Monthly Commentary

July 2017

333 S. Grand Ave., 18th Floor || Los Angeles, CA 90071 || (213) 633-8200

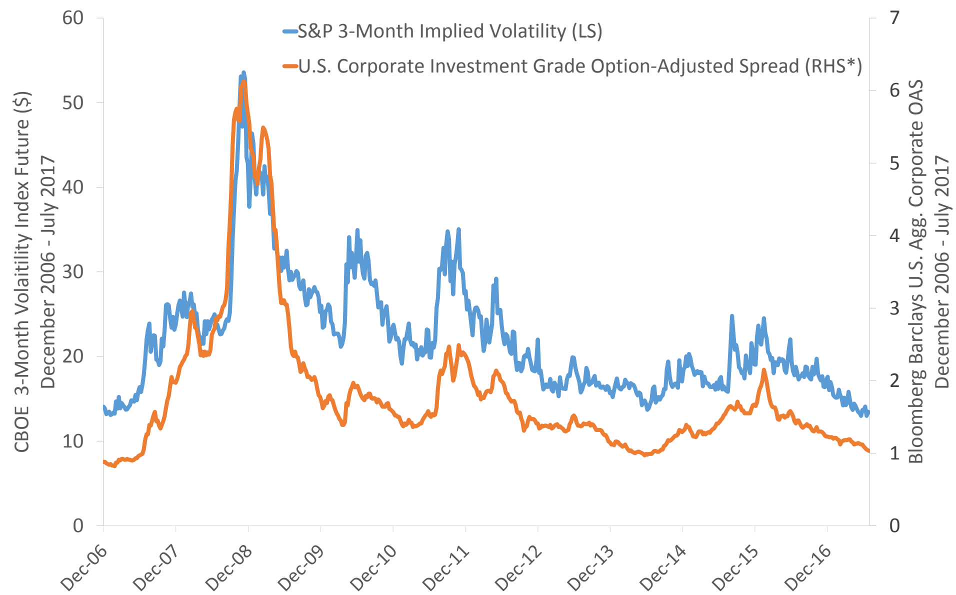
Overview

'Steady as she goes' characterizes this year's market environment as the same themes have continued to dominate market headlines: extended equity valuations, potential unwinding of the Federal Reserve's (Fed) balance sheet and hiking plans, a lack of volatility, the direction of U.S. Treasury (UST) rates, and the search for yield amongst investors. These themes and views remain unchanged from our last commentary.

After two successful hikes through the first half of the year, the Fed appears to have finally met their own expectations after years of disappointing the market. According to the Bloomberg World Interest Rate Probability (WIRP) function, the implied probability of another hike by year end is 42%, down from 50% at the end of June. We believe that the true probability is accurately reflected in the futures market as it will be difficult to hike once more by year-end.

We continue to feel a sense of complacency among investors during the summer months. The lack of volatility across risk assets reminds us to be patient and avoid knee-jerk reactions. This is the type of market environment where an investment decision to make no changes from an allocation standpoint can be as meaningful a decision as any. 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.

CBOE 3-Month Volatility Index and Bloomberg Barclays U.S. Aggregate Corporate Option-Adjusted Spread
December 31, 2016 to July 31, 2017



Source: DoubleLine, Bloomberg
*RHS = Right Hand Side

Possible Market Moving Events
August 2017 to May 2018

Date	Event
8/3/2017	Bank of England (BoE) Monetary Policy Meeting
8/4/2017	July Non-Farm Payroll (+175 Expected)
8/11/2017	July Consumer Price Index
8/24/2017 - 8/26/2017	Jackson Hole Economic Symposium
8/27/2016 - 10/22/2017	German Federal Election
9/7/2017	European Central Bank (ECB) Monetary Policy Meeting
9/20/2017	FOMC Rate Decision*
Sep 2017	Catalonia Independence referendum
9/30/2017	U.S. Funding Runs Out
11/1/2017	FOMC Rate Decision*
Autumn 2017	China 19th Politburo Standing Committee
12/13/2017	FOMC Rate Decision*
Feb 2018	Janet Yellen's Term Expires
May 2018	Italy General Election

Source: DoubleLine
*Meeting associated with a Summary of Economic Projections and a press conference by the Chair.

U.S. Government Securities

- The yield of benchmark 10-year UST remained within a narrow range of 15 bps in July. The last week of July saw the 10-year yield recover a bit, ending the month at 2.29%.

U.S. Treasury Yield Curve

	6/30/2017	7/31/2017	Change
3 month	1.01%	1.07%	0.06%
6 month	1.13%	1.13%	0.00%
1 year	1.23%	1.21%	-0.02%
2 year	1.38%	1.35%	-0.03%
3 year	1.55%	1.51%	-0.04%
5 year	1.89%	1.84%	-0.05%
10 year	2.30%	2.29%	-0.01%
30 year	2.83%	2.90%	0.07%

Source: Bloomberg

- The U.S. Treasuries market as a whole returned 0.17%, extending its YTD advance to 2.04%.
- The yield spread between the long end of the 30-year bond and the short end of the 2-year note (2s30s) steepened to 154 bps from 145 bps. Compared to a month ago, yields on the short end of the curve have decreased, reflecting diminished odds of additional yield hikes. According to Bloomberg's WIRP, the chance of another Fed hike this year was priced at only 42% as of July 31st. On the other hand, yields on the long end of the curve have increased, as the Fed is moving closer to announcing its balance sheet reduction plan.
- Amid USD weakness and oil gains, Treasury Inflation-Protected Securities (TIPS) breakevens rose despite poor demand for 10-year TIPS auction on July 20th. 10-year breakevens closed the month at their highest levels since early June (1.83%), and the 5-year breakeven went to 1.71%.
- Days with the biggest declines in nominal yields included July 12th due to Fed Chair Janet Yellen's testimony, July 18th due to the failure of healthcare reform and July 26th due to the Federal Open Market Committee (FOMC) meeting; the biggest increases in yields included July 3rd due to strong Institute for Supply Management (ISM) Manufacturing Index and July 25th as a result of a risk-asset rally.

Agency Mortgage-Backed Securities

- Aggregate prepayment speeds declined by roughly 6% month-over-month (MoM); lower day count and slowing housing turnover rates were the main attributing factors to this decline. More highly seasoned, higher coupon bonds slowed down the most, with newer issue 3.5 and 4.0 coupons slightly increasing in speeds for the period. In general, prepayment speeds remained range bound and will likely persist throughout the rest of the summer barring any trend breaking changes to 30-year mortgage rates.
- Freddie Mac 30-year Commitment Rates ended at 3.92%, mortgage refinancing rates have been unchanged, and overall purchasing activity has come down by about 5.5%.
- Total gross Agency MBS issuance was roughly $119 billion, bringing year-to-date (YTD) volumes to $786 billion. In general, total issuance is in line with the same period last year, which isn't a surprise given the range-bound environment the market has been in for most of 2017.
- The Bloomberg Barclays U.S. MBS Index performed positively for the

Conditional Prepayment Rates (CPR)

2017	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
Fannie Mae (FNMA)	20.0%	18.9%	17.9%	17.0%	15.1%	10.7%	8.6%	10.6%	9.7%	11.5%	12.3%	11.4%
Freddie Mac (FHLMC)	19.8%	18.6%	17.7%	16.6%	14.7%	10.4%	8.6%	13.6%	12.5%	14.5%	15.4%	14.8%
Ginnie Mae (GNMA)	23.8%	22.5%	21.7%	21.2%	18.5%	13.1%	11.8%	10.2%	9.6%	11.3%	12.1%	11.3%

Bloomberg Barclays Capital U.S. MBS Index	5/31/2017	6/30/2017	7/31/2017	MoM Change
Average Dollar Price	$104.03	$103.38	$103.63	$0.25
Duration	4.53	4.72	4.66	-0.06

Bloomberg Barclays Capital U.S. Index Returns	5/31/2017	6/30/2017	7/31/2017
Aggregate	0.77%	-0.10%	0.43%
MBS	0.62%	-0.40%	0.45%
Corporate	1.08%	0.26%	0.73%
Treasury	0.65%	-0.16%	0.17%

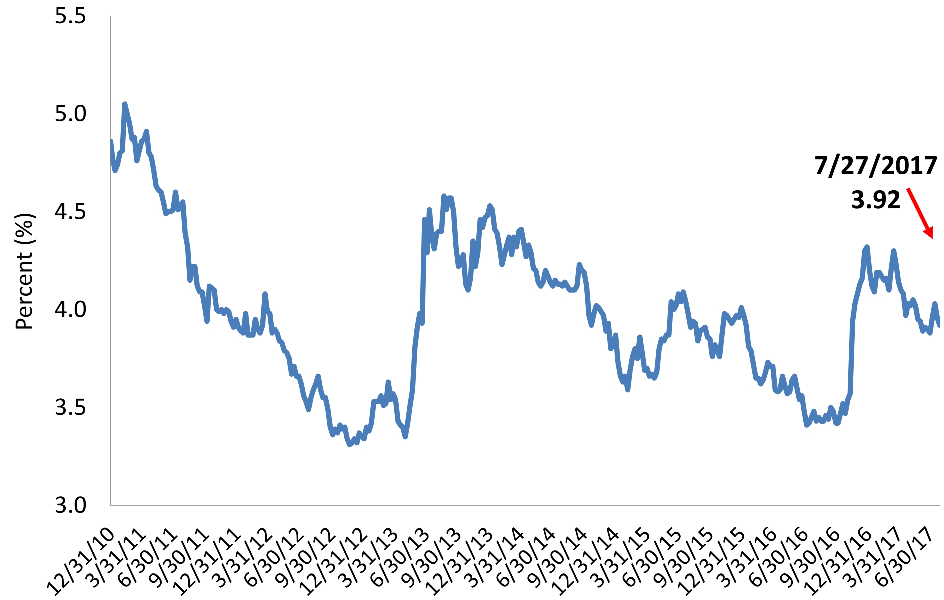
Source: eMBS, Barclays Capital

period with a return of 0.45%, ending with a duration of 4.66 years.

Non-Agency MBS

- Non-Agency MBS spreads were about 10 basis points (bps) tighter across the credit spectrum and are at the tightest levels post-crisis due to both a positive technical environment, including low volatility, as well as improving fundamentals. Investors continued to analyze the future impact of trustee litigation following reserve holdbacks on 20 called deals in June.
- There were $4.2 billion of legacy non-Agency MBS traded on bid lists during July. This was a decline of $2 billion from June's activity. Prime-rated non-Agency MBS were the primary driver of the decrease this month.
- Legacy prepayment speeds decreased in July with prime securities down by 2 CPR (Conditional Prepayment Rate). Prime adjustable-rate mortgage (ARM) speeds continued to outpace prime fixed-rate mortgage speeds, which is a trend that began this year and is echoed in the jumbo 2.0 space. Liquidation loss severities increased in subprime mortgages due to extending timelines in judicial states.
- Loan modification rates continued to decline as the result of the Home Affordable Modification Program (HAMP) ending last year and the increase of re-defaults. Six deals with exposure to trustee litigation redeemed in July. Reserve holdbacks were not as significant as June remits and much lower than estimates; however, some deals had R&W (representation and warranty) claims, which could have mitigated losses.

Freddie Mac Commitment Rates
December 31, 2010 to July 27, 2017



Source: DoubleLine, Bloomberg

Commercial MBS

- July private-label CMBS issuance volume decreased 21% MoM. Four conduit deals totaling $3.6 billion and 11 single-asset single-borrower (SASB) deals totaling $4.1 billion priced during the month. Private-label CMBS issuance volume is 36% higher YTD than the same period in 2016. New issue volume has largely been driven by SASB deals, for which issuance is 122% higher than through the same period in 2016. Meanwhile, conduit issuance volume is up only 6% year-over-year (YoY).
- Secondary pension & investment (P&I) bond trading totaled $13.9 billion in July, down 28% MoM and below the 2017 monthly average of $19.6 billion through June. Secondary market cash spreads moved tighter on the month. AAA last cash flows (LCF) tightened by 2 bps to swaps +88 bps and BBBs tightened by 25 bps to swaps +330 bps. CMBX spreads tightened alongside cash spreads, with AAA 2012-2016 reference indices tightening by an average of 6 bps and BBBs tightening by an average of 4 bps.
- The outstanding private label CMBS universe fell by $5.2 billion or 1.2% to $439 billion in June, resulting in a 9.4% decline in net issuance YTD. The outstanding conduit universe

fell to $329.2 billion, down $5.3 billion MoM, while the legacy conduit balance is down roughly 70% YoY. However, the outstanding SASB universe increased to $104.1 billion, up $194 million MoM and 2.7% YoY. The CMBS delinquency rate decreased by 26 bps to 5.5% in July following a 28 bps increase in June. The delinquency rate has increased in 13 of the last 17 months.

Asset-Backed Securities

- Gross new issuance for July in Asset-Backed Securities (ABS) brought YTD totals close to $142 billion, an increase of 20% YoY. Credit Card ABS has seen the largest increase, with issuance up 55% since last year.
- Spreads continued to remain tight as investors continued to look for short duration paper.
- Investor demand remains strong across the spectrum of ABS deals as evidenced by robust trading activity in both traditional and more esoteric sectors. Within the traditional ABS sector, both autos and student loans have been well bid with increased activity in shorter maturity paper. Within more off-the-run sectors, whole business securitizations continue to benefit from rising valuations as both primary and secondary markets have been well received.
- Consumer debt deals have recently exhibited more stable performance numbers as delinquencies experienced a moderate drop. However, annualized loss rates and severities remain higher on average.
- The Bloomberg Barclays U.S. ABS Index returned -0.27% for the month of July and 1.41% YTD.

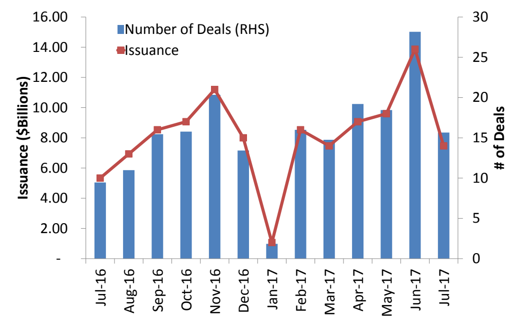
Investment Grade Credit

- Positive technicals and improved fundamentals continued to push spreads tighter moving them to within a few bps above post-crisis lows. The Bloomberg Barclays U.S. Credit Index tightened 6 bps in July, outperforming duration-matched treasuries by 59 bps. The long end of the market and higher beta sectors outperformed. The Index ended the month with a yield-to-worst (YTW) of 3.04% and a spread over treasuries of 98 bps, offering attractive relative value compared to Europe and Asia.
- A sign of the strength in the market was AT&T's $22.5 billion deal issued July 27th to fund the acquisition of Time Warner, third only in size behind Anheuser's $46 billion and Verizon's $41 billion both to fund mergers and acquisitions (M&A). AT&T was able to come to market with one of the lowest new issue concessions, an indication of the strong technical bid for Investment Grade (IG) credit.
- Monthly flows into the U.S. IG market have ranged between $11 billion and $17 billion in 2017. The month of July continued with the strong trend as $15 billion flowed into the market. YTD the flows represent about 10% of total IG mutual funds assets under management (AUM).

Collateralized Loan Obligations

- Issuance for the month of July was slightly below average for the year. In total, July saw $8.35 billion of new issuance across 14 Collateralized Loan Obligations (CLO). Monthly issuance for 2017 has averaged around $10 billion per month.

U.S. CLO Monthly Issuance July 2016 - July 2017



Source: S&P Capital IQ
*RHS = Right Hand Side

- CLO total new issuance for 2017 currently stands at $60.84 billion, more than double the amount of issuance we saw at the same time last year.
- The refinance wave remained robust in July, as managers looked to refinance their deals ahead of the July quarterly payment. We expect refinancing activity to slow down for the next month and to pick up again ahead of the October payment date.
- Secondary trading has remained light over the summer months. Spreads are still near their all-time

tights and were relatively unchanged for the month.

Bank Loans

- The S&P/LSTA Leveraged Loan Index posted a total return of 0.69% in July, bouncing back from the decline of 0.04% in June. July was the strongest monthly return of the year. Prices advanced 0.28% after declining in the prior two months.
- The rally was led by the riskier parts of the credit spectrum with CCC-rated names and second lien loans rising 1.09% and 0.82%, respectively. The default rate remains subdued at 1.29%.
- After declining 3.92% in June, the Oil and Gas sector rebounded with oil prices in July and posted the top monthly return at 2.36%. This was followed by Food/Drug Retailers and Utilities which rose 1.56% and 1.29%, respectively.
- Inflows into loan funds were positive in the month, averaging $98 million per week in the four weeks through July 26th. This was a faster pace than June but well off the average weekly flow of $876 million in the first quarter.

High Yield

- After a weak June showing and slow start to the month, High Yield (HY) bonds saw strong returns in July. Contributing factors were increasing oil prices, strong earnings and record levels for equity indices. The Citi High-Yield Cash-Pay Capped Index returned 1.15%. The spread-to-worst and YTW tightened to 378 bps and 5.45%, respectively, after having widened in June. Food & Drug Retailers and Telecommunications were the hardest hit sectors, while Metals & Mining, Pharmaceuticals and Energy Producers outperformed.
- Lack of new issue supply was one contributing factor to July's strength. According to JP Morgan, gross HY new issue activity in July decreased 43% from June's volume, registering the second consecutive MoM decline. New bond volume of $15.7 billion was the lowest total since $14.1 billion priced in February 2016 at the depths of last year's commodity-led downturn.

Commodities

- In July 2017, the broad commodity market declined by 2.3% and 4.6%, as measured by the Bloomberg Commodity Index (BCOM) and the S&P Goldman Sachs Commodity Index (GSCI), respectively.
- Energy was the best performing sector during July, led by the strong performance of Refined Products, posting a gain of 4.6%. The only negative performing commodity within the sector was Natural Gas losing 7.7%
- The worst performing sector was Livestock, which declined 4.8%.
- Precious Metals were up slightly during the month, led by Gold rising approximately 2%.
- Industrial Metals were also up over 4% as a sector led by Nickel and Copper.

Emerging Markets

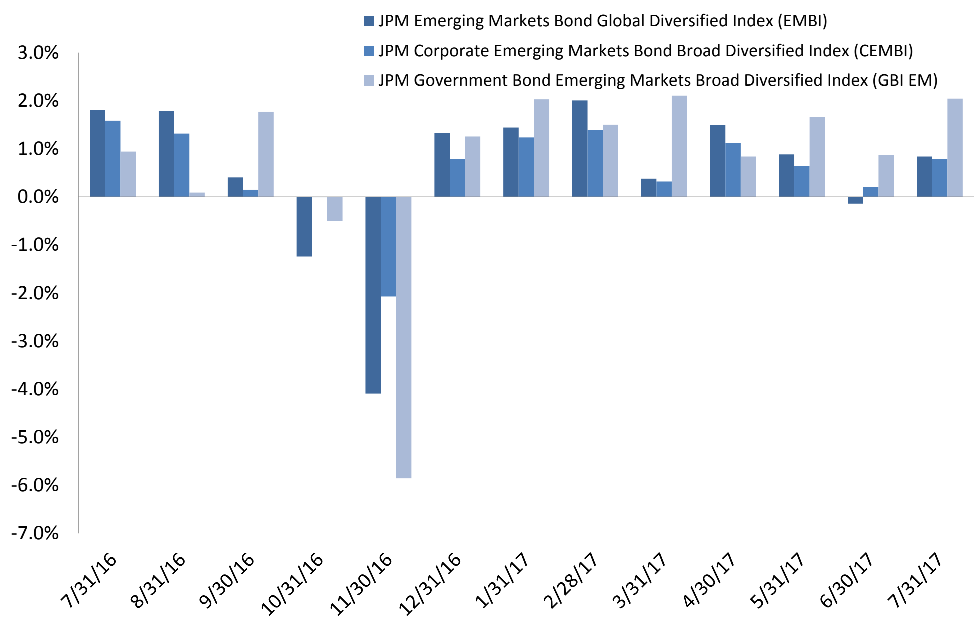
- Emerging Market (EM) sovereign and corporate external bonds posted positive performance in the month of July. The stalled economic agenda and generally subdued economic data in the U.S. eased concerns of a rapid pace of Fed tightening and provided a supportive backdrop for the asset class, while low developed market yields continued to drive structural demand for higher yielding EM debt.
- The JP Morgan EMBI Global Diversified Index's return during the month was driven by both yield and spread performance, with the spread over UST tightening almost 6 bps to 304 bps. Latin America was a regional underperformer, driven primarily by Venezuela and Argentina. Venezuela saw an escalation in already-elevated tensions culminate in a controversial vote to elect a new constituent assembly on July 30th, while Argentina spreads widened in the month with polls showing former President Cristina Fernandez de Kirchner leading in the Province of Buenos Aires legislative elections.
- We expect that headwinds over the remainder of the year could materialize from rising UST yields, Fed rate hikes, European Central Bank (ECB) tapering, German elections,

early Italian elections, and Brexit negotiations, as well as policy risk stemming from the U.S., Europe and China.

International Sovereign

- Global government bonds posted positive returns in the month of July, driven primarily by foreign currency gains against the U.S. Dollar (USD) as political developments in the U.S. continued to dominate headlines. The U.S. administration's economic agenda continued to stall following failed attempts to pass healthcare reform through the Senate.
- The USD, as indicated by the U.S. Dollar Index (DXY), fell for the fifth consecutive month as U.S. economic data, including the advance estimate of second quarter Gross Domestic Product (GDP), retail sales and inflation, were generally subdued. The Fed left interest rates unchanged and said balance sheet reduction would commence "relatively soon," but their statement on inflation was seen as dovish, and signaled a possible pause in tightening if inflation continued to be below their target.[1]
- The Euro rose over the month against a backdrop of mostly positive economic data and expectations from some market participants that the ECB would signal their intent to start tapering monetary accommodation in the fall. German bund yields continued to back up in the first half of the month to over 60 bps, but stabilized after Draghi took a more subdued tone at the ECB press conference in July in an attempt to calm market fears over ECB tapering next year.

JP Morgan Emerging Markets Bond Index Performance
July 31, 2016 to July 31, 2017



Source: JP Morgan

- The Japanese Yen rallied against the USD this month but fell against most other G-10 peers. The Bank of Japan (BoJ) kept their accommodative monetary policy unchanged while lowering inflation projections and pushing back the timeline for reaching their 2% target on inflation.

Infrastructure

- Despite Washington's lack of adequate details for deploying the previously targeted $1 trillion dollars for infrastructure investment, investment in infrastructure projects both domestically and globally continued to persist through the private markets.
- Secondary trading volume was softer given the seasonal effects, but primary issuance continued to be strong across all sectors of fixed income.
- Transactions ranging from regulated power, utility scale solar, maritime shipping, aviation and rail system financings were seen throughout the month. Strong demand by end accounts saw all transactions well subscribed and pricing spreads tighten pre and post issuance.

U.S. Equities

- In July, U.S. equity markets continued to grind higher, with the S&P 500 closing the month up approxi-

1. Source: Federal Reserve Press Release. https://www.federalreserve.gov/newsevents/pressreleases/monetary20170726a.htm

mately 2.1% after hitting a new all-time high late in the month. Within the S&P 500, the Technology sector shook off its June declines and with gains of 4.5% was the leadership sector in July.

- By the end of July, over 57% of the S&P 500 companies had reported their second calendar quarter earnings. Going into the earnings season, Energy was expected to be a significant driver of earnings growth for the entire benchmark, as the companies in that sector recovered from weak 2016 results. At the outset of the earnings season, S&P earnings were expected to grow 6.5% YoY, but only 3.6% without the improvement in Energy sector earnings according the FactSet.
- By the end of July, it was clear the recovery in Energy earnings would disappoint but the earnings for the rest of the S&P 500 in aggregate were better than originally expected. According to FactSet, the S&P 500 is now expected to grow second quarter earnings by 9.1% YoY (6.8% excluding Energy), on 5.2% revenue growth.
- Despite the better-than-expected second quarter results, consensus earnings estimates for the full year 2017 dropped slightly during July.

Global Equities

- Global equities rallied in July with the MSCI ACWI up 2.83% during the month. U.S. equities produced positive gains with the S&P 500 and Dow Jones 2.06% and 2.68%, respectively. The Russell 2000 and Nasdaq Composite Indices returned 0.74% and 3.42%, respectively.
- In Europe, equities underperformed global equities with Eurostoxx 50 up 0.31% during the month. Core European equities declined with the DAX down 1.68% and the CAC down 0.46%. In the periphery, the FTSEMIB returned 4.61% and the IBEX returned 0.86%. UK equities, as measured by the FTSE 100, returned 0.86% for July.
- Asian equities were mixed in July with Japanese equities, as measured by the Nikkei, returning -0.53%; Chinese equities, as measured by the Shanghai Composite Index, returning 3.66%; and Korean equities, as measured by the KOSPI, returning 0.46%.
- Emerging market equities outperformed developed markets with the MSCI Emerging Markets Index returning 6.04%. Indian equities, as measured by Sensex, rallied 5.44%. Brazil's Ibovespa gained 4.80% for the period.

Bloomberg Barclays U.S. Credit Index—The US Credit component of the U.S. Government/Credit Index. This index consists of publically-issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered. The US Credit Index is the same as the former US Corporate Investment Grade Index.

Bloomberg Barclays U.S. MBS Index—An index that 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 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.

Citi High-Yield Cash-Pay Capped Index -This index represents the cash-pay securities of the Citigroup High-Yield Market Capped Index, which represents 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.

Cotation Assistee en Continu 40 (CAC) - The CAC 40 Index which is a French stock market index. It tracks 40 of the largest French stocks on the Paris Bourse, or stock exchange.

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.

Deutsche Borse AG German Stock Index (DAX) - The German stock index, which represents 30 of the largest and most liquid German companies that trade on the Frankfurt Exchange.

Energy Select Sector Index - The Energy Select Sector Index includes companies from the following industries: oil, gas & consumable fuels and energy equipment & services.

Eurostoxx 50 Index - A stock index of Eurozone stocks designed by STOXX, an index provider owned by Deutsche Borse Group and SIX group, with the goal of providing a blue-chip representation of Supersector leaders in the Eurozone.

Financial Times Stock Exchange 100 (FTSE 100) - A capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange.

Financial Times Stock Exchange Milano Italia Borsa (FTSE MIB) - The benchmark stock market index for the Borsa Italiana, the Italian national stock exchange, which superseded the MIB-30 in September 2004. The index consists of the 40 most-traded stock classes on the exchange.

G-10 - A grouping of 10 countries identified by the World Trade Organization which are "vulnerable" to imports due to ongoing reform in the agricultural sector. This grouping includes Switzerland, Japan, South Korea, Taiwan, Liechtenstein, Israel, Norway, Iceland, Bulgaria and Mauritius.

Ibovespa - This accumulation index represents the present value of a portfolio begun on 2 January 1968, with a starting value of 100 and taking into account share price increases plus the reinvestment of all dividends, subscription rights and bonus stocks received.

Indice Bursatil Espanol (IBEX) - The official index of the Spanish Continuous Market. The index is comprised of the 35 most liquid stocks traded on the Continuous market. It is calculated, supervised and published by the Sociedad de Bolsas.

JP Morgan Corporate Emerging Markets Bond Broad Diversified Index (CEMBI) -This index is a market capitalization weighted index consisting of US-denominated Emerging Market corporate bonds. It is a liquid global corporate benchmark representing Asia, Latin America, Europe and the Middle East/Africa.

JP Morgan Government Bond Emerging Markets Broad Diversified Index (GBI EM) -This index is the first comprehensive, global local Emerging Markets index, and consists of regularly traded, liquid fixed-rate, domestic currency government bonds to which international investors can gain exposure.

JP Morgan Emerging Markets Bond Global Diversified Index (EMBI) -This index is uniquely-weighted version of the EMBI Global. It 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.

Korea Composite Stock Price Index (Kospi) - A market capitalization weighted index of all common stocks traded on the Stock Market Division—previously, Korea Stock Exchange—of the Korea Exchange. It is the representative stock market index of South Korea, similar to the Dow Jones Industrial Average or S&P 500 in the United States.

Markit CMBX Index (CMBX) - A synthetic tradable index with 6 subindices referencing a basket of 25 commercial mortgage-backed securities offerings issued in 2012.

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

An investment cannot be made in an index.

MSCI Emerging Markets (MSCI EM)- An index that covers 23 Emerging Market countries and is designed to capture the large and mid-cap representation across those countries.

MSCI Russia Index - A free-float capitalization-weighted index used to track the equity market performance of Russian securities on the MICEX Stock Exchange.

Nikkei 225 Index - A price-weighted index comprised of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange. The Nikkei is equivalent to the Dow Jones Industrial Average Index in the U.S.

Shanghai Composite Index - A capitalization-weighted index that tracks the daily performance of all A-shares and B-shares listed on the Shanghai Stock Exchange. The index was developed on December 19, 1990 with a base value of 100.

S&P Goldman Sachs Commodity Index (GSCI) - Standard & Poor's Goldman Sachs Commodity Index, or GSCI, is a composite index of commodity sector returns which represents a broadly diversified, unleveraged, long-only position in commodity futures.

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

S&P/LSTA Leveraged Loan Index - An index designed to track the market-weighted performance of the largest institutional leveraged loans based on the market weightings, spreads and interest payments.

An investment cannot be made in an index.

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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.