DoubleLine® FUNDS

DoubleLine Asset Allocation Webcast Recap

Originally aired on November 15, 2016

About this Webcast Recap

On November 15, 2016, Chief Executive Office Jeffrey Gundlach held a webcast discussing the DoubleLine Core Fixed Income Fund (DBLFX/DLFNX) and the DoubleLine Flexible Income Fund (DFLEX/DLINX) titled "Asset Allocation Webcast."

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 Mr. Gundlach's views, please listen to the full version of this webcast on www.doublelinefunds.com on the **"Webcasts"** tab under **"Latest Webcast"**. You can use the **"Jump To"** feature to navigate to each slide.

DoubleLine Core Fixed Income Fund

Quarter End September 30, 2016	3Q 2016	Year-to-Date 2016	1-Year	3-Year	5-Year	Since Inception Annualized (6-1-10 to 9-30-16)
I-share	1.18%	6.63%	5.73%	4.91%	4.52%	6.25%
N-share	1.11%	6.34%	5.38%	4.62%	4.26%	5.99%
Barclays U.S. Aggregate Index	0.46%	5.80%	5.19%	4.03%	3.08%	3.91%

	I-Share	N-Share
Gross Expense Ratio	0.48%	0.73%

DoubleLine Flexible Income Fund

Quarter End September 30, 2016	3Q 2016	Year-to-Date 2016	1-Year	Since Inception Annualized (4-7-14 to 9-30-16)
I-share	2.37%	5.22%	4.35%	3.23%
N-share	2.31%	5.13%	4.09%	2.99%
LIBOR USD 3 Month	0.19%	0.51%	0.60%	0.40%

	I-Share	N-Share
Gross Expense Ratio	0.89%	1.14%

Performance data quoted represents past performance; past performance does not guarantee of 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 877-354-6311.

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Slide #	Recap

Global Overview

- Presidential Election Prediction
  - Mr. Gundlach correctly predicted Donald Trump's win.
- Interest Rates Prediction
  - Mr. Gundlach correctly predicted the 10-year U.S. Treasury (UST) would bottom on July 6th at 1.32%; as a result, we have positioned our portfolios defensively by maintaining lower durations.
  - Mr. Gundlach correctly predicted that the 10-year UST would hit 2.00% before year's end.

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- U.S. Equities
  - Mr. Gundlach recommends avoiding FANG Stocks[1] (Facebook, Amazon, Netflix and Google). He believes they are still incredibly expensive.
  - Mr. Gundlach is favorable on the Financials, Industrials and Material as we move forward with a Trump presidency. It is a bad trade location today, but as a general theme they should be considered on pullbacks.

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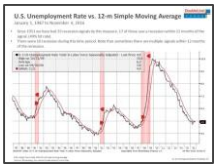

- Recession Indicators
  - One of DoubleLine's recession indicators is comparing the Unemployment Rate vs. its 12-month moving average. This signal puts on watch for a potential recession, but does not guarantee one.
  - We have crossed over the 12-month moving average, so we will be watching our other indicators closely.

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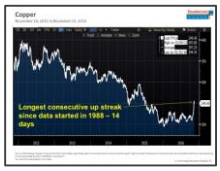

- Commodities
  - Copper is having its longest consecutive upward move since data started in 1988 of 14 days.

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- Inflation
  - Core Consumer Price Index (CPI), Average Hourly Earnings, Core Personal Consumption Expenditures (PCE), Atlanta Fed sticky CPI and Federal Reserve Bank (FRB) Cleveland median CPI are all in uptrends.
  - It appears that inflation has bottomed out, particularly with commodity prices having accelerated.
  - In September, DoubleLine had a radical departure from our long-held opinions to stay away from Treasury Inflation-Protected Securities (TIPS) and turned positive on the asset class. Thus, we allocated some of our UST exposure into TIPS.

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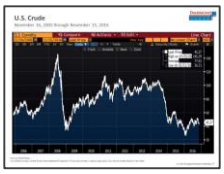

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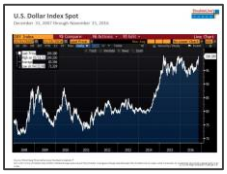

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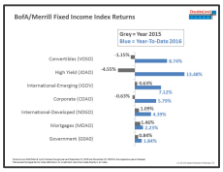

Recap

- Crude Oil
  - Mr. Gundlach thinks it is very unlikely that crude oil will fall back to $26. He thinks it will be hard for oil to drop below $40 and it could potentially find its way up to $60.
  - Mr. Gundlach correctly predicted the bottom in crude oil in January.
- U.S. Dollar (USD)
  - We believed the USD would be in a trading range for 2016. Currently, we are right back at the top of that range.
  - Mr. Gundlach does believe the USD will break to the upside, but at the moment the dollar has a bad trade location, being roughly at the same level at which it peaked.
- Bonds
  - Interest rates have risen dramatically over the past 3 months. People are not too bearish on bonds, but they were bullish back in July when rates were at their all-time lows.
  - There are a lot of people calling for higher rates after this big move occurred, so Mr. Gundlach thinks a dramatic move is less likely to happen from here.
  - Mr. Gundlach thinks we are approaching a short term peak in 10-year UST yields, believing we are about 80% of the way through the rate increase.

Fixed Income Overview

- Year-to-Date (YTD) Winners
  - Emerging Market Debt (EMD) as measured by the iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB)
  - High Yield Debt as measured by the BofA Merrill Lynch U.S. High Yield Cash Pay Index (J0A0) “Below Investment Grade”
  - Investment Grade Corporate Bonds as measured by the BofA Merrill Lynch US Corporate Index (COAO) “Investment Grade”
  - International Developed Debt as measured by the BofA Merrill Lynch International Government Index (NOGO)
  - Convertibles as measured by the BofA Merrill Lynch US All Convertibles Index (VOSO)
- Underperformers YTD
  - Treasuries, as measured by the BofA Merrill Lynch US Government Index (GOAO).
  - Mortgages, as measured by the BofA Merrill Lynch Mortgage-Backed Securities Index (MOA0), tend to have a shorter duration, which contributed to their YTD underperformance, but since July they have caught up and performed well relative to other fixed income sectors.

DoubleLine Core Fixed Income Fund (DBLFX) as of June 30, 2016

- Our multi-sector fixed income fund that is benchmarked against the Bloomberg Barclays U.S. Aggregate Bond Index (“the Agg”).

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Slide # **Recap (continued)**

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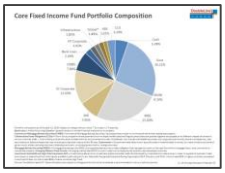

- DBLFX is up 4.19% YTD, 119 basis points (bps) ahead of the Agg.
- Our goal is to have lower risk, drawdowns and standard deviation than the Agg.
- No leverage, swaps or derivatives in the portfolio. We are using cash bonds.
- Portfolio is broadly diversified across all fixed income sectors with only 25% of the portfolio allocated to mortgages.
- Current Duration: 4.5 years vs. the Agg at 5.59 years.

DoubleLine Flexible Income Fund (DFLEX) as of June 30, 2016

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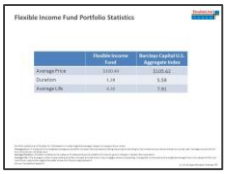

- Our most flexible and opportunistic multi-sector fund.
- DFLEX is up 4.77% YTD, 177 bps ahead of the Agg.
- Our goal is to outperform London Interbank Offered Rate (LIBOR) by 2.5% per annum, net of fees, which we have done since inception.
- Current Duration: 1.38 years vs. the Agg at 5.59 years.

Recent Changes

- DFLEX and DBLFX have both recently increased their TIPS exposure back in September when we found TIPS attractive relative to similar duration U.S. Nominal Treasuries. Currently, we are selectively looking at TIPS but they do not remain as attractive.
- DFLEX and DBLFX both reduced their EMD exposure a few months ago. EMD was one of the best performing fixed income asset classes and we felt it was prudent risk management to reduce our exposure. Moreover, Luz Padilla and the EM team have reduced duration exposure and increasing the credit quality within EMD.

Question and Answer

- Do you think the Federal Reserve (Fed) will hike in December?
  - The World Interest Rate Probability (WIRP) function is 94%, with rates up 100 bps on the long end, so it seems like the green light is glowing brightly for the Fed to raise rates in December.
- How do you feel about bonds?
  - I'm more positive on bonds as an asset class than I was in July.
- Is this the beginning of a long-term dollar bull market?
  - No. The long-term dollar bull market started in the middle of 2011. So, it has been in a bull market for nearly six years. I do think the dollar will break out to the upside from the range it's been in for the past 16 months.
- With Trump as president-elect, is there downside risk to stocks?
  - The view point that "Trump is the greatest thing that ever happened to stocks" is probably going to be reprocessed.
  - Trump has promised infrastructure spending, but that won't come for six or nine months.
- Do you have a view on high dividend stocks in light of their high correlation to bonds?
  - I have been negative on high dividend payers for some months now; in particular on the utility sector where I turned negative back in May. I am not a big fan of utilities over the intermediate term.

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Recap (continued)

- Are corporate issues tied to just 10-year and 30-year safe investments in this interest rate environment?
  - Absolutely not. About the worst thing you could own is 30-year corporate bonds, if you are talking about higher interest rates. I would rather own 30-year Treasuries than 30-year corporates for whatever tradable rally shows up.
- Shouldn't junk bonds rally with stocks?
  - Well, yes and no. They are falling because they are bonds and with a 100 bp increase in the 10-year, I think it's folly to expect junk bonds to go up in value unless they start out at a massive yield spread, which has not happened.

1. As of October 31, 2016, the Core Fixed Income Fund held 0.00% in Google, 0.00% in Facebook, 0.00% in Amazon, 0.00% in Netflix and 0.90% in Ginnie Mae (GNMA). As of October 31, 2016, the Flexible Income Fund held 0.00% in Google, 0.00% in Facebook, 0.00% in Amazon, 0.00% in Netflix and 0.00% in Ginnie Mae (GNMA).

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Definitions:

Barclays Aggregate Bond Index - An index that represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. 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.

Basis Point - A basis point is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

Below Investment Grade - A term indicating that a security 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.

BofA Merrill Lynch U.S. Corporate Bond Index (COAO) - The Corporate component of the U.S. Credit index. This index includes publicly 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.

BofA Merrill Lynch US Government Index (GOAO) - The Merrill Lynch US Government Index tracks the performance of US government (i.e. securities in the Treasury and Agency indices.)

BofA Merrill Lynch U.S. High Yield Cash Pay Index (J0A0) "Below Investment Grade"- The Merrill Lynch High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Firth foreign currency long term sovereign debt ratings). Must have one year remaining to final maturity and a minimum outstanding amount of $100MM.

BofA Merrill Lynch Mortgage-Backed Securities Index (MOA0) - This index tracks the performance of US dollar denominated fixed rate and hybrid residential mortgage pass-through securities publicly issued by US agencies in the US domestic market. 30-year, 20-year, 15-year and interest only fixed rate mortgage pools are included in the Index provided they have at least one year remaining term to final maturity and a minimum amount outstanding of at least $5 billion per generic coupon and $250MM per production year within each generic coupon.

BofA Merrill Lynch International Government Index (NOGO) - The Merrill Lynch International Index tracks the performance of Australia, Canadian, French, German, Japan, Dutch, Swiss and UK investment grade sovereign debt publicly issued and denominated in the issuer's own domestic market and currency. Qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding.

BofA Merrill Lynch US All Convertibles Index (VOSO) - The Merrill Lynch All Convertible Index is a rule driven index. which includes all bonds and preferred stocks of U.S.-registered companies, which have $50 million or more in aggregate market value and are convertibles in U.S. dollar-denominated common stocks, ADRs or cash equivalents. Please note an investor cannot invest directly in an index.

Consumer Price Index (CPI) - A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

Correlation - A statistical measurement of the relationship between two variables. Possible correlations range from +1 to -1. A zero correlation indicates that there is no relationship between the variables. A correlation of -1 indicates a perfect negative correlation and +1 indicates a perfect positive correlation.

Draw Down - The peak-to-trough decline during a specific record period of an investment, fund or commodity. A drawdown is usually quoted as the percentage between the peak and the trough.

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.

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.

Credit distribution from the highest available credit rating from any Nationally Recognizes Statistical Rating Organization (S&P, Moodys, and Fitch).

Standard Deviation - A measure of the variation or dispersion of a set of data from its mean or expected/budgeted value. A low standard deviation indicates that the data points tend to be very close to the mean, whereas a high standard deviation indicates that the data is spread out over a large range of values. A measure of an investment's volatility.

S&P 500 (SPX)- S&P 500 is a free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States.

One cannot invest directly in an index.

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iShares J.P. Morgan USD Emerging Markets Bond ETF (EMB)

Investment Objective & Summary

The iShares J.P. Morgan USD Emerging Markets Bond ETF seeks to track the investment results of an index composed of U.S. dollar-denominated, emerging market bonds.

The Fund seeks to track the investment results of the J.P. Morgan EMBI Global Core Index.

Important Risk Information - In general, ETFs can be expected to move up or down in value with the value of the applicable index. Although ETF shares may be bought and sold on the exchange through any brokerage account, ETF shares are not individually redeemable from the Fund. Investors may acquire ETFs and tender them for redemption through the Fund in Creation Unit Aggregations only. Please see the prospectus for more details.

Fixed income risks include interest rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments.

International investing involves risks, including risks related to foreign currency, limited liquidity, less government regulation and the possibility of substantial volatility due to adverse political, economic, or other developments. These risks often are heightened for investments in emerging/developing markets or in concentrations of single countries.

Distributor: BlackRock Investments, LLC (together with its affiliates "BlackRock").

Before investing, consider the funds' investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, call 1-800-474-2737 or talk to your financial advisor. Read it carefully before investing.

EMB is distributed by BlackRock© Investments, LLC

Disclaimer

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses 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 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 lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated 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 Funds may use certain types of investment derivatives. Derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. Derivatives may involve certain costs and risk such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. The Funds may also invest in securities related to real estate, which may decline in value as a result of factors affecting the real estate industry

The Core Fixed Income 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.

The Flexible Income Fund may use leverage which may cause the effect of an increase or decrease in the value of the portfolio securities to be magnified and the fund to be more volatile than if leverage was not used.

Credit distributions are determined from the highest available credit rating from any Nationally Recognized Statistical Rating Organization (S&P, Moody's, and Fitch).

Diversification does not assure a profit or protect against loss in a declining market.

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Important Information Regarding This Report

DoubleLine assumes no obligation to provide revised assessments in the event of changed circumstances. While this information based on sources believed to be reliable, DoubleLine does not guarantee the accuracy of the information provided. DoubleLine assumes no duty to update this information, which is not a complete discussion of all economic factors reviewed by DoubleLine. DoubleLine reserves the right to change its investment perspective and outlook without notice as market conditions dictate or as additional information becomes available. The opinions of any individual portfolio manager does not necessarily reflect the opinions of all DoubleLine portfolio managers. Certain data discussed in this report is publicly available only on a time delayed basis. DoubleLine strives to analyze data as it becomes available, but makes no representation that all data is reviewed contemporaneously to its release.

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