

# Closed-End Fund Audio Webcast Recap



Originally aired on May 2, 2017

## About this Webcast Recap

On May 2, 2017, Jeffrey Gundlach, Chief Executive Officer of DoubleLine Capital, held an audio webcast discussing the closed-end funds Opportunistic Credit Fund (DBL) and Income Solutions Fund (DSL).

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](http://www.doublelinefunds.com) under "Latest Webcasts" under the "Webcasts" tab. You can also learn more about future webcasts by viewing the webcast schedule at [www.doublelinefunds.com](http://www.doublelinefunds.com) under "Webcasts."

## Recap

### DoubleLine Opportunistic Credit Fund (DBL)

- DBL is a Mortgage-Backed Securities (MBS) Fund with a mix of credit and government-guaranteed securities.
  - The idea has always been to marry together interest rate risk from the government-guaranteed securities with credit risk from the non-guaranteed securities in the portfolio.
- DBL is a Closed-End Fund (CEF) which allows us to take more risk with less liquidity and also utilize leverage.
- DBL has higher volatility, particularly on share price and has more concentration in prepayment risk in the agency portfolio. Lastly, credit risk is higher with DBL.

### DoubleLine Income Solutions Fund (DSL)

- DSL has diversified credit exposure. It will be predominantly invested in credit.
  - It would be very unlikely for DoubleLine to move the portfolio into Treasury bonds, as it would eliminate the dividend.
  - DSL's volatility and performance will most likely move in tandem with that of credit.
  - Mr. Gundlach believes that DSL should be utilized for credit exposure and income.

### Question & Answer (Mr. Gundlach provides answers to audience questions)

- Is it time to give up gold?
  - "You would expect gold to go down when bond yields are falling. And bond yields did fall. They fell to the target, and we aren't looking for much of a rate decline at this point. So, I think gold will have another leg up. So, it's not time to give up on gold, I don't think."
- What is the average coupon of the mortgages in DBL?
  - "That's a really, really interesting question, but it's not relevant, because what we own are Collateralized Mortgage Obligations (CMOs). We don't own any mortgage passthroughs in DBL, none. So, when you talk about the coupon of a mortgage, it's best to think about a 30-year or a 15-year amortizing rate or a fixed-rate mortgage. We own none of those. So, what we own are things that are chopped up into pieces. And so, the underlying coupon aspect of it doesn't tell you really much about the portfolio."
- Emerging markets is the largest sector of DSL. Do I remain bullish on emerging markets?
  - "Yes, I'm relatively bullish on emerging markets. I've been bullish. We haven't been underweight in emerging markets for a long time."

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## DoubleLine Opportunistic Credit Fund

Fund Performance						
Quarter-End Returns March 31, 2017	1Q17	Year-to-Date	Annualized			Since Inception (1-26-2012 to 3-31-2017)
			1-Year	3-Year	5-Year	
Total Return based on Market Price	5.61%	5.61%	-2.44%	11.44%	8.48%	8.82%
Total Return based on NAV	1.79%	1.79%	4.61%	9.03%	8.37%	8.38%
Bloomberg Barclays U.S. Aggregate Index	0.82%	0.82%	0.44%	2.68%	2.34%	2.24%
<b>As of March 31, 2017</b>	<b>NAV</b>					
Gross SEC 30-Day Yield	12.87%					
Net SEC 30-Day Yield	12.87%					

## DoubleLine Income Solutions Fund

Fund Performance					
Quarter-End Returns March 31, 2017	1Q17	Year-to-Date	Annualized		Since Inception (4-26-2013 to 3-31-2017)
			1-Year	3-Year	
Total Return based on Market Price	8.06%	8.06%	31.22%	8.11%	3.63%
Total Return based on NAV	5.28%	5.28%	27.11%	6.56%	5.78%
Bloomberg Barclays Global Aggregate Index	1.76%	1.76%	-1.90%	-0.39%	-0.03%
<b>As of March 31, 2017</b>	<b>NAV</b>				
Gross SEC 30-Day Yield	8.32%				
Net SEC 30-Day Yield	8.32%				

ETF shares are bought and sold at market price (not NAV). The market price used to calculate the Closing Market Price is the last trade as of the time that the Fund's NAV is calculated. If you trade your shares at another time, your return may differ.

**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 bond cost. Current performance of the fund may be lower or higher than the performance quoted and may be obtained by visiting [www.doubleline.com](http://www.doubleline.com). Return data assumes reinvestment of dividends. Performance reflects management fees and other fund expenses.**

### Disclaimer

To read about DoubleLine Opportunistic Credit Fund or DoubleLine Income Solutions Fund, please access the Annual Report at [www.doublelinefunds.com](http://www.doublelinefunds.com) or call 888.208.3838 to receive a copy. Investors should consider the Fund's investment objectives, risks, charges and expenses carefully before investing. An investment in the Fund should not constitute a complete investment program.

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## Disclaimer

**DoubleLine Income Solutions Fund (DSL):**

Fund investing involves risk. Principal loss is possible. Investments in debt securities typically decline 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 including credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may invest 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. Debt securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and to repay principal, and are commonly referred to as "high yield" securities or "junk bonds." The value of the Fund's investments in REITs may change in response to changes in the real estate market such as declines in the value of real estate, lack of available capital or financing opportunities, and increase in property taxes or operating costs. Derivatives may involve certain costs and risks 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 Fund may make short sales of securities, which involve the risk that losses may exceed the original amount invested. The Fund may invest in small companies, which involve additional risks such as limited liquidity and greater volatility. Leverage 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.

**DoubleLine Opportunistic Credit Fund (DBL):**

Fund investing involves risk. Principal loss is possible. Investments in debt securities typically decline 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 including credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may invest 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 great risk of loss to principal and interest than higher rated securities. Investment strategies may not achieve the desired results due to implementation lag, other timing factors, portfolio management decision-making, economic or market conditions or other unanticipated factors. The Fund is a "non-diversified" investment company and therefore may invest a greater percentage of its assets in the securities of a single issuer or a limited number of issuers than funds that are "diversified." Accordingly, the Fund is more susceptible to risks associated with a single economic, political or regulatory occurrence than a diversified fund might be. In addition, the Fund may invest in other asset classes and investments such as, among others, REITs, credit default swaps, short sales, derivatives and smaller companies which include additional risks. Leverage 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 of the Nationally Recognized Statistical Rating Organizations (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 a recommendation to buy or sell any security.

Opinions expressed are subject to change at any time, are not forecasts and should not be considered investment advice.

## Definitions

**Average Coupon:** The weighted average coupon (WAC) is the weighted-average gross interest rates of the pool of mortgages that underlie a mortgage-backed security (MBS) at the time the securities were issued.

**Bloomberg Barclays Capital U.S. Aggregate 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.

One may not directly invest in an index.

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