DoubleLine Income Fund Webcast Recap

Originally aired on April 27, 2021

About this Webcast Recap

On April 27, 2021, portfolio manager Ken Shinoda held a webcast discussing the DoubleLine Income Fund (DBLIX/DBLNX).

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. Shinoda's views, please listen to the full version of this webcast on www.doublelinefunds.com and click on the "Webcasts" tab under "Latest Webcast."

DoubleLine Income Fund

Month-End Returns April 30, 2021	1 Month	3 Months	Year-to-Date	Annualized 1 Year	Annualized Since Inception (9-3-19 to 4-30-21)	Gross Expense Ratio	Net Expense Ratio[1]
I-share (DBLIX)	0.35%	1.43%	4.10%	21.03%	-0.43%	1.14%	0.66%
N-share (DBLNX)	0.34%	1.37%	4.01%	20.99%	-0.54%	1.27%	0.91%
Bloomberg Barclays US Agg Index	0.79%	-1.91%	-2.61%	-0.27%	2.48%		
Quarter-End Returns March 31, 2021	**1 Month**	**1Q2021**	**Year-to-Date**	**Annualized 1 Year**	**Annualized Since Inception (9-3-19 to 3-31-21)**		
I-share (DBLIX)	0.02%	3.73%	3.73%	19.70%	-0.68%		
N-share (DBLNX)	0.00%	3.66%	3.66%	19.67%	-0.77%		
Bloomberg Barclays US Agg Index	-1.25%	-3.37%	-3.37%	0.71%	2.10%		

[1]The Adviser has contractually agreed to waive fees and expenses through September 2, 2021.

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.

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The DoubleLine Income Fund

- The DoubleLine Income Fund ("the Fund") was designed for investors seeking reliable income. The Fund invests across a diversified portfolio of structured products relying on the DoubleLine team's time-tested process seek to mitigate risk.
- Why structured products?
  - Typically, structured products can offer a diversified source of income relative to corporate bonds and often display lower interest-rate risk relative to corporate bonds and U.S. Treasuries.
  - After the Global Financial Crisis (GFC), the structured products market has grown across different subsectors that can provide investors with greater opportunity for diversification and the ability to target specific exposures.
    - Since the GFC, underwriting standards have become more stringent for some of the assets and loans underlying these securities.
- Why now?
  - Quantitative easing (QE) measures and intervention by the Federal Reserve in parts of the credit markets have led to historically low levels of interest rates and tight credit spreads in the current market. Simultaneously, the unprecedented size of fiscal policy has created the potential for growth, which could lead to higher interest rates and inflation going forward.
- DoubleLine's portfolio managers have over 17 years of experience working together. As of March 31, DoubleLine managed $97 billion of structured products.
  - Through the years, our team has built relationships across the industry allowing our investment professionals to source assets in public and private markets that others might not have access to.
- There are many layers to DoubleLine's asset management process when investing in structured products. Analyzing sponsors, originators and asset types helps the team customize its scenario analysis inputs to determine how assets might perform in differing economic environments.
  - In addition to our comprehensive underwriting framework, we employ proactive asset surveillance to monitor performance and risk.
- For investors that are familiar with the DoubleLine Total Return Bond Fund, the DoubleLine Income Fund largely focuses on the same sectors.
  - However, the Income Fund largely emphasizes investments that are down the capital structure to source potentially higher yields and returns.
    - Please refer to slide 9 for the DoubleLine Income Fund's portfolio exposure as of March 31.

Structured Products Issuance

- Despite the volatility in March and April of last year, strong investor demand drove high structured products issuance in 2020.
  - Issuance in 2021 has started off strong and should surpass 2020 issuance levels across most sectors.
    - Agency mortgage-backed securities (MBS) had record issuance last year, largely due to low mortgage rates and high refinancing activity.

U.S. Consumer

- Real disposable income has increased since the onset of the pandemic largely due to enhanced unemployment benefits and stimulus checks.
  - Higher incomes and elevated savings rates have led to a decline in consumer delinquencies throughout this recession, which is atypical compared to previous recessions.

  - Credit card debt outstanding has declined throughout the pandemic in conjunction with declining credit card charge-off rates.
    - This bodes well for consumer credit performance in the short term.

U.S. Housing Market

- Already at historically low levels prior to COVID-19, housing inventory available for sale has declined since the onset of the pandemic.
  - The lack of supply has been one factor contributing to rising home price appreciation (HPA).
  - There is hope for prospective homebuyers, as housing starts have begun to pick up. This is also positive for the economy as it can lead to job creation.
- Record high levels of home equity should limit losses on mortgage credit due to both lower defaults and lower loss given default.
- Another factor driving HPA higher has been favorable affordability. Affordability is calculated using home prices, mortgage rates and incomes.
  - In late 2018, affordability was at local lows as mortgage rates rose. Although home prices have increased, rising incomes and relatively low mortgage rates have contributed to relatively favorable affordability.
- Although national HPA has risen, there remains segment divergence. Suburban and less densely populated urban ZIP codes have marked higher HPA increases than densely populated urban areas.
- While mortgage payments have increased with higher home prices and mortgage rates, principal and interest (P&I) payments as a percentage of income have remained below pre-GFC levels.
  - As a result, there is likely room for mortgage rates to go higher before they negatively impact affordability.
- Mortgage delinquencies and forbearance continued to trend down since peaking last summer.
  - As the economy improves, many borrowers that were in forbearance have exited or paid off their loan in full, while roughly 7% are still delinquent as of Feb. 28 and might go through foreclosure.

Commercial Real Estate (CRE)

- Prices for commercial mortgage-backed securities (CMBS) bonds rated BBB declined the most relative to senior bonds at the onset of the pandemic but have rebounded strongly since November, when COVID-19 vaccines were announced.
- The spread between cap rates, which is a property's net operating income (NOI) divided by the current market value, and the 10-year Treasury rate widened at the onset of the pandemic as Treasury rates declined.
  - More recently, NOI has improved and CRE property prices have been recovering.
- CRE transaction volumes have been increasing. There is a correlation with transaction volume and real estate prices: Transactions need to occur for prices to go higher as CRE prices are generally calculated using the same or similar property sales, depending on the index.
  - A lot of money has been raised to buy CRE properties at potentially lower prices. This targeted capital of real estate funds likely provides a floor for CRE prices.
- COVID-19 lockdowns have caused the most stress in hotels and retail, which is evident in spread widening of those assets, while spreads for apartment and industrial properties have remained relatively stable.
  - Recently, there has been a sharp recovery in hotel spreads, as revenue per available room (RevPar) has continued to recover.
- Multifamily fundamentals have remained strong as rent collections have been above 90% since the onset of the pandemic.

- Mall foot traffic is up 86% year-over-year (YoY) from March 2020; a continued positive improvement for even the hardest-hit parts of the CRE market.

Transportation Fundamentals

- Used-car values have spiked in the pandemic era, partially due to supply chain issues limiting new-car inventories and people avoiding public transportation.
- While Transportation Security Administration (TSA) checkpoint passengers are not back to pre-COVID-19 levels, the recent trend has been positive, particularly for domestic travel.
  - Global air travel has lagged the recovery in U.S. air travel, largely due to slower vaccine rollouts and higher COVID-19 cases in other parts of the world.

Collateralized Loan Obligations (CLOs)

- Prices for CLOs rated BBB and BB have continued to recover but remain below year-end 2019 levels, as of April 26.
  - There might be further price upside potential in subordinated CLOs, and CLOs broadly can perform well in a rising rate environment due to the floating-rate nature of the asset.
- The fundamentals for the assets underlying CLOs have been improving as bank loan defaults have trended lower. Companies have borrowed money at historically low interest rates to improve their balance sheets, in conjunction with a broader economic recovery.

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Definitions of Terms and Indexes

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

Loss Given Default – Amount of money a financial institution loses when a borrower defaults on a loan, after taking into consideration any recovery, represented as a percentage of total exposure at the time of loss.

Net Operating Income – Calculation used to analyze the profitability of income-generating real estate investments. NOI equals all revenue from the property, minus all reasonably necessary operating expenses.

Quantitative Easing (QE) – An unconventional monetary policy used by central banks to stimulate the economy when standard monetary policy has become ineffective. A central bank implements quantitative easing by buying specified amounts of financial assets from commercial banks and other private institutions, thus raising the prices of those financial assets and lowering their yield, while simultaneously increasing the monetary base.

It is not possible to invest in an index.

The funds' 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 Funds and may be obtained by calling (877) 354-6311/ (877) DLINE11, or visiting www.doublelinefunds.com. Read carefully before investing.

DoubleLine Income Fund Risks

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 ABS and MBS 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 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. Derivatives involve special risks including correlation, counterparty, liquidity, operational, accounting and tax risks. These risks, in certain cases, may be greater than the risks presented by more traditional investments. Diversification does not assure a profit, nor does it protect against a loss in a declining market.

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

While the Funds are no-load, management fees and other expenses still apply. Please refer to the prospectus for further details.

Fund holdings are subject to change and should not be considered a recommendation to buy or sell any security.

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