A Closer Look at DBND

DoubleLine Opportunistic Bond Exchange-Traded Fund (ETF)

Ticker: DBND | Core Plus Fixed Income | December 2023

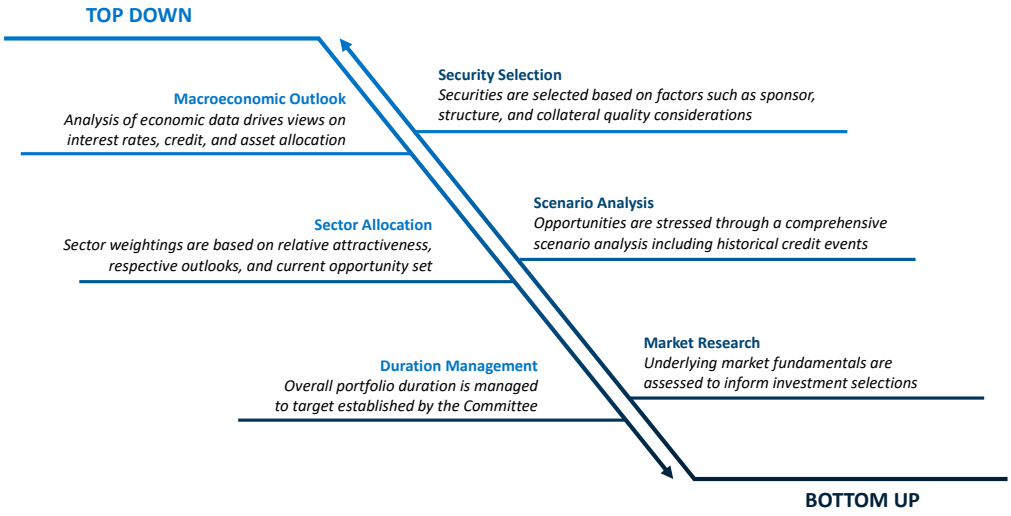
Fund Objective

The **DoubleLine Opportunistic Bond ETF** seeks to maximize total return over a full market cycle by actively investing across global fixed income sectors. Active management is the centerpiece of DoubleLine's investment philosophy, as the investment team seeks to deliver strong risk-adjusted returns by using a time-tested process that has successfully navigated numerous market and economic cycles.

DoubleLine Firm Overview

DoubleLine was founded in 2009 by Jeffrey Gundlach and 45 other partners. As of December 30, 2023, the privately owned firm has over $95 billion in assets under management and 263 employees, including 103 investment professionals. DoubleLine's portfolio managers have 22 years of industry experience on average and have worked together on average for 16 years (including prior to the firm's founding).

The Fixed Income Asset Allocation Process



Portfolio Managers

Jeffrey Gundlach
Chief Executive Officer

CEO and CIO of DoubleLine, Mr. Gundlach is recognized as an expert in bonds and other debt-related investments. In 2011, he appeared on the cover of Barron's as "The New Bond King." In 2012, 2015 and 2016, Bloomberg Markets named him one of its "50 Most Influential." In 2017, he was inducted into the FIASI Fixed Income Hall of Fame.

Jeffrey Sherman, CFA
Deputy Chief Investment Officer

Mr. Sherman, who joined DoubleLine in 2009, serves as the Deputy CIO, and is a member of DoubleLine's Executive Management and Fixed Income Asset Allocation committees. Additionally, he serves as a portfolio manager for multisector strategies and hosts "The Sherman Show" podcast.

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Fund Overview

The ETF is overseen by the Fixed Income Asset Allocation (FIAA) Committee, which makes tactical asset allocations across various sectors of the global fixed income landscape. The FIAA Committee includes senior portfolio managers from each fixed income sector who have been working together on average for 21 years. *(Figure 1)*

The FIAA Committee meets monthly to assess relative value and potential risks across the fixed income universe. A consistent, proven approach that combines top-down sector allocation with bottom-up security selection forms a cornerstone of the investment process. Each meeting begins with a macroeconomic and market overview that includes a discussion of interest rates, currencies, commodities, credit spreads and general fixed income market analysis. After a review of the global landscape, each sector portfolio manager assesses their respective sector's outlook and relative attractiveness to other asset classes. These discussions are paramount to the committee's determination of the most appropriate sector positioning, duration management and credit exposure for the fund given the current environment.

The Fixed Income Asset Allocation Committee

Jeffrey Gundlach, Chairman, Chief Executive Officer - Chief Investment Officer
Jeffrey Sherman, Deputy Chief Investment Officer

Fixed Income Asset Allocation (FIAA) Strategists:
Samuel Lau, Macro Asset Allocation
Jeffrey Mayberry, Macro Asset Allocation

Permanent Committee Members	Contributing Members
Structured Products Morris Chen, Samuel Garza, Andrew Hsu, Vitaliy Liberman & Ken Shinoda	Michael Casino, **High Yield Corporate Credit** Mark Christensen, **International Fixed Income** Damien Contes, **ABS/Infrastructure** Valerie Ho, **International Fixed Income** Philip Kenney, **Bank Loans** Su Fei Koo, **International Fixed Income**
Global Developed Credit Robert Cohen	
International Fixed Income William Campbell, Luz Padilla	
U.S. Government Securities Gregory Whiteley	

Figure 1
Source: DoubleLine, as of Dec. 30, 2023
All permanent committee and contributing members are portfolio managers.

Seeking Higher Risk-Adjusted Returns: Active Positioning vs. Benchmark

DoubleLine seeks to avoid the structural hazards of bond indexing by actively managing sector allocation, duration positioning and credit quality. The yield and duration of the Bloomberg US Aggregate Bond Index have diverged significantly over the past decade as yields have fallen while duration has increased. This led to the yield per unit of duration, as an indication of future expected reward versus risk, to fall to an all-time low for the benchmark in 2020. *(Figure 2)*

Bloomberg US Aggregate Index | Yield per Unit of Duration

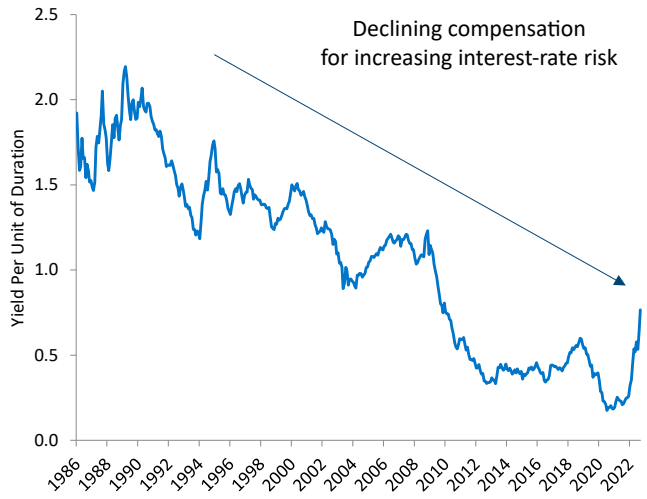

Figure 2
Source: Bloomberg, as of Dec. 30, 2023

DoubleLine Opportunistic Bond Exchange-Traded Fund (ETF)

Accessing a Broader Opportunity Set via Active Management

Investing opportunistically across the credit spectrum of various sectors of the fixed income market has the potential to enhance risk-adjusted returns through evolving interest rate and economic environments. In addition to U.S. Treasuries, Agency mortgage-backed securities (MBS) and investment grade corporate credit, the fund invests in sectors outside of the benchmark including below-investment grade corporate credit, structured products and emerging market debt. In addition, these sectors may offer diversification benefits in a portfolio allocation. *(Figure 3)*

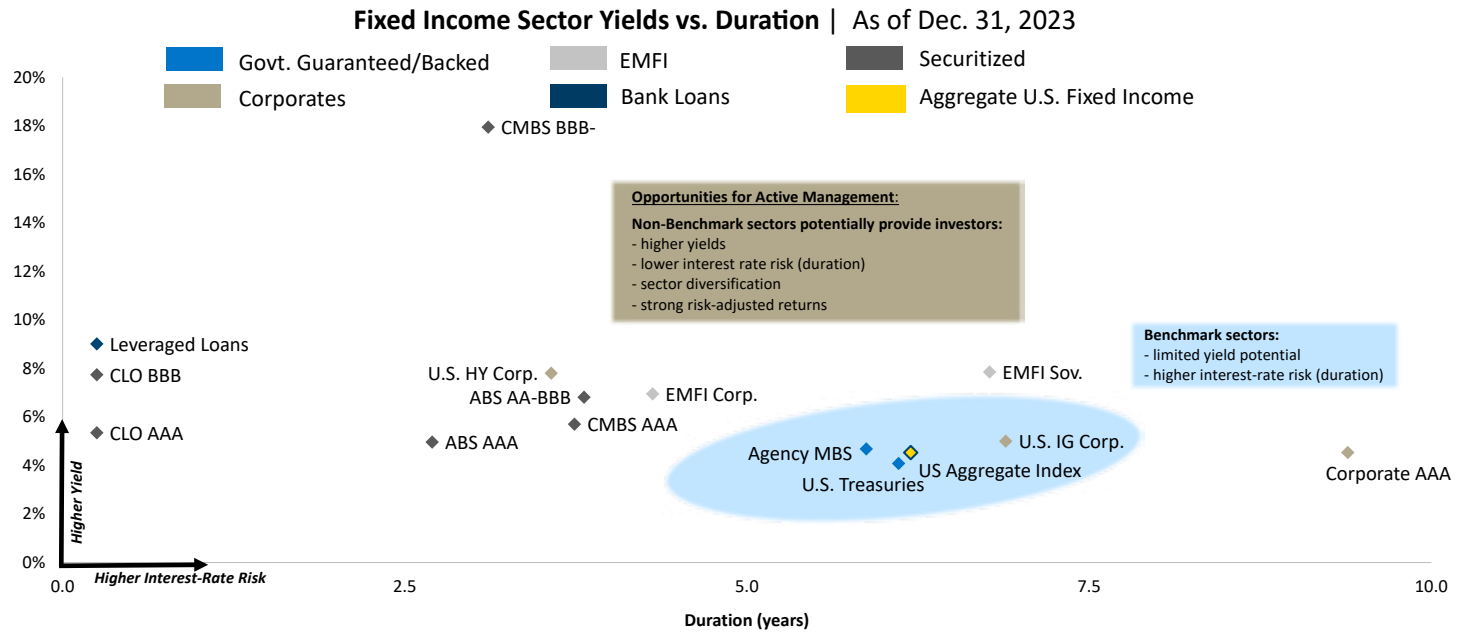

Figure 3
Source: Bloomberg. Please see disclosure at end of this document for an explanation of indexes used in this chart.

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 the fund's investment process.

Active management permeates all stages of the fund's investment process. Starting with a top-down macroeconomic outlook, which influences sector positioning and credit exposures, and continuing with bottom-up analysis at the sponsor, asset and security level, each step in the process is focused on finding the best reward-to-risk and relative value opportunities. In our view, risk management involves understanding how risks relate to each other across a portfolio to help ensure our investors are properly compensated for risk. The team seeks to control risk through sector allocation, security selection, and ongoing portfolio surveillance.

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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Definitions and Terms

Indexes used in Figure 3:

US Treasuries: Bloomberg US Treasury Total Return Unhedged USD

US Aggregate Index: Bloomberg US Agg Total Return Value Unhedged USD

Agency MBS: Bloomberg US MBS Index Total Return Value Unhedged USD

IG Corporate: Bloomberg US Credit Total Return Value Unhedged USD

ABS AA-BBB: ICE BofA AA-BBB US Fixed Rate Miscellaneous Asset Backed

CMBS - BBB: Bloomberg CMBS Invest Grade Bbb Total Return Index Value Unhedged USD

HY Corporate: Credit Suisse US Liquid High Yield Daily Total Returns

EM Corporate (USD): J.P. Morgan Corporate EMBI Broad Diversified Composite Index Level

BBB CLO 2.0: J.P. Morgan CLO BBB Post-Crisis Total Return Level

Leveraged Loan: Credit Suisse Leveraged Loan Total Return

EM Govt (USD): J.P. Morgan EMBI Global Diversified Composite

Alpha – Term used in investing to describe a strategy's ability to beat the market, or its "edge." Alpha is thus also often referred to as "excess return" or "abnormal rate of return," which refers to the idea that markets are efficient, and so there is no way to systematically earn returns that exceed the broad market as a whole.

Below-Investment Grade/Non-Investment Grade – 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 US Aggregate Bond Index – This index 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.

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

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.

ICE Bank of America (BofA) 1-3 Year Eurodollar Index – This subindex of the ICE BofA Eurodollar Index includes all securities with a remaining term to final maturity of three years or less. The parent index tracks the performance of U.S. dollar-denominated, investment grade, quasi-government, corporate, securitized and collateralized debt publicly issued in the eurobond markets.

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 "junk bonds." The higher the bond rating the more likely the bond will return 100 cents on the U.S. dollar.

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

Credit quality of a security or group of securities does not ensure the stability or safety of the overall portfolio. Average credit quality relies upon ratings assigned by independent NRSROs, but not all portfolio holdings have been assigned ratings by independent agencies.

Fixed Income Analysts Society, Inc. (FIASI), Fixed Income Hall of Fame In 1995, the Fixed Income Analysts Society established a Hall of Fame to recognize the lifetime achievements of outstanding practitioners in the advancement of the analysis of fixed-income securities and portfolios. Inductees will have made major contributions to the advancement of fixed-income analysis and portfolio management. These contributions may be academic, business-related or FIASI-related. The Board of Directors determines the annual inductees.

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 www.doubleline.com. In addition, a free hard copy is available by calling (855) 937-0772. Please read the prospectus carefully before investing.

Below is a description of certain risks of investing in DoubleLine Opportunistic Bond ETF; please see the prospectus for a complete list of each ETF's principal risks.

Risk Disclosure

Investing involves risk. Principal loss is possible. Investments in debt securities typically decline in value 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. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in lower rated and non-rated securities present a greater risk of loss to principal and interest than higher rated securities. 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 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. In addition, the Fund may invest in other asset classes and investments such as, among others, REITs, credit default swaps, short sales, derivatives and smaller companies which include additional risks.

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.

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

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