

# MetWest High Yield Bond Fund

DECEMBER 31, 2019

# METWESTFunds

TCW Family of Funds

MWHIX/MWHYX | Total Assets (Millions): \$413.46 | Index: Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped

## Characteristics (%)

	Fund	Index <sup>1</sup>
Average Maturity (Years)	3.37	3.75
Effective Duration (Years)	2.88	3.05
30-Day SEC Yield I Class	3.52%	–
30-Day SEC Yield M Class	3.27%	–
Average Convexity (Years)	-0.08	-0.62
Average Price	\$98.34	\$101.23

The SEC yield is the average annualized net investment income per share for the 30-day period ended on the last day of the month. The yields for the I and M Share Class would have been 3.50% and 3.19% respectively, if the contractual fee waiver and/or expense reimbursement did not apply.

## Sectors (%)

	Fund	Index <sup>1</sup>	MetWest % of Duration
<b>Government</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
U.S. Treasuries	0.00	0.00	0.00
U.S. Agencies	0.00	0.00	0.00
Developed Market Sovereign	0.00	0.00	0.00
<b>Corporates/Credits</b>	<b>82.52</b>	<b>100.00</b>	<b>75.80</b>
Industrials	77.10	87.29	71.53
Utilities	0.50	2.60	0.04
Financials	4.67	9.64	3.19
Non-Corporate Credit	0.00	0.00	0.00
Municipals	0.00	0.00	0.00
Emerging Markets	0.24	0.46	1.04
IG Credit	8.52	0.00	13.07
HY Credit*	73.75	99.54	61.68
Emerging Markets	0.24	0.46	1.04
*HY Credit exposure included in above categories.			
<b>Commercial MBS</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Asset Backed</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
<b>Mortgage Backed</b>	<b>7.08</b>	<b>0.00</b>	<b>0.86</b>
Agency MBS	0.00	0.00	0.00
ARM	0.00	0.00	0.00
CMO	0.00	0.00	0.00
Pass-Through	0.00	0.00	0.00
Non-Agency MBS	7.08	0.00	0.86
Prime	0.00	0.00	0.00
Alt-A	2.23	0.00	0.27
Sub-Prime	4.24	0.00	0.52
Option ARM	0.26	0.00	0.03
Other	0.35	0.00	0.04
<b>Other<sup>2</sup></b>	<b>0.52</b>	<b>0.00</b>	<b>23.22</b>
<b>Cash &amp; Equivalents</b>	<b>9.88</b>	<b>0.00</b>	<b>0.12</b>

## Ratings Breakdown (%)

	Fund	Index <sup>1</sup>
Tier 1	62.77	47.75
Tier 2	14.00	38.77
Tier 3	5.75	13.48
Other	7.60	0.00
Cash & Equivalents	9.88	0.00

## Maturity (%)

Years	Fund	Index <sup>1</sup>
0-1	30.80	19.29
1-3	13.57	29.37
3-5	24.99	26.23
5-7	18.99	14.57
7-10	8.20	6.97
10-20	0.57	2.49
20+	2.88	1.09

## Duration (%)

Years	Fund	Index <sup>1</sup>
< 0	0.25	0.02
0-1	52.09	18.04
1-3	16.37	35.57
3-5	18.99	31.56
5-7	6.18	10.50
7-10	2.92	2.50
10+	3.20	1.81

Source: TCW. Portfolio characteristics and holdings are subject to change at any time. Due to rounding, totals may not add up to 100%.

**1** Bloomberg Barclays U.S. Corporate High Yield Index 2% Issuer Cap – An unmanaged index that covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. The index limits exposures to a specific issuer to a maximum 2% by market value. The index is not available for direct investment; therefore its performance does not reflect a reduction for fees or expenses incurred in managing a portfolio. The securities in the index may be substantially different from those in the Fund. **2** Other can include Futures, Options or Swaps, if applicable.

**You should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. A Fund's Prospectus and Summary Prospectus contain this and other information about the Fund. To receive a Prospectus, please call 877-829-4768 or you may download the Prospectus from the Funds' website at TCW.com. Please read it carefully.**

The MetWest Funds are distributed by TCW Funds Distributors LLC.

The MetWest Funds are advised by Metropolitan West Asset Management, LLC, which is a wholly-owned subsidiary of The TCW Group, Inc.

Disclosures found on the following pages are an integral and important part of this document.

# MetWest High Yield Bond Fund

## Fund Performance

(%)	Annualized						
	December	4Q	1 Year	3 Years	5 Years	10 Years	Since Inception <sup>1</sup>
<b>MWHIX (I Share)</b> <i>Inception Date 3/31/03</i>	1.26	1.62	12.55	5.85	4.70	5.96	7.48
<b>MWHYX (M Share)</b> <i>Inception Date 9/30/02</i>	1.24	1.56	12.27	5.59	4.45	5.70	8.07
Bloomberg Barclays U.S. Corp High Yield - 2% Issuer Cap	2.00	2.61	14.32	6.36	6.14	7.55	8.25; 8.85
<b>Expense Ratio (%)</b>	<b>I Share</b>	<b>M Share</b>					
Gross	0.63	0.92					
Net <sup>2</sup>	0.60	0.85					

Annual fund operating expenses as stated in the Prospectus dated July 29, 2019.

Source: TCW, BNY Mellon

1 The since inception return for the index reflects the inception date of the MetWest Class I and Class M Share Funds, respectively. For period 3/31/03 – 12/31/19; 9/30/02 – 12/31/19.

2 Expenses reflect a contractual agreement by the Adviser to reduce its fees and/or absorb certain expenses to limit the fund's total annual operating expenses until July 31, 2020 unless terminated earlier by the Board of Trustees. Performance would have been lower if fees had not been waived in various periods.

Bloomberg Barclays U.S. Corporate High Yield Index 2% Issuer Cap – An unmanaged index that covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. The index limits exposures to a specific issuer to a maximum 2% by market value. The index is not available for direct investment; therefore its performance does not reflect a reduction for fees or expenses incurred in managing a portfolio. The securities in the index may be substantially different from those in the Fund.

**The performance data presented represents past performance and is no guarantee of future results. Total returns include reinvestment of dividends and distributions. Current performance may be lower or higher than the performance data presented. Performance data current to the most recent month end is available on the Fund's website at TCW.com. Investment returns and principal value will fluctuate with market conditions. The value of an investment in the Fund, when redeemed, may be worth more or less than its original purchase cost.**

MetWest internally rates securities as Tier I/II/III using its own fundamental assessment of credit risk. MetWest's internal fundamental assessment of a security's credit risk may include, among other factors, sector fundamental assessments, cash flow generation analysis/forecast, tangible asset value evaluation, capital structure analysis, and liquidity determination/projection. MetWest internal Tier ratings may be materially different from the ratings of S&P, Moody's or Fitch. MetWest defines its Tier rating system as follows: Tier 1: Strongest credit quality attributes within the leveraged finance universe. Fundamental characteristics of Tier 1 securities include (i) strong and resilient cash flow generation capabilities, (ii) senior priority within capital structure, (iii) well-diversified businesses, (iv) significant liquidity, (v) significant asset value coverage, and (vi) less cyclical attributes. From a market-based perspective these will be the lowest volatility securities and generally efficiently priced at below average spread. Tier 2: Average credit quality characteristics versus other leveraged finance companies. Tier 2 ratings approximate the "average high yield bond." Fundamental qualities include (i) moderate business cyclicality, (ii) adequate liquidity, (iii) sufficient asset coverage, (iv) average business size, and (v) average priority within capital structure. Market-based characteristics are average volatility and pricing. Tier 3: Below average credit quality versus other leveraged finance securities. Fundamental qualities include (i) higher cyclicality/operating leverage, (ii) elevated financial leverage, (iii) generally lower levels of liquidity, and (iv) more marginal but generally adequate asset coverage. These securities tend to have volatile spreads and prices that are substantially lower than "average" high yield bonds.

## Index Disclosure

Bloomberg Index Services Limited. BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices. Neither Bloomberg nor Barclays approves or endorses this material, or guarantees the accuracy or completeness of any information herein, or makes any warranty, express or implied, as to the results to be obtained therefrom and, to the maximum extent allowed by law, neither shall have any liability or responsibility for injury or damages arising in connection therewith.

## Investment Risks

It is important to note that the Fund is not guaranteed by the U.S. Government. High Yield securities can be subject to greater fluctuations in value and risk of loss of income and principal than higher-rated securities. Fixed income investments entail interest rate risk, the risk of issuer default, issuer credit risk, and price volatility risk. Funds investing in bonds can lose their value as interest rates rise and an investor can lose principal. The Fund's investments denominated in foreign currencies will decline in value if the foreign currency declines in value relative to the U.S. dollar. Fund share prices and returns will fluctuate with market conditions, currencies, and the economic and political climates where the investments are made. The securities markets of emerging market countries can be extremely volatile. Mortgage-backed and other asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. MBS related to floating rate loans may exhibit greater price volatility than a fixed rate obligation of similar credit quality. With respect to non-agency MBS, there are no direct or indirect government or agency guarantees of payments in pools created by non-governmental issuers. Non-agency MBS are also not subject to the same underwriting requirements for the underlying mortgages that are applicable to those mortgage-related securities that have a government or government-sponsored entity guarantee. *Please see the Fund's Prospectus for more information on these and other risks.*

## Glossary of Terms

**Agency MBS** – The purchase of mortgage-backed securities issued by government-sponsored enterprises such as Ginnie Mae, Fannie Mae or Freddie Mac. **Alt-A** – A classification of mortgages where the risk profile falls between prime and subprime. **ARM** (Adjustable-Rate Mortgage) – A type of mortgage in which the interest rate paid on the outstanding balance varies according to a specific benchmark. The initial interest rate is normally fixed for a period of time after which it is reset periodically, often every month. The interest rate paid by the borrower will be based on a benchmark plus an additional spread, called an ARM margin. **Asset-Backed Securities** – A financial security backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. **Cash & Equivalents** – The assets include but are not limited to Discount Notes, Commercial Paper, Money Market Funds, STIFs, Certificates of Deposit, T-bills, Tri-Party Repo, US Treasury and Agency Notes within 13 months to maturity, and cash. While management generally believes that most, possibly all, of the cash and equivalents would be available on the same day or next day basis under stable market conditions, we cannot predict the impact of any adverse developments in market conditions that might occur. **Collateralized Mortgage Obligation (CMO)** – A type of mortgage-backed security in which principal repayments are organized according to their maturities and into different classes based on risk. **CMBS** (Commercial Mortgage-Backed Securities) – A debt obligation that represents claims to the cash flows from pools of mortgage loans on commercial property. **Convexity** – A measure of the curvature in the relationship between bond prices and bond yields that demonstrates how the duration of a bond changes as the interest rate changes. **Corporate** – Of or relating to a bond issued by a corporation as opposed to a bond issued by the U.S. Treasury, a non-U.S. government or a municipality. **Credit Quality** – One of the principal criteria for judging the investment quality of a bond or bond mutual fund. **Default** – The failure to perform on a futures contract as required by an exchange. **Dividend** – A distribution of a portion of a company's earnings, decided by the board of directors,

# MetWest High Yield Bond Fund

to a class of its shareholders. **Duration** – A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices. **Emerging Market (EM)** – A country that has some characteristics of a developed market but is not a developed market. This includes countries that may be developed markets in the future or were in the past. **Floating Rate** – Any interest rate that changes on a periodic basis. The change is usually tied to movement of an outside indicator, such as the prime interest rate. **High Yield** – A bond that is rated below investment grade. **Investment Grade (IG)** – A bond that is rated Baa3/BBB- or higher by Moody's, Standard & Poors and Fitch. **Maturity** – The period of time for which a financial instrument remains outstanding. **MBS (Mortgage-Backed Securities)** – A type of asset-backed security that is secured by a mortgage or collection of mortgages. These securities must also be grouped in one of the top two ratings as determined by an accredited credit rating agency, and usually pay periodic payments that are similar to coupon payments. Furthermore, the mortgage must have originated from a regulated and authorized financial institution. **Non-Agency MBS** – Mortgage backed securities sponsored by private companies other than government sponsored enterprises such as Fannie Mae or Freddie Mac. **Option ARM (Adjustable-Rate Mortgage)** – A type of mortgage where the mortgagor (borrower) has several options as to which type of payment is made to the mortgagee (lender). **Pass-Through (Security)** – A pool of fixed-income securities backed by a package of assets. A servicing intermediary collects the monthly payments from issuers, and, after deducting a fee, remits or passes them through to the holders of the pass-through security. **Sub-Prime** – A classification of borrowers with a tarnished or limited credit history. Lenders will use a credit scoring system to determine which loans a borrower may qualify for. Subprime loans carry more credit risk, and as such, will carry higher interest rates as well. Approximately 25% of mortgage originations are classified as subprime. **U.S. Treasuries** – Bills, notes and bonds that are debt obligations of the U.S. government. **Volatility** – The propensity of the value of an asset or market to rise or fall. **Yield** – The income return on an investment. This refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.