

**Item 1 – Cover Page**

Metropolitan West Capital Management, LLC  
("MWCM")

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July 1, 2012

*Form ADV Part 2; our "Disclosure Brochure" or "Brochure" as required by the Investment Advisers Act of 1940 is a very important document between Clients and MWCM.*

*This Brochure provides information about the qualifications and business practices of MWCM. If you have any questions about the content of this Brochure, please contact us at 949-718-9701 or [info@mwcm.com](mailto:info@mwcm.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about MWCM also is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "investment adviser firm" and type in our firm name).*

MWCM is registered as an investment adviser with the Securities and Exchange Commission. Our registration as an investment adviser does not imply any level of skill or training. The oral and written communications we provide to you, including this Brochure, is information you use to evaluate us (and other advisers) which are factors in your decision to hire us or to continue to maintain a mutually beneficial relationship.

## **Item 2 – Material Changes**

Summary of Material Changes Since Last Update (March 31, 2012)

There have been no material changes made to our Brochure since its last update on March 31, 2012.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge. Currently, our Brochure may be requested by contacting MWCM's Compliance department at (949) 718-9701 or [info@mwcm.com](mailto:info@mwcm.com).

Additional information about MWCM also is available at the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) (click on the link, select "investment adviser firm" and type in our firm name).

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## **Item 4 – Advisory Business**

### About Metropolitan West Capital Management, LLC

#### Our Firm's History

Metropolitan West Capital Management, LLC (“MWCM”) is an SEC-registered asset management firm based in Newport Beach, California. MWCM was found in August of 1997. Gary Lisenbee, one of the original founding partners, continues to serve as MWCM’s Chief Investment Officer and Chief Executive Officer.

#### Ownership

MWCM is directly wholly owned by Wells Fargo Bank, N.A. (which is a wholly owned subsidiary of Wells Fargo & Company (“Wells Fargo”)).

#### Types of Advisory Services Offered

MWCM offers equity, balanced and fixed income account management. MWCM employs a bottom-up, value-oriented approach. MWCM’s product offerings include domestic, global and international strategies. Various criteria are considered in selecting investments for clients, including, among others: business quality, intrinsic values, price-to-normalized earnings ratios, and return on equity. Accounts are reviewed to determine the suitability of an asset before an investment decision is made.

MWCM provides investment advisory services to a wide variety of retail and high net worth individual and institutional clients, including corporate plans, charitable organizations, trust accounts, estates, corporations or other business entities, banks and thrift institutions, insurance companies, governments and municipalities.

Additionally, MWCM provides investment sub-advisory services to affiliated and unaffiliated open-end investment companies registered under the Investment Company Act of 1940, as amended (the “1940 Act”).

MWCM also provides investment advisory services to institutional and individual clients through wrap fee and dual contract managed account programs (the “Managed Accounts”) sponsored by broker-dealers and/or other financial intermediaries (the “Sponsors”). Although

most services are provided on a discretionary basis, MWCM also provides certain services on a non-discretionary and model portfolio basis.

For additional information regarding MWCM clients, please see the response to Item 7.

#### Assets Under Management

As of December 31, 2011, MWCM provided discretionary advisory services on assets totaling \$8,270.5 million and non-discretionary advisory services to assets totaling \$226.2 million.

#### Our Investment Philosophies and Strategies

MWCM has always looked at investments from a global, all-cap perspective. Even when the investment team managed only large cap and international assets, situations would arise when it had to analyze a small cap competitor, supplier or customer to fully understand a company and its industry. The global, all-cap perspective is what led MWCM to structure the investment team as one large pool of resources, and they believe this distinguishing characteristic is one that has enabled them to add value over the long term.

All investment and portfolio management decisions at MWCM are made in a centralized manner. All investment team members are located in the Newport Beach office, which facilitates robust discussions and makes the team very nimble.

#### Lead Portfolio Manager Role

Lead Portfolio Managers, who both direct and perform investment research for a strategy, draw on the firm's dedicated bank of equity analysts to research sectors, industries and individual companies.

#### Dedicated Analyst Pool

While many have areas of particular expertise or experience, the analysts are all generalists over time, which makes for more robust analysis. These analysts spend the majority of their time researching current holdings. A majority of MWCM's analysts cover one or two sectors on a global, all-cap basis and these research responsibilities typically rotate. Certain analysts may focus primarily on small capitalization companies under the direction of MWCM's Small Cap Intrinsic Value Lead Portfolio Manager.

The investment research team includes:

Gary W. Lisenbee  
Jeffrey Peck  
Jean-Baptiste Nadal, CFA  
Samir Sikka  
Jay Cunningham, CFA  
Miguel E. Giaconi, CFA  
Pranav M. Rawal  
Alex Alvarez, CFA  
Jake Gilden, CFA  
Jen Robertson, CFA  
Raj Subramanian, CFA  
Linden Letcher

#### Investment Decision Making

Formal investment meetings are typically held weekly. Ad hoc meetings are also held frequently to discuss existing holdings as well as new investment ideas. While one individual may present a sale review or a new investment idea, all other members of the team are encouraged to participate in the discussion and ask questions. A decision is not made until all such issues are resolved. After further review with the primary analyst and considering all analysts' input, the lead portfolio manager makes the final buy/sell decision.

#### Implementing Investment Decisions

MWCM employs a model portfolio approach. The investment team, after much research and many robust investment discussions, determines the model portfolio for the strategy, including the holdings and the position weights. Portfolio relationship managers then apply the model portfolio established by the investment team across all accounts in the strategy, taking into consideration each client's specific objectives, cash flow needs and any investment restrictions. The portfolio relationship managers are experienced investment professionals who participate in the investment team meetings and are fully conversant with the portfolio's holdings and strategy. The use of a model portfolio ensures all clients benefit equally from the knowledge and expertise of the investment team. Typically holdings are identical across accounts, except in the case of client restrictions, minimizing performance dispersion. The centralized process is scalable, repeatable and adds value over the long term. It minimizes account dispersion and enables the investment professionals to do what they do best—research companies and identify value opportunities.

### Investment Restrictions

MWCM generally tailors its advisory services to the individual needs of its clients subject to directions, guidelines and limitations imposed by the client or, in the case of a Managed Account, the Program Sponsor. Upon acceptance of the account and throughout the ongoing relationship, MWCM receives and reasonably relies on information or directions communicated by the client, Program Sponsor, adviser, broker, consultant, agent, representative or any other party acting with apparent authority on behalf of the client.

Upon engaging MWCM as investment adviser, a client selects an investment strategy that may be changed upon reasonable request to MWCM. The client may request reasonable restrictions on the management of its account, and after review and agreement, MWCM will manage the account in accordance with the agreed upon guidelines. Although MWCM seeks to provide individualized investment advice to its discretionary client accounts, MWCM will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with MWCM's investment philosophy and MWCM may decline to accept or terminate client accounts with such restrictions.

MWCM is committed to a fully invested approach and under most circumstances cash or cash equivalents are not expected to exceed 10% of a client's portfolio for an extended period of time. However, if MWCM's investment team determines there are an insufficient number of securities that meet MWCM's investment criteria, or during periods of orderly investment of client funds, including but not limited to the initial start-up of the relationship, a client portfolio may hold outsized levels of cash reserves temporarily, or for an extended period of time for defensive purposes.

Similarly, in periods of market volatility, MWCM may be unable to invest new money contributed to an account, or proceeds from the sale of securities, as quickly as it might have been able to do under normal market conditions. Similarly, MWCM may be unable to sell securities to raise cash, or accommodate a terminating client's request to sell securities, as quickly as it might have been able to do under normal market conditions, or at favorable prices. Depending on market movements, such delays could have an adverse impact on client accounts. In such periods of market volatility, MWCM may also, when deemed advisable, deviate from its normal trading practices with respect to sequencing and allocation of transactions. Market volatility and/or the lack of attractive investment opportunities may also cause MWCM to deviate from applicable account guidelines. In such circumstances, it may be an extended period of time before the account is restored to compliance with applicable

guidelines. MWCM will use reasonable efforts to restore the account to compliance with applicable guidelines in a prudent manner under the circumstances.

Except as otherwise agreed upon by MWCM and the client, MWCM does not have any responsibility for the selection of the short-term cash management vehicle utilized by the client. Clients, their consultants, their financial advisers or their custodians select the interest-bearing accounts and/or short-term investment or money market funds in which cash reserves are invested. MWCM also is not responsible for the selection of a client's custodian.

Securities may be sold without regard to the length of time they have been held and clients are responsible for any tax consequences of such transactions. MWCM follows the directions of a client regarding harvesting tax losses, subject to certain scope, amount and timing limitations. In providing such directions, the client is responsible for understanding the potential benefits and consequences of the directions in light of the client's particular tax situation. Daily market risk fluctuations may affect the dollar amount of gain or loss. The monetary benefit created by tax loss selling may not exceed the risk of not being fully invested during that time. Executing tax sales (and repurchases) may adversely affect performance. Proceeds from tax sales that have resulted in losses are generally reinvested in ETFs or other pooled investment vehicles during the wash sale period. MWCM is not a tax advisor and does not provide advice as to the tax consequences of any transactions. Accordingly, clients should consult with their own tax advisers to review their particular tax circumstances.

Some clients may not be able to hold all types of investment securities or participate in certain corporate actions relating to portfolio holdings due to limitations or operational impediments associated with a client's custodian. MWCM therefore may not purchase certain securities or participate in certain corporate actions for some accounts where it believes it is not in the client's best interest because such impediments may have an adverse effect on MWCM's ability to manage the client's account. For example, some accounts may not be able to hold foreign securities in ordinary form because of custodial limitations. MWCM may purchase ordinary shares ("ORDs") of foreign securities in foreign markets and arrange for these ordinary shares to be converted into American Depositary Receipts ("ADRs"). Fees and costs associated with the conversion and purchase of ADRs are typically included in the net price of the ADR and incurred by the purchasing account. Some portion of such costs may be attributable to local broker fees, stamp fees, and local taxes. Trades on foreign exchanges may incur greater transaction charges than trades on U.S. exchanges.

MWCM may also have difficulty liquidating certain client positions if MWCM holds a large percentage of a particular class of securities of an issuer. These securities may be illiquid due to



MWCM's large ownership position and as such there may be a limited market for resale, which may adversely affect the value of the security if MWCM tries to sell all or a portion of the security.

In connection with an account termination, a client may request the liquidation of the account's portfolio securities. MWCM will generally honor such requests except where liquidation is impossible or impracticable (e.g., where MWCM is unable to liquidate an illiquid security). In these instances, MWCM may deliver portfolio securities to the client in kind.

MWCM provides investment advisory services to Managed Account clients based upon the particular needs of the client as reflected in information provided to MWCM by the Sponsors. Each client in a managed account program in which MWCM participates generally has the ability to impose reasonable restrictions on the management of its account. In such instances and, after review and agreement, MWCM will refrain from buying certain securities or types of securities the client does not wish to own. For Managed Accounts, MWCM will not be able to accommodate investment restrictions that are unduly burdensome or materially incompatible with MWCM's investment approach.

## **Item 5 – Fees and Compensation**

MWCM's standard investment advisory fees for discretionary separate account services are listed below. MWCM's clients may either authorize their custodian to deliver payment of management fees directly from their custodial account or may choose to be billed for fees incurred. Asset-based fees are typically billed quarterly in advance based on the asset value of the account on the last business day of the preceding quarter for which the fee is due. :

### Large Cap Intrinsic Value and Intrinsic Value Balanced strategies:

First \$25 million 0.75%  
Next \$25 million 0.65%  
Next \$50 million 0.50%  
Over \$100 million 0.40%  
Minimum Account Size: \$10 million  
Minimum Annual Fee: \$75,000

### International Intrinsic Equity, International Intrinsic Equity ADR-Only and Global Intrinsic Equity strategies:

First \$25 million 0.85%  
Next \$25 million 0.70%  
Next \$50 million 0.60%  
Above \$100 million 0.50%  
Minimum Account Size: \$10 million  
Minimum Annual Fee: \$85,000

### Small Cap Intrinsic Value strategy:

First \$25 million 1.00%  
Next \$25 million 0.90%  
Next \$50 million 0.85%  
Above \$100 million 0.80%  
Minimum Account Size: \$10 million  
Minimum Annual Fee: \$100,000

Assets managed for clients with more than one account may be combined for purposes of the above schedules. Exceptions to the above may be made depending on the circumstances. In

addition, assets managed for personnel of MWCM (or their relatives) may be charged advisory fees at reduced rates.

MWCM may charge clients a performance-based fee which consists of a base fee and a bonus fee calculated as a percentage of excess returns over a client-specified benchmark. Such fees shall comply with the terms and conditions of the Investment Advisers Act of 1940 (“Advisers Act”).

MWCM serves as a sub-adviser to certain affiliated and unaffiliated mutual funds and receives an annual fee equal to a percentage of each such mutual fund’s average daily net assets.

Clients for whom MWCM manages separate accounts may have assets of such accounts invested in mutual funds and therefore may be paying two investment advisory fees, one to MWCM for assets under its management, which include the assets invested in such mutual funds, and the other to the mutual fund’s adviser. The fees payable to any such mutual fund’s adviser will be described in the applicable mutual fund’s prospectus. The separate account-level fee will not be charged on any assets invested in mutual funds advised or sub-advised by MWCM or its affiliates.

#### Additional Fees and Expenses

Advisory fees payable to MWCM do not include all the fees clients pay when securities are purchased or sold for their account. The following list of fees or expenses are what clients pay directly to third parties, whether a security is being purchased, sold or held in a client account under MWCM’s management. Fees charged are by the broker-dealer / custodian. MWCM does not receive, directly or indirectly, any of these fees charged to a client account. They are paid to a client’s broker, custodian, mutual fund or other investment held by the client. The fees include, among others that may be incurred:

- Brokerage commissions;
- Transaction fees;
- Exchange fees;
- SEC fees;
- Advisory fees and administrative fees charged by mutual funds (MF) and exchange traded funds (ETFs);
- Advisory fees charged by sub-advisers (if any are used for your account);
- Custodial fees;
- Deferred sales charges (on MFs or annuities);
- Odd-lot differentials;

- Transfer taxes;
- Wire transfer and electronic fund processing fees; and
- Commissions or mark-ups / mark-downs on security transactions.

In addition, MWCM does not have or employ anyone that receives (directly or indirectly) any compensation from the sale of securities or investments that are purchased or sold for a client account or to which MWCM provides consulting expertise / services. As a result, MWCM is a “fee-only” investment adviser.

#### General Termination Provisions

Investment advisory agreements typically may be terminated by the client at any time and by MWCM upon 30 days’ written notice. In the event of termination, fees will be prorated to the date of termination. Any unearned fees that have been prepaid at the date of termination will be refunded.

#### Wrap-Fee or Similar Programs

Certain individuals and entities may become clients of MWCM through their participation in programs (“Programs”) that are, or are similar to, “wrap-fee” programs sponsored by multi-service financial institutions (“Sponsors”) that may be affiliated or unaffiliated with MWCM. Such Programs typically fall into one of three categories: (i) Programs whose customers separately enter into an agreement with MWCM (and MWCM may or may not have an agreement with the Sponsor) (“Dual-Contract Arrangements”); (ii) Programs whose customers do not separately enter into an agreement with MWCM, but their accounts are managed on a discretionary basis by MWCM and MWCM has entered into an agreement with the Sponsor (“Single-Contract Arrangements”); and (iii) Programs where MWCM has entered into an agreement with the Sponsor to provide only “model” portfolios, and the Sponsor has discretion for implementing the model (“Model Arrangements”). Whether MWCM deems the Sponsor’s customer to be a client of MWCM, or the Sponsor to be a client of MWCM, depends on the circumstances of the specific Program.

A customer of the Sponsor, with the advice of the Sponsor, may choose to receive the investment advisory services of MWCM and also receive certain other services provided by the Sponsor and / or entities affiliated with the Sponsor, such as trade execution, custodial services and, in some cases, advisory services, for a single fee. Such a customer of the Sponsor pays the Sponsor a fee based upon the customer’s assets under the Sponsor’s management and the Sponsor pays MWCM a portion of such fee for advisory services rendered by MWCM to the

customer. Services similar or comparable to those provided to a Program customer may be available to the customer at a higher or lower aggregate cost elsewhere on an unbundled basis.

Although the types of services provided by MWCM to customers in these Programs are generally the same as the types of services provided by MWCM to its clients that are not participants in these Programs, certain differences do exist, including that (i) pursuant to the Program arrangements, MWCM may be restricted by the Sponsor from communicating directly with Program customers (including communications with respect to changes in the Program customer's investment objectives or restrictions), particularly in Model Arrangements and in some Single-Contract Arrangements, and therefore such communications may be required to be directed through the Sponsor; (ii) a Program customer may not be required to give MWCM investment discretion with respect to the Program customer's account, which is generally the case under Model Arrangements; (iii) MWCM does not provide investment supervisory services to Program customers; and (iv) MWCM does not provide reporting to Program customers.

The fees received by MWCM from the Sponsor of Single-Contract and Model Arrangements are typically equal to a percentage of the assets in the Sponsor's Program accounts for which MWCM provides advisory services. In general, the Sponsor may negotiate or discount the fee paid by a Program customer to the Sponsor. The portion of such fee received by MWCM may be negotiated between MWCM and the Sponsor, but may not be negotiated between MWCM and any Program customer. In Dual-Contract Arrangements, where there is an agreement directly between MWCM and the Program customer, the Program customer pays MWCM its standard investment advisory fee (as described above) subject to any negotiated exceptions.

MWCM receives its fees from Sponsors typically on a quarterly basis, at the annual rate of up to 0.50% of the assets under management. Services similar or comparable to those provided to a Program customer may be available to the customer at a higher or lower aggregate cost elsewhere on an unbundled basis. In addition, while MWCM's compensation pursuant to a Program may be lower than MWCM's standard fee schedule, the overall cost to a Program customer may be higher than the customer might otherwise experience by paying MWCM's standard fees and negotiating transaction charges with a broker-dealer payable on a per-transaction basis, depending on the extent to which securities transactions are initiated by MWCM for the customer during the period covered by the Program.

Other than in connection with MWCM's obligation to obtain best execution for securities transactions effected through the Sponsor by those Program customers deemed by MWCM to be clients of MWCM, MWCM has no ongoing responsibility to assess for a Program customer the value of services provided by the Sponsor.

A Program customer typically may terminate its use of MWCM's advisory services upon written notice to MWCM or the Sponsor. In addition, MWCM may cease to provide services to a Program customer as set forth in its agreement with such customer (in the case of Dual-Contract Arrangements) and / or the agreement with the Sponsor. Finally, either MWCM or the Sponsor may terminate any agreement between them as provided in that document, in which case MWCM will cease to provide advisory services to Program customers of the Sponsor as provided in the agreement. If a Program customer's account with MWCM is terminated at any time during a fee period, MWCM will return to the Sponsor any prepaid but unearned advisory fees received by MWCM for refund to the Program customer.

In addition to the above-described arrangements, certain clients of MWCM have various "unbundled" wrap fee-type arrangements with broker-dealers. These types of arrangements include arrangements whereby the client, pursuant to an agreement with the broker-dealer, pays the broker-dealer an asset-based fee for various brokerage services, such as custodial and brokerage commission costs, and MWCM enters into an agreement directly with the client to provide portfolio management services. In such cases, the fees charged for MWCM's services and the fees charged for the brokerage services are billed separately by MWCM and the broker-dealer, respectively.

In Programs that permit MWCM to trade away from the Sponsor or its broker-dealer affiliate when such Sponsor or its affiliate cannot provide best price or execution under the circumstances, MWCM may trade away from such parties. In such cases, Program customers may incur transaction and other costs and fees in addition to the wrap fee, such as mark-ups or mark-downs on the transaction. In addition, a Sponsor may charge additional fees for settling step-out transactions. Program clients should review all materials available from a Sponsor concerning the Program, including its terms, conditions and fees, and the Sponsor.

#### General Provisions Applicable to all Services Provided

MWCM believes its fees for all of its services are similar to those charged by other investment managers for similar services. However, comparable services may be available from other sources for lower fees.

To help fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

MWCM provides investment advisory services for clients with varying fee structures, including performance fees, which are or have the potential to be higher or lower, in some cases significantly higher or lower, than MWCM's standard fee structure. The differences in fee structures may provide an incentive to the portfolio managers to allocate more favorable trades to the higher-paying accounts and / or those with performance fees.

To minimize the effects of these inherent conflicts of interest, MWCM has adopted and implemented policies and procedures, including brokerage and trade allocation policies and procedures, that it believes address the potential conflicts associated with managing portfolios for multiple clients and ensure that all clients are treated fairly and equitably. Additionally, MWCM minimizes inherent conflicts of interest by assigning the portfolio managers to accounts having similar objectives. Accordingly, security block purchases are allocated to all accounts with similar objectives in proportionate weightings. Furthermore, MWCM has adopted a Code of Ethics under Rule 17j-1 of the 1940 Act and Rule 204A-1 under the Advisers Act to address potential conflicts associated with managing the funds and any personal accounts the portfolio managers may maintain.

The portfolio managers often provide investment management for separate accounts and mutual funds advised in the same or similar investment style. While management of multiple accounts could potentially lead to conflicts of interest over various issues such as trade allocation, fee disparities and research acquisition, MWCM has implemented policies and procedures for the express purpose of ensuring that clients are treated fairly and that potential conflicts of interest are minimized.

## **Item 7 – Types of Clients**

We provide our services to a number of natural person and institutional clients, including the following (among others):

- Corporations or other business entities
- Individuals, including high net worth individuals
- Public funds and municipalities
- Foundations, endowments, trusts and estates
- Mutual fund companies
- Taft-Hartley plans, governmental plans, and unions
- Insurance organizations
- Wrap program sponsors
- Charitable organizations and non-profit entities

Please refer to the “Fees and Compensation” section for more information regarding account minimums and standard fee schedules.



## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

### Analysis:

MWCM's fundamental analysis involves identifying the stocks of high-quality, growing businesses that are selling at a discount to their intrinsic or true value. While the investment team finds value in the traditional places, they also look where others may have not as they seek underappreciated assets. The team thoroughly examines the business, as if they were buying the whole firm. They look beyond the balance sheet and income statement for overlooked assets. The resulting intrinsic value is what a prudent investor should pay for the entire enterprise. The team can then compare that value to the company's stock price to determine whether it presents an opportunity.

Successful value investing requires an understanding that a cheap stock may not be a good value or a sound investment. For that reason, the team also requires the existence of one or more positive catalysts that they believe will unlock the value and cause the stock price to move up to its intrinsic value over the investment time horizon.

### Investment Strategies:

MWCM manages Large Cap Intrinsic Value, Small Cap Intrinsic Value, International Intrinsic Equity, Global Intrinsic Value portfolios and Intrinsic Value Balanced for institutional and individual clients.

- The Large Cap Intrinsic Value strategy invests primarily in equity positions that are managed with a view toward capital appreciation, through large cap holdings that typically have a market cap in excess of \$2 billion at the time of purchase.
- The Small Cap Intrinsic Value strategy invests primarily in equity positions that are managed with a view toward capital appreciation, through small cap holdings that typically have a market cap between \$100 million and \$3 billion at the time of purchase.
- The International Intrinsic Equity strategy invests primarily in international, non-U.S., equity positions that are managed with a view toward capital appreciation, through diversified international holdings.
- The Global Intrinsic Equity strategy invests primarily in equity positions that are managed with a view toward capital appreciation, through diversified global holdings.

- The Intrinsic Value Balanced strategy invests primarily in a combination of equity and fixed income positions that are managed with a view toward capital preservation, income and conservative capital appreciation.

Material Risks of Loss:

All investments in securities include a risk of loss of your principal (invested amount) and any profits that have not been realized (the securities were not sold to “lock in” the profit). Stock and bond markets may fluctuate substantially over time. In addition, as recent global and domestic economic events have indicated, performance of any investment is not guaranteed. As a result, there is a risk of loss of the assets we manage that may be out of our control. We cannot guarantee any level of performance or that you will not experience a loss of your account assets.

Principal investment risks may include, but are not limited to:

- **Issuer Risk.** The value of a security may decline because of adverse events or circumstances that directly relate to conditions at the issuer or any entity providing it credit or liquidity support.
- **Liquidity Risk.** A security may not be able to be sold at the time desired without adversely affecting the price.
- **Management Risk.** There is no guarantee of your account’s performance or that your account will meet its objective. The market value of your investment may decline and you may suffer investment loss. An investment with MWCM is not a deposit of Wells Fargo Bank, N.A. or its affiliates and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.
- **Market Risk.** The market price of securities owned in your account may rapidly or unpredictably decline due to factors affecting securities markets in general or particular industries.
- **Regulatory Risk.** Changes in government regulations may adversely affect the value of a security.
- **Smaller Company Securities Risk.** Securities of companies with smaller market capitalizations tend to be more volatile and less liquid than larger company stocks.

- Value Style Investment Risk. Value stocks may lose value quickly and may be subject to prolonged depressed valuations.
- Foreign Investment Risk. Foreign investments face the potential of heightened illiquidity, greater price volatility and adverse effects of political, regulatory, tax, currency, economic or other macroeconomic developments.
- Emerging Markets Risk. Emerging market countries may rely on international trade and could be adversely affected by the economic conditions in the countries with which they trade. The risks of investing in emerging markets also include greater political and economic uncertainties than in developed foreign markets, the risk of nationalization, diplomatic developments (including war), social instability, currency transfer restrictions, and a more limited number of potential buyers for investments.

## **Item 9 – Disciplinary Information**

MWCM is obligated to disclose any regulatory, disciplinary, or legal matter that may be material to you when evaluating your advisory relationship with us.

We do not have any such item to report to you. This statement applies to our firm, and to every employee of our firm.

MWCM is a subsidiary of Wells Fargo Bank, N.A., which is a wholly owned subsidiary of Wells Fargo & Company (collectively with its subsidiaries and affiliates, “Wells Fargo”). Wells Fargo operates in a legal and regulatory environment that exposes it to significant risks. As a result, Wells Fargo is involved in various legal and regulatory matters, including litigation, arbitrations, and regulatory and criminal investigations. Such cases are subject to many uncertainties, and their outcomes are often difficult to predict, including the impact on Wells Fargo’s operations or financial results, particularly in the early stages of a case. Many, but not necessarily all, of such matters are disclosed in Wells Fargo’s securities and regulatory filings made under the Securities Act of 1933 and the Securities Exchange Act of 1934, among other laws and regulations, or otherwise may be reported on in the media from time to time. Wells Fargo’s regulatory filings generally are available from Wells Fargo, the Securities and Exchange Commission, or the Financial Industry Regulatory Authority (FINRA). No such matters are expected to materially impact MWCM.

## **Item 10 – Other Financial Industry Activities and Affiliations**

MWCM is not actively engaged in businesses other than giving investment advice. MWCM's parent company, Wells Fargo, is a global financial institution with many affiliates that provide various financial services, in addition to giving investment advice.

The following is a list of certain affiliates of MWCM, a wholly owned subsidiary of Wells Fargo. The list includes investment advisers registered with the SEC and broker-dealers registered with the SEC, as well as certain control affiliates of the listed investment advisers and broker-dealers. MWCM is also affiliated with other financial institutions but it does not have arrangements that are material to its advisory business or its clients with such financial institutions.

### Investment Company / Adviser Affiliations

MWCM acts as sub-adviser to five Wells Fargo Advantage Funds registered as open-end management investment companies, advised by Wells Fargo Funds Management, LLC ("WFFM").

MWCM is affiliated with Wells Capital Management.

### Broker-Dealer Affiliations

Wells Fargo Advisors, LLC ("WFA") is a wholly owned subsidiary of Wells Fargo & Company, a registered investment adviser and broker-dealer, that may effect securities transactions for compensation for certain funds and advisory accounts advised by MWCM.

### Other Financial Industry Affiliates, Banking or Thrift Institution

MWCM is a wholly owned subsidiary of Wells Fargo Bank, National Association ("WFBNA").

## **Item 11 – Code of Ethics and Conflicts of Interest**

To avoid any potential conflicts of interest involving personal securities transactions, MWCM has adopted a Code of Conduct and Regulatory Compliance Manual (“Code”) that includes a Code of Ethics and Personal Securities Transaction and Insider Trading Policies.

The Code of Ethics is based on the principle that MWCM owes a fiduciary duty to its clients. Accordingly, employees must avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of clients. At all times, MWCM’s employees must:

- Place clients’ interests ahead of MWCM’s – As a fiduciary, MWCM must serve in its clients’ best interests. In other words, employees may not benefit at the expense of clients. This concept is particularly relevant when employees are making personal investments in securities traded by MWCM for the accounts of its clients.
- Engage in personal investing that is in full compliance with the Code – Employees must review and abide by MWCM’s Personal Securities Transaction and Insider Trading Policies.
- Avoid taking advantage of their positions – Employees must not accept investment opportunities, gifts or other gratuities, as defined in the Code of Ethics, from individuals seeking to conduct business with MWCM, or on behalf of a client.
- Maintain full compliance with federal securities laws – Employees must abide by the standards regarding personal securities trading and reporting set forth in Rule 204A-1 under the Advisers Act and Rule 17j-1 under the 1940 Act, as outlined in the policy stated below.

Employees must promptly report any violations of the Code to the Compliance department, which will escalate issues to the Chief Compliance Officer. All Code violations will be treated as being made on an anonymous basis.

MWCM’s Code also requires employees to: (i) obtain MWCM’s preauthorization for certain personal securities transactions, (ii) report personal securities transactions to MWCM on at least a quarterly basis, and (iii) provide MWCM with detailed information regarding certain securities holdings (both upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

A copy of MWCM’s Code shall be provided to a client or prospective client upon request.

#### Participation or Interest in Client Transactions

Investments in shares of Wells Fargo & Company shall not be made unless otherwise permitted by law.

As described more fully in the section titled, "Other Financial Industry Activities and Affiliations," WFA may effect securities transactions for compensation on behalf of the funds for which MWCM acts as sub-advisor. MWCM, its affiliates and related parties may from time to time have an interest in securities that MWCM purchases or sells for its clients or recommends for purchase or sale by its clients. Directors, officers and employees of MWCM may also buy, sell or own securities that are bought, sold or owned by MWCM's clients. To prevent conflicts of interest, all officers, employees and directors of MWCM must comply with the Code of Ethics, which has been described previously in greater detail.

MWCM provides investment advice to numerous funds, including mutual funds, and advisory accounts. While the advice rendered to such clients is furnished in light of their respective investment objectives and policies, securities owned by one client may also be owned by other clients and it may occasionally develop that the same investment advice and decision for more than one client is made at the same time. Furthermore, it may develop that a particular security is bought or sold for only some clients even though it might be held, bought or sold for other clients, or that a particular security is bought for some clients when other clients are selling the security.

MWCM may manage accounts for related persons, and in such cases generally will have full discretion with respect to such accounts. Other than establishing the investment objectives and policies of the portfolio, the related person generally has no influence or control over the investment decisions made for the account, and no prior knowledge of transactions that take place in the account. In certain instances, the related person may have influence or control over the investment decisions. In the exercise of its discretion, MWCM may cause a fund or account to sell a security to another fund or account managed by MWCM. Any such transaction would be effected in accordance with the Advisers Act and, if applicable, the 1940 Act. MWCM may recommend for purchase, and in the exercise of discretion may purchase for its clients (i) securities in the secondary market that were originally underwritten by a related person, (ii) to the extent permitted by law, securities in an offering underwritten by a related person, provided that such purchases are from members of the underwriting syndicate other than a related person, and (iii) securities of issuers in which an affiliate of MWCM may have an interest.

Client Account Privacy

New and existing clients may be required to provide information to support MWCM's regulatory obligation to obtain, verify and record information that identifies each client pursuant to the requirements of various federal and state laws. Such procedures are required to help deter the funding of terrorist and money laundering activities.

MWCM complies with all applicable privacy regulations and has created policies regarding the collection and disclosure of information about MWCM's clients considered to be non-public personal information. Although these policies are designed to protect client confidentiality and non-public personal information, MWCM reserves the right to disclose such information where it believes in good faith that it may be required or permitted to do so by law, or in circumstances related to the servicing of client accounts where MWCM has retained affiliated or non-affiliated third parties who may be permitted to use such information solely to provide the service or as otherwise permitted by law.



## **Item 12 – Brokerage Practices**

### General Considerations – selecting / recommending brokers for client transactions and commission charges:

MWCM's principal objective in selecting broker/dealers and entering client trades is to obtain best execution for clients' transactions. MWCM recognizes that the analysis of execution quality involves several factors. To consider all of these factors, MWCM follows a process to ensure that our traders are seeking to obtain the most favorable execution when placing client trades.

When seeking to achieve best execution, the determining factor in placing a trade with a broker-dealer is whether the transaction represents the best qualitative execution for the client and not whether the lowest possible commission cost is obtained. MWCM considers the full range and quality of the broker/dealer's service in selecting broker/dealers to meet best execution obligations, and may not pay the lowest commission rate available. However, as a starting point, the primary consideration is the trade price and commission quoted by the broker/dealers.

In selecting brokers or dealers, MWCM may consider such relevant factors as (i) execution capabilities of the broker, (ii) research, (iii) responsiveness, (iv) back office capabilities, and (v) provision of real-time market information, among others. In addition, MWCM may direct transactions through brokers / firms that have directed client referrals to MWCM. Please see the section titled "Brokerage for Client Referrals" for additional information.

### Research and Other Soft Dollar Benefits:

MWCM engages in transactions involving client commission dollars (also "soft dollars"), as defined by Section 28(e) of the Securities Exchange Act of 1934. MWCM may execute securities transactions through broker-dealers who provide research products and / or services to MWCM for the benefit of its advisory clients. Research products and services typically assist MWCM in managing client accounts. A substantial part of all securities transactions by MWCM are handled by brokers who provide research and investment-related products and / or services in connection with their execution services.

While research and / or services benefit most clients, not all research may be useful to every client account or accounts for which particular client commissions were spent. In addition, not all clients' commission dollars are utilized to pay for research and other soft dollar benefits.

However, all clients equally benefit from use of such research by MWCM's investment team. Furthermore, MWCM may pay higher commissions to a broker-dealer in exchange for research products and services than those commissions obtainable from other broker-dealers who do not provide such products and services. MWCM determines in good faith that the commission rates paid for client commission dollar arrangements are reasonable in relation to the value of the brokerage and research provided. In certain situations, trades may be directed to broker-dealers who refer clients to, or have their own accounts managed by, MWCM.

MWCM may also engage in Commission Sharing Arrangements ("CSAs"). Commission sharing arrangements enable MWCM to separate the execution decision from the research decision. Providers of CSAs have designed programs that allow MWCM the flexibility to conduct best execution while simultaneously pooling commissions to compensate both research firms and other service providers that are eligible to be paid by commissions under Section 28(e).

#### Brokerage For Client Referrals:

As noted above, MWCM may direct transactions through brokers / firms that have directed client referrals to MWCM. The client should also take into consideration that if the client was referred to MWCM by the broker, MWCM has a conflict of interest between obtaining best execution of the client's transactions by negotiating for lower commissions and receiving future referrals from the broker. MWCM has established policies and procedures that require our traders to seek best execution of all client securities transactions where MWCM is in a position to direct brokerage transactions.

#### Directed Brokerage:

A client with a pre-existing broker-dealer relationship, when undertaking an advisory relationship with MWCM, may instruct MWCM to execute transactions for their account through that broker-dealer. Such relationships include wrap-fee or similar arrangements, directed-brokerage arrangements and commission recapture programs. Directed-broker and commission recapture arrangements are subject to stated limits in MWCM's Trading procedures.

#### Client-Directed Brokerage

When directed by a client to use a specified broker, MWCM will not generally attempt to negotiate commissions with such a broker on the client's behalf. A client who restricts brokerage to a particular broker should consider that such a designation may result in higher commissions and may result in less favorable executions of its transactions than would be the case if MWCM were free to use other brokers or negotiate commissions with the designated broker. It is also noted that certain transactions that could have otherwise been effected on a principal basis are effected on an agency basis and therefore a client may pay commissions that are in addition to the costs embedded in a typical principal transaction. The client should also

take into consideration that if the client was referred to MWCM by the broker, MWCM has a conflict of interest between obtaining best execution of the client's transactions by negotiating for lower commissions and receiving future referrals from the broker.

When MWCM is not directed by a client to use a specified broker, MWCM takes steps to ensure that the total transaction cost embedded in the transaction (price plus commission) is competitive with the cost embedded in a typical principal transaction.

#### Commission Recapture

Certain MWCM clients participate in commission recapture programs. Under a commission recapture arrangement, the client (not MWCM) directly receives cash rebates, services, expense payments or reimbursements from one or more brokers based on commissions generated from their account transactions. Clients specifically direct MWCM to execute their trades through brokers of their choice. Typically, MWCM will not attempt to negotiate commission rates in cases where a client directs the firm to use a particular broker-dealer. In most instances, commission recapture programs are arranged by the client separately from the advisory relationship with MWCM. These arrangements are subject to stated limits in MWCM's Trading procedures.

#### Adviser-Directed Brokerage

See "Research and Other Soft Dollar Benefits" above.

#### Block Trading Procedures

MWCM's principal objective in selecting broker-dealers and entering client trades is to obtain best execution for clients' transactions. MWCM recognizes that the analysis of execution quality involves several factors, both qualitative and quantitative. To consider all of these factors, MWCM will follow a process in an attempt to ensure that its traders are seeking to obtain the most favorable execution when placing client trades.

MWCM's allocation procedures seek to allocate investment opportunities among clients in the fairest possible way, taking into consideration clients' best interests. MWCM will follow procedures to ensure that allocations do not involve a practice of favoring or disfavoring any client or group of clients. Account performance is never a factor in trade allocations.

#### Order Aggregation

1. The trader managing the trade will allocate the securities across the accounts, considering account size, diversification, cash availability and other factors, including,

where appropriate, the value of a round lot in the portfolio. Allocations must be completed prior to the close of business on the trade date.

2. Orders for the same security entered on behalf of more than one client will generally be aggregated (i.e., blocked) with the same broker, subject to the aggregation being in the best interests of all participating clients. Subsequent orders for the same security entered on the same trading day with the same broker may be aggregated with any previously unfilled orders. All clients participating in each aggregated order shall receive the average price and, subject to minimum ticket charges, pay a pro-rata portion of commissions.
3. When a trade is to be executed for an account and the trade is not in the best interests of other accounts, the trade will be executed for that account only. This is true even if the traders and / or portfolio managers believe that a larger size block trade would lead to best overall price for the security being transacted.
4. Due to the nature of the bond market as an over-the-counter market, in most instances performing block transactions will provide best execution, including best price. This is due to the lower liquidity of odd-lot (usually defined as less than \$1 million par) transactions in an over-the-counter market compared to an exchange-traded market. Therefore, when MWCM decides to purchase or sell a certain security for multiple accounts, MWCM will always consider executing the transaction as a single block trade. The consideration is, of course, limited by custodial preferences of the participating accounts.
5. Instances in which client orders will not be aggregated include, but are not limited to, the following:
  - Clients directing MWCM to use certain broker-dealers, in which case such orders shall be separately effected; and
  - It is determined that the aggregation is not appropriate because of market conditions.

Prior to execution, MWCM shall formulate allocations on trade tickets, except in cases when MWCM's portfolio managers unexpectedly learn about investment opportunities and completing such written allocations proves unreasonable. If the entire order is filled, clients shall receive their pro-rata portion of the allocation specified on the trade ticket. All allocations shall be made prior to the close of business on the trade date.

To achieve optimal execution and lower transaction costs, MWCM may aggregate orders for groups of accounts in order to trade blocks of securities. In such circumstances, each eligible client account (including both “directed” and “non-directed”) participates in the aggregated order at the average price per share and all transaction costs other than brokerage commissions are shared on a pro-rata basis or equally, depending on the type of cost. Clients who participate in an aggregated order, and who have not directed MWCM to use the broker executing the order, will participate at a uniform commission rate negotiated by MWCM with the broker, in accordance with the standards described above.

Clients who participate in an aggregated order, and who have directed MWCM to use the broker executing the order, will participate at the commission rate they have negotiated with the broker, in accordance with the standards described above. As a result, in such cases, clients who are included in such orders will receive the average price per share on the securities traded, but will pay disparate commission rates for the same transaction.

Clients should take into consideration that by accepting client accounts with directed brokerage arrangements, MWCM may reduce its opportunity to aggregate orders for other clients as effectively as might otherwise be the case.

It is noted, however, that MWCM frequently employs “step-out” transactions in its effort to seek best execution on behalf of all clients. A step-out transaction is one in which MWCM aggregates orders for clients, whether or not directed and the executing broker “steps out” all or a portion of the transaction. When this occurs, the executing broker does not receive commission on that portion of the trade, and the clients pay the commission rate negotiated with their broker.

#### Rotational Procedures

To ensure equitable treatment of clients over time, MWCM executes block trades for non-directed and directed (including wrap-fee) accounts based on a rotational (round robin) system. Accounts are blocked based on custodial relationship and then executed in numbered order such that the custodian who receives an execution first on one block will be last on the next block and the custodian who receives an execution last on one block will be second to last on the next block. As part of our efforts to obtain best execution, MWCM may aggregate orders for several accounts, trade a block with one broker, and direct the executing broker to step out a portion of the trade. Directed accounts will pay the commissions that they have negotiated with their broker custodian and non-directed accounts will pay a commission negotiated by MWCM with the executing broker. In cases where a block is partially filled, the custodian who

is currently next in the rotation will be filled on a pro-rata basis. Accounts that have specifically restricted MWCM from stepping out will not participate in the block and may receive a different price. MWCM employs a separate rotation for each of its investment products, including its Large Cap Intrinsic Value, Small Cap Intrinsic Value, International Intrinsic Equity, ADR-Only and Global disciplines. The Large Cap Intrinsic Value rotation is as stated above. The Small Cap Intrinsic Value, International Intrinsic Equity, ADR-Only, and Global rotations are similar, but since they contain a much smaller number of directed accounts, they have been modified to allow the non-directed accounts to have half of their allocations filled before the directed accounts can participate. Blocks may be combined in instances where the same stock is being transacted across multiple strategies.

#### Cross Transactions – Agency Cross Transactions

MWCM may engage in “cross-trade” transactions in particular investments between client accounts only where client accounts are crossed to provide liquidity and avoid brokerage fees. No commissions are paid by the client in these types of cross-trade transactions. The prices for the investments in these cross-trade transactions are determined according to firm-established procedures following, as applicable, Rule 17a-7 under the 1940 Act or the Employee Retirement and Income Security Act (“ERISA”), and as permitted by specific client guidelines. While in many situations it is advantageous to clients that MWCM effect “cross-trade” transactions between accounts, MWCM seeks to achieve best qualitative and quantitative execution on each trade. As a result, MWCM may find that exposing transactions to the market instead of cross trading may result in best execution. Additional factors considered in determining how to effect a trade where MWCM clients have interests on each side of the trade include whether an independent (unaffiliated) broker: (i) provides deeply discounted fees for the trade, including any residual shares; (ii) provides certainty of time / price; and (iii) exposes the trade to the market for consideration and price reporting. Individual portfolio managers or their traders will make the determination whether to engage in cross-trade transactions based on their knowledge of the market, liquidity, and potential cost savings.

## **Item 13 – Review of Accounts**

### Review of Accounts

All trades in all client accounts are reviewed daily by the Chief Investment Officer, lead portfolio managers, traders and a group of MWCM's portfolio relationship managers. Additionally, cash balances are reviewed at least weekly and any outliers are escalated to the portfolio relationship managers assigned to the account. For certain accounts, the Compliance team, utilizing a post-trade compliance system, reviews all investment guidelines both weekly and monthly. Any alerts (breach of guideline) and warnings (approaching guideline) are also reviewed daily by the Compliance team and resolved or escalated as needed. Additional guideline compliance reviews are also performed and any issues discovered are resolved or escalated promptly. Managing all accounts in a given strategy to the same model portfolio, as well as automation of various review processes, facilitates the scalability of the process. Each portfolio relationship manager is responsible for an average of 25 client relationships.

### Reporting

MWCM furnishes quarterly or monthly reports to all discretionary separate account clients. These reports include a list of the securities in the client account, the cash balance, current security prices, information on dividends, interest and yield, and historical cost. On an annual basis, MWCM provides all discretionary separate account clients with year-end transaction information, which includes a tax summary. In addition, clients should receive periodic account statements from their custodian / broker / wrap-fee sponsor.

## **Item 14 – Client Referrals and Other Compensation**

MWCM has entered into a contractual agreement with an unaffiliated third party who solicits clients for MWCM. The solicitor's compensation is a percentage of the advisory fees paid by such a referred client to MWCM. The solicitor's compensation does not increase the referred client's fees beyond that which MWCM would otherwise charge the referred client for its investment management services. Certain of MWCM and affiliated employees who refer or help solicit investment advisory clients to MWCM may also be compensated on the basis of a percentage of the advisory fees paid by such a referred client to MWCM. Such fees are paid in accordance with the provisions of Rule 206(4)-3 under the Advisers Act. In addition, MWCM may direct transactions through brokers / firms that have directed client referrals to MWCM. For additional information, please refer to the "Brokerage For Client Referrals" section above.

Certain designated affiliated persons will act as advisory representatives of MWCM. These persons may be institutional account representatives of affiliates of the firm and may offer advice or opinions as to the value of MWCM's services or the appropriateness of such services for a potential client. Compensation will be provided to these persons by way of salaries and bonuses through MWCM's affiliate of which the designated person is employed.

MWCM may also permit certain designated persons (referred to as "Solicitors") to refer potential business outside of the United States to MWCM. Any Solicitor will be required to conduct solicitation functions in accordance with the laws of the country in which such solicitation is made.



## **Item 15 – Custody**

All MWCM client assets and securities are held by a qualified custodian, whether a broker-dealer, a bank, or a trust company.

As part of the billing process, for certain accounts, the client's custodian is advised of the amount of the investment advisory fee to be deducted from the client's account. Since the custodian does not calculate the amount of the fee to be deducted, it is important for clients to carefully review their custodial statements to verify the accuracy of the calculation, among other things.

Clients should receive account statements from their bank, broker-dealer or other qualified custodian, in addition to the account statement that they may receive from MWCM. We urge clients to carefully review both account statements and compare official custodial records to the account statements provided by MWCM. MWCM's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities. Clients should contact us directly if they believe that there may be an error in their statement.

## **Item 16 – Investment Discretion**

### Discretionary Authority

Absent instructions to the contrary from the client, MWCM has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, amount of securities to be bought or sold, broker or dealer to be used, and commission rates paid. Generally, MWCM's clients grant it full discretionary authority over securities purchases and sales, subject to investment objectives and guidelines that are established by agreement between MWCM and the client at the time the account is opened. MWCM may select brokers-dealers that provide research or other transaction-related services and may cause a client to pay such broker-dealer commissions for effecting transaction in excess of commissions other broker-dealers may have charged. MWCM will consider the full range and quality of a broker-dealer's services, including, among other things, the value of research provided, execution capability, commission rate, reputation, market-making capabilities, efficiency, confidentiality, responsiveness and other factors it deems appropriate.

For registered investment companies sub-advised by MWCM, the respective Board of Directors, Managers or Trustees of such companies establish guidelines and restrictions with which MWCM complies with respect to investment strategies that include the type of securities to be bought and sold. Such guidelines can be found in each fund's prospectus.

## **Item 17 – Voting Client Securities (i.e., Proxy Voting)**

Generally, and except to the extent that a client otherwise instructs MWCM in writing, MWCM will vote (by proxy or otherwise) on all matters for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in client accounts in such manner as MWCM deems appropriate, in accordance with its written policies and procedures. Should a client wish to direct MWCM's vote in a particular proxy, they may do so by contacting MWCM, in writing, at the mailing or email address listed below. MWCM's policies and procedures set forth guidelines for voting many typical proxy proposals. In certain instances, MWCM may determine that it is in its clients' best interests to deviate from the guidelines, or the proxy issue may require individual case-by-case consideration under the guidelines. These guidelines typically result in MWCM voting consistent with the recommendations of the issuer's management in most routine matters, which MWCM believes to be in the best interests of clients. The Lead Portfolio Manager or designee is ultimately responsible for monitoring corporate developments and voting proxies in the best interests of clients.

Where a proxy proposal raises a material conflict of interest between the interests of MWCM and those of its clients, MWCM will vote in accordance with its stated guidelines. Alternatively, MWCM will obtain voting direction from an independent third party or disclose the conflict of interest to the client and abstain from voting or obtain client consent prior to voting the securities. There may also be a variety of corporate actions or other matters for which shareholder action is required or solicited and with respect to which MWCM may take action that it deems appropriate in its best judgment, except to the extent otherwise required by agreement with the client. These actions may include, for example and without limitation, tender offers or exchanges, bankruptcy proceedings and class actions.

If you are a client of MWCM and you would like to find out how your proxies have been voted or you would like a complete copy of MWCM's current Proxy Voting Policies, Procedures and Guidelines, please send a written request to:

Metropolitan West Capital Management, LLC  
Attention: Compliance Department  
610 Newport Center Drive, Suite 1000  
Newport Beach, CA 92660

## **Item 18 – Financial Information**

MWCM is not currently aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

MWCM has not been the subject of a bankruptcy petition at any time during the past 10 years.

As a wholly owned subsidiary of Wells Fargo Bank, N.A., MWCM's financial statements are consolidated with those of the parent company. There has been no material adverse change in the financial condition of MWCM since the date of the financial statements provided in our parent firm's most recent Form 10-Q.