Infrastructure Debt:

The Road Less Traveled

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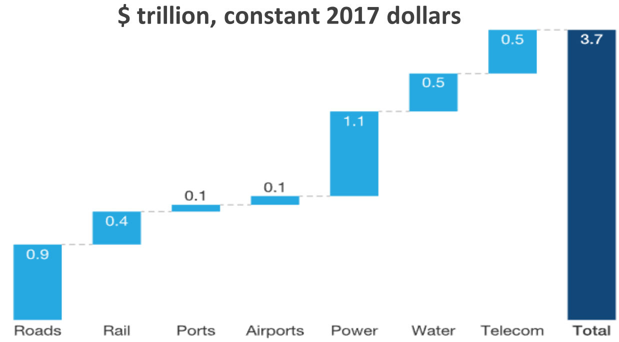
Infrastructure debt is linked to tangible assets that provide essential services to society, including projects that support economic and strategic expansion such as roads, bridges and airports. According to the McKinsey Global Institute, an estimated $3.7 trillion of global investment in economic infrastructure is needed every year from now until 2035 (Figure 1). In the United States, the current Administration has trumpeted a $1.5 trillion infrastructure spending plan. Meanwhile, fast-growing emerging markets with expanding middle classes, such as China and India, are expected to account for the bulk of global infrastructure investment.

Figure 1: Average Annual Need, 2017-35
$ trillion, constant 2017 dollars



	Roads	Rail	Ports	Airports	Power	Water	Telecom	Total
Annual spending, % of GDP	1.0	0.4	0.1	0.1	1.3	0.5	0.6	4.1
Aggregate spending,* 2017–35, $ trillion	18.0	7.9	1.6	2.1	20.2	9.1	10.4	69.4

Note: Figures may not sum, because of rounding.
Source: GWI; IHS Global Insight; ITF; national statistics; McKinsey Global Institute analysis

At DoubleLine, we believe investment-grade infrastructure debt has advantages as a core fixed income holding that can not only increase diversification but also has the potential for incremental yields over similarly rated traditional investment-grade corporate bonds.

Figure 2: Infrastructure Income Fund Performance

Month-End Returns August 31, 2018	Aug	YTD	Annualized 1-Year	Annualized Since Inception (4-1-2016 through 8-31-2018)	1-Yr Std Deviation
I-share	0.67%	-0.35%	-0.07%	2.73%	1.58%
N-share	0.55%	-0.53%	-0.33%	2.44%	1.54%
Bloomberg Barclays U.S. Aggregate Index	0.64%	-0.96%	-1.05%	0.91%	2.21%

Quarter-End Returns June 30, 2018	2Q18	YTD	Annualized 1-Year	Annualized Since Inception (4-1-2016 through 6-30-2018)
I-share	-0.14%	-1.29%	0.56%	2.51%
N-share	-0.31%	-1.42%	0.20%	2.22%
Bloomberg Barclays U.S. Aggregate Index	-0.16%	-1.62%	-0.40%	0.68%

Expense Ratio (Gross): I-share 0.58%, N-share 0.83%

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.

* GDP: Gross Domestic Product

Historically during economic downturns, infrastructure debt has maintained lower default rates (Figure 3) and higher recovery rates (Figure 4). Backed by long-lived tangible assets, the cash flows have a higher degree of predictability than comparable investment-grade corporate debt due to project contracts. Thus, we believe infrastructure debt should be considered when constructing a diversified fixed income portfolio.

Figure 3: Lower Historical Default Rates*

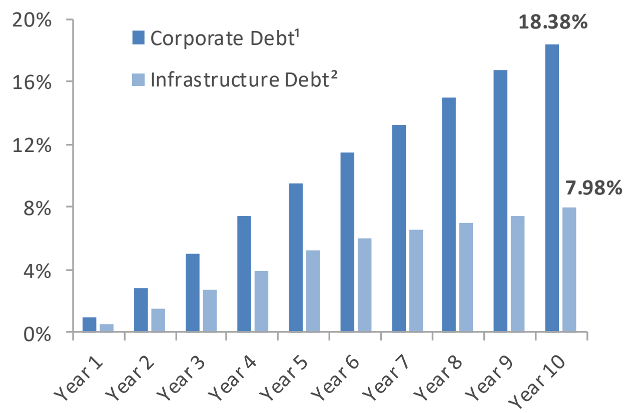
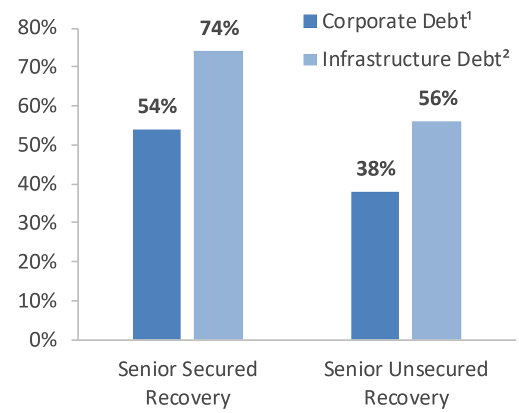


Figure 4: Higher Historical Recovery Rates*



In the past, many investors have viewed infrastructure debt as an esoteric fixed income asset class that has traditionally only been available to institutional or private equity investors. At DoubleLine, our team has been actively managing infrastructure debt securities within multi-sector and asset allocation portfolios for institutional clients since August 2015. Leveraging infrastructure debt's diversification benefits, relative value opportunities, and attractive credit profiles, we believe investors can gain access to the road less traveled and potentially benefit from infrastructure debt's favorable attributes.

Led by portfolio managers Damien Contes, CFA and Andrew Hsu, CFA, DoubleLine provides retail investors with a solution giving them exposure to the growing investment-grade dollar-denominated global infrastructure debt market: the ***DoubleLine Infrastructure Income Fund (BILDX/BILTX)***. With an average of over 15 years industry experience, the portfolio managers have built a team whose collective knowledge-base, along with DoubleLine's emphasis on a value-oriented research-driven process, combines bottom-up research with the firm's macroeconomic views to thoroughly analyze infrastructure deals.

The Case for Infrastructure Debt vs. Corporate Bonds

- Historically lower default rates* than traditional corporate bonds;
- Historically higher recovery rates* than traditional corporate bonds; and
- Strong underlying fundamentals with:
  - High barriers to entry; often monopolistic assets
  - Inelastic demand for essential services
  - Cash flows that have a higher degree of predictability, than comparable investment-grade corporate debt, due to project contracts

* Source: Moody's, "Infrastructure Default and Recovery Rates, 1983-2015."
[1] Corporate Debt - Non-Financial Corporate Issuers as measured by Moody's
[2] Infrastructure Debt - Corporate Infrastructure Debt Securities as measured by Moody's

__Definitions__

Bloomberg Barclays 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.

Cash flows - Assessing the amounts, timing and uncertainty of cash flows is one of the most basic objectives of financial reporting.

Investment Grade - Description of a bond considered eligible for bank investment. Such bonds are rated Baa or above by Moody's or BBB or above by Standard & Poor's.

Standard Deviation - Standard deviation is one of the key fundamental risk measures that analysts, portfolio managers, wealth-management advisors and financial planners use.

It is not possible to invest directly in an index.

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Infrastructure Debt, Corporate Bonds, and other investment products have different risk-return profiles, which should be considered when investing. All investments contain risk and may lose value.

Diversification does not assure a profit, not does it protect against a loss in a declining market.

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