TCWFunds

TCW Family of Funds

Performance as of June 30, 2019

(%)	I Share	Index[1]
Latest Quarter	1.18	0.92
1 Year (annualized)	3.40	2.99
3 Years (annualized)	1.74	1.44
5 Years (annualized)	1.23	1.05
10 Years (annualized)	2.43	0.78
Since Inception[2] (annualized)	3.88	3.48

Expense Ratio (%)	I Share
Gross	2.28
Net[3]	0.44

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 FTSE 1-Year Treasury Index – Represents the return of the one-year treasuries each month (auctioned monthly). It is determined by taking the 1-year T-bill at the beginning of each month and calculating its return. Effective May 1, 2018, Citigroup 1-Year Treasury Index became FTSE 1-Year Treasury Index. 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 Since inception returns include the performance of the predecessor limited partnership for periods before the Fund's registration became effective. The predecessor limited partnership was not registered under the Investment Company Act of 1940 ("1940 Act") and therefore, was not subject to certain investment restrictions imposed by the 1940 Act. If the limited partnership was registered under the 1940 Act, its performance may have been adversely affected. For period 2/1/90-6/30/19.

3 Effective February 28, 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 0.44% of average daily net assets with respect to Class I 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.

TCW Short Term Bond Fund

Market Review – "The More Things Change, the More They Stay the Same"

What a difference a quarter makes! Or, rather, what a difference a security blanket (the suggestion of accommodative Fed policy) can make. With trade uncertainty and disappointing manufacturing data, virtually non-existent inflation and slowing housing metrics, expectations increased for a renewal of monetary accommodation in the second half of 2019. After laying the groundwork in January with the introduction of dovish language, the Fed signaled an openness to cut rates during its June FOMC meeting, confirming as long suspected – the Fed is following rather than leading the markets. By second quarter-end, the probability of a July cut was priced in with near certainty. Perhaps more remarkably, the market began to price in roughly four cuts by the end of 2020. Taking stock of where we stand today, monetary policy has come full circle as investors once again receive succor from central bankers. It is not just the Fed - ECB President Mario Draghi delivered a boost to global markets as he indicated that additional monetary easing could be on the way, with a seemingly low bar for central back action. While the 10-Year U.S. Treasury yield revisited sub-2% last seen in 2016), French 10-year yields fell to zero for the first time to bring the total global stock of bonds yielding below-zero near 2016's record level of $12.2 trillion.

Meanwhile, trade tensions between the U.S. and Chinese administrations started to filter through to economic activity. Perhaps most apparently, trade growth fell to its lowest level since the financial crisis while cross-border direct investment continued to drop after a nearly 13% decline last year. Further, supply chain disruptions and policy ambiguity naturally have second-order effects. Manufacturing is of particular concern, as all five regional Fed survey measures of business activity waned in June, the Institute for Supply Management's national measure fell to a three-year low in May, and global manufacturing PMIs exhibited weakness. Not surprisingly against this backdrop, the outlook for global growth has deteriorated, with some estimates now tracking growth at 2.2%, down from 4% in mid-2018. Perhaps more worrisome for the Fed is a possibility that muted inflation is not "transitory," as core PCE remains stubbornly below target, while survey and market-based measures of price expectations are falling. University of Michigan's long-run inflation outlook fell to a record low in June, while the implied 5-year, 5-year forward inflation has dropped by a precipitous 50 bps this year.

Somewhat remarkably, U.S. equities shrugged off the above concerns to further advance in the second quarter (Q2) and bring the year-to-date return for the S&P 500 Index to 18.5%, its best first half since 1997. Fixed income markets, too, were fueled by renewed expectations for Fed support, and the Bloomberg Barclays U.S. Aggregate has gained 6.1% since 2018 year-end, driven largely by a nearly 10% rally in investment grade credit. In Q2 alone, investment grade corporates gained 4.5% and outpaced duration-matched U.S. Treasuries by over 100 bps. Municipals were also top performers, with a total return of 5.5%. High yield and bank loans trailed investment grade but still posted total returns of 2.5% and 1.6%, respectively. Securitized sectors generally trailed corporates, though managed positive excess returns, with the exception of agency MBS. Reduced Fed purchases of agency MBS weighed on the To Be Announced (TBA) market, while further

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.

uncertainty in the sector owed to June's implementation of the single security UMBS platform. Relative valuations were largely unchanged over Q2 for both CMBS and ABS as these areas continued to provide a source of high quality collateral with reasonable yield premiums. Legacy non-agency MBS benefitted from the ongoing support of solid underlying fundamentals and favorable supply/demand characteristics to deliver positive attribution once again.

Performance

The TCW Short Term Bond Fund – I Class ("Fund") gained 1.18% in the second quarter of 2019, outpacing the Citi 1-year U.S. Treasury Index by 26 basis points. Outperformance was driven primarily by the allocation to corporate credit. Among short corporates, nearly all industries posted positive, though modest, excess returns (performance beyond that attributable to the move in interest rates), with finance companies, healthcare, and communications among the top performers. Given that these sectors are an emphasis in the Fund, strong performance contributed to relative returns. Performance also benefitted somewhat from the small allocation to non-agency residential MBS, which gained approximately 2.5% during the second quarter, bringing year-to-date returns to more than 4.5%. Meanwhile, other securitized products held in the Fund had little impact on performance: agency MBS positioning was largely made up of floating rate CMOs, which insulated performance from widening in the sector over the period, while overweights to non-agency CMBS (modestly positive) and agency CMBS (slightly negative) offset one another. Finally, as Treasury rates fell in May and June, the duration position of the Fund was gradually trimmed from 0.2 years longer than the benchmark to neutral by quarter-end, resulting in a small positive impact on performance.

Outlook and Positioning

Late cycle concerns remain the main theme informing portfolio strategy, as risk markets anchor hopes to continued support from dovish central banks to buoy asset prices, even though underlying fundamentals have weakened further. Consistent trends, including rising leverage and diminishing indenture protections, indicate growing risks, while credit spreads at the tight end of the historical range provide scant compensation for these risks, even with Fed support. Notwithstanding cyclical lows for lagging indicators of credit market stress (such as trailing default rates), cracks are forming as idiosyncratic capital structure collapses are becoming more frequent. In particular, the potential for swift and significant withdrawal of investor sponsorship should sentiment turn is highly motivating to exercise restraint in budgeting risk. Meanwhile, on a macroeconomic front, trade tension adds to the already challenging global growth outlook. There are numerous global sources of volatility, including an increasing likelihood of a disorderly Brexit, the Italian-EU budget fight, a slowdown in China, and geopolitical tensions in the Middle East among the most prominent. These catalysts for downside volatility, along with slowing growth and record high corporate leverage, create a cautionary mix in the current environment.

As Treasury yields rallied during the quarter, duration was trimmed to neutral relative to the Index, and the position may be further shortened should rates decline. Sector positioning remains defensive leaning, with corporate credit emphasizing regulated financials like U.S. banks, REITs, non-cyclicals, and communications. Bouts of volatility since last October provided opportunities to add selectively, though yield premiums have compressed in recent months. Nevertheless, we will look to add opportunistically if volatility returns and yield spreads widen toward median (and lower) levels. Despite looser underwriting standards – typical of late cycle – in certain sectors and relatively tight spreads overall, senior parts of the structured products markets remain a haven from credit excesses while still generating incremental return. Non-agency MBS continues to present attractive risk-adjusted return potential despite a shrinking market, while the larger allocation to agency MBS is focused on floating rate CMOs given relatively stable duration profiles. Within CMBS, the emphasis remains on agency-backed issues, though exposure may be relaxed in favor of better opportunities. The non-agency CMBS allocation continues to emphasize seasoned issues at the top of the capital structure and single asset single borrower deals to avoid the underwriting challenges faced by current vintage issues.

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. **Credit Risk** – Credit risk refers to the likelihood that an issuer will default in the payment of principal and/or interest on a security. **Debt Securities Risk** – Debt securities are subject to two primary (but not exclusive) types of risk: credit risk and interest rate risk. These risks can affect a debt security's price volatility to varying degrees, depending upon the nature of the instrument. **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. **Extension Risk** – Extension risk is the risk that in times of rising interest rates, borrowers may pay off their debt obligations more slowly, causing securities considered short- or intermediate-term to become longer-term securities that fluctuate more widely in response to changes in interest rates than shorter-term securities. **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 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. **Interest Rate Risk** – Interest rate risk is the potential for a decline in bond prices due to rising interest rates. **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. **Junk Bond Risk** – Junk bonds have a higher degree of default risk, may be less liquid than higher-rated bonds and may be subject to greater price volatility due to such factors as specific issuer developments, interest rate sensitivity, negative perceptions of junk bonds generally and less secondary market liquidity. **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). **Mortgage-Backed Securities Risk** – Mortgage-backed securities are subject to prepayment risk and extension risk, and may react differently to changes in interest rates than other bonds. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. **Portfolio Management Risk** – Portfolio management risk is the risk that an investment strategy may fail to produce the intended results. **Prepayment Risk** – In times of declining interest rates, a Fund's higher yielding securities may be prepaid prior to maturity, and the Fund may have to replace them with securities having a lower yield, thereby reducing the Fund's income or return potential. **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. **U.S. Government Securities Risk** – Legislation, changes in regulatory oversight and/or other consequences could adversely affect the credit quality, availability or investment character of securities issued or guaranteed by the U.S. Treasury or other government entities, agencies, or instrumentalities. Changes in the demand for U.S. government securities may occur at any time and may result in increased volatility in the values of those securities. **U.S. Treasury Obligations Risk** – While credit risk for U.S. treasury obligations is generally considered low, U.S. treasury obligations are subject to interest rate risk, particularly for those with longer term. In addition, certain political events in the U.S., such as a prolonged government shut down, may cause investors to lose confidence in the U.S. government and may cause the value of U.S. treasury obligations to decline. **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

Agency – Government sponsored agency. **Agency CMBS** – The Agency CMBS market includes various mortgage-backed securities where the underlying assets are commercial real estate, predominantly multifamily properties. They have either an explicit US government guarantee or are guaranteed by one of the Government Sponsored Enterprises. **Agency MBS** – The purchase of mortgage-backed securities issued by government-sponsored enterprises such as Ginnie Mae, Fannie Mae or Freddie Mac. **ABS (Asset-Backed Security)** – A debt obligation that represents claims to the cash flows from a pool of loans, leases or receivables against assets other than real estate and mortgage-backed securities, such as credit card debt, student loans, car loans, aircraft leases, etc. **Bloomberg Barclays U.S. Aggregate Bond Index** – A market capitalization-weighted index of investment-grade, fixed-rate debt issues, including government, corporate, asset-backed and mortgage-backed securities, with maturities of at least one year. **BPS (Basis Points)** – A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument. The basis point is commonly used for calculating changes in interest rates, equity indexes and the yield of a fixed-income security. **Brexit** – An abbreviation of "British exit", which refers to the June 23, 2016 referendum by British voters to exit the European Union. **Central Bank** – A monopolized and often nationalized institution given privileged control over the production and distribution of money and credit. **CMBS (Commercial Mortgage-Backed Securities)** – A debt obligation that represents claims to the cash flows from pools of mortgage loans on commercial property. **Collateral** – Property or other assets that a borrower offers a lender to secure a loan. **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. **Corporate Credit** – A term that is used in written investment materials and commentaries to refer to a corporation's debt or to the corporate debt market as a whole. **Credit** – Issuers. **Defensive** – Stock that provides a constant dividend and stable earnings regardless of the state of the overall stock market. **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. **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. **Federal Reserve (the Fed)** – The central bank of the United States which regulates the U.S. monetary and financial system. **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. **FOMC (Federal Open Market Committee)** – The branch of the Federal Reserve Board that determines the direction of monetary policy. **High Yield** – A bond that is rated below investment grade. **Inflation** – A condition of a rise in the general level of prices of goods and services in an economy over a period of time. **Investment Grade (IG)** – A bond with a rating of Baa or higher from Moody's Investors Service, and a rating of BBB or higher from Standard & Poor's. **Liquidity** – The ability to convert an asset to cash quickly. **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 a 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. Monetary Policy – The actions of a central bank, currency board or other regulatory committee that determine the size and rate of growth of the money supply, which in turn affects interest rates. **Mutual Funds** – An investment vehicle that is made up of a pool of funds collected from many investors for the purpose of investing in securities such as stocks, bonds, money-market instruments and similar assets. Mutual funds are operated by money managers, who invest the fund's capital and attempt to produce capital gains and income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus. **Non-Agency CMBS** – Commercial Mortgage Backed Securities whose underlying assets are commercial real estate such as multi-family, hotel, office, or retail properties and do not have an explicit US government guarantee nor are they guaranteed by one of the Government Sponsored Enterprises. **Non-Agency MBS** – Mortgage backed securities sponsored by private companies other than government sponsored enterprises such as Fannie Mae or Freddie Mac. **PCE (Personal Consumption Expenditure)** – The primary measure of consumer spending on goods and services in the U.S. economy. **PMI (Purchasing Managers Index)** – An indicator of the economic health of the manufacturing sector. The PMI index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. **REIT (Real Estate Investment Trusts)** – Any corporation, trust or association that acts as an investment agent specializing in real estate and real estate mortgages" under Internal Revenue Code section 856. **S&P 500 Index (SPX)** – A capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. **Tightening** – Short for tight monetary policy. A situation in which a central bank enacts relatively high target interest rates to lower the available of credit. Effectively "tightening" the supply of credit. **To Be Announced (TBA)** – A term used to describe a forward mortgage-backed securities trade. **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. **Underwriting** – 1. The process by which investment bankers raise investment capital from investors on behalf of corporations and governments that are issuing securities (both equity and debt). 2. The process of issuing insurance policies. **U.S. Treasuries (U.S. Treasury Securities)** – Bills, notes and bonds that are debt obligations of the U.S. government. **Volatility** – A measure of the risk of price moves for a security calculated from the standard deviation of day-to-day logarithmic historical price changes. **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. **Yield Premium** – Additional return.