DoubleLine Funds for a Rising Rate Environment

December 2018

Written by:
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Corey Clermont, CFP®
Introduction

Rising rates affect different asset classes in different ways. When it comes to the fixed income world, bond prices and interest rates are inversely related if all else is unchanged. As interest rates rise bond prices typically fall, and as interest rates fall bond prices typically rise.

Due to this inverse relationship, the majority of investors believe that if and when interest rates rise, bonds will automatically lose investor’s money. However, it is important to understand that price change is only one component of total return. The often overlooked component of total return is the income, or yield, that fixed income securities produce.

Effective fixed income managers understand that if they can appropriately identify securities with more attractive yields, relative to their price sensitivity to interest rates, or duration risk, negative returns can be mitigated or even avoided in a rising rate environment. In fact, history provides concrete evidence that the above statement is indeed true. Since the inception of the most widely utilized investment grade bond index, the Bloomberg Barclays U.S. Aggregate Bond Index (the Agg) in 1986, the 10-year U.S. Treasury (UST) yield has moved up by 100 basis points (bps) or more on 14 occasions. Four of those time periods the Agg had a positive total return. Furthermore, when analyzing two of the three largest sectors of the Agg, the Bloomberg Barclays U.S. Mortgage-Backed Security (MBS) Index posted positive returns seven of those time periods, while the Bloomberg Barclays U.S. Corporate Investment Grade Index posted positive returns six of those periods.

Further evidence that fixed income portfolios have the potential to produce positive returns in a rising rate environment has been displayed in the post financial crisis era. The 2-year UST yield bottomed in September of 2011. The 3, 5, and 7-year UST yield bottomed in July of 2012. During July of 2012 the 10-year UST yield came within 3 bps of its ultimate low in 2016. Finally, the 30-year UST yield bottomed along with the 10-year in July of 2016. Across most portions of the UST yield curve rates have been rising, albeit with bouts of volatility, since 2012. Overnight lending rates have also been on the rise as the Federal Reserve has raised the Federal Funds rate nine times since December 2015. Interestingly, most investors have overlooked the fact that they have been receiving positive annual returns in their bond funds in most calendar years during this environment.

Active fixed income portfolio positioning is of paramount importance during periods of rising rates as there are measures investors can take to reduce volatility and downside capture. Investors concerned with interest rate risk should evaluate portfolio yield relative to duration, a measure DoubleLine refers to as the Sherman Ratio. All other variables being equal, historically a bond fund with a higher yield and a shorter portfolio duration has preserved purchasing power versus a bond fund with a longer portfolio duration and lower yield in periods of rising rates. This is evidenced by the Bloomberg Barclays U.S. MBS Index outperforming the Agg 100% of the time during periods in which the 10-year U.S. Treasury (UST) yield moved up by 100 basis points (bps) or more from 1986 to present.

DoubleLine believes interest rates will continue to rise going forward, as measured by the 10-year UST yield. Our whitepaper “The Direction of Interest Rates”, discusses the four major pressures on the bond market that could ultimately lead to the 10-year UST yield touching 6% by 2021. With this backdrop in mind it is clear that investors need to be prudent when it comes to the risks they are taking in their portfolios, while remembering negative fixed income returns are not always a losing proposition in a rising rate environment.

At DoubleLine, our cardinal mandate focuses on striving to deliver better risk-adjusted returns relative to our respective benchmarks in all rate environments. Risk management is at the core of our investment process as our portfolio management teams employ a robust investment approach based on top-down macro analysis combined with bottom-up security selection. We control the risks of our strategies via sector allocations, security selection, credit quality and duration management, and ongoing monitoring of the portfolio and individual security holdings. We seek to mitigate interest rate risk and preserve principal regardless of the interest rate environment.

Below you will find a few examples of the DoubleLine fixed income solutions that we think are distinctly positioned to preserve purchasing power in a rising rate environment. The below solutions vary based on their investment objectives and the underlying risks that they are taking in the fixed income market.

![Figure 1: Duration Comparison](image-url)

<table>
<thead>
<tr>
<th>As of December 31, 2018</th>
<th>Effective Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>DoubleLine Ultra Short Bond Fund (DBULX/DLUSX)</td>
<td>0.11</td>
</tr>
<tr>
<td>DoubleLine Low Duration Bond Fund (DBLSX/DLSNX)</td>
<td>0.97</td>
</tr>
<tr>
<td>DoubleLine Flexible Income Fund (DFLEX/DLINX)</td>
<td>1.72</td>
</tr>
<tr>
<td>DoubleLine Floating Rate Fund (DBFRX/DLFRX)</td>
<td>0.23</td>
</tr>
</tbody>
</table>

Respective Benchmarks:

| ICE BAML Lynch 3-Month Treasury Index | 0.23 |
| ICE BAML Lynch 1-3 Year Treasury Index | 1.87 |
| ICE BAML Lynch 1-3 Year Eurodollar Index | 1.89 |
| S&P/LSTA US Leveraged Loan Index | N/A |
### Low Duration Bond Fund

<table>
<thead>
<tr>
<th>Quarter-End Returns December 31, 2018</th>
<th>Annualized</th>
<th>Gross Expense Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec</td>
<td>4Q2018</td>
</tr>
<tr>
<td>I-share (DBLSX)</td>
<td>0.06%</td>
<td>0.18%</td>
</tr>
<tr>
<td>N-share (DLSNX)</td>
<td>0.04%</td>
<td>0.12%</td>
</tr>
<tr>
<td>ICE BAML 1-3 Year U.S. Treasury Index</td>
<td>0.79%</td>
<td>1.29%</td>
</tr>
<tr>
<td>Bloomberg Barclays U.S. Agg 1-3Yr Index</td>
<td>0.78%</td>
<td>1.18%</td>
</tr>
</tbody>
</table>

### Flexible Income Fund

<table>
<thead>
<tr>
<th>Quarter-End Returns December 31, 2018</th>
<th>Annualized</th>
<th>Gross Expense Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec</td>
<td>4Q2018</td>
</tr>
<tr>
<td>I-share (DFLEX)</td>
<td>-0.72%</td>
<td>-1.25%</td>
</tr>
<tr>
<td>N-share (DLINX)</td>
<td>-0.84%</td>
<td>-1.31%</td>
</tr>
<tr>
<td>ICE BAML 1-3 Year Eurodollar Index</td>
<td>0.73%</td>
<td>0.97%</td>
</tr>
<tr>
<td>LIBOR USD 3 Month</td>
<td>0.23%</td>
<td>0.64%</td>
</tr>
</tbody>
</table>

### Floating Rate Fund

<table>
<thead>
<tr>
<th>Quarter-End Returns December 31, 2018</th>
<th>Annualized</th>
<th>Gross Expense Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec</td>
<td>4Q2018</td>
</tr>
<tr>
<td>I-share (DBFRX)</td>
<td>-2.32%</td>
<td>-3.06%</td>
</tr>
<tr>
<td>N-share (DLFRX)</td>
<td>-2.33%</td>
<td>-3.12%</td>
</tr>
<tr>
<td>S&amp;P/LSTA Lev Loan Index</td>
<td>-2.54%</td>
<td>-3.45%</td>
</tr>
</tbody>
</table>

### Ultra Short Bond Fund

<table>
<thead>
<tr>
<th>Quarter-End Returns December 31, 2018</th>
<th>Annualized</th>
<th>Gross Expense Ratio</th>
<th>Net Expense Ratio**</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Dec</td>
<td>4Q2018</td>
<td>Year-to-Date</td>
</tr>
<tr>
<td>I-share (DBULX)</td>
<td>0.05%</td>
<td>0.24%</td>
<td>1.71%</td>
</tr>
<tr>
<td>N-share (DLUSX)</td>
<td>0.03%</td>
<td>0.19%</td>
<td>1.49%</td>
</tr>
<tr>
<td>ICE BAML 3-Month Treasury-Bill Index</td>
<td>0.18%</td>
<td>0.56%</td>
<td>1.87%</td>
</tr>
</tbody>
</table>

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

* The Floating Rate Fund imposes a 1.00% Redemption Fee on all share classes if shares are sold within 90 days of purchase. Performance data does not reflect the redemption fee. If it had, returns would be reduced.
** The Adviser has contractually agreed to waive fees and reimburse expenses through July 31, 2019. Net expense ratios are applicable to investors.
Potential Advantages of the DoubleLine Low Duration Bond Fund (DBLSX/DLSNX)

- **Active Management:** DBLSX’s asset allocation is overseen by DoubleLine’s Fixed Income Asset Allocation (FIAA) team, a seasoned team of portfolio managers averaging 23 years of industry experience and 16 years of working together.
  - Seasoned Portfolio Managers: The lead portfolio managers of DBLSX have on average 25 years of industry experience.
  - Asset Allocation: DBLSX is a multi-sector fixed income asset allocation fund that actively-manages duration, credit and sector exposure based upon DoubleLine’s macroeconomic views.
    - Duration: Ranges from 0 to 3 years.
    - Sector rotation is determined by the FIAA Committee which is led by Jeffrey Gundlach, CEO & CIO, along with Jeffrey Sherman, CFA, Deputy CIO.
    - Portfolio managers from all fixed income asset classes are represented.
    - The fund employs a top down asset allocation approach combined with bottom-up security selection.
    - Security selection is managed by each sector’s portfolio manager and corresponding investment teams.
- **History of Outperformance:** DBLSX ranks in the top 15% (As of 12/31/2018, ranked 60 out of 382) of peers for performance in its Morningstar short-term bond category since inception, based on total returns (9/30/2011-12/31/2018).
- **Performance During Rising Rate Environments:** Since its inception, DBLSX has provided positive returns and outperformed its benchmark, the ICE BAML 1-3 Year Treasury Index and the Agg in all four time periods when the 10 Year UST yield moved up by 80 bps or more (from trough to peak as shown in Figure 2). DBLSX has outperformed its benchmark in both rising and falling rate environments since inception (as shown in Figure 3) through 12/31/2018.
- **Better Risk-Adjusted Returns:** DBLSX has a higher Sharpe ratio than 100% of its Morningstar category peers since inception (9/30/2011-12/31/2018).
- **Lower Volatility:** DBLSX has a lower standard deviation than 90% of its Morningstar category since inception (9/30/2011-12/31/2018).
- **Attractive Sherman Ratio:** As of December 31, 2018, DBSLX has a higher Sherman ratio, at 3.85 vs its benchmark, the ICE BAML US 1-3 Year Treasury Bill Index, at 1.35 and the Agg at 0.54.
Potential Advantages of the DoubleLine Flexible Income Fund (DFLEX/DLINX)

- **Active Management**: DFLEX’s asset allocation is overseen by DoubleLine’s Fixed Income Asset Allocation (FIAA) team, a seasoned team of portfolio managers averaging 23 years of industry experience and 16 years of working together.
  - Seasoned Portfolio Managers: The lead portfolio managers of DFLEX have on average 25 years of industry experience.
  - Asset Allocation: DFLEX is a multi-sector fixed income asset allocation fund that actively-manages duration, credit and sector exposure based upon DoubleLine’s macroeconomic views. This is a Flexible strategy that is actively managed with the objective of preserving capital and generating excess returns across all interest rate environments.
    - The fund employs a top down asset allocation approach combined with bottom-up security selection.
    - Sector rotation is determined by the FIAA Committee which is led by Jeffrey Gundlach, CEO & CIO, along with Jeffrey Sherman, CFA, Deputy CIO.
    - Portfolio managers from all fixed income asset classes are represented.
    - Security selection is managed by each sector’s portfolio manager and corresponding investment teams.
    - Duration: Ranges from -3 to 10 years.

- **History of Outperformance**: DFLEX ranks in the top 17% (As of 12/31/2018, ranked 34 out of 204) of peers for performance in its Morningstar non-traditional bond category since inception, based on total returns (4/7/2014-12/31/2018).

- **Performance During Rising Rate Environments**: Since its inception, DFLEX has provided positive returns and outperformed its benchmark, the ICE BAML 1-3 Year Eurodollar Index and the Agg in all three time periods when the 10 Year UST yield moved up by 80 bps or more (from trough to peak as shown in Figure 4).

- **Better Risk-Adjusted Returns**: DFLEX ranks in the top 12% of its Morningstar category for Sharpe ratio since inception, (4/7/2014-12/31/2018).

- **Lower Volatility**: DFLEX has a lower standard deviation than 84% of its Morningstar category since inception (4/7/2014-12/31/2018).

- **Attractive Sherman Ratio**: As of December 31, 2018, DFLEX has a higher Sherman ratio, at 3.23 vs its benchmark, the ICE BAML 1-3 Year Eurodollar Index, at 1.74 and the Agg at 0.54.

![Figure 4: DFLEX Total Return During >80 bps Move Up in 10-Year UST Yield](image-url)

Source: DoubleLine

Past performance is no guarantee of future results.
Potential Advantages of the DoubleLine Floating Rate Fund (DBFX/DLFRX)

- **Active Management**: The portfolio is co-managed by Robert Cohen, CFA and Phil Kenney, CFA. Robert Cohen has over 22 years of industry experience and heads DoubleLine’s Global Developed Credit team. Phil Kenney has over 13 years of industry experience and is the Director of Corporate Research at DoubleLine.
  - The fund invests primarily in floating rate loans, also known as bank loans.
  - The fund adheres to a value-driven credit process to identify attractive opportunities while minimizing downside risks. The disciplined credit process drives high selectivity in investment decision-making.
  - DoubleLine’s best-in-class macroeconomic insights inform the fund’s bottom-up credit analysis and risk management.
  - The fund is managed to assure liquidity of individual positions and the overall fund.
  - The bank loan team includes 17 dedicated investment professionals with average experience of over 13 years.

- **Protection from Rising Rates**: Bank loans make interest payments based on a spread over a fluctuating underlying rate, typically the London Interbank Offered Rate (LIBOR). Changes in the underlying rate have a direct impact on interest payments paid to investors.

- **Low Duration**: Given the floating rate coupon, bank loans have a very short duration.

- **Performance During Rising Rate Environments**: Since its inception, DBFRX has provided positive returns and outperformed the Agg in all four time periods when the 10 Year UST yield moved up by 80 bps or more (from trough to peak as shown in Figure 5).

- **High Recoveries upon Default**: Although bank loans generally lack investment grade credit ratings, they are typically secured on a first lien basis by the underlying assets of the company. This gives them a first priority claim in the case of bankruptcy and leads to relatively higher recoveries in the event of default compared to other areas of corporate credit.

- **Better Risk-Adjusted Returns**: DBFRX ranks in the top 15% of its Morningstar bank loan category for Sharpe ratio since inception (2/1/2013-12/31/2018).

- **Lower Volatility**: DBFRX has a lower standard deviation than 94% of its Morningstar category since inception (2/1/2013-12/31/2018).

![Figure 5: DBFX Total Return During >80 bps Move Up in 10-Year UST Yield](image)

Source: DoubleLine

Past performance is no guarantee of future results.
Potential Advantages of DoubleLine Ultra Short Bond Fund

- **Active Management:** DBULX is managed by Monica Erickson and Jeffrey Lee who are Portfolio Managers on our Global Developed Credit team averaging over 25 years of industry experience.
  - The team employs extensive bottom-up credit analysis, in combination with our distinct macroeconomic viewpoint which is instrumental in the portfolio construction process.
  - The fund gets its ultra-short exposure by investing in, but not limited to, short term Treasury Bills, bank obligations, commercial paper, repurchase agreements and Certificates of Deposit (CD’s).
  - All securities are 100% investment grade at the time of purchase to limit credit risk.
  - Duration will typically be limited to less than 1 year to reduce interest rate risk and limit volatility.

- **Focus on Capital Preservation:** Since the fund’s inception at a $10.00 NAV, the fund has traded in a range of $10.00 - $10.06 never going below its original NAV.
  - The NAV of the fund has remained unchanged in over 90% of its trading days since inception (See Figure 6).

- **Stress Testing:** The team preforms ongoing stress tests to better understand how unforeseen market events, such as varying interest rate and credit spread scenarios, will have an impact on the portfolio.

- **Attractive Yield:** The fund invests in fixed coupon paying securities as well as floating rate securities to take advantage of higher coupon rates in a rising rate environment.

- **Performance During Rising Rate Environments:** Since its inception, DBULX has provided positive total returns and outperformed the ICE BAML U.S. 3-Month Treasury Bill Index and the Agg in both periods where the UST rose 80bps or more from peak to trough (Figure 7).

- **Lower Volatility:** DBULX has lower volatility than 75% of its Morningstar ultra short bond peer group since inception as measured by standard deviation (6/30/2016-12/31/2018).

### Figure 6: DBULX NAV Movement

<table>
<thead>
<tr>
<th></th>
<th>Number of Days</th>
<th>Percent of Total Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>NAV Unchanged</td>
<td>566</td>
<td>90%</td>
</tr>
<tr>
<td>NAV Increase</td>
<td>32</td>
<td>5%</td>
</tr>
<tr>
<td>NAV Decrease</td>
<td>27</td>
<td>4%</td>
</tr>
</tbody>
</table>

### Figure 7: DBULX Total Return During >80 bps Move Up in 10-Year UST Yield

Source: DoubleLine

Past performance is no guarantee of future results.
Definitions:

Basis Points (bps): A unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

ICE BAML 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 year and less than three years. It is not possible to invest directly in an unmanaged index.

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.

ICE BAML 1-3 Year Eurodollar Index - Is a subset of the BAML Eurodollar Index including all securities with a remaining term to final maturity less than 3 years. The BAML Eurodollar Index tracks the performance of US dollar-denominated investment grade quasigovernment, corporate, securitized and collateralized debt publicly issued in the eurobond markets.

Bloomberg Barclays Capital U.S. MBS Index - An index that measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of the Government-Sponsored Enterprises (GSEs): Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

You cannot invest directly in an index.

Sherman Ratio – A term coined after DoubleLine Portfolio Manager and Deputy CIO, Jeffrey Sherman, which is the calculation of yield per unit of duration. It is a tool investors can use to measure return expectations per unit of risk (in the same vein as the Sharpe ratio).

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.

London Interbank Offered Rate (LIBOR) - An inflation-adjusted measure that reflects the value of all goods and services produced in a given year, expressed in base-year prices. Often referred to as "constant-price," "inflation-corrected" GDP or "constant dollar GDP".

Sharpe Ratio - A reward-to-variability ratio and a measure of the excess return (or Risk Premium) per unit of risk in an investment asset or a trading strategy.

Bloomberg Barclays U.S. Agg 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 unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

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.

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

Dividend Yield - A dividend expressed as a percentage of a current share price.

Bloomberg Barclays U.S. Corporate Investment Grade Index - An index that is comprised of 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. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following ratings agencies: Moody’s, S&P, Fitch.

ICE Bank of America Merrill Lynch 3-Month Treasury Bill Index - Is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income. One cannot invest directly in an index.

Bloomberg Barclays U.S. Aggregate 1-3 Year Bond Index - This index is the 1-3 Yr component of the U.S. Aggregate index. The Aggregate index is a broad-based benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency).

### Fund Volatility Statistics:

<table>
<thead>
<tr>
<th>Fund</th>
<th>Ticker</th>
<th>Std Dev (%) As of January 31, 2019</th>
<th>Sharpe Ratio As of January 31, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Duration</td>
<td>DBLSX</td>
<td>0.75%</td>
<td>-0.68</td>
</tr>
<tr>
<td>Short-Term Bond</td>
<td>Morningstar Category</td>
<td>1.27%</td>
<td>-1.05</td>
</tr>
<tr>
<td>Flexible Income</td>
<td>DFLEX</td>
<td>1.45%</td>
<td>2.23</td>
</tr>
<tr>
<td>Nontraditional Bond</td>
<td>Morningstar Category</td>
<td>3.29%</td>
<td>0.69</td>
</tr>
<tr>
<td>Floating Rate</td>
<td>DBFRX</td>
<td>1.46%</td>
<td>2.18</td>
</tr>
<tr>
<td>Bank Loan</td>
<td>Morningstar Category</td>
<td>1.82%</td>
<td>1.95</td>
</tr>
<tr>
<td>Ultra Short</td>
<td>DBFRX</td>
<td>0.30%</td>
<td>0.09</td>
</tr>
<tr>
<td>Ultra Short Bond</td>
<td>Morningstar Category</td>
<td>0.40%</td>
<td>0.52</td>
</tr>
</tbody>
</table>
Low Duration Fund Disclosure:
Mutual fund investing involves risk. 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. The Fund invests in foreign currencies 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 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. Investing in ETFs involve additional risks such as the market price of the shares may trade at a discount to its net asset value ("NAV"), 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 Funds ability to sell its shares.

Flexible Income Fund Disclosure:
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 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 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 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. Investing in ETFs involve additional risks such as the market price of the shares may trade at a discount to its net asset value ("NAV"), 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 Funds ability to sell its shares. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested.

Floating Rate Fund Disclosure:
Mutual fund investing involves risk. 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, and floating rate 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. Investments in floating rate securities include additional risks that investors should be aware of such as credit risk, interest rate 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. 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. Investing in ETFs involve additional risks such as the market price of the shares may trade at a discount to its net asset value ("NAV"), 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 Funds ability to sell its shares.

Ultra Short Bond Fund Disclosure:
Mutual fund investing involves risk. 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 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. 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. Investing in ETFs involve additional risks such as the market price of the shares may trade at a discount to its net asset value ("NAV"), 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 Funds ability to sell its shares. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested.

The DoubleLine Funds are distributed by Quasar Distributions, LLC.
Past performance does not guarantee future results.
The Funds’ investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory prospectus 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.
Diversification does not assure a profit, not does it protect against a loss in a declining market.
Morningstar Disclosure:
Low Duration Fund Disclosure:
Morningstar ranked the Low Duration Fund DBLSX 37 out of 488, 47 out of 463, and 38 out of 445 for performance in the U.S. Short-Term Bond Funds for one, three, and five year, respectively, as of 12/31/2018 based on total returns.

Flexible Income Fund Disclosure:
Morningstar ranked the Flexible Income Fund DFLEX 74 out of 300 and 59 out of 255 for performance in the U.S. Non-Traditional Bond Funds for one and three year, respectively, as of 12/31/2018 based on total returns.

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Morningstar Rankings represent a fund’s total-return rank relative to all funds that have the same Morningstar Category. The highest rank is 1 and the lowest is based on the total number of funds ranked in the category. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees.

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