

PRESENTED BY



*Private
Wealth*

3 R D A N N U A L

Innovative ALTERNATIVE STRATEGIES

HOW ADVISORS CAN ACHIEVE PORTFOLIO DIVERSIFICATION AND ALPHA

Financial Expressionism

KEY NOTE SPEAKER

Jeffrey Gundlach

CEO

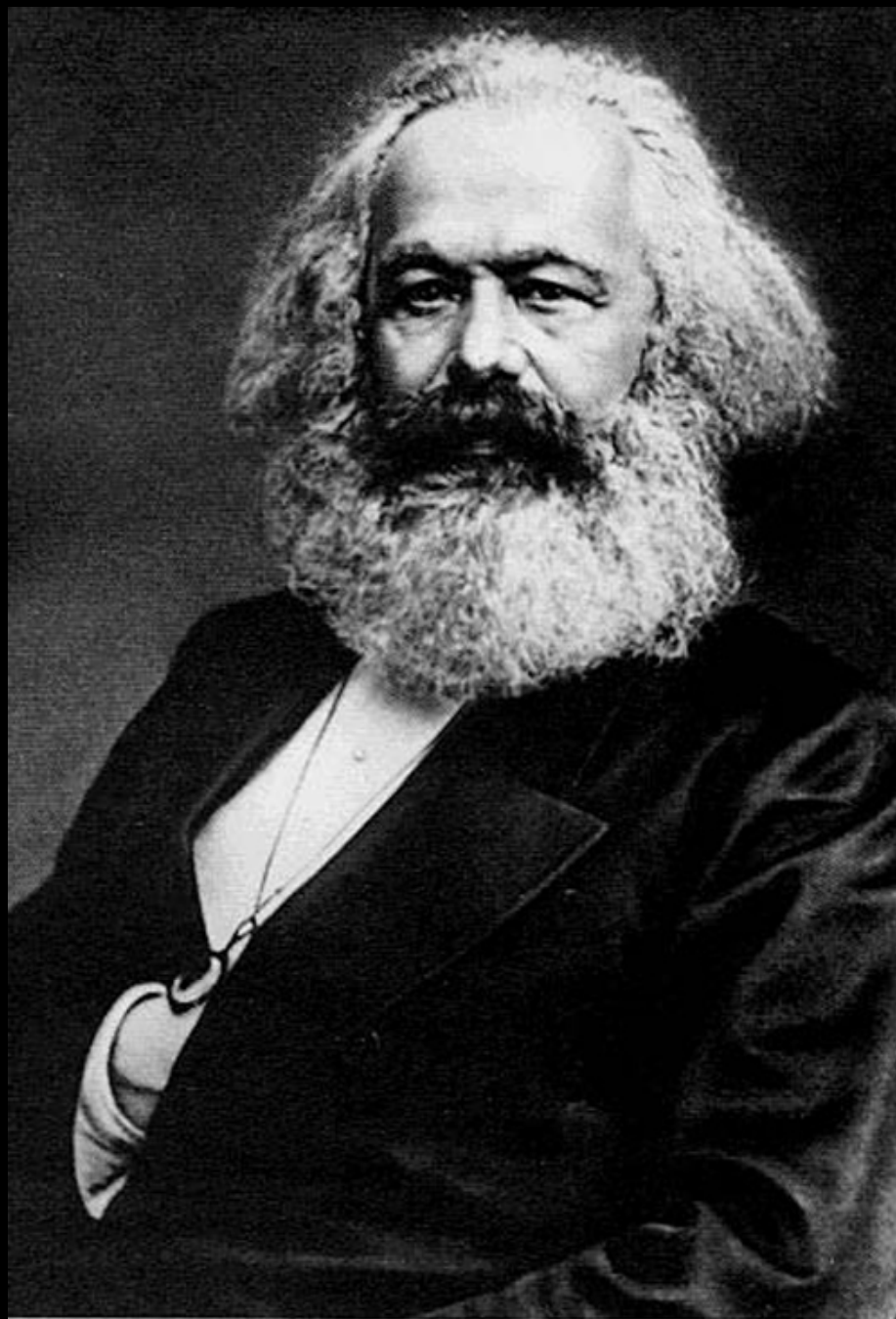
DoubleLine Capital

"Financial Expressionism"



"Goodbye Detroit: The bulldozing And Burning of Detroit" <http://radiantwriting.hubpages.com/hub/The-Bulldozing-of-Detroit#>

Karl Marx

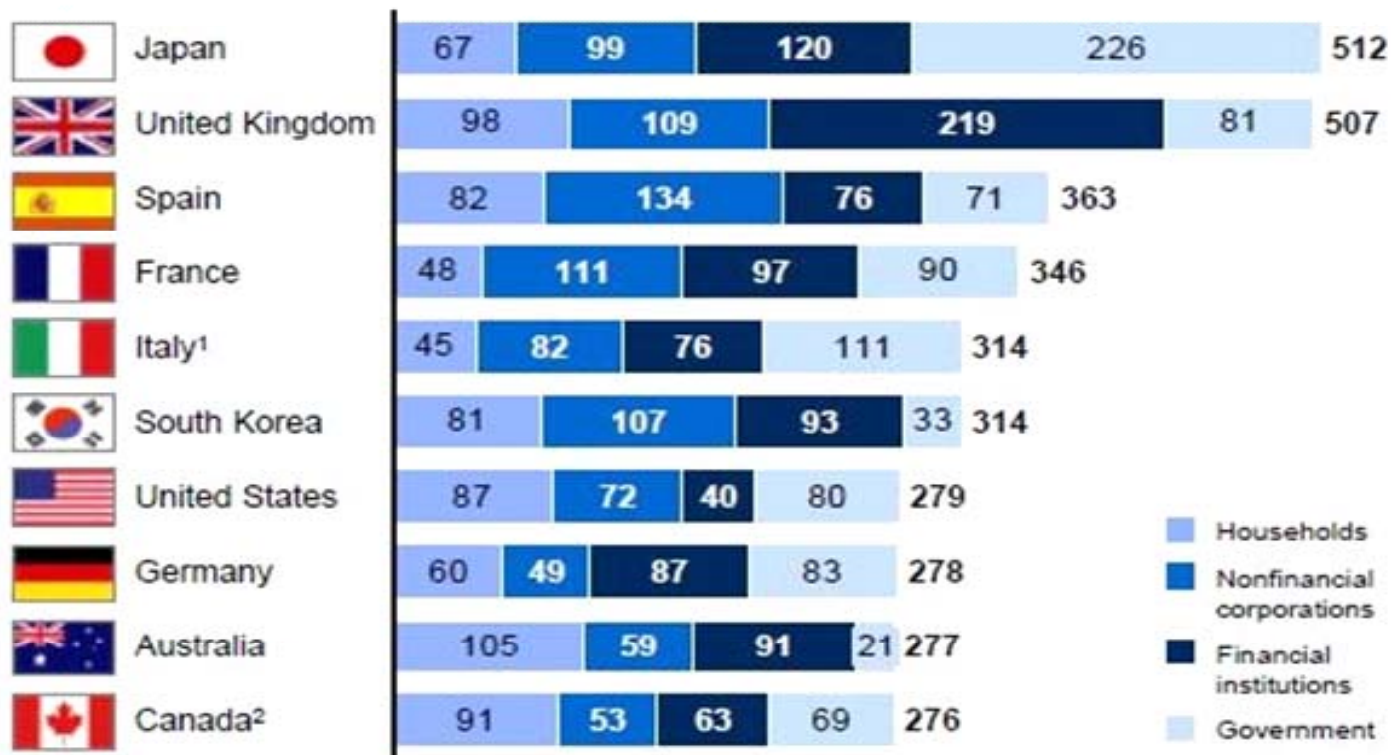


World Wide Debt



The composition of debt varies widely across countries

Total debt of ten largest mature economies, Q2 2011
% of GDP



¹ Q1 2011 data.

² According to Canada's national accounts, "household" sector includes nonfinancial, non-corporate business.
NOTE: Numbers may not sum due to rounding.

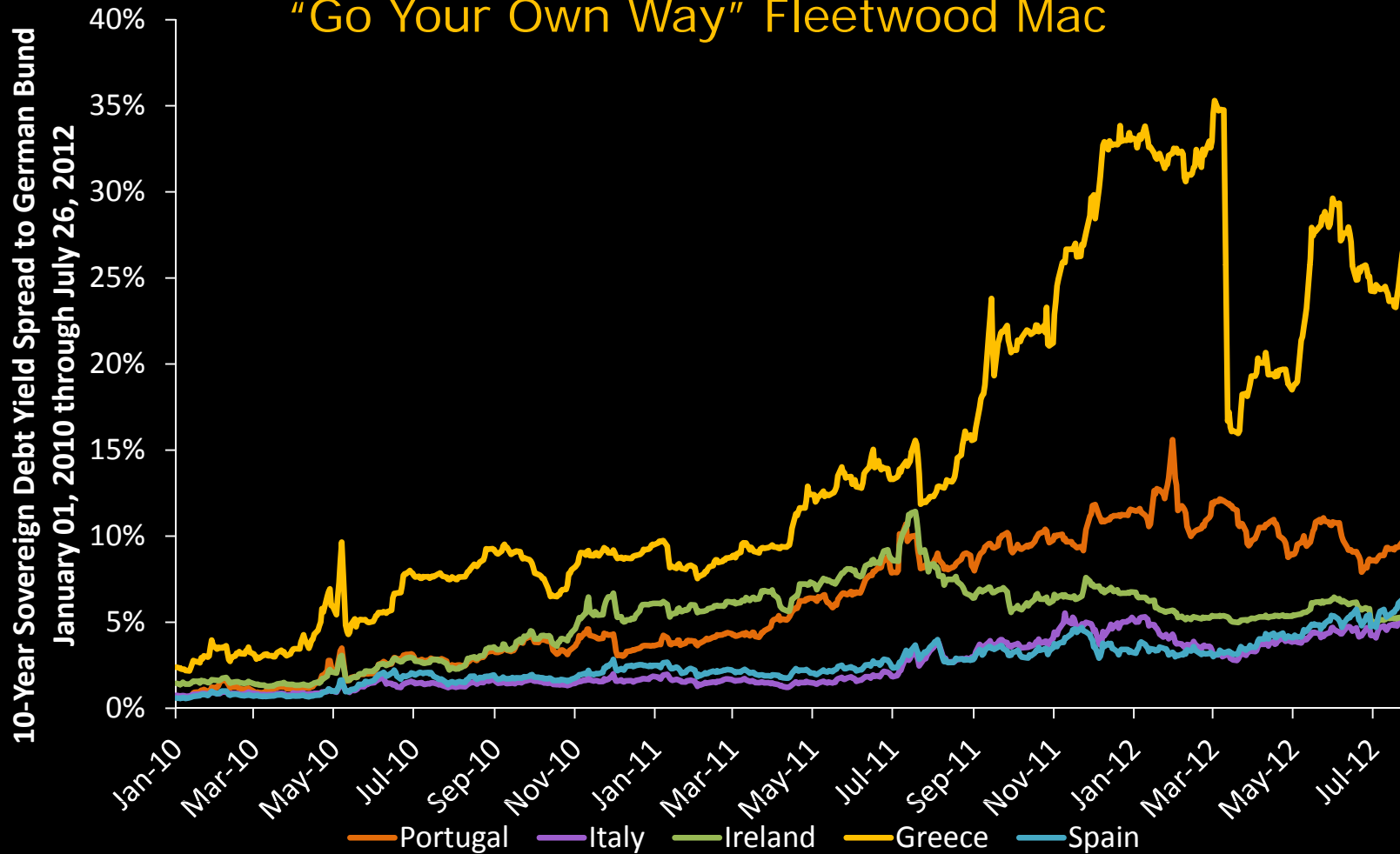
SOURCE: Haver Analytics; national central banks; McKinsey Global Institute

PIIGS 10 –Year Sovereign Debt Spread to German Bund

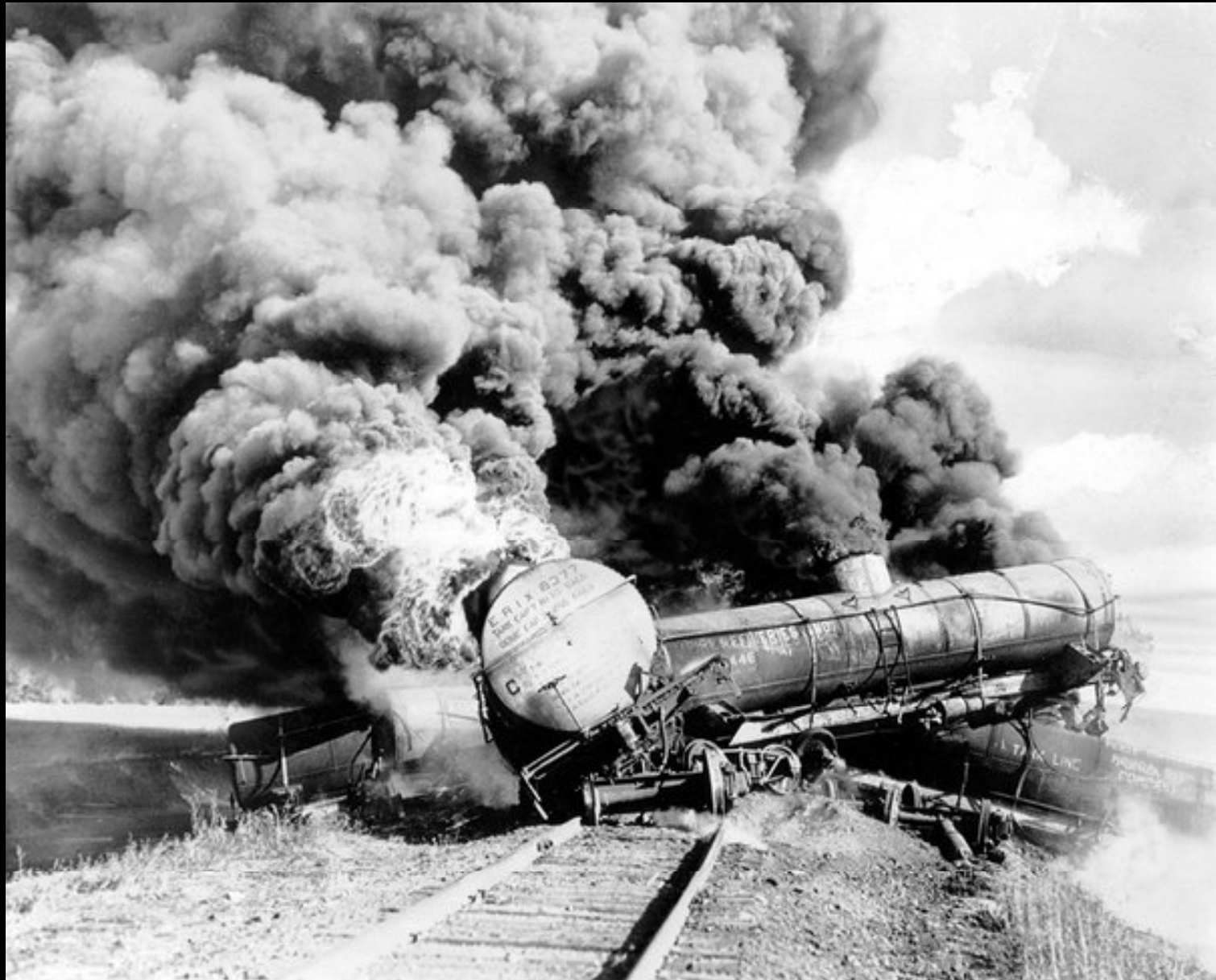
January 1, 2010 through July 26, 2012



“Go Your Own Way” Fleetwood Mac



Source: Bloomberg Financial Services
Song referenced for illustrative purposes only.



Greece Generic Government 10-Year Yields:

November 2, 2009 through July 28, 2012



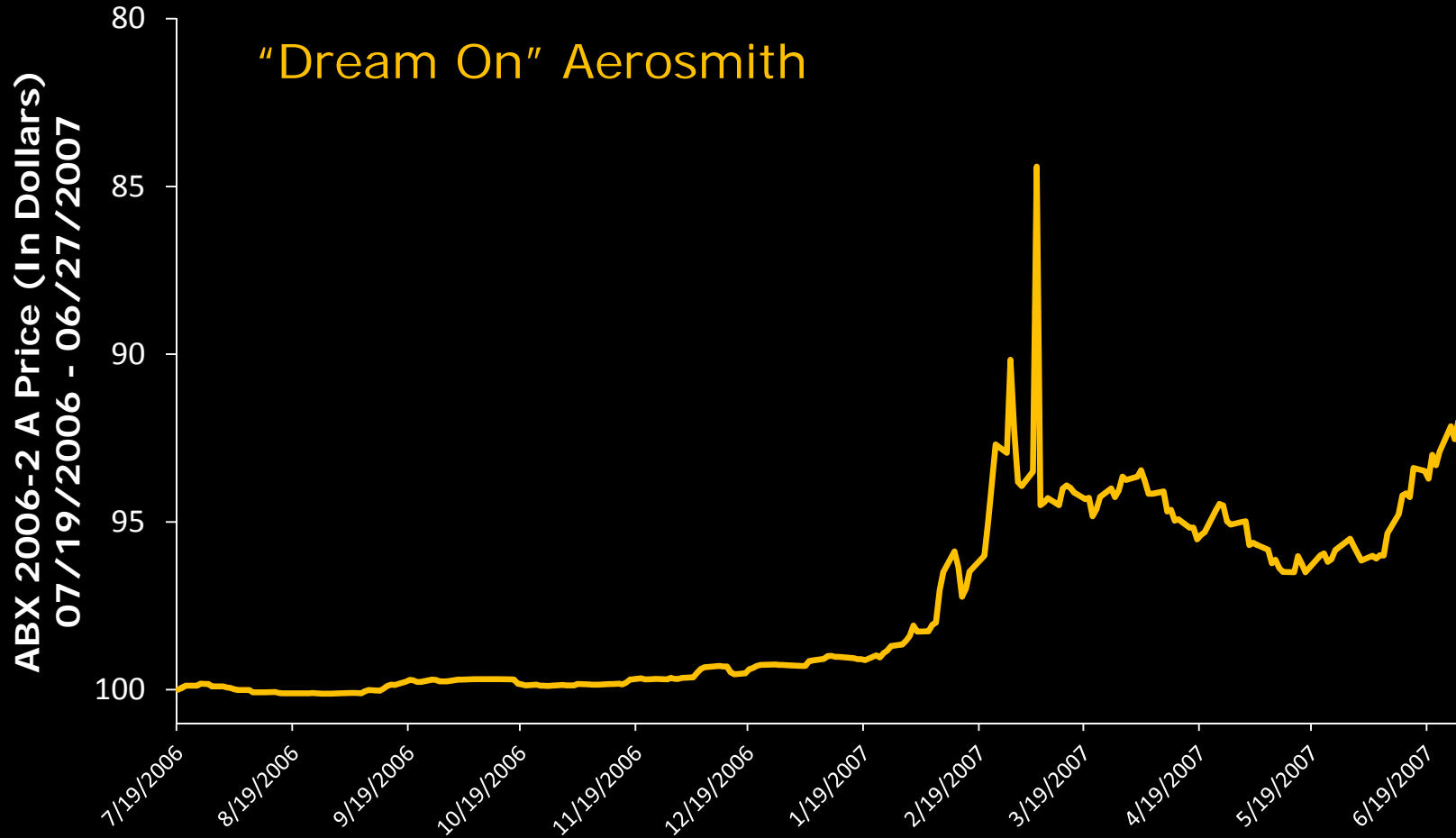
"Don't Worry. Be Happy" Bobby McFerrin



Source: Bloomberg Financial Services, DoubleLine Capital

ABX HE 2006-2 Single A Prices:

July 19, 2006 through June 27, 2007



Source: Morgan Stanley Smith Barney, MarkIt

ABX HE 2006-2 Single A = The ABX HE is the index for mortgage loan insurance derivatives. "A" is the investment grade for standard prime mortgages (where you put down a 20-30% down payment and then make monthly payments based on a fixed interest rate). The value "2006-2" refers to loans made prior to the second half of 2006.

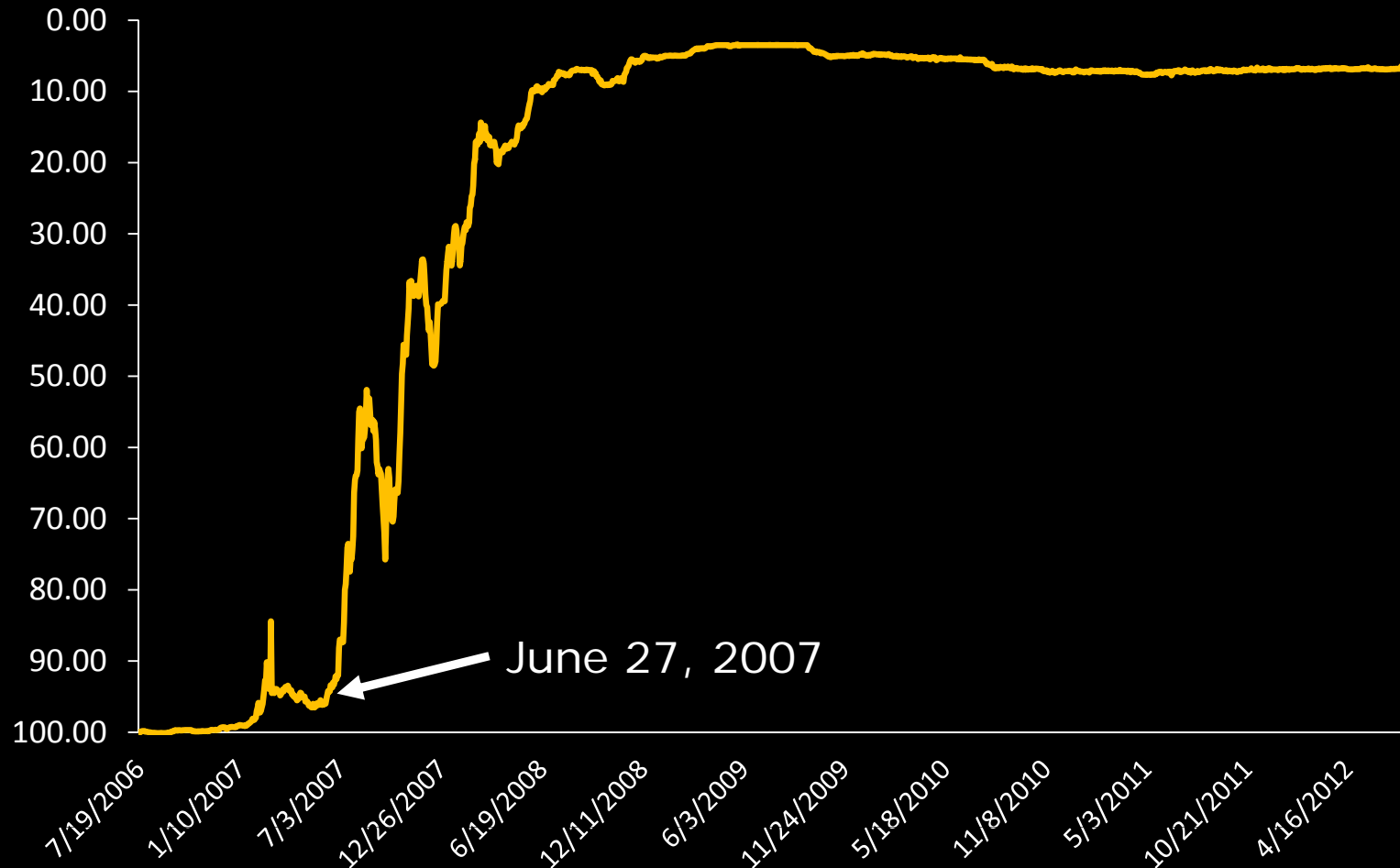
Song referenced for illustrative purposes only.

ABX HE 2006-2 Single A Prices:

July 19, 2006 through July 27, 2012



"Free Fallin" Tom Petty



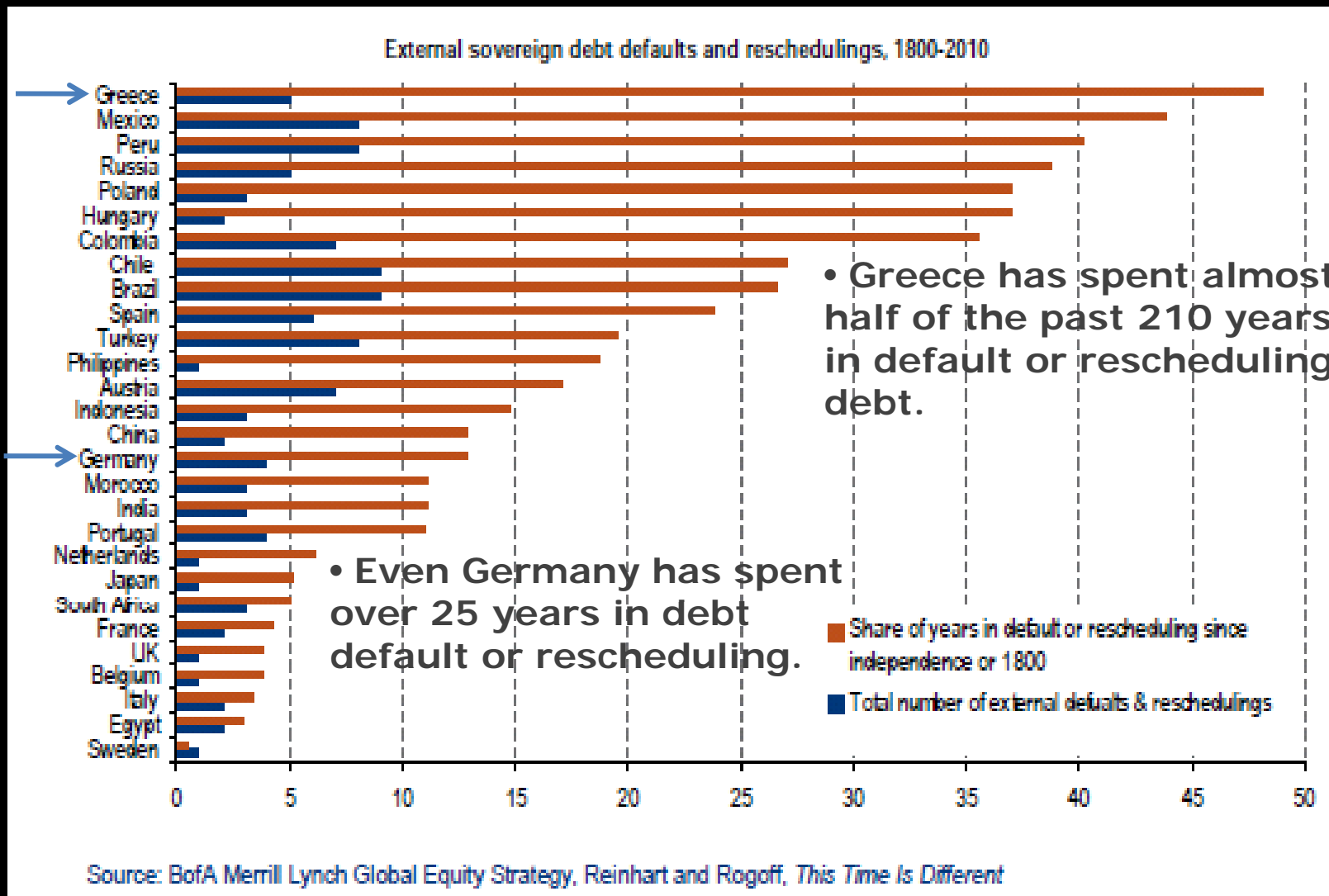
Source: Morgan Stanley Smith Barney, MarkIt

ABX HE 2006-2 Single A = The ABX HE is the index for mortgage loan insurance derivatives. "A" is the investment grade for standard prime mortgages (where you put down a 20-30% down payment and then make monthly payments based on a fixed interest rate). The value "2006-2" refers to loans made prior to the second half of 2006.

Song referenced for illustrative purposes only.

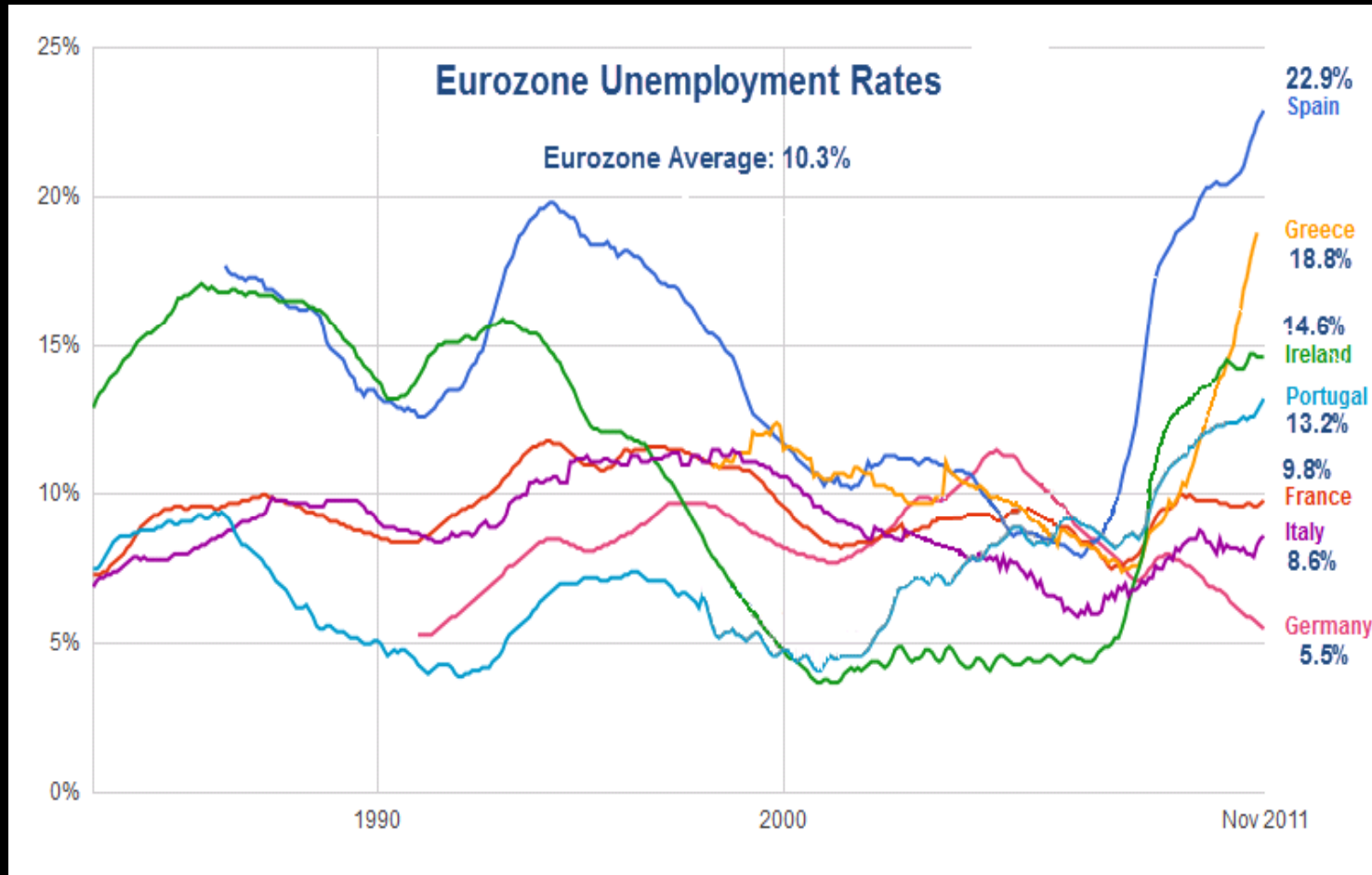
Historical Sovereign Debt Defaulters 1800 - 2010

"Won't Get Fooled Again" The Who



EuroZone Unemployment

“Smells Like Teen Spirit” by Nirvana



Unemployment for Under 25 yrs

Spain 51%

Ireland 30%
Portugal 36%

Others:
Bulgaria 33%
Denmark 15%
Cypres 29%
Hungry 29%
Poland 27%

Source: http://globaleconomicanalysis.blogspot.com/2012/01/money-supply-figures-suggests-italy.html?utm_source=feedburner&utm_medium

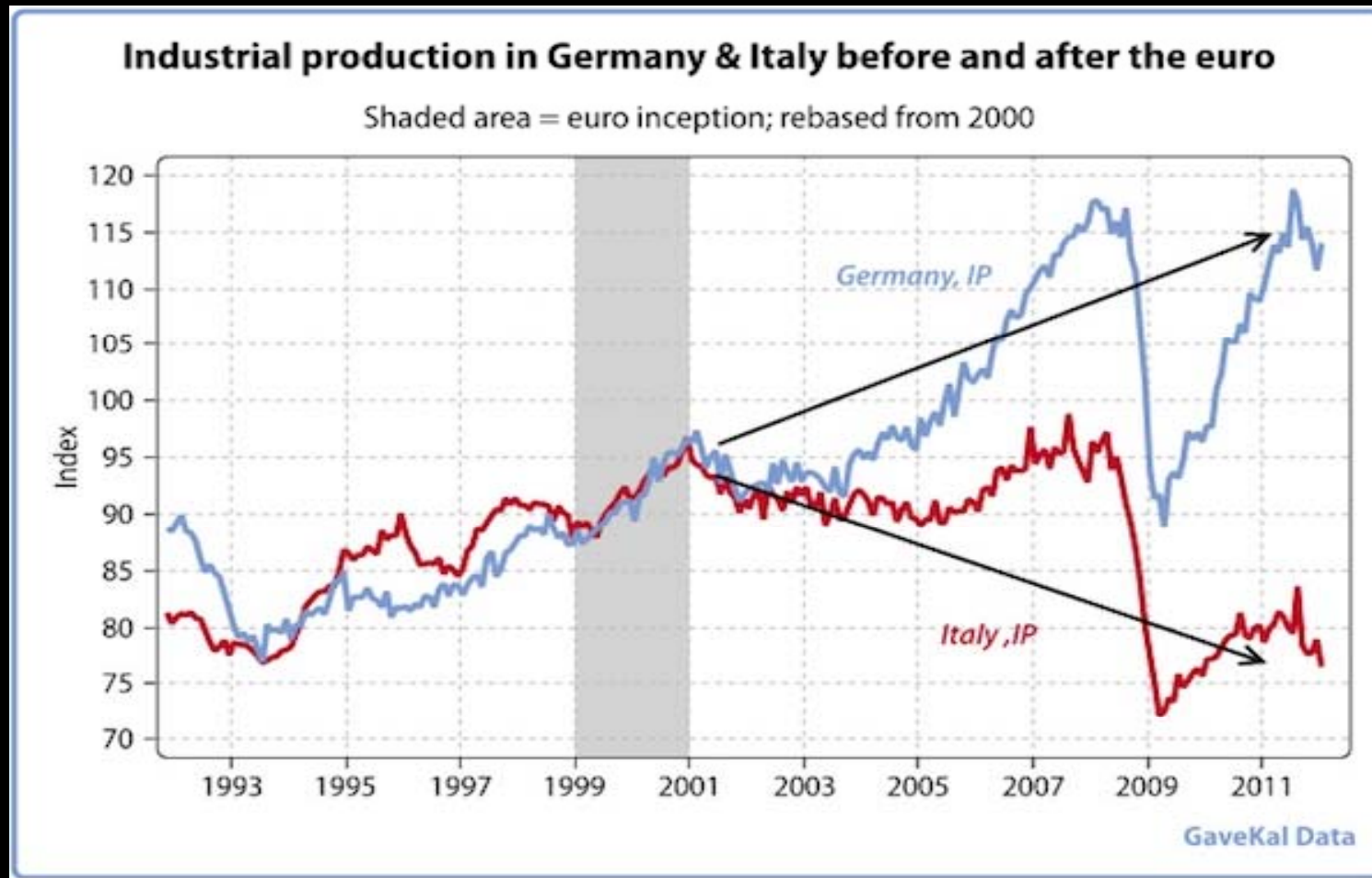
Source: Unemployment Under 25 – John Mauldin, Thoughts from the Front Line, May 5, 2012.

Eurozone includes 27 member states: Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom. Unemployment rates as of November 2011.

Song referenced for illustrative purposes only.

Industrial Production – Germany & Italy

“With or Without You” by U2



Source: GaveKal Data Research.

Germany Industrial Production Index (GRUPI) = Industrial production in Germany seasonally adjusted and published monthly by the Bundesbank. The index includes mining, Electricity and gas supply, manufacturing and construction indices.

Italy industrial Production Index (ITPRSAN) = Industrial production of Italy seasonally adjusted and published monthly measuring real output expressed as a % of real output in a base year.

Song referenced for illustrative purposes only.



Danish 1- Year Government Bond Yields

July 11, 2002 through July 25, 2012



“The Times They Are A-changing” Bob Dylan



Source: Bloomberg Financial Services

World Gross Domestic Product (GDP)

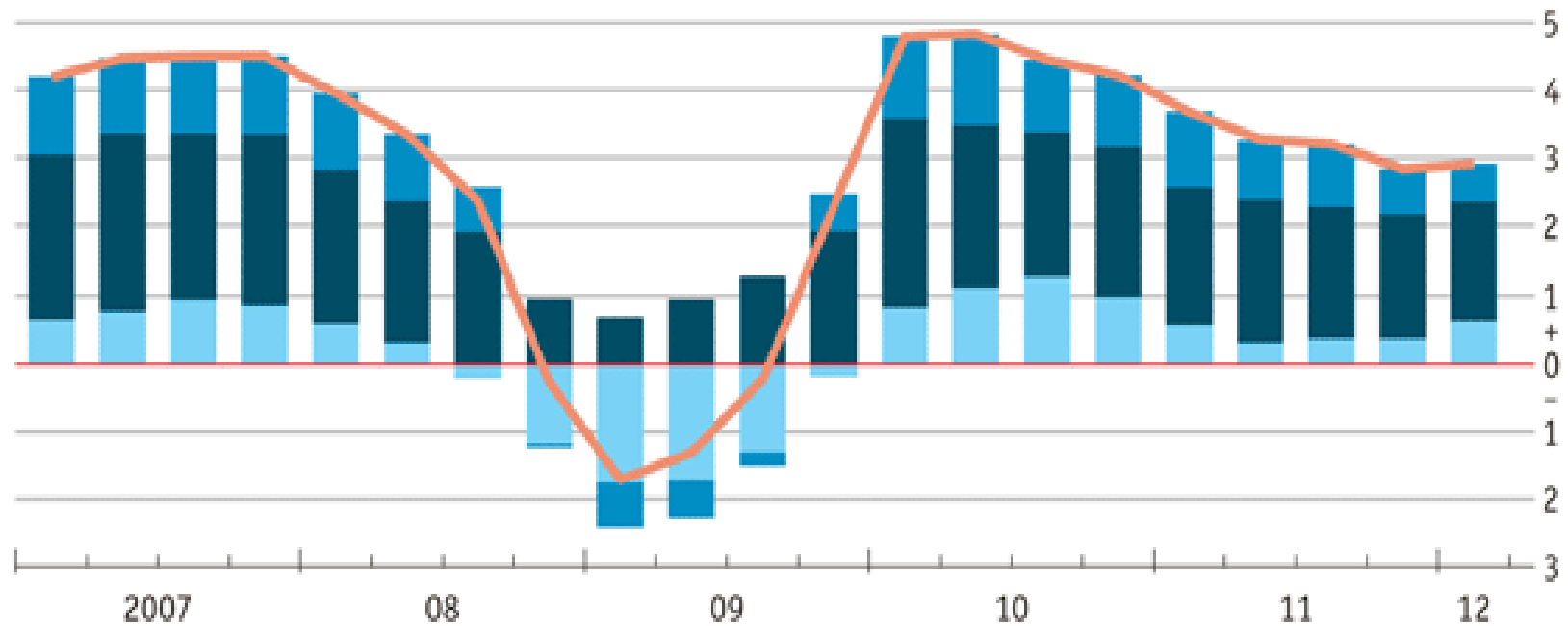
Year-End 2006 through 1st Quarter 2012



World GDP*

% change on a year earlier

— Total Rich countries BRICs Other emerging countries

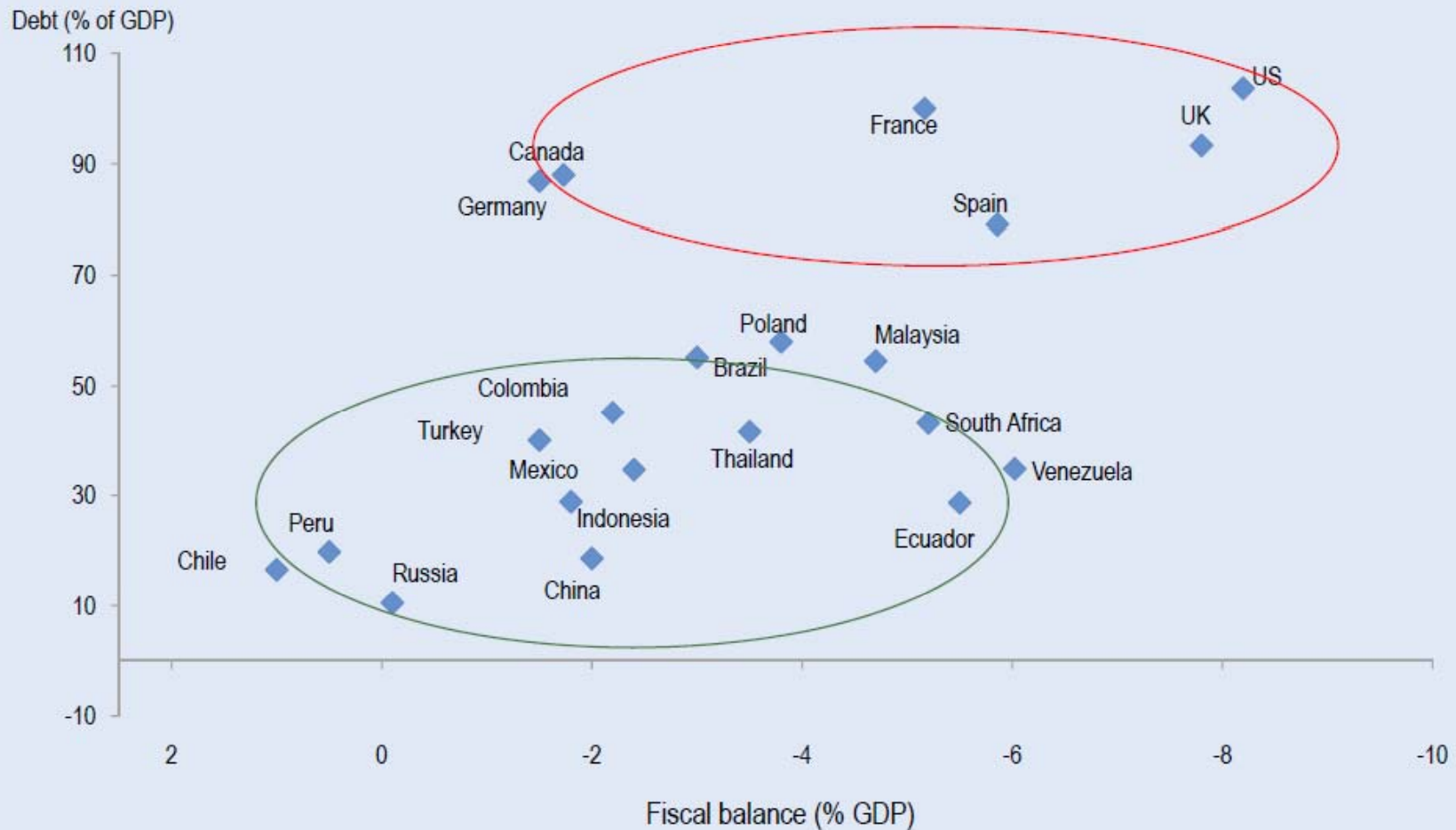


Source: *The Economist*

*Estimates based on 52 countries representing 90% of world GDP. Weighted by GDP at purchasing-power parity

Developed Economies Are Now the Debtor Economies

Global imbalances raise questions



Source: J.P. Morgan

Note: Debt is general government debt, including state and local municipalities, as a % of nominal GDP, data as of April 2012

S&P 500 Index and Shanghai Index

July 28, 2011 through July 30, 2012



Source: Bloomberg Financial Services, DoubleLine Capital LP

S&P 500 index is a basket of 500 stocks that are considered to be widely held. It is weighted by market value and its performance is thought to be representative of the stock market as a whole. SPXT is the S&P 500 index net total return index.

SHCOMP = 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.

European Markets Index and S&P 500 Index

July 1, 2011 through July 30, 2012

SPX Index 96) Actions 97) Edit 98) Feedback G 12 - S&P vs Europe
 07/01/2011 - 07/30/2012 11) Compare Local CCY
 1D 3D 1M 6M YTD 1Y 5Y Max Daily Security/Study



Source: Bloomberg Financial Services, DoubleLine Capital LP
 S&P 500 index is a basket of 500 stocks that are considered to be widely held. It is weighted by market value and its performance is thought to be representative of the stock market as a whole.
 MXEA = The MSCI EAFE Index (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.
 An investment cannot be made directly in an index.



Blow in her face and she'll follow you anywhere.

Hit her with tangy Tipalet Cherry. Or rich, grape-y Tipalet Burgundy. Or luscious Tipalet Blueberry. It's Wild! Tipalet. It's new. Different. Delicious in taste and in aroma. A puff in her direction and she'll follow you, anywhere. Oh yes... you get smoking satisfaction without inhaling smoke.



Smokers of America, do yourself a flavor. Make your next cigarette a **Tipalet®**.

New from Muriel. About 5 for 25¢.

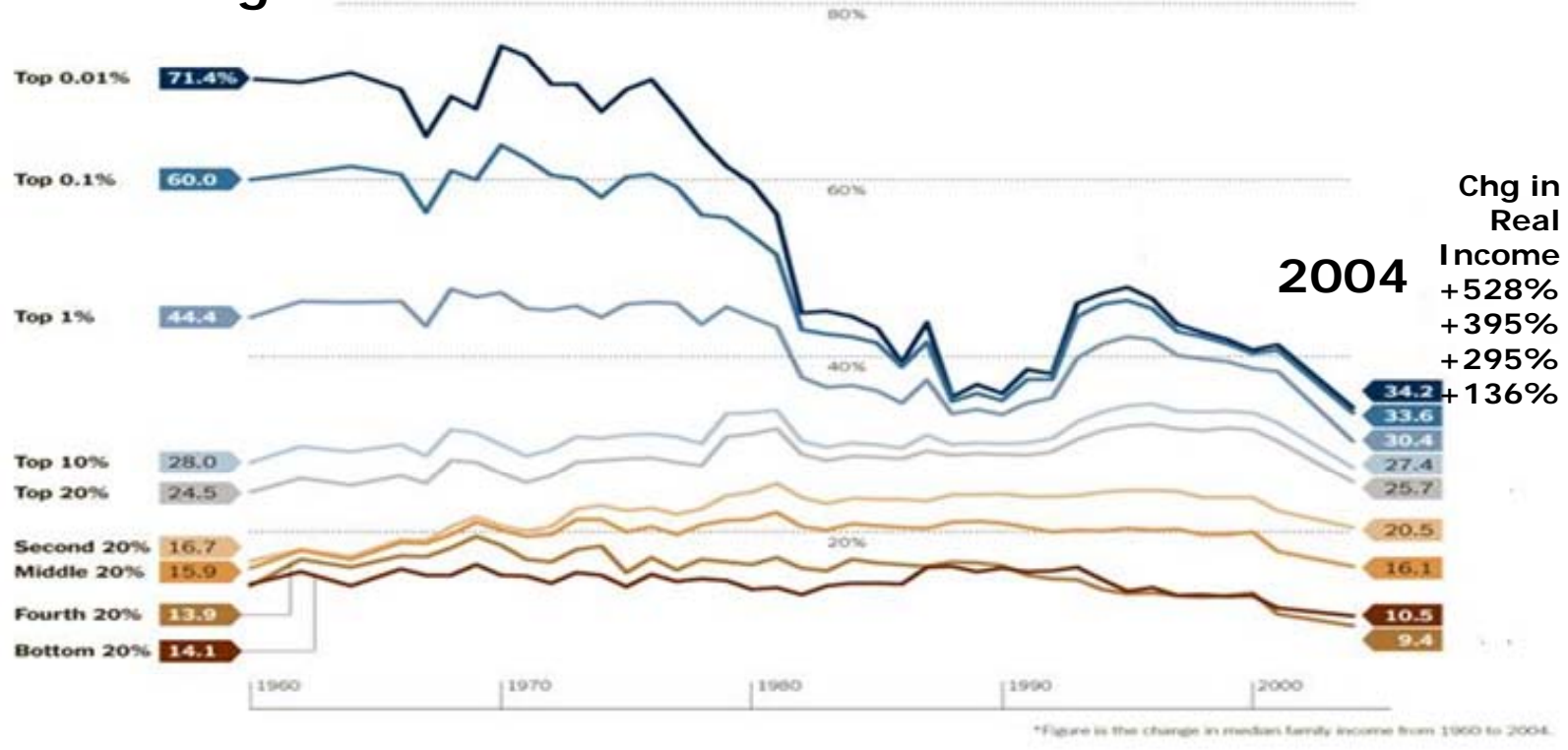
Whose Tax Rate Rose or Fell



“While My Guitar Gently Weeps” Beatles

Includes income, payroll, estate and other taxes

1960 Avg Tax Rate



Source: <http://www.nytimes.com/imagepages/2012/04/13/opinion/sunday/0415web-leonhardt.html?ref=sunday-review>
 New York Times 1960 through 2004.
 Song referenced for illustrative purposes only.

Years of Soaring National Debt

"The Weight" by the Band



Years of Soaring National Debt

Comparing Median Household Income ...

\$44,762

in 1975
(figures adjusted to 2011 dollars)

... To Every Household's Share Of the National Debt ...

\$20,564

in 1975

... And What Made It Spike

1981 Rise of supply-side economics, a mentality more accepting of deficits, facilitates the Reagan tax cuts.

1993 The first Clinton deficit reduction package starts to bend the debt-ratio curve downward.

1997 The second Clinton package coincides with strong economic recovery.

2009 Obama stimulus plan employs larger deficits to attack the recession.

2007-09 Severe recession sends the debt higher.

2001 AND 2003 Two rounds of Bush tax cuts made debt ratios rise again, after they had dipped to 1985 levels.

\$84,793

in 2011

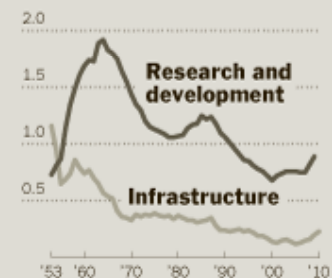
Each household's share of the debt is approaching **two years of income** of the median household.

\$50,876

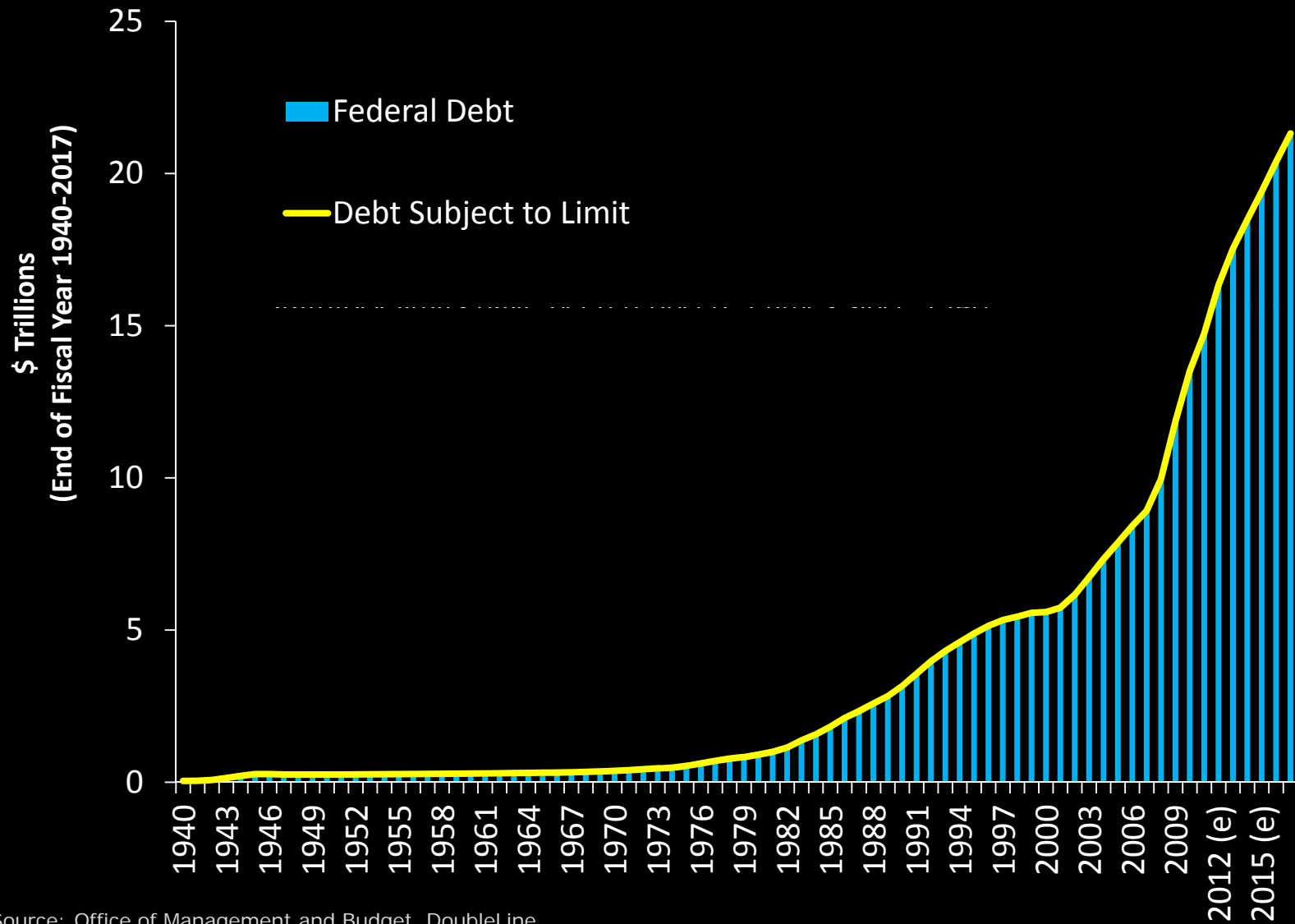
in 2011

Meanwhile, Neglect of Public Investment

Percent of United States G.D.P. going to:

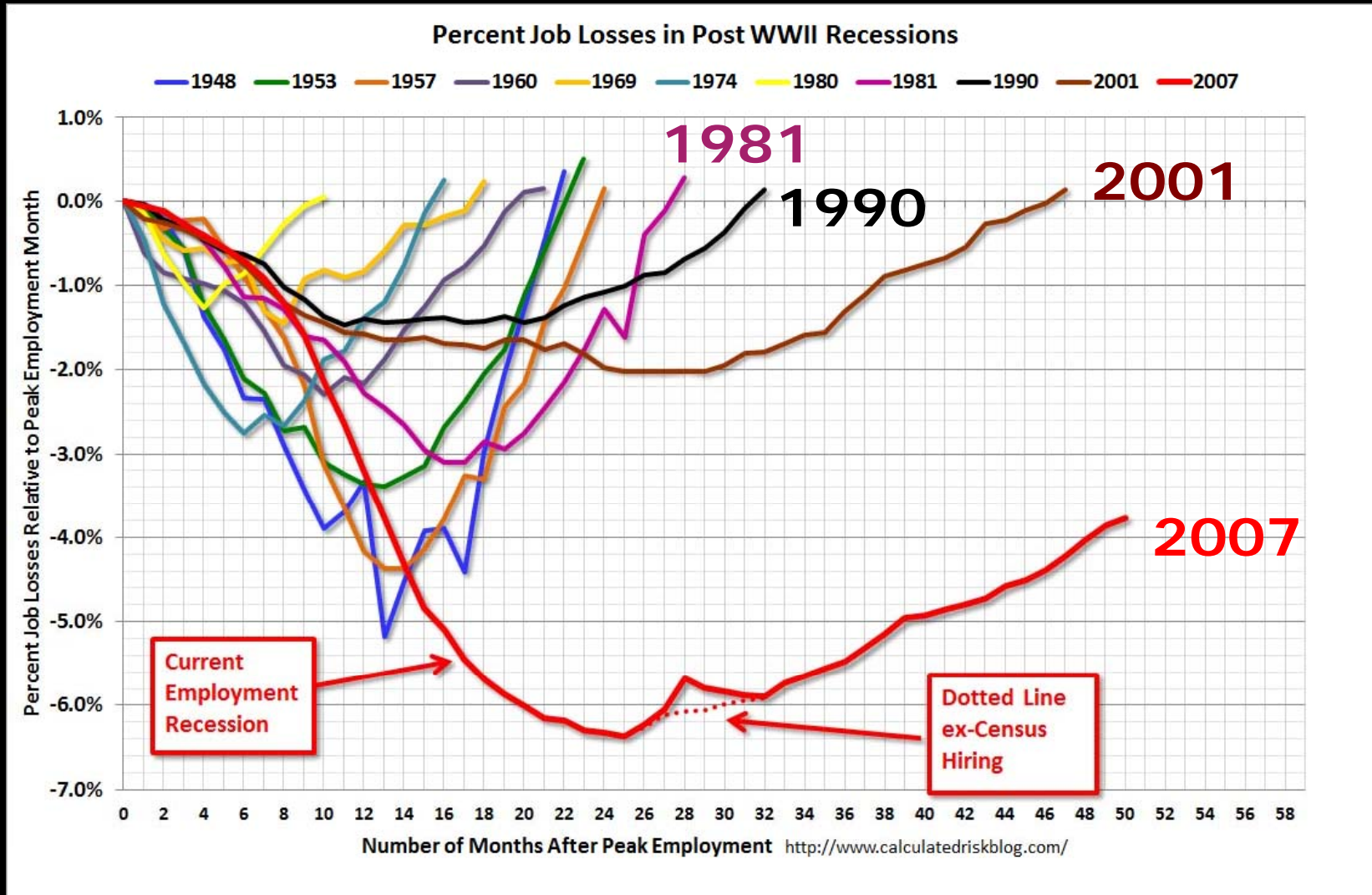


National Debt Ceiling versus Gross Federal Debt



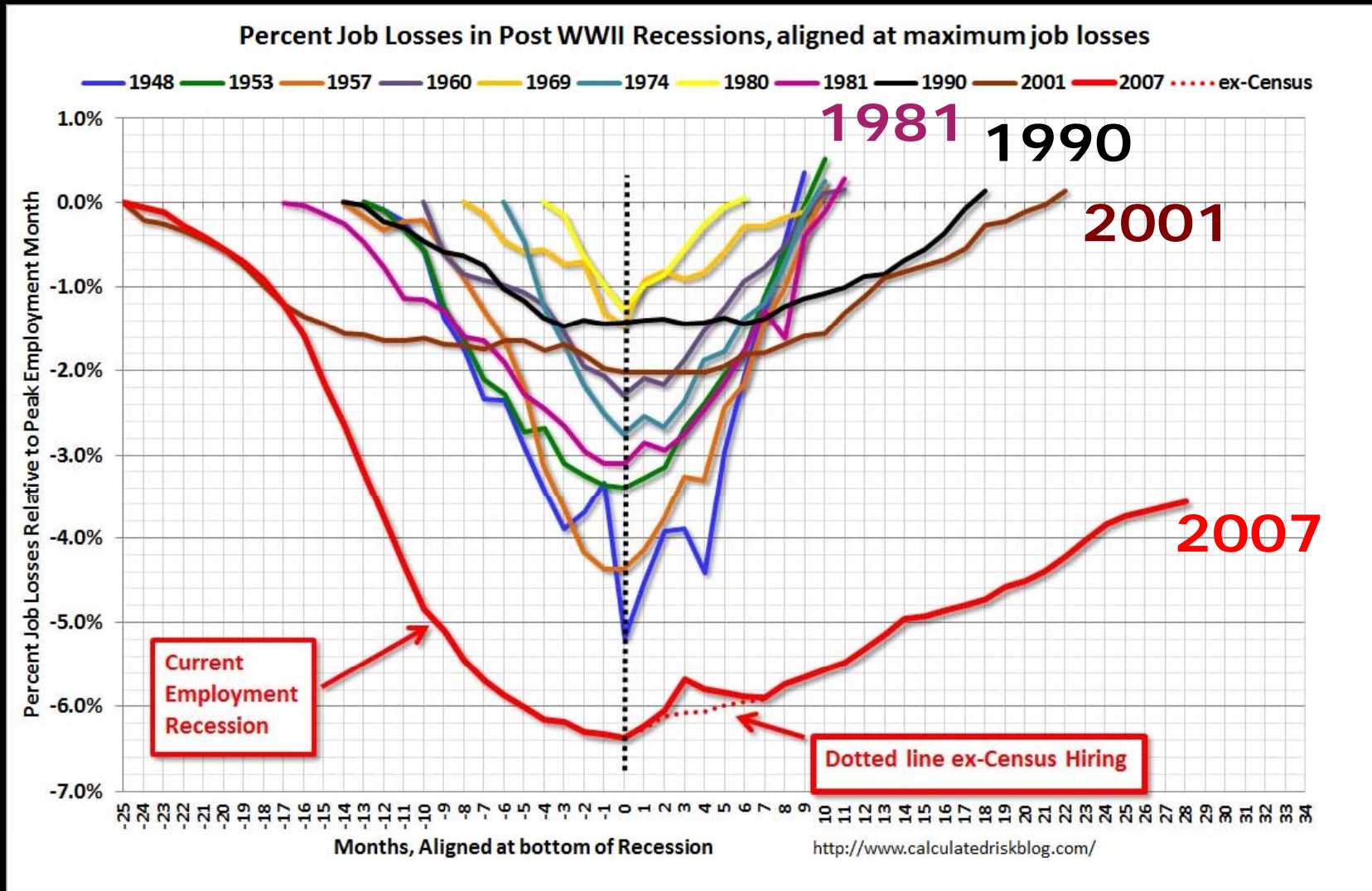
Source: Office of Management and Budget, DoubleLine

Percent of Job Losses in Post WWII Recessions



Source: Calculated Risk <http://www.crgraphs.com/2011/10/employment-graphs.html>

Percent of Job Losses in Post WWII Recessions



Source: Calculated Risk; http://www.calculatedriskblog.com/2012/07/employment-another-weak-report-more.html?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+CalculatedRisk+%28Calculated+Risk%29

Civilians Not in the Labor Force

January 1975 through March 2012



Source: Bureau of Labor Statistics

Long

- **IBEX**
- **1 Year Libor
10 x**
- **Nat Gas**
- **Hundred \$
Bills**



Shorts

- **SPX**
- **Nordstroms**
- **Apple**
- **2 Year Swaps
50x**

Google vs. Apple Stock Time Comparison



Source: Bloomberg Financial Services

Apple Stock – Last 30 Yrs



August 31, 1982 through July 27, 2012



Source: Bloomberg Financial Services

Nat Gas



November 29, 2006 through July 27, 2012



Source: Bloomberg Financial Services

Nordstroms (JWN) Last 7 Yrs



July 29, 2005 through July 30, 2012



Source: Bloomberg Financial Services

Nordstroms (JWN) – Last 30 Yrs



August 31, 1982 through July 27, 2012



Source: Bloomberg Financial Services

IBEX Index – Last 7 Years

August 1, 2005 through July 30, 2012



The IBEX 35 is the official index of the Spanish Continues Market. The index is comprised of the 35 most liquid stocks traded on a Continues market. An investment cannot be made directly in an index.
 Source: Bloomberg Financial Services

S&P 500 – Last 7 Yrs

August 1, 2005 through July 30, 2012



Source: Bloomberg Financial Services

Investment Outcomes



	% Allocation	Inflation	Deflation	More the Same
L - IBEX	10%	114%	-67%	-45%
L - Nat Gas	15%	140%	-65%	+40%
L - Libor x10	10%	9%	9%	9%
L - 100 \$ Bills	25%	0%	0%	0%
S - SPX	10%	-37%	65%	10%
S - Swaps x50	10%	-6%	30%	0%
S - AAPL	10%	-40%	65%	25%
S - JWN	10%	-20%	84%	20%
	100%	23%	9%	9%

Disclaimer

Important Information Regarding This Report

This report was prepared as a private communication to clients and was not intended for public circulation. Clients may authorize distribution to their consultants or other agents.

Issue selection processes and tools illustrated throughout this presentation are samples and may be modified periodically. Such charts are not the only tools used by the investment teams, are extremely sophisticated, may not always produce the intended results and are not intended for use by non-professionals.

DoubleLine has no obligation to provide revised assessments in the event of changed circumstances. While we have gathered this information from sources believed to be reliable, DoubleLine cannot guarantee the accuracy of the information provided. Securities discussed are not recommendations and are presented as examples of issue selection or portfolio management processes. They have been picked for comparison or illustration purposes only. No security presented within is either offered for sale or purchase. DoubleLine reserves the right to change its investment perspective and outlook without notice as market conditions dictate or as additional information becomes available.

Important Information Regarding Risk Factors

Investment strategies may not achieve the desired results due to implementation lag, other timing factors, portfolio management decision-making, economic or market conditions or other unanticipated factors. The views and forecasts expressed in this material are as of the date indicated, are subject to change without notice, may not come to pass and do not represent a recommendation or offer of any particular security, strategy, or investment. Past performance is no guarantee of future results.

Important Information Regarding DoubleLine

In preparing the client reports (and in managing the portfolios), DoubleLine and its vendors price separate account portfolio securities using various sources, including independent pricing services and fair value processes such as benchmarking.

To receive a complimentary copy of DoubleLine's current Form ADV Part II (which contains important additional disclosure information), a copy of the DoubleLine's proxy voting policies and procedures, or to obtain additional information on DoubleLine's proxy voting decisions, please contact DoubleLine's Client Services.

Disclaimer

Important Information Regarding DoubleLine's Investment Style

DoubleLine seeks to maximize investment results consistent with our interpretation of client guidelines and investment mandate. While DoubleLine seeks to maximize returns for our clients consistent with guidelines, DoubleLine cannot guarantee that DoubleLine will outperform a client's specified benchmark. Additionally, the nature of portfolio diversification implies that certain holdings and sectors in a client's portfolio may be rising in price while others are falling; or, that some issues and sectors are outperforming while others are underperforming. Such out or underperformance can be the result of many factors, such as but not limited to duration/interest rate exposure, yield curve exposure, bond sector exposure, or news or rumors specific to a single name. DoubleLine is an active manager and will adjust the composition of client's portfolios consistent with our investment team's judgment concerning market conditions and any particular security. The construction of DoubleLine portfolios may differ substantially from the construction of any of a variety of bond market indices. As such, a DoubleLine portfolio has the potential to underperform or outperform a bond market index. Since markets can remain inefficiently priced for long periods, DoubleLine's performance is properly assessed over a full multi-year market cycle.

Important Information Regarding Client Responsibilities

Clients are requested to carefully review all portfolio holdings and strategies, including by comparing the custodial statement to any statements received from DoubleLine. Clients should promptly inform DoubleLine of any potential or perceived policy or guideline inconsistencies. In particular, DoubleLine understands that guideline enabling language is subject to interpretation and DoubleLine strongly encourages clients to express any contrasting interpretation as soon as practical. Clients are also requested to notify DoubleLine of any updates to Client's organization, such as (but not limited to) adding affiliates (including broker dealer affiliates), issuing additional securities, name changes, mergers or other alterations to Client's legal structure.

© 2012 DoubleLine Capital LP