount of interest rate risk due to fluctuations in the prevailing level of market interest rates.

#### Credit risk

As at December 31, 2009, the Trust had no significant investments in debt instruments and/or derivatives.

## TD Canadian Quantitative Research Portfolio

Notes to Financial Statements

December 31, 2009 and 2008 (unaudited)

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### 10. FINANCIAL RISK MANAGEMENT (continued)

#### Liquidity risk

The Trust is exposed to daily cash redemptions of redeemable units. Therefore, the Trust invests the majority of its assets in investments that are traded in the active market and can be readily disposed. In addition, the Trust retains sufficient cash and cash equivalent positions to maintain liquidity. The Trust also has the ability to borrow up to 5% of its net assets for the purposes of funding redemptions. No such borrowings occurred during the period.

#### Currency risk

The Trust holds assets and liabilities, including cash, short-term investments, equities that are in Canadian Dollar. It is therefore not exposed to currency risk, as the value of the securities denominated in other currencies fluctuate due to changes in exchange rates.

### 11. NET ASSETS AND NET ASSET VALUE

The Canadian Securities and regulatory authorities have published amendments to National Instruments 81-106 "Investments Fund Continuous Disclosure" ("NI 81-106") that remove the requirement that net asset value for transactional purposes, ("Net Asset Value") be calculated in accordance with CICA Handbook section 3855 "Financial Instruments – Recognition and Measurement" effective September 8, 2008. As a result of the amendments, the Net Asset Value of investment trusts will continue to be calculated based on the fair value of investments using the close or last trade price. The net assets per unit for financial reporting purposes ("Net Assets") and Net Asset Value per unit could be different due to the use of different valuation techniques. As at December 31, 2009, the Trust's net asset value per unit was \$10.75 (2008 – \$9.02) per Series A unit & \$11.21 (2008 – \$9.31) per Series F unit. The difference between the net asset value per unit for unitholder transactions and the net assets per unit as shown on the Statement of Net Assets is due to the use of different pricing methodologies discussed above.

### 12. CHANGEOVER TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As of December 31, 2009, the Manager has commenced the development of a changeover plan to meet the timetable published by the Canadian Institute of Chartered Accountants (CICA) for conversion to International Financial Reporting Standards (IFRS). The key elements of the plan include disclosures of the qualitative impact in the 2009 and 2010 financial statements, the disclosures of the quantitative impact, if any, in the 2010 financial statements and the preparation of the 2011 financial statements in accordance with IFRS, with comparatives. The impact the conversion from Canadian GAAP to IFRS will have on the Trust's net assets, accounting policies, financial statements and other business arrangements is being evaluated by the Manager.

### 13. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation for the period ended December 31, 2009.

First Defined Portfolio Management Co.

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