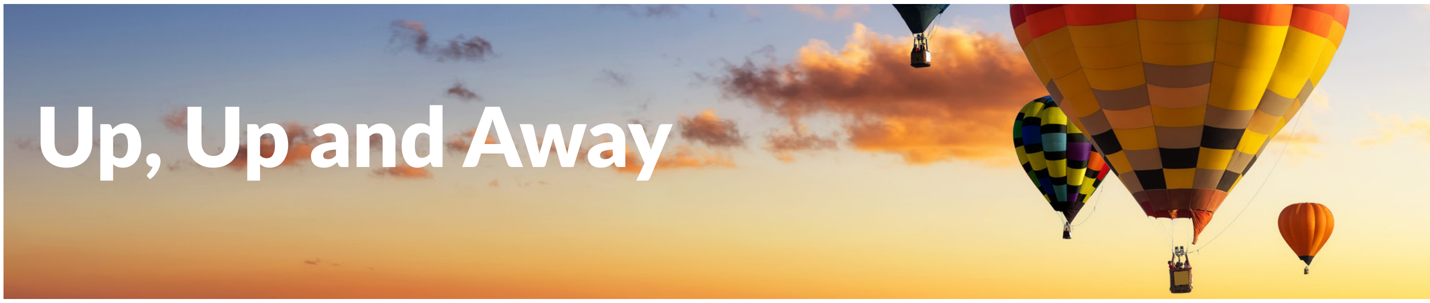
DoubleLine Total Return Bond Fund Webcast Recap

Originally Aired December 6, 2022



About this Webcast Recap

On December 6, 2022, Chief Executive Officer Jeffrey Gundlach and Portfolio Manager Andrew Hsu held a webcast titled "Up, Up and Away," discussing the current market, and the DoubleLine Total Return Bond Fund (DBLTX/DLTNX).

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. Gundlach's and Mr. Hsu's views, please listen to the full version of this webcast on www.doubleline.com and click on the "Webcasts" tab under "Latest Webcast."

Total Return Bond Fund (%)

				Annualized					
Month-End Returns November 30, 2022	**1 Mo**	**3 Mo**	**Year-to-Date**	**1 Yr**	**3 Yr**	**5 Yr**	**10 Yr**	**Since Inception (4-6-10 to 11-30-22)**	**Gross Expense Ratio**
I-share (DBLTX)	2.77	-3.35	-12.06	-12.41	-2.90	-0.18	1.38	3.76	0.48
N-share (DLTNX)	2.63	-3.42	-12.36	-12.64	-3.18	-0.43	1.13	3.50	0.73
Bloomberg US Agg Index	3.68	-2.09	-12.62	-12.84	-2.59	0.21	1.09	2.22	
				Annualized					
Quarter-End Returns September 30, 2022	**1 Mo**	**3Q2022**	**Year-to-Date**	**1 Yr**	**3 Yr**	**5 Yr**	**10 Yr**	**Since Inception (4-6-10 to 9-30-22)**	
I-share (DBLTX)	-3.79	-4.22	-12.46	-12.61	-3.03	-0.28	1.39	3.77	
N-share (DLTNX)	-3.71	-4.28	-12.62	-12.75	-3.27	-0.51	1.15	3.52	
Bloomberg US Agg Index	-4.32	-4.75	-14.61	-14.60	-3.26	-0.27	0.89	2.06	

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.

The Federal Reserve

- The scope of the Federal Reserve's quantitative easing (QE) programs has increased significantly since QE1.
  - During QE1 from November 2008 to March 2010, the Fed bought $201 billion of bonds. During and after the COVID-19 pandemic-induced recession, the Fed injected $4.6 trillion into the system via bond purchases and stimulus programs beginning in March 2020 through April 2022.
- The performance of the S&P 500 Index has generally trended in line with the Fed's balance sheet since QE1. Recently, the S&P 500 has rolled over as the Fed balance sheet has shrunk via quantitative tightening.
- Historically, the U.S. budget deficit as a percentage of gross domestic product (GDP) and the U-3 unemployment rate have generally moved in lockstep. For example, when U-3 unemployment has been low, the U.S. budget deficit as a percentage of GDP also has been low.
  - As the U.S. potentially enters a recessionary period, Jeffrey Gundlach believes we are in a precarious position because of the unusual combination of a remarkably high budget deficit as a percentage of U.S. GDP combined with near-record-low unemployment.
- Market projections of the federal funds terminal rate peaked in early November at 5.17%. However, Mr. Gundlach does not believe that the target federal funds rate (FFR) will reach 5%.

Inflation

- U.S. import and export prices, unlike the Consumer Price Index (CPI), are not subject to hedonic adjustments and have moderated substantially from their elevated levels earlier this year.
- Both market-based forecasts and economist surveys for future CPI prints expect inflation to fall to 2.5%-3% by mid-2023 and remain stable at that level through 2026. Mr. Gundlach believes this prognostication is implausible.
- Commodity prices are one of the key drivers of inflation. The Bloomberg Commodity (BCOM) Index has recently trended below its 200-day moving average.
  - Before becoming bullish on commodities, Mr. Gundlach would like to see the BCOM show some momentum and move above its 200-day moving average in the near term.
- Gold spot prices have recently stabilized around their 200-day moving average, which could forebode a weaker U.S. dollar.
  - The recent dollar reversal is likely due to market participants anticipating a relatively dovish Fed compared to other global central banks.

Economic Indicators

- After increasing for much of 2020 and 2021, the monthly change in household excess savings has been declining since January 2022 as the effects of fiscal stimulus have faded and inflation has remained elevated.
  - Lower savings and higher inflation have contributed to a sharp increase in revolving consumer credit.
- The Leading Economic Index (LEI) year-over-year (YoY) change was negative 2.7% while the LEI six-month change was negative 6.3% as of Oct. 31.
  - The LEI has historically turned negative prior to recessions, and the current level indicates to Mr. Gundlach that perhaps the U.S. is getting close to the front end of a recession.
- The U.S. Treasury yield curve is inverted, as measured by the 10-year Treasury yield less the three-month Treasury yield, and resembles similar levels prior to all the recessions experienced in the U.S. over the last 30 years.
  - The depth of the inversion between the yield on the 10-year Treasury and two-year Treasury indicates a recession in the near term.
- The Institute of Supply Management's (ISM) PMI has declined in line with its historical average leading into a recession.
- The unemployment rate relative to its 12-month moving average is another indicator DoubleLine monitors for the probability of impending recession.
  - As of Nov. 30, the U-3 unemployment rate was 3.7% relative to its 12-month moving average of 3.9%. Should the unemployment rate continue to trend higher and cross above its 12-month moving average, it would indicate the U.S. might be near a recession.
- Housing in the U.S. has become less affordable as the combination of increasing home prices and rising mortgage rates have stifled homebuyers.
  - The monthly mortgage payment on the median-priced home in America has increased from roughly 17% of median U.S. household income pre-pandemic to close to 33% of median U.S. household income now.[1]
  - As mortgage rates have dramatically risen, only 0.1% of outstanding 30-year conventional mortgage borrowers have at least a 50-basis point (bp) incentive to refinance.

Interest Rates

- Looking at previous monetary cycles, the two-year Treasury yield led the Fed in tightening and easing monetary conditions via the FFR.
- Recent downward movements in the yield of the 10-year Treasury are potentially signaling that the 10-year yield might have peaked.
  - Some metrics, such as the copper-gold ratio, also suggest that the 10-year Treasury yield might have peaked.
- The yield on the 30-year Treasury has also recently reversed after the long bond experienced its worst year-to-date (YTD) drawdown in over 40 years. As of Dec. 5, the long bond had returned negative 42.6% while its yield was up 163 bps.
- U.S. real yields, based on Treasury Inflation-Protected Securities (TIPS), had been rising since the start of the year but have recently fallen. Real yields were positive across the five-, 10- and 30-year maturities as of Dec. 5.
  - Positive real yields have historically led to forward price-to-earnings ratio compression for the S&P 500.

[1] Using a 30-year fixed mortgage rate and assuming a 20% down payment

DoubleLine Total Return Bond Fund Webcast Recap

Originally Aired December 6, 2022

Equities

- The recent rally in the S&P 500 ran out of steam before it could break out above its 200-day moving average.
  - Mr. Gundlach believes equities could rally to start 2023 as capital is redeployed after investors likely took advantage of tax-loss harvesting this year.
- From the onset of the COVID-19 pandemic until the start of this year, growth stocks outperformed value stocks by a wide margin on a price basis.
  - Value stocks have made a notable comeback versus growth stocks in 2022, and Mr. Gundlach believes the trend of growth outperforming value is over.
- Similarly, large tech stocks within the Nasdaq 100 Index have underperformed the broader S&P 500 this year by approximately 20 percentage points.
  - The following six stocks within the S&P 500 – Meta, Alphabet, Netflix, Apple, Microsoft and Amazon – have significantly outperformed the other 494 stocks.[2] These six stocks have fallen from their peak in late 2021, and Mr. Gundlach believes they could collectively fall roughly 33% from their current prices.
- The Morgan Stanley Capital International (MSCI) World Index ex U.S. has broadly underperformed the S&P 500 since the Global Financial Crisis (GFC).
  - Mr. Gundlach believes that if the dollar significantly declines and the Fed starts easing in response to a recession, the outperformance by U.S. stocks might reverse.

Fixed Income

- As the dollar has fallen in recent months, so have credit spreads on the J.P. Morgan EMBI Global Diversified (GD). After nearing 600 bps option-adjusted spreads (OAS), the index spread has tightened roughly 150 bps over the last six months to 454 bps.
  - The dollar reached its YTD high on Sep. 27 at $114.11, as measured by the U.S. Dollar (DXY) Index, and as of Dec. 5, credit spreads on the J.P. Morgan EMBI GD had tightened 81 bps.
- Credit spreads in U.S. investment grade (IG) and high yield (HY) credit have been decompressing for most of 2022. However, in recent months, spreads in the riskier parts of credit, such as HY bonds rated CCC, have notably tightened as investors have reassessed relative value in lower-rated areas of credit.
- Over the last five years, OAS on CMBS rated AAA have almost always been tighter than the OAS on the broad Bloomberg US Corporate Bond Index, which tracks IG bonds.
  - As of Dec. 5, CMBS rated AAA have a wider OAS than the Bloomberg US Corporate Bond Index, and Mr. Gundlach believes there could be potential for relative outperformance if this relationship normalizes relative to recent history.
- Given the current setup of lower prices and higher yields relative to recent history, Mr. Gundlach believes the bond market could be set up for strong returns in 2023, especially if the Fed is forced to become more dovish due to weakening inflation and a recessionary environment.

[2] As of December 6, 2022, the Total Return Bond Fund held 0% of Meta, Alphabet, Netflix, Apple, Microsoft, and Amazon.

DoubleLine Total Return Bond Fund Webcast Recap

Originally Aired December 6, 2022

DoubleLine Total Return Bond Fund (DBLTX)

- As of Nov. 30, DBLTX had an average price of $88.54. The Fund's duration was 5.96 years, 0.26 years shorter than the Bloomberg US Aggregate Bond Index (the "Agg").
  - The Fund's portfolio management team has actively managed duration positioning by adding longer-duration Treasuries and mortgage-backed securities (MBS). Also, as rates have risen, the Fund's duration has increased due in part to the Fund's mortgage-related holdings, which have largely extended.
    - The positive convexity for many of the Fund's Agency MBS holdings indicates the sector could perform well should rates fall, despite their lower overall duration.
- Roughly half of the Fund's exposure remains in government-backed assets including Agency MBS, Agency commercial mortgage-backed securities (CMBS) and Treasuries, and roughly half in a diversified mix of securitized credit, including non-Agency residential MBS (RMBS), non-Agency CMBS, asset-backed securities (ABS) and collateralized loan obligations (CLOs).
- Delinquency rates are near record lows but have started to tick up in certain consumer-related areas such as student loans, auto loans, credit cards and mortgages.
- Housing fundamentals remain strong as record home price appreciation has boosted consumer balance sheets.
  - Although Andrew Hsu foresees home prices correcting lower, he does not expect the fall in prices to resemble that of 2008, as home borrowers are broadly higher quality, have stronger balance sheets relative to the GFC and more equity in their homes.
- Credit enhancement, as it relates to structured products, is essentially the cushion of how much loss a bond can absorb before its first dollar of principal loss.
  - Most sectors within the Fund have higher credit enhancement relative to the serious delinquency rate of their underlying assets. The serious delinquency rate is defined as a loan that has been delinquent for 60 days or longer.
  - Another factor to consider is average dollar price, which equates to additional protection. For example, the Fund's legacy RMBS positions were purchased at an average price of $63, which means there are an additional 37 points of protection relative to a par-priced security.

Definitions

Agency – Mortgage securities whose principal and interest are guaranteed by a U.S. government agency such as Fannie Mae (FNMA) or Freddie Mac (FHLMC).

Asset-Backed Securities (ABS) – Investment securities, such as bond or notes, that are collateralized by a pool of assets, such as loans, leases, credit card debt, royalties or receivables.

Basis Points (BPS) – Basis points (or basis point (bp)) refer to a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01% or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes and basis points can be summarized as: 1% change = 100 basis points; 0.01% = 1 basis point.

Bloomberg Commodity (BCOM) Index – This index (formerly the Dow Jones-UBS Commodity Index) is calculated on an excess return basis and reflects the price movements of commodity futures. It rebalances annually, weighted two-thirds by trading volume and one-third by world production, and weight caps are applied at the commodity, sector and group levels for diversification. The roll period typically occurs from the sixth to 10th business day based on the roll schedule.

Bloomberg US Aggregate Bond Index – This index (the "Agg") represents securities that are SEC registered, taxable and dollar denominated. It covers the U.S. investment grade, fixed-rate bond market, with components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indexes that are calculated and reported on a regular basis.

Bloomberg US Corporate Bond Index – This index measures the investment grade, fixed-rate taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Collateralized Loan Obligation (CLO) – Single security backed by a pool of debt.

Commercial Mortgage-Backed Securities (CMBS) – Securitized loans made on commercial rather than residential properties.

Conference Board Leading Economic Index (LEI) – This index tracks a group of composite indexes (manufacturers' orders, initial unemployment insurance claims, et al.) as a means of gauging the strength of a particular industry or the economy.

Consumer Price Index (CPI) – This index, compiled by the U.S. Bureau of Labor Statistics, examines the weighted average of the prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by averaging price changes for each item in the basket. Changes in the CPI are used to assess price changes associated with the cost of living. The CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.

Copper-Gold Ratio (CGR) – Calculated by dividing the market price of a pound of copper by the market price of an ounce of gold.

Duration – Measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates.

Federal Funds Rate (FFR) – Target interest rate, set by the Federal Reserve at its Federal Open Market Committee (FOMC) meetings, at which commercial banks borrow and lend their excess reserves to each other overnight. The Fed sets a target federal funds rate eight times a year, based on prevailing economic conditions.

Federal Funds Terminal Rate – This rate is what economists call the "natural" or "neutral" interest rate. It is the rate that is consistent with full employment and capacity utilization, and stable prices.

Federal Open Market Committee (FOMC) – Branch of the Federal Reserve System that determines the direction of monetary policy specifically by directing open market operations. The FOMC comprises the seven board governors and five (out of 12) Federal Reserve Bank presidents.

Forward Price-to-Earnings (P/E) Ratio – The forward P/E ratio uses projected future earnings to calculate the price-to-earnings ratio. The trailing P/E, which is the standard form of a price-to-earnings ratio, is calculated using recent past earnings. A P/E ratio measures current share price relative to earnings per share (EPS). The P/E ratio is also sometimes known as the "price multiple" or the "earnings multiple." A high P/E ratio could mean that a company's stock is overvalued, or investors are expecting high growth rates in the future.

Growth Stock – Any share in a company that is anticipated to grow at a rate significantly above the average growth for the market. These stocks generally do not pay dividends. This is because the issuers of growth stocks are usually companies that want to reinvest any earnings they accrue in order to accelerate growth in the short term. When investors invest in growth stocks, they anticipate that they will earn money through capital gains when they eventually sell their shares in the future.

High Yield (HY) – Bonds that pay higher interest rates because they have lower credit ratings than investment grade (IG) bonds. HY bonds are more likely to default, so they must pay a higher yield than IG bonds to compensate investors.

Investment Grade (IG) – Rating that signifies a municipal or corporate bond presents a relatively low risk of default. Bonds below this designation are considered to have a high risk of default and are commonly referred to as high yield (HY) or "junk bonds." The higher the bond rating the more likely the bond will return 100 cents on the U.S. dollar.

ISM PMI – This index (which used to be called the ISM Manufacturing Purchasing Managers Index) is compiled by the Institute for Supply Management and tracks the economic health of the manufacturing sector. The index is based on five major indicators: new orders, inventory levels, production, supplier deliveries and employment environment.

J.P. Morgan Emerging Markets Bond Index Global Diversified (EMBI GD) – This index is a uniquely weighted version of the EMBI. The EMBI tracks bonds from emerging markets (EM), and comprises sovereign debt and EM corporate bonds. The EMBI GD limits the weights of index countries with larger debt stocks by only including specified portions of those countries' eligible current face amounts of debt outstanding.

Legacy RMBS – Name for private-label, aka non-Agency, residential mortgage-backed securities (RMBS) issued before the shift to stricter post-Global Financial Crisis (guidelines). RMBS issued post-GFC are referred to as "RMBS 2.0."

Morgan Stanley Capital International (MSCI) World Index ex U.S. – This broad global equity index represents large- and midcap equity performance across 22 of 23 developed markets (DM) countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.

Mortgage-Backed Securities (MBS) – Investment similar to a bond that is made up of a bundle of home loans bought from the banks that issued them. Investors in MBS receive periodic payments similar to bond coupon payments.

Nasdaq 100 Index – This index comprises the 100 largest U.S. and non-U.S. nonfinancial securities based on market capitalization listed on the Nasdaq stock exchange. The index reflects companies across major industry groups including computer hardware and software, telecommunications, biotechnology and retail/wholesale trade.

Non-Agency – Refers to mortgage-backed securities (MBS) not issued by the government-sponsored enterprises.

Option-Adjusted Spread (OAS) – Measurement of the spread of a fixed-income security rate and the risk-free rate of return, which is then adjusted to take into account an embedded option. Typically, an analyst uses U.S. Treasury yields for the risk-free rate. The spread is added to the fixed-income security price to make the risk-free bond price the same as the bond.

Par – Short for "par value," par can refer to bonds, preferred stock, common stock or currencies, with different meanings depending on the context. Par most commonly refers to bonds, in which case, it means the face value, or value at which the bond will be redeemed at maturity.

DoubleLine Total Return Bond Fund Webcast Recap

Originally Aired December 6, 2022

Quantitative Easing (QE) – An unconventional monetary policy used by central banks to stimulate the economy when standard monetary policy has become ineffective. A central bank implements quantitative easing by buying specified amounts of financial assets from commercial banks and other private institutions, thus raising the prices of those financial assets and lowering their yield, while simultaneously increasing the monetary base.

Quantitative Tightening (QT) – Reverse of quantitative easing (QE); a central bank that acquired financial assets under QE undertakes steps to reduce its balance sheet.

S&P 500 Index – This unmanaged capitalization-weighted index of the stocks of the 500 largest publicly traded U.S. companies is designed to measure performance of the broad domestic economy through changes in the aggregate market value of the 500 stocks, which represent all major industries.

Spread – 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 or risk.

Treasury Inflation-Protected Securities (TIPS) – Type of Treasury security issued by the U.S. government that is indexed to inflation in order to protect investors from a decline in the purchasing power of their money. As inflation rises, TIPS adjust in price to maintain their real value.

U-3 Unemployment Rate – Officially recognized rate of unemployment, compiled and released monthly by the U.S. Bureau of Labor Statistics, measuring the number of unemployed people as a percentage of the labor force.

U.S. Dollar Index – A weighted geometric mean of the U.S. dollar's value relative to a basket of six major foreign currencies: the euro, Japanese yen, British pound, Canadian dollar, Swedish krona and Swiss franc.

Value Stock – Share of a company that appears to trade at a lower price relative to the company's fundamentals, such as dividends, earnings or sales, making it appealing to value investors.

You cannot invest directly in an index.

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. The Total Return Bond Fund intends to invest more than 50% of its net assets in mortgage-backed securities of any maturity or type. The Fund therefore potentially is more likely to react to any volatility or changes in the mortgage-backed securities marketplace.

Diversification does not assure a profit, nor does it protect against a loss in a declining market.

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

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.

DoubleLine Group is not an investment adviser registered with the Securities and Exchange Commission (SEC).

Important Information Regarding This Material

Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. These 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 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.

Important Information Regarding DoubleLine

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

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 Funds and may be obtained by calling 1(877)354-6311/1(877)DLINE11, or visiting www.doubleline.com. Read carefully before investing.