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

Principal Amount	Security Description	Rate	Maturity	Value $
	Indymac Mortgage Loan Trust,			
3,998,651	Series 2005-AR1-2A1	3.52%#	11/25/2035	3,456,444
6,080,338	Series 2005-AR23-6A1	4.95%#	11/25/2035	5,060,775
4,500,000	Series 2007-FLX1-A2	0.40%#	02/25/2037	4,175,620
	JP Morgan Alternative Loan Trust,			
4,444,047	Series 2006-S1-2A5	5.50%	02/25/2021	4,151,082
	JP Morgan Research Trust,			
5,959,786	Series 2011-1-1A10	8.12%#^	12/26/2036	3,648,581
7,719,314	Series 2011-1-2A10	6.98%#^	06/26/2037	4,968,151
	Lehman Mortgage Trust,			
6,947,507	Series 2007-10-1A1	6.00%	01/25/2038	6,721,932
4,412,161	Series 2007-4-1A3	5.75%	05/25/2037	3,046,207
	Lehman XS Trust,			
3,884,050	Series 2005-2-1A2	0.57%#	08/25/2035	3,411,217

Principal Amount	Security Description	Rate	Maturity	Value $
	MASTR Asset Securitization Trust,			
$ 3,701,476	Series 2007-2-A3	6.25%	01/25/2038	3,514,501
	Nomura Resecuritization Trust,			
5,023,133	Series 2010-2RA-A2	5.50%^	01/26/2036	4,118,969
	RBSGC Structured Trust,			
3,894,329	Series 2008-B-A1	6.00%^	06/25/2037	3,137,322
	Residential Accredit Loans, Inc.,			
4,257,283	Series 2005-AS14-3A1	6.00%	09/25/2035	3,907,053
6,349,312	Series 2005-QS13-2A3	5.75%	09/25/2035	5,302,447
4,553,382	Series 2006-QS10-A1	6.00%	08/25/2036	3,327,452
9,055,236	Series 2006-QS7-A3	6.00%	06/25/2036	6,713,380
2,307,844	Series 2007-QS1-1A1	6.00%	01/25/2037	1,713,590
9,476,298	Series 2007-QS3-A1	6.50%	02/25/2037	7,093,156
4,133,975	Series 2007-QS6-A1	0.55%#	04/25/2037	2,101,116
4,376,602	Series 2007-QS6-A102	5.75%	04/25/2037	3,111,403
941,740	Series 2007-QS6-A2	53.78%# I/F	04/25/2037	2,163,533
	Residential Asset Securities Corporation,			
3,037,133	Series 2006-EMX2-A2	0.42%#	02/25/2036	2,691,872
5,539,442	Series 2006-EMX6-A3	0.37%#	07/25/2036	4,361,543
	Residential Asset Securitization Trust,			
2,739,480	Series 2006-A6-1A12	6.88%# I/F I/O	07/25/2036	790,266
2,708,707	Series 2006-A6-1A9	6.00%	07/25/2036	1,711,597
8,835,646	Series 2007-A2-1A2	6.00%	04/25/2037	7,679,033
4,253,859	Series 2007-A7-A1	6.00%	07/25/2037	3,400,944
	Residential Funding Mortgage Securities Trust,			
3,518,236	Series 2007-S2-A4	6.00%	02/25/2037	3,229,043
4,183,800	Series 2007-S6-1A10	6.00%	06/25/2037	3,595,627
	Structured Adjustable Rate Mortgage Loan Trust,			
4,436,282	Series 2006-1-2A2	4.52%#	02/25/2036	3,562,556
	Structured Asset Securities Corporation,			
6,541,000	Series 2005-11H-A3	5.50%	06/25/2035	4,318,777
	Washington Mutual Mortgage Pass-Through Certificates,			
7,134,576	Series 2006-8-A4	6.00%#	10/25/2036	4,874,952
	Total Non-Agency Residential Collateralized Mortgage Obligations (Cost $178,970,888)			**192,100,897**

US GOVERNMENT/AGENCY MORTGAGE BACKED OBLIGATIONS 39.8%

Principal Amount	Security Description	Rate	Maturity	Value $
	Federal Home Loan Mortgage Corporation,			
3,229,678	Series 3211-SI	26.74%# I/F I/O	09/15/2036	2,236,200
6,678,040	Series 3236-ES	6.48%# I/F I/O	11/15/2036	1,256,172
5,248,605	Series 3292-SD	5.88%# I/F I/O	03/15/2037	699,453
10,789,986	Series 3314-SH	6.18%# I/F I/O	11/15/2036	1,341,076
2,413,447	Series 3317-DS	14.45%# I/F	05/15/2037	3,042,331
9,548,218	Series 3330-KS	6.33%# I/F I/O	06/15/2037	1,238,759

4,496,415	Series 3339-AI	6.33%# I/F I/O	07/15/2037	619,723
11,452,169	Series 3339-TI	5.92%# I/F I/O	07/15/2037	2,060,842
8,717,999	Series 3374-SD	6.23%# I/F I/O	10/15/2037	1,232,257
7,855,545	Series 3382-SU	6.08%# I/F I/O	11/15/2037	1,016,123
6,837,900	Series 3423-GS	5.43%# I/F I/O	03/15/2038	625,822
7,354,017	Series 3508-PS	6.43%# I/F I/O	02/15/2039	1,130,023
6,130,073	Series 3725-CS	5.78%# I/F I/O	05/15/2040	896,009
11,634,281	Series 3815-ST	5.63%# I/F I/O	02/15/2041	1,477,381
1,174,966	Series 3905-SC	21.60%# I/F	08/15/2041	2,370,050
7,661,126	Series 3924-SJ	5.78%# I/F I/O	09/15/2041	1,149,190
6,553,161	Series 3997-LZ	3.50%	02/15/2042	6,781,890
7,164,976	Series 3998-AZ	4.00%	02/15/2042	7,682,441
2,537,119	Series 4003-ST	6.50%# I/F	11/15/2041	2,564,505
6,404,711	Series 4011-S	7.12%# I/F	03/15/2042	6,529,491
7,070,234	Series 4057-ZA	4.00%	06/15/2042	8,076,830
3,640,729	Series 4076-SH	6.70%# I/F	07/15/2042	3,587,827
6,040,067	Series 4084-TZ	4.00%	07/15/2042	6,491,755
	Federal National Mortgage Association,			
5,607,909	Series 2005-104-SI	6.48%# I/F I/O	12/25/2033	607,334
2,074,046	Series 2005-72-WS	6.53%# I/F I/O	08/25/2035	263,456
11,028,960	Series 2006-117-SQ	6.33%# I/F I/O	12/25/2036	1,602,195
6,707,705	Series 2006-119-HS	6.43%# I/F I/O	12/25/2036	942,530
9,919,627	Series 2007-20-S	6.52%# I/F I/O	03/25/2037	1,526,468
5,775,723	Series 2007-21-SD	6.26%# I/F I/O	03/25/2037	773,230

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PRINCIPAL AMOUNT	SECURITY DESCRIPTION	RATE	MATURITY	VALUE $
	Federal National Mortgage Association, (Cont.)			
$ 3,941,684	Series 2007-30-IE	6.52%# I/F I/O	04/25/2037	759,769
11,033,710	Series 2007-40-SA	5.88%# I/F I/O	05/25/2037	1,578,437
5,006,095	Series 2007-48-SE	5.88%# I/F I/O	05/25/2037	697,406
7,754,578	Series 2007-64-LI	6.34%# I/F I/O	07/25/2037	1,146,338
7,042,701	Series 2007-68-SA	6.43%# I/F I/O	07/25/2037	975,425
4,908,846	Series 2008-5-GS	6.03%# I/F I/O	02/25/2038	732,199
10,384,610	Series 2008-68-SB	5.88%# I/F I/O	08/25/2038	1,708,208
8,024,315	Series 2009-111-SE	6.03%# I/F I/O	01/25/2040	884,449
4,246,513	Series 2009-12-CI	6.38%# I/F I/O	03/25/2036	876,403
14,738,217	Series 2009-26-SM	6.13%# I/F I/O	08/25/2038	1,635,473
6,662,070	Series 2009-47-SA	5.88%# I/F I/O	07/25/2039	766,076
5,603,388	Series 2009-48-WS	5.73%# I/F I/O	07/25/2039	709,528
3,403,438	Series 2009-67-SA	4.93%# I/F I/O	07/25/2037	385,107
9,173,336	Series 2009-87-SA	5.78%# I/F I/O	11/25/2049	1,193,614
11,321,969	Series 2009-91-SD	5.93%# I/F I/O	11/25/2039	1,439,733
4,566,709	Series 2010-115-SD	6.38%# I/F I/O	11/25/2039	521,637
10,018,147	Series 2010-11-SC	4.58%# I/F I/O	02/25/2040	790,818
10,511,441	Series 2010-15-SL	4.73%# I/F I/O	03/25/2040	1,006,034
12,146,751	Series 2010-19-AI	5.00%I/O	08/25/2037	518,270
5,022,999	Series 2010-19-SA	5.18%# I/F I/O	03/25/2050	634,218
7,929,746	Series 2010-31-SB	4.78%# I/F I/O	04/25/2040	856,685
11,849,477	Series 2010-39-SL	5.45%# I/F I/O	05/25/2040	1,443,624
11,550,774	Series 2010-40-EI	4.50%I/O	05/25/2024	684,576
8,930,979	Series 2010-8-US	4.58%# I/F I/O	02/25/2040	838,167
8,978,099	Series 2010-9-GS	4.53%# I/F I/O	02/25/2040	719,155
14,684,125	Series 2011-114-S	5.78%# I/F I/O	09/25/2039	1,872,107
5,334,199	Series 2011-146-US	6.70%# I/F	01/25/2042	5,435,501
762,469	Series 2011-40-SA	9.46%# I/F	09/25/2040	800,146
2,766,980	Series 2011-55-BZ	3.50%	06/25/2041	2,918,848
6,426,092	Series 2011-58-SA	6.33%# I/F I/O	07/25/2041	1,348,491
13,320,120	Series 2011-5-PS	6.18%# I/F I/O	11/25/2040	1,236,274
7,164,976	Series 2012-15-PZ	4.00%	03/25/2042	7,942,988
1,925,948	Series 2012-16-BS	41.70%# I/F	03/25/2042	2,451,438
4,094,272	Series 2012-22-AZ	4.00%	03/25/2042	4,553,553
11,968,295	Series 2012-29-SG	5.78%# I/F I/O	04/25/2042	1,111,626
2,886,146	Series 2012-50-ST	6.70%# I/F	05/25/2042	2,924,714
3,987,754	Series 2012-55-SC	6.63%# I/F	05/25/2042	4,042,183
2,920,991	Series 2012-82-SC	7.12%# I/F	08/25/2042	2,982,444
3,372,265	Series 374-19	6.50%I/O	09/01/2036	606,837

PRINCIPAL AMOUNT	SECURITY DESCRIPTION	RATE	MATURITY	VALUE $
	Government National Mortgage Association,			
$ 5,579,853	Series 2009-104-SD	6.13%# I/F I/O	11/16/2039	900,511
5,038,936	Series 2010-98-IA	5.95%I/O	03/20/2039	517,449
18,833,393	Series 2011-56-BS	5.88%# I/F I/O	11/16/2036	1,950,103
20,411,811	Series 2011-56-KS	5.88%# I/F I/O	08/16/2036	2,203,297
6,299,473	Series 2011-69-SB	5.13%# I/F I/O	05/20/2041	871,302
10,205,597	Series 2011-71-SG	5.18%# I/F I/O	05/20/2041	1,360,052
11,374,238	Series 2011-72-AS	5.16%# I/F I/O	05/20/2041	1,508,864
13,732,908	Series 2011-89-SA	5.23%# I/F I/O	06/20/2041	1,838,607
5,073,364	Series 2012-34-LI	6.00%# I/F I/O	12/16/2039	968,474
	Total US Government/Agency Mortgage Backed Obligations (Cost $143,386,155)			**145,668,521**

SHORT TERM INVESTMENTS 5.8%

21,357,647	**Fidelity Institutional Government Portfolio**	0.01%¨	21,357,647
	Total Short Term Investments (Cost $21,357,647)		**21,357,647**
	Total Investments 99.9% (Cost $350,084,102)		**365,788,031**
	Other Assets in Excess of Liabilities 0.1%		**316,318**
	NET ASSETS 100.0%		**$ 366,104,349**

PORTFOLIO HOLDINGS as % of Net Assets

Non-Agency Residential Collateralized Mortgage Obligations	52.5%
US Government / Agency Mortgage Backed Obligations	39.8%
Short Term Investments	5.8%
Non-Agency Commercial Mortgage Backed Obligations	1.4%
Collateralized Loan Obligations	0.4%
Other Assets and Liabilities	0.1%
	100.0%

^ **Security exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional buyers. These securities are determined to be liquid by the Adviser, unless otherwise noted, under procedures established by the Fund s Board of Trustees. At September 30, 2012, the value of these securities amounted to $33,309,357 or 9.1% of net assets.**

\# **Variable rate security. Rate disclosed as of September 30, 2012.**

I/O **Interest only security**

I/F **Inverse floating rate security whose interest rate moves in the opposite direction of prevailing interest rates**

¨ **Seven-day yield as of September 30, 2012**

@ **Security pays interest at rates that represent residual cashflows available after more senior tranches have been paid. The interest rate disclosed reflects the estimated rate in effect as of September 30, 2012.**

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Statement of Assets and Liabilities

September 30, 2012

ASSETS	
Investments in Securities, at Value*	$ 344,430,384
Short-term Securities*	21,357,647
Interest and Dividends Receivable	2,378,986
Prepaid Expenses and Other Assets	5,789
Total Assets	368,172,806
LIABILITIES	
Payable for Investments Purchased	1,528,433
Investment Advisory Fees Payable	300,264
Accrued Expenses	139,877
Administration, Fund Accounting and Custodian Fees Payable	97,580
Transfer Agent Expenses Payable	2,303
Total Liabilities	2,068,457
Net Assets	$ 366,104,349
NET ASSETS CONSIST OF:	
Common Stock ($0.00001 par value)	$ 147
Additional Paid-in Capital	350,675,005
Undistributed Net Investment Income	5,089,361
Accumulated Net Realized Loss on Investments	(5,364,093)
Net Unrealized Appreciation on Investment Securities	15,703,929
Net Assets	$ 366,104,349
*Identified Cost:	
Investments in Securities	$ 328,726,455
Short-term Securities	$ 21,357,647
Shares Outstanding and Net Asset Value Per Share:	
Shares Outstanding (unlimited authorized)	14,718,164
Net Asset Value per Share	$ 24.87

See Accompanying Notes

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Statement of Operations

	For the Period Ended September 30, 2012[1]
INVESTMENT INCOME	
Income:	
Interest	$ 20,004,551
Total Investment Income	20,004,551
Expenses:	
Investment Advisory Fees	2,333,787
Administration, Fund Accounting and Custodian Fees	378,045
Professional Fees	186,130
Trustees Fees and Expenses	99,154
Shareholder Reporting Expenses	40,190
Registration Fees	23,070
Transfer Agent Expenses	9,746
Miscellaneous Expenses	6,002
Insurance Expenses	5,364
Total Expenses	3,081,488
Net Investment Income	16,923,063
UNREALIZED GAIN ON INVESTMENTS	
Net Change in Unrealized Appreciation of Investment Securities	15,703,929
Net Unrealized Gain on Investments	15,703,929
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	$ 32,626,992

1 *The Fund commenced operations on January 27, 2012.*

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Statement of Changes in Net Assets

	For the Period Ended September 30, 2012[1]
OPERATIONS	
Net Investment Income	$ 16,923,063
Net Change in Unrealized Appreciation of Investments	15,703,929
Net Increase in Net Assets Resulting from Operations	32,626,992
DISTRIBUTIONS TO SHAREHOLDERS	
From Net Investment Income	(17,197,795)
Total Distributions to Shareholders	(17,197,795)
NET SHARE TRANSACTIONS	
Increase in Net Assets Resulting from Net Share Transactions	350,675,152
Total Increase in Net Assets	$ 366,104,349
NET ASSETS	
Beginning of Period	$
End of Period	$ 366,104,349
Undistributed Net Investment Income	$ 5,089,361

1 *The Fund commenced operations on January 27, 2012.*

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Statement of Cash Flows

For the Period Ended September 30, 2012[1]

CASH FLOWS USED IN OPERATING ACTIVITIES	
Net Increase in Net Assets Resulting from Operations	$ 32,626,992
Adjustments to reconcile the increase in net assets from operations to net cash used in operating activities:	
Purchases of long-term investments	(399,053,111)
Proceeds from disposition of long-term investments	66,675,830
Net proceeds from (purchases of) short-term investments	(21,328,450)
Net amortization (accretion) of premiums/discounts	3,621,629
(Increase) Decrease in:	
Receivable for Interest and Dividends	(2,378,986)
Prepaid expenses and other assets	(5,789)
Increase (Decrease) in:	
Payable for investments purchased	1,528,433
Payable to Adviser	300,264
Accrued expenses and other liabilities	239,760
Net change in unrealized depreciation (appreciation) of investments	(15,703,929)
Net cash used in operating activities	(333,477,357)
CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	
Additional paid-in capital from Common Stock Issuance	350,385,621
Cash dividends paid to common stockholders	(16,908,264)
Net cash provided by financing activities	333,477,357
NET CHANGE IN CASH	
Cash at Beginning of Period	
Cash at End of Period	$
SUPPLEMENTAL DISCLOSURE OF CASH FLOW AND NON-CASH INFORMATION	
Additional paid-in capital from Dividend Reinvestment	$ 289,531

[1] *The Fund commenced operations on January 27, 2012.*

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Financial Highlights

	Period Ended September 30, 2012[1]
Net Asset Value, Beginning of Period[6]	$ 23.83
Income from Investment Operations:	
Net Investment Income[3]	1.18
Net Gain on Investments	1.06
Total from Investment Operations	2.24
Less Distributions:	
Distributions from Net Investment Income	(1.20)
Total Distributions	(1.20)
Net Asset Value, End of Period	$ 24.87
Market Price, End of Period	$ 27.07
Total Investment Return[4,5]	13.43%
Supplemental Data:	
Net Assets, End of Period (000 s)	$ 366,104
Ratios to Average Net Assets:	
Expenses[2]	1.30%
Net Investment Income[2]	7.13%
Portfolio Turnover Rate	10.79%

1 *The Fund commenced operations on January 27, 2012.*
2 *Annualized.*
3 *Calculated based on average shares outstanding during the period.*
4 *Total investment return is computed based upon the Fund s net asset value at the beginning of the period and the New York Stock Exchange market price of the Fund s shares at the end of the period and excludes the effect of brokerage commissions, sales load and offering expenses. Dividends and distributions are assumed to be reinvested at the prices obtained under the Fund s dividend reinvestment plan.*
5 *Not Annualized.*
6 *Net Asset Value, beginning of period, reflects a deduction of $1.17 per share of sales load and offering expenses from the initial public offering price of $25.00 per share.*

See Accompanying Notes

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Notes to Financial Statements

September 30, 2012

1. Organization

DoubleLine Opportunistic Credit Fund (the Fund) is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund was organized as a Massachusetts business trust on July 22, 2011 and commenced operations on January 27, 2012. The Fund is listed on the New York Stock Exchange under the symbol DBL . The Fund s investment objective is to seek high total investment return by providing a high level of current income and the potential for capital appreciation.

2. Significant Accounting Policies

The following is a summary of the significant accounting policies of the Fund. These policies are in conformity with accounting principles generally accepted in the United States of America (US GAAP).

A. Security Valuation. The Fund has adopted US GAAP fair value accounting standards which establish a definition of fair value and set out a hierarchy for measuring fair value. These standards require additional disclosures about the various inputs and valuation techniques used to develop the measurements of fair value and a discussion of changes in valuation techniques and related inputs during the period. These inputs are summarized in the three broad levels listed below:

Level 1 Unadjusted quoted market prices in active markets

Level 2 Quoted prices for identical or similar assets in markets that are not active, or inputs derived from observable market data

Level 3 Unobservable inputs developed using the reporting entity s estimates and assumptions, which reflect those that market participants would use

Assets and liabilities may be transferred between levels. The Fund uses end of period timing recognition to account for any transfers.

Market values for domestic and foreign fixed income securities are normally determined on the basis of valuations provided by independent pricing services. Vendors value such securities based on one or more inputs described in the following table. The table provides examples of inputs that are commonly relevant for valuing particular classes of fixed income securities, in which the fund is authorized to invest. However, these classifications are not exclusive, and any of the inputs may be used to value any other class of fixed-income securities. Securities that use similar valuation techniques and inputs as described in the following table are categorized as Level 2 of the fair value hierarchy.

Fixed-income class	Examples of Standard Inputs
All	Benchmark yields, transactions, bids, offers, quotations from dealers and trading systems, new issues, spreads and other relationships observed in the markets among comparable securities; and proprietary pricing models such as yield measures calculated using factors such as cash flows, financial or collateral performance and other reference data (collectively referred to as standard input)
Corporate bonds and notes; convertible securities	Standard inputs and underlying equity of the issuer

Bonds and notes of government and government agencies	Standard inputs and interest rate volatilities
Mortgage-backed; asset-backed obligations (including collateralized loan obligations)	Standard inputs and cash flows, prepayment information, default rates, delinquency and loss assumptions, collateral characteristics, credit enhancements and specific deal information, trustee reports

Investments in registered open-end management investment companies will be valued based upon the NAVs of such investments and are categorized as Level 1 of the fair value hierarchy. Investments in privately held investment funds typically will be valued based upon the NAVs of such investments and are categorized as Level 2 of the fair value hierarchy.

Short-term investments having a maturity of 60 days or less are generally valued at amortized cost which approximates fair market value. These investments are categorized as Level 2 of the fair value hierarchy.

Certain securities may be fair valued in accordance with the fair valuation procedures approved by the Board of Trustees. The Valuation Committee is generally responsible for overseeing the day to day valuation processes and reports periodically to the Board. The Valuation Committee is authorized to make all necessary determinations of the fair values of portfolio securities and other assets for which market quotations are not readily available or if it is deemed that the prices obtained from brokers and dealers or independent pricing services are deemed to be unreliable indicators of market value. As of September 30, 2012, the Fund did not hold securities fair valued by the Valuation Committee.

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Notes to Financial Statements (Cont.)

The following is a summary of the inputs used to value the Fund s investments as of September 30, 2012[1]

Valuation Inputs	
Investments in Securities	
Level 1	
Short Term Investments	$ 21,357,647
Total Level 1	21,357,647
Level 2	
Collateralized Loan Obligations	1,530,000
Non-Agency Commercial Mortgage Backed Obligations	5,130,966
Non-Agency Residential Collateralized Mortgage Obligations	192,100,897
US Government / Agency Mortgage Backed Obligations	145,668,521
Total Level 2	344,430,384
Level 3	
Total	$ 365,788,031

See the Schedule of Investments for further disaggregation of investment categories.

1 *There were no transfers into and out of Level 1, 2, and 3 during the period ended September 30, 2012.*

B. Federal Income Taxes. The Fund has elected to be taxed as a regulated investment company and intends to distribute substantially all of its taxable income to its shareholders and otherwise comply with the provisions of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no provision for federal income taxes has been made.

The Fund may be subject to a nondeductible 4% excise tax calculated as a percentage of certain undistributed amounts of net investment income and net capital gains.

The Fund has followed the authoritative guidance on accounting for and disclosure of uncertainty in tax positions, which requires the Fund to determine whether a tax position is more likely than not to be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Fund has determined that there was no effect on the financial statements from following this authoritative guidance. In the normal course of business, the Fund is subject to examination by federal, state and local jurisdictions, where applicable, for tax years for which applicable statutes of limitations have not expired. The Fund identifies its major tax jurisdictions as U.S. Federal and the State of California.

C. Security Transactions, Investment Income. Investment securities transactions are accounted for on trade date. Gains and losses realized on sales of securities are determined on a specific identification basis. Interest income is recorded on an accrual basis. Discounts/premiums on debt securities purchased are accreted/amortized over the life of the respective securities using the effective interest method except for certain deep discount bonds where management does not expect the par value above the bond s cost to be fully realized. Dividend income is recorded on the ex-dividend date. Paydown gains and losses on mortgage-related and other asset-backed securities are recorded as components of interest income on the statements of operations.

D. Dividends and Distributions to Shareholders. Dividends from net investment income will be declared and paid monthly. The Fund will distribute any net realized long or short-term capital gains at least annually. Distributions are recorded on the ex-dividend date.

Income and capital gain distributions are determined in accordance with income tax regulations which may differ from accounting principles generally accepted in the United States of America. Permanent book and tax basis differences relating to shareholder distributions will result in reclassifications between paid-in capital, undistributed net investment income (loss), and/or undistributed (accumulated) realized gain (loss). Undistributed net investment income or loss may include temporary book and tax basis differences which will reverse in a subsequent period. Any taxable income or capital gain remaining at fiscal year end is distributed in the following year.

E. Use of Estimates. The preparation of financial statements in conformity with principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

F. Share Valuation. The net asset value (NAV) per share of a the Fund is calculated by dividing the sum of the value of the securities held by the Fund, plus cash and other assets, minus all liabilities (including estimated accrued expenses) by the total number of shares outstanding, rounded to the nearest cent. The Fund s net asset value will not be calculated on the days on which the NYSE is closed for trading.

G. Guarantees and Indemnifications. Under the Fund s organizational documents, each Trustee and officer of the Fund is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts that contain a variety of indemnification clauses. The Fund s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund has not had prior claims or losses pursuant to these contracts.

H. Organizational and Offering Costs. The Adviser has agreed to reimburse all organizational expenses of the Fund and to pay all offering costs (other than the sales load) that exceed $0.05 per share. The Fund s share of offering costs of $735,122 was recorded as a reduction of proceeds from the sale of shares.

3. Related Party Transactions

DoubleLine Capital LP (the Adviser) provides the Fund with investment management services under an Investment Advisory and Management Agreement (the Agreement). Under the Agreement, the Adviser manages the investment of the assets of the Fund, places orders for the purchase and sale of its portfolio securities and is responsible for providing certain resources to assist with the day-to-day management of the Fund s business affairs. As compensation for its services, the Adviser is entitled to a monthly fee at the annual rate 1.00% of the average daily total managed assets of the Fund. 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 borrowings). An affiliate of the Adviser owns 4,388 shares of the Fund.

4. Purchases and Sales of Securities

For the period January 27, 2012 (commencement of operations) to September 30, 2012, purchases and sales of investments, excluding short-term securities, were $359,054,980 and $26,352,121, respectively. There were no transactions in U.S. Government securities (defined as U.S. Treasury bills, notes and bonds) during the period.

5. Income Tax Information and Distributions to Shareholders

The tax character of distributions for the Fund for the period ended September 30, 2012 was as follows:

Distributions Paid From:	
Ordinary Income	$ 17,197,795
Total Distributions Paid	$ 17,197,795

The cost basis of investments for federal income tax purposes at September 30, 2012 was as follows:

Tax Cost of Investments	$ 328,726,455
Gross Tax Unrealized Appreciation	21,166,090
Gross Tax Unrealized Depreciation	(5,462,161)
Net Tax Unrealized Appreciation	$ 15,703,929

As of September 30, 2012, the components of accumulated earnings (losses) for income tax purposes were as follows:

Net Tax Unrealized Appreciation	$ 15,703,929
Undistributed Ordinary Income	5,089,361
Total Distributable Earnings	5,089,361
Other Accumulated Losses	(5,364,093)
Total Accumulated Earnings	$ 15,429,197

At September 30, 2012, the following capital loss carryforward was available for the Fund:

Capital Loss Carryforward	Expires
$ 5,364,093	Indefinite

The Fund may elect to defer to the first day of the next taxable year all or part of any late-year ordinary loss or post-October capital loss. At September 30, 2012, the Fund deferred, on a tax basis, no post-October losses.

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Notes to Financial Statements (Cont.)

Additionally, U.S. generally accepted accounting principles require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. The permanent differences primarily relate to paydown losses. For the period ended September 30, 2012, the following table shows the reclassifications made to the Fund:

Undistributed Net Investment Income	Accumulated Net Realized Loss	Paid In Capital
$ 5,364,093	$ (5,364,093)	$

6. Share Transactions

Transactions in the Fund s shares were as follows:

	Shares	Amount
Shares Sold	14,706,628	$ 350,385,621
Reinvested Dividends	11,536	289,531
Net Share Transactions	14,718,164	$ 350,675,152
Beginning Shares		
Ending Shares	14,718,164	

7. Trustees Fees

Trustees who are not affiliated with the Adviser received, as a group, fees and expenses of $99,154 from the Fund since the Fund s inception on January 27, 2012. Certain trustees and officers of the Fund are also officers of the Adviser; such trustees and officers are not compensated by the Fund.

8. Principal Risks

Below are summaries of some, but not all, of the principal risks of investing in the Fund, each of which could adversely affect the Fund s net asset value, market price, yield, and total return. The Fund s prospectus provided additional information regarding these and other risks of investing in the Fund at the time of the initial public offering of the Fund s shares.

market discount risk: The price of the Fund s common shares of beneficial interest will fluctuate with market conditions and other factors. Shares of closed-end management investment companies frequently trade at a discount from their net asset value.

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 the Fund is subject to the risk of loss. The value of the Fund s securities and financial assets may move up or down, sometimes rapidly and unpredictably. 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.

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 risk: The risk that borrowers may default on their mortgage obligations or the guarantees underlying the mortgage-backed securities will default and that, during periods of falling interest rates, mortgage-backed securities will be called or prepaid, which may result in the Fund having to reinvest proceeds in other investments at a lower interest rate. During periods of rising interest rates, the average life of a mortgage-backed security may extend, which may lock in a below-market interest rate, increase the security s duration, and reduce the value of the security.

inverse floaters and related securities risk: Investments in inverse floaters, residual interest tender option bonds and similar instruments expose the Fund to the same risks as investments in debt securities and derivatives, as well as other risks, including those associated with leverage and increased volatility. An investment in these securities typically will involve greater risk than an investment in a fixed rate security.

high yield risk (junk bonds): Securities of below investment grade quality are regarded as having predominantly speculative characteristics with respect to the issuer s capacity to pay interest and to repay principal when due, and are commonly referred to as high yield securities or junk bonds. High yield securities involve a greater risk of default and their prices are generally more volatile and sensitive to actual or perceived negative developments than are the prices of higher grade securities.

interest rate risk: 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.

foreign (non-U.S.) investment risk: The Fund s investments in and exposure to foreign securities involve special risks. For example, the value of these investments may decline in response to unfavorable political and legal developments, unreliable or untimely information or economic and financial instability. Foreign securities may experience more rapid and extreme changes in value than investments in securities of U.S. issuers. Investing in securities of issuers based or doing business in emerging markets entails all of the risks of investing in securities of foreign issuers, but to a heightened degree.

foreign currency risk: The Fund s investments in or exposure to foreign currencies or in securities or instruments that trade, or receive revenues, in foreign currencies are subject to the risk that those currencies will decline in value relative to the U.S. dollar or, in the case of hedging positions (if used), that the U.S. dollar will decline in value relative to the currency being hedged.

credit default swaps risk: Credit default swaps involve greater risks than investing in the reference obligation directly as well as liquidity risk, counterparty risk and credit risk. A buyer will lose its investment and recover nothing should no event of default occur. When the Fund acts as a seller of a credit default swap, it is exposed to many of the same risks of leverage described herein since if an event of default occurs the seller must pay the buyer the full notional value of the reference obligation.

leverage risk: Leverage is a speculative technique that may expose the Fund to greater risk and increased costs. When leverage is used, the net asset value and market price of the Fund s shares and the Fund s investment return will likely be more volatile.

derivatives risk: Derivatives are subject to a number of risks applicable to other investments, such as liquidity risk, issuer risk, credit risk, interest rate risk, leverage risk, counterparty risk, management risk and, if applicable, smaller company risk. They also involve the risk of mispricing or improper valuation, the risk of unfavorable or ambiguous documentation, and the risk that changes in the value of a derivative may not correlate perfectly with an underlying asset, currency, interest rate or index.

counterparty risk: The Fund will be subject to credit risk with respect to the counterparties to the derivative contracts (whether a clearing corporation in the case of exchange-traded instruments or another third party in the case of over-the-counter instruments) and other instruments entered into directly by the Fund.

9. Recently Issued Accounting Pronouncements

Financial Accounting Standards Board (FASB) Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities

In December 2011, the FASB issued Accounting Standards Update (ASU) No. 2011-11 (ASU No. 2011-11) to enhance disclosures about financial instruments and derivative instruments that are subject to offsetting (netting) on the Statement of Assets and Liabilities. This information will enable users of the entity s financial statements to evaluate the effect or potential effect of netting arrangements on the entity s financial position. ASU No. 2011-11 is effective prospectively during interim or annual periods beginning on or after January 1, 2013. At this time, management is evaluating the implications of this guidance and the impact it will have to the financial statements amounts and footnote disclosures, if any.

In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs. The amendments in the ASU will improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP (Generally Accepted Accounting Principles) and IFRS (International Financial Reporting Standards) and include new guidance for certain fair value measurement principles and disclosure requirements. The ASU is effective for interim and annual periods beginning after December 15, 2011. Management assessed the requirements of this ASU and concluded that there is no material impact on the Fund s financial statements.

10. Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through the date the financial statements were available to be issued. The Fund has determined there are no subsequent events that would need to be disclosed in the Fund s financial statements.

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Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of the DoubleLine Opportunistic Credit Fund

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows, and the financial highlights present fairly, in all material respects, the financial position of DoubleLine Opportunistic Credit Fund (hereafter referred to as the Fund) at September 30, 2012, the results of its operations, the changes in its net assets, its cash flows and the financial highlights for the period from January 27, 2012 (Commencement of Operations) to September 30, 2012, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as financial statements) are the responsibility of the Fund s management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit, which included confirmation of securities at September 30, 2012 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Los Angeles, California

November 27, 2012

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Federal Tax Information

(Unaudited)

Qualified Dividend Income/Dividends Received Deduction

For the fiscal year ended September 30, 2012, certain dividends paid by the Fund may be subject to a maximum tax rate of 15%, as provided for by the Jobs and Growth Tax Relief Reconciliation Act of 2003. The percentage of dividends declared from ordinary income designated as qualified dividend income was as follows:

Qualified Dividend Income	0.00%

For corporate shareholders, the percent of ordinary income distributions qualifying for the corporate dividends received deduction for the fiscal year ended September 30, 2012 was as follows:

Dividends Received Deduction	0.00%

Shareholders are advised to consult their own tax adviser with respect to the tax consequences of their investment in the Fund.

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Trustees and Officers

Name, Address, and Year of Birth[1]	Position with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Overseen[2]	Other Directorships Held by Trustee
Independent Trustees					
Joseph J. Ciprari, 1964	Trustee	Class I (2013)*/Since Inception	President of Remo Consultants, Formerly, Managing Director, UBS AG. Formerly, Managing Director, Ally Securities, LLC.	6	None
John C. Salter, 1957	Trustee	Class II (2014)*/Since Inception	California Desk Manager/Broker of Chapdelaine & Co. Formerly, Partner at Stark, Salter & Smith, a securities brokerage firm specializing in tax exempt bonds.	6	None
Raymond B. Woolson, 1958	Trustee	Class III (2015)*/Since Inception	President of Apogee Group, Inc., a company providing financial consulting services.	6	None

(1) The address of each Independent Trustee is c/o DoubleLine Capital LP, 333 South Grand Avenue, Suite 1800, Los Angeles, CA 90071.

(2) Includes DoubleLine Total Return Bond Fund, DoubleLine Core Fixed Income Fund, DoubleLine Emerging Markets Fixed Income Fund, DoubleLine Multi-Asset Growth Fund, and DoubleLine Low Duration Bond Fund, each a series of DoubleLine Funds Trust.

The following Trustee is an interested person of the Fund as defined in the 1940 Act because he is an officer of the Adviser.

Name, Address, and Year of Birth[1]	Position with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios Overseen	Other Directorships Held by Trustee
Interested Trustee					
Ronald R. Redell, 1970	Trustee, President and Chief Executive Officer	Class III (2015)*/Since Inception	Trustee, President and Chief Executive Officer of DoubleLine Opportunistic Credit Fund (since July 2011); President of DoubleLine Funds Trust (since January 2010); Executive Vice President of DoubleLine Capital LP (since July 2010); prior thereto, President and CEO of TCW Funds, Inc. and TCW Strategic Income Fund, Inc.	1	None

(1) The address of the Interested Trustee is DoubleLine Capital LP, 333 South Grand Avenue, Suite 1800, Los Angeles, CA 90071.

** The common shareholders of the Fund are expected to vote to elect trustees of the relevant class at the annual shareholder meeting held in the year indicated above.*

Change to Board of Trustees

Effective September 5, 2012, Robert Untracht resigned as a Trustee of the Fund.

Officers

The principal officers of the Fund who are not also Trustees of the Fund are:

Name, Address, and Year of Birth[(1)]	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Susan Nichols, 1962	Treasurer and Principal Financial and Accounting Officer	Indefinite/Since Inception	Treasurer and Principal Financial and Accounting Officer of DoubleLine Opportunistic Credit Fund (since July 2011); Treasurer and Principal Financial and Accounting Officer of DoubleLine Funds Trust (since October 2011); prior thereto, Assistant Treasurer of DoubleLine Funds Trust; Director of Operations, Mutual Funds and Southern Wholesaler of DoubleLine Capital LP since December 2009); prior thereto, Senior Vice President of TCW.
Keith T. Kirk, 1963	Chief Compliance Officer	Indefinite/Since May 2012	Chief Compliance Officer of DoubleLine Opportunistic Credit Fund (since May 2012); Chief Compliance Officer of DoubleLine Funds Trust (since May 2012); Chief Compliance Officer of DoubleLine Capital LP (since January 2012), Independent Compliance Consultant (from September 2009 through December 2011), Chief Compliance Officer of Metropolitan West Asset Management LLC (September 2004 through August 2009)
Louis C. Lucido, 1950	Secretary	Indefinite/Since Inception	Secretary of DoubleLine Opportunistic Credit Fund (since July 2011); Chief Operating Officer of DoubleLine Capital LP (since June 2010); Secretary of DoubleLine Funds Trust (since January 2010); Executive Vice President of DoubleLine Capital LP (from December 2009 through May 2010); prior thereto, Group Managing Director at TCW.
Grace Walker, 1970	Assistant Treasurer	Indefinite/Since March 2012	Assistant Treasurer of DoubleLine Opportunistic Credit Fund (since March 2012); Assistant Treasurer of DoubleLine Funds Trust (since March 2012); Assistant Treasurer of the private funds of Western Asset Management Company (from December 2004 through March 2012).
Cris Santa Ana, 1965	Vice President	Indefinite/Since April 2011	Vice President of DoubleLine Opportunistic Credit Fund (since July 2011); Vice President of DoubleLine Funds Trust (since April 2011); Chief Risk Officer of DoubleLine Capital LP (since June 2010); Chief Operating Officer of DoubleLine Capital LP (from December 2009 through May 2010); prior thereto, Managing Director at TCW.

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(Unaudited)

Name, Address, and Year of Birth[1]	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years
Earl A. Lariscy, 1966	Vice President	Indefinite/Since May 2012	General Counsel at DoubleLine Capital LP (since April 2010); prior thereto, Director at Barclays Capital and Agency; General Manager of Barclays Bank PLC s California-based banking operations beginning in October 2007. Prior to Barclays, Mr. Lariscy served as Vice President/Associate General Counsel to TCW since January 2006 and worked as outside counsel with Linklaters in New York.
David Kennedy, 1964	Vice President	Indefinite/Since May 2012	Vice President of DoubleLine Opportunistic Credit Fund (since May 2012); Vice President of DoubleLine Funds Trust (since May 2012); Director, Trading and Settlements at DoubleLine Capital LP (since December 2009); prior thereto, Senior Vice President of TCW.
Patrick A. Townzen, 1978	Vice President	Indefinite/Since September, 2012	Vice President of DoubleLine Opportunistic Credit Fund (since September 2012); Vice President of DoubleLine Funds Trust (since September 2012); Director of Operations of DoubleLine Capital LP (since September 2012); prior thereto, Manager at Western Asset Management Company.

(1) The address of each officer is DoubleLine Capital LP, 333 South Grand Avenue, Suite 1800, Los Angeles, CA 90071.

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Information About Proxy Voting

(Unaudited)

Information about how the Fund voted proxies relating to portfolio securities held during the most recent 12 month period ended June 30 is available no later than the following August 31st without charge, upon request, by calling 877-DLine11 (877-354-6311) and on the SEC s website at http://www.sec.gov.

A description of the Fund s proxy voting policies and procedures is available (i) without charge, upon request, by calling 877-DLine11 (877-354-6311); and (ii) on the commission s web site at http://www.sec.gov.

Information About Portfolio Holdings

The Fund intends to disclose its portfolio holdings on a quarterly basis by posting the holdings on the fund s website. The disclosure will be made by posting the annual, semi-annual and Form N-Q regulatory filings on the fund s website.

The Fund is required to file its complete schedule of portfolio holdings with the U.S. Securities and Exchange Commission for its first and third fiscal quarters on Form N-Q. The Fund s Forms N-Q are available on the U.S. Securities and Exchange Commission s website at www.sec.gov. You can also review and obtain copies of the Forms N-Q at the U.S. Securities and Exchange Commission s Public Reference Room in Washington, DC (information on the operation of Public Reference Room may be obtained by calling 1-800-SEC-0330).

Householding Important Notice Regarding Delivery of Shareholder Documents

In an effort to conserve resources, the Fund intends to reduce the number of duplicate Annual and Semi-Annual Reports you receive by sending only one copy of each to addresses where we reasonably believe two or more accounts are from the same family. If you would like to discontinue householding of your accounts, please call toll-free 877-DLine11 (877-354-6311) to request individual copies of these documents. We will begin sending individual copies thirty days after receiving your request to stop householding.

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Dividend Reinvestment Plan

(Unaudited)

Unless the registered owner of Common Shares elects to receive cash by contacting U.S. Bancorp Fund Services, LLC (the Plan Administrator), all dividends, capital gains and returns of capital, if any, declared on Common Shares will be automatically reinvested by the Plan Administrator for shareholders in the Fund s Automatic Dividend Reinvestment Plan (the Plan), in additional Common Shares. Common Shareholders who elect not to participate in the Plan will receive all dividends and other distributions payable in cash directly to the shareholder of record (or, if the Common Shares are held in street or other nominee name, then to such nominee) by the Plan Administrator as dividend disbursing agent. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by providing notice in writing to the Plan Administrator at least 5 days prior to the dividend/distribution record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution.

Whenever the Fund declares an income dividend, a capital gain distribution or other distribution (collectively referred to as dividends) payable either in shares or cash, non-participants in the Plan will receive cash and participants in the Plan will receive a number of Common Shares, determined in accordance with the following provisions. The Common Shares will be acquired by the Plan Administrator for the participants accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized Common Shares from the Fund (Newly Issued Common Shares) or (ii) by purchase of outstanding Common Shares on the open market (Open- Market Purchases) on the New York Stock Exchange or elsewhere. If, on the payment date for any Dividend, the market price per Common Share plus estimated brokerage trading fees is equal to or greater than the NAV per Common Share (such condition is referred to here as market premium), the Plan Administrator shall receive Newly Issued Common Shares, including fractions of shares from the Fund for each Plan participant s account. The number of Newly Issued Common Shares to be credited to each participant s account will be determined by dividing the dollar amount of the Dividend by the NAV per Common Share on the date of issuance; provided that, if the NAV per Common Share is less than or equal to 95% of the current market value on the date of issuance, the dollar amount of the Dividend will be divided by 95% of the market price per Common Share on the date of issuance for purposes of determining the number of shares issuable under the Plan. If, on the payment date for any Dividend, the NAV per Common Share is greater than the market value plus estimated brokerage trading fees (such condition being referred to here as a market discount), the Plan Administrator will seek to invest the Dividend amount in Common Shares acquired on behalf of the participants in Open-Market Purchases.

In the event of a market discount on the payment date for any Dividend, the Plan Administrator will have until the last business day before the next date on which the Common Shares trade on an ex-dividend basis or in no event more than 30 days after the record date for such Dividend, whichever is sooner (the Last Purchase Date), to invest the Dividend amount in Common Shares acquired in Open-Market Purchases. It is contemplated that the Fund will pay monthly Dividends. If, before the Plan Administrator has completed its Open-Market Purchases, the market price per Common Share exceeds the NAV per Common Share, the average per Common Share purchase price paid by the Plan Administrator may exceed the NAV of the Common Shares, resulting in the acquisition of fewer Common Shares than if the Dividend had been paid in Newly Issued Common Shares on the Dividend payment date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Administrator is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making Open-Market Purchases and may instead receive the Newly Issued Common Shares from the Fund for each participant s account, in respect of the uninvested portion of the Dividend, at the NAV per Common Share at the close of business on the Last Purchase Date provided that, if the NAV is less than or equal to 95% of the then current market price per Common Share, the dollar amount of the Dividend will be divided by 95% of the market price on the date of issuance for purposes of determining the number of shares issuable under the Plan.

The Plan Administrator maintains all registered shareholders accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common Shares in the account of each Plan participant will be held by the Plan Administrator in non-certificated form in the name of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

In the case of Common Shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of Common Shares certified from time to time by the record shareholder s name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to Common Shares issued directly by the Fund as a result of dividends payable either in Common Shares or in cash. However, each participant will pay a pro rata share of brokerage trading fees incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such

Dividends. See Tax Matters below. Participants that request a sale of Common Shares through the Plan Administrator are subject to brokerage commissions.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence, questions, or requests for additional information concerning the Plan should be directed to the Plan Administrator by calling toll-free (877) DLine11 (877-354-6311) or by writing to U.S. Bancorp Fund Services, LLC at P.O. Box 701, Milwaukee, WI 53201. Be sure to include your name, address, daytime phone number, Social Security or tax I.D. number and a reference to DoubleLine Opportunistic Credit Fund on all correspondence.

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Privacy Notice

(Unaudited)

What Does DoubleLine Do With Your Personal Information

Financial companies choose how they share your personal information. This notice provides information about how we collect, share, and protect your personal information, and how you might choose to limit our ability to share certain information about you. Please read this notice carefully.

All financial companies need to share customers personal information to run their everyday businesses. Accordingly, information, confidential and proprietary, plays an important role in the success of our business. However, we recognize that you have entrusted us with your personal and financial data, and we recognize our obligation to keep this information secure. Maintaining your privacy is important to us, and we hold ourselves to a high standard in its safekeeping and use. Most importantly, DoubleLine does not sell its customers non-public personal information to any third parties. DoubleLine uses its customers non-public personal information primarily to complete financial transactions that its customers request or to make its customers aware of other financial products and services offered by a DoubleLine affiliated company.

DoubleLine may collect non-public information about you from the following sources:

Information we receive about you on applications or other forms;
Information you may give us orally;
Information about your transactions with us or others;
Information you submit to us in correspondence, including emails or other electronic communications; and
Information about any bank account you use for transfers between your bank account and any Fund account, including information provided when effecting wire transfers.

DoubleLine does not disclose any non-public personal information about our customers or former customers without the customer s authorization, except that we may disclose the information listed above, as follows:

It may be necessary for DoubleLine to provide information to nonaffiliated third parties in connection with our performance of the services we have agreed to provide you. For example, it might be necessary to do so in order to process transactions and maintain accounts.
DoubleLine will release any of the non-public information listed above about a customer if directed to do so by that customer or if DoubleLine is authorized by law to do so, such as in the case of a court order, legal investigation, or other properly executed governmental request.
In order to alert a customer to other financial products and services offered by an affiliate, DoubleLine may share information with an affiliate, including companies using the DoubleLine name. Such products and services may include, for example, other investment products offered by a DoubleLine company. If you prefer that we not disclose non-public personal information about you to our affiliates for this purpose, you may direct us not to make such disclosures (other than disclosures permitted by law) by calling 877-DLine11 (877-354-6311). If you limit this sharing and you have a joint account, your decision will be applied to all owners of the account.

We will limit access to your personal account information to those agents and vendors who need to know that information to provide products and services to you. Your information is not provided by us to nonaffiliated third parties for marketing purposes. We maintain physical, electronic, and procedural safeguards to guard your non-public personal information.

As required by federal law, DoubleLine will notify customers of DoubleLine s Privacy Policy annually. DoubleLine reserves the right to modify this policy at any time, but in the event that there is a change, DoubleLine will promptly inform its customers of that change.

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DoubleLine Capital LP

333 South Grand Avenue

18th Floor

Los Angeles, CA 90071

doubleline.com

info@doubleline.com

1. 213. 633. 8200

Investment Adviser:

DoubleLine Capital LP

333 South Grand Avenue

18th Floor

Los Angeles, CA 90071

Distributor:

ABAX Brokerage Services LLC

88 Pine Street

Suite 2430

New York, NY 10005

Administrator and Transfer Agent:

U.S. Bancorp Fund

Services, LLC

P.O. Box 701

Milwaukee, WI 53201

Custodian:

U.S. Bank, N.A.

1555 North River Center

Drive, Suite 302

Milwaukee, WI 53212

Independent Registered

Public Accounting Firm:

PricewaterhouseCoopers LLP

350 South Grand Avenue

Los Angeles, CA 90071

Legal Counsel:

Ropes & Gray LLP

Prudential Tower

800 Boylston Street

Boston, MA 02199

Contact Information:

doubleline.com

info@doubleline.com

1-877-DLine11 or

1-877-354-6311

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Item 2. Code of Ethics.

The registrant has adopted a code of ethics that applies to the registrant s principal executive officer and principal financial officer. The registrant has not made any substantive amendments to its code of ethics during the period covered by this report. The registrant has not granted any waivers from any provisions of the code of ethics during the period covered by this report. A copy of the registrant s Code of Ethics is filed herewith.

Item 3. Audit Committee Financial Expert.

The registrant s board of trustees has determined that there is at least one audit committee financial expert serving on its audit committee. Raymond B. Woolson is the audit committee financial expert and is considered to be independent as each term is defined in Item 3 of Form N-CSR.

Item 4. Principal Accountant Fees and Services.

The registrant has engaged its principal accountant to perform audit services, audit-related services, tax services and other services during the past two fiscal years. Audit services refer to performing an audit of the registrant s annual financial statements or services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements for those fiscal years. Audit-related services refer to the assurance and related services by the principal accountant that are reasonably related to the performance of the audit. Tax services refer to professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning. There were no Other services provided by the principal accountant. The following table details the aggregate fees billed or expected to be billed for each of the last two fiscal years for audit fees, audit-related fees, tax fees and other fees by the principal accountant.

	FYE 9/30/2012	FYE 9/30/2011
Audit Fees	$40,900	N/A
Audit-Related Fees	N/A	N/A
Tax Fees	$9,311	N/A
All Other Fees	N/A	N/A

The audit committee has adopted pre-approval policies and procedures that require the audit committee to pre-approve all audit and non-audit services of the registrant, including services provided to any entity affiliated with the registrant.

The percentage of fees billed by PricewaterhouseCoopers LLP applicable to non-audit services pursuant to waiver of

pre-approval requirement were as follows:

	FYE 9/30/2012	FYE 9/30/2011
Audit-Related Fees	0%	0%
Tax Fees	0%	0%
All Other Fees	0%	0%

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All of the principal accountant s hours spent on auditing the registrant s financial statements were attributed to work performed by full-time permanent employees of the principal accountant. (If more than 50 percent of the accountant s hours were spent to audit the registrant s financial statements for the most recent fiscal year, state how many hours were attributed to work performed by persons other than the principal accountant s full-time, permanent employees.) The following table indicates the non-audit fees billed or expected to be billed by the registrant s accountant for services to the registrant and to the registrant s investment adviser (and any other controlling entity, etc. not sub-adviser) for the last two years. The audit committee of the board of trustees/directors has considered whether the provision of non-audit services that were rendered to the registrant s investment adviser is compatible with maintaining the principal accountant s independence and has concluded that the provision of such non-audit services by the accountant has not compromised the accountant s independence.

Non-Audit Related Fees	FYE 9/30/2012	FYE 9/30/2011
Registrant	N/A	N/A
Registrant s Investment Adviser	N/A	N/A

Item 5. Audit Committee of Listed Registrants.

(a) The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. The registrant s audit committee members, consisting solely of independent trustees are Joseph J. Ciprari, John C. Salter, and Raymond B. Woolson.

Item 6. Investments.

(a) Schedule of Investments is included as part of the report to shareholders filed under Item 1 of this Form.

Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

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DoubleLine Funds Trust

DoubleLine Capital, LP

DoubleLine Private Funds

DoubleLine Opportunistic Credit Fund

Proxy Voting, Corporate Actions and Class Actions
August 2011

I. Background

This Proxy Voting, Corporate Actions and Class Actions Policy (Policy) is adopted by DoubleLine Capital LP (DoubleLine , the Adviser or the Firm),DoubleLine Funds Trust (te="DISPLAY: inline; FONT-SIZE: 10pt; FONT-FAMILY: times new roman"> (21.4)%

Total non-cash interest expense (4)	776	846	(70)	(8.3)%
Total interest expense	$857	$949	$(92)	(9.7)%

(1) Includes $27,000 and $54,000 in the first quarter of 2011 and 2010, respectively, of non-cash interest expense related to recording of notes at their present value by discounting future payments to market rate of interest (see Note 5 – Long-term Debt, Notes to Consolidated Financial Statements included herein) and $34,000 reduction of non-cash interest expense in 2010 related to recording warrants at their estimated fair value.

(2) The interest expense on Tranches B and C is forgiven by Siemens as long as the supply agreement minimum purchase requirements are met and a corresponding rebate credit is recorded in reduction of the cost of products sold (see Note 5 – Long-term Debt, Notes to Consolidated Financial Statements and Liquidity and Capital Resources, include herein).

(3) Represents the sum of the cash interest portion paid on the notes payable for business acquisitions and others.

(4) Represents the sum of the non-cash interest expense related to recording the notes payable for business acquisitions at their present value by discounting future payments to market rate of interest and interest on Siemens Tranches B and C offset by rebates.

The decrease in interest expense in the first quarter of 2011 is attributable to decreases in the Siemens loan balances.

Income Taxes

The Company has net operating loss carryforwards of approximately $53.1 million for U.S. income tax purposes. The use of the net operating loss carryforwards in any year may be limited by Internal Revenue Code Section 382 limitations if there is determined to be a Section 382 change in the ownership of the Company.

The Company has temporary differences between the financial statement and tax reporting arising primarily from differences in the amortization of intangible assets and depreciation of fixed assets. The deferred tax assets for US income tax purposes have been offset by a valuation allowance because it was determined that these assets were not likely to be realized.

During the first quarter of 2011, the Company recorded a deferred income tax benefit of approximately $6.0 million related to the impairment loss of goodwill.

Net Income attributable to noncontrolling interest

During the first quarter of 2011 and 2010, the Company's 50% owned joint venture, HEARx West, LLC generated net income of approximately $707,000 and $163,000, respectively. The Company generally records 50% of the venture's net income as net income attributable to noncontrolling interest in the income of a joint venture in the Company's consolidated statements of operations. The net income attributable to noncontrolling interest for the first quarter of 2011 and 2010 was approximately $354,000 and $74,000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

The Company was in a dispute with Siemens concerning a cash prepayment due under the credit facility from the sale of our Canadian operations in 2009. The amount in dispute was $2.3 million. The Company instituted legal proceedings to adjudicate the dispute but on March 17, 2011, before the matter had come before the court, Siemens issued to the Company a notice of default under the Credit Agreement. The notice stated that as a result of the Company's failure to pay the $2.3 million, Siemens was declaring the Company in default under the Credit Agreement. Siemens also claimed in the notice that it was entitled to accelerate all of the remaining payments under the Credit Agreement and demanded the immediate payment of $32.7 million. The notice stated that Siemens intended to pursue its rights and remedies to recover the total amount, including enforcing its security interests in the Company's assets. The Company sought and obtained a temporary restraining order against Siemens to enjoin Siemens from taking any of such actions. The Company has reflected the entire $31.5 million and $32.2 million due under the credit agreement in the current portion of the long-term debt in its consolidated balance sheet as of April 2, 2011 and December 25, 2010, respectively.

On May 16, 2011, the Company filed its Chapter 11 Case, retaining possession of its assets and operations as a debtor-in-possession. The Company has entered into an Asset Purchase Agreement with William Demant for a Section 363 sale under the Bankruptcy Code of substantially all the Company's assets. (See Note 11, Subsequent Events.)

Also on May 16, 2011, in connection with the Chapter 11 Case and the Asset Purchase Agreement, the Company entered into the DIP Credit Agreement with William Demant.

The DIP Credit Agreement provides for the DIP Loan of up to $10 million. With certain exceptions, the DIP Loan will accrue interest at a per annum rate of 4% above the prime rate as published in the Wall Street Journal, unless an event of default occurs, after which interest will accrue at a rate that is 2% higher than the highest interest rate applicable to the DIP Loan prior to such an event of default.

The Company paid to William Demant a closing fee of 2% of the DIP Loan. (See Note 11, Subsequent Events.),

Subject to certain conditions and pursuant to an agreed upon budget, proceeds of the DIP Loan may be used (i) to pay certain expenses of the Filing Companies; (ii) to pay adequate protection claims; (iii) to pay the fees of the Office of the United States Trustee; (iv) to pay the fees of certain professionals retained by the Filing Companies in connection with the Chapter 11 Case; (v) to pay property taxes with respect to any collateral subject to senior liens; (vi) to fund certain reserves as provided in various Bankruptcy Court orders and (vii) to pay other expenses authorized by the Bankruptcy Court in connection with the Chapter 11 Case.

The DIP Loan will mature of the earlier of (a) the closing of the sale contemplated by the Asset Purchase Agreement, (b) the closing of any higher and better bid approved by the Bankruptcy Court, and (c) 120 following the entry of the Bankruptcy Court order authorizing, with the Purchaser's consent, the granting of credit by the Purchaser to the Company on a permanent basis. Once the DIP Loan is repair it is terminated and unavailable.

As indicated above, Siemens has declared all amounts owing under the Siemens Credit Agreement to be due and payable.

Cash Flows

The Company used approximately $1.6 million for operating activities during the first quarter of 2011 primarily as a result of the net loss of $46.9 million, which includes a goodwill impairment loss of $51.9 million offset by the change in the deferred tax benefit of $6.0 million. The Company also used approximately $660,000 to repay long-term debt during the same period and generated $500,000 from the sale of short term marketable securities.

Cash and cash equivalents totaled approximately $1.9 million as of April 2, 2011. Approximately $2.4 million of the current maturities of long-term debt to Siemens may be repaid through rebate credits.

Going Concern

Our financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern which contemplates the realization of assets and liquidation of liabilities in the normal course of business. Our sources of revenues are not sufficient to cover our operating costs over the next twelve months, creating substantial doubt about our ability to continue as a going concern.

The Company was in a dispute with its lender, Siemens, in regard to the amount of the cash prepayment due to Siemens pursuant to the Siemens Credit Agreement as a result of the sale by the Company of its Canadian operations in 2009. On March 17, 2011, Siemens issued to the Company a notice of default under the Credit Agreement. (See Note 5, Long-term Debt). Siemens claimed in the notice of default that it is entitled to accelerate all of the remaining payments under the Credit Agreement and demanded the immediate payment of $32.7 million. Siemens stated its intention to pursue its rights and remedies to recover the total amount, including enforcing its security interests in the Company's assets. The Company does not have sufficient funds to repay the Siemens debt.

The accompanying financial statements do not include any adjustments to reflect the Company's inability to continue as a going concern.

On May 16, 2011, the Filing Companies filed the Chapter 11 Case in the Bankruptcy Court. The Filing Companies retained possession of their assets and is authorized under sections 1107 and 1108 of the Bankruptcy Code to continue the management and operation of their business as a debtor-in-possession. The Filing Companies plan to sell substantially all of their assets to the Purchaser and entered into the Asset Purchase Agreement dated May 16, 2011 pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, subject to court approval and certain conditions. The proceeds of this sale are expected to allow the Filing Companies to repay its debts and claims to Siemens and its other creditors. As part of the agreement, the Filing Companies have entered into a Debtor-in-Possession ("DIP") financing arrangement of up to $10 million.

Contractual Obligations

Below is a chart setting forth the Company's contractual cash payment obligations, which have been aggregated to facilitate a basic understanding of the Company's liquidity as April 2, 2011.

		Payments due by period (000's)			
Contractual obligations	Total	Less than 1 year	1 – 3 years	4 – 5 Years	More Than 5 years
Long-term debt (1,3 and 5)	$34,520	$4,549	$5,546	$24,425	$-
Subtotal of obligations recorded on balance sheet	34,520	4,549	5,546	24,425	-
Interest to be paid on long-term debt (2 and 3)	10,164	2,996	5,169	1,999	-
Operating leases	18,163	5,908	7,956	3,891	408
Employment agreements	2,109	1,335	774	-	-
Purchase obligations (4)	1,367	660	707	-	-
Total contractual cash obligations	66,323	15,448	20,152	30,315	408

(1) Approximately $31.5 million can be repaid through rebate credits from Siemens, including $2.4 million in less than 1 year, $4.8 million in years 1-3 and $24.3 million in years 4-5. This reflects the contractual obligations as if the credit facility is not in default.

(2) Interest on long-term debt includes the interest on Tranches B and C of the Siemens credit facility that can be repaid through rebate credits from Siemens, including $3.0 million in less than 1 year $5.1 million in years 1-3 and $2.0 million in years 4-5. Interest repaid through rebate credits was $749,000 million in the first quarter of 2011. (See Note 5 – Long-Term Debt, Notes to Consolidated Financial Statements included herein).

(3) Principal and interest payments on long-term debt are based on cash payments and do not include interest amounts resulting from the recording of acquisition notes at fair value. (See Note 5 – Long-Term Debt, Notes to Consolidated Financial Statements included herein).

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(4) Purchase obligations includes the contractual commitment to AARP for campaigns to educate and promote hearing loss awareness and prevention and the contractual commitment to AARP for public marketing funds for the AARP Health Care Options General Program, including $407,000 in less than 1 year.
(5) The Siemens debt has been included based on its contractual maturities, however as a result of the default notice with Siemens as described in Going Concern above, the entire $31.5 million of debt due to Siemens at April 2, 2011 has been classified as current in our consolidated balance sheet.

CRITICAL ACCOUNTING POLICIES

Management believes the following critical accounting policies affect the significant judgments and estimates used in the preparation of the consolidated financial statements:

Goodwill

The Company evaluates goodwill and certain intangible assets with indefinite lives not being amortized for impairment annually or more frequently if impairment indicators arise. Indicators at the Company include but are not limited to: sustained operating losses or a trend of poor operating performance, a decrease in the Company's market capitalization below its book value and an expectation that a reporting unit will be sold or otherwise disposed of. If one or more indicators of impairment exist, the Company performs an evaluation to identify potential impairments. If impairment is identified, the Company measures and records the amount of impairment losses. The Company performs this annual analysis on the first day of its fourth quarter.

Impairment indicators at the Company include, but are not limited to: sustained operating losses or a trend of poor operating performance, a decrease in the Company's market capitalization below its book value and an expectation that a reporting unit or a portion of a reporting unit will be sold or otherwise disposed of. If one or more indicators of impairment exist, the Company performs an evaluation to identify potential impairments. If impairment is identified, the Company measures and records the amount of impairment losses.

A two-step impairment test is performed on goodwill. In order to do this, management applied judgment in determining its "reporting units", which represent distinct parts of the Company's business. The reporting units determined by management are the centers and the network. The definition of the reporting units affects the Company's goodwill impairment assessments. In the first step, the Company compares the fair value of each reporting unit to its carrying value. Calculating the fair value of the reporting units requires significant estimates and long-term assumptions. The Company utilized an independent appraisal firm to assist management in its test of goodwill for impairment as of the first day of the Company's fourth quarter during 2010 and 2009, and each of these tests indicated no impairment. The Company historically has estimated the fair value of its reporting units by applying a weighted average of two methods: quoted market price and discounted cash flow. If the carrying value of the reporting unit exceeds its fair value, additional steps are required to calculate an impairment charge. In light of the Chapter 11 Case, we based on estimates of the fair value of the reporting units on negotiations with independent third parties based on the terms of the Asset Purchase Agreement.

The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying value of the goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is the fair value of the reporting unit allocated to all of the assets and liabilities of that unit as if the reporting unit had been acquired in a business combination and the fair value of the reporting unit was the purchase price paid to acquire the reporting unit.

On March 17, 2011, the Company received a notice of default from Siemens Hearing Instruments, Inc. The notice stated that as a result of the Company's failure to pay an amount which Siemens had claimed was due as a pre-payment under the Credit Agreement in the amount of $2.3 million; Siemens was declaring the Company in default under the Credit Agreement. Siemens also claimed in the notice that it was entitled to accelerate all of the remaining payments under the Credit Agreement and demanded the immediate payment of $32.7 million. The notice stated that Siemens intended to pursue its rights and remedies to recover the total amount, including enforcing its security interests in the Company's assets.

On May 16, 2011, the Company filed a voluntary petition for reorganization relief under Chapter 11 of the Bankruptcy Code.

During the first quarter of 2011, as a result of Siemens' actions, our operating results and lack of liquidity, we concluded that there were significant indicators to require us to perform an interim goodwill impairment analysis. The Step 1 impairment test performed as of the end of the first quarter of 2011 indicated the carrying amounts of goodwill for the center and network reporting units exceeded their implied fair value. No adjustment was required in first quarter of 2011 to the carrying value of our long-lived assets, intangible assets subject to amortization or the indefinite lived trade name based on the analysis performed.

The Company determined the estimated fair value of the reporting units based on negotiations with independent third parties based on the terms of the Asset Purchase Agreement. Based on the Company's Step 2 analysis, we recorded an estimated $51.9 million pre-tax non-cash impairment charge to write down the goodwill associated with these reporting units.

Revenue recognition

HearUSA has company-owned centers in its core markets and a network of affiliated providers who provide products and services to customers that are located outside its core markets. HearUSA enters into provider agreements with benefit providers (third party payors such as insurance companies, managed care companies, employer groups, etc.) under (a) a discount arrangement on products and service; (b) a fee for service arrangement; and (c) a per capita basis or capitation arrangement, which is a fixed per member per month fee received from the benefit providers.

All contracts are for one calendar year and are usually cancelable with ninety days or less notice by either party. Under the discount arrangements, the Company provides the products and services to the eligible members of a benefit provider at a pre-determined discount or customary price and the member pays the Company directly for the products and services. Under the fee for service arrangements, the Company provides the products and services to the eligible members at its customary price less the benefit they are allowed (a specific dollar amount), which the member pays directly to the Company. The Company then bills the benefit provider the agreed upon benefit for the service.

Under the capitation agreements, the Company agrees with the benefit provider to provide their eligible members with a pre-determined discount. Revenue under capitation agreements is derived from the sales of products and services to members of the plan and from a capitation fee paid to the Company by the benefit provider at the beginning of each month. The members that are purchasing products and services pay the customary price less the pre-determined discount. This revenue from the sales of products to these members is recorded at the customary price less applicable discount in the period that the product is delivered. The direct expenses consisting primarily of the cost of goods sold and commissions on sales are recorded in the same period. Other indirect operating expenses are recorded in the period which they are incurred.

The capitation fee revenue is calculated based on the total members in the benefit provider's plan at the beginning of each month and is non-refundable. Only a small percentage of these members may ever purchase product or services from the Company. The capitation fee revenue is earned as a result of agreeing to provide services to members without regard to the actual amount of service provided. That revenue is recorded monthly in the period that the Company has agreed to see any eligible members.

The Company records each transaction at its customary price for the three types of arrangements, less any applicable discounts from the arrangements in the center business segment. The products sold are recorded under the hearing aids and other products line item and the services are recorded under the service line item on the consolidated statement of operations. Revenue and expense are recorded when the product has been delivered, net of an estimate for return allowances. Revenue and expense from services and repairs are recorded when the services or repairs have been performed. Capitation revenue is recorded as revenue from hearing aids since it relates to the discount given to the members.

Revenues are considered earned by the Company at the time delivery of product or services have been provided to its customers (when the Company is entitled to the benefits of the revenues).

When the arrangements are related to members of benefit providers that are located outside the Company-owned centers' territories, the revenues generated under these arrangements are included under the network business segment. The Company records a receivable for the amounts due from the benefit providers and a payable for the amounts owed to the affiliated providers. The Company only pays the affiliated provider when the funds are received from the benefit provider. The Company records revenue equal to the minimal fee for processing and administrative fees. The costs associated with these services are operating costs, mostly for the labor of the network support staff and are recorded when incurred.

No contract costs are capitalized by the Company.

Allowance for doubtful accounts

Certain of the accounts receivable of the Company are from health insurance and managed care organizations and government agencies. These organizations could take up to several months before paying a claim made by the Company, impose a limit on the time the claim can be billed and can audit claims after they have been paid. The Company provides an allowance for doubtful accounts equal to the estimated uncollectible amounts. That estimate is based on historical collection experience, current economic and market conditions, and a review of the current status of each customer's trade accounts receivable. Changes in estimates are recognized in the periods they become known and estimable.

In order to calculate that allowance, the Company first identifies any known uncollectible amounts in its accounts receivable listing and charges them against the allowance for doubtful accounts. Then a specific percent per plan and per aging categories is applied against the remaining receivables to estimate the needed allowance. Any change in the percent assumptions per plan and aging categories results in a change in the allowance for doubtful accounts. For example, an increase of 10% in the percent applied against the remaining receivables would increase the allowance for doubtful accounts by approximately $40,000 as of April 2, 2011.

Sales returns

The Company offers all its customers a full 30-day return period or the return period applicable to state guidelines if longer than 30 days. For patients who participate in the family hearing counseling program, the return period is extended to 60 days. Under the AARP program, patients who are members of AARP have a return period of 90 days if the patient is dissatisfied with the product. The Company calculates its allowance for returns using estimates based upon actual historical returns. The cost of the hearing aid is reimbursed to the Company by the manufacturer.

Impairment of Long-Lived Assets

Long-lived assets are subject to a review for impairment if events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If the future undiscounted cash flows generated by an asset or asset group is less than its carrying amount, it is considered to be impaired and would be written down to its fair value. As described under Goodwill and Other Intangible Assets above, during the first quarter of 2011 we recorded non-cash impairment charge to write down the goodwill associated with the center and network reporting units. No adjustment was required in first quarter of 2011 to the carrying value of our long-lived assets and intangible assets subject to amortization based on the analysis performed.

Stock-based compensation

Share-based payments are accounted for using fair value in accordance with applicable generally accepted accounting principles. To determine the fair value of our stock option awards, we use the Black-Scholes option pricing model, which requires management to apply judgment and make assumptions to determine the fair value of our awards. These assumptions include estimating the length of time employees will retain their vested stock options before exercising them (the "expected term"), the estimated volatility of the price of our common stock over the expected term and an estimate of the number of options that will ultimately be forfeited.

The expected term is based on historical experience of similar awards, giving consideration to the contractual terms, vesting schedules and expectations of future employee behavior. Expected stock price volatility is based on a historical volatility of our common stock for a period at least equal to the expected term. Estimated forfeitures are calculated based on historical experience. Changes in these assumptions can materially affect the estimate of the fair value of our share-based payments and the related amount recognized in our Consolidated Financial Statements.

Income taxes

Income taxes are calculated using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized based on the difference between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates. A valuation allowance is established against the deferred tax assets when it is more likely than not that some portion or all of the deferred taxes may not be realized.

Both the calculation of the deferred tax assets and liabilities, as well as the decision to establish a valuation allowance requires management to make estimates and assumptions. Although we do not believe there is a reasonable likelihood that there will be a material change in the estimates and assumptions used, if actual results are not consistent with the estimates and assumptions, the balances of the deferred tax assets, liabilities and valuation allowance could be significantly different.

RECENT ACCOUNTING PRONOUNCEMENTS

In December 2010, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update 2010-28, "Intangibles- Goodwill and other (Topic 350): When to perform step 2 of the Goodwill Impairment Test for Reporting Units with zero or negative carrying amounts" (ASU 2010-28). This Update provides guidance on how an entity with reporting units that have a zero or negative carrying amounts shall consider qualitative factors in addition to the goodwill impairment Step 1 process to determine if Step 2 of the goodwill impairment process shall be completed. If the qualitative factors indicate that events or circumstances exist that indicate it is more likely than not that goodwill impairment exists, a Step 2 goodwill analysis is required even if Step 1 was passed. The amendments are effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Early adoption is not permitted. The Company adopted this standard during the first quarter of 2011 and there was no significant impact on the Company's financial statements.

In December 2010, the FASB issued Accounting Standards Update 2010-29, "Business Combinations Topic (805): Disclosure of supplementary pro forma Information for Business Combinations" (ASU 2010-29). This update provides clarification on the presentation of pro forma information for business combinations and applies to public entities. The Update specifies that the pro forma disclosure should include revenue and earnings of the combined entity as though the business combination(s) during the current year had occurred as of the beginning of the comparable prior annual reporting period only if comparative financial statements are presented. It also expands the supplemental pro forma disclosures to include a description of the nature and amount of the material, nonrecurring pro forma adjustments directly attributable to the business combination included in the reported pro forma revenue and earnings. The amendments are effective on a prospective basis for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. Early adoption is permitted. The Company adopted this standard during the first quarter of 2011 and there was no significant impact on the Company's financial statements.

In January 2010, the FASB issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements" (ASU 2010-06"). ASU 2010-06 amends the guidance on fair value measurement disclosures to add new requirements for disclosures about transfers into and out of the Level 1 and 2 categories in the fair value measurement hierarchy, and separate disclosures about purchases, sales, issuances, and settlements relating to Level 3 measurements. The amended guidance also clarifies existing fair value disclosures about the level of disaggregation and about inputs and valuation techniques used to measure fair value. The new requirements for disclosures and clarifications of existing disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll forward of activities in Level 3 fair value measurements, which are effective for interim and annual reporting periods beginning after December 15, 2010. The adoption of this guidance did not require significant additional disclosures by the Company.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

The Company does not engage in derivative transactions. Differences in the fair value of investment securities are not material; therefore, the related market risk is not significant. The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long-term debt. The following table presents the Company's financial instruments for which fair value and cash flows are subject to changing market interest rates and includes the payments due under the Siemens 9.5% fixed rate notes payable based on their contractual maturities under the Siemens' credit agreement. See the discussion in Liquidity and Capital Resources above regarding the classification of the entire $31.5 million fixed rate debt due to Siemens as a current liability in our April 2, 2011 consolidated balance sheet:

	Fixed Rate 9.5% Due February 2015 $ (000's)	Variable Rate 4.6% to 16.7% Other $ (000's)	Total $ (000's)
2011	(1,803)	(1,920)	(3,723)
2012	(2,423)	(669)	(3,092)
2013	(2,354)	(326)	(2,680)
2014	(2,335)	(91)	(2,426)
2015	(22,576)	(23)	(22,599)
Total	(31,491)	(3,029)	(34,520)
Estimated fair value	(31,491)	(2,928)	(34,419)

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Item 4. Controls and Procedures

The Company’s management, with the participation of the Company’s interim chief executive officer and chief financial officer, evaluated the effectiveness of the Company’s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act) as of April 2, 2011. The Company’s chief executive officer and chief financial officer concluded that, as of April 2, 2011, the Company’s disclosure controls and procedures were effective.

No change in the Company’s internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act) occurred during the fiscal quarter ended April 2, 2011 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

On February 4, 2011, the Company filed a complaint against Siemens Hearing Instruments, Inc. in the Supreme Court of the State of New York, index number 6503031/2011. The Company was seeking a declaratory judgment of the court concerning a claim by Siemens for an additional loan prepayment under the credit agreement of $2.3 million arising from the Company's sale of its Canadian assets in 2009. The Company believed it had satisfied the loan prepayment requirement related to the 2009 Canadian sale and that no additional amounts should be due. On March 17, 2011, before the matter had come before the court, Siemens issued to the Company a notice of default. The notice stated that as a result of the Company's failure to pay the $2.3 million related to the Canadian asset sale, Siemens declared the Company in default under the Credit Agreement. Siemens also claimed in the notice that it is entitled to accelerate all of the remaining payments under the Credit Agreement and demanded the immediate payment of $32.7 million. The notice stated that Siemens intended to pursue its rights and remedies to recover the total amount, including enforcing its security interests in the Company's assets. On March 17, 2011, the Company filed a motion for a temporary restraining order against Siemens to prevent Siemens from declaring the default, accelerating the full amount under the Credit Agreement and from employing self-help measures to enforce its rights under the Credit Agreement. The trial court denied the motion and HearUSA appealed.

On March 29, 2011, the Appellate Division of the New York State Supreme Court granted the Company's motion by HearUSA for the temporary restraining order against Siemens As a result, Siemens was enjoined from declaring HearUSA to be in default under the credit agreement, from engaging in self help to collect under the credit agreement and from making any efforts to seize assets or take control of HearUSA's business pending a May 2, 2011 hearing on HearUSA's motion for a preliminary injunction, on the condition that HearUSA remain current in all of its other payments to Siemens under the credit agreement. The hearing was held on May 2, 2011; however, the court had not yet rendered a decision when on May 16, 2011, the Company filed the Chapter 11 Case in the U.S. Bankruptcy Court for the Southern District of Florida, West Palm Beach Division, case number 11-23341.

In connection with the Chapter 11 Case, the Company and Auxiliary Health Benefits Corporation d/b/a National Ear Care Plan (as subsidiary of the Company) as seller thereto, and William Demant Holdings A/S or its permitted assigns, as purchaser (the "Purchaser") entered into an Asset Purchase Agreement dated May 16, 2011 (the "Asset Purchase Agreement") pursuant to which the Company has agreed to sell substantially all of the assets of the Company to the Purchaser pursuant to Sections 105, 363 and 365 of the Bankruptcy Code, subject to court approval and the satisfaction of certain conditions set forth in the Asset Purchase Agreement.

Following the filing of the Chapter 11 Case, on May18, 2011, the Company moved to have the Siemens litigation removed to federal court and on May 19, 2011 that motion was granted. On May 19, 2011 the Company had the case dismissed without prejudice.

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Item 6. Exhibits

3.1	Restated Certificate of Incorporation of HEARx Ltd., including certain certificates of designations, preferences and rights of certain preferred stock of the Company (incorporated herein by reference to Exhibit 3 to the Company's Current Report on Form 8-K, filed May 17, 1996 (File No. 001-11655)).
3.2	Amendment to the Restated Certificate of Incorporation (incorporated herein by reference to Exhibit 3.1A to the Company's Quarterly Report on Form 10-Q for the period ended June 28, 1996 (File No. 001-11655)).
3.3	Amendment to Restated Certificate of Incorporation including one for ten reverse stock split and reduction of authorized shares (incorporated herein to Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q for the period ending July 2, 1999 (File No. 001-11655)).
3.4	Amendment to Restated Certificate of Incorporation including an increase in authorized shares and change of name (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed July 17, 2002 (File No. 001-11655)).
3.5	Certificate of Designations, Preferences and Rights of the Company's 1999 Series H Junior Participating Preferred Stock (incorporated herein by reference to Exhibit 4 to the Company's Current Report on Form 8-K, filed December 17, 1999 (File No. 001-11655)).
3.6	Amendment to Certificate of Designations, Preferences and Rights of the Company's 1999 Series H Junior Participating Preferred Stock (incorporated herein by reference to Exhibit 4 to the Company's Current Report on Form 8-K, filed July 17, 2002 (File No. 001-11655)).
3.7	Certificate of Designations, Preferences and Rights of the Company's Series J Preferred Stock (incorporated herein by reference to Exhibit 4 to the Company's Current Report on Form 8-K, filed December 26, 2001 (File No. 001-11655)).
3.8	Amendment of Restated Certificate of Incorporation (increasing authorized capital) (incorporated herein by reference to Exhibit 3.9 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 26, 2004).
3.9	Amendment to Certificate of Designation of Series H Junior Participating Preferred Stock of HearUSA, Inc. (increasing the number of authorized series H Shares (incorporated herein by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed November 17, 2009)).
3.10	Amended and Restated By-Laws of HearUSA, Inc. (effective October 16, 2009) (incorporated herein by reference to the Company's Report Filed on Form 8-K, filed October 27, 2009).
4.1	Amended and Restated Rights Agreement, November 16, 2009 between the Company and American Stock Transfer and Trust Company LLC, as Rights Agent (incorporated herein by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K, filed November 17, 2009).
4.2	Form of Support Agreement among HEARx Ltd., HEARx Canada, Inc. and HEARx Acquisition ULC (incorporated herein by reference to Annex D in the Company's Joint Proxy Statement/Prospectus on Form S-4 as filed May 28, 2002 (Reg No. 333-73022)).

9.1	Form of Voting and Exchange Trust Agreement among HearUSA, Inc., HEARx Canada, Inc and HEARx Acquisition ULC and ComputerShare Trust Company of Canada (incorporated herein by reference to Exhibit 9.1Annex C in the Company's Joint Proxy Statement/Prospectus on Form S-4 as filed May 28, 2002 (Reg. No. 333-73022)).
10.1	Asset Purchase Agreement, dated May 16, 2011, by and among HearUSA, Inc. and Auxiliary Health Benefits Corporation d/b/a National Ear Care Plan, as sellers, and William Demant Holding A/S or its permitted assigns, as purchaser (incorporated herein by reference to Exhibit 2.1 to the Company's Report Filed on Form 8-K, filed May 19, 2011).
10.2	Credit and Security Agreement, dated May 16, 2011, by and between HearUSA, Inc. and William Demant Holdings A/S(incorporated herein by reference to Exhibit 10.1 to the Company's Report Filed on Form 8-K, filed May 19, 2011).
31.1	CEO Certification, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	CFO Certification, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	CEO and CFO Certification, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HearUSA Inc.
(Registrant)

June 24, 2011

/s/ Gino Chouinard
Gino Chouinard
Interim Chief Executive Officer
HearUSA, Inc.

/s/ Francisco Puñal
Francisco Puñal
Senior Vice President and
Chief Financial Officer
HearUSA, Inc.

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