

Beyond Cash: Reallocating for Income in a Shifting Rate Cycle

March 2026



Empires fall. Markets turn.

In Percy Shelley’s 1818 sonnet “Ozymandias,” a ruler once certain of his permanence is reduced to statue fragments in the sand. Investors, too, are often tempted by narratives of permanence, whether in dominant asset classes or seemingly safe harbors. But time humbles certainty.

As the Federal Reserve embarked in March 2022 on the fastest rate-hiking cycle in decades, cash offered something rare: yield without volatility. The result was a historic migration into money market funds and short-term cash instruments, with balances swelling to record levels. (Figure 1) What was once a liquidity sleeve became, for many investors, a strategic allocation.

Growth in Money Markets Driven in Part by Rising Short-Term Rates

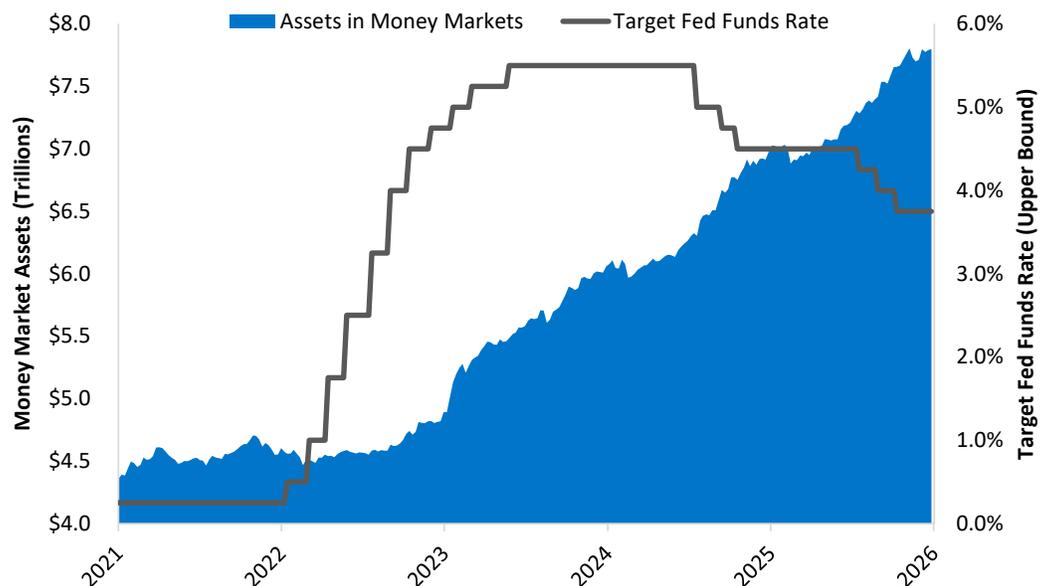


Figure 1

Source: DoubleLine, Bloomberg, as of February 28, 2026

But cash's appeal is inherently cyclical. As the Fed transitioned from tightening to easing nearly 18 months ago, and with further cuts being priced in, the cash calculus has shifted. What was once a tactical advantage at the peak of a rate-hiking campaign can gradually become a source of drag when policy shifts.

Elevated cash balances now face two growing headwinds: the opportunity cost of remaining uninvested in term assets and the reinvestment risk that emerges as short-term yields begin to reset lower. (Figure 2)

Further Fed Rate Cuts Will Bring the Cash Yields Lower

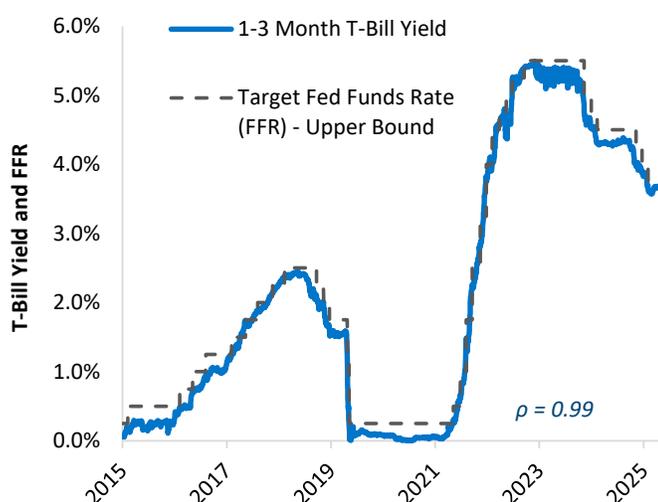


Figure 2
Source: DoubleLine, Bloomberg as of March 4, 2026. ρ = correlation

Why DoubleLine? A Disciplined Framework for Risk-Adjusted Income

The challenge, then, is not simply moving out of cash. It is identifying a solution that offers a compelling yield while maintaining a disciplined approach to risk. Investors seeking to preserve capital, limit volatility and generate incremental income must balance interest rate risk, credit quality and liquidity. In this environment, a thoughtfully constructed low-duration bond portfolio might offer a pragmatic path forward. Executing that transition effectively requires a repeatable framework for managing risk across market cycles.

At DoubleLine, risk management is the foundation of the investment process. The firm was built around a central mandate: to deliver superior risk-adjusted returns over a full market cycle. The DoubleLine name itself reflects that philosophy, akin to a careful driver navigating a winding road, the manager must avoid crossing the double yellow lines into oncoming risk.

DoubleLine Low Duration Bond Fund

The DoubleLine Low Duration Bond Fund (the "Fund") seeks to address the structural limitations of elevated cash positions by allocating into high-quality, short-duration fixed-income sectors under a disciplined risk framework. Within a low-duration mandate, this approach seeks to deliver compelling income while maintaining limited interest-rate sensitivity and strong credit quality. (Figure 3)

By selectively allocating across short-duration securitized assets, corporate bonds and other high-quality sectors, the Fund seeks to:

- Enhance yield relative to cash
- Reduce reinvestment risk by modestly extending out the curve
- Preserve capital through diversified, high-quality fixed income

Allocation decisions are deliberate and forward-looking, typically reflecting a 12-to-24-month macroeconomic view rather than short-term market noise. Sector exposures are adjusted gradually, emphasizing relative value and return per unit of risk. The objective is to construct a portfolio in which each sector contributes risk proportionate to its expected excess return, seeking to optimize the portfolio's Sharpe ratio while minimizing unintended volatility concentrations. (Figure 4)

Risk Management and Consistency

For investors confronting record cash balances and a potentially shifting rate environment, the goal is not to abandon caution, it is to redeploy capital thoughtfully.

Through its established Fixed Income Asset Allocation process and culture of risk discipline, DoubleLine seeks to offer a structured path toward improved portfolio efficiency without sacrificing downside awareness. That discipline is reflected in the Fund's current positioning, which represents its highest overall credit-quality allocation since inception. (Figure 5)

Discipline in a Changing Landscape

Cash served an important role during the rate-hiking cycle. It offered stability, liquidity and attractive front-end yields at a time of heightened uncertainty. But market environments evolve. As policy shifts and short-term yields reset lower, what once felt permanent can prove transient.

The DoubleLine Low Duration Bond Fund can represent a measured step forward: modestly extending beyond overnight instruments while remaining grounded in high-quality sectors and disciplined risk management. ■

Higher Yield Relative to Short-Term Alternatives

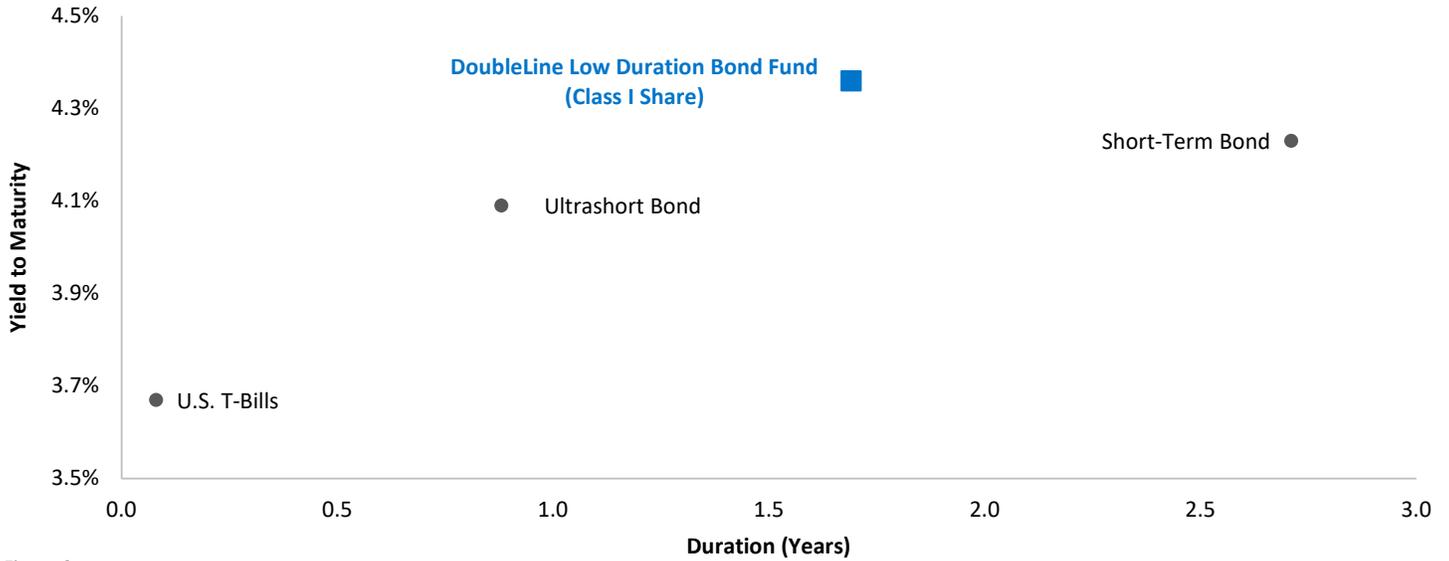


Figure 3

Source: DoubleLine, Bloomberg, Morningstar, as of January 31, 2026

30-Day SEC Yield (Net): 4.32% U.S. T-Bills: Bloomberg; US Treasury Bill: 1-3 Months Index; Ultrashort Bond: Morningstar U.S. category average; Short-Term Bond: Morningstar U.S. category average

Historically Consistent Risk-Adjusted Performance vs. Peers

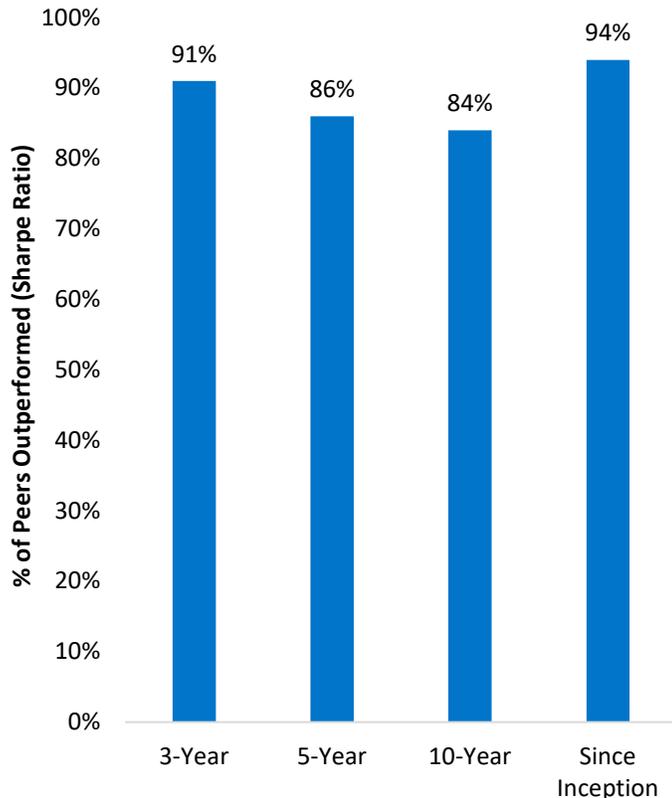


Figure 4

Source: DoubleLine, Morningstar, as of February 28, 2026
Inception date: September 30, 2011

Rising Credit Quality Within the Fund

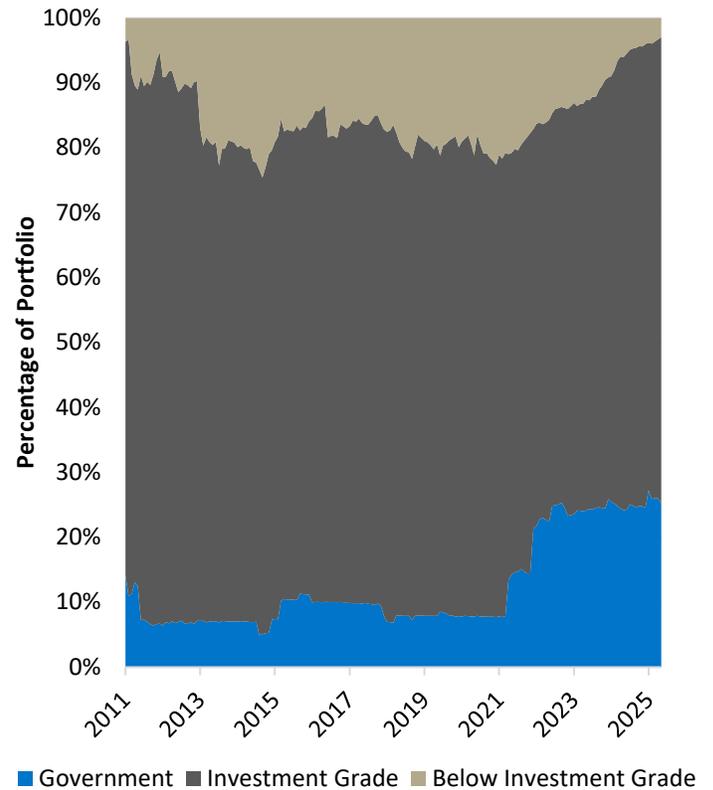


Figure 5

Source: DoubleLine, as of January 31, 2026



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Fund Information:

Class I (Institutional)

Ticker: DBLSX

Minimum: \$100,000

IRA: \$5,000

Inception: 9-30-2011

Gross Expense Ratio: 0.45%

Class I2 (Institutional)

Ticker: DLLIX

Minimum: \$100,000

IRA: \$5,000

Inception: 10-31-2025

Gross Expense Ratio: 0.51%

Class N (Retail)

Ticker: DLSNX

Minimum: \$2,000

Minimum IRA: \$500

Inception: 9-30-2011

Gross Expense Ratio: 0.70%

Class R6 (Retirement)

Ticker: DDLX

Minimum: None¹

Minimum IRA: N/A

Inception: 7-31-2019

Gross Expense Ratio: 0.39%

Investment Objective

The Fund's objective is to seek current income.

Primary Benchmark

ICE BofA 1-3 Year U.S. Treasury Index

Secondary Benchmark

Bloomberg US Aggregate
1-3 Year Index

Morningstar Category

Short-Term Bond

Portfolio Managers

Jeffrey Gundlach
Jeffrey Sherman, CFA
Robert Cohen, CFA
Luz Padilla

Fund Performance:

Quarter-End Returns (%) December 31, 2025	4Q25	YTD	1 Yr	Annualized			
				3 Yr	5 Yr	10 Yr	Since Inception
DBLSX	1.16	5.74	5.74	5.94	3.10	2.90	2.67
DLLIX	1.14	5.68	5.68	5.87	3.04	2.84	2.60
DLSNX	1.09	5.48	5.48	5.68	2.85	2.65	2.41
DDLX	1.17	5.81	5.81	5.99	3.15	2.93	2.68
Primary Benchmark	1.12	5.09	5.09	4.48	1.79	1.85	1.44
Secondary Benchmark	1.18	5.39	5.39	4.81	1.98	2.08	1.72

Class I2 shares of the Fund commenced operations on November 3, 2025. Performance shown prior to that inception date is that of Class I shares (which invest in the same portfolio of securities as Class I2 shares), reduced by an estimate of the additional annual operating expenses that would have applied to Class I2 shares prior to November 3, 2025. The actual additional expenses incurred had Class I2 shares begun operations earlier may have been greater or less than that estimate. Class R6 shares of the Fund commenced operations on July 31, 2019. Performance shown prior to that date is that of the Class I share of the Fund (which invest in the same portfolio of securities as Class I2 shares). Returns of Class R6 shares would have differed from that shown for the period prior to the share class inception only to the extent that the share classes have different expenses.

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 (877) 354-6311 or by visiting www.doubleline.com.

The performance information shown assumes the reinvestment of all dividends and distributions. While the Fund is no-load, management fees and other expenses still apply. Please refer to the prospectus for further details.

¹ See the Fund Prospectus for eligibility limitations.



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Phil Gioia, CFA
Client Portfolio Manager

Mr. Gioia joined DoubleLine in 2018 and serves as a Client Portfolio Manager. In this capacity, he is responsible for communicating DoubleLine's macroeconomic views and portfolio positioning via client engagement, published market commentary and dedicated strategy content, with a focus on DoubleLine's Securitized Product strategies. Prior to DoubleLine, Mr. Gioia was an Investment Product Manager for Fidelity Investments. He holds a B.S. in Financial Management and Business Administration with a minor in Accounting from Salve Regina University, and he earned a certification for the Applied Data Science Program from the Massachusetts Institute of Technology. Mr. Gioia is a CFA® charterholder and holds the FINRA Series 7 and 63 licenses.

Definitions of Terms

30-Day SEC Yield – Standard yield calculation developed by the U.S. Securities and Exchange Commission (SEC) that allows for fairer comparisons of bond funds. It is based on the most-recent 30-day period covered by the fund's filings with the SEC. The yield figure reflects the fund's dividends and interest earned during the period after the deduction of the fund's expenses. It is also referred to as the "standardized yield." Gross and net SEC yields may differ due to the Fund's investment in affiliate funds.

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 US Treasury Bills: 1-3 Months Index – This index tracks the market for Treasury bills issued by the U.S. government with time to maturity of three months to one month.

Bloomberg US Aggregate: 1-3 Year Index – This index tracks the one- to three-year component of the Bloomberg US Aggregate Bond Index, which represents securities that are SEC registered, taxable and dollar denominated in the U.S. investment grade, fixed-rate bond market.

Correlation – A statistical measurement of the relationship between two variables. Possible correlations range from +1 to -1. A zero correlation indicates no relationship between the variables; -1 indicates a perfect negative correlation; +1 indicates a perfect positive correlation.

Duration – 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.

Federal Funds Rate – 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.

ICE BofA 1-3 Year U.S. Treasury Index – An unmanaged index that tracks the performance of the direct sovereign debt of the U.S. government having a maturity of at least one year and less than three years.

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.

Sharpe Ratio – Used to help investors understand the return of an investment compared to its risk. The ratio is the average return earned in excess of the risk-free rate per unit of volatility or total risk. Volatility is a measure of the price fluctuations of an asset or portfolio. Subtracting the risk-free rate from the mean return allows an investor to better isolate the profits associated with risk-taking activities. The risk-free rate of return is the return on an investment with zero risk, meaning it's the return investors could expect for taking no risk. The yield for a U.S. Treasury bond, for example, could be used as the risk-free rate.

Yield to Maturity (YTM) – The total return anticipated on a bond if the bond is held until it matures. Yield to maturity is considered a long-term bond yield but is expressed as an annual rate.

You cannot invest directly in an index.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. Investments in ABS and MBS include additional risks that investors should be aware of such as credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may use leverage which may cause the effect of an increase or decrease in the value of the portfolio securities to be magnified and the Fund to be more volatile than if leverage was not used. 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 material must be preceded or accompanied by the prospectus.

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