Securitized Products Market Overview

Fourth Quarter 2023

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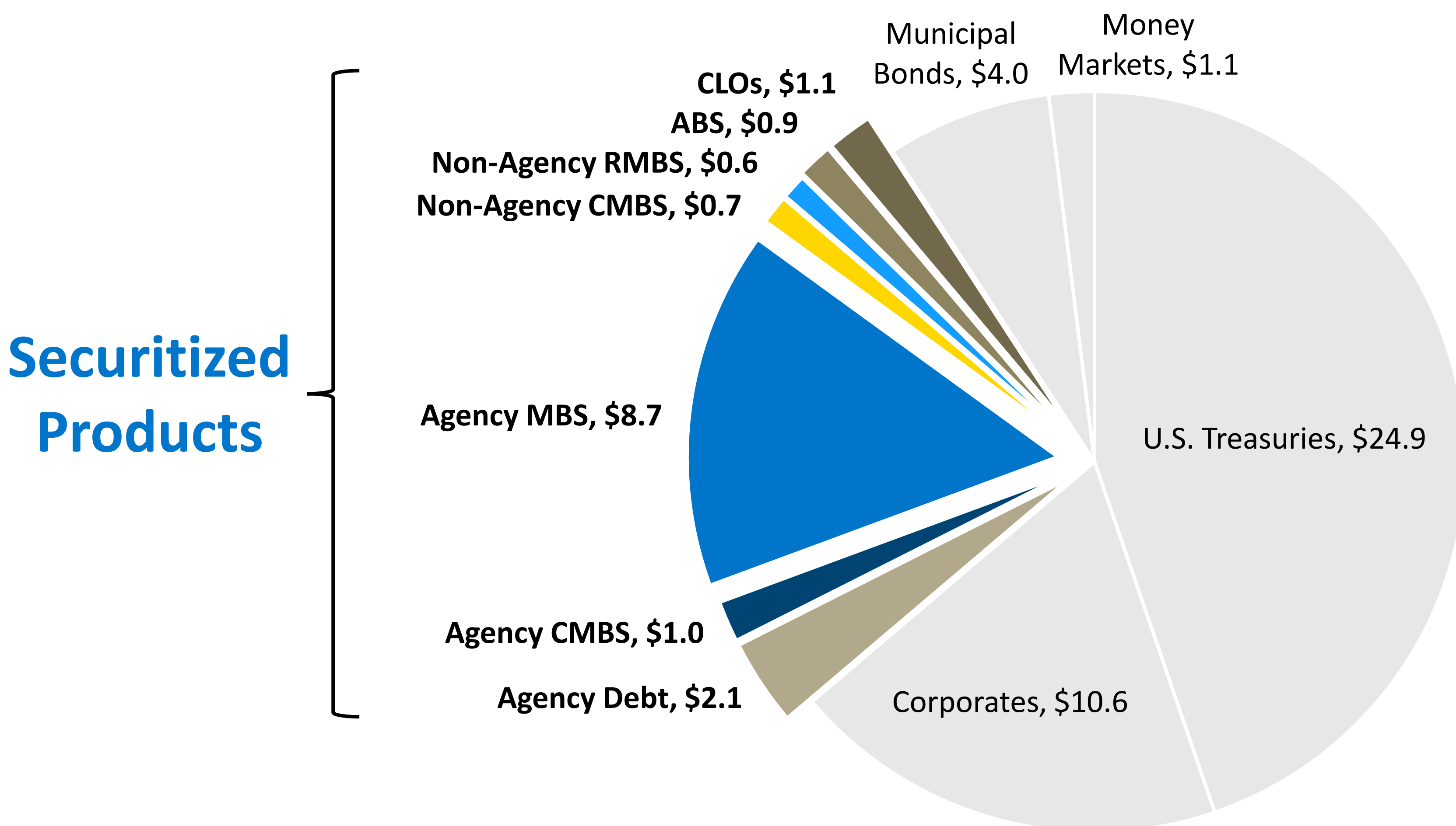
Securitized Market Overview

U.S. Fixed Income Outstanding

As of December 31, 2023



Source: DoubleLine, SIFMA, eMBS, Morgan Stanley Research.
Dollars in trillions.

Securitized Products Universe

As of December 31, 2023

Sector	Notional	Subsectors
Agency MBS	$8.7tn	Agency MBS Pass-Throughs and CMOs
Residential Mortgage-Backed Securities (RMBS)	$617bn	Legacy, Jumbo, NPL/RPL, Non-QM, CRT
Commercial Mortgages (CMBS)	$1.7tn	Agency, Conduit, CRE CLO, Single Asset Single Borrower (SASB)
Asset-Backed Securities (ABS)	$850bn	Consumer, Hard Assets, Other
Collateralized Loan Obligations (CLOs)	$1.0tn	Structured U.S. Senior Bank Loan Exposure

Source: DoubleLine, JPM
This is not a recommendation to invest in any of the above. There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest.
Values depicted are notional amounts.

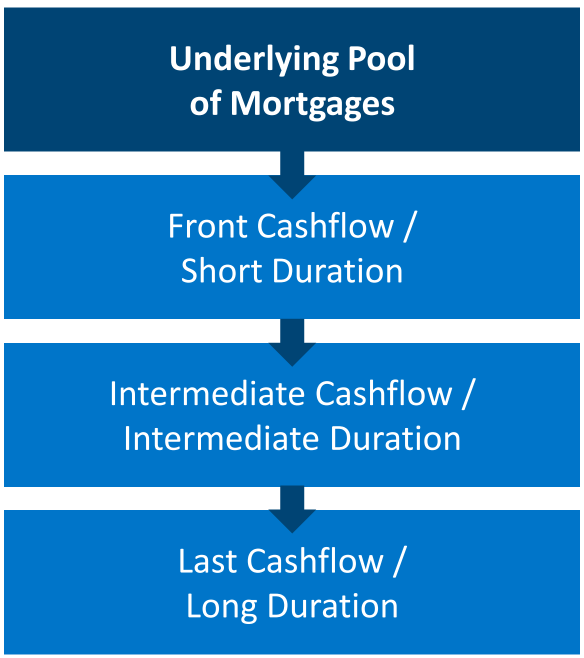
Securitized Products Capital Structure

As of December 31, 2023

Capital Structure can be broadly categorized into two categories:

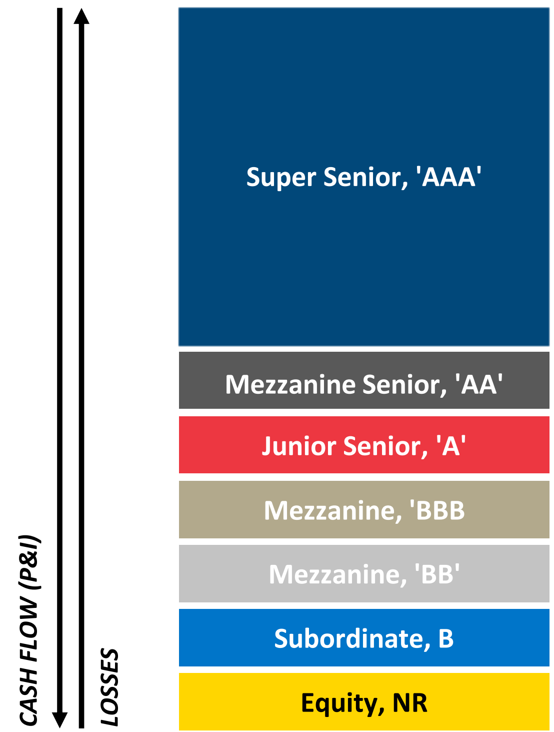
Time Tranching

For example, Agency ('AAA'-rated) Collateralized Mortgage Obligations with sequential payments that vary by maturity, coupon and payment priority allowing investors to better match asset and liability needs.



Credit Tranching

- Tranches have different ratings based on the underlying collateral quality, subordination levels and probability of incurring losses.
- Principal and Interest are paid top-down.
- Losses are applied bottom-up.



Source: DoubleLine
Collateralized Mortgage Obligation (CMO)

Why Securitized Products?

As of December 31, 2023

PORTFOLIO CONSTRUCTION

Utilizing securitized products to construct portfolios can potentially improve return-per-unit-of-risk compared to traditional fixed income portfolios.

AGENCY MBS

- Additional yield over U.S. Treasuries for taking prepayment risk (not credit risk).
- Exhibited less volatility than U.S. Treasuries and investment grade corporate bonds through time.
- Historically outperformed other areas of fixed income during periods of rising interest rates.

SECURITIZED CREDIT

- Often deliver a yield advantage with lower effective duration compared to investment grade corporate bonds.
- Lower correlation to the S&P 500 relative to corporate credit.
- Stricter underwriting standards and improved credit enhancement post-crisis.

Source: DoubleLine
You cannot invest directly in an index.
Past performance is not a guarantee of future results.

Agency MBS Overview

Mortgage-Backed Securities (MBS)

Collateral

MBS are bonds backed by pools of mortgage loans with cashflows to investors dependent on the underlying mortgage cashflows.

MBS come as either pass-through securities or collateralized mortgage obligations (CMOs).

Issuers

Agency MBS are issued by the government through the Ginnie Mae program and Government Sponsored Enterprises' (GSEs) Fannie Mae and Freddie Mac.

These entities guarantee the timely receipt of principal and interest (P&I) to bond holders.

Risks

Agency MBS have no credit risk; however, investors are exposed to the potential prepayment risk of the mortgage loans as borrowers down their mortgage without penalty.

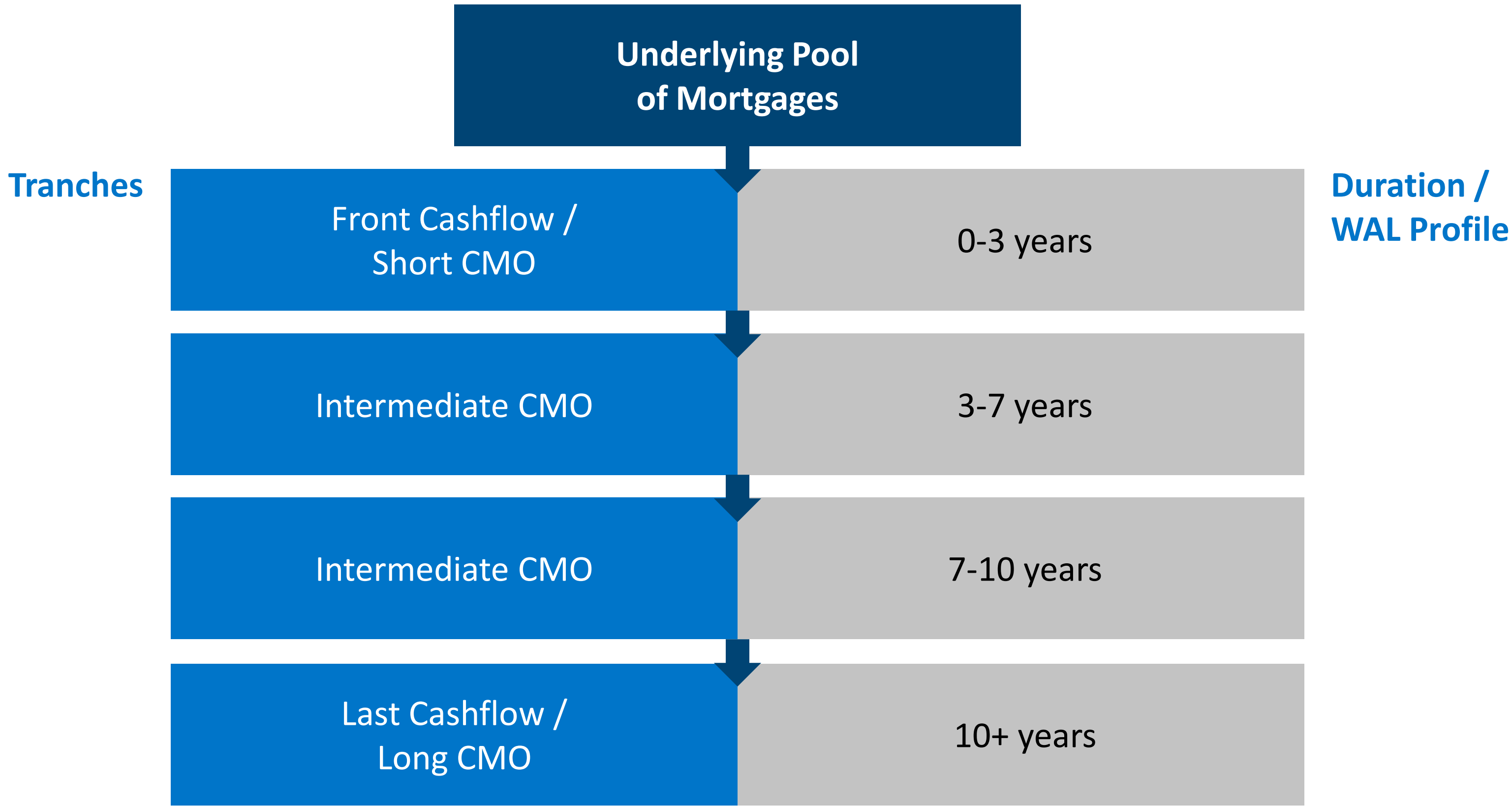
This prepayment risk, which is uncertainty of cashflows, demands an additional yield over U.S. Treasuries.

Source: DoubleLine

There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest.

Collateralized Mortgage Obligations (CMOs)

- A CMO is a type of mortgage-backed security (MBS) in which cash flows from the underlying pool of mortgage loans are allocated to individual bonds (tranches) following a set of payment rules.
- These tranches can vary by maturity, coupon and payment priority allowing investors to better match asset/liability needs.
- CMOs are inherently created to fit specific investor preferences.



Source: DoubleLine
Collateralized Mortgage Obligation (CMO)

Agency Commercial MBS (CMBS)

- Collateral for Agency CMBS is typically backed by **multi-family housing units**. Other collateral types primarily include: senior housing, student housing, manufactured homes and military housing.

All 3 GSE's have Agency CMBS programs:	**Fannie Mae:** FNMA DUS & ACE	**Freddie Mac:** FHLMC K-Deals	**Ginnie Mae:** Project Loans

- Similar to Agency MBS, Agency CMBS are backed by the issuing Agency to be repaid at par in the case of voluntary prepayment or default.
- Agency CMBS offers call protection via the mechanisms listed below which results in positive convexity:

Yield Maintenance	Defeasance	Prepayment Fee	Lockout Period
Prepayment fee paid by borrower if the loan is prepaid. Yield maintenance increases as rates go down disincentivizing a borrower from prepaying.	A mechanism under which a borrower can prepay the loan via the replacement of the loan with certain government securities that create a similar cash flow stream as the loan.	Fixed rate penalty on the outstanding balance if prepaid early.	Period during which loan prepayment is prohibited.

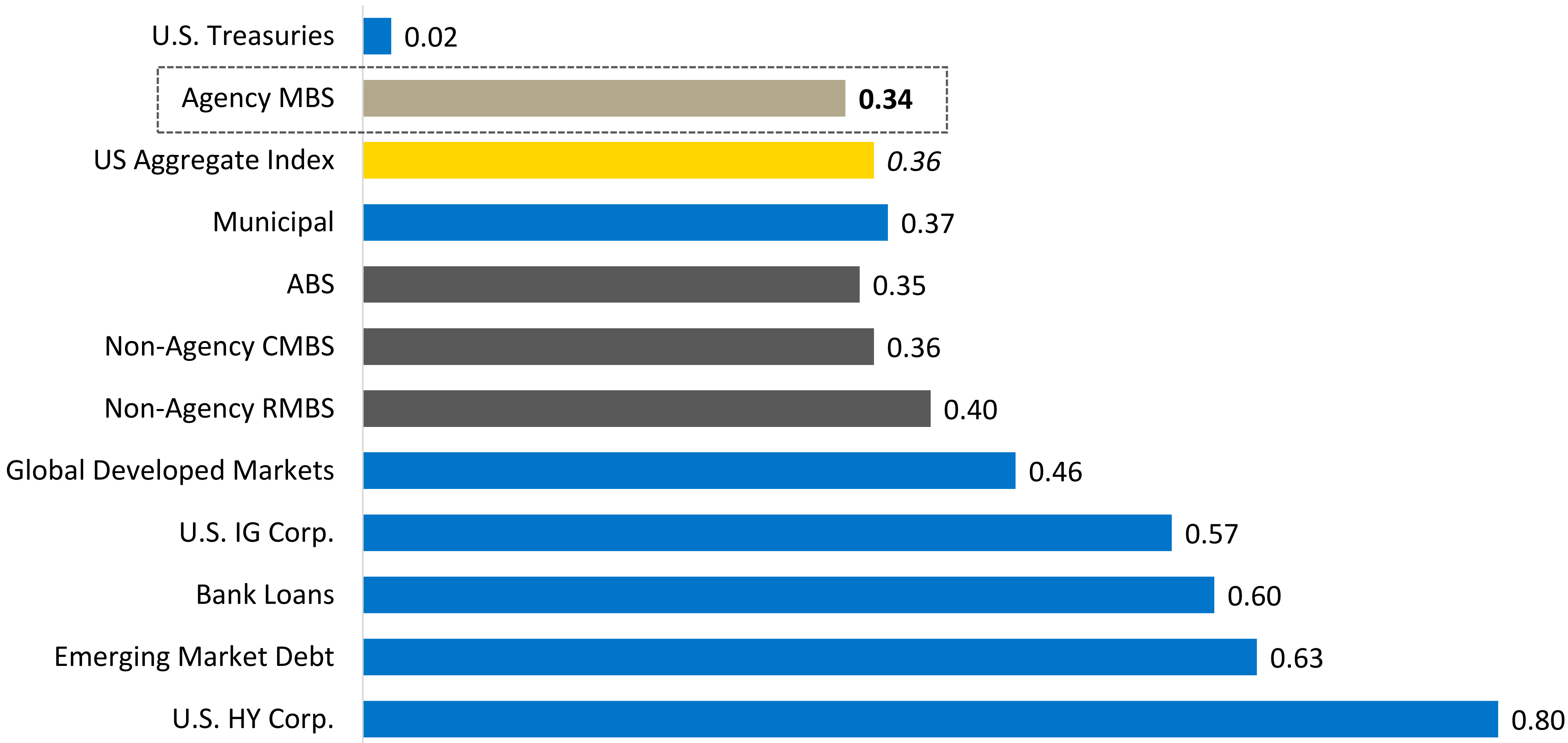
Source: DoubleLine

MBS and Portfolio Diversification

As of December 31, 2023

Agency MBS have historically exhibited a lower correlation to equities vs. other sectors of fixed income.

10-Year Correlations to S&P 500

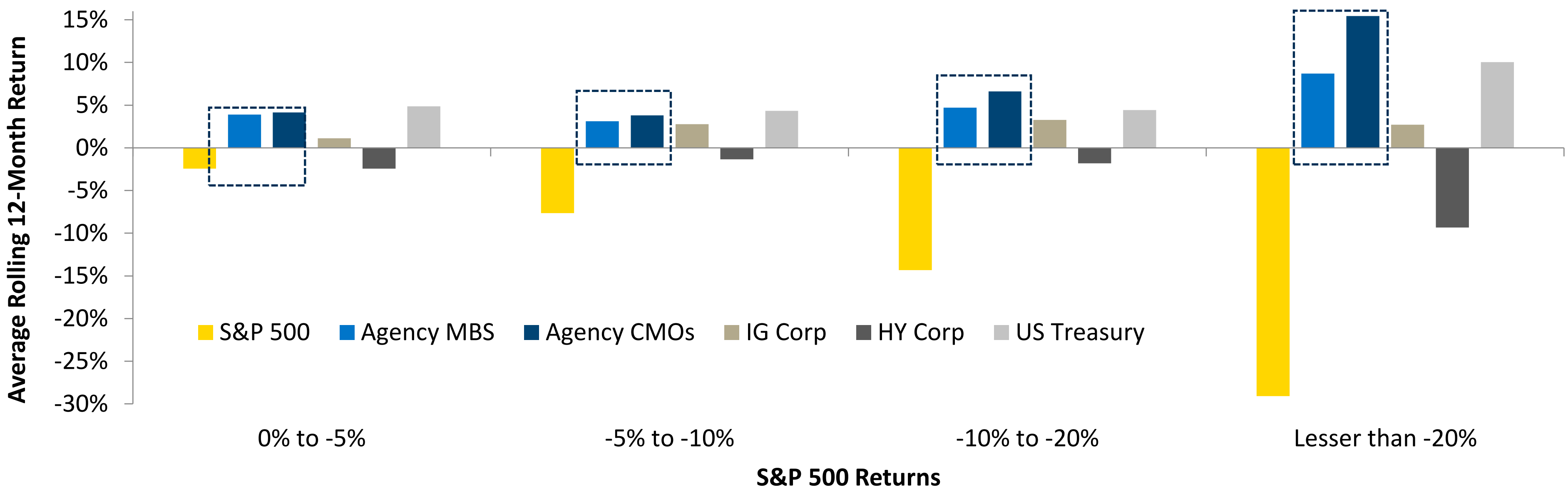


Source: DoubleLine, StyleAdvisor, Bloomberg
You cannot invest directly in an index.
Past performance is not a guarantee of future results.

Agency MBS Performance During Equity Drawdowns

December 31, 1992 through December 31, 2023

Agency MBS low correlation to equities can potentially be beneficial to investors' portfolios during volatile periods.



S&P 500® Return Range	0% to -5%	-5% to -10%	-10% to -20%	< -20%
S&P 500®	-2.42%	-7.66%	-14.33%	-29.08%
Bloomberg US MBS Index	**3.90%**	**3.12%**	**4.71%**	**8.70%**
ICE BofA 10+ Year US Agency CMO Index	**4.15%**	**3.81%**	**6.61%**	**15.45%**
Bloomberg US Corporate Index	1.13%	2.79%	3.26%	2.70%
Bloomberg US Corporate High Yield Index	-2.45%	-1.34%	-1.80%	-9.32%
Bloomberg US Treasury Index	4.87%	4.33%	4.43%	10.03%

Source: Bloomberg, DoubleLine
Past performance is no guarantee of future results.
Please see Appendix for index definitions. You cannot invest directly in an index.

Securitized Credit Overview

Securitized Credit Overview

As of December 31, 2023

DoubleLine®

Securitized Credit Advantages

- Often deliver a **yield advantage with lower effective duration** compared to investment grade corporate bonds (which populate passive funds, bond ETFs, and most other intermediate term bond funds)
  - **Lower interest rate risk**
  - **Lower credit spread risk**
- A **lower correlation to the S&P 500 relative to corporate credit alternatives**
- Diversification away from corporate credit

Residential Mortgage-Backed Securities (RMBS)	Commercial Mortgage-Backed Securities (CMBS)	Asset-Backed Securities (ABS)	Collateralized Loan Obligations (CLOs)
U.S. Residential Mortgage Credit Exposure	U.S. Commercial Mortgage Credit Exposure	U.S. Diversified Asset Backed Credit Exposure	Structured U.S. Bank Loan Exposure
Legacy Non-Agency, NPL/RPL, Non-QM, CRT	CMBS Conduit, Single Asset Single Borrower (SASB), CRE CLO	Consumer, Autos, Student Loans, Hard Asset and others	CLO 2.0/3.0

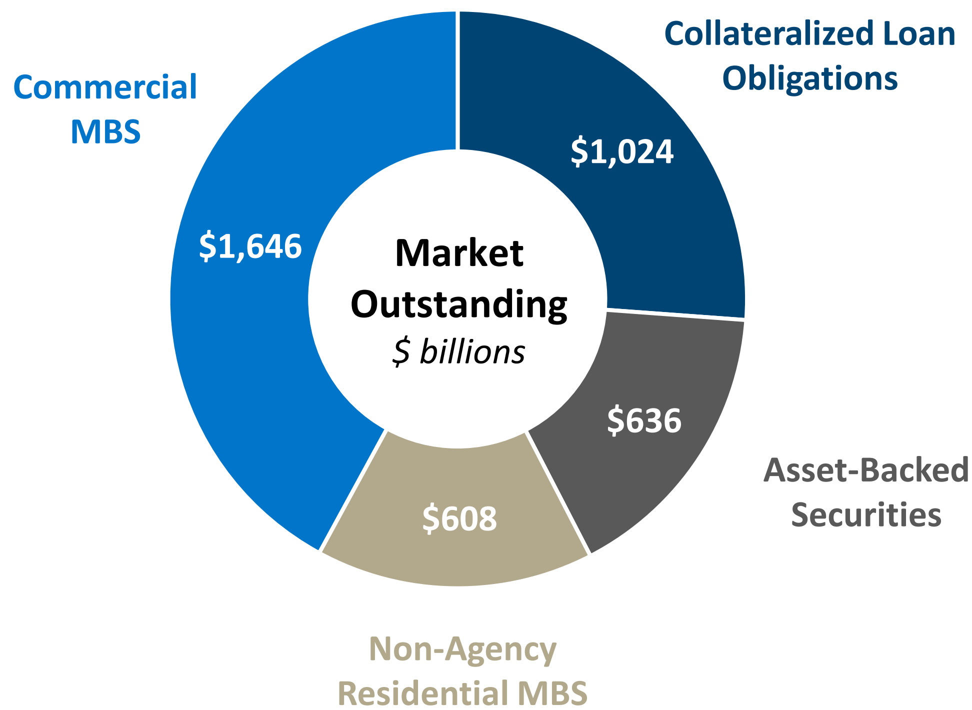
Source: DoubleLine, Bloomberg
You cannot invest directly in an index.
There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest.

Abundant Universe to Source Investments

As of December 31, 2023

$3.9 TRILLION

Securitized Credit Outstanding



Collateral Loan Obligations	Asset-Backed Securities	Non-Agency Residential MBS	Commercial MBS
Diversified Portfolios of Actively Managed U.S. Floating Rate Bank Loans.	Receivables Including Secured and Unsecured Consumer Loans and other Cash-flowing Assets.	Single-family Residential Mortgage Loans or Other Privately Issued Mortgage-related assets.	Mortgage Loans Backed by Commercial Real Estate Properties Including Office, Industrial, Hospitality, Retail and Multi-family Real Estate.

Source: JPM Research

Target Exposures Through Securitized Credit

As of December 31, 2023

Securitized products provide investors with diversification from traditional core fixed-income mandates.

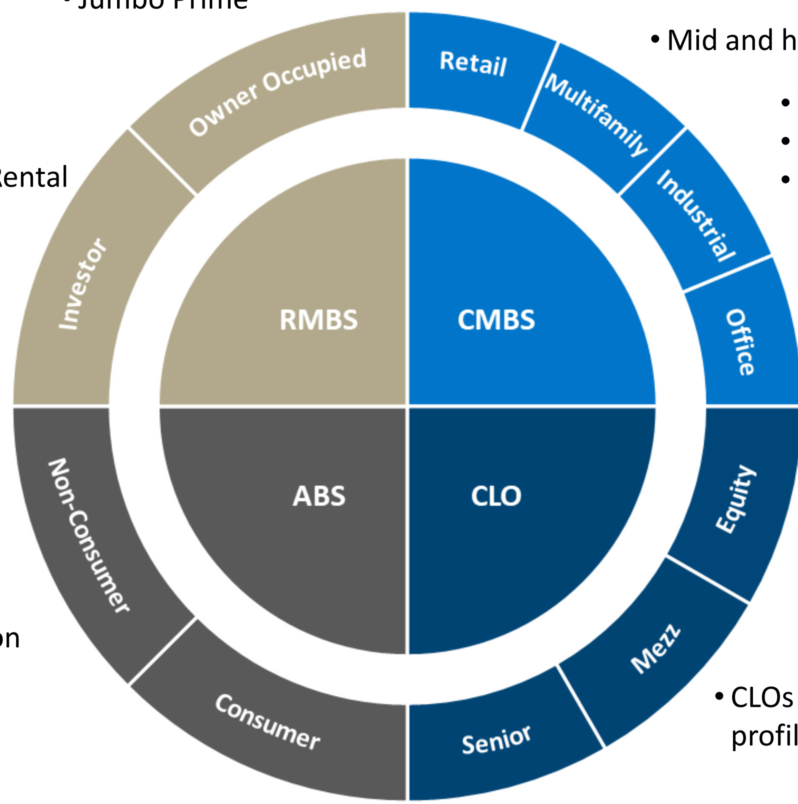
- Conforming Loans
- Non-Qualified Mortgages
- Jumbo Prime

- Malls
- Shopping centers
- Big-box retailers

- Mid and high-rise apartments

- Warehouse
- Storage
- Manufacturing

- Single-family Rental
- Fix-to-Flip



- Low, mid, and high rise
- Class A, B, and C

- Transportation
- Franchise
- Renewables

- CLOs offer different risk reward profiles across the capital structure

- Student
- Automobile
- Credit Cards

No representation is being made that any account, product, or strategy will engage in all of the above themes. There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest.

Securitized Products Post-Crisis Evolution

The Structured Products landscape has significantly evolved post crisis

- **Stricter underwriting standards** in parts of the market.
- **Conservative changes to rating agency criteria**, which resulted in a material increase of required subordination for investment grade ratings.
- Implementation of the **risk retention** ("skin in the game") requirements of the Dodd-Frank Act.
- **Improvement in the quality of representation and warranties**, both in the scope of required representations and ongoing monitoring of the counterparties' credit performance.
- Changing landscape of issuers – **increased participation of non-bank originators and issuers.**
- Development and growth of new products.

Residential Mortgage-Backed Securities (RMBS)	**Commercial Mortgage-Backed Securities (CMBS)**	**Asset-Backed Securities (ABS)**
Non-QM, Credit-Risk-Transfer, NPL/RPL	Commercial Real Estate (CRE) CLO and Single-Asset-Single-Borrower (SASB)	Whole Business, Marketplace Lending, Aviation

Source: DoubleLine

Non-Agency Residential MBS Overview

Non-Agency Residential MBS (RMBS)

- **Non-Agency Residential Mortgage-Backed Securities (RMBS)** are MBS that are issued by private issuers where investors take on **credit risk** as well as **prepayment risk**. These bonds are exposed to the credit performance of the underlying mortgage loans/borrowers.
- Most loans that are non-Agency loans **do not meet conforming loan requirements** of the agencies related to credit score, loan balance, debt to income, or documentation related to income verification.

Types of Mortgage Loans

Fixed Rate: typically, 30-year amortization and benefit from predictable monthly payments

Adjustable Rate: have low initial interest rates but the interest can reset higher after the initial fixed term (typically 5-, 7- or 10-year fixed rate periods)

Interest Only: have only interest payments for a certain period of the loan's life (typically 5-, 7-, or 10-year IO period)

Jumbo Mortgage: for borrowers who need to take out more money than the federal limit for a standard mortgage

Types of Non-Agency Loans:

Jumbo Prime

Investor

Second Lien

Manufactured Housing (MH)

Non-Qualified Mortgages

Pre GFC: (Alt-A, Subprime, Option ARMs)

Source: DoubleLine

Non-Agency Residential MBS Sectors

Legacy Non-Agency

Residential mortgage-backed securities issued pre-crisis

Re-Performing / Non-Performing (RPL/NPL)

Residential mortgage-backed securities issued post-crisis that are collateralized by recently re-performing or currently delinquent legacy mortgage loans

Whole Loan Pass-Through

Residential mortgage-backed pass-through securities issued post-crisis that are backed by legacy re-performing / performing loans that were purchased in a whole loan form

Single-Family Rentals (SFR)

Deals collateralized by a large pool of geographically diverse single-family rental homes

Non-Qualified Mortgage (QM)

Non-QM designation is a result of a new origination loan not satisfying one or more of Consumer Finance Protection Bureau's Qualified Mortgage Criteria. The program has been evolving since 2014 to accommodate borrowers who generally had a recent credit event or are self-employed

Prime Jumbo

A high-quality mortgage loan that typically exceeds the loan size limit set by the Federal Housing Finance Agency; borrowers generally have high FICO scores and low-to-moderate loan-to-value ratios

Credit Risk Transfer (CRT)

A securitization program designed by the GSEs and private mortgage insurance companies to transfer agency collateral credit risk to the non-agency capital markets

Source: DoubleLine

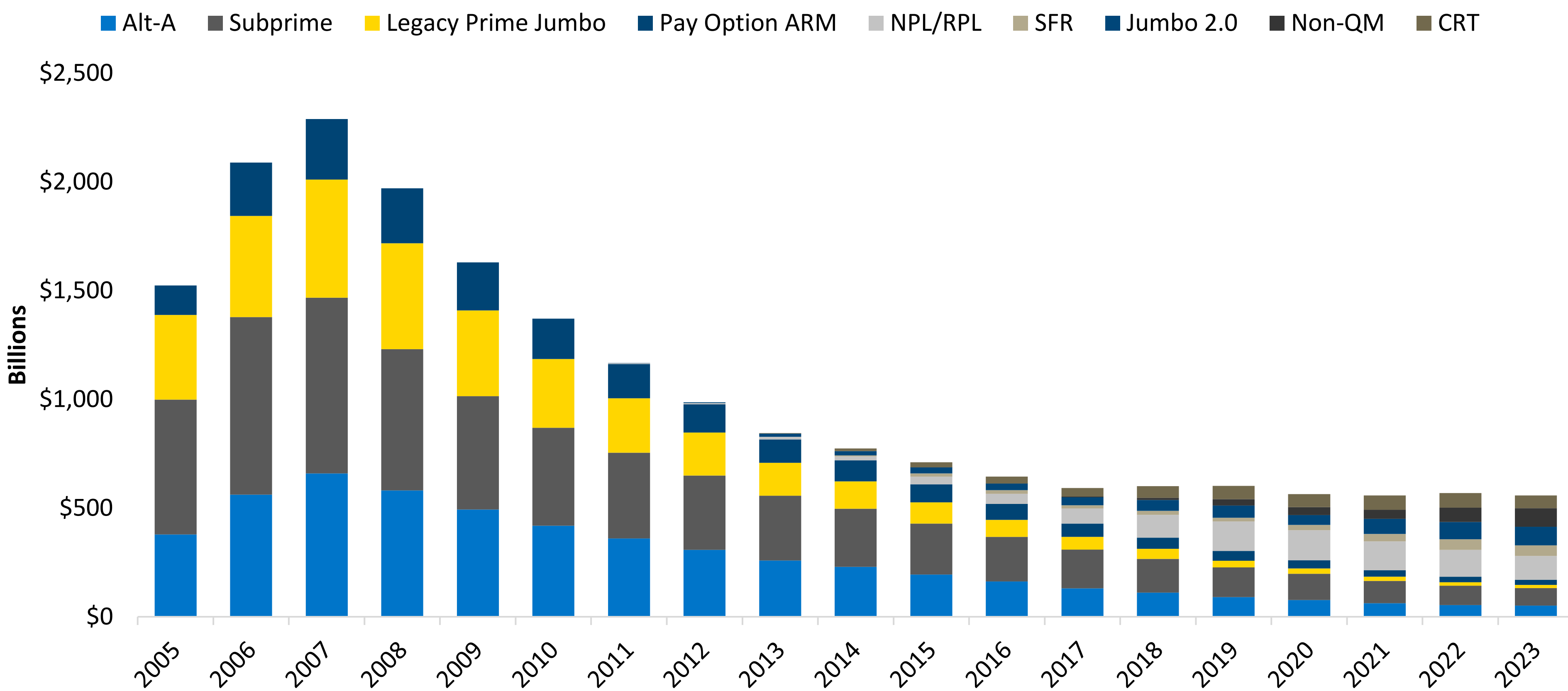
Non-Agency Residential MBS Market Size

As of December 31, 2023

Non-Agency RMBS: comprised of mortgage loans that are not guaranteed by the government agencies

- **Pre-Crisis issuance**: categorized as Prime / Alt-A / Subprime/ Pay Option ARM
- **Post-Crisis issuance**: categorized as Prime Jumbo, Non-QM, CRT, Seasoned legacy Re-performing / Non-Performing, and Whole Loan Pass-Through Structures

Non-Agency RMBS Outstanding

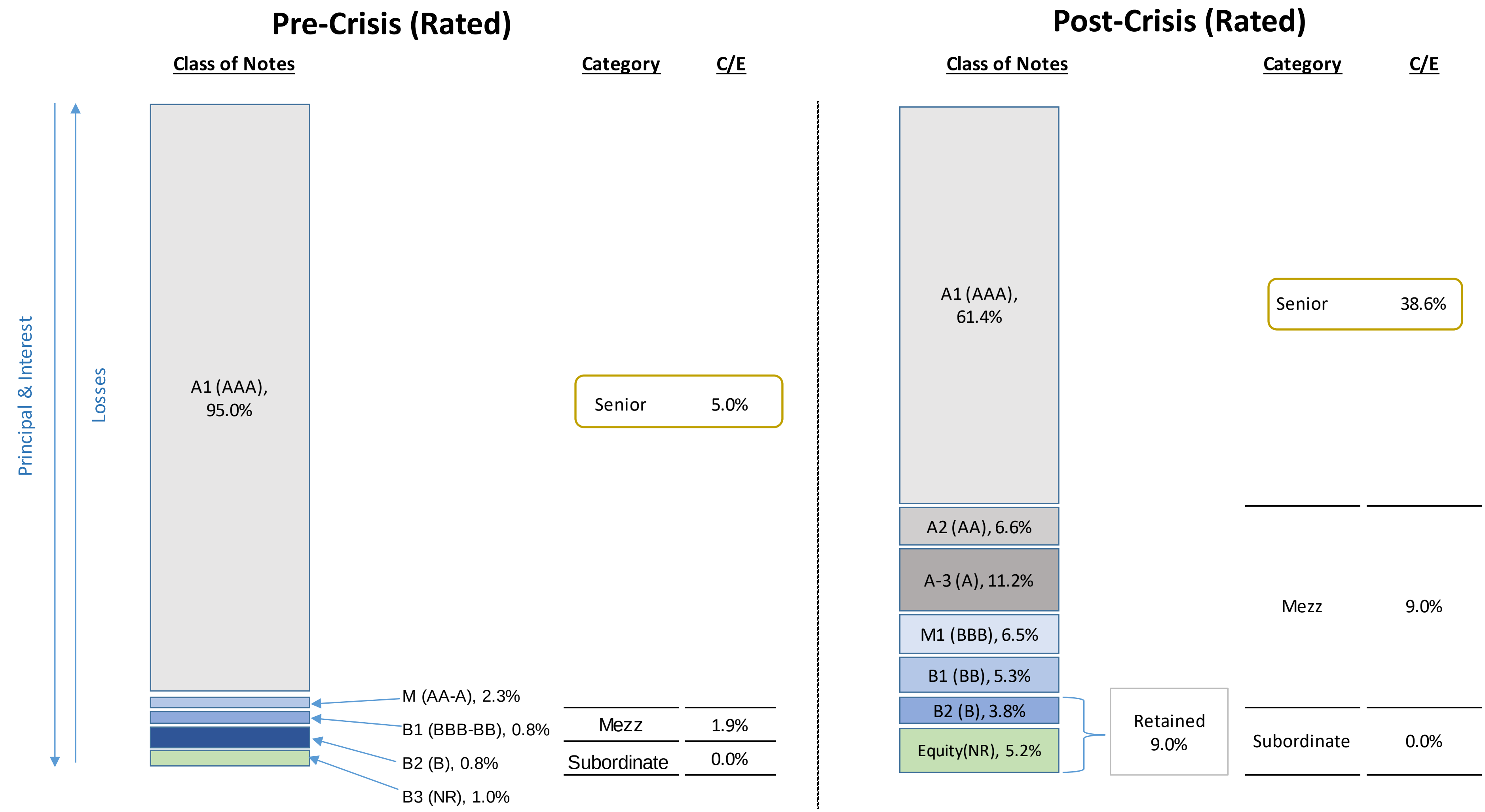


Source: DoubleLine, BofA Global Research, Intex, Bloomberg.
ARM = adjustable-rate mortgage; NPL/RPL = non-performing loan / re-performing loan; SFR = single-family rental; non-QM = qualified mortgage; CRT = credit risk transfer

Non-Agency RMBS Capital Structure: Pre- and Post-Crisis

As of December 31, 2023

- Capital Structure has significantly evolved driven by historical losses.
- Implementation of the Risk Retention rule requires issuers to retain 5% of the deal either through vertical (across the capital structure) or horizontal (first-loss) participation.

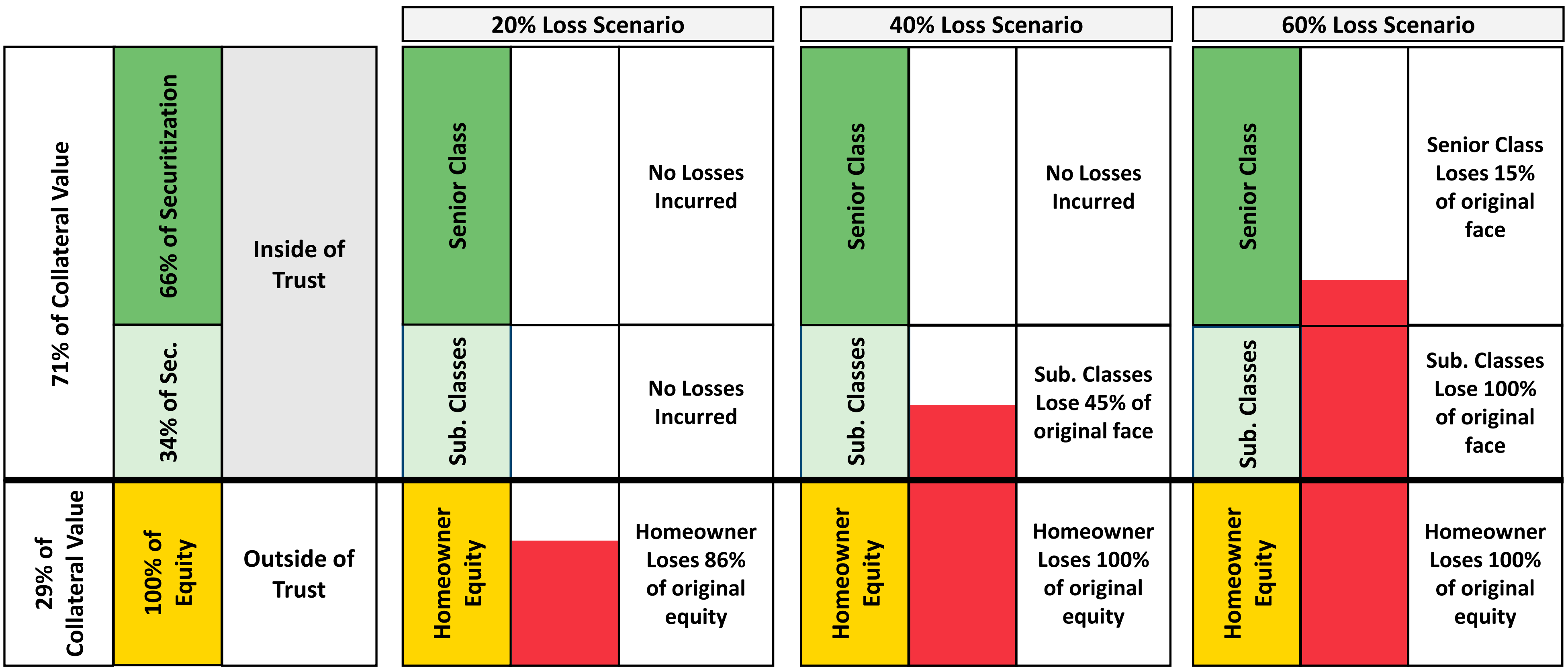


Source: DoubleLine, J.P. Morgan Research

Credit Enhancement Example: Non-Agency RMBS

As of December 31, 2023

- The Global Financial Crisis saw legacy RMBS experience loss rates between 20% to 36% depending on vintage and underlying credit quality.
- Loan underwriting has strengthened post-GFC including higher down payment requirements.
- Borrower equity along with credit enhancement at the securitization level provide **<u>sufficient protection to bondholders</u>** in a repeat housing crisis.

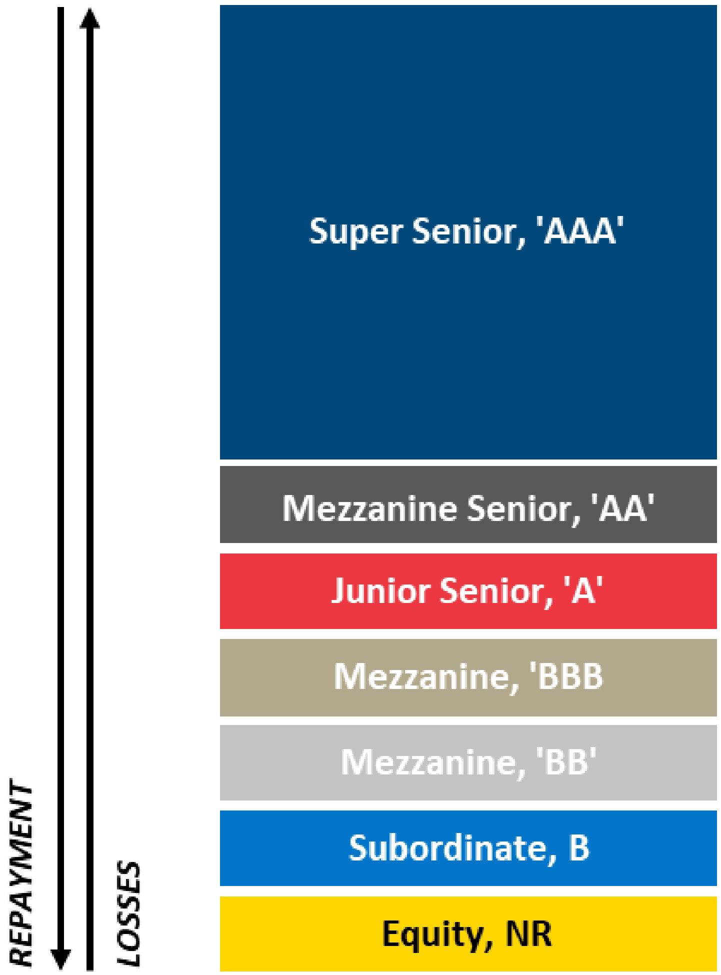


Source: DoubleLine, Nomura. COLT 2023-1
Assumes losses on day 1 and does not include any amortization or prepayment of principal which would further protect bondholders from losses.
Hypothetical example for illustrative purposes only. No representation is being made that any account, product, strategy will or is likely to achieve profits, losses or results similar to those shown.
Past performance is not a guarantee of future results.

Non-Agency Commercial MBS Overview

Non-Agency Commercial MBS (CMBS)

- The commercial real estate (CRE) market consists primarily of **multifamily, industrial, retail, lodging and office properties**. Each property type offers unique characteristics that provide investors a wide range of opportunities.
- **Non-Agency Commercial Mortgage-Backed Securities (CMBS)** are MBS that are issued by private issuers where investors take on **credit risk** as well as **prepayment risk**. These bonds are exposed to the credit performance of the underlying CRE mortgages.
- CMBS structures are typically sequential pay, meaning any loan **principal and interest payments received are allocated to tranches in order of seniority**. Conversely, any losses and interest shortfalls incurred due to defaults are allocated in the opposite manner, reverse sequential.
- A typical structure would have a senior tranche rated AAA, which carries the highest level of insulation from credit risk and losses. The various tranche ratings are based on the underlying collateral quality, probability of default and projected losses, and subordination levels assigned by the rating agencies.



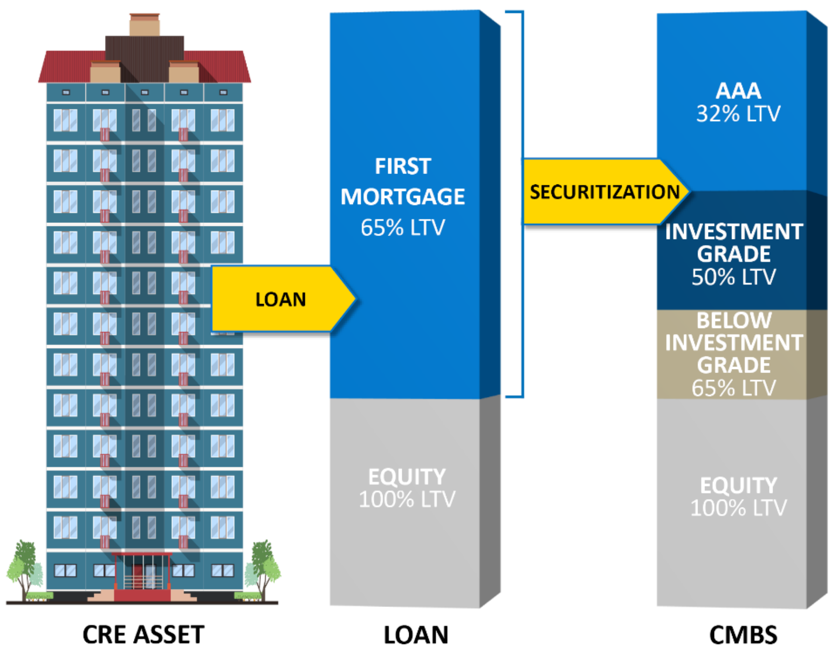
Source: DoubleLine

CMBS Securitization Process

CMBS bonds are comprised of **one or more first mortgage loans secured by CRE properties**. Through the securitization process, the loan(s) are split into bonds rated AAA down to below investment grade.

The CMBS transaction format is designed to allow investors to **customize risk/return** by choosing where in the capital structure to invest.

CMBS provides **numerous benefits for investors**, including improved liquidity versus traditional commercial mortgage loans, transparency, structural enhancements, and dedicated third parties to help enforce lender's rights in the interest of bondholders.



Source: DoubleLine. Not drawn to scale. This is a hypothetical example for single borrower securitization for discussion purposes.
Loan to Value (LTV)

CMBS Loan Programs

DoubleLine®

	Agency	Conduit	SASB	CRE CLO
	CMBS Index[1] Constituents	CMBS Index[1] Constituents / Non-Agency CMBS	Non-Agency CMBS	Non-Agency CMBS
Collateral Pool	Multiple Loans	Multiple Loans	Single Loan	Multiple Loans
Property Types	Multifamily	All	All	All
Coupon Type	Fixed	Fixed	Floating / Fixed	Floating
Government Guaranteed	Yes	No	No	No
Typical Loan Term	10 Years	10 Years	5 Years	5 Years
Prepayment	No	No	Flexible	Flexible
Loan Size (MM)	$5 – $150	$5 – $150	$150 +	$5 – $150
% NA CMBS Market		52.3%	36.0%	11.7%

Source: DoubleLine, J.P. Morgan Research, As of September 30, 2023

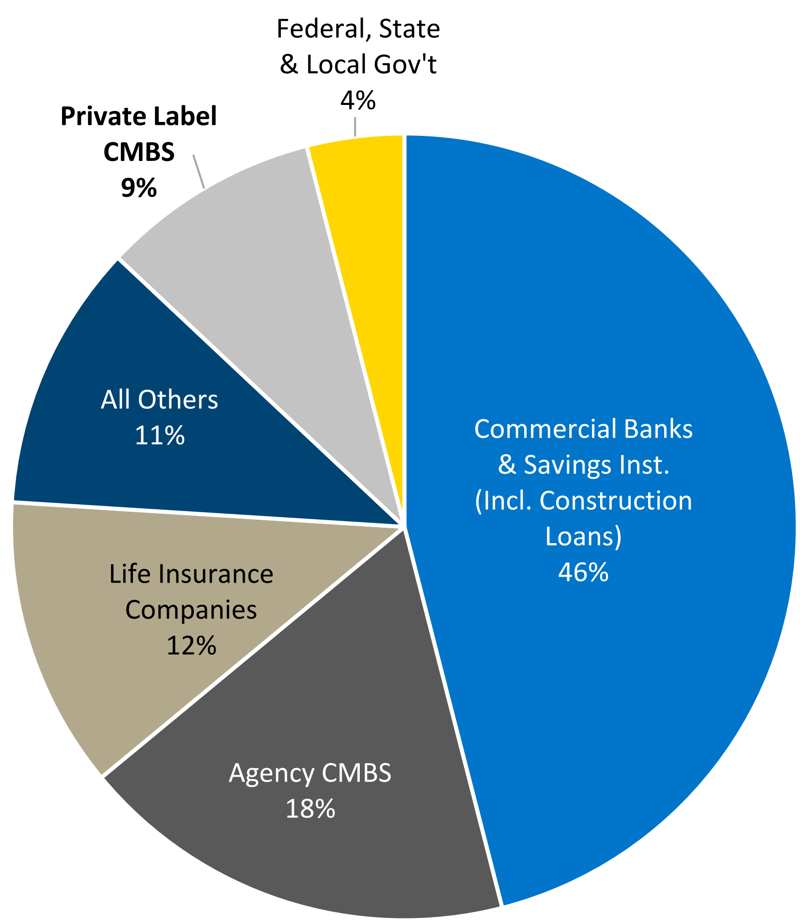
[1] Bloomberg US CMBS Index

CRE Debt Outstanding and Non-Agency CMBS Issuance

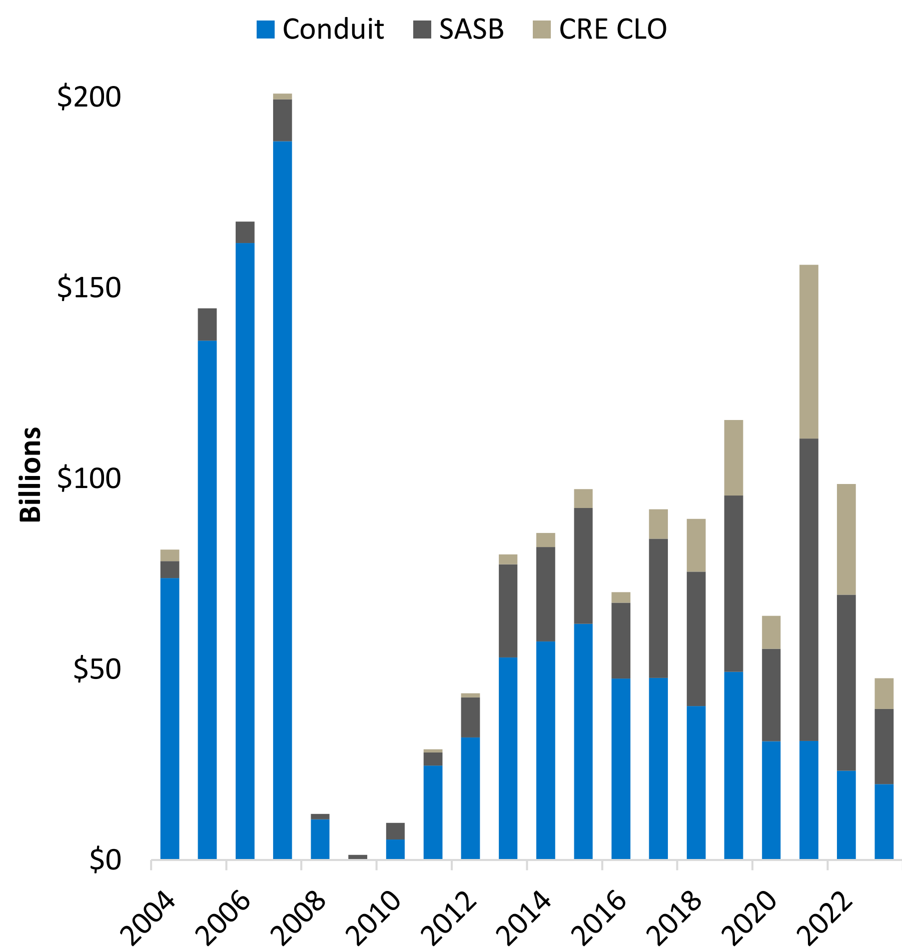
As of December 31, 2023

- Private label CMBS accounts for roughly 9% of the $4.5 trillion of outstanding CRE debt. Within non-Agency CMBS, index-ineligible SASB and CRE CLO have become meaningful segments of the market.

Ownership of CRE Debt Outstanding



Private Label CMBS Annual Issuance



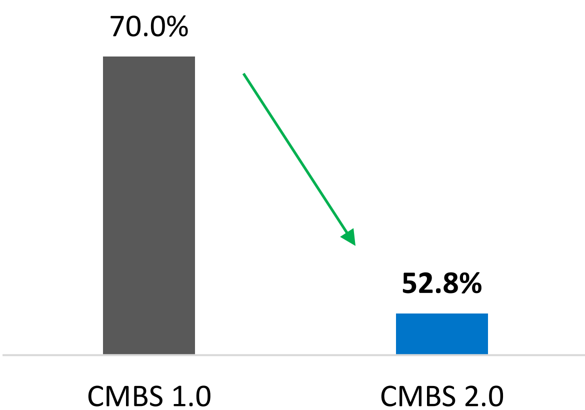
Source: DoubleLine, Trepp, based on Federal Reserve Flow of Funds Data.

CMBS 1.0 (pre-GFC) vs 2.0 (post-GFC)

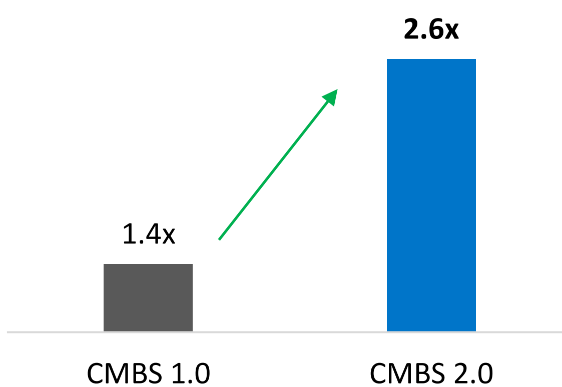
As of December 31, 2023

Post-2008, the CMBS industry underwent a complete change with lower leverage, higher debt service coverage ratios (DSCR) and subordination levels, tighter lender underwriting standards, and higher levels of credit enhancement.

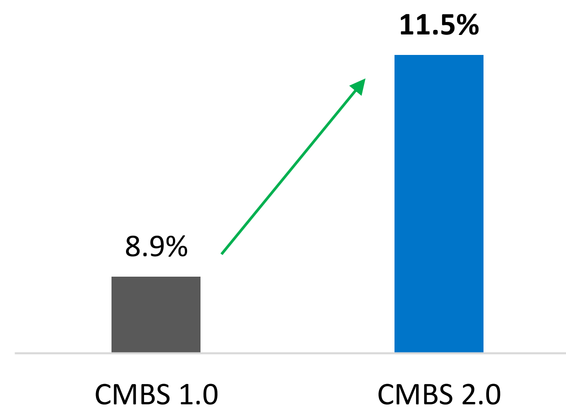
Loan-to-Value (LTV)



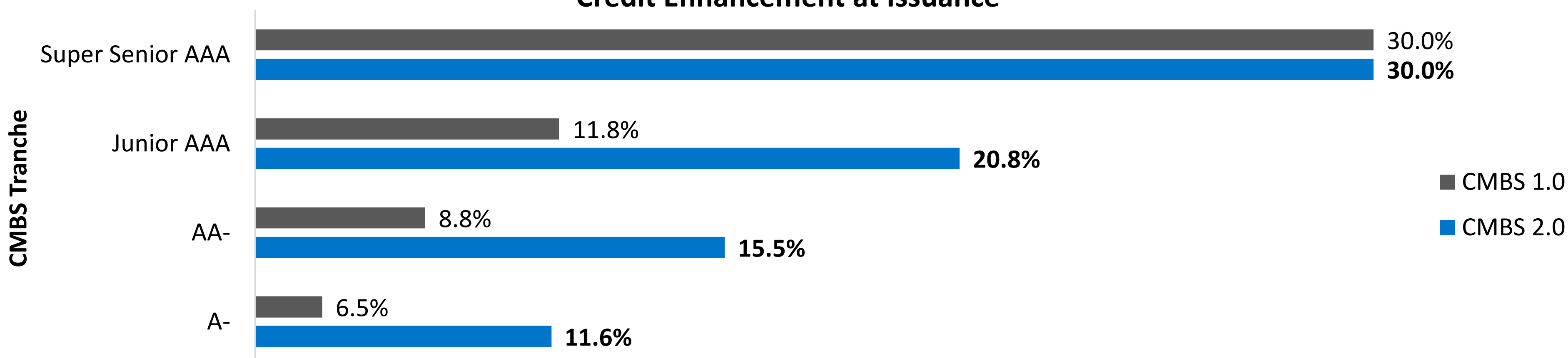
Debt Service Coverage Ratio



Debt Yield



Credit Enhancement at Issuance

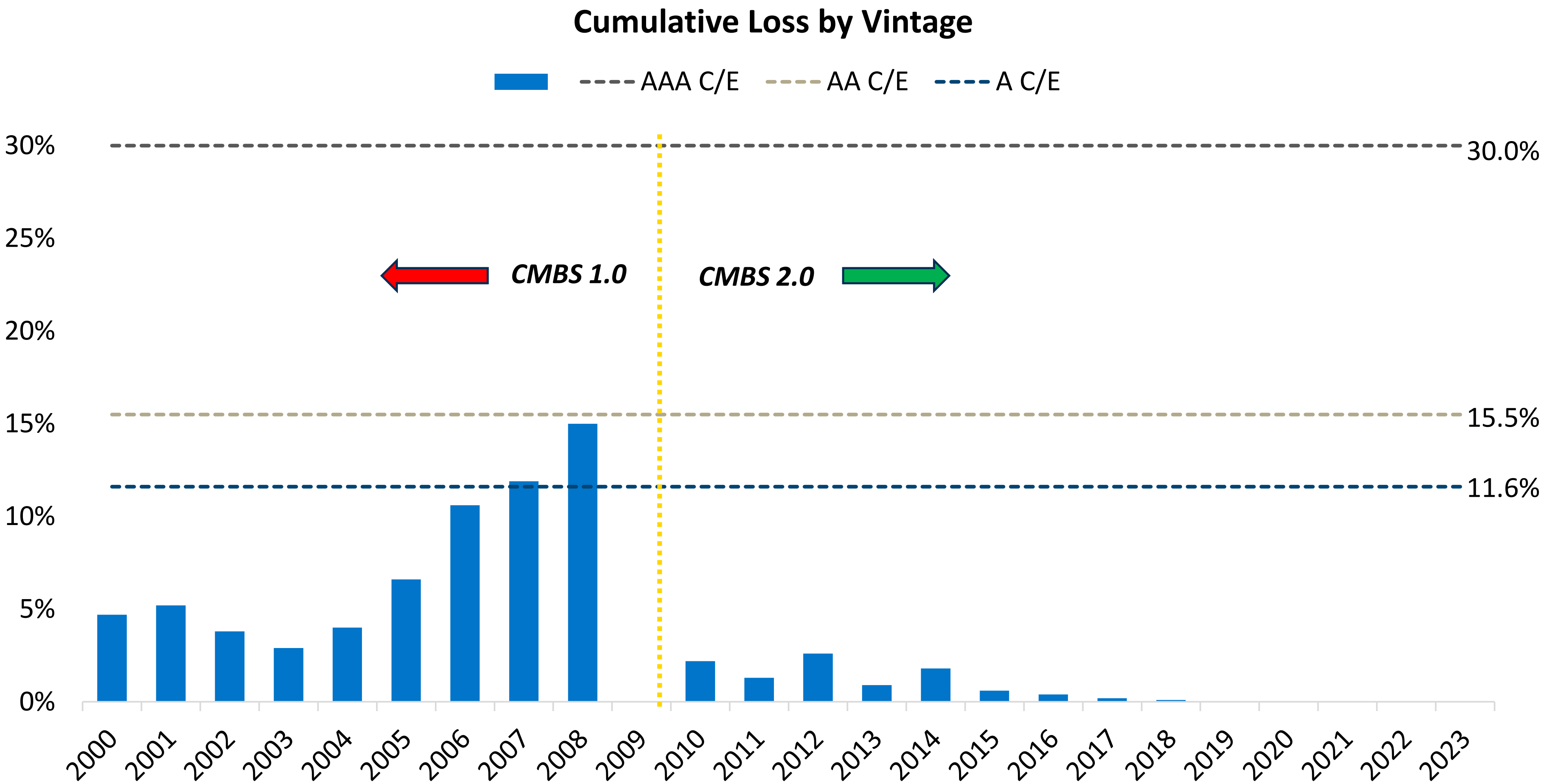


Source: DoubleLine, Bloomberg, Intex.

Non-Agency CMBS Cumulative Losses

As of September 30, 2023

Given the enhanced structural protection for CMBS 2.0 in conjunction with higher levels of credit enhancement, we believe senior rated non-Agency CMBS bonds are well insulated from potential losses.



Source: DoubleLine, Bloomberg. C/E = Credit Enhancement

Asset-Backed Securities

Asset-Backed Market Landscape

ABS has evolved from traditional sectors, such as credit cards, auto loans and student loans, to a market increasingly composed of broader assets and opportunities

$777 Billion Market

Consumer Assets

Credit Card Diversified pools of receivables	**Auto Loans** Broad borrower base with robust structures	**Student Loans** Non-dischargeable obligations	**Consumer Loans** Unsecured discretionary loans
Device Payment Plans Highly rated bonds backed by essential household assets	**Insurance & Litigation Finance** Receivables backed by insurance or litigation payments	**Travel Receivables** Leisure industry receivables such as timeshare or loyalty program assets	**Point-of-Sale Loans** Purpose driven installment loans

Commercial Assets

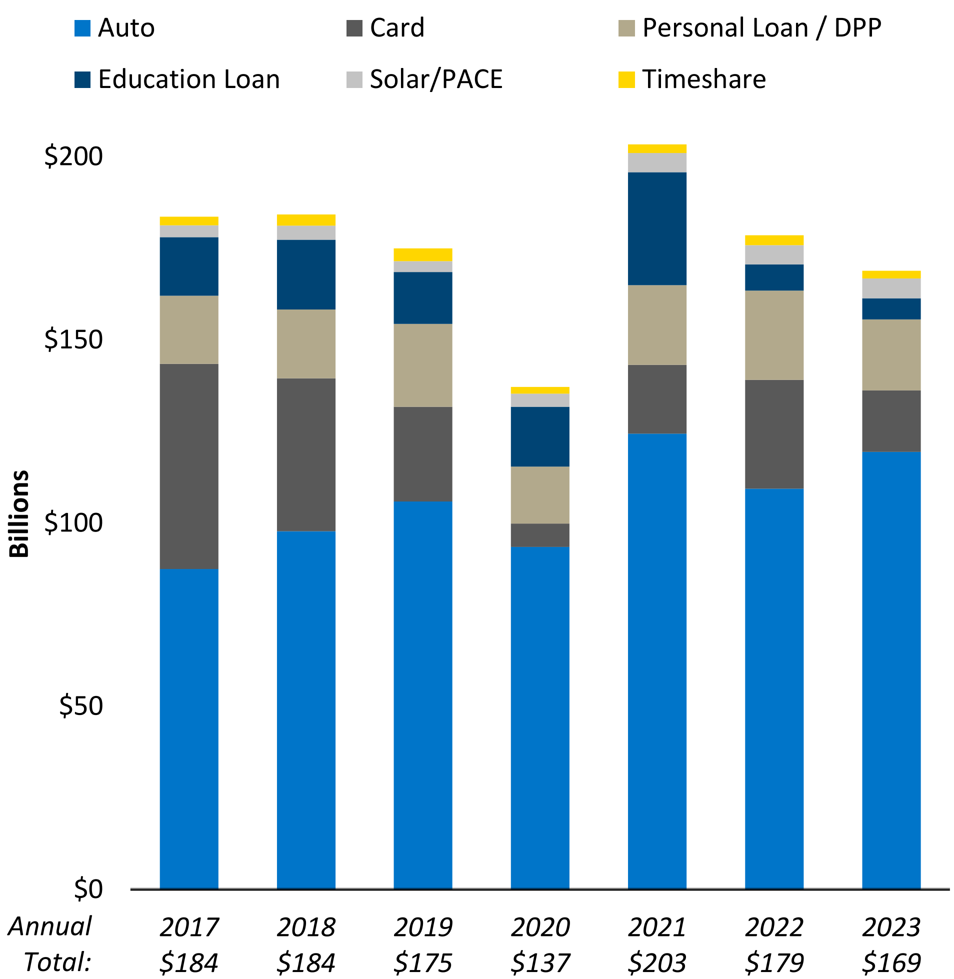
Transportation Assets Essential assets with long term contracts	**Whole-Business** Collateralized by royalty streams or real estate	**Energy Assets** Long term lease or direct PPA with utility	**Equipment Securitization** Mission critical assets
Data & Telecom Infrastructure Critical operating infrastructure with low tenant churn rates	**IP Royalties** Collateralized by entertainment related royalty streams	**Fleet Leasing** Contracted assets are critical to large and mid-size businesses	**Agricultural Loans** Secured and insured loans collateralized by crop production

Source: DoubleLine, BofA Global Research
As of December 31, 2023

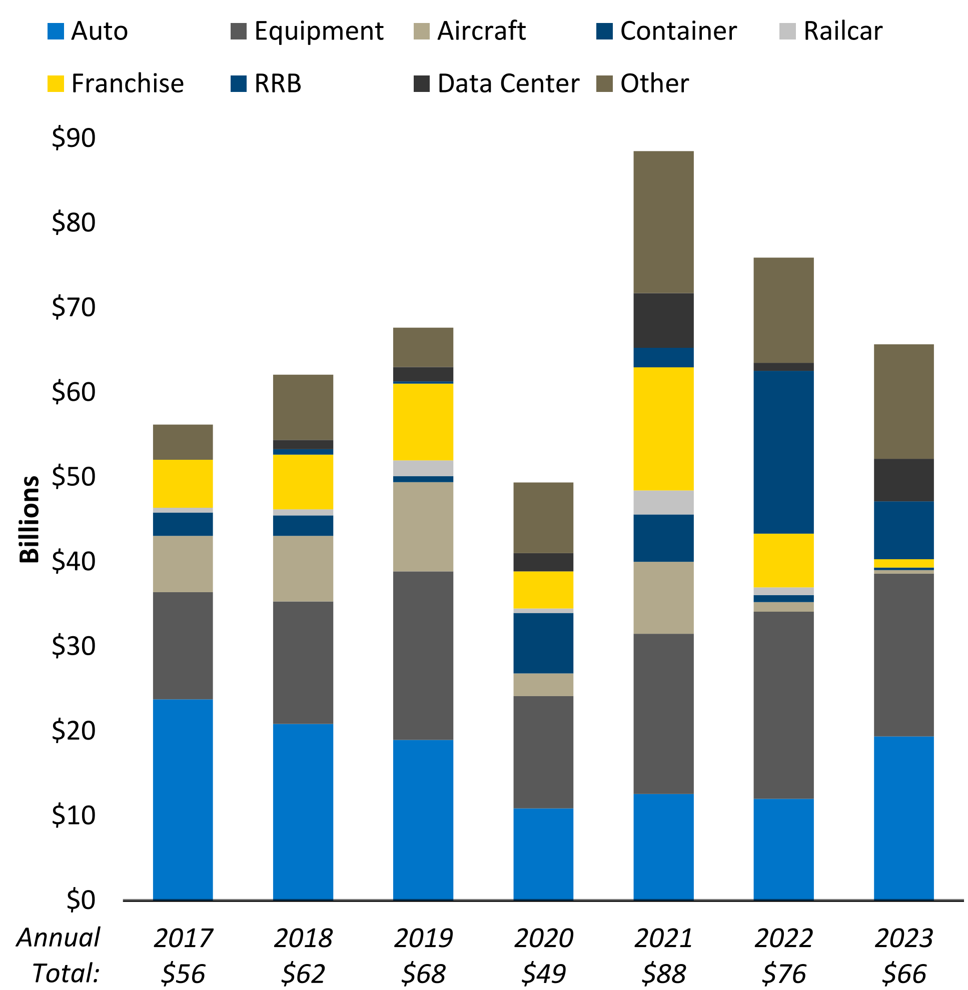
Asset-Backed Market Landscape

New issue volumes continue to trend towards diversification of collateral types

Consumer Asset Related ABS



Commercial/Hard Asset Related ABS



Source: DoubleLine, BofA Global Research
As of December 31, 2023

Asset-Backed Opportunity Set Highlights

Various ABS subsectors exhibit attractive risk-adjusted yield opportunities

	Consumer Related Economies		Real Assets		
	Consumer Loans	**Whole Business**	**Renewable Energy**	**Transportation**	**Data Infrastructure**
Underlying Assets	• Consumer based loans that may be comprised of personal, student, auto or other forms of consumer debt • Typically, individual loan balances may range from $1,000 to $100,000.	• Royalty streams and cashflows from franchise rights, land, licensing, key operational assets and/or real estate.	• Cashflow streams associated with residential and utility scale wind or solar facilities • Facility may be fully contracted or dependent on asset utilization.	• Loans or cashflows backed by revenue generating transportation assets such as rail, aircraft or shipping vessels.	• Long term cashflow streams related to the operations of data network infrastructure facilities such as data centers, fiber networks and other telecommunication assets
Investment Factors	• Short tenors allow for limited interest rate duration exposure • Higher interest rates on personal loans • Robust household balance sheet has led to favorable lending environment for consumer loans	• Diverse industry base with demonstrated operational and management track record • Growing investor base improving liquidity • Strong equity sponsorship	• Growing power source globally making this a long-term investment thesis • Opportunities to invest in all phases from construction to merchant to fully contracted assets • ESG centric investments	• Assets essential for critical services on a global scale • Typically, these assets are critical in supply chain management or personal travel • Esoteric nature allows these assets to generate additional yield	• Critically important infrastructure that maintains resilient utilization rates in most economic cycles • Long term contracts ensure stability of cash flow stream

Source: DoubleLine, As of December 31, 2023

ABS Structure and Defined Asset Pools

As of December 31, 2023

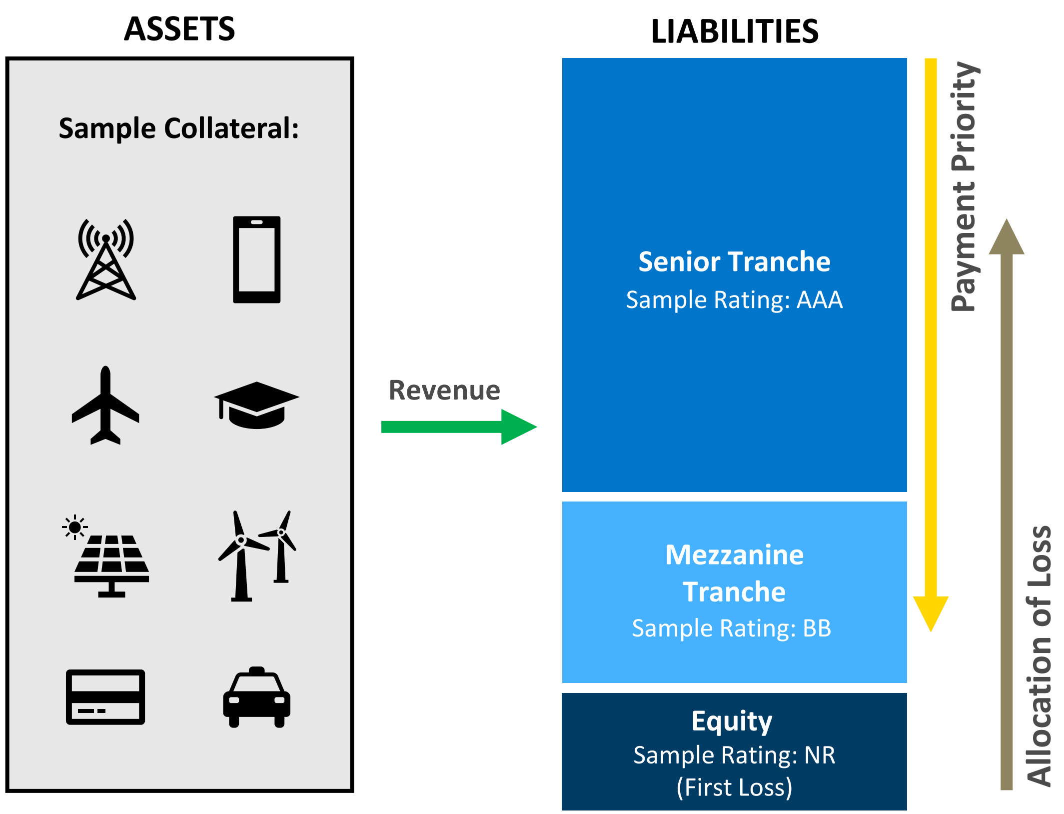
- Securitization allows for ***direct investment*** in defined asset pools unlike similarly rated unsecured corporate counterparts.
- The structure of ABS allows managers to target risk more specifically including the assessment of tranches and ***seniority in payments, ratings*** and ***duration options***.

Diverse Collateral

Collateral pool could consist of automobile loans, credit card debt, student loans, renewable energy assets, civil aviation, rail assets and many other types of financings

Structural Options

Tranches can vary by maturity, coupon, ratings and payment priority allowing investors to optimize risk/return profiles to fit their thesis



Source: DoubleLine
Yield ranges are based on securities currently bid/offered in the market.

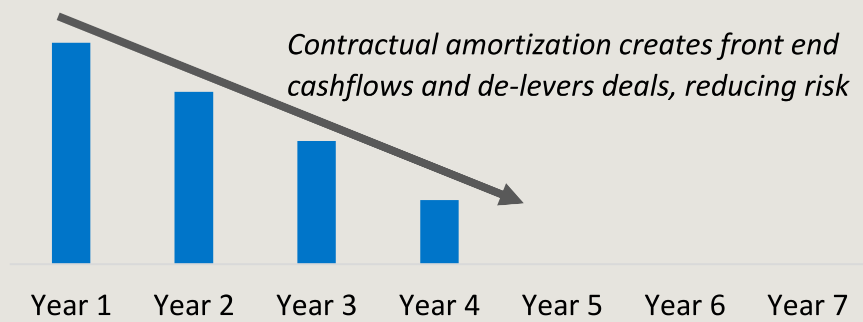
Investor Protection Via Securitization

Robust protection against higher losses is a byproduct of structural features present in ABS deals, including:

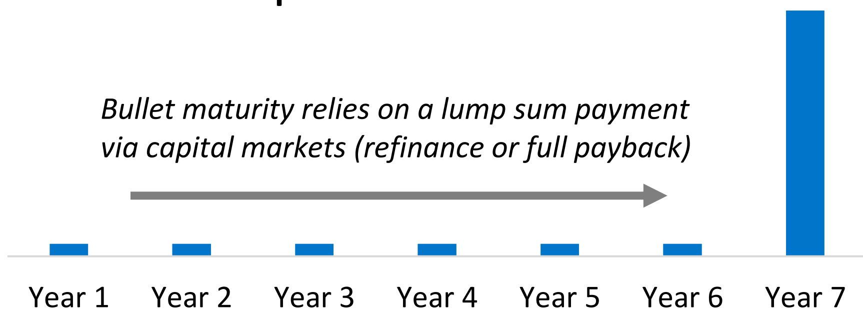
- **Overcollateralization:** The market value of the underlying collateral pool generally exceeds the market value of the issued ABS debt.
- **Subordination:** Use of hierarchical tranches that rank below more-senior tranches in a sequential manner.
- **Loss/Delinquency Triggers:** If certain levels are breached, all cash flows to the equity tranche are redirected and used to accelerate the repayment of the most-senior tranche.

Consumer ABS typically experience **front-weighted cash flows** due to mandatory amortization. This may generate higher cash-on-cash return in early years, mitigates refinancing risk and **reduces the investment's risk over time**.

Consumer ABS Cash Flows



Corporate Bond Cash Flows



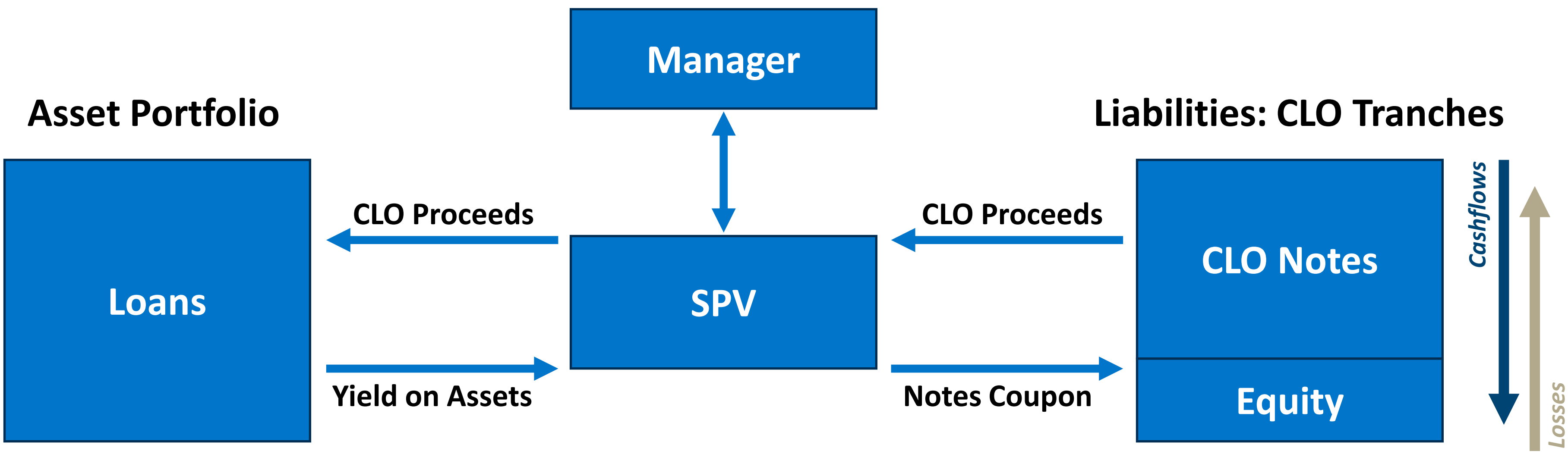
Source: DoubleLine
Past performance is not a guarantee of future results.

Collateralized Loan Obligations

Collateralized Loan Obligations (CLOs) Market

As of December 31, 2023

- A **Collateralized Loan Obligation** is a special-purpose vehicle (SPV) that funds the purchase of a senior first lien bank loan portfolio with the issuance of rated debt securities and an unrated equity tranche.
- Coupon and principal payments on the assets (the loans) are used to make coupon and principal payments on the liabilities (the CLO notes) and create residual cash flows to equity.
- A typical CLO is backed by a pool of bank loans diversified across 100-200 distinct obligors in 20-30 industries.
- CLOs allow investors to gain leveraged, **diversified exposure to the loan market**, capitalize on existing **price inefficiencies** in the loans, and utilize **professional management** expertise and resources.



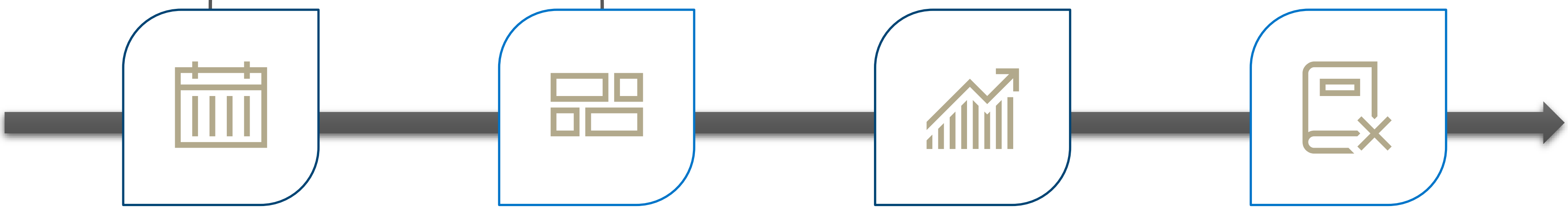
Source: DoubleLine, BofA Global Research

CLO Lifecycle

As of December 31, 2023

Non-Call Period

After this period, the manager and equity may call the deal



Closing Date
The date at which the debt and equity is issued, the debt begins accruing interest, and the deal begins collecting cash from the collateral to pay out through the cashflow waterfalls on each payment date.

Reinvestment Period
The period where the manager may reinvest principal proceeds from the collateral into new assets, subject to certain conditions.

Amortization Period
Any scheduled principal paydowns from the assets are used to pay down the principal of the debt holders, any remainder goes to the equity.

Stated Maturity

Source: DoubleLine, BofA Global Research

CLO Historical Defaults across Ratings

Historically, **CLO defaults have been lower** than similarly rated corporate equivalents.

Only 0.10% of investment grade rated CLO tranches defaulted cumulatively from 1996-Q2 2022, which translates into an annual default rate less than one basis point.

Only 1.1% of BB-rated CLOs defaulted cumulatively from 1996-Q2 2022 which translates to an annual default rate of four basis points.

U.S. CLO Lifetime Default Summary (1996 – Q2 2022)

Original Rating	Ratings (number)	Defaults (%)	Defaults (number)
Aaa	5,003	0.00%	0
Aa	3,389	0.03%	1
A	3,105	0.16%	5
Baa	2,884	0.31%	9
Ba	2,275	1.10%	25
B	406	2.71%	11
Investment-Grade	14,381	0.10%	15
Speculative-Grade	2,681	1.34%	36
All	17,062	0.30%	51

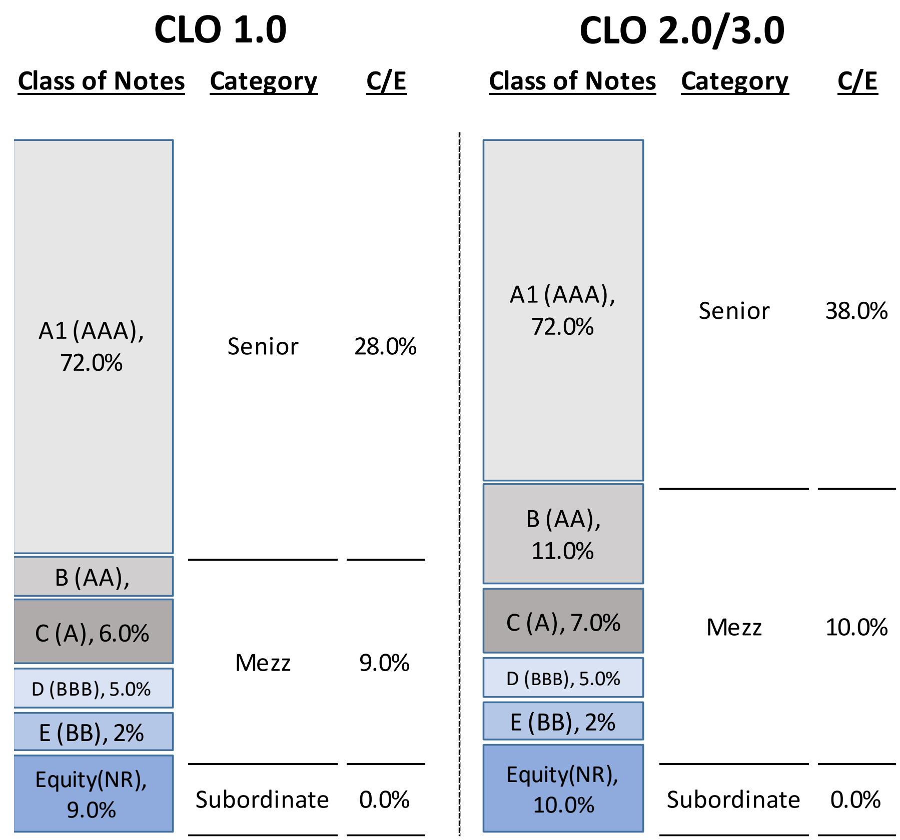
Source: DoubleLine, Morgan Stanley Research
Past performance is not a guarantee of future results.

CLOs: Then versus Now

As of December 31, 2023

- CLOs have undergone structural and collateral changes after the Great Financial Crisis:
  - CLOs are no longer allowed to own Structured Products or other CLO tranches.
  - Current CLO CCC baskets and bond baskets are lower than their 2007 counterparts.
  - Rating agencies have increased capital structure subordination levels across the stack.
  - Non-call periods and reinvestment period are also 2-3 years shorter than pre-crisis deals.

Deal Term Features	2007	2023
AAA Credit Support	24%	34-38%
BB Credit Support	5 - 7%	8.20%
Reinvest Period	5 - 7 years	3-5 years
Non-call Period	3 - 5 years	1-2 years
Wtd Avg Cost of Debt	50 - 70 bps	225 - 350 bps
Structured Products	35%	0%
Bond assets	10-20%	0-5%
Caa/CCC assets	10-15%	7.5%



Source: DoubleLine, J.P. Morgan Research

Considerations for CLO Investing

Collateral

Analyze leveraged loan price movements, spreads, defaults and recoveries.

Focus on "tail risk" by identifying lower priced loans, lower rated loans, or loans in industries of concern.

Structure

Review the deal structure with a focus on credit enhancement, collateral quality tests, and performance tests.

Detailed review of documents and negotiation of deal term.

The ability for the deal to participate in workouts and benefit from recoveries.

The rules governing when proceeds can be reinvested to purchase additional loans.

Manager

Due diligence of CLO managers' team, process and performance to determine their ability to actively manage a loan portfolio within a CLO structure.

Maintain open lines of communications with 3rd party managers.

Analysis of historical performance of managers.

Underwriting the investment style and strategy of each manager.

Source: DoubleLine
There is no guarantee that these investment strategies will work under all market conditions or are suitable for all investors and each investor should evaluate their ability to invest.

Index Definitions

DoubleLine®

1-5 Year U.S. Credit - Bloomberg US Agg Corporate 1-5 Year Total Return Value - A subset of the Bloomberg US Agg Corporate Total Return Value index including securities with 1-5 year maturities.
ABS - Bloomberg Asset-Backed Securities (ABS) Index - This index is the ABS component of the U.S. Aggregate Bond Index. It includes securities whose value and income payments are derived from and collateralized ('or backed") by a specified pool of underlying assets including credit cards, auto loans, etc.
Bank Loans - S&P/LSTA Leveraged Loan Index - An index designed to track the market-weighted performance of the largest institutional leveraged loans based on the market weightings, spreads and interest payments.
Bloomberg Long US Corporate Index - The index is designed to measure the performance of U.S. corporate bonds that have a maturity of greater than or equal to 10 years.
Bloomberg US Agg Corporate 1-3 Year Total Return Value - A subset of the Bloomberg US Agg Corporate Total Return Value index including securities with 1-3 year maturities.
Bloomberg US Agg Corporate 3-5 Year Total Return Value - A subset of the Bloomberg US Agg Corporate Total Return Value index including securities with 3-5 year maturities.
Bloomberg US Agg Corporate 5-7 Year Total Return Value - A subset of the Bloomberg US Agg Corporate Total Return Value index including securities with 5-7 year maturities.
Bloomberg US Aggregate Bond Index - An index that represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.
Bloomberg US MBS Index - The Bloomberg US Mortgage Backed Securities (MBS) Index tracks fixed-rate agency mortgage backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
Bloomberg US Securitized Index - An index that represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade securitized bond market, with index components for mortgage-backed securities, commercial mortgage-backed securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.
BofA Merrill Lynch U.S. Agency CMO Index tracks the performance of U.S. dollar denominated fixed rate agency collateralized mortgage obligations publicly issued in the U.S. domestic market. Qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule, an original deal size for the collateral group of at least $500 million and a current outstanding deal size for the collateral group that is greater than or equal to 10% of the original deal size. Callable perpetual securities qualify provided they are at least one year from the first call date. Fixed-to floating rate securities also qualify provided they are callable within the fixed rate period and are at least one year from the last call prior to the date the bond transitions from a fixed to a floating rate security.
CLO - JPM CLO BBB Post-Crisis Discount Margin Index – Represents the discount margin of CLO BBB rated post crisis tranches.
CMBS - Bloomberg US Agg CMBS Total Return Value Unhedged USD - The Index measures the performance of investment grade commercial mortgage-backed securities, which are classes of securities that represent interests in pools of commercial mortgages.
Convertibles - BofA Merrill Lynch U.S. All Convertibles Index (VOSO) - The Merrill Lynch All Convertible Index is a rule driven index. which includes all bonds and preferred stocks of U.S.-registered companies, which have $50 million or more in aggregate market value and are convertibles in U.S. dollar-denominated common stocks, ADRs or cash equivalents.
Emerging Market Debt - ICE BofA Emerging Markets External Debt Sovereign & Corporate Index – The index tracks the performance of U.S. dollar- and Euro-denominated emerging markets sovereign and nonsovereign debt publicly issued within the major domestic and Eurobond markets.
ICE BAML ABS Index - This index is a subset of ICE BofAML US Fixed Rate Asset Backed Securities Index including all asset backed securities collateralized by anything other than auto loans, home equity loans, manufactured housing, credit card receivables and utility assets.
International Corporate Debt - S&P International Corporate Bond Index Total Return - S&P International Corporate Bond Index is an investable index of non-U.S. Dollar corporate bonds issued by non-U.S. investment grade issuers. The index seeks to measure the performance of corporate bonds issued in the non-U.S. Dollar G10 currencies.
Long Agency MBS - The BofA Merrill Lynch 10+ Year U.S. Agency CMO Index is a subset of The BofA Merrill Lynch U.S. Agency CMO Index including all securities with an average life greater than or equal to 10 years.
MBS - Bloomberg US MBS : Agency Fixed Rate MBS Total Return Index Value - The Index measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of the Government-Sponsored Enterprises (GSEs): Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).
Municipals - Bloomberg Municipal Bond Index Total Return Index Value - The Barclays Municipal Bond Index is considered representative of the broad market for investment grade, tax-exempt bonds with a maturity of at least one year.
S&P 500 Index - This unmanaged capitalization-weighted index of the stocks of the 500 largest publicly traded U.S. companies is designed to measure performance of the broad domestic economy through changes in the aggregate market value of the 500 stocks, which represent all major industries.
T-Bill - Citigroup 3 Month Treasury Bill Local Currency - The index is an unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues.
U.S. 10-year Treasury Yield - Is a one-security index comprising the most recently issued 10-year U.S. Treasury note or bond.
U.S. Credit - Bloomberg US Credit Index - Publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC-registered.
U.S. Government - Bloomberg US Aggregate Government Total Return - The Barclays Government Bond Index is an index that measures the performance of all public U.S. government obligations with remaining maturities of one year or more.
U.S. High Yield – Bloomberg US Agg Corporate High Yield Total Return Index Value - The Barclays U.S. Corporate High Yield Bond Index is a market value-weighted index which covers the U.S. non-investment grade fixed-rate debt market. The index is composed of U.S. dollar-denominated corporate debt in Industrial, Utility, and Finance sectors with a minimum $150 million par amount outstanding and a maturity greater than 1 year. The index includes reinvestment of income.

One cannot invest directly in an index.

Term Definitions

Agency MBS - Mortgages-Backed Securities are a type of bond backed by residential mortgages. Agency means they were issued by a Government Sponsored Enterprise.

Alt-A - A classification of mortgages with a risk profile falling between prime and subprime. These loans are usually issued to top credit quality borrowers with good credit histories. However, they usually have some high risks due to provision factors customized by the lender.

Asset-Backed Securities (ABS) - Investment securities, such as bonds or notes, that are collateralized by a pool of assets, such as loans, leases, credit card debt, royalties or receivables.

Cash Flow - Net amount of cash and cash equivalents being transferred into and out of a business. At the most fundamental level, a company's ability to create value for shareholders is determined by its ability to generate positive cash flows.

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 property.

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 is a measure of the sensitivity of the price -- the value of principal -- of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Bond prices are said to have an inverse relationship with interest rates. Therefore, rising interest rates indicate bond prices are likely to fall, while declining interest rates indicate bond prices are likely to rise.

Global Financial Crisis (GFC) - Severe worldwide economic crisis in 2007 and 2008 that was the most serious financial crisis since the Great Depression of 1929. The crisis was triggered by aggressive lending practices that targeted low-income homebuyers, excessive risk-taking by global financial institutions and the bursting of the U.S. housing bubble. Governments in response employed massive bailouts to financial institutions and enacted other financial and monetary policies. Some governments, including the United States, also imposed stricter oversight of the financial industry.

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.

Non-Agency MBS - Mortgages-Backed Securities are a type of bond backed by residential mortgages. Non-Agency means they were issued by a private issuer.

Non-Agency Residential Mortgage-Backed Security (RMBS) - Debt-based security (similar to a bond), backed by the interest paid on loans for residences. The interest on loans such as mortgages, home-equity loans and subprime mortgages is considered to be something with a comparatively low rate of default and a comparatively high rate of interest, since there is a high demand for the ownership of a personal or family residence. "Non-Agency" refers to RMBS not issued by the government-sponsored entities.

Non-Performing Loan (NPL) - A loan in which the borrower is in default due to the fact that they have not made the scheduled payments for a specified period. Although the exact elements of nonperforming status can vary depending on the specific loan's terms, "no payment" is usually defined as zero payments of either principal or interest.

Non-Qualified Mortgage (Non-QM) - Any home loan that doesn't comply with the Consumer Financial Protection Bureau's existing rules on qualified mortgages (QM). Usually this type of alternative mortgage loan accommodates people who are not able to prove they are capable of making the mortgage payments. A non-QM mortgage loan does not necessarily represent high or subprime mortgage risk. 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.

Prime - Prime is a classification of borrowers, rates or holdings in the lending market that are considered to be of high quality. This classification refers to loans made to high quality prime borrowers that are offered prime or relatively low interest rates.

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

Risk Retention Rule - The Dodd-Frank Act requires securitization sponsors to retain not less than a 5% share of the aggregate credit risk of the assets they securitize.

Single Asset, Single Borrower - 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.

Spread - The difference between the bid and the ask price of a security or asset. It can also refer to an options position established by purchasing one option and selling another option of the same class but of a different series.

Standard Deviation - A statistic that measures the dispersion of a dataset relative to its mean and is calculated as the square root of the variance. It is calculated as the square root of variance by determining the variation between each data point relative to the mean. If the data points are further from the mean, there is higher deviation within the data set; thus, the more spread out the data, the higher the standard deviation.

Subprime - A subprime mortgage is a type of mortgage that is normally issued by a lending institution to borrowers with low credit ratings. As a result of the borrower's lower credit rating, a conventional mortgage is not offered because the lender views the borrower as having a larger-than-average risk of defaulting on the loan. Lending institutions often charge interest on subprime mortgages at a rate that is higher than a conventional mortgage in order to compensate themselves for carrying more risk.

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

Z-score - A numerical measurement of a value's relationship to the mean in a group of values. If a Z-score is 0, it represents the score as identical to the mean score.

Awards and Accolades

Additional Information

DoubleLine Team

Financial Advisor IQ, Service Award Winner – Audio and Video Content (Bronze, 2022 and 2021), Macro Commentary (Silver, 2022) and Portfolio Managers Letters' (Silver, 2022).

Financial Advisor IQ Service Awards are based on the online votes of 903 financial advisors for 2021 and 742 for 2022, across brokerage, RIA and other channels, surveyed in April through June, 2021 and 2022.

Asset Benchmark Research Awards 2021 - Asian G3 Bond Category: DoubleLine Capital, Top Investment House-Asset Benchmark Research ranks the Top investment houses in Asian G3 bonds based on the number of votes won by their Astute Investors. The top-ranked house has garnered the most votes for Astute Investors and so on. All votes are also subject to a weighting methodology.

Chief Investment Officer Magazine, Asset Management and Servicing Winner - Fixed Income/Credit. CIO Magazine seeks nominations through its website. Received approximately 300 nominations. DoubleLine was nominated by CIOs themselves. The staff researches the nominees by, among other things, reaching out to "asset owners in the community." The magazine chose a list of finalists and then chose a winner based on recommendations from the CIOs.

Institutional Investor, U.S. Fixed Income – Core Plus Fixed Income. Institutional investor U.S. Fixed Income—Mortgage Backed Securities award winners are chosen by the editorial staff of Institutional Investor magazine based on their market intelligence, performance data and additional information received from the industry following a public call for nominations.

Institutional Investor, U.S. Fixed Income – Mortgage-Backed Securities. Institutional investor award winners are chosen by the editorial staff of Institutional Investor magazine based on their market intelligence, performance data and additional information received from the industry following a public call for nominations.

Risk Magazine, Institutional Investor of the Year. Institutional investor award winners are chosen by the editorial staff of Institutional Investor magazine based on their market intelligence, performance data and additional information received from the industry following a public call for nominations.

Risk Magazine, Asset Manager of the Year. Winners of the Risk Awards in the end-user categories were nominated because they demonstrate best practice in risk management/derivatives trades, have made significant improvements to risk management, have executed an innovative trade or, in the case of hedge funds, posted good returns in a difficult environment.

Deputy Chief Investment Officer, Jeffrey Sherman

Business Insider, 10 Must-Listen Investing Podcasts. Competiello, Christopher. "These 10 must-listen podcasts can help you master investing, from day-trading to real estate." Business Insider. 5 March, 2020. Opinion based article.

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.

Director of International Fixed Income, Luz Padilla

Barron's, 100 Most Influential Women in U.S. Finance. Barron's, 100 Most Influential Women in U.S. Finance. Honorees were chosen by a panel of Barron's writers and editors, based on external and Barron's nominations. It includes chief financial officers at major U.S. companies, leading executives at some of the nation's largest banks and brokerages, stellar investment managers and securities analysts, and public servants and policy makers.

Money Management Executive, Top 10 Women in Asset Management. Money Management Executive used a nomination process that sought industry participation. Editors then reviewed candidate qualifications in order to select the final choices. The 10 women chosen have made noteworthy contributions to their firms, the broader asset management industry and their communities.

Citywire, USA, 20 Top Female Portfolio Managers in the U.S. Citywire chose women who had top-quartile absolute returns in their discipline and the highest levels of risk-adjusted returns over the past three years.

Chief Investment Officer, Jeffrey Gundlach

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.

Bloomberg Markets Magazine, 50 Most Influential. Markets 50 Most Influential magazine editors favor recent accomplishments above lifetime achievements to build their list. They rely on the rankings, profiles, and cover stories they publish throughout the year in Bloomberg Markets.

Forbes, Most Powerful People. A panel of Forbes editors ranked all candidates in each of these four dimensions of power, and those individuals rankings were averaged into a composite score. 1) Power over lots of other people, 2) Financial resources controlled by each person measuring company's assets and revenues. 3) Powerful in multiple spheres or areas 4) Candidates actively using that power.

Institutional Investor, Money Manager of the Year. Manager winners are selected by the editors of the magazine based on the results of a survey conducted of U.S. institutional investors.

Morningstar, Finalist for Fixed Income Manager of the Decade. Manager of the Decade award considers the risks assumed to achieve those results and takes into account the strength of the manager, strategy and firm's stewardship.

Murray Coleman and Jonathan Burton. "Subprime woes aren't over, fund manager warns." Market Watch. Market Watch, Inc. 27 June 2007.

Investing involves risk. Loss of principal is possible.

Credit Quality Distribution

Credit Distribution is determined from the highest available credit rating from any Nationally Recognized Statistical Rating Agency ("NRSRO", generally S&P, Moody's and Fitch). DoubleLine displays credit ratings using S&P's rating convention, although the rating itself might be sourced from another NRSRO. In limited situations when the rating agency has not issued a formal rating, the rating agency will classify the security as unrated.

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Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. These are not the only tools used by the investment teams, are extremely sophisticated, may not always produce the intended results and are not intended for use by non-professionals.

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To receive a copy of DoubleLine's current Form ADV (which contains important additional disclosure information, including risk disclosures), please contact DoubleLine's Client Services.

Important Information Regarding DoubleLine's Investment Style

DoubleLine seeks to maximize investment results consistent with our interpretation of client guidelines and investment mandate. DoubleLine cannot guarantee that DoubleLine will outperform a client's specified benchmark or the market or that DoubleLine's risk management techniques will successfully mitigate losses. Additionally, the nature of portfolio diversification implies that certain holdings and sectors in a client's portfolio may be rising in price while others are falling or that some issues and sectors are outperforming while others are underperforming. Such out or underperformance can be the result of many factors, such as, but not limited to, duration/interest rate exposure, yield curve exposure, bond sector exposure, or news or rumors specific to a single name.

DoubleLine is an active manager and will adjust the composition of clients' portfolios consistent with our investment team's judgment concerning market conditions and any particular sector or security. The construction of DoubleLine portfolios may differ substantially from the construction of any of a variety of market indices. As such, a DoubleLine portfolio has the potential to underperform or outperform a bond market index. Since markets can remain inefficiently priced for long periods, DoubleLine's performance is properly assessed over a full multi-year market cycle.

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If any products are offered in Chile, they will be offered and sold only pursuant to General Rule 336 of the SVS, an exemption to the registration requirements, or in circumstances which do not constitute a public offer of securities in Chile within the meaning of Article 4 of the Chilean Law No. 18,045 on Securities Markets.

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Esta comunicación está dirigida a "Inversionistas Calificados" (según se define en la Norma de Carácter General N° 216 de la SVS).

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