Quarterly Commentary

Infrastructure Income Fund

BILDX/BILTX

September 30, 2016

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Overview

During the third quarter, investors paid close attention to changes in monetary policy at the world's largest central banks. Although the Federal Reserve (Fed) voted to keep the Fed Funds Rate unchanged, it was the Bank of Japan (BoJ) that brought into question the efficacy of additional monetary action. With the BoJ fast approaching the limits of quantitative easing (QE), Governor Kuroda announced a new twist to the current program after a combination of bond purchases to the sum of ¥80 trillion[1] per year and negative rates has failed to spur inflation and growth. Instead, the bank has decided to move forward with quantitative and qualitative easing with yield control in a last effort to steepen the yield curve and promote growth. The move is further confirmation that monetary policy has failed to produce the desired results and could be one step closer to unprecedented, helicopter money.

While central bankers debated future policy action, U.S. Treasuries (UST) experienced a backup in yields as the 10-year ended the quarter at 1.60%, up nearly 30 basis points (bps) from its all-time lows. As Mr. Gundlach called for higher rates at the start of the third quarter, we believe the UST yields are still likely to move higher during the fourth quarter as the Fed risks losing all credibility if they are unable to implement a single rate hike this year. We place the odds of a 2016 rate hike at 50/50 acknowledging the possibility that the Fed could surprise the market participants in an effort to stick to their infamous "Dot Plot Projection" which has capitulated since the start of the year. In addition to Fed rhetoric, notable increases across multiple inflation measures, such as the PriceStats U.S. Aggregate Inflation Rate, Consumer Price Index (CPI), U.S. Future Inflation Gauge (FIG) and Average Hourly Earnings, have also begun to put upward pressure on future UST breakeven rates. As such, we ended the quarter with a more favorable outlook toward Treasury Inflation-Protected Securities (TIPS) relative to nominal, particularly if rates and inflation expectations continue to move higher.

Finally, as we move into the fourth quarter, attention is likely to fall on the U.S. presidential election. With both candidates locked in a tight race, volatility is likely to increase as the market reacts to any undesired outcome that may be projected by the mainstream media. As we approach Election Day on November 8th, we remain conservatively positioned in a market environment that is complacent and delicately balanced on the concept of low rates forever.

Infrastructure

- For the month of September we have seen a healthy number of new issues in the corporate sectors. The most notable were a $1 billion issue from American Tower, $1.5 billion issue from Sabine Pass and $2 billion issue for the construction of a new airport in Mexico City.
- On the Asset-Backed Securities (ABS) side, the secondary market was active while new issue market was relatively muted. One new issue, a Property Assessed Clean Energy (PACE) transaction priced and we expect the rest of the year to be more active on the ABS primary market especially in the Aircraft and Telecom sector.
- Spreads on Utility issues widened by 2 bps during the month and tightened by 13 bps year-to-date (YTD). New issuance in the U.S. Utility sector totaled $8 billion in September and $57 billion YTD. Alternatively, the JP Morgan U.S. Liquid Index (JULI) as a whole tightened 14 bps for the month of September and tightened 15 bps YTD.

1. Approximately $782 billion U.S. Dollar as of September 30, 2016

Fund Performance

Month-End Returns September 30, 2016	September	Year-to-Date	Since Inception (4-1-16 to 9-30-16)
I-share	0.28%	-	3.55%
N-share	0.26%	-	3.42%
Benchmark[1]	-0.06%	-	2.73%

Quarter-End Returns September 30, 2016	3Q16	Year-to-Date	Since Inception (4-1-16 to 9-30-16)
I-share	1.35%	-	3.55%
N-share	1.37%	-	3.42%
Benchmark[1]	0.46%	-	2.73%

Expense Ratio	Gross	Net[2]
I-share	1.18%	0.66%
N-share	1.43%	0.91%

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. Short term performance, in particular, is not a good indication of the fund's future performance, and an investment should not be made based solely on returns.

1. Benchmark - Bloomberg Barclays U.S. Aggregate Bond Index - An index that represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US 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. One cannot invest directly in an index. 2. The advisor has contractually agreed to waive fees and reimburse expenses through April 1, 2018.

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

Performance Attribution

The DoubleLine Infrastructure Income Fund outperformed its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, for the 3-month period ended September 30, 2016. Despite the fact that the Fund was ramped in a timely fashion, a large cash inflow immediately before the surprise UK referendum vote in late June caused the Fund to have a larger cash position than what would have been optimal. Once it was clear the citizens of the UK voted to exit the European Union, uncertainty about the ramifications of this monumental vote resulted in a flight to quality amongst market participants. Investment grade credit spreads tightened and rates rallied as investors sought safer assets. Infrastructure bond issues in Emerging Markets were the best performing holdings within the Fund for the period, while Asset-Backed Securities showed positive but only modest returns. Domestic infrastructure issues fared well showing spread tightening consistent with the Index.

DoubleLine®

DoubleLine Infrastructure Income Fund
Ticker: BILDX/BILTX
As of September 30, 2016

Fund Statistics

Portfolio Characteristics	
# of Issues	52
Ending Market Value	$ 84,771,468
Duration[1]	5.80
Weighted Avg Life[2]	8.17

Sector Breakdown	
(Percent of Portfolio)	
Corporate Bonds	33.25%
Structured Products	35.43%
Project Bonds	29.79%
Cash & Accrued	1.54%
Total	**100.0%**

Duration Breakdown[1]	
(Percent of Portfolio)	
Less than 1	1.5%
1 to 3 years	28.1%
3 to 5 years	10.3%
5 to 7 years	8.9%
7 to 10 years	41.4%
10+ years	9.9%
Total:	**100.0%**

Country Breakdown	
(Percent of Portfolio)	
United States	68.7%
Chile	6.6%
Mexico	6.5%
Peru	5.9%
Colombia	4.7%
Australia	4.3%
Cash	1.5%
Israel	1.4%
Canada	0.2%
Total:	**100.0%**

Industry Breakdown	
(Percent of Portfolio)	
Transportation	50.3%
Power	22.2%
Energy	10.4%
Telecommunication	8.7%
Renewables	3.1%
Water & Sewer	2.5%
Cash	1.5%
ETFs	1.4%
Total	**100.0%**

Current Quality Credit Distribution[3]	
(Percent of Portfolio)	
Cash & Accrued	1.5%
AAA	0.0%
AA	3.1%
A	56.8%
BBB	38.6%
BB	0.0%
B and Below	0.0%
Not Rated	0.0%
Total:	**100.0%**

Current Currency Exposure	
(Percent of Portfolio)	
U.S. Dollar-Denominated	100.0%
Total	**100.0%**

SEC 30-Day Yield	*I-share*	*N-share*
Gross	2.93%	2.67%
Net	3.20%	2.95%

Past performance is not a guarantee of future results.

1. Duration - A commonly used measure of the potential volatility of the price of a debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration. 2. Weighted Average Life - The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. 3. 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 chooses to display credit ratings using S&P's rating convention, although the rating itself might be sourced from another NRSRO. Sector allocations are subject to change at any time and should not be considered a recommendation to buy or sell any security. Portfolio holdings generally are made available fifteen days after month-end by calling 1-877-DLine11. The source for the information in this report is DoubleLine Capital, which maintains its data on a trade date basis.

Definitions

Bloomberg Barclays U.S. Aggregate Bond Index - An index that represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US 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. It is not possible to invest directly in an index.

Basis Point -A basis point (bps) equals to 0.01%.

Consumer Price Index (CPI) - A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, fo od and medical care. The CPI is calculated by taking price changes for each item in the predetermined basket of goods and averaging them; the goods are weighted according to their importance. Changes in CPI are used to assess price changes associated with the cost of living.

Investment Grade - Refers to a bond considered investment grade if its credit rating is BBB– of higher by Standard & Poor's or Baa3 or higher by Moody's. Ratings are based on a corporate bond model. The higher the rating the more likely the bond will pay back par/100 cents on the dollar.

JP Morgan U.S. Liquid Index (JULI) - An index that measures the performance of the Investment Grade dollar-denominated corporate bond market.

PriceStats U.S. Aggregate Inflation Rate - A daily measure of the inflation derived from prices posted to public websites by online retailers.

U.S. Future Inflation Gauge (FIG) - A forward-looking measure of cyclical peaks and troughs in overall inflation.

An investment cannot be made in an index.

Disclaimers

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 1(877)354-6311/1(877)DLINE11, or visiting www.doublelinefunds.com. Read it carefully before investing.

Mutual fund investing involves risk; Principal loss is possible. Investments in debt securities typically decrease when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in lower-rated and non-rated securities present a great risk of loss to principal and interest than higher rated 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 increased susceptibility to adverse economic developments. Investments in foreign securities involve political, economic, and currency risks, greater volatility, and differences in accounting methods. These risks are greater for investments in emerging markets. The Infrastructure Income Fund may use certain types of investment derivatives. 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. 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. The value of the Fund's infrastructure investments may be entirely dependent upon the successful development, construction, maintenance, renovation, enhancement or operation of infrastructure-related projects. Accordingly, the Fund has significant exposure to adverse economic, regulatory, political, legal, demographic, environmental, and other developments affecting the success of the infrastructure investments in which it directly or indirectly invests. The Fund is non-diversified meaning it may concentrate its assets in fewer individual holdings than a diversified fund.

As of September 30, 2016 DoubleLine Infrastructure Income Fund held 0.03% in American Tower, 0.00% in Sabine Pass and 0.00% in PACE. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

Important Information Regarding This Report

Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. Such charts 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.

DoubleLine has no obligation to provide revised assessments in the event of changed circumstances. While we have gathered this information from sources believed to be reliable, DoubleLine cannot guarantee the accuracy of the information provided. Securities discussed are not recommendations and are presented as examples of issue selection or portfolio management processes. They have been picked for comparison or illustration purposes only. No security presented within is either offered for sale or purchase. DoubleLine reserves the right to change its investment perspective and outlook, as well as portfolio construction, without notice as market conditions dictate or as additional information becomes available. This material may include statements that constitute "forward-looking statements" under the U.S. securities laws. Forward-looking statements include, among other things, projections, estimates, and information about possible or future results related to a client's account, or market or regulatory developments.

Ratings shown for various indices reflect the average for the indices. Such ratings and indices are created independently of DoubleLine and are subject to change without notice.

Important Information Regarding Risk Factors

Investment strategies may not achieve the desired results due to implementation lag, other timing factors, portfolio management decision-making, economic or market conditions or other unanticipated factors. The views and forecasts expressed in this material are as of the date indicated, are subject to change without notice, may not come to pass and do not represent a recommendation or offer of any particular security, strategy, or investment. Past performance (whether of DoubleLine or any index illustrated in this presentation) is no guarantee of future results. You cannot invest in an index.

Important Information Regarding DoubleLine

In preparing the client reports (and in managing the portfolios), DoubleLine and its vendors price separate account portfolio securities using various sources, including independent pricing services and fair value processes such as benchmarking.

To receive a complimentary copy of DoubleLine's current Form ADV (which contains important additional disclosure information), a copy of the DoubleLine's proxy voting policies and procedures, or to obtain additional information on DoubleLine's proxy voting decisions, 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. While DoubleLine seeks to maximize returns for our clients consistent with guidelines, DoubleLine cannot guarantee that DoubleLine will outperform a client's specified benchmark. 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 client's portfolios consistent with our investment team's judgment concerning market conditions and any particular security. The construction of DoubleLine portfolios may differ substantially from the construction of any of a variety of bond 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.

Important Information Regarding Client Responsibilities

Clients are requested to carefully review all portfolio holdings and strategies, including by comparing the custodial statement to any statements received from DoubleLine. Clients should promptly inform DoubleLine of any potential or perceived policy or guideline inconsistencies. In particular, DoubleLine understands that guideline enabling language is subject to interpretation and DoubleLine strongly encourages clients to express any contrasting interpretation as soon as practical. Clients are also requested to notify DoubleLine of any updates to Client's organization, such as (but not limited to) adding affiliates (including broker dealer affiliates), issuing additional securities, name changes, mergers or other alterations to Client's legal structure.