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# **TCW-WLA JV VENTURE, LLC**

## **FORM ADV PART 2A FIRM BROCHURE**

**March 27, 2020**

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This Brochure provides information about the qualifications and business practices of TCW-WLA JV Venture, LLC (“TCW-WLA,” “Firm,” “we” or “us”). If you have any questions about the contents of this Brochure, please contact us at (310) 235-5900. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

We may refer to ourselves as “registered investment adviser.” Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about us also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 2 MATERIAL CHANGES**

This Item 2 discusses only material changes made to this Form ADV Part 2A (“Brochure”) since March 30, 2019, when TCW-WLA filed its most recent annual updating amendment to the Brochure. Persons previously receiving that Brochure should consider the following:

**We have updated the “Political, Social and Economic Uncertainty” section of ITEM 8, METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS to identify the uncertainties of the coronavirus outbreak of 2020.**

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## **ITEM 4**

### **ADVISORY BUSINESS**

TCW-WLA JV Venture LLC is a Delaware limited liability company organized in July 2010 and is registered with the SEC as an investment adviser. We have acted as a sub-adviser to certain investment advisory clients of two of our affiliated registered investment advisers, TCW Asset Management Company LLC (“TAMCO”), and TCW Investment Management Company LLC (“TIMCO”). Currently, the Firm has only one remaining Client for which we act as sub-advisor for TAMCO. For continuity and because of continuing affiliations, we will retain references to TIMCO herein notwithstanding that the Firm has no sub-advisory clients or relationships through or with TIMCO. For the same reasons, we will continue address potential conflicts of interests applicable to having multiple clients even though the Firm now has only the one Client. TCW-WLA will not accept additional clients.

TAMCO is the Managing Member of TCW-WLA and owns 100% of TCW-WLA’s voting membership interests. TAMCO and TIMCO 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. On December 27, 2017 Nippon Life Insurance Company acquired a 24.75% minority stake in TCW Group from Carlyle. As a result of the transaction, TCW management and employees have increased their ownership in the firm to approximately 44.07% and Carlyle maintains a 31.18% interest in TCW Group.”

TAMCO and TIMCO serve as investment advisers to certain existing closed-end investment limited partnerships and companies (each a “Fund” or a “Client” and collectively the “Funds” or the “Clients”) which are offered to “qualified purchasers” (as defined in the Investment Company Act of 1940) and “accredited investors” (as defined in Regulation D under the Securities Act of 1933). The Funds are Collateralized Loan Obligations (“CLOs”) and Collateralized Debt Obligations (“CDOs”).

TAMCO and TIMCO have delegated to TCW-WLA certain responsibilities with respect to the provision of investment advice to the Funds pursuant to their respective investment management agreements with the Funds. TAMCO and TIMCO provide general supervision and oversight of our investment management activities with respect to the Funds consistent with their continuing role as the Funds’ investment advisers.

With respect to the Funds, we, among other things: (1) conduct the initial and ongoing due diligence of the loans in the Funds’ portfolios; (2) execute securities transactions on behalf of the Funds; (3) assist in the administration of proxy voting responsibilities for the Funds; (4) interact and correspond with CLO and CDO trustees (i.e. clients of TAMCO and TIMCO) to explain the Funds’ investment products and related processes; (5) prepare custom reports requested by investors in the Funds; (6) perform other back-office and administrative functions, and 7) perform those particular responsibilities as outlined in the sub-delegation agreement.

Investment guidelines and constraints for each Fund we sub-advise are based upon the investment objectives and limitations of those Funds as stated in their confidential offering memoranda and governing documents (the “Fund Documents”). To the extent that a Fund is restricted in its investment activities, we adhere to those restrictions.

As of December 31, 2019, we managed \$4,704,096 of client assets, all on a non-discretionary basis.

## **ITEM 5 FEES AND COMPENSATION**

TCW-WLA is an investment adviser registered with the SEC and delivers this brochure only to "qualified purchasers" as defined in section 2(a)(51)(A) of the Investment Company Act of 1940, as amended; therefore, we are not required to (1) disclose how we are compensated for advisory services we provide, (2) provide our fee schedule, or (3) disclose whether the fees are negotiable.

TCW-WLA's only compensation is derived from compensation arrangements set forth in sub-delegation, sub-advisory, co-advisory, and other arrangements between TCW-WLA and TAMCO and TIMCO (as discussed below in Item 10). These arrangements have been privately negotiated, and are a percentage of the compensation received by TAMCO and TIMCO for the Clients for which TCW-WLA provides sub-advisory services. TAMCO and TIMCO receive base management fees that are expressed as a number of basis points of assets under management ("Management Fees") and in some situations also performance allocations (see Item 6, below).

**Other Fees and Expenses Associated with Advised Accounts or Funds.** TCW-WLA's Clients may bear certain other fees, expenses and costs (in addition to the Management Fees,) which are incidental or related to the maintenance of a Client account or the buying, selling and holding of investments. These fees may include, but are not limited to: (1) custodial charges; (2) credit support fees; (3) brokerage fees; (4) fees for administrative services provided by third parties and/or affiliated entities; (5) commissions and other related transaction costs and expenses, such as deal fees, origination fees and deferred sales charges; (6) governmental charges, taxes and duties; (7) transfer fees, registration fees and other expenses associated with buying, selling or holding investments, such as wire transfer and electronic fund fees; (8) withholding taxes payable and required to be withheld by issuers or their agents; (9) legal fees incurred in connection with the discharge of its investment management responsibilities, (10) travel and entertainment expenses, (11) expenses incurred with respect to investor communication and conferences, (12) audit fees, (13) insurance expenses, and (14) fees associated with investments in pooled investment vehicles (the "Other Expenses").

Other Expenses are memorialized in the respective Funds' Fund Documents.

For additional information about brokerage and other transaction costs, please refer to Item 12, "Brokerage Practices," later in this Brochure.

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

Certain Clients pay both Management Fees and a performance allocation. Because our compensation represents a percent of the total compensation received by TIMCO or TAMCO from each Client, we have a conflict of interest in that we might have an incentive to favor Clients from whom we receive a performance allocation. We have adopted policies and procedures, described in Items 11 and 12, below, designed to address this and other potential conflicts of interest.

Performance-based compensation may create an incentive for us to make investments that are riskier or more speculative than would be the case in the absence of such allocation. Also, since the performance allocations in certain Funds may be based on realized and unrealized appreciation of assets, the performance allocation credited to TCW-WLA may be greater than if such allocation were based solely on realization.

Any performance-based compensation will be paid in accordance with Section 205(3) of the Advisers Act, or Rule 205-3 thereunder.

The nature and amount of compensation received by TCW-WLA with respect to a Client may differ from that paid by other Clients, even those investing in similar, competing or conflicting investments.

TCW-WLA faces a potential conflict of interest when (1) the actions taken on behalf of one Client may adversely impact another Client (e.g., because such Clients have the same or similar investment strategies and compete for investment opportunities or such Clients have conflicting investment strategies and one Client could gain an advantage trading ahead of another Client) and (2) TCW-WLA and its personnel (including as a result of such personnel's position with TCW, TIMCO, TAMCO or Crescent) have a pecuniary interest in Client accounts, such as earning a performance fee, because TCW-WLA may have an incentive to favor certain Clients over other Clients with less lucrative structures. Such conflicts may present particular concern when, for example, TCW-WLA places or allocates the results of securities transactions that TCW-WLA believes could more likely result in favorable performance, engages in cross trades or executes potentially conflicting or competing investments.

Performance-based compensation arrangements may also create an incentive for TCW-WLA to recommend investments that are more risky or speculative than those that would be recommended under a different arrangement. Additionally, under a performance-based allocation structure, TCW-WLA may benefit when capital gains are recognized and, because it determines when an investment is sold, TCW-WLA controls the timing of the recognition of such capital gains. TCW-WLA or its affiliates, or their respective principals or personnel, may also own a portion of Clients managed by TCW-WLA. This may create a similar performance-based incentive to that mentioned above.

To mitigate these conflicts, TCW-WLA's policies and procedures seek to provide that investment decisions are made in accordance with the fiduciary duties owed to Clients and investors, without consideration of TCW-WLA's (or TCW-WLA's personnel's) other interests.

## **ITEM 7 TYPES OF CLIENTS**

TCW-WLA provides sub-advisory services only to the Funds which are offered exclusively to "qualified purchasers" (as defined in the Investment Company Act of 1940) and "accredited investors" (as defined in Regulation D under the Securities Act of 1933). The Firm will not accept new clients.

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

We typically seek to invest in companies that we believe to possess strong business fundamentals, including companies with leading competitive positions within well-defined markets, sustained profitability, predictable cash flows, talented management and sound managerial controls. In selecting investments, we are credit-focused, seeking first to preserve our invested capital.

We analyze investments and attempt to manage risk for our investment strategies by employing a well-developed bottom-up and top-down credit research-focused process. This process includes a disciplined approach to obligor security selection and portfolio construction (including, as may be appropriate for a given strategy or Client, diversification among issuers and industries).

We select investments by analyzing information from a variety of sources, which may include financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, filings with the SEC, and company press releases. We may also obtain market information through internal research facilities and third party providers such as Bloomberg, Telerate, Dow Jones Capital, Reuters, wire services, and other publicly available sources. We may obtain additional information on issuers through due diligence meetings with issuers' management, court filings (including bankruptcy filings), independently prepared engineering and technical reports, interviews with suppliers, customers and competitors, third party analytical systems such as Salomon Brothers Yield Book, and audited financial reports. Additionally, we may gather information for analysis through discussions with third parties such as tenants, customers, surveyors, engineers, environmental consultants, local brokers, attorneys, investment bankers, published research, discussions with third party investment research professionals, potential co-investors, etc.

We may use a variety of analytical methods on the data we collect, including fundamental, technical, and cyclical analyses. We also may analyze securities structures, country risk (including consideration of global trading relationships such as free trade agreements), political risks, monthly compliance statements, discounted cash flows, and proprietary data and analytical systems developed and maintained in-house. Further, we may perform credit analyses based upon debt payment history, term of debt, price, equity kickers, interest rate, market interest rates, general market conditions, industry conditions, and other similar factors.

Once we have identified securities that meet our criteria, we may employ a variety of investment strategies, including long-term purchases (securities held at least one year), short term purchases (securities sold within one year), and trading (securities sold within thirty days). For certain Clients, we may engage in transactions to mitigate currency risk and/or use borrowing or leverage. We may also seek to mitigate risk or invest opportunistically for certain Clients by using short sales and credit derivatives.

Any investment includes the risk of loss and there can be no guarantee that a particular level of return will be achieved. While we seek to mitigate risks so that they are appropriate to the return potential for the strategy or Client, it is usually not possible or desirable to mitigate risks fully. Clients and investors should understand that they could lose some or all of their investment and should be prepared to bear the risk of such potential losses.

Our services are not intended to provide a complete investment program for investors. TCW-WLA expects that the assets it manages do not represent all of an investor's managed assets. Investors are responsible for appropriately diversifying their assets to guard against the risk of loss. In addition, there can be no assurance that we will draw down all or any particular portion of a Client's commitment where, for example, we do not believe that investment opportunities available in the market place are prudent or appropriate for the Client.

Generally the risks described below are increased the lower (i.e., the more "junior" or "subordinated") an investment is in the capital structure of a portfolio company or where investments are less liquid. Specific risks applicable to a particular Client are enumerated in the Fund Documents with respect to each Fund. The investments we manage entail the following general risks, some or all of which may be applicable to each Fund depending on the asset classes involved and investment guidelines of such Fund:

**Below-Investment Grade Instruments.** The below-investment-grade securities, loans and other assets in which our Clients invest are considered to be speculative, and involve a high degree of financial risk due to the nature of their issuers' and obligors' leveraged capital structures. Such instruments are also commonly known as "junk bonds." These investments may be (1) unsecured and subordinated to substantial amounts of senior debt (all or a significant portion of which may be secured), (2) may not be protected by

financial covenants or limitations on additional debt, (3) may have limited liquidity and (4) may not be rated by a credit rating agency. These instruments are regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments. Because investment in below-investment-grade instruments involves greater investment risk, achievement of the Client's investment objective will be more dependent on our analysis than would be the case if the Client were investing in higher-quality, investment grade instruments. In addition, below-investment-grade instruments in leveraged capital structures may be more susceptible to real or perceived adverse economic and issuer-specific developments than investment-grade instruments. Moreover, the secondary trading market for lower quality instruments is generally more volatile and may be less liquid than the market for investment grade securities. This potential lack of liquidity may make it more difficult to accurately value certain portfolio investments. TCW-WLA intends to monitor portfolio company performance; however, it is primarily the responsibility of a portfolio company's management to operate the portfolio company on a day-to-day basis, and there is no assurance that management will perform in accordance with our or a Client's expectations. Therefore, there can be no assurance that the investments will be able to generate returns for Clients or that the returns will be commensurate with the risks of investing. It is possible that Clients will incur losses up to a complete loss of capital.

**General Market and Credit Risks of Debt Securities.** Debt portfolios are subject to credit and interest rate risks. "Credit risk" refers to the potential that an issuer or obligor will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer or obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities or loans which are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments may also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

**Illiquid and Long-Term Investments.** An investment may have a contractual return that is not paid entirely in cash, but rather partially or wholly in-kind or as an accreting liquidation preference, thus lengthening the time before cash is received and increasing the Client's risk exposure to the portfolio company. While TCW-WLA intends to achieve a targeted return for a given investment over time, other factors such as overall economic conditions, the competitive environment and the availability of potential purchasers or capital for refinancing of the securities, may shorten or lengthen the Client's holding periods and some investments may take longer than initially planned from the initial investment date to achieve a realization. It is anticipated that there will not be a public market for a substantial portion of the securities held by Clients. Therefore if a Client determines or is required to liquidate all or a portion of its portfolio positions quickly, that Client may realize significantly less than the value at which its investments were previously recorded.

**Price Volatility Risk.** The value of a Client's investment portfolio will change as market prices of its investments increase or decrease due to among other things credit risk, interest rate risk or changes in market factors (market risk). Generally, the longer a Client's portfolio duration, the greater the degree of price fluctuation. Also, more concentrated portfolios have greater potential volatility. Below-investment-grade securities are more susceptible to market risk and general economic factors than investment-grade securities, and, thus, typically bear increased price volatility risk.



**Foreign Investing and Currency Exchange Risk.** Foreign investments may involve greater and different risks than domestic investments, including the following: the unpredictability of international trade patterns; the possibility of governmental actions adverse to business generally or to foreign investors in particular; imposition or modification of controls on foreign currency exchange, repatriation of proceeds or foreign investment; the imposition or increase of withholding taxes on income and gains; price volatility; absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation which may result in lower quality information being available and less developed corporate laws regarding fiduciary duties and the protection of investors; governmental influence on the national and local economies; and fluctuations in currency exchange rates. In addition, collateral that is located outside of the United States may be subject to various laws enacted for the protection of creditors, depending on the country and the issuer, which laws may differ substantially from those applicable in the United States. The risks described in this paragraph with respect to foreign investments apply to an even greater extent to investments in emerging markets.

Furthermore, foreign investments may be denominated in currencies other than the U.S. dollar, and hence the value of such investments will depend in part on the relative strength of the U.S. dollar. Clients may be affected favorably or unfavorably by currency control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar. Foreign currency fluctuations could result in losses on investments in securities of foreign issuers. This might occur, for example, if the value of the acquired foreign securities declines and any debt incurred to purchase the investments is repaid by the Client from assets not otherwise available for foreign investment. Such a circumstance could be compounded if, as the result of foreign currency fluctuations, the amount in dollars required to repay indebtedness denominated in a foreign currency exceeds the amount in dollars actually borrowed to make the investment. There can be no assurance as to the success of any hedging operations that we may implement.

**Political, Social and Economic Uncertainty.** Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which clients, borrowers or other investee companies are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with: increased volatility in the global securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets; greater fluctuations in currency exchange rates; increased risk of default (by both government and private issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; less governmental regulation and supervision of the securities markets and market participants and decreased monitoring of the markets by governments or self-regulatory organizations and reduced enforcement of regulations; limited, or limitations on, the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; inability to purchase and sell investments or otherwise settle security or derivative transactions (i.e., a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

For example, in early 2020, a novel coronavirus (SARS-CoV-2) and related respiratory disease (COVID-19) emerged in China and spread rapidly to across the world, including to the United States. This

outbreak has led and is likely to continue to lead to disruptions in the worldwide economy, particularly with respect to economies of nations where the novel coronavirus has arisen and also the global markets. This outbreak and any future outbreaks could have a further adverse impact on the global economy in general, including volatility in or disruption of the credit markets, which could have a material adverse impact on the ability of the firm and its clients to make and sell investments. As of the date of this Brochure, it is impossible to determine the scope of this outbreak, or any future outbreaks, or its full potential impact.

Although it is impossible to predict the precise nature and consequences of these events, or of any political or policy decisions and regulatory changes occasioned by emerging events or uncertainty on applicable laws or regulations that impact the firm, its clients and their investments, it is clear that these types of events, will have a significant impact. [The middle market companies in which clients invest could be [significantly/ particularly] impacted by emerging events and uncertainty of this type and] Clients will be negatively impacted if the value of their portfolio holdings decreases as a result of such events and the uncertainty they cause. There can be no assurance that emerging events will not cause a client to suffer a loss of any or all of its investments or interest thereon. Clients will also be negatively affected if the operations and effectiveness of the firm, its affiliates, any obligors, borrowers or other portfolio companies, or their respective key service providers, are compromised or if necessary or beneficial systems and processes are disrupted.

**Bridge Investment.** Investments may include bridge financing to portfolio companies. While a bridge financing is outstanding, the bridge lender bears the risk of changes in the capital markets. A portfolio company's inability to refinance a bridge loan may result in a Client retaining a long-term investment in a junior security or having its bridge loan converted to equity.

**Derivatives.** Clients may hold or write various derivative instruments, including options, forward contracts, swaps and other derivatives, which may be volatile and speculative. Certain positions may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. Use of derivative instruments presents various risks. When derivatives are used for hedging purposes, an imperfect or variable degree of correlation between price movements of the derivative instrument and the underlying investment sought to be hedged may reduce the effectiveness of the hedge or result in a loss. Derivative instruments, especially when traded in large amounts, may not be liquid in all circumstances, so that in volatile markets Clients may not be able to close out a position without incurring a loss. In addition, daily limits on price fluctuations and speculative position limits on exchanges on which Clients may conduct transactions in certain derivative instruments may prevent prompt liquidation of positions, subjecting Clients to potential losses. While certain derivatives are subject to mandatory central clearing and exchange trading, others that may be purchased or sold by Clients may not be traded on an exchange. Over-the-counter options, unlike exchange-traded options, are two-party contracts with price and other terms negotiated by the buyer and seller. The risk of nonperformance by the obligor on such an instrument may be greater, and the ease with which Clients can dispose of or enter into closing transactions with respect to such an instrument may be less, than in the case of an exchange-traded instrument. In addition, significant disparities may exist between "bid" and "ask" prices for derivative instruments that are not traded on an exchange. Derivative instruments not traded on exchanges are also not subject to the same type of government regulation as exchange-traded instruments, and many of the protections afforded to participants in a regulated environment may not be available in connection with such transactions. Central clearing and exchange trading are intended to reduce counterparty credit risk and increase liquidity but does not make transactions in cleared or exchange-traded derivatives risk-free.

Certain legal, tax and market uncertainties present risks when entering into credit derivatives. There is uncertainty surrounding the characterization of credit derivatives, interpretation of their provisions and their tax treatment. In addition, additional regulations and laws may apply to credit derivatives that have not heretofore been applied. There can be no assurance that future decisions construing similar provisions to

those in any credit derivative or other related documents or additional regulations and laws will not have a material adverse effect on Clients.

**Credit Default Swaps.** Certain Clients may enter into credit default swaps, which are a type of derivative instrument. Credit default swaps are generally subject to the risks applicable to other derivative instruments, as well as certain additional risks because they are difficult to value, are susceptible to liquidity and credit risk, and generally pay a return to the party that has paid the premium only in the event of an actual default by the issuer financial difficulty. Furthermore, the International Swaps and Derivatives Association, Inc. (ISDA) has published and supplemented the Credit Derivatives Definitions in order to facilitate transactions and promote uniformity in the credit default swap market. The credit default swap market is expected to continue to change and the Credit Derivatives Definitions and terms applied to credit derivatives are subject to interpretation and further evolution. Additionally, past events have shown that the views of market participants may differ as to how the Credit Derivatives Definitions operate or should operate. There can be no assurances that changes to the Credit Derivatives Definitions and other terms applicable to credit derivatives generally will be predictable or favorable to Clients. Amendments or supplements to the Credit Derivatives Definitions that are published by ISDA will only apply to credit default swaps of Clients, if any, if Clients and the swap counterparty agree to amend any such credit default swap to incorporate such amendments or supplements. Markets in different jurisdictions have also already adopted and may continue to adopt different practices with respect to the Credit Derivatives Definitions. Furthermore, the Credit Derivatives Definitions may contain ambiguous provisions that are subject to interpretation and may result in consequences that are adverse to Clients. Additionally, transactions that are cleared through a clearinghouse are subject to the credit risks associated with the clearinghouse.

**Counterparty and Custodial Risk.** To the extent Clients invest in swaps, “synthetic” or derivative instruments, repurchase agreements, certain types of options or other customized financial instruments or, in certain circumstances, non-U.S. securities, Clients take the risk of non-performance by the other party to the contract. This risk may include the credit risk of the counterparty and the risk of settlement default. This risk may differ materially from those entailed in exchange-traded transactions that generally are supported by guarantees of clearing organizations, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default.

**Insolvency Considerations.** The information in this and the following risk factor (“Participation on Creditors’ Committees and Boards of Directors”) is applicable with respect to U.S. obligors. Because TCW-WLA invests client accounts in loans and debt securities, various laws enacted for the protection of creditors may apply to instruments held by Clients. The loans of obligors not organized or incorporated in the United States will be subject to laws enacted in their home countries for the protection of creditors, which may differ from and be less favorable than the laws described above. If in a lawsuit brought by an unpaid creditor or representative of creditors of an obligor (such as a trustee in bankruptcy) under a loan, a court were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the loan and, after giving effect to such indebtedness, the obligor (1) was insolvent, (2) was engaged in a business for which the remaining assets of such obligor constituted unreasonably small capital or (3) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, then the court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing and/or future creditors of the obligor, or to recover amounts previously paid by the obligor in satisfaction of such indebtedness. There can be no assurance as to what standard a court would apply in order to determine whether the obligor was “insolvent” after giving effect to the incurrence of the indebtedness constituting the loan or that, regardless of the method of valuation, a court would not determine that the obligor was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of an obligor of a loan, payments made on such loan could be subject

to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before insolvency. In general, if payments on an obligation are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the initial recipient (such as Clients).

**Participation on Creditors’ Committees and Boards of Directors.** Representatives of TCW-WLA, on behalf of Clients, may participate on committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. TCW-WLA may also seek to negotiate directly with debtors with respect to restructuring issues. In the situation where a representative of TCW-WLA chooses to join a creditors’ committee, the representative would likely be only one of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interest. There can be no assurance that the representative would be successful in obtaining results most favorable to our Clients in such proceedings, although the representative may incur significant legal fees and other expenses in attempting to do so. As a result of participation by the representative on such committees, the representative may be deemed to have duties to other creditors represented by the committees, which might thereby expose Clients to liability to such other creditors who disagree with the representative’s actions. It is possible that TCW-WLA or its affiliates will be represented on the boards of some of the companies in which Clients make investments. Such representation may have the effect of impairing the ability of TCW-WLA to sell Clients’ related investments when, and upon the terms, they might otherwise desire, including as a result of applicable securities laws. If TCW-WLA or any of TCW-WLA’s affiliates or employees earns compensation with regard to any such board representation, such compensation will generally be remitted to the relevant Clients. See also Item 11.

**Availability of Suitable Investments; Competition.** The identification of attractive investment opportunities is difficult and highly uncertain. There can be no assurance that we will be able to invest a Client’s capital fully or that suitable investment opportunities will be identified. TCW-WLA often seeks to invest in companies with relatively short operating histories and lower revenues or companies that have undergone leveraged buyouts or recapitalizations. The success of Client portfolios will depend on the ability of TCW-WLA to recommend, identify and consummate suitable investments in a highly competitive environment, to improve the operating performance of portfolio companies, and to dispose of the investments of Clients at a profit. TCW-WLA competes with the public and private debt and equity markets and with other investors, including other asset management firms, mezzanine funds, private equity funds, hedge funds, direct investment firms, business development companies and merchant banks for investment opportunities.

**Investments in Cash or Cash-Equivalent Investments.** TCW-WLA may invest a portion of Clients’ assets in cash or cash equivalents when, for example, (1) Clients are initially funded or additional funding occurs and targeted investments have not been identified or purchased, (2) other investments are unattractive, (3) providing a reserve for anticipated obligations of Clients or (4) for other temporary purposes. Although such practices may assist in the preservation of capital, the assumption of cash positions may also reduce potential investment returns especially for Clients who pay Management Fees on cash or cash equivalents. Cash investment practices may be expected, therefore, to affect total investment performance of Clients’ portfolios.

**Use of Leverage.** Clients may borrow or otherwise use leverage to increase profit potential while increasing risk of loss and volatility. Leverage may take the form of borrowed money, uncovered short positions, uncovered put options, derivative instruments that are inherently leveraged, and other forms of direct and indirect borrowings. If the interest expense on borrowings were to exceed the net return on the portfolio of securities purchased with borrowed funds, returns will be lower than if the Client were not leveraged. Additionally, the use of leverage, while providing the opportunity for higher returns, also increases volatility and the risk of loss. We may have a conflict of interest in causing the Client to incur leverage or determining to de-lever, because we may earn fees on the leverage and/or have a performance allocation without the associated investment risk.

**Litigation.** To the extent that a Client is in a position to exercise any significant influence over a portfolio company, there could be a heightened risk of litigation (e.g., claims that the Client is a controlling person and thus liable for securities law violations of the portfolio company). The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments, absent fraud, willful misconduct or gross negligence by TCW-WLA, would be borne by relevant Clients or their investors and would reduce net assets or could require investors in Clients to return the Clients' distributed capital and earnings. TCW-WLA and others are indemnified in connection with such litigation, subject to certain conditions. In connection with the disposition of an investment in a portfolio company, Clients may be required to make representations about the business and financial affairs of a portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. Clients also may be required to indemnify the purchasers of such investments or underwriters, to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities to Clients. In addition, in the capacity as a member of the boards of directors of portfolio companies, a representative of Clients may become subject to fiduciary or other duties which may adversely affect Clients. For example, Clients may be unable to sell portfolio securities if a representative of TCW-WLA is in possession of inside information relating to the issuer of the portfolio securities. Clients also may be limited to the same "window periods" for sales of public securities of a portfolio company as are directors of the portfolio company if a representative of TCW-WLA is on the board of directors of the portfolio company.

**Business and Regulatory Risks.** Legal, tax and regulatory changes in the U.S. and outside the U.S. could occur during the term of Clients' engagement of TCW-WLA that may adversely affect Clients. The regulatory environment for private investment vehicles is evolving, and changes in such regulation may adversely affect the value of investments held by Clients. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect the implementation of Clients' investment strategy. The effect of any future regulatory change on Clients could be substantial and adverse. Alternative U.S. or non-U.S. rules or legislation regulating Clients or TCW-WLA may be adopted, and the possible scope of any rules or legislation is unknown. There can be no assurances that Clients or TCW-WLA will not in the future be subject to regulatory review or discipline. The effects of any regulatory changes or developments on Clients may affect the manner in which it is managed and may be substantial and adverse.

**Cybersecurity Risk.** In addition to the risks described above that primarily relate to the value of investments, there are various operational, systems, information security and related risks involved in investing, including but not limited to "cybersecurity" risk. Cybersecurity attacks include electronic and non-electronic attacks that include but are not limited to gaining unauthorized access to digital systems to obtain client and financial information, compromising the integrity of systems and client data (e.g., misappropriation of assets or sensitive information), or causing operational disruption through taking systems off-line (e.g., denial of service attacks). As the use of technology has become more prevalent, TCW-WLA and the client accounts TCW-WLA manages have become potentially more susceptible to operational risks through cybersecurity attacks. These attacks in turn could cause TCW-WLA and client accounts (including funds) TCW-WLA manages to incur regulatory penalties, reputational damage, additional compliance costs associated with corrective measures, and/or financial loss. Similar adverse consequences could result from cybersecurity incidents affecting issuers of securities in which TCW-WLA invests, counterparties with which TCW-WLA engages in transactions, third-party service providers (e.g., a client account's custodian), governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers and other financial institutions and other parties. While cybersecurity risk management systems and business continuity plans have been developed and are designed to reduce the risks associated with these

attacks, there are inherent limitations in any cybersecurity risk management system or business continuity plan, including the possibility that certain risks have not been identified. Accordingly, there is no guarantee that such efforts will succeed, especially since TCW-WLA does not directly control the cybersecurity systems of issuers or third-party service providers.

## **ITEM 9 DISCIPLINARY INFORMATION**

Not applicable.

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

Sepulveda Distributors LLC, a wholly-owned subsidiary of Crescent that is registered with the SEC as a broker-dealer (“Sepulveda Distributors”), completed its registration with the Financial Industry Regulatory Authority in 2014 and began operations in 2015. Sepulveda Distributors functions as a “limited purpose” broker-dealer limited to offering the Funds sponsored by Crescent, and will not engage in broad distribution of securities, taking custody of customer assets or securities, or other customary functions of a broker-dealer.

Officers or employees of TCW-WLA may from time to time be members of the boards of directors of publicly-held companies that may be permitted investments of various investment strategies offered by Crescent. In these cases, TCW-WLA takes steps such as establishing information barriers or placing the security in question on a restricted list, which may limit or preclude the purchase or sale of such securities for TCW-WLA’s Clients and employees.

As a part of the transition of the TCW leveraged finance group's management and business conducted thereby to Crescent, TCW-WLA entered into various sub-advisory, co-advisory and other arrangements with TAMCO and TIMCO with respect to the Funds. Under such arrangements, certain employees of Crescent and officers of TCW-WLA also serve as dual employees of TAMCO, TIMCO or their affiliates (including TCW, LLC), for purposes of providing advice to Clients. Additionally, TCW-WLA is a joint venture between TAMCO and Crescent, and is staffed primarily with Crescent personnel. In most cases, Clients serviced by TCW-WLA were previously serviced by the relevant Crescent personnel when the Crescent management team was TCW’s leveraged finance group and such persons were employed by TCW. Our clients remain clients of TCW. As result, TCW-WLA derives benefit from both TCW and Crescent, and such arrangements are material to our business.

Activities undertaken by Crescent personnel through Crescent or TCW-WLA are subject to Crescent’s and TCW-WLA’s compliance policies and procedures in order to mitigate any conflicts that may exist as a result of differential pecuniary interests with respect to these Clients. Activities undertaken by dual employees are additionally governed by TCW’s compliance policies and procedures. As noted in Item 4 above, TCW-WLA’s indirect owners include private investment funds affiliated with Carlyle, as a result, certain Clients of TCW-WLA may be required to observe restricted list policies which may limit TCW-WLA’s freedom of action with respect to those Clients.

## **ITEM 11**

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

TCW-WLA has adopted a Regulatory Compliance Manual (Compliance Manual) that includes a Code of Ethics (the Code) setting forth the standards of ethical and business conduct expected of our personnel and addresses conflicts that may arise from personal trading by personnel. The Code, among other things, requires compliance with the federal securities laws, reflects the fiduciary responsibilities of TCW-WLA and its advisory personnel, prohibits certain personal securities transactions, and requires personnel to periodically report their personal securities transactions and to pre-clear certain securities transactions. The Compliance Manual also addresses certain other potential conflicts of interest, including Insider trading, Gifts and Entertainment, Political and Charitable Contributions, and Outside Business Activities. Pertinent provisions of the Compliance Manual and Code are discussed below.

A copy of the Compliance Manual and Code will be provided to any Client, prospective Client or investor upon request, by calling the telephone number on the front of this brochure.

**Transaction Restrictions.** The Code includes restrictions on investment transactions in which TCW-WLA's 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 non-exempt personal securities transactions and initial and annual reporting of securities holdings;
- (c) a prohibition against personally acquiring securities in an initial public offering, entering into uncovered short sales and writing uncovered options;
- (d) a ten day "black out period" prior to 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 against acquiring any security which is subject to firm wide or investment group restriction;
- (f) a prohibition of the purchase of securities offered in a hedge fund, other private placement or limited offering (other than certain affiliated-sponsored offerings) except with prior approval of a designated officer; and
- (g) a prohibition of a purchase, without prior disclosure to a designated officer, on behalf of a Client through a private placement of a security of an issuer or its affiliate, if a member of the investment group purchasing the security has a beneficial interest in the issuer or affiliate;

**Parallel Investments.** TCW-WLA may recommend, buy or sell investment in issuers in which it or related persons may also purchase, hold or sell investments. These investments may be either publicly traded or private placements. TCW-WLA policies establish 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.

**Investing In Different Classes Of The Capital Structure In Distressed Entities.** Because TCW-WLA has many investment strategies and different portfolio managers operating independently of each other, different managers purchasing and selling securities in the same issuer is not uncommon. Those securities may be of the same class or different classes (and thus different seniorities) of the issuer's capital structure.

There may also be instances where portfolio managers invest in one class of an issuer for some Clients and in other classes of the same issuer for other Clients. In the healthy entity situation, those overlaps are not an area of significant concern, because the potential for conflict generally is not substantial, and any strict prohibition would reduce investment opportunities to the detriment of our Clients. This is not the case, however, for a distressed entity where the interests of different Clients may not necessarily be parallel. TCW-WLA has established special procedures that apply when purchasing securities of a distressed entity or when a healthy entity becomes a distressed entity. A portfolio manager must consult our Chief Compliance Officer:

- (a) prior to purchasing securities of a distressed entity (whether as an initial holding or subsequent additional instruments) when TCW-WLA otherwise owns securities in such distressed entity,
- (b) upon becoming aware of a potential conflict between two or more Clients holding different securities in the same distressed entity, or
- (c) upon deciding to take an active role in a workout or restructuring that could create a conflict.

**Insider Trading.** The Compliance Manual includes a policy statement on insider trading that provides generally that no officers, directors or employees of TCW-WLA:

- (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 also provides guidance about what is material non-public information, lists common examples of situations in which TCW-WLA personnel could obtain that information, and describes procedures regarding securities maintained on a “Restricted Securities List” and for establishing information barriers. It also identifies parties to contact with questions in connection with the requirements of the policy.

TCW-WLA’s officers or employees may from time to time be members of the boards of directors of publicly-held companies which may be permitted investments in the various investment strategies that we offer. In such cases, TCW-WLA takes the steps described in Item 10, above.

**Restrictions on Gifts and Entertainment; Political and Charitable Contributions; Outside Business Activities.** TCW-WLA has a policy governing gifts and entertainment to identify and mitigate conflicts of interest. The policy includes reporting and approval processes for specific categories of gifts and entertainment provided to or given by TCW-WLA employees. Additionally, TCW-WLA’s policy on political activities and contributions contains rules governing contributions and solicitation, sets forth the responsibilities of individuals for personal contribution limits, requires the pre-clearance of certain contributions to federal, state and local candidates, campaign committees, political parties or other political organizations, and sets rules for political activities on TCW-WLA’s premises or using TCW-WLA resources. There is as well a policy governing employees’ activities outside of their employment with TCW-WLA, including outside employment, service as director or in a similar capacity, fiduciary appointments, and participation in public affairs and service as treasurer of clubs, houses of worship, and lodges.

**Confidentiality and Reporting.** TCW-WLA’s policies require employees to keep the confidentiality of all non-public information regarding the Firm, Clients, Investors, prospects and other employees, and to report illegal activity or activities not in compliance with TCW-WLA’s formal written policies and procedures, including the Code.

The Code provides for exemptive relief from certain of its requirements, upon application to and approval by designated personnel. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing in a Client’s investment management agreement with



TCW-WLA shall in any way constitute a waiver or limitation of any rights which the Client may have under any federal securities laws.

**Principal and Cross Transactions.** It is TCW-WLA's policy to generally avoid principal transactions. In certain cases, however, and subject to each Client's governing documents, TCW-WLA may cause a Client to purchase investments from another Client, or it may cause a Client to sell investments to another Client. Such transactions may create conflicts of interest because the Firm might have an incentive to improve the performance for one Client by selling underperforming assets to another Client in order, for example, to earn Management Fees or a performance allocation from the acquiring Client.

Additionally, in connection with such transactions, TCW-WLA, its affiliates and/or their professionals (1) may have a significant investment, or intentions to invest, in a Fund that is selling and/or purchasing such an investment or (2) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). To address these conflicts of interest, in connection with effecting such transactions, TCW-WLA will, to the extent feasible, use market forces to determine the price at which one Client acquires the investment from another. TCW-WLA does not receive any compensation in connection with a cross trade and cross trades are reviewed by Compliance to confirm that potential conflicts of interest are resolved equitably. Any conflicts of interest may need to be brought to the attention of the applicable Fund's Limited Partners or the Limited Partner's Advisory Board or other governing body, depending upon the relevant Fund's governing documents.

## **ITEM 12 BROKERAGE PRACTICES**

TCW-WLA seeks to achieve best execution when trading. Other goals include timely, fair and cost effective executions, 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. When appropriate under our authority to determine the manner in which portfolio transactions are executed and consistent with our duty to seek best execution, we may execute through broker-dealers who provide unsolicited research services. TCW-WLA will have an incentive to use such broker-dealers. In executing fixed income trades, such factors as price (including the applicable dealer spread), size of order, and difficulty of execution are also taken into account. Transactions are not always executed at the lowest available commission or commission equivalent, and we may effect transactions which cause the Client to pay more than another broker-dealer would have charged if we determine that the additional cost is reasonable in relation to the value of the services provided to TCW-WLA.

**Trading and Brokerage.** TCW-WLA's trading and brokerage policies prohibit the directing of commissions generated from Clients' brokerage transactions to pay for Client referrals, and also prohibit the making of any recommendation that "credit" be given to particular individual brokers within a brokerage firm. Persons responsible for the selection of brokers-dealers to effect the portfolio securities transactions of a fund shall not consider a broker-dealer's promotion or sale of fund shares or interests when making the selection. However, we may, when consistent with these policies and the duty to seek best execution, execute transactions through broker-dealers who also refer clients or place fund shares. We may also, consistent with these policies and the duty to seek best execution, execute transactions through a related person or a broker-dealer in which one of our clients or our related persons have a financial interest.

Occasionally a Client may instruct us to direct a certain amount of trading volume to a specific broker-dealer. Historically, this has been very limited and has not had any significant impact on broker selection. It is our policy to require legal review and review by our compliance department of any such request prior to agreeing to direct transactions. Clients who direct brokerage should understand that, in so doing, they are limiting our ability to choose brokers and dealers on the basis of execution cost and quality, and that directed

transactions may be ineligible for inclusion in block trades and may wait behind discretionary trades. This may cost Clients money through increased transaction costs and less favorable prices on executed trades.

**Block Trades and Allocations.** In an effort to achieve efficiencies in execution and reduce trading costs, TCW-WLA may aggregate securities transactions on behalf of a number of Clients at the same time, which may also include clients of Crescent. This is generally referred to as a “block trade.” When we execute block trades, we allocate trades 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 believe that such execution will not interfere with the block orders or with our ability to execute trades excluded from the block orders (e.g., for accounts that direct brokerage or that are managed in part for tax considerations). If multiple trades in the same direction for a specific security are made with the same broker during a single day, those securities are allocated to Client accounts based on a weighted average purchase or sale price and costs are apportioned pro rata).

On occasion, TCW-WLA will not be able to purchase or sell all of the securities ordered as part of a block order in a single day. If the order is partially filled, it will generally be allocated pro rata based on assets for buys and pro rata based on holdings for sales. Only those accounts permitted to invest in the instrument are considered for allocation purposes.

Notwithstanding the foregoing, a block order may be allocated on a basis different from the default pro rata allocation (a “Bespoke Allocation”). Reasons for allocating on a basis different from pro-rata may include among others: a Client’s investment guidelines and restrictions, available cash, liquidity requirements, tax or legal considerations impacting different accounts, to avoid odd-lots, meet minimum trade lot sizes or in cases when a pro rata allocation would result in a de minimis allocation to one or more Clients. In the case of minimum lot sizes and de minimis allocations, TCW-WLA may round up an allocation to ensure a Client has meaningful exposure to the issuer or may remove a Client account from the block order altogether.

In the event that the overall allocation for certain bank loans is insufficient to fill all outstanding orders, TCW-WLA has adopted waterfall procedures specifying the order of allocation. For lower middle market loans, orders for the direct lending strategies are filled first, private debt strategies are filled next, then all other strategies are filled. For upper middle market loans, orders for private debt strategies are filled first, direct lending strategies are filled next, then all other strategies are filled. When there is insufficient supply to fill all orders for a particular strategy (e.g., the direct lending strategy), orders for that strategy are filled pro rata based on assets up to the requested order size.

**Co-Investment.** TCW-WLA may in its discretion, but is not obligated to, offer co-investment opportunities to affiliates and/or third parties which it may select in its sole discretion, for investments in a portfolio company either directly or through the formation of one or more co-investment vehicles. Certain co-investors may pay no or reduce fees, including management fees, carried interest and fund administrative fees. In addition, in certain cases, such co-investment vehicles or other co-investors may evaluate a potential investment alongside a Firm-advised Fund. If the potential investment is not consummated, the full amount of any expenses relating to such potential but not consummated investment may be borne entirely by the Firm-advised Fund making such investment, rather than the co-investment vehicle or other co-investor.

**Trade Error Policy and Procedures.** Despite due care in executing transactions for client accounts, from time to time accounts may experience trade errors. Trade errors include a variety of situations where client assets are committed to an unintended trade, such as: a transaction is executed other than in the manner

intended (e.g., buy instead of sell or purchase of wrong security or wrong amount of a security); a transaction is executed in a manner that is inconsistent with a client-imposed or regulatory guideline (e.g., exceeding holding limits); a transaction is improperly processed (e.g., purchase in excess of available cash); or a third-party commits an error in connection with the transaction (e.g., broker-dealer delivers incorrect security at settlement).

TCW-WLA seeks to identify and resolve potential trade errors promptly, efficiently and in the best interests of its clients. TCW-WLA has adopted written policies and procedures reasonably designed to reduce the risks that trade errors will occur and to identify and mitigate the impact of any trade errors that do occur. In seeking to reduce the likelihood of a trade error occurring, TCW-WLA's policies and procedures include order placement protocols requiring confirmation or sign-off of trade tickets as well as a variety of automated and manual tools to identify potential trade errors during trading and post-trade.

To facilitate efficient correction of trade errors prior to settlement, TCW-WLA may employ an error account in its or in an affiliate's name and transfer an erroneous trade to that account while executing any trades necessary to correct the trade error in the Client's account. Gains and losses in the error account are netted on a quarterly basis and net gains are given to charity.

Where possible, potential trade errors which are clerical in nature or which are identified and can be corrected prior to officially booking the transaction into relevant accounting records are corrected through clerical correction such as canceling and rebooking a trade ticket and confirmation to, for example, reallocate a transaction to the correct account.

If a trade error is determined to be a result of TCW-WLA's breach of the applicable standard of care that directly causes a loss to a Client, TCW-WLA will take reasonable steps to make the Client whole for direct losses. However, in no event will a Client be reimbursed for indirect or remote losses such as lost opportunity costs. Where multiple trade errors arise from the same root cause or where multiple transactions are necessary to correct a trade error, TCW-WLA may net gains and losses. If there is a net gain, it will be retained by the Client and if there is a net loss, TCW-WLA will reimburse the Client in the amount of the net loss.

While TCW-WLA does not use "soft dollars" or promises of future business to induce a broker-dealer to absorb the costs of a trade error to the extent that TCW-WLA was responsible for the trade error, circumstances may arise where a broker-dealer was partially or wholly responsible for a trade error. In these cases, or where another third-party is determined to have been responsible, in whole or in part, for a trade error, TCW-WLA may ask the broker-dealer or other third party to bear part or all of the related costs of correcting the trade error and making impacted Clients whole. While TCW-WLA will take reasonable steps to cause the third-party to resolve such a trade error, TCW-WLA shall not be responsible for bearing costs to the extent of a third-party's responsibility. Should the third-party refuse to absorb the costs of correcting such a trade error, TCW-WLA will inform impacted clients.

### **ITEM 13**

### **REVIEW OF ACCOUNTS**

Our Accounts 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, compliance and risk functions perform monitoring and review, including daily transaction reviews, for marketable securities strategies. In addition, investment activities for certain alternative investment strategies are reviewed periodically. Participants in the review

may include senior portfolio management personnel from the investment strategy as well as members of risk, legal and compliance teams.

Account statements and financial reports are distributed monthly, quarterly or annually as required by each Fund's controlling documents. Account statements typically include beginning and ending market value, contributions, distributions, realized and unrealized gains/losses, and performance net and gross fees. Financial reports typically include statements of assets and liabilities, operations, changes in partner capital, cash flows, schedule of investments, fees, notes, report of independent auditors (on an annual basis) and fund administration information, including service providers and key contacts for the fund.

#### **ITEM 14**

### **CLIENT REFERRALS AND COMPENSATION**

Not applicable.

#### **ITEM 15**

### **CUSTODY**

Because related persons serve as general partners or managing members of certain Funds, TCW-WLA is deemed to have "custody" over the Funds within the meaning of Rule 206(4)-2 under the Advisers Act. Investors in those Funds receive account statements at least quarterly from qualified custodians and an independent public accountant conducts an annual surprise examination of those Funds transactions and securities. You should review these statements carefully. Contact us immediately if you do not receive account statements from your custodian on at least a quarterly basis. Our contact information appears on the cover page of this Brochure.

#### **ITEM 16**

### **INVESTMENT DISCRETION**

Not applicable.

#### **ITEM 17**

### **VOTING CLIENT SECURITIES**

If TCW-WLA has responsibility for voting proxies in connection with its investment advisory duties, or has the responsibility to specify to an agent how to vote Client's proxies, TCW-WLA exercises such voting responsibilities for our Clients through the corporate proxy voting process. TCW-WLA believes 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 its Clients, TCW-WLA has adopted a proxy voting policy and related procedures. TCW-WLA may use an outside proxy voting services ("Outside Service") to help manage the proxy voting process. All proxy voting and record keeping by TCW-WLA is dependent on the timely provision of proxy ballots by custodians, clients and other third parties. Under specified circumstances described below involving potential conflicts of interest, TCW-WLA may request an Outside Service to help decide certain proxy votes.

**Proxy-Voting Philosophy.** TCW-WLA's utmost concern in voting proxies is that all decisions be made in the best interests of the Client and with the goal of maximizing the value of the Client's investments. TCW-WLA may abstain from voting if it deems that abstaining is in the Clients' best interests. TCW-WLA believes its investment personnel who are primarily responsible for evaluating the individual holdings of TCW-WLA's Clients are in the position to best make proxy voting determinations.

**International Proxy Voting.** There are significant differences between voting U.S. company proxies and voting non-U.S. company proxies. While voting proxies for U.S. companies is relatively easy, voting proxies of non-U.S. companies may be difficult and costly and particular requirements vary from country to country. Therefore, TCW-WLA considers whether or not to vote an international proxy based on the particular facts and circumstances. However, when TCW-WLA believes that an issue to be voted is likely to affect the economic value of the portfolio securities, that its vote may influence the ultimate outcome of the contest, and that the benefits of voting the proxy exceed the expected costs, TCW-WLA will make every reasonable effort to vote such proxies.

Additionally, proxy voting in certain countries involves "share blocking," which limits the Firm's ability to sell the affected security during the blocking period, which can last for several weeks. TCW-WLA generally abstains from voting when share blocking is required because the adverse consequences from being unable to sell a security usually outweigh the benefits of participating in a proxy vote.

**Conflict Resolution.** It is unlikely that serious conflicts of interest will arise in the context of TCW-WLA's proxy voting because TCW-WLA does not engage in investment banking or the managing or advising of public companies. In the event a material conflict were to arise, TCW-WLA will convene its Proxy Voting Committee which requires a unanimous decision regarding a proxy vote. If the Proxy Committee is unable to satisfactorily resolve the conflict of interest, TCW-WLA will engage an outside proxy voting service or consultant and vote the proxy in accordance with that recommendation.

**Proxy Voting Information and Recordkeeping.** Upon request, TCW-WLA provides proxy voting records to its 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 TCW-WLA voted in line with management recommendations. TCW-WLA is prepared to explain to Clients the rationale for votes cast on behalf of Client accounts. To obtain proxy voting records or a copy of our proxy voting policies and procedures, please contact TCW-WLA's Compliance department.

## **ITEM 18**

### **FINANCIAL INFORMATION**

Not applicable.