DoubleLine®

Quarterly Commentary

Floating Rate Fund

DBFRX/DLFRX

March 31, 2017

333 S. Grand Ave., 18th Floor || Los Angeles, CA 90071 || (213) 633-8200

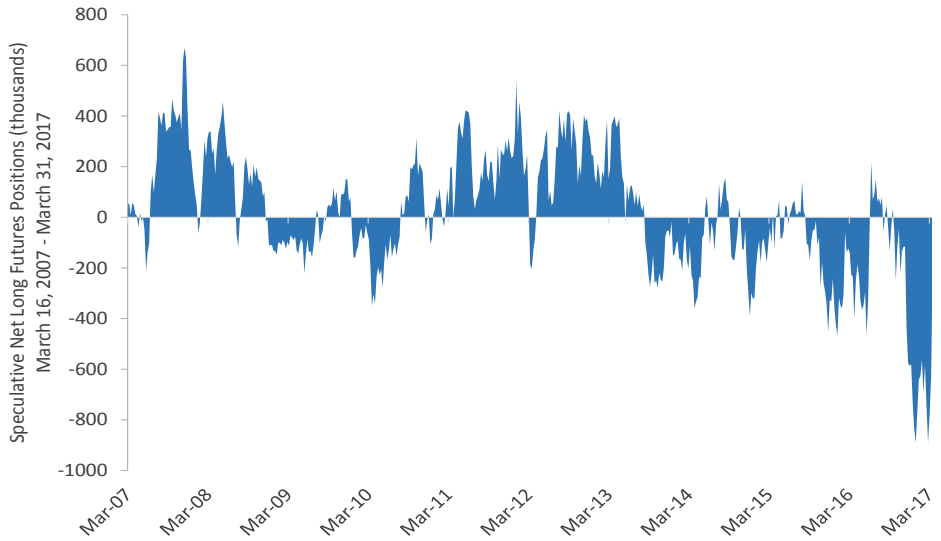
Overview

The first two months of the quarter were, for the most part, a continuation of the post-election rally as risk assets continued to see demand from investors. Additionally, several economic indicators such as the Purchasing Manufacturing Indices (PMI) and Citigroup Economic Surprise Indices across developed markets (DM) validated a global economic upturn. However, the month of March introduced the widely anticipated Federal Reserve ("Fed") rate hike, inflation above 2% and a failed healthcare reform bill, leading many to wonder what would follow.

At the start of the year, Mr. Gundlach called for a move lower in the 10-year U.S. Treasury (UST) yield which was likely to be met by at least two if not three rates hikes during 2017. While many economists were calling for increased UST yields, data supported the possibility of a move lower. During the first quarter UST speculative positioning as reported by the Commodity Futures Trading Commission (CFTC), showed that investors were net short Treasury futures at the highest level in years. With investors piling on to a one-sided trade, an unwinding of these positions could only add to demand.

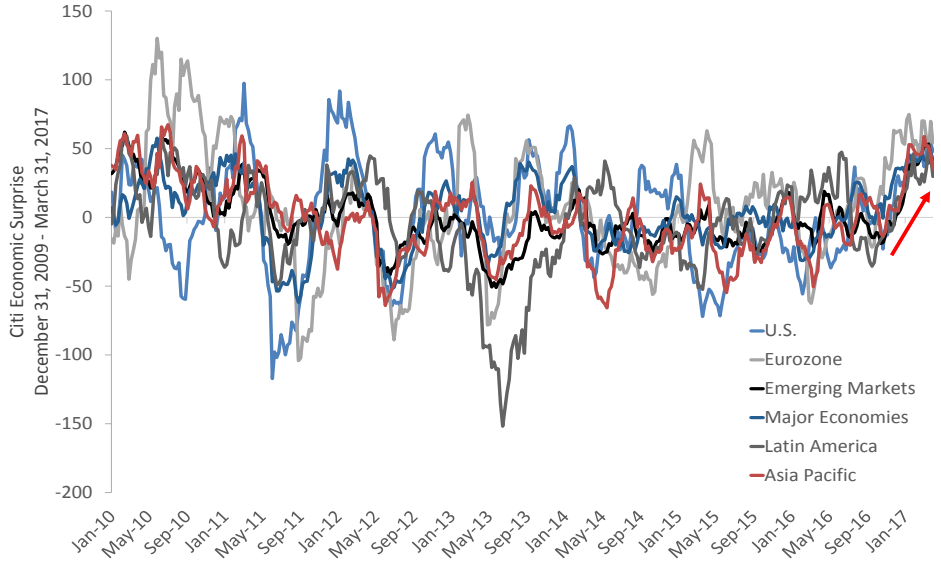
As investors began to take down short positions through March, we have also kept an eye on inflation as it appears to be peaking out over the month of April especially as the base effects from energy begin to roll off. As such, it is our belief that the Headline Consumer Price Index (CPI) could peak around 2.9% and then trend lower as we head into summer months, a move that could also be supportive of lower rates over the near-term. Of course, investors should continue to pay close attention to rhetoric from the Fed and the first quarter's Gross Domestic Product (GDP). A rate hike in June, coupled with a stronger first quarter GDP, could once again push yields higher. As of March 31st, the 10-year UST yield was 2.39%, some 20 basis points (bps) lower than the December 2016 high and we could see yields fall to the 2.20% range.

Commitment of Traders Report Treasury Speculative Positioning
March 16, 2007 to March 31, 2017



Source: DoubleLine, Bloomberg

Upturn in Select Citigroup Economic Surprise Indices*
January 1, 2010 to March 31, 2017



Source: DoubleLine, Bloomberg
*U.S., Eurozone, Emerging Markets, Major Economies, Latin America & Asia Pacific represent subindices of the Citigroup Economic Surprise Index. Please see appendix for index definition.

Bank Loans

- The S&P/LSTA Leveraged Loan Index posted a positive return of 1.15% in the first quarter 2017, comprised of a market value decline of 0.02% and an interest return of 1.16%. In March, the Index grew 0.08%, marking the thirteenth consecutive month with a positive return although at a moderated pace from January and February. The loan market experienced some volatility in March driven by concerns about Trump's policy agenda after the failure of healthcare reform and declines in the price of oil. The market value of the Index excluding interest was down 0.31% in March, the first negative reading since November 2016.
- CCC-rated names performed well in the first quarter, rising 5.02% and outperforming the B-rated return of 1.14% and the BB-rated return of 0.66%. CCC-rated names underperformed other ratings categories in March, however, declining 0.43% as there was some flight to quality. Second lien notes outperformed the market in both the first quarter rising 3.61% and in March rising 0.53%.
- In March, the Oil & Gas sector lost 2.44%, falling with oil in the first negative reading since February 2016. The Retail sector declined for the fifth consecutive month down 0.70% as the industry continued to struggle with secular migration to online purchasing.
- The technical backdrop should remain favorable. Almost 67% of the performing market was bid above par at the end of March, down slightly from the average bid price to start the year of 68%. March was a busy month for new issuance, with $56.1 billion in deals (most of which were refinancings), but inflows to the asset class continued. According to Lipper, $3.3 billion flowed in to U.S. loan funds in the four weeks through March 29th, and collateralized loan obligation (CLO) formation continued to be strong.

Fund Performance

Month-End Returns March 31, 2017	March	Year-to-Date	Annualized 1-Year	Annualized 3-Year	Since Inception (2-1-13 to 3-31-17)	1-Yr Std Deviation[2]
I-share	0.00%	0.57%	4.99%	2.77%	2.93%	1.21%
N-share	-0.02%	0.51%	4.73%	2.54%	2.73%	1.21%
Benchmark[1]	0.08%	1.15%	9.72%	3.57%	3.88%	1.93%

Quarter-End Returns March 31, 2017	1Q17	Year-to-Date	Annualized 1-Year	Annualized 3-Year	Since Inception (2-1-13 to 3-31-17)
I-share	0.57%	0.57%	4.99%	2.77%	2.93%
N-share	0.51%	0.51%	4.73%	2.54%	2.73%
Benchmark[1]	1.15%	1.15%	9.72%	3.57%	3.88%

Calendar Year Returns	2016	2015	2014	2013[3]
I-share	5.29%	1.60%	1.56%	3.19%
N-share	5.02%	1.35%	1.40%	3.11%
Benchmark[1]	10.16%	-0.69%	1.60%	4.21%

Expense Ratio	Gross
I-share	0.66%
N-share	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. Performance data does not reflect the 1% redemption fee on shares held less than 90 days and if deducted the fee would reduce the performance data quoted. Performance data current to the most recent month-end may be obtained by calling 213-633-8200 or by visiting www.doubleline.com.

1. Benchmark: S&P/LSTA Leveraged Loan Index = Index is comprised of non-investment grade and non-rated loans and strips our defaulted issue at the price directly following the default. You cannot invest directly in an index. 2. Standard Deviation = A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Calculated by the square-root of the variance. 3. The Fund's inception date is 2-1-2013, thus the calendar year performance for 2013 is an unannualized partial year return.

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

Performance Attribution

The DoubleLine Floating Rate Fund underperformed the S&P LSTA Leveraged Loan Index return of 1.15%. The Fund retained its defensive posture with an underweight position in CCC-loans, a bias that detracted from performance given the 5.02% return of the CCC-only Index in the quarter. Similarly, the Fund was underweight second lien term loans at a time when the second lien index returned 3.61%. The best-performing sector was Oil & Gas, which returned 4.70%. The Fund held an underweight position in this sector but added some exposure as the quarter progressed. The Fund's small position in high yield (HY) bonds was accretive to performance driven by strength in the HY market, while the small cash position was dilutive to overall performance.

DoubleLine®

DoubleLine Floating Rate Fund
Ticker: DBFRX/DLFRX
As of March 31, 2017

Fund Statistics

Portfolio Characteristics	
# of Issues	159
Ending Market Value	$425,694,436
Market Price[1]	$100.20
Duration[2]	0.36
Weighted Avg Life[3]	5.57

Top 10 Sectors	
Healthcare	12.79%
Computers & Electronics	9.78%
Leisure Goods/Activities/Movies	7.07%
Retailers (Except Food & Drug)	5.88%
Chemicals & Plastics	5.65%
Food Products	4.13%
Industrial Equipment	3.75%
Business Equipment & Services	3.53%
Building & Development	3.48%
Surface Transport	2.99%
Total	**59.06%**

Top 10 Issuers	
Peabody Energy	1.36%
AlixPartners LLP	1.34%
Eldorado Resorts	1.33%
Albertson's LLC	1.15%
Leslie's Pool Supplies	0.99%
Cyxtera Technologies	0.99%
Acadia Healthcare Inc	0.99%
JDA Software Group	0.99%
Federal-Mogul	0.99%
Genesys Telecommunications	0.98%
Total	**11.11%**

Asset Mix	
Floating Rate Loans	93.03%
Cash & Equivalents	2.25%
U.S. Corporate High Yield	4.01%
CLO	0.70%
Total	**100.00%**

Current Quality Credit Distribution[4]	
(Percent of Portfolio)	
Cash	2.25%
AAA	0.00%
AA	0.00%
A	0.00%
BBB	4.33%
BB	36.73%
B	55.11%
CCC and Below	1.09%
Unrated Securities	0.48%
Total:	**100.0%**

SEC 30-Day Yield	*I-share*	*N-share*
Gross	3.77%	3.52%
Net[5]	3.77%	3.52%

Past performance does not guarantee future results.

1. Market Price = The weighted average of the prices of the Fund's portfolio holdings. While a component of the fund's Net Asset Value, it should not be confused with the Fund's NAV. 2. 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. 3. Weighted Average Life (WAL) = The average number of years for which each dollar of unpaid principal on a loan or mortgage remains outstanding. 4. 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. 5. If a Fund invested in an affiliate Fund sponsored by the Adviser during the period covered by this report the Adviser agreed to not charge a management fee to the Fund in an amount equal to the investment advisory fees paid by the affiliated Fund in respect of the Fund's investment in the affiliated fund to avoid duplicate charge of the investment advisory fees to the investors.

AAA to BBB - Bond rating firms, such as Standard & Poor's, identify AAA – AA as having the highest credit quality. A to BBB as medium credit quality. These are considered Investment Grade. The higher the rating the more likely the bond will pay back par/100 cents on the dollar.

BB and Below = Bonds rated BB and below are considered low credit quality, commonly referred to as "junk bonds". These are less likely to pay back par/100 cents on the dollar.

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

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

Citigroup Economic Surprise Index - The Citigroup Economic Surprise Indices are objective and quantitative measures of economic news. They are defined as weighted historical standard deviations of data surprises (actual releases vs Bloomberg survey median). A positive reading of the Economic Surprise Index suggests that economic releases have on balance beating consensus. The indices are calculated daily in a rolling three-month window. The weights of economic indicators are derived from relative high-frequency spot FX impacts of 1 standard deviation data surprises. The indices also employ a time decay function to replicate the limited memory of markets.

Consumer Price Index (CPI) - A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food 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.

Institute for Supply Management Manufacturing Purchasing Managers Index (ISM PMI) - An index made up of data from 300 manufacturing firms collected by the Institute of Supply Management (ISM). It indicates the economic health of the manufacturing sector.

Institute for Supply Management Non-Manufacturing Purchasing Managers Index (ISM NMI) - An index made up of data from 400 non-manufacturing firms collected by the Institute of Supply Management (ISM).

S&P/LSTA Leveraged Loan Index -The capitalization-weighted syndicated loan indices are based upon market weightings, spreads and interest payments, and this index covers the U.S. market back to 1997 and currently calculates on a daily basis.

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 prospectuses contain this and other important information about the investment company, and it may be obtained by calling 1 (877) 354-6311/ 1 (877) DLINE11, or visiting www.doublelinefunds.com. Read it carefully before investing.

While the Fund is no-load, management fees and other expenses still apply.

Please refer to the prospectus for further details.

Mutual fund investing involves risk; Principal loss is possible. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in floating rate securities include additional risks that investors should be aware of such as credit risk, interest rate risk, possible illiquidity and default, as well as increased 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. 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 foreign securities may involve political, economic and currency risks, greater volatility 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 more 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 ex-change in which they trade, which may impact the fund's ability to sell its shares. 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.

Fund portfolio characteristics and holdings are subject to change without notice. The Advisor may change its views and forecasts at anytime, without notice.

Credit ratings from Moody's range from the highest rating of Aaa for bonds of the highest quality that offer the lowest degree of investment risk to the lowest rating of C for the lowest rated class of bonds. Credit ratings from Standard & Poor's (S&P) range from the highest rating of AAA for bonds of the highest quality that offer the lowest degree of investment risk to the lowest rating of D for bonds that are in default. Adverse economic conditions or changing circumstances, however, are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation according to S&P's methodology.

Sector allocations are subject to change at any time and should not be considered a recommendartion 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.

Disclaimers

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.