DoubleLine Shiller CAPE® U.S. Equities ETF (CAPE)

Frequently Asked Questions | September 30, 2025

QUESTION 1:

How did DoubleLine come to partner with Professor Robert Shiller?

A combination of factors brought the partnership together. In particular, I would emphasize a shared philosophy toward value as an investment discipline and the robustness of Professor Shiller's pioneering research on long-term equity returns and market mispricings. Let me elaborate on those points.

For more than two decades, while endeavoring to construct portfolios to mitigate downside risk, the investment team now at DoubleLine has worked to identify fixed income securities generating what we believe are the cheapest cash flows. That's the essence of "value investing," although the phrase is rarely heard in the fixed income lexicon. We apply this pursuit of value not only to individual security selection but also to our sector allocations.

Over the years, I had followed Professor Shiller's academic work on both the behavioral aspects of the financial markets as well as asset pricing. I consider the CAPE® Ratio as one of the better predictors of future stock market returns over an intermediate- to long-term time horizon. Professor Shiller partnered with Barclays to create an index, the Shiller Barclays CAPE® U.S. Sector TR Index (the "CAPE® Index"), which implements the philosophy behind the CAPE® Ratio to deploy capital across the large-cap equity space. We found a lot of similarities between the value mechanics at work in the CAPE® Index and our own relative value-driven approach to the active management of the sector allocations in our multi-sector bond portfolios.

After exhaustive research into the historical behavior of Professor Shiller's CAPE® Ratio, we concluded that the CAPE® Index methodology provides a better exposure to the relatively commoditized market of large-cap stocks than other indices.

QUESTION 2:

What does the CAPE® Ratio seek to accomplish?

The CAPE® Ratio tries to gauge the value of a company in a way that is independent of the business cycle. The idea is that a valuable company will have significant earnings power in the future as well as a robust history of earnings performance. The topic of identifying intrinsic value has been a topic of long debate, harking back to the days of Benjamin Graham and David Dodd in Security Analysis. In that work, they too said that true earnings potential could only be measured over a full business cycle, and that is exactly what the CAPE® Ratio seeks to do.

The cyclical adjustment in the CAPE® Ratio is based on a long-term historical average of inflation-adjusted earnings, 10 years to be exact. Of course, this is a significant departure from the widespread practice of using trailing 12 months of earnings to value stock prices. Short term earnings can be volatile as the result of changes in the business cycle, therefore rendering the price-to-earnings ratio for purposes of stock valuation meaningless. Professor Shiller has joked that stock selection based on price to 12-month earnings is akin to using astrology to forecast asset returns.

QUESTION 3:

How does the CAPE® Ratio for U.S. equities impact the fund?

The absolute level of the CAPE® Ratio for the overall stock market is not a factor for this strategy. While the CAPE® Ratio has been a useful predictor of long-term stock market returns, it was never intended to serve as an investment signal. Further adjustment to the ratio is required to determine relative value of differing investment options. Together, Professor Shiller and Barclays developed the Relative CAPE® Ratio, which makes this necessary adjustment to compare equity sectors and ultimately identify undervalued sectors to gain exposure to. Each sector's Relative CAPE® Ratio dictates how to deploy capital in the equity space.

QUESTION 4:

Can you elaborate on the Relative CAPE® Ratio used by the DoubleLine Shiller CAPE® U.S. Equities ETF?

The Relative CAPE® Ratio adjusts for the valuation differences between equity sectors due to differing growth and accounting assumptions unique to each industry. The Relative CAPE® Ratio is calculated by dividing a sector's current CAPE® Ratio by its 20-year rolling average CAPE® Ratio. This Relative CAPE® Ratio includes 30 years of earnings data and thus allows an investor to judge whether a dollar of earnings today is cheap compared with a dollar of earnings historically within each sector. This levels the playing field when comparing valuations across sectors.

QUESTION 5:

How is the CAPE® Index constructed?

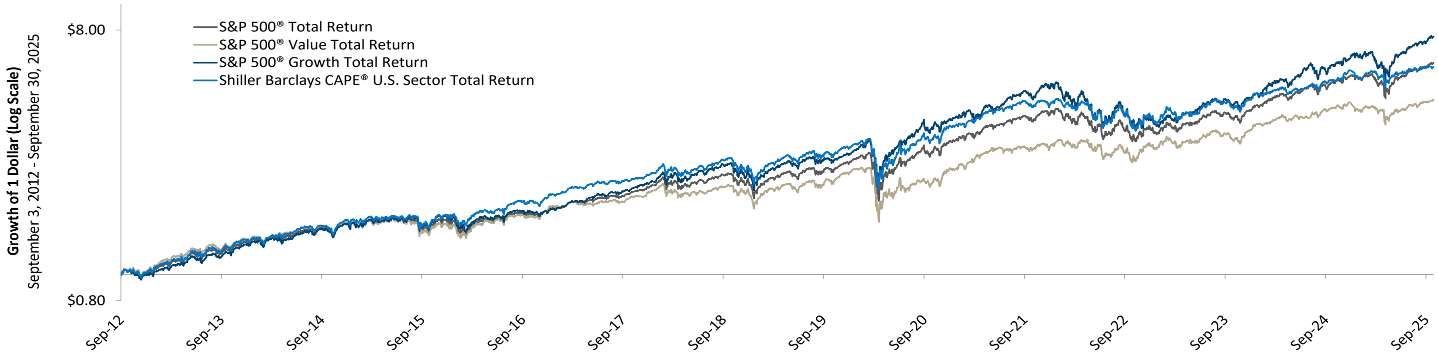
To construct the CAPE® Index, one calculates the Relative CAPE® Ratio for each of the 11 U.S. large-cap equity sectors and ranks them highest-to-lowest. The five sectors with the lowest ratios are selected. Of the five sectors with the lowest Relative CAPE® Ratio, the sector with the worst 12-month total return is then removed to avoid value traps – assets that the market perceives cheap for a reason. The Index then invests equally in the remaining four sectors, which represent the most undervalued sectors with the most positive momentum. This process is repeated monthly.

QUESTION 6:

How does this fund compare to traditional value and growth investment approaches such as the S&P 500 Value or the S&P 500 Growth indices?

From September 2012 to September 2025, the CAPE® Index has outperformed the S&P 500 Value Total Return, although it has lagged the S&P 500 Total Return and S&P 500 Growth Total Return following strong performance from the Technology sector in 2024 and 2025. Even with the inherent value approach of the Index, its performance is most attributable to movements in the S&P 500 based on its R-squared of 0.92. ■

As of September 30, 2025	Shiller Barclays CAPE® U.S. Sector Total Return Index	S&P 500® Total Return Index	S&P 500® Value Total Return Index	S&P 500® Growth Total Return Index
Annualized Return	14.45%	14.75%	12.04%	16.73%
Annualized Standard Deviation	17.27%	17.02%	16.32%	19.14%
Annualized Sharpe Ratio	0.78	0.80	0.68	0.82



Source: Barclays, DoubleLine. Past performance is no guarantee of future results. Index performance is not indicative of the fund's future performance.

Jeffrey Sherman, CFA
DoubleLine Deputy Chief Investment Officer

Jeffrey Sherman, DoubleLine's Deputy Chief Investment Officer, is a thought leader, portfolio manager and public speaker in the industry. Mr. Sherman is a member of DoubleLine's Fixed Income and Global Asset Allocation committees, and he serves as lead portfolio manager for the firm's multi-sector and derivative-based strategies. In his role, Mr. Sherman guides the investment teams in developing top-down macro views and collaborative asset allocation processes throughout a market cycle. Additionally, he is a member of DoubleLine's Executive Management Committee. In 2018, Money Management Executive named Mr. Sherman as one of "10 Fund Managers to Watch" in its yearly special report. Prior to joining DoubleLine in 2009, Mr. Sherman was a Senior Vice President at TCW, where he worked as a portfolio manager and quantitative analyst focused on fixed income and real-asset portfolios. Prior to that, he was a statistics and mathematics instructor at the University of the Pacific and Florida State University. Mr. Sherman taught Quantitative Methods for Level I candidates in the USC/CFALA CFA® Review Program for many years. He holds a B.S. in Applied Mathematics from the University of the Pacific and an M.S. in Financial Engineering from Claremont Graduate University. Mr. Sherman is a CFA® charterholder.

Index and Additional Disclosure

S&P 500® Index is an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **S&P 500® Growth Index** – Includes the stocks with growth characteristics from the S&P 500 Index.

The **S&P 500® Value Index** – Includes the stocks with value characteristics from the S&P 500 Index. If a stock does not have pure value or pure growth characteristics, its market cap is distributed between the S&P 500 Value and Growth indexes.

Shiller Barclays CAPE® U.S. Sector Total Return USD Index – This index that incorporates the principles of long-term investing distilled by Dr. Robert Shiller and expressed through the CAPE® (Cyclically Adjusted Price Earnings) ratio (the "CAPE® Ratio") aims to identify undervalued sectors based on a modified CAPE® Ratio, and then uses a momentum factor to seek to mitigate the effects of potential value traps. It is not possible to invest in an index.

R-squared – A statistical measure that represents the proportion of the variance for a dependent variable that's explained by an independent variable or variables in a regression model.

Money Management Executive, **10 Fund Managers to Watch**. Managers were chosen based on factors including long-and short-term performance in their specific categories, individual strategies and their length of time in the business. All funds considered were led by single managers.

The Verified Intraday Indicative Value (VIIV)

Unlike traditional ETFs, the fund does not tell the public what assets it holds each day. Instead, the fund provides a verified intraday indicative value (VIIV), calculated and disseminated every second throughout the trading day by the fund's listing exchange or by market data vendors or other information providers. For example, the VIIV can be found on Yahoo Finance (https://finance.yahoo.com) by typing "^CAPE-IV" (Shiller CAPE U.S. Equities ETF) in the search box labeled "Quote Lookup." The VIIV is based on the current market value of the securities in the fund's portfolio on that day. The VIIV is intended to provide investors and other market participants with a highly correlated per share value of the underlying portfolio that can be compared to the current market price. The specific methodology for calculating the fund's VIIV is available on the fund's website.

The VIIV is designed to provide sufficient information to allow for an effective arbitrage mechanism that will keep the market price of the fund's shares trading at or close to the underlying NAV per share of the fund. Shares traded on an intraday basis on an exchange, however, will not have a fixed relationship to the previous day's or the current day's NAV. There is, however, a risk, which may increase during periods of market disruption or volatility, that market prices will vary significantly from the underlying NAV of a fund. Similarly, because the fund's shares trade with reference to a published VIIV, they may trade at a wider bid/ask spread when compared to shares of ETFs that publish their portfolios on a daily basis, especially during periods of market disruption or volatility, and therefore, may cost investors more to trade. Although the fund seeks to benefit from keeping its portfolio information secret, some market participants may attempt to use information, including the VIIV, to identify the fund's trading strategy and the securities held by the fund, which if successful, could result in such market participants engaging in certain predatory trading practices that may have the potential to harm the fund and its shareholders.

Because the shares of the fund are traded in the secondary market, a broker may charge a commission to execute a transaction in shares, and an investor also may incur the cost of the spread between the price at which a dealer will buy shares and the somewhat higher price at which a dealer will sell shares.

You may pay other fees, such as brokerage commissions and other fees to financial intermediaries, which are not reflected in the tables and examples below.

Barclays Disclaimer

Barclays Bank PLC and its affiliates ("Barclays") is not the issuer or producer of DoubleLine Shiller CAPE® U.S. Equities ETF (the "ETF") and Barclays has no responsibilities, obligations or duties to investors in the Fund. The Shiller Barclays CAPE® US Sector USD Index (the "Index") is a trademark owned by Barclays Bank PLC and licensed for use by the Fund. While the Fund may execute transaction(s) with Barclays in or relating to the Index, Fund investors acquire interests solely in the Fund and investors neither acquire any interest in the Index nor enter into any relationship of any kind whatsoever with Barclays upon making an investment in the Fund. The Fund is not sponsored, endorsed, sold or promoted by Barclays and Barclays makes no representation regarding the advisability of the Fund or use of the Index or any data included therein. Barclays shall not be liable in any way to the Fund, investors or to other third parties in respect of the use or accuracy of the Index or any data included therein.

The Shiller Barclays CAPE® US Index Family (the "Index Family") has been developed in part by RSBB-I, LLC, the research principal of which is Robert J. Shiller. RSBB-I, LLC is not an investment advisor and does not guarantee the accuracy and completeness of the Index Family or any data or methodology either included therein or upon which it is based. RSBB-I, LLC shall have no liability for any errors, omissions or interruptions therein and makes no warranties expressed or implied, as to the performance or results experienced by any party from the use of any information included therein or upon which it is based, and expressly disclaims all warranties of the merchantability or fitness for a particular purpose with respect thereto, and shall not be liable for any claims or losses of any nature in connection with the use of such information, including but not limited to, lost profits or punitive or consequential damages even, if RSBB-I, LLC is advised of the possibility of same. Shiller Barclays CAPE US Sector TR USD Index incorporates the principles of long-term investing distilled by Dr. Robert Shiller and expressed through the CAPE® (Cyclically Adjusted Price Earnings) ratio (the "CAPE® Ratio"). It aims to identify undervalued sectors based on a modified CAPE® Ratio, and then uses a momentum factor to seek to mitigate the effects of potential value traps.