Quarterly Commentary

Total Return Bond Fund

DBLTX/DLTNX

First Quarter 2013

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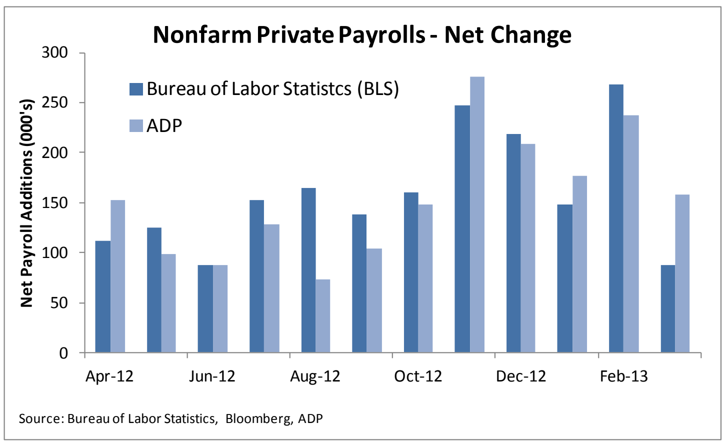
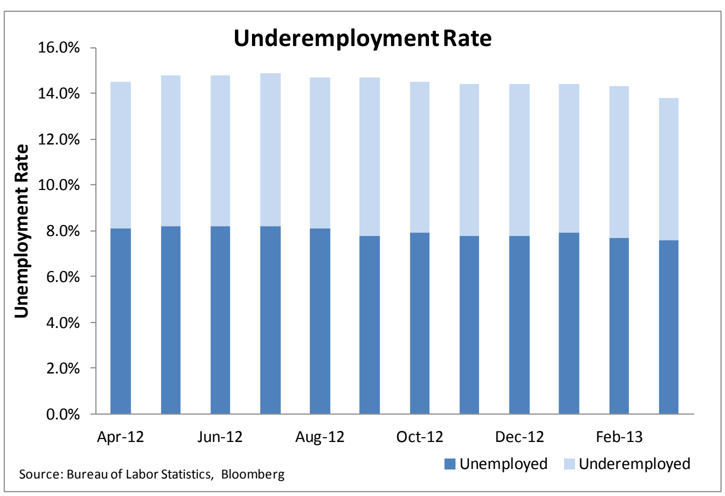
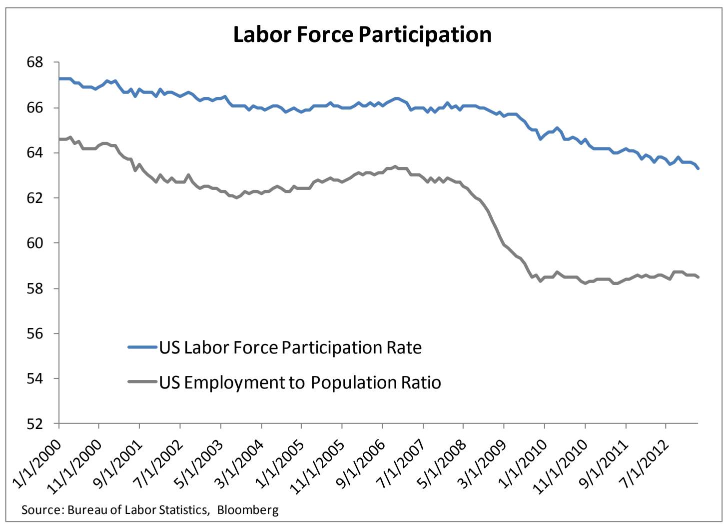
Overview

With many pundits declaring some of the year-to-date (YTD) performance in the U.S. equity markets due to being the only 'game in town', recent economic news is less convincing. Particularly disappointing was data showing non-farm payrolls only increased by 88,000 during March after February's figure of 268,000 suggested the labor market might be showing some improvement. These estimates regularly exhibit monthly volatility and often undergo heavy revisions: March's release was accompanied by net upward revisions to the January and February figures of 61,000.



Further complicating projections for first quarter growth was the unemployment rate dropping 0.1% to 7.6% on the back of 206,000 people leaving the labor force. The continued "jobless" recovery poses significant trade-offs for central bankers, and is highlighted by the most recent Federal Open Market Committee (FOMC) minutes suggesting some members were in favor of ending quantitative easing programs as early as the end of 2013. These members suggested that "continued solid improvement in the outlook for the labor market could prompt the committee to slow the pace of purchases beginning at some point over the next several meetings." Though this meeting was convened before March's jobs report, it offers insight into what might motivate an early exit. Bond markets, however, discounted the effects of such an early exit as yields fell markedly since the release of the minutes.





Retail sales have shown particular resilience in 2013 thus far. Downward revisions to January and February, and March's figure showing sales contracted 0.4%, show a much weaker picture than how the year started off. With inflation continuing to be contained, it is hard to envision a scenario where economic fundamentals substantiate any alterations to current fed easing policies.

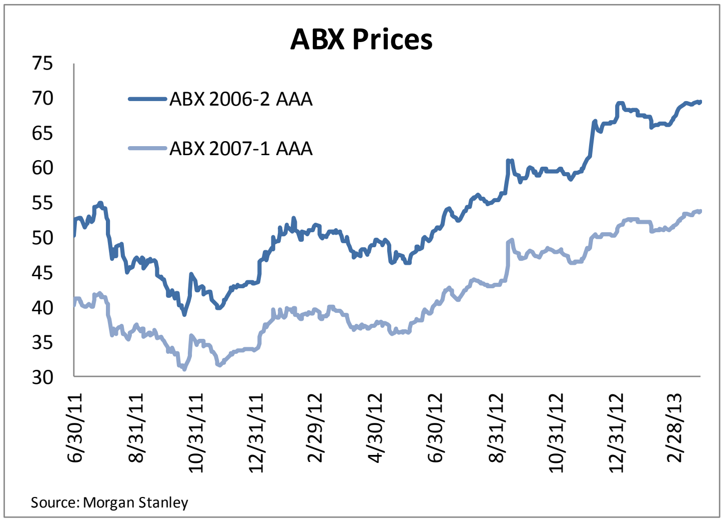
Agency Mortgage-Backed Securities

For the month of March 2013, U.S. Treasury rates were virtually unchanged and the total return for the U.S. MBS sector was 0.12%, according to the Barclays Capital U.S. MBS Index. This return can be broken down into a price component of return of -0.01%, a coupon return of 0.32%, and a paydown return of -0.19%. Prices were constant across the coupon stack in the mortgage market for the month. This differs from what happened during the first quarter of 2013 overall. For the quarter, rates were also unchanged but lower coupon mortgages were down as much as 3/8 of a point while higher coupon mortgages were up by as much as 3/8 of a point.

Prepayment speeds were essentially unchanged from February 2013 to March 3013. For the first quarter, however, prepayment speeds were down 2-3 Conditional Prepayment Rate (CPR). Expectations are for speeds to pick up a few CPR over the next few months. This would put prepayment speeds in the mid to high 20s CPR, which is where prepayments have been for the past year. A stronger housing market could help these numbers grow slightly in the near future. This stronger housing market also could decrease the chances of immediate incremental action by Washington politicians to help the situation.

Non-Agency Mortgage-Backed Securities

All sector prices advanced in March with lower price securities benefiting the most, especially the subprime sector which continues to perform well due to the real or exaggerated housing market recovery. It is important to note that the market is already pricing in a housing market recovery in the fixed rate prime and alt-A market. For this reason, the one of the only place to get some incremental yield is currently in the subprime space.



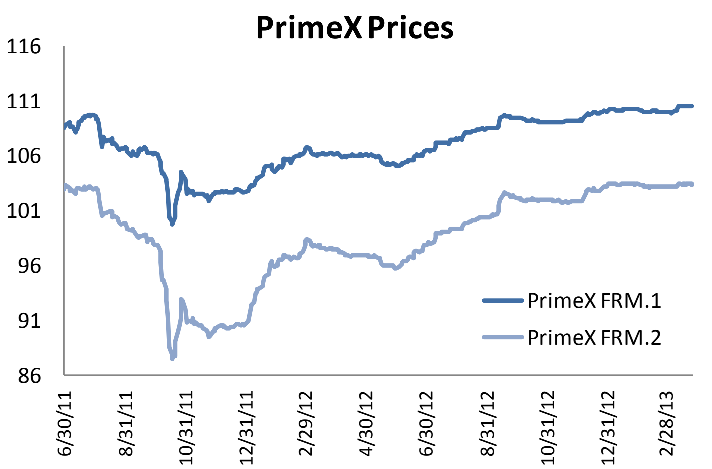
ABX Index Closing Prices	2/28/2013	3/29/2013	% Change
ABX 06-2 AAA	66.93	69.40	3.70%
ABX 07-1 AAA	51.53	53.70	4.20%

Conditional Prepayment Rates (CPR) 2012-2013	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FNMA	22.6	23.5	24.4	26.7	29.6	26.5	29.7	27.9	29.0	27.8	24.4	24.4
FHLMC	24.8	25.6	25.7	27.3	30.4	27.8	30.7	28.3	29.0	28.2	26.0	25.9
GNMA	18.5	15.7	17.4	20.3	22.9	21.1	24.3	23.2	23.5	23.3	21.9	21.8

Barclays Capital U.S. MBS Index	2/28/2013	3/28/2013	Change
Average Dollar Price	107.22	107.09	-0.13
Duration	3.88	4.04	0.16

Barclays Capital U.S. Index Returns	1/31/2013	2/28/2013	3/28/2013
Aggregate	-0.70%	0.50%	0.08%
MBS	-0.50%	0.34%	0.12%
Corporate	-0.89%	0.70%	0.01%
Treasury	-0.81%	0.53%	0.10%

source: eMBS, Barclays Capital



Source: Morgan Stanley

PrimeX Index Closing Prices	2/28/2013	3/29/2013	% Change
PrimeX FRM1	110.00	110.58	0.50%
PrimeX FRM2	103.19	103.46	0.26%

Currently near-par bonds have traded with relatively low yields (approximately 4%) and subprime allows for some additional yield if one believes the improving housing market story. An improving housing market isn't the only contributor, however, to the increase in pricing in the marketplace.

Non-Agency MBS Product Volume (billion)	Mar-12	Feb-13	Mar-13	MoM Change	YoY Change
ABS CDO	2,221	1,503	428	-1075	-1793
Alt-A	3,284	3,628	1,925	-1703	-1359
Re-Remic	478	394	271	-123	-207
POA	2,895	2,367	1,115	-1252	-1780
Prime	3,387	2,758	964	-1794	-2423
Subprime	8,160	6,542	3,040	-3502	-5120
Total	20,425	17,192	7,744	-9448	-12681

Source: Morgan Stanley
MoM = month-over-month; YoY = year-over-year
POA = payment option ARM (adjustable-rate mortgage)

Looking at the amount of bonds out for bid in March, compared to February and to March 2012, helps explain the slowdown in activity and the shrinkage in supply in this space. Only 2-3 years ago, the non-Agency market had 1-2 trillion and now has approximately 900 billion.

On the positive front, there has been new issue activity this year. Currently, new issue supply is approximately $2 billion year-to-date (YTD) and could reach 10-25 billion by year-end.

On the political front, eminent domain continues to dominate the non-Agency investor community with new attempts in not only Brockton, MA, but also in Nevada and California again, causing some dismay amongst the investor community. On another Washington note, the Federal Housing Finance Agency (FHFA) released its plans for both Fannie Mae and Freddie Mac this month. The goals are the following: build a new securitization infrastructure, including a common securitization platform; contract Fannie Mae and Freddie Mac's dominant presence in the marketplace while simplifying and shrinking certain operations; and, maintain foreclosure prevention activities and credit availability for new and refinanced mortgages.

The U.S. House Financial Services Committee reintroduced the Federal Housing Administration (FHA) Emergency Fiscal Solvency act to strengthen the FHA fund and ensure its long term viability, while Senators Corker, Warner, Vitter and Warren introduced the "Jumpstart GSE Reform Act" which would prohibit any increase in guarantee fees charged by the Fannie or Freddie from offsetting any other government spending.

Commercial Mortgage-Backed Securities

The new issue Commercial Mortgage-Backed Securities (CMBS) market finally took a breather from the onslaught of new supply we saw during the first two months of the year. As such, we saw a slight outperformance in secondary markets due to positive supply/demand technicals. The break from conduit new issue supply was much needed as the more than $10 billion in new issuance caused some market indigestion with spreads across the capital stack gapping out, creating a steeper credit curve.

With that said, the absence of conduit supply was subsequently replaced with a handful of large loan single borrower transactions which garnered a decent amount of positive attention. For example, the refinancing of a portfolio of Extended Stay Hotels in addition to a $240 million refinance of Santa Monica Place property indicated positive signs of bringing the CMBS market back on track from the 2008-2009 recession.

For the month, the CMBS component of the Barclays Capital U.S. Aggregate Bond Index returned 0.29%, outperforming the broader index by 19 bps, with quarter-to-date returns at 0.13% versus -0.12% for the broader index. As the search for yield continues across sectors, CMBS still remains cheap on a relative basis versus comparable spread sectors. As a basis for comparison, 10-year new issue CMBS rated BBB- currently trades in the mid to high 300 bps for example, while investment grade corporate BBB- rated securities trade in the mid 100 bps.

In terms of delinquencies, the 30+ delinquency rate for CMBS conduit universe increased by 18 bps in March to 10.64% for pre-2010 transactions while the 60+ day delinquency rate rose by 16 bps to 9.99% for pre-2010 vintage transactions. In terms of liquidations, $787 million were disposed of for the month of January totaling 69 loans with average loss severity of 41.6%, with a 39.5% six-month rolling average.

Our investment focus for this sector remains largely the same with emphasis on security selection and focus in shorter duration assets including securities with a more “storied” basis as our ability to drill down to collateral/borrower level allows us to adequately assess risk. Looking forward, our outlook for the sector continues to remain cautious given uncertainties surrounding fiscal cliff implications as well as macro headwinds coming out of Europe.

* BWIC = Bid Wanted In Competition

DoubleLine®

Quarterly Commentary

DoubleLine Total Return Bond Fund

Ticker: DBLTX/DLTNX

As of March 31, 2013

Performance Attribution

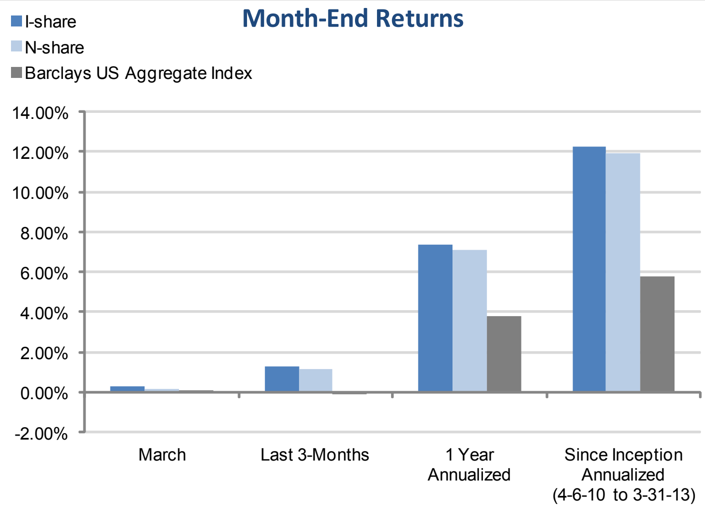
The DoubleLine Total Return Bond Fund outperformed the Barclays Capital U.S. Aggregate Index's return of -0.12% over the first quarter of 2013. Over the quarter, interest rates rose on the long end with the 2-year Treasury rate down 1 bp to 0.24%, the 5-year up 4 bps to 0.77% and the 10-year up 9 bps to 1.85%. The Fund outperformed, as expected, given the Fund's lower duration relative to the benchmark, however the Fund continued to generate attractive income off of its holdings further, which added to the total return of the Fund. Long duration Agency CMOs were down in price given the rise in rates but turned in a positive quarter on a total return basis. Agency inverse floating rate securities were also down in price but continued to generate strong income as LIBOR rates remained low. Agency passthroughs also turned in a positive quarter outperforming the passthroughs in the Index on a total return basis. The non-Agency MBS market was up in price over the quarter. The alt-a holdings in the Fund were the best performers, and were up the most in price. All three sectors of the non-Agency market continued to generate large income streams due to their lower dollar prices. The duration of the Fund extended slightly during the quarter to 2.94 years as the Fund's allocation to U.S. Treasury bonds was increased opportunistically. The Fund's duration continued to be shorter than the Aggregate Index's duration of 5.26 years. The average dollar price of the Fund continued to remain below par coming in at $99.67. Investments continued to be focused on Prime and Alt-A collateral and relative opportunities in Agency MBS. The Fund currently has approximately 16% in cash that will be deployed opportunistically into cheap cash flows.

DoubleLine Total Return Bond Fund

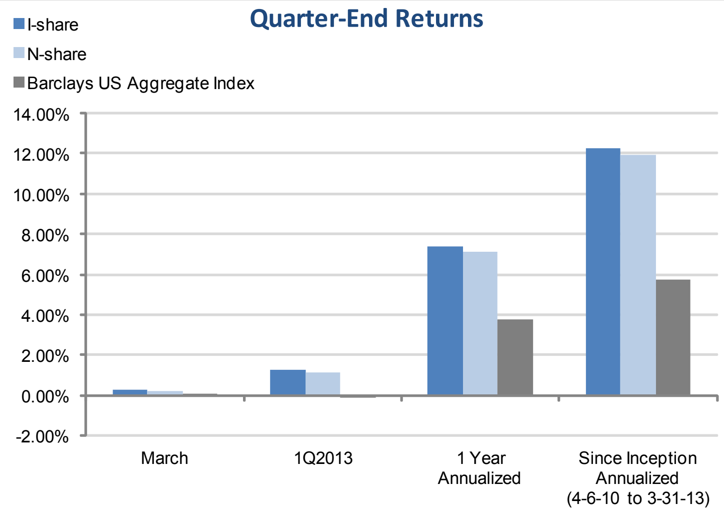
Ticker: DBLTX/DLTNX

Portfolio Performance

As of March 31, 2013



As of March 31, 2013



	March	Last 3-Months	1 Year Annualized	Since Inception Annualized (4-6-10 to 3-31-13)
I-share	0.30%	1.27%	7.37%	12.24%
N-share	0.19%	1.12%	7.11%	11.95%
Barclays US Aggregate Inde	0.08%	-0.12%	3.77%	5.75%

	March	1Q2013	1 Year Annualized	Since Inception Annualized (4-6-10 to 3-31-13)
I-share	0.30%	1.27%	7.37%	12.24%
N-share	0.19%	1.12%	7.11%	11.95%
Barclays US Aggregate Index	0.08%	-0.12%	3.77%	5.75%

As of March 31, 2013	I-share	N-share	Barclays US Aggregate Index
1-Year Standard Deviation[1]	1.27%	1.25%	1.99%

As of March 31, 2013	I-share	N-share
Gross SEC 30-Day Yield	3.97%	3.72%
Net SEC 30-Day Yield	3.97%	3.72%

	I-share	N-share
Gross Expense Ratio	0.51%	0.76%

Morningstar Intermediate Term Bond Fund Rankings*

As of March 31, 2013	I-share	N-share
1-Year (Absolute Rank)	231 of 1,157	267 of 1,157
1-Year (% Rank)	20%	23%

For the period ending 3-31-13, Morningstar ranked the Total Return Bond Fund in the 20th and 23rd percentile (for the I and N-share classes, respectively) among the 1,157 Funds in the Intermediate-Term Bond Fund category based on total returns.

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 213-633-8200 or by visiting www.doublelinefunds.com.

1. Standard Deviation is a measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Calculation by the square-root of the variance.

Quarterly Commentary

DoubleLine Total Return Bond Fund

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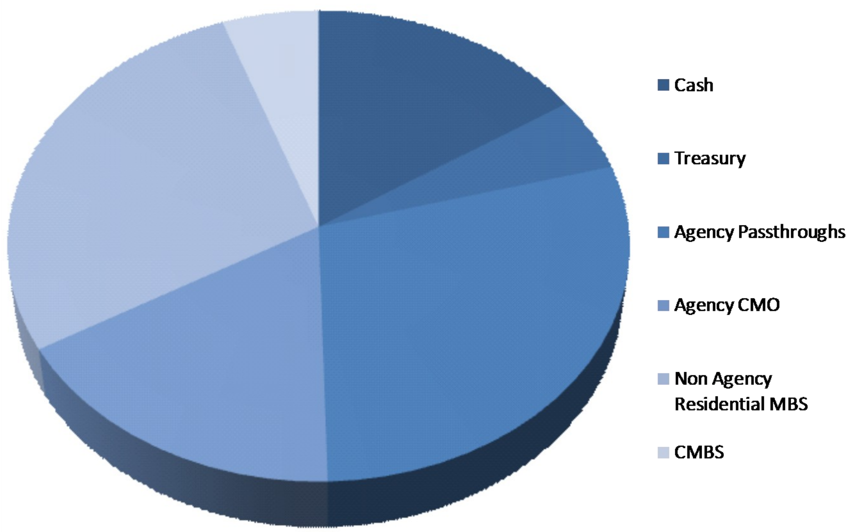
Portfolio Composition

General Statistics

# of Issues	1526
Ending Market Value	$39,818,752,164
Market Price[1]	$99.67
Duration	2.94
Weighted Avg Life	4.42

Sector Breakdown

(Percent of Portfolio)	
Cash	15.7%
Treasury	5.0%
Agency Passthroughs	28.8%
Agency CMO	17.1%
Non Agency Residential MBS	28.0%
CMBS	5.4%
Total	**100.0%**



Portfolio Characteristics

Weighted Average Life Breakdown

(Percent of Portfolio)	
0 to 3 years	15.3%
3 to 5 years	31.5%
5-10 years	33.9%
10+ years	3.5%
Cash	15.7%
Total:	**100.0%**

Current Quality Credit Distribution[2]

(Percent of Portfolio)	
Cash	15.7%
Government	6.2%
Agency	44.7%
Investment Grade	8.6%
Below Investment Grade	22.6%
Unrated Securities	2.1%
Total:	**100.0%**

1. Market price is the weighted average of the prices of the Fund's portfolio holdings. While a component of the fund's Net Asset Value, it should not be confused with the Fund's NAV.
2. Credit distribution is determined from the highest available credit rating from any Nationally Recognized Statistical Rating Organization.

Investment Grade - Refers to a bond considered investment grade if its credit rating is BBB- or higher by Standard & Poor's or Baa3 or higher by Moody's. Ratings are based on a corporate bond model. The higher the rating the more likely the bond will pay back par/100 cents on the dollar.

Below Investment Grade - Refers to a security that is rated below investment grade. These securities are seen as having higher default risk or other adverse credit events, but typically pay higher yields than better quality bonds in order to make them attractive. They are less likely to pay back 100 cents on the dollar.

DoubleLine Total Return Bond Fund

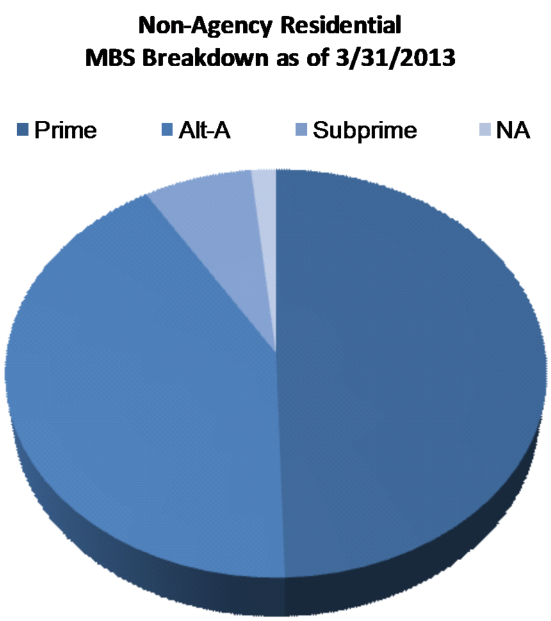
Ticker: DBLTX/DLTNX

As of March 31, 2013

Portfolio Characteristics (Continued)

Duration Breakdown [3]

(Percent of Portfolio)	
Less than 0	13.5%
0 to 3 years	28.4%
3 to 5 years	21.9%
5-10 years	17.0%
10+ years	3.5%
Cash	15.7%
Total:	**100.0%**



Non-Agency Residential MBS Breakdown

(Percent of Sector)	
Prime	49.5%
Alt-A	41.7%
Subprime	7.1%
NA	1.6%

3. Duration is a commonly used measure of the potential volatility of the price of a debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration.

Disclaimer

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The prospectus contains this and other important information about the investment company and may be obtained by visiting www.doublelinefunds.com or by calling 1-877-354-6311/1-877-DLINE11. Read it carefully before investing.

The principal value of debt securities typically decrease when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset-Backed and Mortgage-Backed securities include additional risks that investor should be aware of including credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. Investments in lower rated and non-rated securities present a great risk of loss to principal and interest than higher rated securities.

Sector Allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Portfolio holdings generally are made available fifteen days after month end by calling 1-877-DLine11. Credit ratings from Moody's range from the highest rating of Aaa for bonds of the highest quality that offer the lowest degree of investment risk to the lowest rating of C for the lowest rated class of bonds.

Fund portfolio characteristics and holdings are subject to change without notice. The Advisor may change its views and forecasts at anytime, without notice.

*Morningstar rankings represent a fund's total-return percentile rank relative to all funds that have the same Morningstar category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. Morningstar Rankings (Absolute) represent a fund's total-return rank relative to all funds that have the same Morningstar Category. The highest rank is 1 and the lowest is based on the total number of funds ranked in the category. Past performance does not guarantee future results.

DoubleLine Capital LP is the advisor to the DoubleLine Funds, which are distributed by Quasar Distributors, LLC.

The source for the information in this report is DoubleLine Capital, which maintains its data on a trade date basis.

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Definitions

ABX Index

The ABX Index consists of the 20 most liquid credit default swaps (CDS) on U.S. home equity asset-backed securities (ABS) and is used to hedge asset-backed exposure or to take a position in the subprime mortgage asset class. The ABX Index has four series (06-1, 06-2, 07-1 and 07-2) with five tranches per series. The ABX 07-1 AAA Index references underlying collateral of that 2007 vintage and AAA credit quality type, just as the ABX 06-2 AAA Index references underlying collateral of the 2006 vintage and AAA credit quality type.

Barclays Capital U.S. Aggregate Bond Index

The Barclays Capital U.S. Aggregate Bond Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Barclays Capital U.S. Corporate Index

The Barclays Capital U.S. Corporate Index is the corporate component of the Barclays Capital U.S. Credit Index. It consists of publically-issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity and quality requirements. To qualify, bonds must be SEC-registered. The corporate sub-sectors are industrial, utility and finance, which include both U.S. and non-U.S. corporations.

Barclays Capital U.S. MBS Index

The Barclays Capital U.S. MBS Index measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of the Government-Sponsored Enterprises (GSEs): Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

Barclays Capital U.S. Treasury Index

The Barclays Capital U.S. Treasury Index is the U.S. Treasury component of the U.S. Government Index. Public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Basis Point

A basis point (bps) equals to 0.01%.

BWIC

In Bid Wanted in Competition (BWIC) situation, securities dealers are allowed to make bids on the securities listed. This bid list of bonds is submitted by an institutional investor typically. The dealers with the highest bids are then contacted.

Cash Flow

Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

Duration

A measure of the sensitivity of a price of a fixed income investment to a change in interest rates, expressed as a number of years.

Institute of Supply Management (ISM) Manufacturing

This index is based on surveys of more than 300 manufacturing firms by the ISM and monitors employment, production inventories, new orders and supplier deliveries.

Personal Consumption Expenditures (PCE)

According to the Bureau of Economic Analysis, personal consumption expenditures (PCE) measures the goods and services purchased by households and nonprofit institutions serving households who reside in the United States. PCE also includes purchases by U.S. government civilian and military personnel stationed abroad, regardless of the duration of their assignments, and by U.S. residents who are traveling or working abroad for 1 year or less.

PrimeX

The PrimeX index is a synthetic credit default swap (CDS) index which references non-Agency, prime residential mortgage-backed securities (RMBS). There are 20 prime RMBS deals referenced from the 2005, 2006, and 2007 vintages. The vintages separate the PrimeX into four sub indices by cut-off dates and collateral type. The PrimeX Fixed-Rate Mortgage (FRM) 1 and FRM 2 are two of these sub indices that contain specific underlying collateral and vintage types.

Purchasing Managers Index (PMI)

The PMI is an indicator for economic activity, more specifically of the economic health of the manufacturing sector. This index is based on five major indicators including new orders, inventory levels, supplier deliveries, production and employment environment.

S&P/Case-Shiller Index

The index measures the change in value of the U.S. residential housing market by tracking the growth in real estate values by following the purchase price and resale value of homes.

An investment cannot be made in an index.

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Disclaimer

Important Information Regarding This Report

The DoubleLine Total Return Bond Fund, as of March 31, 2013, held 30.14% in Fannie Mae (FNMA), 14.59% in Freddie Mac (FHLMC), 1.12% in Ginnie Mae (GNMA), 0.00% in Extended Stay Hotels and 0.00% in Santa Monica Place. Fund holdings are subject to change without notice and are not recommendations to buy or sell any security.

Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. Such charts are not the only tools used by the investment teams, are extremely sophisticated, may not always produce the intended results and are not intended for use by non-professionals.

DoubleLine has no obligation to provide revised assessments in the event of changed circumstances. While we have gathered this information from sources believed to be reliable, DoubleLine cannot guarantee the accuracy of the information provided. Securities discussed are not recommendations and are presented as examples of issue selection or portfolio management processes. They have been picked for comparison or illustration purposes only. No security presented within is either offered for sale or purchase. DoubleLine reserves the right to change its investment perspective and outlook without notice as market conditions dictate or as additional information becomes available.

Ratings shown for various indices reflect the average for the indices. Such ratings and indices are created independently of DoubleLine and are subject to change without notice.

Important Information Regarding Risk Factors

Investment strategies may not achieve the desired results due to implementation lag, other timing factors, portfolio management decision-making, economic or market conditions or other unanticipated factors. The views and forecasts expressed in this material are as of the date indicated, are subject to change without notice, may not come to pass and do not represent a recommendation or offer of any particular security, strategy, or investment. Past performance (whether of DoubleLine or any index illustrated in this presentation) is no guarantee of future results. You cannot invest in an index.

Important Information Regarding DoubleLine

In preparing the client reports (and in managing the portfolios), DoubleLine and its vendors price separate account portfolio securities using various sources, including independent pricing services and fair value processes such as benchmarking.

To receive a complimentary copy of DoubleLine’s current Form ADV (which contains important additional disclosure information), a copy of the DoubleLine’s proxy voting policies and procedures, or to obtain additional information on DoubleLine’s proxy voting decisions, please contact DoubleLine’s Client Services.

Important Information Regarding DoubleLine’s Investment Style

DoubleLine seeks to maximize investment results consistent with our interpretation of client guidelines and investment mandate. While DoubleLine seeks to maximize returns for our clients consistent with guidelines, DoubleLine cannot guarantee that DoubleLine will outperform a client's specified benchmark. Additionally, the nature of portfolio diversification implies that certain holdings and sectors in a client's portfolio may be rising in price while others are falling; or, that some issues and sectors are outperforming while others are underperforming. Such out or underperformance can be the result of many factors, such as but not limited to duration/interest rate exposure, yield curve exposure, bond sector exposure, or news or rumors specific to a single name.

DoubleLine is an active manager and will adjust the composition of client’s portfolios consistent with our investment team’s judgment concerning market conditions and any particular security. The construction of DoubleLine portfolios may differ substantially from the construction of any of a variety of bond market indices. As such, a DoubleLine portfolio has the potential to underperform or outperform a bond market index. Since markets can remain inefficiently priced for long periods, DoubleLine’s performance is properly assessed over a full multi-year market cycle.

Important Information Regarding Client Responsibilities

Clients are requested to carefully review all portfolio holdings and strategies, including by comparing the custodial statement to any statements received from DoubleLine. Clients should promptly inform DoubleLine of any potential or perceived policy or guideline inconsistencies. In particular, DoubleLine understands that guideline enabling language is subject to interpretation and DoubleLine strongly encourages clients to express any contrasting interpretation as soon as practical. Clients are also requested to notify DoubleLine of any updates to Client’s organization, such as (but not limited to) adding affiliates (including broker dealer affiliates), issuing additional securities, name changes, mergers or other alterations to Client’s legal structure.