

# MetWest Low Duration Bond Fund

DECEMBER 31, 2019

# METWESTFunds

TCW Family of Funds

MWLIX/MWLDX | Total Assets (Millions): \$1,991.63 | Index: ICE BofA 1-3 Year U.S. Treasury

## Characteristics (%)

	Fund	Index <sup>1</sup>
Average Maturity (Years)	2.13	1.92
Effective Duration (Years)	1.86	1.87
30-Day SEC Yield I Class	2.14%	–
30-Day SEC Yield M Class	1.94%	–
Average Convexity (Years)	0.02	0.05
Average Price	\$100.90	\$100.87

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 2.14% and 1.94% 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>23.19</b>	<b>100.00</b>	<b>23.25</b>
U.S. Treasuries	23.19	100.00	23.25
U.S. Agencies	0.00	0.00	0.00
Developed Market Sovereign	0.00	0.00	0.00
<b>Corporates/Credits</b>	<b>31.93</b>	<b>0.00</b>	<b>23.95</b>
Industrials	16.26	0.00	13.81
Utilities	2.31	0.00	1.75
Financials	13.03	0.00	7.25
Non-Corporate Credit	0.00	0.00	0.00
Municipals	0.00	0.00	0.00
Emerging Markets	0.33	0.00	1.14
IG Credit	30.53	0.00	22.34
HY Credit*	1.06	0.00	0.48
Emerging Markets	0.33	0.00	1.14
*HY Credit exposure included in above categories.			
<b>Commercial MBS</b>	<b>19.83</b>	<b>0.00</b>	<b>12.89</b>
<b>Asset Backed</b>	<b>7.44</b>	<b>0.00</b>	<b>1.10</b>
<b>Mortgage Backed</b>	<b>13.64</b>	<b>0.00</b>	<b>7.50</b>
Agency MBS	5.83	0.00	2.91
ARM	0.03	0.00	0.01
CMO	5.65	0.00	2.65
Pass-Through	0.15	0.00	0.25
Non-Agency MBS	7.81	0.00	4.59
Prime	2.24	0.00	2.61
Alt-A	1.01	0.00	0.20
Sub-Prime	3.85	0.00	0.72
Option ARM	0.24	0.00	0.05
Other	0.46	0.00	1.00
<b>Other<sup>3</sup></b>	<b>0.04</b>	<b>0.00</b>	<b>31.10</b>
<b>Cash &amp; Equivalents</b>	<b>3.93</b>	<b>0.00</b>	<b>0.22</b>

## Credit Quality (%)

	Fund	Index <sup>1</sup>
U.S. Treasury <sup>2</sup>	24.92	100.00
U.S. Agency	16.03	0.00
AAA	14.33	0.00
AA	5.66	0.00
A	9.68	0.00
BBB	21.05	0.00
BB	2.75	0.00
B	0.63	0.00
CCC	0.22	0.00
CC	0.63	0.00
C	0.05	0.00
D	0.09	0.00
Unrated	0.02	0.00
Cash & Equivalents	3.93	0.00

## Below Investment Grade

BB & Below	4.38	0.00
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## Maturity (%)

Years	Fund	Index <sup>1</sup>
0-1	25.19	0.00
1-3	51.51	100.00
3-5	14.73	0.00
5-7	6.85	0.00
7-10	1.48	0.00
10-20	0.23	0.00
20+	0.00	0.00

## Duration (%)

Years	Fund	Index <sup>1</sup>
< 0	0.96	0.00
0-1	47.80	2.78
1-3	42.38	97.22
3-5	7.78	0.00
5-7	0.92	0.00
7-10	0.00	0.00
10+	0.15	0.00

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

**1** ICE BofA 1-3 Year U.S. Treasury Index – A subset of ICE BofA U.S. Treasury Index including all securities with a remaining term to final maturity less than 3 years. 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** U.S. Treasuries bucket include all securities backed by the full faith and credit of the U.S. Government.

**3** 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.**

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

# MetWest Low Duration Bond Fund

## Fund Performance

(%)	Annualized						
	December	4Q	1 Year	3 Years	5 Years	10 Years	Since Inception <sup>1</sup>
<b>MWLIX (I Share)</b> <i>Inception Date 3/31/00</i>	<b>0.20</b>	<b>0.61</b>	<b>4.44</b>	<b>2.39</b>	<b>1.81</b>	<b>3.19</b>	<b>3.29</b>
<b>MWLDX (M Share)</b> <i>Inception Date 3/31/97</i>	<b>0.18</b>	<b>0.56</b>	<b>4.23</b>	<b>2.18</b>	<b>1.59</b>	<b>2.98</b>	<b>3.61</b>
ICE BofA 1-3 Year U.S. Treasury Index	0.21	0.51	3.55	1.84	1.39	1.22	2.81; 3.19
<b>Expense Ratio (%)</b>	<b>I Share</b>		<b>M Share</b>				
Gross	0.41	0.62					

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

Source: TCW, BNY Mellon

<sup>1</sup> The since inception return for the index reflects the inception date of the MetWest Class I and Class M Share Funds, respectively. For period 3/31/00 – 12/31/19; 3/31/97 – 12/31/19

ICE BofA 1-3 Year U.S. Treasury Index – A subset of ICE BofA U.S. Treasury Index including all securities with a remaining term to final maturity less than 3 years. 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.**

Credit quality ratings are subject to change and pertain to the underlying holdings of the Fund and not the Fund itself. MetWest receives credit quality ratings on the underlying securities held by the fund from Moody's, Standard & Poors and Fitch. MetWest created the "Quality Composition" breakdown for the Fund by taking the highest rating of the three agencies when two or three of the agencies rate a security. If only one agency rated a security, MetWest will use that rating. The Quality Composition of the index is derived using the index rating methodology. U.S. Agency category in the Quality Composition table includes mortgage- and asset-backed securities that are issued by the U.S. government and government agencies.

Gradations of creditworthiness are indicated by rating symbols with each symbol representing a group in which the credit characteristics are broadly the same. Credit quality ratings in the Quality Composition table are expressed in Standard & Poor's or Fitch's nomenclature, wherein ratings range from AAA (extremely strong capacity to meet its financial commitments; highest rating) to D (payment default on financial commitments). The Unrated category contains bonds that are not rated by a nationally recognized statistical rating organization. The credit quality of the investments in the portfolio does not apply to the stability or safety of the Fund.

## Investment Risks

It is important to note that the Fund is not guaranteed by the U.S. Government. 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. 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 a 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, 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.