

# TCW Investment Management Company

MANDATE: PINNACLE AMERICAN MID CAP GROWTH EQUITY FUND (THE "FUND")

## INVESTMENT OBJECTIVE OF THE FUND

To achieve long-term returns through capital growth by investing primarily in stocks of small and medium capitalization companies traded on U.S. stock exchanges.

## BACKGROUND OF TCW INVESTMENT MANAGEMENT COMPANY

- Founded in 1971, the TCW Group is comprised of affiliated global financial companies. The firm provides a broad range of international, U.S. equity and U.S. fixed income investment products and services for a diverse group of investors around the world. With approximately \$103 billion in assets under management, TCW offers a depth of investment experience and knowledge, as well as investment research capabilities, through its team of over 380 investment and administrative professionals.
- The TCW Group, Inc. is an indirect subsidiary of Societe Generale, S.A., one of the world's leading financial services companies.

## INVESTMENT PHILOSOPHY AND PROCESS OF TCW INVESTMENT MANAGEMENT COMPANY

- They typically invest in mid-capitalization stocks within the range of the Russell Mid Cap Growth Index at the time of purchase.
- Quantitative and qualitative criteria are employed to screen the universe and derive a list of potential candidates, which are then subjected to thorough fundamental analysis. Quantitative screens are just one of many sources of research ideas. Criteria screened include: Revenue Growth, Earnings Growth and Margin Expansion.
- They focus on distributable free cash flow. The team invests in a company when they conclude that it will sustainably and rapidly grow revenues and free cash flow over the team's 3+ year investment horizon; and generate free cash flow well in excess of that discounted in the current stock price and reflected in consensus Wall Street estimates.
- Generally, holdings are sold for the following reasons: The stock appreciates to their price target, unfavourable change in fundamentals, sector or security weighting reaches maximum allowed under strategy guidelines, and to fund higher-conviction ideas.
- Portfolios will generally remain fully invested and will typically hold 40-80 stocks.
- Generally, sectors are limited to the greater of 25% of the Russell Mid Cap Growth Index sector weight and individual security weighting are generally limited to 7% of the overall portfolio. Portfolios will be rebalanced to within the sector and individual security limits only at month-end.

## BIOGRAPHIES OF KEY PERSONNEL

**Brendt Stallings**, CFA, B.A., MBA is Managing Director, U.S. Equities. Prior to joining TCW in 1996, Mr. Stallings worked as an Equity Analyst with Chancellor LGT Asset Management (GT Global) in San Francisco.

**Husam H. Nazer**, B.S., MBA is Managing Director, U.S. Equities. Prior to joining TCW Mid-Cap Growth team in 2000, Mr. Nazer was a member of the TCW Equities Research Department where he made substantial contribution analyzing the health care and retail industries.

**Chang Lee**, B.S., MBA is Vice President, U.S. Equities. Mr. Lee joined TCW in 2005 as an Analyst in the US Equity Research Department where he covered the insurance sector. In 2006 Mr. Lee joined the TCW Small and Mid-Cap Growth Equities team as an Analyst, with an analytical focus on financials, health care and industrials.

**Mike Olson**, CFA, B.A., MBA, is Senior Vice President, U.S. Equities. Prior to joining TCW in 1999, Mr. Olson worked as a Research Analyst for Aegis Asset Management.

## SUMMARY\*

Location:	Los Angeles, California	Staff:	650
Founded:	1971	Managers/	
Ownership:	Majority owned by Societe Generale	Analysts:	169

<b>Assets:</b>		Limited Partnership:	\$15 billion
CDOs:	\$31 billion	Mutual Funds:	\$5 billion
Commingled Trusts:	\$1 billion	Public Funds:	\$17 billion
Corporate:	\$19 billion	Sub-advised:	\$5 billion
Endowments/		Taft-Hartley:	\$5 billion
Foundations:	\$3 billion	Wraps:	\$5 billion
Insurance:	\$2 billion	TOTAL:	\$108 billion

### Portfolio Characteristics:

Earnings/	
Growth:	Higher than market
ROE:	Higher than market
P/E:	Higher than market
P/B:	Higher than market
Yield:	Lower than market
Debt/Equity:	Lower than market

### Turnover:

Generally not expected to exceed 80% per annum

## STYLE

	Value	Blend	Growth
Large			
Medium			●
Small			

\*Information provided as of December 2008.

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