

TCW STRATEGIC INCOME FUND INC  
Form N-CSR  
March 02, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-4980

TCW Strategic Income Fund, Inc.  
(Exact name of registrant as specified in charter)

865 South Figueroa Street, Suite 1800, Los Angeles, CA  
(Address of principal executive offices)

90017  
(Zip code)

Philip K. Holl, Esq.

Secretary

865 South Figueroa Street, Suite 1800

Los Angeles, CA 90017  
(Name and address of agent for service)

Registrant's telephone number, including area code: (213) 244-0000

Date of fiscal year end: December 31

Date of reporting period: December 31, 2008

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office

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of Management and Budget ( OMB ) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

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**Item 1. Report to Stockholders.**

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Insight that works for you.TM

TCW Strategic

Income Fund, Inc.

2008 Annual Report

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## The President's Letter

### Dear Shareholder:

We are pleased to present the 2008 annual report of the TCW Strategic Income Fund, Inc. ("TSI" or the "Fund"). TSI is a multi-asset class closed-end fund managed by TCW Investment Management Company. The Fund's current distribution policy is to pay at least 7% annually based on previous year-end net asset value ("NAV"). During 2008, total quarterly dividends of \$0.30 per share plus a special year-end distribution of \$0.08 were paid out. The overall return of the Fund's NAV during 2008 was -6.0% (with dividends invested). The market price to NAV discount widened from 14.1% at the end of December 2007 to 15.7% at the end of December 2008. The custom index for the Fund, a blend of equity and fixed income indices, was down 16.1% during 2008. The Lipper peer universe that includes the Fund, the Lipper Closed-End Income & Preferred Funds Index, rates TSI as the top fund for the three-month, one-year, and three-year trailing periods ended December 31, 2008.

TSI's underlying asset allocation includes a mix of fixed income and equity securities. While most of these asset classes had significantly negative sector returns during 2008, the largest allocation of the Fund, to Mortgage-Backed Securities ("MBS"), had very strong performance, nearly offsetting losses in other areas. Prices for Collateralized Debt Obligation ("CDO") and Asset-Backed Security ("ABS") holdings in the Fund were marked down significantly as these markets continued to experience delinquencies in underlying collateral pools and rating downgrades. However, allocations to these areas, as well as to Preferred Equity, were very small so that there was a limited impact on overall NAV return.

The following table summarizes the performance of the seven principal market sectors included in the Fund during 2008:

<b>TSI Fund Sector</b>	<b>Market Value* 12/31/2008</b>	<b>Percentage of Fund Allocation 12/31/2008</b>	<b>2008 Sector Return Gross of Fees</b>
Mortgage-Backed Securities	\$ 197.9	89.4%	20.0%
Convertible Securities	13.3	6.0	-37.8%
Collateralized Debt Obligation	5.0	2.3	-69.0%
High Yield Debt	0.0	0.0	-14.0%
Common Equity	4.7	2.1	-42.7%
Preferred Equity	0.0	0.0	-96.8%
Asset-Backed Securities	0.4	0.2	-69.1%
Total	\$ 221.3	100.0%	

\* Excluding short-term investments

The above portfolio composition resulted from the following allocation decisions:

The Fund's exposure to MBS was increased from approximately 50% to an almost 90% allocation due to relative market action and strategic and tactical moves funded by trimming other asset classes and deploying Fund leverage. This reallocation added value during 2008 as the MBS component of the Fund had significantly positive performance and exceeded the Barclays Capital U.S. Aggregate Bond Index by a wide margin. This allocation is composed of MBS securities with high initial credit ratings, including those backed by mortgages securitized by Government Sponsored Enterprises ("GSEs") as well as through private channel issuance. Some securities have characteristics that differ from traditional pass-through MBS, including their liquidity and sensitivity to rate changes. These securities include inverse floaters and interest-only securities. The non-GSE-backed MBS securities have greater exposure to credit risk, although we have purchased these with a view to capturing the opportunities from pricing pressures they currently are experiencing, relative to our assessment of their default risks. Currently, the MBS tranche has minimal underlying exposure to lower-rated real estate borrowers (FICO score less than 650) and carries a minimum individual security rating of A and an average rating of AAA/Agency.

The President's Letter (cont'd)

The Fund's exposure to the ABS sector was very low during the year due to declining and previous period writedowns and returns of principal. As a result, the negative performance reported by this allocation had only a small impact on the overall Fund NAV performance.

The Fund's CDO allocation is now essentially all in the form of Collateralized Loan Obligations ("CLO") with exposure to collateral composed of bank and commercial real estate loans. These securities continued to have been repriced lower during the year with negative annual performance. Two CLO positions were sold at a price close to prevailing mark-to-market values. The investment team is looking for other opportunities to reduce exposure at reasonable values.

The Fund's exposure to High Yield via synthetic exposure to the CDX index was trimmed in half during the first half of 2008 with the proceeds reinvested in MBS, an operation that added value. During the last half of the year, this synthetic exposure was eliminated in order to avoid any counterparty risk inherent in this investment.

The Fund has a small allocation to equities that underperformed the S&P 500 index and was negative in absolute terms. The exposure to equities was strategically reduced more than one year ago.

The Fund started the year with \$4.5 million in leverage and had \$58.1 million at the end of December 2008.

We are pleased with how these decisions positioned the Fund portfolio during 2008. The increased allocation to MBS and the strong performance of that allocation were a very favorable decision during the year. We also would note that the Fund has the discretion to use borrowed funds at a cost of 75 basis points over the Federal Funds rate to leverage the portfolio. During 2008, the Fund continued to increase leverage to invest primarily in MBS. The Fund as of today is benefiting from positive cash-flow carry on those positions.

Investors should be aware that TSI has additional information accessible via TCW's web site, [www.tcw.com](http://www.tcw.com). Investors should periodically access it. Jeffrey Gundlach, the portfolio manager of the Fund, held a conference call for TSI investors in January 2009 to discuss Fund performance and market observations. The one hour call attracted numerous participants and has been posted on the TSI website.

On behalf of the Board and everyone at TCW, I would like to thank you for your continued support.

Sincerely,

Ronald R. Redell  
President and Chief Executive Officer





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TCW Strategic Income Fund

Schedule of Investments

December 31, 2008

Principal Amount		Value
<b>Fixed Income Securities</b>		
<b>Asset-Backed Securities (0.3% of Net Assets)</b>		
<b>Banking (0.3%)</b>		
\$ 2,500,000	Ameriquist Mortgage Securities, Inc., (06-R2-M10), 2.971%, due 04/25/36 <sup>1,2</sup>	\$ 37,500
2,000,000	Carrington Mortgage Loan Trust, (06-FRE2-M10), (144A), 2.471%, due 10/25/36 (Cost \$1,762,231, Acquired 10/05/2006) <sup>1,2,3,4</sup>	20,000
2,000,000	Carrington Mortgage Loan Trust, (06-NC1-M10), (144A), 3.471%, due 01/25/36 (Cost \$1,882,813, Acquired 05/19/2006) <sup>1,2,3,4</sup>	120,000
1,500,000	Countrywide Asset-Backed Certificates, (06-26-B), (144A), 2.221%, due 06/25/37 (Cost \$1,229,772, Acquired 12/19/2006) <sup>1,2,3,4,9</sup>	4,350
2,000,000	Countrywide Asset-Backed Certificates, (07-6-M8), 2.471%, due 09/25/37 <sup>1,2,9</sup>	22,000
1,691,863	Countrywide Asset-Backed Certificates, (06-5-B), 2.871%, due 08/25/36 <sup>1,2,5,9</sup>	8,121
426,097	Countrywide Asset-Backed Certificates, (06-6-B), (144A), 3.471%, due 09/25/36 (Cost \$1,611,776, Acquired 03/20/2006) <sup>1,2,3,4,5,9</sup>	1,065
2,000,000	Fremont Home Loan Trust, (06-2-M9), 2.871%, due 02/25/36 <sup>1,2</sup>	30,000
2,000,000	HSI Asset Securitization Corp. Trust, (06-OPT3-M9), 2.471%, due 02/25/36 <sup>1,2</sup>	10,000
1,740,000	HSI Asset Securitization Corp. Trust, (07-HE2-M8), 2.971%, due 04/25/37 <sup>1,2</sup>	52,200
1,000,000	Saxon Asset Securities Trust, (07-1-B2), 2.721%, due 01/25/47 <sup>1,2</sup>	30,000
2,000,000	Saxon Asset Securities Trust, (06-2-B4), 2.971%, due 09/25/36 <sup>1,2</sup>	15,000
2,000,000	Securitized Asset-Backed Receivables LLC Trust, (07-BR1-B2), 2.721%, due 02/25/37 <sup>1,2,9</sup>	19,220
579,008	Soundview Home Equity Loan Trust, (06-OPT2-M9), (144A), 2.971%, due 05/25/36 (Cost \$1,745,625, Acquired 03/14/2006) <sup>1,2,3,4,5</sup>	1,448
1,771,941	Soundview Home Equity Loan Trust, (06-OPT3-M9), (144A), 2.971%, due 06/25/36 (Cost \$1,811,875, Acquired 04/13/2006) <sup>1,2,3,4,5</sup>	8,860
2,000,000	Structured Asset Securities Corp., (06-WF1-M9), 2.471%, due 02/25/36 <sup>1,2</sup>	20,000
2,700,000	Structured Asset Securities Corp., (07-EQ1-M9), 2.971%, due 03/25/37 <sup>1,2</sup>	27,000
	<b>Total Banking</b>	426,764
	<b>Total Asset-Backed Securities (Cost: \$26,879,700)</b>	426,764
<b>Collateralized Debt Obligations (2.9%)</b>		
<b>Banking (0.0%)</b>		
1,000,000	FM Leveraged Capital Fund, (06-2A-E), (144A), 5.986%, due 11/15/20 (Cost \$1,000,000, Acquired 10/31/2006) <sup>1,2,3,4,9</sup>	74,752
<b>Diversified Financial Services-Multi-Sector Holdings (0.0%)</b>		
1,500 <sup>7</sup>	Mantoloking CDO, Ltd., (144A), 0%, due 09/28/46 (Cost \$1,417,500, Acquired 11/21/2006) <sup>1,2,3,4,6</sup>	

(1) Illiquid security.

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(2) Floating or variable rate security. The interest shown reflects the rate in effect at December 31, 2008.

(3) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers. At December 31, 2008, the value of these securities amounted to \$8,027,859 or 4.6% of net assets. These securities are determined to be liquid by the Advisor, unless otherwise noted, under procedures established by and under the general supervision of the Fund's Board of Directors.

(4) Restricted security (Note 7).

(5) The issuer has declared partial write-off on outstanding principal balance.

(6) Non-income producing security.

(7) Represents number of preferred shares.

(9) Fair valued security (Note 1).

CDO - Collateralized Debt Obligation.

See accompanying Notes to Financial Statements.

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Schedule of Investments

December 31, 2008 (cont'd)

Principal Amount		Value
\$ 487,728	Mantoloking CDO, Ltd., (06-1A-E), (144A), 0%, due 08/28/46 (Cost \$487,728, Acquired 11/21/2006) <sup>1,2,3,4,6</sup>	\$
<b>Total Diversified Financial Services-Multi-Sector Holdings</b>		
<b>Diversified Financial Services-Specialized Finance (2.9%)</b>		
1,500 <sup>7</sup>	ACA CLO, Ltd., (06-2), (144A), 1.264%, due 01/09/21 (Cost \$1,395,000, Acquired 11/28/2006) <sup>1,2,3,4</sup>	75,000
4,000,000	ARES CLO, (06-5RA), (144A), 8.103%, due 02/24/18 (Cost \$3,840,000, Acquired 03/08/2006) <sup>1,2,3,4</sup>	320,000
2,000,000	Avenue CLO, Ltd., (07-6A), (144A), 1.122%, due 07/17/19 (Cost \$1,840,000, Acquired 04/24/2007) <sup>1,2,3,4,9</sup>	340,000
1,000 <sup>7</sup>	Centurion CDO VII, Ltd., (144A), 15.562%, due 01/30/16 (Cost \$760,000, Acquired 11/01/2006) <sup>1,2,3,4,9</sup>	180,000
2,000,000	Clydesdale CLO, Ltd., (06-1A), (144A), 21.497%, due 12/19/18 (Cost \$1,860,000, Acquired 01/16/2007) <sup>1,2,3,4,9</sup>	340,000
1,000,000	CW Capital Cobalt, (06-2A-K), (144A), 7.016%, due 04/26/50 (Cost \$1,000,000, Acquired 04/12/2006) <sup>1,2,3,4</sup>	40,000
1,000,000	CW Capital Cobalt II, (06-2A-PS), (144A), 8.46%, due 04/26/50 (Cost \$940,000, Acquired 04/12/2006) <sup>1,2,3,4</sup>	286,803
857,103	De Meer Middle Market CLO, Ltd., (06-1A-E), (144A), 8.059%, due 10/20/18 (Cost \$918,497, Acquired 08/03/2006) <sup>1,2,3,4,9</sup>	82,912
1,771,501	De Meer Middle Market CLO, Ltd., (06-1A), (144A), 13.296%, due 10/20/18 (Cost \$1,734,261, Acquired 08/03/2006) <sup>1,3,4,9</sup>	194,865
2,000,000	Duane Street CLO, (06-3-A), (144A), 0%, due 01/11/21 (Cost \$1,860,000, Acquired 11/15/2006) <sup>1,3,4,8,9</sup>	300,000
2,000 <sup>7</sup>	FM Leveraged Capital Fund II, (06-1A-PS), (144A), 0%, due 11/20/20 (Cost \$1,860,000, Acquired 10/31/2006) <sup>1,2,3,4,8,9</sup>	300,000
2,000,000	Galaxy CLO, Ltd., (06-6I), 6.88%, due 06/13/18 <sup>9</sup>	400,000
2,000,000	Galaxy CLO, Ltd., (06-7A), (144A), 12.708%, due 10/13/18 (Cost \$1,900,000, Acquired 08/04/2006) <sup>1,3,4,9</sup>	400,000
2,000,000	LCM CDO, LP, (5I), 20.55%, due 03/21/19 <sup>1,9</sup>	420,000
3,500,000	Octagon Investment Partners X, Ltd., (06-10A), (144A), 1.285%, due 10/18/20 (Cost \$3,325,000, Acquired 08/10/2006) <sup>1,3,4</sup>	350,000
3,000,000	Prospect Park CDO, Ltd., (06-II), 11.484%, due 07/15/20 <sup>1,9</sup>	660,000

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(4) Restricted security (Note 7).

(6) Non-income producing security.

(7) Represents number of preferred shares.

(8) As of December 31, 2008, security is not accruing interest.

(9) Fair valued security (Note 1).

CDO - Collateralized Debt Obligation.

CLO - Collateralized Loan Obligation.

See accompanying Notes to Financial Statements.

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TCW Strategic Income Fund

Schedule of Investments

December 31, 2008 (cont'd)

Principal Amount		Value
\$ 1,750,000 <sup>7</sup>	Vertical CDO, Ltd., (06-1), (144A), 0%, due 04/22/46 (Cost \$1,697,500, Acquired 05/16/2006) <sup>1,2,3,4,8</sup>	\$ 122,500
1,000,000 <sup>7</sup>	Whitehorse III, Ltd., (144A), 5.726%, due 05/01/18 (Cost \$900,000, Acquired 02/22/2007) <sup>1,2,3,4,9</sup>	140,000
	<b>Total Diversified Financial Services-Specialized Finance</b>	<b>4,952,080</b>
	<b>Thriffs &amp; Mortgage Finance (0.0%)</b>	
10,000	Bering CDO, Ltd., (06-1A), (144A), 0%, due 09/07/46 (Cost \$870,000, Acquired 08/03/2006) <sup>1,2,3,4,6,8</sup>	
1,123,341	Bering CDO, Ltd., (06-1A-C), (144A), 0%, due 09/07/46 (Cost \$1,000,000, Acquired 08/03/2006) <sup>1,2,3,4,6,8</sup>	
2,000,000	Fortius Funding, Ltd., (06-2-A), (144A), 0%, due 02/03/42 (Cost \$1,900,000, Acquired 11/03/2006) <sup>1,2,3,4,6,8</sup>	200
1,031,101	Fortius Funding, Ltd., (06-2-AE), (144A), 0%, due 02/03/42 (Cost \$955,559, Acquired 11/06/2006) <sup>1,2,3,4,6,8</sup>	103
1,000 <sup>7</sup>	Fortius I Funding, Ltd., (144A), 0%, due 07/12/41 (Cost \$970,000, Acquired 03/13/2006) <sup>1,2,3,4,6,8</sup>	100
1,744,763	Hudson Mezzanine Funding, (06-1-AE), (144A), 0%, due 04/12/42 (Cost \$1,553,359, Acquired 10/25/2006) <sup>1,2,3,4,6,8</sup>	
1,500,000	Hudson Mezzanine Funding, (06-1A-INC), (144A), 0%, due 04/12/42 (Cost \$1,395,000, Acquired 10/25/2006) <sup>1,2,3,4,6,8</sup>	
2,000,000	Vertical CDO, Ltd., (06-2A), (144A), 0%, due 05/09/46 (Cost \$1,860,000, Acquired 05/19/2006) <sup>1,2,3,4,6,8</sup>	
2,221,110	Vertical CDO, Ltd., (06-2A-C), (144A), 0%, due 05/09/46 (Cost \$2,171,422, Acquired 05/19/2006) <sup>1,2,3,4,6,8</sup>	
	<b>Total Thriffs &amp; Mortgage Finance</b>	<b>403</b>
	<b>Total Collateralized Debt Obligations (Cost: \$5,027,235)</b>	<b>5,027,235</b>
	<b>Collateralized Mortgage Obligations (114.1%)</b>	
	<b>Private Mortgage-Backed Securities (44.9%)</b>	
5,250,000	Adjustable Rate Mortgage Trust, (05-11-2A3), 5.326%, due 02/25/36 <sup>2</sup>	3,033,438
3,097,301	Adjustable Rate Mortgage Trust, (05-4-6A22), 5.288%, due 08/25/35 <sup>2</sup>	1,698,440
4,200,090	American Home Mortgage Assets, (05-2-2A1A), 6.019%, due 01/25/36 <sup>2</sup>	3,046,714
3,914,644	Banc of America Funding Corp., (07-6-A2), 0.751%, due 07/25/37 <sup>2</sup>	2,127,931
2,653,944	Bear Stearns Alternative Loan Trust, (06-2-22A1), 5.931%, due 03/25/36	1,189,156
3,500,000	Citi Mortgage Alternative Loan Trust, (06-A3-1A7), 6%, due 07/25/36	2,316,276
3,000,000	Countrywide Alternative Loan Trust, (07-11T1-A21), 6%, due 05/25/37	1,403,398

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CDO - Collateralized Debt Obligation.

See accompanying Notes to Financial Statements.

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Schedule of Investments

December 31, 2008 (cont'd)

Principal Amount		Value
\$ 4,000,000	Countrywide Alternative Loan Trust, (07-12T1-A5), 6%, due 06/25/37	\$ 2,718,368
3,000,000	Countrywide Alternative Loan Trust, (07-19-1A4), 6%, due 08/25/37	1,841,242
2,772,000	Countrywide Alternative Loan Trust, (07-9T1-2A3), 6%, due 05/25/37	1,451,273
2,293,479	Countrywide Home Loans, (04-HYB4-B1), 4.589%, due 09/20/34 <sup>2</sup>	1,380,629
209,515,498	Countrywide Home Loans, (06-14-X), 0.338%, due 09/25/36 (I/O) <sup>2</sup>	1,857,208
251,512,205	Countrywide Home Loans, (06-15-X), 0.385%, due 10/25/36 (I/O) <sup>2</sup>	2,234,384
3,900,000	Countrywide Home Loans, (07-J2-2A6), 6%, due 07/25/37	1,350,997
3,738,542	Credit Suisse First Boston Mortgage Securities Corp., (05-12-1A1), 6.5%, due 01/25/36	3,106,920
36,301,699	Credit Suisse Mortgage Capital Certificates, (06-9-7A2), 6.079%, due 11/25/36 (I/O) (I/F) <sup>2</sup>	2,572,563
2,481,679	Credit Suisse Mortgage Capital Certificates, (07-5-DB1), 7.089%, due 08/25/37 <sup>2</sup>	185,267
2,631,917	GSC Capital Corp. Mortgage Trust, (06-2-A1), 0.651%, due 05/25/36 <sup>2</sup>	993,344
6,640,496	GSR Mortgage Loan Trust, (03-7F-1A4), 5.25%, due 06/25/33	4,665,958
1,042,447	GSR Mortgage Loan Trust, (04-3F-2A10), 16.579%, due 02/25/34 (I/F) <sup>2</sup>	840,328
2,235,145	GSR Mortgage Loan Trust, (05-AR3-6A1), 5.02%, due 05/25/35 <sup>2</sup>	1,151,589
3,908,883	GSR Mortgage Loan Trust, (06-1F-1A5), 27.933%, due 02/25/36 (I/F) (TAC) <sup>2</sup>	3,757,945
4,337,786	JP Morgan Alternative Loan Trust, (07-A1-2A1), 5.925%, due 03/25/37 <sup>2</sup>	2,947,975
4,215,291	JP Morgan Mortgage Trust, (07-S2-1A1), 5%, due 06/25/37	2,669,722
3,639,061	MASTR Alternative Loans Trust, (07-HF1-4A1), 7%, due 10/25/47	1,932,780
3,927,684	Morgan Stanley Mortgage Loan Trust, (06-2-6A), 6.5%, due 02/25/36	2,322,997
2,000,000	Nomura Asset Acceptance Corp., (07-1-1A2), 5.669%, due 03/25/47 <sup>2</sup>	938,025
2,500,000	Novastar Home Equity Loan, (04-2-M4), 1.671%, due 09/25/34 <sup>2</sup>	1,246,834
2,442,285	Residential Accredit Loans, Inc., (05-QA7-M1), 5.504%, due 07/25/35 <sup>2</sup>	601,139
5,000,000	Residential Accredit Loans, Inc., (06-QS8-A3), 6%, due 08/25/36	2,222,509
2,779,000	Residential Asset Securitization Trust, (05-A8CB-A3), 5.5%, due 07/25/35	1,862,221
12,813,332	Residential Asset Securitization Trust, (07-A5-AX), 6%, due 05/25/37 (I/O)	1,433,812
286,113,909	Residential Funding Mortgage Securities, (06-S9-AV), 0.297%, due 09/25/36 (I/O) <sup>2</sup>	2,091,579
3,089,246	Structured Adjustable Rate Mortgage Loan Trust, (05-20-1A1), 5.88%, due 10/25/35 <sup>2</sup>	1,603,586
3,546,356	Structured Adjustable Rate Mortgage Loan Trust, (05-23-3A1), 6.122%, due 01/25/36 <sup>2</sup>	1,896,805
2,724,458	Structured Adjustable Rate Mortgage Loan Trust, (06-3-4A), 6%, due 04/25/36	1,566,132
1,983,671	Structured Adjustable Rate Mortgage Loan Trust, (07-9-2A1), 5.981%, due 10/25/47 <sup>2</sup>	973,579
1,679,924	Terwin Mortgage Trust, (06-17HE-A2A), (144A), 0.551%, due 01/25/38 <sup>2,3</sup>	1,243,144
4,359,600	Washington Mutual Alternative Mortgage Pass-Through Certificates, (05-7-3CB), 6.5%, due 08/25/35	2,951,024
4,500,000	Wells Fargo Mortgage Backed Securities Trust, (07-8-2A10), 6%, due 07/25/37 (PAC)	2,401,768
	<b>Total Private Mortgage-Backed Securities</b>	<b>77,828,999</b>

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I/F - Inverse Floating rate security whose interest rate moves in the opposite direction of prevailing interest rates.

I/O - Interest Only Security.

PAC - Planned Amortization Class.

TAC - Target Amortization Class.

See accompanying Notes to Financial Statements.



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TCW Strategic Income Fund

Schedule of Investments

December 31, 2008 (cont'd)

Principal Amount		Value
<b>U.S. Government Agency Obligations (69.2%)</b>		
\$ 4,460,936	Federal Home Loan Mortgage Corp., (2654-CO), 0%, due 08/15/33 (P/O)	\$ 2,432,178
3,258,000	Federal Home Loan Mortgage Corp., (2684-SN), 22.275%, due 10/15/33 (I/F) <sup>2</sup>	3,364,438
5,688,598	Federal Home Loan Mortgage Corp., (2691-CO), 0%, due 10/15/33 (P/O)	4,928,796
1,670,011	Federal Home Loan Mortgage Corp., (2727-AS), 7.283%, due 07/15/32 (I/F) <sup>2</sup>	1,332,389
3,278,006	Federal Home Loan Mortgage Corp., (2857-OM), 0%, due 09/15/34 (P/O)	2,014,646
1,950,546	Federal Home Loan Mortgage Corp., (2870-EO), 0%, due 10/15/34 (P/O)	1,462,932
3,358,313	Federal Home Loan Mortgage Corp., (2937-SW), 16.683%, due 02/15/35 (I/F) (TAC) <sup>2</sup>	3,504,022
832,360	Federal Home Loan Mortgage Corp., (2950-GS), 16.275%, due 03/15/35 (I/F) <sup>2</sup>	780,823
3,144,097	Federal Home Loan Mortgage Corp., (2951-NS), 16.275%, due 03/15/35 (I/F) <sup>2</sup>	2,842,710
1,529,079	Federal Home Loan Mortgage Corp., (2962-GT), 16%, due 04/15/35 (I/F) (TAC) <sup>2</sup>	1,536,007
987,732	Federal Home Loan Mortgage Corp., (2990-JK), 17.223%, due 03/15/35 (I/F) <sup>2</sup>	965,596
3,352,070	Federal Home Loan Mortgage Corp., (3000-SR), 16.183%, due 03/15/35 (I/F) (TAC) <sup>2</sup>	3,484,253
2,242,315	Federal Home Loan Mortgage Corp., (3014-SJ), 9.189%, due 08/15/35 (I/F) <sup>2</sup>	1,846,658
1,607,354	Federal Home Loan Mortgage Corp., (3019-SQ), 26.962%, due 06/15/35 (I/F) <sup>2</sup>	1,737,302
2,167,131	Federal Home Loan Mortgage Corp., (3035-TP), 6.5%, due 12/15/33 (I/F) <sup>2</sup>	1,994,601
3,226,609	Federal Home Loan Mortgage Corp., (3063-JS), 22.468%, due 11/15/35 (I/F) <sup>2</sup>	3,406,859
474,925	Federal Home Loan Mortgage Corp., (3076-ZQ), 5.5%, due 11/15/35 (PAC)	475,325
2,658,445	Federal Home Loan Mortgage Corp., (3077-ZW), 4.5%, due 08/15/35	2,657,326
1,801,093	Federal Home Loan Mortgage Corp., (3081-PO), 0%, due 07/15/33 (P/O)	1,562,989
2,184,497	Federal Home Loan Mortgage Corp., (3092-CS), 16.113%, due 12/15/35 (I/F) (TAC) <sup>2</sup>	2,231,839
2,274,394	Federal Home Loan Mortgage Corp., (3092-LO), 0%, due 12/15/35 (P/O) (TAC)	2,024,384
2,819,318	Federal Home Loan Mortgage Corp., (3092-OL), 0%, due 12/15/35 (P/O)	2,245,168
24,825,292	Federal Home Loan Mortgage Corp., (3122-SG), 4.435%, due 03/15/36 (I/O) (I/F) (TAC) (PAC) <sup>2</sup>	1,485,523
2,542,913	Federal Home Loan Mortgage Corp., (3128-OJ), 0%, due 03/15/36 (P/O)	2,262,474
1,948,802	Federal Home Loan Mortgage Corp., (3146-SB), 19.268%, due 04/15/36 (I/F) <sup>2</sup>	1,996,524
1,258,231	Federal Home Loan Mortgage Corp., (3153-NK), 19.195%, due 05/15/36 (I/F) <sup>2</sup>	1,249,099
2,006,725	Federal Home Loan Mortgage Corp., (3161-SA), 19.085%, due 05/15/36 (I/F) <sup>2</sup>	2,055,684
3,085,207	Federal Home Loan Mortgage Corp., (3171-GO), 0%, due 06/15/36 (P/O) (PAC)	2,874,081
3,404,911	Federal Home Loan Mortgage Corp., (3185-SA), 9.009%, due 07/15/36 (I/F) <sup>2</sup>	2,908,817
1,359,530	Federal Home Loan Mortgage Corp., (3186-SB), 18.352%, due 07/15/36 (I/F) <sup>2</sup>	1,323,522

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2,399,144	Federal Home Loan Mortgage Corp., (3330-SB), 19.452%, due 06/15/37 (I/F) (TAC) <sup>2</sup>	2,465,073
3,254,610	Federal Home Loan Mortgage Corp., (3349-SD), 18.168%, due 07/15/37 (I/F) <sup>2</sup>	3,176,108
1,858,681	Federal Home Loan Mortgage Corp., (3457-PO), 0%, due 09/15/36 (P/O)	1,730,191

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I/O - Interest Only Security.

PAC - Planned Amortization Class.

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See accompanying Notes to Financial Statements.

## Schedule of Investments

December 31, 2008 (cont'd)

Principal Amount		Value
\$ 3,647,488	Federal National Mortgage Association, (05-1-GZ), 5%, due 02/25/35	\$ 3,553,519
3,704,674	Federal National Mortgage Association, (05-13-JS), 20.894%, due 03/25/35 (I/F) <sup>2</sup>	3,499,999
1,941,663	Federal National Mortgage Association, (05-44-TS), 18.263%, due 03/25/35 (I/F) (TAC) <sup>2</sup>	1,957,890
2,094,842	Federal National Mortgage Association, (05-62-BO), 0%, due 07/25/35 (P/O)	1,866,750
2,923,909	Federal National Mortgage Association, (05-69-HO), 0%, due 08/25/35 (P/O)	2,243,498
1,169,544	Federal National Mortgage Association, (05-87-ZQ), 4.5%, due 10/25/25	1,152,049
1,354,243	Federal National Mortgage Association, (05-92-DT), 6%, due 10/25/35 (I/F) (TAC)	1,361,230
1,056,294	Federal National Mortgage Association, (06-14-SP), 18.889%, due 03/25/36 (I/F) (TAC) <sup>2</sup>	1,090,890
1,384,308	Federal National Mortgage Association, (06-15-LO), 0%, due 03/25/36 (P/O)	1,041,384
3,604,348	Federal National Mortgage Association, (06-45-SP), 21.482%, due 06/25/36 (I/F) <sup>2</sup>	3,773,740
1,876,092	Federal National Mortgage Association, (06-57-SA), 21.262%, due 06/25/36 (I/F) <sup>2</sup>	1,841,886
2,000,000	Federal National Mortgage Association, (06-67-DS), 23.227%, due 07/25/36 (I/F) <sup>2</sup>	1,895,980
27,411,922	Federal National Mortgage Association, (07-48-SD), 5.629%, due 05/25/37 (I/O) (I/F) <sup>2</sup>	1,992,318
2,340,578	Federal National Mortgage Association, (07-58-SL), 14.947%, due 06/25/36 (I/F) <sup>2</sup>	2,216,021
5,863,296	Government National Mortgage Association, (05-45-DK), 17.84%, due 06/16/35 (I/F) <sup>2</sup>	5,655,708
41,384,520	Government National Mortgage Association, (06-35-SA), 6.093%, due 07/20/36 (I/O) (I/F) <sup>2</sup>	2,532,066
77,160,365	Government National Mortgage Association, (06-61-SA), 4.243%, due 11/20/36 (I/O) (I/F) (TAC) <sup>2</sup>	4,404,561
38,938,753	Government National Mortgage Association, (08-53-TS), 5.963%, due 05/20/38 (I/O) (I/F) (TAC) <sup>2</sup>	2,536,190
49,054,836	Government National Mortgage Association, (08-58-TS), 5.893%, due 05/20/38 (I/O) (I/F) (TAC) <sup>2</sup>	3,125,019
	<b>Total U.S. Government Agency Obligations</b>	120,099,035
	<b>Total Collateralized Mortgage Obligations (Cost: \$186,480,700)</b>	197,928,034
	<b>Total Fixed Income Securities (Cost: \$218,387,635) (117.3%)</b>	203,382,033
	<b>Convertible Securities</b>	
	<b>Convertible Corporate Bonds (4.3%)</b>	
	<b>Banking (0.7%)</b>	
907,000	Euronet Worldwide, Inc., 3.5%, due 10/15/25	587,282
683,000	National City Corp., 4%, due 02/01/11	612,139
	<b>Total Banking</b>	1,199,421
	<b>Commercial Services (0.3%)</b>	
865,000	Sotheby's, (144A), 3.125%, due 06/15/13 <sup>3</sup>	536,300

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See accompanying Notes to Financial Statements.

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TCW Strategic Income Fund

Schedule of Investments

December 31, 2008 (cont'd)

Principal Amount		Value
<b>Electronics (0.9%)</b>		
\$ 736,000	Agere Systems, Inc., 6.5%, due 12/15/09	\$ 725,880
45,000	JA Solar Holdings Co., Ltd., 4.5%, due 05/15/13	18,225
751,000	LSI Logic Corp., 4%, due 05/15/10	705,001
339,000	Xilinx, Inc., (144A), 3.125%, due 03/15/37 <sup>3</sup>	231,791
	<b>Total Electronics</b>	1,680,897
<b>Healthcare Providers (0.4%)</b>		
1,186,000	Omnicare, Inc., 3.25%, due 12/15/35	671,573
<b>Media-Broadcasting &amp; Publishing (0.1%)</b>		
319,000	Ciena Corp., 0.875%, due 06/15/17	114,043
<b>Medical Supplies (0.1%)</b>		
160,000	Integra LifeSciences Holdings Corp., (144A), 2.375%, due 06/01/12 <sup>3</sup>	117,800
160,000	Integra LifeSciences Holdings Corp., (144A), 2.75%, due 06/01/10 <sup>3</sup>	142,000
	<b>Total Medical Supplies</b>	259,800
<b>Metals (0.1%)</b>		
370,000	Coeur d'Alene Mines Corp., 3.25%, due 03/15/28	119,325
<b>Oil &amp; Gas (0.6%)</b>		
99,000	Hercules Offshore, Inc., (144A), 3.375%, due 06/01/38 <sup>3</sup>	45,787
443,000	Transocean, Inc., Class A, 1.625%, due 12/15/37	388,179
442,000	Transocean, Inc., Class B, 1.5%, due 12/15/37	360,230
442,000	Transocean, Inc., Class C, 1.5%, due 12/15/37	342,550
	<b>Total Oil &amp; Gas</b>	1,136,746
<b>Pharmaceuticals (0.2%)</b>		
357,000	United Therapeutics Corp., (144A), 0.5%, due 10/15/11 <sup>3</sup>	340,043
<b>Real Estate (0.8%)</b>		
1,517,000	Affordable Residential Communities, Inc., (144A), 7.5%, due 08/15/25 (Cost \$1,516,330, Acquired 08/03/2005-05/12/2006) <sup>1,3,4</sup>	1,283,761
180,000	ProLogis, 2.625%, due 05/15/38	77,400
	<b>Total Real Estate</b>	1,361,161
<b>Retailers (0.1%)</b>		
140,000	RadioShack Corp., (144A), 2.5%, due 08/01/13 <sup>3</sup>	117,075
	<b>Total Convertible Corporate Bonds (Cost: \$9,716,352)</b>	7,536,384

(1) Illiquid security.

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(4) Restricted security (Note 7).

See accompanying Notes to Financial Statements.



## Schedule of Investments

December 31, 2008 (cont'd)

Number of Shares		Value
	<b>Convertible Preferred Stocks (3.3%)</b>	
	<b>Commercial Banks (0.1%)</b>	
1,542	Fifth Third Bancorp, Series G, \$8.50	\$ 125,025
	<b>Commercial Services (0.1%)</b>	
10,940	United Rentals Trust I, \$3.25	173,673
	<b>Diversified Financial Services (0.5%)</b>	
1,160	Bank of America Corp., \$72.50	754,000
4,300	Citigroup, Inc., \$3.25	120,357
	<b>Total Diversified Financial Services</b>	874,357
	<b>Electric Utilities (0.8%)</b>	
16,500	AES Corp., \$3.375	624,360
16,100	Entergy Corp., \$3.8125	806,932
	<b>Total Electric Utilities</b>	1,431,292
	<b>Energy Equipment &amp; Services (0.4%)</b>	
17,850	Bristow Group, Inc., \$2.75	653,131
	<b>Financial Services (0.1%)</b>	
2,724	Vale Capital, Ltd., Series A, \$2.75	72,186
1,612	Vale Capital, Ltd., Series B, \$2.75	41,912
	<b>Total Financial Services</b>	114,098
	<b>Food Products (0.1%)</b>	
5,900	Archer-Daniels-Midland Co., \$3.125	223,610
	<b>Insurance (0.4%)</b>	
13,105	Reinsurance Group of America, Inc., \$2.875	707,670
	<b>Media (0.1%)</b>	
800	Interpublic Group of Companies, Inc., (144A), \$52.50 <sup>3</sup>	267,200
	<b>Oil, Gas &amp; Consumable Fuels (0.3%)</b>	
8,445	Chesapeake Energy Corp., \$4.50	504,589
	<b>Pharmaceuticals (0.1%)</b>	
330	Mylan, Inc., \$65.00	