

DoubleLine Income Solutions Fund
Form N-2/A
March 21, 2013
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1933 Act File No. 333-186045

1940 Act File No. 811-22791

As filed with the Securities and Exchange Commission

on March 21, 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. 2	x
Post-Effective Amendment No.	..
REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT	x
OF 1940	
Amendment No. 2	x

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)

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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(2)
Common Shares, par value \$.00001	40,000 shares	\$ 25.00	\$ 1,000,000	\$ 136.40

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- (1) Estimated solely for purposes of calculating the registration fee, pursuant to Rule 457(o) under the Securities Act of 1933.
- (2) A registration fee of \$136.40 was previously paid in connection with the initial filing on January 15, 2013.

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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PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION , 2013

The information in this preliminary 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.

Shares

DoubleLine Income Solutions Fund

Common Shares

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 anywhere in the world, including in emerging markets. The Fund's investment adviser, DoubleLine Capital LP (DoubleLine or the Adviser), allocates the Fund's assets among debt security market sectors, and among investments within those sectors, in an attempt to construct a portfolio providing the potential for a high level of current income and 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.

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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 DSL.

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 65 of this prospectus.

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.

	Per Share	Total(1)
Public offering price	\$ 25.000	\$
Sales load(2)	\$ 1.125	\$
Estimated offering expenses	\$ 0.050	\$
Proceeds, after expenses, to the Fund	\$ 23.825	\$

(notes on following page)

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

[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 overallocments, 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 \$0.05 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 but including the distribution assistance payment to TSC Distributors, LLC (TSCD) described below) to the extent that they exceed \$0.05 per Common Share. The Adviser has agreed to pay up to 0.10% of the total gross assets raised in the Fund's initial public offering to TSCD, as payment for providing certain distribution-related services, as well as reasonable out of pocket expenses related to the Fund's roadshow. To the extent the Fund has not otherwise paid offering expenses that exceed \$0.05 per Common Share, the Fund will reimburse the Adviser for the full amount of such payments to TSCD. If the Fund were to issue 10,000,000 Common Shares at a total price to the public of \$250,000,000, total offering expenses are estimated at \$1,650,000 (approximately \$0.165 per Common Share), of which the Fund would pay \$500,000 (\$0.05 per Common Share or 0.20% of the Public Offering Price) and the Adviser \$1,150,000 (approximately \$0.115 per Common Share). The Adviser expects to pay approximately \$100,000 in organizational expenses of the Fund. The actual size of the offering and related expenses may vary substantially from these estimates. See Summary of Fund Expenses.

(continued from previous page)

The Fund may invest in debt securities and other income-producing investments based on DoubleLine's assessment 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 that trade on an exchange (*i.e.*, the Fund may not purchase REIT securities that do not trade on an exchange); 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; collateralized loan obligations; payment-in-kind securities; zero-coupon bonds; inflation-indexed bonds; structured notes and other hybrid instruments; convertible securities; 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 securities of any kind. Mortgage-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 without limit in securities of issuers domiciled or organized in jurisdictions other than the United States, including securities of issuers domiciled or organized in emerging market countries. The Fund initially intends to invest a significant portion of its assets in securities of issuers

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domiciled or organized in emerging market countries, although the composition of the Fund's portfolio may change over time and from time to time such that a significant portion of the Fund's assets are not invested in securities of emerging markets issuers. Although the Fund intends initially to invest only in U.S. dollar-denominated investments, the Fund may take positions in various foreign (non-U.S.) currencies, including by actual holdings of those currencies and through forward, futures, swap, and option contracts with respect to foreign currencies, for hedging, or as a substitute for actual purchases or sales of the currencies in question; the Fund may over time also invest in investments denominated in currencies other than the U.S. dollar if DoubleLine determines that such investments present favorable investment opportunities. The Fund may (but is not required to) attempt to hedge some of its exposure to foreign currencies in order to reduce the risk of loss due to fluctuations in currency exchange rates relative to the U.S. dollar.

The Fund may invest without limit in securities rated below investment grade (securities rated Ba1 or below by Moody's Investors Service, Inc. (Moody's)) and BB+ or below by Standard & Poor's Rating Services (S&P) and Fitch, Inc. (Fitch)) or unrated securities judged by DoubleLine to be of comparable quality. The Fund will not normally invest more than 20% of its total assets in corporate debt instruments that are, at the time of purchase, rated lower than B3 by Moody's and lower than B- by S&P and Fitch (or, if unrated, determined by the Adviser to be of comparable quality). In addition, the Fund will not normally invest more than 20% of its total assets in debt securities and other income-producing investments that are not rated by at least one nationally recognized statistical rating organization. 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. However, the Fund will not normally invest in corporate debt securities rated at the time of investment lower than Ca3 by Moody's and lower than C by S&P and Fitch (or, if unrated, determined by the Adviser to be of comparable quality). In the case of split ratings, DoubleLine will categorize the security according to the highest rating assigned.

The Fund may invest in securities of any or no maturity. The portfolio managers intend, under normal market conditions, to seek to construct an investment portfolio with a weighted average effective duration of not less than two years and not more than ten years. 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. Effective duration is a measure of the Fund's portfolio duration adjusted for the anticipated effect of interest rate changes on bond and mortgage pre-payment rates. The effective duration of the Fund's investment portfolio may from time to time vary materially from its target range, and there is no assurance that the effective duration of the Fund's investment portfolio will not exceed the target range.

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 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 33 1/3% 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 to add leverage to its portfolio. The Fund also may enter into transactions other than reverse repurchase

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agreements, dollar roll transactions, borrowings, and/or the issuance of preferred shares that may give rise to a form of leverage or that have leverage embedded in them including, among others, transactions involving 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 investment 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. Under normal market conditions, the Fund will not (i) enter into reverse repurchase agreements or dollar roll transactions, (ii) borrow money through loans or draw on lines of credit from banks or other credit facilities, (iii) issue preferred shares, or (iv) enter into derivatives transactions with the intention on the part of the Adviser to create investment leverage, if as a result the amount of investment leverage the Adviser determines to be attributable to the activities listed in (i) through (iv) above in the aggregate would exceed 50% of the Fund's total assets (including, for purposes of the 50% limit, the amounts of leverage obtained through such activities) (the 50% leverage policy). Derivatives transactions entered into by the Fund 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 investment leverage and therefore will not be subject to the 50% leverage policy. It is possible that following the incurrence of any amount of investment leverage, the value of the assets of the Fund will decline due to market conditions or other factors and that the 50% leverage limit will as a result 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 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. 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 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. Although the SAI is not available on the Fund's website because the Common Shares will no longer be offered for sale by the Fund following the date of 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 113 of this prospectus.

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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.

Through and including _____, 2013 (the 25th date after the date of this prospectus) federal securities law may require all dealers that effect transactions in these securities, whether or not participating in this offering, to deliver a prospectus. This requirement is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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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 39.

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 AND STRATEGIES

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 anywhere in the world, including in emerging markets. The Fund's investment adviser, DoubleLine Capital LP (DoubleLine or the Adviser), allocates the Fund's assets among debt security market sectors, and among investments within those sectors, in an attempt to construct a portfolio providing the potential for a high level of current income and 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:

Ø security selection within a given debt security market sector;

Ø relative performance of the various market sectors;

Ø the shape of the yield curve; and

Ø 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

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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 team.

The Fund may invest in debt securities and other income-producing investments based on DoubleLine's assessment 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 that trade on an exchange (*i.e.*, the Fund may not purchase REIT securities that do not trade on an exchange); 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; collateralized loan obligations (CLOs); payment-in-kind securities; zero-coupon bonds; inflation-indexed bonds; structured notes and other hybrid instruments; convertible securities; 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. DoubleLine expects that the Fund will normally invest at least 80% of its net assets (plus any borrowings for investment purposes) in debt securities and other income-producing investments anywhere in the world, including emerging markets. DoubleLine expects that the Fund will normally not invest more than 50% of its total assets in a single debt security market sector (excluding U.S. Government securities), as determined by the Adviser.

The Fund may invest in mortgage-backed securities of any kind. Mortgage-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-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-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 (CMOs), multiclass pass-through securities, private mortgage pass-through securities, and stripped mortgage securities (generally interest-only and principal-only securities).

The Fund may invest in asset-backed securities that are not mortgage-backed securities, including securitizations of various non-mortgage-related receivables, such as, credit card and automobile finance receivables, student loans, airplane leases, installment loan contracts, home equity loans, and leases of various types of real and personal property.

The Fund will not normally invest more than 10% of its total assets in CLOs, and will normally not invest in equity tranches of CLOs. The Fund will not normally invest more than 5% of its total assets in asset-backed securities that are not mortgage-backed securities, CLOs or obligations issued by the U.S. Government, its agencies, or its instrumentalities or sponsored corporations. The Fund will not normally invest in collateralized debt obligations that are not mortgage-backed securities, asset-backed securities or CLOs.

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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 without limit in securities of issuers domiciled or organized in jurisdictions other than the United States, including securities of issuers domiciled or organized in emerging market countries. The Fund initially intends to invest a significant portion of its assets in securities of issuers domiciled or organized in emerging market countries, although the composition of the Fund's portfolio may change over time and from time to time such that a significant portion of the Fund's assets are not invested in securities of emerging markets issuers. Although the Fund intends initially to invest only in U.S. dollar-denominated securities, the Fund may take positions in various foreign (non-U.S.) currencies, including by actual holdings of those currencies and through forward, futures, swap, and option contracts with respect to foreign currencies, for hedging, or as a substitute for actual purchases or sales of the currencies in question; the Fund may over time also invest in investments denominated in currencies other than the U.S. dollar if DoubleLine determines that such investments present favorable investment opportunities. The Fund may (but is not required to) attempt to hedge some of its exposure to foreign currencies in order to reduce the risk of loss due to fluctuations in currency exchange rates relative to the U.S. dollar.

The Fund may invest without limit in securities rated below investment grade (securities rated Ba1 or below by Moody's Investors Service, Inc. (Moody's)) and BB+ or below by Standard & Poor's Rating Services (S&P) and Fitch, Inc. (Fitch)) or unrated securities judged by DoubleLine to be of comparable quality. The Fund will not normally invest more than 20% of its total assets in corporate debt instruments that are, at the time of purchase, rated lower than B3 by Moody's and lower than B- by S&P and Fitch (or, if unrated, determined by the Adviser to be of comparable quality). In addition, the Fund will not normally invest more than 20% of its total assets in debt securities and other income-producing investments that are not rated by at least one nationally recognized statistical rating organization. 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. However, the Fund will not normally invest in corporate debt securities rated at the time of investment lower than Ca3 by Moody's and lower than C by S&P and Fitch (or, if unrated, determined by the Adviser to be of comparable quality). The Fund will not normally invest in defaulted corporate securities. In the case of split ratings, DoubleLine will categorize the security according to the highest rating assigned.

The Fund may invest in securities of any or no maturity. The portfolio managers intend, under normal market conditions, to seek to construct an investment portfolio with a weighted average effective duration of not less than two years and not more than ten years. 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. For example, the value of a portfolio of debt securities with an average duration of ten years would generally be expected to decline by approximately 10% if interest rates rose by one percentage point. Effective duration is a measure of the Fund's portfolio duration adjusted for the anticipated effect of interest rate changes on bond and mortgage pre-payment rates. The effective duration of the Fund's investment portfolio may from time to time vary materially from its target range, and there is no assurance that the effective duration of the Fund's investment portfolio will not exceed the target range.

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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), but the Fund may not invest in funds sponsored or advised by DoubleLine or any investment adviser affiliate controlling, controlled by or under common control with DoubleLine. The Fund may invest in securities of companies with small and medium market capitalizations.

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, borrowings, and/or issuances of preferred shares. With respect to any reverse repurchase agreement or dollar roll 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. When the Fund acts as a seller of a credit default swap, the Fund or its agents will earmark on its books or segregate liquid assets equal to the full notional amount of the swap agreement. The Fund may engage in short sales, either to earn additional return or to hedge existing investments. Any use of derivatives strategies

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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). The Fund or its agents will earmark or segregate liquid assets on its books against its derivatives exposures to the extent required by law.

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 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 33¹/₃% 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 to add leverage to its portfolio.

The Fund also may enter into transactions other than reverse repurchase agreements, dollar roll transactions, borrowings, and/or the issuance of preferred shares that may give rise to a form of leverage or that have leverage embedded in them including, among others, transactions involving 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 investment 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.

Under normal market conditions, the Fund will not (i) enter into reverse repurchase agreements or dollar roll transactions, (ii) borrow money through loans or draw on lines of credit from banks or other credit facilities, (iii) issue preferred shares, or (iv) enter into derivatives transactions with the intention on the part of the Adviser to create investment leverage, if as a result the amount of investment leverage the Adviser determines to be attributable to the activities listed in (i) through (iv) above in the aggregate would exceed 50% of the Fund's total assets (including, for purposes of the 50% limit, the amounts of leverage obtained through such activities) (the 50% leverage policy). Derivatives transactions entered into by the Fund 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 investment leverage and therefore will not be subject to the 50% leverage policy; the Adviser generally will determine whether an investment has the effect of creating investment leverage by evaluating the effect of the investment on the exposure and risk profile of the Fund as a whole. It is possible that following the incurrence of any amount of investment leverage, the value of the assets of the Fund will decline due to market conditions or other factors and that the 50% leverage limit will as a result 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 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. There is no assurance that the Fund will use reverse repurchase agreements, dollar roll transactions or 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. The net proceeds the Fund obtains from the use of leverage 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

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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, 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. The Fund cannot assure you that any use of reverse repurchase agreements, dollar roll 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. 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. New regulations or guidance issued by the Securities and Exchange Commission (the SEC) or the Commodity Futures Trading Commission (the CFTC) or their staffs could, among other things, restrict the Fund's ability to engage in leveraging and derivatives transactions (for example, by making certain types of derivatives transactions no longer available to the Fund) and/or increase the costs of such leveraging and derivatives transactions (for example, by increasing margin or capital requirements), and the Fund may be unable to execute its investment strategy as a result.

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, borrowings, and/or preferred shares that may be outstanding), there is a financial incentive for the Adviser to cause the Fund to use leverage, 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 1.00% 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 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 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. Cash and cash equivalents are included when calculating the Fund's total managed assets. For purposes of calculating total managed assets, the Fund's derivative investments generally will be valued based on their market value (*i.e.*, the notional value of such investments will not be used for purposes of calculating total managed assets). 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 is located at 333 South Grand Avenue, Suite 1800, Los Angeles, California 90071. The Adviser was co-founded by Jeffrey E. Gundlach and Philip A. Barach in December 2009. Prior to

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founding the Adviser, Mr. Gundlach was Chief Investment Officer of the TCW Group, Inc. and Mr. Barach was a Group Managing Director of the TCW Mortgage Group. The success of the Adviser is highly dependent upon its founders. As of February 28, 2013, the Adviser had approximately \$55 billion of assets under management.

ADMINISTRATOR

U.S. Bancorp Fund Services, LLC (USBFS or the Administrator) is the Fund's administrator, fund accountant and transfer agent. Pursuant to a Master Services Agreement (the Master Services Agreement) among the Fund, USBFS and TS Capital, LLC (TSC), USBFS, with principal offices at 615 E. Michigan Street, 3rd Floor, Milwaukee, Wisconsin 53202, serves as administrator, fund accountant and transfer agent, and provides certain additional compliance services to the Fund. As administrator, USBFS provides certain services, including, among other things, furnishing the Fund with various 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 overall operations of the Fund. Pursuant to the Master Services Agreement, the Fund has retained TSC to provide, upon request, certain other services to the Fund, including, among other things, preparing a variety of shareholder communications and press releases; communicating with the closed-end fund analyst community; generally assisting with the Fund's communications with the investment community; and providing reports to the Board regarding certain strategic issues relating to closed-end funds. For these services the Fund will pay USBFS an aggregate fee, payable monthly, at the annual rate of 0.15% 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 \$350,000. USBFS will also be reimbursed by the Fund for out-of-pocket expenses that are reasonably incurred by USBFS and TSC in performing their duties under the Master Services Agreement. USBFS (and not the Fund) will be responsible for compensating and reimbursing TSC from the fees and reimbursements paid to USBFS by the Fund.

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. The tax treatment and characterization of the Fund's distributions may vary significantly from time to time because of the varied nature of the Fund's investments. The tax characterization of the Fund's distributions made in a taxable year cannot finally be determined until at or after the end of the year. If the total distributions made in any taxable year exceed the sum of the Fund's (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 Common Shareholders to the extent of their 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

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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. Returns of capital cause less of the Common Shareholders' assets to be invested in the Fund and thereby potentially increase the Fund's expense ratio over time. The distribution policy 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 would grant the Fund's request for such an exemptive order if such a request were 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.

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 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 DSL.

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CUSTODIAN AND TRANSFER AGENT

U.S. Bank National Association (U.S. Bank) will serve as custodian of the Fund's assets. USBFS, an affiliate of U.S. Bank, will serve as the Fund's registrar, transfer agent and dividend disbursement 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 instruments owned by the Fund. Securities and other instruments held by the Fund are generally traded in over-the-counter markets. The value of these securities and other instruments, 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 and other instruments held by the Fund may decline in value due to factors affecting securities markets generally or particular industries. In particular, many debt securities and other instruments of the types in which the Fund may invest, and debt markets generally, have experienced increases, in some cases, substantial increases, in value in recent years; there is no assurance that such increases will continue or that such securities or markets will not experience substantial decreases in value or broad reversals in the future. As current

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interest rates are significantly below historical norms, there can be no assurance that interest rates will decline further, or that they will not increase significantly in the future, which could cause the values of debt securities and other instruments of the types in which the Fund may invest to decline significantly.

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.

Interest rate risk

Generally, when market interest rates rise, the prices of debt obligations fall, and when market interest rates fall, the prices of debt obligations generally rise. Interest rate risk is the risk that debt obligations and other instruments in the Fund's portfolio will decline in value because of increases in market interest rates. This risk may be particularly acute in the current market environment because market interest rates are currently at historically low levels. The prices of long-term debt obligations generally fluctuate more than prices of short-term debt obligations as interest rates change. Because the Fund's weighted average effective duration generally will fluctuate as interest rates change, the Common Share NAV and market price per share may tend to fluctuate more in response to changes in market interest rates than if the Fund invested mainly in short-term debt securities. During periods of rising interest rates, the average life of certain types of securities may extend due to lower than expected rates of pre-payments, which could cause the securities' durations to extend and expose the securities to more price volatility. This may lock in a below market yield, increase the security's duration and reduce the securities' value. In addition to directly affecting debt securities, rising interest rates also may have an adverse effect on the value of any equity securities held by the Fund. The Fund's use of leverage, as described below, will tend to increase Common Share interest rate risk. DoubleLine may use certain strategies, including investments in structured notes or interest rate futures contracts or swap, cap, floor or collar transactions, for the purpose of reducing the interest rate sensitivity of the Fund's portfolio, although there is no assurance that it will do so or that such strategies will be successful.

Variable and floating rate debt securities are generally less sensitive to interest rate changes, but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate debt securities may decrease in value if interest rates increase. Inverse floating rate debt securities also may exhibit greater price volatility than a fixed rate debt obligation with similar credit quality. When the Fund holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the NAV of the Common Shares.

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Debt securities risk

In addition to certain of the other risks described herein, debt securities generally also are subject to the following risks:

- Ø **Redemption Risk** Debt securities sometimes contain provisions that allow for redemption in the event of tax or security law changes in addition to call features at the option of the issuer. In the event of a redemption, the Fund may not be able to reinvest the proceeds at comparable rates of return.

- Ø **Liquidity** Certain debt securities may be substantially less liquid than many other securities, such as U.S. Government securities or common shares or other equity securities.

- Ø **Spread Risk** Wider credit spreads and decreasing market values typically represent a deterioration of the debt security's credit soundness and a perceived greater likelihood or risk of default by the issuer.

- Ø **Limited Voting Rights** Debt securities typically do not provide any voting rights, except in cases when interest payments have not been made and the issuer is in default. Even in such cases, such rights may be limited to the terms of the debenture or other agreements.

Corporate debt risks