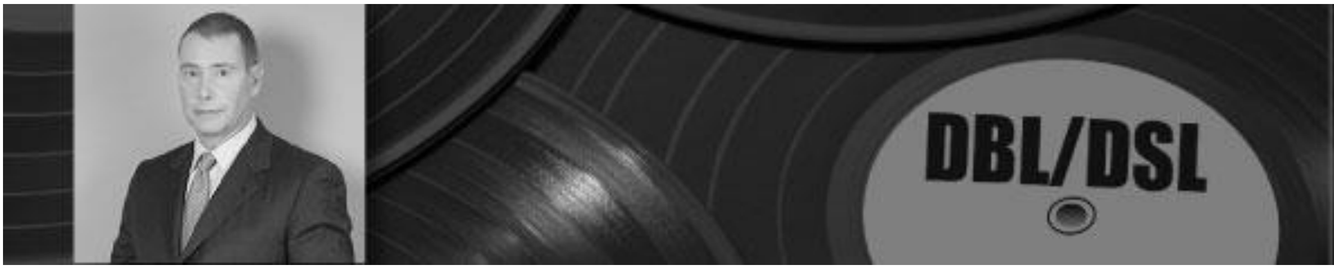
# Closed-End Fund Audio Webcast Recap




Originally aired on May 22, 2018

## About this Webcast Recap

On May 22, 2018, 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 under "Latest Webcasts" under the "Webcasts" tab. You can also learn more about future webcasts by viewing the webcast schedule at www.doublelinefunds.com under "Webcasts."

**DoubleLine Income Solutions Fund Performance**

| Quarter-End Returns March 31, 2018 | 1Q18 | Year-to-Date | Annualized 1-Year | Annualized 3-Year | Annualized 5-Year | Annualized Since Inception (4-26-13 to 3-31-18) |
|---|---|---|---|---|---|---|
| Total Return based on Market Price | 1.70% | 1.70% | 9.35% | 10.55% | - | 4.77% |
| Total Return based on NAV | 0.47% | 0.47% | 8.92% | 8.46% | - | 6.41% |
| Bloomberg Barclays Global Aggregate Bond Index | 1.36% | 1.36% | 6.97% | 3.14% | - | 1.35% |

**30-Day SEC Yield: I-Share 10.48%; N-Share 10.48%**

***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. Return data assumes reinvestment of dividends.***

Bloomberg Barclays Global Aggregate Index is designed to be a broad based measure of the global investment-grade, fixed rate, fixed income corporate markets outside the United States. You cannot invest directly in an index.

**Returns are calculated by determining the percentage change in net asset value (NAV) or market share price (as applicable) with all distributions reinvested. The Fund's performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares or changes in Fund distributions. The returns do not reflect broker sales charges or commissions. NAV is total assets less total liabilities divided by the number of shares outstanding.**

**Performance shown includes ongoing management fees and fund expenses.**

**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.**

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| DoubleLine Opportunistic Credit Fund Performance | | | | | | |
|---|---|---|---|---|---|---|
| | | | Annualized | | | |
| Quarter-End Returns March 31, 2018 | 1Q18 | Year-to-Date | 1-Year | 3-Year | 5-Year | Since Inception (1-26-12 to 3-31-18) |
| Total Return based on Market Price | -0.35% | -0.35% | -1.05% | 4.70% | 5.23% | 7.16% |
| Total Return based on NAV | -1.32% | -1.32% | 3.60% | 4.58% | 6.43% | 7.59% |
| Bloomberg Barclays U.S. Aggregate Index | -1.46% | -1.46% | 1.20% | 1.20% | 1.82% | 2.07% |

**30-Day SEC Yield: I-Share 11.21%; N-Share 11.21%**
***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. Return data assumes reinvestment of dividends.***
Bloomberg Barclays U.S. Aggregate Bond 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.
**Returns are calculated by determining the percentage change in net asset value (NAV) or market share price (as applicable) with all distributions reinvested. The Fund's performance at market price will differ from its results at NAV. Although market price returns typically reflect investment results over time, during shorter periods returns at market price can also be influenced by factors such as changing views about the Fund, market conditions, supply and demand for the Fund's shares or changes in Fund distributions. The returns do not reflect broker sales charges or commissions. NAV is total assets less total liabilities divided by the number of shares outstanding.**
**Performance shown includes ongoing management fees and fund expenses.**
**To read about the DoubleLine Opportunistic Credit Fund and Income Solutions Fund please access the Annual Report at www.doublelinefunds.com or call 888.308-3838 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.**
**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.**

## Recap

### DoubleLine Opportunistic Credit Fund (DBL)

- DBL is a Mortgage-Backed Securities (MBS) fund with a mix of credit and government-guaranteed securities which aims to provide a high level of income
  - The idea has always been to marry together interest rate risk from the government-guaranteed securities with credit risk from non-guaranteed securities in the portfolio
  - The breakdown is typically 50% in investment grade securities and 50% in credit sensitive securities
- DBL is a Closed-End Fund (CEF) which allows us to take more risk with less liquid securities, if appropriate, and also utilize leverage
  - Maximum amount of leverage allowed in the fund is 50%
  - Current leverage employed is roughly 32%, which is achieved through reverse repurchase agreements
- Current effective duration on the portfolio is 9.4 years
- DBL is priced at a 2.6% premium relative to its Net Asset Value (NAV)

**DoubleLine Income Solutions Fund (DSL)**

- DSL is a credit centric fund that takes a diversified approach to accessing credit markets by investing in international credit, structured products, and corporate markets in an effort to provide a high level of income
  – 92% of the assets in DSL are below investment grade
  – DSL's volatility and performance will most likely move in tandem with that of credit
- DSL is a Closed-End Fund (CEF) which allows us to take more risk with less liquid securities, if appropriate, and also utilize leverage
  – Maximum amount of leverage allowed in the fund is 50%
  – Current leverage employed is roughly 45%
- Current effective duration on the portfolio is 5.5 years
- DSL is priced at a 3.1% discount relative to its NAV

**Question & Answer**

- Do you see the dollar strength continuing?
  – Not really. I think the dollar should run out of steam fairly close to where it is right now. It might get a little higher. It could go as high as 95. It could even go to 98. But to me, that's about the maximum that I would expect, and I don't really expect that it's going to go to 98. So, we've gone from an 88-handle up to 94. That's a good piece of the move, I think. So, I think the dollar will weaken as we move forward after this countertrend rally is over, and I don't think it will go to a significantly higher level.
- At what price do you see oil trading over the one, five, and 10 years?
  – Who knows about five years, let alone 10 years, but I do think oil is going to $90. I'll reassess at that type of a level whether it goes back to its old high or not. We're going to have to be assessing economic strength or lack thereof.
- Is there any plausible scenario you can envision where the Fed loses control of rates?
  – Yes, the catalyst for that would be a surprise jump in inflation indices. I think that if the CPI actually went to 3.5%, then I think that the Fed would have to say, "Wait a minute. Are we behind the curve?" And the market might be saying it for them by the 30-year bond breaking out. But I believe that if we break out above 3.22% on the 30-year Treasury- and my definition of "breaking out" has always been crystal clear: it means two closes consecutively above 3.22%. We got one last week- so, we were really on the knife's edge- but then we had a rally on Friday. And now, the 30-year Treasury sits there at about 3.20% or 3.21%. It's a little bit depressing that it can't get a rally off of a massive short position. The short position on fives, 10s, and 30-year Treasuries was the all-time record high as of a week or two ago. And we haven't seen the new data to see if that's changed, but it was at a record high. And when you go to a massive resistance point like 3.22% on the 30-year, against a very substantial short position, you typically would expect to see more than a one-day rally. So, we're going to be watching that. But I think if the 30-year breaks above 3.22% with two consecutive closes, then I think it will accelerate higher and you'll see the yield curve steepen, and you might start to get the narrative that the Fed has lost control. That's a possibility
- The 10-year yield has broken above 3.05%. Is this a good setup to sell?
  – I don't really think 3.05% on the 10-year is a meaningful number. I have said repeatedly I think the long bond is what matters, 3.22%. It's the pivot point from last year. It's really- kind of definitionally, the last reason to suggest we might still be in a bond bull market is if 3.22% holds. If we go above it, I can't come up with any chart reading that says that interest rates have not bottomed on a big secular basis.
- Does rising funding costs decrease your willingness to have leverage?
  – No, not really. Where you'd run into a problem with higher funding costs is if you ended up with literally no spread, and we're certainly not near that situation, presently.
- Where do you see the 10-year by year-end?
  – Well, it kind of depends. It's either going to stay contained with 3.22% on the long bond, or else then I think if we break 3.22%, I think the 10-year will end the year- by year-end will make its way certainly to the mid 3's. I think the 30-year would make it to 4% by year-end if it broke above 3.22%.

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**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

**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.

**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.

**U.S. Dollar Index –** A weighted geometric mean of the United States dollar's value relative to a basket of 6 major foreign currencies, including the Euro, Japanese yen, Pound sterling, Canadian dollar, Swedish krona and Swiss franc.

**Consumer 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.

**Handle** - The whole-dollar price of a bid or offer is referred to as the handle.

One may not directly invest in an index.

### 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.

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