

“What Hath QE Wrought”



Morse Code “What Hath QE Wrought”

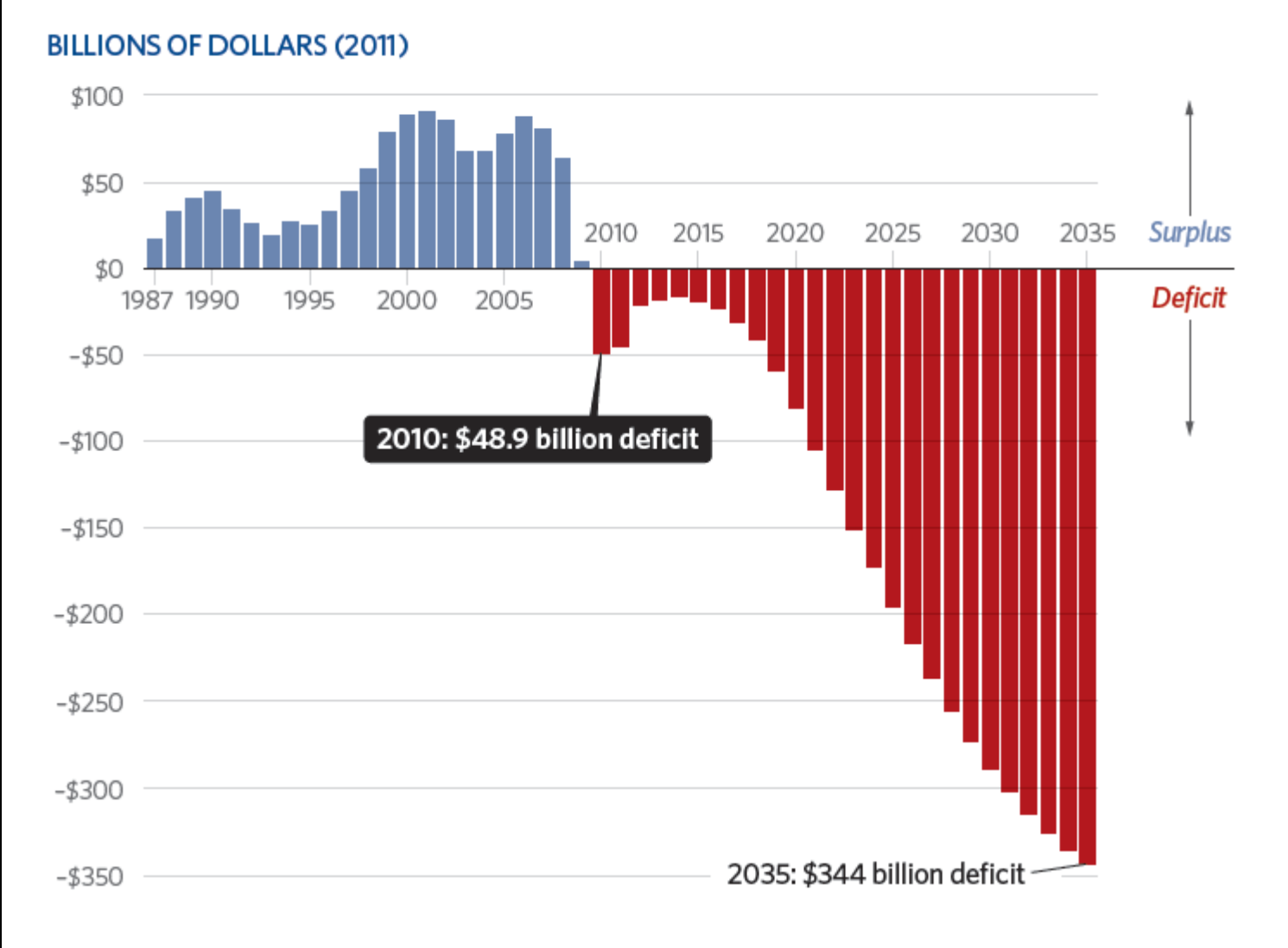
Jeffrey Gundlach

Chief Executive Officer

April 10, 2014



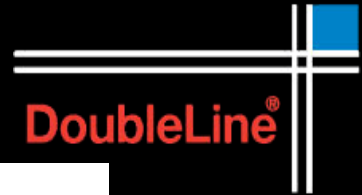
Social Security Surplus / Deficit



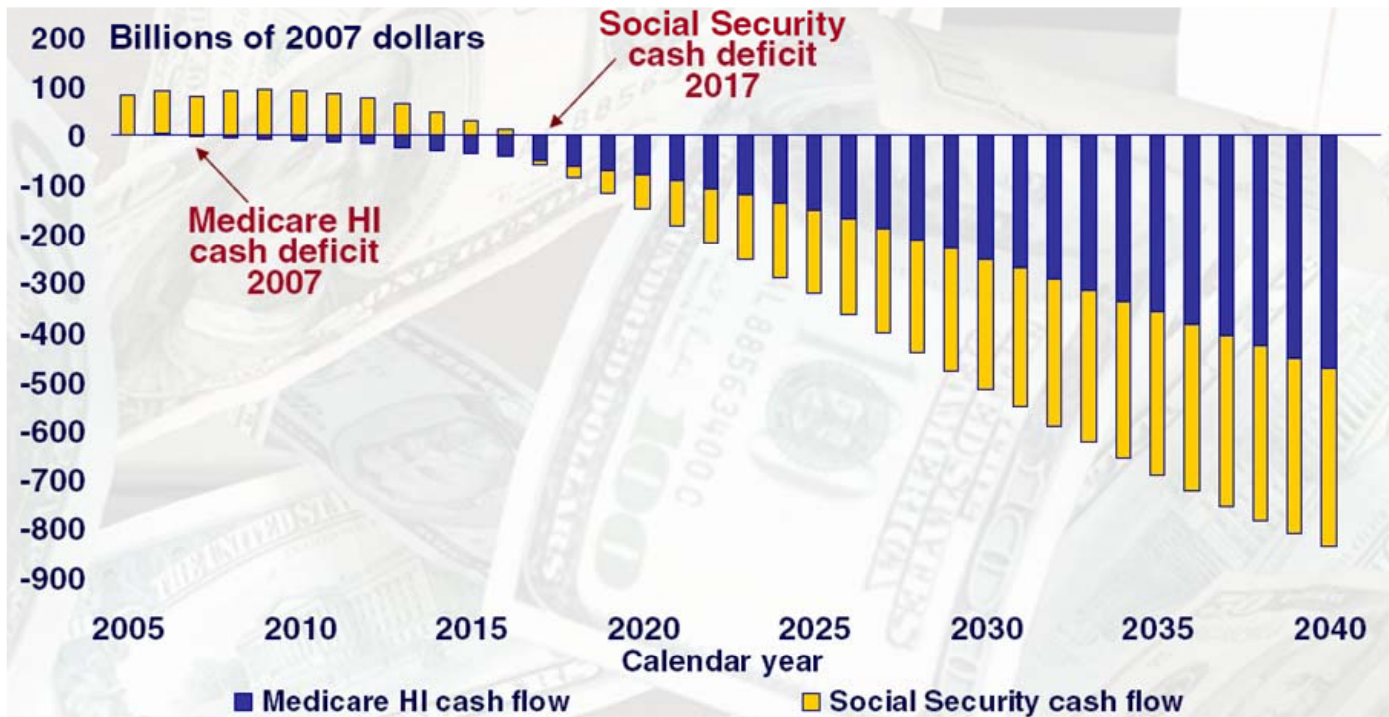
Source: The Heritage Foundation; Congressional Budget Office. 1987 – December 31, 2011 Actual. 2012 – 2035 Projections
 Estimates are subject to change and are not a guarantee.

Medicare and Social Security Deficit

January 1, 2005 through 2040 Estimates



Medicare and Social Security Face Large Deficits



Source: GAO analysis of data from the Office of the Chief Actuary, Social Security Administration and Office of the Actuary, Centers for Medicare and Medicaid Services.

Note: Projections based on the intermediate assumptions of the 2007 Trustees' Reports. The CPI is used to adjust from current to constant dollars.

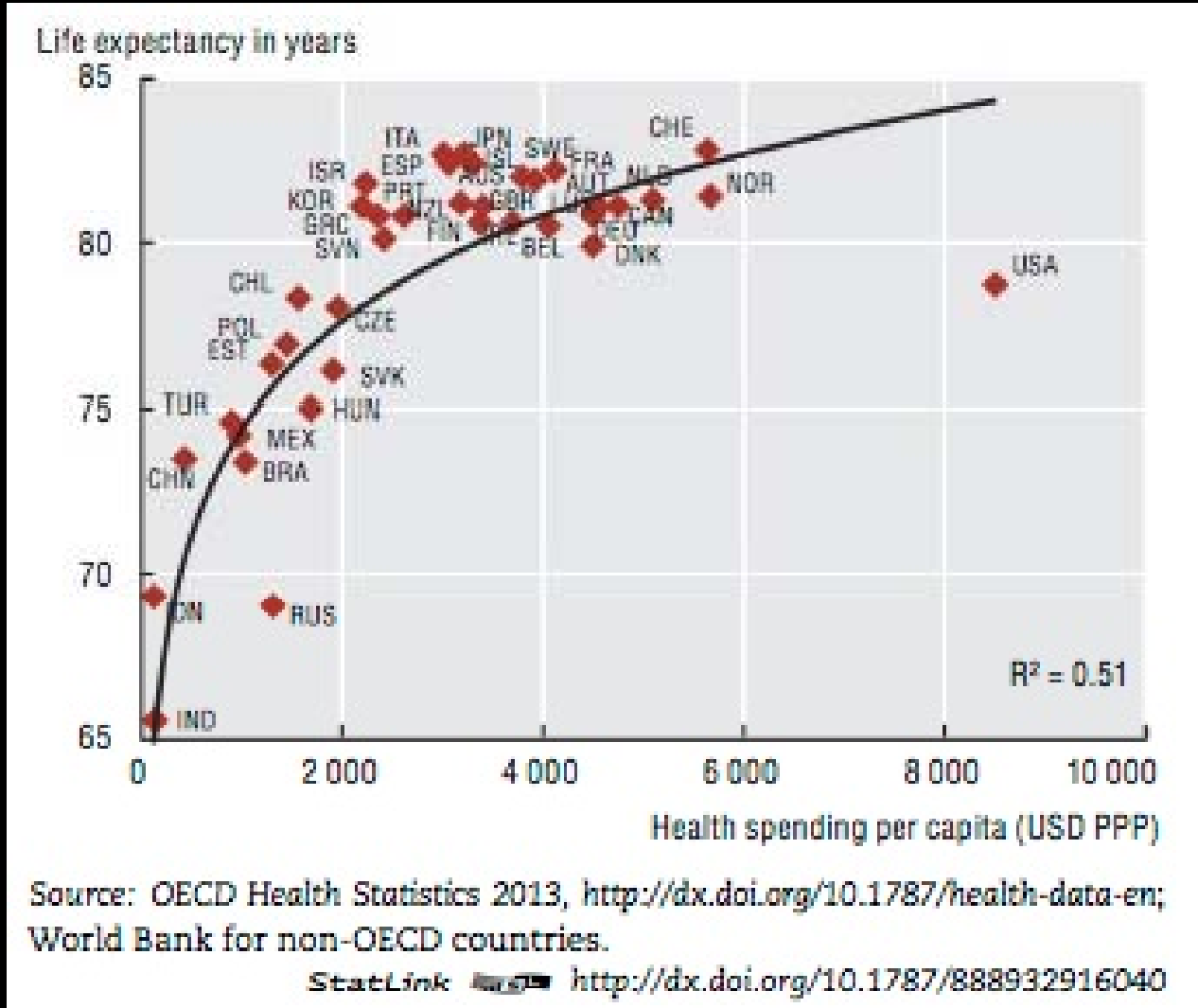
Source: <http://www.sodahead.com/united-states/do-you-care-that-us-is-deep-in-debt/question-3995939/>

October 17, 2013

Estimates are subject to change and are not a guarantee.

Life Expectancy vs. Per Capita Health Care Spending

As of December 31, 2013



OECD = Organization for Economic Co-Operation and Development. Member countries include: Australia (AUS), Austria (AUT), Belgium (BEL), Canada (CAN), Chile (CHE), Czech Republic (CZE), Denmark (DNK), Estonia (EST), Finland (FIN), France (FRA), Germany (DEU), Greece (GRC), Hungary (HUN), Iceland (IND), Ireland (IRE), Israel (ISR), Italy (ITA), Japan (JPN), Korea (KOR), Luxembourg (LUX), Mexico (MEX), Netherlands (NLS), New Zealand (NZL), Norway (NOR), Poland (POL), Portugal (PRT), Slovak Republic (SVK), Slovenia (SVN), Spain (ESP), Sweden (SWE), Switzerland (SWL), Turkey (TUR), United Kingdom (GBR), United States (USA).

Non-OECD countries included in this chart are: Brazil (BRA), China (CHN), India (IND), Russia (RUS)

got insurance?



Rob, Zach, & Sam
Bros for Life

Brosurance

Keg stands are crazy.
Not having health insurance is
crazier.
Don't tap into your beer money
To cover those medical bills.
We got it covered.

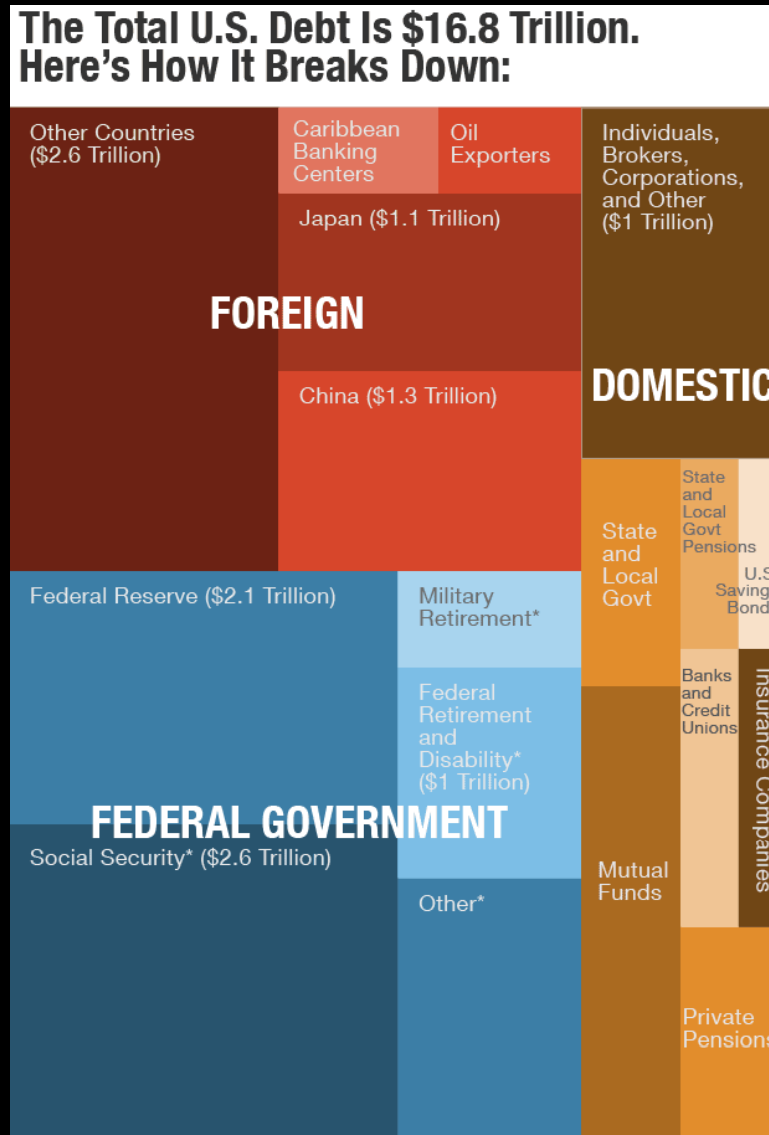
Now you can too.

thanks
obamacare!



#GotInsurance
doyougotinsurance.com

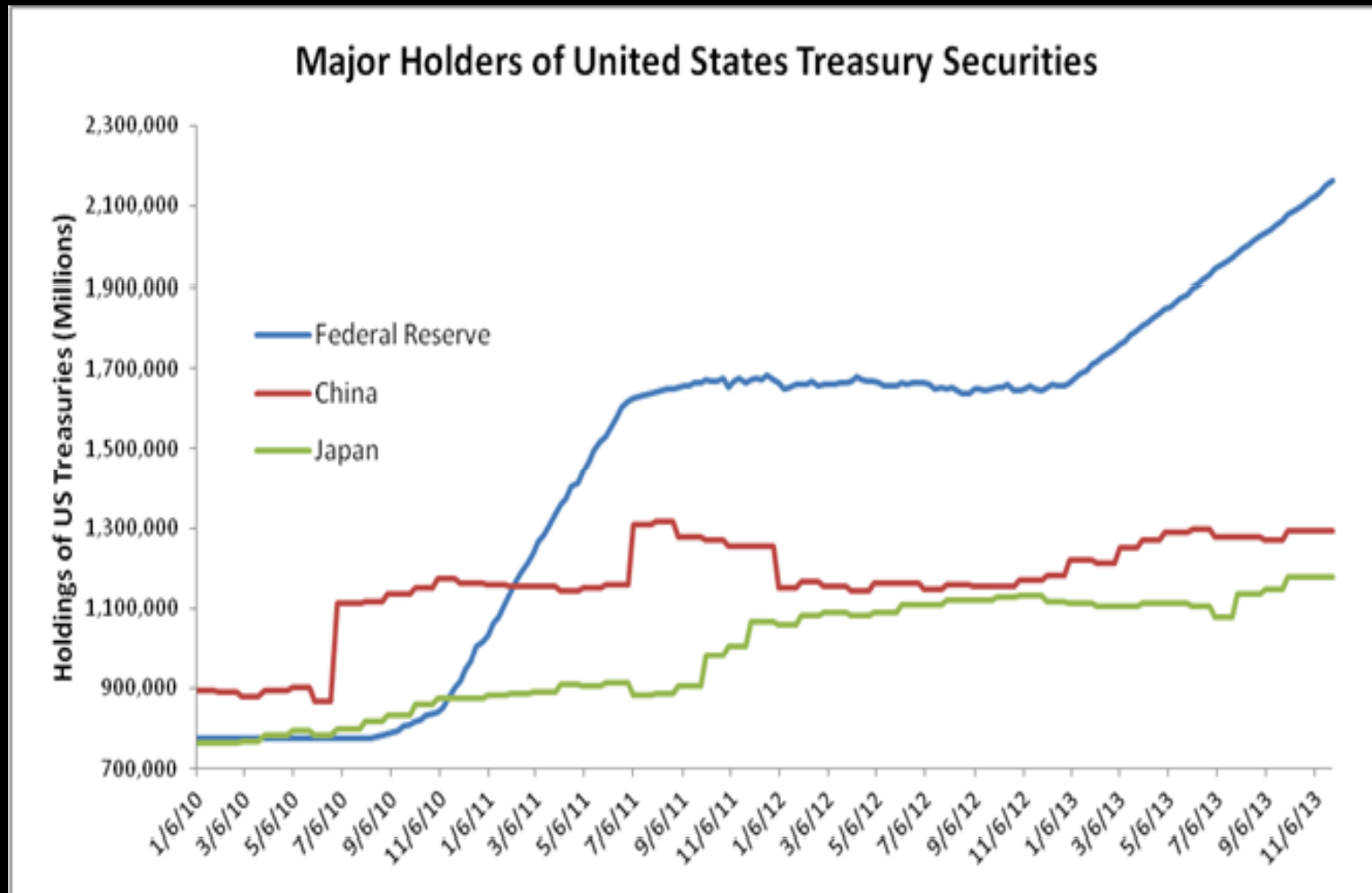
Federal Reserve is the Largest Holder of US Debt



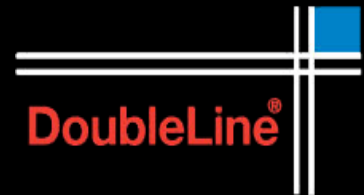
<http://www.ritholtz.com/blog/2013/10/all-holders-of-u-s-treasury-debt/>
 Source: Barry Ritholtz, The Big Picture, "All Holders of US Debt", October 11, 2013

Federal Reserve is the Largest Holder of US Debt

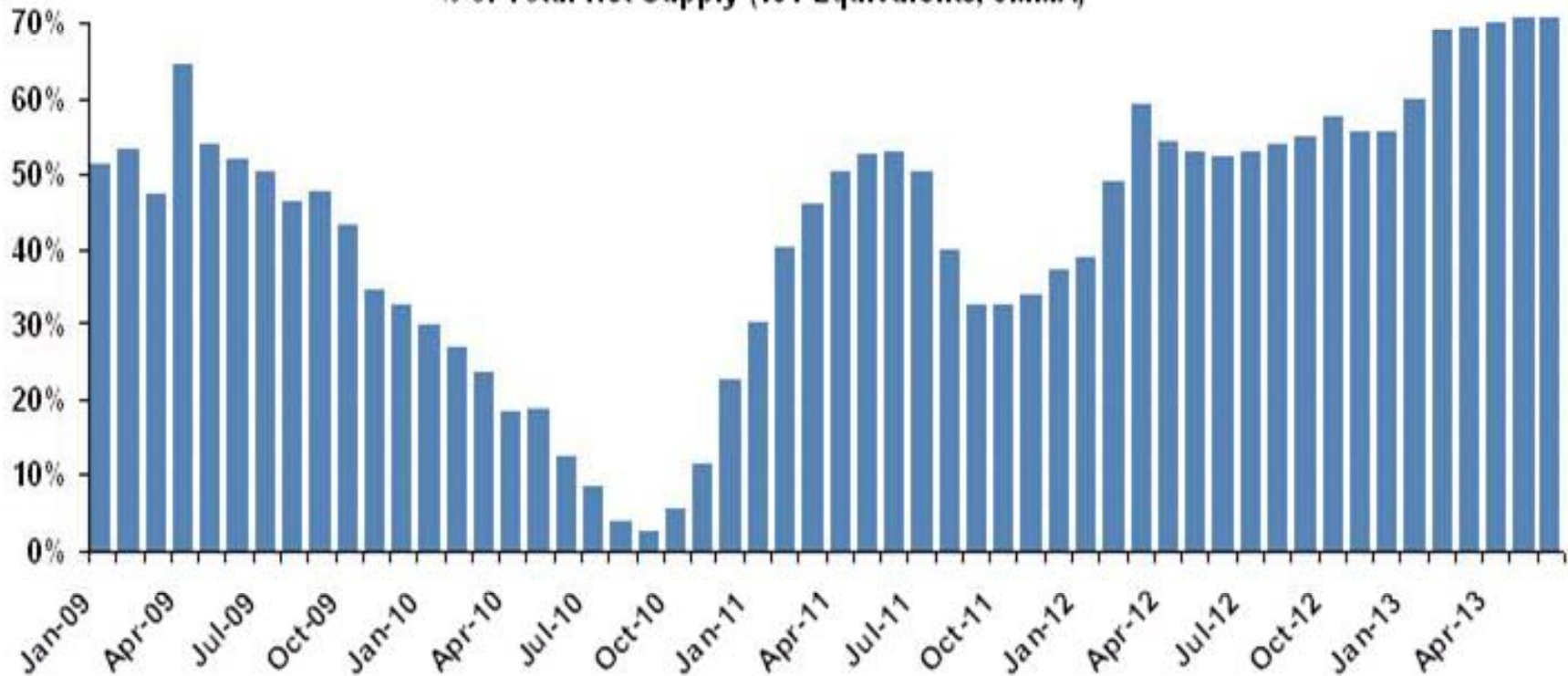
January 6, 2010 through November 6, 2013



Federal Reserve Bond Buying Program



Fed Purchases of US Treasury and Agency Securities
% of Total Net Supply (10Y Equivalents, 6MMA)

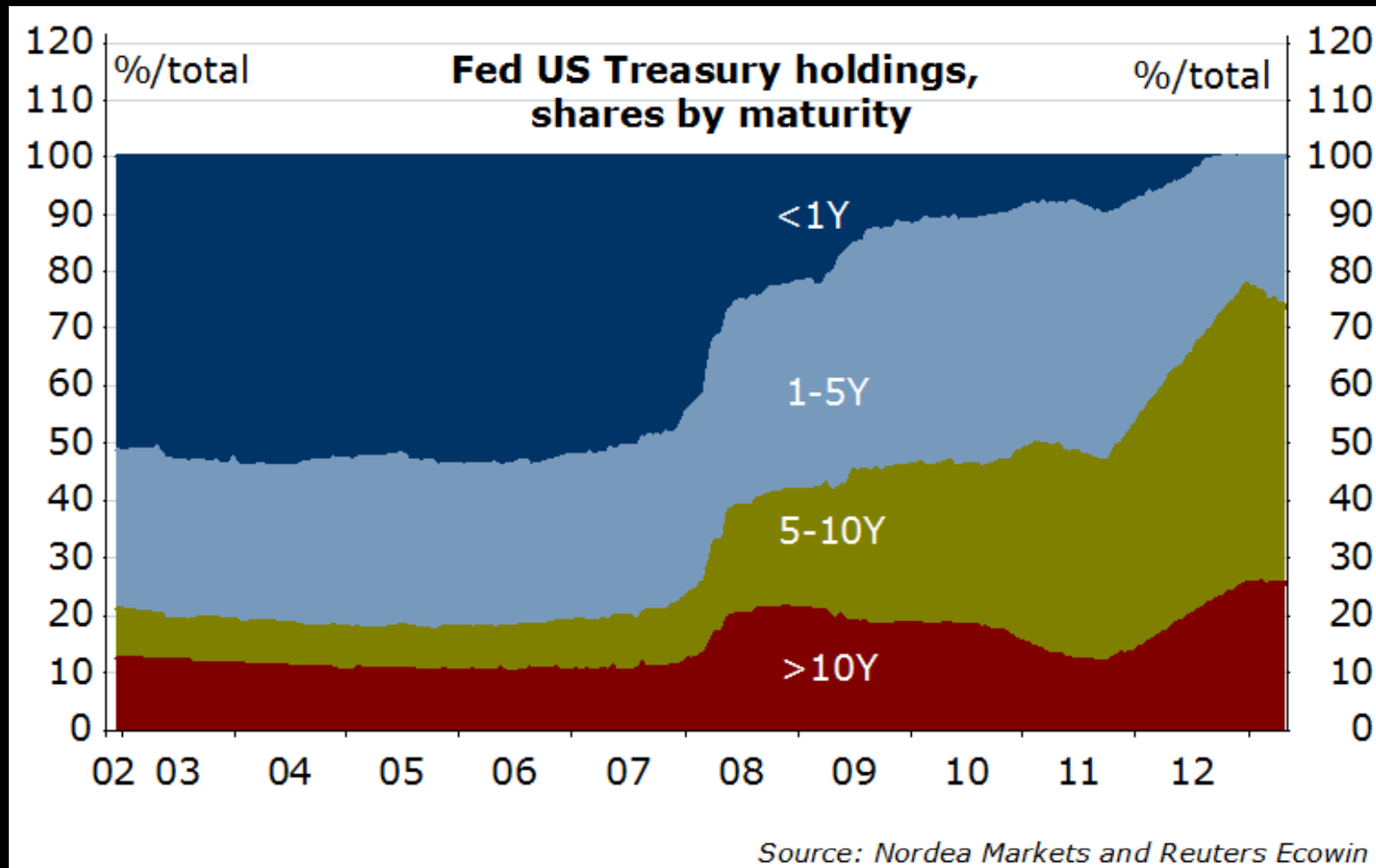


Source: Bloomberg, CEIC, NY Fed and RBS

10Y Equivalent = Equivalent to 10 Year US Treasury bonds as of July 31, 2013.
6MMA = 6 Month Money Market Account.

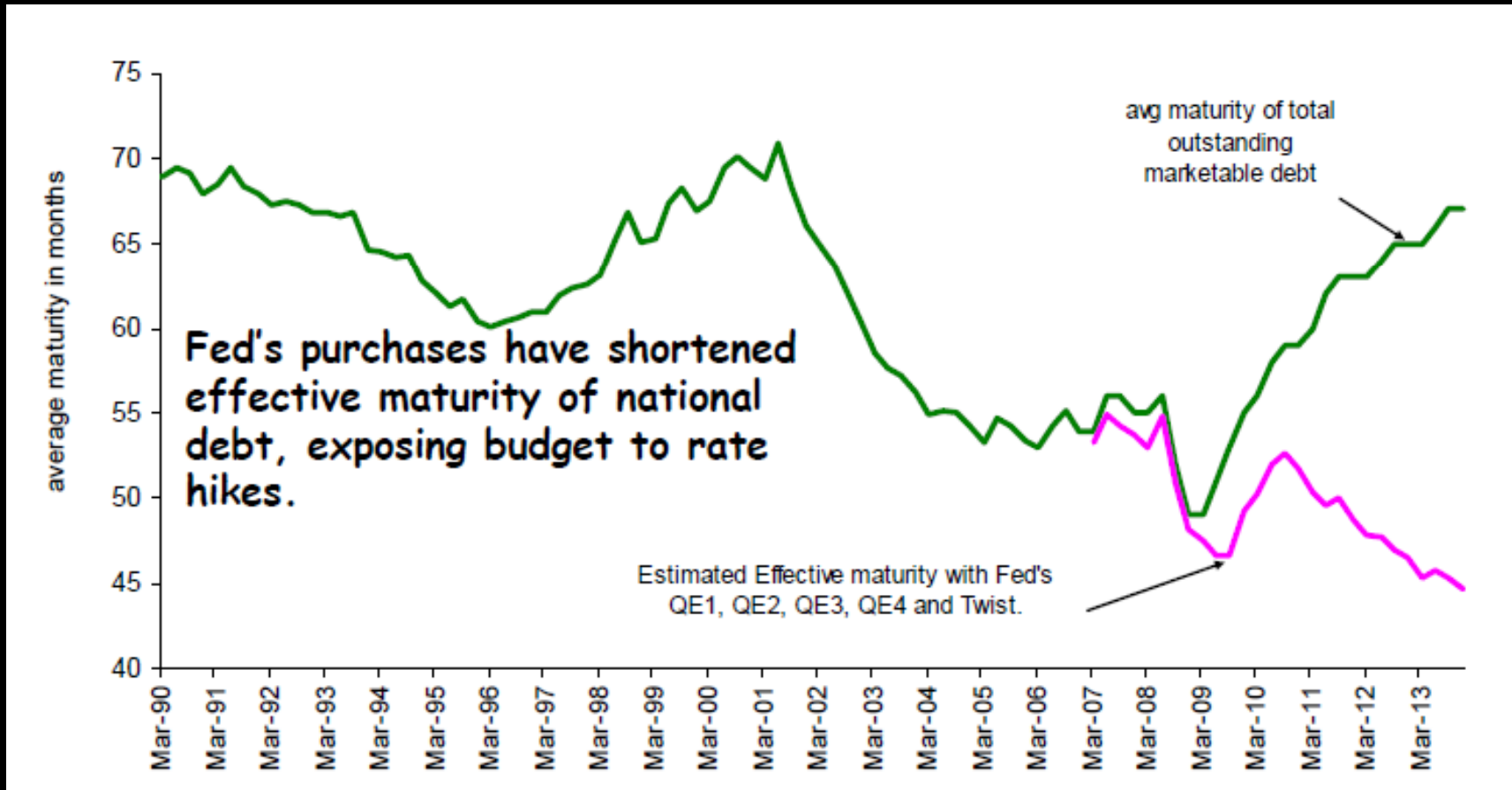
Federal Reserve US Treasury Holdings By Maturity

January 1, 2002 through May 31, 2013



Effective Maturity of Federal Government Debt

March 1, 1990 through December 31, 2013



“QE – Time to Taper?”



QE = Quantitative Easing

Inflation Expectations

April 26, 2007 through April 2, 2014

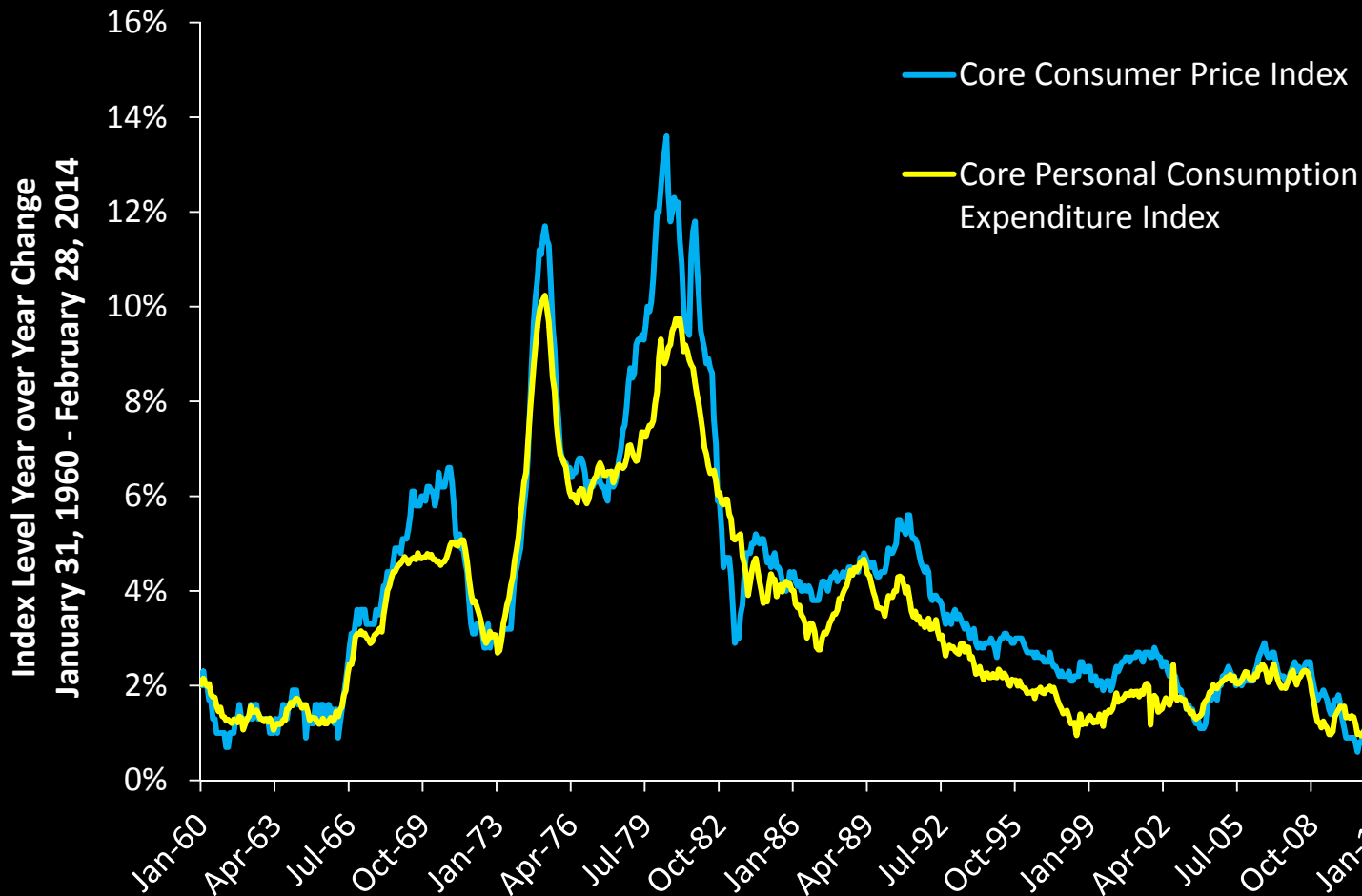
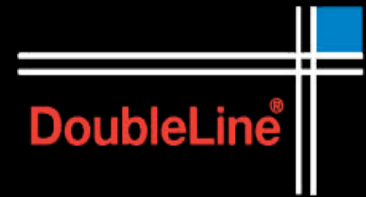


Source: Bloomberg

Federal Reserve 5- year inflation expectation . Five year = Five year inflation expectation looking out 5 years. 5 and 10 year Breakevens = Breakeven rates are calculated by subtracting the real yield of the inflation linked maturity curve from the yield of the closest nominal Treasury maturity. The result is the implied inflation rate for the term of the stated maturity.

Inflation Measurements at Low Levels

January 31, 1960 through February 28, 2014

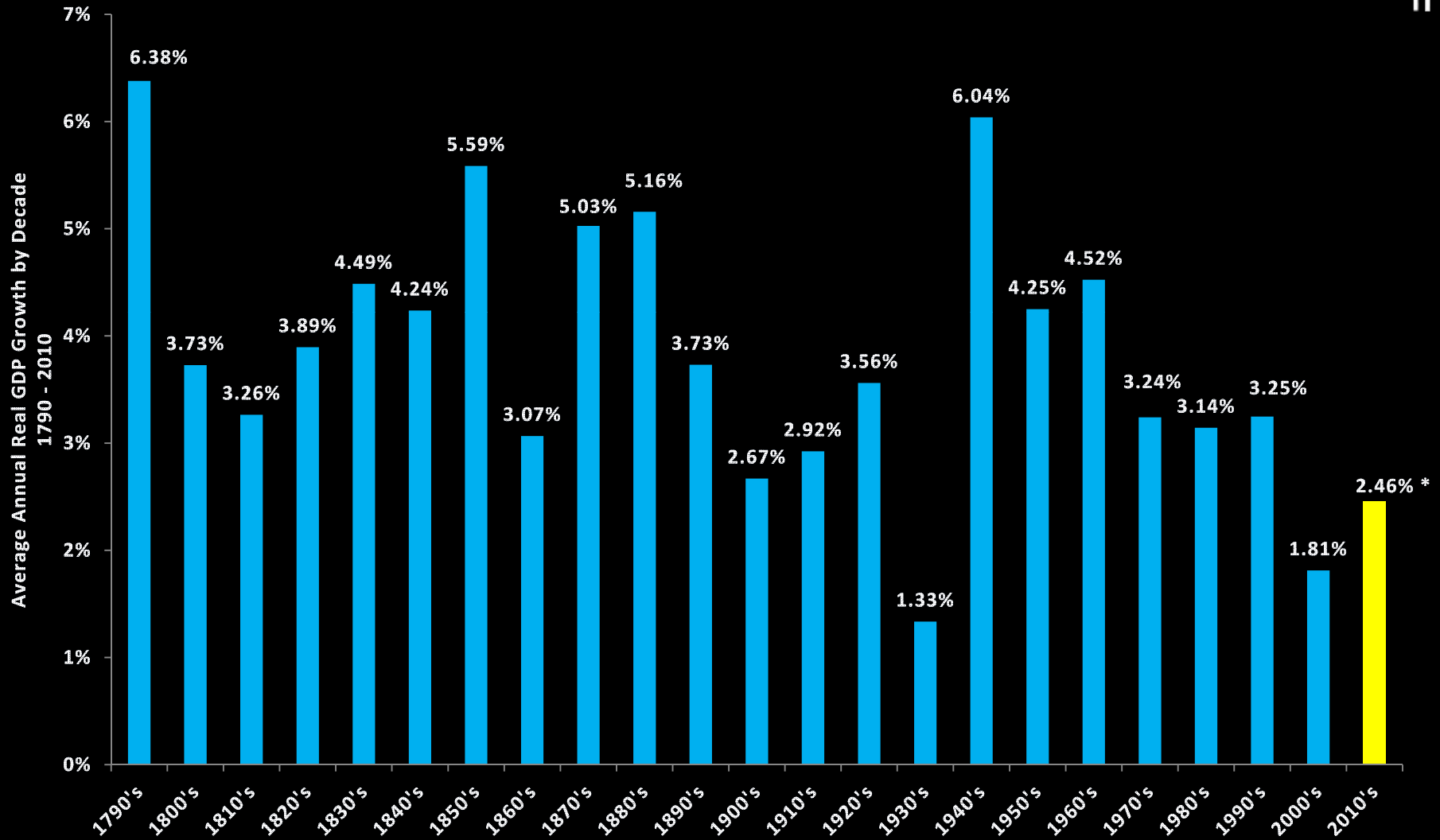


Source: Bloomberg, DoubleLine Capita

YoY = Year-Over-Year. Consumer Price Index = A statistical measure that examines the weighted average of prices of a basket of goods and services of consumer goods. Personal Consumption Expenditure = a measure of consumption in GDP. It's the actual expenditures of households and includes durable and non-durable goods and services.

You cannot invest directly in and index.

Average Historical Real U.S. GDP Growth by Decade

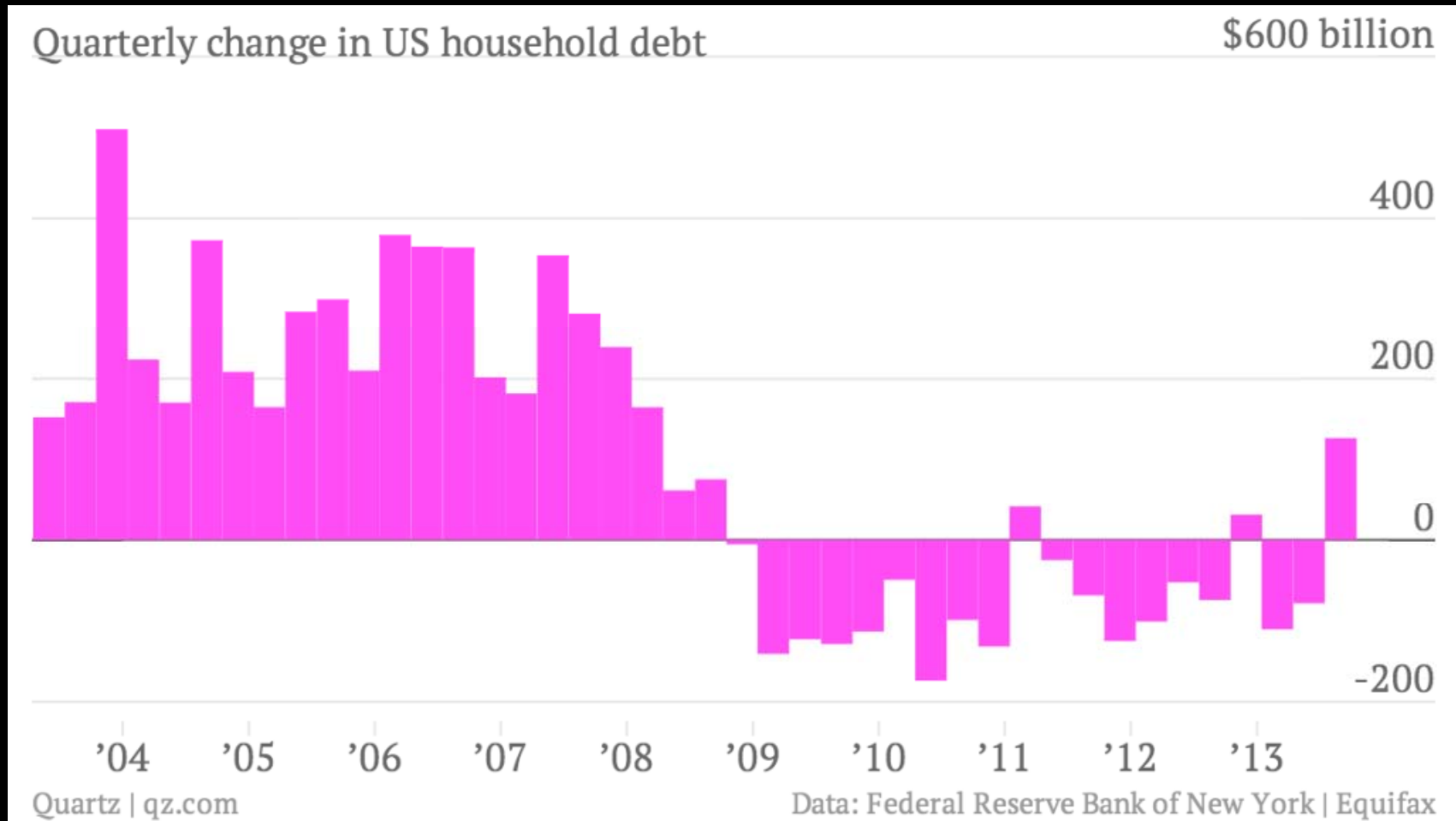


* 2010's : Average of 2010, 2011, 2012 and 2013 Real GDP Growth

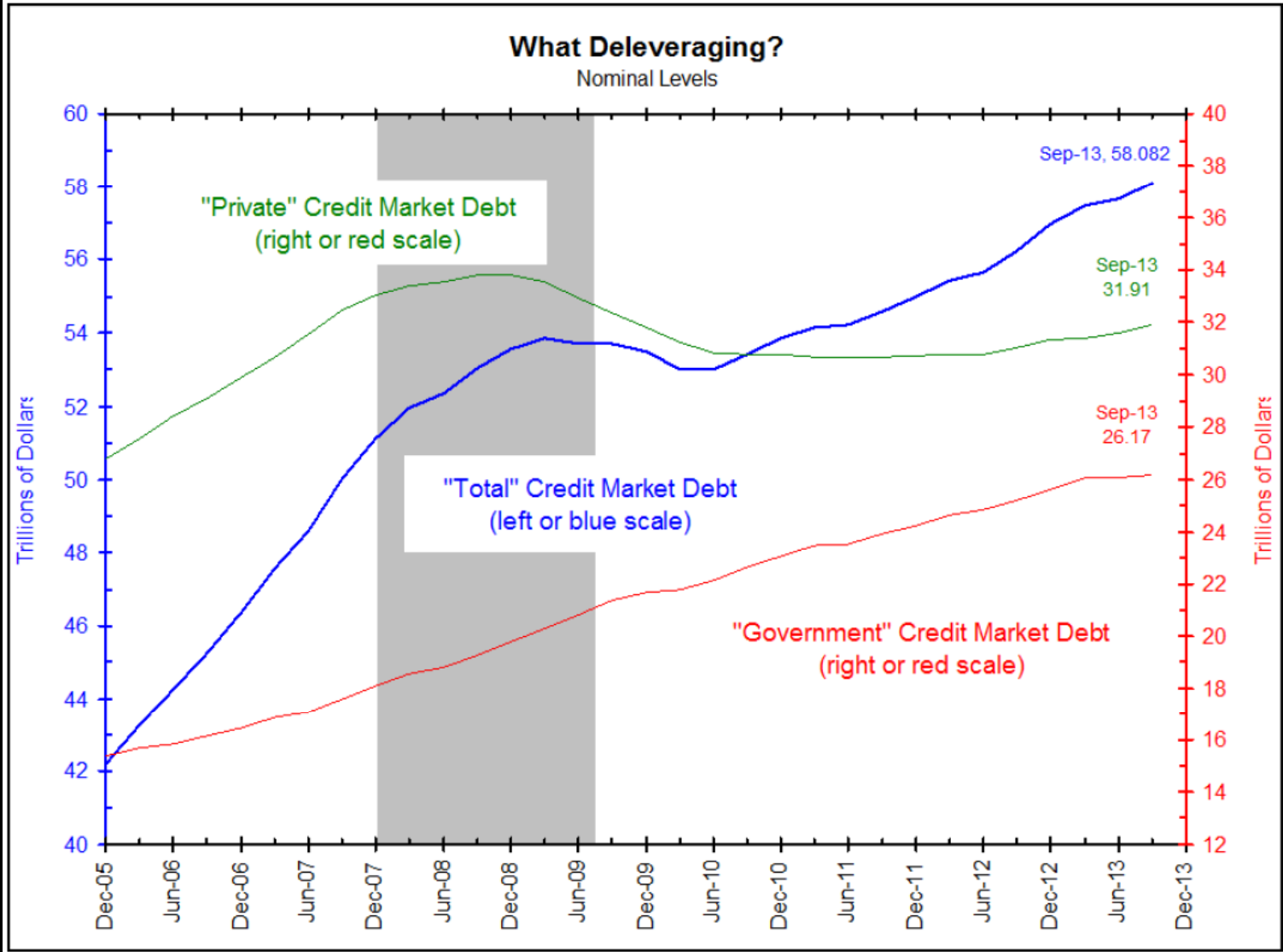
Data Source: Measuring Worth, DoubleLine Capital

GDP = Gross Domestic Product (GDP) is the market value of all final goods and services produced within a country in a given period, and its considered an indicator or metric of a country's standard of living.

US Household Debt



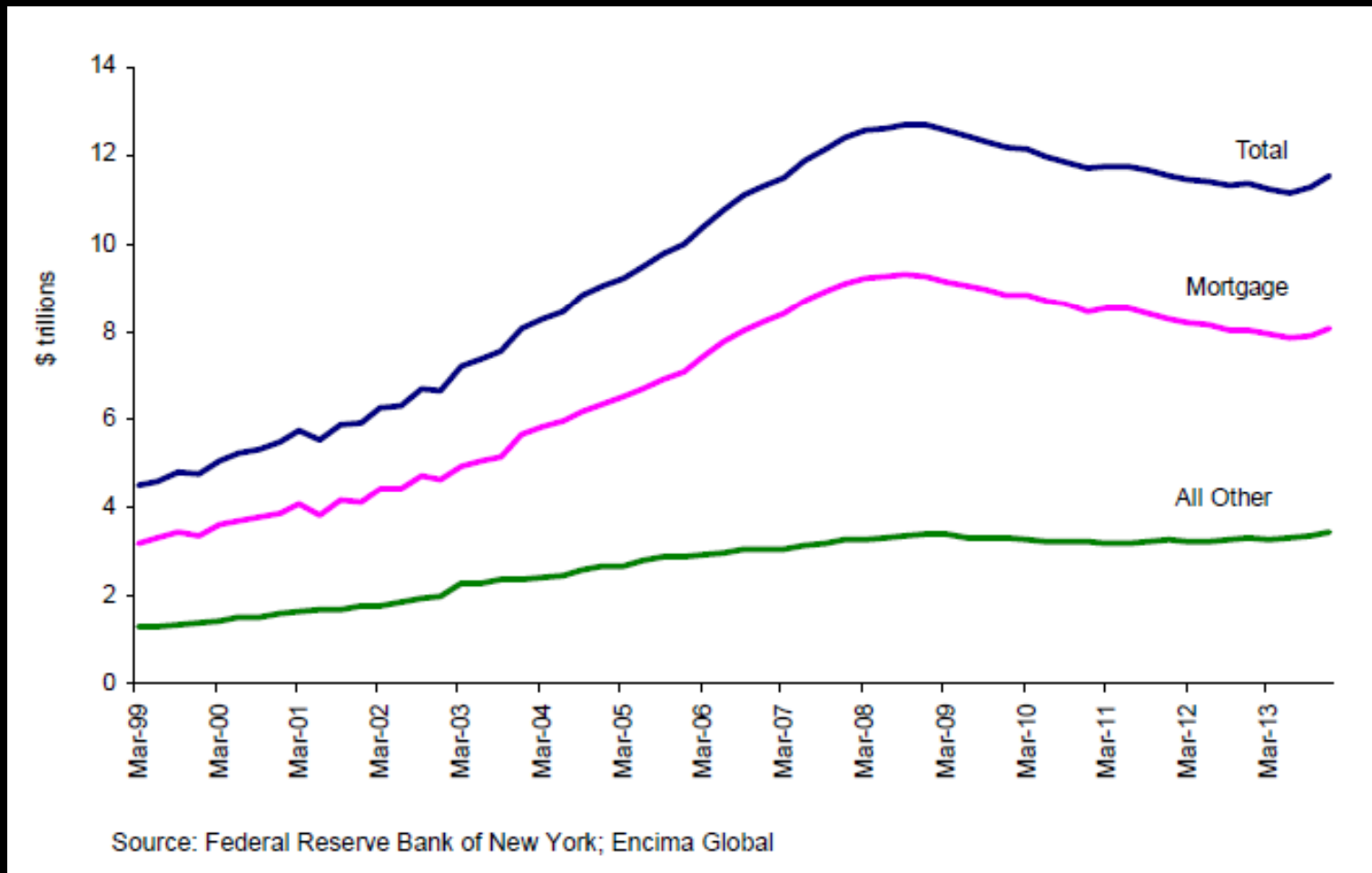
The Deleveraging Myth



Source: <http://www.arborresearch.com/bianco/?cat=1&m=20140221>

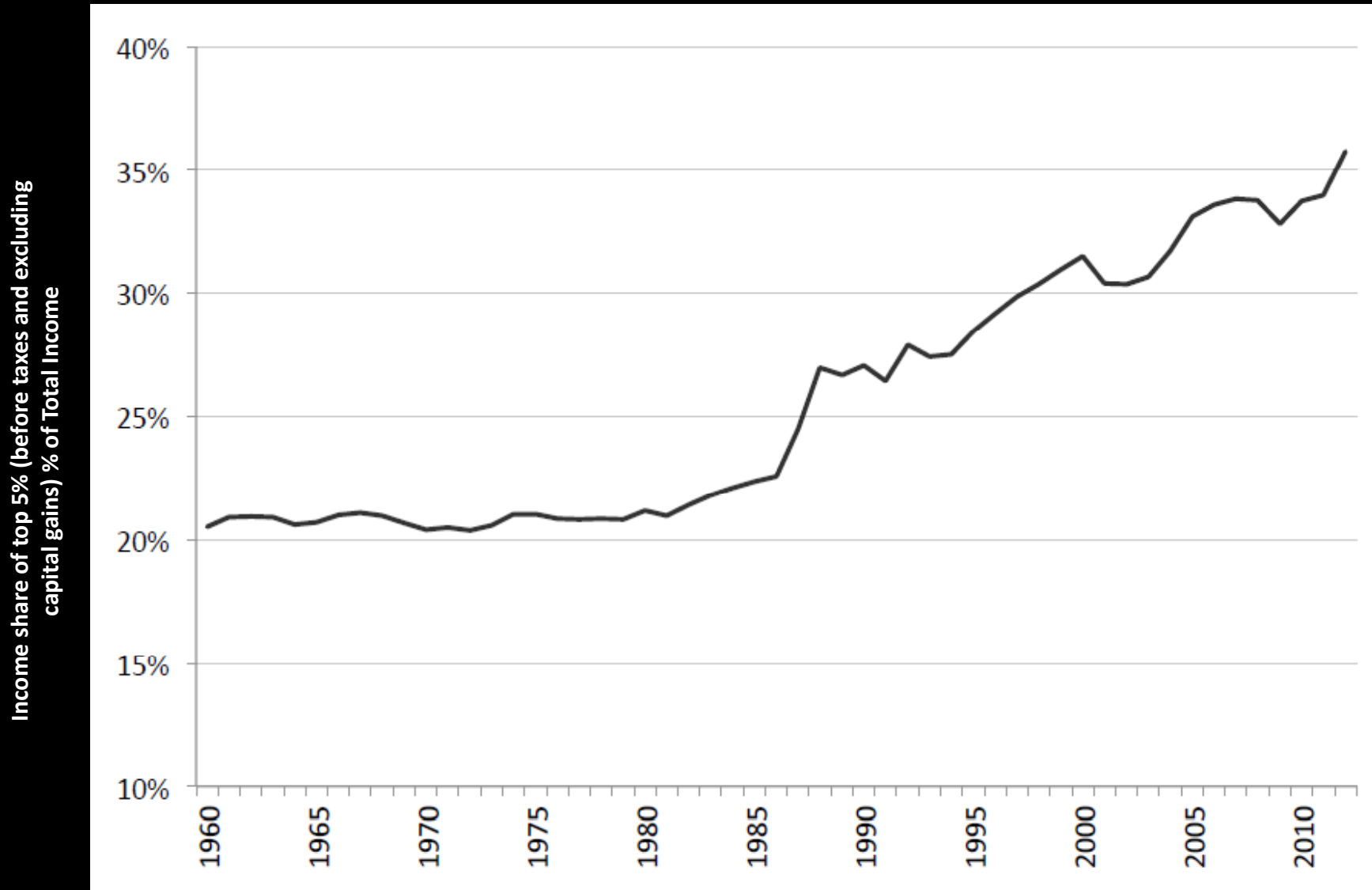
Eco Date: household Debt Rising Again

March 1, 1999 through December 31, 2013



Income Share of the Top 5%

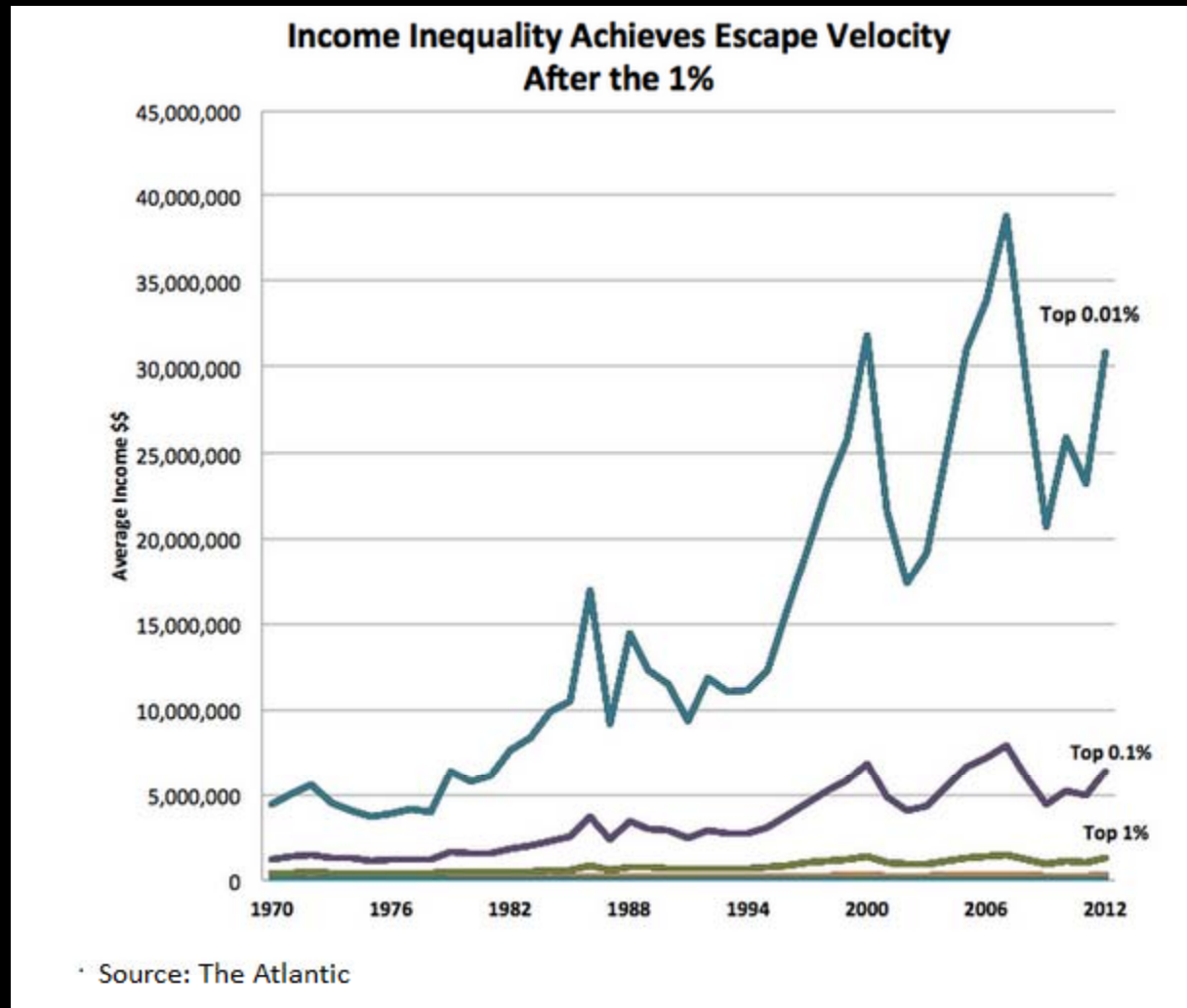
January 1, 1960 through December 31, 2012



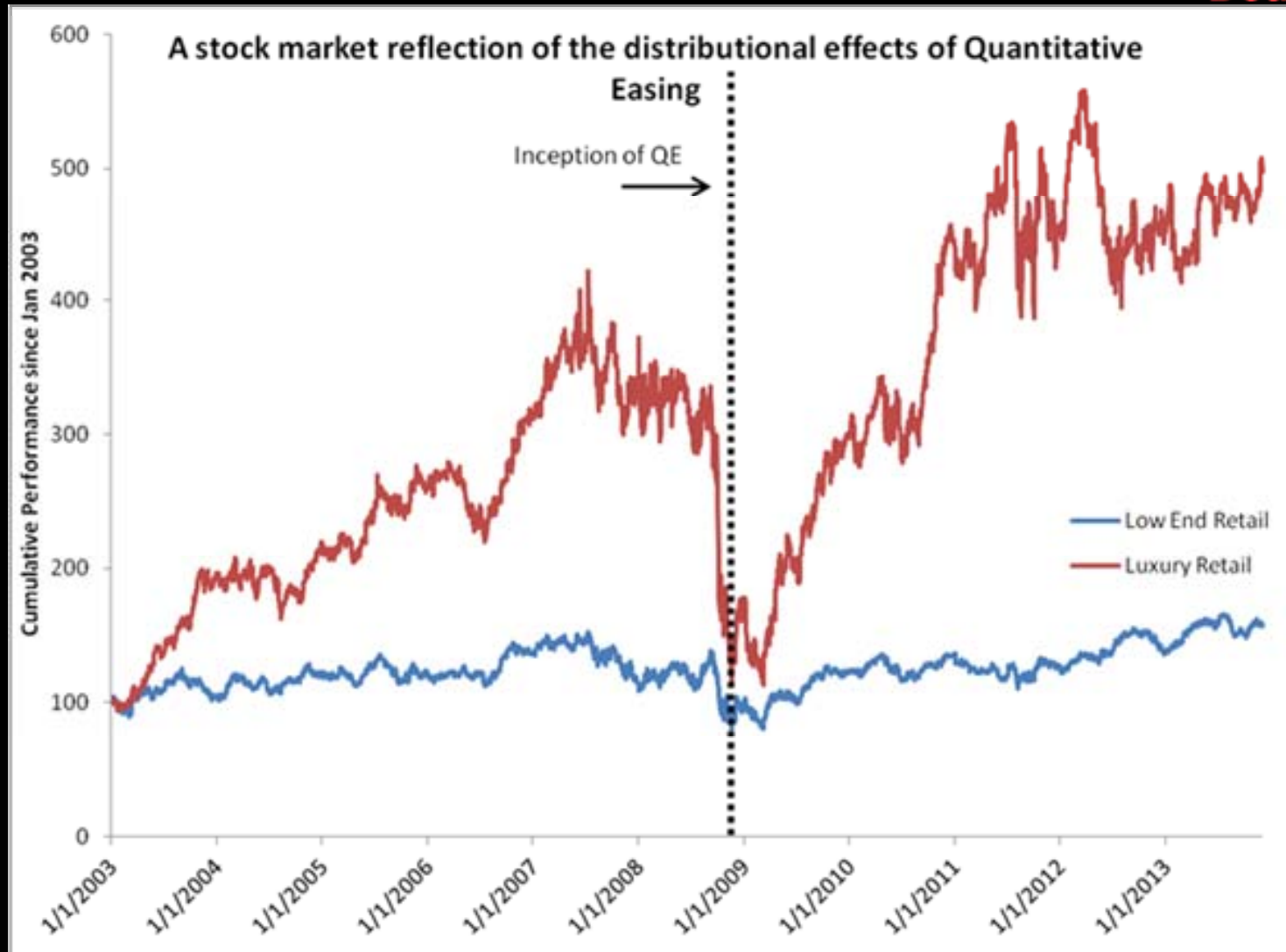
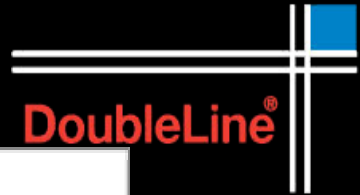
Source: Cynamon & Fazzari, "Inequality, the Great Recession and Slow Recovery", November 2013
5% defined as individuals earning over \$157,510; 95% is everyone earning under \$ 157,510

U.S Personal Income Divide

January 1, 1970 through December 31, 2012



Quantitative Easing (QE) Effect on Retail Stocks



\$535

\$158

Source: JP Morgan; <http://soberlook.com/2013/11/5-years-of-ge-and-distributional-effects.html>

January 1, 2003 through October 31, 2013.

Low End Retailers include stores that cater to a lower price point (Macy's, Kohl's and JC Penny). Luxury Retailers include stores that cater to a higher price point consumer. (Coach, Tiffany, and Louis Vuitton LVMH.) The DoubleLine Total Return Bond Fund holds 0% in Macy's, Kohls, JC Penny, Coach, Tiffany and Louis Vuitton as of February 28, 2014. DoubleLine Core Bond Fund holds 0% in Kohls, JC Penny, Coach, Tiffany and Louis Vuitton. It holds 0.15% in Macy's as of February 28, 2014.

Past performance does not guarantee future results. Fund holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

Fed Deflation in One Picture



Line®

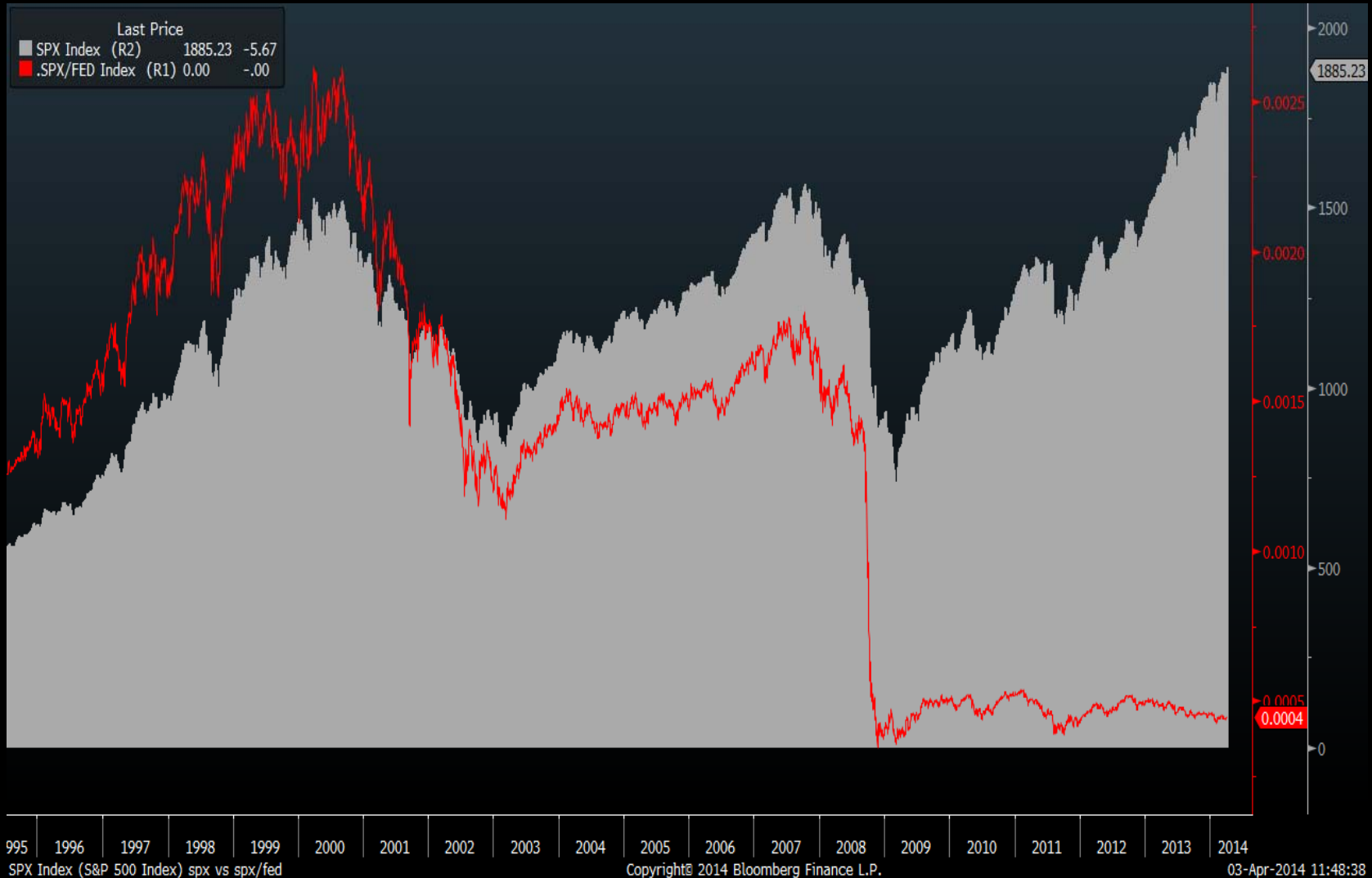
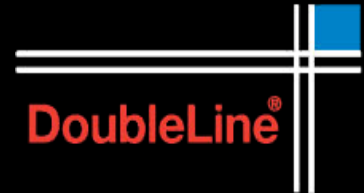
Source: The Big Picture, Barry Ritholtz, "Fed Deflation in one Picture", November 15, 2013 <http://www.ritholtz.com/blog/2013/11/fed-deflation-in-one-picture/>

“Bloodless Verdict of the Market”



S&P 500 vs. SPX/Fed Balance Sheet

July 18, 1995 through April 2, 2014

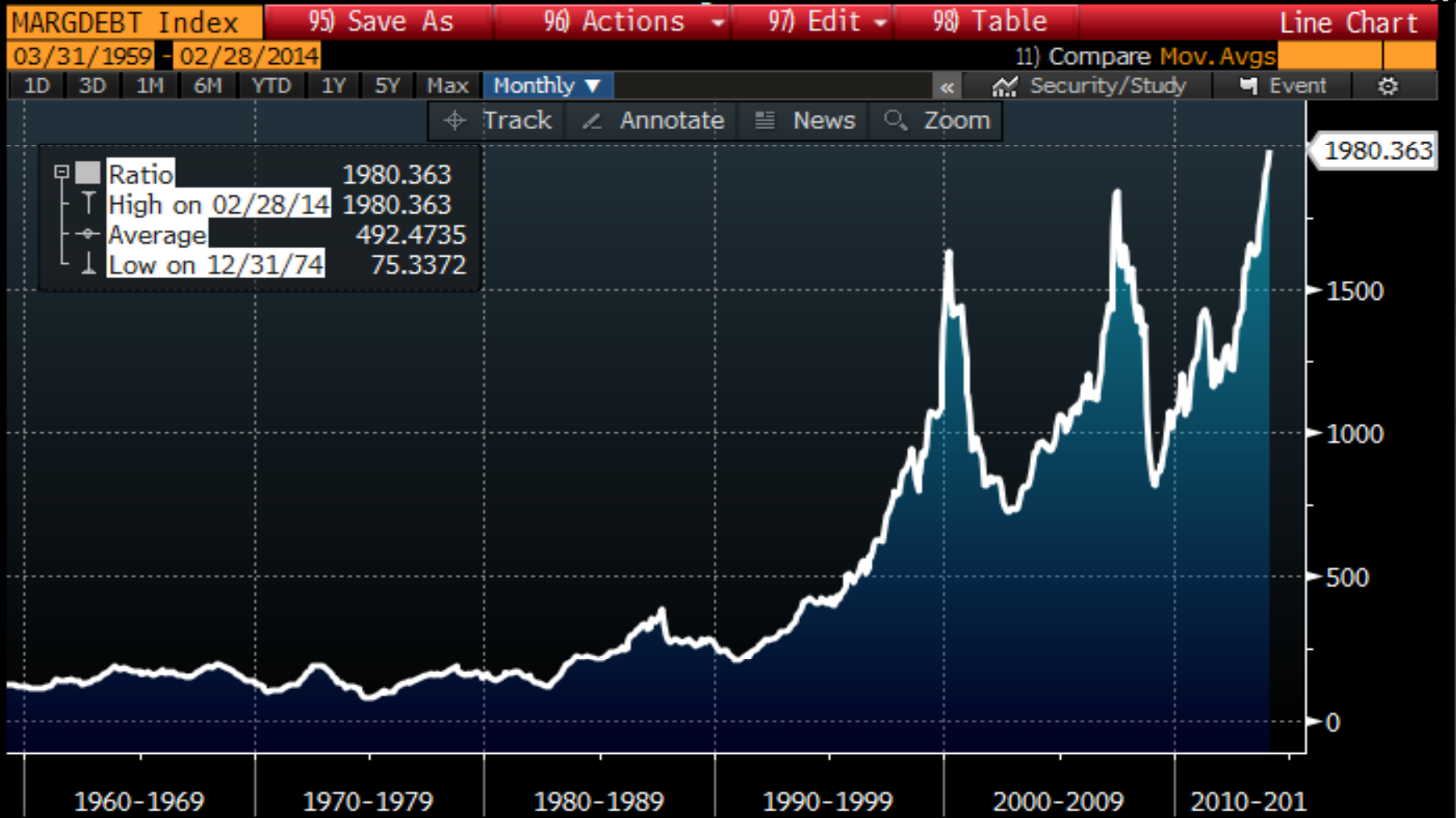


Source: Bloomberg
An investment cannot be made in an index directly. Please see appendix for index definitions

Margin Borrowing CPI Adjusted

December 31, 1959 through February 28, 2014

DoubleLine®



Source: Bloomberg Financial Services, DoubleLine Capital LP
MARGDEBT = Debt balances in margin accounts. CPI = Consumer Price Index
An investment cannot be made directly in an index. Please see appendix for definitions.

Gold ETF Holdings Peaked Year-End 2012 ...early 2013 Reversing the Previous Three Years of Inflows



December 31, 2008 through April 3, 2014



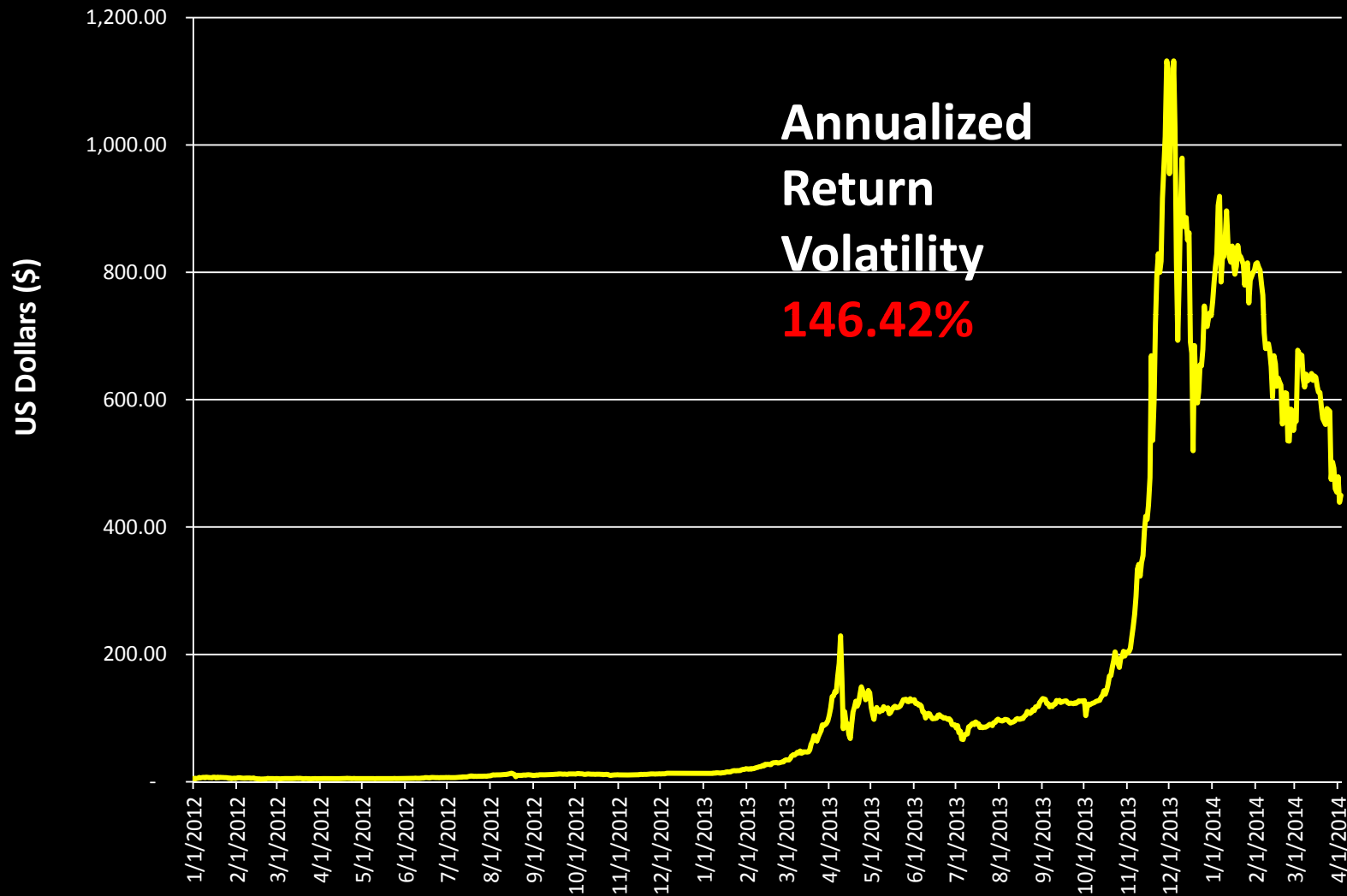
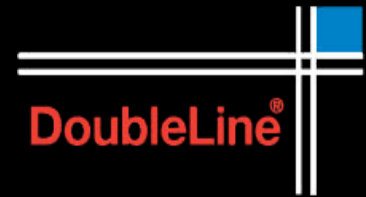
Source: Bloomberg Financial Services, DoubleLine Capital LP

ETFGTOTL Index = the known gold holdings traded funds worldwide tracked by: SPDR, ETF securities, ZKB, iShares, Swiss & Global, Central Funds, Credit Suisse, Source, New Gold, Sproutt Gold, Deutsche Bank, Central Goldtrust, Claymore (now iShares) and Goldlist.

An investment cannot be made directly in an index.

The Rise of Cryptocurrency – Bitcoin (BTC)

December 31, 2011 through April 1, 2014



Source: <http://www.quandl.com/BITCOIN/BITSTAMPUSD-Bitcoin-Markets-bitstampUSD>, DoubleLine Capital LP



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AMERICA'S TECHNOLOGY STORE

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Realistic CTR-85 makes an excellent "nomadic" but excellent, recording of speeches. No. 142-0000

Check Your Phone Book for the Radio Shack Store or Dealer Nearest You.

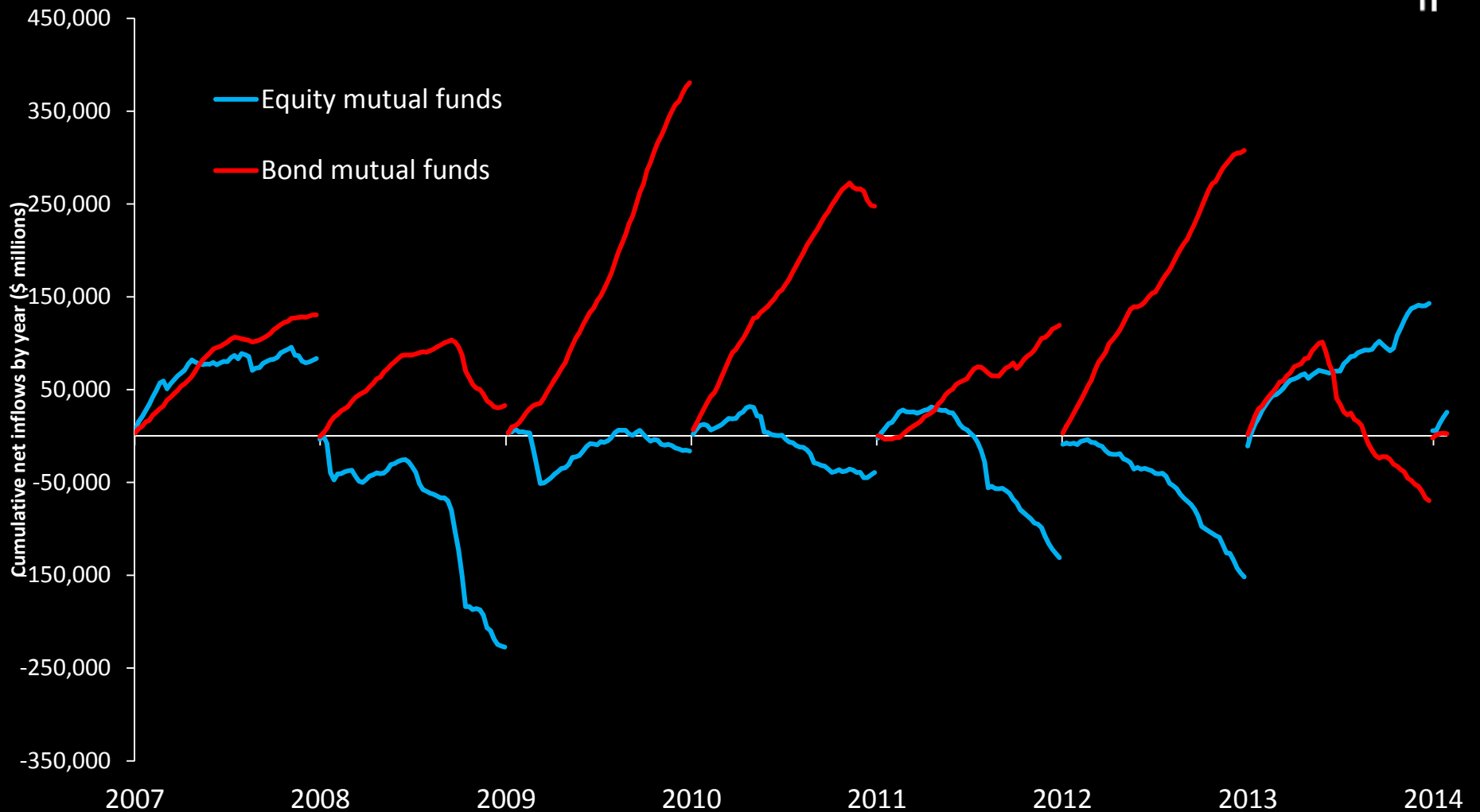
PRICES APPLY AT PARTICIPATING STORES AND DEALERS.

Most Major Credit Cards Welcome

Source: Buffalo News, February 16, 1991

US Equity & Bond Mutual Fund Flows By Year

January 1, 2007 through March 26, 2014



Source: Investment Company Institute; Credit Suisse; Bloomberg; DoubleLine

Shanghai Index

December 31, 2009 through April 4, 2014

DoubleLine®



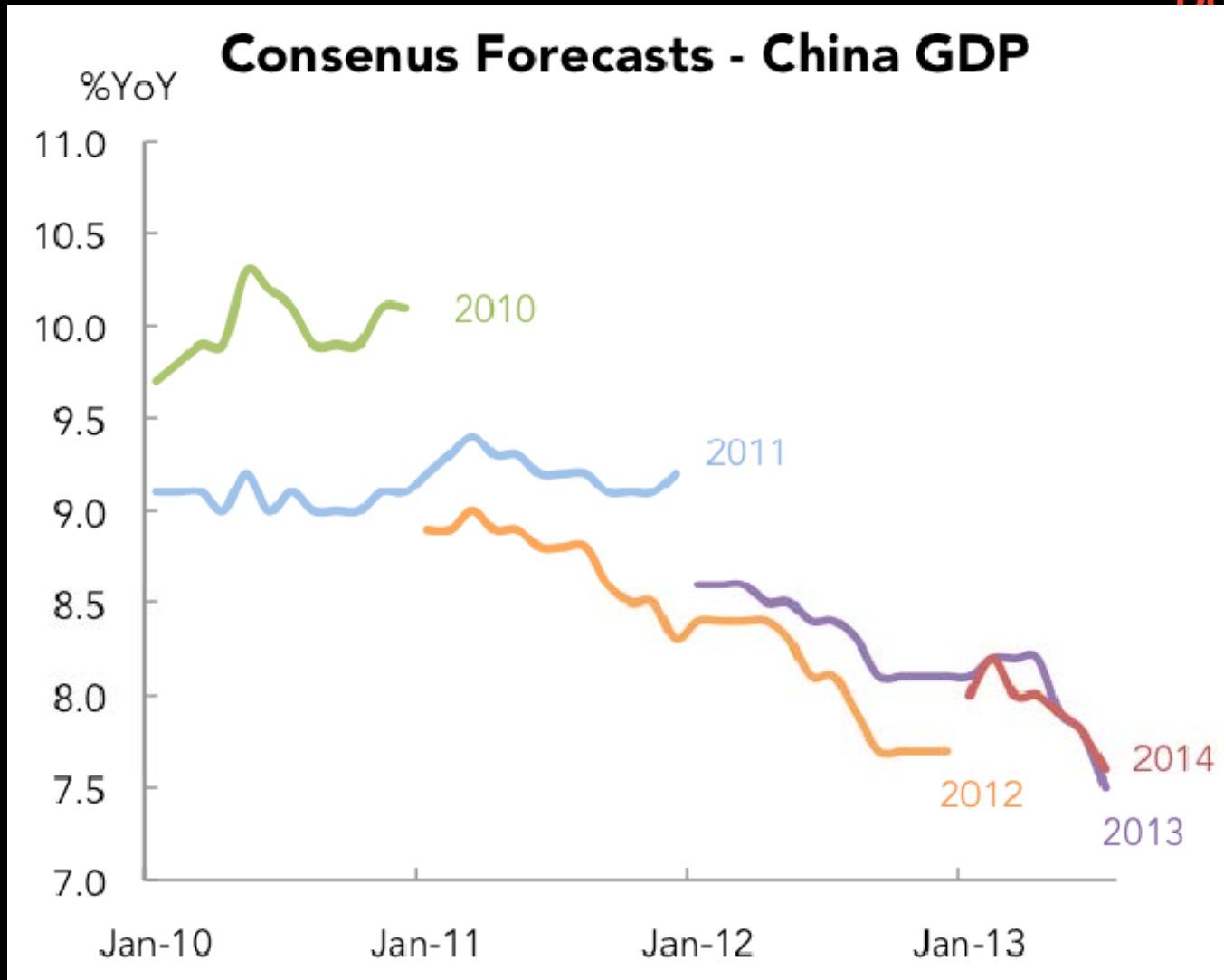
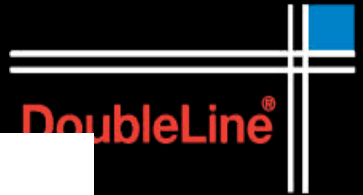
Source: Bloomberg Financial Services, DoubleLine Capital LP

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

An investment cannot be made directly in an index.

China's GDP Forecasts

Year-End 2010 through Year-End 2014 Forecast



Source: Economic by design. "Taking stock of the consensus". July 23, 2013

GDP = Gross Domestic Product (GDP) is the market value of all final goods and services produced within a country in a given period, and its considered an indicator or metric of a country's standard of living.
YoY = Year-over-year.

An investment cannot be made directly in an index.

China RMB Has Been Moving Fast

Year-End 2012 through April 5, 2014



Source: Economic by design. "China tinkers with RMB & interest rates". February 25, 2014

USD = US Dollar sport price. RMB = Chinese Rumimbi spot price.

An investment cannot be made directly in an index.

China RMB Has Been Moving Fast

Year-End 2009 through April 5, 2014



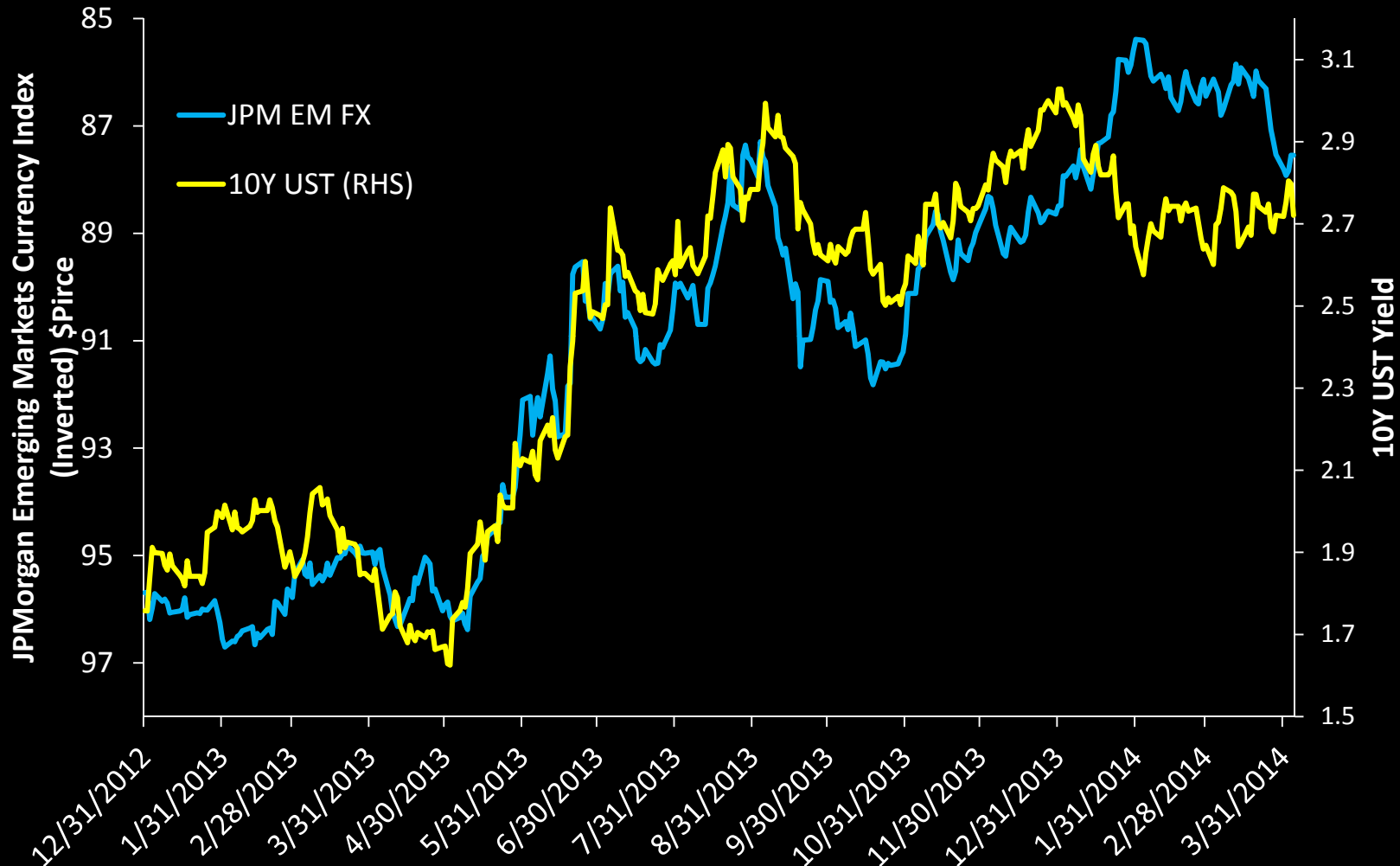
Source: Economic by design. "China tinkers with RMB & interest rates". February 25, 2014

USD = US Dollar sport price. RMB = Chinese Rumimbi spot price.

An investment cannot be made directly in an index.

USD/EM FX and 10y UST Yield Since 12/31/12

As of 4/4/14

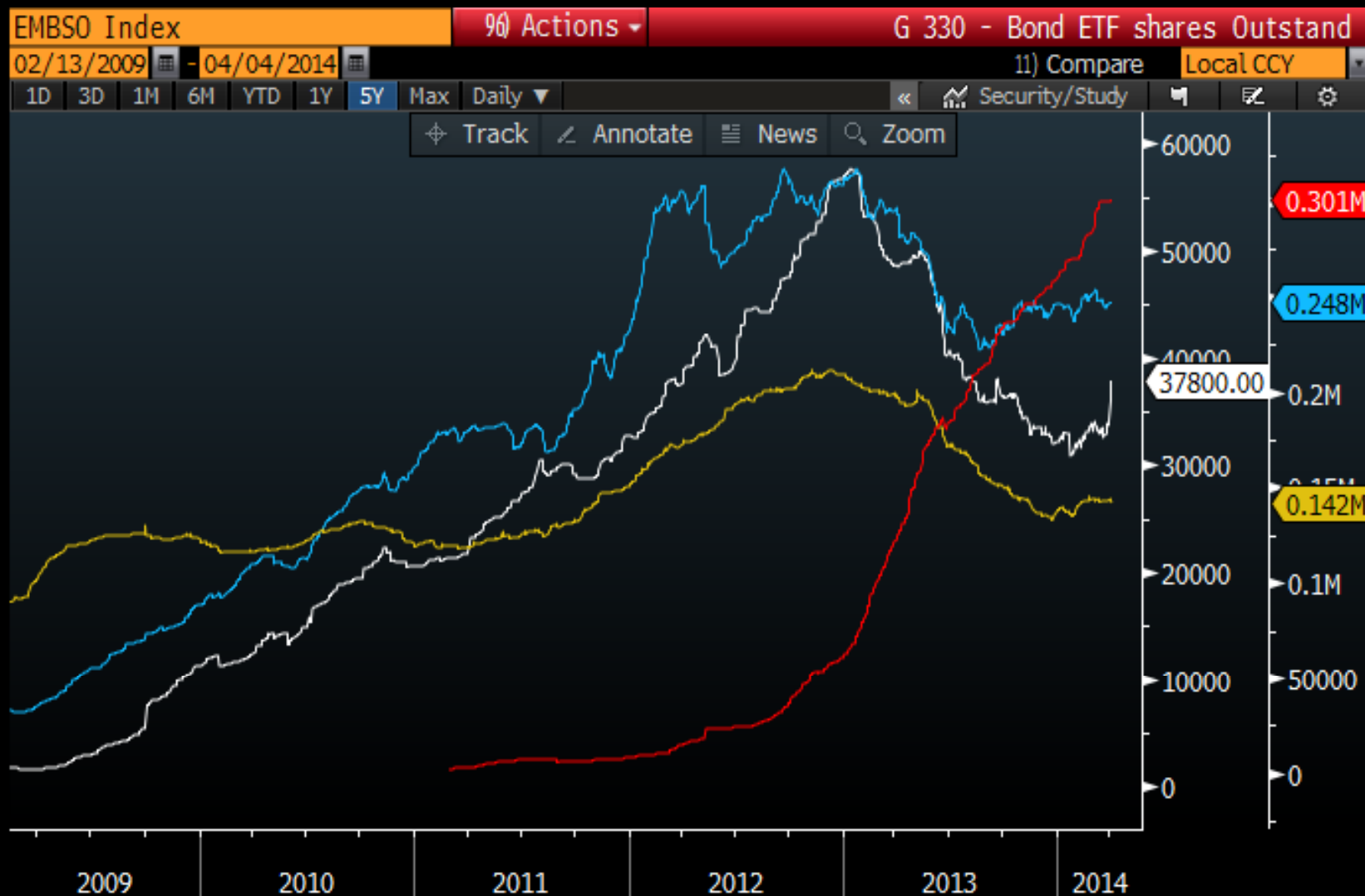
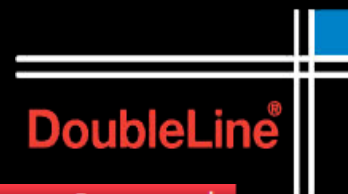


JPM EM FX = The J.P. Morgan Emerging Markets Currency Index is comprised of 10 liquid currencies across Latin America, Asia and CEEMEA vs. USD. (Weights: Chilean Peso 11.11%; Brazilian Real 11.11%; Mexican Peso 11.11%; Hungarian Forint 8.33%; South African Rand 8.33%; Russian Ruble 8.33%; Turkish Lira 8.33%; Singaporean Dollar 11.11%; Chinese Yuan 11.11%; Indian Rupiah 11.11%.

10Y UST = 10 Year US Treasury Bonds. A debt obligation issued by the United States government that matures in 10 years. An investment cannot be made in an index directly.

Bond ETF Shares Outstanding

February 13, 2009 through April 4, 2014



Source: Bloomberg

An investment cannot be made in an index directly. Please see appendix for index definitions

Investment Grade Index Yields

Year-End 2007 through April 4, 2014

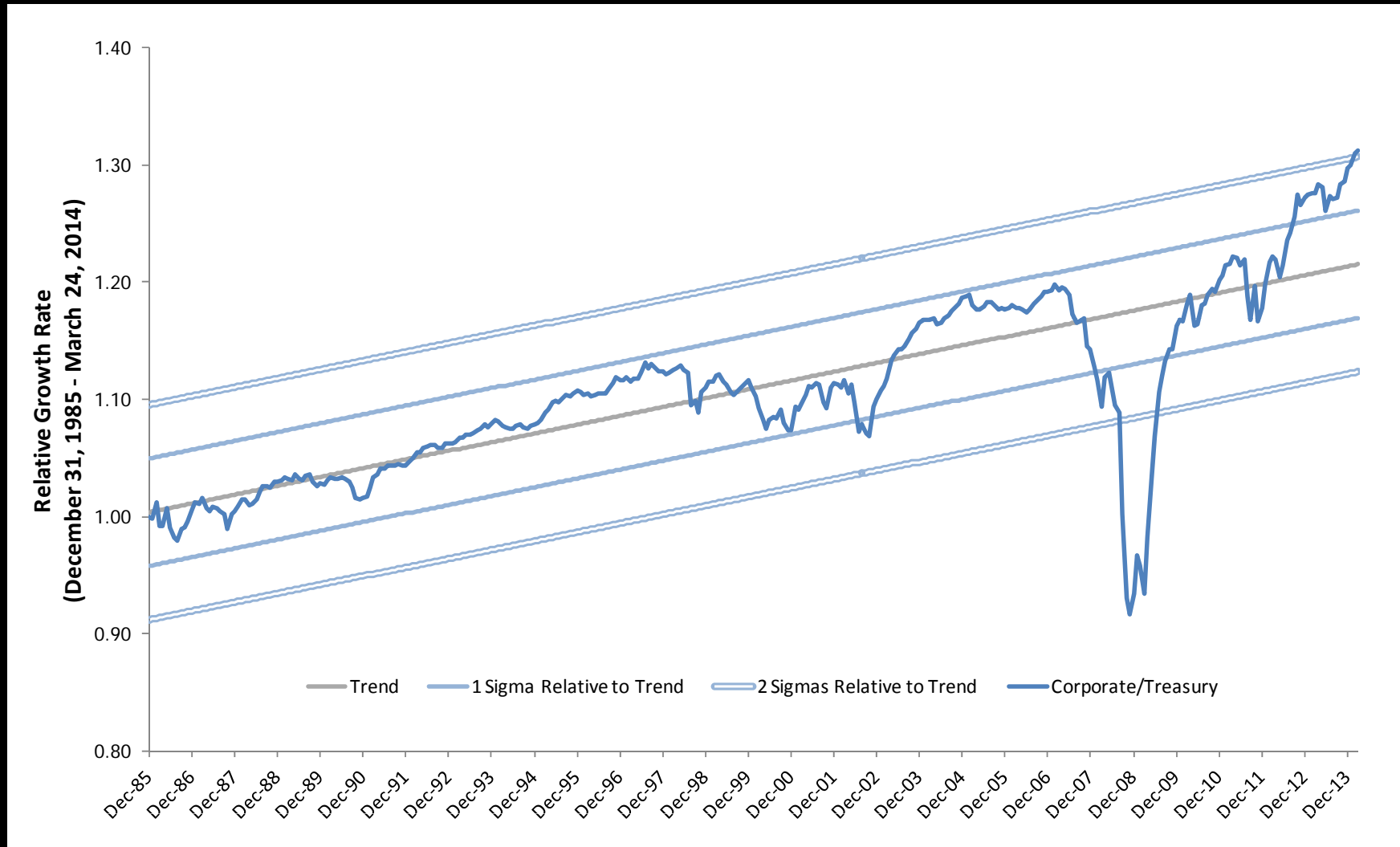


Source: Bloomberg Financial Services, JP Morgan

JACIICYM = The JP Morgan Investment Grade Corporate Index, Yield –to-Maturity. Investment grade means that the security is rated by one of the three nationally recognized major rating agencies, Moodys, S&P or Fitch, as above BBB. Please see the appendix of this presentation for further ratings descriptions.

An investment cannot be made directly in an index.

Relative Growth of Merrill Corporate Index to Merrill Treasury Index



Data Source: Merrill Lynch (COAO; GOQO); Monthly data with most recent observation appended.
 An investment cannot be made in an index directly. Please see appendix for index definitions

High Yield Index Yields

January 31, 2004 through March 31, 2014



Source: Bloomberg Financial Services, JP Morgan
Please see the appendix for definition of BofA/Merrill Lynch High Yield Cash Pay Index (J0A0).
An investment cannot be made directly in an index.

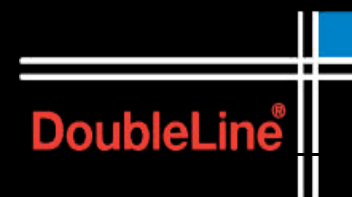
Relative Growth of Merrill High Yield Cash Pay Index to Merrill 15+ Year Treasuries Index



Data Source: Merrill Lynch (JOA0; G8O2); Monthly data with most recent observation appended.
An investment cannot be made in an index directly. Please see appendix for index definitions

60 Month Correlation Matrix of Fixed Income Returns

As of December 31, 2013



	US Government (GOA0)	Municipal (U0A0)	Agency MBS (MOA0)	CMBS (Barclays)	ABS (Barclays)	US Investment Grade (COA0)	US High Yield (JOA0)	Bank Loans (S&P/LSTA Lev Loans)	Convertibles (VO50)	International Sovereign (IGOV)	EM Sovereign (NOG0)	EM Corporate (JBCDCOMP)	Inflation Linked (GOQ1)	T-Bills (SBMMTB3)
US Government	1.00													
Municipal	0.32	1.00												
Agency MBS	0.74	0.44	1.00											
CMBS	0.17	0.24	0.30	1.00										
ABS	-0.06	0.31	0.15	0.27	1.00									
US IG Credit	0.35	0.51	0.50	0.61	0.61	1.00								
US HY Credit	-0.29	0.31	0.07	0.71	0.42	0.65	1.00							
Bank Loans	-0.48	0.29	-0.09	0.50	0.51	0.48	0.86	1.00						
Convertible	-0.40	0.12	-0.15	0.56	0.16	0.34	0.79	0.65	1.00					
International Sovereign	0.53	0.27	0.58	0.39	0.27	0.59	0.25	0.01	0.11	1.00				
EM Sovereign	0.15	0.50	0.45	0.59	0.30	0.72	0.75	0.47	0.56	0.48	1.00			
EM Corporate	-0.03	0.36	0.29	0.70	0.45	0.77	0.89	0.67	0.68	0.41	0.89	1.00		
Inflation Linked	0.66	0.39	0.71	0.38	0.15	0.53	0.20	0.00	-0.01	0.62	0.50	0.43	1.00	
T-Bills	-0.07	0.16	0.20	0.37	0.30	0.28	0.44	0.50	0.25	0.21	0.33	0.41	0.19	1.00

Average Correlation 0.36

Source: Bloomberg, DoubleLine Capital

Correlation = Is a statistical measurement of the relationship between two variables. **CMBS** = Barclays CMBS. This index is the CMBS component of the U.S. Aggregate Index. It includes investment grade securities that are ERISA eligible under the underwriter's exemption and is the only CMBS sector that is included in the U.S. Aggregate Index. **ABS** = Barclays ABS Index - This index is the ABS component of the U.S. Aggregate Index. It includes securities whose value and income payments are derived from and collateralized ("or backed") by a specified pool of underlying assets including credit cards, auto loans, etc. Please see the appendix for all other index definitions. You cannot invest directly in an index.

Past performance is no guarantee of future results. You cannot invest directly in an index.

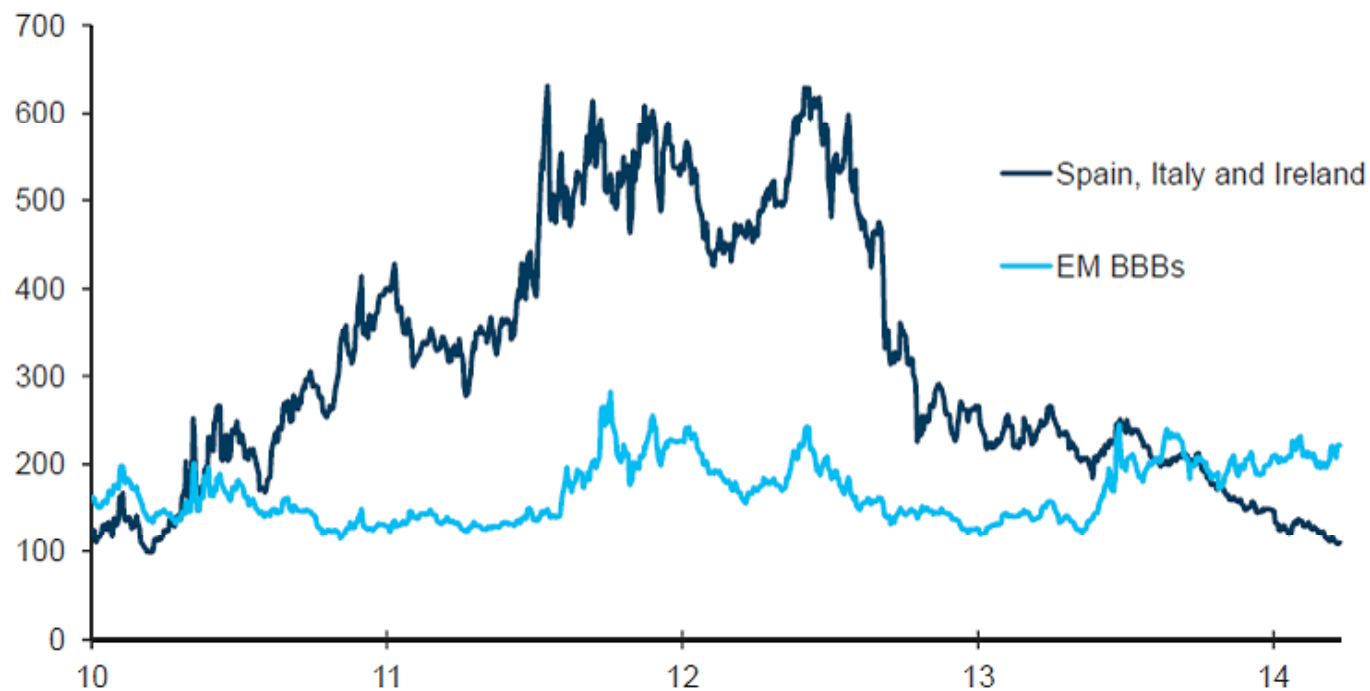
Sovereign BBB's "Great Rotation"

January 1, 2010 through March 31, 2014



Peripheral Europe & EM BBBs

CDS spread, equally-weighted average



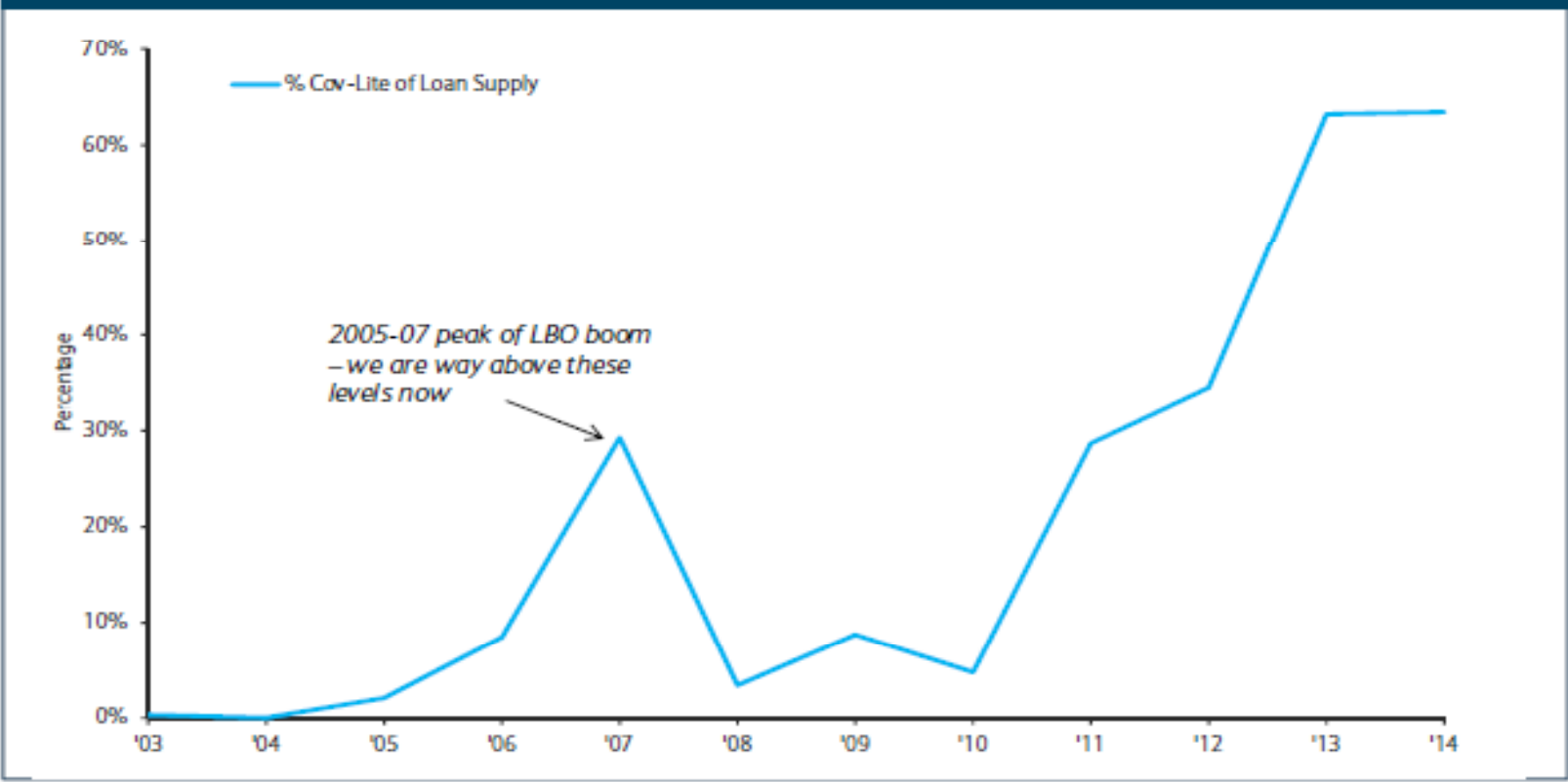
Note: EM BBBs = Brazil, Turkey, Indonesia, Russia and South Africa

Cov-Lite Loan Supply is Rising

January 1, 2003 through February 28, 2014



Nearly two-thirds of issuance since the beginning of 2013 has been cov-lite

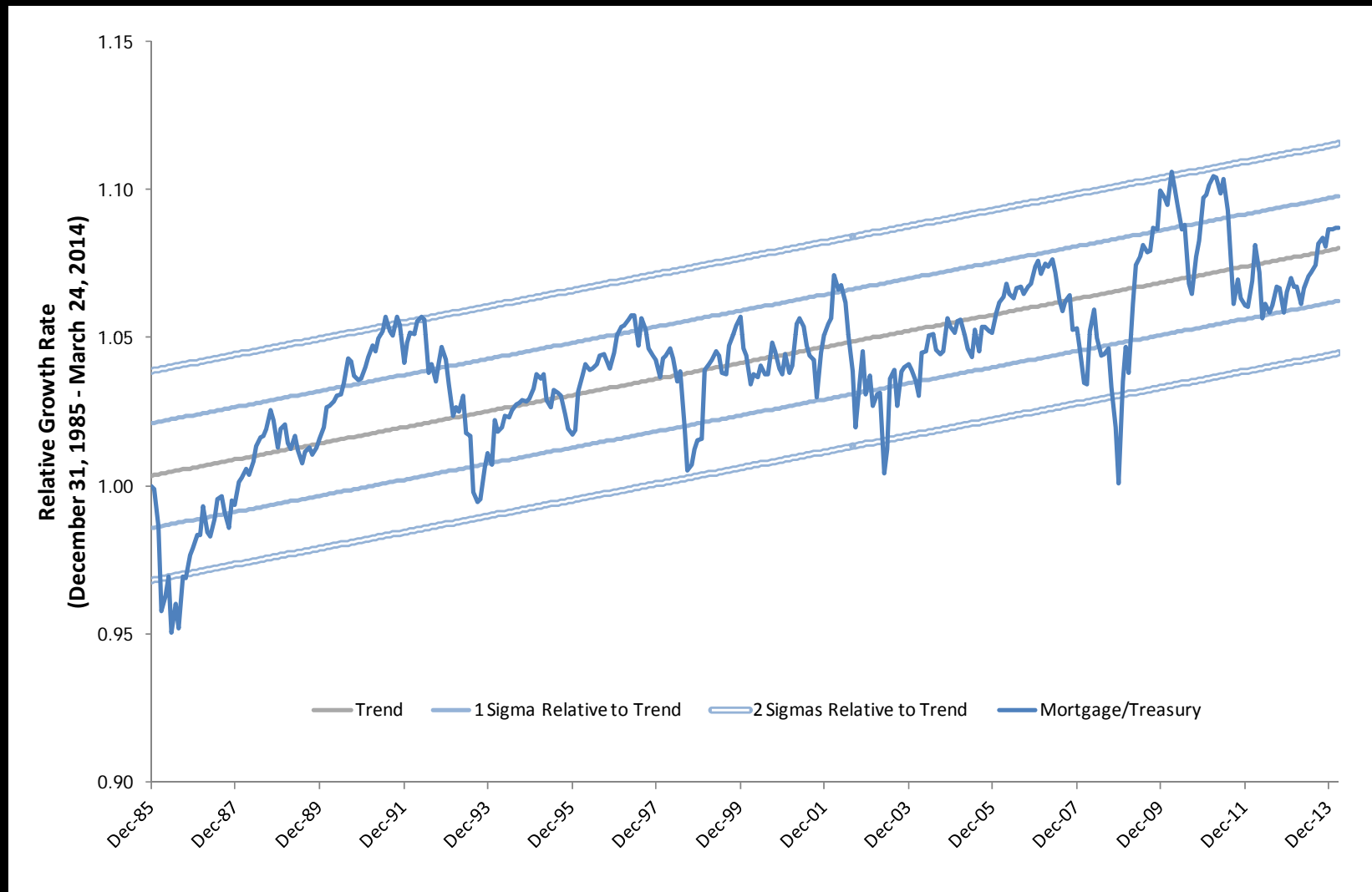


Source: Barclays CIB, S&P LCD, as of March 2014
Past performance does not indicate future returns
Cov-lite = Covenant light

LBO = Leveraged buy-out

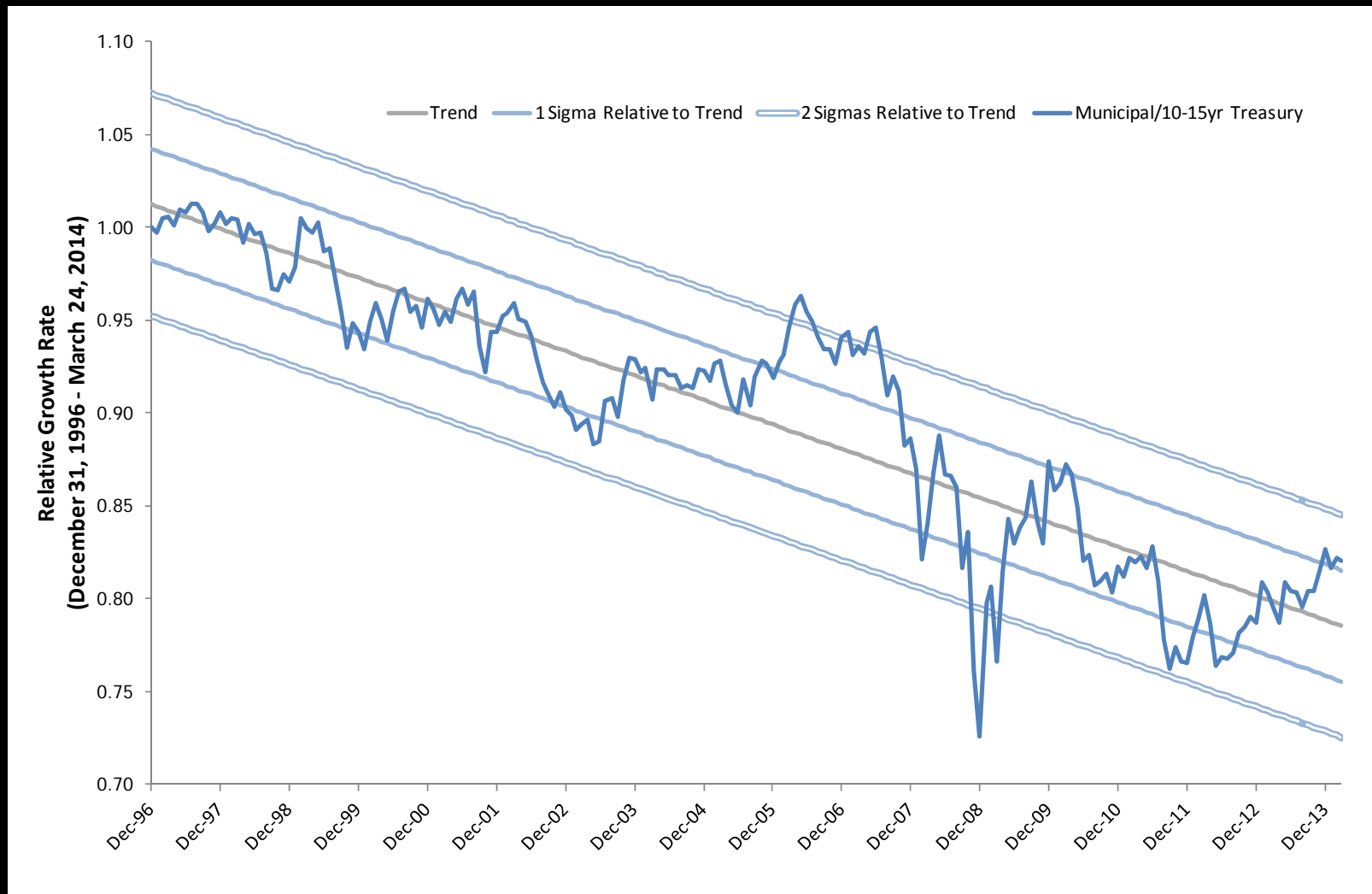


Relative Growth of Merrill Mortgage Index to Merrill Treasury Index



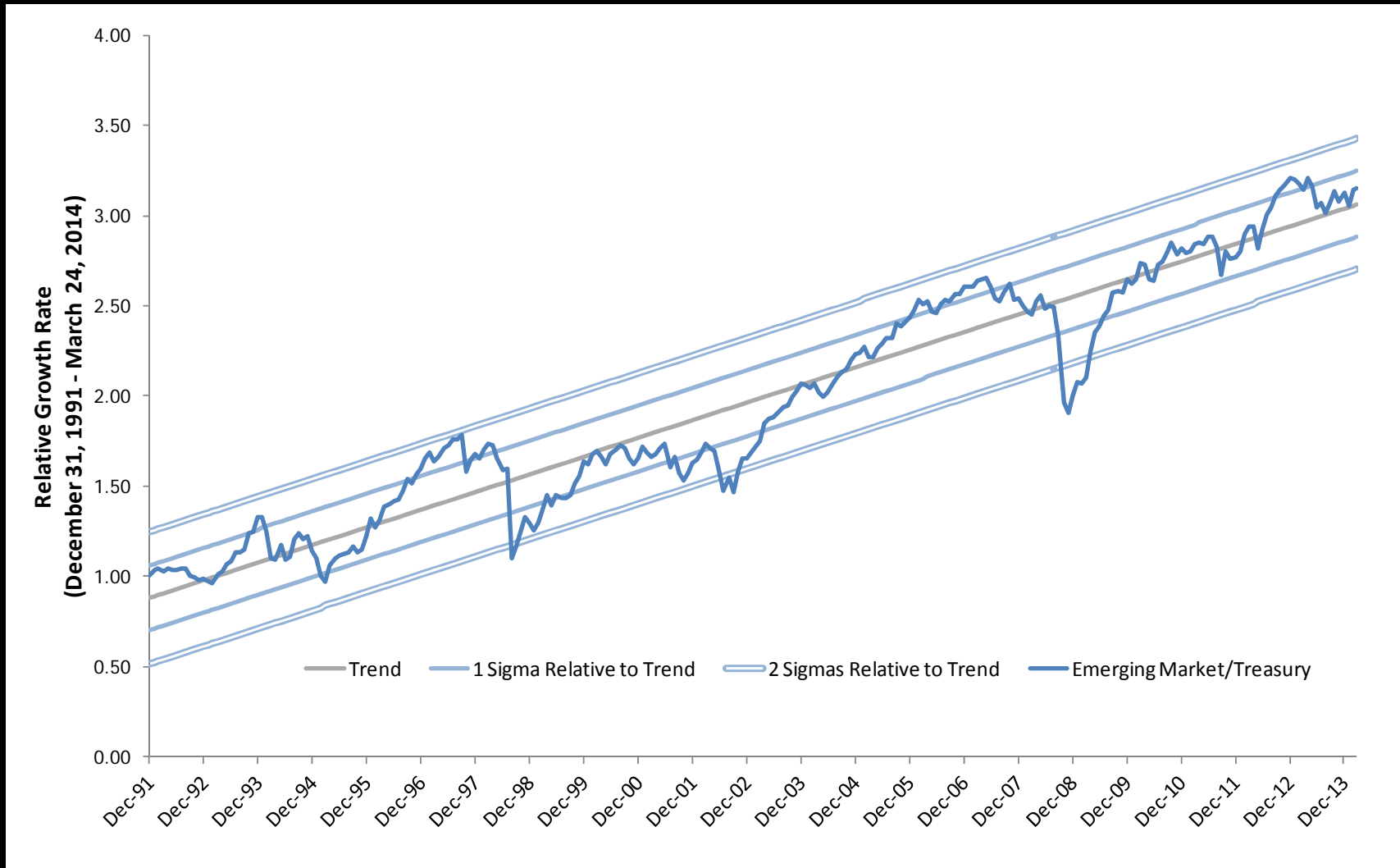
Data Source: Merrill Lynch (M0A0; G0Q0); Monthly data with most recent observation appended.
An investment cannot be made in an index directly. Please see appendix for index definitions

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



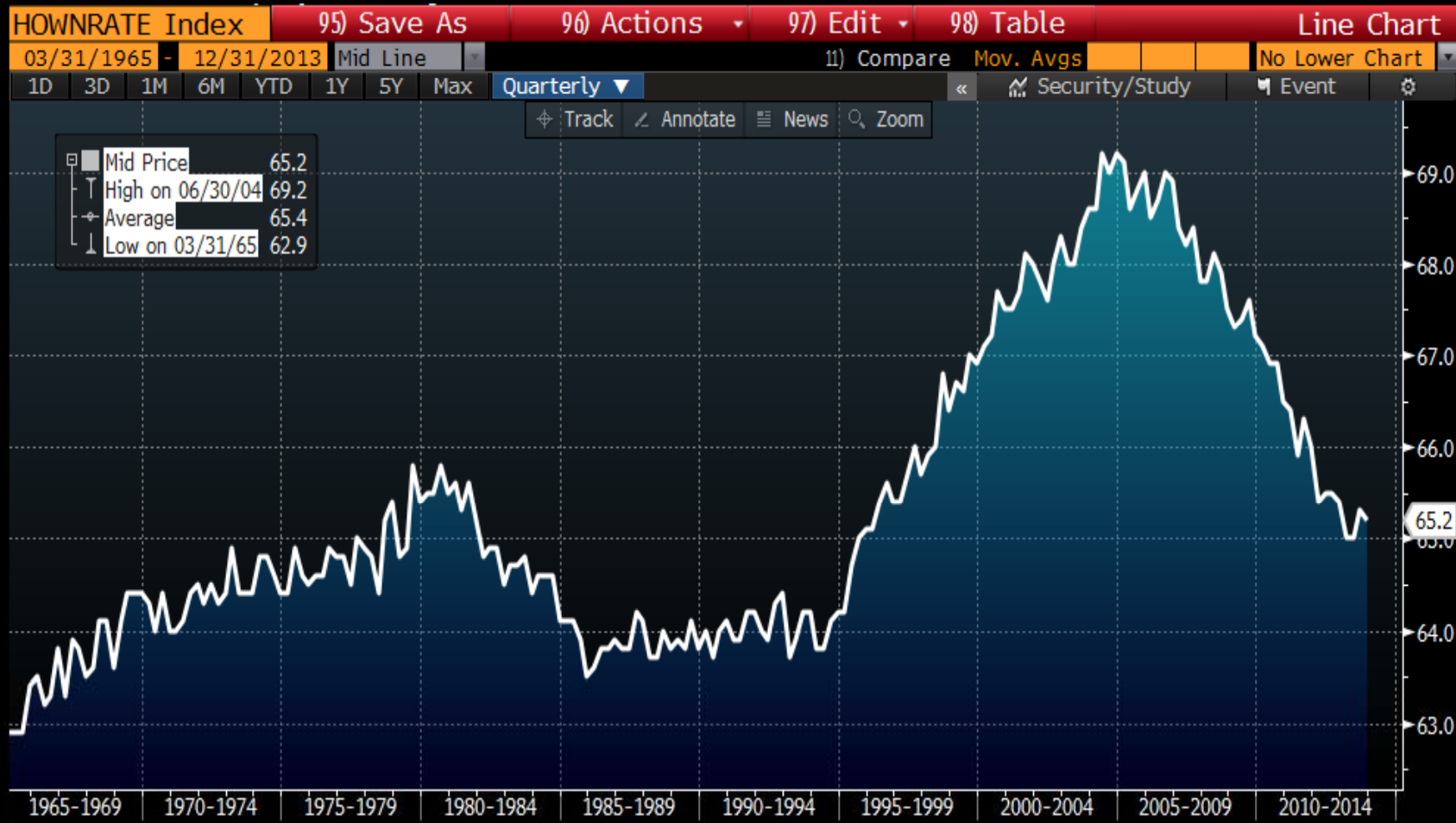
Data Source: Merrill Lynch (U0A0; G7O2); Monthly data with most recent observation appended.
An investment cannot be made in an index directly. Please see appendix for index definitions

Relative Growth of Merrill Lynch Emerging Market Index to Merrill Treasury Index



Data Source: Merrill Lynch (M0A0; GOQ0); Monthly data with most recent observation appended.
An investment cannot be made in an index directly. Please see appendix for index definitions

Homeownership Rate



Source: Bloomberg Financial Services
 HOWNRATE = The homeownership rate index. Homeownership affordability measured quarterly and subject to a one month lag.
 An investment cannot be made directly in an index.

Lumber vs. Homebuilders Index

December 31, 2010 through April 4, 2014



Source: Bloomberg Financial Services, DoubleLine Capital LP
LB1 COMD = the generic lumbar options contract. SPSIHOTR Index = S&P Homebuilders Index
An investment cannot be made directly in an index.

New Home Sales – Last Ten Years



Source: Bloomberg
 An investment cannot be made in an index directly. Please see appendix for index definitions

Existing Home Sales – Last Ten Years



Source: Bloomberg
An investment cannot be made in an index directly. Please see appendix for index definitions

Housing Starts – Last Ten Years



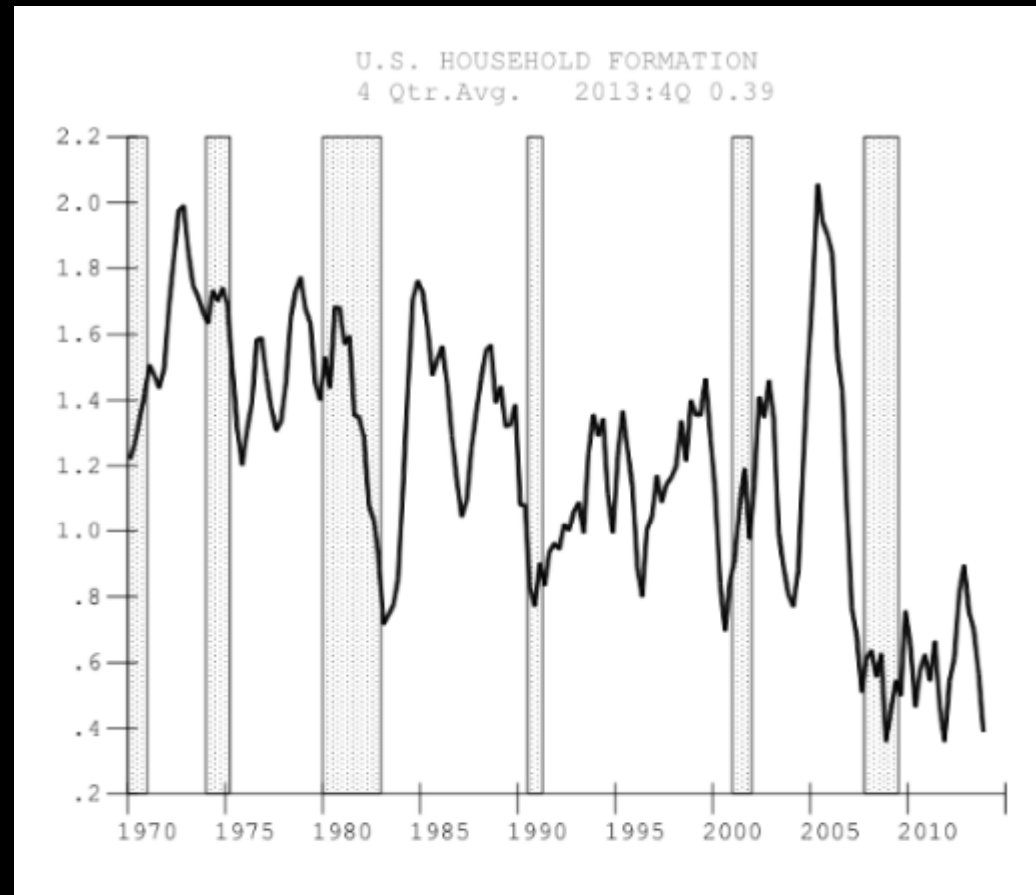
Source: Bloomberg
An investment cannot be made in an index directly. Please see appendix for index definitions

Mortgage Purchase Index – Last Ten Years



Source: Bloomberg
 An investment cannot be made in an index directly. Please see appendix for index definitions

Household Formation – Still Incredibly Depressed



Source: ISI, January 1, 1970 through December 31, 2013
An investment cannot be made directly in an index.

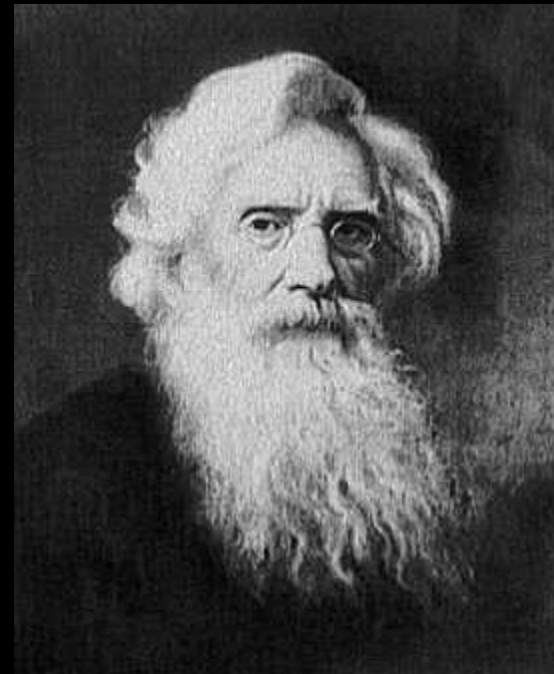
“What Hath QE Wrought”

Morse Code “What Hath QE Wrought”

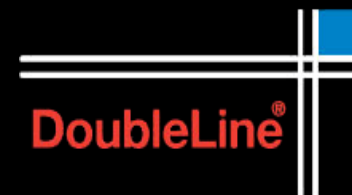
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Jeffrey Gundlach
Chief Executive Officer

April 10, 2014



Disclaimer



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