

Timing and Strategy

Presented by:

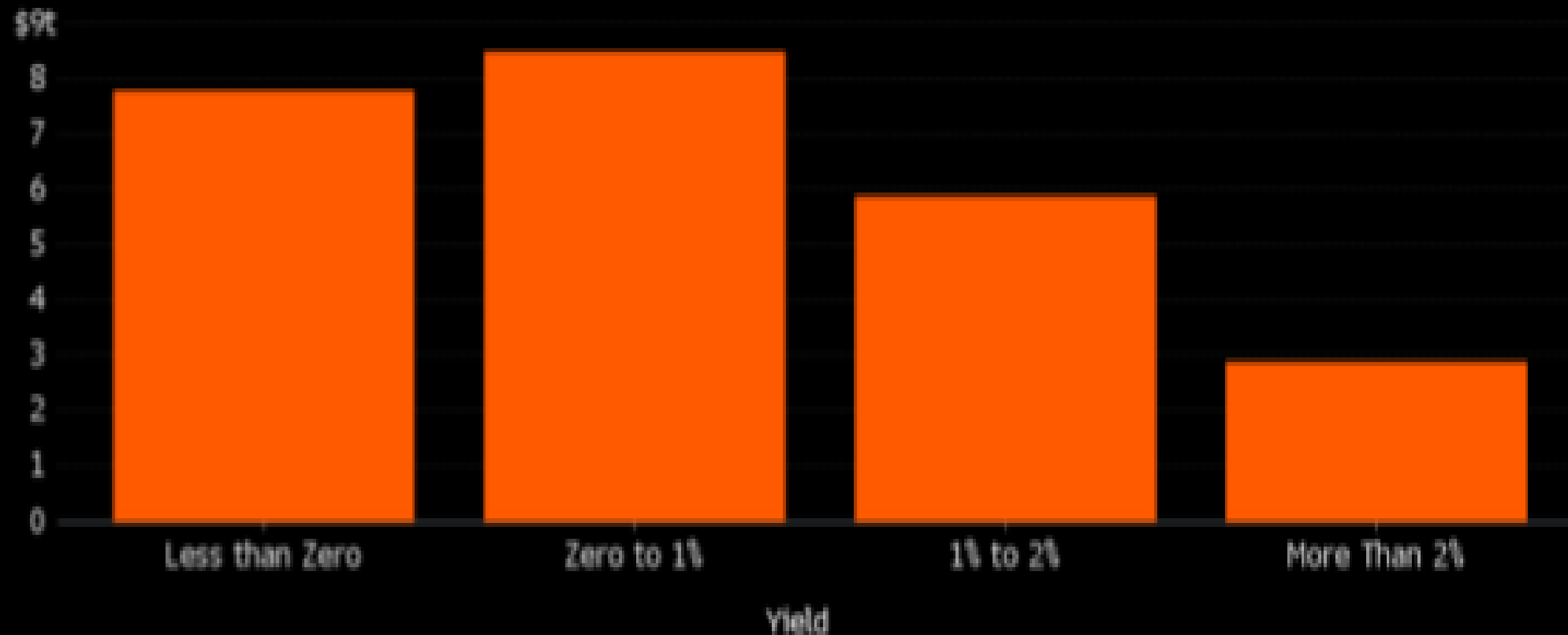
Jeffrey Gundlach

CEO, DoubleLine Capital

Negative Yielding Bonds

\$7.8 Trillion of Negative-Yielding Bonds

Amount compares with less than \$3 trillion yielding above 2%



Source: Bloomberg Global Developed Sovereign Bond Index

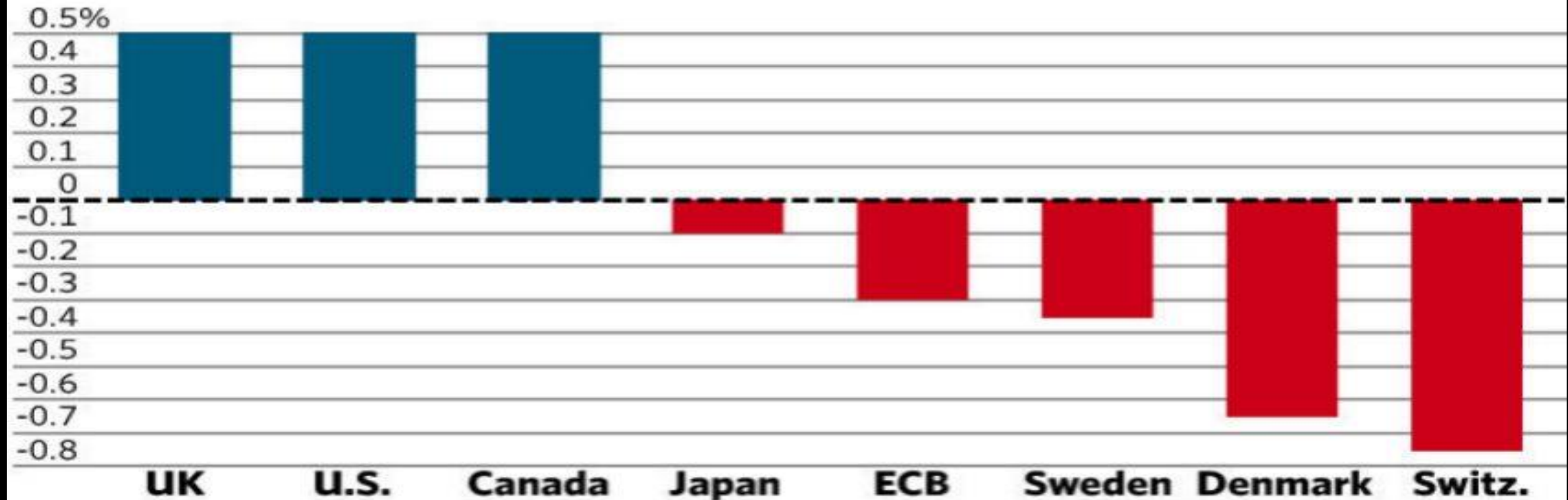
Bloomberg 

Negative Yielding Bonds

Race to zero interest rates

Four European central banks have rates below zero. Others are close.

OVERNIGHT RATE

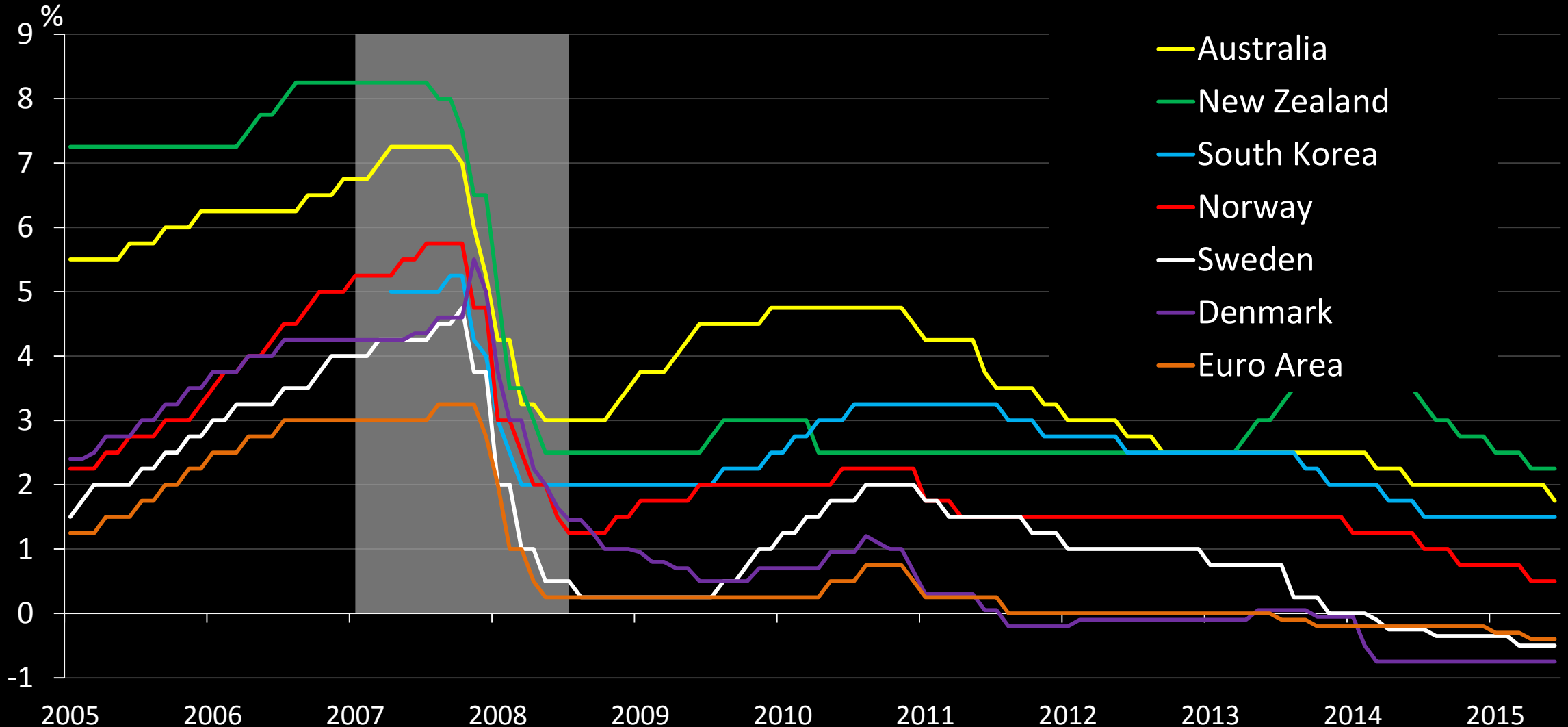


SOURCE: Bloomberg

TORONTO STAR GRAPHIC

Central Bank Policy Rates

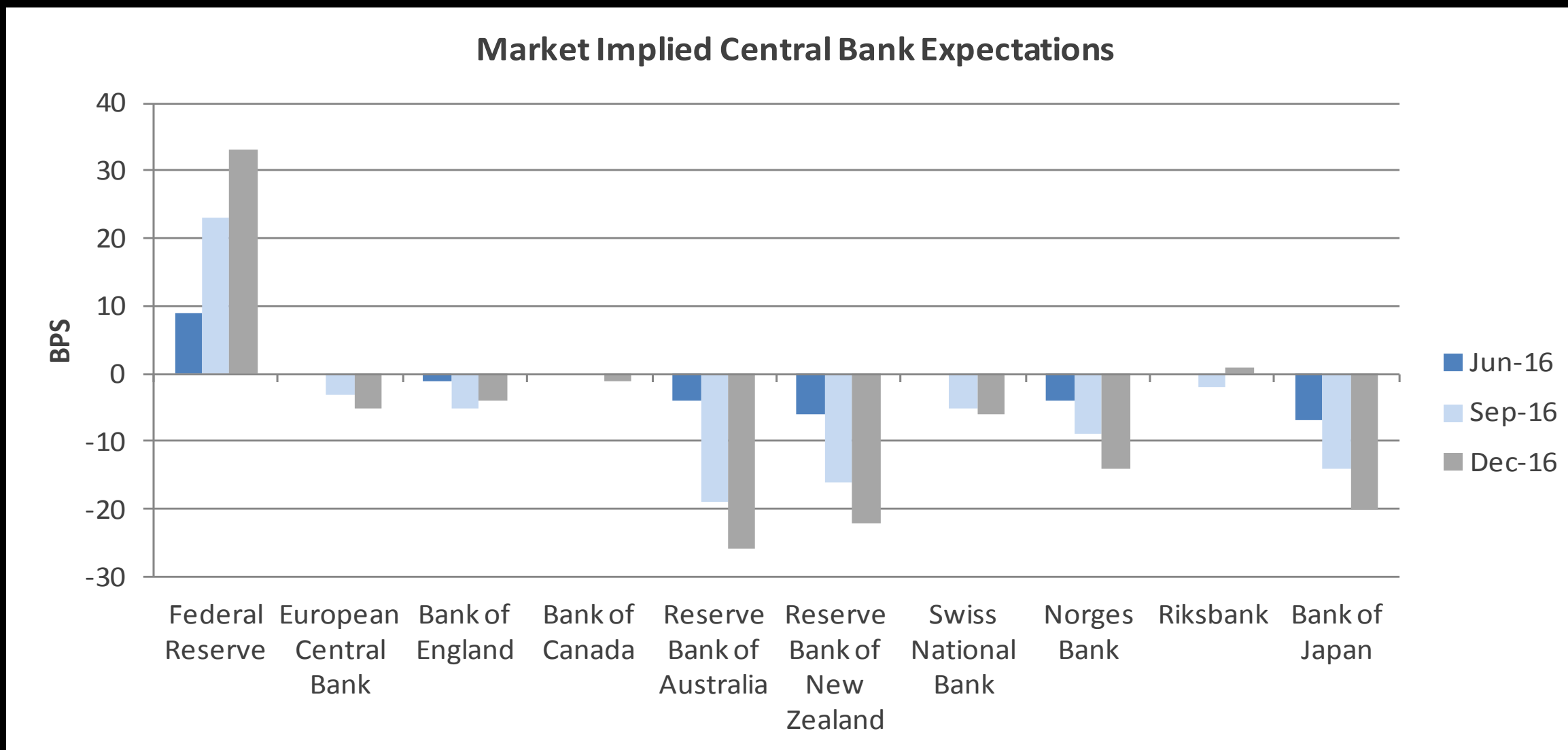
January 1, 2005 through May 23, 2016



Source: DoubleLine, Bloomberg
NZ = New Zealand
You cannot invest directly in an index.

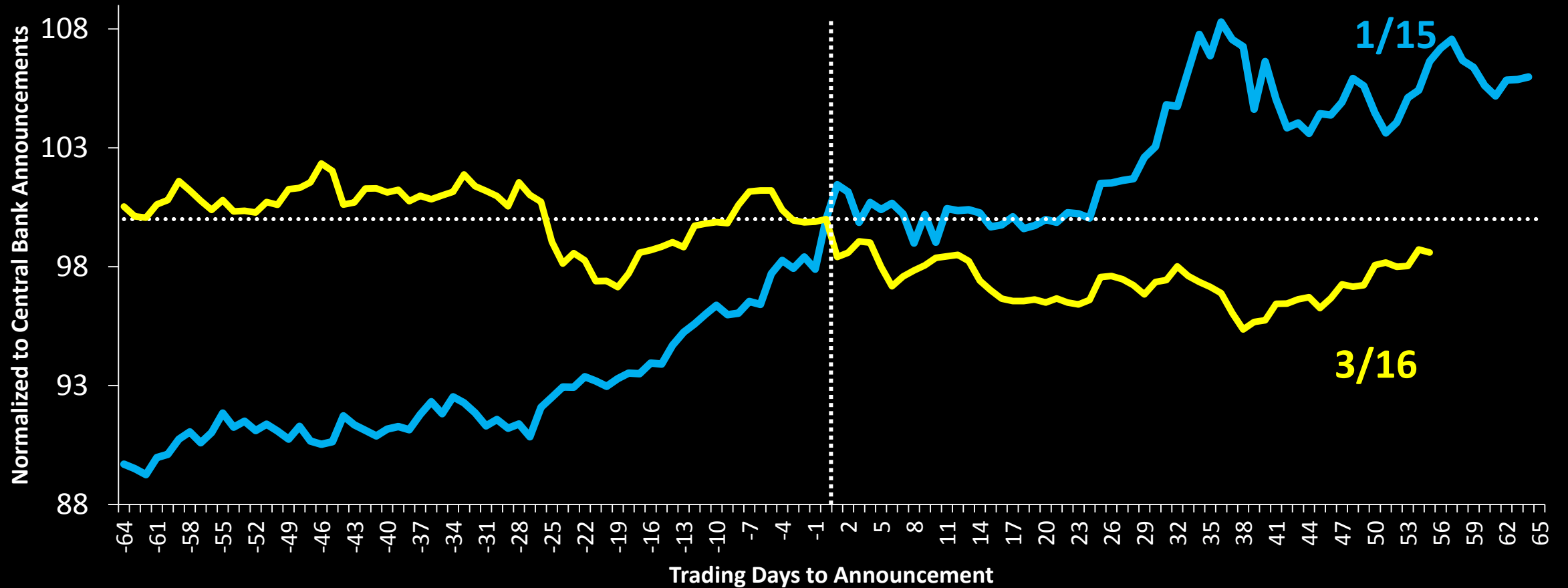
Market Implied Central Bank Expectations

As of May 25, 3016



ECB Monetary Policy Announcements and USD /EUR Performance

(3 months Leading Up to and 3 months Proceeding Central Bank Announcements)

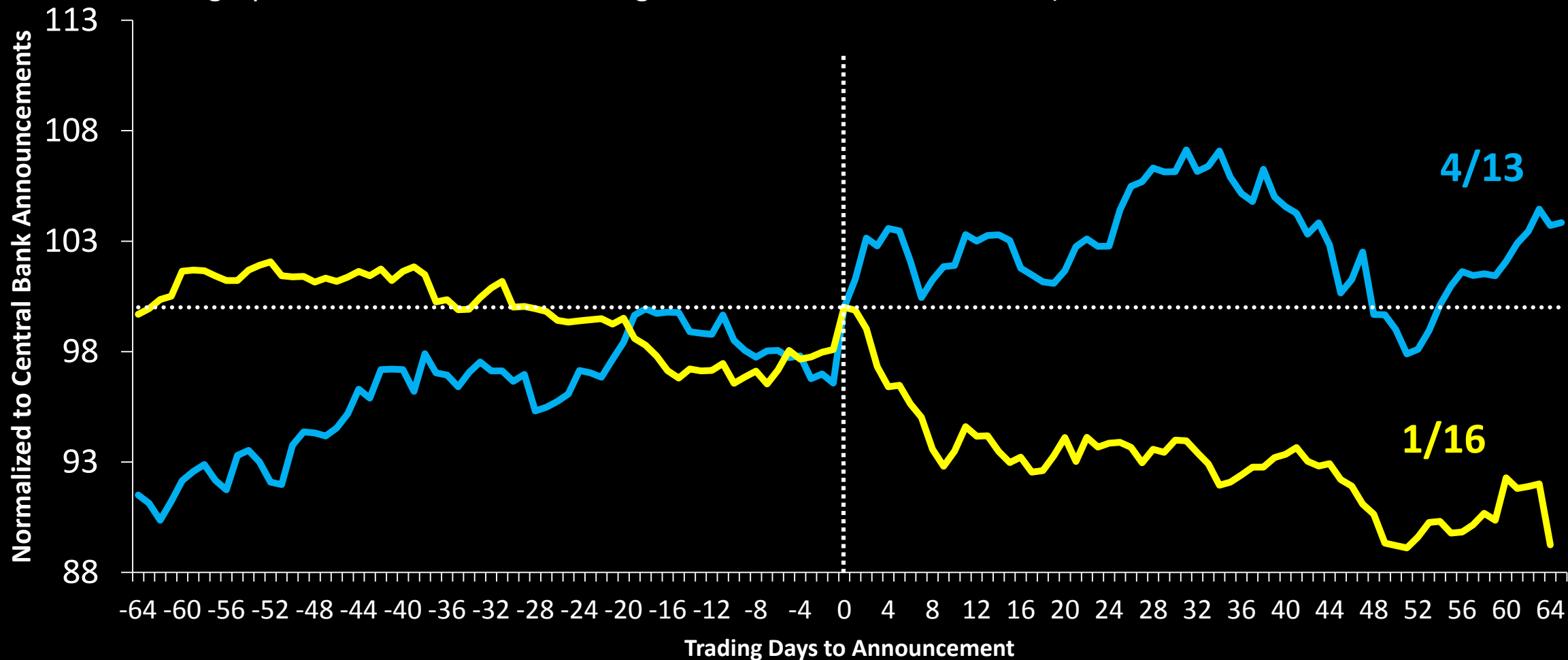


Source: Bloomberg; DoubleLine as of date indicated in chart.

USDEUR = US Dollar vs. Euro exchange rate, ECB = European Central Bank, Eurostoxx = EuroStoxx 600 (EXSE) Index is a subset of the STOXX Global 1800 Index. It represents 600 large, mid and small capitalization companies across 18 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. \$EUR - ECB QE = Euro spot price in U.S. dollars minus European central Bank quantitative easing. EXSE -ECB QE = EuroStoxx 600 minus ECB quantitative easing. EXSE - Draghi QE Ext = Eurostoxx 600 minus Draghi's extension of the QE program in the European Union. You cannot invest directly in an index.

Bank of Japan Monetary Policy Announcements and USD/JPY Performance

(3 months Leading Up to and 3 months Proceeding Central Bank Announcements)

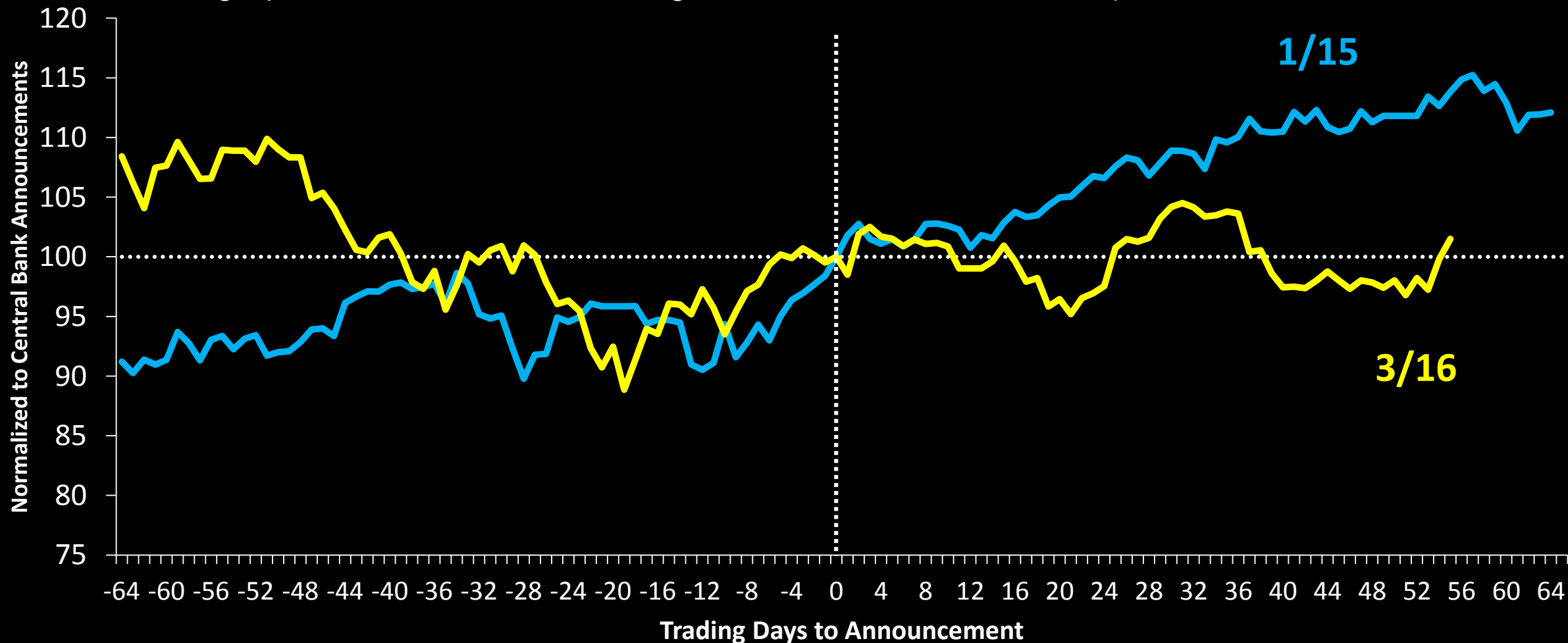


Source: Bloomberg; DoubleLine as of date indicated in chart.

USDJPY = Japanese yen quoted in U.S. dollar terms. BoJ = Bank of Japan. \$JPY – BOJ QQE1 = Japanese yen spot price in U.S. dollars minus Bank of Japan's quantitative and qualitative easing 1 program. \$JPY – BOJ QQE2 = Japanese yen spot price in U.S. dollars minus Bank of Japan's quantitative and qualitative easing 2 program. \$JPY – BOJ Neg Rates = Japanese yen spot price in U.S. dollars minus Bank of Japan's negative interest rates. NKY = Nikkei 225 composite is the leading Japanese stock market. It's price weighted index comprised of Japan's top 225 blue-chip companies on the Tokyo Stock Exchange. You cannot invest directly in an index.

ECB Monetary Policy Announcements and Eurostoxx 50 Performance

(3 months Leading Up to and 3 months Proceeding Central Bank Announcements)



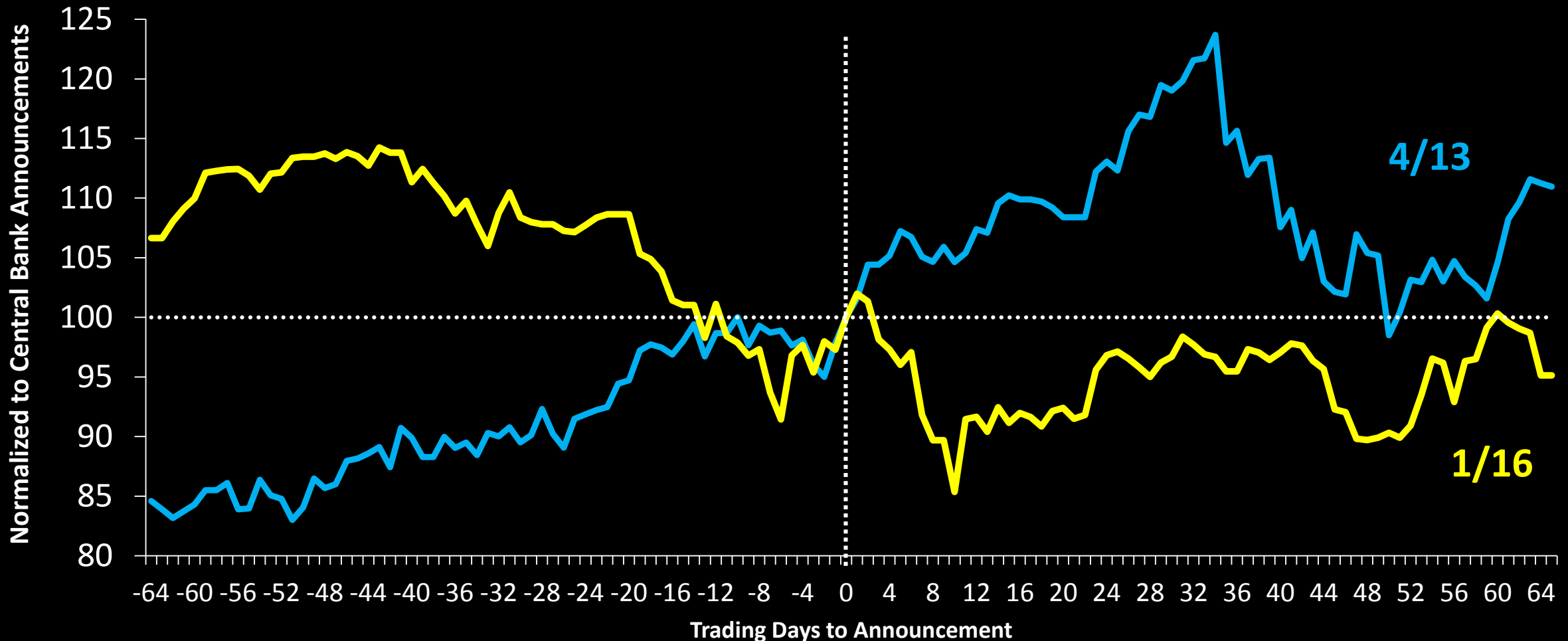
Source: Bloomberg; DoubleLine as of date indicated in chart.

USDEUR = US Dollar vs. Euro exchange rate, ECB = European Central Bank, Eurostoxx = EuroStoxx 600 (EXSE) Index is a subset of the STOXX Global 1800 Index. It represents 600 large, mid and small capitalization companies across 18 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom. \$EUR - ECB QE = Euro spot price in U.S. dollars minus European central Bank quantitative easing. EXSE - ECB QE = EuroStoxx 600 minus ECB quantitative easing. EXSE - Draghi QE Ext = Eurostoxx 600 minus Draghi's extension of the QE program in the European Union. You cannot invest directly in an index.

Bank of Japan Monetary Policy Announcements and Nikkei Performance



(3 months Leading Up to and 3 months Proceeding Central Bank Announcements)



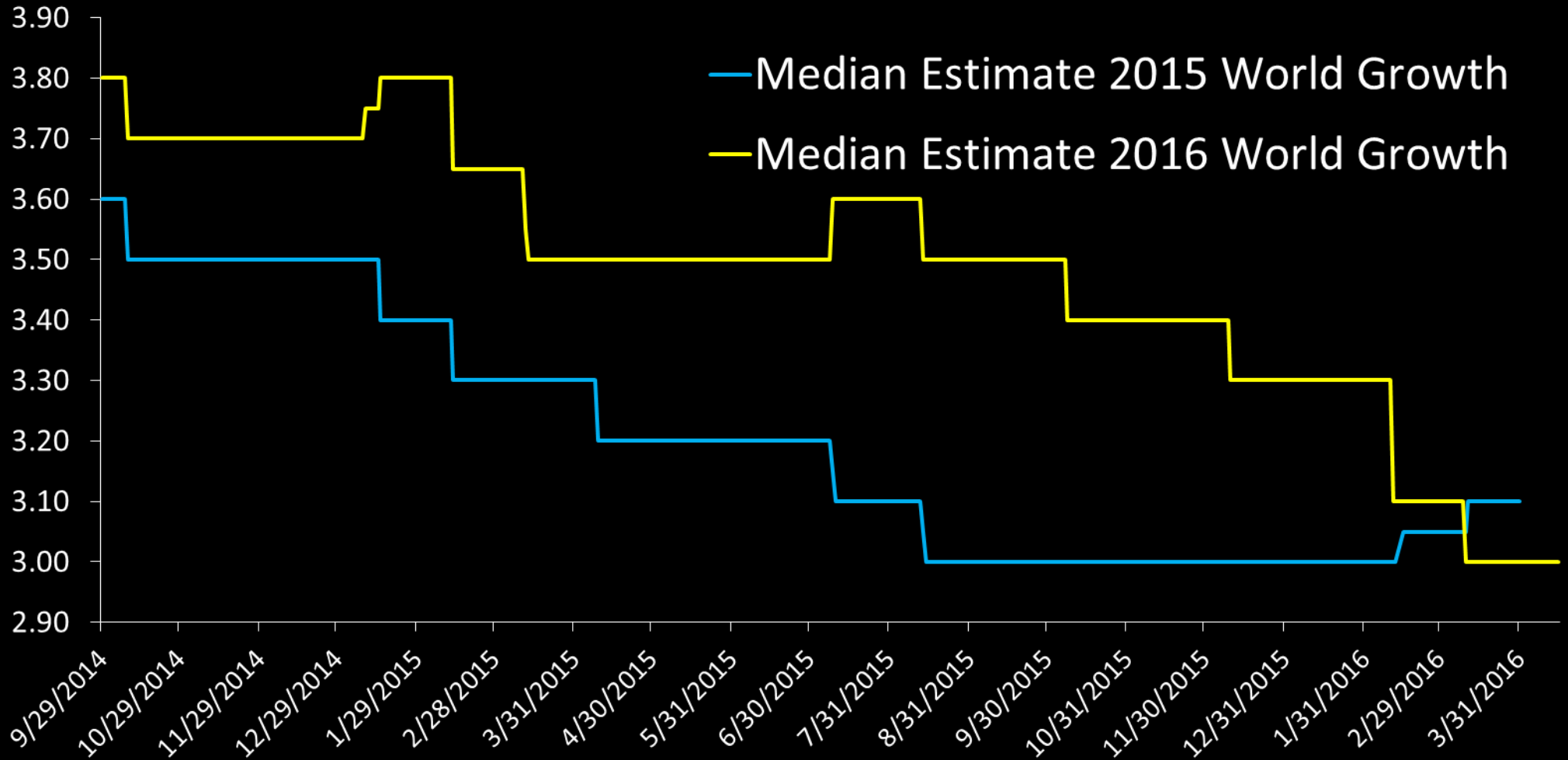
Source: Bloomberg; DoubleLine as of date indicated in chart.

USDJPY = Japanese yen quoted in U.S. dollar terms. BoJ = Bank of Japan. \$JPY – BOJ QQE1 = Japanese yen spot price in U.S. dollars minus Bank of Japan’s quantitative and qualitative easing 1 program. \$JPY – BOJ QQE2 = Japanese yen spot price in U.S. dollars minus Bank of Japan’s quantitative and qualitative easing 2 program. \$JPY – BOJ Neg Rates = Japanese yen spot price in U.S. dollars minus Bank of Japan’s negative interest rates. NKY = Nikkei 225 composite is the leading Japanese stock market. It’s price weighted index comprised of Japan’s top 225 blue-chip companies on the Tokyo Stock Exchange. You cannot invest directly in an index.

World Growth Forecasts (GDP)

As of April 15, 2016 Projected 2016

Bloomberg Survey - World Growth Forecasts

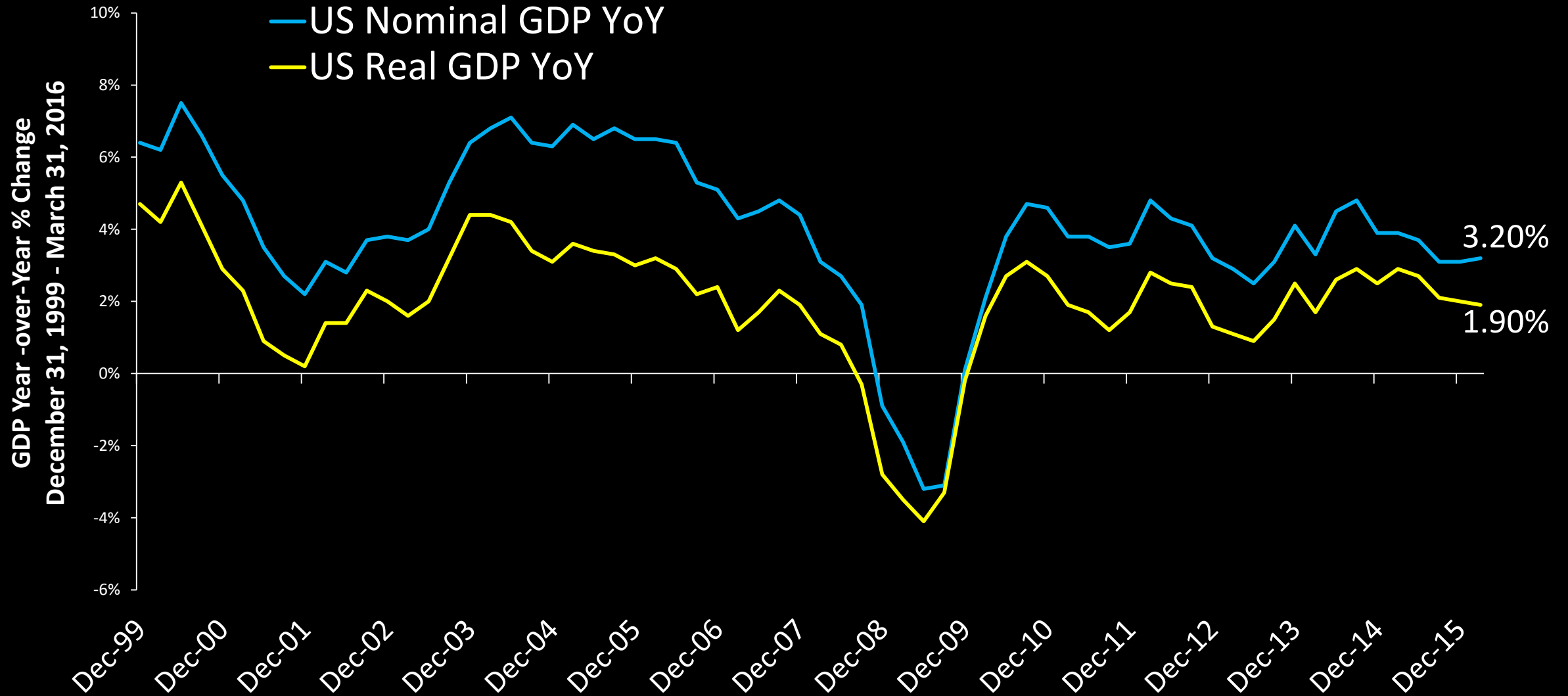


Source: Bloomberg Survey as of April 15, 2016

GDP = Gross Domestic Product is the monetary value for all the finished goods and services produced within a given country.

U.S. GDP (YoY)

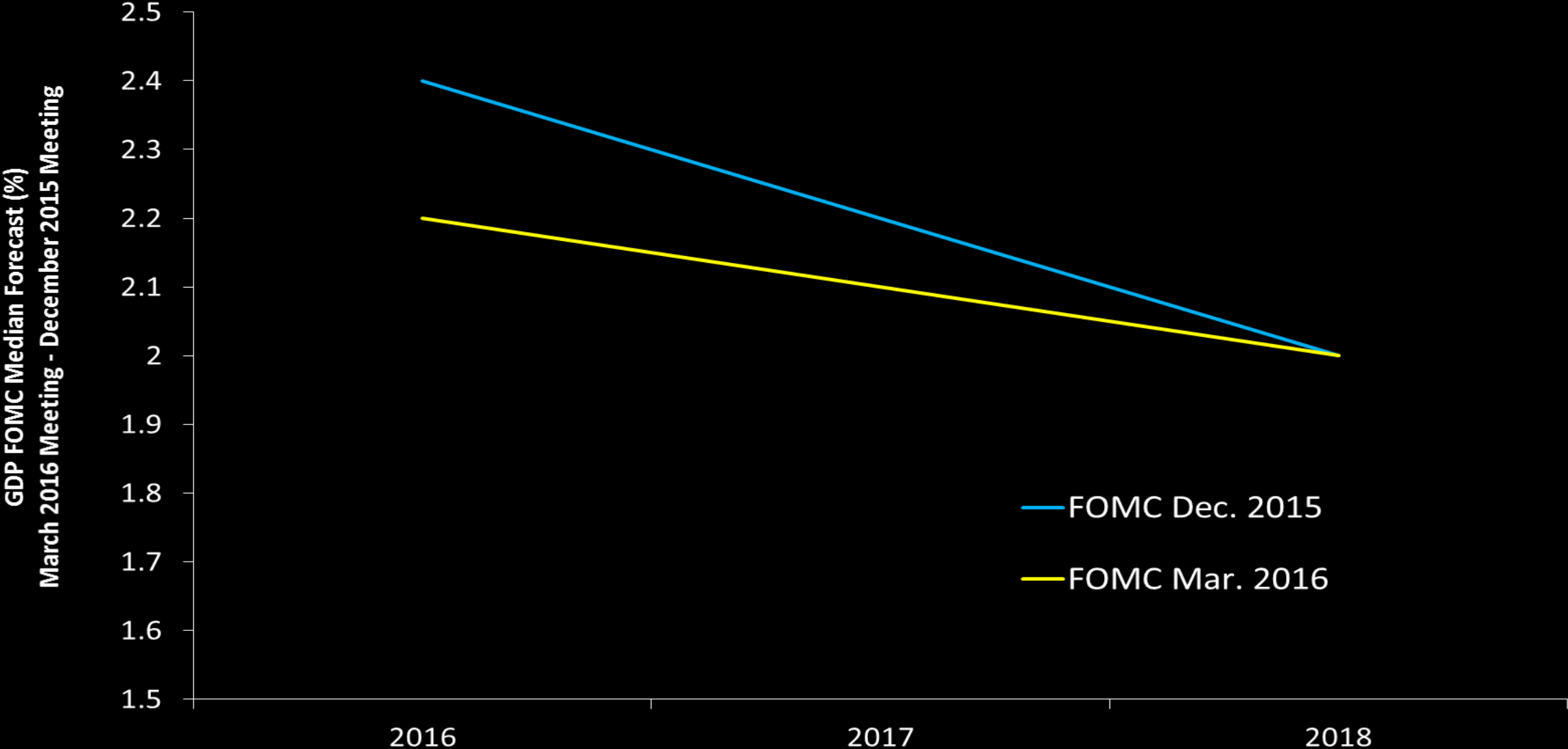
December 31, 1999 to March 31, 2016



Source: DoubleLine, Bloomberg, Reported Quarterly as of December 31, 2015

GDP = the amount of goods and service produced within a given country/ territory. Nominal GDP does not adjust for inflation. YoY = year-over-year. You cannot invest directly in an index.

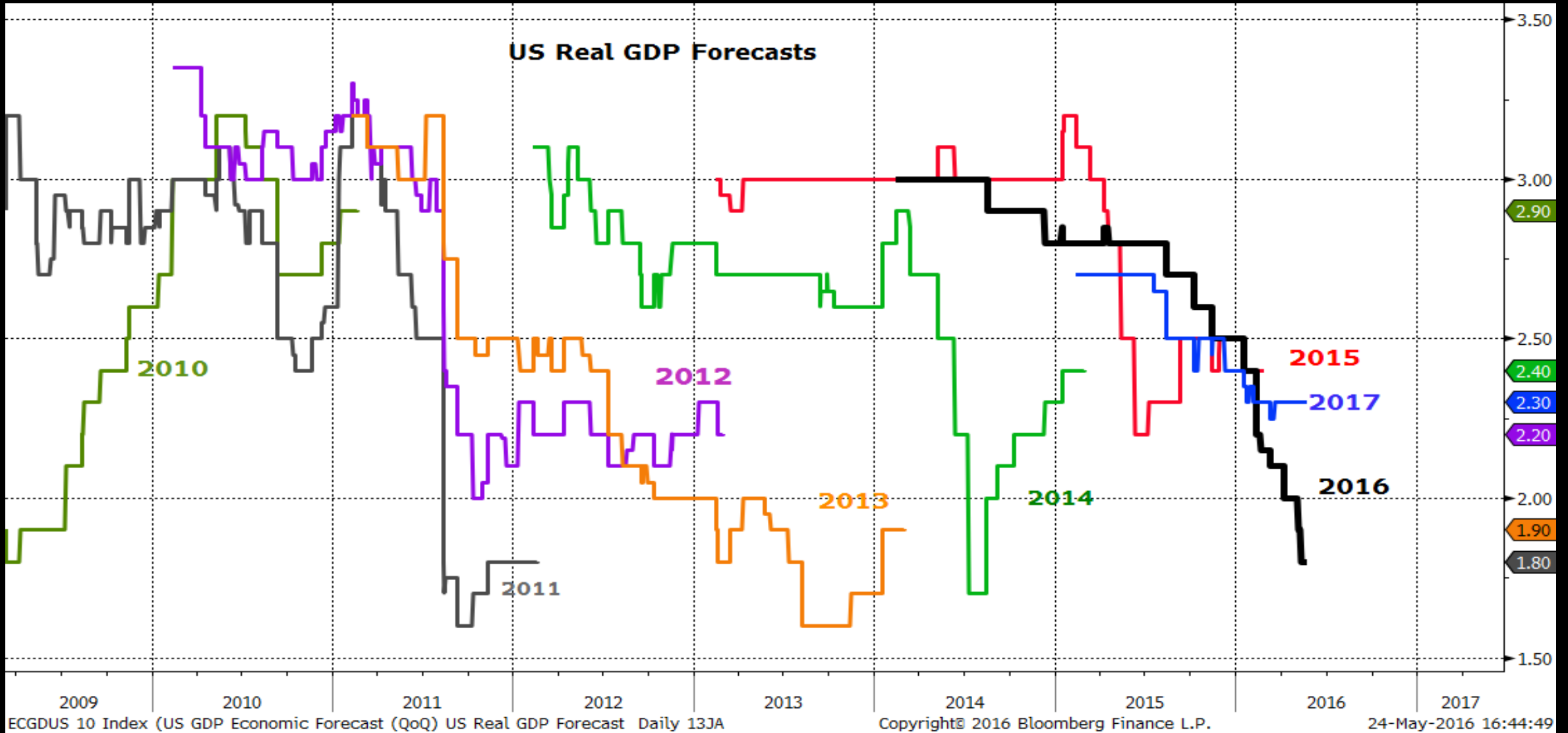
FOMC GDP Forecast Revisions



Source: Federal Reserve Open Market Committee (FOMC), DoubleLine
GDP = Gross Domestic Product is the monetary value for all the finished goods and services produced within a given country. You cannot invest directly in an index.

GDP Forecasts

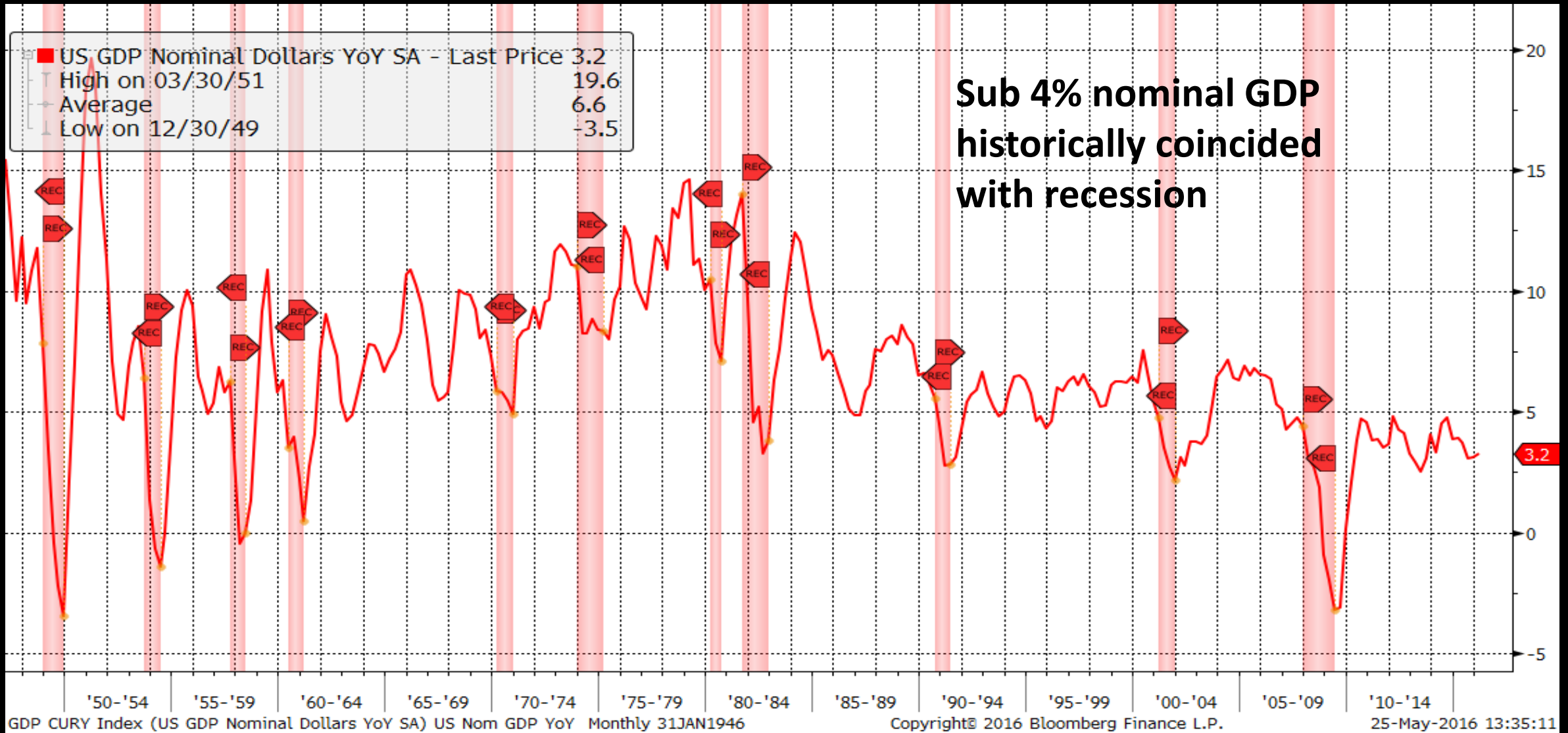
December 31, 2008 to May 24, 2016



Source: Bloomberg
GDP = Gross Domestic Product is the monetary value for all the finished goods and services produced within a given country. You cannot invest directly in an index.

U.S. Nominal GDP (YoY) and Recessions

January 1, 1946 through May 25, 2016



Source: Bloomberg, DoubleLine
GDP = Gross Domestic Product is the amount of goods and services produced within a given country. YoY = year-over-year. You cannot invest directly in an index.

CPI

December 31, 1999 through April 30, 2016

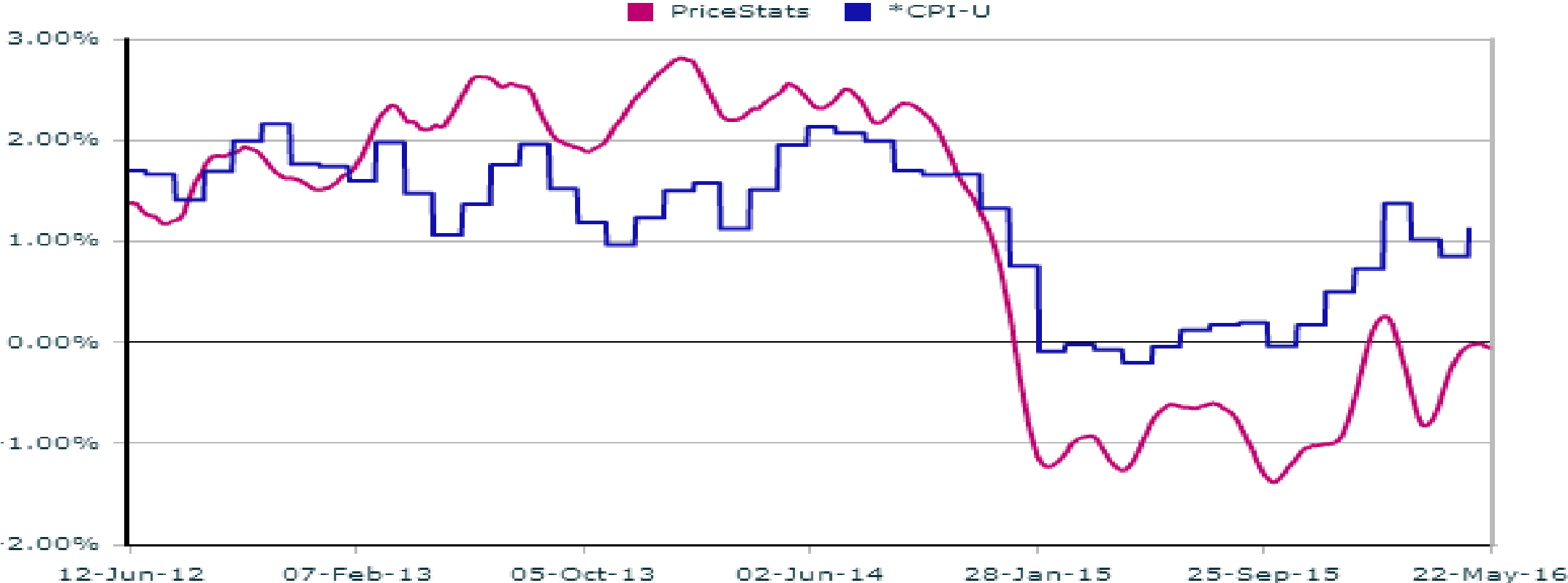


PriceStats U.S. CPI (YoY%)

June 12, 2012 through May 22, 2016



US PriceStats Daily Country Inflation Index (% yoy)



Source: State Street Global Markets Research

Commodity Prices

May 25, 2006 through May 25, 2016

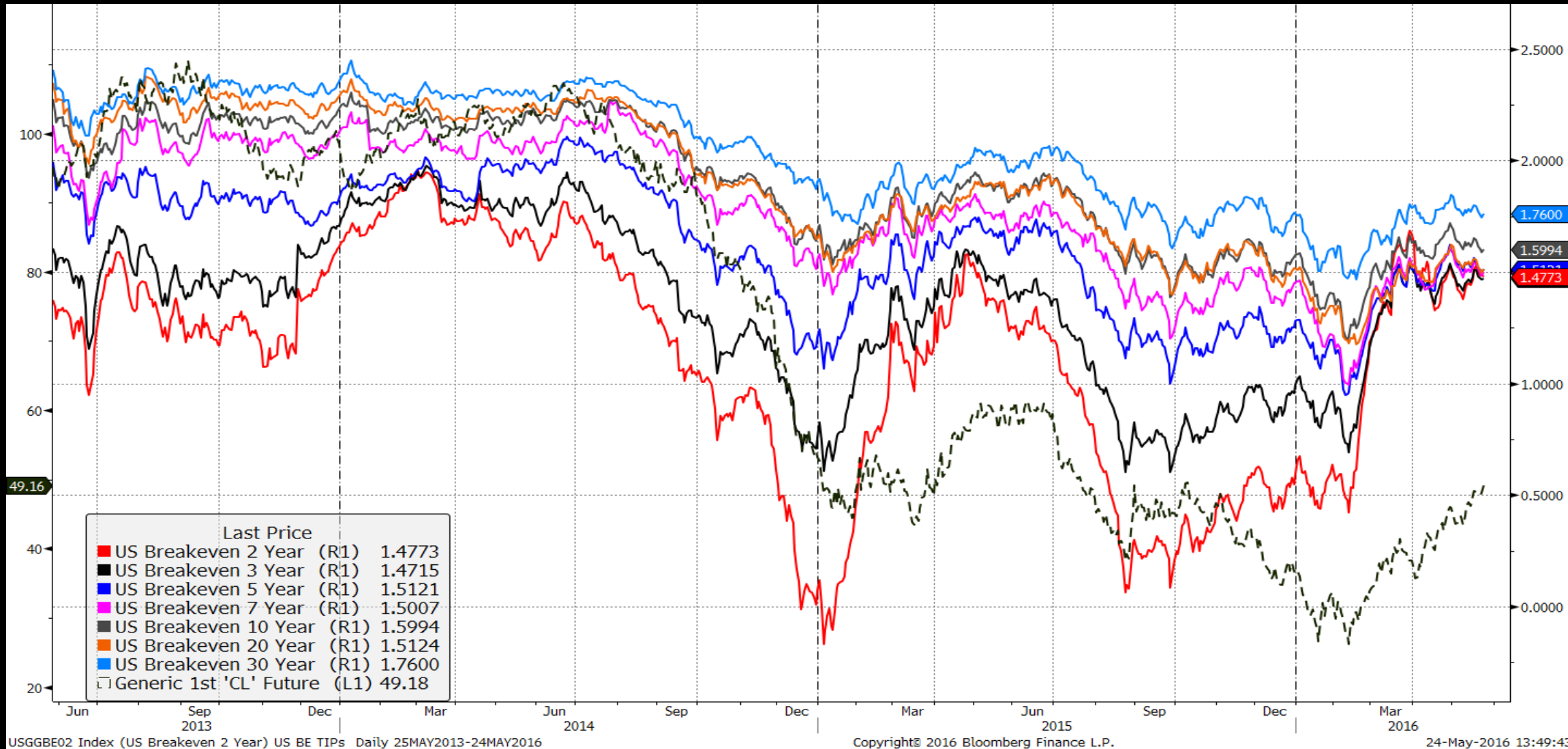


Source: DoubleLine, Bloomberg

CRY = Thompson/Rueters CRB Excess Return Index is an arithmetic average of commodity futures process with monthly rebalancing. You cannot invest directly in an index.

U.S. Breakevens and WTI

May 25, 2013 through May 24, 2016

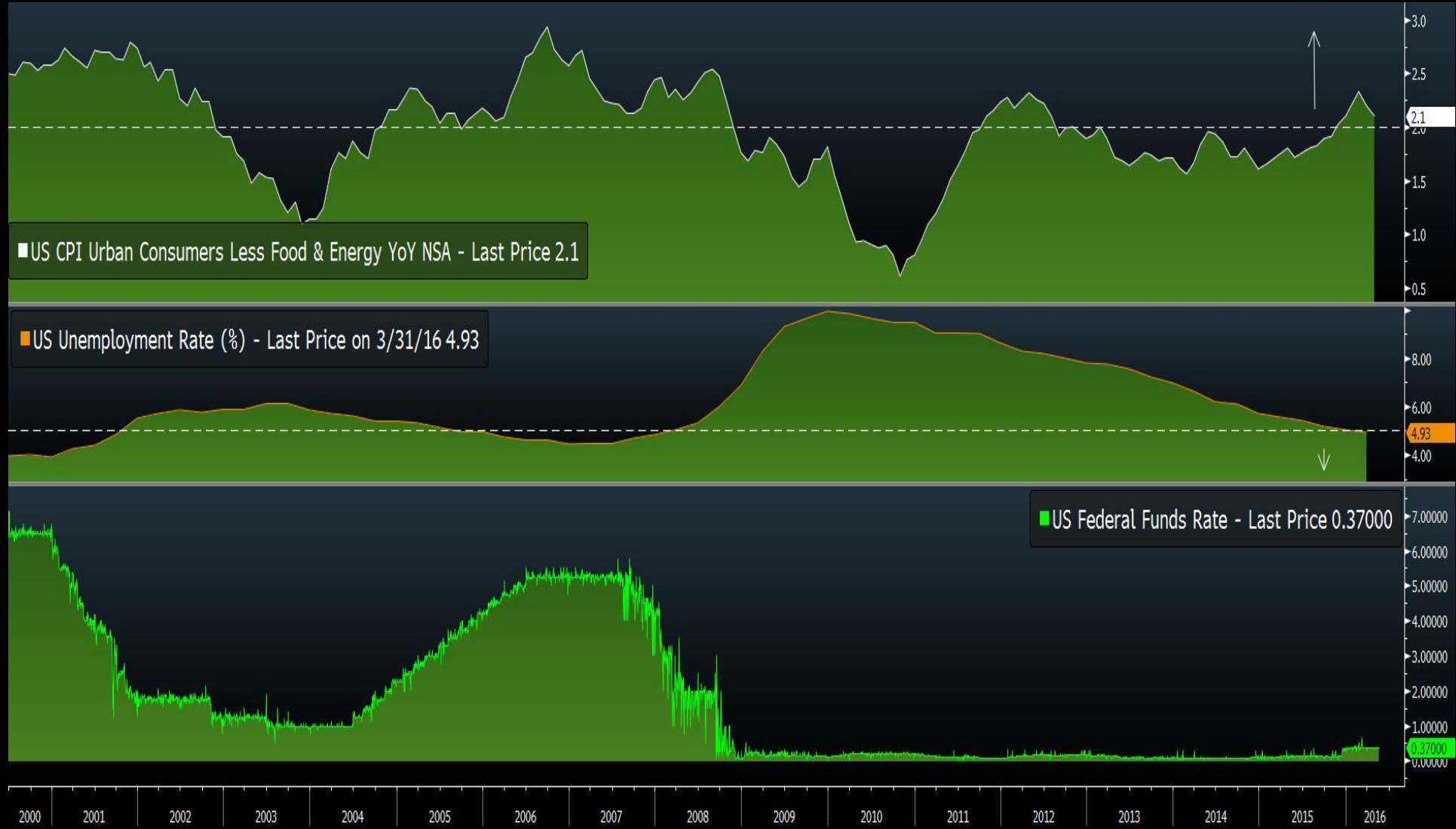


Source: Bloomberg; Doubleline

USGGBE = Yields are yield to maturity and pre-tax. Indices have increased in precision to 4 digits as of 5/20/08. The rates are U.S. breakeven inflation rates. They are calculated by subtracting the real yield of the inflation linked maturity curve from the yield of the closest nominal Treasury bond for the indicated maturity period. WTI = West Texas Intermediate crude oil price. You cannot invest directly in an index.

Core CPI, Unemployment and Fed Funds

The Feds Mandate Achieved? Core CPI, Unemployment Rate and Fed Funds...



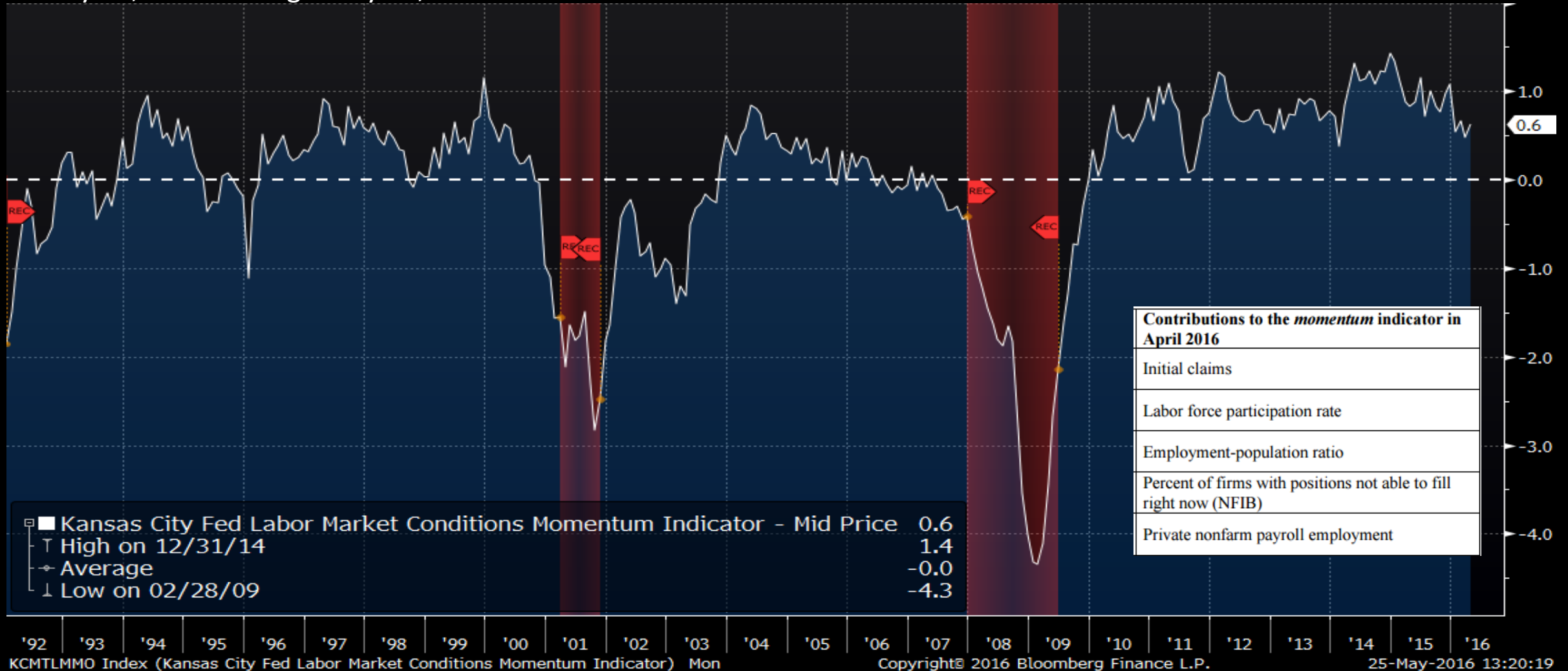
Source: Bloomberg, Data as of May 19, 2016

CPI = Consumer Price index measures that examine the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. You cannot invest directly in an index.

Kansas City Fed Labor Market Conditions Momentum Index



January 31, 1992 through May 25, 2016

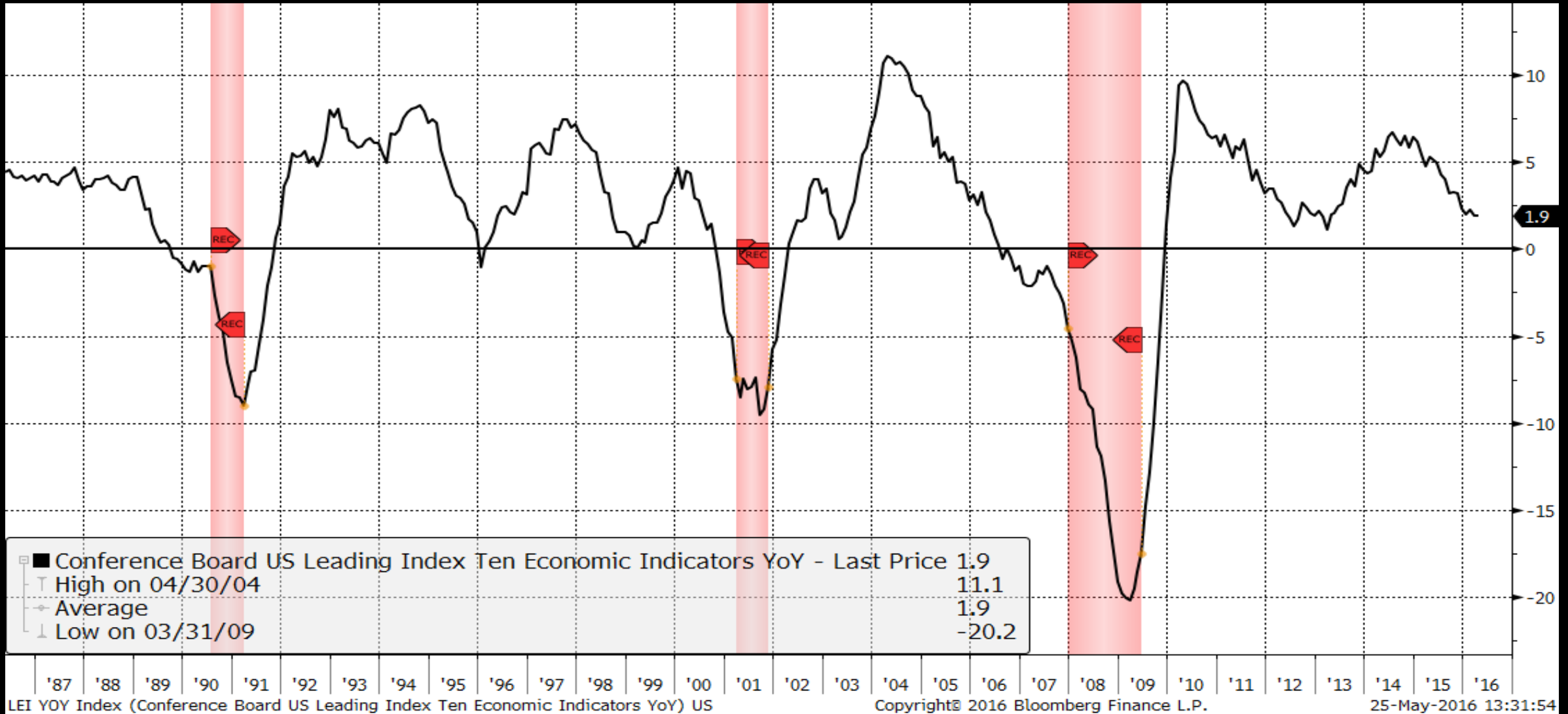


The Kansas City Fed Labor Market Conditions Indicators (LMCI) are monthly measures of labor market conditions based on 24 labor market variables. A positive value indicates that labor market conditions are above their long-run average, while a negative value signifies that labor market conditions are below their long-run average. You cannot invest directly in an index.

U.S. Conference Board Leading Economic Indicator



April 30, 1986 through May 25, 2016



Conference Board US Leading Index Ten Economic Indicators YoY - Last Price 1.9
 High on 04/30/04 11.1
 Average 1.9
 Low on 03/31/09 -20.2

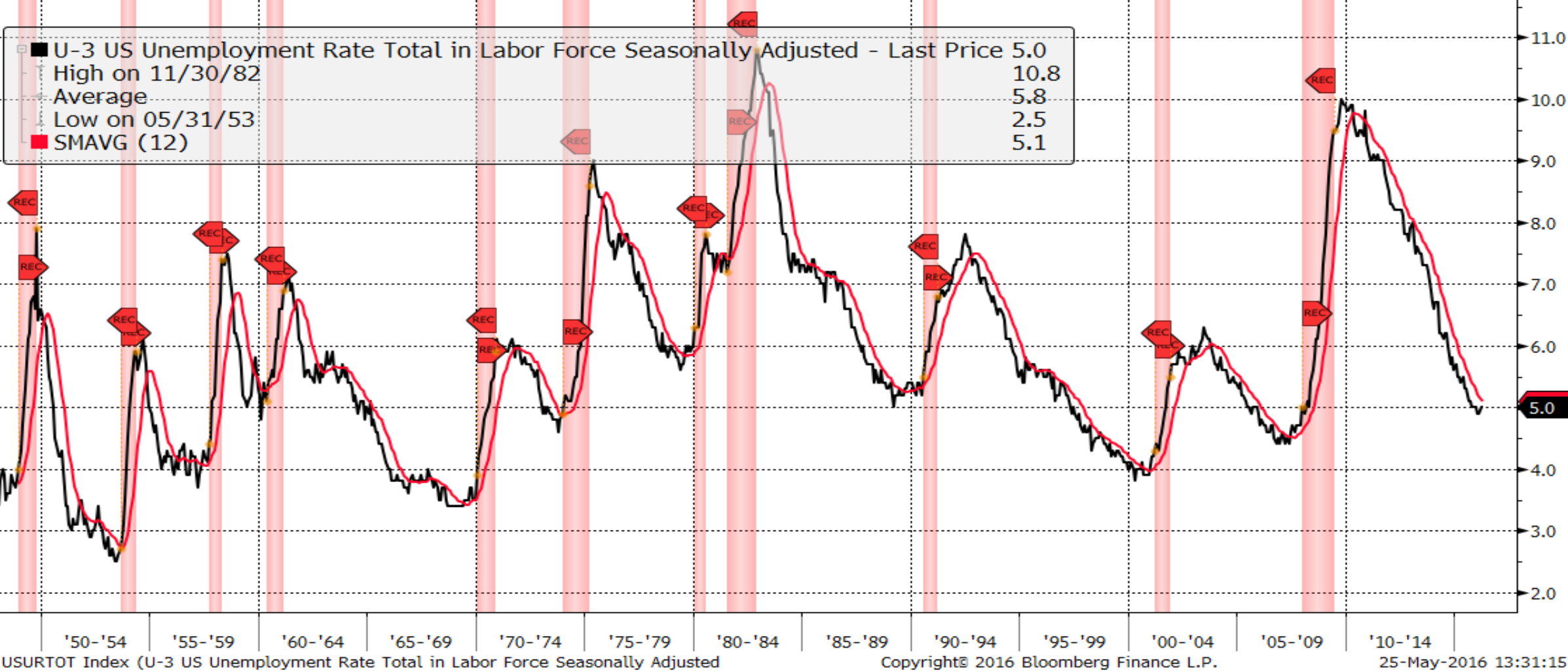
LEI YOY Index (Conference Board US Leading Index Ten Economic Indicators YoY) US Copyright© 2016 Bloomberg Finance L.P. 25-May-2016 13:31:54

The ten components of The Conference Board of Leading Economic Index for the U.S. include: average weekly hours manufacturing, average weekly initial claims for unemployment insurance, manufacturers new orders (consumer goods and materials), ISM Index of New Orders, Manufacturers' new orders (non-defense capital goods excluding aircraft orders), Building permits for new private housing units, Stock prices (500 stocks), Leading Credit Index, Interest rate spreads (10 yr treasury bonds less Fed Funds), and average consumer expectations for business conditions. You cannot invest directly in an index.

Recession Indicator: U.S. Unemployment Rate and the 12-Month Moving Average



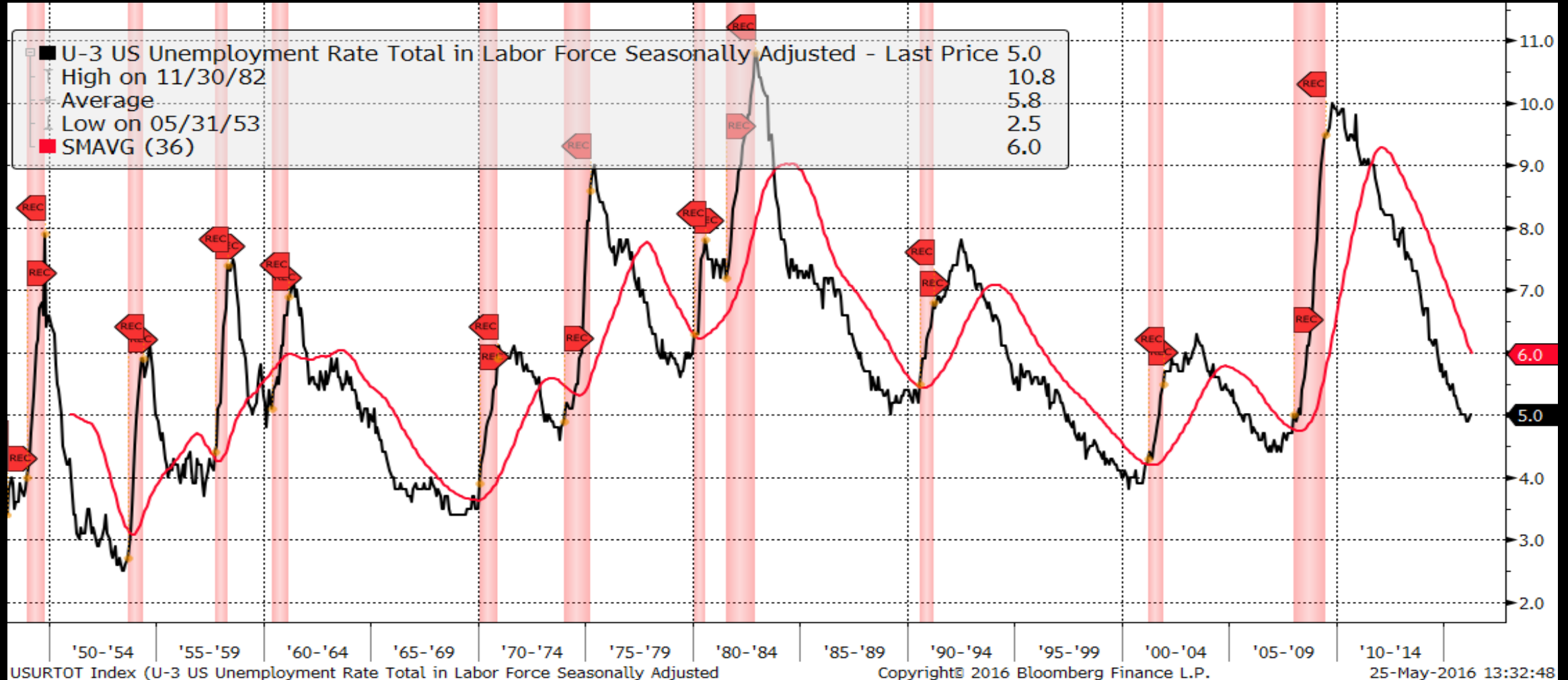
March 31, 1949 to May 25, 2016



Source: Atlanta Fed, Bloomberg, DoubleLine
 US Unemployment Rate (USURTOT) = U-3 U.S. Unemployment rate total in labor force seasonally adjusted tracks the number of unemployed persons as a percentage of the labor force. These figures generally come from household labor force survey. SMAVG = 12 month moving average. You cannot invest directly in an index.

Recession Indicator: U.S. Unemployment Rate and the 3-Year Moving Average

March 31, 1949 to May 25, 2016



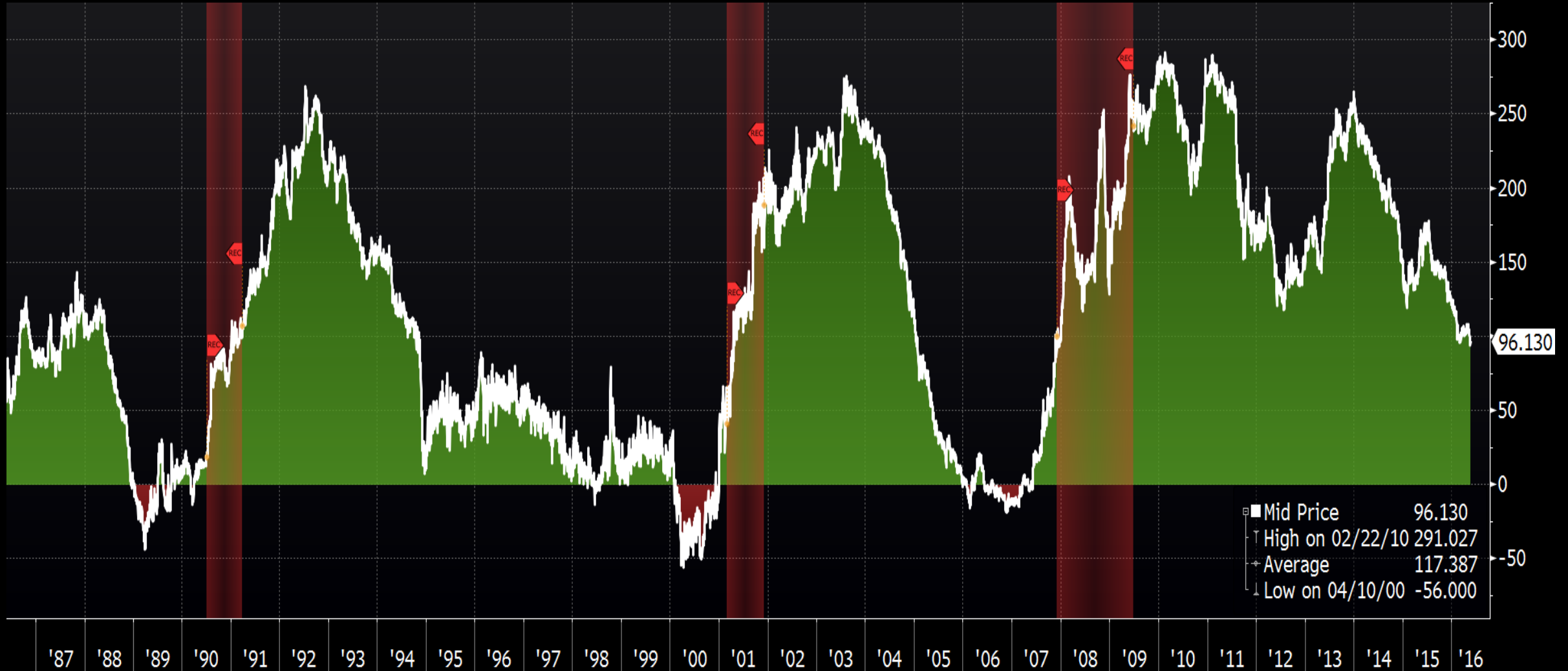
Source: Atlanta Fed, Bloomberg, DoubleLine

US Unemployment Rate (USURTOT) = U-3 U.S. Unemployment rate total in labor force seasonally adjusted tracks the number of unemployed persons as a percentage of the labor force. These figures generally come from household labor force survey. SMAVG = 12 month moving average. You cannot invest directly in an index.

Recession Indicator: Inverted US 2s10s and Recessions



May 19, 1986 to May 19, 2016



USYC2Y10 Index (Market Matrix US Sell 2 Year & Buy 10 Year Bond Yield Spread) 2s

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Source: Bloomberg, DoubleLine

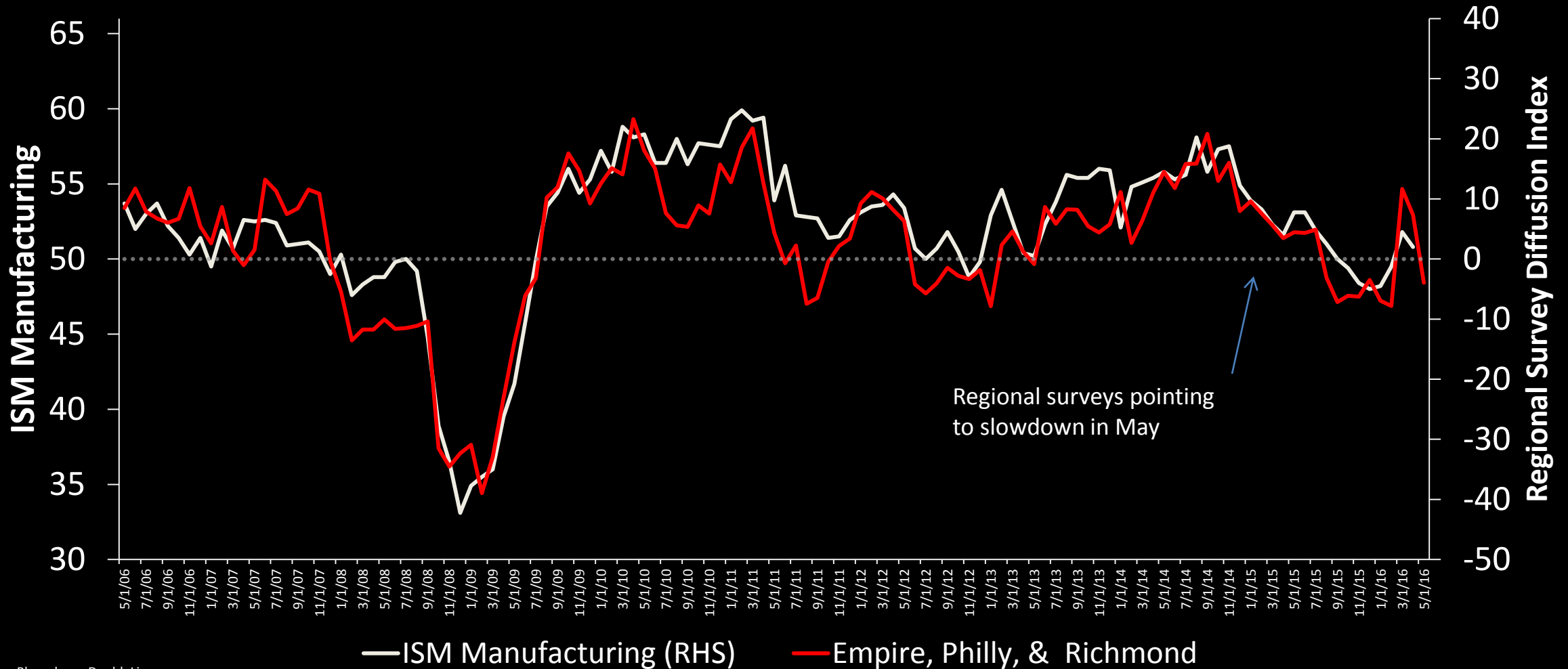
USYC2Y10 = Spread rate calculated Bloomberg yield spread that replicated selling the current 2-year Treasury and buying the current 10-year US Treasury note then factoring the differences by 100. You cannot invest directly in an index.

Empire Manufacturing, Philly Fed, and Richmond Fed and ISM Composite PMI



May 1, 2006 to May 25, 2016

ISM Manufacturing and Regional Surveys

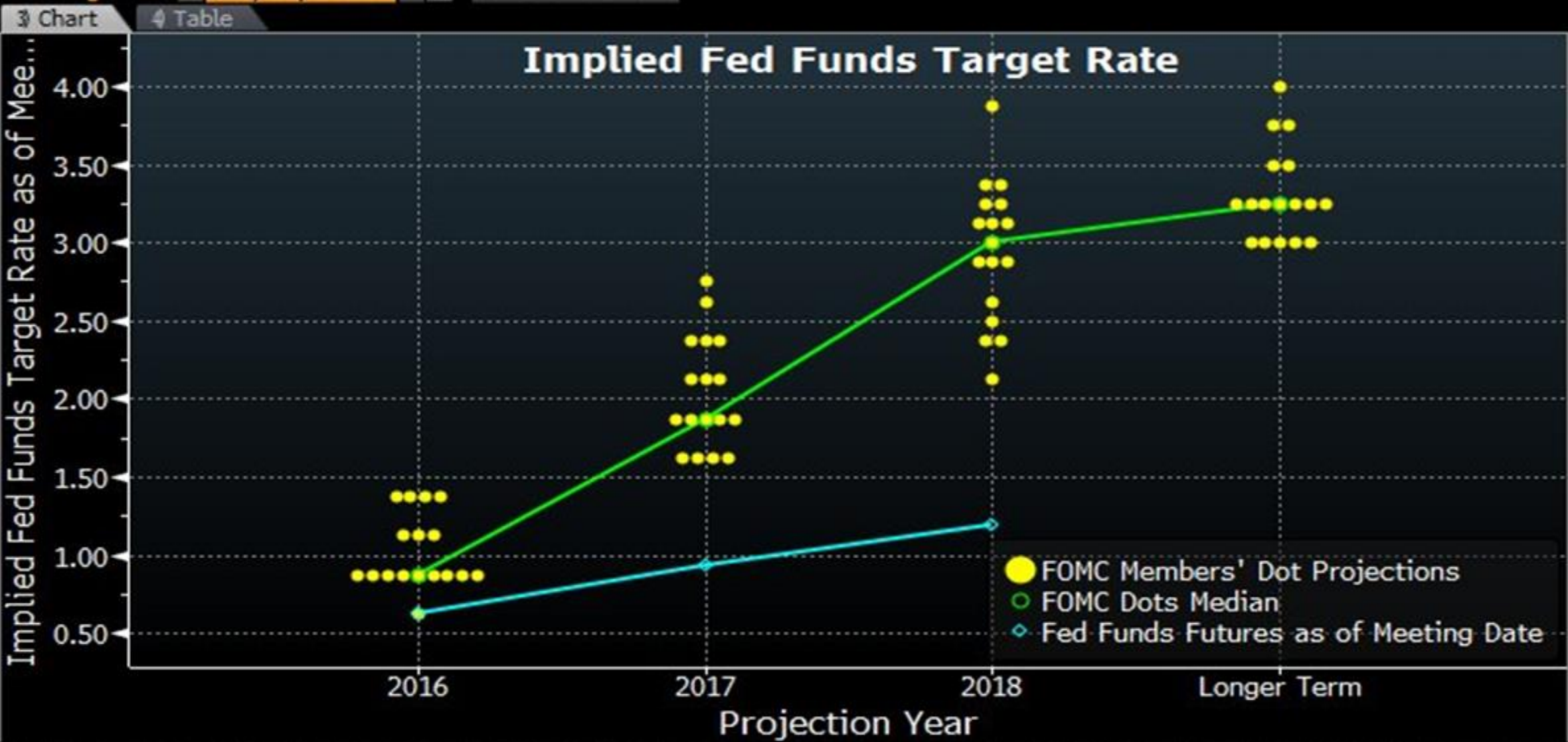


Source: Bloomberg, DoubleLine

ISM Manufacturing Index = an index based on surveys of more than 300 manufacturing firms by the Institute of Supply Management. It monitors employment, production inventories, new orders and supplier deliveries. Purchasing Managers Index (PMI) is an indicator of the economic health of the manufacturing sector. It's based on five major indicators: new orders, inventory levels, production, supplier deliveries and the employment environment. RHS = right hand side. You cannot invest directly in an index.

The Fed Dot Plot

As of May 18, 2016



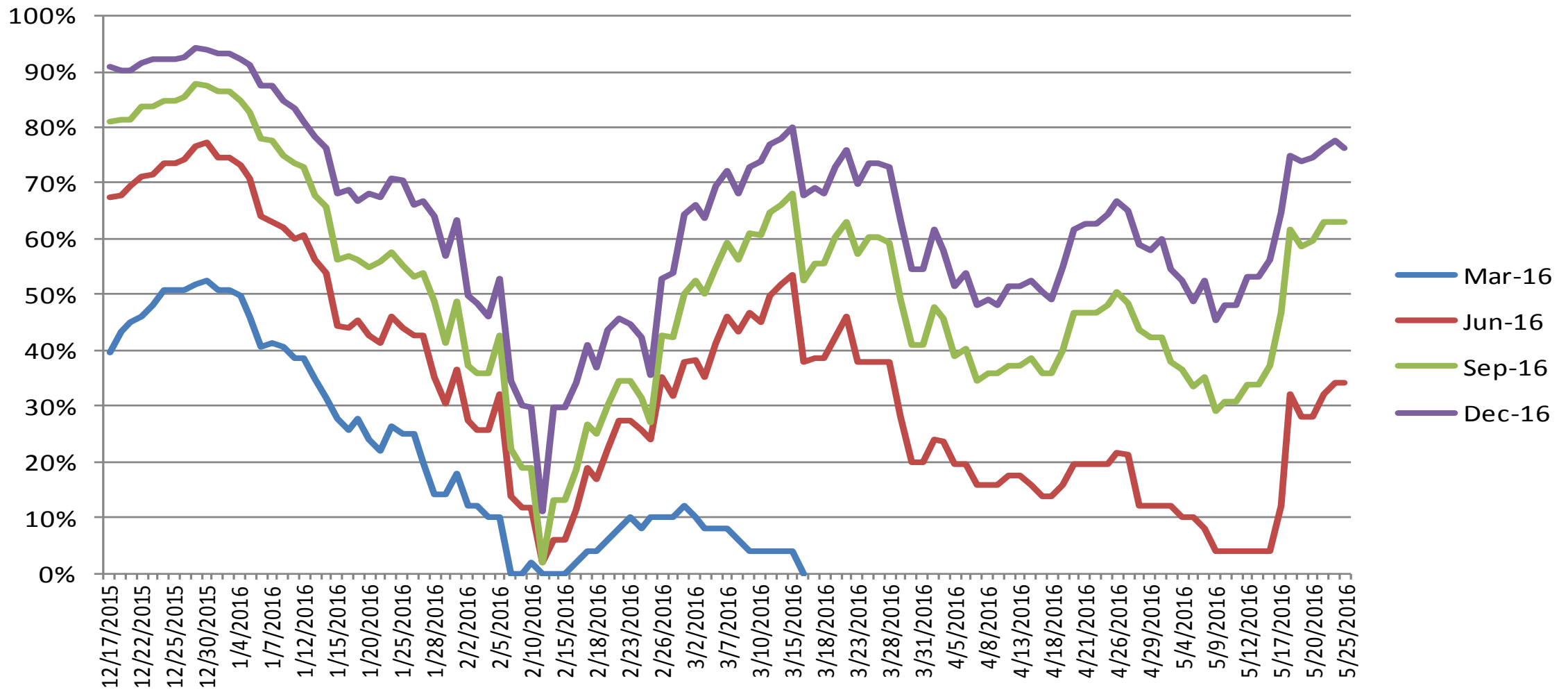
Source: Bloomberg as of May 18, 2016
FOMC = Federal Open Market Committee

Probability of Another Hike by March and June 2016



December 17, 2015 through May 25, 2016

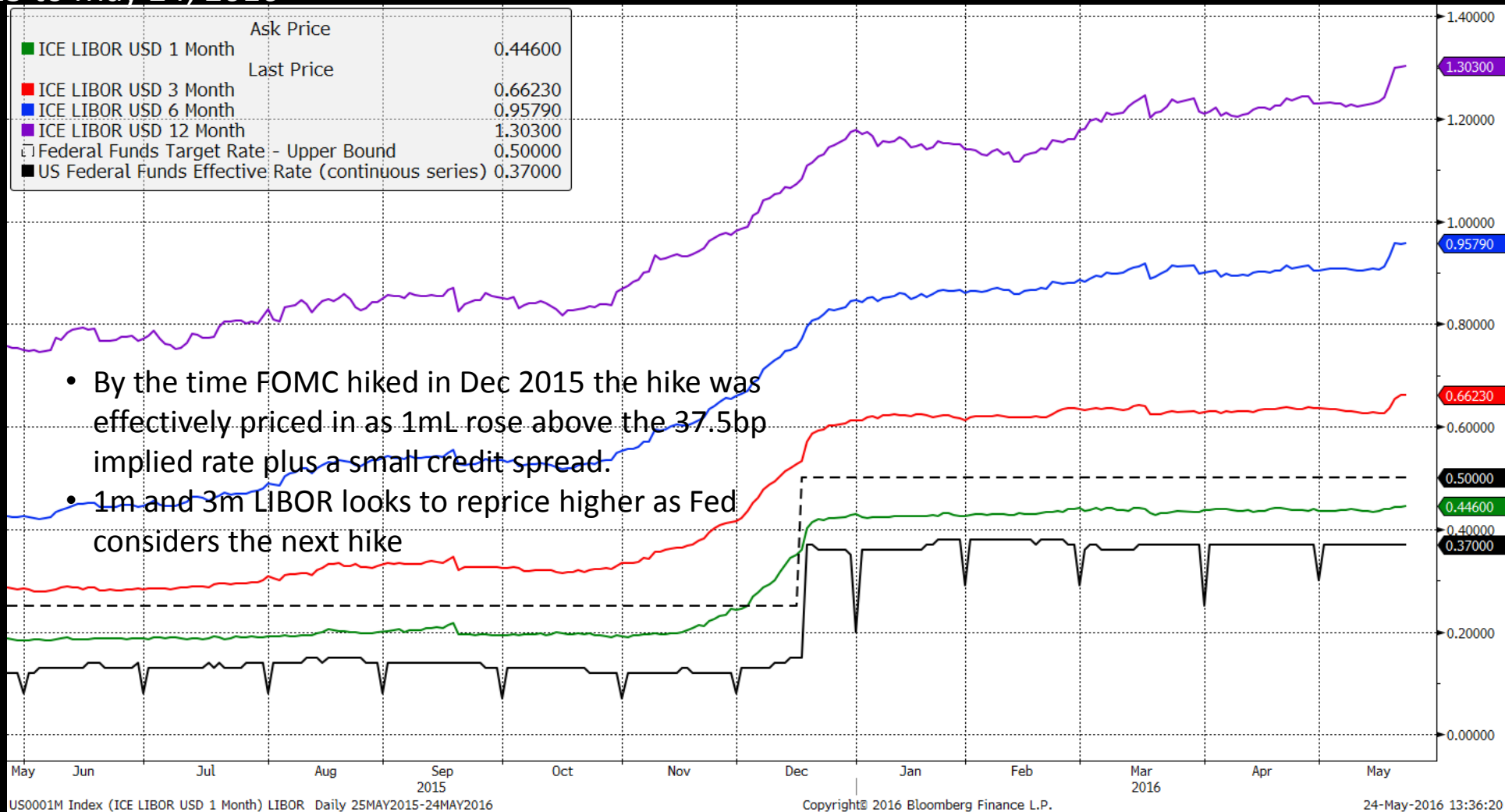
Probability of Another Hike by Jun, Sep and Dec 2016



Fed Funds Target and Effective Fed Funds with LIBOR Curve

Curve

May 25, 2015 to May 24, 2016



S&P 500 vs. EAFE and MSCI EM

May 23, 2000 through May 24, 2016



Source: Bloomberg. As of May 24, 2016.

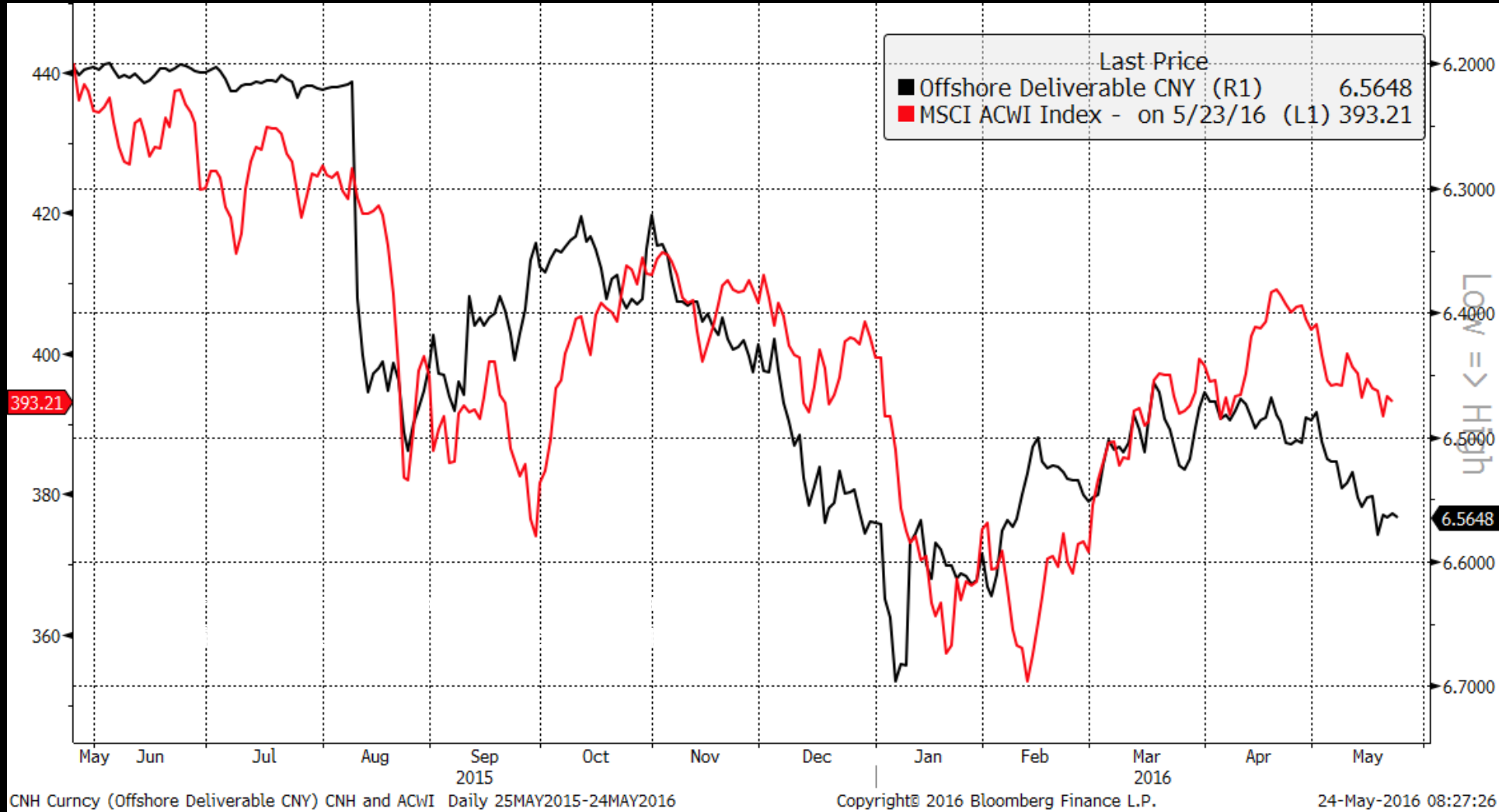
S&P 500 = Standard & Poor's 500 index is based on the market capitalizations of 500 large companies listed on the New York Stock Exchange or NASDAQ. They are chosen for market size, liquidity and industry groupings among other factors. You cannot invest directly in an index.

EAFE = The MSCI **EAFE** Index is a stock market index that is designed to measure the equity market performance of developed markets outside of the U.S. & Canada. It is maintained by MSCI Barra, a provider of investment decision support tools; the **EAFE** acronym stands for Europe, Australasia and Far East.

MSCI EM = The MSCI Emerging Markets Index captures large and mid cap representation across 23 Emerging Markets (EM) countries*. With 836 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country

USDCNH (inv.) and MSCI ACWI (1 year)

May 23, 2015 through May 24, 2016



Source: Bloomberg. As of May 24, 2016.

You cannot invest directly in an index.

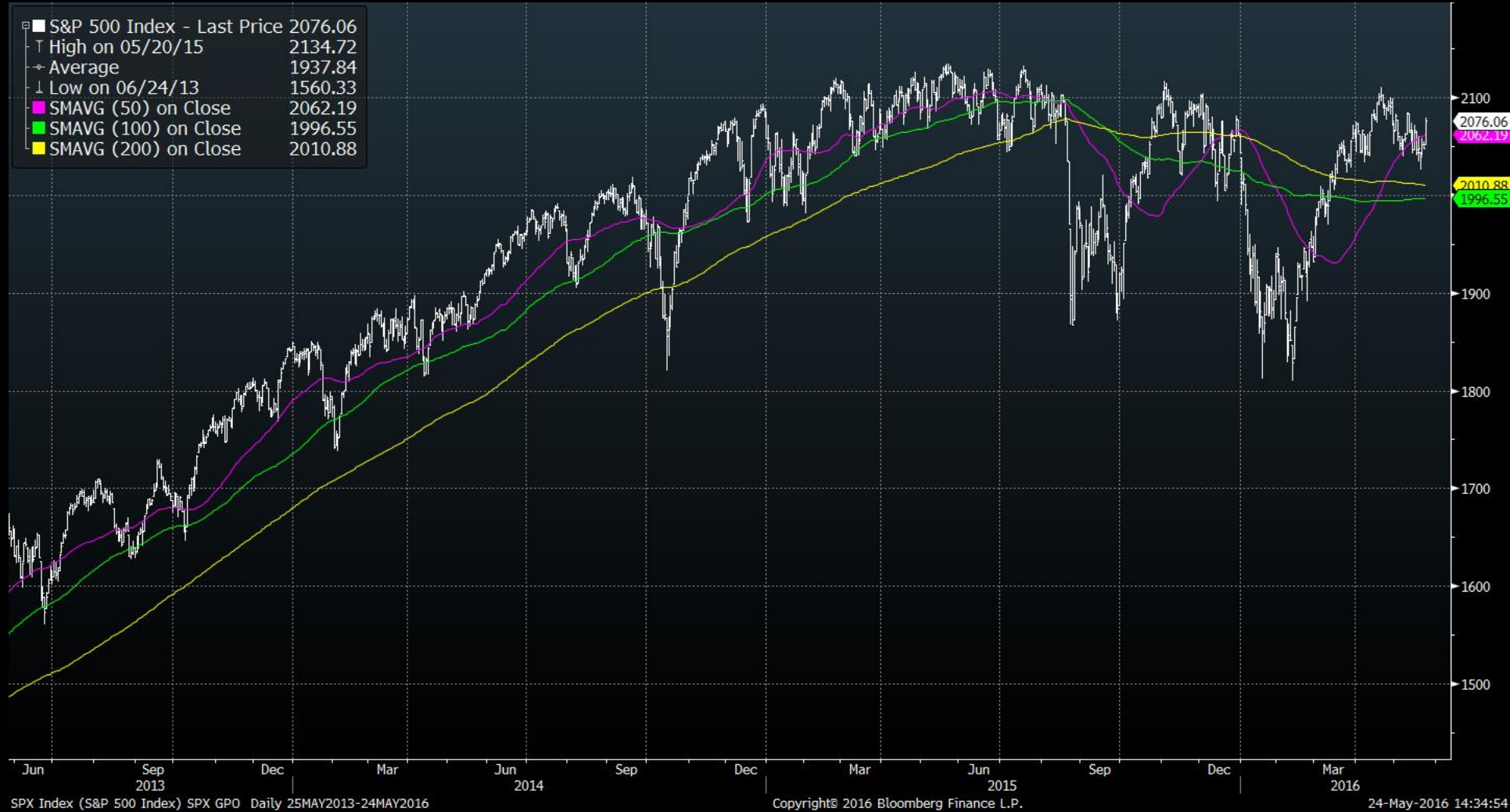
USDCNH = This pair represents the US Dollar against offshore Chinese Renminbi. The Renmibi is also often referred to as the Yuan in its unit designation and uses the letters CNY when trading inside of China.

INV = Inverse

MSCI ACWI = MSCI ACWI captures large and mid cap representation across 23 Developed Markets (DM) and 23 Emerging Markets (EM) countries*. With 2,480 constituents, the index covers approximately 85% of the global investable equity opportunity set.

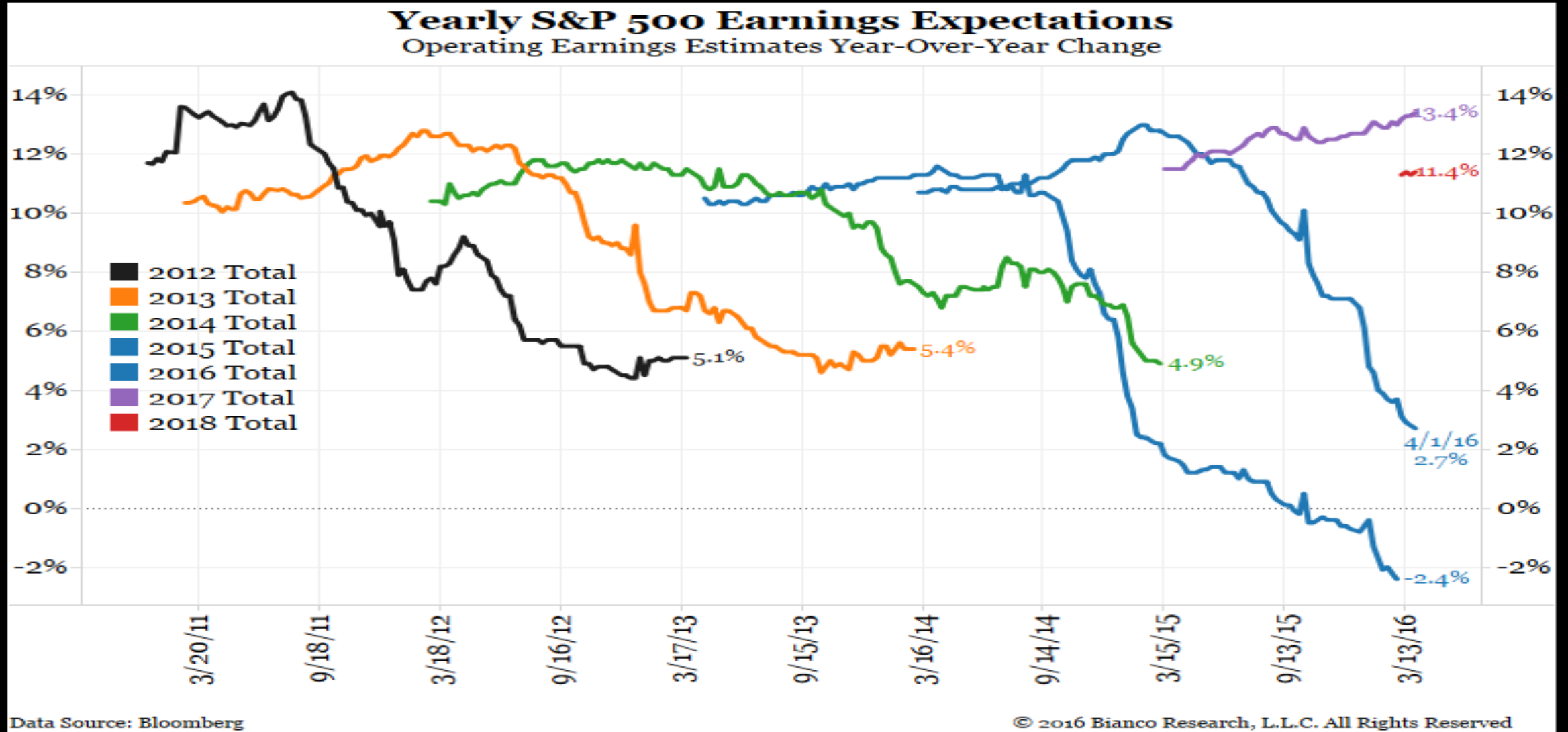
S&P 500 Spot (3 years)

May 23, 2013 through May 24, 2016



S&P 500 Earnings Expectations

September 30, 2010 to March 31, 2016



U.S. Dollar Index Spot

December 31, 2007 through May 25, 2016

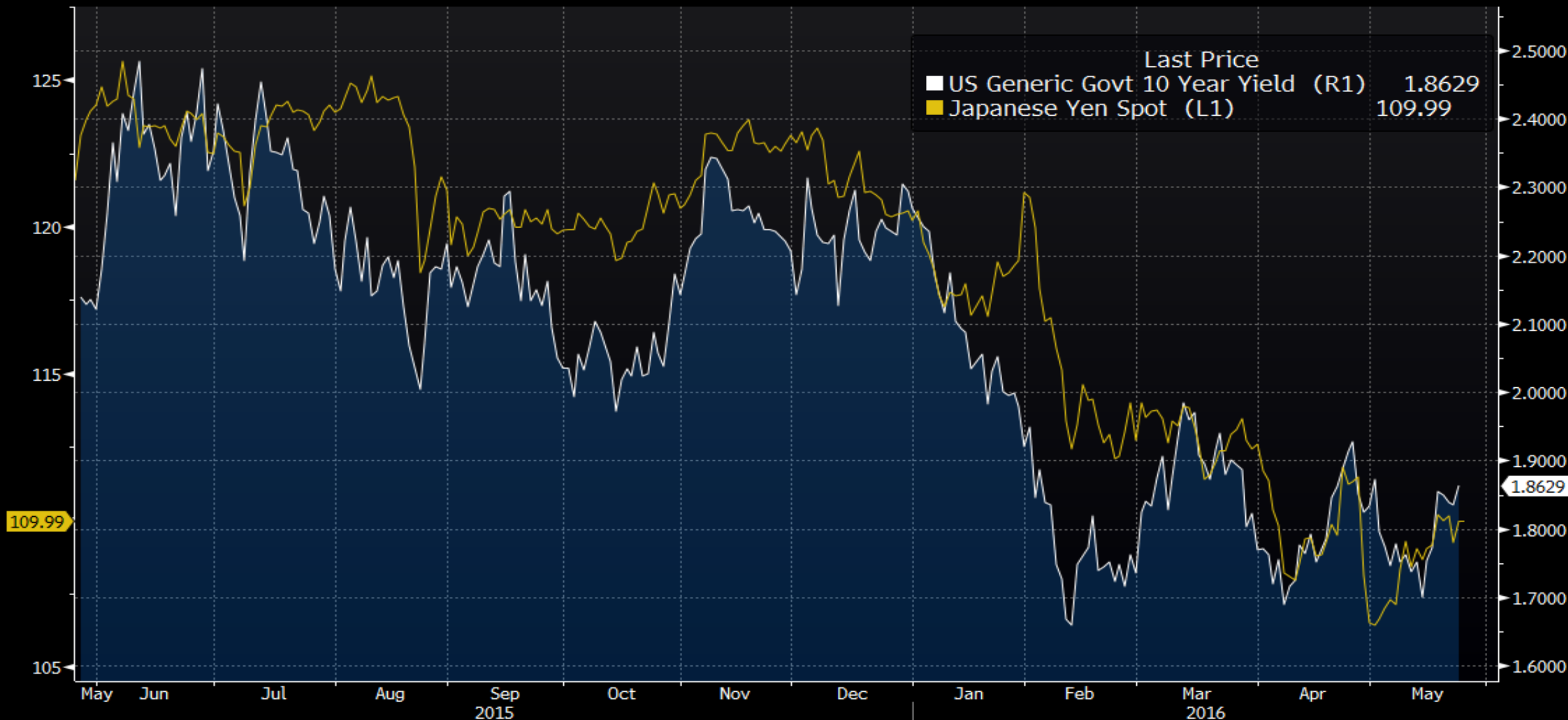


Source: Bloomberg Financial Services, DoubleLine Capital LP

DXY = DXY is the US Dollar Index (USDIX) indicates the general value of the US dollar. Average exchange rates between the US dollar and six major world currencies. An investment cannot be made directly in an index.

U.S. 10y Yield and USDJPY (1 year)

May 24, 2015 through May 25, 2016



USGG10YR Index (US Generic Govt 10 Year Yield) Daily 24MAY2015-24MAY2016

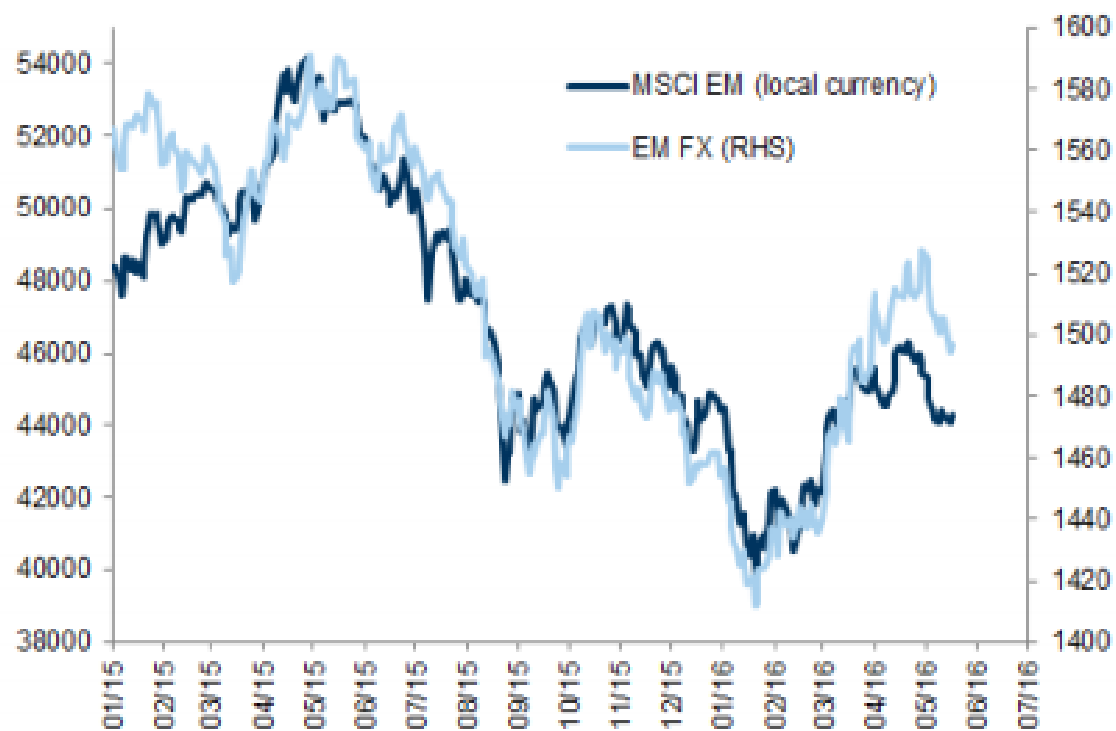
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Source: Bloomberg Survey as of May 24, 2016
USDJPY = US Dollar/Japanese Yen. You cannot invest directly in an index.

EM Equity and EM FX Correlations

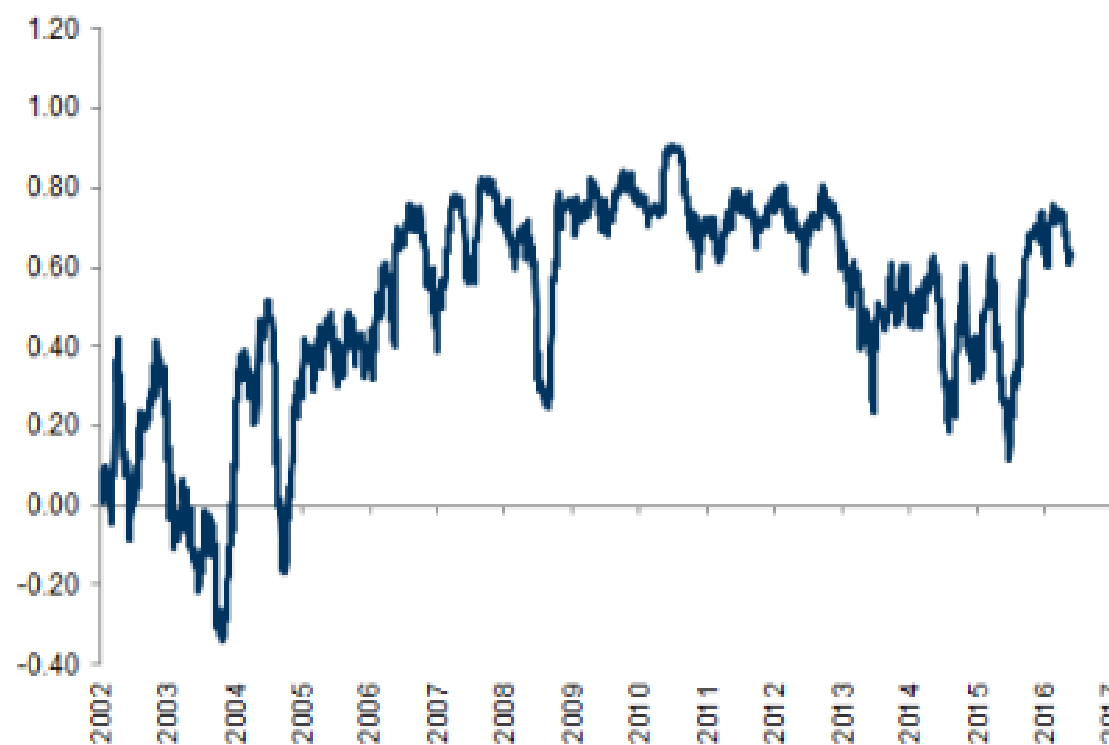
Exhibit 1: EM equity (local currency returns) and FX have recently moved closely together



Source: Goldman Sachs Global Investment Research

Exhibit 2: Correlation between equity (local currency returns) and FX high across history

3-month rolling correlation on daily returns



Source: Goldman Sachs Global Investment Research

Emerging Market Equities Have Seen Eight Short Squeezes Greater Than 20% in the Last 5 Years

May 27, 2011 through May 25, 2016



Source: DoubleLine, Bloomberg
MES1 Index = Mini MSCI Emerging Markets (EM) Index Futures generic contract traded on the CME/Chicago Mercantile Exchange. You cannot invest directly in an index.

World Debt to GDP Ratio



Source: As of December 31, 2015

GDP = Gross Domestic Product is the monetary value for all the finished goods and services produced within a given country.

U.S. 2-Year Treasury

May 26, 2010 through May 26, 2016



U.S. 5-Year Treasury

May 26, 2010 through May 26, 2016



U.S. 10-Year Treasury

May 26, 2010 through May 26, 2016



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

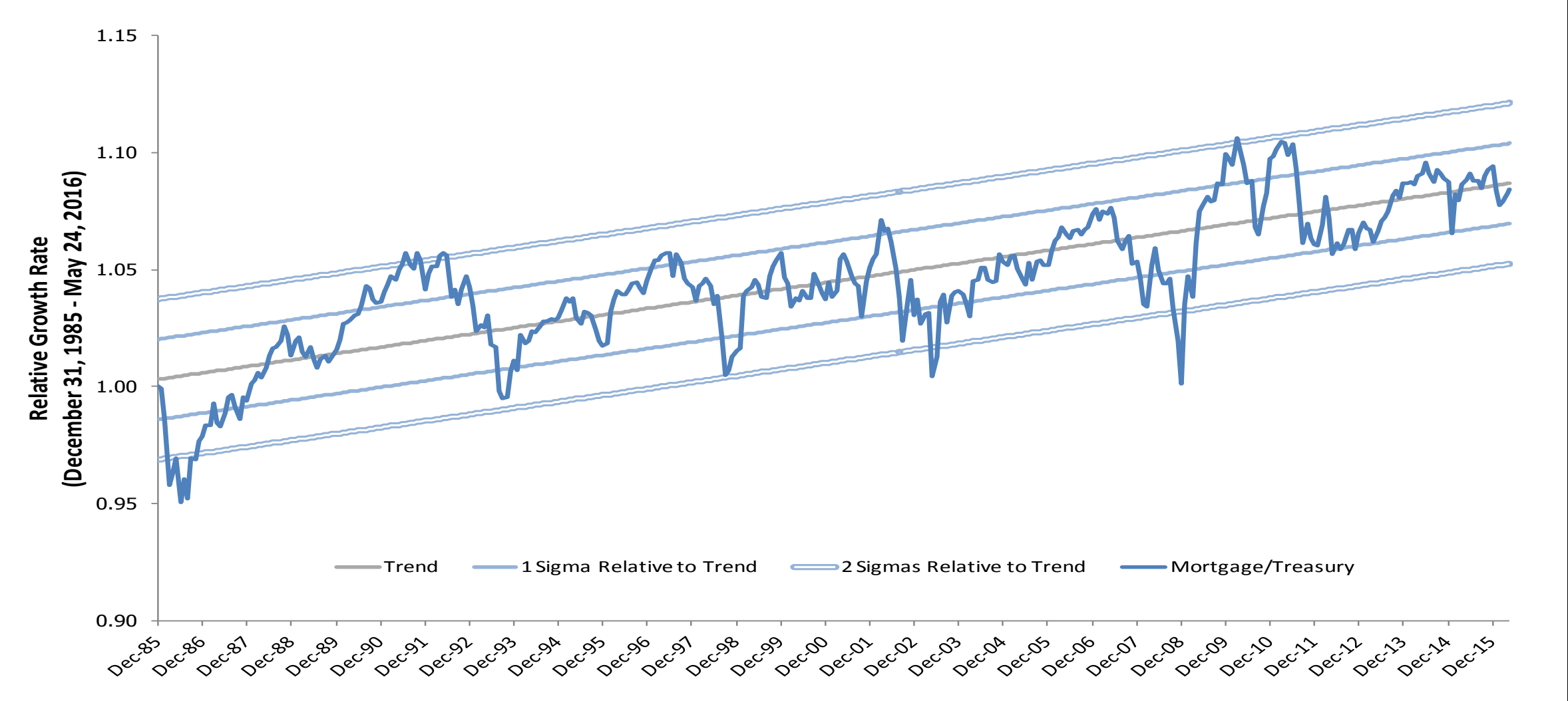
U.S. 30-Year Treasury

May 26, 2010 through May 26, 2016



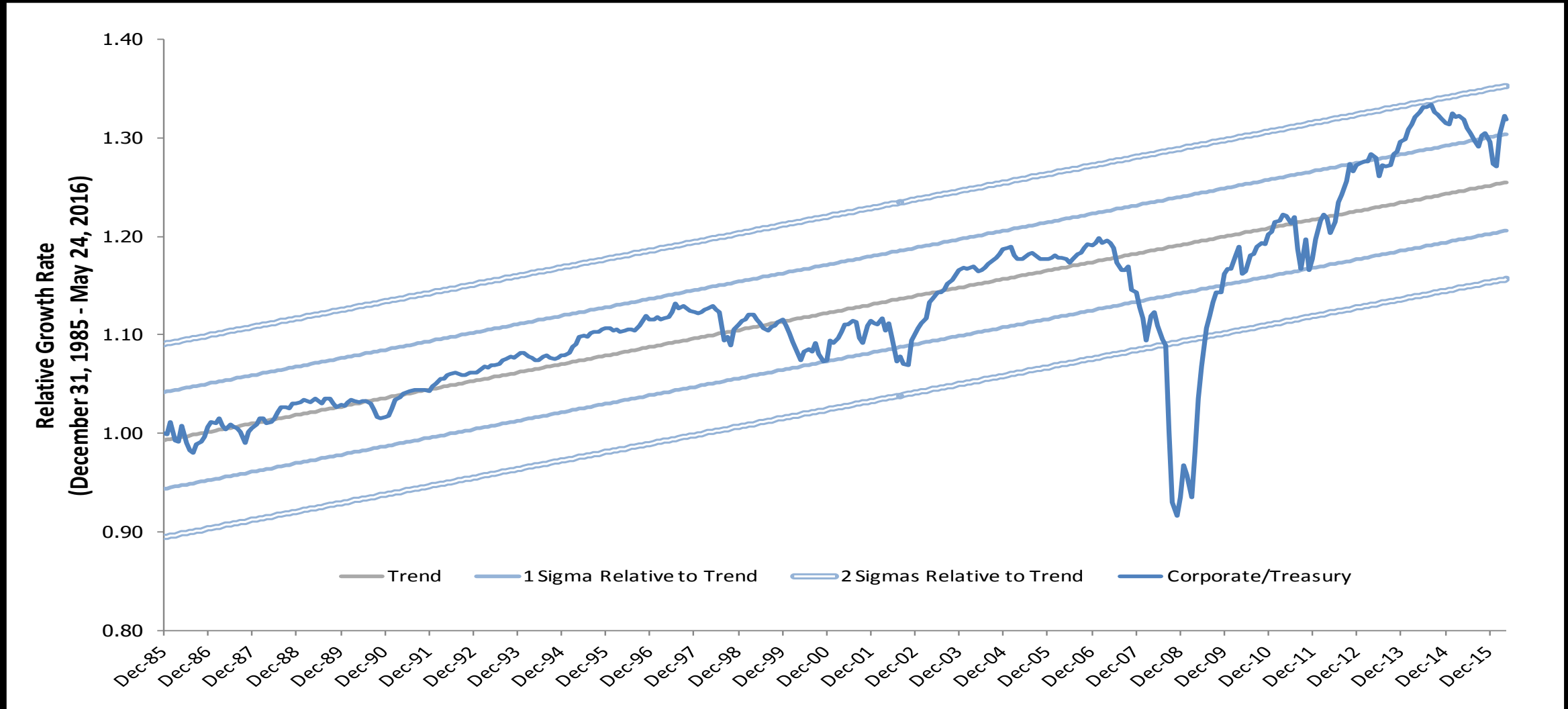
Source: Bloomberg Financial Services, DoubleLine Capital LP
GT30 = US 30 Year Treasury Bond. You cannot invest directly in an index. Past performance is no guarantee of future results.

Relative Growth of Merrill Mortgage Index to Merrill Treasury Index



Data Source: Merrill Lynch (M0A0; GOQO) Please see definitions in the Appendix. Monthly data with most recent observation appended. You cannot invest directly in an index. Standard deviation = A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Sigma = Mathematical sum.

Relative Growth of Merrill Corporate Index to Merrill Treasury Index



Data Source: Merrill Lynch (COA0; GOQ0) Please see definitions in the Appendix. Monthly data with most recent observation appended. You cannot invest directly in an index. Standard deviation = A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Sigma = Mathematical sum.

Relative Growth of Merrill High Yield Cash Pay Index to Merrill 15+ Year Treasuries Index



Junk Bonds

May 26, 2010 to May 25, 2016



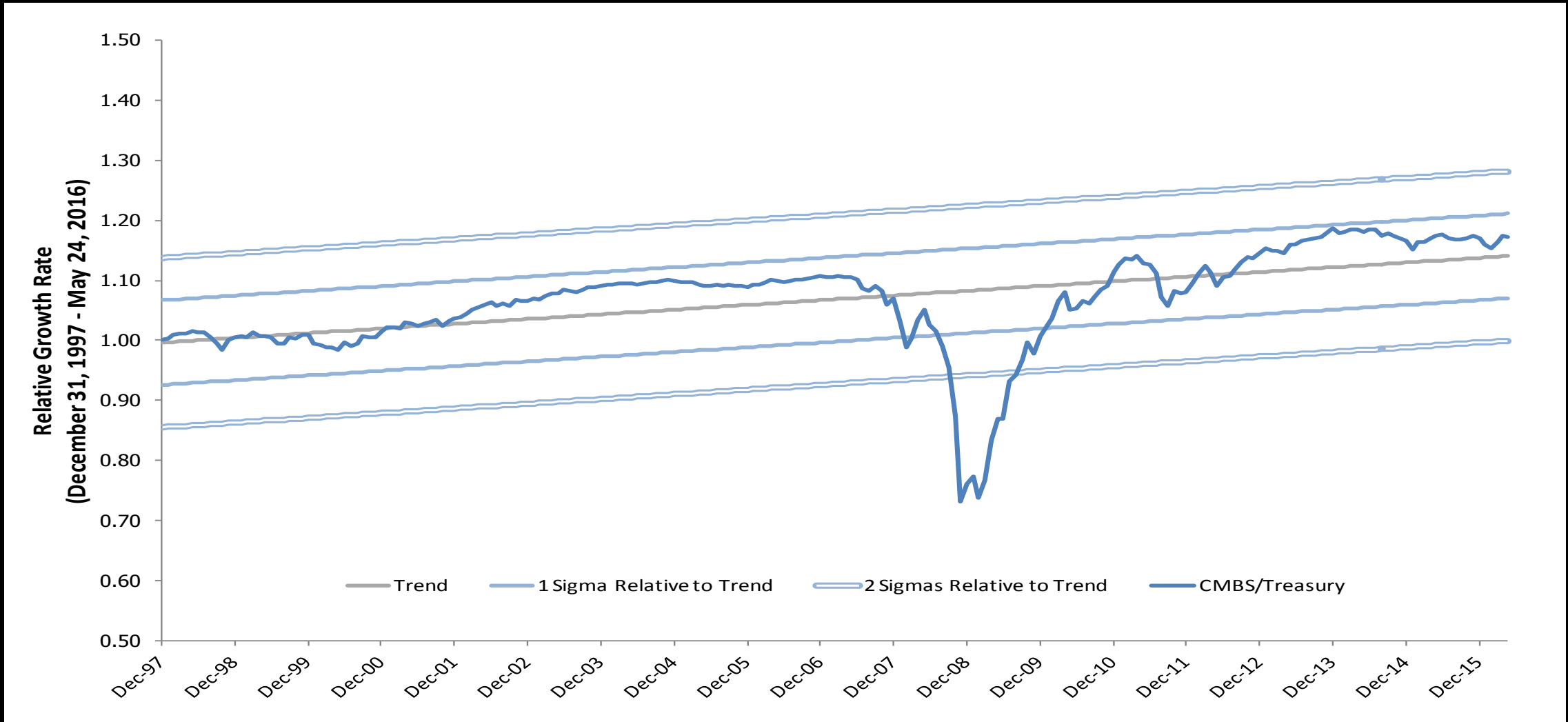
Source: DoubleLine, Bloomberg

JNK = SPDR Barclays High Yield Bond ETF in an exchange-traded incorporated in the U.S. It seeks investment results that correspond to the price and yield of the Barclays High Yield Very Liquid Bond Index. Please see the appendix for prospectus link, description, expenses, etc. for JNK. You cannot invest directly in an index.

Relative Growth of S&P/LSTA Leveraged Loan Index to Merrill Treasury 1-3 Year Index



Relative Growth of Merrill CMBS Index to Merrill Treasury Index



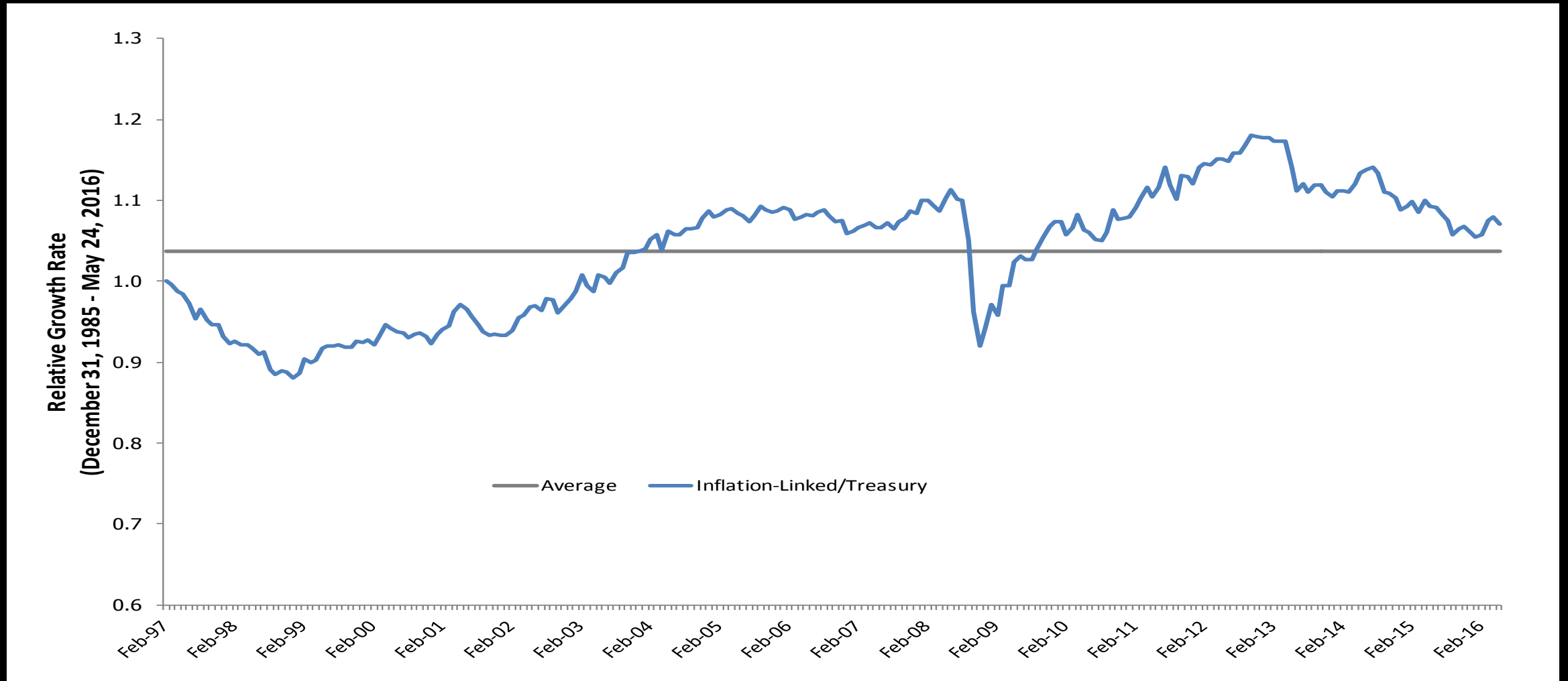
Data Source: Merrill Lynch (CMA0; G0Q0) Please see definitions in the Appendix. Monthly data with most recent observation appended. You cannot invest directly in an index. Standard deviation = A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Sigma = Mathematical sum.

Relative Growth of Merrill US Municipal Index to Merrill 10-15 Year Treasury Index



Data Source: Merrill Lynch (UOAO; G7O2) Please see definitions in the Appendix. Monthly data with most recent observation appended. You cannot invest directly in an index. Standard deviation = A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Sigma = Mathematical sum.

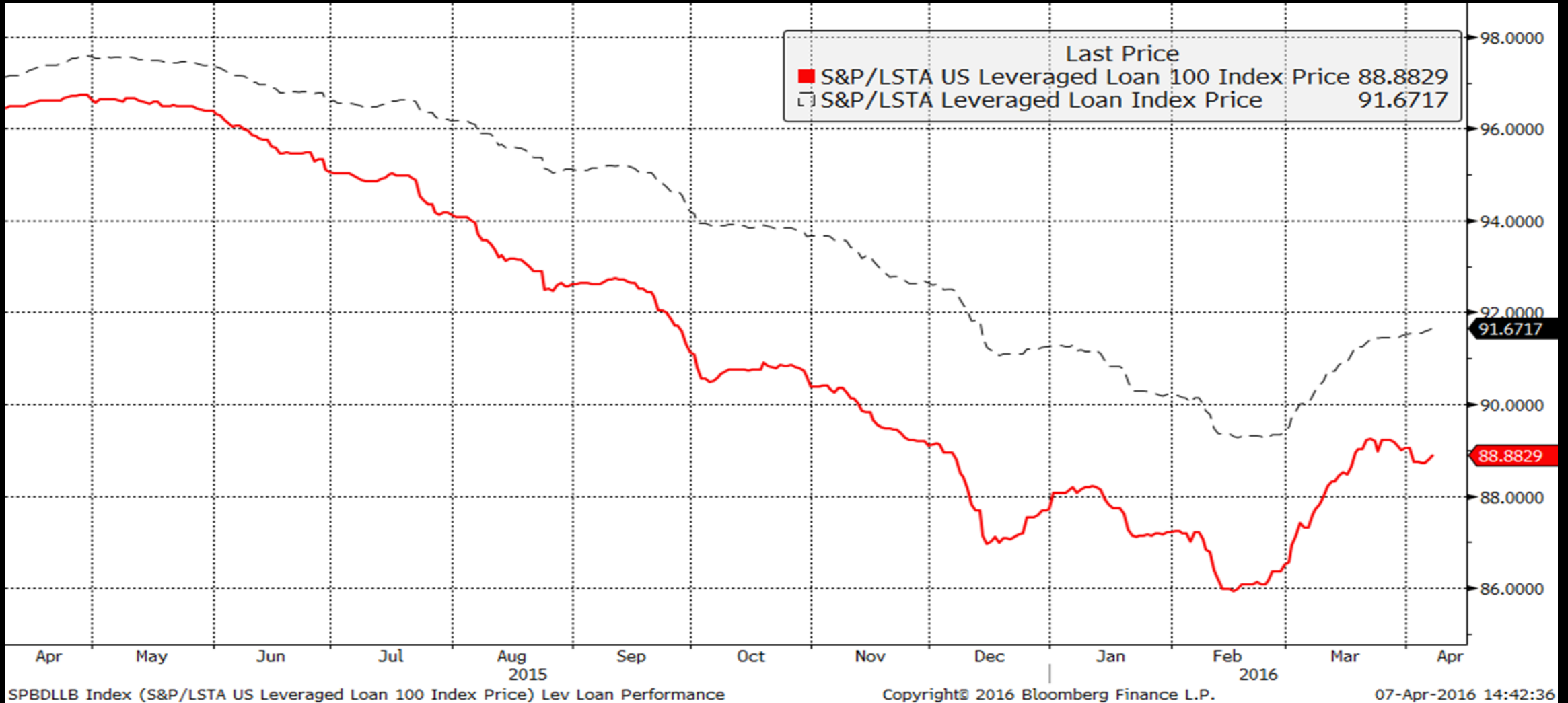
Relative Growth of Merrill US Inflation-Linked Treasuries Index to Merrill Treasury Index



Data Source: Merrill Lynch (GOQI; G0Q0) Please see definitions in the Appendix. Monthly data with most recent observation appended. You cannot invest directly in an index. Standard deviation = A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Sigma = Mathematical sum.

Leveraged Loans Average Price

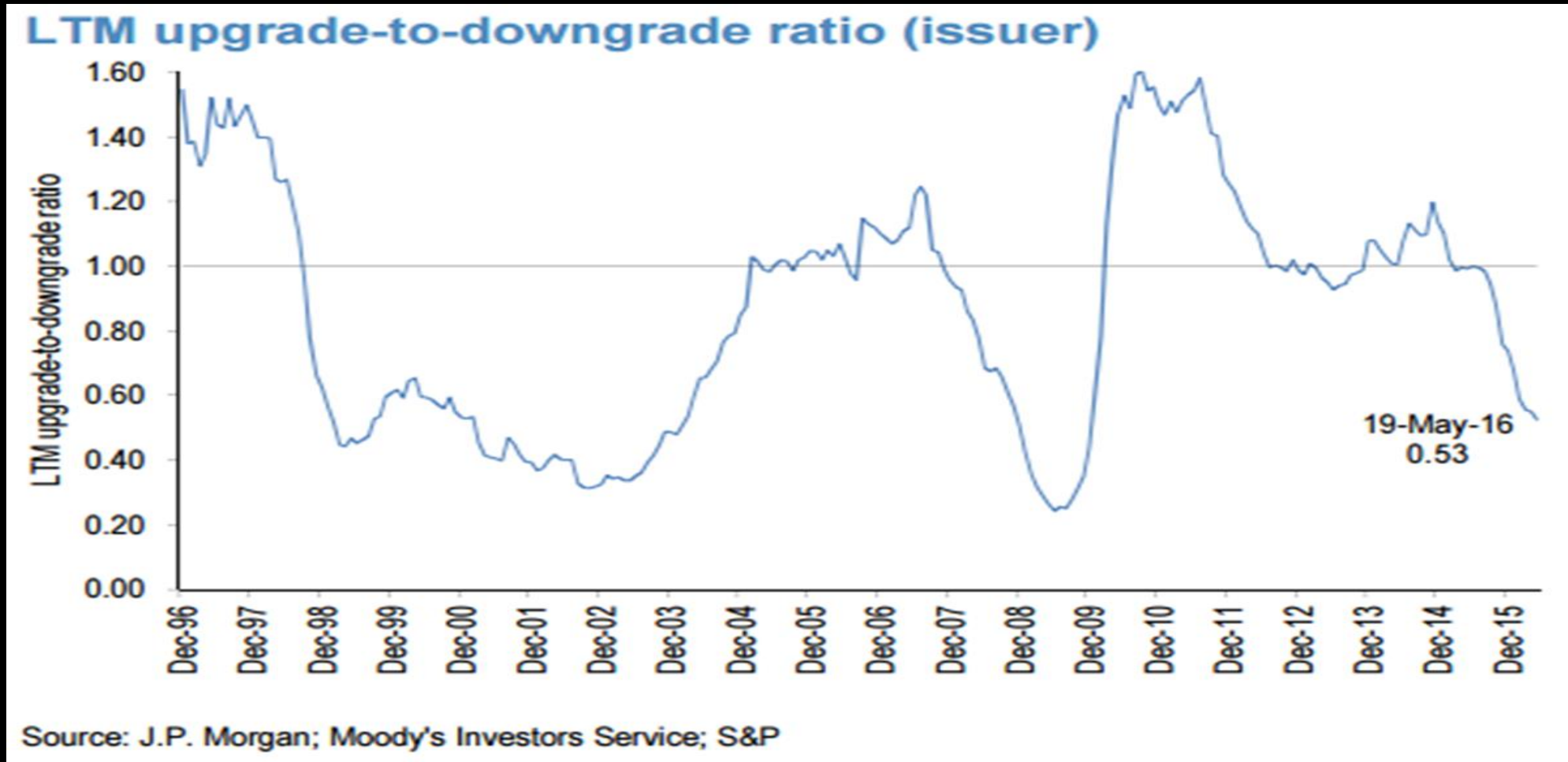
April 7, 2015 through April 7, 2016



Data Source: Bloomberg. SPBDLLB Index = S&P/LSTA US Leveraged Loan 100 Index is designed to reflect the performance of the largest facilities in the leveraged loan market. SPBDALB Index is the S&P/LSTA Leveraged Loan Index price is market value-weighted index designed to measure the performance of the U.S. leveraged loan market based upon market weightings, spreads and interest payments. You cannot invest directly in an index.

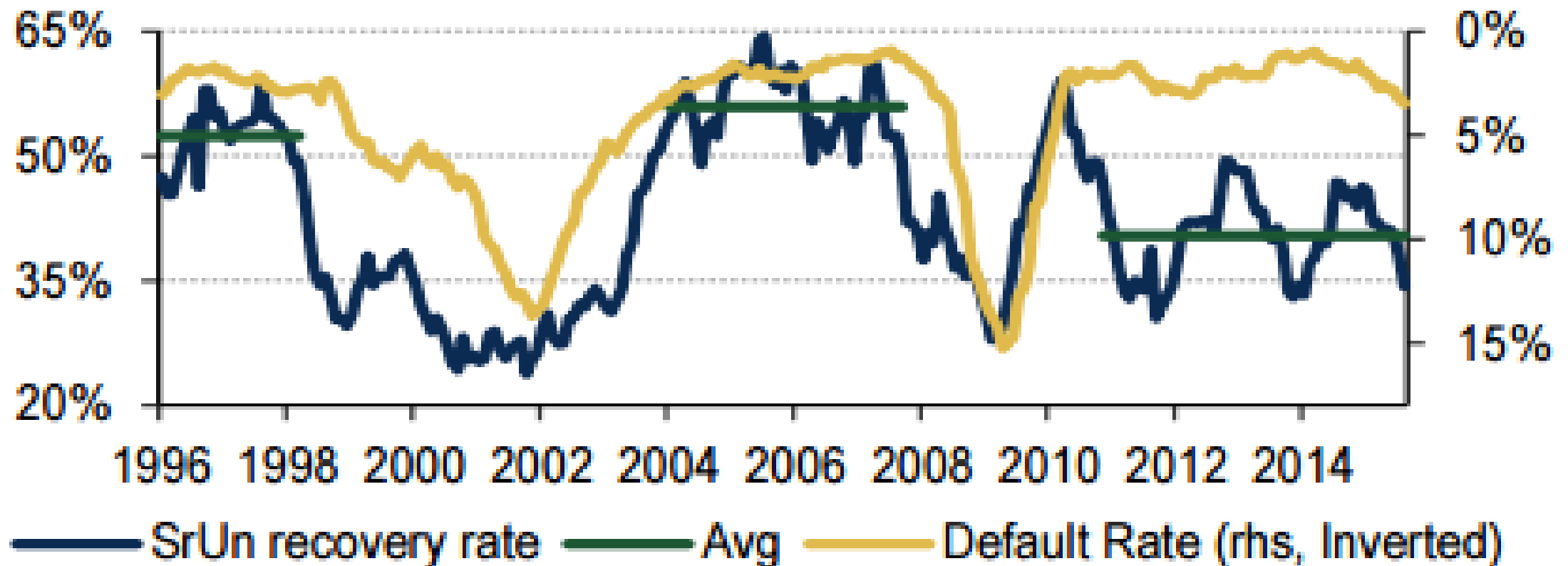
High Yield Last 12-Months Upgrade-to-Downgrade Ratio

December 31, 1996 through May 19, 2016



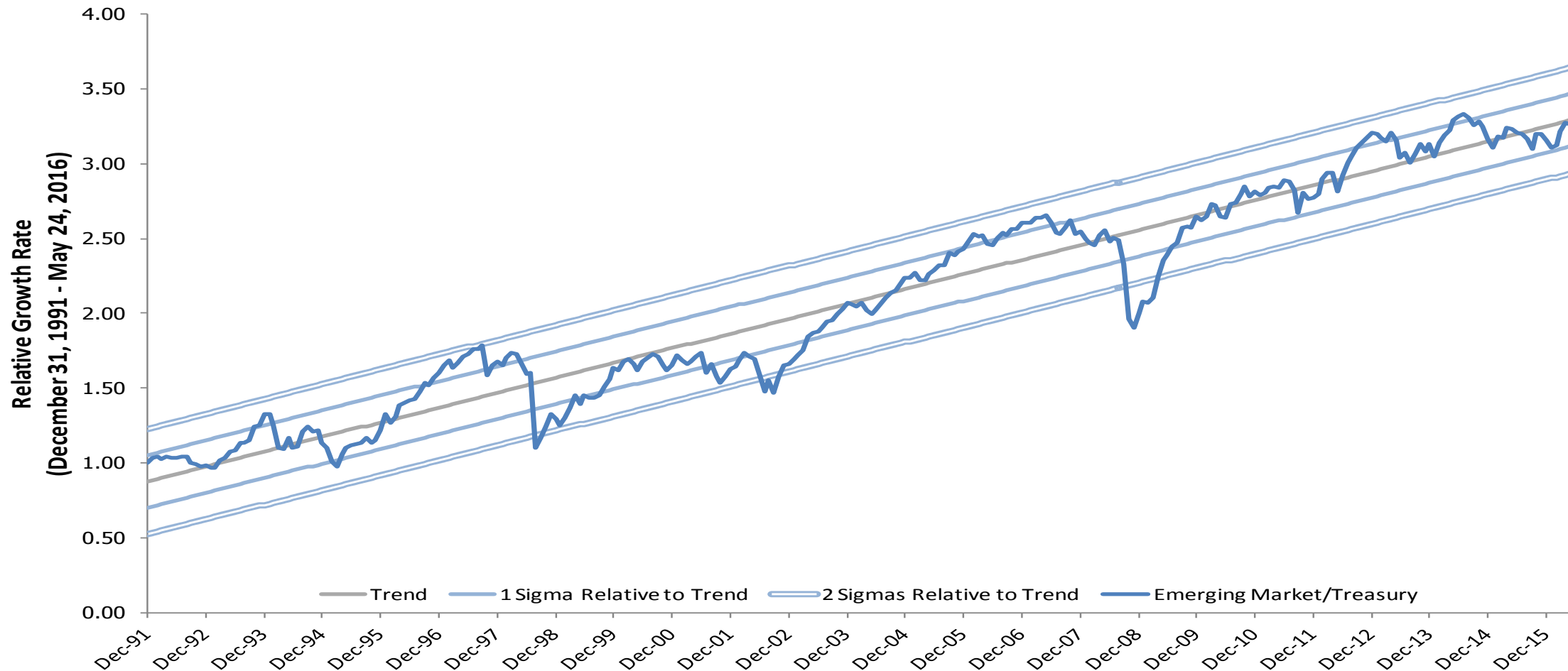
Recovery Rates Have Been Much Lower Post Crisis

Chart 10: Recovery rates are anemic in the post crisis years



Source: BofA Merrill Lynch Global Research, Moody's

Relative Growth of Merrill Emerging Market Index to Merrill Treasury Index

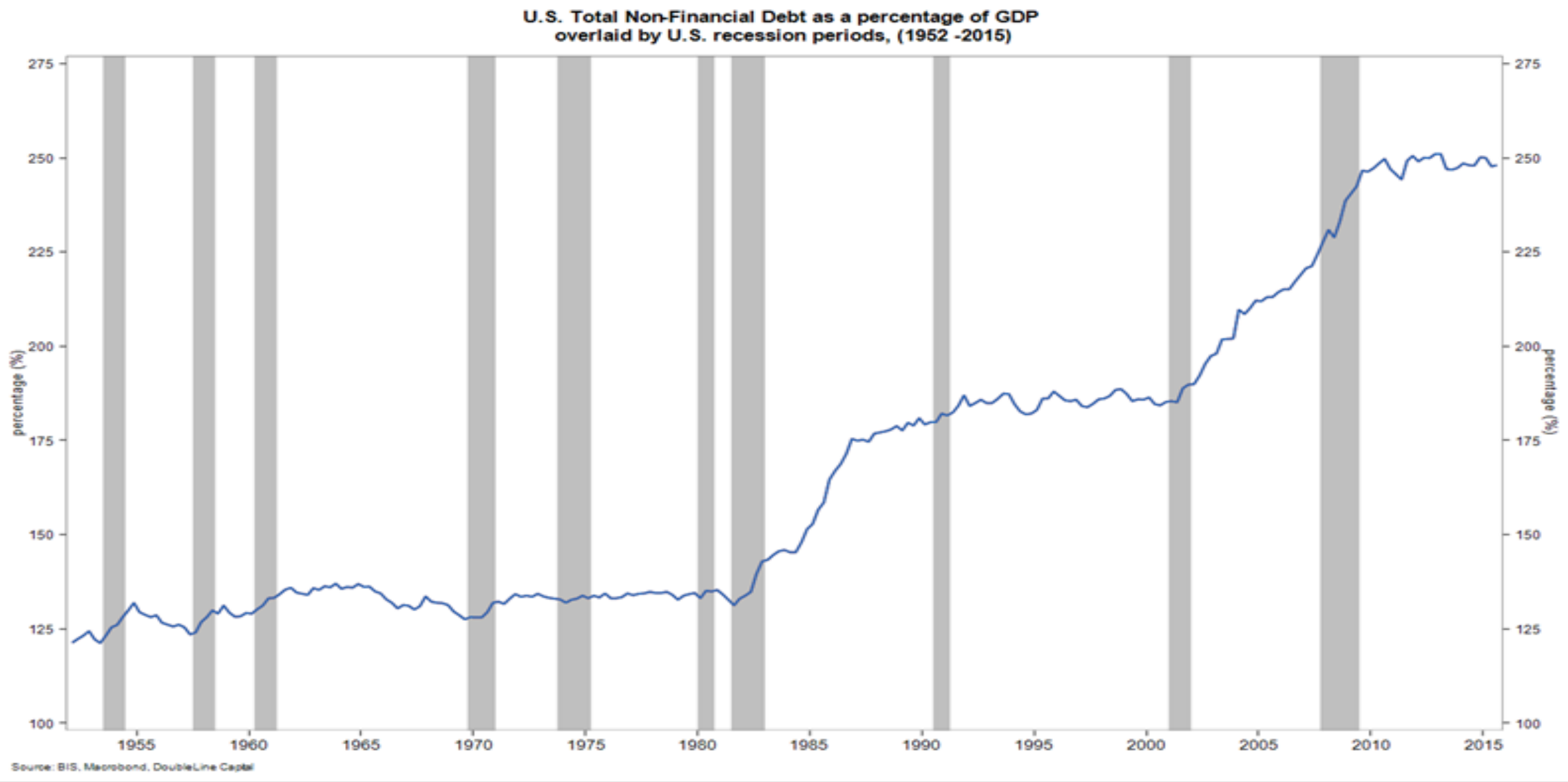


Data Source: Merrill Lynch (IGOV; GOQO) Please see definitions in the Appendix. Monthly data with most recent observation appended. You cannot invest directly in an index. Standard deviation = A measure of the dispersion of a set of data from its mean. The more spread apart the data, the higher the deviation. Sigma = Mathematical sum.

U.S. Total Non-Financial Debt as % of GDP



December 31, 1954 through December 31, 2015



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