DoubleLine Opportunistic Credit Fund
Form N-CSR
December 02, 2014
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As filed with the Securities and Exchange Commission on December 2, 2014

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

President and Chief Executive Officer

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, 2014

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Item 1. Reports to Stockholders.

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Annual Report

September 30, 2014

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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Chairman s Letter

Dear Shareholder,

On behalf of the team at DoubleLine, I am pleased to deliver the Annual Report for the DoubleLine Opportunistic Credit Fund (NYSE: DBL, the Fund) for the twelve-month period ending September 30, 2014. On the following pages, you will find specific information regarding the Fund s operations and holdings. In addition, we discuss the Fund s investment performance and the main drivers of that performance during the reporting period.

If you have any questions regarding the Fund, please don t hesitate to call us at 877-DLine11 (877-354-6311), or visit our website www.doublelinefunds.com to hear our investment management team offer deeper insights and analysis on relevant capital market activity impacting investors today. We value the trust that you have placed with us, and we will continue to strive to offer thoughtful investment solutions to our shareholders.

Sincerely,

Ronald R. Redell, CFA

Chairman of the Board of Trustees

DoubleLine Opportunistic Credit Fund

November 1, 2014

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Financial Markets Highlights

Financial Markets Highlights:

· **Agency Mortgage-Backed Securities (Agency MBS)**

For the 12-month period ending September 30, 2014, the Barclays U.S. MBS Index had a return of 3.78%. The duration of the Index has come down from its peak back in December 2013 when its duration was at its historic high of 5.6 years. Over the trailing 12-month period, the U.S. Treasury (UST) curve flattened with the longer end of the curve declining, while the short end of the curve marginally increased. As a result, 30-year collateral outperformed 15-year collateral, with lower coupons outperforming higher coupons across both maturities due to their longer durations. Prepayment speeds have declined over the past year, though there was a modest pickup in prepayment speeds between the months of March and August due to housing seasonality. Gross issuance increased consecutively for 7 months from March through September, consistent with an increase in housing turnover for the same period; however, issuance remains low relative to previous years. Calendar year 2013 s gross issuance reached approximately $1.6 trillion, with this year only reaching slightly over $700 billion through September 30, 2014. Lower issuance on both a net and gross basis has been the result of less purchasing and refinancing activity over the recent year. Purchasing, measured by the Mortgage Bankers Association (MBA) Purchase Index, has declined over the trailing 12-month period; this has been a continuing trend since the most recent peak in purchases back in April 2013. Refinancing activity, measured by the MBA Refinance Index, has declined over the past year indicating prepayment burnout; this decline projects slower prepayment speeds for the remainder of the year.

· **Non-Agency Mortgage-Backed Securities (Non-Agency MBS)**

The non-Agency MBS market experienced some uneven trading volume over the 12-month period ending September 30, 2014. Volume was slow during the fourth quarter of 2013 and into the first quarter of 2014. Concerns of rising interest rates and the potential for bond fund redemptions weighed heavily upon fixed income markets. During this period, participation in the non-Agency MBS market remained strong and came from a broad buyer base. Primarily driven by supply technicals, but further assisted by improving fundamentals, non-Agency bonds continued to rally over the 12-month period. Total volume over the time period was $156 billion of current face value.

Despite constant headlines indicating increasing geo-political instability, both the technical and fundamental aspects of the non-Agency market continued to show improvement. The 30-year fixed mortgage rates were volatile over the period, ranging from a high of 4.57% and ending the period at 4.12%. Prepayment speeds picked up under this scenario, but more so for higher quality collateral than credit-hampered borrowers. Liquidation rates were generally flat, but subprime collateral saw a slight uptrend in liquidations towards the latter half of the period. Home prices, as evidenced by the S&P/Case Shiller 20-City Composite Home Price Index, were up 4.67% during the period. Over the period, loss severities have improved modestly and have been generally concentrated in the higher quality, larger balance collateral. Returns in the non-Agency space have continued to be strong despite macro-economic factors. Over the period, the ABX 2007-1 AAA, which we believe was a reasonable proxy for the subprime market, returned 38.3%. Cleaner collateral, such as fixed rate Alt-A and prime also performed well.

· **Commercial Mortgage-Backed Securities (CMBS)**

Over the 12-month period ending September 30, 2014, CMBS prices largely gained steady ground despite periods of intermittent volatility driven by concerns over future Fed interest rate hikes and geo-political instability. Following a sluggish start to 2014, prices and new issuance both rallied back with spreads hitting new post-recession lows in July before weakening slightly, while new issuance was carried by a strong September to surpass year-to-date (YTD) 2013 levels. During the period, the CMBS portion of the Barclays U.S. Aggregate Bond Index returned 3.3% versus 6.8% for investment grade corporate and 4.0% for the index as a whole. On the new issue front, non-Agency CMBS issuance was up 18% year-over-year for the 12-month period ending September 30, 2014, with $92 billion in new issuance in 118 deals compared to $78 billion in 98 deals from October 2012 through September 2013. Delinquency rates improved dramatically over the 12-month period as commercial real estate (CRE) fundamentals and the availability of financing continue to improve. The overall U.S. CMBS delinquency rate ended the third quarter at 6.0%, a 2.1% improvement year-over-year. Overall, delinquency rates have declined across all major property types for the period ending September 30, 2014.

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Management s Discussion of Fund Performance

Management Discussion of Fund Performance:

The DoubleLine Opportunistic Credit Fund, from both a market price and Net Asset Value (NAV) standpoint, outperformed the Barclays U.S. Aggregate Bond Index return of 3.96% over the 12-month period ending September 30, 2014. The UST curve flattened over the period with the longer end of the curve declining, intermediate rates increasing meaningfully and the shorter end only mildly increasing. The Agency RMBS portion of the portfolio led the outperformance benefiting from both strong price appreciation as well as robust interest income. As LIBOR (London Interbank Offered Rate) levels have remained low, inverse floating-rate and inverse interest-only bonds have added significant coupon returns to the Fund. Within the Non-Agency RMBS portion of the portfolio, Alt-A securities were the best performers benefiting from both price appreciation and stable interest income. However, other securities backed by other credit quality collateral, such as Prime and Subprime, also contributed healthy gains. The non-Agency RMBS sector generally tightened throughout most of the year buoyed by diminishing supply and continued strong demand. Collateralized Loan Obligations (CLOs), while only approximately 2% of the Fund, experienced some widening in prices towards the latter half of the period as heavy new issuance saturated the market. CMBS performed well despite heavy new issuance in the space. The Fund continued to employ leverage and had a levered weighted average duration of 7.59 years during the 12-month period ending September 30, 2014.

Period Ended 9-30-14	1-Year
Market Price Return	12.46%
Net Asset Value (NAV) Return	11.12%
Barclays U.S. Aggregate Bond Index	3.96%

For additional performance information, please refer to the **DoubleLine Opportunistic Credit Fund Standardized Performance Summary.**

Opinions expressed herein are as of September 30, 2014 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.

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 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 may use leverage which may cause the effect of an increase or decrease in value of the portfolio securities to be magnified and the fund to be more volatile Than if leverage was not used.

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.

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The Fund s investment objectives, risks, charges and expenses must be considered carefully before investing. You can obtain the Fund s most recent periodic reports and certain other regulatory filings by calling 1 (877) 354-6311/ 1 (877) DLINE11, or visiting www.doublelinefunds.com. You should read these reports and other filings carefully before investing.

The performance shown assumes the reinvestment of all dividends and distributions and does not reflect any reductions for taxes. Total return does not reflect broker commissions or sales charges in connection with the purchase or sale of Fund shares. **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 sold, 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.

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.

Barclays 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 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).

Duration A measure of the sensitivity of a price of a fixed income investment to a change in interest rates, expressed as a number of years.

Investment Grade Securities rated AAA to BBB- are considered to be investment grade. A bond is considered investment grade if its credit rating is BBB- or higher by Standard & Poor s or Baa3 by Moody s. Ratings based on corporate bond model. The higher the rating, the more likely the bond is to pay back at par/$100 cents on the dollar.

AAA is considered the highest quality and the lowest degree of risk. They are considered to be extremely stable and dependable.

LIBOR An indicative average interest rate at which a selection of banks known as the panel banks are prepared to lend one another unsecured funds on the London money market.

Mortgage Bankers Association (MBA) Refinance Index An index that covers all mortgage applications to refinance an existing mortgage. It includes conventional and government refinances.

Mortgage Bankers Association (MBA) Purchase Index - An index that includes all mortgage applications for purchases of single-family homes. It covers the entire market, both conventional and government loans and all products.

S&P/Case-Shiller 20-City Composite Home Price Index This index measures the value of residential real estate in 20 metropolitan areas of the U.S. It is included in the S&P/Case-Shiller Home Price Index Series which seeks to measure changes in the total value of all existing single-family housing stock.

A direct investment cannot be made in an index. The performance of any index mentioned in this commentary has not been adjusted for ongoing management, distribution and operating expenses applicable to mutual fund investments.

Quasar Distributors, LLC provides filing administration for DoubleLine Capital LP.

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DoubleLine Opportunistic Credit Fund Standardized Performance Summary

Period Ended 9-30-2014	6-Months	1-Year	Since Inception Annualized (1-26-12)
Total Return based on NAV	6.29%	11.12%	8.49%
Total Return based on Market Price	6.43%	12.46%	6.76%
Barclays U.S. Aggregate Bond Index	2.21%	3.96%	2.15%

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 sold may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance reflects management fees and other fund expenses

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Schedule of Investments DoubleLine Opportunistic Credit Fund

Principal Amount	Security Description	Rate	Maturity	Value $
ASSET BACKED OBLIGATIONS 1.0%				
	SoFi Professional Loan Program,			
$ 4,146,860	Series 2013-1R	15.00%^¥@	12/17/2043	3,514,879
	Total Asset Backed Obligations (Cost $3,787,003)			**3,514,879**
COLLATERALIZED LOAN OBLIGATIONS 3.0%				
	ARES Ltd.,			
1,000,000	Series 2014-1A-SUB	6.86%^@	04/17/2026	949,640
	BlueMountain Ltd.,			
1,000,000	Series 2012-2A-C	2.98%#^	11/20/2024	994,499
	Brookside Mill Ltd.,			
1,000,000	Series 2013-1A-D	3.28%#^	04/17/2025	928,134
	Cent Ltd.,			
500,000	Series 2014-22A-C	3.98%#^	11/07/2026	477,100
	Finn Square Ltd.,			
250,000	Series 2012-1A-C	3.84%#^	12/24/2023	243,436
	GoldenTree Loan Opportunities Ltd.,			
2,000,000	Series 2012-6A-D	4.43%#^	04/17/2022	2,002,465
	Halcyon Loan Advisors Funding Ltd.,			
500,000	Series 2014-3A-D	3.88%#^	10/22/2025	469,500
	LCM LP,			
1,500,000	Series 11A-INC	11.77%#^@	04/19/2022	1,239,360
500,000	Series 12A-D	4.73%#^	10/19/2022	501,063
	Nautique Funding Ltd.,			
500,000	Series 2006-1A-C	1.93%#^	04/15/2020	480,695
	Octagon Investment Partners Ltd.,			
500,000	Series 2014-1A-C	3.88%#^	11/14/2026	478,780
1,000,000	Series 2014-1A-D	6.83%#^	11/14/2026	990,620
	Thacher Park Ltd.,			
500,000	Series 2014-1A-D1	3.76%#^	10/20/2026	478,500
	Total Collateralized Loan Obligations (Cost $10,434,423)			**10,233,792**
NON-AGENCY COMMERCIAL MORTGAGE BACKED OBLIGATIONS 3.2%				
	Commercial Mortgage Pass-Through Certificates,			
1,127,250	Series 2014-UBS4-E	3.75%^	08/10/2047	785,806

1,288,300	Series 2014-UBS4-F	3.75%^	08/10/2047	620,574
2,415,590	Series 2014-UBS4-G	3.75%^¥	08/10/2047	682,404
5,000	Series 2014-UBS4-V	0.00%#^¥	08/10/2047	
	JP Morgan Chase Commercial Mortgage Securities Corporation,			
35,663,174	Series 2012-CBX-XA	1.93%# I/O	06/15/2045	2,940,375
	JPMBB Commercial Mortgage Securities Trust,			
3,488,650	Series 2014-C19-E	4.00%#^	04/15/2047	2,675,795
1,938,200	Series 2014-C19-F	3.75%#^	04/15/2047	1,096,052
6,202,105	Series 2014-C19-NR	3.75%#^¥	04/15/2047	2,279,894
	Total Non-Agency Commercial Mortgage Backed Obligations (Cost $11,369,702)			**11,080,900**

NON-AGENCY RESIDENTIAL COLLATERALIZED MORTGAGE OBLIGATIONS 56.5%

	Adjustable Rate Mortgage Trust,			
4,021,917	Series 2006-1-2A1	3.02%#	03/25/2036	3,122,198
	Banc of America Alternative Loan Trust,			
2,375,066	Series 2005-8-2CB1	6.00%	09/25/2035	2,226,634
	Banc of America Funding Corporation,			
3,138,319	Series 2006-A-4A1	2.74%#	02/20/2036	2,657,974
	BCAP LLC Trust,			
5,269,567	Series 2010-RR6-2216	4.34%#^	06/26/2036	4,402,722
2,684,368	Series 2010-RR6-6A2	5.75%#^	07/26/2037	2,565,740

Principal Amount	Security Description	Rate	Maturity	Value $
	Chase Mortgage Finance Trust,			
$ 3,980,174	Series 2007-S1-A7	6.00%	02/25/2037	3,488,603
3,638,831	Series 2007-S3-1A5	6.00%	05/25/2037	3,139,081
	ChaseFlex Trust,			
3,955,695	Series 2007-1-1A1	6.50%	02/25/2037	3,075,553
	Citicorp Mortgage Securities, Inc.,			
1,875,000	Series 2006-2-1A14	5.50%	04/25/2036	1,814,875
	Citigroup Mortgage Loan Trust, Inc.,			
1,443,841	Series 2006-8-A4	19.24%#^ I/F	10/25/2035	1,860,552
4,327,550	Series 2010-9-3A7	9.83%^	01/25/2036	3,667,648
5,860,374	Series 2010-9-4A3	6.63%#^	09/25/2035	5,718,578
	CitiMortgage Alternative Loan Trust,			
5,431,292	Series 2007-A4-IA6	5.75%	04/25/2037	4,734,837
4,186,669	Series 2007-A6-IA16	6.00%	06/25/2037	3,548,910
	Countrywide Alternative Loan Trust,			
2,848,790	Series 2005-85CB-2A5	1.25%#	02/25/2036	2,402,080
601,620	Series 2005-85CB-2A6	21.07%# I/F	02/25/2036	769,425
	Countrywide Home Loans,			
6,970,647	Series 2006-HYB1-3A1	2.47%#	03/20/2036	5,848,436
	Credit Suisse First Boston Mortgage Securities Corporation,			
4,405,898	Series 2005-11-7A1	6.00%	12/25/2035	3,860,924

	Credit Suisse Mortgage Capital Certificates,			
5,465,262	Series 2006-5-3A3	6.50%	06/25/2036	3,442,886
1,628,664	Series 2006-9-2A1	5		