DoubleLine Strategic Commodity Fund Webcast Recap

Originally aired on September 25, 2018

About this Webcast Recap

On September 25, 2018, Portfolio Managers Jeffrey Sherman and Jeff Mayberry held a webcast discussing the DoubleLine Strategic Commodity Fund (DBCMX/DLCMX) titled “Commodity Playbook.”

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 the portfolio managers’ views, please listen to the full version of this webcast on www.doublelinefunds.com under the blue **“Webcasts”** tab. You can use the **“Jump To”** feature to navigate to each slide.

DoubleLine Strategic Commodity Fund

			Annualized			
Month-End Returns September 30, 2018	**Sep**	**YTD**	**1-Year**	**3-Year**	**Since Inception (5-18-15 to 9-30-18)**	**1-Yr Std Deviation**
I-share	2.81%	1.79%	12.71%	7.42%	2.44%	10.24%
N-share	2.83%	1.60%	12.37%	7.11%	2.14%	10.15%
Bloomberg Commodity Index	1.92%	-2.03%	2.59%	-0.11%	-5.28%	7.58%

			Annualized			Expense Ratio	
Quarter-End Returns September 30, 2018	**3Q18**	**YTD**	**1-Year**	**3-Year**	**Since Inception (5-18-15 to 9-30-18)**	**Gross**	**Net[1]**
I-share	-1.06%	1.79%	12.71%	7.42%	2.44%	1.18%	1.12%
N-share	-1.17%	1.60%	12.37%	7.11%	2.14%	1.43%	1.37%
Bloomberg Commodity Index	-2.02%	-2.03%	2.59%	-0.11%	-5.28%		

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 Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory 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 them carefully before investing.

1 The Adviser has contractually agreed to waive a portion of fees and reimburse expenses through July 31, 2019.

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

The Bloomberg Commodity Index (BCOM) is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector, and group level for diversification. Roll period typically occurs from 6^{th}-10^{th} business day based on the roll schedule. One cannot invest directly in an index.

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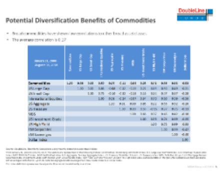

Potential Diversification Benefits of Commodities

- Broad commodities, as represented by the Bloomberg Commodities Index (BCOM) have shown low correlations to other broad asset classes.
  - From 1/31/2000 – 6/30/2018, the average correlation of the BCOM to other various asset classes* is 0.17.

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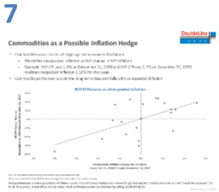

Commodities as a Possible Inflation Hedge

- Unexpected inflation to the upside can be detrimental to both fixed income and equity portfolios.
- Commodities can be a hedge against unexpected inflation as defined by the change in year-over-year (YoY) inflation from the preceding year's level of inflation.
  - Stocks can be a moderately effective hedge for inflation over the long-term, but there tends to be a lot of associated volatility.
- Over the long-term, commodity performance has historically risen and fallen with unexpected inflation.

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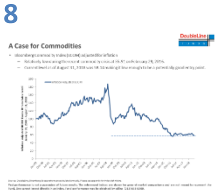

A Case for Commodities

- DoubleLine believes the market currently presents an attractive entry point for broad basket commodities.
  - The U.S. Dollar (DXY) is not presenting headwinds given the fiscal situation in the U.S., the massive budget deficit, and the oversupply of government securities.
  - On an inflation-adjusted basis, the Bloomberg Commodity Index is close to the low that we saw in late 2015 through early 2016.

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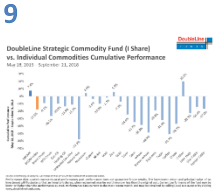

DoubleLine Strategic Commodity Fund vs. Individual Commodities Cumulative Performance (since inception of the Fund on 5/18/2015)

- The DoubleLine Strategic Commodity Fund (DBCMX/DLCMX) has cumulatively returned 7.4% (net of fees) since inception, outperforming the Bloomberg Commodity Index by 24.9% (-17.5% return).
- Only three individual constituents of the S&P GSCI Index were positive during this time period.
  - This speaks to the diversification benefits of putting together a basket of commodities, specifically less volatility than its individual constituents.

Rationale for Commodities in a Portfolio Allocation

- Potential diversification benefits:
  - Historical low-to-uncorrelated return source to traditional asset class.
- Potential to hedge against unexpected inflation.
  - Physical assets have tended to move in line with broad inflation measures.

Past performance does not guarantee future results.

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Rationale for Commodities in a Portfolio Allocation (cont'd)

- Potential incremental returns from each individual commodity's market structure.
- Commodity supply and demand is correlated to the cyclicality of the global economy.
  - For example: as an economy expands, commodities consumption within that economy increases, which bodes well for the prices of the underlying commodities used.

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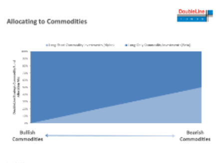

DoubleLine Strategic Commodity Fund (DBCMX/DLCMX)

- The Fund structure is set up to be a long-biased commodity fund that tactically allocates to a long-short, market neutral commodity portfolio when a 100% long position is unattractive.
- The Fund allocates between a beta and an alpha portfolio:
  - The Morgan Stanley BFMCI℠ Index will make up between 50%-100% of the Fund (beta portfolio).
  - The DoubleLine Strategic Commodity Long-Short will make up between 0%-50% of the Fund (alpha portfolio).
- A proprietary timing mechanism is used to determine when to increase or decrease exposure to both segments of the Fund:
  - Bearish commodity signals would increase exposure to the alpha portfolio.
  - Bullish commodity signals would increase exposure to the beta portfolio.

Commodity Beta: Strategic Allocation

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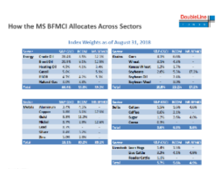

- Strategic Commodity's long-only beta – MS BFMCISM (50%-100% allocation)
  - Long-only commodity basket allocates across three broad market sectors in roughly equal weights.
    - Allocations as of August 31, 2018:
      - 5 Energy positions (39.2% of total index):
        - » Oil (West Texas Intermediate (WTI) Crude, 12.1%, and Brent Crude, 12.5%)
        - » Distillates (Gasoil, 5.9%, Unleaded Gasoline, 5.3%, and Heating Oil, 3.4%)
      - 2 Metals positions (30.1% of total index):
        - » London Metal Exchange (LME) Copper (17.5%)
        - » LME Nickel (12.6%)
      - 4 Agriculture and Livestock positions (30.7% of total index):
        - » Grains (Soybeans 17.2%)
        - » Softs (Sugar, 4.0%, and Cotton, 4.6%)
        - » Livestock (Live Cattle 4.9%)
  - Commodity selection is focused on those that have exhibited a high degree of historical backwardation and have a liquid futures market.
  - Basket rebalances annually in January.

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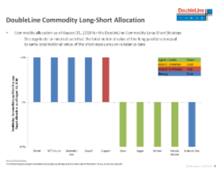

Commodity Alpha: Tactical Allocation

- Strategic Commodity's alpha – long-short strategy (0-50% allocation).
  - Dollar-neutral strategy comprised of future contracts selected from the universe of commodities in the S&P GSCI Index.
  - Monthly trading based on signals derived from rules-based calculation methodology built around global supply and demand fundamentals.
    - Utilizes key metrics such as: degree of contango or backwardation, and price momentum.
  - Allocation as of August 31, 2018:
    - Long: Brent, WTI Crude, Unleaded Gas, Gasoil, Copper.
    - Short: Corn, Sugar, Wheat, Kansas Wheat, Natural Gas.

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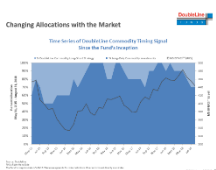

Timing Signal – Proprietary, Rules-Based Approach

- Created using a rules-based calculation methodology that looks at and analyzes the fundamental global supply and demand picture. Some of the metrics the model analyzes are degree of contango, backwardation, and price momentum.
- The signal is generated monthly; the output is a dollar-neutral commodity strategy that invests equally, based on a notional amount, across long and short baskets.
- Looks at forms of trend-following momentum to determine allocation to the beta and alpha portions.
  - Alpha strategy is based on the full carry model centered around the relative cheapness and richness of the individual constituents.

Question and Answer

- Can there be overlap between longs and the long/short?
  - Yes, there can be, but they tend to trade different parts of the curve. So, they're not offsetting.
- What is Jeffrey Sherman's experience in the commodity market?
  - I worked in the commodities market back at our former employer where we all came from when we started DoubleLine. So, I've been around playing in the commodities markets, analyzing them, and helping manage portfolios with them since late 2005, early 2006. So, this is something we've had experience in, and I've contributed to that knowledge or kind of helped mentor some folks around here in thinking about different ways to approach the commodity market.
- What's the appropriate allocation?
  - My view, if you're ever going to do the work, you're going to do the work to try to put something in your portfolio, a 5% minimum position is what you should do. Otherwise, it's not worth your time. Doing 50 basis points or 100 basis points, you're just going to sit there and watch it. You're going to have regret if it goes up. But if you want to do the work, you get in there and you get committed to it, something north of 5% makes sense. So, 5% to 10% is something that we think about as we do that.

Recap

Question and Answer (cont'd)

- Why not all alpha? Why do you have to use the index?
    - Well, because the alpha strategy is something that does not fit in the commodity bucket. It's more of an absolute return strategy. It's something that we've ran here for a long time in our macro fund. And so, we think that there is some benefit in having both sides. Yes, it's been a bit of a challenging market. We think through the full cycle you want to have exposure to both.
- What's the correlation between rising rates and commodities outperforming?
    - The commodity market has been really agnostic with rates. It tends to be more correlated to the dollar. And because the dollar doesn't really have a direction based upon rising and falling rates in the U.S., the correlation doesn't really hold that much – is really nonexistent against rising rates.

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Definitions

Alpha - A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index.

Backwardation - A condition in which the market quotes a lower price for a more distant delivery date, and a higher price for a nearby delivery date.

Basis Point - A basis point is a unit that is equal to 1/100th of 1%, and is used to denote the change in a financial instrument.

Beta - The measure of a mutual fund's volatility in relation to the market. By definition, the market has a beta of 1.0, and individual mutual funds are ranked according to how much they deviate from the market. A beta of above 1.0 means the fund swings more than the market. If the fund moves less than the market, the beta is less than 1.0.

Contango - A condition in which the market quotes a higher price for a more distant delivery date, and a lower price for a nearby delivery date.

Correlation - A statistical measurement of the relationship between two variables. Possible correlations range from +1 to -1. A zero correlation indicates that there is no relationship between the variables. A correlation of -1 indicates a perfect negative correlation and +1 indicates a perfect positive correlation.

U.S. Dollar Index (DXY) - 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.

Morgan Stanley BFMCI℠ Index - An index comprised of futures contracts selected based on the contracts' historical backwardation relative to other commodity-related futures contracts and the contracts' historical liquidity. The sectors represented in the Index (Industrial Metals, Energy and Agricultural/Livestock) have been selected to provide diversified exposure. The index is typically re-balanced annually in January.

Standard Deviation - A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Calculated by the square-root of the variance.

S&P GSCI Index - An index that measures investment in the commodity markets and commodity market performance over time.

*** Asset Class Index Representation** - Commodities: Bloomberg Commodity Index. U.S. Large Cap: S&P 500 Index. U.S. Small Cap: Russell 2000 Index. EAFE: MSCI EAFE Index. ACWI:MSCI ACWI Index. U.S. Aggregate: Barclays Aggregate Index. U.S. Treasury: BofA Merrill Lynch U.S. Treasury Index. MBS: BofA Merrill Lynch U.S. Mortgage Backed Securities Index. Investment Grade: BofA Merrill Lynch US Corporate Index. High Yield: BofA Merrill Lynch US Cash Pay High Yield Index. EM Corporates: JP Morgan EMBI Global Diversified Composite. EM Sovereigns: BofA Merrill Lynch US Dollar Emerging Markets Sovereign Plus Index. Dollar Index: U.S. Dollar Index.

BofA Merrill Lynch U.S. Corporate Index (COAO) - 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.

BofA Merrill Lynch U.S. Cash Pay High Yield Index (JOAO) - An index that tracks the performance of U.S. dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the U.S. domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Firth foreign currency long term sovereign debt ratings). Must have one year remaining to final maturity and a minimum outstanding amount of $100MM.

BofA Merrill Lynch U.S. Dollar Emerging Markets Sovereign Plus Index (IGOV) - An index that tracks the performance of U.S. dollar denominated emerging market and cross-over sovereign debt publicly issued in the eurobond or U.S. domestic market. Qualifying countries must have a BB1 or lower foreign currency long-term sovereign debt rating (based on an average of Moody's, S&P, and Fitch).

JP Morgan EMBI Global Diversified Index - A uniquely-weighted version of the EMBI Global. This index limits the weights of those index countries with larger debt stocks by only including specified portions of these countries' eligible current face amounts of debt outstanding. The countries covered in the EMBI Global Diversified are identical to those covered by EMBI Global.

Bloomberg Commodity Index (BCOM) - An index calculated on an excess return basis that reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

S&P 500® - The S&P 500 is a free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States.

Russell 2000 Index - A subset of the Russell 3000 Index representing approximately10% of the total market capitalization and measuring the performance of the small-cap segment of the U.S. equity universe.

•Morgan Stanley Capital International All Country World Index - A market-capitalization-weighted index designed to provide a broad measure of stock performance throughout the world, including both developed and emerging markets.

•Morgan Stanley Capital International EAFE Index - A market-capitalization weighted stock market index designed to measure equity market performance of developed markets outside of the U.S. and Canada. This index includes a selection of stocks from 21 developed markets, excluding the U.S. and Canada.

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.

•BofA Merrill Lynch U.S. Treasury Index (GOQO) - An index that tracks the performance of U.S. dollar denominated sovereign debt publicly issued by the U.S. 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.

•BofA Merrill Lynch U.S. Mortgage-Backed Securities Index (MOAO) - 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.