TCW Funds
TCW Family of Funds

Performance as of June 30, 2019

(%)	I Share	N Share	Index[1]
Latest Quarter	1.26	1.16	1.21
1 Year (annualized)	-14.38	-14.53	-5.95
3 Years (annualized)	6.48	6.44	7.76
5 Years (annualized)	-0.09	-0.12	2.77
Since Inception (annualized)	1.13	1.09	4.19[2]

Expense Ratio (%)	I Share	N Share
Gross	2.71	3.26
Net[3]	1.00	1.20

Annual fund operating expenses as stated in the Prospectus dated February 28, 2019, excluding interest and acquired fund fees and expenses, if any.

Source: State Street B&T

1 MSCI All Country World ex-USA Small Cap Net Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance in developed and emerging markets. It is composed of stocks which are categorized as small capitalization stocks and based outside of the USA. 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 For period 2/28/11- 6/30/19.

Prasad and Glukhov took over the Fund March 1, 2015.

3 Effective January 1, 2019, the Fund's investment advisor has agreed to waive fees and/or reimburse expenses to limit the Fund's total annual operating expenses (excluding interest, brokerage, extraordinary expenses and acquired fund fees and expenses, if any) to 1.00% of average daily net assets with respect to Class I shares and 1.20% of average daily net assets with respect to Class N shares. This contractual fee waiver/expense reimbursement will remain in place through March 1, 2020 and may be terminated by the investment adviser, or extended or modified with approval of the Board of Directors.

SECOND QUARTER 2019 COMMENTARY

TCW International Small Cap Fund

Performance and Positioning

For the three months ended June 30, 2019, the TCW International Small Cap Fund, I Class returned 1.26% versus 1.21% for the MSCI All Country World ex-USA Small Cap Net Index ("Index"). Year-to-date the Fund returned 9.58% versus 11.60% for the Index.

Outperformance was driven by security selection in financials and industrials, along with overweight positioning and security selection in information technology. From a country perspective, overweight positioning and security selection in Greece, along with security selection in Australia and Germany, contributed to relative outperformance. On the other hand, overweight positioning to China hurt relative performance given the unexpected escalation in U.S./China trade tensions in May.

The portfolio is neutral Emerging Markets, overweight Europe and underweight the United Kingdom and Japan. Within Emerging Markets, we added to Brazil, on the back of progress on pension reform, while reducing United Kingdom, on the increasing probability of a "hard" Brexit. We also reduced Japan, taking into account the global growth slowdown as well as the looming uncertainty around the consumption tax and elections. Valuations such as ROE[1] and earnings growth expectations are higher than the benchmark.

Pairwise stock correlations, which typically rise when volatility starts increasing, declined substantially as did volatility around factor performance. There was a broadening of factor efficacy, which led to an improvement in our model performance.

Investment Environment

The outlook for the global economy has been deteriorating as fiscal stimulus in the U.S. and some other countries fades, and U.S.-initiated trade wars continue to drag down confidence, investment and employment growth in many countries. Inflation is below trend in many large economies and central banks, especially G5[2] central banks, are moving towards more accommodative monetary policies. In the U.S., the fiscal impulse from the heavily front-loaded 2018 tax cuts is fading with rising risks of growth slowing below potential. The Fed[3] has reversed course and appears likely to cut rates by up to 100 basis points by the end of 2020. Trade tensions between the U.S. and key partners (China, European Union, Mexico, etc.) remain elevated and these are having knock-on effects, most notably on business confidence and capital expenditures.

The European economy grew below potential in recent quarters so there is scope for a cyclical snap-back to trend or slightly higher over the next 1-2 years, particularly in light of the ECB's[4] dovish pivot. Japanese growth is expected to remain weak, with the government possibly delaying (once again) the long-planned consumption tax increase. Chinese growth continues to slow as authorities rein in financial excesses and uncertainty over access to U.S. markets and technology hit manufacturing investment. Chinese policymakers have responded with both monetary and fiscal stimulus, but in a more targeted manner than in the past, supporting growth, while high leverage hampers its transmission to the real economy. Other North Asian and the more advanced Southeast Asian

1 Return on Equity; **2** United States, Japan, Germany, United Kingdom, and France; **3** Federal Reserve;
4 European Central Bank

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.

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 800-386-3829 or you may download the Prospectus from the Fund's website at TCW.com. Please read it carefully.

TCW International Small Cap Fund

Sector Breakdown (%)*

Information Technology	22.38
Industrials	14.04
Financials	12.91
Consumer Discretionary	12.65
Healthcare	10.84
Real Estate	8.68
Utilities	5.57
Consumer Staples	4.80
Materials	2.94
Energy	1.65
Communication Services	1.20
Other	0.90

Regional Breakdown (%)*

	Percent of Portfolio	Index
DM Europe	32.36	27.27
Emerging Markets	20.64	25.84
Japan	18.03	21.52
United Kingdom	10.96	12.52
Australia / North America	16.56	12.84

Source: TCW Portfolio Analytics

Portfolio characteristics and holdings are subject to change at any time.

* As a percentage of total portfolio. Cash percentage not shown.

economies are perhaps most at risk to the downturn in global capex and disruption to supply chains. South Asian economies are less vulnerable to supply chain disruption but have limited capacity to pursue counter-cyclical fiscal policies in our view.

As for U.S./China trade, despite an agreement to hold off on further tariffs while talks resume, we believe uncertainty is likely to persist and weigh on growth. In addition, we believe that the U.S. administration is likely to further tighten restrictions on trade and investment in technology with China, which will also make it more complicated to finalize a trade deal. While the 'truce' has helped improve risk sentiment and provided some short-term relief, we must acknowledge that talks could fall apart at any time.

As we have seen, the Fed and ECB have responded to the weaker global growth data with much more accommodative policy, and we believe dovish sentiment will persist despite the recent de-escalation at the G20 . This accommodation, combined with the lack of inflationary pressure, should continue to keep global rates low for an extended period and support capital flows into risk assets.

The other key question for international assets is when the dollar turns. Our base case is for the dollar to be under pressure as the U.S. slows so long as growth in China and Europe stabilizes or deteriorates at a slower pace. Structural issues facing the U.S. economy – a rising U.S. current account and fiscal deficit – have also been dollar negative historically.

We continue to monitor analyst earnings estimates, which have remained fairly high in our view, particularly in the light of the tariff war, shifting supply chains and a global slowdown. We continue to stick to our process of quality growth at a reasonable price.

Sincerely,

Ray S. Prasad, CFA
Managing Director
International Equities

Andrey Glukhov, CFA
Managing Director
International Equities

Investment Risks

Counterparty Risk – Counterparty risk refers to the risk that the other party to a contract, such as individually negotiated or over-the-counter derivatives, will not fulfill its contractual obligations, which may cause losses or additional costs to a Fund or cause a Fund to experience delays in recovering its assets. **Derivatives Risk** – The use of derivatives involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying instrument. Derivatives can be highly volatile, illiquid and difficult to value, and there is the risk that changes in the value of a derivative held by a Fund will not correlate perfectly with the underlying asset, reference rate or index. Certain types of derivatives involve greater risks than the underlying obligations because, in addition to general market risks, they are subject to counterparty risk and liquidity risk. **Emerging Market Country Risk/Developing Market Country Risk** – Investing in emerging and developing market countries involves substantial risk due to, among others, higher brokerage costs in certain countries; different accounting standards; thinner trading markets as compared to those in developed countries; the possibility of currency transfer restrictions; and the risk of expropriation, nationalization or other adverse political, economic or social developments, and such countries may lack the social, political and economic stability characteristics of developed countries. The securities markets of emerging and developing market countries can be substantially smaller, less developed, less liquid and more volatile than the major securities markets in the U.S. and other developed nations. Currencies of emerging and developing market countries experience devaluations relative to the U.S. dollar from time to time. **Equity Risk** – Equity investments entail equity risk and price volatility risk. The value of stocks and other equity securities will generally fluctuate and may decline in value over short or extended periods based on changes in a company's financial condition and in overall market and economic conditions. **ETF Risk** – The risk of ETFs generally reflects the risk of owning shares of the underlying securities an ETF is designed to track, although the lack of liquidity in an ETF could result in its value being more volatile than the underlying portfolio of securities held by the ETF. Assets invested in an ETF will bear the fees and expenses of the ETF. **Foreign Currency Risk** – Currency exchange rates may fluctuate significantly and unpredictably. As a result, a Fund's investments in foreign currencies, in foreign securities that are denominated, trade, and/or receive revenues in foreign currencies, or in derivatives that provide exposure to foreign currencies may reduce the returns of the Fund. **Foreign Investing Risk** – Investments in foreign securities generally involve higher costs than investments in U.S. securities, including higher transaction and custody costs as well as additional taxes imposed by foreign governments. In addition, security trading practices abroad may offer less protection to investors such as the Funds, and foreign countries typically impose less thorough regulations on brokers, dealers, stock exchanges, corporate insiders and listed companies than does the U.S. **Frequent**

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Trading Risk – Frequent trading will lead to increased portfolio turnover and increased brokerage commissions and may produce capital gains which are taxable to shareholders when distributed. **Issuer Risk** – The value of securities held by a Fund may decline for a number of reasons directly related to an issuer, such as changes in the financial condition of the issuer, management performance, financial leverage and reduced demand for the issuer's goods or services. **Leverage Risk** – During periods of adverse market conditions, the use of leverage, such as borrowing, reverse repurchase agreements, and certain derivatives, may cause a Fund to lose more money than would have been the case if leverage was not used. **Liquidity Risk** – A Fund's investments in illiquid securities may reduce the returns of the Fund because it may not be able to sell the illiquid securities at an advantageous time or price. **Market Risk** – Returns from the securities in which a Fund invests may underperform returns from the various general securities markets or different asset classes. Adverse events in an issuer's performance or financial position can depress the value of its securities, as can liquidity and the depth of the market for that security, a market's current attitudes about types of securities, market reactions to political or economic events, including litigation, and tax and regulatory effects (including lack of adequate regulations and federal, state and other government and regulatory intervention to regulate or support institutions, markets and Funds). **Portfolio Management Risk** – Portfolio management risk is the risk that an investment strategy may fail to produce the intended results. **Price Volatility Risk** – The value of a Fund's investment portfolio will change as the prices of its investments go up or down. The Funds that invest primarily in the equity securities of small- and/or mid-capitalization companies are generally subject to greater price volatility than mutual funds that primarily invest in large companies. The fewer the number of issuers in which a Fund invests, the greater the potential volatility of its portfolio. **Securities Selection Risk** – The specific securities held in a Fund's investment portfolio may underperform those held by other funds investing in the same asset class or benchmarks that are representative of the asset class because of a portfolio manager's choice of securities. **Small-Capitalization Company Risk** – Small-capitalization companies are generally more susceptible to adverse business and economic developments than mid- or large-capitalization companies, and may be thinly traded. **Valuation Risk** – Portfolio instruments may be sold at prices different from the values established by the Fund, particularly for investments that trade in low volume, in volatile markets or over the counter or that are fair valued. Portfolio securities that are valued using techniques other than market quotations, including "fair valued" securities, may be subject to greater fluctuation in their value from one day to the next than would be the case if market quotations were used. A Fund may from time to time purchase an "odd lot" or smaller quantity of a security that trades at a discount to the price of a "round lot" or larger quantity preferred for trading by institutional investors. There is no assurance that the Fund could sell a portfolio security for the value established for it at any time and it is possible that the Fund would incur a loss because a portfolio security is sold at a discount to its established value. *Please see the Fund's Prospectus for more information on these and other risks.*

Glossary of Terms

Brexit – An abbreviation of "British exit", which refers to the June 23, 2016 referendum by British voters to exit the European Union. **Current Account** – The difference between a nation's savings and its investment. **Deficit** – The amount by which expenses exceed income or costs outstrip revenues. **DM – Developed Markets** – A country with a relatively high level of economic growth and security. **Distribution** – Distributions of income and capital gains that mutual funds make to their investors periodically during a calendar year. **Dividend** – A distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders. **Dove** – An economic policy advisor who promotes monetary policies that involve the maintenance of low interest rates, believing that inflation and its negative effects will have a minimal impact on society. Statements that suggest that inflation will have a minimal impact are called "dovish." **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. **ECB** – European Central Bank. **Expense Ratio** – A measure of what it costs an investment company to operate a mutual fund. **Federal Reserve (the Fed)** – The central bank of the United States which regulates the U.S. monetary and financial system. **Fiscal** – Relating to government revenue, especially taxes. **G20** – (Group of Twenty) is an international forum for the governments and central bank governors from 19 countries and the European Union (EU). **Growth** – A diversified portfolio of stocks that has capital appreciation as its primary goal, with little or no dividend payouts. Portfolio companies would mainly consist of companies with above-average growth in earnings that reinvest their earnings into expansion, acquisitions, and/or research and development. **Inflation** – A condition of a rise in the general level of prices of goods and services in an economy over a period of time. **Leverage** – The use of borrowed money to increase investing power. A firm with significantly more debt than equity is considered to be highly leveraged. **Liquidity** – The ability to convert an asset to cash quickly. **ROE (Return on Equity)** – The amount of net income returned as a percentage of shareholders equity. **Small Capitalization (Small Cap)** – Companies with a market capitalization of between $300 million and $2 billion. **Stimulus** – Something that causes a reaction; an incentive. **Tariff** –A tax imposed on imported goods and services. **Total Return** – The rate of return on a security, including income from dividends and interest, as well as appreciation or depreciation in the price of the security, over a given time period of time. **Underweight** – A condition where a portfolio does not hold a sufficient amount of a particular security when compared to the security's weight in the underlying benchmark portfolio. **Valuations** – The process of determining the current worth of an asset or company. There are many techniques that can be used to determine value, some are subjective and others are objective. **Volatility** – The propensity of the value of an asset or market to rise or fall.

- **For more information about the Fund call us at 800 Fund TCW (800 386 3829)**
- **Visit our web site for a full menu of products and services at TCW.com**

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