

TCW

# TCW Investment Management Company LLC

Form ADV Part 3, Form CRS

May 26, 2020

## Is an Investment Advisory Account Right for You?

TCW Investment Management Company LLC is an investment adviser that has been registered with the SEC since 1987. Investment advisory services and fees differ from those of a broker, and it is important for you to understand the differences. You should carefully consider which types of accounts and services are right for you.

This document gives you a summary of the types of services we provide and how you pay. Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://www.investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing. Please ask us for more information, as indicated below. There are some suggested questions throughout this summary.

### ***What investment services and advice can you provide me?*** [Item 2.A.]

Services. We provide investment management and advice relating to U.S. Equities, U.S. Fixed Income, International and Alternatives investment strategies. Retail investors may invest through advisory accounts (“**Accounts**”), public open-end commingled investment vehicles (“**Funds**”), and wrap fee accounts sponsored by others (collectively “**Portfolios**”). The publicly-offered Funds include mutual funds. Generally, we are the adviser of the Account or Fund, but we sometimes are a sub-adviser. If you open an Account, you will pay an on-going asset-based fee at the end of each quarter for our services, based on the value of the cash and investments in your Account.

Monitoring & Discretionary Authority. Portfolios are typically monitored and reviewed by us on a continuous and ongoing basis. In addition, we have controls to monitor investment transactions and guidelines in your Account, which may occur daily, monthly, or quarterly. In the Accounts and Funds we manage, we typically have authority to buy and sell investments in your Account without asking you in advance for approval (a “**discretionary account**”).

Account Minimums. Accounts and Funds for our investment strategies are subject to a minimum account size, which can vary depending upon the type of Account or Fund and investment strategy.

#### Key Questions to Ask.

- ✓ *Given my financial situation, why should I choose an advisory account?*
- ✓ *How will you choose investments to recommend to me?*
- ✓ *What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?*

### ***What fees will I pay?*** [Item 3]

Principal Fees and Costs. The investment management fees we charge are generally computed as a percentage of the market value of assets under management in Accounts (“**Asset-Based Fee**”), and are billed, rather than deducted, from the assets we manage. However, for Funds, including mutual funds and for wrap fee accounts, the management fees are deducted from the assets we manage. Our clients typically pay our management fees quarterly in arrears, although mutual funds and some Accounts pay us monthly in arrears.

Other Fees and Costs. Our Account clients will typically pay fees to their custodian in addition to our management fees. Depending on the strategy in which the Account invests, the Account will incur brokerage fees for most equity trading, and the effect of the difference with respect to the bid/ask spread for trading in fixed income investments. If the strategy for the Account involves derivatives, the Account may be required to make payments to counterparties related to the derivatives. In addition to our management fees, our mutual fund clients incur product specific fees as set forth in each mutual fund’s prospectus and statement of additional information.

Conflicts of Interest. Asset-Based Fees may create a conflict of interest as the more assets you have in your Account means you will pay more in fees to us, therefore creating a potential incentive for us to encourage you to increase the assets in your Account. Our marketing representatives may have an incentive

to recommend our investment strategies and Funds based on the compensation received or those strategies with higher fees, rather than based on a client's needs. Additionally, our mutual fund and wrap accounts are available through unaffiliated brokers and other agents and are generally compensated through fees associated and disclosed by those products.

Additional Information. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

- ✓ *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

### **What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?** [Item 3.B]

**When we act as your investment adviser**, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means.

Transactions Involving Related Persons. There are broker-dealers and other financial intermediaries and institutions that are controlled by or under common control with TCW. In any transaction with a related party, the related party may receive compensation. Furthermore, we may act as investment adviser for related persons and may act as investment adviser for pension vehicles of related persons. We may be restricted under certain circumstances from entering into principal and agency and other transactions with affiliates.

Investment Products. We may, from time to time, recommend to or purchase or sell on behalf of clients, securities or other investment products ("**Investment Products**") in which we, our affiliates or other related persons have a financial interest as the investment manager, general partner or trustee or as a co-investor in such Investment Products.

Consulting and Structuring Fees. We and our affiliates may receive fees from third parties for performing consulting, merger and acquisition structuring or other financial advisory services or acting as directors, officers or creditors' committee members. These fees can relate to actual, contemplated or potential investments of our clients. Such fees may be retained entirely by our affiliates or us.

- ✓ *How might your conflicts of interest affect me, and how will you address them?*

### **How do your financial professionals make money?** [Item 3.C.]

Generally, our investment professionals are remunerated through a base salary and performance-based compensation bonus. Portfolio managers are compensated through a combination of base salary, profit sharing based compensation, bonus and equity incentives. All TCW marketing professionals are generally compensated through a base salary and performance-based bonus. Certain marketing professionals' compensation also includes a portion made up of commission payments related to products they sell.

### **Do you or your financial professionals have legal or disciplinary history?** [Item 4.A.]

**No.** For free and simple search tools to research us and our financial professionals please go to Investor.gov/CRS. If you have a problem with your investments, account or financial professional, contact us in writing at *TCW, 865 South Figueroa Street, Suite 1800, Los Angeles, CA 90017.*

- ✓ *Do you have any disciplinary history?*

Additional information about TCW Investment Management Company LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You may contact us at (877) 829-4768 to request up to date information or a copy of Form CRS. For an electronic copy of our Form ADV Part 2A in Acrobat (.pdf) format, please send an email, to: [ADVPART2@tcw.com](mailto:ADVPART2@tcw.com) with "TIMCO Part 2A" in the subject line or click here.

- ✓ *Who is my primary contact person? Who can I talk to if I have concerns about how this person is treating me?*

# Form CRS Information Script

## Introduction

This script was created to help you understand TCW's investment services and accounts. For additional information, please refer to the key questions found in *Form ADV Part 3, Form CRS*.

## 1 – Given my financial situation, why should I choose an advisory account?

*TCW offers a broad range of investment strategies across fixed income, equities, and emerging markets through our advisory accounts.*

*Some of the benefits advisory accounts provide are:*

- *Exposure to asset classes that can potentially offset the ups and downs of market volatility,*
- *Professional investment personnel to oversee your investment strategy and perform ongoing portfolio monitoring, and*
- *Predictable costs based on your asset level.*

## 2 – How will you choose investments to recommend to me?

*TCW begins with reviewing your financial situation and learning some important facts about you, such as your:*

- *Age;*
- *Financial situation and needs;*
- *Tax status;*
- *Investment objectives;*
- *Investment experience;*
- *Investment time horizon;*
- *Liquidity needs;*
- *Risk tolerance; and*
- *Any other information that you disclose to TCW.*

*Once we identify your investment goals, we will review the different investment strategies we offer and determine what strategy, or strategies, best fit your goals.*

## 3 – What is your relevant experience, including your licenses, education and other qualifications? What do these qualifications mean?

*TCW marketing representatives hold a Series 7 securities license, and a Series 65 or 66 Uniform Investment Adviser Laws Exam License which means they can provide advisory services to you.*

#### **4 – Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?**

*The management fee TCW charges an advisory account is a percentage of the total value of the assets in your account and as a result, the total amount you pay will increase if the asset value of your account increases, and vice versa. This Asset-Based Fee is billed directly to you on a quarterly basis. However, for other types of accounts we manage, such as wrap accounts and mutual funds, the management fee is generally broken into monthly payments and deducted directly from your account.*

*Investment management fees are also based on the investment strategy and, in some cases, size of the account. In some cases, the fee schedule applied to an account for a particular strategy will take into consideration other assets we manage for you in other strategies.*

*Here's an example to help you understand the fee charged to an advisory account, say you have a balance of \$10,000 in your account, and you are charged a fee at an annual rate of 1% assets under management, then you'll pay \$100 in fees over the course of a year.*

#### **5 – How might your conflicts of interest affect me, and how will you address them?**

*As your investment adviser, TCW, and its marketing representatives, have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. Generally, our marketing representatives are compensated through a base salary and performance-based compensation bonus. Our portfolio managers are compensated through a combination of base salary, profit sharing based compensation, bonus and equity incentives. Here are a few examples to help you better understand what conflicts of interest means:*

- *The more assets you have in your advisory account, including cash, the more in fees you will pay TCW. We therefore have an incentive to increase the assets in your account in order to increase our fees.*
- *Certain marketing representatives may also receive commission payments as part of their compensation. This may give them an incentive to recommend investment strategies based on the compensation received or those strategies with higher fees, rather than based on your needs.*
- *To mitigate conflicts of interest with your account, TCW has implemented policies and procedures that employees have to follow. These include policies and procedures with respect to portfolio management, and when they engage in their own personal securities transactions.*

#### **6 – Do you have any disciplinary history?**

*No, TCW does not have a history of disciplinary violations. You may visit [www.investor.gov/CRS](http://www.investor.gov/CRS) for a search tool to research TCW and its marketing representatives.*

#### **7 – Who is my primary contact person? Who can I talk to if I have concerns about how this person is treating me?**

*A TCW marketing representative will be assigned to your account. If you have any concerns, please contact us at (877) 829-4768 and your concerns will be addressed immediately.*