

# DoubleLine Capital LP

## Form ADV Part 2A

June 28, 2013

*This Brochure provides information about the qualifications and business practices of DoubleLine Capital LP ("DoubleLine"). If you have any questions about the contents of this Brochure, please contact DoubleLine at (213) 633-8200. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.*

*Additional information about DoubleLine also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

DoubleLine Capital may refer to itself as a "registered investment adviser" or "RIA". You should be aware that registration with the SEC or a state securities authority does not imply a certain level of skill or training .

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SEC File Number: 801-70942  
IA Firm Number: 152606

# Item 2. Material Changes



## Item 2

This Brochure, dated June 28, 2013, provides the following material updates to the Brochure dated January 28, 2013, which was the most recent annual update to the Brochure. Other minor items, such as adding clarifying language, changes to formatting and corrections to typographical errors, also have been adjusted since the January 28, 2013 Brochure. Clients, prospects and other interested parties are encouraged to read the entire Brochure carefully.

In the past, DoubleLine Capital has offered or delivered information about its qualifications and business practices to Clients on at least an annual basis. Pursuant to new SEC rules, DoubleLine will now deliver a summary of any material changes to this and subsequent Brochures within 120 calendar days of the close of its fiscal year. DoubleLine Capital may further provide you with other interim disclosures about material changes to the information in this Brochure as necessary. DoubleLine Capital will further provide you with a new Brochure, without charge, as necessary based on changes or new information.

A copy of DoubleLine Capital's current Brochure can be obtained by contacting your Client Services Representative at (213) 633-8200. Capitalized terms within the document not otherwise defined shall have the same meanings assigned in the Glossary of Terms for Form ADV.

The following summarizes made changes made within the Brochure:

## Item 4

As of April 30, 2013, DoubleLine managed \$59,463,215,965 of which \$58,037,097,223 of client assets were managed on a discretionary basis and \$1,426, 118,742 of client assets were managed on a non-discretionary basis

## Item 8

The following risks were added to or significantly revised within the Brochure: Collateralized Loan Obligations risk, Convertible securities risk, Credit Default Swaps Risk, Debt Securities Risk, Derivatives Risk, Market Disruption and Geopolitical Risk, Private Placement Risk, Redenomination Risk, Smaller Company Risk, Zero-Coupon Bond and Payment-in-kind Securities Risk.

## Item 10/12

Discussion about Oaktree Capital Group LLC's ("Oaktree") relationship to DoubleLine as a strategic investor has been added.

## Item 12

A discussion about DoubleLine Capital's adoption of a soft dollar policy related solely to its equity investing practices has been added. There is no change to DoubleLine Capital's standard practice of not using soft dollars in its primary business of fixed income investing.

## Item 16

Additional disclosure related to investment discretion has been added.

Exhibit C: Description of Investment Strategies:

Added descriptions of the following strategies: Alpha Generations, Blended MBS, Constrained Securitized, Floating Rate, Levered SMBS, Low Volatility, Opportunistic Credit, Opportunistic MBS, and Securitized.

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# Item 4. Advisory Business



## **Item 4. Advisory Business**

### **Ownership and Structure**

DoubleLine Capital LP was founded by Jeffrey Gundlach, Chief Executive Officer and Chief Investment Officer, and Philip Barach, President, in December 2009. DoubleLine is a limited partnership organized under the laws of Delaware. 79% of DoubleLine's limited partnership interests are owned by Messrs. Gundlach and Barach, along with a group of DoubleLine Employees. 1% of DoubleLine's partnership interests are owned by DoubleLine Capital GP LLC, which is the general partner of DoubleLine and is, in turn, controlled by Jeffrey Gundlach. The remaining 20% of DoubleLine's limited partnership interests are owned by affiliates of Oaktree Capital Management, L.P.

### **Advisory Services**

DoubleLine provides a variety of investment management services to institutional clients, including corporate entities, pension plans, registered investment companies (each, a "Registered Fund") and unregistered investment companies (each, a "Private Fund"), foundations as well as public and government entities. Included with the Registered Funds to which DoubleLine provides management services are the series of DoubleLine Funds Trust (each a "Trust" and each series of a "Trust" a "DoubleLine Fund"), the DoubleLine Opportunistic Credit Fund ("DBL"), and the Doubleline Income Solutions Fund ("DSL"), which are further described in Item 10 of this Brochure. Certain of the Private Funds for which DoubleLine provides investment advisory services may be affiliated with DoubleLine because DoubleLine or its affiliates serve as the general partner ("DoubleLine Private Funds"). DoubleLine also provides investment advisory services to a limited number of high net worth individual clients.

DoubleLine typically manages accounts on a discretionary basis in accordance with its investment strategies, which are tailored according to the individual directives and guidelines of each Client. Clients may impose reasonable restrictions on investment characteristics that are subject to acceptance by DoubleLine. Examples of reasonable restrictions include, but are not limited to, account duration and average quality, asset types, security quality,

allocation concentration and limitations on the use of leverage or derivatives.

### **Types of Investments**

DoubleLine offers a variety of fixed income investment strategies that utilize fixed income securities and other instruments (all of which are referred to throughout this Brochure as "securities") that include, but are not limited to:

- Mortgage-Backed Securities and other structured products, such as Collateralized Debt Obligations (CDOs), Collateralized Loan Obligations (CLOs), Real Estate Mortgage Investment Conduits (REMICs), Collateralized Mortgage Obligations (CMOs), interest only and principal only securities.
- Agency and non-agency Mortgage Backed Securities (MBS)
- Commercial Mortgage Backed Securities (CMBS)
- Asset-Backed Securities (ABS)
- Corporate and Asset-Backed Commercial Paper and other money market or short-term debt instruments
- Corporate debt securities
- Municipal securities
- Preferred stock and capital securities
- U.S. government securities
- Obligations of foreign governments or their subdivisions, agencies and instrumentalities
- Obligations of foreign corporate issuers
- Bank loans, loan participations and assignments
- Repurchase agreements and reverse repurchase agreements
- Privately placed, Regulation S and Rule 144A securities
- Structured notes
- Unrated securities
- Whole Loans

DoubleLine also offers to certain Clients strategies that involve multiple asset classes, which use securities and other instruments that may include the above list of fixed income securities and other instruments, but may also include:

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## Item 4. Advisory Business

## Item 5. Fees & Compensation



- Common stock
- Exchange-traded funds (ETFs), exchange-traded notes (ETNs) and other exchange-traded products (ETPs)
- Investments designed to provide exposure to one or more physical commodities or commodities indices
- Direct and indirect investment in various foreign currencies, including actual holdings of currencies, but also forward contracts, futures, swaps, and options with underlying foreign currencies

In limited circumstances where certain Clients are willing to accept greater risk in pursuit of potential higher total returns, DoubleLine may use certain leveraging and hedging techniques, including selling securities short or using derivatives, such as swaps, futures and options or the use of reverse repurchase agreements.

DoubleLine may also provide non-discretionary advice to clients or other investment advisers pursuant to an investment management agreement.

### Wrap Fee Programs

DoubleLine does not manage wrap fee programs. As such, that portion of the information requested within Item 4 does not apply to DoubleLine.

### Assets Under Management

As of April 30, 2013, DoubleLine managed \$59,463,215,965 of which \$58,037,097,223 of client assets were managed on a discretionary basis and \$1,426,118,742 of client assets were managed on a non-discretionary basis.

### Item 5. Fees and Compensation.

Depending on the strategy and the size of a specific Client's separate account, DoubleLine's annualized fees for managing a separate account will typically be between 0.30% and 1.25% of the net assets of the account. DoubleLine's annualized fees for providing certain strategies or managing certain products in a separate account or in a Private Fund may be subject to substantially higher annualized fees of up to 2.00% or as otherwise disclosed in the applicable investment management agreement or offering document of a strategy or product. Any such investment

management agreements or offering documents should be read carefully and in their entirety.

DoubleLine's advisory fees are subject to negotiated agreements with Clients and are determined according to a number of factors including, but not limited to, account size and the investment strategy employed. Different fees may apply to different products, even if the products use the same strategy. For example, DoubleLine may apply the same investment strategy to both a registered investment vehicle and an unregistered investment vehicle, but receive different advisory fees from each vehicle, due in part to costs incurred by DoubleLine in managing such products.

DoubleLine typically invoices each Client based upon the fee and payment schedule contained in the Client's investment management agreement or other contract, which is typically on a quarterly basis, although the payment schedule for sub-advisory relationships with Registered Funds typically is monthly. In general, Clients are able to negotiate the method and mode of payment of the advisory fee to DoubleLine. Clients also may choose to have the calculation of their fee be based upon the custodial or DoubleLine valuation of their assets; these two valuations may differ and DoubleLine reserves the right to review fees calculated based upon custodial valuations. In certain instances, DoubleLine may be providing fair values when supplying inputs to valuations for client statements, which are in turn occasionally used to calculate DoubleLine's fees. Such values potentially can differ from the valuations for the same security provided on the Client's custodial statement. **DoubleLine does not charge fees in advance.**

DoubleLine's standard investment management contract generally requires DoubleLine to furnish (at its own expense) all office facilities, equipment and supplies and to perform (also at its own expense) all routine and recurring functions necessary to render the services required under the investment management agreement, including administrative, bookkeeping and accounting, clerical, statistical, and correspondence functions. Clients typically pay for other service providers directly, but if DoubleLine makes payment to such third-parties on behalf of the Client, the Client will reimburse DoubleLine for such expenses attributable to the Client's assets under management, which may include: (i) legal, accounting, custodial, appraisal, au-

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## Item 5. Fees & Compensation



editing and other professional fees; (ii) brokerage commissions, mark-ups or mark-downs, issue and transfer taxes, deferred sales charges, odd lot differentials, wire transfer and electronic fund fees and other transactional costs relating to the Client's assets under management, including any portion of such commissions attributable to research and other brokerage services; and (iii) taxes, if any, payable by the Client. These charges, fees and commissions are exclusive of and in addition to DoubleLine's advisory fee and DoubleLine shall not receive any portion of commissions, fees and costs charged by such third parties. Clients may incur custodial costs. DoubleLine does not provide custodial services. **For more information on brokerage and other transaction costs, please see Item 12 of this Brochure.**

The advisory fee owed to DoubleLine by a Client generally is calculated based on the average of the beginning and ending market value of the Client's account for the most recent quarter. Contributions or withdrawals from the Client's account will be pro-rated for the period the assets were under management. To the extent that a Client's account with DoubleLine is in existence less than a full quarter, DoubleLine standard investment advisory agreements state that the advisory fee will be pro-rated for the days the account did exist. Furthermore, DoubleLine includes the market value of the cash and securities that the Client used to establish the account to calculate its advisory fee for the account's first calendar quarter.

Clients are responsible for verifying the accuracy of the fee calculation each quarter. DoubleLine will value assets using its commercially reasonable judgment and through a method that most accurately reflects the assets' fair market value, as determined by DoubleLine in accordance with its internal policies and procedures and in its reasonable discretion. Clients should be aware that their custodial valuations may differ from DoubleLine's valuations.

Specific fee information, which is subject to negotiation on a case-by-case basis, for DoubleLine's current investment strategies are listed in the table below. DoubleLine reserves the right to negotiate fees and minimum account sizes where

the right to negotiate fees and minimum account sizes where special circumstances prevail, and arrangements with any particular Client may vary from the fees listed on the next page.

Investment Strategy	General Fee Structure	
	Assets Under Management	Advisory Fee (basis points)
<b>Commercial MBS</b>	\$50 million	50 bps
<b>Core Fixed Income</b>	\$50 million	40 bps
<b>Core Plus Fixed Income</b>	\$50 million	45 bps
<b>Emerging Markets Fixed Income</b>	\$50 million	65 bps
<b>Global Investment Grade Credit</b>	\$50 million	35 bps
<b>Global High Yield Credit</b>	\$50 million	45 bps
<b>Global Multi– Sector Fixed Income</b>	\$ 100 million	85 bps
<b>Index Plus Fixed Income</b>	\$50 million	35 bps
<b>Low Duration</b>	\$100 million	35 bps
<b>MBS</b>	\$50 million	35 bps
<b>Multi-Asset Growth</b>	\$50 million	100 bps
<b>Opportunistic Income</b>	\$100 million	150 bps with 15% incentive fee
<b>Strategic MBS</b>	\$100 million	125 bps
<b>Total Return MBS</b>	\$250 million	40 bps
<b>U.S. Government</b>	100 million	20 bps

**Neither DoubleLine nor any of its personnel receive compensation attributable to the sale of a security, including shares of affiliated investment funds, or other investment products (e.g., brokerage commissions). DoubleLine has not developed a fee schedule for all of the strategies listed in Exhibit C; please contact your DoubleLine representative to discuss a potential fee schedule if you are interested in opening a separate account that would be managed using a strategy not listed in this fee schedule.**

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# Item 5. Fees & Compensation

## Item 6. Performance-Based Fees



DoubleLine may enter into performance fee arrangements with certain qualified clients, which are subject to negotiation with each such client. DoubleLine will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) in accordance with the Advisers Act and any applicable exemptions thereunder, including the exemption set forth in Rule 205-3 under the Advisers Act. The DoubleLine Private Funds generally pay DoubleLine both a management fee and a performance fee. The advisory fees paid to DoubleLine by the DoubleLine Private Funds are set forth in the offering documents provided to investors in the DoubleLine Private Funds.

DoubleLine may receive reimbursement from the DoubleLine Funds for certain expenses incurred on behalf of the DoubleLine Funds related to distribution. For additional information, investors should read the DoubleLine Funds’ offering documents. Any such reimbursement arrangements will comply with applicable law.

DoubleLine also provides discretionary investment management services to certain Registered Funds, including the DoubleLine Funds. Each Registered Fund’s offering documents include information about the fees and expenses paid by the Registered Fund. Management fees and any additional compensation paid to DoubleLine may be waived by DoubleLine, voluntarily and/or on a contractual basis. Contractual management fee waivers are generally negotiated between DoubleLine and a Registered Fund’s Board, sponsor or similar governing body, and are not negotiated with a Registered Fund’s individual investors. DoubleLine may receive additional compensation for administrative or other services provided to Registered Funds.

DoubleLine Capital’s fees may take into account, among other things, a separate account’s investment strategy, the amount or type of account discretion given to DoubleLine Capital, the separate account’s client servicing requirements, the assets under management aggregated across the Client’s relationship with DoubleLine Capital and the nature of the separate account. With respect to separate accounts over which

we have investment discretion, if we agree with a Client to use Client assets on which we charge an asset based management fee to purchase interests in Registered Funds or Private Funds, we generally will rebate a portion of the separate account fees back to the Client in an amount equal to the management fee attributable to the amount of the client assets invested in the Registered Fund or Private Fund, unless otherwise agreed or disclosed to the Client. All such arrangements are individually negotiated with Clients.

DoubleLine is an investment adviser to the DoubleLine Private Funds and the Registered Funds. As such, those entities are Clients of DoubleLine. The underlying investors in the DoubleLine Private Funds, Registered Funds or any other investment companies for which DoubleLine serves as a sub-adviser or investment manager are *not* DoubleLine’s Clients unless they otherwise have an advisory relationship with DoubleLine.

### **Item 6. Performance-Based Fees and Side-By-Side Management.**

DoubleLine may receive performance-based fees reasonably designed to comply with Rule 205-3 under the Advisers Act in connection with the advisory services it provides to accounts with certain investment strategies (i.e., investment in partnership interests and structured products, such as the Opportunistic Income investment Strategies). DoubleLine also may receive performance-based fees in connection with the advisory services it provides to certain of the DoubleLine Private Funds. All advisory fees, including any performance fees, are set forth in the applicable advisory agreement documentation between each Client and DoubleLine. Certain of these performance based fees may be paid to the general partner of various DoubleLine Private Funds.

DoubleLine also manages separate accounts or mutual funds with strategies similar or identical to the strategies pursued in other accounts or by the DoubleLine Private Funds. These separate accounts typically pay an asset based advisory fee, as described in Item 5 above. Certain potential conflicts of interest arise from managing similar strategies with differing compensation

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## Item 7. Types of Clients

## Item 8. Method of Analysis, Investment Strategies and Risk of Loss



structures, such as the potential for accounts that pay performance-based fees to be managed differently, or to receive more favorable trade allocations than accounts that do not receive performance-based fees. However, in the market for fixed income securities, there are limited opportunities for short-term profits through bond trading, which mitigates the potential that a single account could be favored over another. DoubleLine monitors the trade allocation process through its Trade Allocation Committee, which reviews periodic reports and other records, to gain insight into the overall impact on DoubleLine's various Client accounts of DoubleLine's trading strategies. By design, the DoubleLine Private Funds tend to pursue strategies that are riskier than other similar strategies offered by DoubleLine. In addition, performance-based fee arrangements may create an incentive for DoubleLine to recommend investments that may be riskier or more speculative than those which would be recommended under a different fee arrangement. As discussed in Item 11 below, DoubleLine has implemented policies and procedures, including its Code of Ethics, that are reasonably designed to address these and other conflicts of interest.

### **Item 7. Types of Clients.**

DoubleLine typically provides investment advice to institutional clients such as registered investment companies, pension plans (both public and private, and including ERISA plans), endowments, insurance companies, corporations and other business entities, charitable organizations, family offices, private investment partnerships and limited liability companies. DoubleLine also provides investment advice to a limited number of high net worth individuals.

DoubleLine typically does not accept separate account mandates smaller than \$100 million. The reader should refer to the table in Item 5 for more details regarding minimum account sizes and fees schedules by strategy. Accounts for certain investment strategies may have a higher or lower minimum account size requirement. DoubleLine reserves the right in its sole discretion, subject to the conditions of a negotiated investment

advisory agreement between DoubleLine and a specific client, to waive any account minimum size requirements.

### **Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.**

DoubleLine's portfolio managers and research analysts devote the majority of their time to the following methods of security analysis:

- Analysis of security structures, and especially with regard to mortgage-backed securities, cash flows across multiple interest rates and credit scenarios;
- Analysis of mortgage prepayment rates, using in-house and third-party analytic tools and databases;
- Country risk analysis, including consideration of global trading relationships such as Free Trade Agreements;
- Analysis of political, economic or social risks;
- Analysis of geological, reserve engineering, environmental and consultant reports;
- Use of analytical systems developed and maintained in house;
- Credit analysis based upon debt payment history, security details, issuer profiles, strength of management, market interest rates, general market conditions, credit metrics and other similar factors;
- Analysis of monthly compliance statements; and
- Analysis of discounted cash flows and discussions with third-parties such as tenants, surveyors, engineers, environmental consultants, local brokers, attorneys and hotel operators.

The above list of methods of security analysis is not complete and portfolio managers and research analysts may devote their time to additional methods.

***Investing in securities or other instruments involves risk of loss. Clients should be prepared to bear this risk.***

DoubleLine's clients are required to enter into an investment management agreement which generally contains certain investment guidelines approved by the Client. Each Client's account is managed in a manner designed to seek to achieve the Client's investment

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# Item 8. Method of Analysis, Investment Strategies and Risk of Loss



objectives over time as agreed upon by the Client and DoubleLine.

The investment strategies used to implement any investment advice given to Clients could include, but are not limited to, the following:

- Long-term purchases (securities held at least one year),
- Short-term purchases (securities bought and sold within one year),
- Trading (securities sold within 30 days),
- Short sales,
- Margin transactions,
- Option writing (including covered options, uncovered options or spreading strategies),
- Hedging of account investments or currencies underlying such investments (including foreign currency and cross-hedging using FX forwards options or futures),
- Investments in or creation of synthetic or derivative securities,
- Borrowing or leverage transactions,
- Lending of account securities (including repurchase agreements), and
- Forward transactions (including securities or currency forward contracts, when issued and delayed delivery transactions).

Because DoubleLine's primary investment approach involves long-term investment, DoubleLine generally does not consider the tax impact or tax implications of any of the investments made on behalf of its Clients. However, DoubleLine is capable of managing tax-efficient accounts within any of the investment strategies listed in Item 5 above.

DoubleLine primarily is a fixed income investment manager, although it manages other strategies. The material risks of the strategies pursued by DoubleLine are described below. ***All of DoubleLine's investment strategies involve significant investment risk, including the risk that Clients could lose some or all of their invested capital. All security investments risk the loss of invested capital and there can be no assurance that a Client will achieve its investment goals or objectives.***

Certain of DoubleLine's strategies are offered through public or private pooled investment vehicles such as registered investment companies or hedge funds. Prospective or current investors in those pooled vehicles should refer to the respective offering documents for those investment vehicles for a more detailed description of the applicable risks. As noted above, the underlying investors in such investment vehicles, absent a separate advisory relationship with DoubleLine, are *not* DoubleLine's Clients.

DoubleLine offers advice on a wide range of fixed income strategies and instruments, as well as multi-asset strategies. The prices of fixed income securities respond to economic developments, particularly interest rate changes, as well as to changing perceptions about the creditworthiness of individual issuers (including governments), counterparty credit risk, prepayment risk or broader changes to the economic environment that may affect future cash flows. Such investments will always be exposed to certain risks that cannot be hedged and DoubleLine is not obligated to seek to hedge against any risk, including fluctuations in the value of investments as a result of changes in market, principal, credit, interest rate, counterparty or currency risk or any other developments. Additionally, ongoing regulatory changes related to the creation and trading of securities in the fixed income markets may create unforeseeable risks.

In valuing separate accounts at month end for invoicing and client statement purposes, DoubleLine applies its pricing and valuation procedures, which generally assign prices to securities based upon values obtained from pricing vendors independent of DoubleLine. Such prices are indicative of the price that could be received in the marketplace if transacted on the day the portfolio is valued and in a position size considered to be standard for that security type. Accounts containing smaller security pieces may not realize these prices when securities are sold because the position size may be too small to draw sufficient interest in the marketplace. Clients are encouraged to consider investing in Registered Funds or Private Funds if their account is near or below DoubleLine's minimum account sizes.

More complete descriptions of DoubleLine's current

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# Item 8. Method of Analysis, Investment Strategies and Risk of Loss



investment strategies are provided in Exhibit C to this Brochure.

The material risks generally associated with DoubleLine's strategies and managed instruments are described below. Although the risks described below will typically apply to most accounts and most Clients in most circumstances, Clients should be aware that not all of these risks listed will pertain to every account because certain risks may only apply to certain strategies. Certain Clients may experience risks not disclosed in this Brochure because of investment approaches or strategies requested via investment guidelines that the Client approved.

Please contact your DoubleLine representative for more information regarding the risks related to your particular account.

**Affiliated Fund Risk:** DoubleLine may be subject to a potential conflicts of interest in determining whether to invest Client assets in a fund managed by DoubleLine or in a fund managed by an unaffiliated manager and may have an economic or other incentive to select an affiliated fund over another fund.

**Asset Allocation Risk:** An account's investment performance depends, at least in part, on how its assets are allocated and reallocated among asset classes. Such allocation could focus on asset classes or investments that perform poorly or underperform other asset classes or available investments.

**Asset-Backed Securities Risk:** If the value of the collateral underlying a security in which an account invests, such as non-payment of loans, becomes impaired, that could result in a reduction in the value of the security and therefore the performance of the account.

**Collateralized Loan Obligations risk:** In addition to the risks associated with debt instruments (e.g., interest rate risk and credit risk), CLOs carry additional risks including, but not limited to: (i) the possibility that distributions from the collateral will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) that they may be

subordinate to other classes; and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or others and may produce unexpected investment results.

**Commodities Risk:** An account's value could be affected by changes in the values of one or more commodities to which the account has indirect or direct exposure. Commodities may be extremely volatile, difficult to value and illiquid. Commodities may also include costs associated with delivery, storage, and maintenance.

**Confidential Information Access Risk:** The risk that the intentional or unintentional receipt of material, non-public information ("**Confidential Information**") by the Adviser could limit a the Adviser's ability to sell certain investments held by a Client or pursue certain investment opportunities on behalf of a Client, potentially for a substantial period of time. Also, certain issuers of floating rate loans or other investments may not have any traded securities ("**Private Issuers**") and may offer private information pursuant to confidentiality agreements or similar arrangements. The Adviser may access such private information, while recognizing that the receipt of that information could potentially limit the Adviser's ability to trade in certain securities on behalf of the Client if the Private Issuer later issues publicly traded securities. In addition, in circumstances when the Adviser declines to receive Confidential Information from issuers of floating rate loans or other investments, a Client may be disadvantaged in comparison to other investors, including with respect to evaluating the issuer and the price a Client would pay or receive when it buys or sells those investments. In managing a Client's account, the Adviser may, in its discretion, seek to avoid the receipt of Confidential Information about the issuers of floating rate loans or other investments being considered for acquisition by the Client or held in the Client's portfolio if the receipt of the Confidential Information would restrict one or more of the Adviser's clients, including, potentially, the Client, from trading in securities they hold or in which they may invest. Avoidance of Confidential Information may also limit the Adviser's ability to pursue certain investment opportunities on behalf of a Client.

**Convertible Securities Risk:** Convertible securities

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generally offer lower interest or dividend yields than non-convertible debt securities of similar quality. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, a convertible security's market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security's "conversion price". The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the underlying common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock. In the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

**Counterparty Risk:** Investments and investment transactions are subject to various counterparty risks. The counterparties to transactions in over-the-counter or "inter-dealer" markets are typically subject to lesser credit evaluation and regulatory oversight compared to members of "exchange-based" markets. This may increase the risk that a counterparty will not settle a transaction because of a credit or liquidity problem, thus causing a Client's account to suffer losses. In addition, in the case of a default, an investment could become subject to adverse market movements while replacement transactions are executed. Such counterparty risk is accentuated for investments with longer maturities or settlement dates where events may intervene to prevent settlement or where transactions are concentrated with a single or small group of counterparties. Furthermore, upon the bankruptcy, insolvency or liquidation of any counterparty, the investor may be deemed to be a general, unsecured creditor of such counterparty and could suffer a total loss with respect to any positions and/or transactions with such counterparty. Under current market

conditions, counterparty risk is substantially increased and more difficult to predict. In addition to heightened risk of bankruptcy, in this environment there is a greater risk that counterparties may have their assets frozen or seized as a result of government intervention or regulation. DoubleLine is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

**Credit Default Swaps Risk:** Credit default swaps may involve greater risks than investing in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk, counterparty risk and credit risk. A buyer will lose its investment and recover nothing should no event of default occur. If an event of default were to occur, the value of the reference obligation received by the seller (if any), coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the seller. When a Client acts as a seller of a credit default swap, it is exposed to many of the same risks of leverage described herein since if an event of default occurs the seller must pay the buyer the full notional value of the reference obligation.

The market for credit default swaps has become more volatile in recent years as the creditworthiness of certain counterparties has been questioned and/or downgraded. If a counterparty's credit becomes significantly impaired, multiple requests for collateral posting in a short period of time could increase the risk that a Client may not receive adequate collateral. A client may exit its obligations under a credit default swap only by terminating the contract and paying applicable breakage fees, or by entering into an offsetting credit default swap position, which may cause a Client to incur more losses.

**Credit Risk:** An issuer may default in the payment of principal and/or interest on a security. Debt securities are subject to varying degrees of credit risk, which are often, but not always, reflected in credit ratings.

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**Debt Securities Risk:** In addition to certain of the other risks described herein, debt securities generally also are subject to the following risks:

- **Redemption Risk**—Debt securities sometimes contain provisions that allow for redemption in the event of tax or security law changes in addition to call features at the option of the issuer. In the event of a redemption, the Fund may not be able to reinvest the proceeds at comparable rates of return.
- **Liquidity**—Certain debt securities may be substantially less liquid than many other securities, such as U.S. Government securities or common shares or other equity securities.
- **Spread Risk**—Wider credit spreads and decreasing market values typically represent a deterioration of the debt security's credit soundness and a perceived greater likelihood or risk of default by the issuer.
- **Limited Voting Rights**—Debt securities typically do not provide any voting rights, except in cases when interest payments have not been made and the issuer is in default. Even in such cases, such rights may be limited to the terms of the debenture or other agreements.

**Defaulted Securities Risk:** Defaulted securities risk refers to the uncertainty of repayment of defaulted securities and obligations of distressed issuers. Because the issuer of such securities is in default and is likely to be in distressed financial condition, repayment of defaulted securities and obligations of distressed issuers (including insolvent issuers or issuers in payment or covenant default, in workout or restructuring or in bankruptcy or insolvency proceedings) is subject to significant uncertainties. Insolvency laws and practices in emerging market countries are different than those in the U.S. and the effect of these laws and practices cannot be predicted with certainty. Investments in defaulted securities and obligations of distressed issuers are considered highly speculative.

**Derivatives Risk:** Derivatives are subject to a number of risks described elsewhere in this Form ADV, such as liquidity risk, issuer risk, credit risk, interest rate risk,

leverage risk, counterparty risk, management risk and, if applicable, smaller company risk. Derivatives also involve the risk of mispricing or improper valuation, the risk of unfavorable or ambiguous documentation, and the risk that changes in the value of a derivative may not correlate perfectly with an underlying asset, currency, interest rate or index. If a Client Account invests in a derivative instrument, it could lose more than the principal amount invested. Suitable derivatives transactions may not be available in all circumstances and there can be no assurance that the Fund will engage in these transactions to reduce exposure to other risks when such transaction activity would be beneficial.

The use by the Fund of derivatives such as options, forwards or futures contracts, or short sales may subject the Fund to risks associated with short economic exposure. Taking a short economic position through derivatives exposes the Fund to the risk that it will be obligated to make payments to its counterparty if the underlying asset appreciates in value, resulting in a loss to the Fund. The Fund's loss on a short position theoretically could be unlimited.

Insolvency of a counterparty to a derivative instrument could cause an account to lose all or substantially all of its investment in that derivative instrument, as well as the benefits derived there from.

**Emerging Market Country Risk:** Account performance could decline due to the greater degree of economic, political, and social instability of emerging market countries as compared to developed countries.

**Equity Issuer Risk:** Equity securities represent an ownership interest, or the right to acquire an ownership interest, in an issuer. The value of a company's stock may decline in value in response to factors affecting that company, that company's industry, or the market generally.

**Exchange-Traded Notes Risk:** The level of the particular market benchmark or strategy to which an exchange-traded note's return is linked may fall in value, resulting in a loss to an account holding that exchange-traded note. Exchange-traded notes are subject to credit risk generally to the same extent as debt securities.

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**Extension Risk:** The risk that if interest rates rise, repayments of principal on certain debt securities, including, but not limited to, floating rate loans and mortgage-related securities, may occur at a slower rate than expected and the expected maturity of those securities could lengthen as a result. Securities that are subject to extension risk generally have a greater potential for loss when prevailing interest rates rise, which could cause their values to fall sharply. Interest-only and principal-only securities are especially sensitive to interest rate changes, which can affect not only their prices but can also change the income flows and repayment assumptions about those investments.

**Financial Services Risk:** Investing in issuers in the financial services sector involve, among others, the following risks: (i) changes in regulatory framework or interest rates that may negatively affect financial service businesses; (ii) exposure of a financial institution to a non diversified or concentrated loan portfolios; (iii) exposure to financial leverage and/or investments or agreements which, under certain circumstances, may lead to losses, for example sub-prime loans; and (iv) the risk that a market shock or other unexpected market, economic, political, regulatory, or other event might lead to a sudden decline in the values of most or all companies in the financial services sector.

**Foreign Currency Risk:** Fluctuations in exchange rates may adversely affect the value of an account's foreign currency holdings and investments denominated in foreign currencies.

**Foreign Investing Risk:** An account's investments may be affected by the market conditions, currencies, and the economic and political climates in the foreign countries in which the account invests.

**Inflation/Deflation Risk:** Inflation risk is the risk that the value of assets or income from the Fund's investments will be worth less in the future as inflation decreases the value of payments at future dates. As inflation increases, the real value of the Fund's portfolio could decline. Deflation risk is the risk that prices throughout the economy decline over time. Deflation may have an adverse effect on the creditworthiness of issuers and may make issuer default

more likely, which may result in a decline in the value of the Fund's portfolio.

**Inflation-Indexed Bond Risk:** Inflation-indexed bonds may change in value in response to actual or anticipated changes in inflation rates, in a manner unanticipated by DoubleLine or investors generally. Inflation-indexed bonds are subject to debt securities risk generally to the same extent as other similar debt securities.

**Interest Rate Risk:** Debt securities may decline in value because of increases in interest rates. An account with a longer average duration will be more sensitive to changes in interest rates than an account with a shorter average duration.

**Issuer Risk:** The value of a security may decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services, as well as the historical and prospective earnings of the issuer and the value of its assets.

**Investment Company and Exchange Traded Fund Risk:** The risk that an investment company, including any ETF, in which a Client invests will not achieve its investment objective or execute its investment strategies effectively or that large purchase or redemption activity by shareholders of such an investment company might negatively affect the value of the investment company's shares. A Client will pay its pro rata portion of the fees and expenses of any investment company in which the Client invests

**Junk Bond Risk:** High-yield or "junk" bonds may have a higher degree of default risk and may be less liquid and subject to greater price volatility than investment grade bonds.

**Leverage Risk:** Certain investments involving leverage may have the effect of increasing the volatility of an account and the risk of loss in excess of invested capital. Leverage risk generally exists within the private investment vehicles and mutual funds managed by DoubleLine, although DoubleLine also offers separate

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accounts that involve leverage.

**Liquidity Risk:** There may be no willing buyer of an account's securities and the account may have to sell those securities at a lower price or may not be able to sell the securities at all, each of which would have a negative effect on performance.

**Loan risk:** Includes the risk that (i) if a Client holds a loan through another financial institution, or relies on a financial institution to administer the loan, its receipt of principal and interest on the loan may be subject to the credit risk of that financial institution; (ii) it is possible that any collateral securing a loan may be insufficient or unavailable to the Client, because, for example, the value of the collateral securing a loan can decline, be insufficient to meet the obligations of the borrower, or be difficult to liquidate, and that the Client's rights to collateral may be limited by bankruptcy or insolvency laws; (iii) investments in highly leveraged loans or loans of stressed, distressed, or defaulted issuers may be subject to significant credit and liquidity risk; (iv) a bankruptcy or other court proceeding could delay or limit the ability of the Client to collect the principal and interest payments on that borrower's loans or adversely affect the Client's rights in collateral relating to a loan; (v) there may be limited public information available regarding the loan; (vi) the use of a particular interest rate benchmark, such as LIBOR, may limit the Client's ability to achieve a net return to shareholders that consistently approximates the average published Prime Rate of U.S. banks; (vii) the prices of certain floating rate loans that include a feature that prevents their interest rates from adjusting below a specified minimum level may be more sensitive to changes in interest rates should short-term interest rates rise but remain below the applicable minimum level; (viii) if a borrower fails to comply with various restrictive covenants that are typically in loan agreements, the borrower may default in payment of the loan (ix) the Client's investments in Senior Loans may be subject to increased liquidity and valuation risks, risks associated with collateral impairment or access, and risks associated with investing in unsecured loans; (x) opportunities to invest in loans or certain types of loans, such as Senior Loans, may be

limited, (xi) transactions in loans may settle on a delayed basis, and the Client may not receive the proceeds from the sale of a loan for a substantial period of time after the sale; and (xii) loans may be difficult to value and may be illiquid, which may adversely affect an investment in the Client. In addition, equity securities, including those acquired by the Client in connection with a loan (e.g., as part of an instrument combining a loan and equity securities), are subject to market risks and the risks of changes to the financial condition of the issuer, and fluctuations in value.

**Management Risk:** Each actively managed account is subject to management risk. DoubleLine's portfolio managers will apply investment techniques and risk analyses in making investment decisions for actively managed accounts, but there can be no guarantee that these decisions will produce the desired results.

**Market Capitalization Risk:** Investing substantially in issuers in a single market capitalization category (i.e., large, medium or small) may adversely affect an account because of unfavorable market conditions that affect that category of issuers. For example, larger, more established companies being may be unable to respond quickly to new competitive challenges or attain the high growth rates of successful smaller companies. Conversely, securities of smaller companies may be more volatile than those of larger companies due to, among other things, narrower product lines, more limited financial resources, fewer experienced managers and there typically being less publicly available information about small capitalization companies.

**Market Disruption and Geopolitical Risk:** The wars with Iraq and Afghanistan and similar conflicts and geopolitical developments, their aftermath and continued military presence in Iraq and Afghanistan are likely to have a substantial effect on the U.S. and world economies and securities markets. The nature, scope and duration of the wars and the potential costs of rebuilding infrastructure cannot be predicted with any certainty. Terrorist attacks on the World Trade Center and the Pentagon on September 11, 2001 closed some of the U.S. securities markets for a four-day period and

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similar future events cannot be ruled out. The war and occupation, terrorism and related geopolitical risks have led, and may in the future lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as the earthquake and tsunami in Japan in early 2011, and systemic market dislocations of the kind surrounding the insolvency of Lehman Brothers in 2008, if repeated, could be highly disruptive to economies and markets. Those events, as well as other changes in foreign and domestic economic and political conditions, also could have an acute effect on individual issuers or related groups of issuers. These risks also could adversely affect individual issuers and securities markets, interest rates, secondary trading, ratings, credit risk, inflation, deflation and other factors relating to a Client's investments

**Market Risk:** The risk that the overall market will perform poorly or that the returns from the securities in which a Client invests will underperform returns from the general securities markets or other types of investments.

## **Mortgage-Backed Securities Risk:**

- **Credit and market risks of mortgage-backed securities:** mortgage loans or the guarantees underlying the mortgage-backed securities may default or otherwise fail, leading to non-payment of interest and principal.
- **Pre-payment risk of mortgage-backed securities:** in times of declining interest rates, higher-yielding securities may be prepaid and an account will have to replace them with securities having a lower yield.
- **Extension risk of mortgage-backed securities:** in times of rising interest rates, mortgage pre-payments may slow causing securities considered short- or intermediate-term to be long-term securities that fluctuate more widely in response to changes in interest rates than shorter-term securities.
- **Inverse floater, interest- and principal-only securities risk:** these securities are extremely sensitive to changes in interest rates and pre-payment rates.
- **Capital structure risk:** conflicts potentially limiting a Client's investment opportunities may arise when a Client and other DoubleLine clients invest in different parts of an issuer's capital structure, such as when a

Client owns senior debt obligations of an issuer and other clients own junior tranches of the same issuer. In such circumstances, decisions over whether to trigger an event of default, over the terms of any workout, or how to exit an investment may result in conflicts of interest. In order to minimize such conflicts, an account manager may avoid certain investment opportunities that would potentially give rise to conflicts with other DoubleLine clients or DoubleLine may enact internal procedures designed to minimize such conflicts, may could have the effect of limiting a Client's investment opportunities.

**Portfolio Management Risk:** The risk that an investment strategy may fail to produce the intended results or that the securities held by a Client will underperform other comparable Client accounts because of the portfolio managers' choice of investments.

**Preferred Securities Risk:** The risk that: (i) certain preferred stocks contain provisions that allow an issuer under certain circumstances to skip or defer distributions; (ii) preferred stocks may be subject to redemption, including at the issuer's call, and, in the event of redemption, the account may not be able to reinvest the proceeds at comparable rates of return; (iii) preferred stocks are generally subordinate to bonds and other debt securities in an issuer's capital structure in terms of priority for corporate income and liquidation payments; and (iv) preferred stocks may trade less frequently and in a more limited volume and may be subject to more abrupt or erratic price movement than many other securities.

**Prepayment Risk:** The risk that the issuer of a debt security, including floating rate loans and mortgage-related securities, repays all or a portion of the principal prior to the security's maturity. In times of declining interest rates, this may result in a portion of a Client's higher yielding securities being pre-paid and a Client being unable to re-invest the proceeds in an investment with as great a yield. Prepayments can therefore result in lower yields to a Client. Interest-only and principal-only securities are especially sensitive to interest rate

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changes, which can affect not only their prices but can also change the income flows and repayment assumptions about those investments.

**Price Volatility Risk:** The risk that the value of a Client's investment portfolio will change, potentially frequently and in large amounts, as the prices of its investments go up or down.

**Private Placement Risk:** Investments in private placements carry a high degree of risk for various reasons. A private placement involves the sale of securities that have not been registered under the Securities Act of 1933, or relevant provisions of applicable non-U.S. law, to certain institutional and qualified individual purchasers. In addition to the general risks to which all securities are subject, securities received in a private placement generally are subject to strict restrictions on resale, and there may be no liquid secondary market or ready purchaser for such securities. Securities sold through private placements are not publicly traded and, therefore, are less liquid. Companies seeking private placement investments tend to be in earlier stages of development and have not yet been fully tested in the public marketplace.

**Real Estate Risk:** Real estate-related investments may decline in value as a result of factors affecting the real estate industry, such as the supply of real property in certain markets, changes in zoning laws, delays in completion of construction, changes in real estate values, changes in property taxes, levels of occupancy, and local and regional market conditions.

**Redenomination Risk:** Any partial or complete dissolution of the European Monetary Union ("EMU") could have significant adverse effects on currency and financial markets, and on the values of a Client's investments. If one or more EMU countries were to stop using the euro as its primary currency, a Client's investments in such countries may be redenominated into a different or newly adopted currency. As a result, the values of those investments could decline significantly and unpredictably. In addition, securities or other investments that are redenominated may be subject to foreign currency risk, liquidity risk and valuation risk to a greater extent than similar investments currently denominated in euros.

**REIT Risk:** An investment in a REIT may be subject to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation and environmental liabilities, and changes in local and general economic conditions, market value, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. In addition, an investment in a REIT is subject to additional risks, such as poor performance by the manager of the REIT, adverse changes to the tax laws, changes in the cost or availability of credit, or the failure by the REIT to qualify for tax-free pass-through of income under the Code, and to the risk of general declines in stock prices. In addition, some REITs have limited diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property. Also, the organizational documents of a REIT may contain provisions that make changes in control of the REIT difficult and time-consuming. As a shareholder in a REIT, a Client's account would bear its ratable share of the REIT's expenses and would at the same time continue to pay its own fees and expenses.

**Reinvestment Risk:** Income from an account's portfolio will decline if and when the account invests the proceeds from matured, traded or called debt obligations at market interest rates that are below the portfolio's current earnings rate. For instance, during periods of declining interest rates, an issuer of debt obligations may exercise an option to redeem securities prior to maturity, forcing the account to reinvest the proceeds in lower-yielding securities. A decline in income received by the account from its investments is likely to have a negative effect on the market price, net asset value and/or overall return of the Common Shares.

**Securities Selection Risk:** Securities held by an account may underperform other accounts investing in the same asset class or benchmarks that are representative of the asset class because of DoubleLine's choice of securities.

**Short Sales Risk:** To the extent an account makes use of short sales for investment and/or risk man-

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-agement purposes, an account may be subject to certain risks associated with selling short. Short sales are transactions in which the account sells securities or other instruments that an account does not own. Short sales expose an account to the risk that it will be required to cover its short position at a time when the securities have appreciated in value, thus resulting in a loss to an account. An account may engage in short sales when it does not own or have the right to acquire the security sold short at no additional cost. An account's loss on a short sale theoretically could be unlimited in a case in which an account is unable, for whatever reason, to close out its short position. In addition, an account's short selling strategies may limit its ability to benefit from increases in the markets. Also, there is the risk that the counterparty to a short sale may fail to honor its contractual terms, causing a loss to an account.

**Smaller Company Risk:** The general risks associated with debt instruments or equity securities are particularly pronounced for securities issued by companies with small market capitalizations. Small capitalization companies involve certain special risks. They are more likely than larger companies to have limited product lines, markets or financial resources, or to depend on a small, inexperienced management group. Securities of smaller companies may trade less frequently and in lesser volume than more widely held securities and their values may fluctuate more sharply than other securities. They also may have limited liquidity. These securities may therefore be more vulnerable to adverse developments than securities of larger companies, and a Client's account may have difficulty purchasing or selling securities positions in smaller companies at prevailing market prices. Also, there may be less publicly available information about smaller companies or less market interest in their securities as compared to larger companies. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.

**Sovereign Debt Obligations Risk:** Investments in countries' government debt obligations involve special risks. Certain countries have historically experienced, and may continue to experience, high rates of inflation, high interest rates, exchange rate fluctuations, large amounts of external debt, balance of payments and trade

difficulties and extreme poverty and unemployment. The issuer or governmental authority that controls the repayment of a country's debt may not be able or willing to repay the principal and/or interest when due in accordance with the terms of such debt. A debtor's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation and, in the case of a government debtor, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the government debtor's policy towards the International Monetary Fund and the political constraints to which a government debtor may be subject. Government debtors may default on their debt and also may be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearages on their debt. The commitment on the part of these governments, agencies and others to make such disbursements may be conditioned on a debtor's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations.

**Tax Risk:** Tax laws and regulations applicable to an account are subject to change, and unanticipated tax liabilities could be incurred by investors as a result of such changes. Investors should consult their own tax advisors to determine the potential tax-related consequences of investing in an account with DoubleLine or in a DoubleLine Private Fund or Registered Fund.

**U.S. Government Securities Risk:** Debt securities issued or guaranteed by certain U.S. Government agencies, instrumentalities, and sponsored enterprises are not supported by the full faith and credit of the U.S. Government, and so involve credit risk greater than investments in other types of U.S. Government securities. Although legislation has been enacted to support certain U.S. Government-sponsored enterprises ("GSEs"), there is no assurance that GSE obligations will be satisfied in full, or that such obligations will not decrease in value or default. It is difficult, if not impossible, to predict the future political, regulatory or economic changes that could impact the GSEs and the

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## Item 9. Disciplinary Information

## Item 10. Other Financial Industry Activities and Affiliations

values of their related securities or obligations. The events surrounding the U.S. federal government debt ceiling could adversely affect a Client's ability to achieve its account's investment objectives. On August 5, 2011, S&P lowered its long-term sovereign credit rating on the United States to "AA+" from "AAA". The downgrade by S&P and other future downgrades could increase volatility in both stock and bond markets, result in higher interest rates and lower Treasury prices and increase the costs of all kinds of debt.

**Zero-coupon bond and payment-in-kind securities risk:** Investments in zero-coupon and payment-in-kind securities are subject to certain risks, including that market prices of zero-coupon and payment-in-kind securities generally are more volatile than the prices of securities that pay interest periodically and in cash, and are likely to respond to changes in interest rates to a greater degree than other types of debt securities with similar maturities and credit quality. Because zero-coupon securities bear no interest, their prices are especially volatile. And because zero-coupon bondholders do not receive interest payments, the prices of zero-coupon securities generally fall more dramatically than those of bonds that pay interest on a current basis when interest rates rise. However, when interest rates fall, the prices of zero-coupon securities generally rise more rapidly in value than those of similar interest paying bonds. Under many market and other conditions, the market for the zero-coupon and payment-in-kind securities may suffer decreased liquidity making it difficult for a Client account to dispose of them or to determine their current value. In addition, as these securities may not pay cash interest, a Client account's investment exposure to these securities and their risks, including credit risk, will increase during the time these securities are held in a Client account's portfolio.

### **Item 9. Disciplinary Information.**

DoubleLine is required to disclose all material facts regarding any legal or disciplinary events that could be material to your evaluation of DoubleLine or the integrity of DoubleLine's management. DoubleLine does not believe that there are any legal or disciplinary events that are material to your evaluation of DoubleLine or the

integrity of its management.

### **Item 10. Other Financial Industry Activities and Affiliations.**

#### **Broker-Dealer Affiliations**

Quasar Distributors, LLC ("Quasar") serves as the statutory underwriter and distributor of the DoubleLine Funds. Certain management persons and employees of DoubleLine are registered representatives of, or may have an application pending to become a registered representative of, Quasar. DoubleLine has no controlled affiliates or related persons that are broker-dealers.

#### **Affiliated Registered Investment Adviser and Other Affiliated Entities**

DoubleLine Capital and DoubleLine Equity LP ("DoubleLine Equity") are affiliated through similar ownership structures, and both are controlled by the same general partner, DoubleLine Capital GP LLC, which itself is controlled by Jeffrey Gundlach. DoubleLine Capital and DoubleLine Equity share certain personnel and other resources through similar contractual arrangements with DoubleLine Group LP, which also is affiliated with DoubleLine Equity by way of being under common control by DoubleLine Capital GP LLC and, ultimately, Jeffrey Gundlach. It is expected that DoubleLine Capital and DoubleLine Equity will share client lists and other similar information through their common control structure and overlapping personnel.

#### **Strategic Investor**

Oaktree Capital Group LLC (collectively with its affiliates, "Oaktree"), indirectly owns a non-controlling equity interest in DoubleLine Capital. Oaktree trades, on its own behalf and on behalf of its clients, in securities and other investments in which DoubleLine Capital also may invest, either for its own account or for the account of its clients. Oaktree is a distinct and independent organization from Doubleline Capital and operates separately from DoubleLine Capital. DoubleLine Capital believes that the investment activities of Oaktree generally should not present any material conflict of interest for DoubleLine Capital's clients.

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# Item 10. Other Financial Industry Activities and Affiliations.



## *Futures Commission Merchant, Commodity Pool Operator and Commodity Trading Advisor Affiliations*

Neither DoubleLine nor its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities. In managing its private investment vehicles, DoubleLine claims various available exemptions to these registration categories required under the Commodity Exchange Act of 1936. Similarly, the Private Funds claim available exemptions to those registration categories under the Commodity Exchange Act of 1936.

## *Registered Investment Company Affiliations*

DoubleLine serves as the investment adviser to the DoubleLine Funds, each of which is a series of the Trust. The Trust is a Delaware statutory trust and registered with the SEC as an investment company under the Investment Company Act of 1940. DoubleLine also serves as the investment adviser to DoubleLine Opportunistic Credit Fund ("DBL") and DoubleLine Income Solutions Fund ("DSL"). As of the date of this Brochure, there are six effective series of the Trust: the DoubleLine Total Return Bond Fund, the DoubleLine Core Fixed Income Fund, the DoubleLine Multi Asset Growth Fund, the DoubleLine Low Duration Bond Fund, the DoubleLine Floating Rate Fund, and the DoubleLine Emerging Markets Fixed Income Fund. Messrs. Gundlach and Barach are interested trustees of the Trust; Ronald R. Redell is an interested Trustee of DBL and DSL. In addition, certain officers of DoubleLine are also officers of the Trust. Also, DoubleLine Equity Serves as investment adviser to DoubleLine Equity Funds ("Equity Funds"). Please see the next page for a table illustrating these common officers.

## *Private Fund Affiliations*

### **DoubleLine Opportunistic Income Fund**

DoubleLine is the investment manager of the DoubleLine Opportunistic Income Master Fund LP (the "Opportunistic Master Fund") which is the master fund of a master-feeder structure.

The Opportunistic Master Fund currently has two main feeder funds: (1) the DoubleLine Opportunistic Income LP, which is organized as a Delaware limited partnership and shares of which are available to U.S. taxable investors, and (2) the DoubleLine Opportunistic Income Fund Ltd, which is organized as a Cayman Islands ordinary resident company and shares of which are available to U.S. non-taxable investors and to non-U.S. investors (collectively "the Opportunistic Feeder Funds"). In 2011, two additional feeder funds for the Opportunistic Master Fund were created. DoubleLine may create other feeder funds for the Opportunistic Master Fund and may create other pooled investment vehicles in the future.

DoubleLine Opportunistic Income GP LLC is a *Related Person* to DoubleLine and is the general partner of the Opportunistic Master Fund. The Opportunistic Master Fund may invest in various securities available for investment through separate accounts and mutual funds also managed by DoubleLine. Because DoubleLine, or its *Related Persons*, controls these entities, a conflict of interest could arise whereby DoubleLine could be incentivized to allocate securities trades to these entities because they are controlled by DoubleLine or because of the performance fee payable through the Opportunistic Master Fund's fee structure. DoubleLine has adopted policies and procedures reasonably designed to allocate investment opportunities across appropriate Client accounts in a fair and equitable basis over time and in a manner consistent with each Client's investment objectives and related restrictions. DoubleLine controls this conflict of interest through its Trading and Allocation Committee, which provides oversight to the trading process.

### **DoubleLine Leveraged Fund**

DoubleLine is the investment manager of the DoubleLine Leveraged Master Fund LP ("Leveraged Master Fund"), which is the master fund of a master-feeder structure. The Leveraged Master Fund currently has two main feeder funds: (1) the DoubleLine Leveraged Fund LP, which is organized as a Delaware limited partnership and shares of which are available to U.S. taxable investors, and (2) the DoubleLine Leveraged Fund Ltd, which is organized as a Cayman Islands ordinary resident

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## Item 10. Other Financial Industry Activities and Affiliations



Officer	Position with DoubleLine	Position with Trust /and Equity Funds Trust	Position with DBL and DSL
Ronald R. Redell	Director	President	President and Chief Executive Officer & Chairman of the Board
Susan Nichols	Director of Mutual Funds Operations	Treasurer and Principal Financial & Accounting Officer	Treasurer and Principal Financial & Accounting Officer
Patrick Townzen	Director of Operations	Vice President	Vice President
Louis C. Lucido	Chief Operating Officer	Secretary	Secretary
Earl A. Lariscy	General Counsel & Director	Vice President	Vice President & Assistant Secretary
David Kennedy	Director of Trading and Settlements	Vice President	Vice President
Keith T. Kirk	Deputy General Counsel & Chief Compliance Officer	Chief Compliance Officer	Chief Compliance Officer
Cris Santa Ana	Chief Risk Officer	Vice President	Vice President
Jeffrey Sherman	Portfolio Manager	N/A	Vice President

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# Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading



company and shares of which are available to U.S. non-taxable investors and to non-U.S. investors (collectively “the Leveraged Feeder Funds”). In 2012, one additional feeder fund for the Leveraged Master Fund was created. DoubleLine may create other feeder funds for the Leveraged Master Fund and may create other pooled investment vehicles in the future.

DoubleLine Leveraged Fund GP LLC is a *Related Person* to DoubleLine and is the general partner of the Leveraged Master Fund. The Leveraged Master Fund may invest in various securities available for investment through separate accounts and mutual funds also managed by DoubleLine. Because DoubleLine, or its *Related Persons*, controls these entities, a conflict of interest could arise whereby DoubleLine could be incentivized to allocate securities trades to these entities because they are controlled by DoubleLine or because of the performance fee payable through the Leveraged Master Fund’s fee structure. DoubleLine has adopted policies and procedures reasonably designed to allocate investment opportunities across appropriate Client accounts in a fair and equitable basis over time and in a manner consistent with each Client’s investment objectives and related restrictions. DoubleLine controls this conflict of interest through its Trading and Allocation Committee, which provides oversight to the trading process.

## **Item 11. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.**

### **Code of Ethics**

DoubleLine has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Advisers Act and will provide a copy of the Code to any Client or prospective client upon request. All supervised persons at DoubleLine provide a written acknowledgement of the terms of the Code initially, annually, and as amended.

It is possible that DoubleLine supervised persons may purchase or sell for themselves securities that DoubleLine’s Clients also hold. In addition, DoubleLine may purchase or sell for a Client securities of an issuer in which it or its supervised persons also have a position or interest. It is possible that DoubleLine or its supervised persons may buy or sell the same securities at a better

price for its own account than a Client that buys or sells the same securities on the same day. To govern such personal transactions, the Code includes personal securities trading policies and procedures that outline the conditions under which a DoubleLine supervised person also may purchase or sell securities when such securities are held or traded by Clients. DoubleLine conducts an active monitoring program of the personal trading of DoubleLine supervised persons. Certain aspects of DoubleLine’s Code are discussed below. A copy of DoubleLine’s Code of Ethics is available upon request.

While the Code permits personnel subject thereto to invest in securities, it also subjects such personnel to a number of procedures and prohibitions with respect to investment activities. These procedures include (1) reporting, including on a quarterly and annual basis, accounts, position and transaction information, other than positions in certain excluded securities and transactions; (2) pre-clearance of securities transactions other than certain excluded securities; and (3) a pre-approval requirement with respect to the purchase of any securities in a private placement, initial public offering or limited offering. The Code also prohibits the investment by subject personnel in (a) any security on DoubleLine’s Restricted List; (b) uncovered short sales; and (c) uncovered options. Additional restrictions and prohibitions also apply to certain investment personnel subject to the Code, including portfolio managers.

The Code also contains policies and procedures that require the following:

- General principles of conduct for all DoubleLine personnel.
- DoubleLine and all DoubleLine personnel owe a fiduciary duty to DoubleLine’s clients. This means that DoubleLine and its personnel must always place the interests of its clients first.
- No director or employee of DoubleLine (a) may buy or sell a security either for themselves or others while in possession of material, non-public information about an issuer, or (b) communicate material, non-public information to others who

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have no official need to know. The Code provides guidance about what is material non-public information, lists common examples of situations in which DoubleLine personnel could obtain that information, and describes DoubleLine's procedures regarding its watch list and restricted securities list and for establishing information barriers when necessary and appropriate. The Code also identifies parties for DoubleLine personnel to contact for questions.

- The following personal transactions by DoubleLine personnel must be pre-approved:
  - bond trades (other than trades for direct obligations of the US government),
  - transactions in any of the series of the Trust or any other mutual fund managed by DoubleLine beyond a *de minimis* amount,
  - private placement transactions, regardless of whether DoubleLine is a related person or investment manager to the private placement security in question, and
  - transactions in any closed-end funds managed by DoubleLine.
- DoubleLine personnel may not profitably sell any security requiring pre-approval for personal trading for a sixty day period following the purchase of such security.
- Duplicate account statements and trade confirmations for applicable personal accounts must be provided by DoubleLine personnel to the applicable officers of DoubleLine for review.
- DoubleLine and its personnel may not accept certain gifts and entertainment from certain persons or entities in the financial industry. The Code includes an approval process for specific categories of gifts and entertainment provided to DoubleLine personnel.
- DoubleLine personnel generally may not engage in certain activities outside of their employment with DoubleLine, including outside employment, service as a director or in a similar capacity to an

organization, fiduciary appointments, and services as an officer or director of a charitable, professional, civic or non-profit entity. The Code includes an approval process before DoubleLine personnel may engage in such activities.

- DoubleLine personnel may be restricted as to their ability to engage in political activities and make political contributions. The Code sets forth general rules governing political contributions and solicitation activities, responsibility of individuals for personal contribution limits, pre-clearance of contributions to state and local candidates, and rules for political activities on DoubleLine premises and for using DoubleLine resources.
- The Code sets forth confidentiality requirements imposed on DoubleLine personnel.
- DoubleLine personnel must report activities not in compliance with the Code.

The Code provides that exemptive relief may be given from certain of its requirements by the Chief Compliance Officer after a consideration of the specific facts and circumstances of the request. Such exemptive relief typically would relate to situations involving an employee hardship where no material conflict with a Client's interests exists.

## Potential Conflicts of Interest

From time to time, DoubleLine may take the following actions on behalf of its Clients, or recommend to its Clients that they take such actions: (1) buy or sell securities in which related persons have a financial interest, and (2) buy or sell securities in which DoubleLine, related persons or DoubleLine's other Clients' accounts are at the same time effecting a sale or purchase. Such conflicts of interest generally are managed through the controls established by the Code and DoubleLine's Trading and Allocation Committee. DoubleLine is not obligated to recommend to, or purchase or sell for, any one Client or all Clients any investments or strategies that it may recommend to, or purchase or sell for, any other Client.

## Potential Conflicts of Interest Due to Personal or

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## Affiliated Positions

DoubleLine may, from time to time, recommend to, or purchase or sell on behalf of, Clients securities or other investment instruments in which DoubleLine, its affiliates or other related persons have a financial interest as the investment manager, general partner or trustee or as a co-investor in such Investment Products.

These securities may be publicly traded (for example, the series of the Trust) or private placements, including private placements sponsored or managed by DoubleLine. (It is expected that one or more DoubleLine principals and employees will invest in private placements sponsored or managed by DoubleLine as well as the Registered Funds. DoubleLine may offer discounts to management or performance fees to its principals and employees.) Conflicts of interest arising from DoubleLine's management of an affiliated private or public fund where its principals and personnel also are invested include the perception that DoubleLine could favorably allocate trades to such funds or sell a security in one Client account while buying the same security on behalf of a fund. DoubleLine periodically monitors the performance of Client accounts to ensure that similarly situated accounts are performing similarly. DoubleLine's Trading and Allocation Committee also periodically reviews reports related to allocation activities to attempt to determine if any perceived conflicts of interest have actually arisen. As discussed above, the Code includes various procedures with respect to investment transactions in which DoubleLine's personnel and related persons have a beneficial interest that are designed to reduce the potential for conflicts of interest related to personal trading. Please also review the discussion of allocation of orders in Item 12 for additional related information.

It is possible that DoubleLine's supervised persons may purchase or sell for themselves securities that DoubleLine's Clients also hold. In addition, DoubleLine may purchase or sell for a Client securities of an issuer in which DoubleLine or its supervised persons also have a position or interest. It is also possible that DoubleLine or its supervised persons may buy or sell the same securities at a better price or with better terms for its

own account than the price and terms for which the same securities are bought or sold for a Client's account on the same day. To govern such personal transactions, the Code includes personal securities trading policies and procedures, as discussed above, that outline the conditions under which a DoubleLine supervised person may purchase or sell securities when such securities are also held or traded for Client accounts. DoubleLine also conducts an active monitoring program of the personal trading of DoubleLine supervised persons.

While the Code permits DoubleLine personnel to invest in securities, it also subjects such personnel to a number of procedures and prohibitions with respect to personal investment activities. These procedures include (1) reporting of personal accounts, positions and transaction information (other than positions in certain excluded securities and transactions) on both a quarterly and annual basis; (2) pre-clearance of personal securities transactions (other than certain excluded securities); and (3) a pre-approval requirement with respect to the purchase of any securities in a private placement, initial public offering or limited offering. The Code also prohibits personnel from investing in (a) any security on DoubleLine's restricted securities list; (b) uncovered short sales; and (c) uncovered options. Additional restrictions and prohibitions also apply to certain investment personnel subject to the Code, including account managers.

If permitted by the relevant investment guidelines and applicable law, DoubleLine may purchase for Client accounts interests in mutual or other registered and unregistered funds or vehicles that are offered or managed by DoubleLine or its affiliates when DoubleLine believes it is in the relevant Client's best interest to do so. The details of any possible fee offsets, rebates or other reduction arrangements in connection with such investments are provided in the documentation relating to the relevant Client account and/or the offering documents of the underlying fund or vehicle. In choosing between funds or vehicles that are offered or managed by DoubleLine or its affiliates and those not offered or managed by DoubleLine or its affiliates, DoubleLine may have a financial incentive to choose DoubleLine-affiliated funds over third-parties' funds by reason of the

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additional investment management, advisory and other fees or compensation DoubleLine or its affiliates may earn. Under certain conditions, DoubleLine may offset, rebate or otherwise reduce its fees or other compensation with respect to investments in DoubleLine-affiliated funds; however, this reduction or rebate, if available, will not necessarily eliminate the conflict. Furthermore, although DoubleLine may be permitted to invest in DoubleLine-affiliated funds, Clients should not expect DoubleLine to have better information with respect to such DoubleLine-affiliated funds than other investors have. Even if DoubleLine has such information, it may not be permitted to act upon it in a way that disadvantages the other investors in such funds.

DoubleLine Capital may manage proprietary accounts in strategies that it may later decide to sell to clients (generally called seed money accounts). DoubleLine Capital currently manages a proprietary account which mimics the investment advice given to a client to implement a portfolio consisting strictly of a mix of DoubleLine Funds. DoubleLine faces a potential conflict of interest in that it may be incented to affect the mix of DoubleLine Funds within the portfolio to affect the flows into certain of the DoubleLine Funds.

## Potential Conflicts Due to Overlapping Client Investments

Where one or more Clients hold the same investment, the differing investment objectives of each Client, as well as other factors applicable to the specific situation, may result in a determination to dispose of, or retain, all or a portion of an investment on behalf of one Client (or on behalf of DoubleLine supervised persons) at different times as such investment or portion thereof is being disposed of, or retained, by another Client. In addition, particularly with respect to illiquid or private investments, conflicts of interest can arise when disposing of a particular investment would be beneficial for one Client while retaining such investment would be beneficial for another Client. DoubleLine also may recommend investments to or purchase securities for the account of one Client (or supervised persons may purchase such securities) that may differ from investments recommended or purchased for another Client, even though the investment objectives of the Clients may be similar. Moreover, DoubleLine's supervised persons and

affiliates may make investments or engage in other activities that express inconsistent views with respect to an entity in which DoubleLine has invested Client assets, a particular security or relevant market conditions. For example, if DoubleLine makes an investment on behalf of one Client that expresses a negative outlook on a particular investment in which other Clients are invested, such action potentially could reduce the value of other Clients' investments.

A DoubleLine account manager generally will make investment decisions for his or her respective Clients independently of the manner in which other DoubleLine account managers approach a similar or even the same investment. In addition, DoubleLine, on behalf of certain Clients, may choose not to hedge certain risks that other DoubleLine investment teams hedge (or vice versa). DoubleLine's management personnel regularly share information, perceptions, advice and recommendations about market trends, the valuations of individual securities, and investment strategies, except where prohibited by information barriers established by DoubleLine in accordance with the Code or applicable law or regulation.

It is not uncommon for a Client to hold interests in an entity that are of a different class or type than the class or type of interest held by another Client. For example, one Client may hold securities in an entity that are senior or junior to the securities held by another Client, which could mean that the Clients will be entitled to different payments or other rights, or that in a workout or other distressed scenario the interests of one Client might be adverse to those of another Client and one Client might recover all or part of its investment while the other Client might not. Clients will not be required to take any action or refrain from taking any action to mitigate another Client's losses in such a scenario.

Conflicts also will arise in cases where different DoubleLine Capital Clients (or groups of DoubleLine Capital Clients) invest in different parts of an issuer's capital structure, including circumstances in which one or more DoubleLine Capital Clients may own private securities or obligations of an issuer and other DoubleLine Capital Clients may own public securities of the same issuer. For example, a DoubleLine Capital

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# Item 11. Code of Ethics, Participation or Interest in Client

## Transactions and Personal Trading

# Item 12. Brokerage Practices

DoubleLine®

Client (or group of DoubleLine Capital Clients) may acquire a loan, loan participation or a loan assignment of a particular borrower in which one or more other DoubleLine Capital Clients have an equity investment. In negotiating the terms and conditions of any such investments, or any subsequent amendments or waivers, DoubleLine Capital may find that their own interests, the interests of a DoubleLine Capital Client (or group of DoubleLine Capital Clients) and/or the interests of one or more other DoubleLine Capital Clients could conflict. If an issuer in which a DoubleLine Capital Client (or group of DoubleLine Capital Clients) and one or more other DoubleLine Capital Clients hold different classes of securities (or other assets, instruments or obligations issued by such issuer) encounters financial problems, decisions over the terms of any workout will raise conflicts of interest (including, for example, conflicts over proposed waivers and amendments to debt covenants). For example, a debt holder may be better served by a liquidation of the issuer in which it may be paid in full, whereas an equity holder might prefer a reorganization that holds the potential to create value for the equity holders. Any of the foregoing conflicts of interest will be discussed and resolved on a case-by-case basis. Any such discussions will take into consideration the interests of the relevant DoubleLine Capital Clients, the circumstances giving rise to the conflict and applicable laws. When considering whether to pursue applicable claims with respect to private fund securities, DoubleLine Capital considers various factors, including the cost of pursuing the claim and the likelihood of the outcome, and may not pursue every potential claim. DoubleLine Capital Clients (and Investors in Private Funds) should be aware that conflicts will not necessarily be resolved in favor of their interests.

Any of the foregoing conflicts of interest described in this Item 11 or elsewhere in this Brochure will be discussed and resolved on a case-by-case basis in accordance with the Code and applicable law and regulation. Any such discussions will take into consideration the interests of the relevant Clients and the circumstances giving rise to the conflict. Clients should be aware that conflicts will not necessarily be resolved in favor of their interests, and DoubleLine will attempt to resolve such matters in a fair and equitable

manner, over time, without regard to compensation paid to DoubleLine or its affiliates. There can be no assurance that any actual or potential conflicts of interest will not result in a particular Client or group of Clients receiving less favorable investment terms in certain investments than if such conflicts of interest did not exist.

## Item 12. Brokerage Practices.

### Best Execution

DoubleLine seeks to achieve best execution under the circumstances when trading for its Clients. This means that, in selecting broker-dealers to execute securities transactions for Client accounts, DoubleLine seeks to select broker-dealers that will execute securities transactions in a manner that is in the best interest of the Client under the circumstances. This does not mean, however, that client transactions are always executed at the lowest available commission or spread. DoubleLine may effect transactions that cause a Client to pay a commission or spread in excess of a commission or spread that another broker-dealer would have charged if DoubleLine determines that such commission or spread is reasonable in relation to the circumstances of that transaction. In making this determination, DoubleLine may take a variety of factors into consideration, including, but not limited to, (i) execution quality in light of order size, difficulty of execution and other relevant factors; (ii) associated expenses and costs; (iii) the quality, reliability, responsiveness and value of the provided services; (iv) the operational compatibility between the broker-dealer and DoubleLine; (v) ability to provide liquidity; (vi) the ability of a broker-dealer to execute difficult transactions in unique and/or complex securities, and (vii) the broker-dealer's safety and soundness, based on publicly available information.

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## Counterparty Review Process

Various analysts at DoubleLine, including the Counterparty Risk Committee, evaluate the creditworthiness of counterparties to Client accounts on an ongoing basis. In addition to information provided by credit agencies, DoubleLine's team of credit analysts evaluates each approved counterparty using various methods of analysis, including, but not limited to, analysis of publicly available financial data (including earnings updates), the broker-dealer's reputation, DoubleLine's past experience with the broker-dealer or its personnel, market levels for the counterparty's debt and equity, the counterparty's liquidity and its share of market participation.

## Research

From time to time, DoubleLine receives unsolicited research from various broker-dealers, which may or may not be counterparties to trades placed on behalf of Clients. In effecting its fixed income trading, DoubleLine does not use brokerage commissions from client account trades to obtain research or other products or services from broker-dealers. While DoubleLine may review and consider certain of the research received, the provision of research does not factor into DoubleLine's broker-dealer selection process. Research services include items such as reports on industries and companies, economic analyses, review of business conditions and portfolio strategy and various trading and quotation services. Such services also include advice from broker-dealers as to the value of securities, availability of securities, availability of buyers, and availability of sellers. These services also include recommendations as to purchase and sale of individual securities and timing of transactions.

In addition to unsolicited research, certain broker-dealers may provide invitations to attend conferences and meetings with management representatives of issuers or with other analysts and specialists. Any such invitations are subject to the provisions of the Code and do not factor into DoubleLine's broker-dealer selection process.

DoubleLine purchases research related to corporate bond issuers from various services offering such research. DoubleLine purchases this research to attempt to gain an independent viewpoint on corporate issuers and various sectors of the corporate market. DoubleLine does not purchase any research for its fixed income business using soft dollars; all research purchases are paid using DoubleLine's own resources. The corporate research purchased generally covers the following items of interest to the corporate bond team:

- Industry analysis to include industry fundamentals, secular outlook and cyclicity;
- Issues analysis to include credit fundamentals, market position and liquidity factors;
- Analysis of the integrity, continuity and quality of issuer management;
- Cash flow analysis of corporate issuers to include credit metrics, operating leverage and refinancing schedules;
- Security analysis to include relative value, position in capital structure, covenant protection and credit enhancements.

DoubleLine Capital has adopted a soft dollars policy limited to agency trades effected in equity securities only. "Soft Dollars" are permitted only in accordance with the Section 28(e) safe harbor under the Securities Exchange Act of 1934 ("Section 28(e) Safe Harbor").

The Section 28(e) Safe Harbor is available only with respect to transactions involving payment of a commission to the executing broker. In general, permitted trades will include all equity trades executed on an agency basis on behalf of a client. In addition, in accordance with SEC guidance, permitted trades include certain eligible riskless principal trades involving equity securities where both legs of the trade are executed at the same price, the fee and transaction price are fully and separately disclosed on the confirmation and the trade is reported in a manner that provides independent and objective verification of the transaction price subject to regulatory oversight. Soft Dollars may not be used in connection with trading of fixed income securities.

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However, consistent with long-standing industry practice in the fixed income area, DoubleLine may receive research and other information, including means of accessing fixed income trading platforms, that dealers provide for no charge to their customers in the ordinary course of business; *provided*, that such research shall not be taken into consideration in selecting an executing dealer and in determining whether “best execution” was obtained in connection with the applicable trade.

## Mutual Fund Distribution

Distribution of the DoubleLine Funds by a broker-dealer is not considered as a factor in choosing executing broker-dealers for any Client account trades. Periodic comparisons of the lists of distributing broker-dealers of the funds managed or offered by DoubleLine and the executing brokers for Client account trades are conducted to address this potential conflict of interest.

## Referrals

DoubleLine does not recommend broker-dealers to Clients, although it does choose the brokers which execute client trades if DoubleLine has discretionary authority over the account. Although broker-dealers may, from time to time, refer clients to DoubleLine, in accordance with Rule 206(4)-3 under the Advisers Act, DoubleLine does not approve such broker-dealers for trading stocks or bonds based on such referrals. As such, no conflict of interest regarding trading arises from this arrangement.

## Client Directed Brokerage

DoubleLine does not recommend, request or require Clients to direct DoubleLine to use a particular broker-dealer to execute account transactions for the Client, nor does DoubleLine have an affiliated broker dealer.

DoubleLine does permit Clients to direct DoubleLine to use a particular broker-dealer to execute account transactions for the Client. Clients could require DoubleLine to use the services of a particular broker-dealer. DoubleLine prefers that all such arrangements be subject to best execution requirements. In situations where a Client directs the use of certain brokers, DoubleLine may not be able to negotiate commissions or obtain volume discounts for the accounts that direct DoubleLine to make all or any portion of their account trades with specific broker-dealer. As a result, such accounts may pay higher commissions or spreads than those accounts that do not direct brokerage and also may not receive as favorable an execution. Accounts with directed brokerage instructions may be excluded from aggregate orders and their directed orders will generally be executed following completion of any non-directed trades. As a result, performance results for these accounts may vary (at times considerably) from other Client accounts managed by DoubleLine in the same strategy. Trades executed through a Client-directed broker-dealer may not achieve best execution at the time of the trade and may cost the Client money because the Client received a less favorable price. Clients that permit DoubleLine to use directed brokerage arrangements subject to best execution generally will not face the potential consequences of not receiving the most favorable execution under the circumstances. Fully directed account Clients may be required to sign certain acknowledgments, including the fact that such directed brokerage may compromise best execution and that the Client’s account may trade after other accounts.

# Item 12. Brokerage Practices



## Aggregation and Allocation of Orders

In an effort to achieve efficiencies in execution and reduce trading costs, DoubleLine and its affiliates may aggregate securities transactions on behalf of a number of accounts at the same time. In addition, DoubleLine may execute securities transactions alongside or interspersed between aggregated orders when DoubleLine believes that such execution will not interfere with its ability to execute in a manner believed to be most favorable to its Clients as a whole and over time. DoubleLine may exclude trades from aggregate orders for accounts that direct brokerage or that are managed, in part, for tax considerations.

When executing aggregate orders, trades will be allocated among accounts using procedures that DoubleLine considers fair and equitable. This can include making the allocation based on such considerations as cash availability, diversification requirements, duration, investment objectives, Client contractual or regulatory investment guidelines and restrictions, existing or targeted account weightings in particular securities or sectors, lot size, account size, amount of existing holdings (or substitutes) of the security in the accounts, investment time horizons and directed brokerage instructions, if applicable. These factors provide substantial discretion to DoubleLine in allocating investment opportunities. In addition, DoubleLine also may exclude certain accounts from an allocation if the size of the allocation would not satisfy certain minimum size thresholds established by DoubleLine, a Client or by the issuer itself for operational reasons. Periodic reviews of Client and account performance are conducted to ensure that trade allocations occur fairly and equitably over time, even though a specific trade may have the appearance or the effect of benefiting one account as against another when viewed in isolation. Given all of the foregoing factors, the amount, timing, structuring, or terms of an investment by a Client may differ from, and performance may be lower than, investments and performance of other Clients, including those which may provide greater fees or other compensation (including performance-based fees or allocations) to DoubleLine. DoubleLine has a Trading and Allocation Committee which oversees the trading and allocation process.

Conceptually, a non-discretionary Client could reject the opportunity to purchase a security which then could be purchased for discretionary Client accounts based on similar factors.

## Potential Conflicts Relating to Non-Discretionary Advisory Services

DoubleLine may provide non-discretionary investment advisory services to certain Clients, pursuant to which DoubleLine may provide advice related to purchasing, selling, holding, valuing, or exercising rights with respect to particular investments including the DoubleLine Funds, but DoubleLine may or may not execute purchases or sales on behalf of these Clients. Discretionary and non-discretionary Clients may hold the same or similar securities. There may be timing differences related to the transmission of advice to a non-discretionary Client for consideration and that Client's determination of whether or not to act on the advice. As a result, trades may be executed with respect to securities for discretionary Clients in advance of executions for non-discretionary Clients, potentially disadvantaging the non-discretionary Clients.

It also is possible that DoubleLine could discuss certain security trade possibilities with a non-discretionary Client to the exclusion of discretionary Clients, based on a series of factors such as, but not limited to, investment guidelines, investment criteria, size of the available position and the availability of cash to invest on the part of non-discretionary or discretionary Clients. Conceptually, a non-discretionary Client could reject the opportunity to purchase a security which then could be purchased for discretionary Client accounts based on similar factors.

## Conflicts with Oaktree Investments

As discussed in Item 10 above, the investment activities of Oaktree are entirely separate from those of DoubleLine Capital. DoubleLine Capital has adopted policies and procedures to establish and maintain an information barrier between Oaktree and DoubleLine Capital (the "Information Barrier") for the purpose of

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# Item 12. Brokerage Practices

# Item 13. Review of Accounts



(1) shielding DoubleLine Capital and Oaktree and their respective personnel from material non-public information that may exist from time-to-time on the opposite side of the Information Barrier, as applicable, and (2) preventing coordinated investment activities among the DoubleLine Capital investment professionals and Oaktree investment professionals. Consequently, DoubleLine Capital and Oaktree manage their respective investment portfolios on an entirely separate basis and do not exchange any confidential information concerning actual or potential investments.

DoubleLine Capital and Oaktree make investment decisions independently of one another. Each of DoubleLine Capital and Oaktree may take actions that have the result of adversely impacting the investments of the other and/or produce different investment outcomes. For example, Oaktree's clients or DoubleLine's clients may invest in the same securities or issuers in which the other's clients are invested but the Information Barrier may result in differences in price, terms and amount of leverage (if any), and associated transaction costs. In addition, given the design of these Information Barriers, each of DoubleLine Capital and Oaktree may dispose of such investments at different market prices and/or times than the other or make investments or engage in other investment activities that are inconsistent with those of the other.

Oaktree's clients may invest in securities that are senior to DoubleLine Capital's clients in the capital structure of an issuer. This could mean that, in a workout or other distressed scenario, the interests of Oaktree's clients might be adverse to DoubleLine Capital's clients and Oaktree's clients might recover all or part of the available capital while the DoubleLine Capital clients may not. Further, in such a scenario, Oaktree may pursue strategies on behalf of its clients that have the effect of diminishing the value of investments held by DoubleLine's clients.

Oaktree is under no obligation to, and will not be required to take any action or withhold from taking any action to mitigate losses by DoubleLine Capital's clients in such a scenario.

DoubleLine Capital also may be prohibited from pursuing certain investment opportunities or may have its ability to participate in any particular investment opportunity substantially limited due to regulatory or legal restrictions or constraints that may not have been applicable had Oaktree not also invested in the same entity.

## **Item 13. Review of Accounts.**

Responsibility for the review of DoubleLine's Clients' accounts is divided among DoubleLine's investment professionals according to the investment strategy of each account. Accounts are typically monitored and reviewed on an ongoing basis by the account managers, traders and risk analysts who handle the applicable strategy. The details of the monitoring vary based on the nature of the investment strategy.

Risk management reports are generated daily and are reviewed by account managers, traders, research analysts and risk management personnel for accuracy and relevancy. These reports have been customized in order to give the timeliest information in a format that allows for identification of the most important account risk characteristics. Accounts are reviewed at a macro level for weighted average account characteristics, such as but not limited to duration, yield, convexity, coupon, ratings distribution, security type and relative comparison to an index when and if applicable.

Additionally, discretionary trades for Client accounts are submitted through an automated trade compliance system ("Compliance Manager," "CMGR"), which monitors ongoing compliance with regulatory or contractual guidelines at the account level. Client investment guidelines and restrictions are entered into CMGR and incorporated into trade processing. CMGR is an integral component of Bloomberg Asset and Investment



# Item 13. Review of Accounts.

# Item 14. Client Referrals and Other Compensation.



Manager (AIM), which is the trade order management system used by DoubleLine. These investment guidelines and restrictions are input as concentration, exclusion or manual rules. DoubleLine's compliance department is responsible for ensuring the rules in Bloomberg AIM are accurate and reflect the most current information for each account.

Each separate account Client receives a monthly written report containing a list of all account investments (including both cost and market values of each investment) and a summary of the account's performance as of the most recent month-end. Accounts may be reviewed in person with separate account Clients at intervals selected by them, usually annually or quarterly. During those meetings, and at other times during the year or any time upon written notice, separate account Clients should inform DoubleLine personnel of any material changes to their investment objectives or financial circumstances and will have the ability to impose reasonable restrictions on account investments, subject to acceptance by DoubleLine. Such periodic reports describe the activities and provide information on investments of the Client's account.

Private investment fund investors also may receive periodic written reports of their account information and annual written reports containing a fund's audited financial statements. Such reports are delivered by the applicable fund and not DoubleLine.

DoubleLine prefers to deliver documents electronically and requests that its clients acknowledge their desire and ability to receive and open electronic documents. Consent to electronic delivery of documentation is generally part of a Client's account opening documents, but can be withdrawn at any time by the Client in accordance with the terms of the Client's particular agreement.

## **Item 14. Client Referrals and Other Compensation.**

No entity that is not a Client provides an economic benefit to DoubleLine for providing investment advice or other advisory services to DoubleLine's Clients.

From time to time, DoubleLine may pay third-party solicitors a fee or compensation for referring a Client to DoubleLine. Such arrangements may include the DoubleLine Private Funds. In accordance with applicable laws and regulations, such third-party solicitor is required to provide prospective clients with a current copy of DoubleLine's written disclosure statement and the third-party solicitor's written disclosure statement. DoubleLine will obtain a signed and dated acknowledgement from each referred Client of the receipt of such disclosure statements, as required by Rule 206-4 (3) under the Advisers Act. Such referral compensation typically is paid directly by DoubleLine to the third party out of DoubleLine's resources. Clients and investors in the funds are advised to inquire of any third-party about any compensation received by the third-party from DoubleLine for that referral, including any referral relating to an investment in a DoubleLine Private Fund.

Many of DoubleLine's Clients engage the services of consultants in connection with their choices of investments and investment managers. While not a current practice, any compensation paid by DoubleLine to consultants typically would be disclosed as indicated by the paragraph above and as required by applicable laws and regulations. DoubleLine also may pay, from time to time, the costs for personnel of DoubleLine to attend conferences, seminars and other activities that are sponsored by consultants.

# Item 15. Custody

# Item 16. Investment Discretion



## **Item 15. Custody.**

### **Separate Account Clients**

DoubleLine does not have possession of Client securities or cash (and cash equivalents). Separate account Clients independently select their own custodians for their securities and cash (and cash equivalents) and will receive periodic account statements from their chosen custodian, which should be carefully reviewed by Clients or their representatives. Because DoubleLine also provides periodic written reports to its Clients (as described in Item 13), Clients should compare the written reports received from DoubleLine to the periodic reports received from their custodian.

### **Private Fund Clients**

Because of the requirements of Rule 206(4)-2 under the Advisers Act (the "Custody Rule"), DoubleLine is deemed to have custody of the assets in certain of the Private Funds that it manages. To comply with the Custody Rule, DoubleLine intends that it or its Related Persons will:

- a. At least annually, distribute the private investment vehicle's audited financial statements (prepared in accordance with generally accepted accounting principles) to all limited partners, members or other beneficial owners, as applicable, within 120 calendar days of the end of the fiscal year of the private investment vehicle;
- b. Ensure that such audits are conducted by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules;

- c. In the event of liquidation of the private investment vehicle, distribute the private investment vehicle's audited financial statements (prepared in accordance with generally accepted accounting principles) to all limited partners, members or other beneficial owners, as applicable, promptly after the completion of such audit.

DoubleLine or its affiliates provide written reports to investors in the private investment vehicles it offers or manages. Such investors are urged to compare the DoubleLine reports to any reports received from the private investment vehicles' other service providers and also should compare the DoubleLine reports to the independently prepared annual audited financial statements they receive.

## **Item 16. Investment Discretion.**

DoubleLine accepts discretionary authority to manage accounts on behalf of Clients. The preferred method of implementing DoubleLine's strategies is through the use of investment discretion. Clients typically grant investment discretion through investment guidelines provided within the investment management agreement. DoubleLine's standard form of investment management agreement includes a limited power of attorney. Such limited power of attorney provides DoubleLine with full discretionary authority to buy, sell or otherwise effect investment transactions involving the assets of the account in a manner consistent with the written investment objectives and guidelines for the particular Client account.



# Item 17. Voting Client Securities



Clients may opt to constrain DoubleLine's discretionary ability to invest through contractual investment guideline limitations. This may affect the securities bought and sold for that Client's account and may impact the size of trades executed for other DoubleLine clients, which itself has the potential to impact the price at which a security may transact. Such constraints also could affect the performance of the Client's account.

For Clients that are registered investment companies, DoubleLine's authority to trade securities also may be limited by certain federal securities and tax laws that provide specific requirements as to diversification and concentration of fund investments.

## **Item 17. Voting Client Securities.**

DoubleLine's standard investment management agreement grants DoubleLine the authority to vote proxies for securities held by Clients. When entering into an investment management agreement, each Client determines whether to grant DoubleLine the authority to vote proxies for account securities. Clients may revoke DoubleLine's authority to vote proxies or provide written instructions on how DoubleLine should vote in particular solicitations. Clients that do not grant DoubleLine the authority to vote securities should take steps to ensure that they receive solicitation information from their custodian. Clients may contact their DoubleLine client service representative should they have any questions about proxy voting.

The determination of how to vote proxies for Client account securities is made by DoubleLine pursuant to its written proxy voting policies and procedures (the "Proxy Policy"), which have been adopted pursuant to Rule 206(4)-6 under the Advisers Act. The Proxy Policy also applies to any voting rights and/or consent rights on behalf of Client account securities, including but not limited to, plans of reorganization and waivers and consents under applicable indentures.

The Proxy Policy does not apply, however, to consent rights that DoubleLine believes primarily entail decisions relating to the purchase or sale of investments, such as tender or exchange offers, conversions, put options, redemptions and Dutch auctions.

The Proxy Policy is designed and implemented in a manner reasonably expected to ensure that voting and consent rights are exercised in the best interests of the Clients and their investors. Under the Proxy Policy, DoubleLine will review each proxy solicitation to determine whether there may be a material conflict between DoubleLine and the applicable Client. If no conflict exists and if the Client has granted DoubleLine authority to vote by proxy, DoubleLine will vote the Client's securities on a case-by-case basis in the best interest of each Client under the circumstances, taking into account, but not necessarily being bound by, any recommendation made by any third-party vendor that has been engaged by DoubleLine to provide recommendations on the voting of securities by proxy, any recommendations made by the applicable governing board of the issuer whose securities are being vote, and DoubleLine's voting guidelines.

If a material conflict does exist, DoubleLine will seek to resolve any such conflict in accordance with the Proxy Policy, which seeks to resolve such conflict in the Client's best interest by pursuing any one of the following courses of action: (i) voting in accordance with the voting guidelines or factors set forth in the Proxy Policy; (ii) convening a committee to assess and resolve the conflict; (iii) voting in accordance with the recommendation of an independent third-party service provider; (iv) voting in accordance with the instructions of the Client; or (v) not voting or abstaining from voting the securities.

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# Item 18. Financial Information

## Item 19. Requirements for State –Registered Advisor



In certain limited circumstances, particularly in the area of structured finance, DoubleLine may enter into voting agreements or other contractual obligations that govern the voting of shares or other interests and, in such cases, will vote any shares or other interests by proxy in accordance with such agreement or obligation. In addition, where DoubleLine determines that there are unusual costs and/or difficulties associated with voting a particular security, which more typically might be the case with respect to securities of non-U.S. issuers, DoubleLine reserves the right not to vote a security by proxy unless it determines that the potential benefits of voting the security exceed the expected cost. Other factors that may influence DoubleLine's determination not to vote a debt or equity security include if: (1) the effect on the applicable Client's economic interests or the value of the account's holding is insignificant in relation to the Client's account as a whole; (2) the cost of voting the security outweighs the possible benefit to the applicable Client, including, without limitation, situations where a jurisdiction imposes share blocking restrictions which may affect the ability of the account managers to effect trades in the related security; or (3) DoubleLine otherwise has determined that it is consistent with its fiduciary obligations not to vote the security.

DoubleLine will supervise and periodically review its proxy voting activities and implementation of the Proxy Policy.

Information about how DoubleLine voted securities held by the mutual funds it offers or manages during the most recent twelve month period ended June 30th is available no later than the following August 31st upon request and without charge by calling DoubleLine at (213) 633-8200. This information is also available on the SEC's website at <http://www.sec.gov>.

Clients may request similar information about securities voted by proxy in their account by sending a written request to their DoubleLine client service representative. Except as required by law, DoubleLine will not disclose to third-parties how it voted securities on behalf of a Client.

Copies of DoubleLine's complete written Proxy Policy are available by calling DoubleLine at (213) 633-8200.

### **Item 18. Financial Information.**

DoubleLine does not require or solicit prepayment of fees from Clients. DoubleLine has no financial condition that is reasonably likely to impair its ability to meet its contractual and fiduciary commitments to Clients. DoubleLine has not been the subject of any bankruptcy proceeding.

### **Item 19. Requirements for State-Registered Advisers.**

Because DoubleLine is not a state-registered adviser and is not in the process of registering with any state securities authority, Item 19 does not apply.

## **Exhibit A to Brochure—Privacy Notice**

Last revised January 28, 2013

### **What Does DoubleLine Do With Your Personal Information?**

Financial companies choose how they share your personal information. This notice provides information about how DoubleLine collects, shares, and protects your personal information, and how you might choose to limit DoubleLine's ability to share certain information about you. Please read this notice carefully.

All financial companies need to share customers' personal information to run their everyday businesses. Accordingly, information, both confidential and proprietary, plays an important role in the success of DoubleLine's business. However, DoubleLine recognizes that you have entrusted it with your personal and financial data and that DoubleLine has an obligation to keep this information secure. Maintaining your privacy is important to DoubleLine and it holds itself to a high standard in its safekeeping and use of your non-public personal information. Most importantly, DoubleLine does not sell its customers' non-public personal information to any third-parties. DoubleLine uses its customers' non-public personal information primarily to complete financial transactions that its customers request or to make its customers aware of other financial products and services offered by a DoubleLine-affiliated company.

DoubleLine may collect non-public information about you from the following sources:

- Information DoubleLine receives about you on applications or other account documents and forms;
- Information you may give to DoubleLine or its affiliates orally;
- Information about your transactions with DoubleLine or others;
- Information you submit to DoubleLine in correspondence, including emails and other electronic or written communications; and

- Information about any bank account you use for transfers between your bank account and any investment account with DoubleLine, including information provided when effecting wire transfers.

The types of personal information DoubleLine Capital collects and shares depend on the product or service you have with us. This information may include:

- Social Security Number;
- account balances;
- transaction or loss history;
- assets;
- investment experience;
- account transactions;
- risk tolerance

DoubleLine does not disclose any non-public personal information about its customers or former customers without the customer's authorization, except that it may disclose the information listed above, as follows:

- It may be necessary for DoubleLine to provide information to non-affiliated third-parties in connection with its performance of the services DoubleLine has agreed to provide you. For example, it might be necessary to do so in order to process transactions and maintain accounts.
- DoubleLine will release any of the non-public information listed above about a customer if directed to do so by that customer or if DoubleLine is authorized by applicable laws and regulations to do so, such as in the case of a court order, legal investigation, or other properly executed governmental request.
- In order to alert a customer to other financial products and services offered by an affiliate, DoubleLine may share information with an affiliate, including companies using the DoubleLine name. Such products and services may include, for example, other investment products offered by a

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DoubleLine company. If you prefer that we not disclose non-public personal information about you to our affiliates for this purpose, you may direct us not to make such disclosures (other than disclosures permitted by law) by calling (213) 633-8200. If you limit this information sharing and you have a joint account, your decision will be applied to all owners of the account

DoubleLine will limit access to your personal account information to those agents and vendors who need to know that information to provide products and services to you. Your information is not provided by DoubleLine to non-affiliated third-parties for marketing purposes unrelated to DoubleLine. DoubleLine maintains physical, electronic, and procedural safeguards to guard your non-public personal information.

As required by federal law, DoubleLine will annually notify customers of DoubleLine's Privacy Policy. DoubleLine reserves the right to modify this policy at any time, but in the event that there is a material change, DoubleLine will promptly inform you.

Please note that any terms in this Privacy Notice not defined herein shall have the same meaning as set forth in DoubleLine's current firm Brochure. For a copy of DoubleLine's current firm Brochure, please call (213) 633-8200.

## **Exhibit B to Brochure**

### **Important Information about Procedures for Opening a New Account**

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account.

What this means for you: When you open an account, a representative of DoubleLine will ask for your name, address, date of birth (if applicable), and other information that will allow the DoubleLine representative to identify you. The DoubleLine representative may also ask to see your driver's license or other identifying documents.

DoubleLine Investment Strategy	Investment Strategy Objectives and Descriptions
<b>Alpha Generation</b>	The strategy includes accounts that employ fully collateralized long-short commodities strategy comprised of 12 commodity positions, 6 long and 6 short, selected from a universe of the 20 most liquid commodities that make up the S&P Goldman Sachs Commodity Index. The strategy's goal is to generate a high level of total return that exhibits low correlation to various sectors of the financial markets, including long-only commodity investing.
<b>Blended MBS</b>	The strategy's objective is to outperform the Barclays U.S. Mortgage Backed Securities Index over the long term by investing in fixed income securities. At least 50% of the assets shall be invested in Agency and non-Agency mortgage-backed securities rated greater than AA- by Standards & Poors (or an equivalent rating as assigned by a nationally recorded statistically rating organization).
<b>Commercial MBS</b>	The strategy's objective is to outperform the Barclays CMBS ERISA-Eligible Index over the long term by investing in commercial mortgage-backed securities.
<b>Constrained Securitized</b>	The strategy's objective is to outperform a blended benchmark consisting of 75% Merrill Lynch Home Equity Loans Floating Rate Index and 25% Merrill Lynch AAA-A US Fixed Rate CMBS Index over the long term by investing primarily in residential mortgage-backed securities, non-agency residential mortgage-backed securities and commercial mortgage-backed securities.
<b>Core Fixed Income</b>	The strategy's objective is to outperform the Barclays U.S. Aggregate Bond Index over the long term by investing in fixed income securities. Accounts are managed to have a duration exposure within 0.75 years of the Barclays U.S. Aggregate Bond Index and an <i>ex-ante</i> tracking error between 50bp and 125bp per annum.
<b>Core Plus Fixed Income</b>	The strategy's objective is to outperform the Barclays U.S. Aggregate Bond Index over the long term by investing in fixed income securities. Accounts are managed to have a duration exposure within one year of the Barclays U.S. Aggregate Bond Index and an <i>ex-ante</i> tracking error between 125bp and 300bp per annum.
<b>Emerging Markets Fixed Income</b>	The strategy's objective is to outperform the JP Morgan Emerging Markets Bond Index Global Diversified over the long term by investing in fixed income securities of private, public or sovereign issuers in emerging countries.
<b>Floating Rate</b>	The strategy's objective is to provide a high level of current income by investing primarily in floating rate loans and other floating rate investments that are generally rated below investment grade.

(Description of the indices referenced within this appendix are available upon request.)

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DoubleLine Investment Strategy	Investment Strategy Objectives and Descriptions
<b>Focused Strategic MBS</b>	The strategy's objective is to outperform the Barclays U.S. Aggregate Index by 500bp per annum over the long term by investing in mortgage-backed securities that may or may not be guaranteed by the U.S. Government or its agencies or instrumentalities. The top 10 holdings will make up over 50% of the invested assets. The strategy has no constraints with respect to credit ratings. Accounts are not managed to a duration target and the duration will likely vary significantly over time.
<b>Focused Opportunistic MBS</b>	The strategy's objective is to outperform the Barclays U.S. Mortgage Index over the long term by investing in mortgage-backed securities that may or may not be guaranteed by the U.S. Government or its agencies or instrumentalities. The top 15 holdings will make up over 50% of the invested assets. The strategy has no constraints with respect to credit ratings. Accounts are not managed to a duration target and the duration will likely vary significantly over time.
<b>Global High Yield Credit</b>	The strategy's objective is to outperform the Citigroup U.S. High Yield Cash Pay Capped Index over the long term by investing in fixed income securities of private, public or sovereign issuers in developed countries which are rated below investment grade.
<b>Global Investment Grade Credit</b>	The strategy's objective is to outperform the Barclays U.S. Credit Index over the long term by investing in fixed income securities of private, public or sovereign issuers in developed countries which are rated investment grade.
<b>Global Multi-Sector Fixed Income</b>	The strategy's objective is to outperform the BBA 3-month LIBOR + 250bps over the long term by investing in diversified mix of fixed income securities across the global market place. Accounts within this strategy have no constraints with respect to credit ratings and accounts may not utilize leverage.
<b>Index Plus Fixed Income</b>	The strategy's objective is to outperform the Barclays Capital U.S. Aggregate Bond Index over the long term by investing in fixed income securities. Accounts within this strategy are managed to have a duration exposure within 0.5 years of the Barclays Capital U.S. Aggregate Bond Index and an <i>ex-ante</i> tracking error of up to 50bp per annum.
<b>Index Plus MBS</b>	The strategy's objective is to outperform the Barclays Capital U.S. Mortgage Index over the long term by investing in mortgage-backed securities that either are guaranteed by the U.S. Government or have no guarantee by the U.S. Government. Accounts within this strategy are typically managed to have a duration within 0.5 years of the Barclays Capital U.S. Mortgage Index and an <i>ex-ante</i> tracking error between 50 and 75 bps per annum.
<b>Levered SMBS</b>	The strategy's objective is to outperform the Barclays U.S. Aggregate Bond Index by 500 bps per annum over the long term by investing in mortgage-backed securities that may or may not be guaranteed by the U.S. Government or its agencies or instrumentalities. The strategy has no constraints with respect to credit ratings. Accounts are not managed to a duration target and the duration will likely vary significantly over time. Accounts are typically leveraged.
<b>Low Duration</b>	DoubleLine Low Duration Composite: The composite includes accounts whose objective is to outperform the Bank of America Merrill Lynch U.S. Treasuries 1-3 year Index over the long term by investing in fixed income securities. Accounts are managed to have a dollar weighted average effective duration of less than 3 years.

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DoubleLine Investment Strategy	Investment Strategy Objectives and Descriptions
<b>Low Volatility</b>	The strategy's objective is to seek high total investment return by investing in broadly diversified portfolio of fixed income securities, equities, commodities and currencies that exhibit low volatility by actively managing beta.
<b>Multi-Asset Growth</b>	The strategy's objective is to outperform a blended benchmark consisting of 60% Barclays U.S. Aggregate Bond Index, 25% Morgan Stanley Capital International All Country World Total Return Index and 15% Standard and Poor's Goldman Sachs Commodity Index Total Return over the long term by investing in fixed income securities, equity securities, commodity futures and currency futures.
<b>Odd Lot Opportunistic MBS</b>	The strategy's objective is to outperform the Barclays U.S. Mortgage Index by 400bps per annum over the long term by investing in odd-lot sized mortgage-backed securities not be guaranteed by the U.S. Government. The strategy has no constraints with respect to credit ratings. Accounts are not managed to a duration target and the duration will likely vary significantly over time.
<b>Opportunistic Credit</b>	The strategy's objective is to seek high total investment return by providing a high level of current income and the potential for capital appreciation. Portfolios may invest in debt securities and income-producing investments of any kind, including, without limitation, residential and commercial mortgage-backed securities, asset-backed securities, U.S. Government securities, corporate debt, international sovereign debt, and short-term investments.
<b>Opportunistic Income</b>	The strategy's objective is to significantly outperform the Barclays U.S. Aggregate Bond Index over the long term by investing in mortgage-backed securities that may or may not be guaranteed by the U.S. Government or its agencies or instrumentalities and fixed income derivatives. The strategy has no constraints with respect to credit ratings. Accounts are not managed to a duration target and the duration will likely vary significantly over time. Accounts are typically leveraged.
<b>Opportunistic MBS</b>	The strategy's objective is to outperform the Barclays U.S. Mortgage Index over the long term by investing in mortgage-backed securities not guaranteed by the U.S. Government. The strategy has no constraints with respect to credit ratings. Accounts are not managed to a duration target and the duration will likely vary significantly over time.
<b>Securitized</b>	The strategy's objective is to outperform a blended benchmark consisting of 50% Barclays CMBS: ERISA Eligible Index and 50% Barclays U.S. MBS Index over the long term by investing at least 50% of the market value of the portfolio in commercial mortgage-backed securities.
<b>Strategic MBS</b>	The strategy's objective is to outperform the Barclays U.S. Aggregate Index by 500bp per annum over the long term by investing in mortgage-backed securities that may or may not be guaranteed by the U.S. Government or its agencies or instrumentalities. The strategy has no constraints with respect to credit ratings. Accounts are not managed to a duration target and the duration will likely vary significantly over time.

(Description of the indices referenced within this appendix are available upon request.)

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DoubleLine Investment Strategy	Investment Strategy Objectives and Descriptions
<b>Total Return MBS</b>	The strategy's objective is to outperform the Barclays U.S. Mortgage Index over the long term by investing in mortgage-backed securities that may or may not be guaranteed by the U.S. Government or its agencies or instrumentalities. Accounts are typically managed to have a duration within 1.5 years of the Barclays U.S. Mortgage Index.
<b>Unlevered Opportunistic Income</b>	The strategy's objective is to significantly outperform the Barclays U.S. Aggregate Bond Index over the long term by primarily investing in mortgage-backed securities that may or may not be guaranteed by the U.S. Government or its agencies or instrumentalities and fixed income derivatives. The strategy has no constraints with respect to credit ratings. Accounts are not managed to a duration target and the duration will likely vary significantly over time. Accounts are typically unleveraged.
<b>U.S. Government</b>	The strategy's objective is to outperform the Barclays U.S. Government Index over the long term by investing in fixed income securities guaranteed by the U.S. Government or its agencies.

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