

# RIVERNORTH

July 28, 2014

Mr. Douglas J. Scheidt, Esq.  
Division of Investment Management  
United States Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: RiverNorth Capital Management, LLC and RiverNorth Funds Request for  
No-Action Relief

Dear Mr. Scheidt:

I am writing on behalf of RiverNorth Capital Management, LLC (RNCM), a registered investment adviser, and RiverNorth Funds (the "Trust"), a registered investment company, to request that the Staff of the Division of Investment Management (the "Staff") not recommend enforcement action to the U.S. Securities and Exchange Commission (SEC) under Section 15(a) of the Investment Company Act of 1940, as amended, (the "1940 Act") against RNCM, the Trust or Doubleline Capital, LP, a sub-adviser to the Trust if, under the circumstances described below, RNCM and the Trust make amendments to a sub-advisory agreement between RNCM, the Trust and a sub-adviser without obtaining shareholder approval.

## **BACKGROUND**

### The Trust

The Trust is an Ohio business trust registered as an open-end, management investment company under the 1940 Act. The Trust was formed on July 18, 2006 as evidenced by the filing of an Agreement and Declaration of Trust with the Ohio Secretary of State on July 25, 2006. The Trust currently has 5 series. All of the Trust's series (except for the RiverNorth Dynamic Buy-Write Fund) utilize to some degree RNCM's tactical closed-end fund strategy.

Two of the five series of the Trust are sub-advised by registered investment advisers that are not affiliated with RNCM. RNCM allocates a portion of each sub-advised fund's assets (called "sleeves") to the respective sub-advisers to be managed in accordance with their particular investment strategy or strategies. RNCM manages the remaining assets in each of the sub-advised funds. The investment objectives and the strategies for each series of the Trust are described in each series' respective prospectus.

### RNCM

RNCM is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (the "Advisers Act"). RNCM serves as an investment adviser to the Trust pursuant to an

# RIVERNORTH

investment advisory agreement between RNCM and the Trust on behalf of each series of the Trust (the “RNCM Management Agreement”). The RNCM Management Agreement was approved in accordance with Section 15(a) of the 1940 Act. Under the RNCM Management Agreement, RNCM is responsible for the investment program of the series of the Trust, including deciding what securities to purchase and sell, and the provision of reports to the board of trustees of the Trust (the “Board”). Pursuant to the RNCM Management Agreement, RNCM may delegate any or all the responsibilities, rights or duties under the RNCM Management Agreement to one or more sub-advisers, provided such delegation is approved or ratified by the Board, the Trust’s shareholders or unless, in addition to the Board’s approval, the Trust has obtained from the Staff an exemption from the provisions of Section 15(a) of the Act. Moreover, RNCM can adjust the allocation between its’ own sleeve and investment sleeves managed by the sub-adviser’s. As compensation for RNCM’s services, the Trust pays RNCM a management fee based on each series’ average daily net assets (the “Management Fee”).

## DoubleLine

DoubleLine is registered with the SEC as an investment adviser under the Advisers Act. DoubleLine serves as a sub-adviser to the RiverNorth/DoubleLine Strategic Income Fund (the “Fund”) pursuant to an investment sub-advisory agreement between RNCM and DoubleLine on behalf of the RiverNorth/DoubleLine Strategic Income Fund (the “DoubleLine Agreement”), a copy of which is attached as Exhibit A. The DoubleLine Agreement was approved in accordance with Section 15(a) of the 1940 Act, including being approved by the Fund’s sole initial shareholder. Under the DoubleLine Agreement, DoubleLine is responsible for the investment program of its sleeves of the RiverNorth/DoubleLine Strategic Income Fund, including deciding what securities to purchase and sell, and the provision of reports to the Board. DoubleLine manages two sleeves within the RiverNorth/DoubleLine Strategic Income Fund, a core fixed income strategy and an opportunistic income strategy. As compensation for DoubleLine’s services, RNCM pays DoubleLine a sub-advisory fee based on the average daily net assets of the RiverNorth/DoubleLine Strategic Income Fund allocated to the DoubleLine sleeves (the “Doubleline Sub-Advisory Fee”). The DoubleLine Agreement states that the method of determining the net asset value for the Doubleline Sub-Advisory Fee to be paid to DoubleLine shall be the same method for determining the net asset value for the offering or redemption price for the Fund’s shares.

## Proposed Amendments to the DoubleLine Sub-Advisory Agreement

The DoubleLine Agreement differs from the Trust’s other sub-advisory agreement in terms of the way the sub-advisory fees are calculated. DoubleLine is paid on the *net assets* it manages (net assets being the gross assets in each sleeve, minus the sleeve’s pro rata portion of the respective fund’s operating expenses). Conversely, the Trust’s other sub-advisory agreement pays on the gross assets managed by the sub-adviser, without the deduction of any operating expenses. In the case of the other sub-advisory agreement, deduction of the fund’s total operating expenses comes exclusively from RNCM’s sleeve. For the sake of parity among sub-advisers and to ease in the calculation of the sub-advisory fees to be paid to the sub-advisers, RNCM is requesting relief to make changes to the DoubleLine Agreement to permit the calculation of the Doubleline

# RIVERNORTH

Sub-Advisory Fee due to be based on the gross assets Doubleline manages rather than the net assets. The result would be a slight increase in the Doubleline Sub-Advisory Fee earned by DoubleLine, and a reduction in the advisory fee paid to RNCM, but no change in the overall Management Fee paid by the Fund itself. From a functional accounting standpoint, the operating expenses of the Fund will be calculated on the total assets of the Fund but deducted only from the RNCM-managed sleeves rather than the sleeves managed by Doubleline. When calculating the compensation to be paid to Doubleline, it seems logical to pay a sub-advisory fee based on the assets actually managed by Doubleline rather than the assets minus operating expenses over which Doubleline has little control. From the sub-advisers' perspective, if RNCM allocates \$1 million to a sub-adviser for management, the sub-adviser would rather fully invest that \$1 million in its strategy rather than having to maintain some portion in cash for the payment of operating expenses or redemptions. It is the present intent of RNCM to structure any future subadvisory relationships in the same manner as proposed herein.

The proposed changes to the DoubleLine Agreement are as follows:

Amend Section 6 of the Agreement to state:

“Compensation. For the services provided pursuant to this Agreement, the Subadviser is entitled to an annual fee equal to the amounts described in Exhibit A attached hereto. Such fee will be computed daily and paid no later than the seventh (7<sup>th</sup>) business day following the end of each month by the Adviser, calculated at an annual rate based on the average daily **gross** asset value of the Subadviser Assets. Assets of the Fund comprising the Subadviser Assets shall be valued consistently with the valuation of such assets in determining net asset value for purposes of establishing the offering and redemption price of shares of the Trust as described in the Fund’s Prospectus and/or SAI. If this Agreement shall be effective for only a portion of a month with respect to the Fund, the aforesaid fee shall be prorated for the portion of such month during which this Agreement is in effect for the Fund.”

Add to Schedule A of the Agreement the following paragraph:

“Gross Assets” is defined as the market valuation of all assets, plus any receivables and payables attributable to the acquisition, ownership or liquidation of those assets.

There would be no other changes to the DoubleLine Agreement. The proposed changes to the DoubleLine Agreement would not reduce or modify in any way the nature and level of the sub-advisory services provided to the Fund by DoubleLine.

There would be no changes to any other subadvisory agreement or to the RNCM Management Agreement.

The proposed changes to the Doubleline Agreement were approved by the Trust's Board of Trustees at the time of the last renewal of the DoubleLine Agreement pursuant to Section 15 of the Investment Company Act in November 2013. However, the approved changes will become effective only upon the staff's grant of the requested no-action relief, or upon shareholder

# RIVERNORTH

approval.

## REQUEST FOR STAFF GUIDANCE

RNCM and the Trust seek assurance that the Staff would not view the amendments to the DoubleLine Agreement above as a violation of Section 15(a) if such amendments are made without seeking shareholder approval. RNCM and the Trust believe that the contemplated changes are immaterial and would automatically meet with shareholder approval if submitted for a shareholder vote, primarily because the proposed changes would result in no increase in the fees paid by shareholders. RNCM and the Trust also believe that the contemplated changes are not designed to, nor would they reduce or modify in any way the nature and level of services provided to the Trust by DoubleLine or by RNCM, nor would they increase the fees charged for advisory services by RNCM.

### Analysis

Section 15(a) of the 1940 Act provides, in relevant part:

It shall be unlawful for any person to serve or act as an investment adviser of a registered investment company, except pursuant to a written contract, which contract, whether with such registered company or with an investment adviser of such registered company, has been approved by the vote of a majority of the outstanding voting securities of such registered company, and - (1) **precisely describes all compensation to be paid thereunder**. . . . (emphasis added)

As noted in the foregoing section, the proposed changes in the DoubleLine Agreement would result in a slight increase in the Doubleline Sub-Advisory Fee paid to DoubleLine and a slight reduction in the advisory fees paid to RNCM. Therefore, the compensation sections of the DoubleLine Agreement, if not amended, would not “precisely describe” the compensation to be paid to DoubleLine. It is important to note that the Management Fee, as a percentage of the assets under management, is not proposed to be changed. Rather, the asset against which the Doubleline Sub-Advisory Fee will be calculated is all that is being proposed for amendment.

The Staff has provided similar relief in the past. In INVESCO (pub. avail. August 5, 1997), the staff indicated that it would not recommend enforcement action under Section 15(a) if fund advisory fees were reallocated between adviser and subadvisers, without obtaining shareholder approval, when aggregate fees would remain unchanged and neither the adviser nor subadvisers would reduce the quality or quantity of their services. Additionally, at note 4 in the INVESCO letter, the Staff made clear that the relief granted INVESCO was not dependent on the fact that the parties were affiliates. Accordingly, the relief sought by RNCM seems consistent with INVESCO and other no-action letters.

Furthermore, the central purpose of the shareholder vote requirement of Section 15 is to protect fund shareholders from abuses that may arise due to “trafficking” in advisory contracts, or other material modifications that may harm shareholders such as unwarranted fee increases or a decline in the services for which the fund pays fees. In the present case, there is no increase in

# RIVERNORTH

the overall Management Fees paid by the Fund and no change in the level of services provided by RNCM or Doubleline.

The proposed amendments to the DoubleLine Agreement have been considered by the Trust's Board and the Board has determined that the amendments would be in the best interests of the Fund and its shareholders. . The proposed amendments to the DoubleLine Agreement have been approved by a majority of the Board's Trustees, including a majority of the trustees who are not interested persons of RNCM, pending receipt of assurance from the staff. If granted no-action relief by the staff, the Trust will supplement or revise its prospectus promptly after the revised DoubleLine Agreement becomes effective, and will promptly notify the Fund's shareholders of the amendments by delivery of the revised prospectus or supplement.

For the reasons set forth above, we respectfully request that the Staff confirm that it will not recommend enforcement action to the SEC under Section 15(a) of the 1940 Act against RNCM, the Trust or Doubleline if, under the circumstances described above, RNCM revises the DoubleLine Agreement without obtaining shareholder approval.

Should you require additional factual information or further analysis, please contact me at (312) 445-2251. If the staff is unable to confirm that it will not seek enforcement action based on this letter, I would appreciate it if you would contact me to discuss possible revisions or additional submissions. Thank you for your consideration of this matter.

Very truly yours,



Marcus L. Collins  
General Counsel and Chief Compliance Officer  
RiverNorth Capital Management, LLC

Attachments:

Exhibit A – DoubleLine Subadvisory Agreement

## SUBADVISORY AGREEMENT

THIS AGREEMENT is made and entered into as of this 27th day of December, 2010, by and between RiverNorth Capital Management, LLC (the "Adviser"), a Delaware limited liability company registered under the Investment Advisers Act of 1940, as amended (the "Advisers Act") located at 325 N. LaSalle Street, Suite 645, Chicago, Illinois 60654, and DoubleLine Capital, LP (the "Subadviser"), a Delaware limited partnership registered under the Advisers Act, located at 333 S. Grand Avenue, 18th Floor, Los Angeles, California 90071, with respect to the Fund listed on Schedule A hereto (the "Fund"), a series of the RiverNorth Funds, an Ohio statutory trust (the "Trust").

### WITNESSETH:

WHEREAS, the Trust is registered with the U.S. Securities and Exchange Commission (the "SEC") as an open-end management investment company under the Investment Company Act of 1940, as amended (the "1940 Act");

WHEREAS, the Adviser has, pursuant to a Management Agreement with the Trust dated as of the 29th day of October, 2010, as amended (the "Management Agreement"), been retained to act as investment adviser for the Fund listed on Schedule A hereto;

WHEREAS, the Adviser represents that the Management Agreement permits the Adviser to delegate certain of its duties under the Management Agreement to other investment advisers, subject to the requirements of the 1940 Act; and

WHEREAS, the Adviser desires to retain Subadviser to assist it in the provision of a continuous investment program for that discrete portion of the Fund's assets that the Adviser will assign to the Subadviser, and Subadviser is willing to render such services subject to the terms and conditions set forth in this Agreement,

NOW, THEREFORE, the parties do mutually agree and promise as follows with respect to each Fund:

1. Appointment as Subadviser. The Adviser hereby appoints the Subadviser to act as investment adviser for and to manage a discrete portion of the assets of the Fund (the "Subadviser Assets") subject to the supervision of the Adviser and the Board of Trustees of the Trust and subject to the terms of this Agreement; and the Subadviser hereby accepts such appointment. In such capacity, the Subadviser shall be responsible for the investment management of the Subadviser Assets. Subadviser is prohibited from consulting with any other subadviser to the Fund concerning transactions for the fund in securities or other assets. It is recognized that the Subadviser and certain of its affiliates may act as investment adviser to one or more other investment companies and other managed accounts and that the Adviser and the Trust do not object to such activities.

2. Duties of Subadviser.

(a) Investments. The Subadviser is hereby authorized and directed and hereby agrees, subject to the stated investment policies and restrictions of the Fund as set forth in the Fund's prospectus ("Prospectus") and statement of additional information ("SAI") as currently in effect and, as soon as practical after the Trust, the Fund or the Adviser notifies the Subadviser thereof, as supplemented or amended from time to time and subject to the directions of the Adviser and the Trust's Board of Trustees, to monitor on a continuous basis the performance of the Subadviser Assets and to conduct a continuous program of investment, evaluation and, if deemed appropriate in the Subadviser's judgment, sale and reinvestment of the Subadviser Assets. The Adviser agrees to provide the Subadviser with such assistance as may be reasonably requested by the Subadviser in connection with the Subadviser's activities under this Agreement, including, without limitation, providing information concerning the Fund, its cash flow and cash available for investment and generally as to the conditions of the Fund's or the Trust's affairs.

(b) Compliance with Applicable Laws and Governing Documents. In the performance of its services under this Agreement, the Subadviser shall act in conformity with the Prospectus, SAI and the Trust's Agreement and Declaration of Trust and By-Laws as currently in effect and, as soon as practical after the Trust, the Fund or the Adviser notifies the Subadviser thereof, as supplemented, amended and/or restated from time to time (referred to hereinafter as the "Declaration of Trust" and "By-Laws," respectively) and with the instructions and directions received in writing from the Adviser or the Trustees of the Trust and will conform to, and comply with, the requirements of the 1940 Act, the Internal Revenue Code of 1986, as amended (the "Code"), and all other applicable federal and state laws and regulations. Without limiting the preceding sentence, the Adviser promptly shall notify the Subadviser as to any act or omission of the Subadviser hereunder that the Adviser reasonably deems to constitute or to be the basis of any noncompliance or nonconformance with any of the Trust's Declaration of Trust and By-Laws, the Prospectus and the SAI, the instructions and directions received in writing from the Adviser or the Trustees of the Trust, the 1940 Act, the Code, and all other applicable federal and state laws and regulations. Notwithstanding the foregoing, the Adviser shall remain responsible for ensuring the Fund's and the Trust's overall compliance with the 1940 Act, the Code and all other applicable federal and state laws and regulations and the Subadviser is only obligated to comply with this subsection (b) with respect to the Subadviser Assets. The Adviser timely will provide the Subadviser with a copy of the minutes of the meetings of the Board of Trustees of the Trust to the extent they may affect the Fund or the services of the Subadviser, copies of any financial statements or reports made by the Fund to its shareholders, copies of the Prospectus, SAI and the Trust's Agreement and Declaration of Trust and By-Laws and any further materials or information which the Subadviser may reasonably request to enable it to perform its functions under this Agreement.

The Adviser shall perform quarterly and annual tax compliance tests to ensure that the Fund is in compliance with Subchapter M of the Code. In this regard, the Adviser acknowledges that the Subadviser shall rely completely upon the Adviser's determination of whether and to what extent the Fund is in compliance with Subchapter M of the Code and that the Subadviser has no separate and independent responsibility to test the Fund for such compliance. In connection with such compliance tests, the Adviser shall inform the Subadviser

at least ten (10) business days prior to a calendar quarter end if the Subadviser Assets are out of compliance with the diversification requirements under Subchapter M. If the Adviser notifies the Subadviser that the Subadviser Assets are not in compliance with such requirements noted above, the Subadviser will take prompt action to bring the Subadviser Assets back into compliance within the time permitted under the Code.

The Adviser shall perform quarterly compliance tests to ensure that the Fund is in compliance with the diversification provisions of Section 817 of the Code and the regulations thereunder. In this regard, the Adviser acknowledges that the Subadviser shall rely completely upon the Adviser's determination of whether and to what extent the Fund is in compliance with the diversification provisions of Section 817 and the regulations thereunder and that the Subadviser has no separate and independent responsibility to test the Fund for such compliance. In connection with such compliance tests, the Adviser shall inform the Subadviser no more than five (5) business days after the end of a calendar quarter if the Subadviser Assets are out of compliance with these diversification requirements. If the Adviser notifies the Subadviser that the Subadviser Assets are not in compliance with such requirements noted above, the Subadviser will take prompt action to bring the Subadviser Assets back into compliance within the time permitted under the Code.

The Adviser will provide the Subadviser with reasonable advance notice of any change in the Fund's investment objectives, policies and restrictions as stated in the Prospectus and SAI, and the Subadviser shall, in the performance of its duties and obligations under this Agreement, manage the Subadviser Assets consistent with such changes, provided that the Subadviser has received prompt notice of the effectiveness of such changes from the Trust or the Adviser. In addition to such notice, the Adviser shall provide to the Subadviser a copy of any modified Prospectus and SAI reflecting such changes. The Adviser acknowledges and will ensure that the Prospectus and SAI will at all times be in compliance with all disclosure requirements under all applicable federal and state laws and regulations relating to the Trust or the Fund, including, without limitation, the 1940 Act, and the rules and regulations thereunder, and that the Subadviser shall have no liability in connection therewith, except as to the accuracy of material information furnished in writing by the Subadviser to the Trust or to the Adviser specifically for inclusion in the Prospectus and SAI. The Subadviser hereby agrees to provide to the Adviser in a timely manner such information relating to the Subadviser and its relationship to, and actions for, the Trust as may be required to be contained in the Prospectus, SAI or in the Trust's Registration Statement on Form N-1A and any amendments thereto.

(c) Voting of Proxies. The Adviser hereby delegates to the Subadviser the Adviser's discretionary authority to exercise voting rights with respect to the securities and other investments in the Subadviser Assets and authorizes the Subadviser to delegate further such discretionary authority to a designee identified in a notice given to the Trust and the Adviser. The Subadviser, including without limitation its designee, shall have the power to vote, either in person or by proxy, all securities in which the Subadviser Assets may be invested from time to time, and shall not be required to seek or take instructions from, the Adviser, the Fund or the Trust or take any action with respect thereto. Such authorization shall include the ability to

exercise authority with regard to corporate actions affecting investments in the Subadviser Assets.

The Subadviser has established a written procedure for proxy voting in compliance with current applicable rules and regulations, including but not limited to Rule 30b1-4 under the 1940 Act. The Subadviser will provide the Adviser, or its designee, a copy of such procedure and establish a process for the timely distribution of the Subadviser's voting record with respect to the Fund's securities and other information necessary for the Fund to complete information required by Form N-1A under the 1940 Act and the Securities Act of 1933, as amended (the "Securities Act"), Form N-PX under the 1940 Act, and Form N-CSR under the Sarbanes-Oxley Act of 2002, as amended, respectively.

(d) Agent. Subject to any other written instructions of the Adviser or the Trust, the Subadviser is hereby appointed the Adviser's and the Trust's agent and attorney-in-fact for the limited purposes of executing account documentation, agreements, contracts and other documents as the Subadviser shall be requested by brokers, dealers, counterparties and other persons in connection with its management of the Subadviser Assets. The Subadviser agrees to provide the Adviser and the Trust with copies of any such agreements executed on behalf of the Adviser or the Trust.

(e) Brokerage. The Subadviser is authorized, subject to the supervision of the Adviser and the plenary authority of the Trust's Board of Trustees, to establish and maintain accounts on behalf of the Fund with, and place orders for the investment and reinvestment, including without limitation purchase and sale of the Subadviser Assets with or through, such persons, brokers (including, to the extent permitted by applicable law, any broker affiliated with the Subadviser) or dealers (collectively "Brokers") as Subadviser may elect and negotiate commissions to be paid on such transactions. The Subadviser, however, is not required to obtain the consent of the Adviser or the Trust's Board of Trustees prior to establishing any such brokerage account. The Subadviser shall place all orders for the purchase and sale of portfolio investments for the Fund's account with Brokers selected by the Subadviser. In the selection of such Brokers and the placing of such orders, the Subadviser shall seek to obtain for the Fund the most favorable price and execution available under the circumstances, except to the extent it may be permitted to pay higher brokerage commissions for brokerage and research services, as provided below. In using its reasonable efforts to obtain for the Fund the most favorable price and execution available under the circumstances, the Subadviser, bearing in mind the best interests of the Fund at all times, shall consider all factors it deems relevant, including price, the size of the transaction, the breadth and nature of the market for the security, the difficulty of the execution, the amount of the commission, if any, the timing of the transaction, market prices and trends, the reputation, experience and financial stability of the Broker involved, and the quality of service rendered by the Broker in other transactions. The Subadviser shall not consider a Broker's sale of Fund shares when selecting the Broker to execute trades. Notwithstanding the foregoing, the Trust, the Fund nor the Adviser shall instruct the Subadviser to place orders with any particular Broker(s) with respect to the Subadviser Assets. Subject to such policies as the Trustees may determine, or as may be mutually agreed to by the Adviser and the Subadviser, the Subadviser is authorized but not obligated to cause, and shall not be deemed to have acted unlawfully or to have breached any duty created by this Agreement or otherwise

solely by reason of its having caused, the Fund to pay a Broker that provides brokerage and research services (within the meaning of Section 28(e) of the Securities Exchange Act of 1934) to the Subadviser an amount of commission for effecting a Subadviser Assets investment transaction that is in excess of the amount of commission that another Broker would have charged for effecting that transaction if, but only if, the Subadviser determines in good faith that such commission was reasonable in relation to the value of the brokerage and research services provided by such Broker viewed in terms of either that particular transaction or the overall responsibility of the Subadviser with respect to the accounts as to which it exercises investment discretion. It is recognized that the services provided by such Brokers may be useful to the Subadviser in connection with the Subadviser's services to other clients.

On occasions when the Subadviser deems the purchase or sale of a security to be in the best interests of the Fund with respect to the Subadviser Assets as well as other clients of the Subadviser, the Subadviser, to the extent permitted by applicable laws and regulations, may, but shall be under no obligation to, aggregate the securities to be sold or purchased in order to obtain the most favorable price or lower brokerage commissions and efficient execution. In such event, allocation of securities so sold or purchased, as well as the expenses incurred in the transaction, will be made by the Subadviser in the manner the Subadviser considers to be the most equitable and consistent with its fiduciary obligations to the Fund and to such other clients. It is recognized that in some cases, this procedure may adversely affect the price paid or received by the Fund or the size of the position obtainable for, or disposed of by, the Fund with respect to the Subadviser Assets.

(f) Securities Transactions. The Subadviser and any affiliated person of the Subadviser may purchase securities or other instruments from or sell securities or other instruments to the Fund only if such transaction is permissible under applicable laws and regulations, including, without limitation, the 1940 Act and the Advisers Act and the rules and regulations promulgated thereunder.

The Subadviser, on its own behalf and with respect to its Access Persons (as defined in subsection (e) of Rule 17j-1 under the 1940 Act), agrees to observe and comply with Rule 17j-1 and its Code of Ethics (which shall comply in all material respects with Rule 17j-1), as the same may be amended from time to time. On at least an annual basis, the Subadviser will comply with the reporting requirements of Rule 17j-1, which include (i) certifying to the Adviser and the Trust that the Subadviser and its Access Persons have complied with the Subadviser's Code of Ethics with respect to the Subadviser Assets and (ii) identifying any violations which have occurred with respect to the Subadviser Assets. The Subadviser will have also submitted its Code of Ethics for its initial approval by the Trust's Board of Trustees no later than the date of execution of this agreement and subsequently within six months of any material change thereto.

(g) Books and Records. The Subadviser shall maintain separate detailed records as are required by applicable laws and regulations of all matters hereunder pertaining to the Subadviser Assets (the "Fund's Records"), including, without limitation, brokerage and other records of all securities transactions. The Subadviser acknowledges that the Fund's Records are property of the Trust; except to the extent that the Subadviser is required to maintain the Fund's Records under the Advisers Act or other applicable law and except that the Subadviser, at its

own expense, is entitled to make and keep a copy of the Fund's Records for its internal files. The Fund's Records shall be available to the Adviser or the Trust at any time upon reasonable request during normal business hours and shall be available for telecopying promptly to the Adviser during any day that the Fund is open for business as set forth in the Prospectus.

(h) Information Concerning Subadviser Assets and Subadviser. From time to time as the Adviser or the Trust reasonably may request in good faith, the Subadviser will furnish the Adviser or the Trust with reports on portfolio transactions and reports on the Subadviser Assets, all in such reasonable detail as the parties may reasonably agree in good faith. The Subadviser will also inform the Adviser in a timely manner of material changes in portfolio managers responsible for Subadviser Assets, any changes in the ownership or management of the Subadviser, or of material changes in the control of the Subadviser. Upon the Trust's or the Adviser's reasonable request, the Subadviser will make available its officers and employees to meet with the Trust's Board of Trustees to review the Subadviser Assets via telephone on a quarterly basis and on a less frequent basis as agreed upon by the parties in person.

Subject to the other provisions of this Agreement, the Subadviser will also provide such information or perform such additional acts with respect to the Subadviser Assets as are reasonably required for the Trust or the Adviser to comply with their respective obligations under applicable laws, including without limitation, the Code, the 1940 Act, the Advisers Act, and the Securities Act, and any rule or regulation thereunder.

(i) Custody Arrangements. The Trust or the Adviser shall notify the Subadviser of the identities of the Trust's custodian banks and the custody arrangements therewith with respect to the Subadviser Assets and shall give the Subadviser sixty day advance written notice of any changes in such custodian banks or custody arrangements. The Subadviser shall, on each business day, provide the Adviser and the Trust's custodian such information as the Adviser and the Trust's custodian may reasonably request in good faith relating to all transactions concerning the Subadviser Assets. The Trust shall instruct its custodian banks to (A) carry out all investment instructions as may be directed by the Subadviser with respect to the Subadviser Assets (which instructions may be orally given if confirmed in writing); and (B) provide the Subadviser with all operational information necessary for the Subadviser to trade the Subadviser Assets on behalf of the Fund. The Subadviser shall have no liability for the acts or omissions of the authorized custodian(s), unless such act or omission is required by and taken in reliance upon instructions given to the authorized custodian(s) by a representative of the Subadviser properly authorized (pursuant to written instruction by the Adviser) to give such instructions.

3. Independent Contractor. In the performance of its services hereunder, the Subadviser is and shall be an independent contractor and unless otherwise expressly provided herein or otherwise authorized in writing, shall have no authority to act for or represent the Fund, the Trust or the Adviser in any way or otherwise be deemed an agent of the Fund, the Trust or the Adviser.

4. Expenses. During the term of this Agreement, Subadviser will pay all expenses incurred by it in connection with its activities under this Agreement. The Subadviser shall, at its

sole expense, employ or associate itself with such persons as it believes to be particularly fitted to assist it in the execution of its duties under this Agreement. The Subadviser shall not be responsible for the Trust's, the Fund's or Adviser's expenses, which shall include, but not be limited to, the cost of securities, commodities and other investments (including brokerage commissions and other transaction charges, if any) purchased for the Fund and any losses incurred in connection therewith, expenses of holding or carrying Subadviser Assets, including, without limitation, expenses of dividends on stock borrowed to cover a short sale and interest, fees or other charges incurred in connection with leverage and related borrowings with respect to the Subadviser Assets, organizational and offering expenses (which include, but are not limited to, out-of-pocket expenses, but not overhead or employee costs of the Subadviser); expenses for legal, accounting and auditing services; taxes and governmental fees; dues and expenses incurred in connection with membership in investment company organizations; costs of printing and distributing shareholder reports, proxy materials, prospectuses, stock certificates and distribution of dividends; charges of the Fund's custodians and sub-custodians, administrators and sub-administrators, registrars, transfer agents, dividend disbursing agents and dividend reinvestment plan agents; payment for portfolio pricing services to a pricing agent, if any; registration and filing fees of the SEC; expenses of registering or qualifying securities of the Fund for sale in the various states; freight and other charges in connection with the shipment or movement of the Fund's portfolio securities; fees and expenses of non-interested Trustees; salaries of shareholder relations personnel; costs of shareholders meetings; insurance; interest; brokerage costs; and litigation and other extraordinary or non-recurring expenses. The Trust or the Adviser, as the case may be, shall reimburse the Subadviser for any expenses of the Fund or the Adviser as may be reasonably incurred by such Subadviser on behalf of the Fund or the Adviser. The Subadviser shall keep and supply to the Trust and the Adviser reasonable records of all such expenses.

5. Investment Analysis and Commentary. The Subadviser will provide quarterly performance analysis and market commentary (the "Investment Report") during the term of this Agreement. The Investment Reports are due within 15 business days after the end of each quarter. In addition, interim Investment Reports shall be issued at such times as may be mutually agreed upon by the Adviser and Subadviser; provided however, that any such interim Investment Report will be due within 15 business days of the end of the month in which such agreement is reached between the Adviser and Subadviser. The subject of each Investment Report shall be mutually agreed upon, which agreement shall not prohibit the Adviser from publicly distributing the same or similar information as is contained within the Investment Report.

6. Compensation. For the services provided pursuant to this Agreement, the Subadviser is entitled to an annual fee equal to the amounts described in Exhibit A attached hereto. Such fee will be computed daily and paid no later than the seventh (7<sup>th</sup>) business day following the end of each month, from the Adviser or the Trust, calculated at an annual rate based on the Subadviser Assets' average daily net assets.

The method of determining the net asset value of the Subadviser Assets for purposes hereof shall be the same as the method of determining net asset value for purposes of establishing the offering and redemption price of the shares of the Trust as described in the Fund's Prospectus and/or SAI. If this Agreement shall be effective for only a portion of a

month with respect to the Fund, the aforesaid fee shall be prorated for the portion of such month during which this Agreement is in effect for the Fund.

7. Representations and Warranties of Subadviser. The Subadviser represents and warrants to the Adviser and the Trust as follows:

(a) The Subadviser is registered as an investment adviser under the Advisers Act;

(b) The Subadviser is a partnership duly organized and properly registered and operating under the laws of the State of Delaware with the power to own and possess its assets and carry on its business as it is now being conducted and as proposed to be conducted hereunder;

(c) The execution, delivery and performance by the Subadviser of this Agreement are within the Subadviser's powers and have been duly authorized by all necessary actions of its directors or shareholders, and no action by, or in respect of, or filing with, any governmental body, agency or official is required on the part of the Subadviser for execution, delivery and performance by the Subadviser of this Agreement, and the execution, delivery and performance by the Subadviser of this Agreement do not contravene or constitute a violation of, or a material default under, (i) any provision of applicable law, rule or regulation, (ii) the Subadviser's governing instruments, or (iii) any agreement, judgment, injunction, order, decree or other instrument binding upon the Subadviser; and

(d) The Form ADV of the Subadviser provided to the Adviser and the Trust is a true and complete copy of the form, including that part or parts of the Form ADV filed with the SEC, that part or parts maintained in the records of the Subadviser, and/or that part or parts provided or offered to clients, in each case as required under the Advisers Act and rules thereunder, and the information contained therein is accurate and complete in all material respects and does not omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

8. Representations and Warranties of Adviser. The Adviser represents and warrants to the Subadviser as follows:

(a) The Adviser is registered as an investment adviser under the Advisers Act;

(b) The Adviser is a limited liability company duly organized and validly existing under the laws of the State of Delaware with the power to own and possess its assets and carry on its business as it is now being conducted and as proposed to be conducted hereunder;

(c) The execution, delivery and performance by the Adviser of this Agreement are within the Adviser's powers and have been duly authorized by all necessary action on the part of its directors or shareholders, and no action by, or in respect of, or filing with, any governmental body, agency or official is required on the part of the Adviser for the execution, delivery and performance by the Adviser of this Agreement, and the execution,

delivery and performance by the Adviser of this Agreement do not contravene or constitute a violation of, or a material default under, (i) any provision of applicable law, rule or regulation, (ii) the Adviser's governing instruments, or (iii) any agreement, judgment, injunction, order, decree or other instrument binding upon the Adviser;

(d) The Form ADV of the Adviser provided to the Subadviser and the Trust is a true and complete copy of the form, including that part or parts of the Form ADV filed with the SEC, that part or parts maintained in the records of the Adviser, and/or that part or parts provided or offered to clients, in each case as required under the Advisers Act and rules thereunder, and the information contained therein is accurate and complete in all material respects and does not omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(e) The Adviser acknowledges that it received a copy of the Subadviser's Form ADV at least 48 hours prior to the execution of this Agreement; and

(f) The Adviser and the Trust have duly entered into the Management Agreement pursuant to which the Trust authorized the Adviser to delegate certain of its duties under the Management Agreement to other investment advisers, including without limitation, the appointment of a subadviser with respect to assets of the Fund and the Adviser's entering into and performing this Agreement.

9. Survival of Representations and Warranties; Duty to Update Information. All representations and warranties made by the Subadviser and the Adviser pursuant to the recitals above and Sections 8 and 9, respectively, shall survive for the duration of this Agreement and the parties hereto shall promptly notify each other in writing upon becoming aware that any of the foregoing representations and warranties are no longer true or accurate in all material aspects.

10. Liability and Indemnification.

(a) Liability. The Subadviser shall exercise that level of judgment required of others in a similar position in rendering its services in accordance with the terms of this Agreement, but otherwise, in the absence of willful misconduct, bad faith or gross negligence on the part of the Subadviser, the Subadviser, each of its affiliates and all respective partners, officers, directors and employees ("Affiliates") and each person, if any, who within the meaning of the Securities Act controls the Subadviser ("Controlling Persons"), if any, shall not be subject to any expenses or liability to the Adviser, the Trust or the Fund or any of the Fund's shareholders, in connection with the matters to which this Agreement relates, including without limitation for any losses that may be sustained in the purchase, holding or sale of Subadviser Assets. The Adviser shall exercise its that level of judgment required of others in a similar position in rendering its obligations in accordance with the terms of this Agreement, but otherwise (except as set forth in Section 11(c) below), in the absence of willful misconduct, bad faith or gross negligence on the part of the Adviser, the Adviser, any of its Affiliates and each of the Adviser's Controlling Persons, if any, shall not be subject to any liability to the Subadviser, for any act or omission in the case of, or connected with, rendering services hereunder or for any losses that may be sustained in the purchase, holding or sale of Subadviser Assets.

Notwithstanding the foregoing, nothing herein shall relieve the Adviser and the Subadviser from any of their obligations under applicable law, including, without limitation, the federal and state securities laws.

(b) Indemnification. The Subadviser shall indemnify the Adviser, the Trust and the Fund, and their respective Affiliates and Controlling Persons for any liability and expenses, including without limitation reasonable attorneys' fees and expenses, which the Adviser, the Trust and/or the Fund and their respective Affiliates and Controlling Persons may sustain as a result of the Subadviser's willful misconduct, bad faith, gross negligence, or violation of applicable law, including, without limitation, the federal and state securities laws. Unless otherwise obligated under applicable law, the Subadviser shall not be liable for indirect, punitive, special or consequential damages arising out of this Agreement.

The Adviser shall indemnify the Subadviser, its Affiliates and its Controlling Persons, for any liability and expenses, including without limitation reasonable attorneys' fees and expenses, which may be sustained as a result of the Adviser's willful misconduct, bad faith, gross negligence or violation of applicable law, including, without limitation, the federal and state securities laws.

(c) The Subadviser shall not be liable to the Adviser for acts of the Subadviser which result from acts of the Adviser, including, but not limited to, a failure of the Adviser to provide accurate and current information with respect to any records maintained by the Adviser, which records are not also maintained by or otherwise available to the Subadviser upon reasonable request.

(d) Additionally, the Subadviser has informed the Adviser and the Trust of pending litigation filed by Trust Company of the West involving the Subadviser, the Subadviser's affiliated funds and certain of the Subadviser's officers, employees and owners related to alleged misappropriation of certain confidential and proprietary information. The Subadviser has advised the Adviser and the Trust that employees and former employees of the Subadviser have been interviewed by representatives of the Special Inspector General of the Troubled Asset Relief Program, and by the office of the United States Attorney for the Southern District of New York. The Subadviser has informed the Adviser and Trust that it believes that all claims are without merit. However, since the potential for additional litigation is uncertain and may, therefore, subject the Adviser, its officers, owners and employees, the Trust, its Board of Trustees, and its officers and employees to similar litigation or government investigation, the Subadviser agrees to the following:

(i) In the event the Trust, the Trustees, the Fund or its officers or employees, the Adviser or its officers or employees are included in any litigation initiated by Trust Company of the West or governmental investigation or inquiry regarding the retention of the Subadviser to manage assets of the Fund and to the extent the Trust, the Trustees, the Fund or its officers or employees, the Adviser or its officers or employees seek relief under the terms of the then applicable Trust directors and officers/errors and omissions insurance policy, then:

a. provided the assets of the Fund are less than \$50 million, the Subadviser will pay the Adviser or the Trust (whichever is the named party) a single

payment up to a maximum of \$50,000 or the then current deductible, whichever is less.

b. provided the assets of the Fund are more than \$50 million, the Subadviser will pay the Adviser or the Trust (whichever is the named party) a single payment up to a maximum of \$25,000 or the then current deductible, whichever is less.

In both circumstances (d)(i)a. and b., the Subadviser may request and shall receive verification that any such amounts are due from the then applicable insurance company;

(iii) In addition to the above payments, in the event the Trust, the Trustees, the Fund or its officers or employees or the Adviser or its officers or employees are included in any litigation initiated by Trust Company of the West or governmental investigation or inquiry regarding the retention of the Subadviser to manage assets of the Fund, the Subadviser will pay the Trust or the Adviser an amount equal to the reasonable and ordinary costs incurred which are not covered by the Trust's directors and officers/errors or omissions insurance policy, or reasonable and ordinary expenses in excess of the policy coverage limits, but only in an amount not to exceed the amount of the subadvisory fees earned by the Subadviser under this Agreement.

#### 11. Duration and Termination.

(a) Duration. Unless sooner terminated, this Agreement shall continue for an initial period of no more than two years following the effective date of this Agreement, and thereafter shall continue automatically for successive annual periods with respect to the Fund, provided such continuance is specifically approved at least annually by the Trust's Board of Trustees or vote of the lesser of (a) 67% of the shares of the Fund represented at a meeting if holders of more than 50% of the outstanding shares of the Fund are present in person or by proxy or (b) more than 50% of the outstanding shares of the Fund; provided that in either event its continuance also is approved by a majority of the Trust's Trustees who are not "interested persons" (as defined in the 1940 Act) of any party to this Agreement, by vote cast in person at a meeting called for the purpose of voting on such approval.

(b) Termination. Notwithstanding whatever may be provided herein to the contrary, this Agreement may be terminated at any time with respect to the Fund, without payment of any penalty:

(i) By vote of a majority of the Trust's Board of Trustees, or by "vote of a majority of the outstanding voting securities" of the Fund (as defined in the 1940 Act), or by the Adviser, in each case, upon not more than 60 days' written notice to the Subadviser;

(ii) By any party hereto upon written notice to the other party in the event of a material breach of any provision of this Agreement by the other party if the material breach is not cured within 15 days of notice of the material breach; or

(iii) By the Subadviser upon not more than 60 days' written notice to the Adviser and the Trust.

This Agreement shall not be assigned (as such term is defined in the 1940 Act) and shall terminate automatically in the event of its assignment or upon the termination of the Management Agreement.

12. Duties of the Adviser. The Adviser shall continue to have responsibility for all services to be provided to the Fund pursuant to the Advisory Agreement and shall oversee and review the Subadviser's performance of its duties under this Agreement. Nothing contained in this Agreement shall obligate the Adviser to provide any funding or other support for the purpose of directly or indirectly promoting investments in a Fund.

13. Reference to Adviser and Subadviser.

(a) The Subadviser grants, subject to the conditions below, the Adviser non-exclusive rights to use, display and promote trademarks of the Subadviser in conjunction with any activity associated with the Fund. In addition, the Adviser may promote the identity of and services provided by the Subadviser to the Adviser, which references shall not differ in substance from those included in the Prospectus, SAI and this Agreement, in any advertising or promotional materials. The Adviser shall protect the goodwill and reputation of the Subadviser in connection with marketing and promotion of the Fund. The Adviser shall submit to the Subadviser for its review and approval all such public informational materials relating to the Fund that refer to any recognizable variant or any registered mark or logo or other proprietary designation of the Subadviser. Approval shall not be unreasonably withheld by the Subadviser and notice of approval or disapproval will be provided promptly and in any event within three (3) business days. Subsequent advertising or promotional materials having very substantially the same form as previously approved by the Subadviser may be used by the Adviser without obtaining the Subadviser's consent unless such consent is withdrawn in writing by the Subadviser.

(b) Neither the Subadviser nor any Affiliate or agent of Subadviser shall make reference to or use the name of the Adviser or any of its Affiliates, or any of their clients, except references concerning the identity of and services provided by the Adviser to the Fund or to the Subadviser, which references shall not differ in substance from those included in the Prospectus, SAI and this Agreement, in any advertising or promotional materials without the prior approval of Adviser, which approval shall not be unreasonably withheld or delayed and notice of approval or disapproval will be provided promptly and in any event within three (3) business days. The Subadviser hereby agrees to make all reasonable efforts to cause any Affiliate of the Subadviser to satisfy the foregoing obligation.

14. Amendment. This Agreement may be amended by mutual consent of the parties, provided that the terms of any material amendment shall be approved by: (a) the Trust's Board of Trustees or by a vote of a majority of the outstanding voting securities of the Fund (as required by the 1940 Act), and (b) the vote of a majority of those Trustees of the Trust who are not "interested persons" of any party to this Agreement cast in person at a meeting called for the purpose of voting on such approval, if such approval is required by applicable law.

15. Confidentiality. Subject to the duties of the Adviser, the Trust and the Subadviser to comply with applicable law, including any demand of any regulatory or taxing authority

having jurisdiction, the parties hereto shall treat as confidential and shall not disclose any and all information pertaining to the Fund and the actions of the Subadviser, the Adviser and the Fund in respect thereof; except to the extent that such disclosure meets one of the following conditions:

- (a) Authorized. The Adviser or the Trust has authorized such disclosure;
- (b) Court or Regulatory Authority. Disclosure of such information is expressly required or requested by a court or other tribunal of competent jurisdiction or applicable federal or state regulatory authorities;
- (c) Publicly Known Without Breach. Such information becomes known to the general public without a breach of this Agreement or a similar confidential disclosure agreement regarding such information;
- (d) Already Known. Such information already was known by the party prior to the date of this Agreement;
- (e) Received From Third Party. Such information was or is hereafter rightfully received by the party from a third party (expressly excluding the Fund's custodian, prime broker and administrator) without restriction on its disclosure and without breach of this Agreement or of a similar confidential disclosure agreement regarding them; or
- (f) Independently Developed. The party independently developed such information.

In addition, the Subadviser and its officers, directors and employees are prohibited from receiving compensation or other consideration, for themselves or on behalf of the Fund, as a result of disclosing the Fund's portfolio holdings. The Subadviser agrees, consistent with its Code of Ethics, that neither it nor its officers, directors or employees may engage in personal securities transactions based on non-public information about the Fund's portfolio holdings.

16. Notice. Any notice that is required to be given by the parties to each other under the terms of this Agreement shall be in writing, delivered, or mailed postpaid to the other parties, or transmitted by facsimile with acknowledgment of receipt, to the parties at the following addresses or facsimile numbers, which may from time to time be changed by the parties by notice to the other party:

- (a) If to the Subadviser:  
Attn: General Counsel  
DoubleLine Capital, LP  
333 S. Grand Avenue, 18th Floor  
Los Angeles, California 90071  
Phone: 213-633-8200

If to the Adviser:  
Jonathan Mohrhardt

c/o RiverNorth Capital Management, LLC  
325 N. LaSalle Street, Suite 645  
Chicago, Illinois 60654  
Phone: 312-840-9012

17. Jurisdiction. This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Illinois without reference to choice of law principles thereof and in accordance with the 1940 Act. In the case of any conflict, the 1940 Act shall control.

18. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, all of which shall together constitute one and the same instrument.

19. Certain Definitions. For the purposes of this Agreement and except as otherwise provided herein, "interested person," "affiliated person," and "assignment" shall have their respective meanings as set forth in the 1940 Act, subject, however, to such exemptions as may be granted by the SEC.

20. Captions. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof.

21. Severability. If any provision of this Agreement shall be held or made invalid by a court decision or applicable law, the remainder of the Agreement shall not be affected adversely and shall remain in full force and effect.

22. Entire Agreement. This Agreement, together with all exhibits, attachments and appendices, contains the entire understanding and agreement of the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first written above.

**ADVISER**

RIVERNORTH CAPITAL MANAGEMENT, LLC

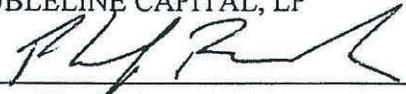
By:  \_\_\_\_\_

Name: Brian Schmucker

Title: President

**SUBADVISER**

DOUBLELINE CAPITAL, LP

By:  \_\_\_\_\_

Name: Philip Barach

Title: President

SUBADVISORY AGREEMENT  
between RiverNorth Capital Management, LLC (the "Adviser"),  
and DoubleLine Capital, LP ("Subadviser")

**SCHEDULE A**

<u>FUNDS TO BE SERVICED</u>	<u>ANNUAL FEE</u>
RiverNorth/DoubleLine Strategic Income Fund	0.20% on the first \$25 million 0.30% on the next \$25 million 0.40% on the next \$50 million 0.49% on assets over \$100 million

(Asset levels to be calculated pursuant to paragraph 5.)