

# TCW Relative Value Mid Cap Fund

## Investment Environment

Liberation Day tariffs and subsequent retaliatory actions from trading partners caused the equity markets to fall precipitously over the first six trading sessions of the quarter only for the indices to soar on April 9 after President Trump announced a 90-day pause on certain reciprocal tariffs. A strong vee-shaped recovery from the low registered on April 8 drove the S&P 500 and Nasdaq to new record highs. Stocks were up strong in May on Mr. Trump's softer tone on tariffs along with solid better than expected corporate results. U.S. equities continued to climb in June sparked by the May jobs report. The equity market has been boosted by several "de-escalation" steps in the trade war including a preliminary agreement between the U.S. and China to reduce tariffs and to suspend certain non-tariff measures to facilitate further negotiations. The U.S. and China entered into a "handshake" trade agreement when officials from both countries met in London. China is expected to ease restrictions on mineral exports in exchange for U.S. relaxing tariffs on technology-related products as well as walking back on cancellations of visas for Chinese students. Further progress has been made with the EU and talks with Canada are back on track after the country rescinded the digital services tax. The conflict in the Middle East stole the headlines for much of June. In the wake of Israel's barrage, the U.S. entered the fray with an attack on Iran's nuclear facilities. Even so, the markets were little fazed (and oil prices have actually dropped) as Iran has put up essentially no retaliation, and there is increased hope for diplomacy.

There was a flurry of jobs data that suggest a resilient but cooling market. The May ADP<sup>†</sup> (private payrolls) report was relatively weak with a modest gain while initial and continuing jobless claims have trended upward. The outplacement firm Challenger, Gray & Christmas reported layoff announcements in May with the most cited reason being market and economic conditions. "Tariffs, funding cuts, consumer spending, and overall economic pessimism are putting intense pressure on companies' workforces," said Andrew Challenger, the company's senior vice president. On the other hand, the May jobs report showed surprised to the upside with a gain in May (but with downward revisions to two prior months), unemployment held steady at 4.2%, and average hourly earnings came in better than expected, 3.9% y/y.

As expected, the Federal Reserve (Fed) made no move at its recent FOMC meeting. Chair Powell spoke to the resilient and solid economy and labor market though he stated the potential for higher inflation in the second half of the year as a result of tariffs. He emphasized the central bank is well-positioned to wait for more clarity. The European Central Bank cut rates to 2% citing concerns about conditions tightening due to the trade conflict has eased. The central bank is expected to pause going forward as it sees itself in a good position to sustain the economic uncertainty that may come with any draconian U.S. tariff policy. The Bank of England held rates steady, but it was considered a dovish hold with a 6-3 vote and recognition that labor market slack is increasing. In a surprise move, the Norges Bank cut rates, its first cut since the pandemic and the Swiss National Bank cut its interest rates to 0% to try and deter the rise in the franc. Going in the opposite direction, rising food prices in Japan drove inflation to a two-year high and supports the idea the Bank of Japan could raise rates in a further blow to the yen carry trade.

## Sector Weightings<sup>1</sup>

The portfolio sector's weightings contributed favorably in the quarter due largely to the overweights in financials and consumer discretionary and underweights in utilities and real estate. The underweights in information technology and industrials and overweight in energy detracted. There was wide disparity among the eleven major economic sectors. Fueled by AI-themed stocks, Information technology (+17.8%) and industrials (+11.7%) were by far the best performing sectors in the Russell Midcap Value followed by consumer discretionary (+8.9%), communication services (+8.1%), and financials (+7.9%). At the bottom end, and in the negative, were energy (-4.0%), utilities (-2.3%), and consumer staples (-1.8%). Energy stocks have struggled with increased supply, lower oil prices, and global economic concerns while higher yielding utilities fell out of favor with competition from rising treasury yields.

Past performance does not guarantee future results.

<sup>1</sup> Source: Attribution versus FactSet Russell 1000 Value/S&P GICS sectors.

<sup>†</sup> Not held by the Fund as of June 30, 2025.

**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.**

## Security Selection<sup>\*1</sup>

Stock selection in the quarter contributed noticeably. The portfolio's information technology stocks were the best relative performing group rising 38.3% versus the group gain of 17.8% led by Flex (FLEX; 2.93%\*\*\*) and Seagate Technology (STX; 1.75%\*\*\*) with each company benefitting from strong AI demand from data centers buildouts and accelerating need for storage. Popular (BPOP; 4.37%\*\*\*) (Banco Popular de Puerto Rico) rebounded from the 1Q downturn and Liberation Day selloff as the impacts from the tariffs were mitigated by multiple postponements by President Trump. It also posted a beat and raise characterized by strong net interest income (NII), expanding net interest margin (NIM), and improving credit. Shares of Interactive Brokers (IBKR; 1.86%\*\*\*) soared as it continues to post 30%+ annualized net new accounts growth (+33% in 1Q). It was also buoyed by mitigating tariff concerns and fewer expected interest rate cuts which alleviates headwinds to NII. Tapestry (TPR; 2.64%\*\*\*) highlighted in consumer discretionary as its stock rose nicely after reporting better-than-expected earnings and raised its full-year revenue and profit outlook due in part to its Coach brand as well as the company's ability to manage the impact from tariffs and focus on direct-to-consumer and digital growth. The portfolio also outperformed from relative stock selection in consumer staples and utilities.

The portfolio's industrials names were the largest detractors as a group, up a respectable 8.4%, but under the group's 11.7% gain. FedEx (FDX; 0.88%\*\*\*), in industrial transports, issued a weaker than expected outlook due to demand destruction fears from increased tariffs particularly as it relates to the U.S/China relationship. Global third-party logistics company C.H. Robinson (CHRW; 1.66%\*\*\*) similarly came under pressure from tariff uncertainty as the company is in a "wait-and-see" mode. Baker Hughes (BKR; 1.95%\*\*\*) and ConocoPhillips (COP; 0.47%\*\*\*) both fell in concert with energy companies in general on increased OPEC supply and worries for a global economic slowdown. Corpay (CPAY; 3.14%\*\*\*) was pressured by an in-line quarter characterized by a revenue shortfall offset by lower expenses. The stock was further impacted by news related to stablecoin launches by prominent merchants which are seen as a threat to the firm's corporate payments business.

## Representative Buys (Ticker, Sector)\*

### Electronic Arts, Inc (EA; Communication Services) (0.30%\*\*\*)

#### MSCI ESG Score:<sup>2</sup> Overall AA

Electronic Arts, headquartered in Redwood City, CA is a global leader in digital interactive entertainment engaging in the development, marketing, publication, and distribution of games, content, and online services for Internet-connected game consoles, PCs, mobile phones, and tablets. The company develops and publishes games and services across various genres, such as sports, first-person shooter, action, role-playing, and simulation primarily under the Battlefield, The Sims, Apex Legends, Anthem, Need for Speed, and Plants v. Zombies brands, and licensed games, including FIFA, Madden NFL, and Star Wars brands. The firm also provides advertising services and licenses its games to third parties to distribute and host its games. Over the last few years EA has focused on IT markets and sells its games and services through digital distribution channels. At initiation, EA had a market capitalization of \$38.5 billion and met one valuation factor, price-to-earnings. The fundamental catalyst is new markets/new products. The company is embarking on aggressive expansion of EA Global Football with FC (Football Club) online and FC mobile as the company positions for the 2026 World Cup. More importantly EA is pushing increased integration of its technology across platforms, more robust community creation tools, and the EA SPORTS App. Additionally, EA is investing heavily in AI to accelerate creativity and personalization.

### RenaissanceRe Holdings (RNR; Financials) (1.36%\*\*\*)

#### MSCI ESG Score: Overall BBB

RenaissanceRe, headquartered in Hamilton, Bermuda, is a property & casualty reinsurer with nearly \$10 billion of net written premiums in 2024. At initiation, the stock had a market capitalization of \$11.7 billion and meets all valuation factors save for dividend yield. The company has compounded book value at best-in-class 13.5% CAGR since its IPO in 1995 and has a history of conservative underwriting. The primary catalyst is restructuring as it integrates the acquisition of Validus Re which closed in late

<sup>1</sup> Source: Attribution versus FactSet Russell 1000 Value/S&P GICS sectors.

<sup>2</sup> MSCI ESG Score as of June 30, 2025 and subject to change. Please see additional MSCI ESG disclosures at the end of this document.

\* It should not be assumed that an investment in the securities listed was or will be profitable.

\*\*\*Portfolio securities are stated as a percentage of the Fund's total net assets including cash and cash equivalents as of June 30, 2025.

2023 from AIG. In contrast to RenaissanceRe, Validus often found itself with deficient reserves, but with the more conservative new parent re-underwriting its policies, Validus' margin and profitability should appreciate over time. Reinsurance premium pricing remains flat to modestly down but still at attractive margins even as catastrophe exposure has likely declined in percent terms as the company has grown. RNR's reserves could be redundant by as much as \$12 per share which eventually should add to its book value. With improved cashflows from the Validus Re acquisition and the potential for book value accretion, the stock should appreciate over time.

## **Urban Outfitters Inc. (URBN; Consumer Discretionary) (0.64%\*\*)**

### **MSCI ESG Score: Overall A**

Urban Outfitters, headquartered in Philadelphia, PA, is a portfolio of global consumer brands consisting of Urban Outfitters, Anthropologie, Free People, FP Movement, Anthropologie Weddings, Menus and Venues, and Nuuly. The company operates a total of 744 stores globally consisting of 257 Urban Outfitters stores, 241 Anthropologie stores, 237 Free People stores, and nine Menu and Venues locations. At initiation, the stock had a \$6.5 billion market capitalization and met four of the five valuation factors: price-to-earnings, price-to-sales, price-to-book and price-to-cash flow. The company does not currently pay a dividend. Catalysts for the investment include a turnaround at the core Urban Outfitters brand, new product launches, growth in adjacent product categories, and growth in new businesses which we believe will lead to continued share gains and profit and earnings upside. Regarding the Urban Outfitters brand recovery, there are two legs the first being cleaning up the inventory and lowering markdown levels which will take place in fiscal 2026 (CY 2025). This will be followed by the second leg which will include elevating the marketing for the brand and leveraging fixed expenses. The first quarter showed nice progress on this trajectory with the brand comping +2.1% with strong regular price selling. Anthropologie remains focused on three expansion categories: warm weather, athleisure, and intimates and lounge. Management also sees opportunity in Home which had positive sales in 1Q. Finally, there is an opportunity to increase brand awareness at Nuuly (clothing rental business). The company plans to increase the sophistication and the depth of the brand marketing. The company is also increasing the growth at Free People, targeting to open 25 doors in 2025, on a base of 35 doors. In total, we expect these actions to generate top line growth, improve cash flow, margins, and earnings leading to significant stock appreciation over the next two years.

## **Representative Sells (Ticker Sector)†\***

### **Academy Sports and Outdoors Inc. (ASO; Consumer Discretionary)**

#### **MSCI ESG Score: Overall AAA**

Academy Sports and Outdoors, founded in 1938 and headquartered in Katy, TX, is a sporting goods and outdoor recreation retailer that operates 298 retail stores located primarily in the southern United States. Strategic supplier Nike† accounts for approximately 11% of revenue. At exit, the stock had a \$2.5 billion market capitalization and met all valuation factors save for dividend yield of 1.2%. The company is positioned to serve the lower-to-middle income consumer base but given the tariffs increased costs on a pressured consumer, the return to more sustainable comps will likely take more time than anticipated. In addition, although the company is launching new Nike product, access to the desirable Hoka and ON Running product remains elusive. Altogether, the recovery thesis is hampered and skews the risk to the downside. As such, the position was eliminated.

### **Foot Locker Inc. (FL; Consumer Discretionary)**

#### **MSCI ESG Score: Overall AA**

Foot Locker, headquartered in New York, NY, is a footwear and apparel retailer operating 2,500 retail stores in 26 countries across North America, Europe, Asia, Australia, and New Zealand. At exit, the stock had a \$1.1 billion market capitalization and met four of the five valuation factors; the company does not issue a dividend. Foot Locker serves the lower-to-middle income consumer base and given the consumer slowdown related to tariff pressures this is likely to impede the return to more sustainable comps. In addition, although the company has re-established its Nike relationship and has returned to a position of growth with them, inventory in the athletic footwear and apparel industry will likely remain pressured until late in 2025, thus impacting and delaying the recovery at Foot Locker. This hampers the recovery thesis and skews the risk to the downside for top line and earnings growth which we believe will lead to valuation contraction and stock underperformance. As such, the position was eliminated.

\*\*Portfolio securities are stated as a percentage of the Fund's total net assets including cash and cash equivalents as of June 30, 2025.

† Not held by the Fund as of June 30, 2025.

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## United Airlines (UAL; Industrials)

### MSCI ESG Score: Overall BBB

United Airlines, headquartered in Chicago, IL, is a major airliner that operates an extensive domestic and international route across the U.S. and six continents. Over the course of the investment, the company has modernized its fleet, increased its gauge, improved the customer experience through its UnitedNext premium experience across not only business class but premium economy and economy too. As UAL has the largest trans-Pacific exposure of all U.S. carriers, we believe emerging risk to its this business segment could reasonably emerge due to expected pressure amid trade tensions between the U.S. and Asia/Pacific economies. As a result of this risk, the position was eliminated.

## Market Outlook

U.S. stocks, as represented by the S&P 500 Total Return Index, rallied 5.1% in June to reach an all-time high, and year-to-date the Index has advanced 6.2%. It was the quickest recovery to new records following a decline of at least 15% over the last 34 years. While it was the quickest recovery, its duration of 32 months has not been the longest bull market nor even close to the 59-month average bull market span since 1928.

While U.S. macroeconomic releases have been generally weak (e.g., continuing jobless claims, auto sales, and consumer confidence), most of the data points to slower economic growth rather than recession. Congress' passage of the Trump Administration's sweeping tax-cut and spending bill and raising of the debt ceiling limit avoided a legislative standoff and should provide a fiscal tailwind to the economy offsetting to some degree the demand destruction impact of tariffs on consumption. If inflation isn't triggered by the tariffs, then the stage is set for the Fed to provide rate relief so both fiscal and monetary policy could be stimulative into year end. While value indices outperformed growth earlier in the year, that factor trend reversed as higher bond interest rates diverted investor attention from dividend income sectors like consumer staples, real estate and utilities. Value stock valuations have become more attractive and should outperform growth again once the Fed resumes its rate cutting cycle which has been stymied due to tariff inflation fears.

Prices follow earnings. While not as stellar as first quarter results, per Strategas, S&P 500 2Q:25 EPS is poised for solid 5-6% y/y growth. Third quarter results could slow as well but expectations are for fourth quarter 2025 earnings to increase 8-10% followed by low to mid double-digit growth in 2026 with what we know now. A key signpost as to whether 2026 expectations are optimistic will be whether corporate America can meet or exceed targets for this year. Regardless, we are prepared for periodic bouts of volatility related to trade announcements and geopolitical events.

The TCW Relative Value team maintains its "steady hand" approach with a key focus on bottom-up catalysts and valuations and embedded risk controls such as position sizes, sector guidelines, and fundamental reviews when stock moves warrant. We are constructive on the outlook, busy, and actively working to make the best portfolio decisions possible with TCW's deep resources and decades of experience. ■

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*Please see additional disclosures on the following page(s).*

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## Characteristics as of June 30, 2025:

Top Ten Securities <sup>1</sup> (%)		Sector Weightings (%)	
Popular Inc	4.37	Financials	26.45
Equitable Holdings Inc	4.31	Consumer Discretionary	14.89
Jones Lang Lasalle Inc	3.60	Industrials	13.88
Corpay Inc	3.14	Information Technology	7.67
Ebay Inc	3.08	Real Estate	7.27
Flex Ltd	2.93	Energy	6.82
Toll Brothers Inc	2.78	Health Care	5.74
Sprouts Farmers Market Inc	2.76	Utilities	4.62
Nisource Inc	2.70	Materials	4.59
Ares Management Corp Class A	2.66	Consumer Staples	3.53
		Communication Services	1.95
		Cash	2.60

Source: TCW, FactSet

Portfolio characteristics and securities are subject to change at any time. It should not be assumed that an investment in the securities listed was or will be profitable.

<sup>1</sup> Security percentages are calculated on the total net asset value, including cash and cash equivalents.

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## IMPORTANT DISCLOSURE

This material may include estimates, projections and other “forward-looking” statements. Actual events may differ substantially from those presented. TCW assumes no duty to update any such statements.

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Performance Detail as of June 30, 2025

(%)	June	YTD	2Q	1 Year	Annualized			Since Inception <sup>1</sup>
					3 Year	5 Year	10 Year	
<b>TGVOX (I Share)</b> <i>Inception Date 11/1/1996<sup>2</sup></i>	<b>4.55</b>	<b>3.88</b>	<b>7.37</b>	<b>13.29</b>	<b>15.33</b>	<b>17.45</b>	<b>8.32</b>	<b>10.08</b>
<b>TGVNX (N Share)</b> <i>Inception Date 10/31/2000</i>	<b>4.54</b>	<b>3.85</b>	<b>7.31</b>	<b>13.19</b>	<b>15.22</b>	<b>17.34</b>	<b>8.19</b>	<b>8.24</b>
Russell Midcap <sup>®</sup> Value Index	3.51	3.12	5.35	11.53	11.34	13.71	8.39	10.05-I; 9.50-N
<b>Expense Ratio (%)</b>	<b>I Share</b>	<b>N Share</b>						
Gross	0.99	1.39						
Net <sup>3</sup>	0.85	0.95						

Annual fund operating expenses as stated in the Prospectus dated February 28, 2025, excluding interest and acquired fund fees and expenses, if any.

**The performance data presented represents past performance and is no guarantee of future results. Returns assume all income items are reinvested. 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.**

<sup>1</sup> The annualized since inception return for the index reflects the inception date of the TCW Class I and Class N Share Funds, respectively. For period 11/1/1996-6/30/2025; 10/31/2000-6/30/2025.

<sup>2</sup> 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.

<sup>3</sup> Effective February 28, 2025, 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 0.85% of average daily net assets with respect to Class I shares and 0.95% of average daily net assets with respect to Class N shares. The contractual fee waiver/expense reimbursement will remain in place through March 1, 2026 and before that date, the investment advisor may not terminate this arrangement without approval of the Board of Directors.

Source: TCW, FactSet, State Street B&T

### Index Disclosure

Russell Midcap<sup>®</sup> Value Index – A market capitalization-weighted index of medium-capitalization, value-oriented stocks of U.S. companies. 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.

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### Investment Risks

Equity investments entail equity risk and price volatility risk. The value of stocks and other equity securities will change based on changes in a company's financial condition and in overall market and economic conditions. Funds investing in mid and small cap companies involve special risks including higher volatility and lower liquidity.

All investing involves risk including the potential loss of principal. Market volatility may significantly impact the value of your investments. Recent tariff announcements may add to this volatility, creating additional economic uncertainty and potentially affecting the value of certain investments. Tariffs can impact various sectors differently, leading to changes in market dynamics and investment performance.

Please see the Fund's Prospectus for more information on these and other risks.



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## IMPORTANT DISCLOSURE

### MSCI ESG Ratings

An MSCI ESG Rating is designed to measure a company's resilience to long-term, industry material environmental, social and governance (ESG) risks. MSCI uses a rules-based methodology to identify industry leaders and laggards according to their exposure to ESG risks and how well they manage those risks relative to peers. MSCI's ESG Ratings range from leader (AAA, AA), average (A, BBB, BB) to laggard (B, CCC). Leader: A company leading its industry in managing the most significant ESG risks and opportunities; Average: A company with a mixed or unexceptional track record of managing the most significant ESG risks and opportunities relative to industry peers; Laggard: A company lagging its industry based on its high exposure and failure to manage significant ESG risks. ESG risks and opportunities can vary by industry and company. The MSCI ESG Ratings model identifies the ESG risks (called Key Issues), that are most material to a GICS® sub-industry or sector.

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### Glossary of Terms

**Buybacks** – The repurchase of outstanding shares by a company in order to reduce the number of shares on the market. **CCC Rating** – A CCC rating represents an extremely high risk bond or investment; banks are not allowed to invest in CCC rated bonds. CCC bonds are junk bonds. **Central Bank** – A monopolized and often nationalized institution given privileged control over the production and distribution of money and credit. **Compound Annual Growth Rate (CAGR)** – The geometric progression ratio that provides a constant rate of return over a specific time period longer than one year. **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. **Dividend Yield** – A financial ratio that shows how much a company pays out in dividends each year relative to its share price. In the absence of any capital gains, the dividend yield is the return on investment for a stock. **Dividend** – A distribution of a portion of a company's earnings, decided by the board of directors, to a class of its shareholders. **EPS (Earnings Per Share)** – The portion of a company's profit allocated to each outstanding share of common stock. **European Central Bank (ECB)** – The European Central Bank (ECB) is the central bank responsible for monetary policy of the European Union (EU) member countries that have adopted the euro currency. This currency union is known as the eurozone and currently includes 19 countries. The ECB's primary objective is price stability in the euro area. **Expense Ratio** – A measure of what it costs an investment company to operate a mutual fund. **Federal Open Market Committee (FOMC)** – The branch of the Federal Reserve Board that determines the direction of monetary policy. **Federal Reserve (the Fed)** – The central bank of the United States which regulates the U.S. monetary and financial system. **GDP (Gross Domestic Product)** – The market value of all final goods and services produced within a country in a given period of time. **Global Industry Classification Standard (GICS)** – A standardized classification system for equities developed jointly by Morgan Stanley Capital International (MSCI) and Standard & Poor's. **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. **Interest Rate** – The proportion of a loan that is charged as interest to the borrower, typically expressed as an annual percentage of the loan outstanding. **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. **Margin** – In a general business context, the difference between a product's (or service's) selling price and the cost of production. **Market Capitalization** – Represents the aggregate value of a company or stock. It is obtained by multiplying the number of shares outstanding by their current price per share. **Outperform** – Outperform is when an investment is expected to perform better than the return generated by a particular index or the overall market. Since the performance of many investments is compared to a benchmark index, outperform refers to generating a higher return than a particular benchmark over time. Outperform also refers to an analyst's rating on a security, and outperform is a better rating than neutral and worse than a strong buy recommendation. **Overweight** – A condition where the portfolio exposure to a given asset class (or risk measure) exceeds that of the benchmark index. **Price-to-Book (P/BV or Price/Book or P/B)** – A ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share. **Price-to-Cash Flow** – A ratio that measures the market's expectations of a firm's future financial health. It is calculated by dividing the share price by the cash flow per share. **Sell Side** – The part of the financial industry involved with the creation, promotion, analysis, and sale of securities. **Recession** – Two consecutive quarters of negative economic growth as measured by a country's gross domestic product. **Tariff** – A tax imposed on imported goods and services. **Top Line** – Reference to the gross sales or revenues of a company. **Treasuries** – Fixed-rate U.S. government debt securities. Treasuries are considered to be a low-risk investment because they are backed by the full faith and credit of the U.S. government, which includes the government's authority to raise taxes to cover its obligations. Because of their low risk, treasuries have a low return compared to many other investments. **Underperform** – When an investment is underperforming, it is not keeping pace with other securities or indices. **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. **Value** – A fund that primarily holds stocks that are deemed to be undervalued in price and that are likely to pay dividends. **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. **YTD** – Year-to-date.

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For more information about the Fund call us at 800 386 3829.  
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