

DoubleLine Shiller Enhanced CAPE® Webcast Recap

“It’s a Trap! Finding Value in Today’s Market”



Originally aired on September 27, 2016

About this Webcast Recap

On September 27, 2016, Portfolio Manager Jeffrey Sherman held a webcast discussing the DoubleLine Shiller Enhanced CAPE® (DSEEX/DSENX) (“The Fund”).

This recap is not intended to represent a complete transcript of the webcast. It is not intended as solicitation to buy or sell securities. If you are interested in hearing more of the team’s views, please listen to the full version of this webcast on www.doublelinefunds.com on the “Webcasts” tab under “Latest Webcast”. You can use the “Jump To” feature to navigate to each slide.

Month-End October 31, 2016	Oct	1-Year	3-Year	Since Inception Annualized (10-31-13 to 10-31-16)	Quarter End September 30, 2016	3Q 2016	1-Year	Since Inception Annualized (10-31-13 to 9-30-16)
I-share	-3.14%	12.04%	13.08%	13.08%	I-share	8.08%	26.40%	14.73%
N-share	-3.16%	11.79%	12.79%	12.79%	N-share	8.02%	26.12%	14.44%
S&P 500®	-1.82%	4.51%	8.84%	8.84%	S&P 500®	3.85%	15.43%	9.80%

As of September 30, 2016	I-Share	N-Share	As of September 30, 2016	I-Share	N-Share
Gross Expense Ratio	0.64%	0.89%	Gross SEC 30-Day Yield	2.52%	2.27%
			Net SEC 30-Day Yield	2.44%	2.18%

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 original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling 213.633.8200 or by visiting www.doublelinefunds.com.

Quarter End Returns as of September 30, 2016. Subject to change without notice.

The performance information shown assumes the reinvestment of all dividends and distributions.

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Recap

Performance

- Since inception (10-31-13 to 8-31-16), Shiller Enhanced CAPE® I-Share (DSEEX) has posted annualized returns of 14.58% versus the S&P 500 at 10.09%.

The “Double Value” Proposition in DSEEX

- The Shiller Enhanced CAPE® Fund (the Fund) seeks to create “double value” for investors by combining two distinct sources of value investing and allowing investors to simultaneously access returns of the equity markets and fixed income markets.
 - The Shiller Barclays CAPE U.S. Sector Index (smart beta) attempts to shift portfolio exposures to the “cheapest” sectors of the large cap equity market.
 - DoubleLine’s actively managed fixed income portfolio (smart alpha) strives to shift its exposures to the “cheapest” sectors of the fixed income markets.

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Smart Beta (Shiller Barclays CAPE U.S. Sector Total Return Index)

- A rules-based systematic process selects the five most undervalued sectors based on their relative cyclically-adjusted price-to-earnings (CAPE) ratio.
- A momentum filter is applied by removing the sector with the lowest 12-month return.
 - Helps avoid “value traps” or sectors that continue to get cheaper.
- The four remaining sectors are equally-weighted.
 - Equal-weighting to each sector ensures an allocation on a market cap-weighted basis, thus preserving the large cap nature of the portfolio.
 - Current sectors as of September 2016: Consumer Discretionary, Industrials, Energy, Technology.
- Sectors rebalance monthly.

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Why Shiller Barclays CAPE® U.S. Sector Total Return Index?

- The Index identifies and invests in relatively undervalued equity sectors.
- Does not rely on subjective forecasts.
- Uses a long-term estimate of value, avoiding short-term bias.
- Based on the rigorous research of Professor Robert Shiller and John Campbell, which in turn is based upon the value investing principles of Benjamin Graham and David Dodd.
- We believe it is an intelligent alternative to the capitalization-weighted portfolio of the S&P 500.

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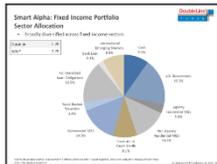
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Smart Alpha (Fixed Income Collateral Portfolio Managed by DoubleLine)

- Asset allocation decisions determined by DoubleLine’s Fixed Income Asset Allocation Committee led by Jeffrey Gundlach.
- Broadly diversified across fixed income sectors.
- The fixed income portfolio has generated a relatively consistent annualized return of 3.01% since inception (10/31/13 to 8/31/16).
- Characteristics as of 8/31/16:
 - Portfolio duration is 1.3 years.
 - Ratings Distribution
 - Investment Grade: 49.5%
 - U.S. Government: 18.3%
 - Agency: 3.8%

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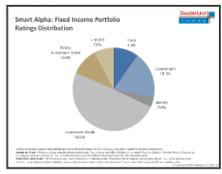
Smart Alpha (Fixed Income Collateral Portfolio Managed by DoubleLine) (continued)

- Below Investment Grade: 10.8%
- Unrated: 7.8%
- Cash: 9.9%

○ Sector Allocation

- U.S. Government: 18.3%
- Collateralized Loan Obligations (CLO): 16.5%
- Commercial Mortgage-Backed Securities (MBS): 14.9%
- Non-Agency MBS: 13.1%
- Cash: 9.9%
- Investment Grade Credit: 9.5%
- International Emerging Markets: 8.8%
- Agency Residential MBS: 3.6%
- Asset-Backed Securities (ABS): 3.4%
- Bank Loans: 2.1%

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Question and Answer

- Why is the duration of the Fund low?
 - We have kept the duration of the fixed income pool low.
- How do the swaps work?
 - We pay a fixed-rate fee to receive a floating-rate return on the Index.
 - Swaps are primarily structured to be long-dated and therefore they turn into longer-term capital assets, or longer-term capital gains.

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Definitions:

Alpha – A measure of performance on a risk-adjusted basis. Alpha takes the volatility (price risk) of a mutual fund and compares its risk-adjusted performance to a benchmark index.

Beta - Beta is the measure of a mutual funds' volatility in relation to the market. By definitions, the market has a beta of 1.0, and individual mutual funds are ranked according to how much they deviate from the market. A beta of above 1.0 means the fund swings more than the market. If the fund moves less than the market, the beta is less than 1.0.

Below Investment Grade - A term indicating that a security is rated below investment grade. These securities are seen as having higher default risk or other adverse credit events, but typically pay higher yields than better quality bonds in order to make them attractive. They are less likely to pay back 100 cents on the dollar.

Duration - A measure of the sensitivity of the price of a fixed income investment to a change in interest rates, expressed as a number of years.

Investment Grade - A level of credit rating for stocks regarded as carrying a minimal risk to investors. Ratings are based on corporate bond model. The higher the rating the more likely the bond will pay back par/100 cents on the dollar.

Market Cap - The market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share.

Shiller Barclays CAPE US Sector TR USD Index – A stock market index that incorporates the principles of long-term investing distilled by Dr. Robert Shiller and expressed through 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.

Shiller Barclays CAPE® Ratio - CAPE® stands for Cyclically Adjusted Price-Earnings. The CAPE® Ratio is a valuation metric that takes the current price of an equity or index divided by its inflation adjusted average of ten years of earnings.

S&P 500 Index - A stock market index designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.

One cannot invest directly in an index.

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Disclaimer

The fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectuses contain this and other important information about the investment company, and may be obtained by calling 1 (877) 354-6311/1 (877) DLine11, or visiting www.doublelinefunds.com. Read carefully before investing.

The DoubleLine Shiller Enhanced CAPE may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. In order to achieve its investment objectives, the Fund may use certain types of exchange traded funds or investment derivatives. Derivatives involve risks different from, and in certain cases, greater than the risks presented by more traditional investments. Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous. Investing in derivatives could lose more than the amount invested. ETF investments involve additional risks such as the market price trading at a discount to its net asset value, an active secondary trading market may not develop or be maintained, or trading may be halted by the exchange in which they trade, which may impact a fund's ability to sell its shares.

Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in Asset-Backed and Mortgage-Backed securities include additional risks that investors should be aware of including credit risk, prepayment risk, possible illiquidity and default, as well as increase susceptibility to adverse economic developments. Investments in lower-rated and non-rated securities present a greater risk of loss to principal and interest than higher-rated securities. The Fund may also invest in securities related to real estate, which may decline in value as a result of factors affecting the real estate industry.

Equities may decline in value due to both real and perceived general market, economic and industry conditions. The fund may make short sales of securities, which involves the risk that losses may exceed the original amount invested.

Credit Distribution is determined from the highest available credit rating from any Nationally Recognized Statistical Rating Organization (S&P, Moody's and Fitch).

Diversification does not assure a profit or protect against loss in a declining market..

Fund Holdings and sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security.

Opinions expressed are subject to change at any time, are not forecasts and should not be considered investment advice.

While the Funds are no-load, management fees and other expenses still apply.

Any tax or legal information provided is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation. Neither the Fund nor any of its representatives may give legal or tax advice.

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