

TCW Total Return Mortgage-Backed Securities Composite Performance

ASSET-WEIGHTED AND TIME-WEIGHTED RATES OF RETURN

	Annual Return		Bloomberg Barclays MBS Index (%)	# of Portfolios	Total Composite Assets at End of Period (U.S.\$ millions)	% of Non-Fee Paying Assets	Composite Internal Dispersion	Composite 3-Year Standard Deviation Annualized	Benchmark 3-Year Standard Deviation Annualized	Total Firm Assets (MSD)* (U.S.\$ millions)
	Gross (%)	Net (%)								
2008	-1.04	-1.38	8.34	6	2,083.63	—	2.52	2.66	3.28	52,919
2009	18.77	18.36	5.89	4	6,709.02	—	—	4.17	3.29	59,123
2010	11.18	10.79	5.37	2	5,415.98	—	—	4.31	3.27	40,805
2011	4.56	4.20	6.23	2	5,488.20	—	—	3.80	2.09	81,764
2012	13.79	13.39	2.59	2	8,949.50	—	—	2.56	1.70	102,490
2013	2.05	1.69	-1.41	3	7,740.12	—	—	2.90	2.08	109,920
2014	6.31	5.94	6.08	3	8,971.12	—	—	2.88	2.26	144,768
2015	1.55	1.20	1.51	3	9,123.71	—	—	2.57	2.34	165,036
2016	2.10	1.77	1.67	3	9,905.08	—	—	2.53	2.14	177,187
2017	3.93	3.65	2.47	1	8,811.49	—	—	2.43	1.78	191,104

The TCW Group, Inc. is divided into three divisions: the Marketable Securities Division; the Alternative Products Division; and the Managed Accounts Division. On February 23, 2010, The TCW Group, Inc. acquired Metropolitan West Asset Management. On January 1, 2011, the Marketable Securities Division and Metropolitan West Asset Management completed a merger. Accordingly, effective January 1, 2011, Metropolitan West Asset Management was included within the Firm definition.

- Effective January 1, 2000, the Marketable Securities Division was established to provide investment advisory services in the marketable securities area. *The Marketable Securities Division is defined as the Firm for purposes of reporting performance in accordance with the Global Investment Performance Standards.
- The Marketable Securities Division of TCW Group, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards for the periods shown since inception. The Marketable Securities Division has been independently verified for the periods January 2000 through December 2017. The verification reports are available upon request.
Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation.
- From January 2010 onward, results are for portfolios present for an entire month. Prior to 2010, results were calculated using portfolios present for an entire quarter. The Composite includes all portfolios managed in the strategy, except for those subject to material client restrictions, which are, therefore, deemed non-discretionary.
- Results are time-weighted and geometrically linked to yield quarterly returns, and include all items of income, gain and loss.
- Results are based on trade-date transactions.
- A complete list and description of Firm composites is available upon request.
- The internal dispersion of annual returns is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the full year. Periods with five or fewer portfolios are not statistically representative and are not presented.
- Asset-weighted results use beginning of period market values. Unless stated otherwise, asset-weighted results are shown for the entire period. Equal-weighted results represent the simple average of all composite portfolios present for the entire period.
- The currency used to express performance is U.S. dollars.
- Gross results do not reflect the deduction of management fees and other custodial fees. Including these costs would reduce the shown returns. Net results reflect the deduction of the maximum standard fee charged to U.S. institutional clients without taking into account breakpoints. Certain clients could pay a significantly higher or lower fee which would result in different net returns. A fee which is 0.50% higher than the standard U.S. institutional fee will result in the total return being reduced, over five years, by 2.53% on a compound basis.

Net results do not include the deduction of custodial fees or other administrative expenses, which will also reduce the returns shown. Prior to August 2010 net returns were calculated arithmetically, afterwards net returns were calculated geometrically.

- TCW makes no representation that future investment performance will conform to past performance and it should never be assumed that past performance foretells future performance.
- Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.
- There is a \$20 million minimum asset level for portfolios included in the Composite at the beginning and end of the month from October 2012 to present.
- This GIPS®-compliant composite was created in 2Q 2002.
- The Composite is composed of long-term mortgage-related securities portfolios whose objective is to outperform the benchmark by investing in U.S. dollar-denominated mortgage-backed securities. The composite includes all portfolios with higher performance goals and minimal or no rules-based holdings tests. Effective May 1, 2013, the Composite definition changed to better clarify the security types and sector allocations of portfolios included within the Composite. While TCW's objective is to outperform the stated benchmark, it does not imply that this strategy shall share, or attempt to share, the same or similar characteristics of the benchmark or attempt to track the benchmark.
- The benchmark is the Bloomberg Barclays Mortgage-Backed Securities. The Bloomberg Barclays MBS Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
- The Composite's U.S. institutional fee schedule is as follows: 0.275% on the first \$100 million
0.20% on the remaining balance
- Withholding tax is not deducted from the portfolios contained in the composite.
- There are not any known inconsistencies between the local laws that the composite adheres to and the GIPS®.
- There are not any known inconsistencies between the chosen source of exchange rates and those of the benchmark.
- In 4Q 2009, former Portfolio Manager Jeffrey Gundlach was relieved of his duties. In his place, a team of portfolio managers now oversees the strategy. A full list of portfolio managers is available upon request.
- A Significant Cash Flow policy has been applied to this Composite beginning October 2012. When a portfolio's total amount of net withdrawals of capital in a month equals or exceeds 25% of the portfolio's beginning monthly market value, the portfolio is deemed to be temporarily non-discretionary and is removed from the Composite for the month. Upon the first month that this portfolio's total amount of net withdrawals is less than 25%, the portfolio is reassigned to the Composite. Additional information regarding the treatment of Significant Cash Flows is available upon request.

Source: TCW