



## ITEM 1: COVER PAGE

TCW INVESTMENT MANAGEMENT COMPANY LLC  
(“**We**” or “**Us**”)

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

September 14, 2017

TCW Investment Management Company LLC  
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Los Angeles, CA 90017  
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This brochure provides information about the qualifications and business practices of TCW Investment Management Company 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 TCW Investment Management Company 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**

See Attachment I of this Brochure for a summary of the material changes that we have made to this Brochure since the last annual Amendment of March 30, 2017.

## **ITEM 3: TABLE OF CONTENTS**

<b><u>Item</u></b>		<b><u>Page</u></b>
1	Cover Page	1
2	Material Changes	2
3	Table of Contents	2
4	Advisory Business	3
5	Fees and Compensation	4
6	Performance-Based Fees and Side-By-Side Management	16
7	Types of Clients	17
8	Methods of Analysis, Investment Strategies and Risk of Loss	21
9	Disciplinary Information	41
10	Other Financial Industry Activities and Affiliations	41
11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	43
12	Brokerage Practices	46
13	Review of Accounts	54
14	Client Referrals and Other Compensation	55
15	Custody	55
16	Investment Discretion	56
17	Voting Client Securities	56
18	Financial Information	59
	Attachment 1 – Summary of Material Changes	60

## 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 1987. We are a Delaware limited liability company.

We are wholly-owned by The TCW Group, Inc., a Nevada corporation (“**TCW Group**”). In February 2013, TCW management and private investment funds affiliated with alternative asset manager The Carlyle Group (together with such affiliates, “**Carlyle**”) acquired TCW Group from Société Générale. As a result of the transaction, TCW management and employees increased their ownership in the firm to approximately 40% on a fully diluted basis, better aligning interests with the firm’s clients. Carlyle owns the balance of TCW Group’s equity interests.

**THE SERVICES WE OFFER.** We provide investment management and advice for a wide array of U.S. Equities, U.S. Fixed Income, International and Alternatives investment strategies for institutional and individual investors through investment advisory accounts (“**Accounts**”), public and private open- and closed-end commingled investment vehicles (“**Funds**”), and wrap fee accounts sponsored by others (“**Wrap Accounts**”). The publicly-offered Funds include mutual funds (“**Mutual Funds**”). We are typically the direct adviser for an Account or Fund, but we sometimes are a sub-adviser. Each Account, Fund or Wrap Account in any of our strategies or products is assigned to or managed under either our (i) Marketable Securities Division, (ii) Alternative Investments/Structured Investments Division, or (iii) Managed Accounts Division. We receive a share of the fees charged to clients of Wrap Accounts, and we may benefit from the marketing, computer reporting and client screening services of the Wrap Account sponsors.

We offer investment management services in a variety of different investment strategies for which we have portfolio managers with an established investment style that our clients come to us for. Our clients include private or government investment funds and institutions, including pension funds, registered investment companies including mutual funds and foreign investment companies, high net worth individuals and family offices and others. Those clients are generally sophisticated investors and often have internal and external consultants and advisers to assist them with determinations of their individual needs, such as allocations among types of investments, and do not seek those determinations from us. We may agree with certain clients on investment guidelines that restrict the securities or types of securities that we invest in on their behalf.

**ASSETS UNDER MANAGEMENT.** As of December 31, 2016, we had \$33,556,647,907 in discretionary assets under management and \$0 in non-discretionary assets under management. The TCW Group of Companies, including affiliated entities, had approximately \$191.6 billion in assets under management as of that date.



## IMPORTANT NOTICE

**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 prospectus for the Fund. If there is any conflict between the information in this Brochure and similar information in the Fund's prospectus, you should rely on the information in the offering material.

## ITEM 5: FEES AND COMPENSATION

The investment management fees we charge are generally computed as a percentage of the market value of assets under management in Accounts, and are billed, rather than deducted from the assets we manage. However, for Funds, including Mutual Funds and for Wrap Accounts the management fees are deducted from the assets we manage. Our clients typically pay our management fees quarterly in arrears, although Mutual Funds and some Accounts pay us monthly in arrears. Accounts are generally subject to a minimum account size as shown in Item 7, below. Investment management fees are based on the investment strategy and, in some cases, size of the account.

### A. MARKETABLE SECURITIES DIVISION

**Mutual Funds and Other Investment Companies.** We (or our affiliates pursuant to sub-advisory agreements) serve as investment adviser to affiliated and unaffiliated investment companies, including mutual funds registered under the 1940 Act and foreign investment companies ("**Investment Companies**") under written agreements pursuant to which we manage the investments of such Investment Companies' assets in our Marketable Securities Division. We provide investment management advice for unaffiliated Investment Companies at fees negotiated with each such company. Fees generally range from .25% of average daily net assets to 1.00% of average daily net assets depending upon the strategy offered by the Investment Companies but may be negotiable. Fees may also include incentive fees, which fees will comply with the SEC's Rule 205-3, if applicable, which provides an exemption from a prohibition on our receiving compensation based on a share of capital gains or appreciation in a client's account that we manage. We may also place orders for the purchase and sale of securities and provide other management functions to Investment Companies, pursuant to our investment management agreement. The fees, minimum investment amounts and other conditions relevant to making and maintaining an investment in any such Fund are disclosed in the offering materials of the Investment Companies.

**TCW Funds, Inc.** The annual rate of our contractual advisory fees for each of the Mutual Funds offered by TCW Funds, Inc. is shown as a percentage of assets in the table below. See the prospectus for each Mutual Fund for detailed information about the



investment strategy, the advisory fees and other expenses, minimum investment amounts, investment risks and other matters relevant to making and maintaining an investment in each Mutual Fund.

- **U.S. FIXED INCOME FUNDS:**

<b>TCW Core Fixed Income Fund</b>	<b>.40%</b>
<b>TCW Enhanced Commodity Strategy Fund</b>	<b>.50%</b>
<b>TCW Global Bond Fund</b>	<b>.55%</b>
<b>TCW High Yield Bond Fund</b>	<b>.45%</b>
<b>TCW Short Term Bond Fund</b>	<b>.35%</b>
<b>TCW Total Return Bond Fund</b>	<b>.50%</b>

- **U.S. EQUITIES FUNDS:**

<b>TCW Artificial Intelligence Equity Fund</b>	<b>.80%</b>
<b>TCW Focused Equities Fund</b>	<b>.65%</b>
<b>TCW Global Real Estate Fund</b>	<b>.80%</b>
<b>TCW High Dividend Equities Fund</b>	<b>.65%</b>
<b>TCW New America Premier Equities Fund</b>	<b>.80%</b>
<b>TCW Relative Value Dividend Appreciation Fund</b>	<b>.65%</b>
<b>TCW Relative Value Large Cap Fund</b>	<b>.65%</b>
<b>TCW Relative Value Mid Cap Fund</b>	<b>.80%</b>
<b>TCW Select Equities Fund</b>	<b>.75%</b>



- **INTERNATIONAL FUNDS:**

<b>TCW Emerging Markets Income Fund</b>	.75%
<b>TCW Emerging Markets Local Currency Income Fund</b>	.75%
<b>TCW Emerging Markets Multi-Asset Opportunities Fund</b>	.95%
<b>TCW International Growth Fund</b>	.85%
<b>TCW International Small Cap Fund</b>	.75%
<b>TCW Developing Markets Equity Fund</b>	.80%

- **ALLOCATION:**

**TCW Conservative Allocation Fund.** The TCW Conservative Allocation Fund, as a shareholder of certain underlying funds in which it invests, indirectly bears its pro rata share of the advisory fees charged to, and expenses of operating, such underlying funds. We do not charge a separate advisory fee, in addition to the fees of the underlying funds.

**TCW Strategic Income Fund, Inc.** TCW Strategic Income Fund, Inc. (“TSI”) is a closed-end fund listed on the New York Stock Exchange. We are paid a monthly fee by TSI computed at the annual rate of 0.75% of the first \$100 million of TSI’s average managed assets and 0.50% of TSI’s average managed assets in excess of \$100 million. See TSI’s annual report for additional information.

**TCW Alternative Funds.** The annual rate of our contractual advisory fees for each of the Mutual Funds offered by TCW Alternative Funds is shown as a percentage of assets in the table below. See the prospectus for each Mutual Fund for detailed information about the investment strategy, the advisory fees and other expenses, minimum investment amounts, investment risks and other matters relevant to making and maintaining an investment in each Mutual Fund.

<b>TCW/Gargoyle Dynamic 500 Fund</b>	.80%
<b>TCW/Gargoyle Dynamic 500 Collar Fund</b>	.80%

<b>TCW/Gargoyle Hedged Value Fund</b>	.90%
<b>TCW/Gargoyle Dynamic 500 Market-Neutral Fund</b>	.80%
<b>TCW/Gargoyle Systematic Value Fund</b>	.70%
<b>TCW High Dividend Equities Long/Short Fund</b>	.95%
<b>TCW Long/Short Fundamental Value Fund</b>	1.65%

**TCW UCITS.** The range of the annual rate of our contractual advisory fees as a percentage of assets for each of the UCITS funds offered by TCW Funds is shown in the table below. See the prospectus for each UCITS fund for detailed information about the investment strategy, the advisory fees and other expenses, minimum investment amounts, investment risks and other matters relevant to making and maintaining an investment in each UCITS fund.

<b>MetWest High Yield Bond Fund</b>	.50% to 1.00%
<b>MetWest Total Return Bond Fund</b>	.40% to 1.10%
<b>MetWest Unconstrained Bond Fund</b>	.70% to 1.40%
<b>TCW Total Return Bond Fund</b>	.45% to 1.15%
<b>TCW Emerging Markets Income Fund</b>	.70% to 1.50%
<b>TCW Emerging Markets Local Currency Income Fund</b>	.70% to 1.50%
<b>TCW Multi-Income US Equities Fund</b>	.70% to 1.65%
<b>TCW Select Equities Fund</b>	.75%
<b>TCW US REIT Income Fund</b>	.70%

**SEPARATE ACCOUNTS.** The current fee schedule for Accounts is given below, stated on a per annum basis for the amount of assets under management. Our fee schedule is generally not negotiable but in some instances the fee may be negotiated. All of the strategies listed in this schedule are part of our Marketable Securities Division.

- **U.S. FIXED INCOME STRATEGIES:**

<b>Institutional or Individual (High Net Worth)</b>	
<b>Alpha Trak</b>	<i>Fixed Fee Schedule:</i>
We offer alternative fee schedules:	.275% on the first \$100 million
	.20% on remaining assets
	<i>Performance Fee Schedule:</i>
	Base Fee: \$0
	Incentive Fee: No fee on first 10 basis points of outperformance; 25% of remaining value added.
	Maximum Fee: 55 basis points
<b>Bank Loans</b>	.55% on the first \$100 million .45% on remaining assets
<b>Constrained Core Fixed Income</b>	.25% on the first \$100 million .20% on remaining assets
<b>Core Fixed Income</b>	.275% on the first \$100 million .20% on remaining assets
<b>Core Plus Fixed Income</b>	.275% on the first \$100 million .20% on remaining assets
<b>Corporate Bonds</b>	.325% on the first \$100 million .25% on remaining assets
<b>Global Fixed Income</b>	.375% on the first \$100 million .25% on remaining assets
<b>High Yield Fixed Income</b>	.50% on the first \$100 million .40% over \$100 million



**Institutional or Individual (High Net Worth)**

<b>Index Plus Mortgage-Backed Securities</b>	.25% on the first \$100 million .20% on remaining assets
<b>Index Tracking Mortgage-Backed Securities</b>	.20% on the first \$100 million .15% on remaining assets
<b>Intermediate Fixed Income</b>	.275% on the first \$100 million .20% on remaining assets
<b>Long Duration Fixed Income</b>	.275% on the first \$100 million .20% on remaining assets
<b>Low Duration Fixed Income</b>	.22% on the first \$100 million .15% on remaining assets
<b>Mortgage-Backed Securities</b>	.275% on the first \$100 million .20% on remaining assets
<b>Mortgage-Backed Short-Intermediate</b>	.275% on the first \$100 million .20% on remaining assets
<b>Opportunistic Core Plus Fixed Income</b>	.375% on the first \$100 million .25% on remaining assets
<b>Opportunistic Mortgage-Backed Securities</b>	.70% on the first \$50 million .50% on remaining assets
<b>Securitized Opportunities</b>	1.00% on the first \$50 million .50% on the next \$450 million .32% on the next \$500 million .15% on the next \$500 million .10% on remaining assets
<b>Specialized Cash</b>	.20% on the first \$100 million .15% on remaining assets

**Institutional or Individual (High Net Worth)**

<b>Strategic Income</b>	.50% on the first \$100 million .40% on remaining assets
We, or our affiliates, also offer the Strategic Income strategy through other investment vehicles, which may have differing fee schedules.	
<b>TIPS Portfolios</b>	.20% on the first \$100 million .15% on remaining assets
<b>Total Return Mortgage-Backed Securities</b>	.275% on the first \$100 million .20% on remaining assets
<b>Ultra Short Fixed Income</b>	.20% on the first \$100 million .15% on remaining assets
<b>Unconstrained</b>	.50% on the first \$100 million .40% over \$100 million

- U.S. EQUITIES STRATEGIES:**

	<b>Institutional</b>	<b>Individual (High Net Worth)</b>
<b>Concentrated Core</b>	.70% on all assets	1.00% on all assets
<b>Focused Equities</b>	.70% on the first \$25 million .50% on the next \$75 million .40% on remaining assets	1.00% on all assets
<b>Focused Value</b>	.70% on the first \$25 million .50% on the next \$75 million .40% on remaining assets	1.00% on all assets
<b>Global Artificial Intelligence Equity</b>	.75% on all assets	1.00% on all assets
<b>Global Dividend Stars</b>	.80% on all assets	1.00% on all assets
<b>Global Healthcare</b>	.75% on all assets	1.00% on all assets

	<b>Institutional</b>	<b>Individual (High Net Worth)</b>
<b>Global High Dividend Equities*</b>	.75% on all assets	1.00% on all assets
* Shariah compliant overlay	.80% on all assets	1.00% on all assets
<b>Global Low Volatility Equities</b>	.50% on the first \$100 million .40% on the next \$500 million .30% on remaining assets	1.00% on all assets
<b>Global REIT*</b>	.75% on all assets	1.00% on all assets
*Shariah compliant overlay	.90% on all assets	1.00% on all assets
<b>Global REIT Premium</b>	.85% on all assets	1.00% on all assets
<b>Global Relative Value Dividend Appreciation</b>	.75% on all assets	1.00% on all assets
<b>Global Technology</b>	.75% on all assets	1.00% on all assets
<b>High Dividend Equities</b>	.60% on the first \$25 million .50% on the next \$75 million .40% on remaining assets	1.00% on all assets
<b>High Income Equities</b>	.70% on all assets	1.00% on all assets
<b>Multi-Income U.S. Equities</b>	.70% on all assets	1.00% on all assets
<b>New America Premier Equities</b>	.75% on all assets	1.00% on all assets
<b>Pluris</b>	.75% on all assets	1.00% on all assets
<b>Relative Value Dividend Appreciation</b>	.70% on the first \$25 million .50% on the next \$75 million .40% on remaining assets	1.00% on all assets

	<b>Institutional</b>	<b>Individual (High Net Worth)</b>
<b>Relative Value Large Cap</b>	.70% on the first \$25 million .50% on the next \$75 million .40% on remaining assets	1.00% on all assets
<b>Relative Value Mid Cap</b>	.80% on the first \$25 million .65% on the next \$25 million .60% on remaining assets	1.00% on all assets
<b>Thematic Rotation Equities</b>	.75% on all assets	1.00% on all assets
<b>U.S. REIT Total Return</b>	.70% on all assets	1.00% on all assets

- **BALANCED STRATEGY:**

	<b>Institutional or Individual (High Net Worth)</b>
<b>Core Balanced*</b>	.50% on the first \$50 million .40% on the next \$50 million .30% on remaining assets

\* Consists of an Equity component and a Fixed Income component. Concentrated Core and Relative Value Large Cap are the choices for the equity component.

- **INTERNATIONAL STRATEGIES:**

	<b>Institutional or Individual (High Net Worth)</b>
<b>Developing Markets Equity</b>	.80% on the first \$25 million .70% on the next \$100 million .60% on remaining assets
<b>Emerging Markets Fixed Income</b>	.50% on the first \$100 million .40% on remaining assets
<b>Emerging Markets Local Currency</b>	.50% on the first \$100 million .40% on remaining assets



	<b>Institutional or Individual (High Net Worth)</b>
<b>International Fixed Income</b>	.50% on the first \$25 million .35% on the next \$25 million .25% on the next \$50 million .20% on remaining assets
<b>International Small Cap</b>	1.00% on the first \$25 million .90% on remaining assets

- **GLOBAL MULTI-ASSET ALLOCATION**

We also offer asset allocation investment management that combines one or more investment strategies. Allocations may be made to separate accounts, limited partnerships, commingled investment trusts or mutual funds that we or our affiliates manage. Investment management fees are charged with respect to each allocation in accordance with the investment strategy in which each allocation is invested or based on a blended rate applicable to specified investment strategies.

## **B. MANAGED ACCOUNTS DIVISION.**

**Separate Accounts.** The current fee schedule for Managed Accounts Division separate accounts is given below stated on a per annum basis. The investment management fees generally are computed as a percentage of the market value of the assets under management. The fee schedule is generally not negotiable but in some instances the fee may be negotiated.

We offer investment management services through wrap fee and dual contract ("mini-institutional") managed account programs that are sponsored by banks, broker dealers or other investment advisers ("Sponsors"). In a traditional wrap fee program, we provide our investment management services pursuant to an advisory or service agreement with the wrap fee program Sponsor.

- Each wrap fee client enters into an agreement with the Sponsor who provides an array of services, including, but not limited to, custody, asset allocation, selection of investment advisers, trade execution and reporting covered by a single bundled or "wrap" fee payable to the Sponsor.
- In a dual contract program, we provide our investment management services pursuant to an Investment Management Agreement directly with the client. The client separately arranges with the Sponsor for custody, financial advisory and certain trading services to be provided on a bundled fee arrangement.

**Dual Accounts:**

<b>Balanced</b>	
On all assets	.65%
(Includes Relative Value Balanced & Core Balanced)	
<b>Concentrated Core</b>	
On all assets	.75%
<b>Concentrated Value</b>	
On first \$25 million	.75%
On next \$75 million	.55%
On remaining assets	.45%
<b>Relative Value Dividend Appreciation</b>	
On first \$25 million	.70%
On next \$75 million	.50%
On remaining assets	.40%
<b>Relative Value Large Cap</b>	
On first \$25 million	.70%
On next \$75 million	.50%
On remaining assets	.40%
<b>Relative Value Mid Cap</b>	
On first \$25 million	.80%
On next \$25 million	.65%
On remaining assets	.60%

**Wrap Accounts.** The general range of annual fees by investment strategy is shown below.

<b>Strategies</b>	<b>Fee Range</b>
Large Cap Equity and Balanced	0.28% - 0.50%
Mid Cap Equity	0.40% - 0.50%

Wrap program clients should refer to the disclosure brochure provided by their sponsor for the investment management fees and other information for that sponsor's program.

## ALTERNATIVE INVESTMENTS/STRUCTURED INVESTMENTS DIVISION.

We, or a company that we control, are the general partner or managing member for a number of closed-end privately-offered investment vehicles. We generally offer these private investment vehicles only to institutional and individual "accredited investors," as defined in Regulation D under the Securities Act of 1933. Investments in closed-end private investment vehicles are for a stated number of years as discussed in each private investment vehicle's limited partnership agreement or limited liability company agreement (the "Fund Agreement").

The management fee for private investment vehicles that are part of our Alternative Investments/Structured Investments Division vary depending on the investment strategy of the particular private investment vehicle and is based on an investor's pro rata share of the private investment vehicle's adjusted net asset value. For certain of these private investment vehicles, we may be paid an incentive fee in addition to our management fee. The incentive fee will comply with Rule 205-3 of the Advisers Act, if applicable, which provides an exemption from a prohibition on receiving compensation based on a share of the capital gains or appreciation in a client's account that we manage.

The management fees and minimum investment amounts are described in the offering memorandum or Fund Agreement for each private investment vehicle that is delivered to each potential investor before the investor makes an investment.

## OTHER EXPENSES IN CONNECTION WITH ACCOUNTS AND FUNDS.

- **Accounts.** Our Account clients will typically pay fees to their custodian in addition to our management fees. Depending on the strategy in which the account invests, the Account will incur brokerage fees for most equity trading, and the effect of the difference with respect to the bid/ask spread for trading in fixed income investments. See Item 12, Brokerage Practices, of this Brochure. If the strategy for the Account involves derivatives, the Account may be required to make payments related to the derivatives to counterparties.
- **U.S. Mutual Funds.** In addition to our management fees, our Mutual Fund clients incur fees for distribution (pursuant to 12b-1), custodial, administrative, transfer agency and sub-transfer agent/record keeper services, state registration, Securities and Exchange Commission registration, membership in the Investment Company Institute (a mutual fund industry association), state and city taxes, audit, printing, mailing, legal, compliance, as well as independent director's expenses.
- **UCITS Funds.** In addition to our management fees, our UCITS fund clients incur service fees.
- **Private Funds.** Our private investment vehicles will typically incur the same fees as Accounts described above, as well as fees for maintenance of books and records, custody fees, audit expense, tax preparation expense, organizational expense, fees to fund administrators, insurance expense, and annual licensing and

registration fees and taxes. If the private investment vehicle permits borrowing or other leverage, there may be interest expense and fees for credit. Certain alternative strategies may incur legal expense in connection with the acquisition or disposition of investments and the handling of distressed investments. The Fund offering documents 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 documents provided to potential investors prior to investment.

We do, however, compensate our Marketing Representatives from the management fees we earn on Accounts that they are responsible for and for their clients who invest in our Funds. This practice presents a conflict of interest and gives our marketing representatives an incentive to recommend our investment strategies and Funds based on the compensation received, rather than on a client's needs. Our mutual fund and wrap accounts are available through brokers and other agents not affiliated with us. For the mutual funds, those brokers and agents are generally compensated through a portion of our advisory fees, and in some cases through 12b-1 fees disclosed in the mutual fund documents.

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

We may receive investment advisory fees for some of the Accounts and Funds that we manage that are performance fees. For investment strategies invested in marketable securities, the performance fee normally consists of an increased asset-based fee which is tied to the performance of the Account or Fund with respect to a benchmark. For alternative investment strategies and for some marketable securities accounts, the performance fees are based on the Account or Fund achieving net gains over a stated rate of return. Alternative investment strategies include:

- mezzanine or other forms of privately-placed financing, direct lending, distressed investing, private equity, project finance, real estate investments, leveraged loan strategies and other similar strategies, and
- strategies offered in structured vehicles, such as collateralized loan obligations or collateralized debt obligations, or in private funds (sometimes called “hedge funds”).

Our portfolio managers may share in performance fees. In each case the fees are specifically authorized by the Account or Fund documents and disclosed in any Fund disclosure documents. For other Accounts and Funds we manage that make the same or similar investments, we may receive investment advisory fees based only on a percentage of assets or a fixed fee.





**Performance fees create a risk that:**

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

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

To mitigate these risks, we monitor Accounts and Funds for compliance with investment guidelines and follow investment allocation policies. Under our allocation policies, when a particular investment would be appropriate for several Accounts and Funds we manage, we apportion the investment in a manner that we determine in good faith to be fair and equitable. Our apportionment may not be pro rata depending on our determination of all relevant factors such as differing investment objectives, diversification considerations, and cash availability. We follow similar good faith apportionment policies when disposing of investments for our Accounts and Funds. These allocation policies could in certain circumstances adversely affect the price paid or received by our Accounts and Funds. See Item 12 of this Brochure, describing our Brokerage Practices, for more information.

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

Our clients include many of the largest corporate and public pension plans, financial institutions, registered investment companies, endowments and foundations in the U.S., as well as a number of foreign investors, foreign investment companies and high net worth individuals.

Accounts in our investment strategies are subject to a minimum account size which is generally not negotiable but in some instances may be negotiated.

- **TCW Mutual Funds.** The minimum account size for each of the TCW Mutual Funds is \$2,000 (\$500 for IRAs).
- **TCW Alternative Funds.** The minimum account size for each of the TCW Alternative Funds is \$5,000 Class M (\$1,000 for IRAs), \$100,000 Class I.

- **TCW UCITS Funds.** The minimum account size for each of the TCW UCITS Funds is discussed in the current prospectus.
- **Dual Accounts.** The minimum account size for the managed accounts listed in Item 5 above is \$1,000,000.
- **Wrap Accounts.** The minimum account size for each of the wrap fee programs listed in Item 5 is generally \$100,000.
- **Separate Accounts.** The minimum account size for each of the strategies for the separately managed accounts are as follows:

#### U.S. FIXED INCOME STRATEGIES:

Accounts in our U.S. fixed income investment strategies are generally subject to the minimum account size of \$75 million. Investment strategies that vary from the \$75 million minimum account size are as follows:

- Bank Loans \$100 million
- High Yield Fixed Income \$40 million

#### U.S. EQUITIES STRATEGIES:

##### Minimum Account Size

	Institutional	Individual (High Net Worth)
<b>Concentrated Core</b>	\$25 million: U.S \$50 million: International	\$5 million
<b>Focused Equities</b>	\$10 million	\$5 million
<b>Focused Value</b>	\$10 million	\$5 million
<b>Global Artificial Intelligence Equity</b>	\$10 million	\$5 million
<b>Global Dividend Stars</b>	\$10 million	\$5 million
<b>Global Healthcare</b>	\$10 million	\$5 million



	<b>Institutional</b>	<b>Individual (High Net Worth)</b>
<b>Global High Dividend Equities*</b>	<b>\$10 million</b>	<b>\$5 million</b>
* Shariah compliant overlay	\$10 million	\$5 million
<b>Global Low Volatility Equities</b>	<b>\$10 million</b>	<b>\$5 million</b>
<b>Global REIT*</b>	<b>\$10 million</b>	<b>\$5 million</b>
* Shariah compliant overlay	\$10 million	\$5 million
<b>Global REIT Premium</b>	\$10 million	\$5 million
<b>Global Relative Value Dividend Appreciation</b>	\$10 million	\$5 million
<b>Global Technology</b>	\$10 million	\$5 million
<b>High Dividend Equities</b>	\$10 million	\$5 million
<b>High Income Equities</b>	\$10 million	\$5 million
<b>Multi-Income U.S. Equities</b>	\$10 million	\$5 million
<b>New America Premier Equities</b>	\$10 million	\$5 million
<b>Pluris</b>	\$10 million	\$5 million
<b>Relative Value Dividend Appreciation</b>	\$10 million	\$5 million
<b>Relative Value Large Cap</b>	\$10 million	\$5 million
<b>Relative Value Mid Cap</b>	\$25 million	\$5 million



	<b>Institutional</b>	<b>Individual (High Net Worth)</b>
<b>Thematic Rotation Equities</b>	\$10 million	\$5 million
<b>U.S. REIT Total Return</b>	\$10million	\$5 million

#### **BALANCED STRATEGY:**

	<b>Minimum Account Size</b>
	<b>Institutional or Individual (High Net Worth)</b>
<b>Core Balanced</b>	\$50 million

#### **INTERNATIONAL STRATEGIES:**

	<b>Minimum Account Size</b>
	<b>Institutional or Individual (High Net Worth)</b>
<b>Developing Markets Equity</b>	\$25 million
<b>Emerging Markets Fixed Income</b>	\$100 million
<b>Emerging Markets Local Currency</b>	\$100 million
<b>International Fixed Income</b>	\$25 million
<b>International Small Cap</b>	\$10 million

#### **GLOBAL MULTI-ASSET ALLOCATION**

The minimum account size for investments in Comprehensive Asset Allocation is \$50 million.

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

An investment in any of our strategies involves risk, including the risk that an investor can lose money. An investment in any of these strategies 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 any of these strategies for their overall investment program.

The following are general descriptions of our current investment strategies, not descriptions of any particular Mutual Fund or other Investment Company. For descriptions of the strategies, methods of analysis, and risks of loss of any of the TCW Mutual Funds or other Investment Companies we advise or sub-advise, see their prospectus or other offering documents. Certain of the strategies listed below may not be offered for Wrap Accounts or Dual Accounts, such as the fixed income strategies that invest in mortgage-backed securities, because of the dollar amount of the securities typically traded.

### A. FIXED INCOME STRATEGIES

**The fixed income strategies we offer are:**

- **Alpha Trak.** We have designed this strategy for investors looking for equity market returns. The portfolios are managed to track the Standard and Poor's 500 Index. AlphaTrak uses a combination of S&P 500 futures contracts, along with an enhanced cash or low duration fixed income portfolio. (The AlphaTrak strategy also may use S&P 500 swap contracts together with or in lieu of the S&P index futures.) The actual dollars invested in the enhanced cash portfolio approximately equal the notional value of the S&P futures contracts held. Outperformance relative to the S&P 500 can be obtained provided the enhanced cash portfolio outperforms the implied financing rate of the S&P 500 futures contracts, which typically slightly exceeds the 3 month London Interbank Offered Rate (LIBOR). Hence, the investor achieves his or her equity "alpha" by relying on our fixed income skills to manage an enhanced cash portfolio with the goal of outperforming the short-term implied financing rate embedded in the pricing of the futures contracts.

Outperformance of the short-term financing rate can be achieved by utilizing a strategy which emphasizes investments in short maturity fixed income instruments whose yields exceed LIBOR. These additional yields are achievable by investing in U.S. Treasury securities, corporate bonds, U.S. Government Agency Securities, asset backed securities and mortgage securities, among others, and by utilizing a longer average maturity structure than LIBOR.

- Bank Loans.** The strategy seeks primarily to maximize current income, with a secondary objective of long-term capital appreciation. The strategy normally invests primarily in floating rate investments and in investments that are the economic equivalent of floating rate investments. These investments may include, but are not limited to, any combination of the following items: (i) senior secured floating rate loans or debt; (ii) second lien or other subordinated or unsecured floating rate loans or debt; (iii) fixed-rate loans or debt, such as corporate bonds, preferred securities, convertible securities, mezzanine investments, collateralized loan obligations, senior loans, second lien loans, structured products and U.S. government debt securities, with respect to which the strategy has entered into derivative instruments that have the effect of converting the fixed-rate interest payments into floating-rate interest payments; and (iv) writing credit derivatives, which would give the strategy exposure to the credit of a single issuer or an index. The strategy may also purchase, without limitation, participations or assignments in senior floating rate loans or second lien floating rate loans. Debt instruments include convertible or preferred securities that produce income.
- Constrained Core Fixed Income.** With a typical interest rate duration range of 3 to 6 years, the strategy seeks to outperform with a more limited differentiation from the designated benchmark. This limited differentiation includes little to no allowance for off-index exposures and less deviation from the sector weightings of the benchmark. In addition to the risk factors for all fixed income strategies, see the risk factors for derivatives and mortgage-backed and asset-backed securities, below.
- Core Fixed Income.** With a typical interest rate duration range of 3 to 6 years, this strategy invests across U.S. Fixed Income sectors, seeking to outperform by applying specialized management expertise and allocating capital among the U.S. government, corporate, and mortgage-backed bond sectors. In addition to the risk factors for all fixed income strategies, see the risk factors for mortgage-backed and asset-backed securities, below.
- Core Plus Fixed Income.** With a typical interest rate duration range of 3 to 6 years, the strategy seeks to outperform the broad bond market by applying specialized management expertise to and allocating capital among the U.S. government, corporate, high yield and mortgage-backed bond sectors. In addition to the risk factors for all fixed income strategies, see the risk factors for derivatives and mortgage-backed and asset-backed securities, below.
- Corporate Bonds.** A value-oriented strategy capitalizing on our fundamental credit analysis capabilities. The focus is on identifying investment grade corporate bonds offering attractive yields with a particular emphasis on avoiding deteriorating credits as well as selecting improving credits. In addition to the risk factors for all fixed income strategies, see the risk factor for asset-backed securities, below.

- **Global Fixed Income.** Drawing on fixed income issues from across the U.S., developed and emerging markets, this value-oriented strategy seeks to outperform its benchmark through active decision making across the dimensions of country weighting, currency exposure, duration management, yield curve positioning, sector allocation and security selection. In addition to the risk factors for all fixed income strategies, see the risk factors for derivatives and mortgage-backed and asset-backed securities, below.
- **High Yield Fixed Income.** For this strategy, we construct portfolios that are primarily invested in securities rated BB+ / Ba1 and below. The High Yield strategy focuses on identifying credits with substantial underlying asset value relative to the market price of their debt. The portfolio managers generally emphasize the debt of companies with hard asset value and resilient operating cash flow and de-emphasize those companies and industries with limited asset value protection. Generally, there is a preference within the strategy for bank loans or bonds that are senior in the capital structure and/or closer to the company's assets.
- **Intermediate Fixed Income.** This strategy constructs portfolios to normally maintain an average interest rate duration of between 2 and 4.5 years. Investments can include U.S. Government and corporate debt securities, mortgage and asset-backed securities, money market instruments and derivatives, although other fixed income securities may be used in the portfolio.
- **Long Duration Fixed Income.** This strategy constructs portfolios to normally maintain an average interest rate duration of between 8 and 14 years. Investments can include U.S. Government and corporate debt securities, mortgage and asset-backed securities, money market instruments and derivatives, although other fixed income securities may be used in the portfolio.
- **Low Duration Fixed Income.** For this strategy, we construct portfolios to normally maintain an average interest rate duration of between 1 and 3 years. Investments can include U.S. Government and corporate debt securities, mortgage and asset-backed securities, money market instruments and derivatives, although other fixed income securities may be used in the portfolio.
- **Opportunistic Core Plus Fixed Income.** With a typical interest rate duration range of 3 to 6 years, the strategy seeks to outperform the broad bond market by applying specialized management expertise to and allocating capital among the U.S. government, corporate, high yield, international and mortgage-backed bond sectors. In addition to the risk factors for all fixed income strategies, see the risk factors for derivatives and mortgage-backed and asset-backed securities, below.

- **Strategic Income.** This strategy is designed to generate absolute return through bond market investments, while bearing generally low correlation to equity and fixed income performance. Much of the time, this approach will exhibit the profile of an unconstrained fixed income strategy, allocating investments across a range of global opportunities related to credit, currencies and interest rates, with less restrictive constraints than Core Plus portfolio management. Fewer limitations allows for a broader expression of portfolio duration and off-index exposures. When conditions are suitable, in terms of an attractive return-risk proposition, this strategy may undertake opportunities to exploit market inefficiencies through capital structure arbitrage, inter-sector arbitrage and rating agency arbitrage. These arbitrage strategies can be implemented in both the cash bond and derivative markets (including credit default swaps), both intended to benefit from mean-reverting top-down characteristics of the bond market and a strong value-oriented bottom-up perspective.
- **TIPS Fixed Income.** We invest in securities commonly known as TIPS (Treasury Inflation-Protected Securities). The strategy attempts to select TIPS at various maturities that appear more advantageous while striving to outperform against the chosen index, and providing protection against inflation.
- **Ultra Short Fixed Income.** With this strategy, we attempt to maintain a dollar-weighted average portfolio maturity normally exceeding one year, while normally maintaining an average portfolio interest rate duration of up to one year. Investments can include government and corporate debt securities, mortgage and other asset-backed securities, money market instruments and derivatives, although other fixed income securities may be used in the portfolio.
- **Unconstrained.** This strategy seeks a long term rate of return by utilizing a flexible approach that allocates investments across a range of global investment opportunities related to credit, currencies and interest rates. The use of the term “unconstrained” in the strategy’s name means that it has few limitations with respect to types of investments, is flexible in the use of interest rate duration and is not managed to be compared to an index. The portfolio management team expects to actively evaluate each investment idea based on its potential return, its risk level and how it fits within the Fund’s overall portfolio in determining whether to buy or sell investments.

*Note: In addition to the risks of all our fixed income strategies, the following are subject to the mortgage-backed securities, asset-backed securities and derivatives risks described below.*

- **Index Plus Mortgage-Backed Securities.** A fixed income strategy that seeks high income and total returns in excess of the broad investment grade bond market through investing in U.S. dollar-denominated mortgage-backed securities. This strategy generally involves tighter restraints on the investments it makes,



such as non-agency mortgage-backed securities, than our Mortgage-Backed Securities strategy.

- **Index Tracking Mortgage-Backed Securities.** A strategy designed to largely replicate the return of or slightly outperform a designated mortgage-backed securities index with very limited differentiation from the composition of the benchmark.
- **Mortgage-Backed Securities.** A fixed income strategy that seeks high income and total returns in excess of the broad investment grade bond market through investing in U.S. dollar-denominated mortgage-backed securities.
- **Mortgage-Backed Short-Intermediate.** A fixed income strategy investing primarily in mortgage-backed securities of U.S. government agencies. The strategy seeks to capture much of the higher yields of traditional long-term bond portfolios with relatively less volatility.
- **Opportunistic Mortgage-Backed Securities.** The Opportunistic Mortgage-Backed Securities strategy offers investors the opportunity to take advantage of the pockets of inefficiencies that exist due to the significant repricing of mortgage credit risk. With extensive experience in all sectors of the MBS markets, we are well equipped to exploit these opportunities.
- **Securitized Opportunities.** An aggressive, total return fixed income strategy, emphasizing complex mortgage-backed securities designed to offer high absolute returns. The strategy is not managed within a prescribed duration range, and may vary greatly over time.
- **Specialized Cash.** A fixed income strategy investing in adjustable rate and other short-term mortgage-backed securities issued by U.S. government agencies. The strategy seeks to outperform short-term U.S. Treasuries and other “AAA” credits.
- **Total Return Mortgage-Backed Securities.** A fixed income strategy that seeks high income and total returns in excess of the broad investment grade bond market through investing in U.S. dollar-denominated mortgage-backed securities. This strategy generally involves fewer restraints on the investments it makes, such as non-agency mortgage-backed securities, than our Mortgage-Backed Securities strategy.

#### **Our methods and sources for analysis for domestic fixed income strategies:**

We are a value investment manager. As such, our investment process focuses on preserving capital for our clients, while extracting value utilizing deep, fundamental, “bottom-up” research and analysis.

For the credit sector, our research focuses on asset value, seniority in the capital structure, and the ability to generate free cash flow. We utilize several measures to determine a company's asset value (including discounted cash flow analysis, multiples of cash flow, multiples of free cash flow, percentage of replacement cost, required IRR, etc.) and then compare that to the market price of their debt. We conduct a detailed examination of the company's organizational and capital structure to determine seniority. We consider both structural and payment seniority, as well as limitations on the company's ability to incur debt senior to us. In addition, we concentrate on the actual cash flow generated by reconstructing the components that make up the change in cash from period to period. This removes accrual accounting distortions. Other firm specific factors such as liquidity, management, and competitive position are also considered. Finally, industry and regulatory characteristics and conditions are examined for desirability and timing of investment.

We employ quantitative research that is driven by a number of powerful and dynamic proprietary models that aid in the analysis of fixed income securities. These models assist us in establishing independent criteria for bond valuation. We believe that the process of developing quantitative fixed income tools in-house improves our understanding and knowledge of different securities. These proprietary analytics also help us to understand and focus on how portfolios are structured relative to benchmarks and how portfolios will perform across a variety of interest rate, yield curve, and volatility scenarios.

Our proprietary quantitative models assist us in analyzing the following sectors of the fixed income market: Treasury securities, Treasury futures, callable corporate bonds, mortgage pass throughs, and collateralized mortgage obligations (CMOs). In addition, we have a proprietary portfolio management system, which aids in risk management, scenario analysis, portfolio risk metrics, client reporting, and compliance. Finally, by having a proprietary portfolio management system rather than vended software, we are able to adapt faster to changes in the market and to do customized reporting or implement risk management projects from clients and consultants.

On the structured products side, our loan level database of over 30 million loans provides original and current loan characteristics that are updated monthly. The original information provided includes loan to value ("LTV"), zip code, property type, documentation, loan type, FICO score, etc. Current information is updated monthly to include payment status, modification details, loss amounts, prepayments and liquidation amounts necessary for us to estimate information and property owned by lender ("REO") sale prices.

The research and analytics generate deal and zip code level metrics including delinquency roll rates, prepayment rates, REO sales index, mark-to-market LTV, negative/positive equity and many other factors historically critical in the analysis of the complex non-agency MBS sector. In today's market, the most important factor is the loan-to-value ratio, as it is the primary driver of a borrower's default decision, a key input

to loss severity calculations and a significant indicator of prepayment speeds. We believe our ability to determine a more accurate LTV than is observable in the broader market statistics is a critical way we add incremental value to portfolio analysis and security selection. The output of this analysis shapes our market analysis/insight and pricing and determines vintage rankings, alt-A vs. subprime vs. prime vs. option-arm comparative analysis, absolute and relative rankings at the deal level as well as security level.

In addition to our proprietary resources, we believe we also utilize the best tools available from external vendors. One example is our utilization of Open-Bloomberg, which allows our proprietary analytics packages to interface directly with real time market data. This includes a database containing over 1,000,000 separate fixed income issues. Another example is our utilization of The Yield Book. This tool enables us to model client indexes with an additional database containing 50,000+ issues. The Yield Book allows us to provide clients, by request, with third-party risk metrics for their portfolio.

The output of our analysis shapes our market analysis/insight and pricing and we will conduct further in-depth research to determine relative value.

#### **Our methods and sources for analysis for international fixed income strategies:**

We utilize a value-seeking investment approach developed to identify and exploit the best reward-risk opportunities in emerging markets fixed income. Our integrated top-down and bottom-up investment process emphasizes global and multi-sector diversification to generate attractive risk-adjusted returns from income and capital appreciation. Scenario analysis is an important element in the investment process. This probabilistic approach includes the widest range of potential outcomes in the determination of expected returns, allowing us to establish a dynamic link between credit fundamentals, market valuations, and portfolio strategy.

All sovereign and corporate credits are evaluated utilizing proprietary credit models designed and developed by us. This phase of the research process serves three important functions: isolate key credit strengths and weaknesses and other risk factors; analyze the momentum of credit fundamentals; and standardize the framework for comparing credits.

Sovereign credits are evaluated using a standardized set of quantitative and qualitative variables falling into six general categories: exchange rates, fiscal policy, debt service capacity and debt dynamics, financial sector strength, structural reforms and political outlook. Corporate credit fundamentals are evaluated using separate financial and qualitative variables covering: operating performance, debt service capacity, management, competitive position, covenants and operating trends.

Investment positions will generally be taken in countries that are at various stages of the economic development process and share three important characteristics: (i) strong commitment to orthodox economic reforms (macroeconomic stabilization and structural reform); (ii) increasing linkages to global markets; and (iii) a strategic geopolitical

position. Countries where the commitment to economic reform is weak and credit fundamentals are constrained by macroeconomic or financial instability, weak political institutions, and/or geographic isolation will generally be avoided unless the portfolio managers believe that political or other factors are likely to support a stronger macroeconomic policy mix going forward or where risks are more than fully reflected in prices. In addition, portfolio overlays are utilized to promote diversification. These include GDP filters, sector limits, issue limits, issuer limits, exchange rate limits, and weighted average rating targets.

The cornerstone to our risk management methodology is an elaborate scenario building process that isolates the strengths and weaknesses of each investment and constructs baseline, best, and worst case outcomes from the interplay of investment fundamentals. The aforementioned process is integral to the development of our investment strategy and risk management techniques; explicit probabilities and market valuations are assigned to each scenario. For each investment, expected return forecasts are derived that capture the full range of possible outcomes. To make the analysis more conservative, worst case outcomes are assumed to include one or several of the most common emerging markets crises, e.g., debt service crisis, financial crisis, balance of payments or exchange rate crisis, or political crisis. This scenario framework is utilized to define specific performance benchmarks for each investment. These benchmarks are utilized to monitor the performance of each investment through time.

In addition to our primary research, the portfolio managers, sovereign risk analysts, and corporate credit analysts also utilize a wide variety of outside research sources, including sell side banks and investment banks, including, but not limited to: JP Morgan, Deutsche Bank, Citibank, Bank of America, Merrill Lynch, and UBS; international multilateral organizations, such as the IMF, IBRD, IADB, EBRD and ADB; in-country political and economic consultants; and a variety of outside data services, including Bloomberg and FactSet.

## **RISKS FOR FIXED INCOME STRATEGIES:**

**The principal risks for all fixed income strategies are:**

- **interest rate risk:** the risk that debt securities will decline in value because of changes in interest rates or a decline in interest rates will lower their yield. Interest rate risk also includes the exposure of the portfolio to the outright level of both Treasury and swap rates across the entirety of the maturity curves. It also includes the level of Treasury and swap rates relative to each other and to other market indicators. Interest rate management will encompass all of those factors and will seek to hedge those exposures on an outright basis, relative to the stated benchmark, or relative to other risks in the portfolio.
- **liquidity risk:** the risk that there may be no willing buyer of the portfolio securities and we may have to sell those securities at a lower price, or may not be able to sell the securities at all, each of which would have a negative effect on performance.

- **credit risk:** the risk that an issuer will default in the payment of principal and/or interest on a security.
- **price volatility risk:** the risk that the value of the investment portfolio will change as the prices of its investments go up or down.
- **issuer risk:** the risk that the value of a security may decline for reasons directly related to the issuer such as management performance, earnings, financial leverage, the value of assets and reduced demand for the issuer's goods or services.
- **market risk:** the risk that returns from the securities in which we invest will decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. Normal markets are generally characterized by a benign credit environment with only isolated idiosyncratic credit events, good liquidity as demonstrated by regular and consistent two way trading across markets, and a risk posture on the part of the managers that is neutral to positive, i.e. not defensive with respect to credit risk.
- **securities selection risk:** the risk that the securities we invest in will underperform others investing in the same asset class or benchmarks that are representative of the asset class because of our choice of securities.
- **portfolio management risk:** the risk that an investment strategy may fail to produce the intended results.
- **non-diversification risk:** the risk that the portfolio we invest in may be subject to wider fluctuations in value than if it were subject to broader diversification requirements.
- **globalization risk:** the risk that the growing inter-relationship of all global economies and financial markets has increased the effect of conditions in one country or region on issuers of securities in a different country or region.
- **market disruptions and geopolitical risk:** geopolitical events may disrupt securities markets and adversely affect global economies and markets. Those events, as well as other changes in foreign or domestic economic and political conditions could adversely affect the value of the investments we make.

*The following are risks of strategies that invest in mortgage-backed securities:*

- **underlying collateral risk:** the risk that the impairment of the value of the collateral underlying the non-agency security in which we invest, such as non-payment of mortgage loans, will result in a reduction in the value of the security.
- **extension risk:** the risk that in times of rising interest rates, mortgage prepayments will slow causing portfolio securities considered short or intermediate term to be long-term securities which fluctuate more widely in response to changes in interest rates than shorter term securities.

- **prepayment risk:** the risk that in times of declining interest rates, the higher yielding securities will be prepaid and we will have to replace them with securities having a lower yield.

*The following are risks of strategies that employ derivatives or leverage:*

- **derivatives risk:** the risk of investing in derivative instruments, including liquidity, interest rate, market and management risks, mispricing or improper value. Changes in the value of a derivative may not correlate perfectly with the underlying asset, reference rate or index and could lose more than the principal amount invested.
- **leveraging risk:** the risk that leverage created from borrowing or certain types of transactions or instruments, including derivatives, may impair the investment portfolio's liquidity, cause it to liquidate positions at an unfavorable time, increase volatility or otherwise not achieve its intended result.
- **counterparty risk:** the risk that the other party to a contract, such as a swap agreement, will not fulfill its contractual obligations.

*The following are risks of strategies that invest in asset-backed securities:*

- **underlying collateral risk:** the risk that the impairment of the value of the collateral underlying a security in which we invest such as non-payment of loans, will result in a reduction in the value of the security. The asset-backed securities (ABS) sector includes not only traditional collateral types such as credit card receivables, auto loans, and home equity lines of credit, but also non-traditional collateral types such as student loans, franchise loans, structured legal settlements, shipping containers, etc. ABS will also include instruments which have collateral that is comprised of other securities, such as collateralized debt/bond/loan obligations (CDOs/CBOs/CLOs). For a variety of reasons, many of these collateral types are not included in the specified benchmark, but may be attractive investments consistent with the desired risk profile of the portfolio.
- **extension risk:** the risk that in times of rising interest rates, prepayments will slow causing portfolio securities considered short or intermediate term to be long-term securities which fluctuate more widely in response to changes in interest rates than shorter term securities.

*The following are special risks for international strategies:*

- **emerging market country risk:** the risk that the value of investments will decline due to the greater degree of economic, political and social instability of emerging market countries as compared to the developed countries.



- **foreign currency risk:** the risk that the value of the investments denominated in foreign currencies will decline in value because the foreign currency has declined in value relative to the U.S. dollar.

## B. EQUITIES STRATEGIES

The equity strategies we offer and the principal methods and sources of analysis we use are:

- **Concentrated Core.** A highly-focused approach primarily targeting top large cap companies with strong and enduring business models. An active strategy utilizing proprietary fundamental research focused on identifying companies with improving operating prospects. The strategy also uses macroeconomic risk analysis. Sources of information include financial news, review of corporate activity, internal and third-party research, company reports and press releases, due diligence meetings with management and interviews with suppliers, customers and competitors.
- **Focused Equities (also known as Concentrated Value).** A concentrated, large cap core strategy of generally 25-40 securities seeking capital appreciation through fundamental research, analysis of a company's return on capital and cash flow, and a concentrated portfolio structure. The strategy focuses on return on invested capital, cash flow and balance sheet strength as well as analysis of proprietary data and analytical systems, credit analysis, analysis of discounted cash flows, and discussions with 3rd parties. Sources of information include financial news, internal and third-party research, company reports and press releases, and due diligence meetings with management.
- **Focused Value.** A large cap value strategy which seeks to maximize total return using a highly concentrated approach that generally holds no more than 30 securities, and which invests in undervalued companies believed to have sustainable business models. The strategy uses analysis of proprietary data and analytical systems, credit analysis, analysis of discounted cash flows, and discussions with 3rd parties. Sources of information include financial news, internal and third-party research, company reports and press releases, and due diligence meetings with management.
- **Global Artificial Intelligence Equity.** A global strategy that focuses on investing in the equity of growth businesses in information technology, consumer discretionary, industrials, health care, and other sectors. The emphasis is on the technological leaders in position to grow over the medium- and long-term as global industry demand increases. The strategy invests in those businesses expected to benefit from the rising influence of artificial intelligence in analysis, forecasting, efficiency, automation, consistency and scale. The strategy uses fundamental research to identify these companies. Sources of information

- include financial news, review of corporate activity, internal and third-party research, company reports and press releases, due diligence meetings with management and interviews with suppliers, customers and competitors.
- **Global Dividend Stars.** A concentrated large-cap equity portfolio of high quality, well managed global companies with stable, high dividends. The strategy seeks to acquire shares of high quality global dividend paying stocks at a substantial discount to their intrinsic value. To identify opportunities, it employs a disciplined “bottom-up” investment process, with emphasis on asset/cash flow/management quality and dividend stability. In order to generate additional income, the strategy may sell near-term covered calls on a fraction of the portfolio. Sources of information include financial news, inspection of corporate activity, internal and third-party research, corporate rating services, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.
  - **Global Healthcare.** A strategy that seeks long term capital appreciation by identifying public-traded healthcare-related equity securities that are trading below fundamental value. The strategy may also invest in equity securities of non-U.S. companies trading on a U.S. exchange, NASDAQ or in the U.S. over-the-counter markets. The strategy uses fundamental research and analysis, including due diligence with company management teams as well as discussions with third parties.
  - **Global Relative Value Dividend Appreciation.** A global strategy which employs a highly disciplined, analytically-driven investment process utilizing quantitative and qualitative resources to generate investment ideas. Primarily invests in equities of companies with dividend paying records. There is an option on this strategy to apply a Shariah-compliant overlay. The strategy uses bottom-up, fundamental analysis, proprietary data and analytical systems, discounted cash flows, and discussions with third parties. Sources of information include financial news, inspection of corporate activity, internal and third-party research, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors and audited financial reports.
  - **New America Premier Equities.** In managing the strategy, the portfolio manager seeks to invest in what he considers to be attractively valued equity securities of cash generating businesses with prudently managed environmental, social, and financial resources. Fundamental research is used to identify these companies. The portfolio manager will use both qualitative and quantitative screening criteria to supplement the fundamental research. The portfolio manager’s screening focuses on companies whose shares are trading at prices the portfolio manager believes are below their intrinsic values.



- **Pluris.** A large cap value strategy which seeks to maximize total return using a highly concentrated approach that generally holds between 15-20 securities, and which invests in undervalued companies with improving cash flow and returns on invested capital. The strategy uses charting, fundamental, technical, and cyclical analysis, country and political risk, proprietary data and analytical systems, credit, monthly compliance statements, discounted cash flows, and discussions with 3<sup>rd</sup> parties. Sources of information include financial news, inspection of corporate activity, internal and third-party research, timing services, company reports and press releases, due diligence meetings with management, court filings, independently prepared engineering and technical reports, interviews with suppliers, customers and competitors and audited financial reports.
- **Relative Value Dividend Appreciation.** A strategy which employs a highly disciplined, analytically-driven investment process utilizing quantitative and qualitative resources to generate investment ideas. Primarily invests in equities of companies with dividend paying records. The strategy uses bottom-up, fundamental analysis, proprietary data and analytical systems, discounted cash flows, and discussions with third parties. Sources of information include financial news, inspection of corporate activity, internal and third-party research, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors and audited financial reports.
- **Relative Value Large Cap.** A strategy seeking undervalued, large cap stocks where the company has a fundamental catalyst or competitive advantage which will ultimately be recognized by the market place and appreciate in value. The strategy uses bottom-up, fundamental analysis, proprietary data and analytical systems, discounted cash flows, and discussions with third parties. Sources of information include financial news, inspection of corporate activity, internal and third-party research, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.

*Note: In addition to the risks of all our equities strategies, the following are subject to small and mid-capitalization risk described below:*

- **Global High Dividend Equities.** A concentrated all-cap equity portfolio of high quality, well managed global companies with stable, high dividends. The strategy seeks to acquire shares of high quality global dividend paying stocks at a substantial discount to their intrinsic value. There is an option on this strategy to apply a Shariah-compliant overlay. To identify opportunities, it employs a disciplined “bottom-up” investment process, with emphasis on asset/cash flow/management quality and dividend stability. Sources of information include financial news, inspection of corporate activity, internal and third-party research, corporate rating services, company reports and press releases, due diligence

meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.

- **Global REIT.** A concentrated all-cap global equity portfolio of high quality, well managed real estate companies. The strategy seeks to acquire common or preferred shares of high quality real estate stocks at a substantial discount to their intrinsic value. There is an option on this strategy to apply a Shariah-compliant overlay. To identify opportunities, it employs a disciplined “bottom-up” investment process, with emphasis on asset/cash flow/management quality. Sources of information include financial news, inspection of corporate activity, inspection of assets, internal and third-party research, corporate rating services, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.
- **Global REIT Premium.** A concentrated all-cap global equity portfolio of high quality, well managed real estate companies. The strategy seeks to acquire common or preferred shares of high quality real estate stocks at a substantial discount to their intrinsic value. To identify opportunities, it employs a disciplined “bottom-up” investment process, with emphasis on asset/cash flow/management **quality**. In order to generate additional income, the strategy may sell near-term covered calls on a fraction of the portfolio. Sources of information include financial news, inspection of corporate activity, inspection of assets, internal and third-party research, corporate rating services, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.
- **Global Technology.** An approach that seeks to achieve long-term capital appreciation primarily through investment in high quality technology companies with superior earnings growth and attractive stock market valuations. The strategy typically purchases technology companies across all market capitalizations that the portfolio manager believes will maintain their market leadership or become tomorrow’s leaders. The portfolio manager seeks to add value through active security selection and bottom-up portfolio construction. In addition to fundamental analysis, this strategy is based on analysis of country and political risk, proprietary data and analytical systems, discounted cash flows and discussions with third parties. Sources of information include financial news, inspection of corporate activity, internal and third-party research, corporate rating services, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.
- **High Dividend Equities.** A concentrated all-cap equity portfolio of high quality, well managed companies with stable, high dividends. The strategy seeks to acquire shares of high quality dividend paying stocks at a substantial discount to

their intrinsic value. To identify opportunities, it employs a disciplined “bottom-up” investment process, with emphasis on asset/cash flow/management quality and dividend stability. Sources of information include financial news, inspection of corporate activity, internal and third-party research, corporate rating services, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.

- **High Income Equities.** A concentrated all-cap equity portfolio of high quality, well managed companies with stable, high dividends. The strategy seeks to acquire shares of high quality dividend paying stocks at a substantial discount to their intrinsic value. To identify opportunities, it employs a disciplined “bottom-up” investment process, with emphasis on asset/cash flow/management quality and dividend stability. In order to generate additional income, the strategy may sell near-term covered calls on a fraction of the portfolio. Sources of information include financial news, inspection of corporate activity, internal and third-party research, corporate rating services, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.
- **Multi-Income U.S. Equities.** A value-oriented, long-only, multi-cap, U.S. equity strategy that primarily invests in common and preferred shares of dividend-yielding companies. The strategy divides these into specific sleeves (such as Preferreds, REITs, etc...), and the weight of each sleeve is determined by a dynamic process. In each sleeve, the strategy seeks to acquire shares of high quality dividend paying stocks at a substantial discount to their intrinsic value. To identify opportunities, it employs a disciplined “bottom-up” investment process, with emphasis on asset/cash flow/management quality and dividend stability. Sources of information include financial news, inspection of corporate activity, internal and third-party research, corporate rating services, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.
- **Relative Value Mid Cap.** An aggressive capital appreciation style that generally invests in small- and medium-sized cap companies deemed to be undervalued relative to the equities market. The strategy uses bottom-up, fundamental analysis, proprietary data and analytical systems, discounted cash flows, and discussions with third parties. Sources of information include financial news, inspection of corporate activity, internal and third-party research, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors and audited financial reports.
- **Thematic Rotation Equities.** A strategy that seeks total returns from investing primarily in U.S. companies across all market capitalizations whose growth potential or intrinsic value is leveraged to selected investment themes, which may

be cyclical or secular in nature. The strategy actively rotates exposure among those investment themes which we believe exhibit the most compelling total return potential, as warranted by both growth and valuation metrics. The strategy uses macroeconomic data and fundamental research to identify these investment themes and companies. Sources of information include financial news, review of corporate activity, internal and third-party research, company reports and press releases, due diligence meetings with management and interviews with suppliers, customers and competitors.

- **U.S. REIT Total Return.** A concentrated all-cap equity portfolio of high quality, well managed U.S. listed real estate companies. The strategy seeks to acquire common or preferred shares of high quality U.S. listed real estate stocks at a substantial discount to their intrinsic value. To identify opportunities, it employs a disciplined “bottom-up” investment process, with emphasis on asset/cash flow/management quality. Sources of information include financial news, inspection of corporate activity, inspection of assets, internal and third-party research, corporate rating services, company reports and press releases, due diligence meetings with management, court filings, interviews with suppliers, customers and competitors, and audited financial reports.

## **RISKS FOR EQUITIES STRATEGIES:**

**The principal risks of investing in our equities strategies are:**

- **equity risk:** the risk that stocks and other equity securities generally fluctuate in value more than bonds and may decline in value over short or extended periods based on changes in a company’s financial condition and in overall market economic and political conditions.
- **liquidity risk:** the risk that there may be no willing buyer of the portfolio securities and it may have to sell those securities at a lower price, or may not be able to sell the securities at all, each of which would have a negative effect on performance.
- **price volatility risk:** the risk that the value of the investment portfolio will change as the prices of its investments go up or down.
- **market risk:** the risk that returns from the securities in which we invest will decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets.
- **securities selection risk:** the risk that the securities in the investment portfolio will underperform other accounts or funds investing in the same asset class or benchmarks that are representative of the asset class because of the choice of securities.

- **ETF and ETN risk:** the risk that the value of the investment portfolio's investments in these instruments will fluctuate in response to the performance of underlying or reference investments.
- **portfolio management risk:** the risk that an investment strategy may fail to produce the intended results.
- **issuer risk:** the risk that the value of a security may decline for reasons directly related to the issuer such as management performance, earnings, financial leverage, the value of assets and reduced demand for the issuer's goods or services.
- **investment style risk:** the risk that the particular style or set of styles that we primarily use may be out of favor or may not produce the best results over short or longer time periods and may increase the volatility of the value of the investment portfolio.
- **globalization risk:** the risk that the growing interrelationship of all global economies and financial markets has increased the effect of conditions in one country or region on issuers of securities in a different country or region.
- **non-diversification risk:** the risk that the portfolio in which we invest may be subject to wider fluctuations in value than if it were subject to broader diversification requirements.
- **foreign investing risk:** the risk that the asset prices will fluctuate with market conditions and the economic and political climates where investments are made.
- **foreign currency risk:** the risk that the value of the investments we make that are denominated in foreign currencies will decline in value relative to the U.S. dollar.
- **small and mid-capitalization risk:** For certain of our strategies identified above, the risk that the stock performance of small and mid-capitalization companies can be more volatile than the stock performance of large capitalization companies, and they face the risk of business failure which increase the risk of loss.
- **market disruptions and geopolitical risk:** geopolitical events may disrupt securities markets and adversely affect global economies and markets. Those events, as well as other changes in foreign or domestic economic and political conditions could adversely affect the value of the investments we make.

*The following are special risks for real estate and income-related strategies:*

- **REIT and real estate company risk:** the risk that the value of the investments in REITs and real estate companies may generally be affected by factors affecting the value real estate and the earnings of companies engaged in the real estate industry. REITs are also subject to heavy cash flow dependency, self-liquidation and the possibility of failing to qualify for tax-free "pass-through" of income under the federal tax law.

- **real estate industry concentration risk:** the risk that the investments may be susceptible to the impact of market, economic, regulatory, and other factors affecting the real estate industry and/or the local or regional real estate markets because of its concentrated investments in the real estate industry. At times of such impact, the value of the investments may fluctuate more widely than it would for a strategy that invests more broadly across varying industries and sectors.
- **mortgage/loan REIT risk:** the risk that REITs that invest in mortgages or loans may also be indirectly subject to various risks associated with those investments, including, but not limited to: interest rate risk, credit risk and distressed and defaulted securities risk as discussed below:
  - **interest rate risk:** the risk that debt securities will decline in value because of changes in interest rates.
  - **credit risk:** the risk that an issuer will default in the payment of principal and/or interest on a security.
  - **distressed and defaulted securities risk:** the risk that the repayment of defaulted securities and obligations of distressed issuers is subject to significant uncertainties.
- **frequent trading risk:** the risk that frequent trading will lead to increased portfolio turnover and higher transaction costs, which may reduce the portfolio's performance and may cause higher levels of current tax liability clients of the portfolio.
- **derivatives risk:** the risk of investing in derivative instruments, which include liquidity, interest rate, market, credit and management risks as well as risks related to mispricing or improper valuation. Changes in the value of a derivative may not correlate perfectly with the underlying asset, reference rate or index and could lose more than the principal amount invested.
- **leverage risk:** the risk that leverage created from borrowing or certain types of transactions or instruments, including derivatives, may impair the investment portfolio's liquidity, cause it to liquidate positions at an unfavorable time, increase its volatility or otherwise cause it not to achieve its intended result.
- **counterparty risk:** the risk that the other party to a contract, such as a derivatives contract, will not fulfill its contractual obligations.



- **options strategy risk:** the risk that the investment portfolio's opportunity to profit from an increase in the market value of its investments may be limited by writing call options.
- **other investment company risk:** the risk that investments in the shares of other investment companies, including exchange-traded funds and REITs, are subject to the risks associated with such investment companies' portfolio securities. Accordingly, investments in shares of another investment company will fluctuate based on the performance of such investment company's portfolio securities.

### C. INTERNATIONAL STRATEGIES:

The international strategies we offer are:

- **Developing Markets Equity.** This strategy seeks long-term capital appreciation by investing in equity securities issued by companies and financial institutions domiciled or with primary business operations in, or with the majority of their net assets in or revenues or net income deriving from, Developing Market Countries. Developing Market Countries are defined as a country that has a developing economy or market and is considered a developing country by the International Bank of Reconstruction and Development or any affiliate thereof as well as additional countries not on the list. The strategy uses a combination of quantitative techniques and fundamental analysis to build the portfolio. We use quantitative models to analyze and narrow the investment opportunity set and then use fundamental analysis to select the securities that go into the portfolio. Top down macro-economic inputs based on country level and aggregate economic and trade data, country and political risk outlook, credit metrics etc. are incorporated into this strategy. Quantitative models rely on publicly available databases as well as data sourced from paid services. Other sources of information include company reports prepared by the third parties and financial firms, company annual reports and press releases, due diligence meetings with management, interviews with suppliers, customers and competitors. This strategy is subject to the same risks as U.S. equities described above, including derivatives, leveraging and counterparty risk. In addition it is subject to the special risks for international strategies described below, and the risk that the stock performance of emerging market companies can be more volatile than the stock performance of developed market equities, and they face the risk of business failure which increases the risk of loss.
- **Emerging Markets Fixed Income.** This strategy seeks high current income and total returns by investing in emerging market fixed income securities, including the debt obligations of public and private sector issuers. The strategy uses fundamental, technical, and cyclical analysis, as well as analysis of security structure, country and political risk, credit, discounted cash flows, and discussions with 3<sup>rd</sup> parties. Sources of information include primary research, financial news,

inspection of corporate activity, research from secondary sources, corporate rating services, timing services, company reports and press releases, due diligence meetings with management, court filings, independently prepared engineering and technical reports, interviews with suppliers, customers and competitors, third party analytical systems and audited financial reports. This strategy is subject to the same risks as U.S. fixed income strategies described above, including derivatives, leveraging and counterparty risk. In addition it is subject to the special risks for international strategies described below.

- **Emerging Markets Local Currency.** This strategy seeks high current income and total returns by investing in emerging market fixed income securities, including the debt obligations of public and private sector issuers, denominated in local currency. For this strategy our managers employ fundamental, technical and cyclical analysis, as well as analysis of security structures, country and political risks, proprietary data and analytical systems, credit, discounted cash flows and discussions with third parties.
- **International Fixed Income.** This strategy invests primarily in non-US dollar-denominated investment grade fixed income securities. It seeks to maintain a sufficient degree of country diversification to reduce risk while seeking to outperform the benchmark. In addition to fundamental and technical analysis, we analyze securities structures, country and political risk and credit. This strategy is subject to the same risks as U.S. fixed income strategies described above, including derivatives, leveraging and counterparty risk. In addition it is subject to the special risks for international strategies described below.
- **International Small Cap.** This strategy seeks long-term capital appreciation by investing the equity securities of small capitalization companies that are domiciled outside the United States or whose primary business operations are outside the United States. Small capitalization companies are companies with a market capitalization of \$6 billion or less at time of investment. The strategy uses a combination of quantitative techniques and fundamental analysis to build the portfolio. We use quantitative models to analyze and rank the investment universe. Securities which are ranked well or meet diversification and/or risk considerations are then considered to build a diversified portfolio. We use fundamental analysis to vet the securities that finally enter the portfolio. Top down macro-economic inputs based on country level and aggregate economic and trade data, country and political risk outlook, credit metrics etc. are incorporated into this strategy. Quantitative models rely on publicly available databases as well as data sourced from paid services. Other sources of information include company reports prepared by the third parties and financial firms, company annual reports and press releases, due diligence meetings with management, interviews with suppliers, customers and competitors. This strategy is subject to the same risks as U.S. equities described above, including derivatives, leveraging and counterparty risk. In addition it is subject to the special risks for international strategies



described below, and the risk that the stock performance of small and mid-capitalization companies can be more volatile than the stock performance of large capitalization companies, and they face the risk of business failure which increases the risk of loss.

#### **RISKS FOR INTERNATIONAL STRATEGIES:**

*The following are special risks for international strategies in addition to the risks above for fixed income and equity strategies:*

- **emerging market country risk:** the risk that the value of investments will decline due to the greater degree of economic, political and social instability of emerging market countries as compared to the developed countries.
- **foreign currency risk:** the risk that the value of the investments denominated in foreign currencies will decline in value because the foreign currency has declined in value relative to the U.S. dollar.

#### **D. BALANCED STRATEGY**

- **Core Balanced.** A strategy which consists of an equity component, either the TCW Concentrated Core Equity Strategy or the TCW Relative Value Large Cap Strategy and a fixed income component and seeks to provide high total return from equity and fixed income markets by investing in a managed asset allocation portfolio of high quality stocks and bonds. The risks for the Core Balanced strategy include the principal risks noted above for the fixed income and equities strategies.

#### **ITEM 9: DISCIPLINARY INFORMATION**

Not Applicable.

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

**Broker-Dealer.** TCW Funds Distributors LLC (“TFD”) is a registered broker-dealer that is affiliated with us. Some of our employees are registered representatives or principals of TFD. These registered representatives and principals may receive compensation from us for selling interests in open- and closed-end commingled investment vehicles that we manage. They do not receive sales commissions from those investment vehicles, unless specifically disclosed.

**Commodities Registrations.** We are registered as a commodity pool operator (“CPO”). TCW Asset Management Company LLC (“TAMCO”) and Metropolitan West Asset Management, LLC (“MetWest”) are registered investment advisers that are affiliated

with us. TAMCO is also registered as a CPO. Both TAMCO and MetWest are registered as commodity trading advisers (“CTA”). Some of our officers are registered as associated persons of those affiliates as a CPO and CTA. 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.** For certain investment strategies, we may retain related registered investment advisers on a fully-disclosed basis. See the Brochure of each of these related investment advisers for additional information about their investment management services.

- Buchanan Street Partners, L.P. (SEC Number: 801-78627; CRD Number: 169052)
- Metropolitan West Asset Management, LLC (SEC Number: 801-53332; CRD Number: 104571)
- Sepulveda Management LLC (SEC Number: 801-108097; CRD Number 284290)
- TCW Asset Management Company LLC (SEC Number: 801-6642; CRD Number: 105742)
- TCW-WLA JV Venture LLC (SEC Number: 801-71746 ; CRD Number: 154760)
- TCW Special Situations, LLC (SEC Number: 801-77428; CRD Number: 166286)

**Trust Companies.** An affiliate of ours, Trust Company of the West, is a California trust company licensed by the California Department of Business Oversight.

**Private Funds.** We or one of our affiliates is the general partner or managing member of the limited partnerships and limited liability companies listed below that we provide investment management services to and for which our clients of may be solicited to invest. At the time of any such solicitation clients will receive an offering memorandum and limited partnership agreement (or equivalent) relating to the limited partnership or limited liability company (“**Offering Material**”).

- TCW Leveraged Income Trust II, L.P.

#### **Other Advisers We May Recommend to Clients.**

We from time to time recommend to our clients unaffiliated investment advisers that are not subsidiaries of The TCW Group, Inc. (together “**Non-TCW Advisers**”). The Non-TCW Advisers may pay us compensation, including a portion of the management and performance fees that they receive, for any of our clients that invest with the Non-TCW adviser. This could create the risk that we refer our clients to the Non-TCW Advisers solely to receive the compensation, without consideration of the interests of the client. However, we review each Non-TCW Adviser, as well as their investment strategies and

funds that we recommend, to determine that the adviser has appropriate business capability and capacity and that they offer investment alternatives that may not be available from us. We disclose to the clients we refer to Non-TCW Advisers that we may be compensated if the client establishes an Account or invests in a Fund of the Non-TCW Adviser.

The following are Non-TCW Advisers we may refer our clients to:

- Amundi Group and its subsidiaries

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

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

Our officers, directors and employees are generally subject to our Code of Ethics (the “**Code**”). We will provide a copy of our Code of Ethics to any client or prospective client upon request. Our contact information appears on the first page of this Brochure.

The Code includes:

- **Conduct Principles.** General principles of conduct for all employees;
- **Restrictions on Personal Investment.** We maintain restrictions on investment transactions in which our officers, directors and certain other persons have a beneficial interest to avoid any actual or potential conflict or abuse of their fiduciary position. The Code permits personnel, subject to the Code, to invest in securities, but contains several restrictions and procedures designed to eliminate conflicts of interest including: (a) pre-clearance of non-exempt personal investment transactions; (b) quarterly reporting of personal securities transactions and initial and annual reporting of securities holdings; (c) a prohibition against personally acquiring securities in most initial public offerings, entering into uncovered short sales and writing uncovered options; (d) a five day “black out period” prior or subsequent to a client transaction during which portfolio managers are prohibited from making certain transactions in securities which are being purchased or sold by a client of such manager; (e) a prohibition, with respect to certain investment personnel, from profiting in the purchase and sale, or sale and purchase, of the same (or equivalent) securities, within 60 calendar days; (f) a prohibition against buying or selling any security that we are trading for our clients; and (g) a prohibition on acquiring any shares of a third party, non-exchange traded, mutual fund we advise or sub-advise.
- **Insider Trading Rules.** A policy statement on insider trading that provides generally that none of our officers, directors or employees (a) may buy or sell a security either for themselves or others while in possession of material non-public information about the company, or (b) communicate material, non-public

information to others who have no official need to know. The policy statement provides guidance about what is material non-public information, lists common examples of situations in which our personnel could obtain that information, and describes our procedures regarding securities maintained on its "Restricted Securities List" and for establishing ethical walls. It also identifies parties to contact for questions in connection with the requirements of the policy statement.

- **Gifts & Entertainment: Anti-Corruption Policy.** A policy statement requiring compliance with our gifts and entertainment rules and applicable anti-corruption laws and rules, including the Foreign Corrupt Practices Act. The policy also prohibits any of our employees from making any gift, payment or other inducement for the benefit of any person, including a foreign or domestic official, with the intent that the recipient misuse their position to aid our firm in obtaining, retaining or directing business. The policy explains the process by which our personnel may provide or accept gifts and entertainment. It also describes the approval process to engage third-party representatives to act on behalf of our firm. The statement identifies possible anti-corruption compliance “red flags” and requires our personnel and third-party representatives to report to our firm any potential violation of this policy that they may become aware of.
- **Restrictions on Employee Outside Activities.** A policy governing an employee's activities outside of their employment with us, including outside employment, service as a director or in a similar capacity, fiduciary appointments, and serving as an officer or on the Board of a non-investment related organization that is exclusively charitable, fraternal, religious, or civic and is recognized as tax exempt. The policy provides guidance on the approval and reporting of such outside business activities.
- **Restrictions on Political Contributions and Activities.** A policy on political activities and contributions, containing general rules governing contributions and solicitation, responsibility of individuals for personal contribution limits, quarterly reporting of political activities by certain employees and rules for political activities on our premises and for using our resources. The policy further requires employees and certain of their related parties to obtain pre-clearance of political contributions, solicitations and volunteer activity.
- **Confidentiality Requirements.** Policies governing the confidentiality of our client and business information.
- **Whistleblower Provisions.** A policy stating it is our practice that employees report illegal activity or activities not in compliance with our formal written policies and procedures, including the Code.

The Code provides that exemptive relief may be given from certain of its requirements, upon application.

## PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

**Transactions Involving Related Persons.** There are broker-dealers, banks and other financial intermediaries and institutions that are controlled by or under common control with TCW. With respect to those 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, or Rule 17e-1 under the Investment Company Act, 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 broker-dealers acting as principal or as agent for non-clients;
  - buy or sell securities to or from related persons who are broker-dealers;
  - 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 broker-dealers.

In any transaction with a related party, the related party may receive compensation. Furthermore, we may act as investment adviser for related persons and may act as investment adviser for pension vehicles of related persons. We may be restricted under certain circumstances from entering into principal and agency and other transactions with affiliates. We have adopted procedures to identify affiliated brokers, and such procedures are designed generally to prevent the purchase for certain clients of securities issued by certain 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.



**Investment Products.** We may, from time to time, recommend to or purchase or sell on behalf of clients, securities or other investment products ("**Investment Products**") in which we, our affiliates or other related persons have a financial interest as the investment manager, general partner or trustee or as a co-investor in such Investment Products.

**Consulting and Structuring Fees.** We and our affiliates may receive fees from third parties for performing consulting, merger and acquisition structuring or other financial advisory services or acting as directors, officers or creditors' committee members. These fees can relate to actual, contemplated or potential investments of our clients. Such fees may be retained entirely by our affiliates or us.

Certain Funds pay us or an affiliate up-front structuring fees. In each case the fees are specifically authorized by the fund documents and disclosed in fund or account disclosure documents, if any. All or a portion of any structuring fees may be credited against investment advisory fees that we earn from the fund.

**Transactions by Different Accounts, Funds and Strategies.** We may recommend or enter into for clients of any investment strategy:

- sales of or short positions (if allowed) in securities of an issuer, at the same time other of our or our related investment strategies purchase securities of the same issuer for their clients; or
- investments in securities in the same and/or different parts of the capital structure of an issuer than other of our, or our related, strategies.

**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 of Ethics described above 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.

**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 steps, such as establishing appropriate "ethical wall" procedures or placing the security in question on a restricted list, which may limit or preclude us from purchasing or selling such securities for our clients.

## **ITEM 12: BROKERAGE PRACTICES**

**GENERAL.** We and our affiliates seek to achieve best execution when selecting broker-dealers to execute securities transactions. Generally, this means seeking to achieve the best overall terms for a transaction available under the circumstances by employing an

efficient trading process, and does not necessarily result in the lowest available price or commission for any particular transaction. Best execution is not easily quantifiable, or definable, because it encompasses many potential factors such as: (i) price; (ii) commission; (iii) speed of execution; (iv) confidentiality/transparency; (v) market depth; (vi) capital commitment; (vii) relationship with broker (including: responsiveness, accuracy, reputation, timeliness, credit strength); (viii) services offered by the broker; (ix) access to company information; and (ix) recent order flow. Some or all of these factors may play a role in determining what constitutes best execution. We do not necessarily measure best execution by the circumstances surrounding a single transaction and may seek best execution over time across multiple transactions. Other goals include execution of trades on behalf of clients in a timely and cost effective manner, fairness to clients, both in priority of order execution and in the allocation of the price obtained in execution of trades, and compliance with client trading related mandates and investment restrictions.

**EQUITIES.** Transactions in equities are not always executed at the lowest available commission, and we may effect transactions which cause the client to pay a commission in excess of a commission that another broker-dealer would have charged. We do that if we determine that such commission is reasonable in relation to the value of the brokerage and research services we or any client accounts receive.

- **Block Trades.** In an effort to achieve efficiencies in execution and reduce trading costs, we and our affiliates frequently aggregate securities transactions on behalf of a number of accounts at the same time, generally referred to as "*block trades*." When executing block trades, trades will be allocated among accounts using procedures that we consider fair and equitable. Participation of an account in the allocation is based on such considerations as investment objectives, guidelines and restrictions, availability of cash, amount of existing holdings (or substitutes) of the security in the accounts, investment horizon and directed brokerage instructions, if applicable. We may execute securities transactions alongside or interspersed between block orders when we expect that such execution will not interfere with our ability to execute the order in a manner believed to be most favorable to our clients as a whole. We may exclude trades for accounts that direct brokerage or that are managed in part for tax considerations from block trades.

In some cases, various forms of pro rata allocation are used, and in other cases, random allocation processes are used. However, considerations such as lot size, existing or targeted account weightings in particular securities, account size, cash availability, diversification requirements and investment objectives, restrictions and time horizons may result in more particularized allocations. In connection with multi-account purchase or sale programs, and in other circumstances, if practicable, if multiple trades for a specific security are made with the same broker in a single day, those securities are allocated to accounts based on a weighted average purchase or sale price.



- Order Sequencing.** Regardless of the liquidity level of a security proposed to be traded, all equity accounts (including fully directed and non-directed equity accounts and wrap accounts), except those that have chosen to Opt Out as described below, will generally be queued in a random process over the course of the full order, which for any particular account may be either closer to the beginning or the end of the order (“Random Sequencing Methodology”). Institutional orders (including those from institutional clients who have provided institutional grade algorithmic trading equipment and tools) and non-institutional orders will be treated as concurrent orders that may be executed at any point in any given sequence. In the event that a portfolio management team determines it is in the best interest of accounts within a particular strategy to trade employing a tiered sequencing methodology other than Random Sequencing Methodology, the portfolio management team may request an “Opt Out” from the Random Sequencing Methodology. Reasons for the Opt Out might include, for example, trading in equity securities with smaller market capitalization, or concerns that trades may generally be less liquid. Subject to our internal review, our equity trading desk will give effect to the Opt Out by employing a Tiered Sequencing Methodology designed to determine the trading order of these equity accounts. The Tiered Sequencing Methodology takes into account the liquidity of the security being purchased or sold, the size of the order, and the potential market impact. The Tiered Sequencing Methodology is designed to produce overall better net execution for certain types of trades, but not to ensure (nor to expect) that all clients will receive the same execution terms with respect to orders placed pursuant to this methodology.

In the event that more than one strategy intends to trade in a particular security at the same time, and at least one of the strategies trades in the Random Sequencing Methodology, or in the event of another potential conflict relating to the Tiered Sequencing Methodology, all trades will use the Random Sequencing Methodology. Additionally, we may trade in a manner not dictated by the sequencing methodology if we determine, at our discretion, that to do so will improve the overall quality of execution, considering all of the potential factors for best execution enumerated above.

- Allocation of Public Offerings.** We generally share allocations of equity securities in a pro rata fashion based upon assets under management of those accounts eligible to participate in the initial public offering. We may, however, determine not to allocate shares to Accounts or Funds below a certain minimum threshold. Portfolio managers are also required to designate whether their interest in an equity new issue allocation is to establish a long-term position or is for trading purposes, and priority is given to allocations for long-term positions. Our CIO of Equity may make a determination that the New Issue should be allocated to the Accounts managed by the portfolio manager or team that has been researching the New Issue most extensively. In all other cases, the share allocation among “Position” Equity Accounts and, separately, among “Trade”



Equity Accounts will be pro rata based on the AUM of each Equity Account within the two respective groups; provided, however, that the Head of U.S. Equity Trading may determine not to allocate shares to Equity Accounts below a certain de minimis threshold. In that event, such Equity Accounts will not receive any allocations from the New Issue. In addition, fully directed equity accounts will not be allocated shares in initial public offerings.

- **Client Directed Brokerage.** Clients may expressly direct us to place, or set expectations that we place, some or all of the transactions for their accounts with one or more broker-dealers they specify. Clients may do so for several reasons, including offsetting consulting and other fees or participating in a bundled services program. In such circumstances, we may not be able to negotiate commissions, obtain volume discounts or select a broker based on the most favorable price and execution for the transaction. Because of that, such accounts may pay higher commissions than those that do not direct brokerage and may not get best execution. Depending upon the amount of directed brokerage, accounts with directed brokerage instructions may be excluded from block trades and their directed orders will generally be executed following completion of any non-directed trades. As a result, performance results for these accounts may vary from other client accounts we manage in the same strategy. In some instances, the client may direct us to make all or substantially all of their account trades with specific broker-dealers (“*fully directed*” accounts). Fully directed account clients may be required to sign certain acknowledgments, including the fact that such direction regarding brokerage may compromise best execution and that the client’s account may trade after other accounts. Clients may also prohibit us from placing transactions for their accounts with certain broker-dealers. This may prevent us from selecting a restricted broker-dealer even though such broker-dealer may offer a more favorable price and execution for the transaction. Clients should understand that for any amount directed by the Client, it may not be feasible to meet all of the above factors of best execution, as we may be limited in our ability to negotiate/obtain some or all of these factors. In addition, the client may lose the possible advantage that non-designating and unrestricted clients may derive from block trades, utilizing alternative trading venues, or alternative trading techniques for the purchase or sale of a particular security. We require all requests for directed brokerage to be in writing and originate from the client. Generally, we limit directed brokerage to 20% of total commissions for any Account (except wrap and similar Accounts) but Clients may request directed brokerage in excess of 20%. Any such request must be reviewed and approved by both our Trade Review Committee and our Legal Department, and may be subject to additional conditions if approved.
- **Wrap Fee Program Accounts.** In some instances, we provide investment advisory services under an arrangement offered by a broker-dealer sponsor, under which the sponsor may recommend us or make our services available, pay our investment advisory fee on behalf of the client, monitor and evaluate our

performance, execute the client's portfolio transactions without commission charge or provide any combination of these or other services, all for a single fee paid by the client to the sponsor. These are commonly known as "wrap fee" accounts or programs. Our investment advisory fee under a wrap fee program may differ from that offered to other clients.

In evaluating the wrap fee program, the client should recognize that we do not negotiate brokerage commissions or the execution terms of transactions in the client's account and that securities transactions are executed "net", which means without a commission. Trades are generally executed through the program sponsor to avoid incremental brokerage costs that would be incurred by use of other brokers. Because of this, we may not be free to seek best price and execution by placing transactions with other brokers. Wrap Account clients should satisfy themselves that the program can provide adequate price and execution of most or all transactions. The clients should also consider that their direction to execute orders through the wrap fee sponsor may result in that client receiving execution terms which are less favorable than those of clients who have not made such a direction. The client should also consider that, depending upon the level of the fee charged by the sponsor, the amount of portfolio activity in the client's account, the value of custodial and other services which are provided, and other factors, the final "all inclusive fee" may exceed the aggregate cost of such services if they were to be provided separately.

- **Client Commissions Used for Research.** When appropriate under its discretionary authority and consistent with its duty to seek best execution, we may direct brokerage transactions for accounts to broker-dealers who provide brokerage and research services. In some cases, research is provided directly by an executing broker-dealer ("*direct research providers*") and in other cases, research may be provided by third party research providers such as a non-executing third party broker-dealer or other third party research service ("*third party research providers*"). Research services furnished by direct research providers or third party research providers generally may be used for any or all of our clients, as well as clients of affiliated entities, and in some instances may be used for specialty research that benefits only certain of our clients. In addition, research services generally may be used in connection with accounts other than those whose commissions were used to pay for such research services.

We use an internal allocation procedure to identify those direct research providers who provide us with research services and endeavor to place sufficient transactions with them to ensure the continued receipt of research services we believe are useful. Our procedures also seek to compensate third party research providers that provide us with research by directing executing broker-dealers to cause payments to be made to third party research providers, through cash payments from the executing broker, commission sharing arrangements between the executing broker and a research provider broker or through the use of stepout

transactions. A "*stepout transaction*" is a securities trade executed by the executing broker-dealer, but settled by the non-executing research broker-dealer permitting the non-executing research broker-dealer to share in the commission. The determination of the broker-dealers to whom commissions are directed generally is made using a system involving the Director of Equity Research, the portfolio managers and/or the research analysts and is periodically reviewed by the Trading Committee. The Director of Equity Research coordinates the evaluation of broker-dealer research services in most instances, taking into account the views of TCW's portfolio managers and analysts.

Research services include items such as reports on industries and companies, economic analyses, review of business conditions and portfolio strategy, and various trading and quotation services. They also include advice from broker-dealers as to the value of securities, availability of securities, availability of buyers, and availability of sellers. In addition, they include recommendations as to purchase and sale of individual securities and timing of transactions.

We maintain records of all services that are provided under client commission arrangements or directly for third-party research. The records include descriptions of research services and products, the costs of these services, and the brokers with whom we have these arrangements. We may receive products or services from broker-dealers that are used for both research services and other purposes, such as corporate administration or marketing ("*mixed-use products or services*"). We make a good faith effort to determine the relative proportions of mixed-use products or services that may be attributable to research services. The portion attributable to research services may be paid through the allocation of brokerage commissions, and we pay the non-research service portion in cash.

Upon request, we may provide clients with commission reports that show commissions paid to brokers with whom the client's account has traded in a given period. In addition, upon request, we may provide clients with reports that disclose the extent to which commissions paid on a client's account have been used to pay for research services.

We use client brokerage commissions to obtain research or other products or services and receive a benefit because we do not have to pay for the research, products or services. We have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products and services, rather than on our clients' interest in trading at the most favorable prices.

- **Commission Rates.** The head of our Equity Trading Department, with the approval of senior management, determines the guidelines for commission rates paid to broker-dealers for equities (other than for directed brokerage orders, discussed above). Both fixed income securities and equity securities may also be purchased from underwriters at prices that include underwriting fees. Because

commission rates are fixed in some international markets, we may be unable to negotiate commissions to any meaningful degree in such markets.

**FIXED INCOME.** We take into account such factors as price (including the applicable dealer spread), size of order, and difficulty of execution when executing fixed income trades. Transactions are not always executed at the best available price. Other goals include execution of trades on behalf of clients in a timely and cost effective manner, fairness to clients, both in priority of order execution and in the allocation of the price obtained in execution of trades, and compliance with client trading related mandates and investment restrictions.

Fixed income securities are generally purchased from the issuer or purchased from/sold through a market maker acting as a principal. Pricing is on a net basis, reflecting a dealer spread within the quote, without an explicitly stated and charged commission. Fixed income securities may also be purchased from underwriters at prices that include underwriting fees. Because of this pricing structure, research, and products and other services are not paid for from trades in fixed income securities.

- **Block Trades.** In an effort to achieve efficiencies in execution and reduce trading costs, we and our affiliates frequently aggregate securities transactions on behalf of a number of accounts at the same time, generally referred to as "*block trades*." When executing block trades, trades will be allocated among accounts using procedures that we consider fair and equitable. Participation of an account in the allocation is based on such considerations as investment objectives, guidelines and restrictions, availability of cash, amount of existing holdings (or substitutes) of the security in the accounts, investment horizon and directed brokerage instructions, if applicable. We may execute securities transactions alongside or interspersed between block orders when we think that such execution will not interfere with our ability to execute the order in a manner believed to be most favorable to our clients as a whole. We may exclude trades for accounts that direct brokerage or that are managed in part for tax considerations from block trades.

In some cases, various forms of pro rata allocation are used, and in other cases, random allocation processes are used. However, considerations such as lot size, relative liquidity of the position, existing or targeted account weightings in particular securities, account size, cash availability, diversification requirements and investment objectives, restrictions and time horizons may result in more particularized allocations. In connection with multi-account purchase or sale programs, and in other circumstances, if practicable, if multiple trades for a specific security are made with the same broker in a single day, those securities are allocated to accounts based on a weighted average purchase or sale price.

- **Allocation of New Issues.** For new issues of fixed income securities, various forms of pro rata allocations among eligible accounts are generally used, and in other cases, other allocation processes that we consider appropriate, including

random allocation processes are used. If a small amount of par value is allocated to us, we may allocate disproportionately, taking into consideration lot size, existing or targeted account weightings in particular securities and/or sectors, account size, diversification requirements and investment objectives/restrictions.

- **Client Directed Brokerage.** We may not be able to obtain volume discounts or negotiate price with a broker for accounts that direct brokerage. Because of that, such accounts may not get best execution. Accounts with directed brokerage instructions may be excluded from block trades and their directed orders will generally be executed following completion of any non-directed trades. As a result, performance results for these accounts may vary from other client accounts we manage in the same strategy. In some instances, the client may direct us to make all or substantially all of their account trades with specific broker-dealers (“*fully directed*” accounts). Fully directed account clients may be required to sign certain acknowledgments, including the fact that such direction regarding brokerage may compromise best execution and that the client’s account may trade after other accounts.

**CROSS-TRADES.** We may seek to adjust or rebalance Account and Fund portfolios by effecting cross-trades between or among those portfolios (for example, by causing an Account to sell securities to one or more other Accounts). We will effect a cross-trade for an Account or Fund only if we believe that the transaction would be in the best interests of all participating clients, and the cross-trade would not be prohibited by the Account or Fund agreements, firm policy or applicable law. In effecting these cross-trades, we seek to improve the overall quality of the transaction for participating Accounts and Funds compared to what we believe could be achieved through a transaction with the market. Improvements could include reduced transaction costs, lower market impact or improved execution certainty and quality. All such cross-trades will be consistent with the investment objectives and policies of each Account or Fund involved in the trades in addition to our firm policies, and will be effected at the current independent market price of the securities involved in the trades. If a mutual fund is one of the participants, then the price and other terms would comply with additional requirements under Rule 17a-7 adopted under the Investment Company Act of 1940, as amended. The Accounts or Funds involved in cross-trades will not pay any brokerage commissions or mark-ups in connection with the trades, but may reimburse their custodian or broker-dealer for any customary costs and/or transfer fees.

**AFFILIATED BROKER-DEALERS.** Broker-dealers selected may include broker-dealers in which clients or their affiliates, or, indirectly we or our affiliates, have some financial interest.

**WOMEN-OWNED/MINORITY-OWNED BROKERS.** We may, subject to our duty to seek best execution, select broker-dealers for the execution of portfolio transactions that are majority-owned or operated by women and/or members of minority groups. We will select such a broker-dealer only if the broker-dealer can achieve best execution for

the account and if selecting the broker-dealer will not cause our clients to pay brokerage commissions or incur portfolio transaction costs in an amount greater than would have been incurred if we had not used such firm.

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

Our Accounts and Funds are divided among investment professionals according to the investment strategy of the portfolio. Portfolios are typically monitored and reviewed by the investment personnel who handle the strategy on an ongoing basis. The details of the monitoring vary based on the nature of the investment strategy.

Separately, our investment operations and compliance functions perform account monitoring and review. Such review may include daily, monthly, or quarterly reviews of transactions and guidelines.

Our Portfolio Analytics Committee, a combined team led by members of our portfolio analytics group and investment personnel, review quarterly the performance and risk analytics for each marketable security investment strategy during its meeting. This group reviews investment and portfolio analytics with a focus on changes or shifts to investment style, as well as quantitative metrics, including performance, historical trends, and risk profiles. If necessary, the team holds additional meetings with individual investment professionals to further review their respective strategy in order to gain a deeper understanding of the fundamental drivers of the performance metrics. Our Portfolio Analytics Committee also convenes for the purpose of approving changes to investment composites, portfolio management teams, and substantive changes which may have an impact on investment composites and maintaining compliance with GIPS. Separately, trading and allocation committees provide a formal periodic forum for the review of the equity and fixed income trading activities on behalf of client accounts. Relevant topics may include best execution and the use of commission for research. Committee members are comprised of certain portfolio managers, one or more representatives of the trading desks and members of our Senior Management, Compliance, Investment Control and Legal departments. Equity trading and allocation issues are also monitored by independent consultant, Abel Noser.

In addition, investment activities for certain alternative investment strategies are reviewed periodically. Participants in the review may include members of the investment committee for the strategy, senior portfolio management personnel from the investment strategy, members of legal and compliance teams and/or other personnel as appropriate.

Separately from our review of Accounts and Funds, we pursue an enterprise-wide risk management process by which we assess, control, and monitor risks from all sources. We employ a combination of decentralized and centralized risk controls, which we consider the most effective approach to risk management. The fundamental risk analysis is decentralized, so that dedicated personnel are primarily responsible for addressing risks within their area of expertise. For example, a designated IT manager and his team are



responsible for cybersecurity risk, which is further reviewed by our Cybersecurity Committee. Our Business Risk Analytics Group focuses on operational and other business risks, including the interface between operations, IT and the investment teams. The Finance Department monitors financial and accounting risk. Our General Counsel and Chief Compliance Officer monitor legal and regulatory risk. Our centralized risk management includes our review of enterprise-wide risks. We have identified over 200 business risks, which we monitor by reviewing the probability and severity of the risk, steps that can be taken to mitigate, the implementation and effectiveness of the mitigation. We update our internal index of risks annually. Systematic oversight of the centralized risk management program is the responsibility of our Enterprise Risk Management Committee, consisting of department heads throughout the firm, which meets quarterly and as needed to review and address risks arising in any part of TCW's business. The key departments and groups provide reporting at least quarterly to the Enterprise Risk Management Committee. The Board of Directors of The TCW Group, Inc. has ultimate oversight over any significant business risks.

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

From time to time, we may pay a non-affiliated third party ("**Solicitor**") a fee or compensation for referral of a client to us in a separate account. The Solicitor is required to provide prospective clients with a current copy of our Brochure and the Solicitor's written disclosure statement. The Solicitor's statement will disclose the particulars of the referral relationship and the compensation we will pay to the Solicitor. We will obtain a signed and dated acknowledgement from each referred client of the receipt of the Brochure and the disclosure statement, as required by Rule 206(4)-3 of the Investment Advisers Act of 1940.

At times we may pay persons affiliated with us a fee or compensation for referring a client to us in a separate account. Those persons will disclose to clients the nature of their relationship to us at the time they solicit the clients for us.

Many of our clients engage the services of consultants in connection with their investments and investment managers. Compensation we pay to consultants would typically be disclosed as indicated by the paragraph above, as required by law. We may also pay from time to time a portion of the cost of conferences, seminars and other activities we attend that are sponsored by consultants.

## **ITEM 15: CUSTODY**

**Accounts.** Due to certain arrangements, we may be deemed to have "custody" of client accounts within the meaning of Rule 206(4)-2 under the Advisers Act because we may have access to or authority over client funds and securities for purposes other than issuing trading instructions. If we are deemed to have custody over an account, the custodian will send the client investor periodic account statements (generally on a quarterly basis) indicating the amounts of any funds or securities in the account as of the end of the

statement period and any transactions in the account during the statement period. Clients should review these statements carefully. Additionally, a client should contact us immediately if he or she does not receive account statements from the custodian on at least a quarterly basis. As noted in Item 13, above, we may provide a client, separately, with reports or account statements providing information about the account. A client should compare these carefully to the account statements received from the custodian. If a client should discover any discrepancy between the account statements, please contact us immediately.

**Private Funds.** Because we or an affiliate serves as general partner or managing member of certain private Funds, we are deemed to have “custody” of the private funds within the meaning of Rule 206(4)-2 under the Advisers Act. For most of these funds, we provide each investor in the fund with audited financial statements that comply with U.S. generally accepted accounting practices (“**GAAP Audits**”) within 120 days following the Fund’s fiscal year end. For some private Funds, we follow the procedure outlined for Accounts, above, and do not provide GAAP Audits.

## **ITEM 16: INVESTMENT DISCRETION**

We enter into written agreements for each Account and Fund that we manage that state our discretion to manage the Account or Fund. We typically have discretionary authority for the investments of these Accounts and Funds, subject to specific investment guidelines and restrictions of those agreements. We enter into these agreements after legal and compliance review on our behalf.

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

We will accept proxy voting authority from our clients, and follow our Proxy Voting Policy, which is summarized below. If we have accepted proxy voting authority from the client, we do not provide the client the option to direct a proxy vote with respect to a particular solicitation. We do, however, agree with some clients to use their proxy voting guidelines when voting proxies on their behalf.

Some of our clients do not give us the authority to vote proxies on their behalf, choosing to vote proxies themselves. Those clients will likely receive proxy solicitations from a custodian and transfer agent, and not through us. Those clients occasionally contact us with questions about a particular solicitation. Our Senior Proxy Specialist will discuss our guidelines with respect to the solicitation with the client.

## **SUMMARY OF PROXY VOTING POLICY**

The following is a summary of our Proxy Voting Policy. We will provide a copy of our Proxy Voting Policy to any client or prospective client upon request. Our contact information appears on the first page of this Brochure.



If we have responsibility for voting proxies in connection with our investment advisory duties, or have the responsibility to specify to an agent how to vote the client's proxies, we exercise such voting responsibilities through the corporate proxy voting process. We believe that the right to vote proxies is a significant asset of our clients' holdings. In order to provide a basis for making decisions in the voting of proxies for our clients, we have established a proxy voting committee (the "**Proxy Committee**") and adopted proxy voting guidelines (the "**Guidelines**") and procedures.

Where we have retained the services of a sub-adviser to provide day-to-day portfolio management for the portfolio, we may delegate proxy voting authority to the sub-adviser; provided that the sub-adviser either (1) follows our Guidelines; or (2) has demonstrated that its proxy voting policies and procedures are consistent with our Guidelines or otherwise implemented in the best interests of our clients and appear to comply with governing regulations. We also shall be provided the opportunity to review a Sub-Adviser's Proxy Voting Policy and Procedures as deemed necessary or appropriate by us. Consistent with its fiduciary obligations, we will be responsible for periodically verifying the sub-adviser's implementation of its proxy voting policy with respect to the portfolio we manage.

The Proxy Committee generally meets quarterly (or at such other frequency as determined by the Proxy Committee), and its duties include establishing proxy voting guidelines and procedures, overseeing the internal proxy voting process, and reviewing proxy voting issues. The members of the Proxy Committee include our personnel from the investment, compliance, legal and marketing departments. We also use an outside proxy voting service (an "**Outside Service**") to help manage the proxy voting process. The Outside Service facilitates our voting according to the Guidelines (or according to guidelines submitted by our clients) and helps maintain our proxy voting records. Our proxy voting and record keeping is dependent on the timely provision of proxy ballots by custodians, clients and other third parties. Under circumstances described below involving potential conflicts of interest, we may also request the Outside Service to help decide certain proxy votes. In those instances, the **Proxy Committee** shall review and evaluate the voting recommendations of such Outside Service to ensure that recommendations are consistent with our clients' best interest. In the event we inadvertently receive any proxy material on behalf of a client that has retained proxy voting responsibility, and where it is reasonably feasible by us to determine the identity of the client, we will promptly forward such materials to the client.

As a matter of firm policy, we do not disclose to unaffiliated third parties how we expect to vote on upcoming proxies and do not disclose the way we voted proxies without a legitimate need to know such information.

**Philosophy.** The Guidelines provide a basis for our decisions in the voting of proxies for clients. When voting proxies, our utmost concern is that all decisions be made solely in the interests of the client and with the goal of maximizing the value of the client's investments. Generally, proposals will be voted in accordance with the Guidelines and

any applicable guidelines provided by our clients. Our underlying philosophy, however, is that our portfolio managers, who are primarily responsible for evaluating the individual holdings of our clients, are best able to determine how best to further client interests and goals. The portfolio managers may, in their discretion, take into account the recommendations of our management, the Proxy Committee, and the Outside Service.

**Overrides and Conflict Resolution.** Individual portfolio managers, in the exercise of their best judgment and discretion, may from time to time override the Guidelines and vote proxies in a manner that they believe will enhance the economic value of clients' assets, keeping in mind the best interests of the beneficial owners. The Guidelines provide procedures for documenting and, as required, approving such overrides. In the event a potential conflict of interest arises in the context of voting proxies for our clients, the primary means by which we will avoid a conflict is by casting such votes with the assistance of the Outside Service, discussed above, according to the Guidelines and any applicable guidelines provided by our clients. If a potential conflict of interest arises, and the proxy vote to be decided is predetermined under the Guidelines, then we will follow the Guidelines and vote accordingly. On the other hand, if a potential conflict of interest arises and there is no predetermined vote, or the Guidelines themselves refer such vote to the portfolio manager for decision, or the portfolio manager would like to override a predetermined vote, then the Guidelines provide procedures for determining whether a material conflict of interest exists and, if so, resolving such conflict.

**Proxy Voting Information and Recordkeeping.** Upon request, we provide proxy voting records to our clients. These records state how votes were cast on behalf of client accounts, whether a particular matter was proposed by the company or a shareholder, and whether or not we voted in line with management recommendations. To obtain proxy voting records, a client should contact our Senior Proxy Specialist.

We or an Outside Service will keep records of the following items: (i) the Guidelines and any other proxy voting procedures; (ii) proxy statements received regarding client securities (unless such statements are available on the SEC's EDGAR system); (iii) records of votes cast on behalf of clients (if maintained by an Outside Service, that Outside Service will provide copies of those records promptly upon request); (iv) records of written requests for proxy voting information and our response (whether a client's request was oral or in writing); and (v) any documents we prepared that were material to making a decision how to vote, or that memorialized the basis for the decision. Additionally, we or an Outside Service will maintain any documentation related to an identified material conflict of interest.

We or an Outside Service will maintain these records in an easily accessible place for at least five years from the end of the fiscal year during which the last entry was made on such record. For the first two years, we or an Outside Service will store such records at its principal office.



**International Proxy Voting.** While we utilize the Guidelines for both international and domestic portfolios and clients, there are some significant differences between voting U.S. company proxies and voting non-U.S. company proxies. For U.S. companies, it is relatively easy to vote proxies, as the proxies are automatically received and may be voted by mail or electronically. For proxies of non-U.S. companies, although it is typically both difficult and costly to vote proxies, we make every reasonable effort to vote such proxies.

## **CLASS ACTION NOTICES AND PROOFS OF CLAIM**

From time to time, securities that our clients have owned are the subject of class action lawsuits. Generally, holders of securities within a given class period are entitled to participate in the recovery or settlement in a class action lawsuit by filing a proof of claim. All class members normally are bound by a court-approved settlement or judgment in a class action unless they have filed with the court or claims administrator a timely notice choosing to opt-out of the settlement.

We view the decision to file of a proof of claim in class actions as a corporate action that normally is to be performed by the custodian for our client. In addition, the decision to elect to opt out of a settlement is an individual decision to be made by our client.

Normally, custodians will receive notices of rights to participate in, or opt out of class action settlements. We sometimes receive such notices and have adopted procedures to assist our clients in the performance of class action processing functions. Our actions and responsibilities with respect to class action matters will depend on the role we have with respect to the client.

## **ITEM 18: FINANCIAL INFORMATION**

Not applicable.



## ATTACHMENT 1 MATERIAL CHANGES

We have made the following material changes to this Brochure since our last annual Amendment on March 30, 2017.

### ITEM 5: FEES AND COMPENSATION

**TCW Funds, Inc.** We have added TCW Artificial Intelligence Equity Fund to our list of U.S. Equities Funds.

**Separate Accounts. Fixed Income Strategies.** We have updated the fee schedule for both Index Plus Mortgage-Backed Securities and Securitized Opportunities. **Equities Strategies.** We have added Global Low Volatility Equities and its fee schedule. We have updated the fee schedule for both Global Technology and Pluris. **International Strategies.** We have removed the International Growth strategy as we no longer offer it.

We have changed the name of the Comprehensive Asset Allocation strategy to Global Multi-Asset Allocation.

**Managed Accounts Division.** We have removed both Large Cap Value and Pluris as those strategies are no longer offered through our Managed Accounts Division.

### ITEM 7: TYPES OF CLIENTS

**Separate Accounts. Equities Strategies.** We have added Global Low Volatility Equities and its minimum account size. We have updated the minimum account size for Global Technology's High Net Worth investors. **International Strategies.** We have removed International Growth strategy as we no longer offer it.

We have changed the name of the Comprehensive Asset Allocation strategy to Global Multi-Asset Allocation.

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

**Separate Accounts. Fixed Income Strategies.** We have updated the following risk factors: interest rate risk; market risk; and underlying collateral risk for strategies that invest in asset-backed securities. **Equities Strategies.** We have added a summary description for the Global Low Volatility Equities strategy. We have removed the summary description for Large Cap Value as we no longer offer that strategy. **International Strategies.** We have removed the International Growth strategy as we no longer offer it.

### ITEM 12: BROKERAGE PRACTICES

We have updated our rationale and procedures for engaging in cross-trades.