

# HIGH YIELD INVESTING 2Q09

## METWEST'S HIGH YIELD INVESTMENT PHILOSOPHY

Metropolitan West Asset Management's (MetWest) primary goal for investors is to optimize total return while having lower volatility than the benchmark. This is done by taking a "full-cycle" management approach to evolve portfolio positioning through the credit cycle. Our disciplined, value-oriented approach to high yield investing is anchored in thorough, fundamental credit analysis.

### STRENGTH

### METWEST'S HIGH YIELD STRATEGY

<b>Rigorous Credit-Driven Approach</b>	MetWest's asset-based lending approach is based on exhaustive fundamental research by our credit analyst team with specific emphasis on cash flow sustainability and covenant analysis
<b>Modest Base of Assets</b>	Enables managers to take a more nimble portfolio management approach that is particularly beneficial during periods of elevated volatility
<b>Proprietary Analytic Systems</b>	The High Yield team is supported by a proprietary risk management system to evolve portfolio risk tolerance through the credit cycle

## METROPOLITAN WEST HIGH YIELD BOND FUND Institutional I-Class as of 6/30/2009



5-Star Overall Morningstar Rating based on risk-adjusted returns as of 6/30/09 among 478 High Yield Bond Funds.

	YTD	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION 3/31/2003
<b>Net Performance Total Return</b>					
MWHIX <sup>1</sup>	31.06%	4.02%	4.23%	5.49%	7.64%
Barclays U.S. Corp HY - 2% Issuer Cap <sup>2</sup>	30.92%	-1.91%	2.34%	4.36%	6.74%
Lipper Ranking Based on Total Return for High Current Yield Funds Category (LHCYF)		(7 out of 462)	(2 out of 392)	(9 out of 333)	
<b>Downside Market Capture (Index: Barclays U.S. Corp HY - 2% Issuer Cap) Source: eVestment Alliance; Based on Total Return</b>					
MWHIX		78.43	75.14	72.31	74.25
25th Percentile (LHCYF)		100.51	100.59	102.97	102.32
75th Percentile (LHCYF)		86.04	84.58	87.58	86.98
Number of Observations (LHCYF)		462	392	333	308
		<b>AVERAGE<sup>3</sup> QUALITY</b>	<b>30-DAY<sup>4</sup> YIELD</b>	<b>AVERAGE<sup>5</sup> PRICE</b>	<b>AVERAGE DURATION</b>
MWHIX		BB-	10.06%	\$83.45	3.78 years
Barclays U.S. Corp HY - 2% Issuer Cap		B+	-	\$80.25	4.35 years

The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher. Performance data current to the most recent month-end may be obtained at [www.mwamllc.com](http://www.mwamllc.com). The investment return and principal value of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. The fund offers another class, the performance for which will vary due to fees and expenses. For MWHIX the total expense ratio is 0.73% and the net expense ratio is 0.55%. Redemption fee on shares sold within 6 months of purchase is 1.00% of redemption proceeds. Expenses reflect a contractual agreement by the Adviser to reduce its fees and/or absorb expenses to limit the Fund's total annual operating expenses for the current fiscal year. The Adviser voluntarily extended the agreement for the current fiscal year, and expects to renew the contractual expense limitation each year in May. For more information about fees and expenses, please read the prospectus.

Bond Funds have the same interest rate, yield and credit risks associated with the underlying bonds in the portfolio, all of which could reduce the Fund's value. As interest rates rise, the value of the Fund can decline and an investor can lose principal. High yield investments by the Fund in lower-rated and non-rated securities presents a greater risk of loss of principal and interest than higher-rated securities. The Fund may also not be suitable for all investors due to its use of sophisticated investment instruments such as derivatives.

You should consider the investment objectives, risks, charges and expenses of the Metropolitan West Funds carefully before investing. A prospectus with this and other information about the funds may be obtained by calling (800) 241-4671 or download one at [www.mwamllc.com](http://www.mwamllc.com). It should be read carefully before investing.

<sup>1</sup> Total return figures assume reinvestment of all distributions. Total returns reflect fee waivers in effect. Without fee waivers, returns would have been lower.

<sup>2</sup> The Barclays Capital U.S. Corporate High Yield - 2% Issuer Cap Index is generally representative of corporate bonds rated below investment-grade. The index limits the maximum exposure to any one issuer to 2% of the market value of the index.

<sup>3</sup> Quality ratings refer to the credit worthiness of the underlying securities of the portfolio and not to that of the Fund.

<sup>4</sup> 30-Day Yield is based on net income during the 30-day period ending 6/30/09

<sup>5</sup> The Average Price is weighted by amount outstanding for each bond in the portfolio.

Lipper is an independent monitor of mutual fund performance. Funds are classified by investment objectives defined by Lipper Analytical Services. The rankings of a Fund's peer group are based on total returns for 1-, 3-, 5- and 10-year time periods with dividends and distributions reinvested. Rankings are subject to change monthly. High ratings and rankings does not guarantee favorable performance. Performance for the Fund may be flat or negative for the time periods shown.

Shares of the Metropolitan West Funds are distributed by PFPC Distributors, Inc., 760 Moore Road, King of Prussia, PA 19406. DFU 7/09

## INVESTMENT PROCESS

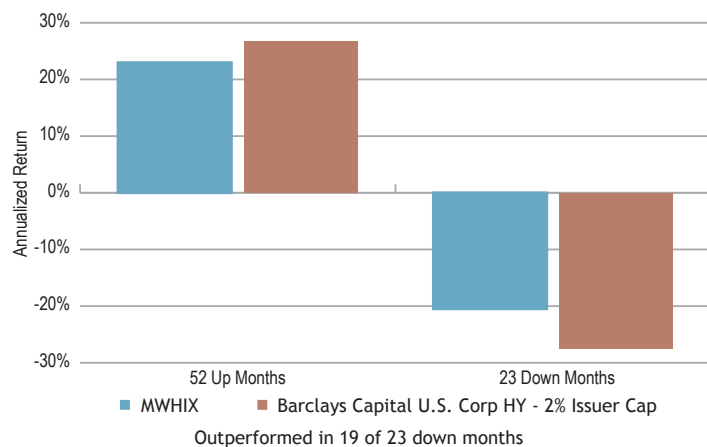
- > MetWest adheres to a "value" discipline that is based from the mean reverting nature of the fixed income markets.
- > The distinctive characteristics of MetWest's investment process relative to other high yield managers is the disciplined focus on asset value, cash flow sustainability, claim priority and covenant protection.
- > MetWest's "full-cycle", risk-tiering framework scales risk tolerance across the cyclical credit cycle.
- > MetWest's research effort is anchored by "bottom-up" credit analysis focusing on asset-rich companies with sounded and tested operating profiles.
- > The Fund's investment process has generated an attractive long-term risk and return profile across changing market environments.

## TOP TEN HOLDINGS as of 6/30/09

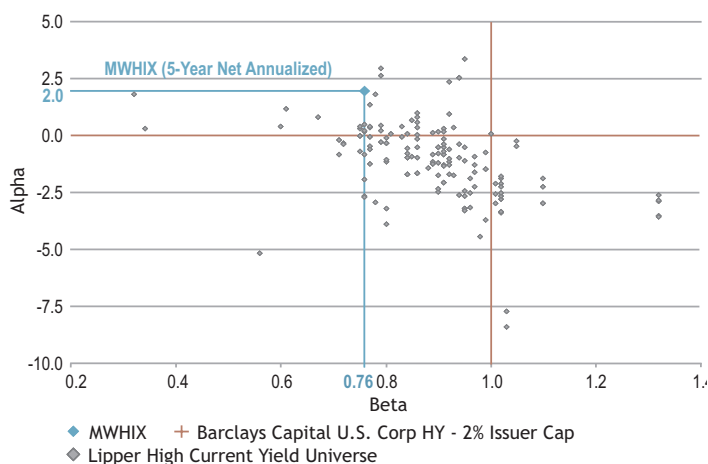
Top Ten Holdings are subject to change and do not include cash & equivalents.

Security Name	Coupon <sup>6</sup>	Maturity	% Port
PENNSYLVANIA ECONOMIC DEVELOPMENT	6.75%	12/01/36	2.38%
MASSEY ENERGY CO.	3.25%	08/01/15	1.58%
SABINE PASS LNG	7.25%	11/30/13	1.57%
CALPINE CONSTRUCTION FINANCE	8.00%	06/01/16	1.55%
AES CORPORATION	8.75%	05/15/13	1.48%
WESTERN REFINING	1.25%	06/15/17	1.44%
CONTINENTAL AIRLINES	6.90%	04/19/22	1.40%
FPL ENERGY NATIONAL WIND	6.13%	03/25/19	1.40%
PNM RESOURCES	9.25%	05/15/15	1.36%
SOUTHERN UNION	7.20%	11/01/66	1.33%
<b>Total</b>			<b>15.50%</b>

## UPSIDE/DOWNSIDE RETURN as of 6/30/09



## 5-YEAR ALPHA<sup>7</sup> VS. BETA<sup>8</sup> as of 6/30/09



For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year Morningstar Rating metrics. The Metropolitan West High Yield Bond Fund I-Class was rated 5 stars for the 3-year period and 5 stars for the 5-year period against 478 and 404 U.S.-Domiciled High Yield Bond Funds, respectively.

Down Markets are defined as periods in which the index (Barclays Capital High Yield Index - 2% Issuer Cap) has a negative (below 0%) performance.

Source: eVestment Alliance on 7/16/09. The Lipper High Current Yield Universe is comprised of mutual funds investing the majority of their assets in non-investment grade fixed income securities (as rated by Moody's or Standard & Poor's). Expected benchmarks for this universe would include the Barclays Capital High Yield Index. Not all managers using this investment style are represented in this database. Past performance is no guarantee of future results.

The following data points were omitted from the "Alpha and Beta" visual: (5-Year Beta, 5-Year Alpha), (1.90, -25.46%) (1.90, -26.05%) (1.89, -26.10%) (1.89, -25.76%).

<sup>6</sup> The coupon rate is a characteristic of the individual bonds in the underlying portfolio. The coupon rate is not representative of Fund performance.

<sup>7</sup> Alpha is the incremental return of a manager when the market is stationary. In other words, it is the extra return due to nonmarket factors. This risk-adjusted factor takes into account both the performance of the market as a whole and the volatility of the manager. A positive alpha indicates that a manager has produced returns above the expected level at that risk level, and vice versa for a negative alpha.

<sup>8</sup> Beta is a measure of a portfolio's volatility. Statistically, beta is the covariance of the portfolio in relation to the market. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. For example, a 1.10 beta portfolio has historically been 10% more volatile than the market.