DoubleLine Asset Allocation Webcast Recap

Originally aired on April 4, 2017

About this Webcast Recap

On April 4, 2017, 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

			Annualized			
Quarter End Returns March 31, 2017	**1Q2017**	**Year-to-Date**	**1-Year**	**3-Year**	**5-Year**	**Since Inception** (6-1-2010 to 3-31-2017)
I-share (DBLFX)	0.16%	1.34%	2.80%	3.37%	3.52%	5.62%
N-share (DLFNX)	0.05%	1.28%	2.54%	3.12%	3.27%	5.36%
Bloomberg Barclays U.S. Aggregate Index	-0.05%	0.82%	0.44%	2.68%	2.34%	3.28%

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

Barclays US Aggregate 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. It is not possible to invest in an index.

DoubleLine Flexible Income Fund

			Annualized	
Quarter End Returns March 31, 2017	**1Q2017**	**Year-to-Date**	**1-Year**	**Since Inception** (4-7-14 to 3-31-17)
I-share (DFLEX)	0.32%	1.51%	6.48%	3.29%
N-share (DLINX)	0.40%	1.55%	6.23%	3.05%
LIBOR USD 3 Month	0.09%	0.26%	0.83%	0.50%

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

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.

London Interbank Offering Rate (LIBOR) is 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.

Past Performance does not guarantee future results. Index performance is not illustrative of fund performance.

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Global Overview

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The Most Synchronized Economic Upturn in Years

- The United States, Eurozone, Emerging Markets, Latin America, Asia Pacific and rest of the major economies have experienced one of the most synchronized global upturns in years over the past few months.

European Purchasing Managers' Index (PMI)

- European PMI is above zero for the first time since the global financial crisis.
- Typically, a positive PMI can incite talks of rate increases from the European Central Bank (ECB).

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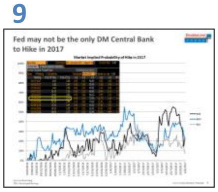

World Interest Rate Probability (WIRP) Function for ECB

- The WIRP function for ECB rose above 50% just a few weeks ago, but has since declined to a probability of a rate hike by December 2017 of 23.3%

Inflation

- DoubleLine correctly predicted that domestic and global inflation would increase in 2016.
- DoubleLine anticipates March inflation data to come in around 2.9%. However, long-term we think the inflation rate will drop below 2%.

50-year French Bond Price

- The 50-year French Bond has dropped -27.95% from its high on July 29, 2016.
- Investors should be increasingly careful investing in long-duration bonds when interest rates very are low.

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National Federation of Independent Business (NFIB) Small Business Confidence

- NFIB Small Business Confidence has increased sharply since the presidential election to 105.3 as of February 28. 2017.
- This positive soft data highlights the sustained optimism in the U.S. Economy.

Manufacturing

- Institute for Supply Management (ISM) Manufacturing Index and ISM Non-Manufacturing Index are both above 50, indicating expansion.

Recession Indicators

- DoubleLine does not see any indicator pointing towards a recession over the near term.

Atlanta GDPNow

- Atlanta GDPNow has been revised up to 1.2% this week. While 1.2% is not a very robust economic reading, it's higher than other first quarters.
- There seems to be some seasonality to the Atlanta GDPNow's predications.

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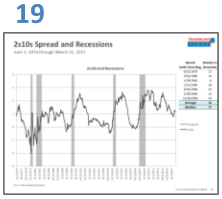

2s10s Spread and Recession

- The yield curve is another factor that is not flashing a warning for a recession, with the 2-year U.S. Treasury (UST) yield below the 10-year UST yield.
- The yield curve has been flattening this year, and, with anticipated Federal Reserve (Fed) rate hikes for the remainder of 2017, DoubleLine expects that to continue.

U.S. Nominal Gross Domestic Product (GDP**)**

- Nominal GDP is now predicted to be 4.7% for the year.
- At DoubleLine, we like to look at Nominal GDP as a guidepost for interest rates. Currently, with interest rates well below Nominal GDP, we would expect rates to start rising to meet higher GDP.

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- This is consistent with Mr. Gundlach's predication that we could see the 10-year UST drop below 2.25% in the near term, but expect a reversal later this year and go back up towards 3.00%.
- Mr. Gundlach points out that conversely, without a rate increase, Nominal GDP will have to be downgraded. This is something DoubleLine is closely looking out for.

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Number of Hikes Expected in 2017

- Based upon the Fed Dot Plot, one can anticipate around 3 rate hikes this year.
- Based upon the WIRP function, the market is currently predicting 2.5 rate hikes this year.

Fed Hike Cycle

- Stocks have historically outperformed bonds late into a Fed hiking cycle.

DoubleLine Funds Overview

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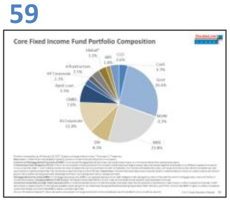

DoubleLine Core Fixed Income Fund (DBLFX) as of February 28, 2017

- DBLFX is a multi-sector fixed income fund that is benchmarked against the Bloomberg Barclays U.S. Aggregate Bond Index ("the Agg").
- Performance:
  - 4.19% year-to-date (YTD)
    - 119 basis points (bps) ahead of the Agg
  - 2.89% for one year
    - 237 bps ahead of the Agg
- Our goal is to have lower risk, lower drawdown and lower standard deviation than the Agg.
- No leverage, swaps or derivatives are used in our bond portfolios.
- The portfolio is broadly diversified across fixed income sectors with only 23.8% of the portfolio allocated to mortgages.
- 11.6% is below investment grade.
- Current Duration:
  - 5.2 years vs. the Agg at 6.0 years

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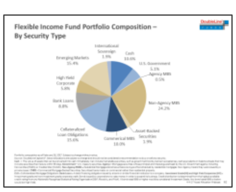

DoubleLine Flexible Income Fund (DFLEX) as of February 28, 2017

- Our most flexible, opportunistic multi-sector fund, benchmarked against London Interbank Offering Rate (LIBOR) U.S. Dollar (USD) 3 Month.
- Performance:
  - 1.71% YTD.
    - 65 bps ahead of the Agg
  - 6.59% for the past 12 months
    - 607 bps ahead of the Agg
- Our goal is to outperform LIBOR by 2.5% per annum, net of fees, which we have done since inception.
- DFLEX is designed for absolute returns with the potential for hedging against rising rates.
- Current Duration:
  - 2.2 years vs. the Agg at 6.0 years

Slide # **Recap**

Question & Answer

So much is focused on duration. At what point do you think the narrative will change to credit quality risk?

- "I think that will happen when some of these indicators for recession start to flash, which isn't happening yet."

How do you explain the yield on the German short end?

- "It's manipulated. It's being pegged. So, that's what's going on with German rates being at absurdly low levels. German inflation is up at 2%, and the 10-year bond yield is 25 basis points. That's not going to end well. But as long as they're manipulating it, it can hold on. I doubt it will last the remainder of the year at these ridiculously low yield levels. But if the U.S. yield starts to move higher later this year, the German yield will almost certainly be a part of that narrative, and rise as well."

How can 10-year rates go as high as 5% or 6% over the next four years? How do they get to that level without blowing up global debt?

- "Well, it takes time for debt to roll over. It's not like the maturity of the debt is one month. The maturity of the debt takes years for half of it to roll off. It takes something like five years for half of it to roll off. Also, you could have inflation. That's something that could easily be part of interest rates rising, if inflation truly gets engineered to help debase the many promises to pay. I think that's a narrative that is going to develop as we move towards the 2020 election."

Your call on emerging markets and the dollar has been very impressive. Should we stay with it?

- "Yes, as long as the dollar remains contained. And it certainly has been very subdued in terms of its movement so far. So, stay with it unless the dollar breaks out to the upside."

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Definitions:

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.

Drawdown - 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.

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

ISM Manufacturing 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.

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.

One cannot invest directly in an index.

Disclaimer

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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.

Absolute return funds are not intended to outperform stocks and bonds during strong market rallies, and may underperform during periods of strong positive market performance.

Important Information Regarding This Report

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