DoubleLine Income Solutions Fund
Form N-2
January 15, 2013
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1933 Act File No. 333-

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As filed with the Securities and Exchange Commission

on January 15, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933	x
Pre-Effective Amendment No.	¨
Post-Effective Amendment No.	¨
REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940	x
Amendment No.	¨

DOUBLELINE INCOME SOLUTIONS FUND

(Exact Name of Registrant as Specified in Charter)

333 South Grand Avenue, Suite 1800

Los Angeles, California 90071

(Address of Principal Executive Offices)

(213) 633-8200

(Registrant s Telephone Number)

Ronald R. Redell

c/o DoubleLine Capital LP

333 South Grand Avenue, Suite 1800

Los Angeles, California 90071

(Name and Address of Agent for Service)

Copy to:

Timothy W. Diggins

Ropes & Gray LLP

800 Boylston Street

Boston, Massachusetts 02199

(617) 951-7389

Approximate Date of Proposed Public Offering: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this form will be offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box: ¨

It is proposed that this filing will become effective (check appropriate box):

¨ when declared effective pursuant to Section 8(c).

If appropriate, check the following box:

¨ This post-effective amendment designates a new effective date for a previously filed registration statement.

¨ This form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act and the Securities Act registration statement number of the earlier effective registration statement for the same offering is ______.

Title of Securities Being Registered	**Amount Being Registered(1)**	**Proposed Maximum Offering Price Per Unit(1)**	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee**
Common Shares, par value $.00001	40,000 shares	$ 25.00	$ 1,000,000	$ 136.40

(1) Estimated solely for purposes of calculating the registration fee, pursuant to Rule 457(o) under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

PROSPECTUS

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS DATED , 2013

_______________ Shares

DoubleLine Income Solutions Fund

COMMON SHARES

$[25].00 per Share

DoubleLine Income Solutions Fund (the Fund) is a newly organized, non-diversified, closed-end management investment company.

Investment Objectives. The Fund s primary investment objective is to seek high current income; its secondary objective is to seek capital appreciation. The Fund cannot assure you that it will achieve its investment objectives.

Principal Investment Strategies. The Fund will seek to achieve its investment objectives by investing in a portfolio of investments selected for their potential to provide high current income, growth of capital, or both. The Fund may invest in debt securities and other income-producing investments of any kind and any credit quality worldwide. The Fund s investment adviser, DoubleLine Capital LP (DoubleLine® or the Adviser), allocates the Fund s assets among market sectors, and among investments within those sectors, in an attempt to construct a portfolio providing a high level of current income and the potential for capital appreciation consistent with what DoubleLine considers an appropriate level of risk in light of market conditions prevailing at the time.

(continued on following page)

No Prior History. **Because the Fund is newly organized, its common shares of beneficial interest (the Common Shares) have no history of public trading**. Shares of closed-end funds frequently trade at a discount from their net asset value. Because shares of closed-end funds typically trade initially at a discount from the price at which they are sold to the public in their initial offering, investors who sell their shares within a short period after completion of the initial public offering may lose money on their investments in the Fund even if there is no change in the net asset value of the Fund.

The Fund anticipates that its common shares will be listed on the New York Stock Exchange, subject to notice of issuance, under the trading or ticker symbol [ ].

Investment in the Fund s Common Shares involves certain risks. Before buying any of the Fund s Common Shares, you should read the discussion of the principal risks of investing in the Fund in Principal Risk Factors beginning on page [ ] of this prospectus.

	Per Share	Total(1)
Public Offering Price	$[25].000	$
Sales Load(2)	$	$
Estimated Offering Expenses(3)	$	$
Proceeds, After Expenses, to the Fund	$	$

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the Common Shares to purchasers on or about [ ], 2013.

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[Insert Underwriters]

The date of this prospectus is [ ], 2013

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(notes continued from previous page)

(1) The Fund has granted the underwriters an option to purchase up to [ ] additional Common Shares at the public offering price less the sales load within 45 days of the date of this prospectus, solely to cover overallotments, if any. If this option is exercised in full, the total Public Offering Price, Sales Load, Estimated Offering Expenses and Proceeds, After Expenses, to the Fund will be $[ ], $[ ], and $[ ], respectively. See Underwriters.

(2) [The Adviser (and not the Fund) has agreed to pay from its own assets a structuring fee to [ ]. The Adviser (and not the Fund) may also pay certain qualifying underwriters a structuring fee, sales incentive fee, or additional compensation in connection with the offering.] See Underwriters Additional Compensation.

(3) [The Fund will pay offering costs (other than the sales load) up to an aggregate of $[ ] per Common Share sold in this offering. The Adviser, has agreed to pay (i) all organizational expenses of the Fund and (ii) offering costs of the Fund (other than the sales load) to the extent that they exceed $[ ] per Common Share.]

(continued from previous page)

The Fund may invest in debt securities and other income-producing investments of any kind, based on the assessment by DoubleLine of the potential returns and risks of different sectors of the debt security markets and of particular securities and other investments. Such securities may include, by way of example, U.S. Government securities; debt securities issued by domestic or foreign corporate or other issuers; obligations of foreign sovereigns or their agencies or instrumentalities; equity, mortgage, or hybrid Real Estate Investment Trust (REIT) securities; bank loans (including, among others, senior loans, delayed funding loans and revolving credit facilities); municipal securities and other debt securities issued by states or local governments and their agencies, authorities and other government-sponsored enterprises; payment-in-kind securities; zero-coupon bonds; inflation-indexed bonds; structured notes and other hybrid instruments; catastrophe bonds and other event-linked bonds; credit-linked trust certificates; preferred securities; commercial paper, and cash and cash equivalents. The rate of interest on the debt and other income-producing investments that the Fund may purchase may be fixed, floating, or variable.

The Fund may invest in mortgage-backed and other asset-backed securities of any kind. Mortgage- or asset-backed securities may include, among other things, securities issued or guaranteed by the U.S. Government, its agencies, or its instrumentalities or sponsored corporations, or securities of domestic or foreign private issuers.

The Fund may invest in securities of any credit quality, and there is no limit on the amount of the Fund s assets that may be invested in securities rated below investment grade or unrated securities judged by DoubleLine to be of comparable quality. Securities rated below investment grade are rated Ba1 or below by Moody s Investors Service, Inc. (Moody s) and BB+ or below by Standard & Poor s Rating Services (S&P) or Fitch, Inc. (Fitch). Debt securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and to repay principal, and are commonly referred to as high yield securities or junk bonds. Securities rated Ba1 or below by Moody s and BB+ or below by S&P or Fitch are considered vulnerable to nonpayment and their issuers to be dependent on favorable business, financial and economic conditions to meet their financial commitments. The Fund may invest in securities at risk of being in default as to the repayment of principal and/or interest at the time of acquisition by the Fund or that are rated in the lowest rating categories by one or more nationally recognized statistical rating organizations (for example, Ca or lower by Moody s or CC or lower by S&P or Fitch) or, if unrated, are determined by the Adviser to be of comparable quality. Securities rated below Caa/CCC may include obligations already in default. The Fund may invest up to [5%] of its total assets in defaulted corporate securities.

The Fund may invest in securities of any maturity, and the Fund s average duration will vary from time to time, potentially significantly, depending on DoubleLine s assessment of market conditions and other factors. Duration is a measure of the expected life of a debt instrument that is used to determine the sensitivity of a security s price to changes in interest rates.

The Fund may invest without limit in securities of issuers domiciled or organized in jurisdictions other than the United States and in securities denominated in currencies other than the U.S. dollar.

The Fund may hold common stocks and other equity securities from time to time, including, among others, those it has received through the conversion of a convertible security held by the Fund or in connection with the restructuring of a debt security. The Fund may invest in securities that have not been registered for public sale, including securities eligible for purchase and sale pursuant to Rule 144A or Regulation S under the Securities Act of 1933, as amended, and other securities issued in private placements. The Fund also may invest without limit in securities of other open- or closed-end investment companies, including exchange-traded funds and funds sponsored or advised by DoubleLine or its affiliates. The Fund may invest in securities of companies with small and medium market capitalizations.

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The Fund may use repurchase and reverse repurchase agreements for any investment purpose, including to create investment leverage in the Fund s portfolio.

The Fund may use various derivative strategies for hedging purposes, or to gain, or reduce, long or short exposure to one or more asset classes, issuers, currencies or reference assets. The Fund also may enter into derivatives transactions with the purpose or effect of creating investment leverage.

Leverage. As soon as reasonably practicable following the completion of the initial public offering of the Fund s Common Shares, the Fund intends, subject to then favorable market conditions, to add leverage to its portfolio by using reverse repurchase agreements, dollar roll transactions or similar transactions and/or borrowings, such as through loans or lines of credit from banks or other credit facilities. The Adviser currently expects that the leverage initially obtained through such instruments may represent approximately [ ]% of the Fund s total assets (including the amounts of leverage obtained through the use of such instruments). Although it has no current intention to do so, the Fund also may determine to issue preferred shares or commercial paper to add leverage to its portfolio. Under normal market conditions, the Fund will limit its use of leverage from any combination of (i) reverse repurchase agreements or dollar roll transactions, (ii) borrowings (*i.e.*, loans or lines of credit from banks or other credit facilities) and (iii) any future issuance of preferred shares so that the assets attributable to the use of such leverage will not exceed [ ]% of the Fund s total assets (including, for purposes of the [ ]% limit, the amounts of leverage obtained through the use of such instruments). It is possible that following the incurrence of such leverage, the assets of the Fund will decline due to market conditions and that this [ ]% limit will be exceeded. In that case, the leverage risk to holders of Common Shares will increase. See Leverage and Principal Risk Factors Leverage Risk. The Fund also may enter into transactions other than reverse repurchase agreements, dollar roll transactions or similar transactions, borrowings, and/or the issuance of preferred shares that may give rise to a form of leverage or that have leverage embedded including, among others, inverse floaters and related securities, credit default swap contracts and other transactions. Other such transactions include loans of portfolio securities, transactions involving derivative instruments, short sales and when-issued, delayed delivery, and forward commitment transactions. These transactions may represent a form of economic leverage and will create special risks. The use of these forms of additional leverage will increase the volatility of the Fund s investment portfolio and could result in larger losses than if the strategies were not used.

The Fund will use leverage opportunistically and may choose to increase, decrease, or eliminate its use of leverage over time and from time to time based on DoubleLine s assessment of the yield curve environment, interest rate trends, market conditions, and other factors. By using leverage, the Fund may seek to obtain a higher return for Common Shareholders than if the Fund did not use leverage. Leveraging is a speculative technique and there are special risks and costs involved. There can be no assurance that a leveraging strategy will be used or that it will be successful during any period in which it is employed. See Leverage and Principal Risk Factors Leverage Risk.

Please read this prospectus carefully before deciding whether to invest and retain it for future reference. It sets forth concisely the information about the Fund that a prospective investor ought to know before investing in the Fund. The Fund has filed with the Securities and Exchange Commission (SEC) a statement of additional information (SAI) dated [ ], 2013, containing additional information about the Fund. The SAI is incorporated by reference into this prospectus, which means it is part of this prospectus for legal purposes. The Fund also will produce both annual and semi-annual reports that will contain important information about the Fund. Copies of the SAI and the Fund s annual and semi-annual reports, when available, may be obtained upon request, without charge, by calling toll-free (877) DLine11 (877-354-6311) or by writing to the Fund at 333 South Grand Avenue, Suite 1800, Los Angeles, California 90071. You also may call this toll-free telephone number to request other information about the Fund or to make shareholder inquiries. [The SAI is, and the annual report and the semi-annual report will be, made available on the Fund s website at www.doublelinefunds.com.] Information on, or accessible through, the Fund s website is not a part of, and is not incorporated into, this prospectus. The SEC maintains an internet website (www.sec.gov) that contains the SAI, material incorporated by reference, and other information regarding the Fund. The table of contents for the statement of additional information appears on page [ ] of this prospectus.

The Fund s Common Shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other government agency.

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You should rely only on the information contained or incorporated by reference in this prospectus. The Fund has not, and the underwriters have not, authorized anyone to provide you with inconsistent information. If anyone provides you with inconsistent information, you should not assume that the Fund or the underwriters have authorized or verified it. The Fund is not, and the underwriters are not, making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus. The Fund s business, financial condition, results of operations and prospects may have changed since that date.

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PROSPECTUS SUMMARY

This is only a summary. This summary may not contain all of the information that you should consider before investing in the Fund s common shares. You should review the more detailed information contained in this prospectus and in the statement of additional information. In particular, you should carefully read the principal risks of investing in the Fund s common shares, as discussed under Principal Risk Factors.

The Fund	DoubleLine Income Solutions Fund (the Fund) is a newly organized, non-diversified, closed-end management investment company. See The Fund on page [ ].
The Offering	The Fund is offering [ ] common shares of beneficial interest (Common Shares) through a group of underwriters led by [ ]. You must purchase at least 100 Common Shares ($2,500) if you wish to participate in this offering. The Fund has granted the underwriters (the Underwriters) an option to purchase up to [ ] additional Common Shares to cover overallotments. The initial public offering price is $[25].00 per share. See Underwriters.
Investment objectives	The Fund s primary investment objective is to seek high current income; its secondary objective is to seek capital appreciation. The Fund cannot assure you that it will achieve its investment objectives.
Principal Investment Strategies	The Fund will seek to achieve its investment objectives by investing in a portfolio of investments selected for their potential to provide high current income, growth of capital, or both. The Fund may invest in debt securities and other income-producing investments of any kind and any credit quality worldwide. The Fund s investment adviser, DoubleLine Capital LP (DoubleLine® or the Adviser), allocates the Fund s assets among market sectors, and among investments within those sectors, in an attempt to construct a portfolio providing a high level of current income and the potential for capital appreciation consistent with what DoubleLine considers an appropriate level of risk in light of market conditions prevailing at the time. In managing the Fund s investments, the Adviser uses a controlled risk approach. The techniques of this approach attempt to control the principal risk components of the fixed-income markets and include consideration of: security selection within a given sector; relative performance of the various market sectors; the shape of the yield curve; and fluctuations in the overall level of interest rates. Implementation of portfolio asset allocation decisions is made by the Fund s portfolio managers after consultation with DoubleLine s Fixed Income Asset Allocation Committee, a committee consisting of portfolio managers and analysts that contributes to fixed-income asset allocation decisions made on behalf of the Fund by DoubleLine. DoubleLine will select investments over time to implement its long-term strategic investment view. It also will buy and sell securities opportunistically in response to short-term market, economic, political, or other developments or otherwise as opportunities may present themselves. DoubleLine will manage the Fund under an integrated risk management framework overseen by the Fund s portfolio management team and DoubleLine s risk management committee.

The Fund may invest in debt securities and other income-producing investments of any kind, based on the assessment by DoubleLine of the potential returns and risks of different sectors of the debt security markets and of particular securities and other investments. Such securities may include, by way of example, U.S. Government securities; debt securities issued by domestic or foreign corporate or other issuers; obligations of foreign sovereigns or their agencies or instrumentalities; equity, mortgage, or hybrid Real Estate Investment Trust (REIT) securities; bank loans (including, among others, senior loans, delayed funding loans and revolving credit facilities); municipal securities and other debt securities issued by states or local governments and their agencies, authorities and other government-sponsored enterprises; payment-in-kind securities; zero-coupon bonds; inflation-indexed bonds; structured notes and other hybrid instruments; catastrophe bonds and other event-linked bonds; credit-linked trust certificates;

preferred securities; commercial paper, and cash and cash equivalents. The rate of interest on the debt and other income-producing investments that the Fund may purchase may be fixed, floating, or variable.

The Fund may invest in mortgage-backed and other asset backed securities of any kind. Mortgage- or asset-backed securities may include, among other things, securities issued or guaranteed by the U.S. Government, its agencies, or its instrumentalities or sponsored corporations, or securities of domestic or foreign private issuers. Mortgage- or asset-backed securities may be issued or guaranteed by banks or other financial institutions, special-purpose vehicles established for such purpose, or private issuers, or by government agencies or instrumentalities. Privately-issued mortgage-backed securities include any mortgage-backed security other than those issued or guaranteed as to principal or interest by the U.S Government or its agencies or instrumentalities. Mortgage-backed securities may include, without limitation, interests in pools of residential mortgages or commercial mortgages, and may relate to domestic or non-U.S. mortgages. Mortgage- or asset-backed securities include, but are not limited to, securities representing interests in, collateralized or backed by, or whose values are determined in whole or in part by reference to any number of mortgages or pools of mortgages or the payment experience of such mortgages or pools of mortgages, including Real Estate Mortgage Investment Conduits (REMICs), which could include resecuritizations of REMICs (Re-REMICs), mortgage pass-through securities, inverse floaters, collateralized mortgage obligations, collateralized loan obligations, collateralized debt obligations, multiclass pass-through securities, private mortgage pass-through securities, stripped mortgage securities (generally interest-only and principal-only securities), and securitizations of various receivables, including, for example, credit card and automobile finance receivables. Certain mortgage- and other asset-backed securities in which the Fund may invest may represent an inverse interest-only class of security for which the holders are entitled to receive no payments of principal and are entitled only to receive interest at a rate that will vary inversely with a specified index or reference rate, or a multiple thereof.

The Fund may invest in securities of any credit quality, and there is no limit on the amount of the Fund s assets that may be invested in securities rated below investment grade or unrated securities judged by DoubleLine to be of comparable quality. Securities rated below investment grade are rated Ba1 or below by Moody s Investors Service, Inc. (Moody s) and BB+ or below by Standard & Poor s Rating Services (S&P) or Fitch, Inc. (Fitch). Debt securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to capacity to pay interest and to repay principal, and are commonly referred to as high yield securities or junk bonds. Securities rated Ba1 or below by Moody s and BB+ or below by S&P or Fitch are considered vulnerable to nonpayment and their issuers to be dependent on favorable business, financial and economic conditions to meet their financial commitments. The Fund may invest in securities at risk of being in default as to the repayment of principal and/or interest at the time of acquisition by the Fund or that are rated in the lowest rating categories by one or more nationally recognized statistical rating organizations (for example, Ca or lower by Moody s or CC or lower by S&P or Fitch) or, if unrated, are determined by the Adviser to be of comparable quality. Securities rated below Caa/CCC may include obligations already in default. The Fund may invest up to [5%] of its total assets in defaulted corporate securities.

The Fund may invest in securities of any maturity, and the Fund s average duration will vary from time to time, potentially significantly, depending on DoubleLine s assessment of market conditions and other factors. Duration is a measure of the expected life of a debt instrument that is used to determine the sensitivity of a security s price to changes in interest rates.

The Fund may invest without limit in securities of issuers domiciled or organized in jurisdictions other than the United States and in securities denominated in currencies other than the U.S. dollar.

The Fund may hold common stocks and other equity securities from time to time, including, among others, those it has received through the conversion of a convertible security held by the Fund or in connection with the restructuring of a debt security. The Fund may invest in securities that have not been registered for public sale, including securities eligible for purchase and sale pursuant to Rule 144A or Regulation S under the Securities Act of 1933, as amended, (the Securities Act) and other securities issued in private placements. The Fund also may invest without limit in securities of other open- or closed-end investment companies, including exchange-traded funds (ETFs) and funds sponsored or advised by DoubleLine or its affiliates. The Fund may invest in securities of companies with small and medium market capitalizations.

The Fund may use repurchase and reverse repurchase agreements for any investment purpose, including to create investment leverage in the Fund s portfolio.

Portfolio securities may be sold at any time. Sales may occur when the Adviser determines to take advantage of what it considers to be a better investment opportunity, when the portfolio managers believe the portfolio securities no longer represent relatively attractive investment opportunities, when there is perceived deterioration in the credit fundamentals of the issuer, or when the individual security has reached the portfolio managers sell target.

The Fund s investment objectives may be changed by the Fund s Board of Trustees (the Board or the Trustees) without prior notice to or approval of the Fund s shareholders.

Diversification. The Fund is a non-diversified investment company, and so may invest a greater percentage of its assets in the securities of a single issuer than investment companies that are diversified. See Principal Risk Factors Issuer Non-Diversification Risk.

Note regarding investment limitations. Where this prospectus states that the Fund or the Adviser will not, or does not intend to, make investments in excess of a stated percentage of the Fund s total assets, total assets includes amounts of leverage obtained through the use of reverse repurchase agreements, dollar roll transactions or similar transactions, borrowings, and/or issuances of preferred shares. With respect to any reverse repurchase agreement, dollar roll or similar transaction, total assets includes any proceeds from the sale of an asset of the Fund to a counterparty in such a transaction, in addition to the value of the asset so sold as of the relevant measuring date. Except as otherwise noted, all percentages apply only at the time of investment.

Derivatives

The Fund may use various derivative strategies for hedging purposes, or to gain, or reduce, long or short exposure to one or more asset classes, issuers, currencies or reference assets. The Fund also may enter into derivatives transactions with the purpose or effect of creating investment leverage. Although the Fund reserves the right to invest in derivatives of any kind, it currently expects that it may use the following types of derivatives: futures contracts and options on futures contracts, in order to gain efficient long or short investment exposures as an alternative to cash investments or to hedge against portfolio exposures; interest rate swaps, to gain indirect long or short exposures to interest rates, issuers, or currencies, or to hedge against portfolio exposures; and total return swaps and credit derivatives, put and call options, and exchange-traded and structured notes, to take indirect long or short positions on indexes, securities, currencies, commodities or other indicators of value. The Fund may, for hedging purposes or as a substitute for direct investments in debt securities, make use of credit default swaps, which are contracts whereby one party makes periodic payments to a counterparty in exchange for the right to receive from the counterparty a payment equal to the par (or other agreed-upon) value of a referenced debt obligation in the event of a default by the issuer of the debt obligation. The Fund may engage in short sales, either to earn additional return or to hedge existing investments. Any use of derivatives strategies entails the risks of investing directly in the securities or instruments underlying the derivatives strategies, as well as the risks of using derivatives generally, and in some cases the risks of leverage, described in this prospectus and in the Fund s statement of additional information (SAI).

Leverage

As soon as reasonably practicable following the completion of the initial public offering of the Fund s Common Shares, the Fund intends, subject to then favorable market conditions, to add leverage to its portfolio by using reverse repurchase agreements, dollar roll transactions or similar transactions and/or borrowings, such as through loans or lines of credit from banks or other credit facilities. The Adviser currently expects that the leverage initially obtained through such instruments may represent approximately [ ]% of the Fund s total assets (including the amounts of leverage obtained through the use of such instruments). Although it has no current intention to do so, the Fund also may determine to issue preferred shares or commercial paper to add leverage to its portfolio. Under normal market conditions, the Fund will limit its use of leverage from any combination of (i) reverse repurchase agreements or dollar roll transactions, (ii) borrowings (*i.e.*, loans or lines of credit from banks or other credit facilities) and (iii) any future issuance of preferred shares so that the assets attributable to the use of such leverage will not exceed [ ]% of the Fund s total assets (including, for purposes of the [ ]% limit, the amounts of leverage obtained through the use of such instruments). It is possible that following the incurrence of such leverage, the assets of the Fund will decline due to market conditions and that this [ ]% limit will be exceeded. In that case, the leverage risk to holders of Common Shares (Common Shareholders) will increase. See Leverage and Principal Risk Factors Leverage Risk.

The Fund also may enter into transactions other than reverse repurchase agreements, dollar roll transactions or similar transactions, borrowings, and/or the issuance of preferred shares that may give rise to a form of leverage or that have embedded leverage including, among others, inverse floaters and related securities, credit default swap contracts and other transactions. Other such transactions include loans of portfolio securities, transactions involving derivative instruments, short sales and when-issued, delayed delivery, and forward commitment transactions. These transactions may represent a form of economic leverage and will create special risks. The use of these forms of additional leverage will increase the volatility of the Fund s investment portfolio and could result in larger losses than if the strategies were not used. (Investments made by the Adviser to hedge, manage or reduce risk or to equitize a cash position will not be considered to have been made for the purpose of creating economic leverage; the Adviser generally will determine whether an investment has the effect of creating economic leverage by evaluating the effect of the investment on the exposure and risk profile of the Fund as a whole.)

The Fund will use leverage opportunistically and may choose to increase, decrease, or eliminate its use of leverage over time and from time to time based on DoubleLine s assessment of the yield curve environment, interest rate trends, market conditions, and other factors. By using leverage, the Fund may seek to obtain a higher return for Common Shareholders than if the Fund did not use leverage, although use of leverage may result in losses greater than if the Fund had not used leverage. Leveraging is a speculative technique and there are special risks and costs involved. There can be no assurance that a leveraging strategy will be used or that it will be successful during any period in which it is employed. See Leverage and Principal Risk Factors Leverage Risk.

There is no assurance that the Fund will use reverse repurchase agreements, dollar roll transactions or similar transactions, borrowings, issue preferred shares and/or use other forms of leverage. If used, there is no assurance that the Fund s leveraging strategies will be successful. See Principal Risk Factors Leverage Risk. The net proceeds the Fund obtains from its use of reverse repurchase agreements, dollar roll transactions or similar transactions, and/or borrowings (as well as from any future issuance of preferred shares) will be invested in accordance with the Fund s investment objectives and policies as described in this prospectus. So long as the rate of return, net of applicable Fund expenses, on the investments purchased by the Fund exceeds the costs of such leverage to the Fund, the use of leverage should help the Fund to achieve an investment return greater than it would if it were not leveraged.

Leveraging is a speculative technique and there are special risks and costs involved. The Fund cannot assure you that any use of reverse repurchase agreements, dollar roll transactions or similar transactions, borrowings, or other forms of leverage (such as a potential future issuance of preferred shares or the use of derivatives strategies) will result in a higher investment return on your Common Shares, and it may result in losses. When leverage is used, the net asset value (NAV) and market price of the Common Shares and the yield to Common Shareholders will be more volatile. See Principal Risk Factors Leverage Risk. In addition, fees and expenses of repurchase agreements and borrowings, any future issuance of preferred shares, and other forms of leverage borne by the Fund are borne entirely by the Common Shareholders (and not by preferred shareholders, if any) and will reduce the investment return of the Common Shares.

Because the fees received by the Adviser are based on the total managed assets of the Fund (including assets attributable to any reverse repurchase agreements, dollar roll transactions or similar transactions, borrowings, and/or preferred shares that may be outstanding), there is a financial incentive for the Adviser to cause the Fund to use reverse repurchase agreements, dollar

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roll transactions or similar transactions, borrowings, and/or to issue preferred shares, which may create a conflict of interest between the Adviser, on the one hand, and the Common Shareholders, on the other hand.

Please see Leverage and Principal Risk Factors Leverage Risk in the body of this prospectus for additional information regarding the Fund s use of leverage and related risks.

Investment Adviser

DoubleLine serves as the investment adviser of the Fund. Subject to the oversight of the Board of Trustees, the Adviser is responsible for managing, either directly or through others selected by it, the investment activities of the Fund and the Fund s business affairs. The Adviser will receive an annual fee, computed and paid monthly, in an amount equal to [ ]% of the Fund s average daily total managed assets. Total managed assets means the total assets of the Fund (including assets attributable to any reverse repurchase agreements, dollar roll transactions or similar transactions, borrowings, and/or preferred shares that may be outstanding) minus accrued liabilities (other than liabilities in respect of reverse repurchase agreements, dollar roll transactions or similar transactions and/or borrowings). For purposes of calculating total managed assets, the liquidation preference of any preferred shares outstanding shall not be considered a liability. With respect to any reverse repurchase agreement, dollar roll or similar transaction, total managed assets includes any proceeds from the sale of an asset of the Fund to a counterparty in such a transaction, in addition to the value of the asset so sold as of the relevant measuring date. The average daily total managed assets of the Fund for any month is determined by taking an average of all of the determinations of total managed assets during such month at the close of business on each business day during such month. [The Adviser has agreed to reduce its advisory fee to the extent of advisory fees paid to the Adviser by other investment vehicles sponsored by the Adviser in respect of assets of the Fund invested in those other vehicles.]

The Adviser is located at 333 South Grand Avenue, Suite 1800, Los Angeles, California 90071. The Adviser was founded by Jeffrey E. Gundlach in December 2009. Prior to founding the Adviser, Mr. Gundlach was Chief Investment Officer of the TCW Group, Inc. The success of the Adviser is highly dependent upon its founders. As of December 31, 2012, the Adviser had approximately $[52] billion of assets under management.

Administrator

[[ ] ([ ] or the Administrator) is the Fund s administrator. Pursuant to a Master Services Agreement (the Master Services Agreement) among the Fund and [ ],[ ], with principal offices at [ ], serves as administrator. As administrator, [ ] provides certain services, including, among other things, [assisting in maintaining the Fund s office;] furnishing the Fund with clerical and various other services required by the Fund s operations; compiling data for and preparing notices to the SEC; calculating the Fund s daily NAV and certain other financial data; preparing reports that are required by the securities, investment, tax or other laws and regulations of the United States; coordinating federal and state tax returns; monitoring the Fund s expense accruals; and generally assisting in the Fund s operations. [For these services the Fund will pay [ ] an aggregate fee, payable monthly, at the annual rate of [ ]% of the Fund s average daily total managed assets.] For these purposes, the Fund s average daily total managed assets will be calculated in the same manner as they are for purposes of calculating the fee payable under the Investment Management Agreement. See Management of the Fund Investment Management Agreement. [In addition, the fee is subject to a minimum annual fee of $[ ]. [ ] will also be reimbursed by the Fund for out-of-pocket expenses that are reasonably incurred by them in performing their duties under the Master Services Agreement.]]

Distributions	The Fund intends to declare and pay distributions from its net investment income monthly. The Fund also expects to make a distribution during or with respect to each calendar year (which may be combined with a regular monthly distribution), which will generally include any net investment income and net realized capital gain for the year not otherwise distributed previously. If the total distributions made in any calendar year exceed the sum of (i) investment company taxable income (as that term is defined in the Internal Revenue Code of 1986, as amended (the Code)) and net tax-exempt income, determined in each case without regard to the deduction for dividends paid, and (ii) net capital gains (defined as net long-term gains in excess of net short-term losses, in each case taking into account any loss carryforwards), such excess distributed amount would be treated

for U.S. federal income tax purposes first as a tax-free return of capital to the extent of the adjusted tax basis in the Common Shares. After such adjusted tax basis is reduced to zero, the distribution would constitute capital gain (assuming the shares are held as capital assets). In general terms, a return of capital would involve a situation where a Fund distribution (or a portion thereof) represents a return of a portion of the Common Shareholder s investment, rather than net income or capital gains generated from his or her investment during a particular period. Although return of capital distributions may not be taxable, such distributions would reduce the basis of a shareholder s Common Shares and therefore may increase a shareholder s tax liability for capital gains upon a sale of Common Shares. See Tax Matters. The Fund s distribution policy may, under certain circumstances, have certain adverse consequences to the Fund and its shareholders because it may result in a return of capital resulting in less of a shareholder s assets being invested in the Fund and, over time, increase the Fund s expense ratio. The distribution policy also may cause the Fund to sell a security at a time it would not otherwise do so in order to manage the distribution of income and gain.

The Fund s initial distribution is expected to be declared approximately [45 to 60] days after the completion of this offering and paid approximately [60 to 90] days after the completion of the offering, depending on market conditions. See Distributions. The initial distributions by the Fund may consist primarily of a return of capital depending on the timing of the investment of the proceeds of this offering.

Although the Fund does not presently intend to do so, the Fund may in the future apply for an order granting an exemption from Section 19(b) of the Investment Company Act of 1940, as amended (the 1940 Act) and Rule 19b-1 thereunder to permit the Fund to include realized long-term capital gains as a part of its regular distributions to Common Shareholders more frequently than would otherwise be permitted by the 1940 Act (generally once per taxable year). There is no assurance that the SEC will grant the Fund s request for such an exemptive order if such a request is made. If the Fund fails to receive the requested relief and the Fund is unable to include realized capital gains in regular distributions more frequently than would otherwise be permitted by the 1940 Act, it is possible that the Fund s distribution policy, as set forth above, will otherwise be adversely affected.

If the Fund were to receive the exemptive order discussed above, the Fund may, but will not necessarily, seek to pay distributions generally at a rate based on a fixed percentage of the Common Shares NAV at a particular time (a managed distribution policy). Any such managed distribution policy may be modified by the Board from time to time. If the Fund were to seek to make distributions under a managed distribution policy, it would typically be intended to result in the payment of approximately the same percentage of the Fund s NAV to Common Shareholders each month. Section 19(a) of the 1940 Act and Rule 19a-1 thereunder require the Fund to provide a written statement accompanying any such payment that adequately discloses its source or sources. Thus, if the source of the dividend or other distribution were the original capital contribution of the Common Shareholder, and the payment amounted to a return of capital, the Fund would be required to provide written disclosure to that effect. Nevertheless, persons who periodically receive the payment of a dividend or other distribution may be under the impression that they are receiving net profits when they are not. Common Shareholders should read any written disclosure provided pursuant to Section 19(a) and Rule 19a-1 carefully, and should not assume that the source of any distribution from the Fund is net income or net profit. In addition, in cases where the Fund would return capital to Common Shareholders, such a distribution may bear on the Fund s ability to maintain its asset coverage requirements and to pay the dividends on any preferred shares that the Fund may issue, if ever. See Distributions on page [ ].

The Fund is not permitted to declare any cash dividend or other distribution on its Common Shares unless, at the time of such declaration, the Fund satisfies the asset coverage test with respect to senior securities representing indebtedness or senior securities that are stocks, if any, as prescribed by the 1940 Act. See Leverage on page [ ] for more information.

Listing

The Fund anticipates that its Common Shares will be listed on the New York Stock Exchange (NYSE), subject to notice of issuance, under the trading or ticker symbol [ ].

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Custodian and Transfer Agent

[ ] will serve as custodian of the Fund s assets and also will provide certain fund accounting, sub-administrative and compliance services to the Adviser on behalf of the Fund. [ ] will serve as the Fund s registrar, transfer agent and dividend disbursement agent. See Custodian and Transfer Agent.

Principal Risk Factors

No Prior History. The Fund is a newly organized, non-diversified, closed-end management investment company with no history of operations and is subject to all of the business risks and uncertainties associated with any new business.

Market Discount Risk. As with any stock, the price of the Fund s Common Shares will fluctuate with market conditions and other factors. If you sell your Common Shares, the price received may be more or less than your original investment. The Fund s NAV will be reduced immediately following the initial offering by a sales load and organizational and offering expenses paid or reimbursed by the Fund. The Common Shares are designed for long-term investors and should not be treated as trading vehicles. Shares of closed-end management investment companies frequently trade at a discount from their NAV. The Common Shares may trade at a price that is less than the initial offering price. This risk may be greater for investors who sell their shares relatively shortly after completion of the initial offering. The Fund cannot assure you that Common Shares will trade at a price equal to or higher than NAV in the future, and they may trade at a price lower than NAV. In addition to the Fund s NAV, the Fund s market price may be affected by factors related to the Fund such as dividend payments (which will in turn be affected by Fund expenses, including the costs of the Fund s leverage, amounts of interest payments made by the Fund s portfolio holdings, appreciation/depreciation of the Fund s portfolio holdings, regulation affecting the timing and character of Fund distributions, and other factors), portfolio credit quality, liquidity, call protection, market supply and demand and similar factors relating to the Fund s portfolio holdings. The Fund s market price may also be affected by general market or economic conditions, including market trends affecting securities values generally or values of closed-end fund shares more specifically.

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

Investment and Market Risk. An investment in Common Shares is subject to investment risk, including the possible loss of the entire principal amount invested. An investment in Common Shares represents an indirect investment in the securities and other financial assets owned by the Fund. Securities held by the Fund are generally traded in over-the-counter markets. The value of these securities and financial assets, like other market investments, may move up or down, sometimes rapidly and unpredictably. The Common Shares at any point in time may be worth less than their original cost, even after taking into account any reinvestment of dividends and distributions. Further, the value of securities held by the Fund may decline in value due to factors affecting securities markets generally or particular industries.

Issuer Non-Diversification Risk. The Fund is a non-diversified investment company and therefore may invest a greater percentage of its assets in the securities of a single issuer or a limited number of issuers than funds that are diversified. Accordingly, the Fund is more susceptible to risks associated with a single economic, political or regulatory occurrence than a diversified fund might be. Some of the issuers in which the Fund invests also may present substantial credit or other risks. The Fund will be subject to similar risks to the extent that it enters into derivatives transactions with a limited number of counterparties.

Credit Risk. Credit risk is the risk that one or more of the Fund s investments in debt securities or other instruments will decline in price, or fail to pay interest, liquidation value or principal when due, because the issuer of the obligation or the issuer of a reference security experiences an actual or perceived decline in its financial status.

Mortgage-Backed Securities Risks. Mortgage-backed securities include, among other things, participation interests in pools of residential mortgage loans purchased from individual lenders by a federal agency or originated and issued by private lenders and involve, among others, the following risks:

Credit and Market Risks of Mortgage-Backed Securities. Investments by the Fund in fixed rate and floating rate mortgage-backed securities will entail credit risks (*i.e.*, the risk of non-payment of interest and principal) and market risks (*i.e.*, the risk that interest rates and other factors could cause the value of the instrument to decline). Many issuers or servicers of mortgage-backed securities guarantee timely payment of interest and principal on the securities, whether or not payments are made when due on the underlying mortgages. This kind of guarantee generally increases the quality of a security, but does not mean that the security s market value and yield will not change. The value of all mortgage-backed securities also may change because of changes in the market s perception of the creditworthiness of the organization that issued or guarantees them. In addition, an unexpectedly high rate of defaults on the mortgages held by a mortgage pool may limit substantially the pool s ability to make payments of principal or interest to the Fund as a holder of such securities, reducing the values of those securities or in some cases rendering them worthless. The Fund also may purchase securities that are not guaranteed or subject to any credit support.

Like bond investments, the value of fixed rate mortgage-backed securities will tend to rise when interest rates fall, and fall when rates rise. Floating rate mortgage-backed securities will generally tend to have more moderate changes in price when interest rates rise or fall, but their current yield will be affected. In addition, the mortgage-backed securities market in general may be adversely affected by changes in governmental legislation or regulation. Factors that could affect the value of a mortgage-backed security include, among other things, the types and amounts of insurance which an individual mortgage or that specific mortgage-backed security carries, the default and delinquency rate of the mortgage pool, the amount of time the mortgage loan has been outstanding, the loan-to-value ratio of each mortgage and the amount of overcollateralization or undercollateralization of a mortgage pool.

The residential mortgage market in the United States recently has experienced difficulties that may adversely affect the performance and market value of certain of the Fund s mortgage-related investments. Delinquencies and losses on residential mortgage loans (especially subprime and second-lien mortgage loans) generally have increased recently and may continue to increase, and a decline in or flattening of housing values (as has recently been experienced and may continue to be experienced in many housing markets) may exacerbate such delinquencies and losses. Borrowers with adjustable rate mortgage loans may be more sensitive to changes in interest rates, which affect their monthly mortgage payments, and may be unable to secure replacement mortgages at comparably low interest rates. Also, a number of residential mortgage loan originators have recently experienced serious financial difficulties or bankruptcy. Reduced investor demand for mortgage-related securities has resulted and may continue to result in limited new issuances of mortgage-related securities and limited liquidity in the secondary market for mortgage-related securities, which can adversely affect the market value of mortgage-related securities and limit the availability of attractive investment opportunities for the Fund. It is possible that such limited liquidity in secondary markets could continue or worsen.

Ongoing developments in the residential mortgage market may have additional consequences to the market for mortgage-backed securities. Delinquencies and losses generally have been increasing with respect to securitizations involving residential mortgage loans and may continue to increase as a result of the weakening housing market and the seasoning of securitized pools of mortgage loans. Many so-called sub-prime mortgage pools are currently distressed and may be trading at significant discounts to their face value.

Additionally, mortgage lenders have adjusted their loan programs and underwriting standards, which has reduced the availability of mortgage credit to prospective mortgagors. This has resulted in reduced availability of financing alternatives for mortgagors seeking to refinance their mortgage loans. The reduced availability of refinancing options for mortgagors has resulted in higher rates of delinquencies, defaults and losses on mortgage loans, particularly in the case of, but not limited to, mortgagors with adjustable rate mortgage loans (ARMs) or interest-only mortgage loans that experience significant increases in their monthly payments following the adjustment date or the end of the interest-only period (see Adjustable Rate Mortgages below for

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further discussion of adjustable rate mortgage risks). These events, alone or in combination with each other and with deteriorating economic conditions in the general economy, may continue to contribute to higher delinquency and default rates on mortgage loans. The tighter underwriting guidelines for residential mortgage loans, together with lower levels of home sales and reduced refinance activity, also may have contributed to a reduction in the prepayment rate for mortgage loans generally and this trend may continue. The values of mortgage-backed securities may be substantially dependent on the servicing of the underlying mortgage pools, and therefore are subject to risks associated with the negligence or malfeasance by their servicers and to the credit risk of their servicers. In certain circumstances, the mishandling of related documentation also may affect the rights of security holders in and to the underlying collateral.

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.

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.

Commercial Mortgage-Backed Securities (CMBS). CMBS include securities that reflect an interest in, or are secured by, mortgage loans on commercial real property. Many of the risks of investing in commercial mortgage-backed securities reflect the risks of investing in the real estate securing the underlying mortgage loans. These risks reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make loan payments and the ability of a property to attract and retain tenants. Commercial mortgage-backed securities may be less liquid and exhibit greater price volatility than other types of mortgage- or asset-backed securities.

Prepayment, Extension and Redemption Risks of Mortgage-Backed Securities. Mortgage-backed securities may reflect an interest in monthly payments made by the borrowers who receive the underlying mortgage loans. Although the underlying mortgage loans are for specified periods of time, such as 20 or 30 years, the borrowers can, and historically have paid them off sooner. When a prepayment happens, a portion of the mortgage-backed security which represents an interest in the underlying mortgage loan will be prepaid. A borrower is more likely to prepay a mortgage which bears a relatively high rate of interest. This means that in times of declining interest rates, a portion of the Fund s higher yielding securities are likely to be redeemed and the Fund will probably be unable to replace them with securities having as great a yield. Prepayments can result in lower yields to shareholders. The increased likelihood of prepayment when interest rates decline also limits market price appreciation. This is known as prepayment risk. Mortgage-backed securities also are subject to extension risk. Extension risk is the possibility that rising interest rates may cause prepayments to occur at a slower than expected rate. This particular risk may effectively change a security which was considered short or intermediate term into a long-term security. The values of long-term securities generally fluctuate more widely in response to changes in interest rates than short or intermediate-term securities. In addition, a mortgage-backed security may be subject to redemption at the option of the issuer. If a mortgage-backed security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem or pay-off the security, which could have an adverse effect on the Fund s ability to achieve its investment objectives.

Liquidity Risk of Mortgage-Backed Securities. The liquidity of mortgage-backed securities varies by type of security; at certain times the Fund may encounter difficulty in disposing of such investments. Because mortgage-backed securities have the potential to be less liquid than other securities, the Fund may be more susceptible to liquidity risks than funds that invest in other securities. In the past, in stressed markets, certain types of mortgage-backed securities suffered periods of illiquidity when disfavored by the market.

Collateralized Mortgage Obligations. There are certain risks associated specifically with collateralized mortgage obligations (CMOs). CMOs are debt obligations collateralized by mortgage loans or mortgage pass-through securities. The expected average life of CMOs is determined using mathematical models that incorporate prepayment assumptions and other factors that involve estimates of future economic and market conditions. These estimates may vary from actual future results, particularly during periods of extreme market volatility. Further, under certain market conditions, such as those that occurred in 1994, 2007, 2008 and 2009, the average weighted life of certain CMOs may not accurately reflect the price volatility of such securities. For example, in periods of supply and demand imbalances in the market for such securities and/or in periods of sharp interest rate movements, the prices of CMOs may fluctuate to a greater extent than would be expected from interest rate movements alone. CMOs issued by private entities are not obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and are not guaranteed by any government agency, although the securities underlying a CMO may be subject to a guarantee. Therefore, if the collateral securing the CMO, as well as any third party credit support or guarantees, is insufficient to make payments when due, the holder could sustain a loss.

Adjustable Rate Mortgages. ARMs contain maximum and minimum rates beyond which the mortgage interest rate may not vary over the lifetime of the security. In addition, many ARMs provide for additional limitations on the maximum amount by which the mortgage interest rate may adjust for any single adjustment period. Alternatively, certain ARMs contain limitations on changes in the required monthly payment. In the event that a monthly payment is not sufficient to pay the interest accruing on an ARM, any excess interest is added to the principal balance of the mortgage loan, which is repaid through future monthly payments. If the monthly payment for such an instrument exceeds the sum of the interest accrued at the applicable mortgage interest rate and the principal payment required at such point to amortize the outstanding principal balance over the remaining term of the loan, the excess is used to reduce the then-outstanding principal balance of the ARM.

In addition, certain ARMs may provide for an initial fixed, below-market or teaser interest rate. During this initial fixed-rate period, the payment due from the related mortgagor may be less than that of a traditional loan. However, after the teaser rate expires, the monthly payment required to be made by the mortgagor may increase dramatically when the interest rate on the mortgage loan adjusts. This increased burden on the mortgagor may increase the risk of delinquency or default on the mortgage loan and in turn, losses on the mortgage-backed security into which that loan has been bundled.

Interest and Principal Only Securities Risk. One type of stripped mortgage-backed security pays to one class all of the interest from the mortgage assets (the interest-only, or IO class), while the other class will receive all of the principal (the principal-only, or PO class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on the Fund s yield to maturity from these securities. If the assets underlying the IO class experience greater than anticipated prepayments of principal, the Fund may fail to recoup fully, or at all, its initial investment in these securities. PO class securities tend to decline in value if prepayments are slower than anticipated.

Collateralized Debt Obligations. The Fund may invest in collateralized debt obligations (CDOs), which include collateralized bond obligations (CBOs), collateralized loan obligations (CLOs) and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A