

# TCW Corporate Bonds

SEPTEMBER 30, 2019 | STRATEGY OVERVIEW AND ANALYSIS

A value-oriented strategy capitalizing on TCW's 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.

## Performance Summary (%)

	TCW Corporate Bonds		Bloomberg Barclays U.S. Credit Index
	Gross	Net	
2006	4.35	3.99	4.26
2007	5.74	5.37	5.11
2008	0.69	0.34	-3.08
2009	13.11	12.72	16.04
2010	9.67	9.29	8.47
2011	8.53	8.15	8.35
2012	11.11	10.72	9.37
2013	-1.29	-1.64	-2.01
2014	8.33	7.95	7.53
2015	0.25	-0.10	-0.77
2016	4.90	4.55	5.63
2017	5.92	5.57	6.18
2018	-1.23	-1.55	-2.11
YTD	12.98	12.71	12.61
3Q19	3.23	3.15	2.98

## Annualized Returns (%)

	TCW Corporate Bonds		Bloomberg Barclays U.S. Credit Index
	Gross	Net	
1 Year	13.64	13.27	12.63
3 Years	4.65	4.31	4.33
5 Years	4.84	4.49	4.54
7 Years	4.38	4.03	3.89
10 Years	5.91	5.55	5.32
Since 9/30/1990	7.11	6.74	6.81

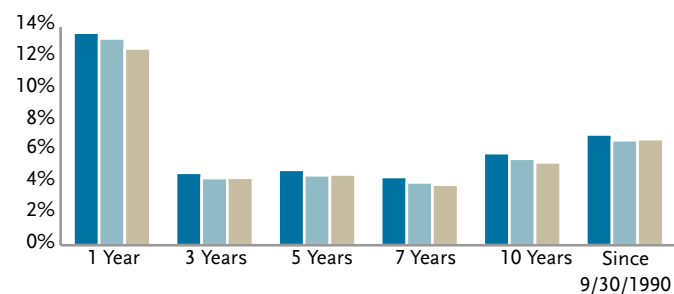
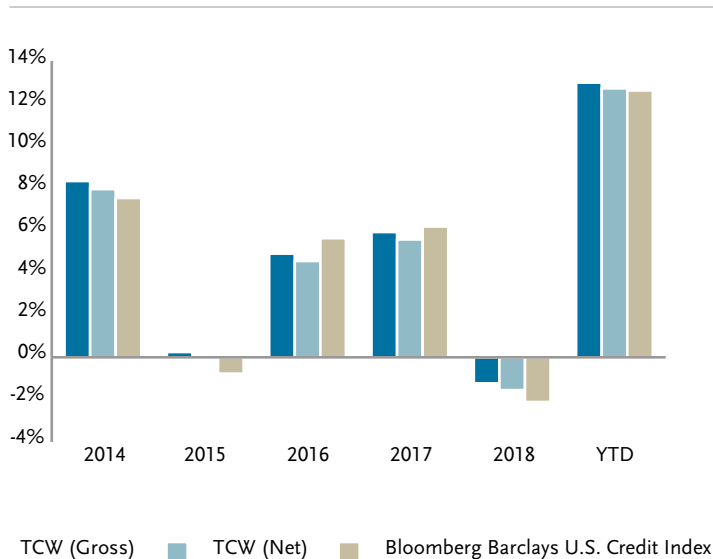
Source: TCW

Please see additional disclosures on the last page, which are an integral and important part of this material. Individual results may vary.

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An investment in the strategy described herein has risks, including the risk of losing some or all of the invested capital. An investor should carefully consider the risks and suitability of an investment strategy based on their own investment objectives and financial position. There is no assurance that the investment objectives and/or trends will come to pass or be maintained. The information contained herein may include preliminary information and/or "forward-looking statements." Due to numerous factors, actual events may differ substantially from those presented herein. TCW assumes no duty to update any forward-looking statements or opinions in this document. This material comprises the assets under management of The TCW Group, Inc. and its subsidiaries, including TCW Investment Management Company LLC, TCW Asset Management Company LLC, and Metropolitan West Asset Management, LLC. Any opinions expressed herein are current only as of the time made and are subject to change without notice. The investment processes described herein are illustrative only and are subject to change. Past performance is no guarantee of future results. © 2019 TCW

## Performance Returns



### Investment Objective

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TCW's objective is to seek to maximize current income and achieve above-average total return while preserving capital and controlling relative interest rate risk.

### Investment Philosophy

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The construction and management of investment grade corporate fixed income portfolios at TCW is guided by the following themes:

- Diversification across industries as well as individual issuers is critical.
- Long-term reliable income is the major source of controllable corporate bond returns. We are patient investors who prefer to spend time in researching credits rather than in frequent trading.
- Credit specifics must be viewed in conjunction with economic and industry trends. We consider credit-value-spread as an integrated whole.

### Investment Process

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TCW's process in managing corporate bond fixed income portfolios is focused on sector and security valuation.

The fixed income research team concentrates its efforts on identifying sectors of the corporate market which appear to be undervalued due to temporary economic or cyclical factors. Diversification of risk among a broad variety of industries provides the foundation for our investment philosophy and supports the achievement of our primary investment objectives. These objectives are to focus our purchases on quality companies which offer attractive returns relative to their credit risk, and to identify upgrade candidates. Just as crucial to this process is the research team's review of those sectors which are experiencing more serious secular downtrends and are therefore determined to be inappropriate for long-term investment. Our decision-making process is predicated upon the maxim that research performed on issues which are not selected for purchase is just as important as the research performed for issues which are purchased.

Our emphasis on diversification and value originates with the independent credit research performed in conjunction with our corporate bond purchases. The corporate bond research effort within the fixed income department is driven by fundamental analysis. Our internal research efforts are complemented by the extensive analytical capability provided by TCW's equity research group. Our in-house capability is further supplemented by direct meetings with corporate management, an extensive on-site library, various online news and research services and discussions with Wall Street research analysts.

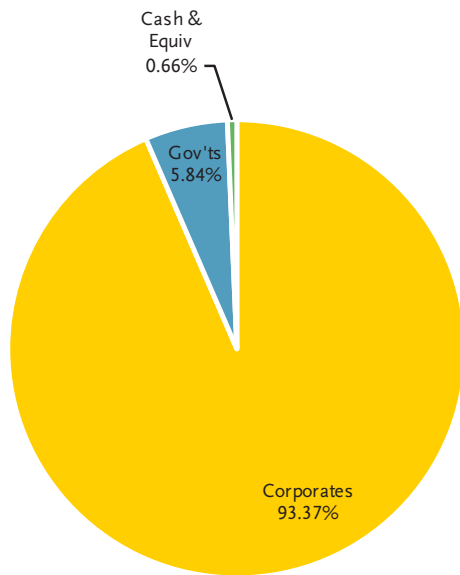
Portfolio Characteristics

	TCW Corporate Bonds	Bloomberg Barclays U.S. Credit Index
Duration	7.82	7.59
Maturity	10.45	11.13
Convexity	1.17	1.12
Quality Rating	A-	A-
Current Yield	4.09%	3.63%
Yield to Mat	2.91%	2.87%
Avg. Coupon	3.96%	3.95%

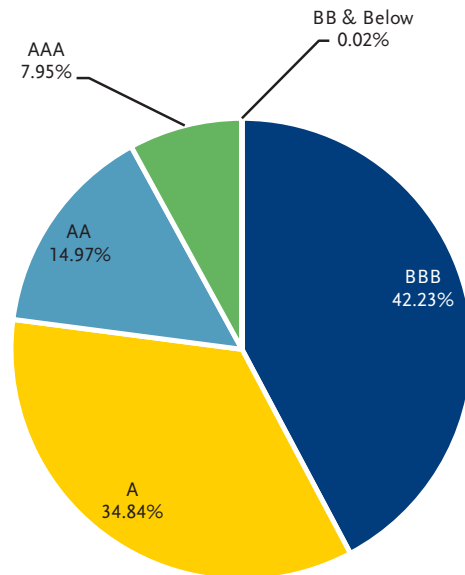
Regression Statistics (Gross)

	3 Years		5 Years	
	TCW Corporate Bonds	Bloomberg Barclays U.S. Credit Index	TCW Corporate Bonds	Bloomberg Barclays U.S. Credit Index
Information Ratio	0.62	-	0.48	-
Alpha	0.33%	-	0.47%	-
Beta	0.99	1.00	0.95	1.00
R-Squared	98.35%	100.00%	97.42%	100.00%
Sharpe Ratio	0.77	0.69	1.03	0.91
Standard Deviation	4.06%	4.05%	3.79%	3.93%
Tracking Error	0.51%	-	0.63%	-

Sector Weights



Quality Weights



Five Year Statistics (Gross) October 2014 - September 2019

The Up/Down Capture Ratio measures a manager's performance in up and down markets relative to the market (benchmark). It is calculated by taking the managers up/down capture return and dividing it by the benchmark's up/down capture return.

	Up		Down		TCW vs. Index	
	# of Periods	Avg. Monthly Return	# of Periods	Avg. Monthly Return	Up Capture	Down Capture
TCW Corporate Bonds	41	0.94%	19	-0.77%	99.19%	89.72%
Bloomberg Barclays U.S. Credit Index	38	1.02%	22	-0.73%	100.00%	100.00%

Source: TCW, Zephyr

Based upon a representative account. Portfolio characteristics and holdings are subject to change at any time. All projections and estimates are based on current asset prices and are subject to change. Please see additional disclosures on the last page, which are an integral and important part of this material. Individual results may vary. Past performance is no guarantee of future results.

## Portfolio Management

### Tad Rivelle

Group Managing Director  
Chief Investment Officer - Fixed Income  
Co-Director Fixed Income

### Laird R. Landmann

Group Managing Director  
Co-Director Fixed Income  
Fixed Income

### Stephen M. Kane, CFA

Group Managing Director  
Fixed Income

### Bryan T. Whalen, CFA

Group Managing Director  
Fixed Income

### Bret R. Barker

Managing Director  
Fixed Income

### Jerry Cudzil

Head of U.S. Credit Trading  
Managing Director  
Fixed Income

### Steven J. Purdy

Managing Director  
Fixed Income

## The Firm

TCW is a leading global asset management firm with more than four decades of investment experience and a broad range of products across fixed income, equities, emerging markets and alternative investments. Through the TCW and MetWest Fund Families, TCW manages one of the largest mutual fund complexes in the U.S. TCW's clients include many of the world's largest corporate and public pension plans, financial institutions, endowments and foundations, as well as financial advisors and high net worth individuals. As of September 30, 2019, TCW had total assets under management, including commitments, of \$211 billion. TCW is headquartered in Los Angeles, and has offices in New York, Boston, Chicago, London, Milan, Hong Kong, Tokyo, and Sydney.

## Index Disclosure

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## Performance Disclosure

The TCW Corporate Bonds composite is comprised of portfolios whose objective is to outperform the benchmark over the long term by investing primarily in high grade corporate bonds but may have limited exposure to U.S. Treasury and U.S. Government securities. 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 Bloomberg Barclays U.S. Credit Index is the U.S. Credit component of the U.S. Government/Credit index and is comprised of publicly issued US corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. Returns are calculated in U.S. dollars. Returns include the reinvestment of all earnings. Investment directly into an index is not possible. Investments in the strategy will be subject to fees and expenses that will reduce returns.

The TCW Group, Inc. is divided into three divisions: the Marketable Securities Division; the Alternative Products Division; and the Managed Accounts Division. 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. 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.

The Marketable Securities Division claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of TCW's composites and/or presentation that adheres to the GIPS® standards contact Client Services at 213.244.0000 or contact us by e-mail at [PortfolioAnalytics.Group@tcw.com](mailto:PortfolioAnalytics.Group@tcw.com).