DoubleLine Rising Rates Webcast Recap

Originally aired on February 26, 2019

About this Webcast Recap

On February 26, 2019, Portfolio Manager Philip Barach, and Director of Global Developed Credit, Robert Cohen held a webcast discussing the DoubleLine Low Duration Bond Fund (DBLSX/DLSNX) 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 on the "**Webcasts**" tab under "**Latest Webcast.**" You can use the "Jump to" feature to navigate to each slide.

Low Duration Bond Fund

			Annualized				
Month-End Returns February 28, 2019	**February**	**YTD**	**1-Year**	**3-Year**	**5-Year**	**Since Inception (9-30-11 to 2-28-19)**	**1-Yr Std Deviation**
I-share	0.47%	1.25%	2.76%	2.70%	2.05%	2.30%	
N-share	0.45%	1.21%	2.51%	2.44%	1.77%	2.04%	
ICE BAML 1-3 Yr. Treasury	0.10%	0.37%	2.29%	0.84%	0.83%	0.73%	
			Annualized				
Quarter-End Returns December 31, 2018	**4Q18**	**YTD**	**1-Year**	**3-Year**	**5-Year**	**Since Inception (9-30-11 to 12-31-18)**	
I-share	0.18%	1.40%	1.40%	2.27%	1.89%	2.17%	
N-share	0.12%	1.15%	1.15%	2.02%	1.64%	1.92%	
ICE BAML 1-3 Yr. Treasury	1.29%	1.58%	1.58%	0.96%	0.81%	0.69%	

Expense Ratio: I-share (Gross) 0.43%; N-share (Gross) 0.68%

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 the 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.

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 (877) 354-6311/(877) DLINE11, or visiting www.doublelinefunds.com. Read it carefully before investing.

The performance information shown assumes the reinvestment of all dividends and distributions.

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

The ICE BofA/Merrill Lynch 1-3 Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one years and less than three years. It is not possible to invest directly in an unmanaged index.

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DoubleLine Floating Rate Fund

Month-End Returns February 28, 2019	February	YTD	Annualized 1-Year	Annualized 3-Year	Annualized 5-Year	Annualized Since Inception (2-1-2013 to 2-28-19)	1-Yr Std Deviation
I-share	1.71%	3.73%	2.87%	4.57%	3.07%	3.14%	2.94%
N-share	1.68%	3.67%	2.71%	4.30%	2.83%	2.92%	2.90%
S&P/LSTA Leveraged Loan Index	1.59%	4.18%	3.44%	6.69%	3.73%	3.90%	3.25%

Quarter-End Returns December 31, 2018	4Q18	YTD	Annualized 1-Year	Annualized 3-Year	Annualized 5-Year	Annualized Since Inception (2-1-2013 to 12-31-18)
I-share	-3.06%	0.05%	0.05%	3.00%	2.43%	2.59%
N-share	-3.12%	-0.19%	-0.19%	2.74%	2.19%	2.38%
S&P/LSTA Leveraged Loan Index	-3.45%	0.44%	0.44%	4.83%	3.05%	3.30%

Expense Ratio: I-share (Gross) 0.67%; N-share (Gross) 0.92%

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 the original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data does not reflect the 1% redemption fee on shares held less than 90 days and if deducted the fee would reduce the performance data quoted. Performance data current to the most recent month-end may be obtained by calling (213) 633-8200 or by visiting www.doublelinefunds.com.

The performance information shown assumes the reinvestment of all dividends and distributions.

S&P/LSTA Leveraged Loan Index is comprised of non-investment grade and non-rated loans and strips our defaulted issue at the price directly following the default. You cannot invest directly in an index.

Diversification does not assure a profit or protect against loss in a declining market. Please refer to the prospectus for further details.

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Recap

The Fed versus the Market

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- The bond market and the Fed have discernably different views on the direction of interest rates in 2019 and beyond:
  - The bond market is expecting zero rate hikes, with the potential for a rate cut in 2019 (as measured by Bloomberg's World Interest Rate Probability Calculator).
  - Meanwhile, the Fed's dot plot is forecasting two rate hikes in 2019.
  - Market expectations can quickly change: as of 2/25/2019, the market probability of a Fed rate hike in March is 1.7%. Looking back to September of 2018, the market was forecasting a 99.2% probability of a rate hike in March.

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Economic Indicators

- The U.S. Conference Board of Leading Economic Indicators is rolling over, declining to 3.5% on 1/31/2019.
- The 2s10s Bond Yield Spread remains on watch at 16.44 basis points.
- ISM Manufacturing PMI and ISM Non-Manufacturing NMI are still in expansionary territory and have recently been correlated to the S&P, along with the market to 56.6 and 56.7, respectively.
- The New York Fed Underlying Inflation Gauge is forecasting Core CPI to rise from its current level of 2.2.

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Economic Indicators (cont'd)

- Fed Chairman Jerome Powell has indicated he's willing to tolerate CPI above 2% since CPI has hovered below 2% for quite some time.
- Wages are rising at 3.4% (as measured by the year over year (YoY) change in U.S. Average Hourly Earnings), partially due to 18 states raising the minimum wage in 2018 with 19 states expected to increase the minimum wage in 2019.

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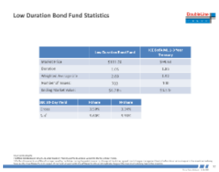

DoubleLine Low Duration Bond Fund (DBLSX/DLSNX)

- A multi-sector asset allocation fixed income fund that strives to mitigate risk and achieve better risk-adjusted returns than its benchmark, the ICE BofA Merrill Lynch 1-3 Year U.S. Treasury Index.
  - The Fund generally maintains a duration between zero and three years.
  - DBLSX as of February 28, 2019:
    - Duration: 1.24
    - Weighted average life: 2.76
    - The portfolio managers are actively managing and limiting spread duration in the portfolio by investing in the senior parts of the capital structure.

Bank Loan Market Update

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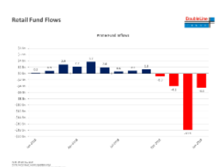

- After a sell-off in the bank loan market at the end of 2018, the asset class experienced a sharp snapback in performance in January and February and recovered most of the sell-off from November and December.
  - As of February 20, 2019, bank loans (as measured by the S&P LSTA Leveraged Loan Index) are up 3.42% year-to-date.
- Retail funds flowed out of bank loans to the tune of -$27.4 billion in the fourth quarter, which coincided with the Fed's more dovish narrative. When outflows are strong, demand for bank loans falls and thus banks issue fewer loans.
- Overall, the size of the bank loan market has exceeded $1 trillion for the first time in its history – approximately matching the size of the high yield market.
- 2018 new issue bank loan volume proceeds:
  - 63% of financing went to mergers & acquisitions activity.
  - 27% of financing went to refinancing.
  - 8% of financing went to dividend funding.
- Spreads relative to the London Interbank Offering Rate (LIBOR) retraced the majority of losses after the significant sell-off at the end of 2018.
  - All loans spread-to-maturity: LIBOR +419 bps
  - Leveraged Loan 100 spread-to-maturity: LIBOR +342 bps
    - The Leveraged Loan 100 is one of the most widely followed indexes in the institutional leveraged loan market. It consists of 100 of the most liquid names within the S&P/LSTA Leveraged Loan Index.

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Bank Loan Market Update (cont'd)

- Defaults in the bank loan market are 1.63% (on a rolling 12-month basis), which is below their historic averages.
- Total leverage for large corporate loans at 5.3x in 2018 was at its highest level since 5.9x in 2012, indicative of the hot credit market as corporations have been loading up on debt in today's low absolute interest rate environment.
- Further, interest coverage ratio for large corporate loans at 3.1x in 2018 was at its lowest level since 2.6x in 2012, which is a function of LIBOR moving up since earnings in the loan market have been positive.
- Current leverage rates in bank loans are at manageable levels in the near-term as interest coverage levels look healthy as corporate earnings are rising faster than LIBOR.

DoubleLine Floating Rate Fund (DBFRX/DLFRX)

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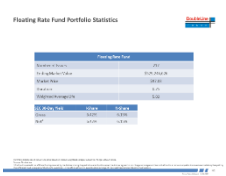

- DBFRX as of February 28, 2019:
  - The Fund has 227 holdings.
  - No large bets are taken on any single credit.
  - Duration of 0.26
  - 58.63% DBFRX's credit quality is B-rated.
  - 28.99% DBFRX's credit quality is BB-rated.
  - 5.15% DBFRX's credit quality is BBB-rated.
  - 4.67% DBFRX is in Cash, with the remaining ~1.81% in CCC-rated bonds and below.
    - We remain underweight CCC-rated bonds due to liquidity and risk concerns.

Question and Answer

- What's your interest rate forecast for 2019?
  - It's always hard to make a forecast. I think my bet is in 2019 the yield curve will steepen. I think that we're going to see some inflation increases, and as a result of that, the long end will start moving up. Then the Fed will be a little slow raising rates, so I think you'll see a steepening of the yield curve in 2019.

Disclosure

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.

Mutual fund investing involves risk. Principal loss is possible.

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 Funds 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 Funds may use certain types of exchange traded funds or investment derivatives. Derivatives involve risks different from, and 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 funds 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.

Investments in floating rate securities include additional risks that investors should be aware of such as credit rate risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Funds 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 Funds to be more volatile if leverage was not used.

Ratings Breakdown is determined from the highest available credit rating from any Nationally Recognized Statistical Rating Organization (S&P, Moody's and Fitch). The firm evaluates a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the rating agency will classify the security as non-rated.

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.

Opinions expressed are subject to change, are not intended to be a forecast of future events, a guarantee of future results, nor investment advice.

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Definitions

Basis Point (bps) - 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.

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.

Consumers 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. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

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: A level of credit rating for stocks regarded as carrying a minimal risk to investors. Ratings are based on corporate bond model. The higher the rating the more likely the bond will pay back par/100 cents on the dollar.

ISM Manufacturing PMI Index: An index made up of data from 300 manufacturing firms collected by the Institute of Supply Management (ISM). It indicates the economic health of the manufacturing sector.

ISM Non-Manufacturing Index (NMI): An index made up of data from 400 non-manufacturing firms collected by the Institute of Supply Management (ISM).

Leading Economic Indicators - Phenomena, such as the unemployment and new construction rates, used by the Conference Board to predict the financial condition of a particular industry or the economy in general.

London Interbank Offered Rate (LIBOR): An indicative average interest rate at which a selection of banks known as the panel banks are prepared to lend one another unsecured funds on the London money market.

Spread – Spread is the percentage point difference between yields of various classes of bonds compared to treasury bonds.

Spread-to-Maturity: The spread to maturity adjusts the value of the spread over base rate for any nonpar price, over the life of the loan.

S&P 500® Index - Is the American stocks market index based on market capitalizations of 500 largest companies having common stocks listed on NYSE and NASDAQ.

S&P/LSTA U.S. Leveraged Loan 100 Index: An index designed to track the market-weighted performance of the 100 largest institutional leveraged loans based on the market weightings, spreads and interest payments.

Weighted Average Life: The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding.

World Interest Rate Probability (WIRP): A Bloomberg function based on futures trading data that gives probabilities of rate increases by central bank meeting date.

Yield Curve: A line that plots the interest rates, at a set point in time, of bonds having equal credit quality but differing maturity dates.