DoubleLine Low Duration Bond Fund

Quarterly Fund Review | Fourth Quarter 2024

Fund Information:

Class I (Institutional)
Ticker: DBLSX
Minimum: $100,000
IRA: $5,000
Inception: 9-30-2011
Gross Expense Ratio: 0.44%

Class N (Retail)
Ticker: DLSNX
Minimum: $2,000
Minimum IRA: $500
Inception: 9-30-2011
Gross Expense Ratio: 0.69%

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

About DoubleLine

DoubleLine is an independent, employee-owned money management firm committed to helping investors achieve their goals.

We offer a wide array of investment strategies and vehicles overseen by a time-tested portfolio management team.

Investment Objective

The Fund's objective is to seek current income.

Investment Philosophy

DoubleLine's Low Duration portfolio management team believes that active asset allocation of the Fund's investments is of paramount importance in its efforts to mitigate risk and achieve better risk-adjusted returns.

Investment Process

The DoubleLine Fixed Income Asset Allocation (FIAA) Committee determines whether to over-or-under weight a sector based on economic outlook, sector fundamentals and relative value. Sector specialist teams incorporate their knowledge, experience and research to select securities within their respective markets.

TOP DOWN

Macroeconomic Outlook
Analysis of economic data drives views on interest rates, credit, and asset allocation

Sector Allocation
Sector weightings are based on relative attractiveness, respective outlooks, and current opportunity set

Duration Management
Overall portfolio duration is managed to target established by the Committee

Security Selection
Securities are selected based on factors such as sponsor, structure and collateral quality considerations

Scenario Analysis
Opportunities are stressed through a comprehensive scenario analysis including historical credit events

Market Research
Underlying market fundamentals are assessed to inform investment selections

BOTTOM UP

Quarter-End Returns (%) December 31, 2024	4Q24	YTD	Annualized 1 Yr	3 Yr	5 Yr	10 Yr	Since Inception
DBLSX	0.33	5.32	5.32	3.04	2.37	2.44	2.44
DLSNX	0.26	5.06	5.06	2.75	2.11	2.18	2.18
Primary Benchmark	-0.06	4.08	4.08	1.50	1.40	1.40	1.17
Secondary Benchmark	-0.02	4.39	4.39	1.70	1.53	1.61	1.44

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 (213) 633-8200 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.

Fourth Quarter Fixed Income Overview

The fourth quarter of 2024 marked a reversal from the third quarter, as longer-duration and higher-rated sectors underperformed shorter-duration and lower-rated cohorts, driven primarily by rising U.S. Treasury rates. (Figure 1) Falling prices for Treasuries, Agency mortgage-backed securities (MBS) and investment grade (IG) corporate bonds contributed to a negative 3.06% return for the Bloomberg US Aggregate Bond Index (the "Agg"). In November, the U.S. election resulted in a changing of the guard, as Kamala Harris was defeated by Donald Trump, and all eyes turned to the incoming administration's policy proposals, notably, pro-growth policies which further increased Treasury yields. For the quarter, the two-year Treasury yield rose 60 basis points (bps), the five-year rose 82 bps, the 10-year rose 79 bps, and the 30-year bond yield rose 66 bps. Securitized and corporate credit spreads broadly tightened, and credit curves flattened.

4Q2024 Fixed Income Performance | As of December 31, 2024

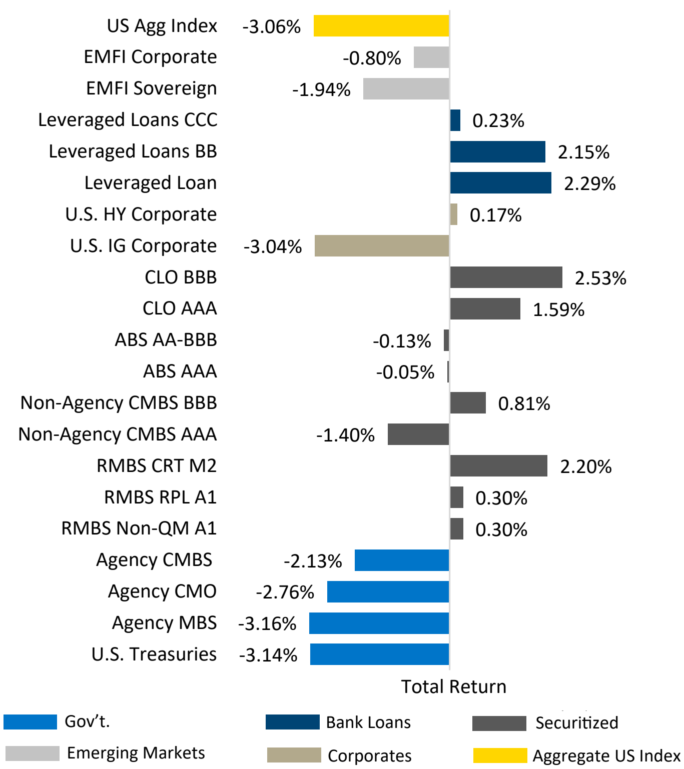

Figure 1
Source: DoubleLine, Bloomberg, BofA Global Research
Indices used in this figure can be found under Definitions of Terms at back.

2024 proved a replay of 2023 as risk assets generally outperformed consensus expectations. While many central banks embarked on policy normalization, resilient growth and sticky inflation led markets to pare back expectations for monetary policy easing. The Federal Reserve first cut the target federal funds rate (FFR) in September after maintaining a target-range of 5.25% to 5.50% since July 2023. In January of 2024, market participants expected the Fed to cut the FFR by 150 bps over the course of the year. Instead, the Fed only delivered 100 basis points of cuts. One of those cuts occurred in December as the Federal Open Market Committee (FOMC) lowering the rate by 25 bps. During Fed Chair Jerome H. Powell's press conference, he noted that there are challenges regarding both sides of the Fed's dual mandate when considering future FFR changes, "We see the risks as two-sided: moving too slowly and needlessly undermine economic activity and the labor market or move too quickly and needlessly undermine our progress on inflation".[1] Additionally, the FOMC updated its Summary of Economic Projections (SEP), which supported a slower pace of rate cuts in 2025. The December SEP shows FOMC members' median projection of rate cuts is just two 25-bp cuts for 2025, down from four in the September SEP. The projection of fewer rate cuts was in line with market expectations as of year-end, according to the Bloomberg World Interest rate probability function.

The December nonfarm payrolls report showed 256,000 jobs were added month-over-month, well above a consensus estimate of 165,000. The previous two months were revised lower by 8,000, leaving the quarterly average stable at 138,000. Employment gains were broad based, with low layoffs, more entrants into the labor force, an increase in full-time jobs and a decline in part-time jobs for economic reasons. The labor force participation rate remained strong at 62.7%, and the U-3 unemployment rate ended the quarter at 4.1%. Despite facing significant economic challenges and the threat of recession, the U.S. consumer has shown resilience, suggesting the possibility of an economic soft landing.

2024 was a year that challenged many traditional economic assumptions and models. The lagged effects of tighter monetary policy on the economy were a linchpin to many bearish or recession forecasts heading into the year. As we look to 2025, investors face a dynamic mix of factors – from evolving monetary policies and shifting geopolitical tensions to an exploding deficit in the U.S. and an incoming pro-growth agenda from the Trump administration. Risk-asset valuations, economic fundamentals, the direction of monetary policy by the Fed and implementation of President Trump's policy agenda should factor prominently in outlooks for the coming year.

DoubleLine®

DoubleLine Low Duration Bond Fund

Quarterly Fund Review

Fourth Quarter Performance Review

DBLSX (the "Fund") delivered positive performance and outperformed its benchmark, the ICE BofA 1-3 Year U.S. Treasury Index, by 32 bps. The primary drivers of relative performance were:

(+) <u>Asset Allocation</u>: All sectors of the Fund posted positive performance aside from Treasuries and Agency MBS due to their relatively longer duration. Allocations to collateralized loan obligations (CLOs) and non-Agency commercial MBS (CMBS) contributed the most to performance.

(+) <u>Duration Positioning</u>: The Fund's average duration was 1.6 years over the quarter, 0.2 years shorter than the benchmark's 1.8 years. Rates rose across the short-end of the Treasury curve in the period, with the two-year yield increasing by 60 bps.

Portfolio Positioning

For the full-year 2024, the Fund outperformed the benchmark by 122 bps. The primary drivers of relative performance for 2024 were similar to the fourth quarter, with the Fund's out-of-benchmark credit exposures outperforming traditional investment grade (IG) corporate bonds. Non-Agency CMBS and CLOs contributed the most to absolute return.

During the quarter, DoubleLine's Fixed Income Asset Allocation Committee made one top-down sector allocation change to the Fund. In December, the investment team increased IG corporate bonds by 5% and decreased bank loan and emerging market debt exposure by 2.5% each. The increase to IG corporate bonds was to improve the overall credit quality of the portfolio. The decision to fund this move in part by reducing bank loans was an acknowledgement that many bank loans held within the portfolio were trading above par with limited further upside. Reducing emerging market debt exposure, the second-best absolute performer within the Fund in 2024, was largely due relative richness within the asset class.

Over 25% of the Fund's exposure is allocated to government-backed assets, with the remainder invested across a diversified mix of credit, including CLOs, non-Agency RMBS, non-Agency CMBS, emerging markets fixed income, IG corporates, ABS and bank loans.

Outlook

The outlook for the Fund to deliver strong risk-adjusted total return remains attractive. At quarter-end, the Fund's 30-day SEC yield was 5.2% with a duration of 1.6 years. ■

Sector Allocation and Portfolio Statistics

Sector (%)	Dec. 31, 2024	Sept. 30, 2024	Dec. 31, 2023	4Q24 Change	2024 Change
Government	24.8	25.9	24.1	-1.1	0.7
Agency MBS	2.6	2.5	2.1	0.1	0.5
Non-Agency RMBS	13.0	12.5	13.2	0.5	-0.2
Emerging Markets	5.9	8.7	8.5	-2.8	-2.6
IG Corporates	13.7	8.7	8.7	5.0	5.0
Agency CMBS	0.4	0.5	0.9	-0.1	-0.5
Non-Agency CMBS	14.8	15.5	13.6	-0.7	1.2
Bank Loans	0.8	2.5	3.4	-1.7	-2.6
ABS	7.1	7.5	7.3	-0.4	-0.2
CLOs	13.5	13.9	15.9	-0.4	-2.4
Cash	3.5	1.7	2.2	1.8	1.3

Statistics	Dec. 31, 2024	Sept. 30, 2024	4Q24 Change	2024 Change
Cost ($)	99.8	99.8	0.0	-3.2
Price ($)	97.4	97.9	-0.5	-2.0
Gross SEC Yield (%)	5.2	5.2	0.0	-0.2
WAL (Yrs)	2.8	2.7	0.1	0.4
Duration (Yrs)	1.6	1.6	0.0	0.3

Endnotes

[1] Chair Powell's FOMC Press Conference, December 18, 2024

Definitions of Terms

Figure 1 – U.S. Treasuries: Bloomberg US Treasury Index; **Agency MBS:** Bloomberg US MBS Index; **Agency CMO:** ICE BofA U.S. Agency CMO Index; **Agency CMBS:** Bloomberg US CMBS Index; **RMBS:** BofA Global Research; **Non-Agency CMBS:** Bloomberg US Non-Agency Investment Grade CMBS Index; **ABS AAA:** Bloomberg US ABS AAA Index; **ABS AA-BBB:** ICE BofA AA-BBB U.S. Fixed-Rate Miscellaneous ABS Index; **CLOs:** Palmer Square CLO Total Return Index; **U.S. IG Corporate:** Bloomberg US Corporate Index; **U.S. HY Corporate:** Bloomberg US Corporate High Yield Index; **Leveraged Loans:** Morningstar LSTA US Leveraged Loan TR USD Index; **EMFI Sovereign:** J.P. Morgan EMBI Global Diversified; **EMFI Corporate:** J.P Morgan CEMBI Broad Diversified; **U.S. Aggregate:** Bloomberg US Aggregate Bond Index

Agency – Refers to mortgage-backed securities (MBS) 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, 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 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 Asset-Backed Securities (ABS) AAA Index – This index tracks the AAA-rated ABS component of the Bloomberg US Aggregate Bond Index, a flagship measure of the U.S. investment grade, fixed-rate bond market. The ABS index has three subsectors: credit and credit cards, autos and utility.

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.

Bloomberg US Corporate High Yield (HY) Index – This index measures the U.S. dollar-denominated, HY, fixed-rate corporate bond market. Securities are classified as HY if the respective middle ratings of Moody's, Fitch and S&P are Ba1, BB+ or BB+ or below. The Bloomberg US HY Long Bond Index, including bonds with maturities of 10 years or greater, and the Bloomberg US HY Intermediate Bond Index, including bonds with maturities of 1 to 9.999 years, are subindices of the Bloomberg US Corporate HY Bond Index.

Bloomberg US Corporate 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.

Bloomberg US Mortgage-Backed Securities (MBS) Index – This index measures the performance of investment grade, fixed-rate, mortgage-backed, pass-through securities of the government-sponsored enterprises (GSEs): Federal Home Loan Mortgage Corp. (Freddie Mac), Federal National Mortgage Association (Fannie Mae) and Government National Mortgage Association (Ginnie Mae).

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

Bloomberg US Treasury Index – This index measures U.S. dollar-denominated, fixed-rate nominal debt issued by the U.S. Treasury with a remaining maturity of one year or more. Treasury bills are excluded by the maturity constraint but are part of a separate Short Treasury Index.

Bloomberg World Interest Rate Probability (WIRP) – Statistical function developed by Bloomberg that uses fed funds futures and options to assess the probability of future Federal Open Market Committee (FOMC) decisions. It seeks to calculate the chances of a rate hike at each of the FOMC meetings using futures trading data.

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

Collateralized Mortgage Obligation (CMO) – Refers to a type of mortgage-backed security that contains a pool of mortgages bundled together and sold as an investment. Organized by maturity and level of risk, CMOs receive cash flows as borrowers repay the mortgages that act as collateral on these securities. In turn, CMOs distribute principal and interest payments to investors based on predetermined rules and agreements.

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

Credit Risk Transfer (CRT) – Pioneered by Freddie Mac in 2013, CRT programs structure mortgage credit risk into securities and (re)insurance offerings, transferring credit risk exposure from U.S taxpayers to private capital.

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 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.

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 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.

ICE BofA U.S. Agency Collateralized Mortgage Obligation (CMO) Index – This index tracks the performance of U.S. dollar-denominated, fixed-rate Agency CMOs publicly issued in the U.S. domestic market. Qualifying securities must have at least one year remaining to final maturity, a fixed coupon schedule, an original deal size for the collateral group of at least $250 million and a current outstanding deal size for the collateral group that is greater than or equal to 10% of the original deal size.

ICE BofA U.S. Fixed-Rate Miscellaneous Asset-Backed Securities (ABS) Index – A subset of the ICE BofA U.S. Fixed-Rate ABS Index, including all ABS collateralized by anything other than auto loans, home equity loans, manufactured housing, credit card receivables and utility assets.

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.

J.P. Morgan Corporate Emerging Markets Bond Index Broad Diversified (CEMBI BD) – This index is a uniquely weighted version of the CEMBI, which is a market capitalization-weighted index consisting of U.S. dollar-denominated emerging markets corporate bonds. The CEMBI BD 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.

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.

Morningstar LSTA US Leveraged Loan TR USD Index – This index tracks the market-weighted performance of institutional weighted loans based on market weightings, spreads and interest payments.

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.

Non-Agency Commercial Mortgage-Backed Securities (CMBS) – Debt-based securities (similar to bonds), backed by the interest paid on loans for commercial properties. "Non-Agency" refers to CMBS not issued by the government-sponsored enterprises.

Non-Qualified Mortgage (Non-QM) – Any home loan that doesn't comply with the Consumer Financial Protection Bureau's existing rules on qualified mortgages (QMs). Usually this type of alternative mortgage loan accommodates people who are not able to prove they are capable of making the mortgage payments. Just because it is a non-QM mortgage loan does not necessarily mean high risk or subprime mortgage risk, and in many cases these non-QM mortgage loans require a high FICO score but simply do not check all the boxes associated with a QM loan. Non-QM loans for mortgages are protected by the lender against any type of lawsuit should the borrower become unable to afford the loan.

Palmer Square CLO Total Return Index – This index tracks on a total return basis the Palmer Square CLO (collateralized loan obligation) Senior Debt Index, which comprises CLOs issued after Jan. 1, 2009, and meet certain inclusion criteria.

Re-Performing Loan (RPL) – A mortgage that became delinquent because the borrower was behind on payments by at least 90 days, but it is "performing" again because the borrower has resumed making payments.

Residential Mortgage-Backed Securities (RMBS) – Investment similar to a bond that is made up of a residential mortgage or bundle of residential mortgages bought from the banks that issued them. Investors in RMBS receive periodic payments similar to bond coupon payments.

Soft Landing – In reference to the economy, a soft landing refers to a slowdown in growth that avoids a recession. Central banks aim for a soft landing when they hike interest rates to cool off an economy and curb inflation without triggering a major reduction in growth.

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.

Summary of Economic Projections (SEP) – Four times a year, the Federal Reserve releases a summary of Federal Open Market Committee (FOMC) participants' projections for gross domestic product (GDP) growth, the unemployment rate, inflation and the appropriate policy interest rate. The summary also provides information regarding policymakers' views on the uncertainty and risks attending the outlook. The projections provide information on the values that participants view as the most likely to prevail in the current year and the subsequent two years as well as over the longer run. The FOMC chair presents information about these projections in the press conference following the FOMC meeting for which they were prepared.

Tenor – Length of time remaining before a financial contract expires. It is sometimes used interchangeably with the term maturity, although the terms have distinct meanings. Tenor is used in relation to bank loans, insurance contracts and derivative products.

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."

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.

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

You cannot invest directly in an index.

Risk Disclosure

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 Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contain this and other important information about the investment company, and may be obtained by calling (877) 354-6311 / (877) DLINE11, or visiting doubleline.com. Read them carefully before investing.

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