

# DoubleLine Alternatives LP

## Form ADV Part 2A

March 29, 2019

*This Brochure provides information about the qualifications and business practices of DoubleLine Alternatives LP (“DoubleLine Alternatives”). 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 Alternatives also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

DoubleLine Alternatives 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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## Item 2. Material Changes

This Brochure of DoubleLine Alternatives LP (“DoubleLine Alternatives”), dated March 29, 2019, provides the following material updates to the Brochure dated March 30, 2018. Other minor items, such as adding clarifying language, changes to formatting and corrections to typographical errors, also have been adjusted since the March 30, 2018 Brochure. Clients, prospects and other interested parties are encouraged to read the entire Brochure carefully. DoubleLine Alternatives will deliver a summary of any material changes to this and subsequent Brochures within 120 calendar days of the close of its fiscal year. DoubleLine Alternatives may further provide you with other interim disclosures about material changes to the information in this Brochure as necessary. A copy of DoubleLine Alternatives’ 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 material changes made within this update to the Brochure:

**Item 4:**

DoubleLine Alternatives’ assets under management (AUM) figure was updated to reflect total AUM of \$700,512,066 as of December 31, 2018. No Client assets were managed on a non-discretionary basis

**Item 5:**

Updated DoubleLine Alternatives’ fee table to reflect changes to various fee schedules.

**Item 10:**

The following risks were added to the Brochure: Repurchase and Reverse Repurchase Agreements Risk and Valuation Risk.

**Exhibit A:**

Updated DoubleLine Alternatives’ Privacy Notice.

**Exhibit C:**

Updated Investment Strategy descriptions, including the addition of a new strategy.

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## Item 4. Advisory Business

### Ownership and Structure

DoubleLine Alternatives LP (DoubleLine Alternatives) was founded in 2015 and is a limited partnership organized under the laws of Delaware. DoubleLine Alternatives' general partner is RHE Group LLC. Additionally, LAB1 LP and Roy Croft LP each directly own a greater than 25% interest in DoubleLine Alternatives and Jeffrey Gundlach indirectly owns, in the aggregate, a greater than 25% interest in DoubleLine Alternatives due to his ownership interests in limited partners of DoubleLine Alternatives (including LAB1 LP and Roy Croft LP).

### Advisory Services

DoubleLine Alternatives provides investment management services to institutional clients, including the DoubleLine Colony Real Estate and Income Fund, the DoubleLine Strategic Commodity Fund and its wholly-owned offshore subsidiary (collectively, the "Registered Funds"), and certain other pooled investment vehicles. The DoubleLine Colony Real Estate and Income Fund and the DoubleLine Strategic Commodity Fund are investment companies registered under the Investment Company Act of 1940 ("1940 Act"). DoubleLine Alternatives may also provide investment management services to additional registered investment companies and other institutional clients such as unregistered investment companies (each, a "Private Fund"), Undertakings for the Collective Investment of Transferable Interests ("UCITS") (together with any Private Fund(s) and Registered Fund(s), "Funds"), pension plans (both public and private, and including ERISA plans), defined contribution plans, sovereign wealth funds, endowments, insurance companies, charitable organizations and government entities. DoubleLine Alternatives may also provide investment management services to a limited number of high net worth individuals. Certain of the Private Funds for which DoubleLine Alternatives may provide investment advisory services may be affiliated with DoubleLine Alternatives because DoubleLine Alternatives, an affiliated person or an otherwise related entity serves as the general partner of the Private Fund.

DoubleLine Alternatives 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 who invest through separate accounts may impose reasonable restrictions on investment characteristics, subject to acceptance by DoubleLine Alternatives. Clients and prospects are advised to carefully read the proposed guidelines for any investment strategy to review the securities and instruments generally used by DoubleLine Alternatives when implementing that strategy.

Any Funds for which DoubleLine Alternatives serves as investment adviser are Clients of DoubleLine Alternatives. The underlying investors in such Private Funds, Registered Funds, UCITS or any other pooled investment vehicles for which DoubleLine Alternatives serves as a sub-adviser or investment manager are *not* DoubleLine Alternatives' Clients unless they otherwise have an advisory relationship with DoubleLine Alternatives. Accordingly, individual investors in such funds managed by DoubleLine Alternatives cannot place such restrictions on the management of the funds in which they are invested.

### ERISA Restrictions

To the extent a Client account is subject to the Employee Retirement Income Security Act of 1974 (“ERISA”), the Client must inform us of any employer securities the Client is not permitted to own under ERISA. In addition, in order to rely on the class exemption for qualified professional asset managers, the Client must provide us with a list of any “party in interest” as defined in Section 3(14) of ERISA and every party with the authority to appoint or terminate DoubleLine Alternatives as investment adviser or to negotiate the terms of an investment management agreement with DoubleLine Alternatives with respect to the account.

Private Funds also may be subject to limitations indirectly imposed by ERISA. For example, Private Funds may be structured in a manner to permit tax-exempt Clients subject to ERISA to invest (*e.g.*, a master-feeder structure with an offshore feeder fund).

By way of further example, under ERISA and regulations promulgated thereunder (the “Plan Asset Regulations”), when a Benefit Plan Investor (defined below) acquires an equity interest in an entity that is neither a “publicly offered security” nor a security issued by an investment company registered under the 1940 Act, the Benefit Plan Investor’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that less than 25% of the total value of each class of equity interest in the entity is held by Benefit Plan Investors as defined in Section 3(42) of ERISA and the Plan Asset Regulations (the “25% Test”), or that the entity satisfies another exception set forth in ERISA or the Plan Asset Regulations. For purposes of the 25% Test, the assets of an entity will not be treated as “plan assets” if, immediately after the most recent acquisition of any equity interest in the entity, less than 25% of the total value of each class of equity interest in the entity is held by Benefit Plan Investors, excluding any equity interest held by persons (other than Benefit Plan Investors) with discretionary authority or control over the assets of the entity or who provide investment advice for a fee (direct or indirect) with respect to such assets, and any affiliates thereof. The term Benefit Plan Investors is generally defined to include employee benefit plans subject to Title I of ERISA and plans subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the “Code”) (including “Keogh” plans and IRAs), as well as any entity whose underlying assets include plan assets by reason of such employee benefit plans or a plan’s investment in such entity (*e.g.*, an entity of which 25% or more of the value of any class of equity interests is held by Benefit Plan Investors and which does not satisfy another exception under ERISA). The general partner of a Private Fund typically would use reasonable efforts to limit equity participation by Benefit Plan Investors in the master fund (if applicable) of each Private Fund to less than 25% of the aggregate capital contributions as described above so that the underlying assets of such master fund will not constitute “plan assets” of any Benefit Plan Investor. However, there can be no assurance that, notwithstanding the reasonable efforts of the applicable general partner in such circumstances, the underlying assets of the master fund or a Private Fund would not otherwise be deemed to include plan assets.

### Types of Investments

DoubleLine Alternatives offers a variety of investment strategies through separate accounts and Funds that utilize derivative instruments and other instruments that include, but are not limited to:

- Investments designed to provide exposure to one or more physical commodities or baskets of commodities
- Investments designed to provide exposure to one or more indices
- Futures contracts and options on futures contracts, interest rate swaps, total and excess return swaps and credit derivatives (such as credit default swaps), put and call options, forward contracts, and exchange-traded and structured notes
- Fixed income investments such as (i) securities or other income-producing instruments issued or guaranteed by the U.S. Government, its agencies, instrumentalities or sponsored corporations (including inflation-protected securities); (ii) short-term investments, such as commercial paper, repurchase agreements and money market funds; and (iii) other fixed-income investments including (but not limited to) corporate debt securities, mortgage and asset backed securities, foreign debt obligations (including emerging market debt securities), loans, collateralized debt obligations and other structured financial products, and high yield debt securities
- Shares of pooled investment vehicles (including, for example, other open-end or closed-end investment companies, exchange-traded funds (“ETFs”), and domestic or foreign private investment vehicles), including investment companies sponsored or managed by DoubleLine Alternatives or related entities

On behalf of Clients, DoubleLine Alternatives may make any investment or use any investment strategy consistent with applicable law and a Client’s investment guidelines. DoubleLine Alternatives may engage in short sales, either to earn additional return or to hedge existing investments. DoubleLine Alternatives may enter into derivatives transactions of any kind (1) to gain, or reduce, long or short exposure to one or more asset classes or issuers and/or (2) for hedging or other purposes. A derivative is a financial contract whose value depends on changes in the value of one or more underlying assets, reference rates, or indices. Derivatives transactions may be used with the purpose or effect of creating investment leverage.

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

### Wrap Fee Programs

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

### Assets Under Management

As of December 31, 2018, DoubleLine Alternatives managed approximately \$700,512,066 of Client assets, all of which was managed on a discretionary basis. No 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 Alternatives' annualized fees for managing a separate account are expected to be between 0.20% and 1.50% of the net assets of the account. In certain instances, DoubleLine Alternatives' annualized fees for providing certain strategies or managing certain products in a separate account 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 Alternatives provides investment advisory services to certain pooled investment vehicles. The fees for such services will be based on each Fund's particular circumstances. DoubleLine Alternatives receives an asset-based management fee for management of the Registered Funds and could potentially receive a management fee and an incentive fee or allocation (which may take the form of a carried interest) from each Private Fund. The amount and structure of the management fee, incentive fee and/or allocation may vary from Fund to Fund and will be set forth in the prospectus or other relevant offering document for each Fund.

DoubleLine Alternatives' 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 investment products, even if the products use the same strategy. For example, DoubleLine Alternatives may apply the same investment strategy to both a Registered Fund and a Private Fund, but receive different advisory fees from each vehicle, due in part to the different services and different costs incurred by DoubleLine Alternatives in managing such investment products.

DoubleLine Alternatives 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. In general, Clients are able to negotiate the method and mode of payment of the advisory fee to DoubleLine Alternatives. Clients also may choose to have the calculation of their fee be based upon the custodial or DoubleLine Alternatives valuation of their assets; these two valuations may differ and DoubleLine Alternatives reserves the right to review fees calculated based upon custodial valuations. In valuing its investment portfolios, DoubleLine Alternatives often relies on third party pricing services and may provide fair values when supplying inputs to valuations for Client statements, which are in turn occasionally used to calculate DoubleLine Alternatives' fees. Such values potentially can differ from the valuations for the same investment provided on the Client's custodial statement. **DoubleLine Alternatives does not charge fees in advance.**

DoubleLine Alternatives' standard investment management contract generally requires DoubleLine Alternatives 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, operational, compliance, clerical, statistical, and correspondence functions. Clients typically pay for other service providers directly, but if DoubleLine Alternatives makes payment to such third-parties on behalf of the Client, the Client will reimburse DoubleLine Alternatives for such expenses. Clients may incur custodial costs. DoubleLine Alternatives 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 Alternatives 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 generally will be pro-rated for the period the assets were under management, or as otherwise specified in the Client's investment management contract. To the extent that a Client's account with DoubleLine Alternatives is in existence less than a full quarter, DoubleLine Alternatives' standard investment management agreements state that the advisory fee will be pro-rated for the days the account did exist. Furthermore, DoubleLine Alternatives includes the market value of any securities and other instruments 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 Alternatives 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 Alternatives 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 Alternatives' valuations.

Specific fee information, which is subject to negotiation on a case-by-case basis, for DoubleLine Alternatives' current investment strategies are listed in the table below. DoubleLine Alternatives reserves 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 in the table below. The advisory fee agreed to with a particular Client will depend on the particular facts and circumstances of the Client's investment needs and the services provided by DoubleLine Alternatives.

Investment Strategy	General Fee Structure	
	Minimum Account Size	Advisory Fee (basis points)
Real Estate and Income	\$100 million	45 bps
Shiller Enhanced CAPE®	\$100 million	45 bps
Shiller Enhanced International CAPE®	\$100 million	50 bps
Strategic Commodity	\$50 million	75 bps

***Neither DoubleLine Alternatives 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). Please contact your DoubleLine Alternatives 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.***

DoubleLine Alternatives may enter into performance fee arrangements with certain qualified Clients (including Private Funds), which are subject to negotiation with each such Client. DoubleLine Alternatives 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.

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

A 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 Alternatives may be waived by DoubleLine Alternatives, voluntarily and/or on a contractual basis. Contractual management fee waivers are generally negotiated between DoubleLine Alternatives and a Registered Fund’s Board of Trustees, sponsor or similar governing body, and are not negotiated with a Registered Fund’s individual investors. Therefore, it is the intent of the investment management agreements between the Funds (or other Clients) and DoubleLine Alternatives that no person other than the applicable Fund (or other Client) and DoubleLine Alternatives shall be entitled to any right or benefit arising under or in respect of such investment management agreements. That is, there are no third-party beneficiaries of any of DoubleLine Alternatives’ investment management agreements. DoubleLine Alternatives may receive additional compensation for administrative or other services provided to Registered Funds.

DoubleLine Alternatives’ fees may take into account, among other things, a separate account’s investment strategy, the amount or type of account discretion given to DoubleLine Alternatives, the separate account’s client servicing requirements, the assets under management aggregated across the Client’s relationship with DoubleLine Alternatives 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 the 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. Clients whose guidelines enable investments in mutual funds, including those sponsored or managed by DoubleLine Alternatives or related entities, may bear certain mutual fund expenses. All such arrangements are individually negotiated with Clients.

DoubleLine Alternatives is an investment adviser to certain Funds and may in the future act as investment adviser to additional Registered Funds, Private Funds and UCITS. As such, those entities are Clients of DoubleLine Alternatives. The underlying investors in Registered Funds, UCITS or Private Funds for which DoubleLine Alternatives serves as a sub-adviser or investment manager are *not* DoubleLine Alternatives’ Clients unless they otherwise have an advisory relationship with DoubleLine Alternatives.

DoubleLine Alternatives has entered into an errors and omissions/directors and officers insurance policy with a number of insurers. Such policies are joint policies with the Registered Funds, other DoubleLine-

sponsored funds and investment advisers which are related entities. DoubleLine Alternatives engages an independent third party to assess the allocation of such costs. These expenses are indirect expenses partially borne by investors in the Registered Funds.

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

DoubleLine Alternatives may in the future receive performance-based fees in compliance 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). DoubleLine Alternatives also may receive performance-based fees in connection with the advisory services it may provide to certain Private Funds. All advisory fees, including any performance fees, will be set forth in the applicable advisory agreement documentation between each Client and DoubleLine Alternatives.

DoubleLine Alternatives may manage certain Client accounts with strategies similar or identical to the strategies pursued in other Client accounts with different fee structures. Certain potential conflicts of interest arise from managing similar strategies with differing compensation 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. In addition, performance-based fee arrangements may create an incentive for DoubleLine Alternatives 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 Alternatives has implemented policies and procedures, including its Code of Ethics, that are reasonably designed to address these and other conflicts of interest. DoubleLine Alternatives will seek to manage potential conflicts of interest in good faith, and subject to the provisions of the governing documents of the affected accounts, DoubleLine Alternatives will be guided by its fiduciary duties to its Clients on any matter involving a conflict of interest.

## Item 7. Types of Clients

DoubleLine Alternatives provides investment management services to institutional clients. In the future, DoubleLine Alternatives may provide investment management services to additional registered investment companies, Private Funds, and UCITS, as well as to other institutional clients such as pension plans (both public and private, and including ERISA plans), defined contribution plans, sovereign wealth funds, endowments, insurance companies, charitable organizations, government entities and a limited number of high net worth individuals.

Accounts for certain investment strategies may have a higher minimum account size requirement than other strategies. DoubleLine Alternatives reserves the right in its sole discretion, subject to the conditions of a negotiated investment management agreement between DoubleLine Alternatives and a specific client, to waive any account minimum size requirements.

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

DoubleLine Alternatives investment personnel use different methods of analysis in determining the instruments, instrument types, asset classes or industries or sectors in which to invest at any given time in the market cycle. The following summarizes basic methods used by DoubleLine Alternatives' investment personnel.

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

- Analysis of fundamental signals;
- Technical analysis;
- Use of analytical systems developed and maintained in house;
- Analysis of investment structures;
- Analysis of financial news, inspection of corporate activity, internal and third-party research, press releases and audited financial reports;
- 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; and
- Analysis of country and political risk.

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

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

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

- Investments in or creation of synthetic or derivative instruments of various kinds;
- Forward transactions (including securities or currency forward contracts, when issued and delayed delivery 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);
- Long-term purchases (investments held at least one year);
- Short-term purchases (investments bought and sold within one year);
- Trading (instruments sold within 30 days);
- Short sales;
- Margin transactions;
- Borrowing or leverage transactions; and
- Lending of account securities (including repurchase agreements).

## Material Risks

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

The material risks of the strategies pursued by DoubleLine Alternatives are described below. ***All of DoubleLine Alternatives' investment strategies involve significant investment risk, including the risk that Clients could lose some or all of their invested capital. All 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 Alternatives' strategies may be offered through public or private pooled investment vehicles such as Registered Funds, UCITS or Private Funds. Prospective or current investors in Funds should refer to the respective offering documents for those investment vehicles for a more detailed description of the applicable risks. The material risks discussed below are qualified in their entirety by reference to risk disclosures found in the offering documents for the Funds, if applicable, and in the event of any conflict or inconsistency, Clients should rely on the risk disclosures found in the respective offering documents. As noted above, the underlying investors in such investment vehicles, absent a separate advisory relationship with DoubleLine Alternatives, are *not* DoubleLine Alternatives' Clients.

DoubleLine Alternatives offers advice on a wide range of strategies and instruments, including commodity-based and multi-asset strategies. Investments will always be exposed to certain risks that cannot be hedged. DoubleLine Alternatives is not obligated to seek to hedge against any risk, including fluctuations in the value of investments as a result of changes in market risk, counterparty risk or any other developments. Additionally, ongoing regulatory changes related to the creation and trading of securities and other instruments may create unforeseeable risks.

In valuing separate accounts at month end for invoicing and Client statement purposes, DoubleLine Alternatives applies its pricing and valuation procedures, which generally assign prices to securities and other instruments based upon values obtained from pricing vendors independent of DoubleLine

Alternatives. 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 investment type. Accounts containing smaller pieces may not realize these prices when securities and other instruments are sold because the position size may be too small to draw sufficient interest in the marketplace.

More complete descriptions of certain of DoubleLine Alternatives' current investment strategies are provided in Exhibit C to this Brochure.

The material risks generally associated with DoubleLine Alternatives' strategies are described below. Other risks that are not material also apply. 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 the risks listed will pertain to every account because certain risks may only apply to certain strategies. Additionally, 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 Alternatives representative for more information regarding the risks related to your particular account or if you have questions about any of these risks.

**Affiliated Fund Risk:** DoubleLine Alternatives may be subject to potential conflicts of interest in determining whether to invest Client assets in a fund managed by DoubleLine Alternatives or a DoubleLine Alternatives affiliate (or related entity), 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.

**Capital Control Risk:** Capital controls are residency-based measures such as transaction taxes, other limits, or outright prohibitions that a nation's government can use to regulate flows from capital markets into and out of the country's capital account. These measures may be economy-wide, sector-specific (usually the financial sector), or industry specific (for example, "strategic" industries). They may apply to all flows, or may differentiate by type or duration of the flow (debt, equity, direct investment; short-term vs. medium- and long-term).

Types of capital control include exchange controls that prevent or limit the buying and selling of a national currency at the market rate, caps on the allowed volume for the international sale or purchase of various financial assets, transaction taxes, minimum stay requirements, requirements for mandatory approval, or even limits on the amount of money a private citizen is allowed to remove from the country.

**Cash Position Risk:** An account may hold any portion of its assets in cash, cash equivalents, or other short-term investments at any time or for an extended time. DoubleLine Alternatives will determine the amount of an account's assets to be held in cash or cash equivalents at its sole discretion, based on such factors as it may consider appropriate under the circumstances. To the extent that an account holds assets in cash or is otherwise uninvested, an account's ability to meet its objective may be limited.

**Collateralized Debt Obligations ("CDO") Risk:** An account may invest in CDOs, which are a type of asset-backed security, and include Collateralized Bond Obligations ("CBOs"), Collateralized Loan Obligations ("CLOs"), and other similarly structured securities. A CBO is a trust which may be backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. CDOs may charge management fees and administrative expenses. The cash flows from the CDO trust are generally split into two or more portions, called tranches, varying in risk and yield. Senior tranches are paid from the cash flows from the underlying assets before the junior tranches and equity or "first loss" tranches. Losses are first borne by the equity tranches, next by the junior tranches, and finally by the senior tranches. Senior tranches pay the lowest interest rates but are generally safer investments than more junior tranches because, should there be any default, senior tranches are typically paid first. The most junior tranches, such as equity tranches, typically are due to be paid the highest interest rates but suffer the highest risk should the holder of an underlying loan default. If some loans default and the cash collected by the CDO is insufficient to pay all of its investors, those in the lowest, most junior tranches suffer losses first. Because it is partially protected from defaults, a senior tranche from a CDO trust typically has higher ratings and lower potential yields than the underlying securities, and can be rated investment grade. Despite the protection from the equity tranche, more senior CDO tranches can experience substantial losses due to actual defaults, increased sensitivity to defaults due to collateral default and disappearance of protecting tranches, market anticipation of defaults and aversion to CDO securities as a class. The risks of an investment in a CDO depend largely on the quality and type of the collateral and the tranche of the CDO in which an account invests. Normally, CBOs, CLOs and other CDOs are privately offered and sold, and thus are not registered under the securities laws. As a result, investments in CDOs may be characterized by DoubleLine Alternatives as illiquid securities; however, an active dealer market, or other relevant measures of liquidity, may exist for CDOs allowing a CDO potentially to be deemed liquid by DoubleLine Alternatives under its liquidity compliance policies. In addition to the risks associated with debt instruments (*e.g.*, interest rate risk and credit risk), CDOs carry additional risks including, but not limited to: (i) the possibility that distributions from collateral will not be adequate to make interest or other payments; (ii) the quality of the collateral may decline in value or default; (iii) the possibility that a Client's account may invest in CDOs that are subordinate to other classes (potentially including classes held by other DoubleLine Alternatives accounts); and (iv) the complex structure of the security may produce disputes with the issuer or 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. The value of commodities and commodity-related instruments may be affected by market movements, commodity index volatility, changes in interest rates, or factors affecting a particular sector, industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. Client accounts may at times have significant exposure to particular sectors through its commodities-related investments,



including, without limitation, the energy, industrial metals, and agricultural and livestock sectors and may be exposed to greater risk associated with events affecting those sectors. Commodities may also include costs associated with delivery, storage, and maintenance.

Commodity-related investments are often offered by companies in the financial services sector, including the banking, brokerage and insurance sectors. As a result, events affecting issuers in the financial services sector may cause a Client account's value to fluctuate. There can be no assurance that the values of investments in commodities will not fluctuate in a manner that is highly correlated with the values of traditional equity or debt securities, especially during adverse economic conditions, and at certain times the price movements of commodity-related investments have been highly correlated to those of debt or equity securities.

DoubleLine Alternatives may also directly or indirectly utilize commodity-related derivatives. The value of these derivatives may fluctuate more than the relevant underlying commodity, commodities or commodity index, particularly if the instruments involve leverage.

**Commercial Paper Risk:** Investments in commercial paper are subject to the risk that the issuer cannot issue enough new commercial paper to satisfy its obligations with respect to its outstanding commercial paper, also known as rollover risk. Commercial paper is generally unsecured, which increases the credit risk associated with this type of investment.

**Concentration Risk:** Concentrating investments potentially increases the risk of loss because the securities and other instruments of many or all of the companies/sectors may decline in value due to developments adversely affecting the industries/sectors in which they operate. This effect is more pronounced in accounts that are sized below DoubleLine Alternatives' recommended account size for each strategy, although this risk can exist in accounts above DoubleLine Alternatives' recommended account size for any given strategy.

**Confidential Information Access Risk:** The risk that the intentional or unintentional receipt of material, non-public information ("Confidential Information") by DoubleLine Alternatives could limit its 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 may not have any traded securities ("Private Issuers") and may offer private information pursuant to confidentiality agreements or similar arrangements. DoubleLine Alternatives may access such private information, while recognizing that the receipt of that information could potentially limit its ability to trade in certain securities and other instruments on behalf of the Client if the Private Issuer later issues publicly traded securities. In addition, in circumstances when DoubleLine Alternatives declines to receive Confidential Information from issuers, 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, DoubleLine Alternatives may, in its discretion, seek to avoid the receipt of Confidential Information about the issuers 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 Clients, including, potentially, the Client, from trading in securities and other instruments they hold or in which they may invest. Avoidance of Confidential Information may also limit DoubleLine Alternatives' ability to pursue certain investment opportunities on behalf of a Client.

**Convertible Securities Risk:** Convertible securities 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 Alternatives 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.

**Cyber Security Risk:** With the increased use of technologies such as the Internet and the dependence on computer systems to perform necessary business functions, investment advisers such as DoubleLine Alternatives and its service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of DoubleLine Alternatives or its third party service providers, Client's custodians and/or its third party service providers may adversely impact DoubleLine Alternatives and its Clients. While DoubleLine Alternatives or its service providers may have established business continuity plans and systems designed to guard against such cyber-attacks or adverse effects of such attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified, in large part because different unknown threats may emerge in the future.

**Debt Securities Risk:** In addition to certain of the other risks described herein, such as credit risk, extension risk or interest rate risk, 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, an account may not be able to reinvest the proceeds at comparable rates of return.
- **Liquidity Risk**—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 Brochure, such as liquidity risk, issuer risk, credit risk, interest rate risk, leverage risk, counterparty risk, market 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 DoubleLine Alternatives will engage in these transactions to reduce exposure to other risks when such transaction activity would be beneficial.

The use by an account of derivatives such as options, forwards or futures contracts may subject an account to risks associated with short economic exposure. Taking a short economic position through derivatives exposes an account 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 an account. An account'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 therefrom.

***Risks Related to Derivatives Clearing Brokers and Central Clearing Counterparties:***

Recent changes to the Commodity Exchange Act ("CEA") require swaps and futures clearing brokers registered as "futures commission merchants" to segregate all funds received from customers with respect to any orders for the purchase or sale of U.S. domestic futures contracts and cleared swaps from the brokers' proprietary assets. If the DoubleLine Alternatives strategy in which you are invested or intend to invest involves the use of futures contracts or cleared swaps, you are encouraged to speak with your DoubleLine Alternatives representative about the associated risks of the use of central clearing counterparties for such trades.

**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.

**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 involves, 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 portfolio; (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.

**Focused Investment Risk:** An account that invests a substantial portion of its assets in a particular market, industry, group of industries, country, region, group of countries, asset class or sector generally is subject to greater risk than an account that invests in a more diverse investment portfolio. In addition, the value of such an account is more susceptible to any single economic, market, political or regulatory occurrence affecting, for example, that particular market, industry, region or sector. This is because, for example, issuers in a particular market, industry, region or sector often react similarly to specific economic, market, regulatory, or political developments.

**Foreign Currency Risk:** Foreign currency risk is the risk that fluctuations in exchange rates may adversely affect the value of the account's investments. Foreign currency risk includes both the risk that currencies in which the account's investments are traded and/or in which the account receives income, or currencies in which the account has taken an active investment position, will decline in value relative to other currencies. In the case of hedging positions, currency risk includes the risk that the currency to which the account is seeking exposure will decline in value relative to the foreign currency being hedged. Currency exchange rates fluctuate significantly for many reasons, including changes in supply and demand in the currency exchange markets, actual or perceived changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks, or supranational agencies such as the International Monetary Fund, and currency controls or other political and economic developments in the U.S. or abroad. The account also may take overweighted or underweighted currency positions and/or hedge the currency exposure of the instruments in which it has invested. As a result, the account's currency exposure may differ (in some cases significantly) from the currency exposure of its investments and/or its benchmarks.

**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.

**Globalization Risk:** The growing interrelationship of all global economies and financial markets has increased and, therefore, the conditions in one country or region may affect issuers of securities and other instruments in a different country or region.

**Hedging Strategy Risk:** Certain of the investment techniques that various DoubleLine Alternatives strategies may employ for hedging will expose an account to additional or increased risks. There may be an imperfect correlation between changes in the value of an account's portfolio holdings and hedging positions entered into by the account, which may prevent the account from achieving the intended hedge or expose the account to risk of loss. In addition, an account's success in using hedge instruments is subject to DoubleLine Alternatives' ability to predict correctly changes in the relationships of such hedge

instruments to the account's portfolio holdings. There can be no assurance that DoubleLine Alternatives' judgment in this respect will be accurate. DoubleLine Alternatives is under no obligation to engage in any hedging strategies, and may, in its discretion, choose not to. Even if DoubleLine Alternatives desires to hedge some of an account's risks, suitable hedging transactions may not be available or, if available, attractive. A failure to hedge may result in losses to the value of an account's investments.

**High Yield Risk:** Debt instruments rated below investment grade or debt instruments that are unrated and determined by DoubleLine Alternatives to be of comparable quality are predominantly speculative. They are usually issued by companies without long track records of sales and earnings or by companies with questionable credit strength. These instruments, commonly known as "junk bonds," have a higher degree of default risk and may be less liquid than higher-rated bonds. These instruments may be subject to greater price volatility due to such factors as specific corporate developments, interest rate sensitivity, negative perceptions of high yield investments, general economic downturn, and less secondary market liquidity. This potential lack of liquidity may make it more difficult for DoubleLine Alternatives to value these instruments accurately. An economic downturn could severely affect the ability of issuers (particularly those that are highly leveraged) to service their debt obligations or to repay their obligations upon maturity. DoubleLine Alternatives does not consider the term "junk bonds" to include any mortgage-backed securities or any other asset-backed securities, regardless of their credit rating or credit quality.

**Index Risk:** Because an index used by certain strategies managed by DoubleLine Alternatives may not be widely used and information regarding its components and/or its methodology may not generally be known to industry participants, it may be more difficult for DoubleLine Alternatives to find willing counterparties to engage in total or excess return swaps or other derivative instruments based on the return of such index. While index sponsors generally provide descriptions of what an index is designed to achieve, index providers do not generally provide any warranty or guarantee or accept any liability in relation to the quality, accuracy or completeness of data in respect of their indexes, and do not guarantee that the published indexes will be in line with their described index methodologies. DoubleLine Alternatives similarly does not provide any warranty, guarantee or acceptance of liability for an index or the data used.

**Inflation/Deflation Risk:** Inflation risk is the risk that the value of assets or income from an account'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 an account'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 account'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 Alternatives 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.



***Inverse Floaters and Related Securities Risk:*** Investments in inverse floaters, residual interest tender option bonds and similar instruments expose accounts to the same risks as investments in debt securities and derivatives, as well as other risks, including those associated with leverage and increased volatility. An investment in these securities typically will involve greater risk than an investment in a fixed rate security. Distributions on inverse floaters, residual interest tender option bonds and similar instruments will typically bear an inverse relationship to short term interest rates and typically will be reduced or, potentially, eliminated as interest rates rise. Inverse floaters, residual interest tender option bonds and similar instruments will underperform the market for fixed rate securities in a rising interest rate environment. Some inverse floaters may be considered to be leveraged to the extent that their interest rates vary by a magnitude that exceeds the magnitude of the change in a reference rate of interest (typically a short term interest rate). The leverage inherent in inverse floaters is associated with greater volatility in their market values.

***Investment Company and Exchange-Traded Fund Risk:*** Investments in open-end and closed-end investment companies, and other pooled investment vehicles, including any ETFs, involve substantially the same risks as investing directly in the instruments held by these entities. However, the total return from such investments will be reduced by the operating expenses and fees of the investment company or ETF. An investment company or ETF may not achieve its investment objective or execute its investment strategy effectively, which may adversely affect a Client account's performance. The shares of certain ETFs may trade at a premium or discount to their intrinsic value (*i.e.*, the market value may differ from the net asset value of an ETF's shares). For example, supply and demand for shares of an ETF or market disruptions may cause the market price of the ETF to deviate from the value of the ETF's investments, which may be emphasized in less liquid markets. Additionally, large purchase or redemption activity by shareholders of an investment company might negatively affect the value of the investment company's shares.

***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.

***Legal and Regulatory Risk:*** Legal, tax and regulatory changes could occur and may adversely affect an account and its ability to pursue its investment strategies and/or increase the costs of implementing such strategies. New (or revised) laws or regulations may be imposed by the U.S. Commodity Futures Trading Commission ("CFTC"), the SEC, the U.S. Federal Reserve or other banking regulators, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect an account. An account also may be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations.

***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.

***Limited History Risk:*** Certain investment strategies are newly or recently formed and have a limited operating history for investors to evaluate.

***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 account value and 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 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 Alternatives' 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 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:** Geopolitical events may disrupt securities markets and adversely affect global economies and markets. Likewise, natural and environmental disasters and systemic market dislocations 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 financial and commodities 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 instruments in which a Client invests will underperform returns from the general securities and commodities 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 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, a portfolio manager may avoid certain investment opportunities that would potentially give rise to conflicts with other Clients or DoubleLine Alternatives may enact internal procedures designed to minimize such conflicts, which could have the effect of limiting a Client's investment opportunities.
- **Federal Agencies' Risks:** The U. S. Government conservatorship of Federal Home Loan Mortgage Corporation ("Freddie Mac") and the Federal National Mortgage Corporation ("Fannie Mae") in September 2008 and its ultimate resolution may adversely affect the real estate market, the value of real estate-related assets generally and markets generally. In addition, there may be proposals from the U.S. Congress or other branches of the U.S. Government regarding the conservatorship, including regarding reforming Fannie Mae and Freddie Mac or winding down their operations, which may or may not come to fruition. There can be no assurance that such proposals, even those that are not adopted, will not adversely affect the values of Clients' assets. The Federal Housing Finance Agent ("FHFA"), as conservator or receiver of Fannie Mae and Freddie Mac, has the power to repudiate any contract entered into by Fannie Mae or Freddie Mac prior to its appointment if it determines that performance of the contract is burdensome and repudiation of the contract promotes the orderly administration of Fannie Mae's or Freddie Mac's affairs. In the event the guaranty obligations of Fannie Mae or Freddie Mac are repudiated, the payments of interest to holders of Fannie Mae or Freddie Mac mortgage-backed securities would be reduced if payments on the mortgage loans represented in the mortgage loan groups related to such

mortgage-backed securities are not made by the borrowers or advanced by the servicer. Any actual direct compensatory damages for repudiating these guaranty obligations may not be sufficient to offset any shortfalls experienced by such mortgage-backed security holders. Further, in its capacity as conservator or receiver, FHFA has the right to transfer or sell any asset or liability of Fannie Mae or Freddie Mac without any approval, assignment or consent. If FHFA were to transfer any such guaranty obligation to another party, holders of Fannie Mae or Freddie Mac mortgage-backed securities would have to rely on that party for satisfaction of the guaranty obligation and would be exposed to the credit risk of that party.

**Municipal Bond Risk:** Investing in the municipal bond market involves the risks of investing in debt securities generally and certain other risks. The amount of public information available about the municipal bonds in an account's portfolio is generally less than that for corporate equities or bonds, and the investment performance of an account's investment in municipal bonds may be more dependent on the analytical abilities of DoubleLine Alternatives than its investments in taxable bonds. The secondary market for municipal bonds also tends to be less well developed or liquid than many other securities markets, which may adversely affect an account's ability to sell municipal bonds at attractive prices.

The ability of municipal issuers to make timely payments of interest and principal may be diminished during general economic downturns, by litigation, legislation or political events, or by the bankruptcy of the issuer. Laws, referenda, ordinances or regulations enacted in the future by Congress or state legislatures or the applicable governmental entity could extend the time for payment of principal and/or interest, or impose other constraints on enforcement of such obligations, or on the ability of municipal issuers to levy taxes. Issuers of municipal securities also might seek protection under the bankruptcy laws. In the event of bankruptcy of such an issuer, an account could experience delays in collecting principal and interest and the account may not, in all circumstances, be able to collect all principal and interest to which it is entitled. Accounts may invest in revenue bonds, which are typically issued to fund a wide variety of capital projects including: electric, gas, water and sewer systems; highways, bridges and tunnels; port and airport facilities; colleges and universities; and hospitals. Because the principal security for a revenue bond is generally the net revenues derived from a particular facility or group of facilities or, in some cases, from the proceeds of a special excise or other specific revenue source, there is no guarantee that the particular project will generate enough revenue to pay its obligations, in which case the account's performance may be adversely affected.

**Non-Diversification Risk:** In certain strategies, an account may be non-diversified and may invest its assets in a smaller number of issuers or commodities than may a diversified strategy. The account may be more susceptible to any single economic, political, or regulatory occurrence than a diversified account that invests in a broader range of issuers or commodities. A decline in the market value of one of the account's investments may affect the account's value more than if the account were a diversified account.

**Portfolio Turnover Risk:** The length of time an account has held a particular security or instrument generally is not a consideration in investment decisions. A change in the investments held by an account is known as portfolio turnover. Portfolio turnover generally involves a number of direct and indirect costs and expenses to an account, including, for example, brokerage commissions, dealer mark-ups and bid/asked spreads, and transaction costs on the sale of securities/instruments and reinvestment in other securities/instruments, and may result in the realization of taxable capital gains.

**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 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 (the "Securities Act"), 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.

**Reliance on DoubleLine Alternatives:** Each account's ability to achieve its investment objective is dependent upon DoubleLine Alternatives' ability to identify profitable investment opportunities for that account. Although DoubleLine Alternatives' portfolio managers may have considerable experience in managing other portfolios with investment objectives, policies and strategies that are similar, the past

experience of the portfolio managers, including with other strategies and accounts, does not guarantee future results for any particular account.

**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 account.

**Repurchase and Reverse Repurchase Agreements Risk:** When entering into a repurchase agreement, an account essentially makes a short-term loan to a qualified bank or broker-dealer. The account buys securities that the seller has agreed to buy back at a specified time and at a set price that includes interest. There is a risk that the seller will be unable to buy back the securities at the time required and the account could experience delays in recovering amounts owed to it. Reverse repurchase agreements involve the sale of securities held by the account with an agreement to repurchase the securities at an agreed-upon price, date and interest payment. Reverse repurchase agreements involve the risk that the other party may fail to return the securities in a timely manner or at all. The account could lose money if it is unable to recover the securities and the value of the collateral held by the account, including the value of the investments made with cash collateral, is less than the value of the securities. These events could also trigger adverse tax consequences to the account. Furthermore, reverse repurchase agreements involve the risks that (i) the interest income earned in the investment of the proceeds will be less than the interest expense, (ii) the market value of the securities retained in lieu of sale by the account may decline below the price of the securities the account has sold but is obligated to repurchase, and (iii) the market value of the securities sold will decline below the price at which the account is required to repurchase them.

**Restricted Securities Risk:** A Client account may invest in securities which are subject to restrictions on resale because they have not been registered under the Securities Act or which are otherwise not readily marketable. These securities are generally referred to as private placements or restricted securities. Irrespective of DoubleLine Alternatives' initial or ongoing determinations of the liquidity of any given security, market conditions could cause these securities to become less liquid and possibly extremely difficult to sell.

**Selection Risk:** Securities and other instruments 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 Alternatives' choice of securities/instruments or sectors for investment.

**Service Provider Risk:** In the event of the insolvency or bankruptcy of any service provider retained by DoubleLine Alternatives to assist it with various operational services, there likely will be operational and other delays and additional costs and expenses associated with changes in service provider arrangements that could adversely affect Client accounts. A Client's account also could be adversely affected by the misfeasance of such other service providers.

**Short Sales Risk:** To the extent an account makes use of short sales for investment and/or risk management 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/instruments 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/instrument 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.

**Structured Products and Structured Notes Risk:** Generally, structured investments are interests in entities organized and operated for the purpose of restructuring the investment characteristics of underlying investment interests or securities. These investment entities may be structured as trusts or other types of pooled investment vehicles. This type of restructuring generally involves the deposit with or purchase by an entity of the underlying investments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying investments or referencing an indicator related to such investments. The cash flow or rate of return on the underlying investments may be apportioned among the newly issued securities to create different investment characteristics, such as varying maturities, credit quality, payment priorities and interest rate provisions. The cash flow or rate of return on a structured investment may be determined by applying a multiplier to the rate of total return on the underlying investments or referenced indicator. Application of a multiplier is comparable to the use of financial leverage, a speculative technique. Leverage magnifies the potential for gain and the risk of loss. As a result, a relatively small decline in the value of the underlying investments or referenced indicator could result in a relatively large loss in the value of a structured product. Holders of structured products indirectly bear risks associated with the underlying investments, index or reference obligation, and are subject to counterparty risk. A Client's account invested in a structured product generally has the right to receive payments to which it is entitled only from the structured product, and generally does not have direct rights against the issuer. While certain structured investment vehicles enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in structured vehicles generally pay their share of the investment vehicle's administrative and other expenses.

Structured notes are derivative securities for which the amount of principal repayment and/or interest payments is based on the movement of one or more "factors." These factors may include, but are not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices. Some of these factors may or may not correlate to the total rate of return on one or more underlying instruments referenced in such notes. In some cases, the impact of the movements of these factors may increase or decrease through the use of multipliers or deflators. Investments in structured notes involve risks including interest rate risk, credit risk and market risk. Where a Client's account's investments in structured notes are based upon the movement of one or more factors, depending on the factor used and the use of multipliers or deflators, changes in interest rates and movement of the factor may cause significant price fluctuations. Additionally, changes in the reference instrument or security may cause the interest rate on the structured note to be reduced to zero and any further changes in the reference instrument may then reduce the principal amount payable on maturity.

**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 Alternatives.



**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 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.

**Valuation Risk:** The valuation of an account’s investments involves subjective judgment. There can be no assurance that an account will value its investments in a manner that accurately reflects their market values or that the account will be able to sell any investment at a price equal to the valuation ascribed to that investment for purposes of calculating the account’s net asset value. Certain securities or other instruments in which an account may invest, including, for example, high yield bonds, commodities, derivatives, emerging market securities, mortgage-related securities, complex securities, and thinly-traded or illiquid investments may be more difficult to value accurately, especially during periods of market disruptions or extreme market volatility. Technological issues or other service disruption issues involving third party service providers may also cause an account to value its investments incorrectly. Incorrect valuations of a pooled investment vehicle’s portfolio holdings could result in the pooled investment vehicle’s shareholder transactions being effected at a net asset value that does not accurately reflect the underlying value of the pooled investment vehicle’s portfolio, resulting in the dilution of shareholder interests.

**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.

Although DoubleLine Alternatives attempts to manage these (and other) risks through careful research, ongoing monitoring of investments, and appropriate hedging techniques, there can be no assurance that the securities and other instruments purchased which are the focus of our investment strategies will increase in value or that accounts under our management will not incur significant losses.

## Item 9. Disciplinary Information

DoubleLine Alternatives is required to disclose all material facts regarding any legal or disciplinary events that could be material to your evaluation of DoubleLine Alternatives or the integrity of DoubleLine Alternatives' management. DoubleLine Alternatives is not aware of any legal or disciplinary events that are material to your evaluation of DoubleLine Alternatives 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 Registered Funds. Additionally, certain management persons and employees of DoubleLine Alternatives are registered representatives of, or may have an application pending to become a registered representative of, Foreside Fund Services, LLC ("Foreside"). Being a registered representative of Foreside permits these DoubleLine Alternatives personnel to engage in certain marketing and sales activities on behalf of DoubleLine investment products. DoubleLine Alternatives has no controlled affiliates or related persons that are broker-dealers.

### Registered Investment Advisers and Other Related Entities

DoubleLine Alternatives will share certain personnel and other resources with DoubleLine Capital LP ("DoubleLine Capital"), DoubleLine Equity LP ("DoubleLine Equity") and Mortgage Opportunities Capital LLC ("Mortgage Opportunities Capital") through contractual arrangements with DoubleLine Group LP. DoubleLine Capital, DoubleLine Equity and Mortgage Opportunities Capital are each registered with the SEC as investment advisers. It is possible that DoubleLine Alternatives, DoubleLine Capital, DoubleLine Equity and Mortgage Opportunities Capital will share client lists and other similar information through their overlapping personnel and facilities. DoubleLine Capital, DoubleLine Equity and Mortgage Opportunities Capital (together, the "Related Entities") are separately owned and are not under common control with DoubleLine Alternatives.

DoubleLine Capital and/or DoubleLine Equity serve as investment adviser to, and sponsor of, several registered investment companies and private funds. These funds offer strategies which could be offered to certain of DoubleLine Alternatives' Clients. Because Related Entities or affiliates of DoubleLine Alternatives may control these funds, a conflict of interest could arise whereby DoubleLine Alternatives could be incentivized to invest Client assets in these funds because they are controlled by DoubleLine Alternatives affiliates or Related Entities.

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

Neither DoubleLine Alternatives nor its management persons are registered, or have an application pending to register, as a futures commission merchant or as an associated person of a futures commission merchant. DoubleLine Alternatives is registered with the CFTC as a commodity pool operator and



commodity trading advisor, although in certain instances DoubleLine Alternatives, its affiliates or Related Entities may also qualify as an exempt commodity pool operator or commodity trading advisor. Certain of DoubleLine Alternatives' management persons are listed as principals of DoubleLine Alternatives and/or as associated persons of DoubleLine Alternatives with the CFTC.

#### **Registered Investment Company Affiliations**

DoubleLine Alternatives serves as the investment adviser to the DoubleLine Colony Real Estate and Income Fund and DoubleLine Strategic Commodity Fund, each of which is a series of the DoubleLine Funds Trust (the "Trust"). The Trust is a Delaware statutory trust and registered with the SEC as an investment company under the 1940 Act. DoubleLine Alternatives has adopted policies and procedures reasonably designed to ensure the fair allocation of investment opportunities, over time, between a Registered Fund and other accounts managed by DoubleLine Alternatives and Related Entities.

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

### Code of Ethics

DoubleLine Alternatives 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 Alternatives provide a written acknowledgement of the terms of the Code initially, annually, and as amended.

It is possible that DoubleLine Alternatives supervised persons may purchase or sell for themselves securities that DoubleLine Alternatives’ Clients also hold. In addition, DoubleLine Alternatives 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 Alternatives 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 Alternatives supervised person also may purchase or sell securities when such securities are held or traded by Clients. DoubleLine Alternatives also conducts an active monitoring program of the personal trading of DoubleLine Alternatives supervised persons. Certain aspects of DoubleLine Alternatives’ Code are discussed below.

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 certain investment 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 investment on DoubleLine Alternatives’ 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 Alternatives personnel.
- DoubleLine Alternatives and all DoubleLine Alternatives personnel owe a fiduciary duty to Clients. This means that DoubleLine Alternatives and its personnel must always place the interests of its Clients first.
- No Access Person of DoubleLine Alternatives (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 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 Alternatives personnel could obtain that

information, and describes DoubleLine Alternatives' 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 Alternatives personnel to contact for questions regarding the Code.

- The following are examples of personal transactions by DoubleLine Alternatives personnel that must be pre-approved:
  - purchases or sales of common stock, preferred stock and other forms of equity transactions,
  - bond trades (other than trades for direct obligations of the U.S. Government),
  - transactions in any of the series of the Trust or any other mutual fund managed by DoubleLine Alternatives,
  - private placement transactions, regardless of whether DoubleLine Alternatives is a related person or investment manager to the private placement security in question,
  - transactions in any closed-end funds managed by DoubleLine Alternatives, and
  - initial public offerings.
- DoubleLine Alternatives personnel may not profitably sell any investment requiring pre-approval for personal trading for a sixty-day period following the purchase of such investment.
- Duplicate account statements and trade confirmations for applicable personal accounts must be provided by DoubleLine Alternatives personnel to the applicable officers of DoubleLine Alternatives for review.
- DoubleLine Alternatives 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 Alternatives personnel.
- DoubleLine Alternatives personnel generally may not engage in certain activities outside of their employment with DoubleLine Alternatives, 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 Alternatives personnel may engage in such activities.
- Certain DoubleLine Alternatives 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 Alternatives premises and for using DoubleLine Alternatives resources.
- The Code sets forth confidentiality requirements imposed on DoubleLine Alternatives personnel.

- DoubleLine Alternatives 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 or financial need where no material conflict with a Client's interests exists.

### **Potential Conflicts of Interest**

From time to time, DoubleLine Alternatives 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 or instruments in which affiliates or Related Entities have a financial interest, and (2) buy or sell securities or instruments in which DoubleLine Alternatives, its affiliates, Related Entities or DoubleLine Alternatives' 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 Alternatives' Trading and Allocation Committee. DoubleLine Alternatives 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 Affiliated Positions**

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

These investments may be publicly traded (for example, the series of the Trust) or private placements, including private placements sponsored or managed by DoubleLine Alternatives. (It is expected that one or more DoubleLine Alternatives officers and employees will invest in private placements sponsored or managed by DoubleLine Alternatives, its affiliates or Related Entities. DoubleLine Alternatives may offer discounts to management or performance fees to its officers and employees.) Conflicts of interest arising from DoubleLine Alternatives' management of an affiliated private or public fund where its officers and personnel also are invested include the perception that DoubleLine Alternatives could favorably allocate trades to such funds or sell an investment in one Client account while buying the same investment on behalf of a fund. DoubleLine Alternatives periodically monitors the performance of Client accounts to ensure that similarly situated accounts are performing similarly. DoubleLine's Trading and Allocation Committee also periodically meets to review 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 Alternatives' 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 Alternatives' supervised persons may purchase or sell for themselves securities and other instruments that DoubleLine Alternatives' Clients also hold. In addition, DoubleLine Alternatives may purchase or sell for a Client securities/instruments of an issuer in which DoubleLine Alternatives or its supervised persons also have a position or interest. It is also possible that DoubleLine Alternatives or its supervised persons may buy or sell the same investments at a better price or with better

terms for its own account than the price and terms for which the same investments 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 Alternatives supervised person may purchase or sell investments when such investments are also held or traded for Client accounts. DoubleLine Alternatives also conducts an active monitoring program of the personal trading of DoubleLine Alternatives supervised persons.

If permitted by the relevant investment guidelines and applicable law, DoubleLine Alternatives may purchase for Client accounts interests in registered investment companies and private funds or vehicles that are offered or managed by DoubleLine Alternatives or its affiliates or Related Entities when DoubleLine Alternatives 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 Alternatives, its affiliates or Related Entities and those not offered or managed by such parties, DoubleLine Alternatives may have a financial incentive to choose DoubleLine Alternatives-affiliated or related funds over third-parties' funds by reason of the additional investment management, advisory and other fees or compensation DoubleLine Alternatives, its affiliates or Related Entities may earn. Under certain conditions, DoubleLine Alternatives may offset, rebate or otherwise reduce its fees or other compensation with respect to investments in DoubleLine Alternatives-affiliated or related funds; however, this reduction or rebate, if available, will not necessarily or completely eliminate the conflict. Furthermore, although DoubleLine Alternatives may be permitted to invest in DoubleLine Alternatives-affiliated or related funds, including funds advised by DoubleLine Capital and DoubleLine Equity, Clients should not expect DoubleLine Alternatives to have better information with respect to such funds than other investors have. Even if DoubleLine Alternatives has such information, it may not be permitted to act upon it in a way that disadvantages the other investors in such funds.

DoubleLine Alternatives, its affiliates and Related Entities may recommend investments in separately managed accounts, pooled investment vehicles such as mutual funds, exchange traded funds and private or hedge funds, as well as other products that may be offered, managed or advised by DoubleLine Alternatives or a Related Entity as described above. DoubleLine and/or its Related Entities may receive compensation as an investment manager or other service provider for such funds, accounts or products that it may recommend to Clients. However, DoubleLine Alternatives is not compensated directly for the sale of a product or service offered, managed or advised by itself or a Related Entity. In such instances, DoubleLine Alternatives will have a conflict between its obligation to act in the best interests of its Clients and any interest that a Related Entity may have in generating revenues for themselves or promoting themselves. When a Client account is invested in an investment product that is also managed by DoubleLine Alternatives or a Related Entity, DoubleLine Alternatives or its Related Entity, as applicable, will reduce fees to the extent necessary to ensure that a Client is not directly or indirectly paying for the same advisory services to be delivered at multiple levels.

#### **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 Alternatives

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 Alternatives also may recommend investments to, or purchase investments for, the account of one Client (or supervised persons may purchase such investments) that may differ from investments recommended or purchased for another Client, even though the investment objectives of the Clients may be similar. Moreover, DoubleLine Alternatives' supervised persons, affiliates and Related Entities may make investments or engage in other activities that express inconsistent views with respect to an entity in which DoubleLine Alternatives has invested Client assets, a particular investment or relevant market conditions. For example, if DoubleLine Alternatives 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 Alternatives portfolio manager generally will make investment decisions for his or her respective Client accounts independently of the manner in which other DoubleLine Alternatives portfolio managers approach a similar or even the same investment. Additionally, a DoubleLine Alternatives portfolio manager generally will make independent investment decisions for each Client account it manages. Certain Clients may not receive a particular investment even if it is appropriate for the account, and DoubleLine Alternatives may decide to hedge certain risks in some accounts but not others. DoubleLine Alternatives' management personnel regularly share information, perceptions, advice and recommendations about market trends, the valuations of individual securities and instruments, and investment strategies, except where prohibited by information barriers established by DoubleLine Alternatives in accordance with the Code, other DoubleLine Alternatives policies, or applicable law or regulation. However, they may implement the information in different ways in portfolios that they manage as compared to other DoubleLine Alternatives portfolio managers.

Because DoubleLine Alternatives, DoubleLine Capital and DoubleLine Equity share resources through DoubleLine Group, it is possible that similar conflicts could arise between clients of the different advisers. Because of certain organizational barriers, it is conceptually possible for DoubleLine Capital or DoubleLine Equity to take actions that could inadvertently adversely affect the interests of DoubleLine Alternatives Clients – or for DoubleLine Alternatives to take actions that could inadvertently adversely affect the interests of DoubleLine Capital or DoubleLine Equity clients – without knowledge of that impact.

Any of the foregoing conflicts of interest described in this Item 11 or elsewhere in this Brochure will be reviewed on a case-by-case basis in accordance with the Code, other DoubleLine Alternatives internal policies and procedures, as well as applicable law and regulation. These and other potential conflicts are discussed generally herein or in the relevant investment management agreement, offering documents and/or governing documents of the Funds managed, which should be reviewed carefully in conjunction with any investment. Any such discussions will take into consideration the interests of the relevant Clients and the circumstances giving rise to the conflict and applicable law. Clients should be aware that conflicts will not necessarily be resolved in favor of a particular Client's interests, and DoubleLine Alternatives will attempt to resolve such matters in a fair and equitable manner, over time, without regard to compensation paid to DoubleLine Alternatives or its affiliates or Related Entities. 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 Alternatives seeks to achieve best execution under the circumstances when trading for its Clients. This means that, in selecting broker-dealers and/or (if applicable) futures commission merchants (“FCMs”) to execute investment transactions for Client accounts, DoubleLine Alternatives seeks to select broker-dealers and FCMs that will execute investment 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 Alternatives may affect transactions that cause a Client to pay a commission or spread in excess of a commission or spread that another broker-dealer or FCM would have charged if DoubleLine Alternatives determines that such commission or spread is reasonable in relation to the circumstances of that transaction. In making this determination, DoubleLine Alternatives 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 or FCM and DoubleLine Alternatives; (v) ability to provide liquidity, (vi) the ability of a broker-dealer or FCM to execute difficult transactions in unique and/or complex investments, and (vii) the broker-dealer’s or FCM’s safety and soundness, based on publicly available information. DoubleLine Alternatives has a Trading and Allocation Committee which oversees the trading and allocation process, including best execution.

The determinative factor is not necessarily the lowest possible commission cost or spread, but whether the transaction represents the best qualitative execution for the Client account. The firm periodically evaluates the execution performance of brokers and FCMs executing its transactions. Equally important may be the timing of the trade. Executing orders at different times may result in delay or opportunity costs or higher settlement costs. DoubleLine Alternatives does not adhere to any rigid formulas in making the selection of the applicable broker-dealer or FCM, but weighs a combination of the criteria discussed in the preceding paragraph.

### Counterparty Review Process

Various analysts at DoubleLine Alternatives, 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 Alternatives’ team of credit analysts evaluates each approved counterparty using various methods of analysis, including, but not limited to, analysis of publicly available financial and other data (including earnings updates), the broker-dealer’s or FCM’s reputation, DoubleLine Alternatives’ past experience with the broker-dealer or FCM and 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 Alternatives may receive unsolicited research from various broker-dealers or FCMs, which may or may not be counterparties to trades placed on behalf of Clients. In effecting any fixed income trading for Clients, DoubleLine Alternatives does not use brokerage commissions from Client



account trades to obtain research or other products or services from broker-dealers or FCMs. Although DoubleLine Alternatives may review and consider certain of the research received, the provision of research does not factor into DoubleLine Alternatives' broker-dealer or FCM selection process. Research services include items such as reports on industries, companies and investment types, economic analyses, review of business conditions and portfolio strategy and various trading and quotation services. Such services also include advice from broker-dealers or FCMs as to the value of investments, availability of investments, availability of buyers, and availability of sellers. These services also include recommendations as to purchase and sale of individual investments 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.

Due to the nature of the investments DoubleLine Alternatives generally makes on behalf of Clients, DoubleLine Alternatives does not expect to use "soft dollars." Nevertheless, as a precautionary measure DoubleLine Alternatives has adopted a soft dollars policy limited to agency trades affected 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.

#### **Mutual Fund Distribution**

Periodic comparisons of the lists of distributing broker-dealers of the funds managed or offered by DoubleLine Alternatives and the executing brokers for Client account trades are conducted to identify and address potential conflicts of interest.

#### **Referrals**

DoubleLine Alternatives does not recommend broker-dealers to Clients, although it does choose the brokers which execute Client trades if DoubleLine Alternatives has discretionary authority over the account. While DoubleLine Alternatives currently does not have non-discretionary accounts, it is possible that DoubleLine Alternatives would suggest that a future non-discretionary account contact a particular broker to affect a trade in a security or other instrument that DoubleLine Alternatives recommended to such non-discretionary account. Although broker-dealers may, from time to time, refer prospective clients to DoubleLine Alternatives, in accordance with Rule 206(4)-3 under the Advisers Act, and in order to mitigate any potential conflicts of interest, DoubleLine Alternatives does not approve such broker-dealers for trading based on such referrals.

#### **Client Directed Brokerage**

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

DoubleLine Alternatives does permit Clients to direct DoubleLine Alternatives, in writing, to use a particular broker-dealer or FCM to execute account transactions for the Client. DoubleLine Alternatives prefers that all such arrangements be subject to best execution requirements. In situations where a Client directs the use of certain brokers or FCMs, DoubleLine Alternatives may not be able to negotiate

commissions or obtain volume discounts for the accounts that direct DoubleLine Alternatives to make all or any portion of their account trades with specific broker-dealer(s) or FCM(s). 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 generally will be executed following completion of any non-directed trades. Also, Client accounts with directed brokerage arrangements will not be able to access certain investments or markets if their designated broker-dealer(s) or FCM(s) do not have access to the investments or markets in question. As a result, performance results for these accounts may vary (at times considerably) from other Client accounts managed by DoubleLine Alternatives in the same strategy. Trades executed through a Client-directed broker-dealer or FCM 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 Alternatives 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.

#### [Aggregation and Allocation of Orders](#)

In an effort to achieve efficiencies in execution and reduce trading costs, DoubleLine Alternatives and its Related Entities typically seek to aggregate investment transactions when the same transactions are sought for multiple Client accounts. In addition, DoubleLine Alternatives may execute investment transactions alongside or interspersed between aggregated orders when DoubleLine Alternatives 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.

Aggregated orders will be allocated among the applicable Client accounts pursuant to DoubleLine Alternatives' trade allocation procedures in a manner that DoubleLine Alternatives considers to be fair and equitable over time. DoubleLine Alternatives may exclude trades from aggregate orders for accounts where the Client directs DoubleLine Alternatives on which brokers to use for trading. Allocations may be made (1) on a pro-rata basis or (2) on a non-pro rata basis based on factors such as: liquidity requirements; reserves and cash flow considerations; diversification requirements; portfolio duration; amount of capital available for investment by a client, including new clients, as well as projected future capacity for investment; variance of the portfolio from models, target weights or indexes; risk management considerations; the size of the investment relative to the size of the account; Client-specific industry and other allocation targets, including each account's target average credit quality, liquidity, sector targets, and composition; minimum and maximum investment size requirements; tax considerations; legal, contractual, or regulatory constraints specific to or imposed by a client; and any other relevant limitations imposed by or conditions set forth in the applicable offering or other organizational documents of a Client and, if applicable, directed brokerage instructions. These factors provide substantial discretion to DoubleLine Alternatives in allocating investment opportunities. In addition, DoubleLine Alternatives also may exclude certain accounts from an allocation if the size of the allocation would not satisfy certain minimum size thresholds established by DoubleLine Alternatives, a Client or by the issuer itself for operational reasons.

Some aggregated orders, such as those for structured products and emerging markets debt, may be allocated post-execution. Typically, these aggregated orders will be subject to a recommended allocation. The recommended allocation, provided by a member of the portfolio management team, will provide an allocation for the order or as to the strategy or group of accounts among which the order should be allocated. When allocating on a non-pro rata basis, DoubleLine Alternatives will apply the factors described in the preceding paragraph in making a final allocation decision. DoubleLine Alternatives takes this approach, in part, because the available securities, amounts or particular characteristics of certain investments may not be known until after execution, which makes pre-execution allocations prohibitively difficult.

DoubleLine's Trading and Allocation Committee (TAC) oversees the allocation policy. As part of the oversight process, the TAC maintains multiple processes and controls to monitor compliance with the policy. For example, the TAC, on a daily basis, reviews (1) any order allocated without a completed recommendation, (2) any post-execution deviations made to a pre-execution recommendation, and (3) allocations made on a non-pro rata basis for a reason other than one or more of the factors described above. In addition, usually on a monthly basis, the TAC reviews various reports related to trading topics, to ensure that such allocations have been performed fairly and equitably over time and in a manner consistent with policies and procedures. Other departments perform additional reviews designed to assist in monitoring the policy.

Allocations of investment opportunities and aggregate orders may result in performance differences among Client accounts. Allocation of a specific trade may have the appearance or the effect of benefiting one account versus another when viewed in isolation. Periodic reviews of Client account performance are conducted to ensure that trade allocations occur fairly and equitably over time.

#### **Potential Conflicts Relating to Non-Discretionary Advisory Services**

DoubleLine Alternatives may in the future provide non-discretionary investment advisory services to certain Clients, pursuant to which DoubleLine Alternatives may provide advice related to purchasing, selling, holding, valuing, or exercising rights with respect to particular investments including the Registered Funds, but DoubleLine Alternatives may or may not independently execute purchases or sales on behalf of these Clients. Discretionary and non-discretionary Clients may hold the same or similar investments. 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 investments for discretionary Clients in advance of executions for non-discretionary Clients, potentially disadvantaging the non-discretionary Clients.

It also is possible that DoubleLine Alternatives could discuss certain 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.

DoubleLine Alternatives currently does not manage non-discretionary accounts.

## Item 13. Review of Accounts

Responsibility for the review of DoubleLine Alternatives' Clients' accounts is divided among DoubleLine Alternatives' investment professionals according to the investment strategy of each account. Accounts are typically monitored and reviewed on an ongoing basis by the portfolio 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 portfolio 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, investment 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. DoubleLine Alternatives uses Bloomberg's Asset and Investment Manager ("AIM") as its trade order management system ("OMS"). An integral component within AIM is the Compliance Manager ("CMGR") module. CMGR 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. These investment guidelines and restrictions are input as concentration, exclusion or manual rules. DoubleLine Alternatives' compliance department is responsible for ensuring the rules in Bloomberg AIM are accurate and reflect the most current information for each account.

DoubleLine Alternatives' compliance department also maintains a compliance grid of account guidelines, which lists all client investment guidelines and restrictions. This grid is distributed to the portfolio managers, trading desk personnel and trade settlement personnel in order to prevent the inadvertent trading or settlement of a disallowed investment. Whenever a guideline for an account is amended or DoubleLine Alternatives receives a new account, this summary is redistributed to all appropriate parties. The compliance grid also is available to all investment personnel on a shared network drive.

Each separate account Client will receive 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 Alternatives personnel of any material changes to their firm, investment objectives or financial circumstances and will have the ability to impose reasonable restrictions or changes on account investments, subject to acceptance by DoubleLine Alternatives. 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 administrator and not DoubleLine Alternatives.

DoubleLine Alternatives 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 Alternatives for providing investment advice or other advisory services to DoubleLine Alternatives' Clients.

From time to time, DoubleLine Alternatives may pay third-party solicitors a fee or compensation for referring a Client to DoubleLine Alternatives. In accordance with applicable laws and regulations, a third-party solicitor is required to provide prospective clients with a current copy of DoubleLine Alternatives' written disclosure statement and the third-party solicitor's written disclosure statement. DoubleLine Alternatives 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 Alternatives to the third party out of DoubleLine Alternatives' resources.

Many of DoubleLine Alternatives' 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 Alternatives to consultants typically would be disclosed as indicated by the paragraph above and as required by applicable laws and regulations. DoubleLine Alternatives also may pay, from time to time, the costs for personnel of DoubleLine Alternatives to attend conferences, seminars and other activities that are sponsored by consultants.

## Item 15. Custody

DoubleLine Alternatives does not have possession, or have the authority to obtain possession, of Client assets. Separate account Clients independently select their own custodians for their assets and will receive periodic account statements from their chosen custodian, which should be carefully reviewed by Clients or their representatives. Because DoubleLine Alternatives also provides periodic written reports to its Clients (as described in Item 13), Clients should compare the written reports received from DoubleLine Alternatives to the periodic reports received from their custodian. DoubleLine Alternatives advises and requests that prospects and Clients review the SEC IM Guidance Update of February 2017 “Inadvertent Custody: Advisory Contract Versus Custodial Contract Authority” with an eye towards ensuring that their Client custodial contract does not contain provisions granting DoubleLine Alternatives authorities in excess of regulatory boundaries or the investment management agreement between DoubleLine Alternatives and the Client.

## Item 16. Investment Discretion

DoubleLine Alternatives accepts discretionary authority to manage accounts on behalf of Clients. The preferred method of implementing DoubleLine Alternatives’ strategies is through the use of investment discretion. Clients typically grant investment discretion through investment guidelines provided within the investment management agreement. DoubleLine Alternatives’ standard form of investment management agreement includes a limited power of attorney. Such limited power of attorney provides DoubleLine Alternatives 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.

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

For Clients that are registered investment companies, DoubleLine Alternatives’ authority to trade securities and other instruments 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

When entering into an investment management agreement, each Client determines whether to grant DoubleLine Alternatives the authority to vote proxies for account securities. Clients may revoke DoubleLine Alternatives’ authority to vote proxies or provide written instructions on how DoubleLine Alternatives should vote in particular solicitations. Clients that grant DoubleLine Alternatives the authority to vote proxies should take steps to ensure that DoubleLine Alternatives receives solicitation information from the Client’s custodian. Clients that do not grant DoubleLine Alternatives the authority to vote proxies should take steps to ensure that they receive solicitation information from their custodian. Clients may

contact their DoubleLine Alternatives client service representative should they have any questions about proxy voting.

For those accounts over which DoubleLine Alternatives has been granted proxy voting authority, the determination of how to vote proxies for Client account securities is made pursuant to DoubleLine Alternatives' 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 Alternatives 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.

DoubleLine Alternatives has retained a third party proxy voting service, currently Glass, Lewis & Co., a recognized authority on proxy voting and corporate governance, as its proxy voting agent to vote proxies in accordance with the Proxy Policy. Glass, Lewis & Co. obtains proxy ballots, provides vote recommendations, votes proxies and provides recordkeeping and reporting services on behalf of those Clients that have provided DoubleLine Alternatives with the authority to vote proxies. DoubleLine Alternatives has a fiduciary responsibility to vote proxies in our Clients' best interests. DoubleLine Alternatives personnel are responsible for managing the relationship with Glass, Lewis & Co. and for ensuring that we are meeting our proxy voting obligations.

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 Alternatives or its proxy voting agent will review each proxy solicitation to determine whether there may be a material conflict between DoubleLine Alternatives and the applicable Client. If no conflict exists and if the Client has granted DoubleLine Alternatives authority to vote by proxy, DoubleLine Alternatives or its proxy voting agent will vote the proxy in accordance with the Proxy Policy.

DoubleLine Alternatives has formed a proxy voting committee (the "Committee") to monitor compliance and review potential conflicts of interest with respect to the Proxy Policy. If a material conflict does exist between DoubleLine Alternatives and the Client, DoubleLine Alternatives will seek to resolve any such conflict in the Client's best interest in accordance with the Proxy Policy 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 the 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.

In certain limited circumstances, particularly in the area of structured finance, DoubleLine Alternatives 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 Alternatives 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 Alternatives reserves the right not to vote a security by proxy unless it determines that the potential benefits of voting the proxy exceed the expected cost. Other factors that may influence DoubleLine Alternatives' determination not to vote a proxy 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 proxy 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 portfolio managers to effect trades in the related security; or (3) DoubleLine Alternatives otherwise has determined that it is consistent with its fiduciary obligations not to vote the proxy.

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

For information about proxy voting related to the Registered Funds and any other mutual funds sponsored or advised by DoubleLine Alternatives, please see the respective fund offering documents.

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

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

## **Item 18. Financial Information**

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

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

Because DoubleLine Alternatives 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

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

This notice provides information about how DoubleLine Alternatives (“we” and “our”) collect, share, and protect your personal information, and how you might choose to limit our ability to share certain information about you. Please read this notice carefully.

### *Why do we need your personal information?*

All financial companies need to share customers’ personal information to run their everyday businesses, to appropriately tailor the services offered to you (where applicable), and to comply with our regulatory obligations. Accordingly, information, confidential and proprietary, plays an important role in the success of our business. However, we recognize that you have entrusted us with your personal and financial data, and we recognize our obligation to keep this information secure. Maintaining your privacy is important to us, and we hold ourselves to a high standard in its safekeeping and use. Most importantly, DoubleLine Alternatives does not sell its customers’ non-public personal information to any third parties. DoubleLine Alternatives uses its customers’ non-public personal information primarily to complete financial transactions that its customers request (where applicable), to make its customers aware of other financial products and services offered by a DoubleLine Alternatives affiliated company, and to satisfy obligations we owe to regulatory bodies.

### *Information we may collect*

We may collect various types of personal data about you, including:

- Your personal identification information, which may include your name and passport information, your IP address, politically exposed person (“PEP”) status, and such other information as may be necessary for us to provide our services to you and to complete our customer due diligence process and discharge its anti-money laundering obligations;
- Your contact information, which may include postal address and e-mail address and your home and mobile telephone numbers;
- Your family relationships, which may include your marital status, the identity of your spouse and the number of children that you have;
- Your professional and employment information, which may include your level of education and professional qualifications, your employment, employer’s name and details of directorships and other offices which you may hold; and
- Financial information, risk tolerance, sources of wealth and your assets, which may include details of shareholdings and beneficial interests in financial instruments, your bank details and your credit history.

### *Where do we obtain your personal information?*

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

- Information we receive about you on applications or other forms;
- Information you may give us orally;
- Information about your transactions with us or others;
- Information you submit to us in correspondence, including emails or other electronic communications; and
- Information about any bank account you use for transfers between your bank account and any Fund account, including information provided when effecting wire transfers.

### *Information Collected from Websites*

Websites maintained by DoubleLine Alternatives or its service providers may use a variety of technologies to collect information that help DoubleLine Alternatives and its service providers understand how the website is used. Information collected from your web browser (including small files stored on your device that are commonly referred to as "cookies") allow the websites to recognize your web browser and help to personalize and improve your user experience and enhance navigation of the website. You can change your cookie preferences by changing the setting on your web browser to delete or reject cookies. If you delete or reject cookies, some website pages may not function properly. Certain portions of [doublelinefunds.com](https://doublelinefunds.com) are maintained or controlled by third parties, each of which has privacy policies which may differ, in some cases significantly, from the privacy policies described in this notice. Please contact your DoubleLine Alternatives representative if you would like to receive more information about the privacy policies of third parties.

### *How and why we may share your information*

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

- It may be necessary for DoubleLine Alternatives to provide information to nonaffiliated third parties in connection with our performance of the services we have agreed to provide you. For example, it might be necessary to do so in order to process transactions and maintain accounts.
- DoubleLine Alternatives will release any of the non-public information listed above about a customer if directed to do so by that customer or if DoubleLine Alternatives is authorized by law 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 Alternatives 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 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 sharing and you have a joint account, your decision will be applied to all owners of the account.

We 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 us to nonaffiliated third parties for marketing purposes. We maintain physical, electronic, and procedural safeguards to guard your non-public personal information.

*Notice to “natural persons” residing in the European Economic Area (the “EEA”)*

If you reside in the EEA, we may transfer your personal information outside the EEA, and will ensure that it is protected and transferred in a manner consistent with legal requirements applicable to the information. This can be done in a number of different ways, for instance:

- the country to which we send the personal information may have been assessed by the European Commission as providing an "adequate" level of protection for personal data;
- the recipient may have signed a contract based on standard contractual clauses approved by the European Commission; or
- where the recipient is located in the U.S., it may be a certified member of the EU-U.S. Privacy Shield scheme.

In other circumstances, the law may permit us to otherwise transfer your personal information outside the EEA. In all cases, however, any transfer of your personal information will be compliant with applicable data protection law.

*Retention of personal information and security*

Your personal information will be retained for as long as required:

- for the purposes for which the personal information was collected;
- in order to establish or defend legal rights or obligations or to satisfy any reporting or accounting obligations; and/or
- as required by data protection laws and any other applicable laws or regulatory requirements, including, but not limited to, U.S. laws and regulations applicable to our business.

We will undertake commercially reasonable efforts to protect the personal information that we hold with appropriate security measures.

*Access To and Control of Your Personal Information*

Depending on your country of domicile, you may have the following rights in respect of the personal information about you that we process:

- the right to access and port personal information;
- the right to rectify personal information;
- the right to restrict the use of personal information;
- the right to request that personal information is erased; and
- the right to object to processing of personal information.

Although you have the right to request that your personal information be deleted at any time, applicable laws or regulatory requirements may prohibit us from doing so. If you are an investor in the DoubleLine

funds, certain of the rights described above that may apply to direct clients of DoubleLine Alternatives domiciled or resident outside the United States will not apply to you. In addition, if you invest in a DoubleLine fund through a financial intermediary, DoubleLine Alternatives may not have access to personal information about you.

If you wish to exercise any of the rights set out above, please contact [privacy@doubleline.com](mailto:privacy@doubleline.com).

#### *Changes to DoubleLine Alternatives' Privacy Policy*

As required by U.S. federal law, DoubleLine Alternatives will notify customers of DoubleLine Alternatives' Privacy Policy annually. DoubleLine Alternatives reserves the right to modify its privacy policy at any time, but in the event that there is a change that affects the content of this notice materially, DoubleLine Alternatives will promptly inform its customers of that change in accordance with applicable law.

## 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 Alternatives will ask for your name, address, date of birth (if applicable), and other information that will allow the DoubleLine Alternatives representative to identify you. The DoubleLine Alternatives representative also may ask to see your driver's license or other identifying documents.

## Exhibit C to Brochure

### Description of Investment Strategies

Investment Strategy	Investment Strategy Objectives and Descriptions
<b>Real Estate and Income</b>	The composite includes accounts that are managed to outperform the Dow Jones U.S. Select REIT Total Return Index over the long term by investing in fixed income securities while simultaneously obtaining exposure to the Colony Capital Fundamental US Real Estate Index or similar index via use of derivatives.
<b>Shiller Enhanced CAPE®</b>	The composite includes accounts that are managed to outperform the S&P 500® Total Return Index over the long term by investing in fixed income securities while simultaneously obtaining exposure to the Shiller Barclays CAPE® US Sector Total Return USD Index or similar index via use of derivatives.
<b>Shiller Enhanced International CAPE®</b>	The composite includes accounts that are managed to outperform the MSCI Europe Net Return USD Index over the long term by investing in fixed income securities while simultaneously obtaining exposure to the Shiller Barclays CAPE® Europe Sector Net TR NoC USD Index or similar index via use of derivatives.
<b>Strategic Commodity</b>	The composite includes accounts that are managed to outperform the Bloomberg Commodity Total Return Index and seek to generate long term total return through typically investing at least 50% of its assets in a long only commodity index (or a combination of indices and/or baskets of commodities) and the remainder of its assets in a long-short commodity strategy. The long commodity positions are focused on commodities that have historically exhibited the highest degree of backwardation while the long-short strategy utilizes fundamental signals to determine its allocation.

Not all of DoubleLine Alternatives' investment strategies may be listed in this Exhibit C. A more complete listing, including descriptions of such strategies, is available upon written request.