

# Understanding Dynamic Asset Allocation

## A conversation with DoubleLine®



### Describe DoubleLine's unique approach to asset allocation.

The 1290 DoubleLine Dynamic Asset Allocation Fund offers investors a one-portfolio solution to access DoubleLine's broad expertise in macroeconomic analysis, sector allocation and individual security selection. The asset allocation process is led by DoubleLine's CEO Jeffrey Gundlach, who has earned a reputation as one of the most authoritative and influential observers of the economy and capital markets. The Fund couples these strategic and tactical asset allocation views with DoubleLine's capabilities in sector allocation and security selection. We believe this combination of capabilities to invest both "top-down" and "bottom-up" provides a unique combination for investors.

### Tell us about the "dynamic" nature of the asset allocation process employed by the Fund.

The Fund is allocated between asset classes by a team of three portfolio managers, led by Jeffrey Gundlach, who have worked together over eighteen years. The team's allocation decisions are guided by the firm's long-term strategic views of such factors as economic growth, policy, the credit and equity cycles and demographics. More immediate tactical allocations are driven by a variety of fundamental and relative value inputs across both fixed income and equities.

### Can you elaborate on your investment process and the asset classes the Fund invests in?

DoubleLine's seasoned management team employs a research-intensive investment process combining fundamental bottom-up security selection with top-down asset allocation. The DoubleLine team selects securities, determines sector weightings, and constructs portfolios with the objective of generating attractive risk-adjusted total returns, over a full market cycle, typically three to five years, across a range of future economic and market scenarios.

On the equity side, the Fund is allocated between growth and value investment styles. The allocation team recognizes that over a market cycle growth and value-equities can go in and out of favor. Similarly, there are periods when active management achieves an advantage in the market and periods when systematic strategies are more favored. With this in mind, the growth portion of the allocation, which can range from 33% to 67% of the U.S. Equity portion of the portfolio, is represented by an actively managed growth stock portfolio. In contrast, the team implements the value portion of the portfolio (also able to range from 33% to 67% of the U.S. Equity portion of the portfolio) through a systematic strategy based on the Shiller Barclays CAPE U.S. Sector Total Return Index.<sup>1</sup>

Turning to fixed income, the 30% to 60% of the portfolio invested in fixed income is allocated across sectors ranging from U.S. government bonds to corporate and bank debt to emerging markets debt. The fixed income portion of the portfolio is itself governed by an asset allocation process led by a committee of five portfolio managers, supported by another 13 portfolio managers and 37 analysts.

DoubleLine's broad investment capabilities provide the asset allocation team with investment options for virtually all market environments.



Source: DoubleLine Capital LP

## Q&A with Philip Barach, President of DoubleLine

Phillip Barach is co-founder and President of DoubleLine Capital. Mr. Barach is a member of the DoubleLine Executive Committee. Prior to DoubleLine, Mr. Barach was Co-Founder and Group Managing Director of the TCW Mortgage Group where he spent over 23 years. He has over 32 years of fixed income investment experience. Before joining TCW, Mr. Barach was Senior Vice President of Chief Investments for Sun Life Insurance Company in Los Angeles, where he was responsible for the asset/liability management of the firm and oversight and management of the company's \$5 billion investment portfolio. Previously, he served as Principal Fixed Income Officer for the California Public Employees' Retirement System (CalPERS), the largest pension plan in the country. In that capacity, he was responsible for managing the fixed income portion of the fund which was 100% internally managed. He attended the Hebrew University of Jerusalem, where he received a BA in International Relations and an MBA in Finance.

DoubleLine® is a registered trademark of DoubleLine Capital LP.

<sup>1</sup> Barclays Capital Inc. and its affiliates ("Barclays") is not the issuer or producer of the 1290 DoubleLine Dynamic Allocation Fund (the "Strategy") and Barclays has no responsibilities, obligations or duties to investors in the strategy. The Shiller Barclays CAPE®US Sector USD Index (the "Index") is a trademark owned by Barclays Bank PLC and licensed for use by the Strategy. While the Strategy may execute transaction(s) with Barclays in or relating to the Index, Strategy investors acquire interests solely using the strategy and investors neither acquire any interest in the Index nor enter into any relationship of any kind whatsoever with Barclays upon making an investment in the Strategy. The Strategy is not sponsored, endorsed, sold or promoted by Barclays and Barclays makes no representation regarding the advisability or use of the Index or any data included therein. Barclays shall not be liable in any way to investors or to other third parties in respect of the use or accuracy of the Index or any data included therein.

The Shiller Barclays CAPE®US Index Family (the "Index Family") has been developed in part by RSBB-I, LLC, the research principal of which is Robert J. Shiller. RSBB-I, LLC is not an investment advisor and does not guarantee the accuracy and completeness of the Index Family or any data or methodology either included therein or upon which it is based. RSBB-I, LLC shall have no liability for any errors, omissions or interruptions therein and makes no warranties expressed or implied, as to the performance or results experienced by any party from the use of any information included therein or upon which it is based, and expressly disclaims all warranties of the merchantability or fitness for a particular purpose with respect thereto, and shall not be liable for any claims or losses of any nature in connection with the use of such information, including but not limited to, lost profits or punitive or consequential damages even, if RSBB-I, LLC is advised of the possibility of same.

## Risks

**An investor should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. To obtain a prospectus containing this and other information, please call 1-888-310-0416 or download the file from [www.1290funds.com](http://www.1290funds.com). Read the prospectus carefully before you invest.**

Investing involves risks, including loss of principal. The Fund is new with limited operating history.

The fund's allocations may change at any time. Bond investments are subject to interest rate risk so that when interest rates rise, the prices of bonds can decrease and the investor can lose principal value. Equity securities may be bought on stock exchanges or in the over-the-counter market. Equity securities generally include common stock, preferred stock, warrants, securities convertible into common stock, securities of other investment companies and securities of real estate investment trusts.

Information provided in this document is general in nature, is provided for informational purposes only, and should not be construed as investment advice. The views and opinions expressed are those of the interviewee and do not necessarily represent the views of their affiliated investment advisors, AXA Equitable Funds Management Group, LLC or its affiliates. Any such views and opinions are subject to change at any time based on market or other conditions and are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Securities and sectors referenced should not be construed as a solicitation or recommendation or be used as the sole basis for any investment decision. It is not possible to invest directly in an index.

**Past performance is not a guide to future performance.**

No guarantee or representation is made that investment objectives and/or opinion stated will be achieved. Each specific client or investor's experience may vary.

The information has been established on the basis of data, projections, forecasts, anticipations and hypothesis which are subjective. This analysis and conclusions are

the expression of an opinion, based on available data at a specific date. Due to the subjective aspect of these analyses, the effective evolution of the economic variables and values of the financial markets could be significantly different for the projections, forecast, anticipations and hypothesis which are communicated in this document.

1290 Funds is part of the family of mutual funds advised by AXA Equitable Funds Management Group, LLC (FMG, LLC), doing business in this instance as 1290 Asset Managers. FMG, LLC is a wholly owned subsidiary of AXA Equitable Life Insurance Company (AXA Equitable), NY, NY. AXA Distributors, LLC is the wholesale distributor of the 1290 Funds. AXA Advisors, LLC (member FINRA, SIPC) offers the 1290 Funds to retail investors.

"AXA" is the brand name of AXA Equitable Financial Services, LLC and its family of companies, including AXA Equitable, AXA Advisors, LLC, and AXA Distributors, LLC. AXA S.A. is a French holding company for a group of international insurance and financial services companies, including AXA Equitable Financial Services, LLC.

1290 Funds® is a registered service mark of AXA Equitable Life Insurance Company, New York, NY 10104.

The Funds are not insured by the FDIC; are not guaranteed bank deposits; and are subject to investment risks, including loss of principal.

Funds distributed by ALPS Distributors, Inc. ALPS Distributors, Inc., is not affiliated with FMG, LLC, AXA Equitable, AXA Distributors, AXA Advisors, or DoubleLine Capital LP.

ALPS, A DST Company, 1290 Broadway, Suite 1100, Denver, CO 80203

© 2016 AXA Equitable Life Insurance Company. All rights reserved.

1290 Avenue of the Americas, New York, NY 10104

AXA000460 083118