DoubleLine®
FUNDS

Quarterly Commentary

Total Return Bond Fund

DBLTX/DLTNX

Third Quarter 2012

DoubleLine® FUNDS

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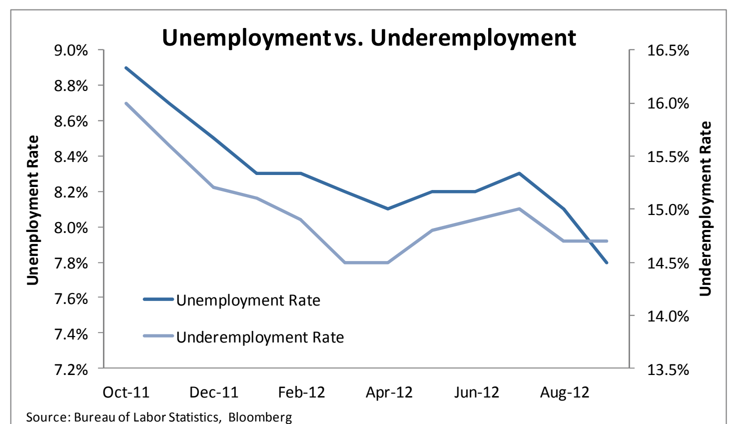
Overview

On June 20th the Federal Reserve's Open Market Committee (FOMC) remarked that it expected "economic growth to remain moderate over coming quarters and then to pick up very gradually."[1] Three months later on September 13th with year-over-year Personal Consumption Expenditures (PCE) not having been above 2.5% since November 2011, the FOMC became "concerned that, without further policy accommodation, economic growth might not be strong enough to generate sustained improvement in labor market conditions"[1] and engaged in yet another round of quantitative easing. The $40 billion per month in additional Agency Mortgage-Backed Securities (MBS) purchases has not spurred the rally in risk assets that had previously followed such announcements. The markets had seen that further easing by the Fed was almost inevitable with the 7.71% return for the S&P 500 and 1.05% return in the Barclays Capital U.S. Aggregate Bond Index quarter-to-date through September 13th.

As the presidential election cycle heads into overdrive, the falling unemployment rate may become a pivotal data point. Over the third quarter, the unemployment rate fell 50 basis points (bps) to 7.8%, its lowest level since January 2009. The unemployment rate in September stands at exactly the same level as it did during the first month of the Obama Presidency. However, the labor force participation rate is 2.1% lower, implying job growth is somewhat less robust than the falling unemployment rate might suggest. Offering a more nuanced view of the weakness in labor markets is the more broadly measured "underemployment rate." This figure has been stubbornly range bound over the last six months, standing at 14.7% in September. Taken as a whole, workers who are marginally attached or desire to be employed full time may continue to fall off the unemployed rolls – but they do not have the amount of employment they desire. Another strain on the labor markets is the average length of time that persons who are unemployed have unsuccessfully spent trying to find a job. At 39.8 months, this duration is only slightly below the all-time high of 40.8 seen in December 2011. All these figures and the actions of the Fed suggest the labor markets continue to face headwinds.



Source: Bureau of Labor Statistics, Bloomberg

As we look to other measures of economic activity, we see the Purchasing Managers Indices (PMI) and S&P/Case-Shiller data heading in an encouraging direction. Both the manufacturing and non-manufacturing PMI finished the quarter in expansionary territory, at 51.5 and 55.1 respectively.

Source: Institute for Supply Management, Bloomberg

1. FOMC minutes can be found at http://www.federalreserve.gov/monetarypolicy/fomccalendars.htm.

The service sector (non-manufacturing) index has now increased four consecutive months, and September was the first time both sectors expanded since May. Also showing accelerating performance was housing prices per the S&P/Case-Shiller Index. After increasing every month during 2012, the latest figure released showed year over year growth of 1.20% during July – the largest such improvement since August 2010.

Mortgage-Backed Securities

The political landscape has been of significant interest to the market place. In June, a group of investment bankers in the San Francisco area approached San Bernardino County with a new idea to solve that county's foreclosure problem. At the core of this solution was the use of eminent domain, a tool often used by government officials to take private property for use in a public works projects. Typical examples of these public works projects include building schools, roads, bridges, and airports. By using eminent domain, the local government pays the current owner of the property a fair market price for that owner's private property. In the case of San Bernardino County, however, the use of eminent domain was not quite the same. In this case the suggestion was to take performing mortgages held by private securities and refinance those same mortgages. Each time a mortgage was taken the county would receive approximately $5000 and the bankers were to receive a fee of approximately $4500. The interesting point being that the bankers only wanted performing, 'under water' mortgages, as opposed to bank-owned or Agency-owned mortgages and certainly not non-performing loans. They would then buy these performing, under water loans at a significant discount. The plan for purchasing these mortgages was for the bankers to raise the money privately through another vehicle that was being offered at a rate of return in excess of 15%. One investment manager expressed concern over reputational risk and fiduciary duty. Obviously the investment community was alarmed over this development, and the Federal Housing Finance Agency (FHFA) even weighed in on the issue as well as the Securities Industry and Financial Markets Association (SIFMA), the Association of Mortgage Investors (AMI), and the

American Securitization Forum (ASF) (all industry trade organizations).

On August 1st, DoubleLine hosted the CEO of San Bernardino County and five major investors, as well as representatives of the AMI, ASF and SIFMA, to discuss this issue and suggest alternatives. We continue to work through the details of viable alternatives with all parties concerned as the issue develops. During August, a number of other counties examined the concept including Riverside County, California and Chicago County, Illinois. Both of these communities have reserved judgment, though it appears that Riverside and Chicago are leaning towards not proceeding. At August month-end, most trade organizations and signatories to the original anti-eminent domain letter responded to FHFA's request for commentary on their position against the use of eminent domain. We are currently working with both federal and state agencies to help solve the issue and will be reporting how our efforts have been received.

Helping with the effort, SIFMA, the trade organization that sets all requirements for mortgage backed security trading, issued a statement prohibiting any loans from communities or counties that use eminent domain to be included in Agency securities that would qualify for "to-be-announced" (TBA) treatment. This alone would cost borrowers seeking Agency-qualifying loans within those communities a significant increase in interest expense, as the TBA market is the most cost efficient market in the mortgage arena.

Adding his voice to the issue, Representative Campbell of California is working on legislation that would put a stop to the program. His legislation would prohibit Fannie Mae, Ginnie Mae and Freddie Mac – the Government Sponsored Enterprises (GSEs) – from purchasing any such loans and would prohibit the FHA from insuring them as well.

We expect that October will be a little less active, and we continue to monitor governmental policies and legal issues that may affect the performance of the mortgage market. With what appears to be a slightly improving housing market, and home prices possibly bottoming out, however, we continue to expect the non-Agency market should improve and represent value within the fixed income arena.

Conditional Prepayment Rates (CPR)												
2011 - 2012	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
FNMA	24.8	24.8	23.0	21.0	24.2	25.0	22.6	23.5	24.4	26.7	29.6	26.4
FHLMC	25.9	25.8	24.3	22.7	25.6	26.9	24.8	25.6	25.7	27.3	30.4	27.8
GNMA	16.3	16.2	16.3	16.0	17.5	19.7	18.5	15.7	17.4	20.3	22.9	21.1

Barclays Capital U.S. MBS Index	8/31/2012	9/30/2012	Change
Average Dollar Price	108.53	108.62	0.09
Duration	2.87	2.34	-0.53

Barclays Capital U.S. Index Returns	July 2012	August 2012	September 2012
Aggregate	1.38%	0.07%	0.14%
MBS	0.80%	0.11%	0.21%
Corporate	2.88%	0.22%	0.70%
Treasury	1.01%	-0.13%	-0.31%

source: eMBCS, Barclays Capital

Agency Mortgage-Backed Securities

The Agency mortgage market, as measured by the Barclays Capital U.S. MBS Index, returned 0.21% for the month of September and 1.13% for the third quarter of 2012. For the month of September, lower coupon mortgages were up by as much as 2 points while higher coupon mortgages were actually down a few ticks. The lower coupons were up so much due to the fact that QE3 was announced and the size of the program was larger than what the market was expecting. The Fed aims to buy lower coupon mortgages in this program. Higher coupons could be slightly down in price due to the fact that overall prepayment speeds have been creeping up over the past few months. These facts would also hold true for a quarterly analysis of the mortgage sector.

Prepayment speeds were down slightly, as seen by the Conditional Prepayment Rate (CPR) for the month. This can be explained by the September reporting period being 4 days shorter than the August reporting period. For the quarter, prepayment speeds are a few CPR higher than they were earlier in the year. This is probably due to the drop in rates that the market has experienced since earlier in the year. What the market is trying to see is if the housing market has turned the corner. If it has and things get better economically then there would be an expectation of further increases in prepayment speeds. We believe there has been a structural change in the financial status of borrowers and their ability to refinance their mortgages and it will take a while to bring this situation more in line with its historical norm. At the same time we recognize that rates have come down and many borrowers do have the financial wherewithal to refinance. These borrowers, who mostly reside in lower coupon mortgages should be very responsive to any further reduction in interest rates.

QE3 was the most important piece of news for the mortgage market both for the month and the quarter. The mortgage market was expecting QE3 and they were expecting it to include Fed purchases of agency mortgages but the market was surprised by the size of the program. The Fed will be buying $40 billion of Agency mortgages a month in QE3. Keep in mind that one of the mandates in the Operation Twist announcement a few months ago was a reinvestment back into mortgages for the paydowns of the Fed's mortgage portfolio purchased in QE1. This number amounts to around $25 billion a month. These two conditions bring the Fed's total monthly additions to be for $65 billion mortgages. The market is producing between $120 and $150 billion of new mortgages a month so the Fed is buying about one half of all new mortgages.

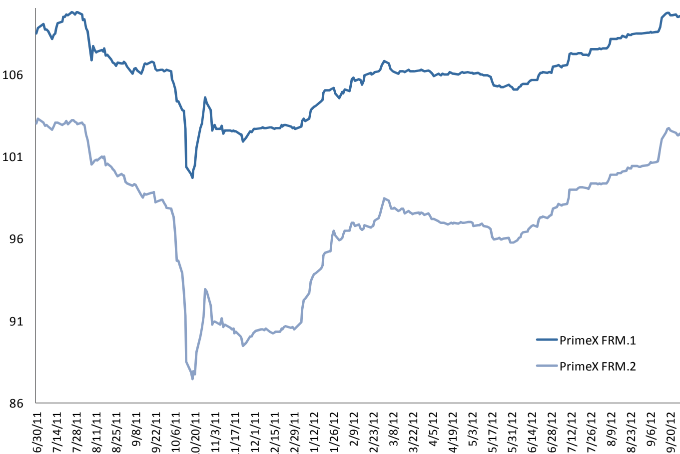
The future of the GSEs is still to be determined, even following the FHFA's recently released white paper on the very topic. We expect that this issue will be much discussed and debated over the coming months. Their future role will be much influenced by the next Congress and whichever political U.S. party is in power. Whatever is eventually decided upon should not affect existing securities but instead will focus on future originations.

Non-Agency Mortgage-Backed Securities

Prices have continued their rapid climb as the outstanding supply continued to dwindle in non-Agencies. We are currently just below $1 trillion in overall outstanding non-Agency mortgage assets from a high of over 2.4 trillion back in 2006.

ABX Index Closing Prices			
	6/29/2012	9/28/2012	QoQ[2]
ABX 06-2 AAA	50.80	58.46	7.66
ABX 07-1 AAA	40.04	47.02	6.98

PrimeX Index Closing Prices			
	6/29/2012	9/28/2012	QoQ[2]
PrimeX FRM1	106.45	109.46	3.01
PrimeX FRM2	97.84	102.24	4.40



There was little price movement in the 10-year Treasury going from a 1.64% yield to a 1.63% on the closing dates of the second quarter and third quarter, respectively. The third quarter was certainly not without tradable supply in non-Agency MBS as the increase in prices have started to bring out positions where sellers are recognizing profits and moving into other asset classes or just reducing exposure to the sector.

Volume of Non-Agency MBS Trades Current Face Traded			
	6/30/2012	9/30/2012	QoQ Change
Total	$ 10,046,245,155	$ 16,615,383,467	$ 6,569,138,312
Liquidation	$ 3,371,007,515	$ 496,706,935	$ (2,874,300,580)
BWIC	$ 6,675,237,641	$ 16,118,676,532	$ 9,443,438,891

Source: Deutsche Bank; Bid Wanted In Competition (BWIC)

Non-Agency MBS Product Volume (billion)					
	Sep 2011	Aug 2012	Sep 2012	MoM Change	YoY Change
ABS CDO	693	3,780	912	2,868	-219
Prime	2,525	2,739	2,792	(53)	-267
Alt-A	2,754	4,865	5,220	(355)	-2,466
Re-Remic	518	666	249	417	269
Derivatives	68	2,616	2,004	612	-1,936
POA	1,857	2,836	3,006	(170)	-1,149
Second Lien	10	119	129	(10)	-119
Subprime	6,757	7,065	6,061	1,004	696
Manufactured	9	0	38	(38)	-29
Total	**15,191**	**24,686**	**20,411**	**4,275**	**-5,220**

Source: Morgan Stanley

Additionally, Maiden Lane, the Federal Reserve's position from AIG, was liquidated throughout the third quarter. Average bid lists over the quarter topped 20 billion per month. Average delinquencies and severities have continued to improve adding to the attractiveness of the sector, again bringing in new entrants and participants.

2. Quarter-over-Quarter (QoQ)

Commercial Mortgage-Backed Securities (CMBS)

CMBS market continued to march steadily albeit with a positive supply versus demand technicals. Despite concerns of an increased supply due to a very robust new issue pipeline in September, the market managed to absorb $7 billion of multi-borrower conduit transactions in what appeared to be strong market levels especially in the mezzanine/credit portions of the capital stack. Month-to-date, new issue BBBs were pricing at swaps +575 at the beginning of September, ultimately with the last deal towards the end of the month potentially clearing at swaps +500. This type of feeding frenzy for yield can be partially attributed to the Fed's announcement of QE3, thus affecting a sudden yield grab within CMBS from traditional as well as crossover buyers given the relative cheapness of the sector. Similar trends were witnessed in the secondary market as well with mezzanine AAA super senior CMBS (AMs) and junior AAA CMBS (AJs) catching a strong upward momentum into quarter end. The CMBS component of the Barclays Capital U.S. Aggregate Bond Index returned 1.28%, outperforming the index by 129 bps and ending the quarter up 3.83%.

Commercial real estate (CRE) performance weakened slightly in September, with the 30+ delinquency rate increasing by 2bps to 9.61%. The retail sector accounted for 33.8% of the $3.4 billion in newly delinquent loans. On the bright side, $2.6 billion in loans returned to current status resulting in the only marginal increase in the 30+ delinquency rate. In terms of property types, multifamily loans continue to lead the delinquency table, with nearly 13.13% of loans across all vintages falling in this category. Severities headed in a more optimistic direction in September, falling to 25.8% on average, compared to 49.5% in July.

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 the recent run-up in prices despite improvement in the lending environment as majority of loans that are able to obtain financing in new vintage CMBS are predominantly higher in quality off seasoned transactions. We'd also note that aside from macro concerns and headline risk out of Europe, unemployment continues to be a large contributing factor for commercial real estate fundamentals and without any real improvement in the unemployment picture, real recovery in commercial real estate sector will be limited.

DoubleLine®

Quarterly Commentary

DoubleLine Total Return Bond Fund

Ticker: DBLTX/DLTNX

As of September 30, 2012

Performance Attribution

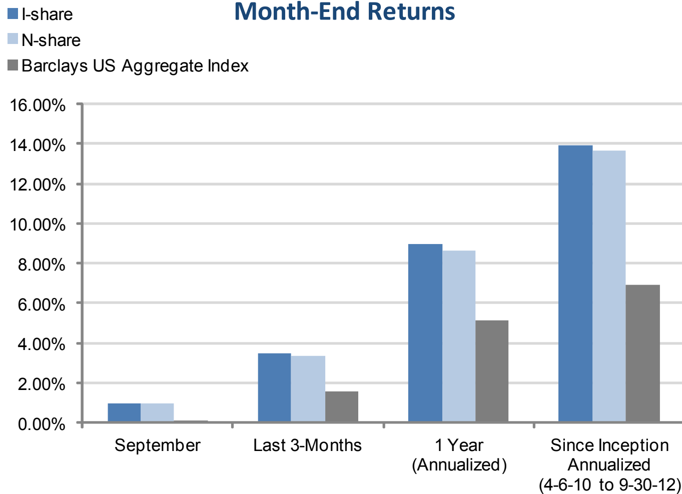
The DoubleLine Total Return Bond Fund outperformed the Barclays Capital U.S. Aggregate Index's return of 1.59% over the third quarter of 2012. Over the quarter, interest rates fell with the 2-year Treasury rate down 7 bps to 0.23%, the 5-year down 9 bps to 0.63% and the 10-year down 1 bps to 1.63%. Despite the slight drop in rates and the Fund's lower relative duration, the Fund still managed to outperform over the quarter. Prices on the longer duration Agency CMOs were up slightly with both lower coupon passthroughs and fixed rate CMOs outperforming. The Agency inverse interest-only holdings in the portfolio, have continued to generate high coupon cash flow due to the current low short-term interest rates and relatively slow prepayments. In the non-Agency sector, prices were up significantly for all sectors. The Alt-A holdings in the Fund were the best performing sector with Prime backed security prices also up on the quarter. The duration of the Fund have continued to be lower than the Aggregate Index with a 1.59 year duration as of September 30, 2012 compared to a duration of 4.85 years for the Aggregate Index. The average dollar price of the Fund was $98.65 as of the end of September continuing to be below par. Investments continue to be focused on Prime and Alt-A collateral with fixed coupon rates. The Fund currently has approximately 15% in cash that will be deployed opportunistically

DoubleLine Total Return Bond Fund

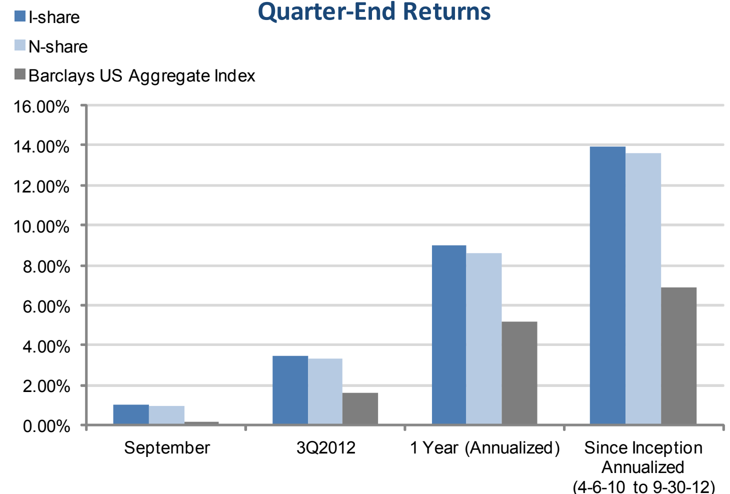
Ticker: DBLTX/DLTNX

Portfolio Performance

As of September 30, 2012



As of September 30, 2012



	September	Last 3-Months	1 Year (Annualized)	Since Inception Annualized (4-6-10 to 9-30-12)
I-share	1.00%	3.48%	8.96%	13.92%
N-share	0.98%	3.33%	8.61%	13.63%
Barclays US Aggregate Inde	0.14%	1.58%	5.16%	6.90%

	September	3Q2012	1 Year (Annualized)	Since Inception Annualized (4-6-10 to 9-30-12)
I-share	1.00%	3.48%	8.96%	13.92%
N-share	0.98%	3.33%	8.61%	13.63%
Barclays US Aggregate Index	0.14%	1.58%	5.16%	6.90%

As of September 30, 2012	I-share	N-share	Barclays US Aggregate Index
1-Year Standard Deviation[1]	1.69%	1.69%	2.13%

As of September 30, 2012	I-share	N-share
Gross SEC 30-Day Yield	4.98%	4.73%
Net SEC 30-Day Yield	4.98%	4.73%

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

Morningstar Intermediate Term Bond Fund Rankings*

As of September 30, 2012	I-share	N-share
1-Year (Absolute Rank)	329 of 1,175	378 of 1,175
1-Year (% Rank)	28%	32%

For the period ending 9-30-12, Morningstar ranked the Total Return Bond Fund in the 28th and 32nd percentile (for the I and N-share classes, respectively) among the 1,175 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.

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DoubleLine Total Return Bond Fund

Ticker: DBLTX/DLTNX

As of September 30, 2012

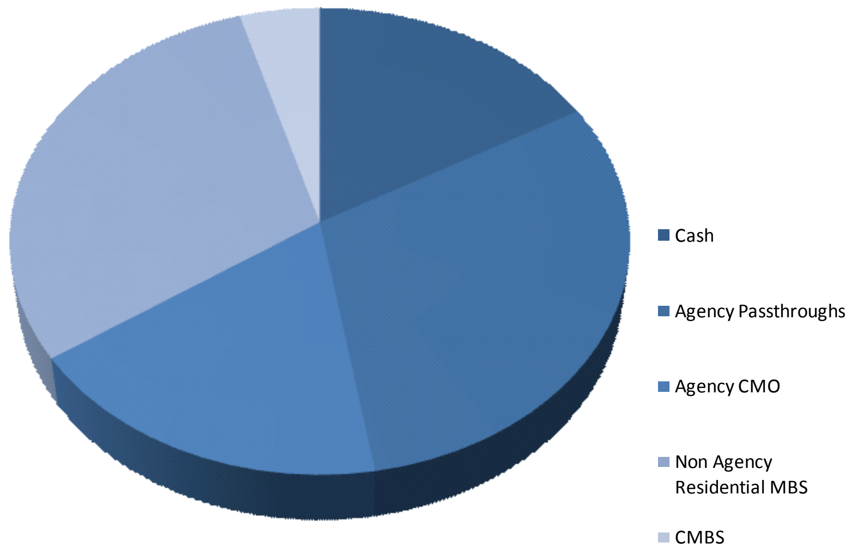
Portfolio Composition

General Statistics

# of Issues	1369
Ending Market Value	$33,100,197,330
Market Price[1]	$98.65
Duration	1.59
Weighted Avg Life	4.27

Sector Breakdown

(Percent of Portfolio)	
Cash	16.7%
Agency Passthroughs	30.7%
Agency CMO	18.2%
Non Agency Residential MBS	30.0%
CMBS	4.5%
Total:	**100.0%**



Portfolio Characteristics

Weighted Average Life Breakdown

(Percent of Portfolio)	
0 to 3 years	27.8%
3 to 5 years	24.7%
5-10 years	22.7%
10+ years	8.2%
Cash	16.7%
Total:	**100.0%**

Current Quality Credit Distribution[2]

(Percent of Portfolio)	
Cash	16.7%
Government	1.3%
Agency	47.5%
Investment Grade	8.6%
Below Investment Grade	23.6%
Unrated Securities	2.3%
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.

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DoubleLine Total Return Bond Fund

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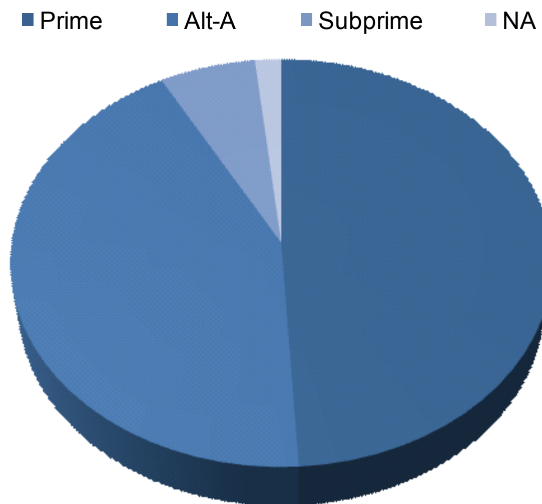
As of September 30, 2012

Portfolio Characteristics (Continued)

Duration Breakdown [3]

(Percent of Portfolio)	
Less than 0	21.6%
0 to 3 years	41.9%
3 to 5 years	7.2%
5-10 years	9.4%
10+ years	3.2%
Cash	16.7%
Total:	**100.0%**



Non-Agency Residential MBS Breakdown

(Percent of Sector)	
Prime	49.1%
Alt-A	42.9%
Subprime	6.3%
NA	1.7%
Total	**100.0%**

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.

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

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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.

S&P 500 Index

The index includes 500 stocks chosen for various factors including but not limited to market size, liquidity and industry grouping. The index is designed to be a leading indicator of U.S. equities and is often reflective of the risk/return characteristics of the large cap universe.

An investment cannot be made in an index.

Important Information Regarding This Report

The DoubleLine Total Return Fixed Income Fund, as of September 30, 2012, held 0% in AIG, 5.03% in Fannie Mae, 4.29% in Freddie Mac, and 0.65% in Ginnie Mae. 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.

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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.

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