

Portfolio Review

A broad-based rally in fixed income securities benefitted the RiverNorth/DoubleLine Strategic Income Fund (the “Fund”). It is worth noting that most of the positive performance in the closed-end fund (CEF) component of the portfolio was attributed to levered net asset value (NAV) gains, while discounts have remained historically wide. The average discount of the Fund’s CEF holdings only narrowed 60 basis points (bps) quarter-over-quarter from -13.56% to -12.96%.

The Fund’s yield, duration, and broad asset allocation were relatively unchanged over the quarter. Opportunities to put capital to work in the CEF space at attractive discounts were balanced out by capital coming back from corporate actions and trimming CEF gains elsewhere.

Notes from DoubleLine Capital LP

Core Fixed Income Strategy

As the pandemic developed, the Federal Reserve responded with more actions to cushion the economy. The Federal Reserve (the “Fed”) provided up to \$2.3 trillion in credit to businesses and state and local governments through new lending facilities and extensions to programs like Term Asset-Backed Loan Facility (TALF) and the Primary and Secondary Market Corporate Credit Facility (PMCCF and SMCCF). While every sector of the portfolio produced positive returns, lower spread sectors such as U.S. Treasuries, municipal bonds and agency residential mortgage-backed securities (RMBS) saw relatively weak performance over the quarter and underperformed the benchmark. With a revival in investor risk appetite, higher beta sectors experienced significant spread tightening and collateralized loan obligations (CLO), emerging market debt and asset-backed securities (ABS) in the portfolio saw the strongest performance over the quarter. Overall, the portfolio continues to maintain more credit risk and a shorter duration than the Bloomberg Barclays U.S. Aggregate Bond Index, (the “benchmark”).

Opportunistic Income Strategy

The main driver of outperformance was asset allocation as the portfolio maintained a roughly 70% allocation to credit-related assets while the benchmark was consistently about 30% credit assets. In the wake of the March 2020 selloff, many credit sectors – both secured and unsecured – enjoyed strong rallies as liquidity conditions improved and risk appetite returned to the market. The largest contributors to returns were CLOs, emerging market (EM) corporate bonds, and non-agency RMBS. CLOs experienced significant spread rallies during May and June due to their relatedness to US corporate bonds. When the Fed announced its open support for corporate debt via the SMCCF, CLO returns began to improve because investors expected the effects of that program to trickle into the underlying bank loan market as well. As for EM debt, returns during the quarter were mainly bolstered by increasing crude oil prices and general weakness in the U.S. Dollar. Lastly, the non-agency RMBS within the Fund generated strong returns in the later stages of the quarter because overall forbearance activity in the U.S. mortgage market has broadly come in below original expectations. The only sector to detract from performance for the period was ABS. The ABS holdings within the Fund are primarily made up of student loan securitizations and securitizations of leased midlife aircraft. These two sectors have been especially hard hit by the COVID-19 pandemic as deferment and forbearance activity have been somewhat elevated for these borrower bases.

Risk Information: See the prospectus for a more detailed description of Fund risks. Investing involves risk.

Asset-Backed Security Risk – the risk that the value of the underlying assets will impair the value of the security. Borrowing Risk – borrowings increase fund expenses and are subject to repayment, possibly at inopportune times. Closed-End Fund Risk – closed-end funds are exchange traded, may trade at a discount to their net asset values and may deploy leverage. Convertible Security Risk – the market value of convertible securities adjusts with interest rates and the value of the underlying stock. Currency Risk – foreign currencies will rise or decline relative to the U.S. dollar. Defaulted Securities Risk – defaulted securities carry the risk of uncertainty of repayment. Derivatives Risk – derivatives are subject to counterparty risk. Equity Risk – equity securities may experience volatility and the value of equity securities may move in opposite directions from each other and from other equity markets generally. Exchange Traded Note Risk – exchange traded notes represent unsecured debt of the issuer and may be influenced by interest rates, credit ratings of the issuer or changes in value of the reference index. Fixed Income Risk – the market value of fixed income securities adjusts with interest rates and the securities are subject to issuer default. Foreign/Emerging Market Risk – foreign securities may be subject to inefficient or volatile markets, different regulatory regimes or different tax policies. These risks may be enhanced in emerging markets. Investment Style Risk – investment strategies may come in and out of favor with investors and may underperform or outperform at times. Liquidity Risk – illiquid investments may be difficult or impossible to sell. Large Shareholder Purchase and Redemption Risk – The Fund may experience adverse effects when certain large shareholders purchase or redeem large amounts of shares of the Fund. Management Risk – there is no guarantee that the adviser’s or sub-adviser’s investment decisions will produce the desired results. Market Risk – economic conditions, interest rates and political events may affect the securities markets. Mortgage-Backed Security Risk – mortgage backed securities are subject to credit risk, pre-payment risk and devaluation of the underlying collateral. Preferred Stock Risk – preferred stocks generally pay dividends, but may be less liquid than common stocks, have less priority than debt instruments and may be subject to redemption by the issuer. Rating Agency Risk – rating agencies may change their ratings or ratings may not accurately reflect a debt issuer’s creditworthiness. REIT Risk – the value of REITs changes with the value of the underlying properties and changes in interest rates and are subject to additional fees. Security Risk – The value of the Fund may decrease in response to the activities and financial prospects of individual securities in the Fund’s portfolio.

Risk Information cont.

Structured Notes Risk – because of the imbedded derivative feature, structured notes are subject to more risk than investing in a simple note or bond. Swap Risk – swap agreements are subject to counterparty default risk and may not perform as intended. Tax Risk – new federal or state governmental action could adversely affect the tax-exempt status of securities held by the Fund, resulting in higher tax liability for shareholders and potentially hurting Fund performance as well. Underlying Fund Risk – underlying funds have additional fees, may utilize leverage, may not correlate to an intended index and may trade at a discount to their net asset values. Valuation Risk – Loans and fixed-income securities are traded “over the counter” and because there is no centralized information regarding trading, the valuation of loans and fixed-income securities may vary. Past performance is no guarantee of future results. Diversification does not ensure a profit or a guarantee against loss.

Definitions:

A closed-end fund is a portfolio of pooled assets that raises a fixed amount of capital through an initial public offering (IPO) and then lists shares for trade on a stock exchange.

Term Asset-Backed Securities Loan Facility, or TALF, was a program created by the U.S. Federal Reserve in November, 2008 to boost consumer spending in order to help jumpstart the economy. It did this by issuing loans to banks using asset-backed securities (ABS) as collateral.

The Primary Market Corporate Credit Facility (PMCCF) is a special purpose vehicle (SPV) created on March 23, 2020 by the Federal Reserve designed to maintain the flow of credit to large employers in the face of the COVID-19 coronavirus crisis.

Basis Point (bps) is a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01% (0.0001), and is used to denote the percentage change in a financial instrument.

Beta reflects the sensitivity of a fund's return to fluctuations in the market index. A beta of 0.5 reflects half of the market's volatility as represented by the Fund's primary benchmark, while a beta of 2.0 reflects twice the volatility.

Business Development Company (BDC) is an organization that invests in small- and medium-sized companies as well as distressed companies. A BDC helps the small- and medium-sized firms grow in the initial stages of their development.

Asset-Backed Securities (ABS) are investment securities—a bond or note—which is collateralized by a pool of assets, such as loans, leases, credit card debt, royalties, or receivables.

Collateralized Loan Obligation (CLO) is a single security backed by a pool of debt. Often these are corporate loans that have a low credit rating or leveraged buyouts made by a private equity firm to take a controlling interest in an existing company.

Residential Mortgage-Backed Securities (RMBS) are fixed-income investment products that are backed by mortgages on residential properties rather than commercial real estate.

Mortgage-Backed Securities (MBS) are asset-backed securities that are secured by a mortgage or collection of mortgages.

The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of investment-grade fixed-rate debt issues with maturities of at least one year. The index cannot be invested in directly and does not reflect fees and expenses.

Investors should consider the investment objective, management fees, risks, charges and expenses of the Fund carefully before investing. The Prospectus contains this and other information about the Fund. For a current Prospectus, call toll-free 888.848.7569 or visit rivernorth.com. Please read the Prospectus carefully before you invest.