DoubleLine®

A Closer Look at the

# DoubleLine Commercial Real Estate ETF

Ticker: DCRE | Commercial Real Estate | December 2024

### General Facts

| | |
|---|---|
| Ticker | DCRE |
| Inception | 3-31-2023 |
| CUSIP | 25861R303 |
| Gross Expense Ratio | 0.40% |

### Primary Benchmark

Bloomberg 1-3yr US Aggregate Bond Index

### Secondary Benchmark

Bloomberg US CMBS Investment Grade Aaa: 1-3.5 Year Index

### Portfolio Managers

Morris Chen
Mark Cho
Robert Stanbrook

### Portfolio Characteristics

| | |
|---|---|
| Net Fund Assets | $221.9 M |
| Number of Holdings | 192 |
| 30-Day SEC Yield | 5.49% |
| Weighted-Avg Price | $99.30 |
| Duration (yrs) | 1.28 |
| Weighted-Avg Life (yrs) | 2.00 |

### DoubleLine Firm Overview

DoubleLine was founded in 2009 by Jeffrey Gundlach and 45 other partners. As of December 31, 2024, the privately owned firm has $92 billion in assets under management and 258 employees, including 90 investment professionals.

DoubleLine's portfolio managers have 22 years of industry experience on average and have worked together on average for 17 years (including prior to the firm's founding).

## Fund Objective

The **DoubleLine Commercial Real Estate ETF (DCRE)** seeks current income and capital preservation. As a secondary objective, the fund seeks long-term capital appreciation.

## Fund Overview

DCRE seeks to achieve its objective by investing in an actively managed portfolio of high quality commercial mortgage-backed securities (CMBS), i.e. securities rated investment grade by any nationally recognized statistical rating organization. The fund invests in senior, investment grade commercial real estate (CRE) debt through commercial mortgage-backed securities (CMBS) and employs active management through security selection across CRE property types and subsectors, while maintaining a low level of interest rate risk. The investment universe includes high quality CRE debt across Agency CMBS, non-Agency CMBS, and CRE collateralized loan obligations (CLOs).

Through rigorous scenario and credit analyses, the investment team seeks to add value through security selection by focusing on mortgage structures and collateral types that they believe are key to outperformance and principal preservation.

We believe DCRE can offer investors:

- Access to senior commercial mortgage loans backed by high-quality real estate and sponsors in a liquid, tradeable vehicle
- Exposure to a wider range of commercial mortgage-related investments than those included in traditional CMBS indexes
- Excess yield with lower-interest rate sensitivity when compared to U.S. Treasuries and investment grade corporate bonds using short-duration, fixed- and floating-rate CMBS investments
- Potential diversification benefits within investors' overall asset allocation

### Key Guidelines

| | |
|---|---|
| **Duration** | 0-3 years |
| **Credit Quality** | Rated AAA to A-, at time of purchase |
| **Sector Allocation** | 80% minimum in commercial mortgage-related securities |

| Quarter-End Returns (%) 12/31/2024 | 1 Mo | 3 Mo | YTD | 1 Yr | Since Inception |
|---|---|---|---|---|---|
| Market Price | 0.45 | 0.79 | 6.85 | 6.87 | 7.03 |
| NAV | 0.37 | 0.72 | 6.78 | 6.80 | 6.91 |
| Primary Benchmark | 0.22 | -0.02 | 4.39 | 4.39 | 4.27 |
| Secondary Benchmark | 0.30 | 0.13 | 5.81 | 5.81 | 5.54 |

Performance for periods greater than one year are annualized.

**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 current to the most recent month-end may be obtained by calling (855) 937-0772 or by visiting DoubleLine.com.**

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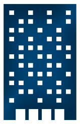
## What are CMBS?

CMBS are bonds whose cash flows are derived from a loan or pool of loans secured by CRE properties. There are three main subsectors of CMBS:

**Conduit:** Backed by a pool of mortgage loans secured by multiple properties that are stabilized and owned by multiple borrowers. These bonds consist of five- and 10-year fixed-rate loans. Investment in conduit offers property-type and sponsor diversification.



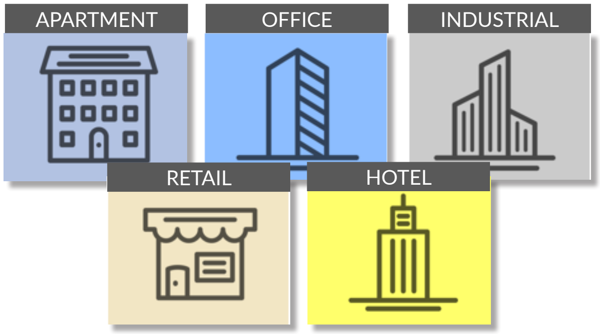
**SASB:** Backed by a single loan secured by a single property or a group of cross-collateralized properties owned by the same borrower. Bonds can be fixed or floating rate with loan terms ranging from five, seven or 10 years and provide borrowers with increased prepayment flexibility. Investment in SASB offers the ability to target investments in a specific property type.

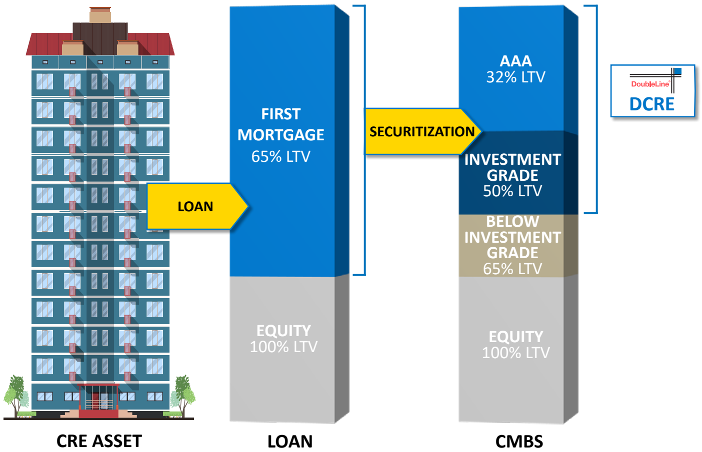
**CRE CLOs:** Backed by a pool of short-term, floating-rate bridge loans. Borrowers typically have business plans to add value, improve or reposition their properties. Loan collateral pools can be static or managed, which allows the manager of the transaction to change the pool over time similar to corporate CLOs. CRE CLO issuers typically retain 15%-to-25% first-loss risk as well as agree to covenants that offer downside protection to bond buyers.

## DCRE: Seeking High Quality Opportunities in Senior Commercial Real Estate (CRE) Debt

DCRE only invests in the senior portions of CRE debt and CMBS while dynamically allocating across subsectors including conduit, single-asset single-borrower (SASB) and CRE CLOs.

CMBS deals are secured by nonrecourse first lien (senior) mortgages on income-producing properties. The borrower's equity interest in the property, along with the interests of subordinated lenders, sit below the senior mortgage loan and provide additional credit enhancement.



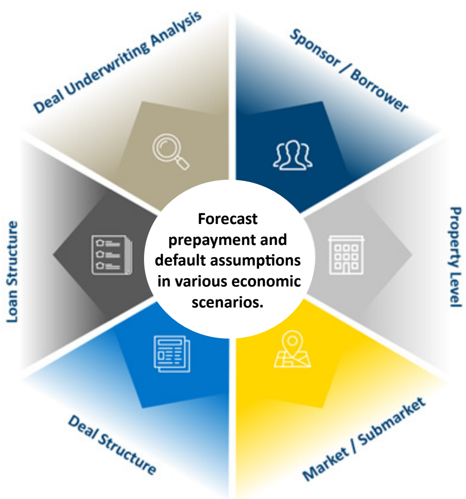

Source: DoubleLine. Not drawn to scale. This is a hypothetical example for single-borrower securitization for discussion purposes based on market conditions as of April 2023. Loan-to-Value (LTV)

## Seeking Higher Risk-Adjusted Returns Through Security Selection

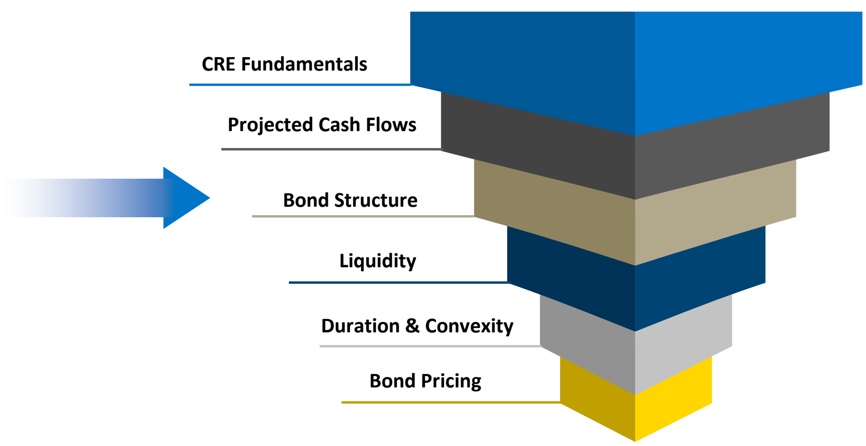
DCRE scours its CRE investment universe for compelling relative value based on both quantitative factors as well as current views on macroeconomic conditions, interest rates, and property fundamentals. DCRE's portfolio management team draws upon decades of comprehensive, bottom-up loan-level underwriting to identify opportunities.

This approach encompasses in-depth deal analysis and property diligence as part of security cash flow modeling. The team's careful curation of collateral, coupled with fundamental research, forms a cornerstone of risk management. In addition, active management of property sector exposure and security selection has the potential to enhance absolute and risk-adjusted returns across differing economic environments.

**DoubleLine's CRE Underwriting Framework**




**Curated Investment Through Multiple Criteria**




Source: DoubleLine

## DoubleLine's Competitive Advantage

DoubleLine's seasoned investment professionals have decades of experience investing in global fixed income through many market cycles and various interest-rate environments and have been recognized as leaders in the space. Our time-tested investment philosophy and process have established track records of strong absolute and risk-adjusted returns.

*Active management permeates all stages of DCRE's investment process.*

Many firms have traders focused only on one subsector, or the entire firm focuses on a subset of the opportunity set available in the global fixed income universe. Being able to trade all of the subsectors successfully is only one part of the equation. The second part involves knowing through experience how to integrate these risks appropriately, which not only involves a deep understanding of the underlying collateral, sectors and asset types, but also knowing when to shift allocations on top of changing market and credit conditions. We believe this skill set gives DoubleLine its competitive advantage. ■

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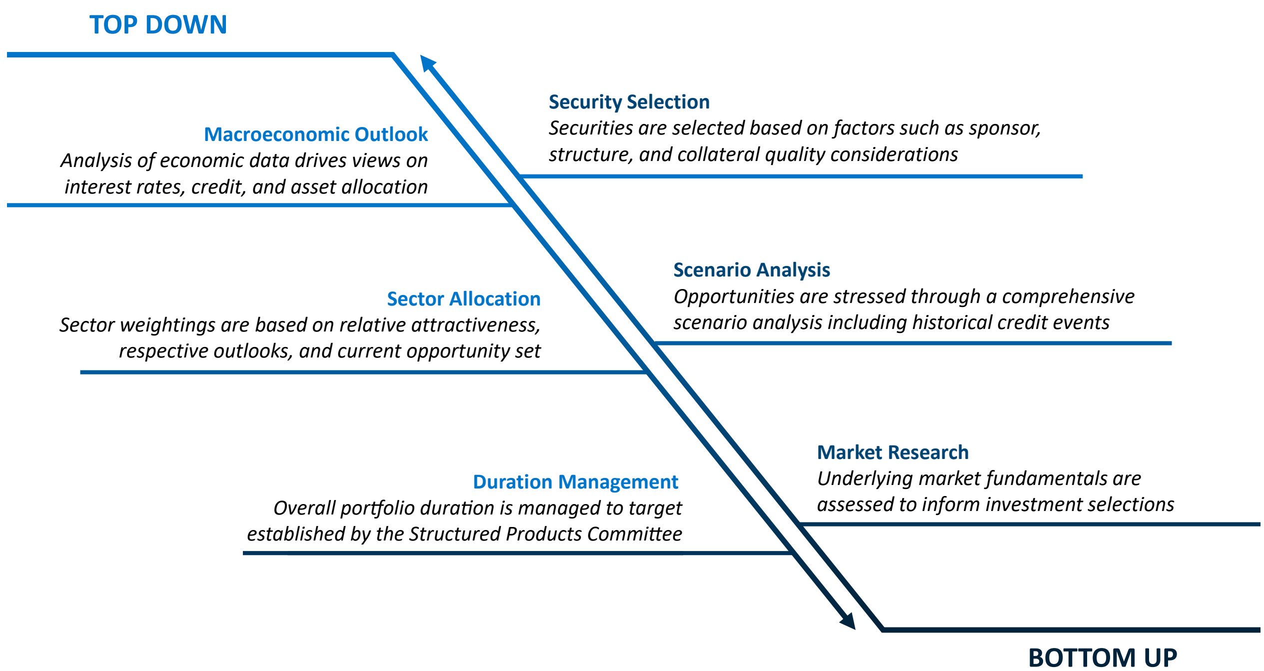
## Structured Products Investment Process




## Portfolio Managers

**Morris Chen**
Portfolio Manager

Mr. Chen joined DoubleLine at its inception in 2009. He is a Portfolio Manager leading the CMBS/CRE Debt Investment team and CRE New Investment Review Group, and is responsible for the oversight and management of all CRE Debt related investments at DoubleLine. Mr. Chen is a permanent member of the Fixed Income Asset Allocation and Structured Products Committees providing valued insight into the CMBS sector. He is also an active participant and speaker at CREFC events. Prior to DoubleLine, Mr. Chen was a Vice President at TCW where he was responsible for CMBS credit analysis and trading from 2004-2009. He holds a BS in Business Administration with concentrations in Business Development and Finance from the University of California, Riverside.

**Mark Cho**
Portfolio Manager

Mr. Cho joined DoubleLine in 2013. He is a Portfolio Manager responsible for the CMBS credit platform at DoubleLine and participates in the CRE New Investment Review Group. Prior to DoubleLine, he was an Investment Associate at H/2 Capital Partners covering a broad range of real estate credit opportunities. Previous to that, Mr. Cho worked in real estate acquisitions as a Director at Jamison Properties and began his career as an Investment Banking Analyst at Lehman Brothers. He holds a BA in Economics from Stanford and an MBA from the Wharton School at the University of Pennsylvania. Mr. Cho is a member of the Founder's Circle of SPIRE (Stanford Professionals in Real Estate).

**Robert Stanbrook**
Portfolio Manager

Mr. Stanbrook joined DoubleLine in 2019. He is a Portfolio Manager responsible for the CRE loan platform as well as DoubleLine's CRE CLO portfolio. Prior to DoubleLine, Mr. Stanbrook was a Principal and Chief Credit Officer with Narrative Capital Management. Previous to that, he was a Vice President at Colony Capital with day-to-day oversight of origination and underwriting for a $3b bridge lending platform. Mr. Stanbrook began his career in Origination & Acquisitions roles at Karlin Asset Management/Calmwater Capital. He holds a B.A. in Business Administration from Loyola Marymount University.

**A fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory prospectus and summary prospectus (if available) contain this and other important information about the fund and may be obtained by visiting DoubleLine.com. In addition, a free hard copy is available by calling (855) 937-0772. Please read the prospectus carefully before investing.**

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

**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.

**Below Investment Grade (IG)/Non-Investment Grade (Non-IG)** – Term indicating a security is rated below investment grade (IG). These securities are seen as having higher default risk or being prone to other adverse credit events. They typically pay higher yields than higher-quality bonds in order to make them attractive. They are less likely than IG bonds to pay back 100 cents on the dollar.

**Bloomberg CMBS Investment Grade Aaa: 1-3.5 Year Index -** This index measures the market of AAA US Agency and US Non-Agency conduit and fusion CMBS deals with a minimum current deal size of $300mn. Securities must have a remaining average life of at least 1 year, but less than 3.5 years.

**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 Aggregate 1-3 Year Index** – This index tracks the one- to three-year component of the Bloomberg US Aggregate Bond Index.

**Bloomberg US Commercial Mortgage-Backed Securities (CMBS) Index** – This index measures the market of conduit and fusion CMBS deals with a minimum current deal size of $300 million.

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

**Conduit Loans** – Type of loans, also known as commercial mortgage-backed securities (CMBS) loans, that are commercial real estate loans pooled together with similar commercial mortgages and sold on the secondary market. On the secondary market, conduit loans are divided into tranches based on risk, return and loan maturity.

**Duraiton -** A commonly used measure of the potential volatility of the price of debt securities in response to a change in interest rates prior to maturity. Securities with longer duration generally have more volatile prices than securities of comparable quality with shorter duration.

**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.

**Loan-to-Value (LTV) Ratio** – Assessment of lending risk that financial institutions and other lenders examine before approving a mortgage. Typically, loan assessments with high LTV ratios are considered higher-risk loans. Therefore, if the mortgage is approved, the loan has a higher interest rate.

**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.

**Nonrecourse Debt** – Type of loan secured by collateral, which is usually property. If the borrower defaults, the issuer can seize the collateral but cannot seek out the borrower for any further compensation, even if the collateral does not cover the full value of the defaulted amount. The borrower does not have personal liability for the loan.

**Single Asset, Single Borrower (SASB)** – Refers to when a lender takes a very large property and securitizes it into a single commercial mortgage-backed security (CMBS). SASB transactions can also involve the security of a portfolio of properties owned by the same or a related group of borrowers.

**Weighted AVerage Life (WAL) -** Average number of years for which each dollar of unpaid principal on a loan, mortgage or bond remains outstanding.

**Weighted Average Price** - Measure of the weighted average price paid for a group of securities calculated by taking the prices and dividing by the number of securities and does not include cash. Average price should not be confused with net asset value (NAV).

Credit Distribution is determined from the highest available credit rating from any Nationally Recognized Statistical Rating Agency (NRSRO", generally S&P, Moody's, or Fitch) and is subject to change. DoubleLine chooses to display credit ratings using S&P's rating convention, although the rating itself might be sourced from another NRSRO. The firm evaluates a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. The ratings apply to the credit worthiness of the issuers of the underlying securities and not to the fund itself. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the rating agency will classify the security as unrated.

You cannot invest directly in an index.

**Investing involves risk. Principal loss is possible.** Equities may decline in value due to both real and perceived general market, economic and industry conditions. 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. Investments in debt securities change in value because of changes in interest rates. The value of an instrument with a longer duration (whether positive or negative) will be more sensitive to changes in interest rates than a similar instrument with a shorter duration. There is the risk that the Fund may be unable to sell a portfolio investment at a desirable time or at the value the Fund has placed on the investment. Illiquidity may be the result of, for example, low trading volume, lack of a market maker, or contractual or legal restrictions that limit or prevent the Fund from selling securities or closing derivative positions. There is risk that borrowers may default on their mortgage obligations or the guarantees underlying the mortgage-backed securities will default or otherwise fail and that, during periods of falling interest rates, mortgage-backed securities will be called or prepaid, which may result in the Fund having to reinvest proceeds in other investments at a lower interest rate. There is risk that commercial real estate-related investments may decline in value as a result of factors affecting the real estate sector (and, in particular, the commercial real estate markets), such as the supply of real property in certain markets, changes in zoning laws, delays in completion of construction, changes in real estate values, changes in property taxes, levels of occupancy, and local, regional, and general market conditions. Commercial real estate loans are secured by commercial property and are subject to the risks of delinquency and foreclosure. The ability of a borrower to repay a loan secured by an income-producing property typically is dependent primarily on the successful operation of such property. Derivatives involve special risks including correlation, counterparty, liquidity, operational, accounting and tax risks. These risks, in certain cases, may be greater than the risks presented by more traditional investments. The Fund is a "non-diversified" investment company and therefore may invest a greater percentage of its assets in the securities of a single issuer or a limited number of issuers than funds that are "diversified." Accordingly, the Fund is more susceptible to risks associated with a single economic political or regulatory occurrence than a diversified fund might be.

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