DoubleLine®

Quarterly Commentary

Long Duration Total Return Bond Fund

DBLDX/DLLDX

June 30, 2017

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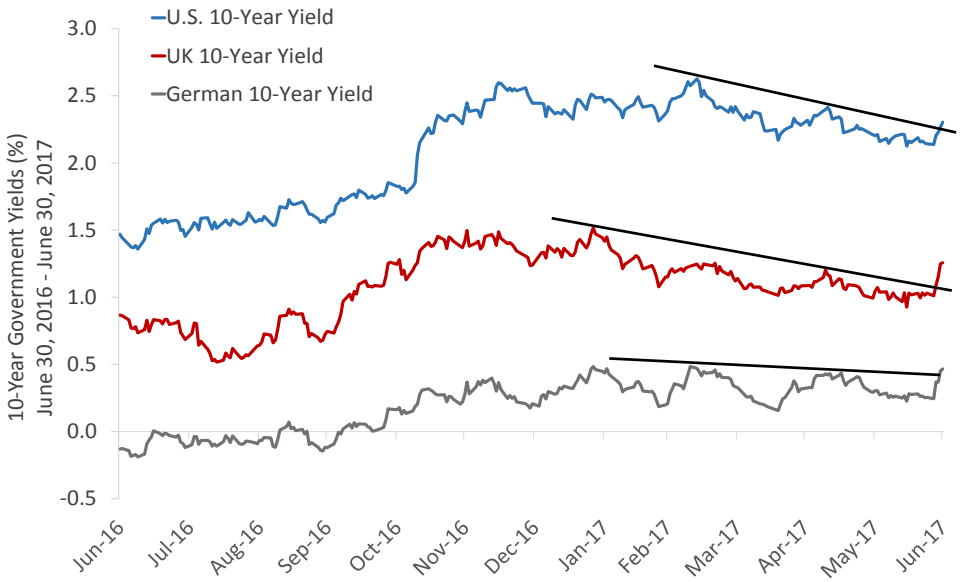
Overview

A few main themes dominated headlines at the close of the second quarter: changes to Federal Reserve (Fed) monetary policy, the direction of U.S. Treasury (UST) rates, and persistent low volatility across several asset classes. For the most part, however, the first half of the year was a continuation of the latter half of 2016 as more credit sensitive sectors such as convertible bonds, high yield (HY) and emerging market (EM) debt continued to outperform. Although sectors such as mortgage-backed securities (MBS) and U.S. Treasuries were the laggards, they too maintained a positive total return.

10-Year Government Yields
June 30, 2016 to June 30, 2017



Source: DoubleLine, Bloomberg

As anticipated, the Fed was all the talk during the second quarter after another successful rate hike during June brought the benchmark target to between 1.00% and 1.25%. After two successful hikes through the first half of the year, it appears that the Fed has finally been able to meet their own expectations after years of disappointing the market. According to Bloomberg's World Interest Rate Probability (WIRP) function, the implied probability of another hike by year-end is just over 50%. We believe the true probability is accurately reflected in the futures market as it will be difficult for the Fed to hike once more by year-end. Aside from subpar Gross Domestic Product (GDP) which came in at 1.4% during the first quarter, the Fed will have to fight falling inflation, which appears to have peaked for the year barring any exogenous shocks to the base effects. Headline Consumer Price Index (CPI) fell to 1.9% year-over-year (YoY) during May after reaching a high of 2.7% in February 2017. Core CPI fell to 1.7% YoY after reaching a high of 2.3% in January 2017. Flat-to-weaker energy prices will likely keep a lid on any higher inflation expectations through the second half of the year.

The UST curve continued to flatten for most of the second quarter as it has for most of the year. The benchmark yield spread between the long end of the 10-year bond and the short end of the 2-year note (2s10s) began the year at 125 basis points (bps) but later fell as low as 79 bps ahead of the Fed's rate hike. Meanwhile, the 2-year UST ended the quarter at 1.38%, an 8-year high, validating the notion that short-term interest rates have been in a secular rising interest rate environment for the better part of five years. Most notably, price action on the 10-year UST is worth keeping an eye on through the second half of the year as the 10-year yield broke out to the upside during the last week of June to end the month at 2.30%. The move coincided with a jump in global developed sovereign yields as stronger growth and talk of less accommodative policy in Europe led to a 21 bps spike in 10-year German Bund yield and a 23 bps spike in 10-year UK Gilt yields during the last week of June. The 10-year German Bund and 10-year UK Gilt ended the quarter at 0.47% and 1.26%, respectively. All told, it is clear that pressure has remained to the upside for yields as we move into the second half of the year.

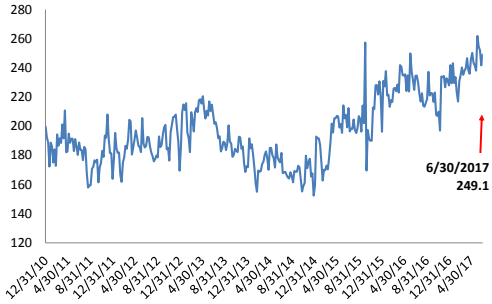
Lastly, we continue to keep an eye on the lack of volatility across risk assets as the quiet summer months could give investors a false sense of calm. The CBOE Volatility Index (VIX), which

measures the volatility across the S&P 500, fell to all-time lows during June and ended the month near levels not seen since 1993. While we do not forecast a recession in the immediate future, further delays and disappointments in economic policy, rising bond yields and subpar growth are all events that could lead to investor uncertainty. Although Fed Chair Janet Yellen does not expect "another financial crisis in our lifetime," we believe any market dislocations and mispricings can be opportunities over the long term.[1]

Agency Mortgage-Backed Securities

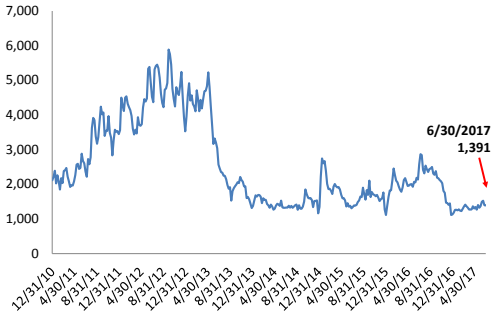
- Overall aggregate prepayment speeds increased by roughly 7% month-over-month (MoM) and by roughly 15% quarter-over-quarter (QoQ). Higher speeds were primarily attributed to higher seasonal housing turnover over this time; however, the trend continues to be range bound with aggregate conditional prepayment rate (CPR) across all agencies only increasing by about 1 CPR. Lower coupon collateral has shown the highest increase in speeds, which is likely due to those coupon cohorts having less burnout than their higher coupon counterparts. According to First Tennessee, based on current mortgage rates, loan balances, FICO scores, and loan-to-value (LTV), only about 13% of 30-year borrowers and 8% of 15-year borrowers have at least a 50 bps incentive to refinance their mortgage loans.2
- 30-year Freddie Mac Commitment Rates ended the quarter at 3.88%, a decline of about 25 bps since last quarter. Based on Mortgage Bankers Association (MBA) data, purchasing activity has increased, but refinancing activity has been stagnant as it has been for most of 2017.
- Total gross issuance for the month was roughly $115 billion, $320 billion for the quarter, and $666 billion on a year-to-date (YTD) basis. Overall issuance levels have been fairly consistent and steady, consistent with overall prepayment trends. The slight increase MoM is likely tied to higher seasoning turnover in the housing markets.
- 30-year current coupon spreads against 10-year yields have tightened in since the beginning of the year. Based on the Bloomberg Barclays U.S. MBS Index, the Agency Residential MBS (RMBS) sector had a -0.40% return for the month of June, 0.87% for the sec-

Mortgage Bankers Association (MBA) Purchase Index
As of June 30, 2017



Source: Bloomberg

MBA Refinance Index
As of June 30, 2017



Source: Bloomberg

Conditional Prepayment Rates (CPR)												
2017	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Fannie Mae (FNMA)	15.0%	20.0%	18.9%	17.9%	17.0%	15.1%	10.7%	8.6%	10.6%	9.7%	11.5%	12.3%
Freddie Mac (FHLMC)	14.8%	19.8%	18.6%	17.7%	16.6%	14.7%	10.4%	8.6%	13.6%	12.5%	14.5%	15.4%
Ginnie Mae (GNMA)	19.9%	23.8%	22.5%	21.7%	21.2%	18.5%	13.1%	11.8%	10.2%	9.6%	11.3%	12.1%

Bloomberg Barclays Capital U.S. MBS Index	4/30/2017	5/31/2017	6/30/2017	MoM Change
Average Dollar Price	$103.61	$104.03	$103.38	$0.42
Duration	4.74	4.53	4.72	-0.21

Bloomberg Barclays Capital U.S. Index Returns	4/30/2017	5/31/2017	6/30/2017
Aggregate	0.77%	0.77%	-0.10%
MBS	0.65%	0.62%	-0.40%
Corporate	1.00%	1.08%	0.26%
Treasury	0.69%	0.65%	-0.16%

Source: eMBS, Barclays Capital

1. Source: Fox Business, "Yellen: I 'don't believe' we'll see another financial crisis in our lifetime."
2. FICO = Fair, Isaac and Company

ond quarter of 2017, and 1.35% on a YTD basis. The sector ended the quarter with a duration of 4.72 years, which is roughly where we ended 2016.

U.S. Government Securities

- According to the Bloomberg Barclays U.S. Treasury Index, the UST market posted a modest loss of 0.16% in June 2017, pushing the second quarter return down to 1.19%.
- The benchmark 10-year yield touched a high point of 2.41% on May 10th before moving downward until it reached the low of 2.12% on June 14th. The 2-year yield closed at a YTD high of 1.38% on June 30th. The 30-year yield closed at 2.83% on June 30th.

U.S. Treasury Yield Curve

	5/31/2017	6/30/2017	Change
3 month	0.97%	1.01%	0.04%
6 month	1.07%	1.13%	0.06%
1 year	1.15%	1.23%	0.08%
2 year	1.28%	1.38%	0.10%
3 year	1.43%	1.55%	0.12%
5 year	1.75%	1.89%	0.14%
10 year	2.20%	2.30%	0.10%
30 year	2.86%	2.83%	-0.03%

Source: Bloomberg

- Yields rebounded during final week of June led by steeper increases in gilt and bund yields amid signs the Bank of England (BoE) and the European Central Bank (ECB) are moving toward raising interest rates. The U.S. 10-year yield spread versus the UK 10-year shrank to YTD lows, and the U.S.-German yield spread sinking to its lowest since November.
- The yield spread between the long end of the 30-year bond and the short end of the 2-year note (2s30s) flattened significantly in June, falling from above 110 bps to around 94 bps, the lowest level since 2007.
- Treasury Inflation-Protected Securities (TIPS) breakevens fell to YTD lows on June 20th, extending steep declines triggered by weak May CPI and retail sales data on June 14th; the 5-year breakeven closed at 1.57%, the lowest since election day.
- Top performing days include May 17th, when 10-year yield fell 10 bps in a day. It was triggered by a New York Times report, which sparked concerns whether Trump is guilty of obstruction of justice by asking former FBI director Comey to drop an investigation into former national security advisor Michael Flynn. This concern drove investors to seek “safe haven” in treasuries. The worst performing day was June 27th, when 10-year yield rose about 7 bps. The sharp sold-off came after ECB President Mario Draghi’s comment was interpreted as hawkish, as he acknowledged "reflationary forces" and highlighted willingness to look through "temporary factors" that weighed on inflation.

Fund Performance

Month-End Returns June 30, 2017	June	Year-to-Date	Annualized 1-Year	Annualized Since Inception (12-15-14 to 6-30-17)	1-Yr Std Deviation[2]
I-share	-0.30%	4.90%	-5.21%	3.15%	8.14%
N-share	-0.22%	4.78%	-5.36%	2.90%	8.07%
Benchmark[1]	0.76%	6.03%	-1.07%	3.77%	8.19%

Quarter-End Returns June 30, 2017	2Q17	Year-to-Date	Annualized 1-Year	Annualized Since Inception (12-15-14 to 6-30-17)
I-share	3.03%	4.90%	-5.21%	3.15%
N-share	3.08%	4.78%	-5.36%	2.90%
Benchmark[1]	4.39%	6.03%	-1.07%	3.77%

Calendar Year Returns	2016	2015	2014[3]	Expense Ratio	Gross	Net[4]
I-share	1.71%	1.13%	0.26%	I-share	0.84%	0.65%
N-share	1.45%	0.89%	0.26%	N-share	1.09%	0.90%
Benchmark[1]	6.67%	-3.30%	0.45%			

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.doubleline.com.

1. Benchmark: Bloomberg Barclays Long U.S. Government/Credit Index includes publicly issued U.S. Treasury debt, U.S. government agency debt, taxable debt issued by U.S. states and territories and their political subdivisions, debt issued by U.S. and non-U.S. corporations, non-U.S. government debt and supranational debt. It is not possible to invest in an index. 2. 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. 3. The Fund's inception date is 12-15-2014, thus the calendar year performance for 2014 is an unannualized partial year return. 4. The advisor has contractually agreed to waive fees and reimburse expenses through July 31, 2017.
The performance information shown assumes the reinvestment of all dividends and distributions.

Performance Attribution

For the second quarter of 2017, the DoubleLine Long Duration Total Return Bond Fund underperformed the Bloomberg Barclays U.S. Long Government/Credit Index return of 4.39%. During this period, the UST curve flattened with 2-year yields increasing by about 13 bps, 10-year yields decreasing by about 8 bps, and 30-year yields decreasing by about 18 bps. Long Corporate credit spreads tightened in during this period by about 11 bps with the duration of the Fund slightly shorter than the index by about half a year. The combination of a slightly shorter duration and spread compression in the corporate sector (which the Fund has no exposure to), are the main factors for the underperformance during this period. The Fund continues to have a combination of Government exposure via TIPS, Debentures, and U.S. Treasuries for the purposes of duration/convexity management. Within Agency RMBS, fixed-rate Collateralized Mortgage Obligations (CMOs) were the highest contributors to total return due to the combination of price gains and healthy interest carry, while principal-only bonds detracted from performance due to a decline in valuations.

DoubleLine®

DoubleLine Long Duration Total Return Bond Fund
Ticker: DBLDX/DLLDX
As of June 30, 2017

Fund Statistics

Portfolio Characteristics

# of Issues	36
Ending Market Value	$65,778,602
Market Price[1]	$96.95
Duration[2]	15.15
Weighted Avg Life[3]	20.23

Sector Breakdown[4]

(Percent of Portfolio)	
Treasury	9.6%
Agency Debentures	13.5%
Agency CMOs	76.6%
Other	0.0%
Cash	0.3%
Total:	**100.0%**

Duration Breakdown[2]

(Percent of Portfolio)	
Less than 10 years	2.6%
10 to 15 years	53.1%
15 to 20 years	33.8%
20 to 25 years	10.2%
25+ years	0.0%
Cash	0.3%
Total:	**100.0%**

Weighted Average Life[3] Breakdown

(Percent of Portfolio)	
Less than 10 years	2.6%
10 to 15 years	20.2%
15 to 20 years	47.2%
20 to 25 years	8.5%
25+ years	21.1%
Cash	0.3%
Total:	**100.0%**

Current Quality Credit Distribution[5]

(Percent of Portfolio)	
Government	18.5%
Agency	81.1%
Investment Grade[6]	0.0%
Below Investment Grade[7]	0.0%
Unrated Securities	0.0%
Cash	0.3%
Total:	**100.0%**

Asset Mix

(Percent of Sector)	
Fixed Rate	99.7%
Floating Rate	0.0%
Cash	0.3%
Total:	**100.0%**

SEC 30-Day Yield	I-Share	N-Share
Gross	2.60%	2.35%
Net	2.45%	2.19%

Past performance does not guarantee future results.

1. Market price - The weighted average of the prices of the Fund's portfolio holdings. While a component of the fund's Net Asset Value, it should not be confused with the Fund's NAV. 2. Duration - A commonly used measure of the potential volatility of the price of a debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration. 3.Weighted Average Life - The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. 4. Sector breakdown - Figures shown represent the net assets invested in a particular asset class as a percentage of total net assets. 5. Credit distribution is determined from the highest available credit rating from any Nationally Recognized Statistical Rating Agency ("NRSRO", generally S&P, Moody's and Fitch). DoubleLine chooses to display credit ratings using S&P's rating convention, although the rating itself might be sourced from another NRSRO. 6. Investment Grade - Refers to a bond considered investment grade if its credit rating is BBB– of higher by Standard & Poor's or Baa3 or higher by Moody's. Ratings are based on a corporate bond model. The higher the rating the more likely the bond will pay back par/100 cents on the dollar. 7. Below Investment Grade - Refers to a security that 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.

Sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Portfolio holdings generally are made available fifteen days after month-end by calling 1-877-DLine11. The source for the information in this report is DoubleLine Capital, which maintains its data on a trade date basis.

Definitions

Bloomberg Barclays Capital U.S. Aggregate Bond Index - The Barclays Capital 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.

Bloomberg Barclays U.S. Corporate Index -An index designed to be a broad-based measure of the global investment-grade, fixed rate, fixed income corporate markets outside the United States.

Bloomberg Barclays Capital U.S. MBS Index -The Barclays Capital U.S. MBS Index 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).

Bloomberg Barclays Long U.S. Government/Credit Index - The index includes publicly issued U.S. Treasury debt, U.S. government agency debt, taxable debt issued by U.S. states and territories and their political subdivisions, debt issued by U.S. and non-U.S. corporations, non-U.S. government debt and supranational debt.

Bloomberg Barclays U.S. Treasury Index -The Barclays Capital U.S. Treasury Index is the U.S. Treasury component of the U.S. Government Index. Public obligations of the U.S. Treasury with a remaining maturity of one year or more.

Bloomberg World Interest Rate Probability (WIRP) - A Bloomberg function based on futures trading data that gives probabilities of rate increases by central bank meeting date.

Basis Point -A basis point (bps) equals to 0.01%.

Chicago Board Options Exchange (CBOE) Volatility Index (VIX) - An index that represents the cash-pay securities of the Citigroup High-Yield Market Capped Index, a modified version of the High Yield Market Index, by delaying the entry of fallen angel issues and capping the par value of individual issuers at $5 billion par amount outstanding.

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.

Mortgage Bankers Association (MBA) Purchase Index - An index that includes all mortgage applications for purchases of single-family homes. It covers the entire market, both conventional and government loans and all products.

Mortgage Bankers Association (MBA) Refinance Index - An index that covers all mortgage applications to refinance an existing mortgage. It includes conventional and government refinances.

S&P 500 Index - Standard & Poor's US 500 Index, a capitalized-weighted index of 500 stocks.

Spread - The difference between yields on differing debt instruments, calculated by deducting the yield of one instrument from another. The higher the yield spread, the greater the difference between the yields offered by each instrument. The spread can be measured between debt instruments of differing maturities, credit ratings and risk.

An investment cannot be made in an index.

Disclaimers

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contains this and other important information about the investment company, and it may be obtained by calling 1 (877) 354-6311/ 1 (877) DLINE11, or visiting www.doublelinefunds.com. Read it carefully before investing.

Mutual fund investing involves risk; Principal loss is possible. Investments in debt securities typically decrease 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. Investments in lower rated and non-rated securities present a great risk of loss to principal and interest than higher rated securities. Investments in foreign securities, which involve political, economic, and currency risks, greater volatility, and differences in accounting methods. These risks are greater for investments in emerging markets. The fund may also invest in securities related to real estate, which may decline in value as a result of factors affecting the real estate industry. The fund may use certain types of exchange traded funds or investment derivatives. Derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. 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. ETF investments involve additional risks such as the market price trading at a discount to its net asset value, 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 fund's ability to sell its shares. 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. The Fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested.

Fund portfolio characteristics and holdings are subject to change without notice. The Advisor may change its views and forecasts at anytime, without notice.

While the Fund is no-load, management fees and other expenses still apply.

Please refer to the prospectus for further details.

DoubleLine Capital LP is the advisor to the DoubleLine Funds, which are distributed by Quasar Distributors, LLC.

As of June 30, 2017 DoubleLine Long Duration Total Return Bond Fund held 0.00% in First Tennessee, 35.20% in Fannie Mae (FNMA), 32.44% in Freddie Mac (FHLMC) and 8.95% in Ginnie Mae (GNMA). Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Important Information Regarding This Report

Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. Such charts are not the only tools used by the investment teams, are extremely sophisticated, may not always produce the intended results and are not intended for use by non-professionals.

DoubleLine has no obligation to provide revised assessments in the event of changed circumstances. While we have gathered this information from sources believed to be reliable, DoubleLine cannot guarantee the accuracy of the information provided. Securities discussed are not recommendations and are presented as examples of issue selection or portfolio management processes. They have been picked for comparison or illustration purposes only. No security presented within is either offered for sale or purchase. DoubleLine reserves the right to change its investment perspective and outlook, as well as portfolio construction, without notice as market conditions dictate or as additional information becomes available. This material may include statements that constitute "forward-looking statements" under the U.S. securities laws. Forward-looking statements include, among other things, projections, estimates, and information about possible or future results related to a client's account, or market or regulatory developments.

Ratings shown for various indices reflect the average for the indices. Such ratings and indices are created independently of DoubleLine and are subject to change without notice.

Important Information Regarding Risk Factors

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 views and forecasts expressed in this material are as of the date indicated, are subject to change without notice, may not come to pass and do not represent a recommendation or offer of any particular security, strategy, or investment. Past performance (whether of DoubleLine or any index illustrated in this presentation) is no guarantee of future results. You cannot invest in an index.

Important Information Regarding DoubleLine

In preparing the client reports (and in managing the portfolios), DoubleLine and its vendors price separate account portfolio securities using various sources, including independent pricing services and fair value processes such as benchmarking.

To receive a complimentary copy of DoubleLine's current Form ADV (which contains important additional disclosure information), a copy of the DoubleLine's proxy voting policies and procedures, or to obtain additional information on DoubleLine's proxy voting decisions, please contact DoubleLine's Client Services.

Important Information Regarding DoubleLine's Investment Style

DoubleLine seeks to maximize investment results consistent with our interpretation of client guidelines and investment mandate. While DoubleLine seeks to maximize returns for our clients consistent with guidelines, DoubleLine cannot guarantee that DoubleLine will outperform a client's specified benchmark. Additionally, the nature of portfolio diversification implies that certain holdings and sectors in a client's portfolio may be rising in price while others are falling; or, that some issues and sectors are outperforming while others are underperforming. Such out or underperformance can be the result of many factors, such as but not limited to duration/interest rate exposure, yield curve exposure, bond sector exposure, or news or rumors specific to a single name.

DoubleLine is an active manager and will adjust the composition of client's portfolios consistent with our investment team's judgment concerning market conditions and any particular security. The construction of DoubleLine portfolios may differ substantially from the construction of any of a variety of bond market indices. As such, a DoubleLine portfolio has the potential to underperform or outperform a bond market index. Since markets can remain inefficiently priced for long periods, DoubleLine's performance is properly assessed over a full multi-year market cycle.

Important Information Regarding Client Responsibilities

Clients are requested to carefully review all portfolio holdings and strategies, including by comparing the custodial statement to any statements received from DoubleLine. Clients should promptly inform DoubleLine of any potential or perceived policy or guideline inconsistencies. In particular, DoubleLine understands that guideline enabling language is subject to interpretation and DoubleLine strongly encourages clients to express any contrasting interpretation as soon as practical. Clients are also requested to notify DoubleLine of any updates to Client's organization, such as (but not limited to) adding affiliates (including broker dealer affiliates), issuing additional securities, name changes, mergers or other alterations to Client's legal structure.