DoubleLine Asset Allocation Webcast Recap

Originally aired on September 24, 2019

About this Webcast Recap

On September 24, 2019, Deputy Chief Investment Officer Jeffrey Sherman, CFA held a webcast discussing the DoubleLine Core Fixed Income (DBLFX/DLFNX) and DoubleLine Flexible Income (DFLEX/DLINX) Funds.

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. Sherman'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 Performance

Quarter-End Returns September 30, 2019	3Q2019	YTD	Annualized 1-Year	3-Year	5-Year	Since Inception (6-1-10 to 9-30-2019)
I-share (DBLFX)	1.48%	7.64%	8.29%	3.22%	3.63%	5.27%
N-share (DLFNX)	1.42%	7.45%	8.03%	2.97%	3.36%	5.01%
Bloomberg Barclays U.S. Aggregate Index	2.27%	8.52%	10.30%	2.92%	3.38%	3.59%

Gross Expense Ratio: I-share 0.48%; N-share 0.73%

DoubleLine Flexible Income Fund Performance

Quarter-End Returns September 30, 2019	3Q2019	YTD	Annualized 1-Year	3-Year	5-Year	Since Inception (4-7-14 to 9-30-19)
I-share (DFLEX)	0.37%	5.88%	4.57%	3.80%	3.48%	3.54%
N-share (DLINX)	0.31%	5.69%	4.31%	3.52%	3.21%	3.28%
ICE BofAML 1-3 Year Eurodollar Index	0.94%	4.32%	5.33%	2.43%	2.11%	2.00%
LIBOR USD 3 Month	0.56%	1.90%	2.55%	1.88%	1.30%	1.22%

Gross Expense Ratio: I-share 0.76%; N-share 1.01%

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 current to the most recent month-end may be obtained by calling (213) 633-8200 or by visiting www.doublelinefunds.com.

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

Mutual fund investing involves risk; Principal loss is possible.

Slide # | **Recap**

8

Global Manufacturing Purchasing Managers Index (PMI) Heatmap

- Global manufacturing PMI surveys are weaker today compared to the start of 2018.
  - As measured by PMI's, many developed economies enjoyed a synchronized expansion at the outset of 2018. However, a manufacturing contraction began to take hold in early 2019.
  - First seen in emerging market economies, the manufacturing slowdown continued to spread to developed markets this year. Specifically, economies with greater exposure to the automotive industry have seen some of the most contractionary prints in 2019, such as Germany.
- World manufacturing, as measured by the JP Morgan Global Manufacturing PMI, is signaling a contraction, with the August reading coming in below 50, at 49.5.

11

Global Trade Volume

- Historically a "harbinger of bad news," according to Mr. Sherman, declining global trade volume precedes recessions in the United States (U.S.) which then spill over into the rest of the world.
  - Typically, the U.S. leads the global economy into a recession.
    - The next recession could be different given the influence of China in today's global economy as compared to previous recessions.
  - Negative year-over-year (YoY) prints in global trade volume have coincided with manufacturing contractions in the past (this occurred in 2011 and 2015), which is similar to today.
- With uncertainty regarding the potential for future tariffs to affect more goods from China, Mr. Sherman expects a further decline in global trade.

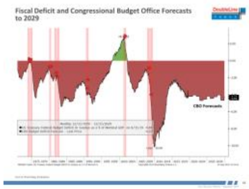
14

U.S. Manufacturing PMI and U.S. Services Non-Manufacturing Index (NMI)

- As of August 31, 2019, U.S. Manufacturing PMI signals a manufacturing contraction at 49.1.
  - There have been numerous instances since the mid 1990's when the U.S. has avoided a recession while manufacturing activity was in contractionary territory with a PMI reading below 50.
  - Manufacturing represents only 10.5% of economic activity in the U.S., as measured by the durable goods contribution to Personal Consumption Expenditure (PCE).
  - A potential reason the U.S. did not experience recession could be due to the prevalence of the consumer which represents roughly 68.8% of economic activity today, as measured by the percentage of PCE.
- With the services sector representing a larger portion of Gross Domestic Product (GDP) in today's economy, Mr. Sherman believes the U.S. Services NMI reading would need to move below 50 into contractionary territory to signal a potential recession.

Slide # | **Recap**

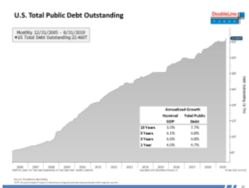
18



Fiscal Deficit and Congressional Budget Office Forecasts to 2020

- From a fiscal perspective, the U.S. has been growing its budget deficit in recent years despite a growing economy, as measured by U.S. nominal gross domestic product (GDP).
  - Through the first 11 months of the 2019 fiscal year, the U.S. has already exceeded a $1 trillion budget deficit.
- The current budget deficit at 4.44% of GDP is a level that has typically been associated with recessions.
  - Given the rhetoric of increased spending by both major U.S. political parties in the lead-up to next year's presidential election coupled with the potential for an economic slowdown, DoubleLine believes a significant supply of U.S. Treasuries will need to be absorbed by the market to finance the growing deficit.

20



U.S. Total Public Debt Outstanding

- The amount of public debt outstanding in the U.S. demonstrates that a majority of economic growth for the last 13 years has been fueled by debt.
  - Over this 13-year period, growth in the total public debt has more than doubled growth in nominal GDP: 7.7% growth in total public debt versus 3.5% annualized nominal GDP growth.
- Since 2008, the U.S. Government debt-to-GDP ratio has nearly doubled in the post-crisis era to approximately 103.2% of nominal GDP.
  - This measure is just two percentage points off its all-time high, set in 2016.
- These measures taken together lead the DoubleLine team to be more cautious of the U.S. Treasury market going forward.

22

U.S. Core Inflation Trends

- In late 2011 the Federal Reserve (Fed) decided their preferred inflation measure was the U.S. Core Personal Consumption Expenditure (PCE) Index.
  - The Fed chose to target the 2% level as their price stability mandate.
  - According to Mr. Sherman, "in classic government fashion, as soon as they target something they can't achieve that goal."
    - Core PCE has consistently run below the Fed's target of 2% over this period.
- Other measures of core inflation, however, have shown signs of achieving 2% growth.
  - The Core Consumer Price Index (CPI) jumped in its latest print to 2.4% YoY; its high of the current cycle.

25

U.S. Hourly Earnings – Long-Term

- One measure for the health of the U.S. consumer is growth in hourly earnings, which is growing at roughly 3.5% YoY, as of August 31, 2019.
  - With core inflation significantly below the growth in hourly earnings, consumers have seen progress on real wages.
- When accounting for hours worked, a measure known as aggregate income, the earnings data is still robust and has been trending in a positive range for nearly nine years.

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Slide # | **Recap**

27

Global Fixed Income Sector 1-year Performance

- "It's been hard to lose in fixed income," Mr. Sherman said as sectors across the global fixed income landscape have all enjoyed strong performance year-to-date (YTD).
  - The fourth quarter of 2018 was unforgiving on some credit-sensitive sectors: particularly high yield and bank loans, which were down 4.7% and 3.5% respectively, as measured by the Bloomberg Barclays US Corporate High Yield Index and the S&P/LSTA Leveraged Loan Index. Both sectors have recovered so far in 2019.
  - U.S. investment grade corporate debt is the standout performer YTD with bank loans as the laggard.
    - The possibility of further interest rate cuts has acted as a headwind for the coupon component of the bank loan sector.
- A combination of spread tightening and a rather significant interest rate rally in U.S. Treasuries has led to outperformance by the highest-quality corporate credit, as the duration of the investment grade corporate index, as measured by Bloomberg Barclay's U.S. Corporate Index, is roughly 7.9 years, as of August 31, 2019.

29

Relative Growth Rate of ICE BAML Corporate Index to ICE BAML Treasury Index

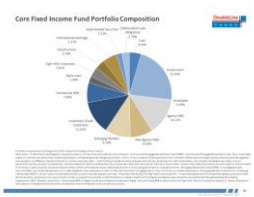
- "Investors that are doing the risk dance are doing it closer to the door," Mr. Sherman said.
  - Investment grade corporate credit, as measured by the ICE BAML Corporate Index, remains near its all-time richest levels in terms of relative attractiveness to U.S. Treasuries.
  - The BB-rated cohort of the high yield credit market has proven to be an attractive place for investors to hide in, what is paradoxically considered, the highest grade sector of the junk bond market.
- DoubleLine did not add to its allocation in investment grade credit at the start of the year in asset allocation portfolios as the team favored other parts of the fixed income markets, such as Emerging Market debt, Commercial Mortgage-Backed Securities (CMBS), and Non-Agency Mortgage-Backed Securities (MBS).

31

Relative Growth Rate of ICE BAML Mortgage Index to ICE BAML Treasury Index

- One sector of the market that cheapened relative to U.S. Treasuries is Agency MBS.
  - Primarily because of their lower duration profile relative to Treasuries, Agency MBS underperformed other sectors of fixed income YTD.
- For investors looking to limit their interest rate sensitivity going forward, DoubleLine believes Agency MBS offer an attractive value proposition.

Slide #
36



Core Fixed Income Fund Portfolio Composition

- The DoubleLine Core Fixed Income Fund is diversified across a mix of fixed income sectors today while maintaining a lower duration profile relative to its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index.
  - Government-guaranteed fixed income sectors (including: Agency MBS, U.S. Treasuries, and Cash) make up approximately 40% of the Fund as of August 31, 2019.
  - The Fund is also underweight investment grade corporate credit relative to its benchmark at approximately a 12.6% weighting in the Fund versus 25.0% in the benchmark.
- The DoubleLine team has instead favored other sectors with credit risk, including: Non-Agency MBS, CMBS, and Emerging Market debt.
  - The team also reduced its bank loan exposure by 2.5% YTD resulting in about a 2.5% allocation as of August 31, 2019.

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.

Certain data discussed in this report is publicly available only on a time delayed basis. DoubleLine strives to analyze data as it becomes available, but makes no representation that all data is reviewed contemporaneously to its release.

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

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 investment company, and may be obtained by calling (877) 354-6311/(877) DLine11, or visiting www.doublelinefunds.com. Read carefully before investing

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, 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. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested.

Credit Quality - Determined from the highest available credit rating from any Nationally Recognized Statistical Rating Agency (NRSRO", generally S&P, Moody's, or Fitch). DoubleLine chooses to display credit ratings using S&P's rating convention, although the rating itself might be sourced from another NRSRO. The firm evaluates a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the rating agency will classify the security as nonrated.

Fund Benchmark/Index Disclosure:

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

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

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.

It is not possible to invest in an index.

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

DoubleLine Funds are distributed by Quasar Distributors, LLC.

Diversification does not guarantee a profit or protect from loss in a declining market.

Glossary of Terms

Bloomberg Barclays US Corporate Bond Index - Measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD denominated securities publicly issued by US and non-US industrial, utility and financial issuers.

Bloomberg Barclays US Corporate High Yield Index - Measures the USD-denominated, high yield, fixed rate corporate bond market. OAS are option-adjusted spreads.

Consumer Price Index (CPI) - Measures the average price for a basket of goods and services, such as transportation, food and medical care.

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.

Gross Domestic Product (GDP) - The market value of all final goods and services produced within a country in a given period. GDP is considered an indicator or metric of a country's standard of living.

ICE BofA Merrill Lynch U.S. Corporate Index (COAO) "Investment Grade" - An index that tracks the performance of U.S. dollar denominated investment grade corporate debt publicly issued in the U.S. domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). Securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $250MM.

ICE BofA Merrill Lynch Mortgage-Backed Securities Index (MOA0) - An index that tracks the performance of U.S. dollar denominated fixed rate and hybrid residential mortgage pass-through securities publicly issued by U.S. agencies in the U.S. domestic market. 30-year, 20-year, 15-year and interest only fixed rate mortgage pools are included in the Index provided they have at least one year remaining term to final maturity and a minimum amount outstanding of at least $5 billion per generic coupon and $250MM per production year within each generic coupon.

ICE BofAML U.S. Cash Pay High Yield Index (JOAO) - ICE BofAML US Cash Pay High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the US domestic market.

ICE BofAML 1-3 Year Eurodollar Index (E1A0) - ICE BofAML 1-3 Year Eurodollar Index is a subset of ICE BofAML Eurodollar Index including all securities with a remaining term to final maturity less than 3 years.

ICE BofAML US Treasury Index (G0Q0) -The Merrill Lynch US Treasury Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of $1 billion.

Investment Grade - A bond is considered investment grade if its credit rating is BBB- of higher by Standard & Poor's or Baa3 by Moody's.

ISM Non-Manufacturing Index (NMI) - An index based on surveys of more than 400 non-manufacturing firms' purchasing and supply executives, within 60 sectors across the nation, by the Institute of Supply Management (ISM).

Personal Consumption Expenditure Core Price Index (PCE) – Personal Consumption expenditures measures consumer spending on goods and services in the U.S. economy.

Purchasing Managers' Index (PMI) - An indicator of the economic health of the manufacturing sector based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment.

S&P LSTA Lev Loan Index - Created by the Leveraged Commentary & Data (LCD) team at S&P Capital IQ, the review provides an overview and outlook of the leveraged loan market as well as an expansive review of the S&P Leveraged Loan Index and sub-indexes. The review consists of index general characteristics, results, risk-return profile, default/distress statistics, and repayment analysis.

Spread - The difference between the bid and ask price or between the high and low price.

You cannot invest directly in an index.