DoubleLine Opportunistic Credit Fund
Form N-CSR
December 10, 2012
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As filed with the Securities and Exchange Commission on 12/10/12

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number **811-22592**

DoubleLine Opportunistic Credit Fund

(Exact name of registrant as specified in charter)

333 South Grand Avenue, Suite 1800

Los Angeles, CA 90071

(Address of principal executive offices) (Zip code)

Ronald R. Redell

c/o DoubleLine Capital LP

333 South Grand Avenue, Suite 1800

Los Angeles, CA 90071

(Name and address of agent for service)

(213) 633-8200

Registrant s telephone number, including area code

Date of fiscal year end: **September 30**

Date of reporting period: **September 30, 2012**

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Item 1. Reports to Stockholders.

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Annual Report

September 30, 2012

DoubleLine Opportunistic Credit Fund

NYSE: **DBL**

DoubleLine Capital LP

333 S. Grand Avenue

18th Floor

Los Angeles, California 90071

doubleline.com

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President s Letter

Dear Shareholder:

On behalf of the team at DoubleLine, I am pleased to deliver the first Annual Report for the DoubleLine Opportunistic Credit Fund (NYSE: DBL, the Fund) covering the period from January 27, 2012 (the Fund s inception date) through September 30, 2012. On the following pages, you will find specific information regarding the Fund s operations and holdings. Since the Fund was launched near the end of January, the reporting period is approximately eight months. DoubleLine continues to strive to deliver superior risk-adjusted returns while working to avoid crossing the double line of risk on the road to successful investing.

Management s Discussion of Fund Performance:

For the period January 27, 2012 (inception) to September 30, 2012, the Fund s total return based on the net asset value (NAV) was 9.48%, outperforming the Barclays Capital U.S. Aggregate Bond Index by 5.9% (9.48% versus 3.58%). On a market price basis the Fund s return was 13.43%. Over this period, interest rates fell with the 2-year Treasury rate down 8 basis points (bps) to 0.25%, the 5-year Treasury rate down 56 bps to 0.48%, and the 10-year Treasury rate down 88 bps to 1.33%. Despite the drop in rates and the Fund s lower duration, the Fund still outperformed over the time period. Prices on the Agency CMOs were up with both lower coupon passthroughs and fixed-rate CMOs outperforming. The Agency inverse interest-only holdings in the portfolio continue to generate high cash flows due to the low short-term interest rates and relatively slow prepayments. In the non-Agency mortgage sector, prices were up significantly for all sub-sectors. The Alt-A securities held in the Fund were the best performing sector over the reporting period.

Period from 1-27-12 (inception) to 9-30-12	
NAV return	9.48%
Market price return	13.43%
Barclays US Aggregate Index	3.58%

Markets:

Agency MBS

The Agency mortgage market returned 2.38% for the period January 31, 2012 through September 30, 2012. Lower coupon mortgages were up while higher coupon mortgages were flat to down in price over this time period. The lower coupons were up partly due to the QE3 announcement of a third round of quantitative easing (QE3) as the size of the program was larger than what the market was expecting. The Fed will be buying mainly lower coupon mortgages in this program to the size of $40 billion of Agency mortgages a month in QE3. Keep in mind that one of the mandates in the extension of Operation Twist was reinvestment back into mortgages for the paydowns of the Fed s mortgage portfolio purchased in QE1. This number amounts to around $25 billion a month. These two conditions bring the Fed s total monthly additions to $65 billion. The market is producing between $120 and $150 billion of new mortgages a month so the Fed is buying about one half of all reporting new mortgages. Additionally, higher coupon mortgage performance has been hurt by faster prepayment speeds partly caused by HARP 2.0.

The Mortgage Bankers Association (MBA) Refinance Index is much higher than it has been over the past couple of years, which should come as no surprise as 10-Year U.S. Treasury rates have fallen by almost 200 bps over past two years.

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We do not expect aggregate prepayment speeds to increase significantly in the short-term, however, and future changes in prepayment speeds are just as likely to come from further government intervention as it is from borrowers being able to take advantage of lower rates on their own. At the same time we recognize that rates have come down and many borrowers do have the financial wherewithal to refinance. These borrowers, who mostly reside in lower coupon mortgages, should be responsive to any further reduction in interest rates.

The future of the Government Sponsored Enterprises (GSEs) is still to be determined, even following the FHFA s recently released white paper on the very topic. We expect that this issue will be much discussed and debated over the coming months. Their future role will be influenced by the next Congress and whichever political U.S. party is in power. Whatever is eventually decided upon should not affect existing securities but we think instead should focus on future originations.

Non-Agency MBS

During the period, prices in the non-Agency MBS sector were higher in spite of the supply and legal/legislative concerns. The sector continues to provide better price performance, and improvements, in severities and defaults.

	Non-Agency MBS Indices Closing Prices		
	1/31/2012	9/28/2012	% Change
ABX 06-2 AAA	50.63	58.45	7.82
ABX 07-1 AAA	38.81	47.02	8.21
PrimeX FRM1[1]	104.72	109.46	4.74
PrimeX FRM2[1]	95.97	99.58	3.61

Source: Morgan Stanley

[1] PrimeX FRM PrimeX Fixed Rate Mortgage.

Tradable supply for non-Agency MBS increased during this period, helped in part by the liquidation of the Maiden Lane portfolio, as well as short-term holders selling positions as prices rose. Throughout the period, the average monthly BWIC (Bids Wanted in Competition) supply exceeded $20 billion.

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President s Letter (Cont.)

There was significant legal and congressional activity during this period as well: an Attorney General settlement worth $25 billion with the five largest originators, the introduction of a bill by Senator Dianne Feinstein of California to refinance all existing underwater current non-Agency mortgages, the Boxer-Menendez bill designed to make Home Affordable Refinance Program (HARP) refinancing on Agency mortgages easier, and a new and untested use of eminent domain as a way to buy performing mortgages out of non-Agency pools. The eminent domain issue has had an interesting effect of uniting the entire mortgage investment community against this type of activity, including DoubleLine s on-going communication with trade groups, communities and other investors to seek an alternative approach, in our opinion, to a potentially damaging and illegal attack on non-Agency mortgage securities.

On behalf of the team at DoubleLine, we thank you for your support of the Fund. We value the trust you have placed in us and if you have any questions please do not hesitate to call 877-DLINE11 (354-6311).

Sincerely,

Ronald R. Redell

Chairman of the Board of Trustees

November 1, 2012

Opinions expressed herein are as of September 30, 2012 and are subject to change at any time, are not guaranteed and should not be considered investment advice. This report is for the information of shareholders of the Fund.

The views expressed herein (including any forward-looking statement) may not be relied upon as investment advice or as an indication of the Fund s trading intent. Information included herein is not an indication of the Fund s future portfolio composition. Securities and indices discussed are not recommendations and are presented as examples of issue selection or portfolio management processes. They have been picked for comparison or illustration purposes only. No security presented within is either offered for sale or purchase. DoubleLine reserves the right to change its investment perspective and outlook without notice as market conditions dictate or as additional information becomes available.

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

As the Fund is newly organized, its shares have limited history of operations and public trading. Shares of closed-end investment companies frequently trade at a discount to their net asset value, which may increase investors risk of loss. There are risks associated with an investment in the Fund. Investors should consider the Fund s investment objective, risks, charges and expenses carefully before investing. An investment in the Fund should not constitute a complete investment program.

The Fund s daily New York Stock Exchange closing prices, net asset values per share, as well as other information are available at http://www.doubleline.com/opp-credit-fund-overview.php or by calling the Funds shareholder servicing agent at (877) 354-6311.

This document is not an offer to sell securities or the solicitation of an offer to buy securities, nor shall there be any sale or offer of these securities, in any jurisdiction where such sale or offer is not permitted.

The Fund s shares are only offered through broker/dealers on the secondary market. Unlike an open-end mutual fund, a closed-end fund offers a fixed number of shares for sale. After the initial public offering, shares are bought and sold in the secondary marketplace, and the market price of the shares is determined by supply and demand, not by net asset value (NAV), often at a lower price than the NAV. A closed-end fund is not required to buy its shares back from investors upon request.

Fund investing involves risk. Principal loss is possible.

Investments in debt securities typically decline in value when interest rates rise. This risk is usually greater for longer-term debt securities. Investments in asset-backed and mortgage-backed securities include additional risks that investors should be aware of including credit risk, prepayment risk, possible illiquidity and default, as well as increased susceptibility to adverse economic developments. The Fund may invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. These risks are greater for investments in emerging markets. Investments in lower rated and

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non-rated securities present a greater risk of loss to principal and interest than higher rated securities. Investment strategies may not achieve the desired results due to implementation lag, other timing factors, portfolio management decision-making, economic or market conditions or other unanticipated factors.

The 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.

In addition, the Fund may invest in other asset classes and investments such as, among others, REITs, credit default swaps, short sales, derivatives and smaller companies which include additional risks.

The performance shown assumes the reinvestment of all dividends and distributions and does not reflect any reductions for taxes. ***Performance data quoted represents past performance; past performance does not guarantee future results.*** The investment return and principal value of an investment will fluctuate so that an investor s shares, when redeemed, may be worth more or less than original cost. Current performance of the Fund may be lower or higher than the performance quoted. Performance data current to the most recent month-end may be obtained by calling (877) 354-6311 or by visiting http://www.doubleline.com/opp-credit-fund-overview.php.

This material may include statements that constitute forward-looking statements under the U.S. securities laws. Forward-looking statements include, among other things, projections, estimates, and information about possible or future results related to the Fund, market or regulatory developments. The views expressed herein are not guarantees of future performance or economic results and involve certain risks, uncertainties and assumptions that could cause actual outcomes and results to differ materially from the views expressed herein. The views expressed herein are subject to change at any time based upon economic, market, or other conditions and DoubleLine undertakes no obligation to update the views expressed herein. While we have gathered this information from sources believed to be reliable, DoubleLine cannot guarantee the accuracy of the information provided. Any discussions of specific securities should not be considered a recommendation to buy or sell those securities. For a complete list of Fund holdings, please refer to the Schedule of Investments provided in this report.

Definitions:

Basis point is a unit that is equal to 1/100 of 1% and is used to denote the change in a financial instrument.

Duration is a commonly used measure of the potential volatility of the price of a debt security, or the aggregate market value of a portfolio of debt securities, prior to maturity. Securities with a longer duration generally have more volatile prices than securities of comparable quality with a shorter duration.

Cash flow measures the cash generating capability of a company by adding non-cash charges (e.g. depreciation) and interest expense to pretax income.

Barclays Capital U.S. Aggregate Bond Index This index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the US investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Barclays Capital U.S. MBS Index This index measures the performance of investment grade fixed-rate mortgage-backed pass-through securities of the Government-Sponsored Enterprises (GSEs): Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC).

MBA Refinance Index The Mortgage Bankers Association (MBA) Refinance Index covers all mortgage applications to refinance an existing mortgage. The Index includes conventional and government refinances, regardless of product (fixed-rate or adjustable-rate mortgages) or coupon rate refinanced into or out of.

ABX Index This index consists of the 20 most liquid credit default swaps (CDS) on U.S. home equity asset-backed securities (ABS) and is used to hedge asset-backed exposure or to take a position in the subprime mortgage asset class. The ABX Index has four series (06-1, 06-2, 07-1 and 07-2) with five tranches per series. The ABX 07-1 AAA Index references underlying collateral of that 2007 vintage and AAA credit quality type, just as the ABX 06-2 AAA Index references underlying collateral of the 2006 vintage and AAA credit quality type.

PrimeX This index is a synthetic credit default swap (CDS) index which references non-Agency, prime residential mortgage-backed securities (RMBS). There are 20 prime RMBS deals referenced from the 2005, 2006, and 2007 vintages. The vintages separate the PrimeX into four sub indices by cut-off dates and collateral type. The PrimeX Fixed-Rate Mortgage (FRM) 1 and FRM 2 are two of these sub indices that contain specific underlying collateral and vintage types.

One cannot invest directly in an index.

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Schedule of Investments DoubleLine Opportunistic Credit Fund

Principal Amount	Security Description	Rate	Maturity	Value $
	COLLATERALIZED LOAN OBLIGATIONS 0.4%			
	LCM LP,			
$ 1,500,000	Series 11A-INC	18.5%^# @	04/19/2022	1,530,000
	Total Collateralized Loan Obligations (Cost $1,451,151)			**1,530,000**
	NON-AGENCY COMMERCIAL MORTGAGE BACKED OBLIGATIONS 1.4%			
	JP Morgan Chase Commercial Mortgage Securities Corporation,			
43,843,914	Series 2012-CBX-XA	2.06%# I/O	06/16/2045	5,130,966
	Total Non-Agency Commercial Mortgage Backed Obligations (Cost $4,918,261)			**5,130,966**
	NON-AGENCY RESIDENTIAL COLLATERALIZED MORTGAGE OBLIGATIONS 52.5%			
	Adjustable Rate Mortgage Trust,			
4,972,853	Series 2006-1-2A1	3.33%#	03/25/2036	3,491,248
	Banc of America Alternative Loan Trust,			
3,610,710	Series 2005-8-2CB1	6.00%	09/25/2035	2,825,343
	Banc of America Funding Corporation,			
4,727,803	Series 2006-A-4A1	5.17%#	02/20/2036	3,872,733
	BCAP LLC Trust,			
5,269,567	Series 2010-RR6-2216	4.90%#^	06/26/2036	2,322,456
3,942,530	Series 2010-RR6-6A2	6.02%#^	07/26/2037	2,848,565
	Chaseflex Trust,			
5,195,803	Series 2007-1-1A1	6.50%	02/25/2037	3,301,918
	Citicorp Mortgage Securities, Inc.,			
1,875,000	Series 2006-2-IA14	5.50%	04/25/2036	1,717,004
	Citigroup Mortgage Loan Trust, Inc.,			
2,356,627	Series 2006-8-A4	19.07%#^ I/F	10/25/2035	3,016,483
4,399,516	Series 2010-9-3A7	9.83%^	01/25/2036	3,232,547
5,860,374	Series 2010-9-4A3	7.46%#^	09/25/2035	4,486,283
	Citimortgage Alternative Loan Trust,			
7,058,590	Series 2007-A4-IA6	5.75%	04/25/2037	5,398,731
5,727,400	Series 2007-A6-IA16	6.00%	06/25/2037	4,661,376
	Countrywide Alternative Loan Trust,			
3,913,654	Series 2005-85CB-2A5	1.32%#	02/25/2036	2,452,149
826,502	Series 2005-85CB-2A6	20.84%# I/F	02/25/2036	1,043,725
	Countrywide Home Loans,			
8,928,253	Series 2006-HYB1-3A1	2.80%#	03/20/2036	5,345,792
	Credit Suisse Mortgage Capital Certificates,			
7,000,820	Series 2006-5-3A3	6.50%	06/25/2036	3,952,246
1,935,455	Series 2006-9-2A1	5.50%	11/25/2036	1,752,553
2,939,031	Series 2006-9-6A14	6.00%	11/25/2036	2,721,284
	First Horizon Asset Securities, Inc.,			
4,073,341	Series 2007-AR3-2A2	5.88%#	11/25/2037	3,656,412
	GSAA Home Equity Trust,			
6,843,259	Series 2007-8-A2	0.57%#	08/25/2037	4,941,908

	Indymac Mortgage Loan Trust,	
3,998,651	Series 2005-AR1-2A1	3.52%