

## ITEM 1: COVER PAGE

STABLE PHOENIX LLC  
(“We” or “Us”)

Form ADV, Part 2A  
(the “**Brochure**”)

August 23, 2012

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This brochure provides information about the qualifications and business practices of Stable Phoenix LLC. If you have any questions about the contents of this brochure, please contact us at [advpartII@tcw.com](mailto:advpartII@tcw.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 Stable Phoenix LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

We may refer to ourselves as a “registered investment adviser” or “**RIA**”. You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training.

## ITEM 2: MATERIAL CHANGES

We are a newly registered investment adviser, and this is our initial Part 2A of Form ADV. There are no material changes to report in this initial Item 2.

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## ITEM 4: ADVISORY BUSINESS

**WHO WE ARE.** We are an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), and have been since 2012. We are a Delaware limited liability company.

We are wholly-owned by TCW Asset Management Company, a California corporation (“**TAMCO**”). TAMCO is wholly-owned by The TCW Group, Inc., a Nevada corporation (“**TCW**”). TCW is majority-owned by Société Générale Holding de Participations (“**SG Holding**”), which is controlled by Société Générale, S.A. (“**SG**”), an international banking company. SG Holding is the only 25% or more shareholder of TCW. SG is the only 25% or more shareholder of SG Holding.

On August 9, 2012, TCW management and The Carlyle Group announced a definitive agreement to acquire TCW from SG. We expect the transaction to close in the first quarter of 2013.

**THE SERVICES WE OFFER.** We will offer discretionary investment management services regarding securities and other financial instruments to U.S. and non-U.S. institutional clients, including open-end private commingled investment funds advised and/or managed by us and/or our affiliates (“**Funds**”).

We offer investment management services in two principal investment strategies. The first investment strategy focuses on investing, directly or indirectly, in securities of companies in which we believe that one or more potential catalysts may, upon occurrence, materially affect the value of those securities. These catalysts generally involve significant corporate events (such as mergers, acquisitions, divestitures, spin-offs, and reorganizations), financial distress or other special situations. The second investment strategy focuses on investing, directly or indirectly, in securities of distressed companies, bank debt, high yield bonds and other special situation securities.

**ASSETS UNDER MANAGEMENT.** As of August 23, 2012, we do not manage any client assets. Statements in this Brochure as to services provided will apply prospectively to assets to be raised.

### IMPORTANT NOTICE.

This Brochure may be provided to a prospective investor in one of our Funds, together with the Fund’s private placement memorandum (“**PPM**”), organizational documents, such as a limited partnership agreement, and other related documents (collectively, “**Offering Materials**”), in connection with the investor’s consideration of an investment in the Fund. While this Brochure may include information about a Fund, it does not represent a complete discussion of the features, risks or conflicts associated with the Fund. More complete information about each of our Funds is included in its Offering Materials.

**In no event should this Brochure be considered an offer of interests in a Fund or relied upon in determining to invest in a Fund. It is also not an offer of, or**

**agreement to provide, advisory services directly to any recipient.** Rather, this Brochure is designed only to provide information about us to comply with regulatory requirements under the Advisers Act, which may cause information in this Brochure to differ from the information provided in the Offering Materials. If there is any conflict between the information in this Brochure and similar information in a Fund's Offering Materials, an investor should rely on the information in the Offering Materials.

## **ITEM 5: FEES AND COMPENSATION**

We generally receive a management fee of 2% per annum of assets under management charged quarterly as compensation for performing investment management responsibilities with respect to the Funds. Investors redeeming intra-quarter will be charged management fees only for the portion of the quarter that they were invested in a Fund. We, in our discretion, may waive all or a portion of the management fee as to an investor, or may agree confidentially with an investor to other changes to the management fee respecting such investor. Investors in the Funds may have different fee arrangements.

With respect to a Fund, we, or our affiliates, may receive performance-based compensation, as described in Item 6.

The terms of each Fund are described in its Offering Materials, which are delivered to potential investors prior to the time they invest. Withdrawals by investors in a Fund are governed by the terms set forth in the Offering Materials of the Fund.

### **OTHER EXPENSE IN CONNECTION WITH FUNDS.**

Each Fund will typically be responsible for its organizational and ongoing expenses, including, without limitation: legal, accounting, auditing, tax preparation, and related charges, and filing and other regulatory fees; fees for maintenance of books and records; custody fees; insurance expense; administrators' fees and expenses; expenses associated with the offering of interests and shares; operational expenses of the Fund, including but not limited to, photocopying, postage, telephone and facsimile expenses; and extraordinary (including indemnification) expenses, if any, involving the Fund. In addition, each Fund is responsible for all of transaction costs and investment related expenses (e.g., research) incurred, directly or indirectly, in connection with its trading activities, including, without limitation: execution and clearing charges; custodial charges; dealer markups; consulting fees; and legal charges directly related to investment activities. See Item 12 of this Brochure, describing our *Brokerage Practices*, for more information regarding the factors that we consider in selecting broker-dealers for transactions on behalf of the Funds and determining the reasonableness of their compensation. If a Fund engages in borrowing or other leverage, there may be interest expense and fees.

Each Fund's Offering Materials describe these fees and expenses in greater detail.

## **COMPENSATION OF OUR EMPLOYEE MARKETING REPRESENTATIVES.**

Our employees who act as our marketing representatives are not normally paid a sales commission by our Funds for marketing those Funds to our clients. If they were to be paid a sales commission by any of our Funds, we would fully disclose that in the Fund's Offering Materials provided to potential investors prior to investment.

We may, however, compensate our marketing representatives from the management fees we earn from their clients who invest in our Funds. This practice presents a conflict of interest and gives our marketing representatives an incentive to recommend our Funds based on the compensation received, rather than on an investor's needs.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

We, or our affiliates, generally receive non-refundable performance-based compensation, charged at the end of each calendar year or at the time of an intra-year redemption by an investor in the Funds, which is equal to 20% of net capital appreciation. For purposes of calculating the performance-based compensation, net capital appreciation includes both realized and unrealized gains. Losses must be recouped before we will be entitled to performance-based compensation. Performance-based compensation will meet all requirements specified in Rule 205-3 under the Advisers Act.

We, in our discretion, may waive all or a portion of the performance-based compensation as to an investor, or may agree confidentially with an investor to other changes to the performance-based compensation respecting such investor. Investors in the Funds may have different performance-based compensation arrangements.

Each Fund's Offering Materials describe the performance-based compensation in greater detail.

### **Performance-based compensation creates a risk that:**

- we may have an incentive to allocate more attractive investment opportunities to Funds with performance-based compensation or with higher performance-based compensation, and
- we may cause a Fund to make investments that are more speculative than we would for a Fund with similar investment guidelines that does not have performance-based compensation. However, we may receive no performance-based compensation or reduced performance-based compensation if a Fund has losses, which can align our interest with the client and temper this risk.

Funds that make similar investments, but do not pay us performance-based compensation, may have different investment management fees from each other, which also can create the risk that we may allocate more attractive investment opportunities to Funds with greater investment management fees.

To mitigate these risks, we have procedures designed and implemented to ensure that all Funds are treated equitably in the allocation of investment opportunities and trades. See Items 10, 11 and 12 of this Brochure for more information.

## **ITEM 7: TYPES OF CLIENTS**

We provide investment management services to U.S. and non-U.S. Funds. Each Fund has a minimum investment requirement for investors as set forth in the Fund's PPM, which is waivable in our discretion, in the case of U.S. Funds, or the board of directors' discretion in the case of non-U.S. Funds. Investors also are required to meet certain eligibility standards as set forth in each Fund's PPM.

We generally offer Funds only to institutional and individual investors that qualify as both (i) "qualified purchasers," as defined for purposes of Section 3(c)(7) of the Investment Company Act of 1940, as amended, and (ii) "accredited investors," as defined in Regulation D under the Securities Act of 1933, as amended.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

An investment in any of our Funds involves risk, including the risk that an investor can lose money. An investment in any of the Funds by itself is not a balanced investment program for purposes of an investor's portfolio diversification needs. Investors should consult with their financial adviser regarding the appropriateness of an investment in a Fund for their overall investment program.

We use a multi-disciplined investment approach that relies on fundamental analysis to take advantage of market opportunities and mispricings and to realize gains when investments reach our price targets. Our main sources of information include general sources of news and analysis, news releases, industry publications, industry analysts and sales people, industry research, and company specific information (e.g., indentures and financial statements). We may also attend industry conferences, visit the offices of target companies and perform other types of due diligence.

### **OUR STRATEGIES**

- **Event Driven Investing.** Event driven investing consists of making direct and indirect investments in securities of companies where we believe that one or more potential catalysts may, upon occurrence, materially affect the value of those securities. These catalysts generally involve significant corporate events (e.g., mergers, acquisitions, divestitures, spin-offs, reorganizations), financial distress and other special situations.

The profit (or loss) derived from such investments generally consists of the price differential between the price of the securities purchased and the value ultimately realized from their disposition, plus any dividends or interest received during the period that the securities are held, less transaction costs (consisting mainly of brokerage commissions). In implementing this technique, we analyze information

regarding the situation, the entities involved, the anticipated risks and the projected return in order to determine the optimum size of a Fund's position, if any. We may invest in situations potentially involving the following events:

- *Risk Arbitrage.* When a proposal for a merger or other acquisition is publicly announced, the value of the cash and/or securities proposed to be issued by the acquiring entity is typically greater than the market price of the securities of the target company for which they are to be exchanged. If we believe it probable that the transaction will be consummated, a Fund may purchase shares of the target company or purchase call options involving the underlying security. A Fund also may buy or sell short securities of companies that have entered into definitive agreements where we believe that the transaction will not be consummated, thereby resulting in a material change in the valuation of the securities of the involved parties.
- *Corporate Restructuring.* Companies from time to time engage in restructuring transactions, such as self-tender offers or debt-for-equity or other exchange offers. If we believe it is probable that an announced restructuring transaction will be consummated and that the value to be received in the transaction will be greater than the current market price of the securities to be exchanged, a Fund may purchase such securities.
- *Spin-Offs and Other Divestitures.* A spin-off is a form of corporate divestiture that results in a subsidiary or division of a company becoming an independent entity. As a result of such divestiture, shares of the new entity are distributed *pro rata* to the parent corporation's shareholders. We evaluate the proposed spin-off and, if we believe that the transaction is likely to increase the value of the securities of the parent, a Fund may purchase securities of the parent. If the transaction is consummated, we would expect the Fund to realize a profit from the increase in the value of the securities purchased. A Fund also may purchase the shares of the new entity following the spin-off if we believe that the securities are undervalued.
- *Litigation and Regulatory Events.* A Fund may purchase or sell short securities of companies that are involved in litigations and/or regulatory actions. Depending on the outcome of such litigation or regulatory action, the value of the involved company's securities may change materially, thereby presenting an opportunity to profit from such change.
- **Investments in Securities and Other Obligations of Financially Distressed Companies.** A Fund may invest in securities of companies that have become financially distressed as a result of unexpectedly or chronically poor operating results, an excessive debt burden or a substantial liability. An investment in such distressed company's securities may be made if we believe that a successful restructuring or reorganization is likely to be completed and that the value of the new securities to be received, plus cash or any other consideration, if any, will exceed the current market price of such securities.



- **“Private” Investments.** A Fund may determine in the future to pursue certain illiquid and long-term private equity investments that do not have a discernable exit strategy for an extended period of time from their acquisition. Examples of such investments are late stage venture capital investments, investments in restricted securities and direct investments in private operating companies.
- **Distressed Companies; Issuers of High Yield Securities.** A Fund may invest in high yield and distressed bonds and bank debt. High yield bonds generally are defined as bonds that are rated BBB- or lower by Standard & Poor’s. Distressed bonds generally are defined as bonds that have a yield to maturity that is more than 10% above U.S. government bonds of similar maturities. A Fund may focus principally on bonds that are senior and/or secured, which we believe are likely to mature or be refinanced at par. A Fund also may invest in junior bonds if we believe that they are attractively valued. In some instances, a Fund may invest in bonds that have defaulted, or are likely to default in the belief that the bonds will be restored, exchanged for equivalent or greater value, or converted into equity of the issuer at an attractive valuation.
- **Short Sales.** A Fund may make short sales of securities. A short sale is a transaction in which the Fund sells a security it does not own in anticipation of a decline in market price. If we determine that it is probable that a proposed exchange offer, merger or restructuring will not be consummated, a Fund may sell short the securities of the target company. If the transaction is not consummated and the price of the target company’s securities declines, the Fund will then cover its short position with securities purchased in the market. The profit realized, if any, will be the price differential between the price received in the short sale and the cost of the securities purchased to cover the short sale.
- **Use of Options.** Where we deem it appropriate, in connection with a Fund’s risk arbitrage activities, the Fund may engage in options transactions either in lieu of, or in combination with, the purchase of the underlying securities. A Fund will buy and sell only those options that are listed on a national securities exchange or included in the NASDAQ System and/or over-the-counter options. Stock options give the purchaser the right to purchase or sell an individual stock at a certain price during a certain time period. Options on the stock indices are similar to the options on individual stocks described above, except they are based upon an index.
- **Leverage/Borrowings.** A Fund may employ leverage when we deem it appropriate to do so by buying securities on margin and by arranging with banks, brokers and others to borrow money. We do not intend to employ leverage through borrowings in a ratio exceeding 2:1. In addition, to the extent that a Fund utilizes futures and forward contracts, as well as other derivatives, these instruments are inherently leveraged.
- **Derivative and Other Transactions.** A Fund may engage in various derivative transactions in futures contracts, and options thereon for hedging, or possibly for speculative purposes. Related derivative transactions also may be effected.



Transactions may involve foreign currencies, financial instruments, metals and other instruments and commodities. A Fund also may invest in mortgage-backed securities and similar instruments, to a limited extent.

- **Loan Participations.** A Fund may, in certain isolated cases (generally no more than 5 per year), purchase an interest in a primary loan made to a company with which we are familiar. Typically, in such circumstances, such a company, in need of a capital infusion, would retain an agent to structure a loan. The Fund would then purchase from that agent all or some portion of such loan. These loans generally will be illiquid and have no secondary market, although they are expected to have high yields (as compared to more conventional loans).

We are permitted to make such other investments as we may determine, in our sole discretion, to be potentially profitable whether or not such investments are within the investment strategies discussed above.

There can be no assurance that a Fund will achieve its investment objective or that the strategies pursued and methods utilized by us will be successful under all or any market conditions.

## MATERIAL RISKS

Investing in securities involves a risk of loss that investors should be prepared to bear. A brief explanation of the material risks associated with our principal investment strategies and methods of analysis follows. Additional risk factors for each Fund are set forth in the PPM of the Fund.

- **Risk Arbitrage Investments.** The risk arbitrage business is extremely competitive, and many of the major participants in the business are large investment banking firms with substantially greater financial resources, larger research staffs and more securities traders than will be available to us. Arbitrage activity by other larger firms may tend to narrow the spread between the price at which a security may be purchased by a Fund and the price the Fund expects to receive upon consummation of a transaction. The price offered for the securities of a company in a tender offer, merger or other acquisition transaction will generally be at a premium above the market price of the security prior to the offer. The announcement of such a transaction will generally cause the market price of the securities to begin rising. Occasionally, a Fund may purchase a security in advance of such an announcement if we correctly anticipate the acquisition event. A Fund will generally purchase securities after the announcement of the transaction at a price that is higher than the pre-announcement market price, but is lower than the price at which we expect the transaction to be consummated. In either event, if the proposed transaction is not consummated, the value of such securities purchased by the Fund may decline significantly. It is also possible that the difference between the price paid by the Fund for securities and the amount anticipated to be received upon consummation of the proposed transaction may be very small. If a proposed transaction is in fact not consummated or is delayed, the market price of the securities may decline sharply.

- Purchases of Securities and Other Obligations of Financially Distressed Companies.** A company in financial distress may announce a restructuring plan, either in the form of a court-supervised bankruptcy or insolvency proceeding, or an out-of-court restructuring of its indebtedness and other liabilities. An investment in such distressed company's securities may be made if we believe that a successful restructuring or reorganization is likely to be completed and that the value of the new securities to be received, plus cash or any other consideration, if any, exceeds the current market price of such securities. Securities or other assets or investments acquired by a Fund may have to be held for extended periods of time. Proposed reorganizations of companies that issue distressed securities may not be consummated, or may be significantly delayed, for several reasons, including: opposition by the management or shareholders of the company or companies involved in the reorganization, opposition by regulatory agencies whose approval may be required; discovery of undisclosed facts during the process of legal or commercial due diligence or by other means; a dispute over price or other terms among the parties to a negotiated reorganization; litigation; a material adverse change in the business of the company or companies involved in the reorganization or the securities markets generally; passage of legislation by governmental entities restricting certain types of reorganizations; and other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements. In addition, the markets for these securities may be illiquid and therefore significantly impair a Fund's ability to buy or sell at advantageous prices.
- Speculative Purchases of Securities.** Speculative purchases of securities may include securities that we believe to be undervalued, or where a significant position in the securities of the particular company has been taken by one or more other persons, or where other companies in the same or a related industry have been the subject of acquisition attempts. There can be no assurances that securities that we believe to be undervalued are in fact undervalued, or that undervalued securities will increase in value. If a Fund purchases securities in anticipation of an acquisition attempt or reorganization that does not in fact occur, the Fund may experience losses. Further, a substantial period of time may elapse between a Fund's purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Fund's assets would be committed to the securities purchased and the Fund may finance such purchase with borrowed funds on which it will have to pay interest.
- Derivative Instruments.** The risks associated with derivative transactions potentially are greater than those associated with the direct purchase or sale of the underlying security because of the additional complexity and potential for leverage. Derivatives may be used as a primary strategy or as a hedging technique for other strategies, and may expose a Fund's investments to risk of default by the counterparty, premature termination of the transaction, adverse changes in market conditions, and substantial costs for creating and maintaining the transaction. There is no liquid secondary market for derivative transactions. Certain derivatives instruments purchased by a Fund may be privately negotiated

and, therefore, may not be traded on an exchange. Such derivatives may create credit risk (the risk that a counterparty on a derivative transaction will not fulfill its contractual obligations), as well as legal, operational, reputational and other risks beyond those associated with the direct purchase or sale of the underlying security to which their values are related. In addition, such instruments are not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. To the extent that a Fund engages in these transactions, the Fund must rely on the creditworthiness of its counterparty and counterparty or credit risk may be affected by the lack of a central clearinghouse.

- **Leverage Through Borrowings.** A Fund may use borrowed funds in order to make investments. Under current margin regulations, the maximum amount which, as a general rule, can be borrowed using securities as collateral in a single transaction is 50%. To the extent borrowings are used to create leverage, the risk of loss (and the possibility of gain) is increased in direct proportion to the level of a Fund's borrowings. The level of interest rates generally, and the rates at which a Fund can borrow in particular, will be an expense of the Fund and therefore affect the operating results of the Fund.
- **Private Equity Investments.** A Fund may make certain illiquid private equity investments. The risk of loss associated with these investments potentially is greater than that of investments in other investment vehicles managed by independent investment managers because of their inherent illiquidity.
- **Foreign Securities.** Foreign securities may be highly volatile and involve greater risks than comparable U.S. investments, because of, among other things, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses also may result from investment in foreign securities than domestic securities. Foreign securities markets also may be less liquid, more volatile and less subject to governmental supervision than in the United States.
- **Default and Counterparty Risk.** Some of the markets in which we may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. In addition, in the case of a default, a Fund could become

subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. We may not have an internal credit function which evaluates the creditworthiness of a Fund’s counterparties. The ability of a Fund to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

- **Concentration of Investments.** A Fund may maintain a concentrated portfolio and not limit the amount of capital that may be committed to any one investment. A Fund may hold a few (or even one), relatively large (in relation to its capital) securities positions, with the result that a loss in any one position could have a more adverse impact on the Fund than would a loss position in a more diversified portfolio.
- **High Yield Securities.** A Fund may invest in “high yield” bonds and preferred stock that are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher rated securities and are generally considered to be predominately speculative with respect to the issuer’s capacity to pay interest and dividends and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of a deterioration of general economic conditions. Because the marketplace generally perceives that there are greater risks associated with the lower rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher rated securities. The market for lower rated securities is thinner and less active than that for higher rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower rated securities. Further, the markets for these securities may be illiquid and therefore significantly impair a Fund’s ability to buy or sell at advantageous prices.
- **Speculative Short Sales of Securities.** A Fund may sell short certain securities that we believe are overvalued. There can be no assurances that securities that we believe to be overvalued are in fact overvalued, or that overvalued securities will decrease in value. If the price of such securities increases, the Fund may be forced to cover its short position at a higher price than the short sale price, resulting in a loss. A short sale involves the risk of a theoretically unlimited increase in the market price of the security. Furthermore, if a Fund has sold short the securities offered in an exchange offer or merger and has purchased the securities of the target company, the Fund is exposed to the risk that, if the transaction is not consummated, it may suffer losses with respect to both its long and short positions.

- **Options Trading.** The principal risk of trading options is that they are wholly speculative. The purchaser of a call option runs the risk of losing the entire amount of the premium paid for the option. Thus, a Fund could incur significant losses in a relatively short period of time. The ability to trade in or exercise options also may be restricted in the event that trading in the underlying security becomes restricted. Options trading may also be illiquid in the event that a Fund's assets are invested in contracts with extended expirations.
- **Risks From Hedging Activities.** There is a substantial risk that hedging techniques may not always be effective in limiting losses. If we analyze market conditions incorrectly or employ a strategy that does not correlate well with a Fund's investments, the Fund's hedging techniques could result in a loss, regardless of whether the intent was to reduce risk or increase return. These hedging techniques may also increase the volatility of a Fund, may involve a small investment of cash relative to the magnitude of the risk assumed or result in a loss if the other party to the transaction does not perform as promised.
- **Special Risks Associated with Futures Trading.**
  - *Speculative Nature.* Futures prices are highly volatile. Price movements for commodity futures are influenced by, among other things, changing supply and demand relationships, government, trade, fiscal, and economic events and changes in interest rates. Governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly.
  - *Position Limits.* The Commodity Futures Trading Commission has jurisdiction to establish, or cause exchanges to establish, position limits with respect to all commodities traded on exchanges located in the United States and may do so, and any exchange may impose limits on positions on that exchange. No such limits presently exist in the forward contract markets or on certain non-U.S. exchanges. Insofar as such limits do exist, all commodity accounts owned, held, controlled or managed by us and our principals and affiliates may be combined (that is, aggregated) for position limit purposes.
  - *Price Limits.* U.S. commodity exchanges may limit fluctuations in futures contracts prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." In addition, even if futures prices have not moved the daily limit, a Fund may not be able to execute futures trades at favorable prices if little trading in such contracts is taking place (a "thin" market).
  - *Margin.* The low margin deposits normally required in options and futures trading permit an extremely high degree of leverage. Accordingly, a relatively small price movement may result in immediate and substantial gain or loss to a Fund. Investments leveraged to this extent may result in gains or losses in excess of the amount invested by a Fund.

- *Trading on Non-U.S. Exchanges.* Transactions on markets located outside the United States, including markets formally linked to a U.S. market, may be subject to regulations that offer different or diminished protection to a Fund and its investors. Further, U.S. regulatory authorities may be unable to compel the enforcement of the rules of regulatory authorities or markets in non-U.S. jurisdictions where transactions for the pool may be effected.
- **Loan Participations.** Interests in primary loans generally will be illiquid and have no secondary market. Moreover, borrowing companies likely will be in a weak or transitional financial position. The risk of loss associated with such illiquid investments is greater than that related to investments in securities that are more liquid because even if we determine that such an investment is likely to be unprofitable, we will likely be unable to avoid losses in connection therewith because we will be unable to dispose of the investment.

The foregoing is a summary of the material risks involved in our investment strategies. Further discussion of risk factors related to the Funds is presented in each Fund's PPM.

## **ITEM 9: DISCIPLINARY INFORMATION**

We do not have any disciplinary or legal events to report.

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

**Broker-Dealer.** TCW Funds Distributors ("TFD") is a registered broker-dealer that is affiliated with us. Some of TFD's registered representatives and principals may receive compensation from us or one of our affiliates for selling interests in the Funds. They do not receive sales commissions from the Funds, unless specifically disclosed.

**Commodities Registrations.** TAMCO and Metropolitan West Asset Management, LLC ("MetWest") are registered investment advisers that are affiliated with us. Trust Company of the West ("TrustCo"), a related party that is a California trust company, and TAMCO are registered as commodity pool operators ("CPOs"). Both TAMCO and MetWest are registered as commodity trading advisers ("CTAs"). Some of our officers may be registered as associated persons of those affiliates. These associated persons may receive compensation from those affiliates for selling interests in funds or for accounts those affiliates manage. They do not receive sales commissions or other compensation from those funds or accounts, unless specifically disclosed.

**Investment Advisers.** We are affiliated with various registered investment advisers. See Part 1 and 2 of the Form ADV of each registered investment adviser described below for additional information regarding their investment management services.

- Buchanan Street Partners, L.P. (SEC Number: 801-606034; CRD Number: 113634)
- Metropolitan West Asset Management, LLC (SEC Number: 801-53332; CRD Number: 104571)



- TCW Asset Management Company (SEC Number: 801-6642; CRD Number: 105742)
- TCW Investment Management Company (SEC Number: 801-29075; CRD Number: 106546)
- TCW-WLA JV Venture LLC (SEC Number: 801-71746 ; CRD Number: 154760)
- West Gate Advisors, LLC (Sec Number: 801- 63237; CRD No. 131967)

**Banks and Trust Companies.** TrustCo is a California trust company licensed by the California Department of Financial Institutions. We are indirectly controlled by SG, an international banking institution. See Item 11, *Participation or Interest in Client Transactions*, for further information about transactions we may enter into with SG and its affiliates.

**Board of Director Memberships.** Our officers or employees may from time to time be members of the boards of directors of publicly or privately held companies which may be permitted investments of various investment strategies we offer. In these cases, we take appropriate steps, such as establishing “Informational Wall” procedures, which are intended to prevent the sharing of material, non-public information.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **SUMMARY OF OUR CODE OF ETHICS**

We have adopted a Code of Ethics (the “**Code**”) that sets forth the ethical and fiduciary principles and related compliance requirements under which we operate and the procedures for implementing those principles. The Code includes provisions that govern fiduciary duty, client opportunities, insider trading, personal trading, gifts and entertainment, political contributions, outside business activities and confidentiality.

With respect to personal trading, principals, employees and related accounts (collectively, “**Employees**”) are permitted to maintain personal securities accounts provided that such accounts are disclosed to us and that any personal trading is consistent with applicable law and with the Code. Subject to compliance with the Code, Employees may buy, sell or hold, for their own personal accounts, securities that we also may buy, sell or hold for Funds.

The Code contains policies and procedures that, among other things:

- prohibit Employees from taking personal advantage of opportunities belonging to a Fund;
- prohibit trading on the basis of material nonpublic information;
- place limitations on personal trading by Employees to avoid direct conflict with Fund trading and impose preclearance (in certain cases) and reporting obligations with respect to trading; and



- require initial and annual reports of securities holdings and quarterly transaction reports by Employees.

Our Code is available to the Funds or prospective investors in the Funds upon request. Our contact information appears on the first page of this Brochure.

## **PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS**

**Transactions with Société Générale and Related Parties.** SG Holding, a company controlled by SG, owns a majority of the stock of TCW, which wholly-owns TAMCO, our parent company. As a result, SG and its subsidiaries and affiliates (which include broker-dealers, banks and other financial intermediaries and institutions) are our related persons.

- We will enter into transactions or services involving related persons only in accordance with applicable laws and where we determine that the transactions or services are being done on an arm's length basis at fees or rates comparable to: (i) those generally available to the related person's other clients and (ii) those available to us in the marketplace from unrelated parties.
- Where required under Section 206(3) of the Advisers Act, and related rules, we will obtain client consent prior to effecting transactions with related parties, either on a case-by-case basis or on a blanket basis, as required or permitted by law. Certain Funds we manage specifically authorize transactions with related parties and us, or an affiliate, may consent to those on behalf of those Funds.
- From time to time, we may take the following actions on behalf of our clients, or recommend to our clients that they take such actions:
  - buy or sell securities in which persons related to us have a financial interest;
  - effect transactions through related persons, including brokers-dealers ("**Brokers**") acting as principal or as agent for non-clients;
  - buy or sell securities to or from related persons who are Brokers;
  - buy or sell securities in which we, parties related to us or our other client's accounts are at the same time effecting a sale or purchase; and
  - effect transactions with Brokers that have clearing relationships with related persons who are Brokers.

In any transaction with a related party, the related party may receive compensation. We may be restricted under certain circumstances from entering into principal and agency and other transactions with affiliates of SG. We have adopted procedures to identify Brokers affiliated with SG, and that are designed generally to prevent the purchase for certain clients of securities issued by SG and certain of its affiliates. We have also

adopted policies and procedures with respect to permitted transactions with our affiliates designed to assure that client interests are not adversely affected.

**Securities We Purchase, Hold or Sell.** We may recommend, buy or sell securities of issuers in which we or related persons may also purchase, hold or sell securities. These securities may be either publicly traded or private placements. Our Code establishes various procedures with respect to investment transactions in which our related persons have a beneficial interest that are designed to reduce the potential for conflicts of interest.

## **ITEM 12: BROKERAGE PRACTICES**

### **GENERAL.**

In the exercise of our discretionary authority, we have the authority to determine, without obtaining specific Fund consent, the Brokers to be used for each transaction for a Fund and to negotiate the rates and commissions the Fund will pay.

We and our affiliates seek to achieve best execution when selecting Brokers to execute securities transactions. Best execution means seeking to achieve the lowest possible transaction costs by employing an efficient trading process. Best execution does not necessarily mean the lowest available price or commission. We do not necessarily measure best execution by the circumstances surrounding a single transaction and may seek best execution over time across multiple transactions.

In selecting Brokers to execute transactions, we need not solicit competitive bids and we do not have an obligation to seek the lowest available commission cost. It is not our practice to negotiate “execution only” commission rates; thus, a Fund may be deemed to be paying for other products and services provided by the Brokers which are included in the commission rate.

We attempt to enter into brokerage arrangements that are competitive, based on our knowledge of the industry. In making our selection of Brokers, we take into account the Brokers’ reliability, reputation, financial responsibility, stability, ability to execute trades, nature and frequency of sales coverage, commission rate, if any, and the responsiveness of the Brokers to us. In addition, we consider the value of brokerage and research products and services, either generated and provided by the Brokers, or provided by others and paid for by the Brokers (either by direct or reimbursement payment in whatever form, cash payments, commissions, or any other means) (collectively, “**Products and Services**”).

In recognition of the value of Products and Services provided by a Broker, we may effect securities transactions which cause a Fund to pay the Broker a commission in excess of the amount of commission another Broker would have charged.

In exchange for the direction of commission dollars to certain Brokers, credits are generated which we may use to pay for the various Products and Services provided by, or paid for by, such Brokers. To the extent the credits are generated or such Products and Services are obtained, we receive a significant benefit by reason of the direction of

commissions to such Brokers. We have an incentive to select a Broker based on our interest in receiving the Products and Services rather than on our clients' interest in trading at the most favorable prices.

Products and Services are used by us in servicing some or all of the Funds. In addition, some Products and Services may not necessarily be used exclusively by a particular Fund even though the Fund's commission dollars were used to obtain the Products and Services. A Fund, therefore, may not always be the direct or indirect beneficiary of the Products or Services provided or even be in a position fully to utilize all the credits are generated by its brokerage transactions. Unused credits may be substantial.

**AFFILIATED BROKERS.** Subject to best execution, Brokers selected may include Brokers in which we or our affiliates have some financial interest.

### **POOLED INVESTMENT VEHICLES.**

We provide investment management services to U.S. and non-U.S. Funds. We have adopted procedures for allocation of investment opportunities and trades among the Funds. It is our policy that investment decisions for the Funds are to be made consistent with the investment objectives, guidelines and restrictions of the Funds and that investment opportunities and trades are to be allocated fairly and equitably among the Funds participating in each transaction, taking into consideration their investment objectives and restrictions, their current holdings, available cash for investment and the size of their positions. Given the differing holdings, available cash for investment, primary investment focus, if any, and the size of current positions, each Fund will not necessarily participate in each transaction in a security or instrument that might be considered within the range of permissible investments for that Fund.

At the beginning of each month, we intend to establish *pro rata* trade allocation formulas based on assets under management, investment strategy and product. For each aggregated or bunched order, when the trade is entered, the order management system that we utilize automatically allocates that trade to each Fund consistent with the applicable monthly allocation formula.

Allocations of securities may be modified after preparation of the allocation statement but prior to settlement under the following circumstances:

- **Investment Guidelines.** Trades may be reallocated if it is determined that an allocation would result in a violation of any Fund's investment objectives or guidelines.
- **Legal Requirements.** Trades may be reallocated if it is determined that an allocation would result in a violation of any law or regulation applicable to the type of client or transaction.
- **Portfolio Manager Discretion.** Trades may be reallocated in other circumstances at the direction of, or with approval from, the portfolio managers.

- **Hedging Transactions.** Because different Funds may participate in different transactions, hedges against industry, or country-specific portfolio exposure will be made selectively and will not follow pre-set allocations procedures.
- **Rebalancing Trades.** Upon subscriptions to or withdrawals from the Funds, the portfolio managers may or may not choose to rebalance the portfolio, depending on market conditions at the time. Instead, the portfolio managers may choose to adjust positions over time with rebalancing trades that result in deviations from pre-set allocations.

All exceptions to the *pro rata* allocation procedures are subject to review by the Chief Compliance Officer.

It is our general policy that orders of multiple Funds for the same security in the same direction on the same trading day will be aggregated for execution, and that all Funds participating such orders will receive the average price for the trading day.

### **ITEM 13: REVIEW OF ACCOUNTS**

We undertake the following activities in an effort to ensure that Fund investments are made in accordance with their respective investment objectives and restrictions:

- Operational personnel monitor and reconcile the cash and trades daily for each Fund and advise portfolio managers of any apparent anomalies.
- With respect to each Fund, the portfolio manager or a member of the portfolio management team continuously monitors trading for consistency with the Fund's investment objectives and restrictions set forth in its PPM.

Investors in each Fund generally are provided with written unaudited monthly statements of their account from the administrator of the Fund and annually receive audited financial statements.

### **ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION**

We may pay brokers, finders or other third parties fees or similar compensation in connection with the referral of investors to the Funds. Investors in the Funds do not pay higher advisory fees based on these relationships.

Other than the credits generated from direction of commission dollars to certain brokers described in Item 12 above, we do not receive any economic benefit for providing advice to the Funds from anyone other than the Funds.

### **ITEM 15: CUSTODY**

We currently do not have assets under management and, accordingly do not have custody of client assets. After we begin to manage Fund assets, we will not have physical custody of any such assets. However, to the extent we or an affiliate serves as general partner or

managing member of certain Funds, we will be deemed to have “custody” of such Funds within the meaning of Rule 206(4)-2 under the Advisers Act (the “**Custody Rule**”). We will maintain the assets of all Funds with qualified custodians, within the meaning of the Custody Rule. For each Fund for which we are deemed to have custody, we will provide each investor in the Fund with audited financial statements that comply with U.S. generally accepted accounting practices within the time period required under the Custody Rule.

## **ITEM 16: INVESTMENT DISCRETION**

We enter into written agreements for each Fund that we manage that state our discretion to manage the Fund. With respect to each Fund, we have the authority to determine, without obtaining specific Fund consent, (i) securities or other instruments to be bought or sold, (ii) the amount of the securities to be bought or sold, (iii) the broker or dealer to be used, and (iv) commission rates paid. Our authority is subject to any specific investment guidelines and/or restrictions set forth in our agreement with a Fund.

## **ITEM 17: VOTING CLIENT SECURITIES**

Given the nature of our investment management services, we exercise discretion to vote proxies for Funds’ securities only in limited circumstances. As a result, we engage outside proxy voting service (an “**Outside Service**”) to vote any proxies and have so notified each Fund. One of our officers manages the relationship with the Outside Service and ensures that the Outside Service votes all proxies, consistent with our agreement with the Outside Service, in the best interest of our Funds and our general guidance and retains all required documentation associated with proxy voting. We do not disclose how we expect to vote on upcoming proxies. Additionally, we do not disclose the way we voted proxies to unaffiliated third parties who do not have a legitimate need to know such information.

We must act as a fiduciary when voting proxies on behalf of our Funds. In that regard, we will seek to avoid possible conflicts of interest in connection with proxy voting. Conflicts of interest connection with each proxy vote arise only in limited cases when a proxy vote is withdrawn from the proxy voting system of the Outside Service. In such event, the Chief Compliance Officer will consider whether we are subject to any material conflict and will take action to mitigate such conflict. The Outside Service will retain and provide copies to us of information in connection with each proxy vote.

We or the Outside Service will maintain the following records with respect to proxies: (i) proxy statements received regarding Fund securities; (ii) records of votes cast on behalf of a Fund, including each security as to which votes were cast, the number of shares voted and how they were voted on each issue; (iii) written records of requests by Funds for proxy voting information; (iv) written responses to any written or oral requests; and (v) any documents prepared or used by us that were material to how a proxy was voted or that memorialized the basis for the voting decision. Additionally, we or the Outside Service will maintain any documentation related to an identified material conflict of interest.

We do not accept requests from Funds or investors to vote proxies in a particular manner.

Our proxy voting policy and procedures are available upon request. Our contact information appears on the first page of this Brochure.

## **ITEM 18: FINANCIAL INFORMATION**

Not Applicable.