

# So Far, So Good

**Live Webcast hosted by:**

**Jeffrey Gundlach**

Chief Executive Officer

**December 5, 2017**



## Total Return Bond Fund

Retail and Institutional Class		
No Load Mutual Fund		
	Retail N-share	Inst. I-share
Ticker	<u>DLTNX</u>	<u>DBLTX</u>
Min Investment	\$2,000	\$100,000
Min IRA Investment	\$500	\$5,000
Gross Expense Ratio	0.73%	0.48%

**The Funds’ investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory prospectus and summary prospectus (if available) contains this and other important information about the Funds, and it may be obtained by calling 1 (877) 354-6311/ 1 (877) DLINE11, or visiting [www.doublelinefunds.com](http://www.doublelinefunds.com). Read it carefully before investing.**

*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 Asset-Backed and Mortgage-Backed Securities include additional risks that investors should be aware of such as credit risk, prepayment 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. The Fund may use certain types of investment derivatives. Derivatives involve risks different from, and in certain cases, greater than the risks presented by higher-rate securities. The DoubleLine Total Return Bond Fund intends to invest more than 50% of its net assets in mortgage-backed securities of any maturity or type. The Fund therefore, potentially is more likely to react to any volatility or changes in the mortgage-backed securities marketplace.*

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

DoubleLine Funds are distributed by Quasar Distributors, LLC.

While the Funds are no-load, management fees and other expenses still apply. Please refer to the prospectus for further details.

Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

# DoubleLine Total Return Bond Fund Performance



Fund Performance							
Month-End Returns			Annualized				1-Yr Std Deviation <sup>1</sup>
October 31, 2017	October	Year-to-Date	1-Year	3-Year	5-Year	Since Inception	
I-share	0.02%	3.58%	2.04%	2.94%	3.06%	6.50%	2.31%
N-share	0.09%	3.36%	1.87%	2.69%	2.82%	6.24%	2.20%
Benchmark	0.06%	3.20%	0.90%	2.40%	2.04%	3.61%	3.04%
Quarter-End Returns			Annualized				
September 30, 2017	3Q17	Year-to-Date	1-Year	3-Year	5-Year	Since Inception	
I-share	1.08%	3.56%	1.66%	3.15%	3.10%	6.57%	
N-share	0.92%	3.27%	1.41%	2.90%	2.84%	6.30%	
Benchmark	0.85%	3.14%	0.07%	2.71%	2.06%	3.65%	
Calendar Year Returns		2016	2015	2014	2013	2012	2011
I-share		2.17%	2.32%	6.73%	0.02%	9.16%	9.51%
N-share		1.92%	2.07%	6.47%	-0.23%	9.00%	9.16%
Benchmark		2.65%	0.55%	5.97%	-2.02%	4.12%	7.84%

SEC 30-Day Yield	I-Share	N-Share
Gross	3.48%	3.23%
Net	3.48%	3.23%

	I-share	N-share
Gross Expense Ratio	0.48%	0.73%

*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 current to the most recent month-end may be obtained by calling 213-633-8200 or by visiting [www.doublelinefunds.com](http://www.doublelinefunds.com).*

- Benchmark = Bloomberg Barclays US Aggregate Index 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. Please see appendix for further definition. It is not possible to invest directly in an index.
1. Standard deviation measures the extent of deviation/variation or dispersion for a set of data.

# Webcast Announcements



[2018 Webcast Schedule available on www.doublelinefunds.com](http://www.doublelinefunds.com)

## [“Just Markets” 2018 Outlook Webcast – January 9, 2018](#)

Jeffrey Gundlach, DoubleLine CEO & CIO will discuss his outlook for the markets for 2018

Go to [www.doubleline.com](http://www.doubleline.com), Home page under “Events”

1:15 pm PDT/4:15 pm EDT

## [Emerging Markets & Low Duration Emerging Markets Webcast – February 13, 2018](#)

DoubleLine Emerging Markets Portfolio Management team will discuss the Emerging Market Bond Fund and the Low Duration Emerging Markets Bond Fund

Go to [www.doublelinefunds.com](http://www.doublelinefunds.com), Home page under “Events”

1:15 pm PDT/4:15 pm EDT

## [Infrastructure Webcast – February 27, 2018](#)

Jeffrey Gundlach will discuss DoubleLine’s Total Return Bond Fund

Go to [www.doublelinefunds.com](http://www.doublelinefunds.com), Home page under “Events”

1:15 pm PDT/4:15 pm EDT

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# Other Announcements



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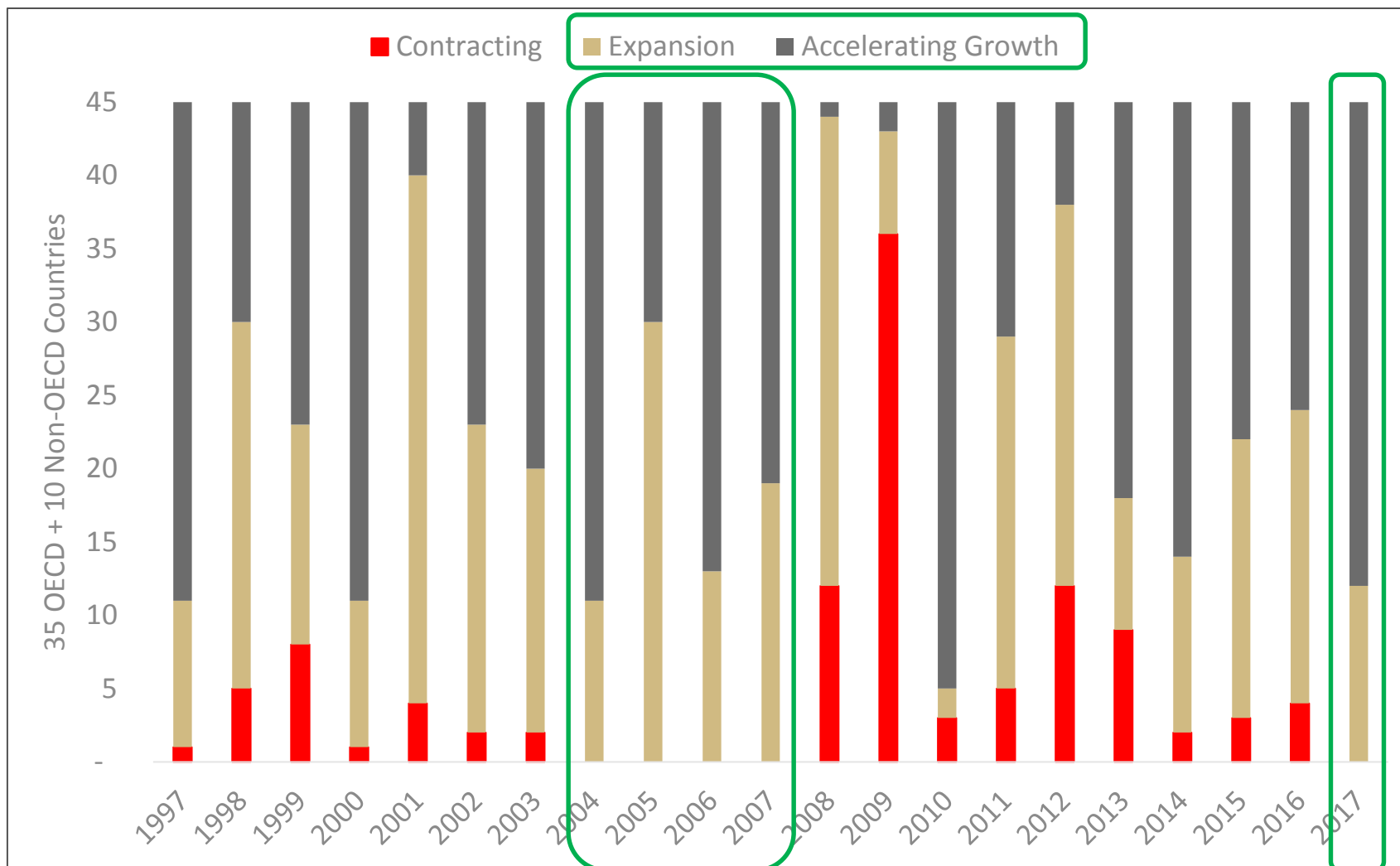
**Advisor Use Only Webpage** Now Available on [doublelinefunds.com](http://doublelinefunds.com)

Sign up and a password will be sent to you once we have verified you are a registered rep

# TAB I

## Global Economy

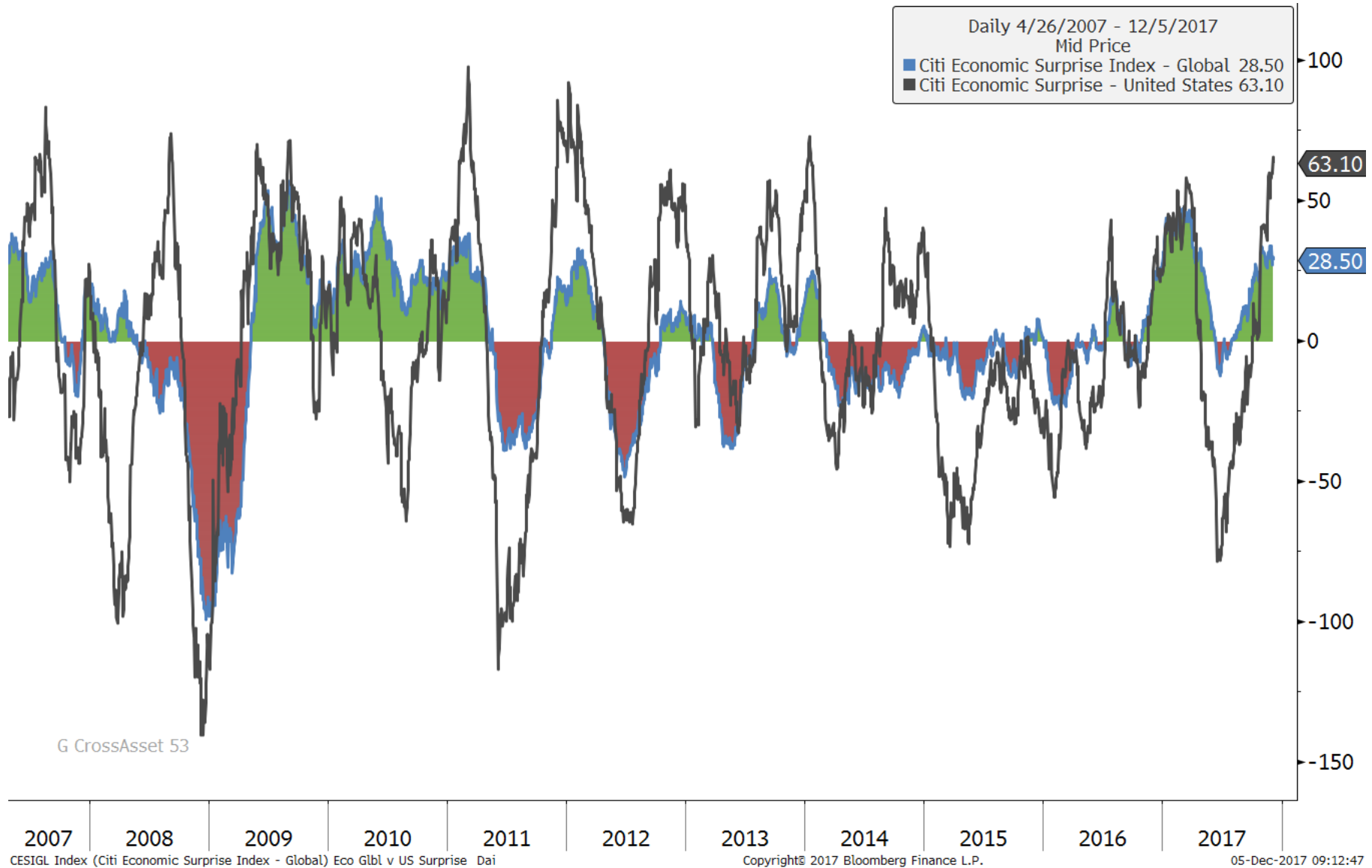
# OECD Expansion Contraction Growth Indicator



Note: 35 OECD + 10 Non-OECD Countries  
 Contracting = Negative Growth YoY  
 Expansion = Positive Growth YoY  
 Accelerating Growth – Increasing YoY Growth

Source: Organization of Economic Development (OECD), DoubleLine  
 As of 9/25/17  
 YoY = year-over-year

# Citi Economic Global Surprise Index



Source: Bloomberg, DoubleLine

The Citigroup Economic Surprise Index measures the economic news defined by standard deviations of data surprises vs. Bloomberg survey. You cannot invest directly in an index.

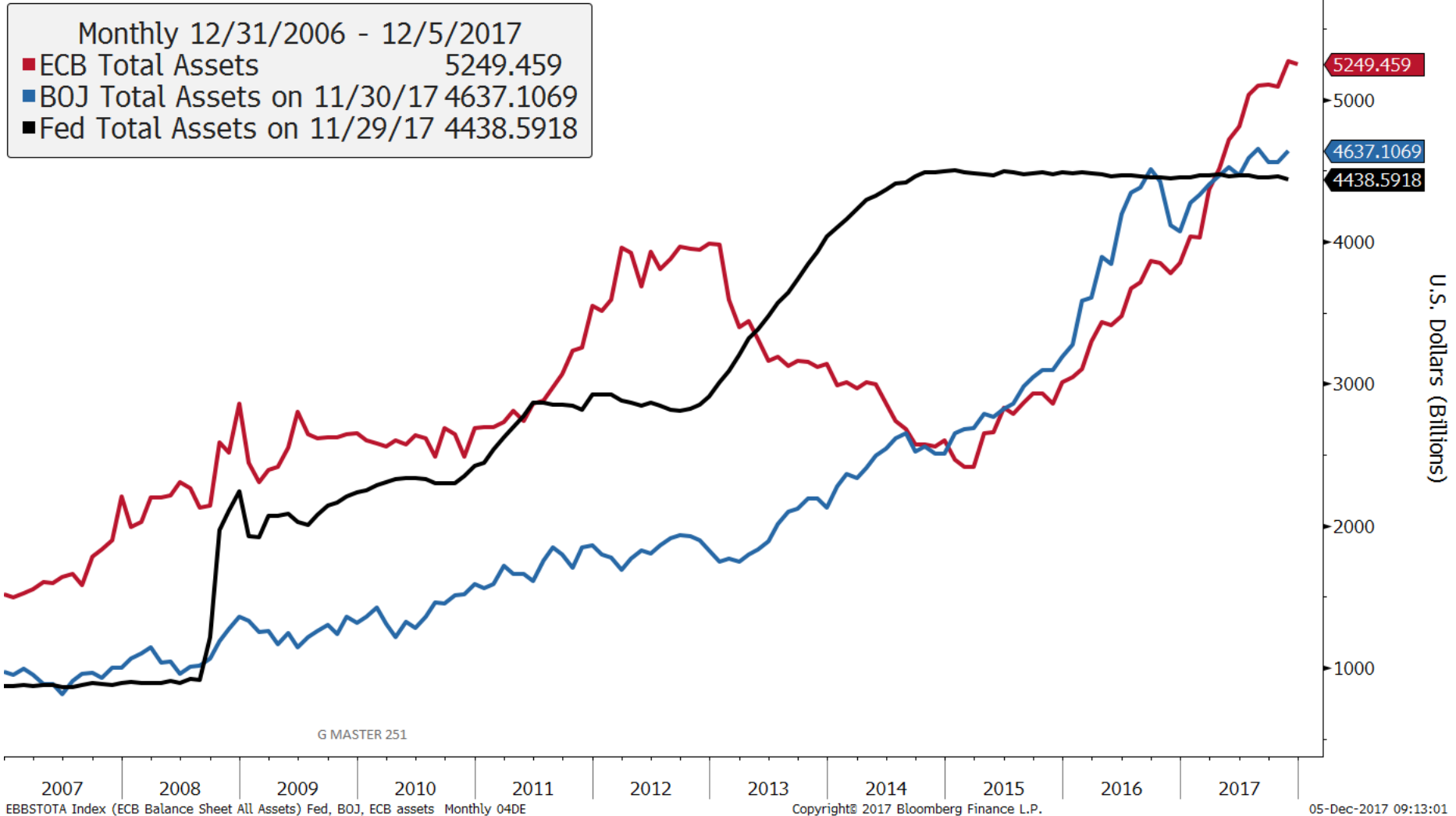
# Chinese GDP vs. Li Ke Qiang Index



Source: Bloomberg, DoubleLine

Li Ke Qiang Index was developed by the Chinese Premier Li Keqiang to measure growth he preferred to look at change in bank lending, rail freight, and electricity consumption. GDP = Gross Domestic Product measures the amount of goods and services produced within a given country. You cannot invest directly in an index.

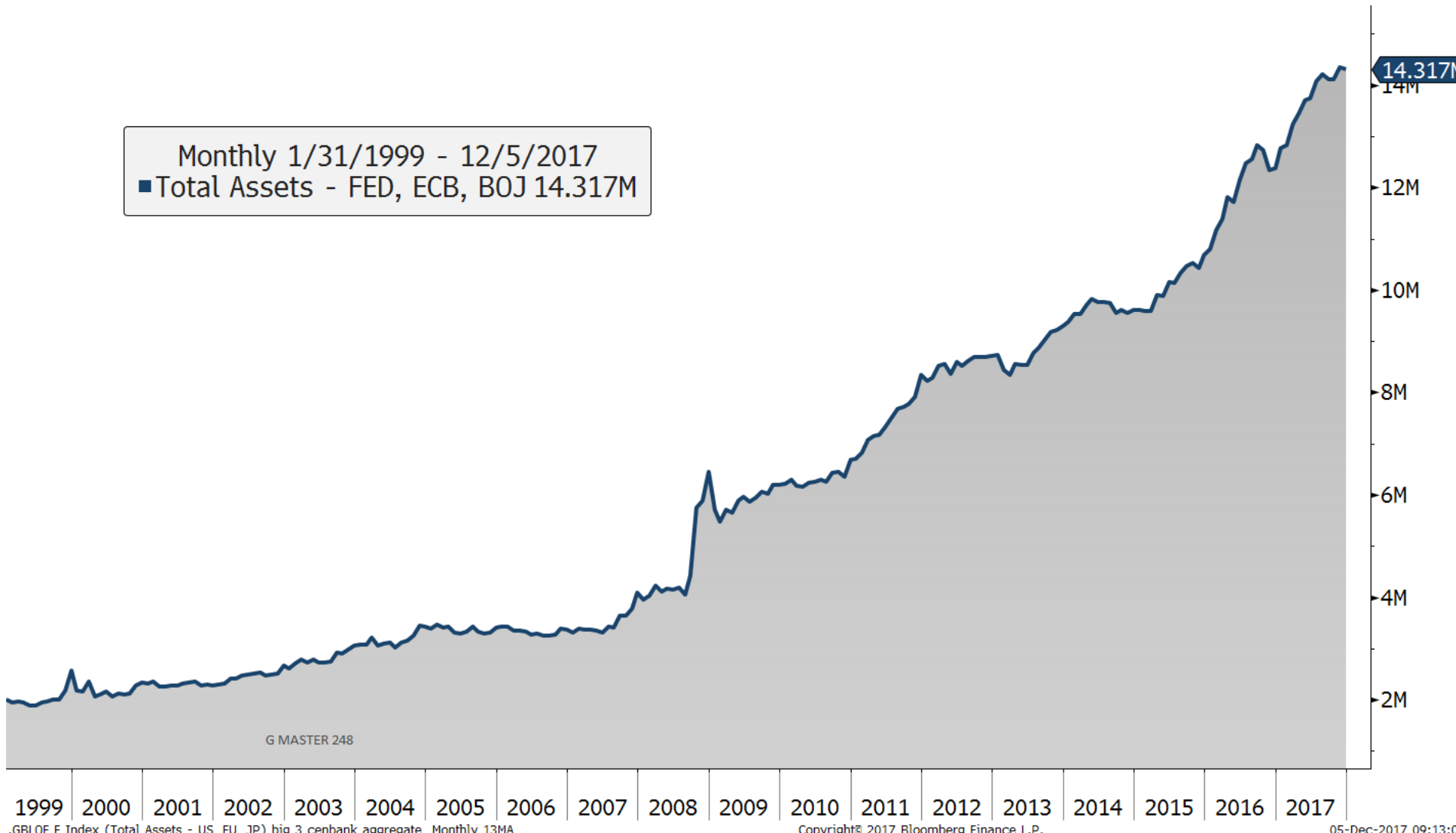
# Central Bank Total Assets



Source: Haver Analytics  
ECB = European Central Bank, BOJ = Bank of Japan

# Central Bank Total Assets - Aggregate

Monthly 1/31/1999 - 12/5/2017  
 ■ Total Assets - FED, ECB, BOJ 14.317M



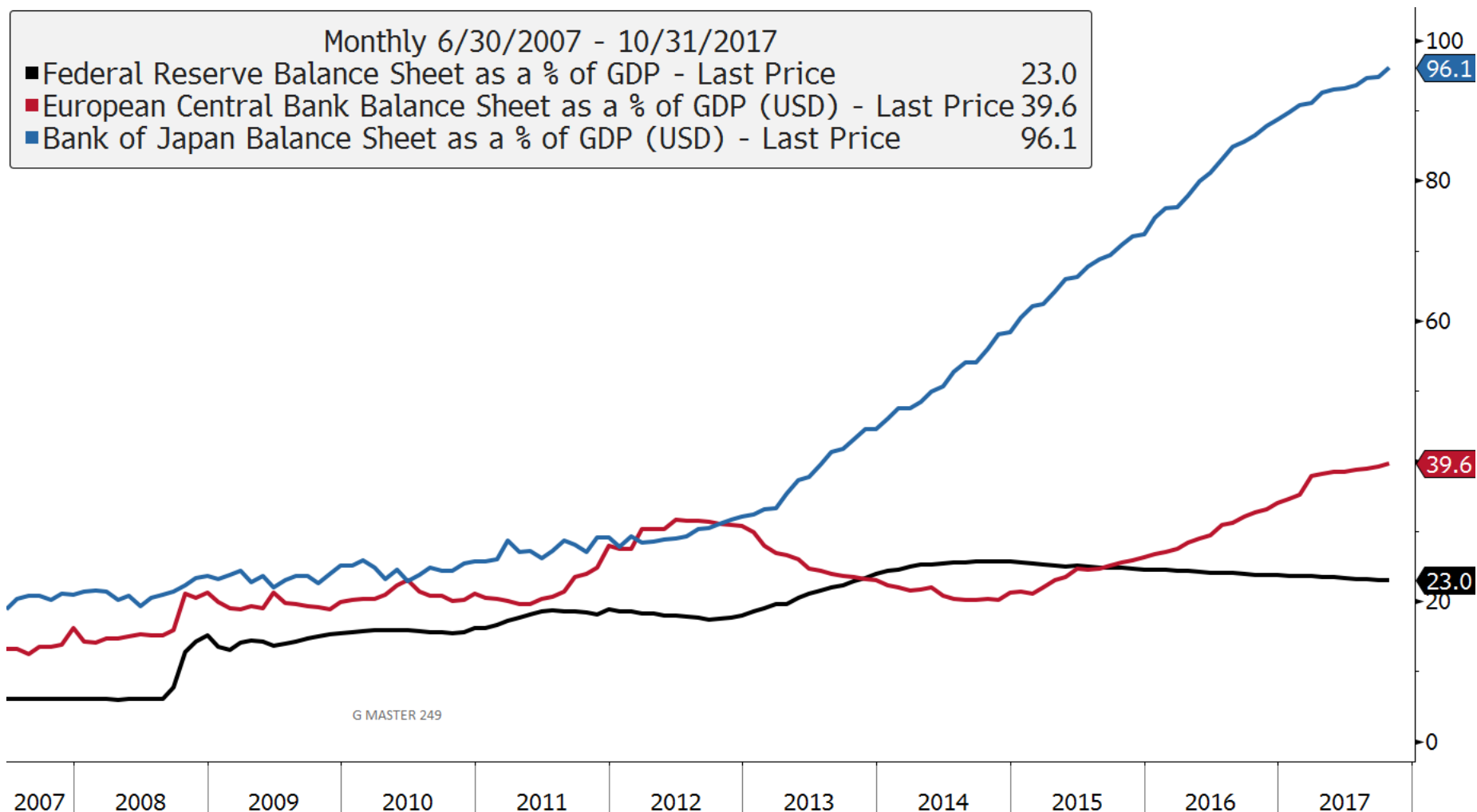
.GBLQE F Index (Total Assets - US, EU, JP) big 3 cenbank aggregate Monthly 13MA Copyright© 2017 Bloomberg Finance L.P. 05-Dec-2017 09:13:08

Source: Haver Analytics  
 ECB = European Central Bank, BOJ = Bank of Japan

# Central Bank Total Assets as Percent of GDP

Monthly 6/30/2007 - 10/31/2017

- Federal Reserve Balance Sheet as a % of GDP - Last Price 23.0
- European Central Bank Balance Sheet as a % of GDP (USD) - Last Price 39.6
- Bank of Japan Balance Sheet as a % of GDP (USD) - Last Price 96.1

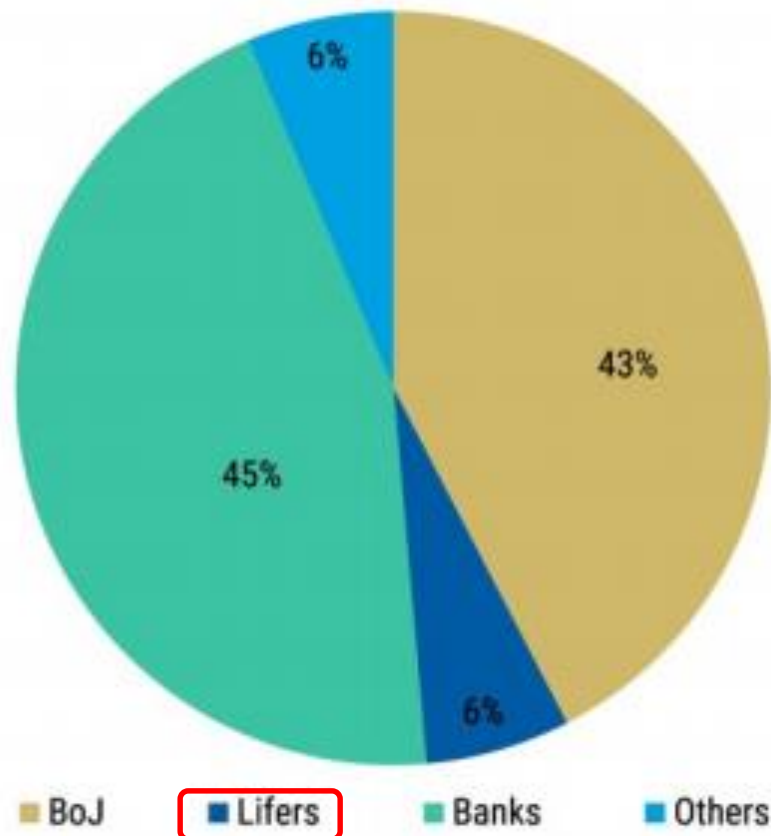


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Source: Haver Analytics  
ECB = European Central Bank, BOJ = Bank of Japan

# Japanese Government Bonds (JGB) Holders

**Exhibit 29:** JGB Redemption estimation by holders (total JPY 17.7tn)



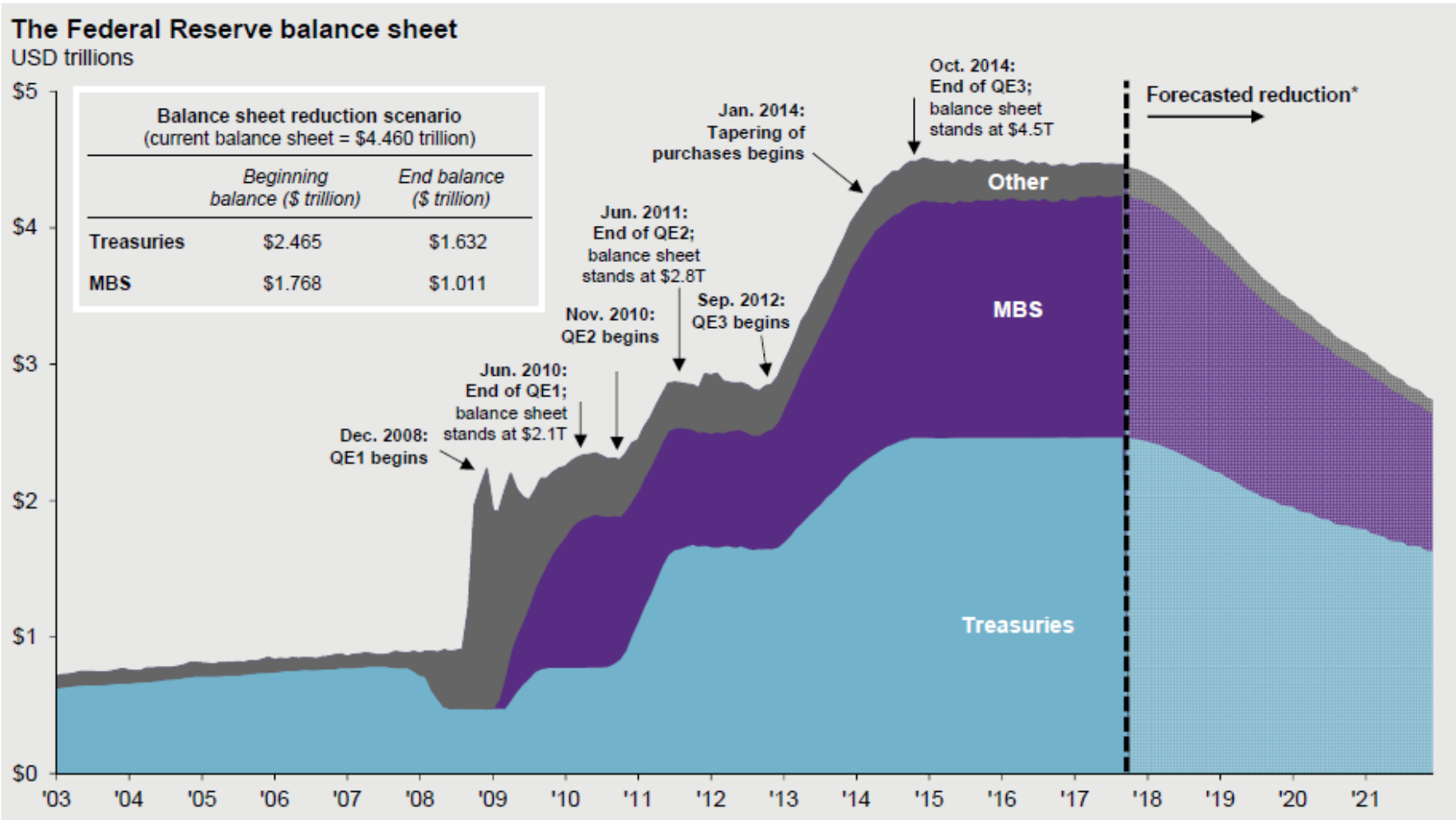
Source: Company disclosures, Japan MoF, BoJ, Morgan Stanley Research Estimate

Source: Morgan Stanley as of November 18, 2017

BOJ = Bank of Japan, Lifers = life insurance, JPY 17.7 tn = \$0.64 tr US Dollars.

# Fed Balance Sheet

January 1, 2003 to September 30, 2017 Projected through 2022



Source: Federal Reserve, FactSet, J.P. Morgan Asset Management.

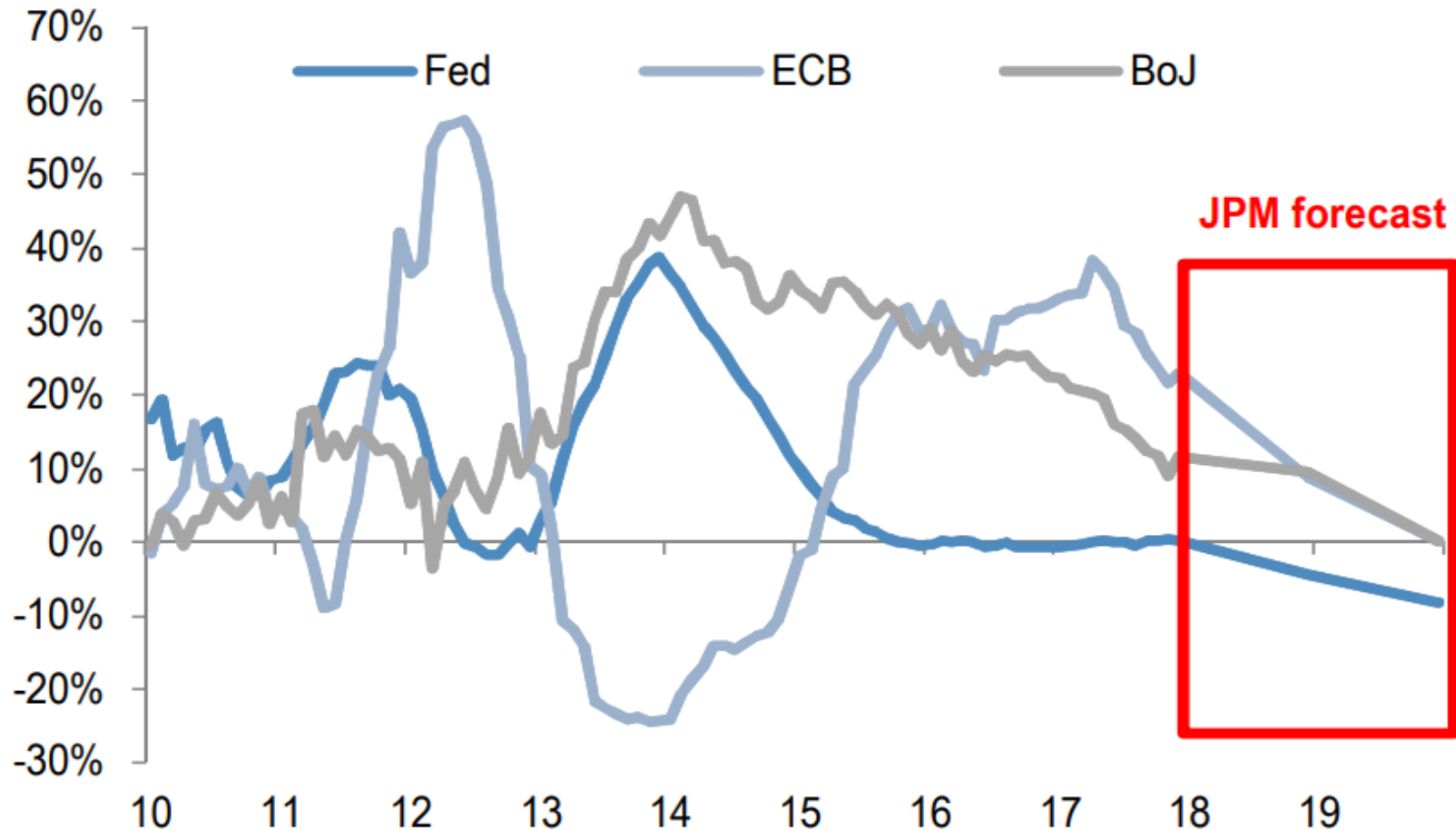
MBS = Mortgage-Backed Securities

\* Refers to the anticipated forecast reduction in the Fed's balance sheet after Quantitative Tightening started in October 2017.

# Global Central Bank Balance Sheets will Shrink in 2019

Chart 1: 2018 will still be a year of central bank balance sheet expansion, while 2019 should be the year of global shrinkage

Year-on-year growth of central bank balance sheets; actual and JPM projection

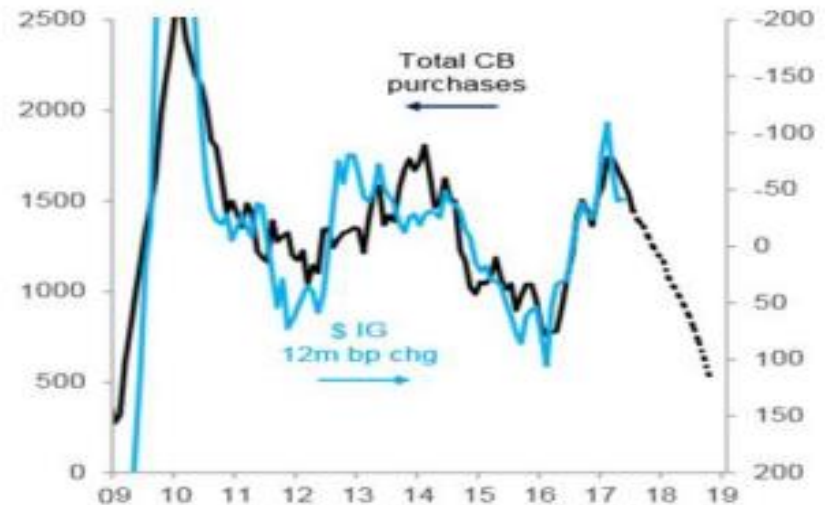
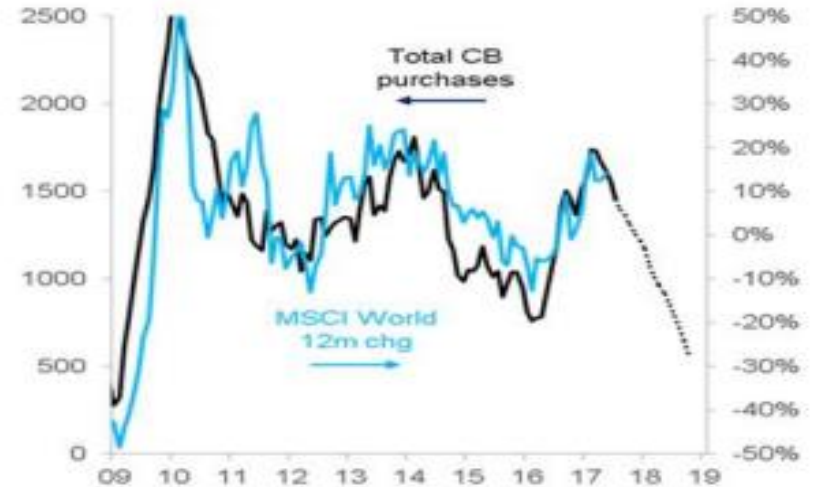
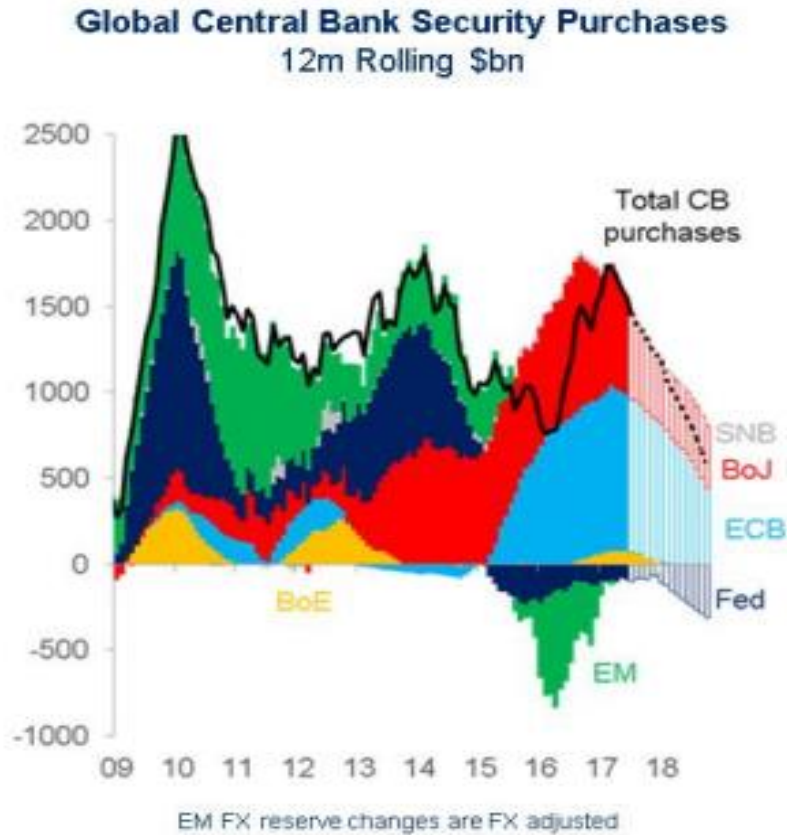


Source: J.P. Morgan

ECB = European Central Bank, BOJ = Bank of Japan

# Quantitative Easing (QE) and Equity and Credit Performance

Figure 6. QE Withdrawal May At Least Slow Momentum In Risk Asset Markets



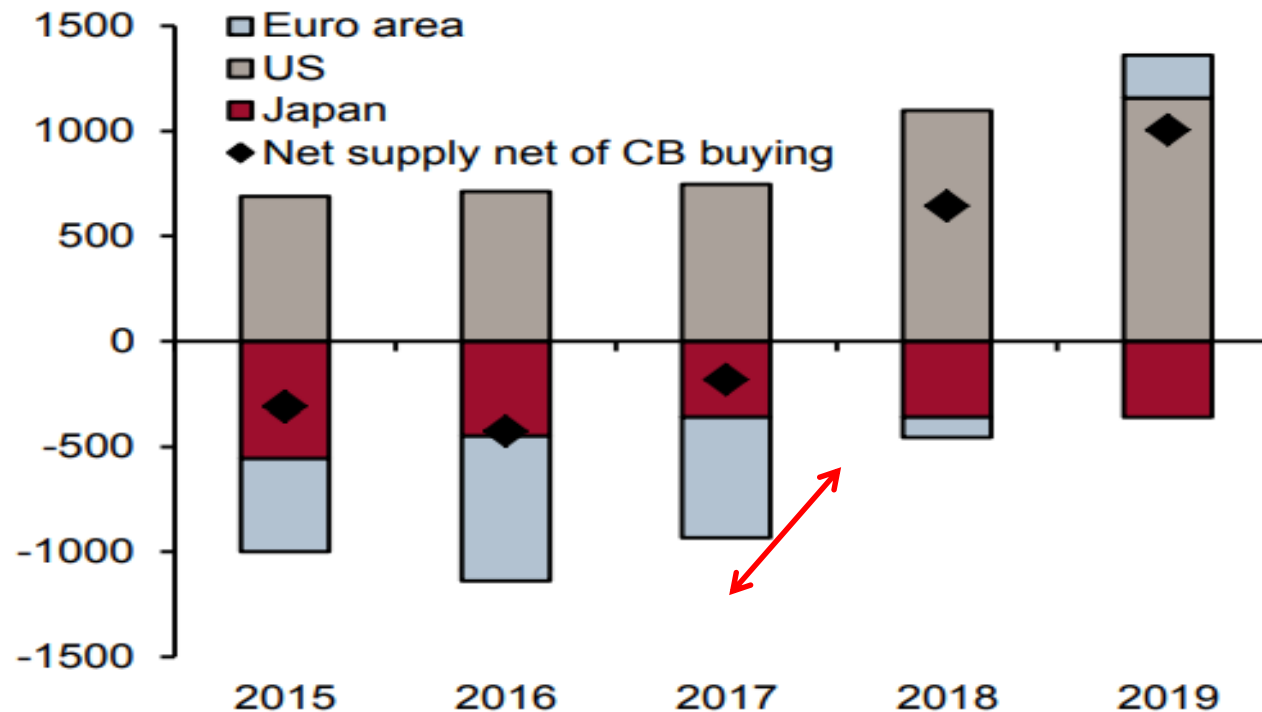
Source: Bloomberg and Citi Research

Central Banks include European Central Bank, Bank of Japan, Bank of England, BOC = bank of Canada, SNB = Swiss National Bank, Reserve Bank of Australia, Reserve Bank of New Zealand. CB = central Banks. FX = Foreign exchange. IG = Investment Grade. Bp = basis point, chg = change. EM = Emerging Markets. MSCI World Index is a free-float weighted equity index. The index includes developed world markets. M = Million, bn = billion, BOE = Bank of England. You cannot invest directly in an index.

# G3 Sovereign Net Supply

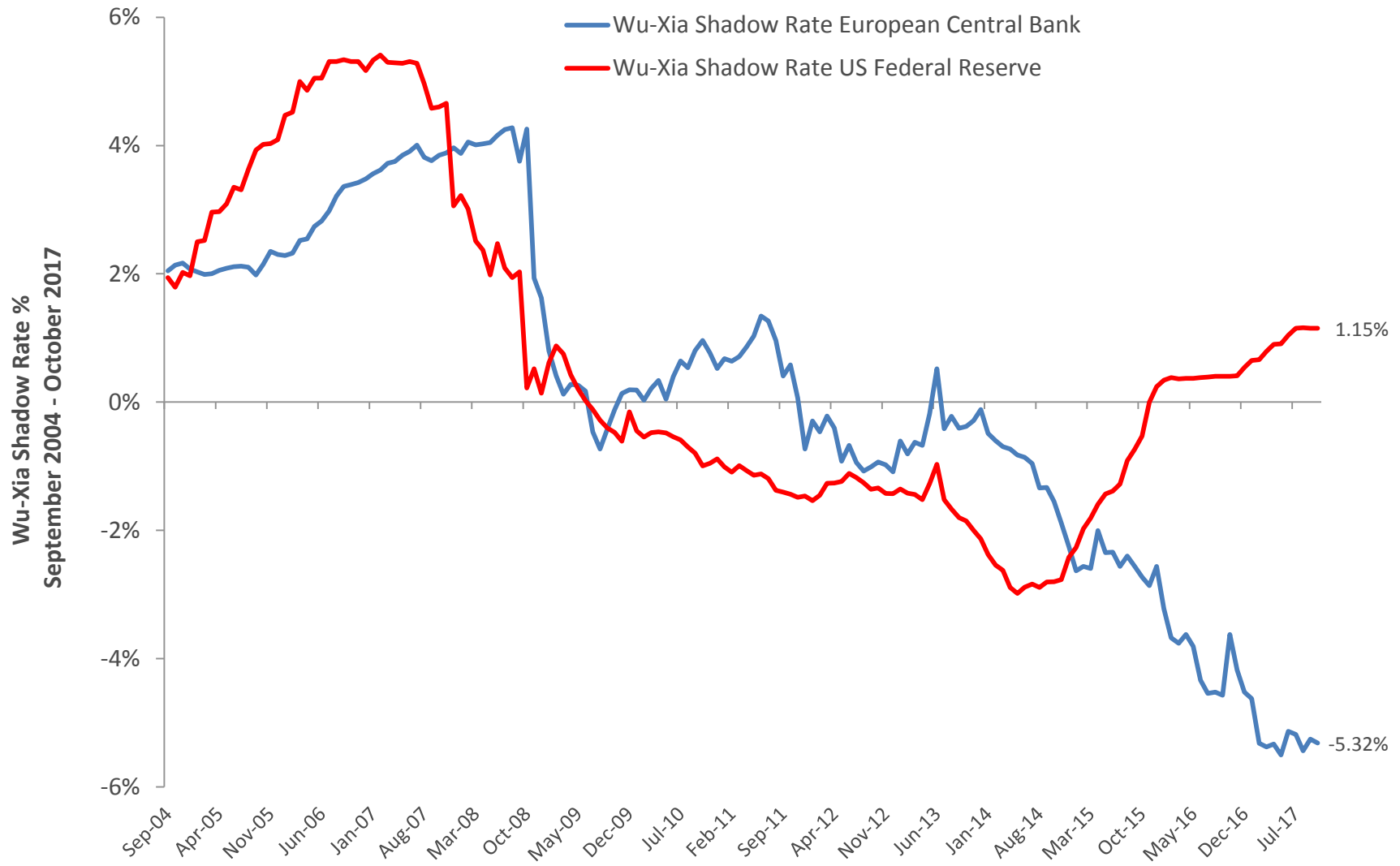
**Figure 5: In addition to the Fed, the ECB's taper decision will have a fairly large impact on sovereign debt supply available to the market**

G3 sovereign net supply, net of central banks; \$bn



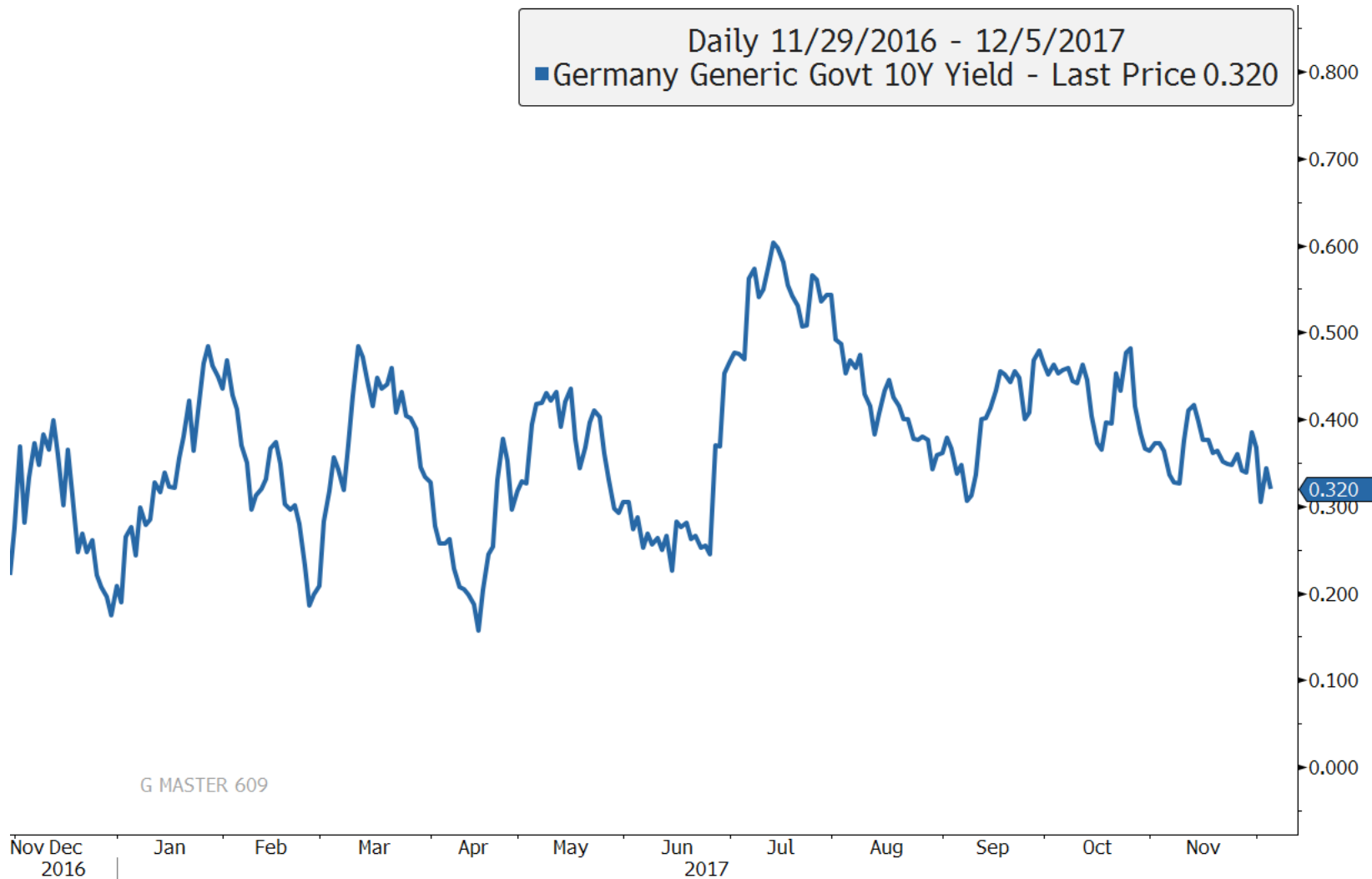
Source: Credit Suisse, the BLOOMBERG PROFESSIONAL™ service

# Wu-Xia Shadow Rate ECB vs Fed



Source: Wu-Xia Shadow rates “Measuring the Macroeconomic Impact of Monetary Policy at the Zero Lower Bound”, Journal of Money, Credit and Banking, 2016, DoubleLine  
 Wu-Xia are two economists with the Atlanta Federal Reserve that created the Wu-Xia model for short term interest rates demonstrating the shadow federal funds rate had the Fed not done Quantitative Easing, what would be the equivalent interest rate rise that occurred in the U.S. and with the European Central Bank rates had they not done QE.

# This is What a Pegged Rate Looks Like



GDBR10 Index (Germany Generic Govt 10Y Yield) German 10Y peg Daily 29NOV2016-05

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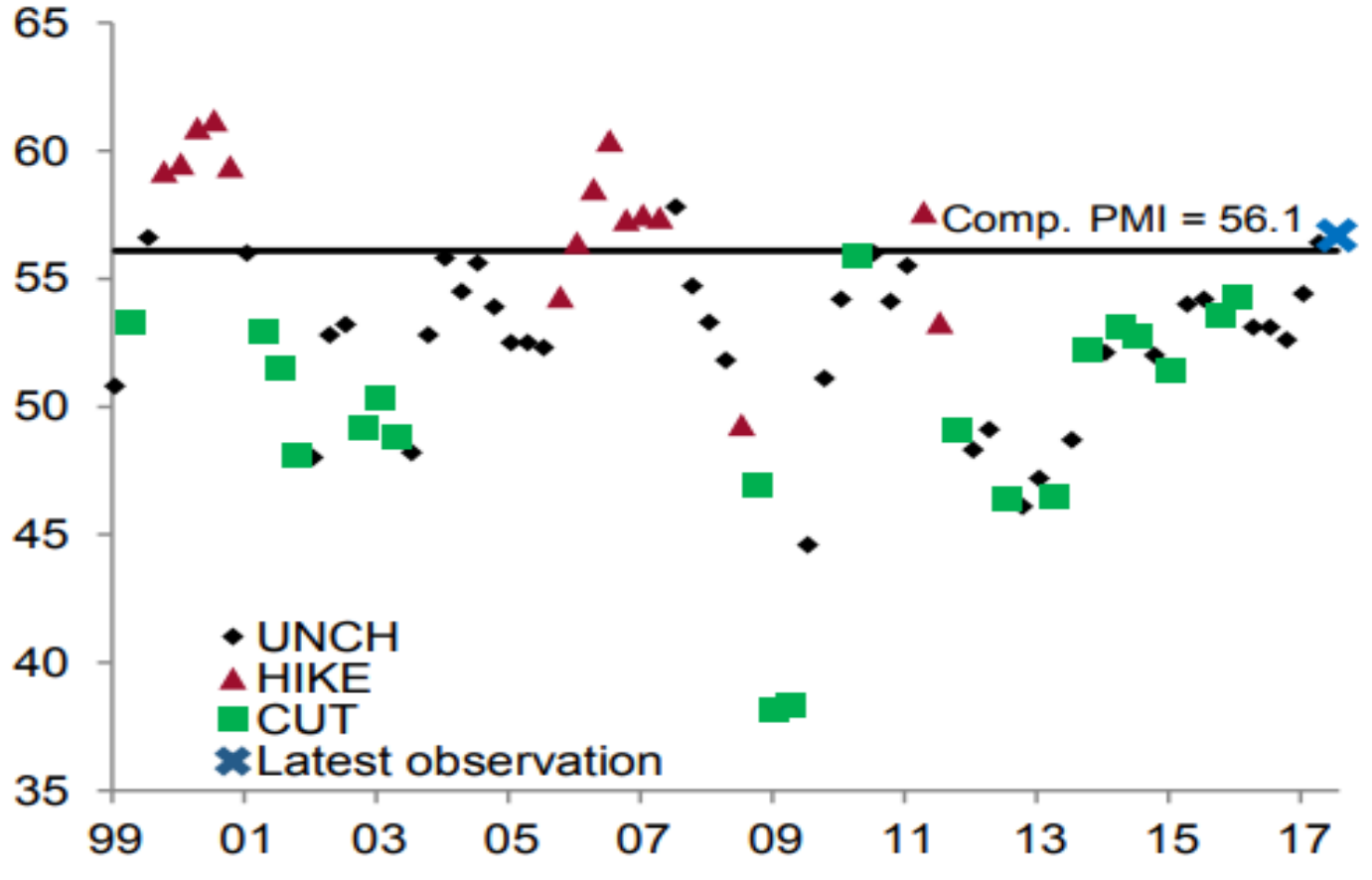
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Source: Bloomberg, DoubleLine

"Pegged" = It's DoubleLine's belief that the German Bund rate is being artificially held down or pegged around 40 basis points.

**Figure 1: PMIs above ECB's 'hawkish threshold'**

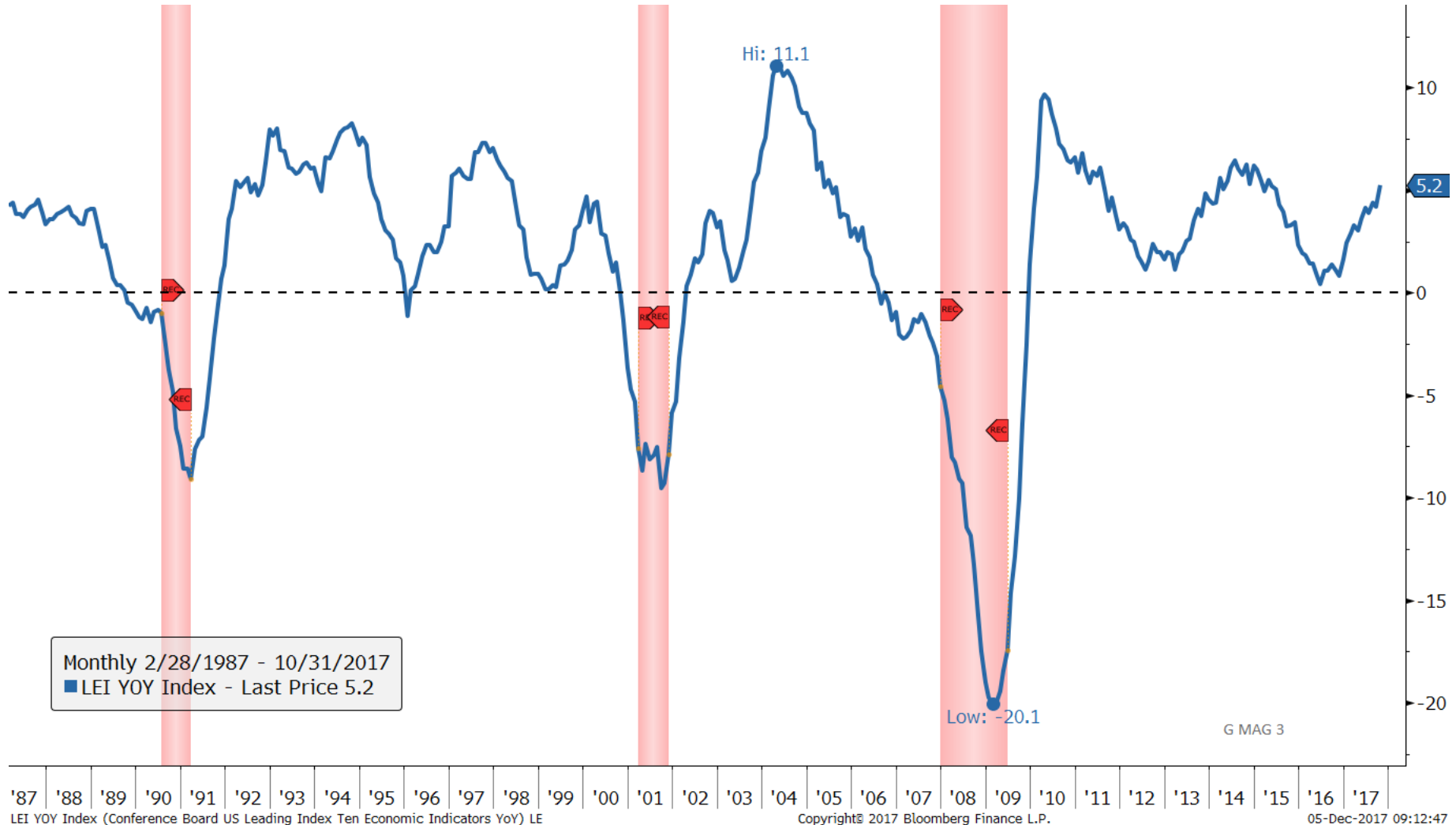
Black line represents ECB 'hawkish threshold' – when composite PMI rises above 56.1 the ECB has tended to tighten policy in the past.



Source: Markit, ECB, Credit Suisse

# TAB II – U.S.

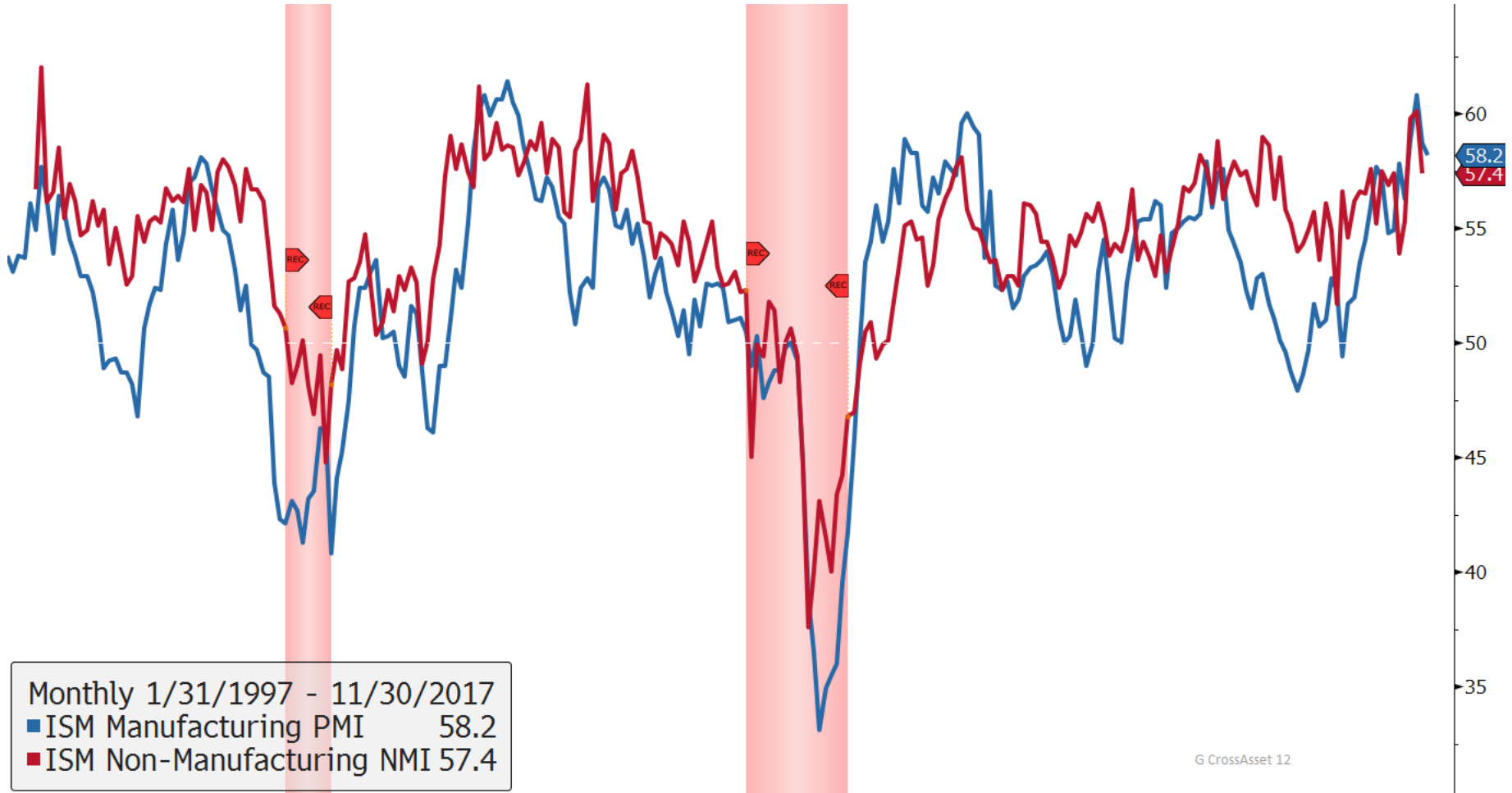
# U.S. Conference Board Leading Economic Indicator



Source: Bloomberg, DoubleLine

Conference Board U.S. Leading Index = Leading indicators include economic variables that tend to move before change in the overall economy. These indicators give a sense of the future state of an economy. YoY = year-over-year. You cannot invest directly in an index.

# ISM Manufacturing and Services PMI



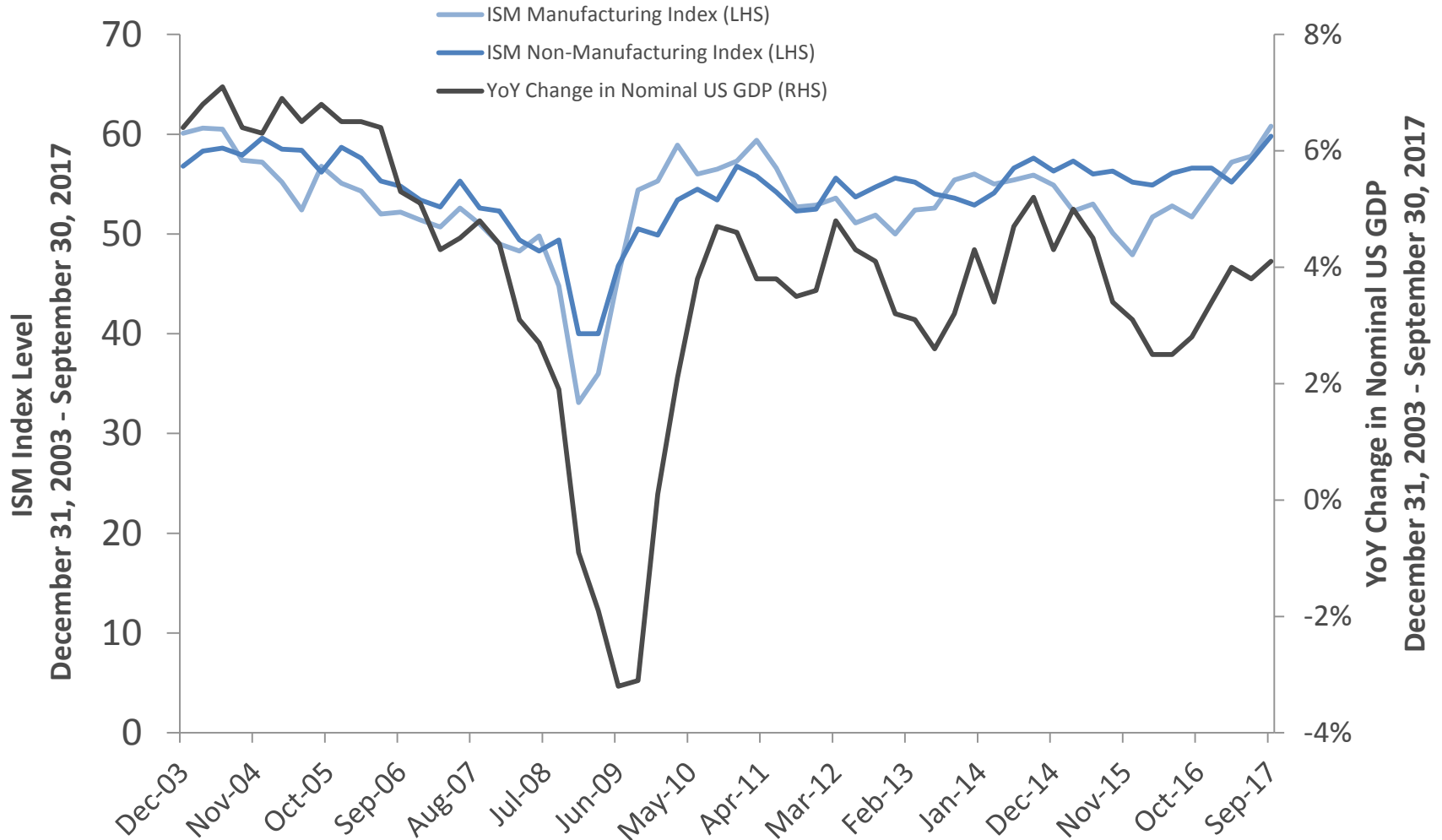
1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017

NAPMPMI Index (ISM Manufacturing PMI SA) ISM Mnfct and Serv PMI Monthly 31JAN19 Copyright© 2017 Bloomberg Finance L.P. 05-Dec-2017 09:12:55

Source: Bloomberg, DoubleLine

PMI = Purchase Managers Index is an indicator of the economic health of the manufacturing sector. The PMI is based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. ISM = Institute of Supply Management. NMI = Non-Manufacturing Index is a composite of four indicators with equal weights: Business activity, New Orders, Employment and Supplier Deliveries. You cannot invest directly in an index.

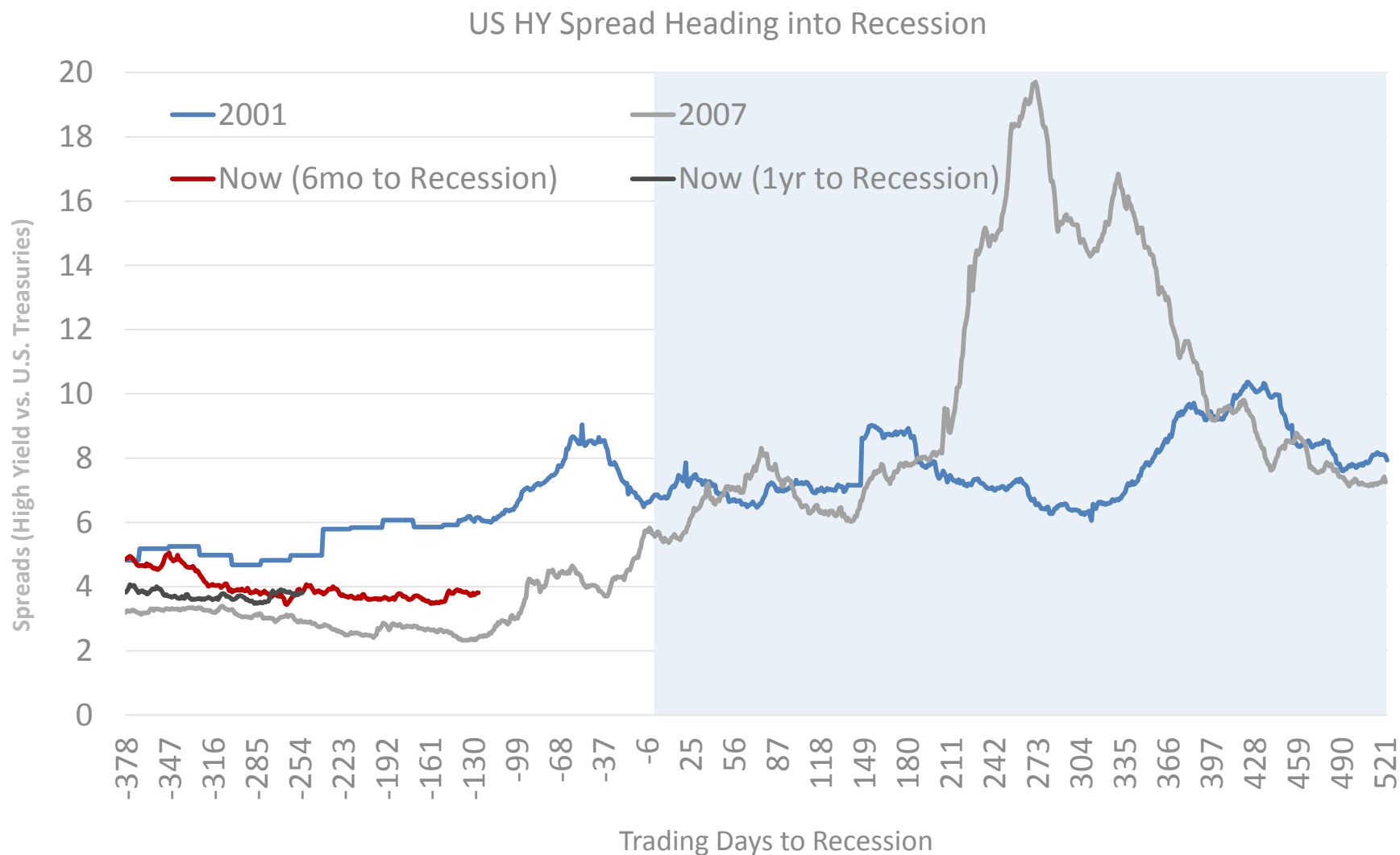
# ISM Manufacturing and Non-Manufacturing vs. US GDP



Source: Bloomberg, DoubleLine

ISM = Institute of Supply Management. NMI = Non-Manufacturing Index is a composite of four indicators with equal weights: Business activity, New Orders, Employment and Supplier Deliveries. GDP = Gross Domestic product is the amount of goods and services produced within a given country. LHS = left hand side, RHS = right hand side You cannot invest directly in an index.

# Corporate Credit Spreads and Recessions



Source: Bloomberg, DoubleLine as of September 11, 2017.

US HY = Moody's Bond Indices Corporate BAA Index are an average of the daily values for the corresponding month and weekly values are averages for the daily yields of the corresponding week. You cannot invest directly in an index.

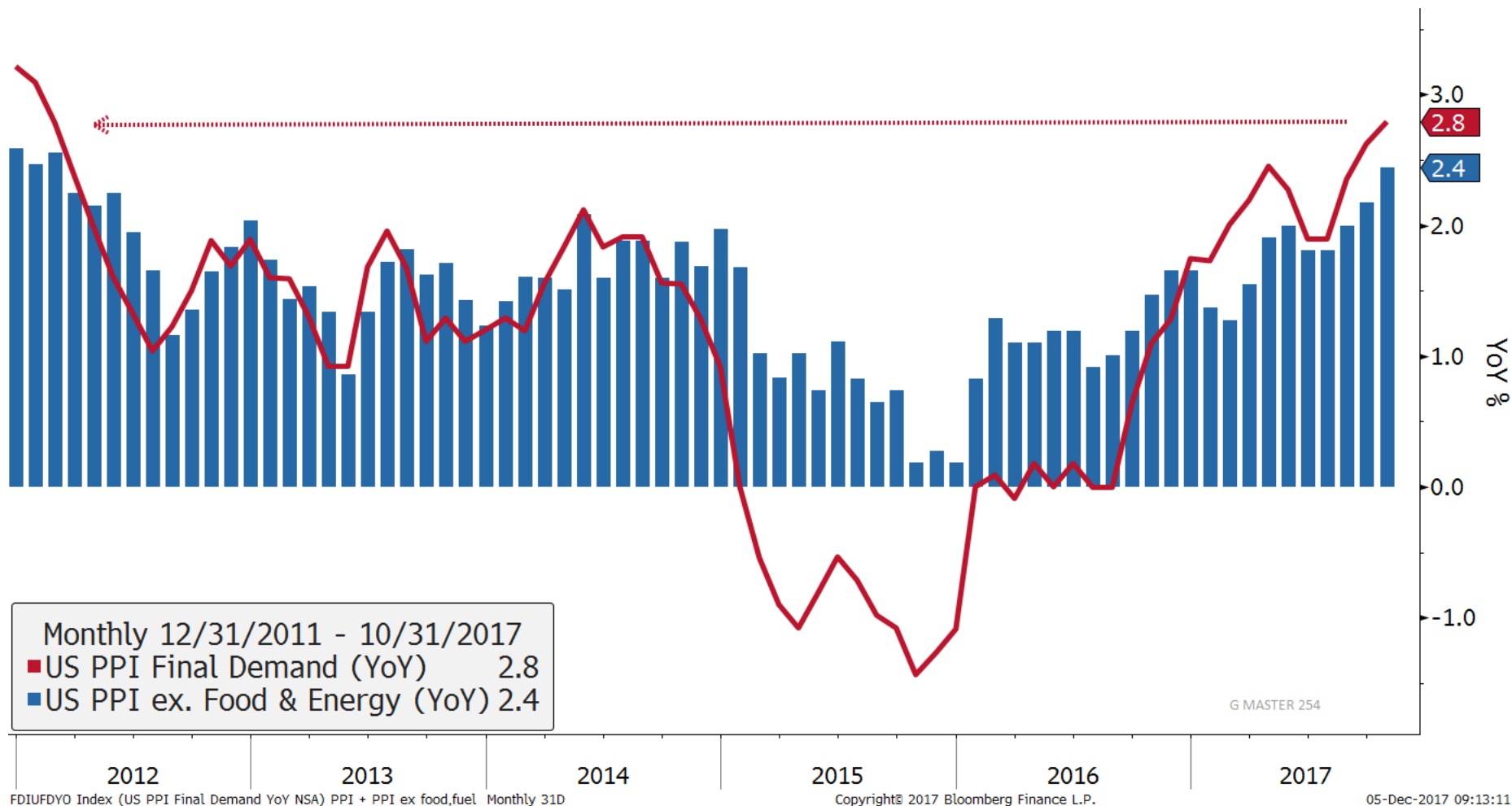
# DXY and 2019 Rate Hikes



Source: Bloomberg

DXY = The U.S. Dollar index is the average exchange rates between the USD and major world currencies. BPS = basis points. You cannot invest directly in an index.

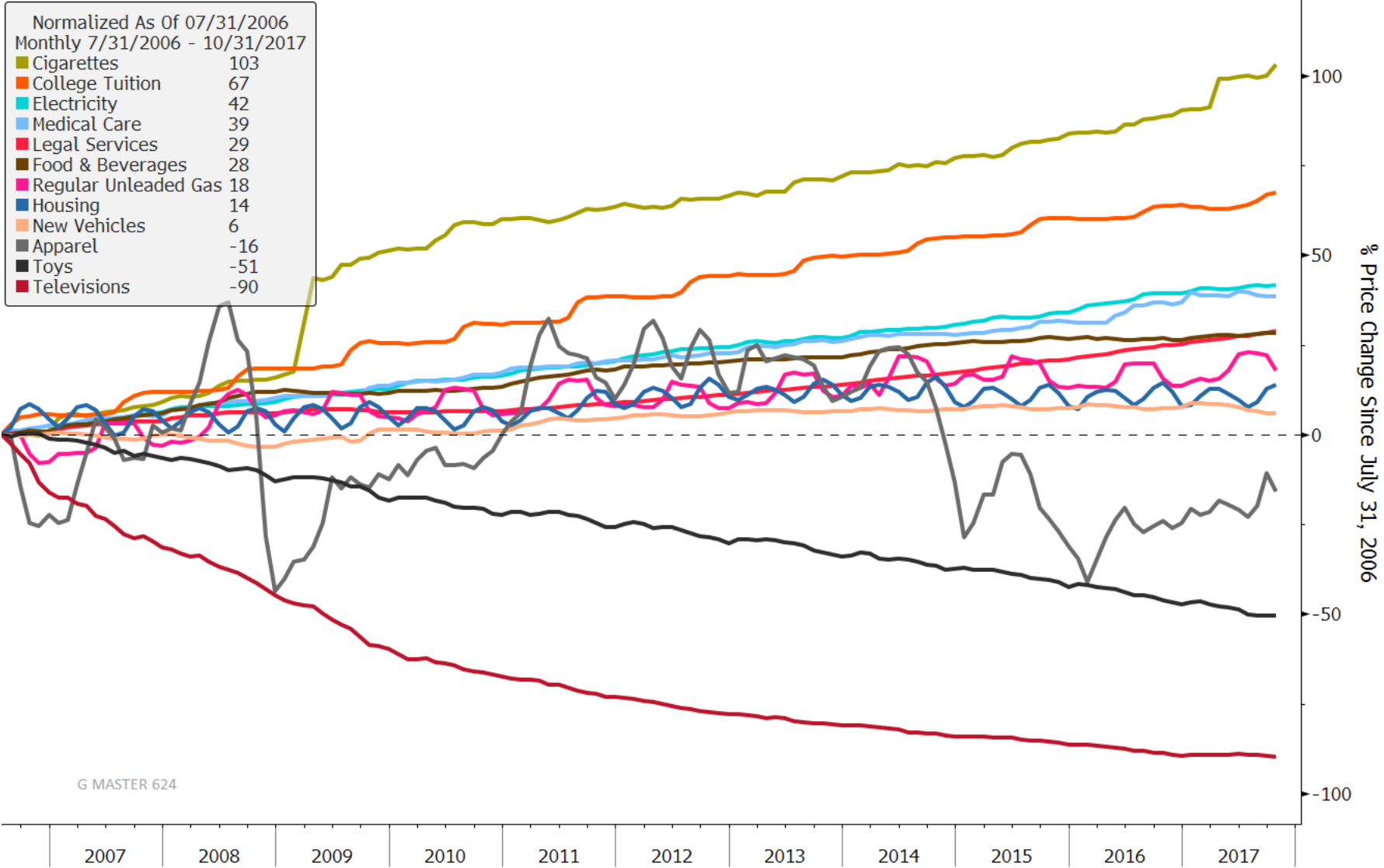
# U.S. Producer Prices Rising at Fastest Pace Since 2012



Source: Bloomberg

PPI = Producer Price Index measures the average change over time in selling prices received by domestic producers of goods and services.

# Where's Inflation?



Source: Bianco, Bloomberg  
CPIQIN Index (US CPI Cigarettes NSA) CPI multi-item Monthly 31JUL2006-31OCT201

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# TAB III

## Fed Policy

Daily 9/30/2016 - 12/5/2017  
 ■ Bitcoin - Last Price 11699.23



XBT Curncy (Bitcoin) bitcoin candle Daily 30SEP2016-05DEC2017

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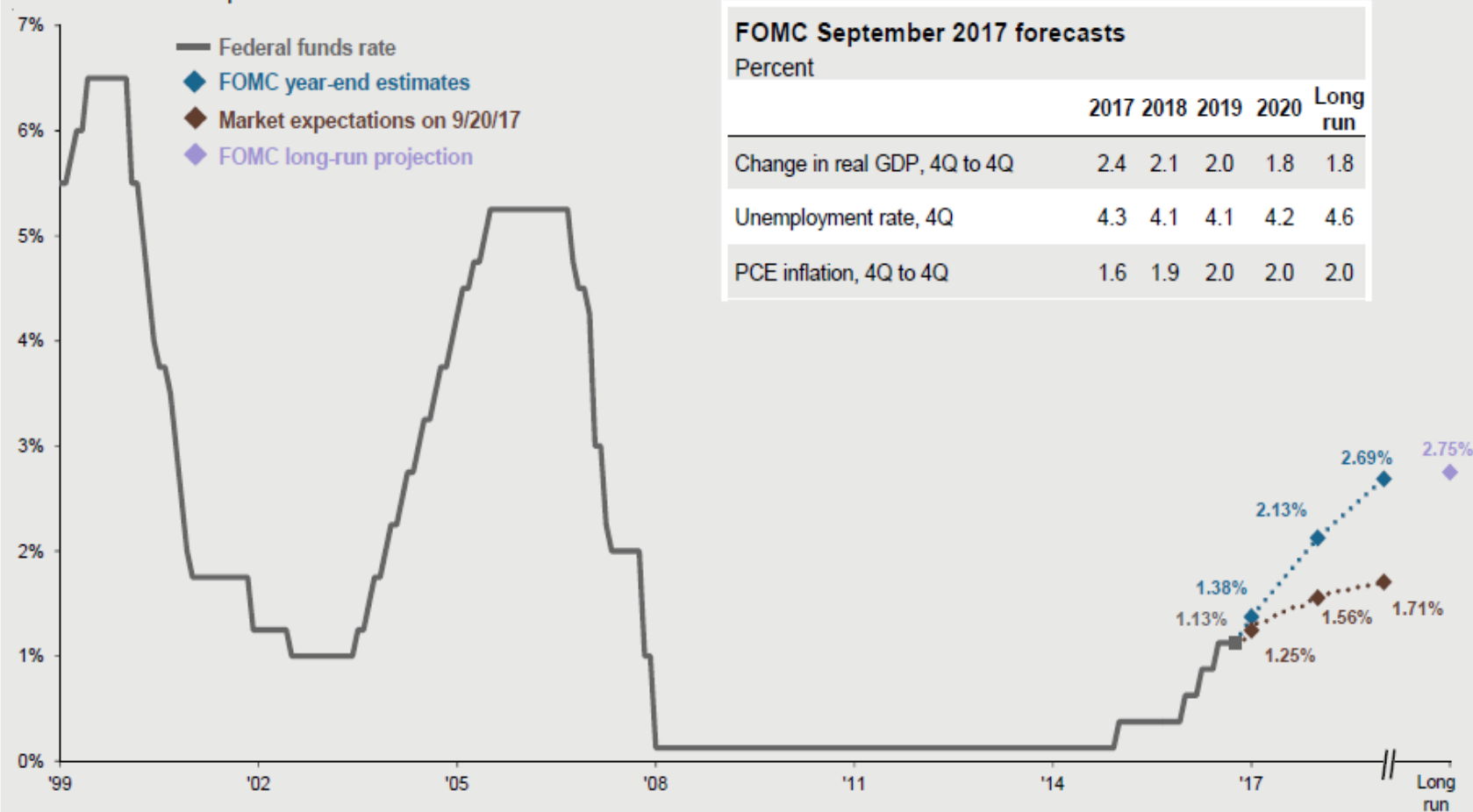
Source: Bloomberg

Bitcoin is a virtual currency that's decentralized, math-based digital assets in which transactions can be performed cryptographically without the need for any central issuing authority.

# The Fed and Interest Rates

## Federal funds rate expectations

FOMC and market expectations for the fed funds rate



Source: FactSet, Federal Reserve, Bloomberg, J.P. Morgan Asset Management.

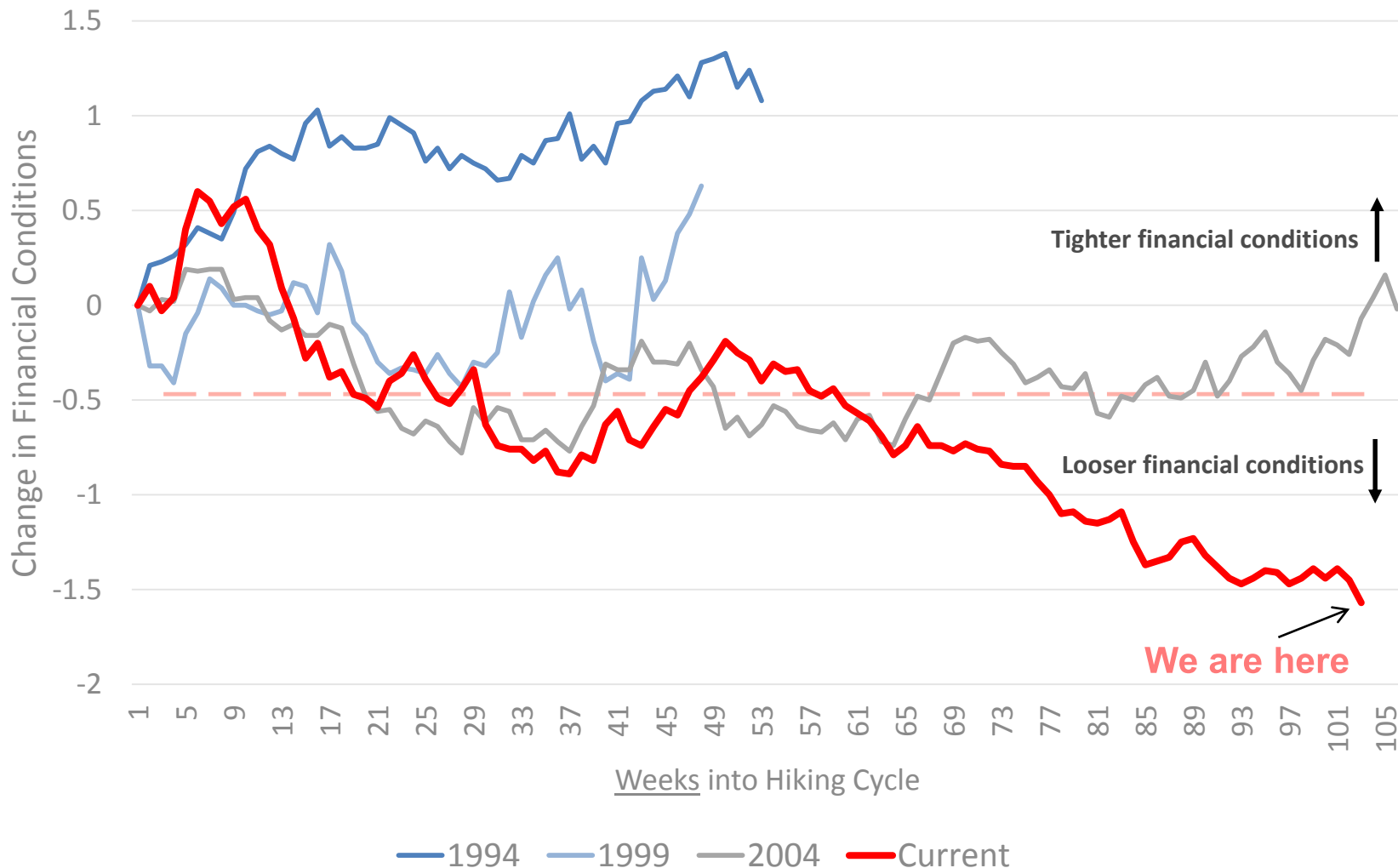
Market expectations are the federal funds rates priced into the fed futures market as of the date of the September 2017 FOMC meeting.

Source: JPMorgan Asset Management as of September 30, 1999

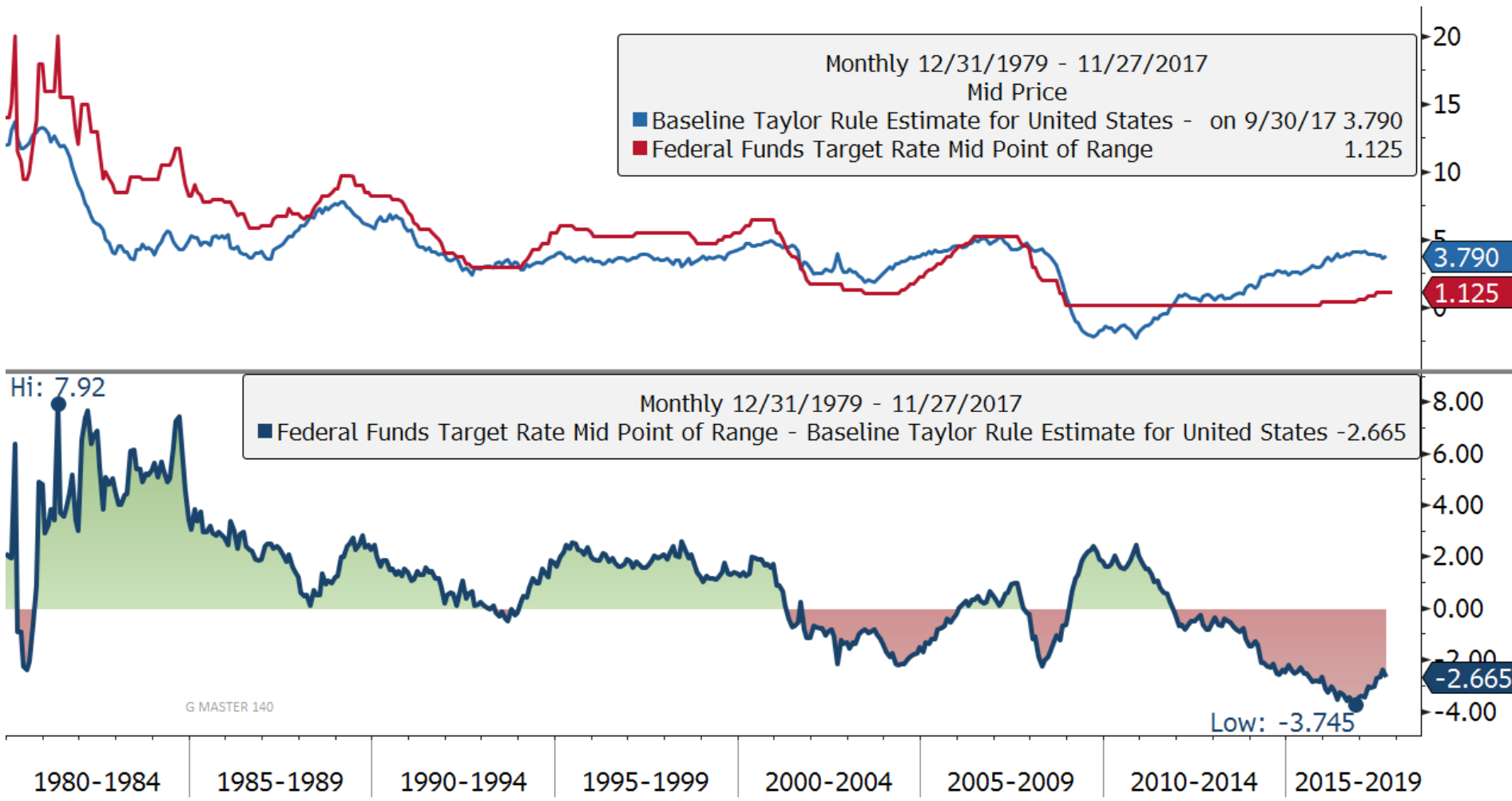
FOMC = Federal open Market Committee, GDP = Gross Domestic Product measures the amount of goods and services produced within a given country. PCE = Personal consumption Expenditures measures consumer spending on goods and services in the U.S. economy.

# Change in Financial Conditions and Fed Hiking Cycles

Change in Financial Conditions and Fed Hiking Cycles



# Taylor Rule



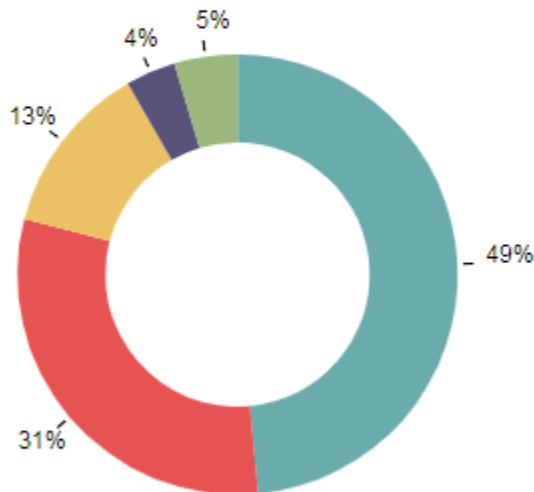
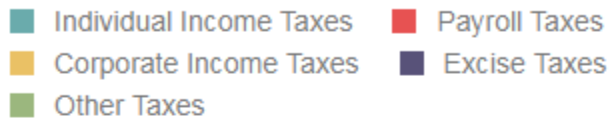
Source: Bloomberg as of 10-30-201

Taylor rule is a reduced form approximation of the responsiveness of the nominal interest rate, as set by central bank, to changes in inflation, output or other economic conditions.

# Federal Budget

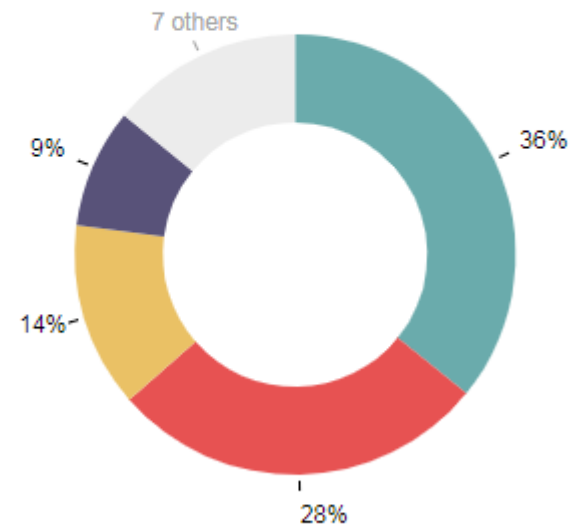
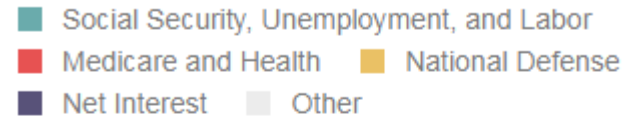
- Income tax levied on over 100mm households
- Population 323 mm in 2016 so less than a 1/3 pay
- Medicare and health spending estimated to be the highest proportion compared to other years
- Average is 14%. 2018 is double the average

## FY 2018 Total Revenue



Source: Office of Management and Budget - Table 2.1

## FY 2018 Program Spending



Source: Office of Management and Budget - Table 3.2

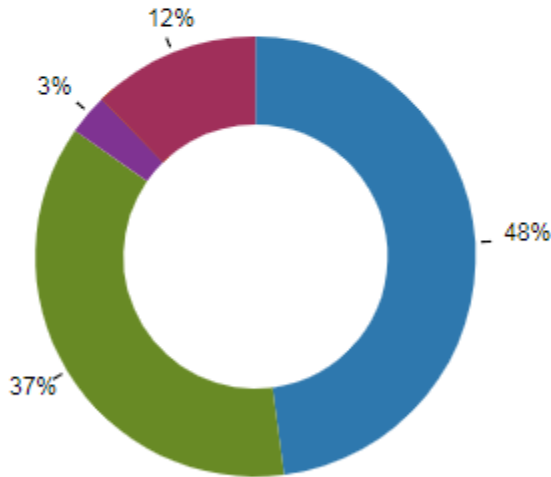
# Federal Budget

\$2.7  
TRILLION

\$1.05  
TRILLION

## FY 2018 Mandatory Spending

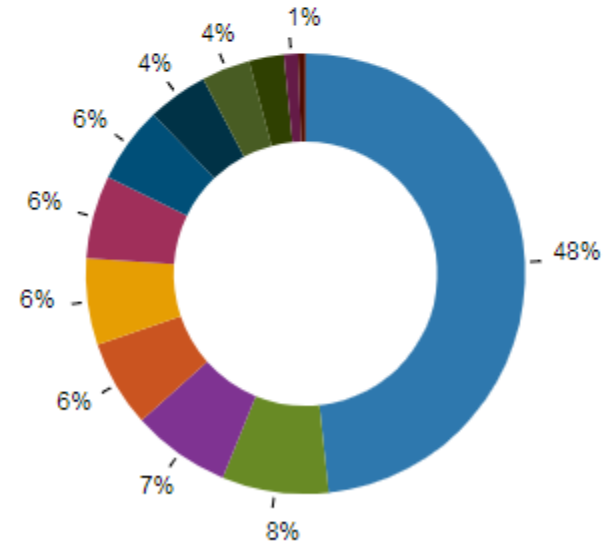
- Social Security, Unemployment, and Labor
- Medicare and Health
- Education
- Net Interest
- Veterans' Benefits
- Other Mandatory Programs



Source: Office of Management and Budget - Table 8.5

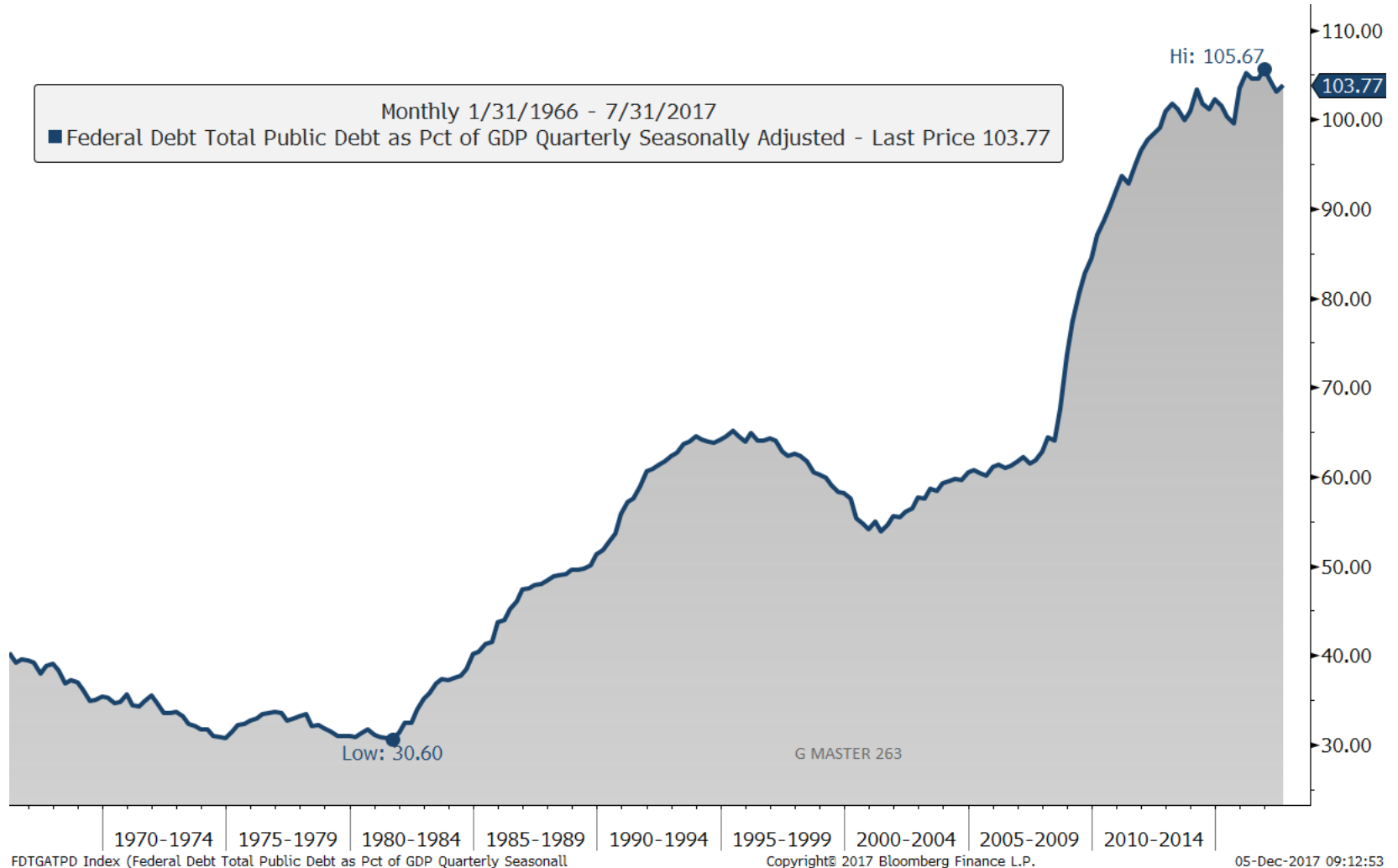
## FY 2018 Discretionary Spending

- National Defense
- Education
- Transportation
- Social Security, Unemployment, and Labor
- Veterans' Benefits
- Government
- Medicare and Health
- International Affairs
- Energy and Environment
- Science, Space, and Tech
- Housing and Community
- Agriculture



Source: Office of Management and Budget - Table 8.7

# U.S. Public Debt as a Percentage of GDP



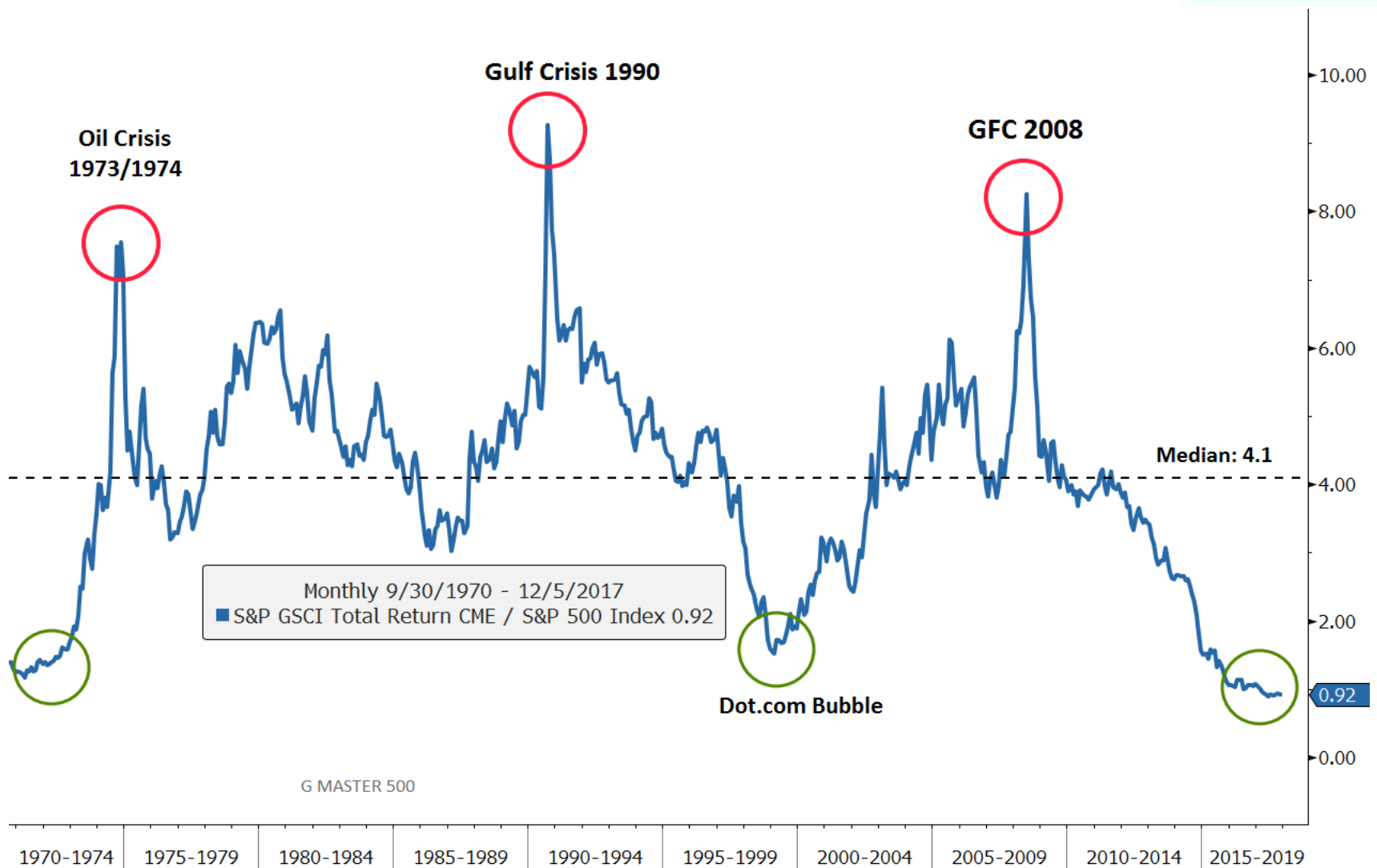
Source: Bloomberg, DoubleLine

GDP = Gross Domestic product measures the amount of goods and services within a given country.

# TAB IV

## Bloodless Verdict of the Market

# Equities vs. Commodities



Source: Dr. Toresten Dennin, Incrementum AG

SPGSCITR Index (S&P GSCI Total Return CME) GSCI/SPX Monthly 30SEP1970-05DEC2017

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GSCI Commodity Index = Is a widely recognized leading measure of general price movements and inflation in the world economy. GFC = Global Financial Crisis. S&P 500 Index is the American stocks market index based on market capitalizations of 500 largest companies having common stocks listed on NYSE and NASDAQ. You cannot invest directly in an index.

# Gold Spot (with 200-day Moving Average)



Source: Bloomberg, DoubleLine  
Spot price of gold quoted in Troy ounces. SMAV = standard moving average. You cannot invest directly in an index.

# High Yield (JNK) / U.S. Treasuries (TLT)



Source: Bloomberg, DoubleLine

JNK = SPDR Barclays High Yield Bond ETF (JNK), TLT = iShares 20+ Year Treasury Bond ETF. For ETF descriptions please see the appendix.

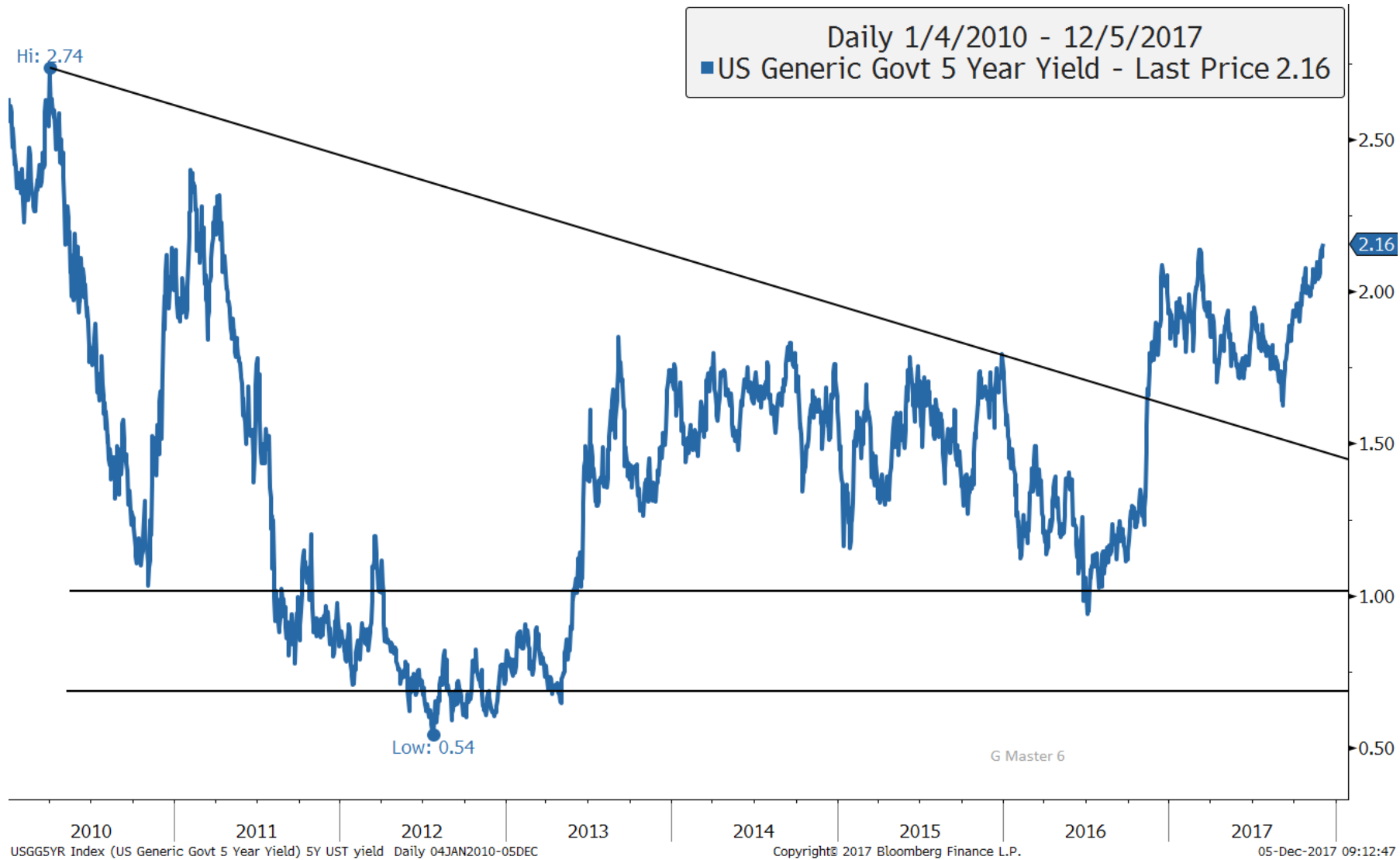
# U.S. 2-Year Treasury

Daily 12/31/2009 - 12/5/2017  
 ■ US Generic Govt 2 Year Yield - Last Price 1.83



Source: Bloomberg Financial Services, DoubleLine Capital LP  
 GT02 = US 2 Year Treasury Bond. You cannot invest directly in an index.

# U.S. 5-Year Treasury

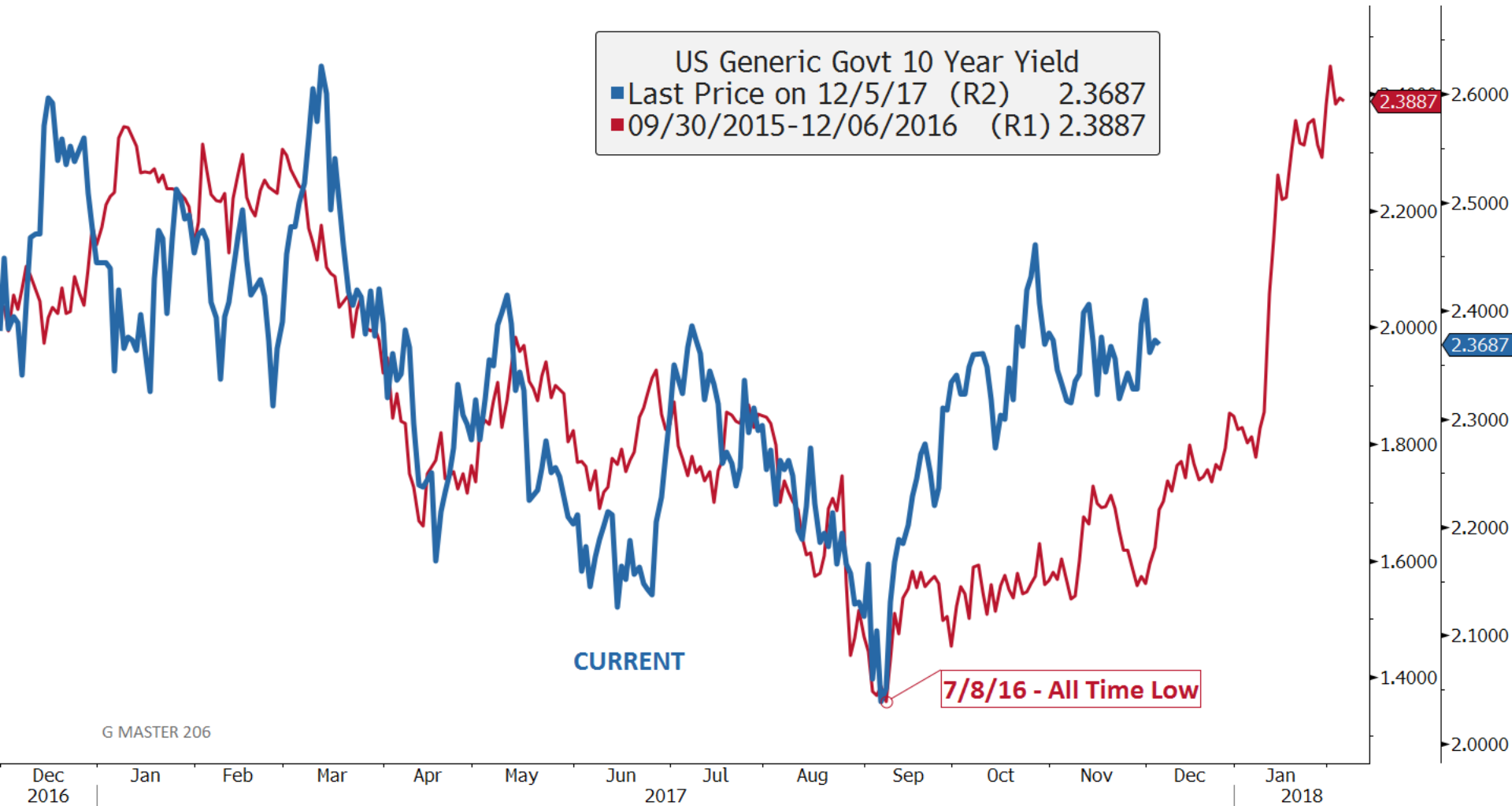


# U.S. 10-Year Treasury



Source: Bloomberg Financial Services, DoubleLine Capital LP  
GT10 = US 10 Year Treasury Bond. You cannot invest directly in an index.

# Current U.S. 10-Year Yields vs. 2016 Low

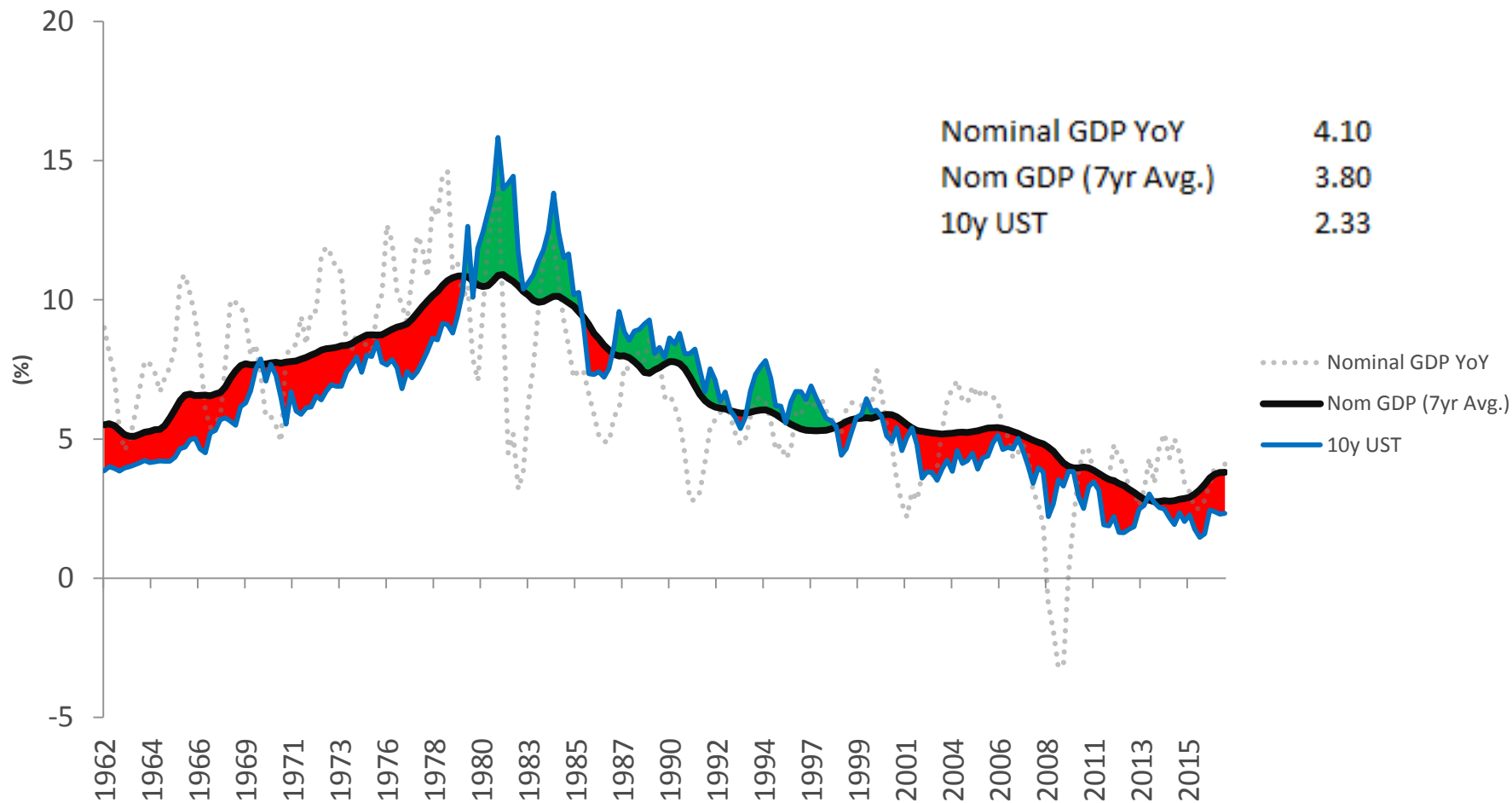


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# Nominal GDP Year-over-Year (7 year moving Avg.) and 10y U.S. Treasury Yield

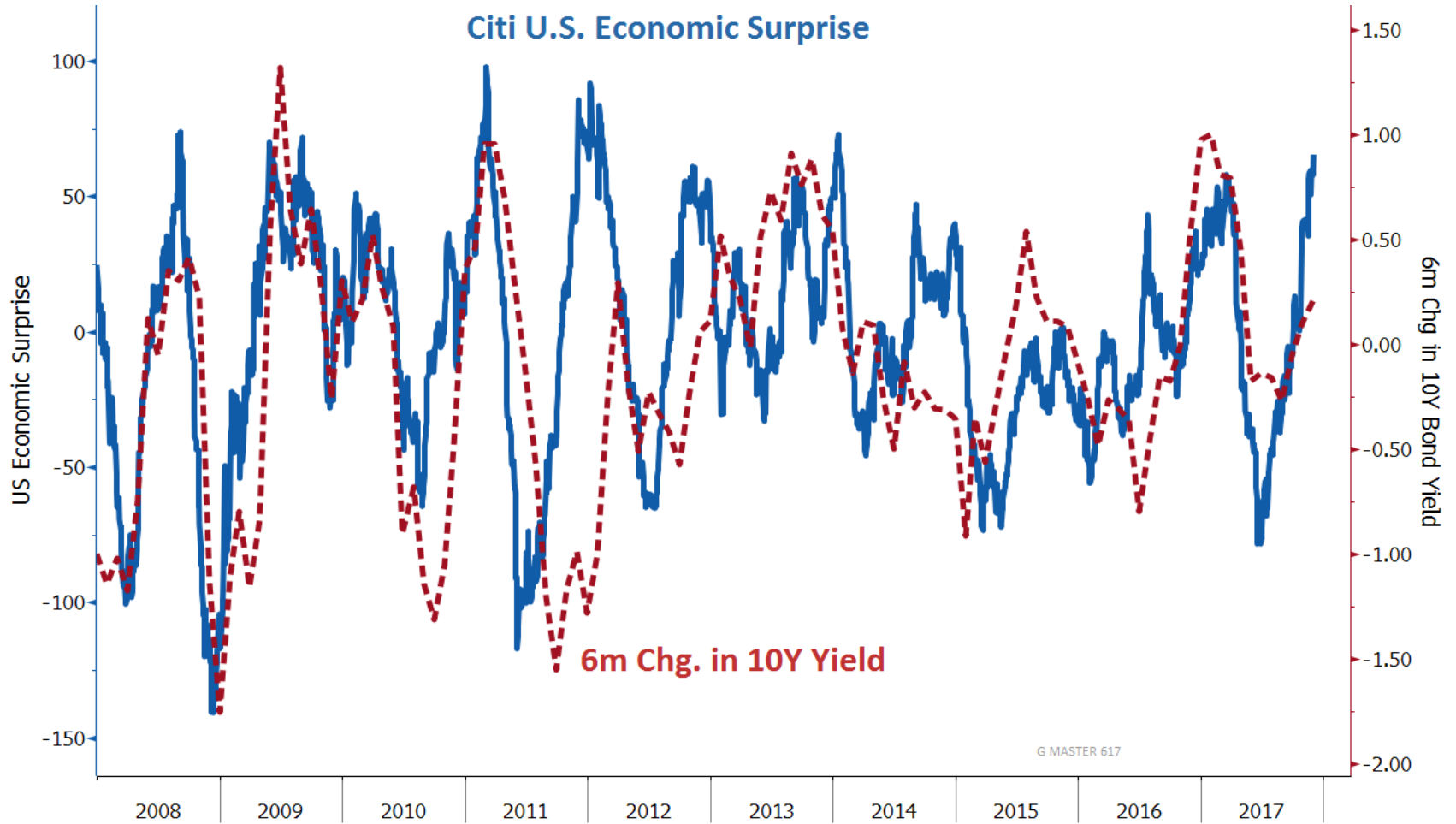
Nominal GDP YoY (7 year moving Avg.) and 10y UST Yield



Source: Bloomberg  
GDP = Gross Domestic product measures the amount of goods and services within a given country.

# 10-year Yield 6mo Change and U.S. Economic Surprise

December 31, 2007 to December 4, 2017

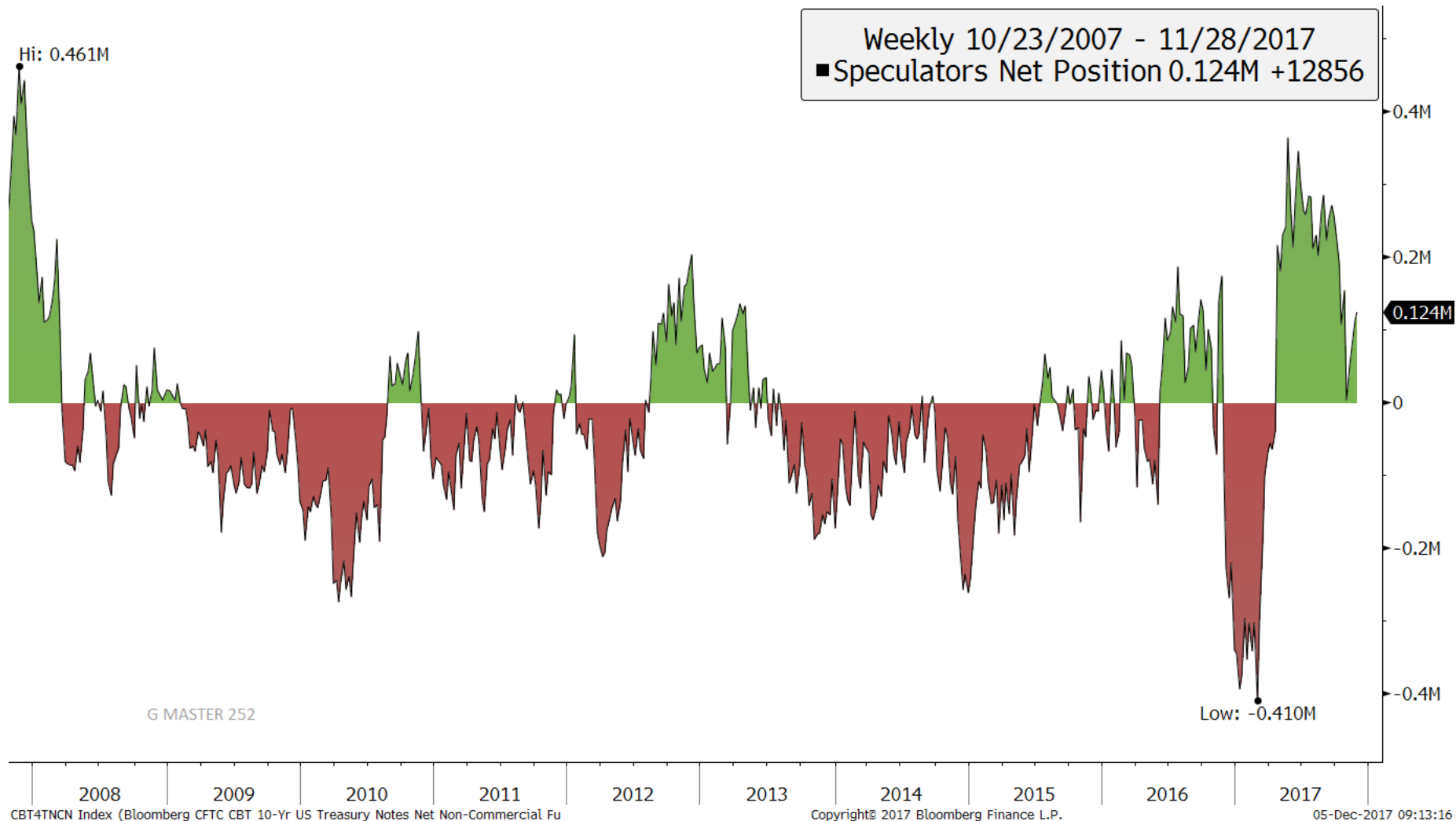


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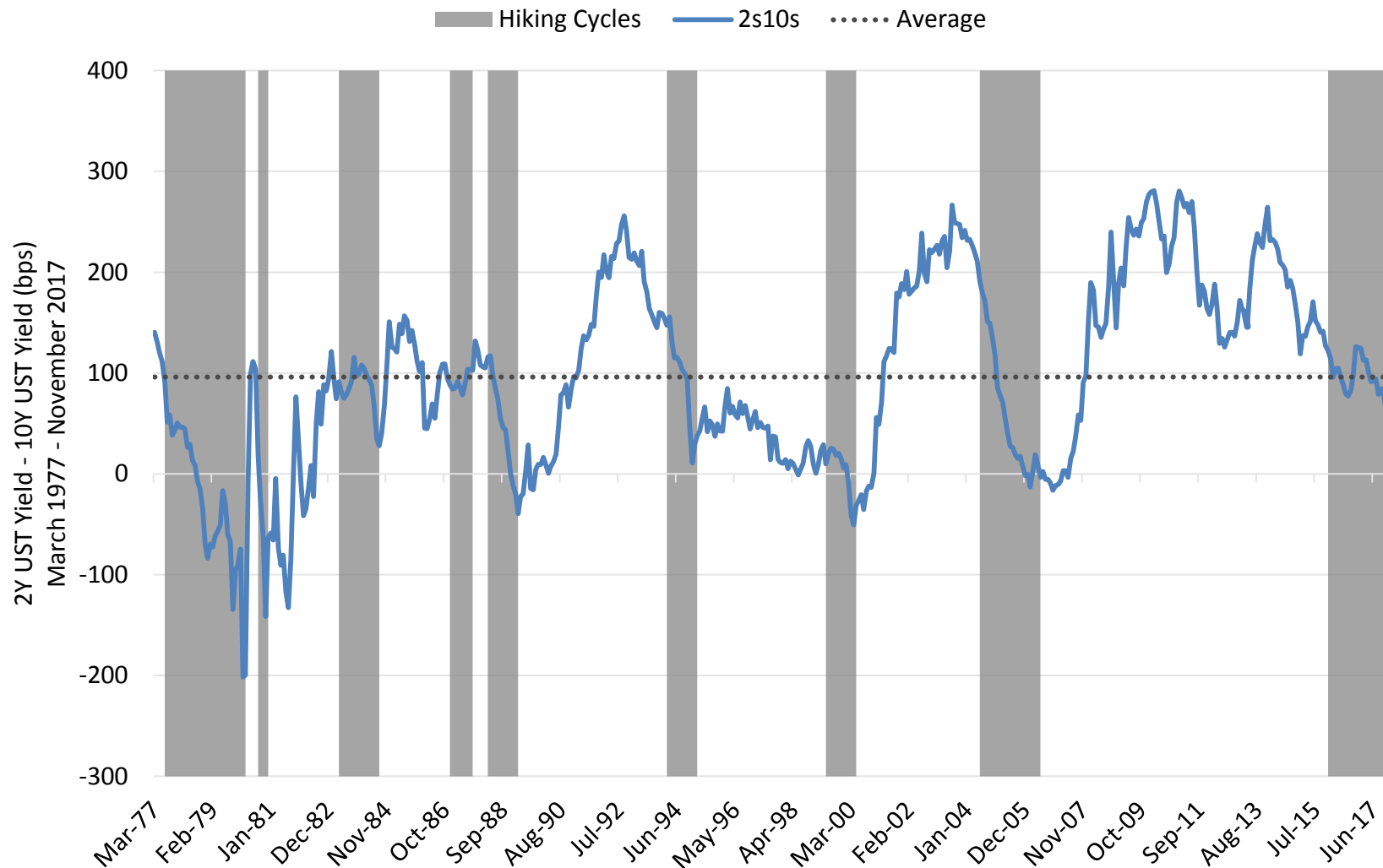
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# CFTC 10-year Treasury Speculative Positioning



# U.S. Treasury 2s to 10s & Fed Hiking Cycles



Source: Bloomberg Financial Services, DoubleLine Capital LP

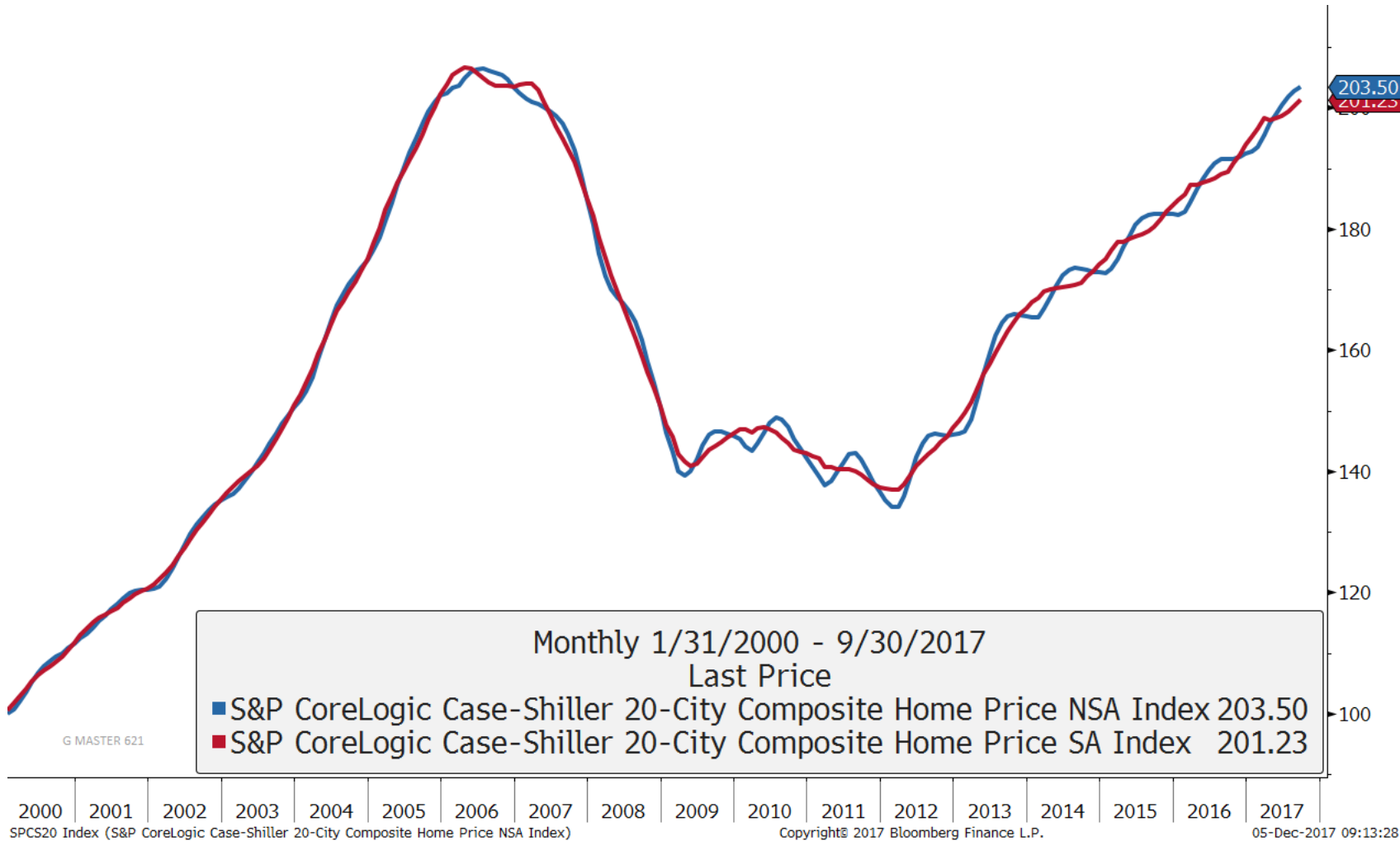
2s to 10s = U.S. 2-year Treasury vs. 10-year U.S. Treasury. GT10 = US 10 Year Treasury Bond. GT02 = 2year U.S. Treasury bond. You cannot invest directly in an index.

# U.S. 30-Year Treasury



Source: Bloomberg Financial Services, DoubleLine Capital LP  
 GT30 = US 30 Year Treasury Bond. You cannot invest directly in an index.

# Home Prices

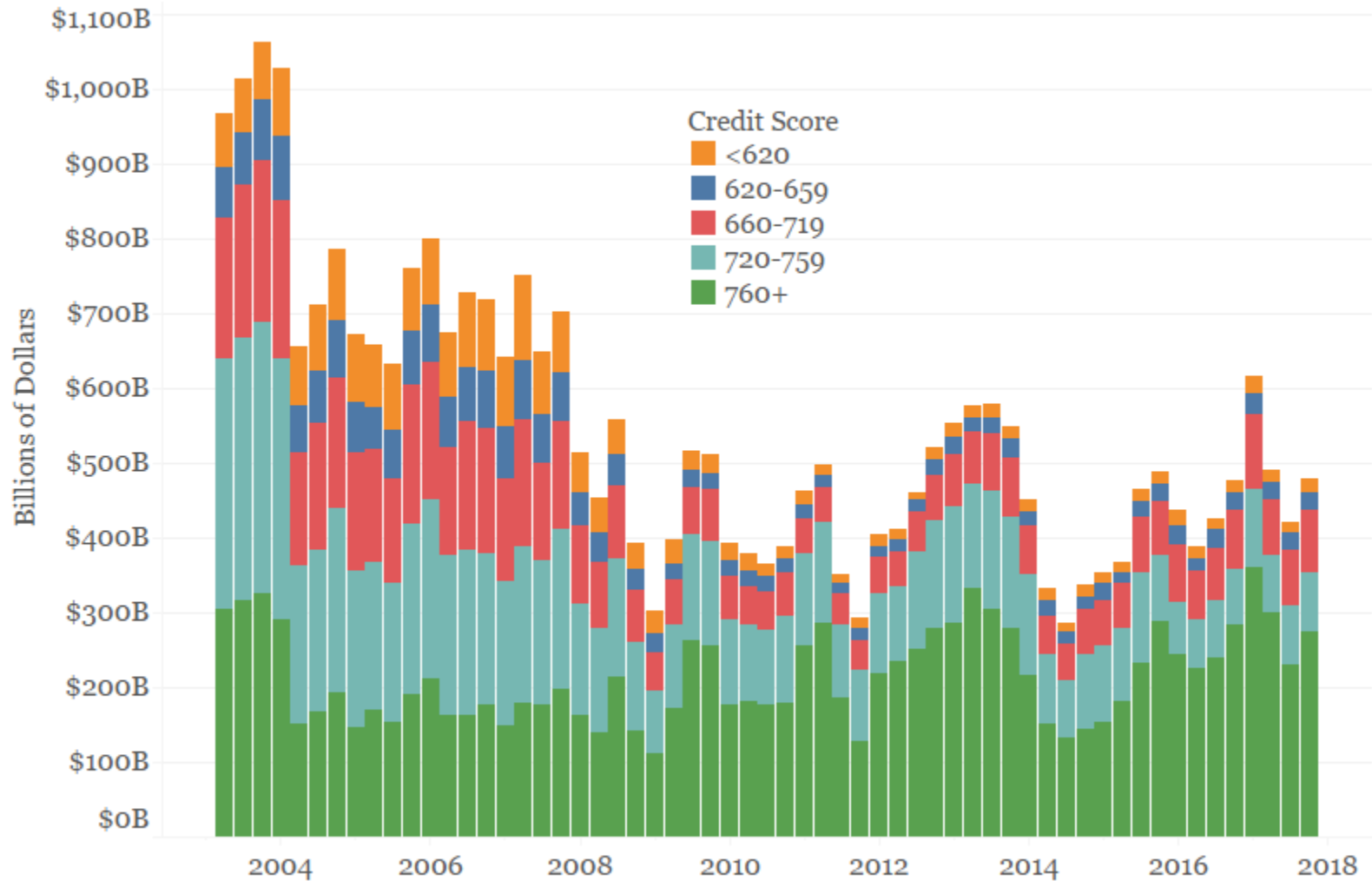


Source: DoubleLine

Case-Shiller 20 composite includes: Atlanta, Boston, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Las Vegas, Los Angeles, Miami, Minneapolis, New York City, Phoenix, Portland, San Diego, San Francisco, Seattle, Tampa and Washington, DC. SA = seasonally adjusted. NSA = non-seasonally-adjusted.

# Mortgage Origination by Credit Score

## Mortgage Origination By Credit Score

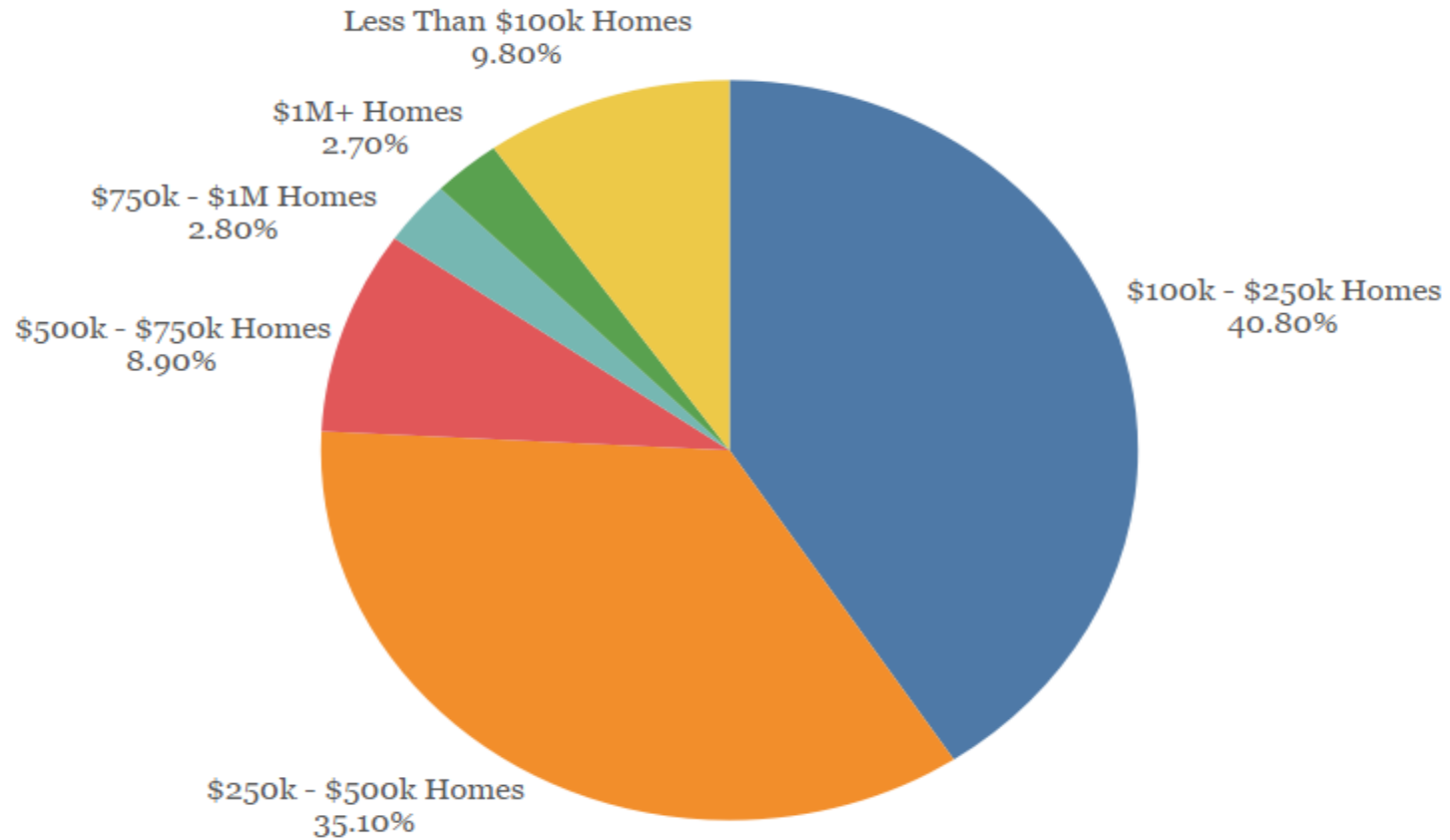


Source: New York Federal Reserve

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# Home Sales

The Percentage Of Home Sales By Dollar Value  
As of September 2017



Data Source: Bloomberg

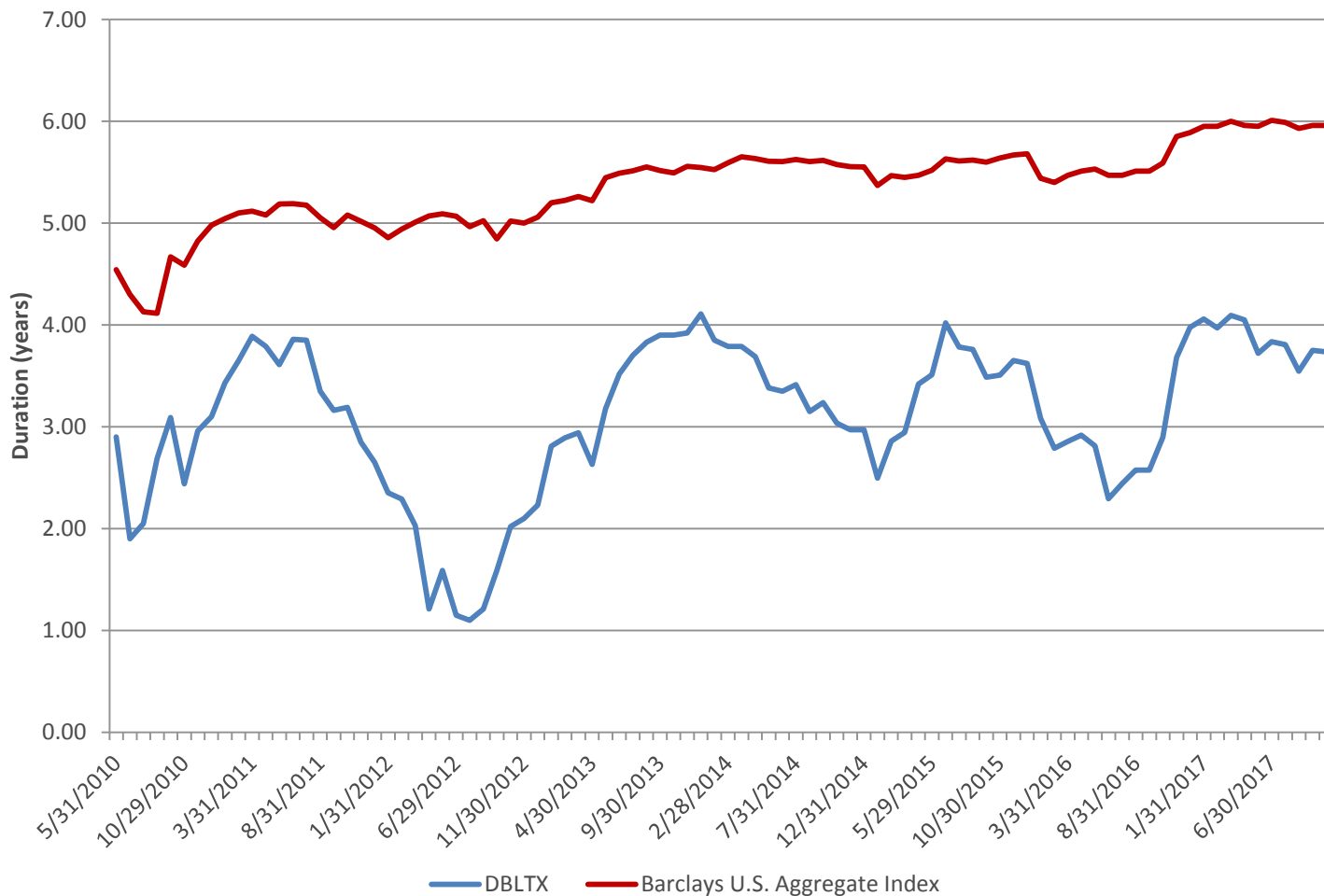
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# TAB V

# DBLTX

# Duration: DBLTX vs. Barclays U.S. Aggregate Index

May 31, 2010 through October 31, 2017

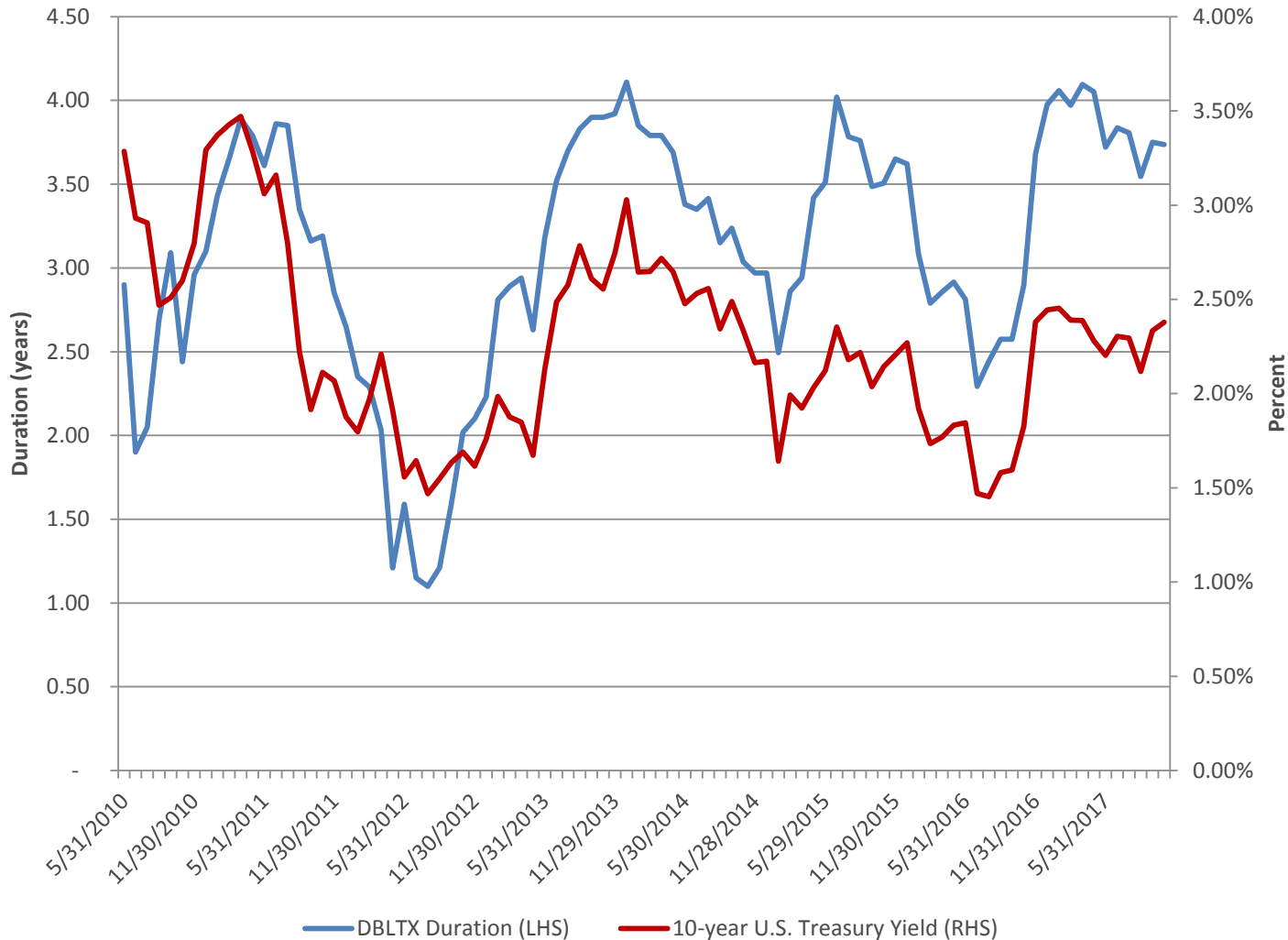


Source: DoubleLine, Barclays

Barclays AGG Duration = Barclays US Aggregate Index duration. Duration is a measure of sensitivity of the price of a fixed income investment to a change in interest rates. It's expressed in years

# DBLTX Duration vs. 10 Year U.S. Treasury Yield

May 31, 2010 through October 31, 2017



Source: DoubleLine, Bloomberg

Duration is a measure of sensitivity of the price of a fixed income investment to a change in interest rates. It's expressed in years.

# Total Return Bond Fund Portfolio Statistics

As of 10/31/2017



	Total Return Bond Fund	Barclays Capital U.S. Aggregate Index
Average Price	\$100.87	\$103.28
Duration	3.74	5.96
Average Life	5.27	8.25

Portfolio statistics as of October 31, 2017 based on market weighted averages. Subject to change without notice.

**Average price** = A measure of the weighted average price paid for the securities calculated by taking the prices and dividing by the number of securities and does not include cash. Average price should not be confused with net asset value.

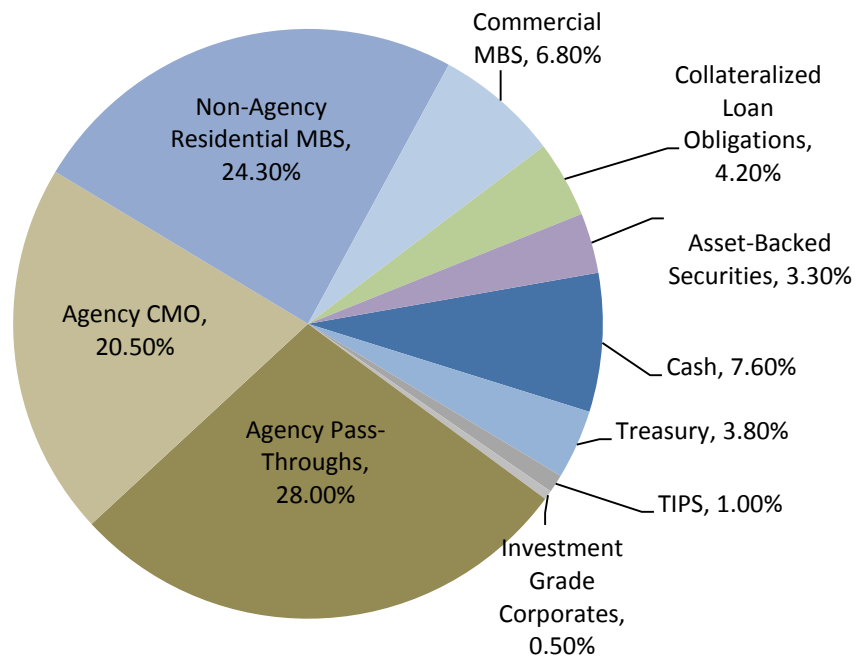
**Average Duration** = Duration is used as a risk measure. It measures the price volatility of a security given a change in interest rate movements.

**Average Life** = The average number of years that each dollar of unpaid principal due on the mortgage remains outstanding. Average life is computed as the weighted average time to the receipt of all future cash flows, using as the weights the dollar amounts of the principal paydowns.

Source: DoubleLine Capital LP

You cannot invest directly in an index. Please see index definition in the appendix.

# Total Return Bond Fund Portfolio Composition By Security Type



Portfolio composition as of October 31, 2017. Subject to change without notice.

Source: DoubleLine Capital LP. Sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

Bond ratings are grades given to bonds that indicate their credit quality as determined by a private independent rating service such as Standard & Poor's. The firm evaluates a bond issuer's financial strength, or its ability to pay a bond's principal and interest in a timely fashion. Ratings are expressed as letters ranging from 'AAA', which is the highest grade, to 'D', which is the lowest grade. In limited situations when the rating agency has not issued a formal rating, the Advisor will classify the security as nonrated.

**Cash** = The value of assets that can be converted into cash immediately. Can include marketable securities, such as government bonds, banker's acceptances, cash equivalents on balance sheets that may include securities that mature within 90 days.

**Government** – U.S. treasury securities.

**Agency** = Mortgage securities whose principal and interest guaranteed by the U.S. Government agency including Fannie Mae (FNMA) or Freddie Mac (FHLMC).

**Non-Agency** = Residential Mortgages Bond Securities are a type of bond backed by residential mortgages. Non-Agency means they were issued by a private issuer.

**CMBS** = Commercial Mortgage-Backed Securities. Securitized loans made on commercial rather than residential property.

**CLO** = Collateralized Mortgage Obligations

# SPDR Barclays High Yield Bond ETF (JNK)

## Investment Objective & Summary

The investment objective of the SPDR Barclays High Yield Bond ETF seeks to provide investment results that, before fees and expenses, corresponds generally to the price and yield performance of the Barclays High Yield Very Liquid Index. The ETF invests in U.S. high yield bonds.

The Barclays High Yield Very Liquid Index is designed to measure the performance of publicly issued U.S. dollar denominated high yield corporate bonds with above-average liquidity. High yield securities are generally rated below investment grade and are commonly referred to as "junk bonds." The Index includes publicly issued U.S. dollar denominated, non-investment grade, fixed-rate, taxable corporate bonds that have a remaining maturity of at least one year, regardless of optionality, are rated high-yield (Ba1/BB+/BB+ or below) using the middle rating of Moody's Investors Service, Inc., Fitch Inc., or Standard & Poor's, Inc. Respectively, and have \$500 million or more of outstanding face value

**Important Risk Information** - In general, ETFs can be expected to move up or down in value with the value of the applicable index. Although ETF shares may be bought and sold on the exchange through any brokerage account, ETF shares are not individually redeemable from the Fund. Investors may acquire ETFs and tender them for redemption through the Fund in Creation Unit Aggregations only. Please see the prospectus for more details.

Bond funds contain interest rate risk (as interest rates rise bond prices usually fall); the risk of issuer default; issuer credit risk; liquidity risk; and inflation risk.

Investing in high yield fixed income securities, otherwise known as "junk bonds" is considered speculative and involves greater risk of loss of principal and interest than investing in investment grade fixed income securities. These lower-quality debt securities involve greater risk of default or price change due to potential changes in the credit quality of the issuer. The Fund invests by sampling the Index, holding a range of securities that, in the aggregate, approximates the full Index in terms of key risk factors and other characteristics which may cause the fund to experience tracking errors relative to performance of the Index.

Distributor: State Street Global Markets, LLC, member FINRA, SIPC, a wholly owned subsidiary of State Street Corporation. References to State Street may include State Street Corporation and its affiliates. Certain State Street affiliates provide services and receive fees from the SPDR ETFs.

***Before investing, consider the funds' investment objectives, risks, charges and expenses. To obtain a prospectus or summary prospectus which contains this and other information, call 1-866-787-2257 or talk to your financial advisor. Read it carefully before investing.***

JNK is distributed by State Street Global Markets, LLC

# iShares 20+ Year Treasury ETF(TLT)

## Investment Objective

The iShares 20+ Year Treasury Bond ETF seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities greater than twenty years.

Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments.

An investment in the fund(s) is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

Diversification may not protect against market risk or loss of principal. Shares of iShares Funds are bought and sold at market price (not NAV) and are not individually redeemed from the Fund. Brokerage commissions will reduce returns.

**Index returns are for illustrative purposes only. Index performance returns do not reflect any management fees, transaction costs or expenses.**

**Indexes are unmanaged and one cannot invest directly in an index. Past performance does not guarantee future results.**

"Acquired Fund Fees and Expenses" reflect the Fund's pro rata share of the indirect fees and expenses incurred by investing in one or more acquired funds, such as mutual funds, business development companies, or other pooled investment vehicles. AFFE are reflected in the prices of the acquired funds and thus included in the total returns of the Fund.

The iShares Funds are distributed by BlackRock Investments, LLC (together with its affiliates, "BlackRock").

The iShares Funds are not sponsored, endorsed, issued, sold or promoted by S&P Dow Jones Indices LLC, nor does this company make any representation regarding the advisability of investing in the Funds. BlackRock is not affiliated with S&P Dow Jones Indices LLC.

The iShares Funds are not sponsored, endorsed, issued, sold or promoted by Barclays or Bloomberg Finance L.P., nor do these companies make any representation regarding the advisability of investing in the Funds. BlackRock is not affiliated with the companies listed above.

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IS-17444-0116

IS-TLT-F0917

**Not FDIC Insured - No Bank Guarantee - May Lose Value**



***Carefully consider the Funds' investment objectives, risk factors, and charges and expenses before investing. This and other information can be found in the Funds' prospectuses or, if available, the summary prospectuses which may be obtained by visiting the [iShares ETF](#) and [BlackRock Fund](#) prospectus pages. Read the prospectus carefully before investing.***

# Definitions

**Bloomberg Barclays Capital US Aggregate Index** - The Barclays Capital US Aggregate Index 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.

**Bloomberg Barclays Capital US MBS Index** - The Barclays Capital US MBS Index represents the MBS component of the Bloomberg Barclays US Aggregate Index.

**Bloomberg Barclays Capital US Treasury Index** - This index is the US Treasury component of the US Government index. Public obligations of the US Treasury with a remaining maturity of one year or more.

**Bloomberg Barclays Capital US Treasury 10 Year Index** - This index is the 10 year component of the US Government index.

**Bloomberg Barclays Capital US Treasury 30 Year Index** - This index is the 30 year component of the US Government index.

**Bloomberg Barclays Capital US High Yield Index** - The Barclays Capital US High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issuer from countries designated as emerging markets (e.g. Argentina, Brazil, Venezuela, etc.) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind (PIK, as of October 1, 2009) are also included.

**BofA Merrill Lynch US Government Index (GOAO)** - The Merrill Lynch US Government Index tracks the performance of US government (i.e. securities in the Treasury and Agency indices.)

**BofA Merrill Lynch US Corporate Index (COAO) "Investment Grade"** - The Merrill Lynch Corporate Index tracks the performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). Securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$250MM.

**CRB Commodity Index (CRY)** - An unweighted geometric average of some important commodities. It averages prices across 17 commodities and across time. The index tracks energy, grains, industrials, livestock, precious metals, and agricultural.

**S&P 500 (SPX)** - S&P 500 is a free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States.

**Standard Deviation** - Sigma = standard deviation. It shows how much variation there is from the "average" (mean, or expected/budgeted value). A low standard deviation indicated that the data point tend to be very close to the mean, whereas high standard deviation indicated that the date is spread out over a large range of values.

**Dow Jones - UBS DJ Commodity Index** - The Dow Jones UBS - Commodity index is composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME).

**"Copper"** = Copper Spot Price (HGI) Copper is the world's third most used metal behind iron and aluminum primarily used in highly cyclical industries including construction and industrial machinery manufacturing. Spot price quoted in USD/lb.

**"Gold"** = Gold Spot Price (Golds) The Gold Spot price is quoted as US Dollar per Troy Ounce.

**Crude Oil** = Crude oil varies greatly in appearance depending on its composition. West Texas intermediate (WTI) = Texas light sweet crude is used as a benchmark in oil pricing. It's "light" because of the low density and sweet because of low sulfur. Brent crude = Is a major trading classification of sweet light crude. Brent is the oil maker also known as Brent Blend.

**Volatility Index (VIX)** -The VIX shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options. This volatility is meant to be forward looking and is calculated from both calls and puts. The VIX is a widely used measure of market risk and is often referred to as the "investor fear gauge".

**Spread** - Spread is the percentage point difference between yields of various classes of bonds compared to treasury bonds.

**Yield-to-Maturity (YTM)** - The discount rate at which the sum of all future cash flows from the bond (coupons and principal) is equal to the price of the bond. The YTM calculation takes into account the bond's current market price, par value, coupon interest rate and time to maturity. It is also assumed that all coupon payments are reinvested at the same rate as the bond's current yield.

# Definitions

## **BofA Merrill Lynch US Dollar Emerging Markets Sovereign Plus Index (IGOV)**

This index tracks the performance of US dollar denominated emerging market and cross-over sovereign debt publicly issued in the eurobond or US domestic market. Qualifying countries must have a BB1 or lower foreign currency long-term sovereign debt rating (based on an average of Moody's, S&P, and Fitch).

## **BofA Merrill Lynch U.S. High Yield Cash Pay Index (JOAO) "Below Investment Grade"-**

The Merrill Lynch High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt, currently in a coupon paying period, that is publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). Must have one year remaining to final maturity and a minimum outstanding amount of \$100MM.

## **BofA Merrill Lynch U.S. High Yield Index (HOAO)**

The Merrill Lynch High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have a below investment grade rating (based on average of Moody's, S&P and Fitch) at least 18 months to final maturity at time of issue of issuance, a final maturity, a fixed coupon schedule and a minimum amount outstanding of \$100 MM.

## **BofA Merrill Lynch U.S. High Yield Excluding Energy, Metals and Mining Index (HXNM)**

The Merrill Lynch High Yield Index tracks the performance of US dollar denominated below investment grade corporate debt publicly issued in the US domestic market excluding energy, metals and mining.

## **BofA Merrill Lynch International Government Index (NOGO)**

The Merrill Lynch International Index tracks the performance of Australia, Canadian, French, German, Japan, Dutch, Swiss and UK investment grade sovereign debt publicly issued and denominated in the issuer's own domestic market and currency. Qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding.

## **BofA Merrill Lynch Mortgage-Backed Securities Index (MOAO)**

This index tracks the performance of US dollar denominated fixed rate and hybrid residential mortgage pass-through securities publicly issued by US agencies in the US domestic market. 30-year, 20-year, 15-year and interest only fixed rate mortgage pools are included in the Index provided they have at least one year remaining term to final maturity and a minimum amount outstanding of at least \$5 billion per generic coupon and \$250MM per production year within each generic coupon.

**Bloomberg Barclays Capital Global Emerging Markets Index** - The Barclays Capital Global Emerging Markets Index represents the union of the USD-denominated US Emerging Markets index and the predominately EUR-denominated Pan Euro Emerging Markets Index, covering emerging markets in the following regions: Americas, Europe, Middle East, Africa, and Asia. As with other fixed income benchmarks provided by Barclays Capital, the index is rules-based, which allows for an unbiased view of the marketplace and easy replicability.

**JP Morgan Investment Grade Corporate Index** - JP Morgan Investment Grade Corporate Index includes performance of US dollar denominated investment grade corporate debt publicly issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P and Fitch foreign currency long term sovereign debt ratings). Securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$250MM.

**Draw Down** - The peak-to-trough decline during a specific record period of an investment, fund or commodity. A drawdown is usually quoted as the percentage between the peak and the trough.

**Sharpe Ratio** – A measure that indicates the average return minus the risk-free return divided by the standard deviation of return on an investment.

**Sorintino Ratio** – Is a variation of the Sharpe ratio that differentiates harmful volatility from the total overall volatility by using the asset's standard deviation of negative asset returns, called downside deviation. The Sorintino ratio takes the asset's return and subtracts the risk-free rate, then divides that amount by the asset's downside deviation.

**NAV** – A mutual fund's price per share or exchange-traded fund's (ETF) per-share value. In both cases, the per-share dollar amount of the fund is calculated by dividing the total value of all the securities in its portfolio, less any liabilities, by the number of fund shares outstanding.

**CMO** – A type of mortgage-backed security that creates separate pools of pass-through rates for different classes of bondholders with varying maturities, called tranches. The repayments from the pool of pass-through securities are used to retire the bonds in the order specified by the bonds' prospectus

**TIPS**– Treasury Inflation Protection. A treasury security that is indexed to inflation in order to protect investors from the negative effects of inflation. TIPS are considered an extremely low-risk investment since they are backed by the U.S. government and since their par value rises with inflation, as measured by the Consumer Price Index, while their interest rate remains fixed.

**CPI**– Consumer Price Index. A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

**Cash Flow** – Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

# Definitions

**BofA/Merrill Lynch High Yield Cash Pay CCC –rated Index (JOA3)** – .A component of the BofA/Merrill Lynch High Yield Cash Pay Index concentrating on CCC rated High Yield credit only.

**BofA/Merrill Lynch High Yield Cash Pay BB–rated Index (JOA1)** – .A component of the BofA/Merrill Lynch High Yield Cash Pay Index concentrating on BB rated High Yield credit only.

**BofA/Merrill Lynch High Yield Cash Pay B–rated Index (JOA2)** – .A component of the BofA/Merrill Lynch High Yield Cash Pay Index concentrating on B rated High Yield credit only.

**BofA/Merrill Lynch Credit Index BBB-rated Index (COA4)** – .A component of the BofA/Merrill Lynch Credit Index concentrating on the lower rated BBB investment grade credits.

**BofA/Merrill Lynch Credit Index A–rated Index (COA3)** – . A component of the BofA/Merrill Lynch Credit Index concentrating on the A rated investment grade credits.

**BofA/Merrill Lynch Credit Index AAA –rated Index (COA1)** – . A component of the BofA/Merrill Lynch Credit Index concentrating on the highest rated AAA investment grade credits.

**BofA Merrill Lynch US Treasury Index (GOQO)** -The Merrill Lynch US Treasury Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion.

**BofA Merrill Lynch US 10-15 Year Treasury Index “Long Treasury”** -The Merrill Lynch US 10-15 Treasury Index tracks the performance of US dollar denominated 10-15 year sovereign debt publicly issued by the US government in its domestic market. It is a subset of the BofA Merrill Lynch U.S. Treasury Index (GOQO).

**BofA Merrill Lynch Municipal Index** -The Merrill Lynch Municipal

**BofA Merrill Lynch Current 10 year UST Index** – This index is the 10 year component of the US Government index.

**BofA Merrill Lynch Current 30 year UST Index** – This index is the 30 year component of the US Government index.

**Shanghai Index** - The Shanghai Stock Exchange Composite is a capitalization-weighted index tracking daily price performance of all A and B-shares listed on the Shanghai Stock Exchange. This index was developed December 19, 1990 with a base value of 100.

**S&P/Case-Shiller Composite Home Price Index** - The Case-Shiller Home Price Indices, one comprised of price changes within all 20 metropolitan markets, and another comprised of price changes within the following subset of 10 metropolitan markets: Boston, Chicago, Denver, Las Vegas, Los Angeles, Miami, New York, San Diego, San Francisco and Washington DC. In addition to those 10 markets, the 20-Home Price index reflects price changes for Atlanta, Charlotte, Dallas, Detroit, Minneapolis, Phoenix, Portland, Seattle and Tampa.

**NASDAQ**- A computerized system that facilitates trading and provides price quotations on more than 5,000 of the more actively traded over the counter stocks. Created in 1971, the Nasdaq was the world's first electronic stock market.

**Transports**- The Industrials Sector includes companies whose businesses are dominated by one of the following activities: The manufacture and distribution of capital goods, including aerospace & defense, construction, engineering & building products, electrical equipment and industrial machinery

**Utilities**- A public utility is a business that furnishes an everyday necessity to the public at large. Public utilities provide water, electricity, natural gas, telephone service, and other essentials. Utilities may be publicly or privately owned, but most are operated as private businesses.

**Basis Point**- A basis point is a unit that is equal to 1/100<sup>th</sup> of 1%, and is used to denote the change in a financial instrument.

**REIT**- Real Estate Trust. A security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages

**Duration** – Duration is a commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration.

**ISM** = ISM Manufacturing Index is based on a survey of 300 manufacturing firms by the Institute of Supply Management.

**DXY** = U.S. dollar spot index indicates the general international value of the US dollar by averaging the exchange rates between the USD and major world currencies.

**PE** = price/ earnings ratio is the ratio of valuing a company that measures its current share price relative to its per-share earnings

**S&P Low Volatility TR** = The S&P 500 Low Volatility Index is designed to measure the performance of the 100 least volatile stocks of the S&P 500 Index Volatility is defined as the standard deviation of the security computed using the daily price returns over 252 trading days.

**MSCI USA Minimum Volatility Gross TR** Index is designed to reflect the performance of a minimum variance equity strategy by optimizing a traditional cap weighted “parent MSCI Index” to attain the lowest level of volatility for a set of constraints.

# Definitions

**BofA/Merrill Lynch Inflation Linked Index (GOQ1)** – The BofA Merrill Lynch US Inflation-Linked Treasury Index tracks the performance of US dollar denominated inflation linked sovereign debt publicly issued by the US government in its domestic market.

**Citigroup TIPS (SBUSILSI)** – It measures the returns of the inflation-linked bonds with fixed-rate coupon payments that are linked to an inflation index. The price of each issue in the USLSI is adjusted by using an index ratio. The index ratio is determined by dividing the current inflation index level by the inflation index level at the time of issue of the security. The inflation index is published on a monthly basis, and the intra-month index ratio is calculated using linear interpolation.

**Bloomberg Barclays Capital CMBS Index** – tracks the performance of US dollar-denominated securitized commercial mortgage-backed securities.

**Russell 2000** – measures the performance of the small-cap segment of the US equity universe. Russell 2000 is a subset of the Russell 3000 index representing approximately 10% of the total market capitalization of that index.

**S&P GSCI** – is a composite index of commodity sector return representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities.

**S&P GSCI Agriculture** – is a composite index of agriculture commodity futures unleveraged, long-only investment.

**Barclays Capital US 30 Year TIPS Index** - . Barclays Capital 30-year TIPS on-the-run index quoted in US Dollars traded intraday

**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.

**DAX** - This index is the German Stock Index is a total return index of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange.

**CAC 40** – This index the most widely-used indicator of the Paris market, reflects the performance of the 40 largest equities listed in France, measured by free-float market capitalization and liquidity.

**FTSE 100** – Is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange.

**Nikkei 225** – The Nikkei-225 Stock average is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange.

**ESTX50** – EuroSTOxx 50 index is Europe's leading blue-chip index for the Eurozone, provides a blue-chip representation of supersector leaders in the Eurozone.

**Merrill Lynch Option MOVE Index** – Merrill Lynch Option Volatility Estimate is a weighted index of the normalized implied volatility on 1-month Treasury options.

**MSCI USA Minimum Volatility** – The index is calculated by optimizing the MSCI USA index, its parent index, in USD for the lowest absolute risk (within given constraints).

**Bloomberg Barclays U.S. High Yield Index** – An index that is composed of fixed-rate, publicly issued, non-investment grade debt.

**Bloomberg Barclays Euro Corporate Index** – A subset of the Barclays EuroAgg measures the investment grade, euro-denominated, fixed rate bond market, including treasuries, government-related, corporate and securitized issues.

**Bloomberg Barclays Euro High Yield Index** – Measures the market of non-investment grade, fixed-rate corporate bonds denominated in Euro. Inclusion is based on the currency of issue, and not the domicile of the issuer.

**JPMorgan Corporate EMBI Broad Diversified Index (JBCDCOMP)** – This index tracks a broad basket of performance of investment grade corporate debt, including smaller issues covering a wider array of publically issued across a range of emerging market countries.

**JPMorgan Corporate Emerging Market Index (JCMHCOR)** – This index is a liquid basket of emerging markets corporate issues which include 80 bonds, representing 60 issuers and 16 countries. It has strict liquidity criteria for inclusion in order to provide replicability, tradability, robust pricing and data integrity.

**JPMorgan Global Bond Index ex-EM (JGAGGUSD)** – is a comprehensive global investment grade benchmark excluding emerging markets.

**JPMorgan EM Bond Index Global Diversified** – tracks total returns for traded external debt instruments in the emerging markets limiting the weights of those index countries with larger debt stocks by only including a specified portion of these countries eligible current face amounts of debt outstanding..

**Bloomberg Barclays U.S. Corporate Index** – Is a subset of the Barclays U.S. Aggregate index which is a broad-based flagship benchmark that measures the investment grade, U.S. dollar-denominated, fixed rate taxable bond market. IT includes Treasuries, government-related and corporate securities, MBS, ABS and CMBS. This subset represents the investment grade portion of that index.

## Important Information Regarding This Report

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# Webcast Announcements



[2018 Webcast Schedule available on www.doublelinefunds.com](http://www.doublelinefunds.com)

## [“Just Markets” 2018 Outlook Webcast – January 9, 2018](#)

Jeffrey Gundlach, DoubleLine CEO & CIO will discuss his outlook for the markets for 2018

Go to [www.doubleline.com](http://www.doubleline.com), Home page under “Events”

1:15 pm PDT/4:15 pm EDT

## [Emerging Markets & Low Duration Emerging Markets Webcast – February 13, 2018](#)

DoubleLine Emerging Markets Portfolio Management team will discuss the Emerging Market Bond Fund and the Low Duration Emerging Markets Bond Fund

Go to [www.doublelinefunds.com](http://www.doublelinefunds.com), Home page under “Events”

1:15 pm PDT/4:15 pm EDT

## [Infrastructure Webcast – February 27, 2018](#)

Jeffrey Gundlach will discuss DoubleLine’s Total Return Bond Fund

Go to [www.doublelinefunds.com](http://www.doublelinefunds.com), Home page under “Events”

1:15 pm PDT/4:15 pm EDT

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# Other Announcements



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# So Far, So Good

**Live Webcast hosted by:**

**Jeffrey Gundlach**

Chief Executive Officer

**December 5, 2017**

