

TCW STRATEGIC INCOME FUND INC
Form N-CSR
February 25, 2014

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 90017

(Address of principal executive offices)

Patrick W. Dennis, Esq.

Assistant Secretary

865 South Figueroa Street, Suite 1800

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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, 2013

Item 1. Report to Stockholders.

The President's Letter

Dear Valued Shareholder,

TCW is pleased to present you with the 2013 annual report for the TCW Strategic Income Fund (TSI or the Fund). TSI is a multi-asset class closed-end fund managed by TCW Investment Management Company and is listed on the New York Stock Exchange. We are proud to share the performance results in the table below, and we would like to emphasize the Fund's on-going strength in returns. For 2013, the Fund produced an 11.19% return on a net asset value (NAV) basis, and a 6.92% price-based return for the Fund's shareholders. This has brought annualized price-based returns of over 13% for the trailing three-year period and over 25% for the trailing five-year period. This places the Fund ahead of 96% of its peer group, the Morningstar Multi-sector Closed-End Fund universe for 2013. The Fund's custom benchmark return was 8.82% for the year ended December 31, 2013.

The share price discount to NAV began the year at 4.3% and subsequently widened to 8.3% at year end, thus reducing the relative returns of the TSI shares as compared with the underlying NAV return. Distributions of \$0.098 per share were paid for each quarter of 2013. The Fund changed its managed distribution policy and implemented a net investment income-based distribution policy effective January 1, 2014. The previous policy provided quarterly dividends at an annualized rate equal to 7% of the Fund's prior year-end NAV while the new policy has the stated goal of providing dependable, but not assured quarterly distributions out of the Fund's accumulated net investment income and/or other sources. We believe this new dividend policy is in the best interests of the shareholders and the Fund.

Fund Performance

	Annualized Return as of 12/31/13					
	1 Year	3 Year	5 Year	10 Year	Since 3/1/06 ⁽²⁾	Since 3/5/87 ⁽³⁾
TSI Price Based Performance	6.92%	13.03%	25.62%	11.31%	13.11%	8.62%
TSI NAV Based Performance	11.19%	13.59%	22.72%	10.10%	11.90%	9.20%
TSI Custom Benchmark ⁽¹⁾	8.82%	7.87%	12.04%	6.75%	6.78%	N/A

(1) Custom Benchmark Index: 15% S&P 500 with Income Index, 15% Merrill Lynch Convertible Index, 45% Barclays Capital Aggregate Bond Index, 25% Citi High Yield Cash Pay Index. Past performance is no guarantee of future results. Current performance may be lower or higher than that quoted. The market value and net asset value of the Fund's shares will fluctuate with market conditions. Returns shown do not reflect the deduction of taxes that a shareholder would pay on Fund's distributions. You should not draw any conclusions about the Fund's performance from the amount of the quarterly distribution.

(2) The date on which the Fund's investment objective changed to a multi-asset class fund. Prior to this date, the Fund primarily invested in convertible securities.

(3) Inception date of the Fund.

After a relatively benign start to the year, 2013 met with increased volatility after the Federal Reserve signaled its intent to scale back the \$85 billion-a-month bond buying program at the May Federal Open Market Committee (FOMC) meeting. This news slowed the run-up in equities and marked the start of a five-month stretch that took the 10-Year US Treasury yield from a low of 1.63% on May 2nd to just less than 3% on September 5th. In tandem with rate volatility, risk premiums increased as markets dramatically re-priced non-government fixed income sectors, despite the lack of fundamental changes. Credit spreads widened on liquidity concerns as redemptions picked up, with high yield and emerging markets funds suffering the largest outflows. Though expectations settled on the September FOMC meeting as the most likely date for some form of asset tapering to be announced, the Fed surprised markets with its decision to leave the current policy unchanged.

TSI Annual Letter (Continued)

With the Fed still buying Treasuries and agency mortgage-backed securities (MBS), and affirming its commitment to a zero interest-rate policy until at least 2015, volatility eased in September and into the fourth quarter. Against a backdrop of better-than-expected economic data and other indications of improving economic conditions, the FOMC finally declared its decision to begin reducing asset purchases, beginning in January 2014 with a \$10 billion reduction split evenly between US Treasuries and agency MBS. Nevertheless, the FOMC maintained a dovish tone, imparted through a qualitative rather than a quantitative change to its forward rate guidance. New language stated that the Fed Funds rate would remain near zero well past the time when unemployment reached the 6.5% threshold, especially if inflation continued to run below the 2% long-run goal.

Spread tightening across the U.S. fixed income sectors in the fourth quarter was not enough to offset the overall higher US Treasury yields, resulting in mostly negative returns across the fixed income markets. Significant exceptions were high yield bonds, whose yields tightened as flows returned to the sector, and non-agency MBS which remained relatively isolated from volatility during the year and benefitted from ongoing improvements in the housing sector. On a duration-adjusted basis, all domestic fixed income sectors outperformed U.S. Treasuries, though Emerging Markets debt ended the year down approximately 6% as weak economic data, particularly in China, and concern surrounding Fed tapering drove significant outflows from the asset class. Despite ongoing uncertainty surrounding the timing and magnitude of the Fed's tapering plans, the commitment to keeping low rates anchored for an extended period provided cover for equities to reach record highs for a 2013 return of over 32%. Our expectations for 2014 are for continued slow economic growth with periods of ongoing market volatility.

The table below presents TSI's market value exposures at December 31, 2013, including futures contracts across a number of sectors:

Sector	Value	% of Value
Asset-backed Securities	\$ 79,935,043	26.3%
Mortgage-backed Securities	155,391,072	51.2%
Bank Loans	1,706,288	0.6%
Corporate Bonds	34,638,801	11.4%
Municipal Bonds	5,422,414	1.8%
Convertible Preferred Stocks	1,632,235	0.5%
Common Stocks	3,810,053	1.2%
Closed-end Funds ⁽¹⁾	1,519,452	0.5%
Short Term Investments	1,205,845	0.4%
	285,261,203	93.9%
S&P Index Futures (Notional Value)	18,411,000	6.1%
Total Value	\$ 303,672,203	100.0%

(1) Have exposure to municipal bonds.

TSI is diversified across both equity and fixed income asset classes, with the continued emphasis on residential MBS representing half of the Fund's overall exposure. Non-agency MBS, which are issued by private label (non-guaranteed) originators, comprise the majority of this position, while the remainder are Agency MBS, which carry the guarantee of FNMA, FHLMA, or GNMA. Non-agency MBS, the largest sector in the Fund, was also the primary driver of year-to-date returns as

the asset class continued its strong performance in 2013. Agency MBS and commercial MBS performed in-line with the broad fixed income markets which were essentially flat for the year from an absolute return basis, though they outperformed US Treasuries on a duration-adjusted basis.

Other securitized exposure includes a 26% fund allocation to asset-backed securities (ABS) which modestly underperformed the overall fixed income market as spreads narrowed less than other credit sectors. The Fund favors non-traditional collateral types such as student loans which provide high quality cash flows, often with floating rates.

Corporate exposure favors financials and utilities which benefit from regulatory limits on leverage and maintain strong balance sheets compared with unregulated industrials. A modest allocation to high yield and bank loans is also maintained, with an eye toward issues that are higher in the capital structure and have shorter durations.

TSI's equity exposure is currently implemented with long positions in S&P 500 index futures and finished the period at approximately 6.1% of the total market value of the portfolio. Management intends to gradually decrease this exposure should equity valuations rise further; alternatively, a meaningful correction in equity prices might lead to an increase in the equity allocation.

Modest leverage is currently utilized by TSI through a Line of Credit facility of which \$4.4 million was drawn from an available line of \$70 million as of December 31, 2013, at a current annual interest rate of 1.17%. The use of leverage has been accretive to returns in recent years owing to the general lowering of market rates. However, this may not always be a positive and management has reduced the use of leverage in the Fund over the course of the fiscal year. For example, should rates rise or credit or mortgage spreads widen, management's expectation is that the NAV of the Fund could be adversely impacted.

Management is concerned that risk markets may be vulnerable to higher levels of volatility in 2014 and hence (1) leverage has been reduced, (2) use of credit and high yield has been tapered, and (3) equity exposures have been dollar cost averaged lower and at 6.1% represent a substantial underweight vis-à-vis the TSI custom benchmark's 15% equity allocation.

We greatly appreciate your investment in the Fund and your continuing support of TCW. In the event that you have any additional questions or comments, I invite you to visit our web site at www.tcw.com or call our shareholder services department at 1-866-227-8179.

Sincerely,

David S. DeVito

President and Chief Executive Officer

TCW Strategic Income Fund, Inc.

Schedule of Investments

Principal Amount	Fixed Income Securities	Value
	Asset-Backed Securities (28.8% of Net Assets)	
\$ 1,004,791	AABS, Ltd., (13-1-B), 6.875%, due 01/10/38 ⁽¹⁾	\$ 1,019,854
799,955	Aircastle Pass-Through Trust, (07-1A-G1), (144A), 0.478%, due 06/14/37 ⁽¹⁾⁽²⁾	743,958
738,471	AMUR Finance I LLC, (2012-1-A), 14%, due 10/15/16	738,513
834,257	AMUR Finance I LLC, (2012-B), 11%, due 11/21/17	834,252
1,150,000	AMUR Finance I LLC, (2013-1), 10%, due 01/25/22	1,149,992
1,147,198	AMUR Finance I LLC, (2013-2), 10%, due 03/20/24	1,147,190
700,000	ARES XXVI CLO, Ltd., (13-26A-E), (144A), 5.244%, due 04/15/25 ⁽¹⁾⁽²⁾	657,855
625,000	Avalon IV Capital, Ltd., (12-1A-C), (144A), 3.844%, due 04/17/23 ⁽¹⁾⁽²⁾	626,165
250,000	Axis Equipment Finance Receivables LLC, (12-II-D), 5.5%, due 11/20/15	246,264
275,000	Axis Equipment Finance Receivables LLC, (12-II-E1), 6.25%, due 04/20/16	258,516
425,000	Axis Equipment Finance Receivables LLC, (12-II-E2), 7%, due 03/20/17	378,274
1,379,302	Bayview Commercial Asset Trust, (03-2-A), (144A), 0.745%, due 12/25/33 ⁽¹⁾⁽²⁾	1,295,493
1,210,922	Bayview Commercial Asset Trust, (04-1-A), (144A), 0.525%, due 04/25/34 ⁽¹⁾⁽²⁾	1,122,571
1,084,179	Bayview Commercial Asset Trust, (04-2-A), (144A), 0.595%, due 08/25/34 ⁽¹⁾⁽²⁾	1,004,820
512,928	Bayview Commercial Asset Trust, (04-3-A1), (144A), 0.535%, due 01/25/35 ⁽¹⁾⁽²⁾	471,945
1,727,836	Bayview Commercial Asset Trust, (05-2A-A1), (144A), 0.475%, due 08/25/35 ⁽¹⁾⁽²⁾	1,444,984
1,871,936	Bayview Commercial Asset Trust, (05-4A-A1), (144A), 0.465%, due 01/25/36 ⁽¹⁾⁽²⁾	1,603,231
1,484,025	Bayview Commercial Asset Trust, (06-4A-A1), (144A), 0.395%, due 12/25/36 ⁽¹⁾⁽²⁾	1,267,073
1,000,000	Bayview Commercial Asset Trust, (06-SP1-M1), (144A), 0.615%, due 04/25/36 ⁽¹⁾⁽²⁾	835,561
1,059,709	Bayview Commercial Asset Trust, (07-2A-A1), (144A), 0.435%, due 07/25/37 ⁽¹⁾⁽²⁾	871,507
692,073	Bayview Commercial Asset Trust, (07-3-A1), (144A), 0.405%, due 07/25/37 ⁽¹⁾⁽²⁾	586,845
690,000	Bayview Commercial Asset Trust, (08-4-A3), (144A), 2.915%, due 07/25/38 ⁽¹⁾⁽²⁾	655,524
2,200,000	Brazos Higher Education Authority, Inc., (10-1-A2), 1.438%, due 02/25/35 ⁽¹⁾⁽³⁾	2,194,712
610,000	CIFC Funding, Ltd., (12-2A-A3L), (144A), 3.241%, due 12/05/24 ⁽¹⁾⁽²⁾	606,153
1,344,566	CIT Education Loan Trust, (07-1-A), (144A), 0.336%, due 03/25/42 ⁽¹⁾⁽²⁾	1,233,736
273,542	Cronos Containers Program, Ltd., (12-1A-A), (144A), 4.21%, due 05/18/27 ⁽²⁾	275,024
350,000	Cronos Containers Program, Ltd., (12-2A-A), (144A), 3.81%, due 09/18/27 ⁽²⁾	353,603
1,260,000	Education Loan Asset-Backed Trust I, (13-1-A2), (144A), 0.965%, due 04/26/32 ⁽¹⁾⁽²⁾	1,212,493
675,000	EFS Volunteer LLC, (10-1-A2), (144A), 1.088%, due 10/25/35 ⁽¹⁾⁽²⁾	664,769
1,500,000	EFS Volunteer No 2 LLC, (12-1-A2), (144A), 1.516%, due 03/25/36 ⁽¹⁾⁽²⁾	1,523,289
500,000	Galaxy CLO XIV, Ltd., (12-14A-SUBA), (144A), 0%, due 11/15/24 ⁽²⁾⁽⁴⁾	430,000
2,985,103	GCO Education Loan Funding Trust, (06-2AR-A1RN), (144A), 0.816%, due 08/27/46 ⁽¹⁾⁽²⁾	2,821,580
655,952	GE Business Loan Trust, (03-2A-A), (144A), 0.537%, due 11/15/31 ⁽¹⁾⁽²⁾	628,139
238,528	GE Business Loan Trust, (03-2A-B), (144A), 1.167%, due 11/15/31 ⁽¹⁾⁽²⁾	204,483
394,193	GE Business Loan Trust, (04-1-A), (144A), 0.457%, due 05/15/32 ⁽¹⁾⁽²⁾	377,720
358,357	GE Business Loan Trust, (04-1-B), (144A), 0.867%, due 05/15/32 ⁽¹⁾⁽²⁾	334,170
464,827	GE Business Loan Trust, (04-2A-A), (144A), 0.387%, due 12/15/32 ⁽¹⁾⁽²⁾	440,295
834,071	GE Business Loan Trust, (05-1A-A3), (144A), 0.417%, due 06/15/33 ⁽¹⁾⁽²⁾	782,274
540,537	GE Business Loan Trust, (05-1A-C), (144A), 0.867%, due 06/15/33 ⁽¹⁾⁽²⁾	448,740

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754,741	GE Business Loan Trust, (05-2A-A), (144A), 0.407%, due 11/15/33 ⁽¹⁾⁽²⁾	697,605
513,643	GE Business Loan Trust, (05-2A-B), (144A), 0.667%, due 11/15/33 ⁽¹⁾⁽²⁾	453,030
464,777	Goal Capital Funding Trust, (06-1-B), 0.688%, due 08/25/42 ⁽¹⁾	403,428
630,000	Halcyon Loan Advisors Funding, Ltd., (12-2A-C), (144A), 3.095%, due 12/20/24 ⁽¹⁾⁽²⁾	627,977
1,130,000	321 Henderson Receivables LLC, (13-3A-B), (144A), 5.54%, due 01/15/75 ⁽²⁾	1,103,352
610,000	Hewett s Island CLO, Ltd., (06-5A-D), (144A), 1.691%, due 12/05/18 ⁽¹⁾⁽²⁾	581,533

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

December 31, 2013

Principal Amount	Fixed Income Securities	Value
\$ 461,788	Highland Loan Funding V, Ltd., (1A-A2A), (144A), 0.922%, due 08/01/14 ⁽¹⁾⁽²⁾	\$ 460,689
450,000	ING Investment Management Co., (13-3A-B), (144A), 2.936%, due 01/18/26 ⁽¹⁾⁽²⁾	441,256
1,016,600	KKR Financial CLO, Ltd., (05-1A-B), (144A), 0.688%, due 04/26/17 ⁽¹⁾⁽²⁾	993,373
542,250	Leaf II Receivables Funding LLC, (13-1-E2), (144A), 6%, due 09/15/21 ⁽²⁾	503,138
620,000	Lightpoint CLO, Ltd., (05-3X-C), (Reg. S), 2.143%, due 09/15/17 ⁽¹⁾⁽⁵⁾	610,184
1,109,092	MAPS CLO Fund II, Ltd., (07-2A-A1), (144A), 0.482%, due 07/20/22 ⁽¹⁾⁽²⁾	1,074,306
600,000	MSIM Peconic Bay, Ltd., (07-1A-C), (144A), 2.242%, due 07/20/19 ⁽¹⁾⁽²⁾	598,741
2,100,000	National Collegiate Master Student Loan Trust I, (02-2-AR10), (144A), 3.667%, due 11/01/42 ⁽¹⁾⁽²⁾	2,098,698
1,093,325	National Collegiate Student Loan Trust, (06-3-A3), 0.315%, due 10/25/27 ⁽¹⁾	1,045,116
1,600,000	National Collegiate Student Loan Trust, (06-3-A4), 0.435%, due 03/26/29 ⁽¹⁾	1,323,219
3,400,000	National Collegiate Student Loan Trust, (07-1-A3), 0.405%, due 07/25/30 ⁽¹⁾	2,862,187
1,700,000	National Collegiate Student Loan Trust, (07-3-A2A3), 3.667%, due 12/26/25 ⁽¹⁾	1,665,465
1,350,000	National Collegiate Student Loan Trust, (07-4-A2A3), 3.667%, due 12/26/25 ⁽¹⁾	1,359,693
828,942	Navigator CDO, Ltd., (05-1X-C1), (Reg. S), 2.042%, due 10/21/17 ⁽¹⁾⁽⁵⁾	829,014
2,200,000	North Carolina State Education Assistance Authority, (11-1-A3), 1.138%, due 10/25/41 ⁽¹⁾⁽³⁾	2,150,962
1,091,451	Peachtree Finance Co. LLC, (2005-B-A), (144A), 4.71%, due 04/15/48 ⁽²⁾	1,135,983
1,000,000	Scholar Funding Trust, (12-B-A2), (144A), 1.267%, due 03/28/46 ⁽¹⁾⁽²⁾	1,004,537
653,389	SLC Student Loan Trust, (04-1-B), 0.531%, due 08/15/31 ⁽¹⁾	579,207
532,858	SLC Student Loan Trust, (05-2-B), 0.523%, due 03/15/40 ⁽¹⁾	464,198
753,994	SLC Student Loan Trust, (06-1-B), 0.453%, due 03/15/39 ⁽¹⁾	648,177
1,000,000	SLC Student Loan Trust, (06-2-A5), 0.343%, due 09/15/26 ⁽¹⁾⁽³⁾	971,731
2,600,000	SLM Private Credit Student Loan Trust, (04-A-A3), 0.643%, due 06/15/33 ⁽¹⁾⁽³⁾	2,361,497
2,500,000	SLM Private Credit Student Loan Trust, (04-B-A3), 0.573%, due 03/15/24 ⁽¹⁾⁽³⁾	2,258,194
2,300,000	SLM Student Loan Trust, (03-11-A6), (144A), 0.993%, due 12/15/25 ⁽¹⁾⁽²⁾	2,277,760
661,925	SLM Student Loan Trust, (04-2-B), 0.708%, due 07/25/39 ⁽¹⁾	599,137
685,759	SLM Student Loan Trust, (05-4-B), 0.418%, due 07/25/40 ⁽¹⁾	595,371
742,480	SLM Student Loan Trust, (05-9-B), 0.538%, due 01/25/41 ⁽¹⁾	640,120
1,400,000	SLM Student Loan Trust, (06-2-A6), 0.408%, due 01/25/41 ⁽¹⁾⁽³⁾	1,223,892
1,400,000	SLM Student Loan Trust, (06-8-A6), 0.398%, due 01/25/41 ⁽¹⁾	1,224,397
225,000	SLM Student Loan Trust, (07-6-B), 1.088%, due 04/27/43 ⁽¹⁾	196,073
150,000	SLM Student Loan Trust, (07-7-B), 0.988%, due 10/25/28 ⁽¹⁾	130,914
140,000	SLM Student Loan Trust, (07-8-B), 1.238%, due 04/27/43 ⁽¹⁾	125,063
225,000	SLM Student Loan Trust, (08-2-B), 1.438%, due 01/25/29 ⁽¹⁾	196,980
225,000	SLM Student Loan Trust, (08-3-B), 1.438%, due 04/25/29 ⁽¹⁾	201,962
225,000	SLM Student Loan Trust, (08-4-B), 2.088%, due 04/25/29 ⁽¹⁾	218,099
225,000	SLM Student Loan Trust, (08-5-B), 2.088%, due 07/25/29 ⁽¹⁾	222,824
225,000	SLM Student Loan Trust, (08-6-B), 2.088%, due 07/25/29 ⁽¹⁾	215,300
225,000	SLM Student Loan Trust, (08-7-B), 2.088%, due 07/25/29 ⁽¹⁾	222,457
225,000	SLM Student Loan Trust, (08-8-B), 2.488%, due 10/25/29 ⁽¹⁾	226,950

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225,000	SLM Student Loan Trust, (08-9-B), 2.488%, due 10/25/29 ⁽¹⁾	228,376
675,000	Sound Point CLO, Ltd., (12-1A-C), (144A), 3.542%, due 10/20/23 ⁽¹⁾⁽²⁾	682,917
920,000	Structured Receivables Finance LLC, (10-A-B), (144A), 7.614%, due 01/16/46 ⁽²⁾	1,081,797

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Schedule of Investments (Continued)

Principal Amount	Fixed Income Securities	Value
Asset-Backed Securities (Continued)		
\$ 500,000	Structured Receivables Finance LLC, (10-B-B), (144A), 7.97%, due 08/15/36 ⁽²⁾	\$ 595,798
1,500,000	Student Loan Consolidation Center, (02-2-B2), (144A), 1.63%, due 07/01/42 ⁽¹⁾⁽²⁾	1,142,154
700,000	Symphony CLO, Ltd., (12-9A-C), (144A), 3.496%, due 04/16/22 ⁽¹⁾⁽²⁾	700,617
326,667	TAL Advantage I LLC, (06-1A-NOTE), (144A), 0.375%, due 04/20/21 ⁽¹⁾⁽²⁾	322,558
177,083	TAL Advantage I LLC, (11-1A-A), (144A), 4.6%, due 01/20/26 ⁽²⁾	178,238
212,500	Textainer Marine Containers, Ltd., (05-1A-A), (144A), 0.42%, due 05/15/20 ⁽¹⁾⁽²⁾	210,657
627,133	Trinity Rail Leasing LP, (06-1A-A1), (144A), 5.9%, due 05/14/36 ⁽²⁾	687,607
149,479	Triton Container Finance LLC, (07-1A-NOTE), (144A), 0.3%, due 02/26/19 ⁽¹⁾⁽²⁾	148,254
646,830	Vermont Student Assistance Corp., (12-1-A), 0.864%, due 07/28/34 ⁽¹⁾⁽³⁾	640,714
Total Asset-Backed Securities (Cost: \$77,001,047)		79,935,043
Collateralized Mortgage Obligations (56.0%)		
Commercial Mortgage-Backed Securities Non-Agency (0.7%)		
1,972,403	DBRR Trust, (11-LC2-AC4), (144A), 4.537%, due 07/12/44 ⁽¹⁾⁽²⁾	2,063,358
Residential Mortgage-Backed Securities Agency (3.1%)		
369,057	Federal Home Loan Mortgage Corp., (1673-SD), 13.487%, due 02/15/24(I/F)(PAC) ⁽¹⁾⁽³⁾	461,299
796,901	Federal Home Loan Mortgage Corp., (1760-ZD), 2.24%, due 02/15/24 ⁽¹⁾⁽³⁾	807,507
235,424	Federal Home Loan Mortgage Corp., (2990-JK), 21.338%, due 03/15/35(I/F) ⁽¹⁾⁽³⁾	328,520
6,482,697	Federal Home Loan Mortgage Corp., (3122-SG), 5.463%, due 03/15/36(I/O) (I/F) (TAC) (PAC) ⁽¹⁾⁽³⁾	972,537
2,527,666	Federal Home Loan Mortgage Corp., (3239-SI), 6.483%, due 11/15/36(I/O) (PAC) ⁽¹⁾⁽³⁾	398,160
1,468,032	Federal Home Loan Mortgage Corp., (3323-SA), 5.943%, due 05/15/37(I/O) (I/F) ⁽¹⁾⁽³⁾	160,523
1,101,185	Federal Home Loan Mortgage Corp., (3459-JS), 6.083%, due 06/15/38(I/O) (I/F) ⁽¹⁾⁽³⁾	126,633
4,733,591	Federal Home Loan Mortgage Corp., (4030-HS), 6.443%, due 04/15/42(I/O) ⁽¹⁾⁽³⁾	740,978
7,214,662	Federal National Mortgage Association, (04-53-QV), 1.59%, due 02/25/34(I/O) (I/F) ⁽¹⁾⁽³⁾	216,158
948,643	Federal National Mortgage Association, (07-42-SE), 5.945%, due 05/25/37(I/O) (I/F) ⁽¹⁾⁽³⁾	124,223
6,744,588	Federal National Mortgage Association, (07-48-SD), 5.935%, due 05/25/37(I/O) (I/F) ⁽¹⁾⁽³⁾	917,910
1,478,584	Federal National Mortgage Association, (09-69-CS), 6.585%, due 09/25/39(I/O) (I/F) ⁽¹⁾⁽³⁾	217,967
6,713,766	Government National Mortgage Association, (06-35-SA), 6.433%, due 07/20/36(I/O) (I/F) ⁽¹⁾⁽³⁾	1,078,510
12,086,729	Government National Mortgage Association, (06-61-SA), 4.583%, due 11/20/36(I/O) (I/F) (TAC) ⁽¹⁾⁽³⁾	1,153,950
7,361,581	Government National Mortgage Association, (08-58-TS), 6.233%, due 05/20/38(I/O) (I/F) (TAC) ⁽¹⁾⁽³⁾	894,793
Total Residential Mortgage-Backed Securities Agency		8,599,668
Residential Mortgage-Backed Securities Non-Agency (52.2%)		
2,065,379	ACE Securities Corp., (06-ASP3-A2C), 0.315%, due 06/25/36 ⁽¹⁾	1,559,768
2,003,038	ACE Securities Corp., (07-ASP1-A2C), 0.425%, due 03/25/37 ⁽¹⁾	1,132,465

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2,000,112	Adjustable Rate Mortgage Trust, (05-4-6A22), 2.758%, due 08/25/35 ⁽¹⁾	800,209
1,126,341	Adjustable Rate Mortgage Trust, (06-1-2A1), 3.056%, due 03/25/36 ⁽¹⁾⁽⁶⁾	776,416
2,153,965	Asset-Backed Funding Certificates, (05-HE2-M2), 0.915%, due 06/25/35 ⁽¹⁾	2,102,614
3,000,000	Asset-Backed Securities Corp. Home Equity, (06-HE3-A5), 0.435%, due 03/25/36 ⁽¹⁾	1,856,175
3,100,000	Asset-Backed Securities Corp. Home Equity, (07-HE1-A4), 0.305%, due 12/25/36 ⁽¹⁾	2,266,489
1,543,783	Banc of America Funding Trust, (06-3-4A14), 6%, due 03/25/36	1,531,861

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

December 31, 2013

Principal Amount	Fixed Income Securities	Value
	Collateralized Mortgage Obligations (Continued)	
	Residential Mortgage-Backed Securities Non-Agency (Continued)	
\$ 1,060,665	Banc of America Funding Trust, (06-3-4A14), 5.5%, due 03/25/36	\$ 1,012,740
977,019	BCAP LLC Trust, (09-RR4-1A1), (144A), 9.5%, due 06/26/37 ⁽²⁾	1,019,772
1,263,459	BCAP LLC Trust, (10-RR11-3A2), (144A), 2.9%, due 06/27/36 ⁽¹⁾⁽²⁾	1,271,160
1,198,130	BCAP LLC Trust, (11-RR3-1A5), (144A), 2.846%, due 05/27/37 ⁽¹⁾⁽²⁾	1,196,595
1,767,960	BCAP LLC Trust, (11-RR3-5A3), (144A), 5.094%, due 11/27/37 ⁽¹⁾⁽²⁾	1,716,251
872,562	BCAP LLC Trust, (11-RR4-1A3), (144A), 2.815%, due 03/26/36 ⁽¹⁾⁽²⁾	850,256
1,006,134	BCAP LLC Trust, (11-RR5-1A3), (144A), 2.539%, due 03/26/37 ⁽¹⁾⁽²⁾	997,938
642,109	BCAP LLC Trust, (11-RR5-2A3), (144A), 2.835%, due 06/26/37 ⁽¹⁾⁽²⁾	640,440
1,543,754	Bear Stearns Adjustable Rate Mortgage Trust, (07-4-22A1), 5.108%, due 06/25/47 ⁽¹⁾⁽⁶⁾	1,397,230
1,090,026	Bear Stearns Asset-Backed Securities Trust, (05-AC6-1A3), 5.5%, due 09/25/35 ⁽¹⁾	1,130,284
922,287	Bear Stearns Asset-Backed Securities Trust, (06-IM1-A1), 0.395%, due 04/25/36 ⁽¹⁾⁽⁶⁾	669,844
455,990	Centex Home Equity Loan Trust, (05-A-AF5), 5.28%, due 01/25/35	483,222
3,100,000	Centex Home Equity Loan Trust, (06-A-AV4), 0.415%, due 06/25/36 ⁽¹⁾	2,743,360
3,235,366	Citigroup Mortgage Loan Trust, Inc., (05-8-1A1A), 2.569%, due 10/25/35 ⁽¹⁾	2,707,642
2,291,469	CitiMortgage Alternative Loan Trust, (06-A3-1A7), 6%, due 07/25/36 ⁽⁶⁾	1,985,154
1,326,763	CitiMortgage Alternative Loan Trust, (06-A5-1A8), 6%, due 10/25/36 ⁽⁶⁾	1,095,746
541,284	Conseco Finance Securitizations Corp., (01-4-A4), 7.36%, due 08/01/32	578,794
1,200,000	Countryplace Manufactured Housing Contract Trust, (07-1-A4), (144A), 5.846%, due 07/15/37 ⁽¹⁾⁽²⁾	1,210,046
1,519,087	Countrywide Asset-Backed Certificates, (07-13-2A1), 1.065%, due 10/25/47 ⁽¹⁾	1,298,401
2,009,355	Countrywide Home Loans, (04-HYB4-B1), 2.524%, due 09/20/34 ⁽¹⁾	162,026
72,828,197	Countrywide Home Loans, (06-14-X), 0.293%, due 09/25/36(I/O) ⁽¹⁾⁽³⁾⁽⁷⁾	760,254
2,644,580	Countrywide Home Loans, (06-HYB2-1A1), 2.841%, due 04/20/36 ⁽¹⁾⁽⁶⁾	1,843,701
656,983	Credit Suisse First Boston Mortgage Securities Corp., (04-AR5-11A2), 0.905%, due 06/25/34 ⁽¹⁾	635,611
2,237,817	Credit Suisse First Boston Mortgage Securities Corp., (05-12-1A1), 6.5%, due 01/25/36 ⁽⁶⁾	1,761,652
1,473,722	Credit Suisse Mortgage Capital Certificates, (06-6-1A8), 6%, due 07/25/36 ⁽⁶⁾	1,114,408
1,159,980	Credit-Based Asset Servicing and Securitization LLC, (03-CB3-AF1), 3.379%, due 12/25/32	1,129,461
2,006,300	Credit-Based Asset Servicing and Securitization LLC, (06-CB1-AF2), 3.689%, due 01/25/36	1,472,817
3,281,492	Credit-Based Asset Servicing and Securitization LLC, (06-CB2-AF2), 3.943%, due 12/25/36	2,158,359
1,250,693	Credit-Based Asset Servicing and Securitization LLC, (07-CB2-A2B), 4.981%, due 02/25/37	915,092
1,926,616	Credit-Based Asset Servicing and Securitization LLC, (07-CB3-A3), 4.382%, due 03/25/37	1,129,824
4,073,756	Deutsche Alt-A Securities, Inc. Mortgage Loan Trust, (06-AB2-A2), 6.16%, due 06/25/36 ⁽¹⁾⁽⁶⁾	3,191,581
1,634,933	Deutsche Alt-A Securities, Inc. Mortgage Loan Trust, (06-AR6-A6), 0.355%, due 02/25/37 ⁽¹⁾⁽⁶⁾	1,137,217

422,373

DSL A Mortgage Loan Trust, (06-AR2-2A1A), 0.462%, due 10/19/36 ⁽¹⁾

357,812

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Schedule of Investments (Continued)

Principal Amount	Fixed Income Securities	Value
	Collateralized Mortgage Obligations (Continued)	
	Residential Mortgage-Backed Securities Non-Agency (Continued)	
\$ 1,810,590	First Franklin Mortgage Loan Asset-Backed Certificates, (06-FF13-A2C), 0.325%, due 10/25/36 ⁽¹⁾	\$ 1,359,069
2,234,921	First Franklin Mortgage Loan Asset-Backed Certificates, (06-FF18-A2D), 0.375%, due 12/25/37 ⁽¹⁾	1,350,120
1,735,785	Green Tree, (08-MH1-A2), (144A), 8.97%, due 04/25/38 ⁽¹⁾⁽²⁾	1,907,486
737,727	Green Tree, (08-MH1-A3), (144A), 8.97%, due 04/25/38 ⁽¹⁾⁽²⁾	803,962
702,321	Green Tree Financial Corp., (96-6-M1), 7.95%, due 09/15/27	784,857
987,742	Green Tree Financial Corp., (96-7-M1), 7.7%, due 09/15/26 ⁽¹⁾	1,068,288
696,648	Green Tree Financial Corp., (97-3-A5), 7.14%, due 03/15/28	752,537
288,805	Green Tree Financial Corp., (97-3-A7), 7.64%, due 03/15/28 ⁽¹⁾	314,348
674,510	Green Tree Financial Corp., (98-3-A6), 6.76%, due 03/01/30 ⁽¹⁾	720,918
766,516	Green Tree Financial Corp., (98-4-A5), 6.18%, due 04/01/30	794,962
655,469	Green Tree Financial Corp., (98-4-A6), 6.53%, due 04/01/30 ⁽¹⁾	687,467
694,064	Green Tree Financial Corp., (98-4-A7), 6.87%, due 04/01/30 ⁽¹⁾	742,189
578,348	Greenpoint Manufactured Housing, (99-5-A5), 7.82%, due 12/15/29 ⁽¹⁾	597,871
241,303	Greenpoint Mortgage Funding Trust, (05-HE4-1A1), 0.605%, due 07/25/30 ⁽¹⁾	239,631
2,354,599	GSAA Home Equity Trust, (06-13-AF6), 6.04%, due 07/25/36	1,547,838
1,627,583	GSAMP Trust, (06-FM3-A2C), 0.365%, due 11/25/36 ⁽¹⁾	883,877
1,074,547	GSC Capital Corp. Mortgage Trust, (06-2-A1), 0.345%, due 05/25/36 ⁽¹⁾⁽⁶⁾	772,560
984,140	GSR Mortgage Loan Trust, (05-AR3-6A1), 2.87%, due 05/25/35 ⁽¹⁾	917,435
1,030,944	HSI Asset Loan Obligation Trust, (07-2-2A12), 6%, due 09/25/37	1,001,904
1,000,000	HSI Asset Securitization Corp. Trust, (06-OPT2-2A4), 0.455%, due 01/25/36 ⁽¹⁾	942,998
1,620,238	Indymac Index Mortgage Loan Trust, (05-AR19-A1), 4.83%, due 10/25/35 ⁽¹⁾⁽⁶⁾	1,437,166
3,490,088	Indymac Index Mortgage Loan Trust, (06-AR13-A4X), 4.173%, due 07/25/36(I/O) ⁽¹⁾⁽⁷⁾	135,673
2,283,863	Indymac Index Mortgage Loan Trust, (07-AR5-2A1), 2.737%, due 05/25/37 ⁽¹⁾⁽⁶⁾	1,655,684
2,051,841	Indymac Index Mortgage Loan Trust, (07-FLX2-A1C), 0.355%, due 04/25/37 ⁽¹⁾	1,425,242
453,170	Indymac Manufactured Housing Contract, (98-2-A4), 6.64%, due 08/25/29 ⁽¹⁾	451,894
1,077,707	JPMorgan Alternative Loan Trust, (06-A2-5A1), 5.217%, due 05/25/36 ⁽¹⁾⁽⁶⁾	836,583
538,005	JPMorgan Mortgage Trust, (07-S2-1A1), 5%, due 06/25/37 ⁽⁶⁾	448,829
581,263	Lehman ABS Manufactured Housing Contract Trust, (01-B-A6), 6.467%, due 04/15/40 ⁽¹⁾	627,956
2,067,575	Lehman XS Trust, (06-10N-1A3A), 0.375%, due 07/25/46 ⁽¹⁾⁽⁶⁾	1,623,292
3,049,800	Lehman XS Trust, (06-12N-A31A), 0.365%, due 08/25/46 ⁽¹⁾⁽⁶⁾	2,142,707
1,700,000	Long Beach Mortgage Loan Trust, (04-4-M1), 1.065%, due 10/25/34 ⁽¹⁾⁽³⁾	1,609,948
1,959,068	MASTR Alternative Loans Trust, (07-HF1-4A1), 7%, due 10/25/47 ⁽⁶⁾	1,503,818
2,000,000	MASTR Asset-Backed Securities Trust, (07-HE1-A4), 0.445%, due 05/25/37 ⁽¹⁾	1,244,174
1,229,542	Merrill Lynch First Franklin Mortgage Loan Trust, (07-3-A2B), 0.295%, due 06/25/37 ⁽¹⁾	858,527
2,450,000	Merrill Lynch First Franklin Mortgage Loan Trust, (07-3-A2C), 0.345%, due 06/25/37 ⁽¹⁾	1,497,180
1,044,030	Merrill Lynch Mortgage-Backed Securities Trust, (07-2-1A1), 2.544%, due 08/25/36 ⁽¹⁾⁽⁶⁾	926,528
647,137	Mid-State Trust, (04-1-B), 8.9%, due 08/15/37	782,438
647,137	Mid-State Trust, (04-1-M1), 6.497%, due 08/15/37	708,178
301,008	Mid-State Trust, (6-A1), 7.34%, due 07/01/35	327,940
472,170	Mid-State Trust, (6-A3), 7.54%, due 07/01/35	511,176

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1,317,743	Morgan Stanley ABS Capital I, Inc. Trust, (03-NC6-M1), 1.365%, due 06/25/33 ⁽¹⁾	1,279,171
211,020	Morgan Stanley ABS Capital I, Inc. Trust, (05-HE3-M2), 0.685%, due 07/25/35 ⁽¹⁾	205,918

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

December 31, 2013

Principal Amount	Fixed Income Securities	Value
	Collateralized Mortgage Obligations (Continued)	
	Residential Mortgage-Backed Securities Non-Agency (Continued)	
\$ 1,500,000	Morgan Stanley ABS Capital I, Inc. Trust, (05-HE3-M3), 0.695%, due 07/25/35 ⁽¹⁾	\$ 1,392,485
1,675,200	Morgan Stanley ABS Capital I, Inc. Trust, (07-15AR-4A1), 4.445%, due 11/25/37 ⁽¹⁾⁽⁶⁾	1,237,668
1,588,000	Morgan Stanley Home Equity Loan Trust, (06-2-A4), 0.445%, due 02/25/36 ⁽¹⁾	1,395,465
1,302,721	MortgageIT Trust, (05-5-A1), 0.425%, due 12/25/35 ⁽¹⁾	1,207,278
3,000,000	Nationstar Home Equity Loan Trust, (07-B-2AV3), 0.415%, due 04/25/37 ⁽¹⁾	2,150,130
1,280,000	New Century Home Equity Loan Trust, (05-3-M1), 0.645%, due 07/25/35 ⁽¹⁾	1,273,678
2,354,325	Nomura Asset Acceptance Corp., (06-AR1-1A), 3.385%, due 02/25/36 ⁽¹⁾⁽⁶⁾	1,696,757
2,744,868	Novastar Home Equity Loan, (06-2-A2C), 0.315%, due 06/25/36 ⁽¹⁾	1,561,388
513,470	Oakwood Mortgage Investors, Inc., (01-D-A3), 5.9%, due 09/15/22 ⁽¹⁾	453,557
839,643	Oakwood Mortgage Investors, Inc., (01-D-A4), 6.93%, due 09/15/31 ⁽¹⁾	792,539
660,386	Oakwood Mortgage Investors, Inc., (02-A-A3), 6.03%, due 05/15/24 ⁽¹⁾	669,389
949,309	Oakwood Mortgage Investors, Inc., (98-A-M), 6.825%, due 05/15/28 ⁽¹⁾	1,040,758
360,152	Oakwood Mortgage Investors, Inc., (98-D-A), 6.4%, due 01/15/29	370,104
690,041	Oakwood Mortgage Investors, Inc., (99-B-A4), 6.99%, due 12/15/26	741,353
776,280	Origen Manufactured Housing Contract Trust, (04-A-M2), 6.64%, due 01/15/35 ⁽¹⁾	856,695
642,673	Origen Manufactured Housing Contract Trust, (05-A-M1), 5.46%, due 06/15/36 ⁽¹⁾	677,508
1,810,000	Park Place Securities, Inc., (05-WCW1-M1), 0.615%, due 09/25/35 ⁽¹⁾	1,714,780
926,451	Popular ABS Mortgage Pass-Through Trust, (05-3-AF4), 4.776%, due 07/25/35 ⁽¹⁾	949,535
2,224,212	Residential Accredit Loans, Inc., (05-QA7-A1), 3.146%, due 07/25/35 ⁽¹⁾⁽⁶⁾	1,696,936
1,572,055	Residential Accredit Loans, Inc., (05-QA8-CB21), 3.309%, due 07/25/35 ⁽¹⁾⁽⁶⁾	1,308,884
1,171,802	Residential Accredit Loans, Inc., (06-Q07-2A1), 0.993%, due 09/25/46 ⁽¹⁾⁽⁶⁾	798,956
1,317,061	Residential Accredit Loans, Inc., (06-QS1-A3), 5.75%, due 01/25/36(PAC) ⁽⁶⁾	1,158,302
30,488,599	Residential Accredit Loans, Inc., (06-QS11-AV), 0.332%, due 08/25/36(I/O) ⁽¹⁾⁽⁷⁾	420,362
14,861,966	Residential Accredit Loans, Inc., (06-QS6-1AV), 0.738%, due 06/25/36(I/O) ⁽¹⁾⁽⁷⁾	473,978
2,892,237	Residential Accredit Loans, Inc., (06-QS8-A3), 6%, due 08/25/36 ⁽⁶⁾	2,201,733
33,212,932	Residential Accredit Loans, Inc., (07-QS2-AV), 0.317%, due 01/25/37(I/O) ⁽¹⁾⁽⁷⁾	433,329
33,823,957	Residential Accredit Loans, Inc., (07-QS3-AV), 0.325%, due 02/25/37(I/O) ⁽¹⁾⁽⁷⁾	498,886
820,455	Residential Accredit Loans, Inc., (07-QS6-A62), 5.5%, due 04/25/37(TAC) ⁽⁶⁾	636,930
5,551,198	Residential Asset Securitization Trust, (07-A5-AX), 6%, due 05/25/37(I/O) ⁽⁷⁾	1,259,811
95,984,543	Residential Funding Mortgage Securities, (06-S9-AV), 0.308%, due 09/25/36(I/O) ⁽¹⁾⁽⁷⁾	991,184
369,443	Residential Funding Mortgage Securities II, (01-HI3-AI7), 7.56%, due 07/25/26	378,123
2,653,154	Securitized Asset-Backed Receivables LLC Trust, (07-BR4-A2C), 0.455%, due 05/25/37 ⁽¹⁾	1,656,044
4,614,000	Securitized Asset-Backed Receivables LLC Trust, (07-NC2-A2C), 0.385%, due 01/25/37 ⁽¹⁾	2,800,872
1,239,718	Structured Adjustable Rate Mortgage Loan Trust, (05-20-1A1), 2.428%, due 10/25/35 ⁽¹⁾⁽⁶⁾	875,571
983,388	Structured Adjustable Rate Mortgage Loan Trust, (07-9-2A1), 5.981%, due 10/25/47 ⁽¹⁾⁽⁶⁾	720,860
1,254,534	Structured Asset Mortgage Investments, Inc., (07-AR6-A1), 1.628%, due 08/25/47 ⁽¹⁾	1,093,483
1,000,000	Structured Asset Securities Corp., (05-WF4-M2), 0.595%, due 11/25/35 ⁽¹⁾	922,237
266,312	UCFC Manufactured Housing Contract, (97-4-A4), 6.995%, due 04/15/29 ⁽¹⁾	263,783
548,024	Vanderbilt Acquisition Loan Trust, (02-1-A4), 6.57%, due 05/07/27 ⁽¹⁾	574,828
433,535	Vanderbilt Acquisition Loan Trust, (02-1-M1), 7.33%, due 05/07/32 ⁽¹⁾	482,054

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703,365	Vanderbilt Mortgage Finance, (01-A-M1), 7.74%, due 04/07/31 ⁽¹⁾	712,277
395,284	Vanderbilt Mortgage Finance, (01-C-M1), 6.76%, due 01/07/32	399,961

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Schedule of Investments (Continued)

Principal Amount	Fixed Income Securities	Value
	Collateralized Mortgage Obligations (Continued)	
	Residential Mortgage-Backed Securities Non-Agency (Continued)	
\$ 900,000	Vanderbilt Mortgage Finance, (02-C-A5), 7.6%, due 12/07/32 ⁽³⁾	\$ 954,446
3,275,940	WAMU Asset-Backed Certificates, (07-HE1-2A3), 0.315%, due 01/25/37 ⁽¹⁾	1,820,703
1,500,000	Wells Fargo Home Equity Trust, (06-2-A4), 0.415%, due 07/25/36 ⁽¹⁾	1,412,684
1,383,692	Wells Fargo Mortgage-Backed Securities Trust, (06-AR10-5A1), 2.612%, due 07/25/36 ⁽¹⁾⁽⁶⁾	1,329,448
1,173,122	Wells Fargo Mortgage-Backed Securities Trust, (07-AR3-A4), 5.646%, due 04/25/37 ⁽¹⁾⁽⁶⁾	1,123,287
888,487	Wells Fargo Mortgage-Backed Securities Trust, (08-1-4A1), 5.75%, due 02/25/38	916,001
	Total Residential Mortgage-Backed Securities Non-Agency	144,728,046
	Total Collateralized Mortgage Obligations (Cost: \$136,943,482)	155,391,072
	Bank Loans (0.6%)	
	Electric (0.3%)	
1,220,280	Mach Gen, LLC, Second Lien Term Loan, 56.022%, due 02/20/15 ⁽⁸⁾	750,472
	Telecommunications (0.3%)	
946,938	Intelsat Jackson Holdings, Ltd. (Luxembourg), Term Loan, 4.708%, due 06/30/19 ⁽⁸⁾	955,816
	Total Bank Loans (Cost: \$2,096,200)	1,706,288
	Corporate Bonds (12.5%)	
	Airlines (2.1%)	
1,760,800	Continental Airlines, Inc. Pass-Through Certificates, (00-2-A1), 7.707%, due 10/02/22(EETC)	1,997,408
539,035	Delta Air Lines, Inc. Pass-Through Certificates, (02-1G1), 6.718%, due 07/02/24(EETC)	607,762
1,000,000	JetBlue Airways Corp. Pass-Through Trust, (04-2-G2), 0.691%, due 05/15/18(EETC) ⁽¹⁾	926,875
754,743	US Airways Group, Inc. Pass-Through Certificates, (10-1A), 6.25%, due 10/22/24(EETC)	828,331
1,494,144	US Airways Group, Inc. Pass-Through Trust, (12-2B), 6.75%, due 12/03/22(EETC)	1,598,734
	Total Airlines	5,959,110
	Banks (2.7%)	
1,400,000	Chase Capital III, 0.789%, due 03/01/27 ⁽¹⁾	1,155,000
2,000,000	Citigroup, Inc., 0.788%, due 08/25/36 ⁽¹⁾	1,562,329
1,000,000	HBOS PLC (United Kingdom), (144A), 6%, due 11/01/33 ⁽²⁾	1,005,000
900,000	JPMorgan Chase Capital XXI, 1.192%, due 01/15/87 ⁽¹⁾	675,000
1,000,000	JPMorgan Chase Capital XXIII, 1.241%, due 05/15/77 ⁽¹⁾	746,754
650,000	Lloyds TSB Bank PLC (United Kingdom), (144A), 5.8%, due 01/13/20 ⁽²⁾	746,167
908,000	Macquarie Bank, Ltd. (Australia), (144A), 6.625%, due 04/07/21 ⁽²⁾	1,005,654

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520,000	Royal Bank of Scotland Group PLC (United Kingdom), 6.125%, due 12/15/22	536,120
	Total Banks	7,432,024
	Coal (0.2%)	
675,000	Arch Coal, Inc., 7%, due 06/15/19	540,000
	Commercial Services (0.1%)	
275,000	Autopistas Metropolitanas de Puerto Rico LLC, (144A), 6.75%, due 06/30/35 ⁽²⁾	256,379

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

December 31, 2013

Principal Amount	Fixed Income Securities	Value
	Corporate Bonds (Continued)	
	Diversified Financial Services (0.6%)	
\$ 2,000,000	General Electric Capital Corp., 0.721%, due 08/15/36 ⁽¹⁾	\$ 1,652,539
	Electric (1.5%)	
478,000	AES Corp., 7.75%, due 10/15/15	530,580
1,250,000	Astoria Depositor Corp., (144A), 8.144%, due 05/01/21 ⁽²⁾	1,225,000
2,250,000	Gabs Dynegy Danskamm, Series B, 7.67%, due 08/11/16 ⁽⁹⁾	
1,000,000	GenOn Americas Generation LLC, 9.125%, due 05/01/31	1,022,500
1,169,153	Mirant Mid-Atlantic Pass-Through Certificates, Series C, 10.06%, due 12/30/28(EETC)	1,306,529
	Total Electric	4,084,609
	Engineering & Construction (0.5%)	
700,000	Heathrow Funding, Ltd. (United Kingdom), (144A), 4.875%, due 07/15/23 ⁽²⁾	735,753
750,000	Sydney Airport Finance Co. Pty, Ltd. (Australia), (144A), 5.125%, due 02/22/21 ⁽²⁾	793,269
	Total Engineering & Construction	1,529,022
	Gas (1.1%)	
1,190,000	Sabine Pass LNG, LP, 7.5%, due 11/30/16	1,350,650
1,500,000	Sabine Pass LNG, LP, (144A), 7.5%, due 11/30/16 ⁽²⁾	1,657,500
	Total Gas	3,008,150
	Healthcare-Services (0.2%)	
540,000	CHS/Community Health Systems, Inc., 8%, due 11/15/19	588,600
	Insurance (0.3%)	
715,000	ZFS Finance USA Trust II, (144A), 6.45%, due 12/15/65 ⁽¹⁾⁽²⁾	768,625
	Iron & Steel (0.3%)	
800,000	ArcelorMittal (Luxembourg), 6.75%, due 02/25/22	878,000
	Oil & Gas (0.2%)	
500,000	Pacific Drilling V, Ltd., (144A), 7.25%, due 12/01/17 ⁽²⁾	542,500
	Pipelines (0.7%)	
2,066,000	Energy Transfer Partners LP, 3.259%, due 11/01/66 ⁽¹⁾	1,890,390
	Real Estate (0.5%)	
1,375,000	Post Apartment Homes, LP, 4.75%, due 10/15/17	1,487,982
	REIT (1.2%)	

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1,000,000	HCP, Inc., 2.625%, due 02/01/20	954,587
700,000	Healthcare Realty Trust, Inc., 5.75%, due 01/15/21	759,173
500,000	Healthcare Realty Trust, Inc., 6.5%, due 01/17/17	561,117
950,000	SL Green Realty Corp., 5%, due 08/15/18	1,005,514
	Total REIT	3,280,391
	Trucking & Leasing (0.3%)	
712,000	AWAS Aviation Capital, Ltd. (Ireland), (144A), 7%, due 10/17/16 ⁽²⁾	740,480
	Total Corporate Bonds (Cost: \$32,664,163)	34,638,801

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Schedule of Investments (Continued)

Principal Amount	Fixed Income Securities	Value
	Municipal Bonds (2.0%)	
\$ 800,000	Arizona Health Facilities Authority, Revenue Bond, 0.976%, due 01/01/37 ⁽¹⁾	\$ 612,576
1,000,000	California State, Build America Bonds, 7.95%, due 03/01/36	1,157,020
750,000	City of Chicago, Illinois, General Obligation Unlimited, 6.05%, due 01/01/29	743,010
1,200,000	Illinois State, Build America Bonds, 6.63%, due 02/01/35	1,251,192
765,000	Illinois State, General Obligation Bond, 4.35%, due 06/01/18	796,312
800,000	New York City Water and Sewer System, Build America Bonds, 6.491%, due 06/15/42	862,304
	Total Municipal Bonds (Cost: \$5,509,914)	5,422,414
	Total Fixed Income Securities (Cost: \$ 254,214,806) (99.9%)	277,093,618
	Convertible Preferred Stock	
	Electric (0.3%)	
16,500	AES Corp., \$3.375	832,735
	Oil & Gas (0.3%)	
8,200	Chesapeake Energy Corp., \$5.00	799,500
	Total Convertible Preferred Stock (Cost: \$1,473,300) (0.6%)	1,632,235
	Common Stock	
	Electric (0.4%)	
52,104	Dynegy, Inc. (10)	1,121,278
	REIT (1.0%)	
139,387	American Capital Agency Corp.	2,688,775
	Total Common Stock (Cost: \$ 4,802,514) (1.4%)	3,810,053
	Closed-end Funds	
63,158	BlackRock Build America Bond Fund	1,209,476
16,810	Nuveen Build American Bond Fund	309,976
	Total Closed-end Funds (Cost: \$ 1,497,655) (0.6%)	1,519,452
	Short-Term Investments	

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Repurchase Agreement (Cost: \$100,987) (0.0%)	
\$ 100,987	State Street Bank & Trust Company, 0.00%, due 01/02/14 (collateralized by \$115,000 Federal National Mortgage Association, 2.11%, due 11/07/22, valued at \$104,124) (Total Amount to be Recieved Upon Repurchase \$100,987)
	\$ 100,987

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

December 31, 2013

Principal Amount	Short-Term Investments	Value
	U.S. Treasury Securities (0.4%)	
\$ 1,024,000	U.S. Treasury Bill, 0.059%, due 03/20/14 ⁽¹¹⁾	\$ 1,023,868
81,000	U.S. Treasury Bill, 0.06%, due 03/20/14 ⁽¹¹⁾	80,990
	Total U.S. Treasury Securities (Cost: \$1,104,841)	1,104,858
	Total Short-Term Investments (cost \$1,205,828) (0.4%)	1,205,845
	TOTAL INVESTMENTS (Cost \$263,194,103) (102.9%)	285,261,203
	LIABILITIES IN EXCESS OF OTHER ASSETS (-2.9%)	(7,924,416)
	NET ASSETS (100.0%)	\$ 277,336,787

Futures Contracts Exchange Traded

Number of Contracts	Type	Expiration Date	Notional Contract Value	Net Unrealized Appreciation
BUY				
40	S&P 500 Index Futures	03/20/14	\$ 18,411,000	\$ 665,395

Notes to Schedule of Investments:

- (1) Floating or variable rate security. The interest shown reflects the rate in effect at December 31, 2013.
- (2) Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold, normally only to qualified institutional buyers. At December 31, 2013, the value of these securities amounted to \$68,480,166 or 24.7% 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.
- (3) All or a portion of this security is segregated to cover open futures contracts.
- (4) As of December 31, 2013, security is not accruing interest.
- (5) Investments issued under Regulation S of the Securities Act of 1933, may not be offered, sold, or delivered within the United States except under special exemptions. At December 31, 2013, the value of these securities amounted to \$1,439,198 or 0.5% of net assets.
- (6) A portion of the principal balance has been written-off during the period due to defaults in the underlying loans.
- (7) Illiquid security.
- (8) Rate stated is the effective yield.
- (9) Security is currently in default due to bankruptcy or failure to make payment of principal or interest by the issuer. Income is not being accrued.
- (10) Non-income producing security.
- (11) Rate shown represents yield-to-maturity.

ABS - Asset-Backed Securities.

CDO - Collateralized Debt Obligation.

CLO - Collateralized Loan Obligation.

EETC - Enhanced Equipment Trust Certificate.

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.

REIT - Real Estate Investment Trust.

TAC - Target Amortization Class.

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Investments by Industry

December 31, 2013

Industry	Percentage of Net Assets
Residential Mortgage-Backed Securities - Non-Agency	52.2%
Asset-Backed Securities	28.8
Residential Mortgage-Backed Securities - Agency	3.1
Banks	2.7
Electric	2.5
REIT	2.2
Airlines	2.1
Municipal Bonds	2.0
Gas	1.1
Commercial Mortgage-Backed Securities - Non-Agency	0.7
Pipelines	0.7
Closed-end Funds	0.6
Diversified Financial Services	0.6
Engineering & Construction	0.5
Oil & Gas	0.5
Real Estate	0.5
Insurance	0.3
Iron & Steel	0.3
Telecommunications	0.3
Trucking & Leasing	0.3
Coal	0.2
Healthcare-Services	0.2
Commercial Services	0.1
Short-Term Investments	0.4
Total	102.9%

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Statement of Assets and Liabilities

December 31, 2013

ASSETS:	
Investments, at Value (Cost: \$263,194,103)	\$ 285,261,203
Cash	140,008
Receivable for Securities Sold	43,941
Interest and Dividends Receivable	1,327,224
Receivable for Variation Margin on Open Financial Futures Contracts	64,000
Other Assets	5,551
 Total Assets	 286,841,927
LIABILITIES:	
Distributions Payable	4,673,322
Payables for Borrowings	4,399,000
Accrued Other Expenses	196,800
Accrued Investment Advisory Fees	142,872
Interest Payable on Borrowings	51,990
Accrued Directors Fees and Expenses	36,108
Accrued Compliance Expense	5,048
 Total Liabilities	 9,505,140
 NET ASSETS	 \$ 277,336,787
NET ASSETS CONSIST OF:	
Common Stock, par value \$0.01 per share (75,000,000 shares authorized, 47,686,957 shares issued and outstanding)	\$ 476,870
Paid-in Capital	268,963,513
Accumulated Net Realized Loss on Investments and Futures Contracts	(13,119,319)
Distributions in Excess of Net Investment Income	(1,716,772)
Net Unrealized Appreciation on Investments and Futures Contracts	22,732,495
 NET ASSETS	 \$ 277,336,787
 NET ASSET VALUE PER SHARE	 \$ 5.82
 MARKET PRICE PER SHARE	 \$ 5.34

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Statement of Operations

Year Ended December 31, 2013

INVESTMENT INCOME:	
Income	
Interest	\$ 17,059,947
Dividends	348,569
Total Investment Income	17,408,516
Expenses	
Investment Advisory Fees	1,741,928
Interest Expense	316,295
Audit and Tax Service Fees	139,064
Directors' Fees and Expenses	114,485
Legal Fees	86,292
Proxy Expense	77,297
Accounting Fees	73,105
Custodian Fees	61,066
Transfer Agent Fees	49,742
Printing and Distribution Costs	45,773
Listing Fees	44,307
Compliance Expense	31,060
Miscellaneous Expense	22,851
Administration Fees	15,448
Insurance Expense	12,378
Total Expenses	2,831,091
Net Investment Income	14,577,425
NET REALIZED GAIN AND CHANGE IN UNREALIZED APPRECIATION	
(DEPRECIATION) ON INVESTMENTS AND FUTURES CONTRACTS:	
Net Realized Gain on:	
Investments	11,623,721
Futures Contracts	6,047,041
Change in Unrealized Appreciation (Depreciation) on:	
Investments	(4,015,593)
Futures Contracts	737,140
Net Realized Gain and Change in Unrealized Appreciation (Depreciation) on Investments and Futures Contracts	14,392,309
INCREASE IN NET ASSETS FROM OPERATIONS	\$ 28,969,734

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Statements of Changes in Net Assets

	Year Ended December 31, 2013	Year Ended December 31, 2012
OPERATIONS:		
Net Investment Income	\$ 14,577,425	\$ 20,473,531
Net Realized Gain on Investments, Futures Contracts and Swap Agreements	17,670,762	20,791,796
Change in Unrealized Appreciation (Depreciation) on Investments, Futures Contracts and Swap Agreements	(3,278,453)	16,126,895
Increase in Net Assets Resulting from Operations	28,969,734	57,392,222
DISTRIBUTIONS TO SHAREHOLDERS:		
From Net Investment Income	(18,690,880)	(26,004,198)
CAPITAL SHARE TRANSACTIONS:		
Shares Issued in Reinvestment of Dividends (45,047 for the year ended December 31, 2013 and 31,931 for the year ended December 31, 2012)	259,919	182,967
Total Increase in Net Assets	10,538,773	31,570,991
NET ASSETS:		
Beginning of Year	266,798,014	235,227,023
End of Year	\$ 277,336,787	\$ 266,798,014
Distributions in Excess of Net Investment Income	\$ (1,716,772)	\$ (1,577,328)

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Statement of Cash Flows

Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net Increase in Net Assets From Operations	\$ 28,969,734
Adjustments to Reconcile Increase in Net Assets Resulting From Operations to Net Cash Provided by Operating Activities:	
Investments Purchased	(103,671,668)
Proceeds from Investments Sold	113,757,658
Short-Term Investments, Net	217,606
Net Realized and Unrealized (Gain)/Loss on Investments	(7,608,128)
Net Amortization/Accretion of Premium/(Discount)	(359,323)
Changes in Assets and Liabilities:	
Decrease in Interest and Dividends Receivable	299,725
Decrease in Variation Margin on Futures	622,813
Increase in Other Assets	(5,551)
Decrease in Accrued Other Expenses	(33,265)
Increase in Accrued Investment Advisory Fees	1,556
Increase in Interest Payable on Borrowings	33,851
Increase in Accrued Directors Fees and Expenses	1,848
Increase in Accrued Compliance Expense	2,198
 Net Cash Provided by Operating Activities	 32,229,054
CASH FLOWS USED IN FINANCING ACTIVITIES:	
Cash Distributions Paid	(27,407,046)
Decrease in Borrowings	(4,682,000)
 Net Cash Used in Financing Activities	 (32,089,046)
 Net Change in Cash	 140,008
Cash at Beginning of Year	
 Cash at End of the Year	 \$ 140,008
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Reinvestment of Dividends	\$ 259,919
 Interest Paid During the Year	 \$ 282,444

See accompanying notes to financial statements.

TCW Strategic Income Fund, Inc.

Notes to Financial Statements

December 31, 2013

Note 1 Significant Accounting Policies

TCW Strategic Income Fund, Inc. (the Fund) was incorporated in Maryland on January 13, 1987 as a diversified, closed-end investment management company and is registered under the Investment Company Act of 1940, as amended, and is traded on the New York Stock Exchange under the symbol TSI. The Fund commenced operations on March 5, 1987. The Fund's investment objective is to seek a total return comprised of current income and capital appreciation by investing in convertible securities, marketable equity securities, investment-grade debt securities, high-yield debt securities, securities issued or guaranteed by the United States Government, its agencies and instrumentalities (U.S. Government Securities), repurchase agreements, mortgage related securities, asset-backed securities, money market securities, other securities and derivative instruments without limit believed by the Fund's investment advisor to be consistent with the Fund's investment objective. TCW Investment Management Company (the Advisor) is the investment advisor to the Fund and is registered under the Investment Advisers Act of 1940.

Security Valuation: Securities and derivative contracts traded on national exchanges, except those traded on the NASDAQ Stock Market, Inc. (NASDAQ), are valued at the last reported sales price or the mean of the current bid and asked prices if there are no sales in the trading period. Securities traded on the NASDAQ are valued using the NASDAQ Official Closing Price, which may not be the last reported sales price. Other securities which are traded on the over-the-counter (OTC) market are valued at the mean of the current bid and asked prices as furnished by independent pricing services or by dealer quotations. Short-term debt securities with maturities of 60 days or less at the time of purchase are valued at amortized cost. Other short-term debt securities are valued on a marked-to-market basis until such time as they reach a remaining maturity of 60 days, after which they are valued at amortized cost using their value as of the 61st day prior to maturity. Futures contracts are valued at the official settlement price of the exchange where it is traded. Exchange traded options are valued at the last sale price, or if no sales are reported, the last bid price for purchased options and the last ask price for written options and futures. Over-the counter options are valued using dealer quotations. Securities for which market quotations are not readily available, including circumstances under which market quotations are not reflective of a security's market value, are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Fund's Board of Directors.

Fair value is defined as the price that a fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. In accordance with the authoritative guidance on fair value measurements and disclosures under the accounting principals generally accepted in the United States of America (GAAP), the Fund discloses investments in a three-tier hierarchy. This hierarchy is utilized to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

TCW Strategic Income Fund, Inc.

Notes to Financial Statements (Continued)

Note 1 Significant Accounting Policies (Continued)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Changes in valuation techniques may result in transfers in or out of an investment's assigned Level within the hierarchy. The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with investing in those investments and the determination of the significance of a particular input to the fair value measurement in its entirety requires judgment and consideration of factors specific to each security.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition, as well as changes related to liquidity of investments, could cause a security to be reclassified between Level 1, Level 2, or Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair Value Measurements: A description of the valuation techniques applied to the Fund's major categories of assets and liabilities measured at fair value on a recurring basis follows:

Asset-backed securities and mortgage-backed securities. The fair value of asset-backed securities and mortgage-backed securities is estimated based on models that consider the estimated cash flows of each debt tranche of the issuer, establish a benchmark yield, and develop an estimated tranche specific spread to the benchmark yield based on the unique attributes of the tranche including, but not limited to, the prepayment speed assumptions and attributes of the collateral. To the extent the inputs are observable and timely, the values would be categorized in Level 2 of the fair value hierarchy, otherwise they would be categorized in Level 3.

Bank loans. The fair value of bank loans is estimated using recently executed transactions, market price quotations, credit/market events, and cross-asset pricing. Inputs are generally observable and are obtained from independent sources. Bank loans are generally categorized in Level 2 of the fair value hierarchy.

Corporate bonds. The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads, or credit default swap spreads adjusted for any basis difference between cash and derivative instruments. Corporate bonds are generally categorized in Level 2 of the fair value hierarchy; in instances where prices, spreads, or any of the other aforementioned key inputs are unobservable, they are categorized in Level 3 of the hierarchy.

Equity securities and Closed-end funds. Securities are generally valued based on quoted prices from the applicable exchange. To the extent these securities are actively traded and valuation adjustments are not applied, they are generally categorized in Level 1 of the fair value hierarchy. Restricted securities issued by publicly held companies are generally categorized in Level 2 of the fair value hierarchy. If a discount is

TCW Strategic Income Fund, Inc.

December 31, 2013

applied and significant, they are categorized in Level 3. Restricted securities held in non-public entities are included in Level 3 of the fair value hierarchy because they trade infrequently, and therefore, the inputs are unobservable.

Futures contracts. Futures contracts are generally valued at the settlement prices established at the close of business each day by the exchange on which they are traded. The value of futures contracts is marked daily and an appropriate payable or receivable for the change in value (variation margin) is recorded by the Fund. As such they are categorized in Level 1.

Municipal bonds. Municipal bonds are fair valued based on pricing models that take into account, among other factors, information received from market makers and broker-dealers, current trades, bid wants lists, offerings, market movements, the callability of the bond, state of issuance, benchmark yield curves, and bond insurance. To the extent that these inputs are observable and timely, the fair values of municipal bonds are categorized in Level 2; otherwise the fair values are categorized in Level 3.

Restricted securities. Restricted securities, including illiquid Rule 144A securities, issued by non-public entities are included in Level 3 of the fair value hierarchy because they trade infrequently, and, therefore, the inputs are unobservable. Any other restricted securities valued similar to publicly traded securities may be categorized in Level 2 or 3 of the fair value hierarchy depending on whether a discount is applied and significant to the fair value.

U.S. Government and agency securities. U.S. government and agency securities are normally valued using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, quoted market prices, and reference data. Accordingly, U.S. government and agency securities are normally categorized in Level 1 or 2 of the fair value hierarchy depending on the liquidity and transparency of the market.

The following is a summary of the inputs used as of December 31, 2013 in valuing the Fund's investments:

Description	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fixed Income Securities				
Asset-Backed Securities	\$	\$ 76,065,096	\$ 3,869,947	\$ 79,935,043
Collateralized Mortgage Obligations				
Commercial Mortgage-Backed Securities - Non- Agency		2,063,358		2,063,358
Residential Mortgage-Backed Securities - Agency		8,599,668		8,599,668
Residential Mortgage-Backed Securities - Non-Agency		139,754,569	4,973,477	144,728,046
Total Collateralized Mortgage Obligations		150,417,595	4,973,477	155,391,072
Bank Loans *		1,706,288		1,706,288
Corporate Bonds *		34,638,801	0	34,638,801
Municipal Bonds		5,422,414		5,422,414
Total Fixed Income Securities		268,250,194	8,843,424	277,093,618
Convertible Preferred Stock*	1,632,235			1,632,235
Common Stock*	3,810,053			3,810,053
Closed-end Funds	1,519,452			1,519,452

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Short-Term Investments	1,104,858	100,987		1,205,845
Total Investments	8,066,598	268,351,181	8,843,424	285,261,203
Asset Derivatives				
Futures Contracts				
Equity Risk	\$ 665,395	\$	\$	\$ 665,395

* See Schedule of Investments for corresponding industries.

TCW Strategic Income Fund, Inc.

Notes to Financial Statements (Continued)

Note 1 Significant Accounting Policies (Continued)

The Fund did not have any transfers in and out of Level 1 and Level 2 of the fair value hierarchy during the year ended December 31, 2013.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining value:

	Balance as of 12/31/12	Accrued Discounts (Premiums)	Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Purchases	Sales	Transfers into Level 3*	Transfers (out) of Level 3*	Balance as of 12/31/13	Net Change in Unrealized Appreciation (Depreciation) from Investments Still Held as of 12/31/13
Asset-Backed Securities	\$ 437,143	\$	\$	\$ (224)	\$ 4,650,000	\$ (3,206,547)	\$ 1,989,575**	\$	\$ 3,869,947	\$ (224)
Residential Mortgage-Backed Securities - Non-Agency	11,546,414		1,583,957	(2,245,598)		(5,911,296)			\$ 4,973,477	254,345
Corporate Bonds				(28,657)	116,444	(144,037)	56,250**		0	(116,444)
Total	\$ 11,983,557	\$	\$ 1,583,957	\$ (2,274,479)	\$ 4,766,444	\$ (9,261,880)	\$ 2,045,825	\$	\$ 8,843,424	\$ 137,677

* The Fund recognizes transfers in and transfers out at the beginning of the period.

** Financial assets transferred between Level 2 and Level 3 were due to a change in observable and/or unobservable inputs. Significant unobservable valuations inputs Level 3 investments as of December 31, 2013, are as follows:

Description	Fair Value at	Valuation	Unobservable Input	Range
	12/31/13	Techniques*		
Asset-Backed Securities	\$ 3,869,947	Third-party Broker	Broker Quotes	\$99.999 to 100.006
Residential Mortgage-Backed Securities - Non-Agency (Interest Only Securities Collateral Strip Rate Securities)	\$3,713,666	Third-party Vendor	Vendor Prices	\$1.033 to \$3.887

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Residential Mortgage-Backed Securities - Non-Agency (Interest	\$ 1,259,811	Third-party Vendor	Vendor Prices	\$22.694
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Only Securities) Corporate Bonds	\$ 0	Third-party Broker	Broker Quote	\$0
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* *The valuation technique employed on the Level 3 securities involves the use of third-party broker quotes and vendor prices. The Advisor monitors the third-party brokers and vendors using the valuation process described above.*

TCW Strategic Income Fund, Inc.

December 31, 2013

Level 3 Valuation Process: Investments classified within Level 3 of the fair value hierarchy may be fair valued by the Advisor with consent from the Pricing Committee in accordance with procedures established by the Board of Directors, and under the general oversight of the Board of Directors. The Pricing Committee employs various methods to determine fair valuations including a regular review of key inputs and assumptions and review of any related market activity. The Pricing Committee reports to the Board of Directors at their regularly scheduled meetings. It is possible that fair value prices will be used by the Fund to a significant extent. The value determined for an investment using the Fund's fair value procedures may differ from recent market prices for the investment and may be significantly different from the value realized upon the sale of such investment. The Advisor, as part of the daily process, conducts back-testing of prices based on daily trade activities.

The Pricing Committee consists of the Fund's President, Chief Compliance Officer and members of TCW Mutual Fund Administration, Legal and Compliance Departments as well as alternate members as may be designated from time to time. The Pricing Committee reviews and makes recommendations concerning the fair valuation of portfolio securities and the Fund's pricing procedures in general.

Security Transactions and Related Investment Income: Security transactions are recorded as of the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recognized on an accrual basis. Realized gains and losses on investments are recorded on the basis of specific identification. Dividends received from real estate investments trust securities may include return of capital. Such distributions reduce the cost basis of the respective securities. Distributions, if any, in excess of the cost basis of the security are recognized as capital gains.

Distributions: Distributions to shareholders are recorded on each ex-dividend date. The Fund declared and paid or reinvested dividends quarterly based on the managed distribution plan (the Plan) which was in effect during 2013. Under the Plan, the Fund distributes a cash dividend equal to 7% of the Fund's net asset value on an annualized basis. Effective January 1, 2014, the Fund ended the managed distribution policy and implemented a new net investment income-based distribution policy. This new policy has a stated goal of providing dependable, but not assured, quarterly distributions out of the Fund's accumulated net investment income and/or other sources subject to the requirements of the Investment Company Act of 1940 and Sub-chapter M of the Internal Revenue Code. The source for the dividend can come from net investment income and net realized capital gains measured on a fiscal year basis. Any portion of the distribution that exceeds income and capital gains will be treated as a return of capital. Under certain conditions, federal tax regulations cause some or all of the return of capital to be taxed as ordinary income. Income and capital gain distributions are determined in accordance with income tax regulations which may differ from GAAP. These differences may be primarily due to differing treatments for market discount and premium, losses recognized for defaults or write-off on structured debt, losses deferred due to wash sales and spillover distributions. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications to paid-in-capital and may affect net investment income per share.

Derivative Instruments: Derivatives are financial instruments whose values are based on the values of one or more indicators, such as a security, asset, currency, interest rate, or index. Derivative transactions can create investment leverage and may be highly volatile. It is possible that a derivative transaction will result in a loss greater than the principal amount invested. The Fund may not be able to close out a derivative transaction at a favorable time or price.

TCW Strategic Income Fund, Inc.

Notes to Financial Statements (Continued)

Note 1 Significant Accounting Policies (Continued)

For the year ended December 31, 2013, the Fund held derivatives and had transactions in derivatives, grouped in the following risk categories:

	Equity Risk	Interest Rate Risk	Total
Statement of Assets and Liabilities:			
Asset Derivatives			
Futures Contracts ⁽¹⁾	\$ 665,395	\$	\$ 665,395
Total Value	\$ 665,395	\$	\$ 665,395
Statement of Operations:			
Realized Gain on:			
Futures Contracts	\$ 5,866,760	\$ 180,281	\$ 6,047,041
Total Realized Gain	\$ 5,866,760	\$ 180,281	\$ 6,047,041
Change in Unrealized Appreciation (Depreciation) on:			
Futures Contracts	\$ 763,092	\$ (25,952)	\$ 737,140
Total Change in Appreciation (Depreciation)	\$ 763,092	\$ (25,952)	\$ 737,140
Notional Amounts⁽²⁾			
Futures Contracts	58	21	79

(1) Includes cumulative appreciation of futures contracts as reported in the Schedule of Investments. Only variation margin on December 31, 2013 is reported within the Statement of Assets and Liabilities.

(2) Amounts disclosed represent average number of contracts, which are representative of the volume traded during the year-ended December 31, 2013.

Counterparty Credit Risk: A derivative contract may result in a mark to market loss if the value of the contract decreases due to an unfavorable change in the market rates or values of the underlying instrument. Losses can also occur if the counterparty does not perform under the contract.

The Fund's risk of loss from counterparty credit risk on Over-the-Counter (OTC) derivatives is generally limited to the aggregate unrealized gain netted against any collateral held by the Fund.

With exchange traded futures and centrally cleared swaps, there is less counterparty credit risk to the Fund since the exchange or clearinghouse, as counterparty to such instruments, guarantees against a possible default. The clearinghouse stands between the buyer and the seller of the contract; therefore, the credit risk is limited to failure of the clearinghouse. While offset rights may exist under applicable law, the Fund does not have a contractual right of offset against a clearing broker or clearinghouse in the event of a default (including the bankruptcy or insolvency) of

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the clearing broker or clearinghouse. Additionally, credit risk exists in exchange traded futures and centrally cleared swaps with respect to initial and variation margin that is held in a clearing broker's customer accounts. While clearing brokers are required to segregate customer margin from their own assets, in the event that a clearing broker becomes insolvent or goes into bankruptcy and at that time there is a shortfall in the aggregate amount of margin held by the clearing broker for all its clients, typically the shortfall would be allocated on a pro rata basis across all the clearing broker's customers, potentially resulting in losses to the Fund. In order to better define its contractual rights and to secure rights that will help the Fund mitigate its counterparty risk, the Fund may enter into an International Swaps and Derivatives Association, Inc. Master Agreement (ISDA Master Agreement) or similar agreement with its derivative contract counterparties. An ISDA Master Agreement is a bilateral agreement between the Fund and a counterparty that governs OTC derivatives and typically contains, among other things, collateral posting terms and netting provisions in the event of a default and/or termination event. Under an ISDA Master Agreement, the Fund may, under certain circumstances, offset

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with the counterparty certain derivative financial instruments payables and/or receivables with collateral held and/or posted and create one single net payment. The provisions of the ISDA Master Agreement typically permit a single net payment in the event of default including the bankruptcy or insolvency of the counterparty. However, bankruptcy or insolvency laws of a particular jurisdiction may impose restrictions on or prohibitions against the right of offset in bankruptcy, insolvency or other events. In addition, certain ISDA Master Agreements allow counterparties to OTC derivatives to terminate derivative contracts prior to maturity in the event the Fund's net assets decline by a stated percentage or the Fund fails to meet the terms of its ISDA Master Agreements, which would cause the Fund to accelerate payment of any net liability owed to the counterparty.

Collateral requirements: For derivatives traded under an ISDA Master Agreement, the collateral requirements are typically calculated by netting the mark to market amount for each transaction under such agreement and comparing that amount to the value of any collateral currently pledged by the Fund and the counterparty.

Cash collateral that has been pledged to cover obligations of the Fund and cash collateral received from the counterparty, if any, are reported separately on the Statement of Assets and Liabilities as cash pledged as collateral and cash received as collateral, respectively. Non-cash collateral pledged by the Fund, if any, is noted in the Schedule of Investments. Generally, the amount of collateral due from or to a party has to exceed a minimum transfer amount threshold typically \$250,000 or \$500,000, before a transfer is required, which is determined at the close of business of the Fund and additional required collateral is delivered to/pledged by the Fund on the next business day. Typically, the Fund and counterparties are not permitted to sell, repledge or use the collateral they receive. To the extent amounts due to the Fund from its counterparties are not fully collateralized, contractually or otherwise, the Fund bears the risk of loss from counterparty non-performance. The Fund attempts to mitigate counterparty risk by entering into agreements only with counterparties that it believes have the financial resources to honor their obligations and by monitoring the financial stability of those counterparties. For financial reporting purposes, the Fund does not offset derivative assets and derivative liabilities that are subject to netting arrangements in the Statement of Assets and Liabilities. The Fund has implemented the disclosure requirements pursuant to Financial Accounting Standards Board (FASB) Accounting Standards update No. 2011-11, Disclosures about Offsetting Assets and Liabilities, that requires disclosures to make financial statements that are prepared under U.S. GAAP more comparable to those prepared under International Financial Reporting Standards. Under this guidance the Fund discloses in the Statement of Assets and Liabilities both gross and net information about instruments and transactions eligible for offset such as instruments and transactions subject to an agreement similar to a master netting arrangement. In addition, the Fund discloses collateral received and posted in connection with master netting agreements or similar arrangements.

The following table presents the Fund's master repurchase agreements by counterparty net of amounts available for offset under an ISDA Master Agreement or similar agreements and net of the related collateral received or pledged by the Fund as of December 31, 2013:

Counterparty	Gross Assets Subject to Master Agreements	Collateral Received	Assets / (Liabilities) Available for Offset	Net Amount of Assets (1)
State Street Bank & Trust Co.	\$ 100,987	\$ (100,987) (2)	\$	\$

(1) Represents the net amount receivable from the counterparty in the event of default.

(2) Collateral with a value of \$104,124 has been received in connection with a master repurchase agreement. Excess of collateral received from the individual master repurchase agreement is not shown for financial reporting purposes.

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Notes to Financial Statements (Continued)

Note 1 Significant Accounting Policies (Continued)

Futures Contracts: The Fund may seek to manage a variety of different risks through the use of futures contracts, such as interest rate risk, equity price risk, and currency risk. The Fund may use index futures to hedge against broad market risks to its portfolio or to gain broad market exposure when it holds uninvested cash or as an inexpensive substitute for cash investments directly in securities or other assets. Securities index futures contracts are contracts to buy or sell units of a securities index at a specified future date at a price agreed upon when the contract is made and are settled in cash. Positions in futures may be closed out only on an exchange or board of trade which provides a secondary market for such futures. Because futures contracts are exchange-traded, they typically have minimal exposure to counterparty risk. Parties to a futures contract are not required to post the entire notional amount of the contract, but rather a small percentage of that amount (by way of margin), both at the time they enter into futures transactions, and then on a daily basis if their positions decline in value; as a result, futures contracts are highly leveraged. Such payments are known as variation margin and are recorded by the Fund as unrealized gains or losses. Because futures markets are highly leveraged, they can be extremely volatile, and there can be no assurance that the pricing of a futures contract will correlate precisely with the pricing of the asset or index underlying it or the asset or liability of the Fund that is the subject of the hedge. It may not always be possible for the Fund to enter into a closing transaction with respect to a futures contract it has entered into, at a favorable time or price. When the Fund enters into a futures transaction, it is subject to the risk that the value of the futures contract will move in a direction unfavorable to it.

When the Fund uses futures contracts for hedging purposes, it is likely that the Fund will have an asset or liability that will offset any loss (or gain) on the transactions, at least in part. When a futures contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed. The Fund used the S&P Futures to gain exposure to the equity market. The Fund also utilized Treasury futures during the year to help manage daily liquidity as well as interest rate duration and credit market exposure. Futures contracts outstanding at December 31, 2013 are listed in the Fund's Schedule of Investments.

Swap Agreements: The Fund may enter into swap agreements. Swap agreements are typically two-party contracts entered into primarily by institutional investors. In a standard swap transaction, the parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which may be adjusted for an interest factor. The gross returns to be exchanged or swapped between the parties are generally calculated with respect to a notional amount (i.e., the return on or increase in value of a particular dollar amount invested at a particular interest rate or in a basket of securities representing a particular index).

The Fund may enter into credit default swap transactions, as a buyer or seller of credit protection. In a credit default swap, one party provides what is in effect insurance against a default or other adverse credit event affecting an issuer of debt securities (typically referred to as a reference entity). In general, the buyer of credit protection is obligated to pay the protection seller an upfront amount or a periodic stream of payments over the term of the swap. If a credit event occurs, the buyer has the right to deliver to the seller bonds or other obligations of the reference entity (with a value up to the full notional value of the swap), and to receive a payment equal to the par value of the bonds or other obligations. Credit events that would trigger a request that the seller make payment are specific to each credit default swap agreement, but generally include bankruptcy, failure to pay, restructuring, obligation acceleration, obligation default, or repudiation/moratorium. When the Fund buys protection, it may or may not own securities of the reference

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entity. When the Fund sells protection under a credit default swap, the position may have the effect of creating leverage in the Fund's portfolio through the Fund's indirect long exposure to the issuer or securities on which the swap is written. When the Fund sells protection, it may do so either to e