

DoubleLine Rising Rates Webcast Recap



Originally aired on October 25, 2016

About this Webcast Recap

On October 25, 2016, Portfolio Managers Philip Barach, Luz Padilla, and Robert Cohen held a webcast discussing the DoubleLine Low Duration Bond Fund (DBLSX/DLSNX), the DoubleLine Low Duration Emerging Markets Fixed Income Fund (DBLLX/DLLEX) and the DoubleLine Floating Rate Fund (DBFRX/DLFRX) titled “DoubleLine Fund Offerings for a Rising Rate Environment.”

This recap is not intended to represent a complete transcript of the webcast. It is not intended as solicitation to buy or sell securities. If you are interested in hearing more of the portfolio managers’ views, please listen to the full version of this webcast on www.doublelinefunds.com under the “Webcasts” tab. You can use the “Jump To” feature to navigate to each slide.

Slide #	Recap
10	Market Overview <ul style="list-style-type: none"> • Inflation <ul style="list-style-type: none"> ○ Inflation measures and average hourly earnings have been trending higher, potentially providing support for future rate increases. • Global growth <ul style="list-style-type: none"> ○ Global Gross Domestic Product (GDP) is expected to come in at 2.9% for 2016. • U.S. Treasuries (UST) <ul style="list-style-type: none"> ○ 10-year UST has risen from an all-time low in July. We expect that it could move higher and reach 2% by year-end. ○ 2-year UST has risen over the past few years which has led to a flatter yield curve. ○ Foreign exchange (FX) hedged 10-year UST offers little to no yield pickup for investors in Japan and Europe due to higher hedging costs. • Election <ul style="list-style-type: none"> ○ Both candidates have substantial infrastructure plans. Stronger federal spending could be another catalyst for more debt issuance and higher rates.
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39	Low Duration Bond Fund (DBLSX/DLSNX) <ul style="list-style-type: none"> • Portfolio composition <ul style="list-style-type: none"> ○ Collateralized Loan Obligations (CLO): 19.8% <ul style="list-style-type: none"> - Strong subordination - Exhibits a negative duration ○ Commercial Mortgage-Backed Securities (CMBS): 19.7% <ul style="list-style-type: none"> - Average duration of 0.86 years. ○ Emerging Markets (EM): 17.6% <ul style="list-style-type: none"> - 100% U.S. Dollar (USD)-denominated. ○ Mortgage-Backed Securities (MBS): 12.3% <ul style="list-style-type: none"> - The MBS sleeve is primarily invested in non-Agency MBS. ○ UST: 11.2%

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Slide #

Recap continued

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- Investment grade corporate credit: 10.8%
- Asset-Backed Securities (ABS): 5.8%
- Cash: 2.8%
- Only 10.1% of portfolio is below investment grade.
- Duration is 1.1 years.

Emerging Markets Fixed Income Outlook

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- Potential Risks
 - Rising UST yields
 - Potential for reduced central bank stimulus
 - Global growth slowdown
 - U.S. presidential election
 - European bank stress and Brexit negotiations.

- Outlook
 - Emerging Market (EM) fundamentals should continue to stabilize.
 - Continued progress on EM structural reforms.
 - Commodity prices will likely remain range-bound.

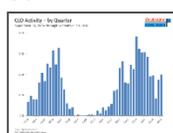
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DoubleLine Low Duration Emerging Markets Fixed Income Fund (DBLLX/DELNX)

- Fund composition as of September 30, 2016
 - Investment Grade: 78.8%
 - Corporate/Quasi-Sovereign: 85.2%
 - 100% USD-denominated.
 - Duration is 2.6 years.
 - Focus on strategic industries including: Banking, Oil & Gas, Transportation and Utilities.

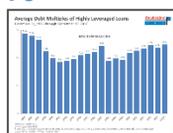
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Leveraged Loan Market Overview

- Technicals
 - Demand
 - CLO formation is up over the last two quarters but down from 2014 highs.
 - Prime fund flows were positive last quarter for the first time since 2014.
 - Supply
 - New issue volume only \$253 billion year-to-date (YTD) vs. \$216 billion at this time last year.
- Loan Market Statistics
 - CCC-rated category, as measured by the S&P/LSTA Leveraged Loan Index, is up 21.35% YTD through October 19th, which is a complete reversal from last year.
 - S&P/LSTA Leveraged Loan Index yield-to-maturity (YTM) is down to 5.52% from 7.12%.
 - Total Debt-to-Earnings Before Interest, Taxation, Depreciation & Amortization (EBITDA) (leverage) is at the highest level since 1998.

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DoubleLine Floating Rate Fund (DBFRX/DLFRX)

- Portfolio characteristics
 - 110 issuers, current market price of \$100.32.
 - Duration is 0.28 years.
 - Portfolio remains positioned in higher quality loans.
 - Top sectors: Healthcare, Retailers, Leisure Goods/Activities/Movies.

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Question and Answer

- Treasury Inflation-Protected Securities (TIPS)
 - TIPS remain very attractive given low breakeven and inflation measures that appear to be heading higher.

Definitions

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

Earnings before Interest Depreciation and Amortization (EBITDA) - Net income with interest, taxes, depreciation, and amortization added back to it. This measure can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

Investment Grade - Indices rated AAA to BBB- (shown above) are considered to be investment grade. A bond is considered investment grade if its credit rating is BBB- or higher by Standard & Poor's or Baa3 by Moody's. The higher the rating, the more likely the bond is to pay back at par/\$100 cents on the dollar. AAA is considered the highest quality and the lowest degree of risk. They are considered to be stable and dependable.

Market price - 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.

S&P/LSTA Leveraged Loan Index - An index designed to track the market-weighted performance of the largest institutional leveraged loans based on the market weightings, spreads and interest payments.

Yield to Maturity (YTM) - The discount rate at which the sum of all future cash flows from the bond (coupons and principal) is equal to the price of the bond. The YTM calculation takes into account the bond's current market price, par value, coupon interest rate and time to maturity. It is also assumed that all coupon payments are reinvested at the same rate as the bond's current yield.

One cannot invest directly in an index.

Disclosures

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contain this and other important information about the investment company, and may be obtained by calling 1 (877) 354-6311 / 1 (877) DLine11, or visiting www.doublelinefunds.com. Read it carefully before investing.

Investments in debt securities typically decrease in value 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 investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. In order to achieve its investments objectives, the Fund may use certain types of exchange traded funds or investment derivatives. Derivatives involve risks different from, in certain cases, greater than the risks presented by more traditional investments. ETF investments involve additional risks such as the market price trading at a discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares. These risks are fully disclosed in the prospectus. The fund may invest in securities related to real estate, which may decline in value as a result of factors affecting the real estate industry. Please refer to the prospectus for further details.