

PS BUSINESS PARKS INC/CA

Form 424B2

August 11, 2009

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File Pursuant to Rule 424(b)(2)
Registration No. 333-160104

**PROSPECTUS SUPPLEMENT
(To Prospectus dated July 17, 2009)**

3,000,000 Shares

PS Business Parks, Inc.

Common Stock

We are selling 3,000,000 shares of common stock in this offering.

Public Storage has agreed to purchase, subject to the closing of this offering, shares of our common stock in an amount equal to 10% of the sum of the number of shares sold in this offering pursuant to this prospectus supplement plus the number of shares sold to Public Storage, for a purchase price equal to the per share public offering price. The Public Storage transaction is not a condition to this offering. At July 31, 2009, Public Storage and its affiliates owned 26.4% of the outstanding shares of our common stock and 26.2% of the outstanding common partnership units of PS Business Parks, L.P., our operating partnership. Assuming full conversion of its partnership units, Public Storage would own 45.7% of the outstanding shares of our common stock. We are initially offering 3,000,000 shares of common stock pursuant to this prospectus supplement. As a result, Public Storage has agreed to purchase 333,333 shares and, if the underwriters exercise in full the option to purchase additional shares, an additional 50,000 shares of common stock. The number of shares that Public Storage has agreed to purchase will proportionately be increased or decreased if the size of this offering is increased or decreased, respectively. The sale of common stock to Public Storage is expected to close concurrently with this offering.

Our common stock is listed on the New York Stock Exchange under the symbol PSB. The last reported sale price of our common stock on the New York Stock Exchange on August 10, 2009 was \$51.80 per share.

Investing in our common stock involves risks. See Risk Factors on page S-4 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference in this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	Total
Initial price to public	\$ 46.50	\$ 139,500,000
Underwriting discount	\$ 1.9762	\$ 5,928,600
Proceeds, before expenses, to PS Business Parks, Inc.	\$ 44.5238	\$ 133,571,400

To the extent that the underwriters sell more than 3,000,000 shares of common stock, the underwriters have the option to purchase up to an additional 450,000 shares from us at the initial price to public less the underwriting discount.

The underwriters expect to deliver the shares against payment in New York, New York on August 14, 2009

Joint Book-running Managers

BofA Merrill Lynch

Credit Suisse

Goldman, Sachs & Co.

Wells Fargo Securities

August 11, 2009

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This prospectus supplement and the accompanying prospectus, including documents incorporated by reference, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are inherently subject to risk and uncertainties, many of which cannot be predicted with accuracy and some of which might not even be anticipated. Future events and actual results, financial and otherwise, may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Risk Factors below and in our Annual Report on Form 10-K for the year ended December 31, 2008 and in Management's Discussion and Analysis of Financial Condition and Results of Operations in Amendment No. 1 to our Annual Report on Form 10-K/A for the year ended December 31, 2008.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission (the Commission) using a shelf registration process. Under the shelf registration process, we may offer from time to time common stock, preferred stock, equity stock, depositary shares, warrants, debt securities and units. In the accompanying prospectus, we provide you with a general description of these securities, including the common stock that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include important information you should consider before investing. This prospectus supplement also adds, updates and changes information contained in the accompanying prospectus.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus we may authorize to be delivered to you. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of this prospectus supplement, and the information contained in any document incorporated by reference is accurate as of any date other than the date of such document. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

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SUMMARY

This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that you should consider before deciding whether or not to invest in our common stock. You should read the entire prospectus supplement and the accompanying prospectus carefully, including the section entitled Risk Factors beginning on page S-4 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2008, which is incorporated by reference in this prospectus supplement. Unless the context otherwise requires, the terms we, our, us and the company refer to PS Business Parks, Inc., a California corporation and the term Operating Partnership refers to PS Business Parks, L.P.

The Company

We are a self-advised and self-managed real estate investment trust, or REIT, that acquires, develops, owns and operates commercial properties. We are the sole general partner of our Operating Partnership, PS Business Parks, L.P., through which we conduct most of our activities. At June 30, 2009, we had interests in properties with a total of approximately 19.6 million rentable square feet located in eight states: California, Florida, Virginia, Texas, Maryland, Oregon, Arizona and Washington.

The Offering

Shares of Common Stock Offered in this Offering	3,000,000 shares of common stock.
Shares of Common Stock Sold to Public Storage	333,333 shares of common stock.
Shares of Common Stock to be outstanding after this Offering and the Sale to Public Storage	23,880,925 shares of common stock.
Use of Proceeds	The net proceeds of this offering will be approximately \$133.4 million. The net proceeds of the sale to Public Storage will be approximately \$15.5 million. We will contribute all of these net proceeds to our Operating Partnership in exchange for common partnership units of the limited partnership. Our Operating Partnership intends to use the net proceeds for general corporate purposes. See Use of Proceeds.
NYSE Symbol	Our common stock is listed on the NYSE under the symbol PSB.

The number of shares of our common stock that will be outstanding after this offering and the sale to Public Storage is based on 20,547,592 shares outstanding as of July 31, 2009. The number of shares of our common stock that will be outstanding after the offering excludes (i) 688,624 shares of common stock reserved for issuance upon the vesting of stock options and restricted stock units previously granted under our 1997 and 2003 stock option and incentive plans; (ii) 60,000 shares of common stock reserved for issuance for awards under our Retirement Plan for Non-Employee Directors; and (iii) 7,305,355 shares of common stock that may be issued at our election in the event Public Storage exercises its redemption right with respect to the common units it holds in our Operating Partnership.

Unless otherwise specifically stated, all information in this prospectus supplement assumes no exercise by the underwriters of their option to purchase up to an additional 450,000 shares of our common stock.

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Recent Developments

Public Storage has agreed to purchase, subject to the closing of this offering, shares of our common stock in an amount equal to 10% of the sum of the number of shares sold in this offering pursuant to this prospectus supplement plus the number of shares sold to Public Storage, for a purchase price equal to the per share public offering price. The Public Storage transaction is not a condition to this offering. At July 31, 2009, Public Storage and its affiliates owned 26.4% of the outstanding shares of our common stock and 26.2% of the outstanding common partnership units of PS Business Parks, L.P., our operating partnership. Assuming full conversion of its partnership units, Public Storage would own 45.7% of the outstanding shares of our common stock. We are initially offering 3,000,000 shares of common stock pursuant to this prospectus supplement. As a result, Public Storage has agreed to purchase 333,333 shares and, if the underwriters exercise in full the option to purchase additional shares, an additional 50,000 shares of common stock. The sale of common stock to Public Storage is expected to close concurrently with this offering.

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RISK FACTORS

You should carefully consider the risks described below and in our Annual Report on Form 10-K for the year ended December 31, 2008, before making an investment decision. These risks and uncertainties are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations. If any of these risks actually occur, our business could be harmed. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Public Storage has significant influence over us.

At July 31, 2009, Public Storage and its affiliates owned 26.4% of the outstanding shares of the Company's common stock and 26.2% of the outstanding common partnership units of the Operating Partnership (100% of the common partnership units not owned by the Company). Assuming full conversion of its partnership units, Public Storage would own 45.7% of the outstanding shares of the Company's common stock. Ronald L. Havner, Jr., the Company's chairman, is also the Chief Executive Officer, President and a Director of Public Storage. Harvey Lenkin is a Director of both the Company and Public Storage. Consequently, Public Storage has the ability to significantly influence all matters submitted to a vote of our shareholders, including electing directors, changing our articles of incorporation, dissolving and approving other extraordinary transactions such as mergers, and all matters requiring the consent of the limited partners of the Operating Partnership. Public Storage's interest in such matters may differ from that of other shareholders. In addition, Public Storage's ownership may make it more difficult for another party to take over our company without Public Storage's approval.

Provisions in our organizational documents may prevent changes in control.

Our articles generally prohibit owning more than 7% of our shares: Our articles of incorporation restrict the number of shares that may be owned by any other person, and the partnership agreement of our Operating Partnership contains an anti-takeover provision. No shareholder (other than Public Storage and certain other specified shareholders) may own more than 7% of the outstanding shares of our common stock, unless our board of directors waives this limitation. We imposed this limitation to avoid, to the extent possible, a concentration of ownership that might jeopardize our ability to qualify as a REIT. This limitation, however, also makes a change of control much more difficult (if not impossible) even if it may be favorable to our public shareholders. These provisions will prevent future takeover attempts not approved by Public Storage even if a majority of our public shareholders consider it to be in their best interests because they would receive a premium for their shares over market value or for other reasons.

Our board can set the terms of certain securities without shareholder approval: Our board of directors is authorized to issue, without shareholder approval, up to 50.0 million shares of preferred stock and up to 100.0 million shares of equity stock, in each case in one or more series. Our board has the right to set the terms of each of these series of stock. Consequently, the board could set the terms of a series of stock that could make it difficult (if not impossible) for another party to take over our company even if it might be favorable to our public shareholders. Our articles of incorporation also contain other provisions that could have the same effect. We can also cause our Operating Partnership to issue additional interests for cash or in exchange for property.

The partnership agreement of our Operating Partnership restricts mergers: The partnership agreement of our Operating Partnership generally provides that we may not merge or engage in a similar transaction unless the limited partners of our Operating Partnership are entitled to receive the same proportionate payments as our shareholders. In addition, we have agreed not to merge unless the merger would have been approved had the limited partners been able to vote together with our shareholders, which has the effect of increasing Public Storage's influence over us due to

Public Storage's ownership of Operating Partnership units. These provisions may make it more difficult for us to merge with another entity.

Our Operating Partnership poses additional risks to us.

Limited partners of our Operating Partnership, including Public Storage, have the right to vote on certain changes to the partnership agreement. They may vote in a way that is against the interests of our shareholders. Also,

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as general partner of our Operating Partnership, we are required to protect the interests of the limited partners of the Operating Partnership. The interests of the limited partners and of our shareholders may differ.

We would incur adverse tax consequences if we fail to qualify as a REIT.

Our cash flow would be reduced if we fail to qualify as a REIT: While we believe that we have qualified since 1990 to be taxed as a REIT and will continue to be so qualified, we cannot be certain. To continue to qualify as a REIT, we need to satisfy certain requirements under the federal income tax laws relating to our income, assets, distributions to shareholders and shareholder base. In this regard, the share ownership limits in our articles of incorporation do not necessarily ensure that our shareholder base is sufficiently diverse for us to qualify as a REIT. For any year we fail to qualify as a REIT, we would be taxed at regular corporate tax rates on our taxable income unless certain relief provisions apply. Taxes would reduce our cash available for distributions to shareholders or for reinvestment, which could adversely affect us and our shareholders. Also, we would not be allowed to elect REIT status for five years after we fail to qualify unless certain relief provisions apply.

We may need to borrow funds to meet our REIT distribution requirements: To qualify as a REIT, we must generally distribute to our shareholders 90% of our taxable income. Our income consists primarily of our share of our Operating Partnership's income. We intend to make sufficient distributions to qualify as a REIT and otherwise avoid corporate tax. However, differences in timing between income and expenses and the need to make nondeductible expenditures such as capital improvements and principal payments on debt could force us to borrow funds to make necessary shareholder distributions.

The recent market disruptions may adversely affect our operating results and financial condition.

The global financial markets are currently undergoing pervasive and fundamental disruptions. The continuation or intensification of any such volatility may have an adverse impact on the availability of credit to businesses generally and could lead to a further weakening of the U.S. and global economies. To the extent that turmoil in the financial markets continues or intensifies, it has the potential to materially adversely affect the value of our properties, the availability or the terms of financing and may impact the ability of our customers to enter into new leasing transactions or satisfy rental payments under existing leases. The current market disruption could also affect our operating results and financial condition as follows:

Debt and Equity Markets: Our results of operations and share price are sensitive to the volatility of the credit markets. The commercial real estate debt markets are currently experiencing volatility as a result of certain factors, including the tightening of underwriting standards by lenders and credit rating agencies and the significant inventory of unsold collateralized mortgage-backed securities in the market. Credit spreads for major sources of capital have widened significantly as investors have demanded a higher risk premium. This is resulting in lenders increasing the cost for debt financing. Should the overall cost of borrowings increase, either by increases in the index rates or by increases in lender spreads, we will need to factor such increases into the economics of our acquisitions. In addition, the state of the debt markets could have an effect on the overall amount of capital being invested in real estate, which may result in price or value decreases of real estate assets and affect our ability to raise equity capital.

Valuations: The recent market volatility will likely make the determination of the value of our properties more difficult. There may be significant uncertainty in the valuation, or in the stability of the value, of our properties, which could result in a substantial decrease in the value of our properties. As a result, we may not be able to recover the carrying amount of our properties, which may require us to recognize an impairment charge in earnings. This difficulty could also impact our ability to accurately estimate the allocation of the purchase price of any properties acquired.

Government Intervention: The pervasive and fundamental disruptions that the global financial markets are currently undergoing have led to extensive and unprecedented governmental intervention. Such intervention has in certain cases been implemented on an emergency basis, suddenly and substantially eliminating market participants ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as

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previously successful investment strategies. It is impossible to predict what, if any, additional interim or permanent governmental restrictions may be imposed on the markets or the effect of such restrictions on us and our results of operations. There is a high likelihood of significantly increased regulation of the financial markets that could have a material effect on our operating results and financial condition.

Since we buy and operate real estate, we are subject to general real estate investment and operating risks.

Summary of real estate risks: We own and operate commercial properties and are subject to the risks of owning real estate generally and commercial properties in particular. These risks include:

- the national, state and local economic climate and real estate conditions, such as oversupply of or reduced demand for space and changes in market rental rates;
- how prospective tenants perceive the attractiveness, convenience and safety of our properties;
- difficulties in consummating and financing acquisitions and developing properties on advantageous terms and the failure of acquisitions and development properties to perform as expected;
- our ability to provide adequate management, maintenance and insurance;
- our ability to collect rent from tenants on a timely basis;
- the expense of periodically renovating, repairing and reletting spaces;
- environmental issues;
- compliance with the Americans with Disabilities Act and other federal, state, and local laws and regulations;
- increasing operating costs, including real estate taxes, insurance and utilities, if these increased costs cannot be passed through to tenants;
- changes in tax, real estate and zoning laws;
- increase in new commercial properties in our market;
- tenant defaults and bankruptcies;
- tenants' right to sublease space; and
- concentration of properties leased to non-rated private companies.

Certain significant costs, such as mortgage payments, real estate taxes, insurance and maintenance, generally are not reduced even when a property's rental income is reduced. In addition, environmental and tax laws, interest rate levels, the availability of financing and other factors may affect real estate values and property income. Furthermore, the supply of commercial space fluctuates with market conditions.

If our properties do not generate sufficient income to meet operating expenses, including any debt service, tenant improvements, lease commissions and other capital expenditures, we may have to borrow additional amounts to cover fixed costs, and we may have to reduce our distributions to shareholders.

We may be unable to consummate acquisitions and develop properties on advantageous terms, or new acquisitions and development properties may fail to perform as expected: While we have not acquired a property since August, 2007, we continue to seek to acquire and develop flex, industrial and office properties where they meet our criteria and we believe that they will enhance our future financial performance and the value of our portfolio. Our belief, however, is subject to risks, uncertainties and other factors, many of which are forward-looking and are uncertain in nature or are beyond our control, including the risks that our acquisitions and development properties may not perform as expected, that we may be unable to quickly integrate new acquisitions and development properties into our existing operations, and that any costs to develop projects or redevelop acquired properties may exceed estimates. Further, we face significant competition for suitable acquisition properties from other real estate investors, including other publicly traded real estate investment trusts and private institutional investors. As a result, we may be unable to acquire additional properties we desire or the purchase price for desirable properties may be significantly increased. In addition, some of these properties may have unknown

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characteristics or deficiencies or may not complement our portfolio of existing properties. In addition, we may finance future acquisitions and development properties through a combination of borrowings, proceeds from equity or debt offerings by us or the Operating Partnership, and proceeds from property divestitures. These financing options may not be available when desired or required or may be more costly than anticipated, which could adversely affect our cash flow. Real property development is subject to a number of risks, including construction delays, complications in obtaining necessary zoning, occupancy and other governmental permits, cost overruns, financing risks, and the possible inability to meet expected occupancy and rent levels. If any of these problems occur, development costs for a project may increase, and there may be costs incurred for projects that are not completed. As a result of the foregoing, some properties may be worth less or may generate less revenue than, or simply not perform as well as, we believed at the time of acquisition or development, negatively affecting our operating results. Any of the foregoing risks could adversely affect our financial condition, operating results and cash flow, and our ability to pay dividends on, and the market price of, our stock. In addition, we may be unable to successfully integrate and effectively manage the properties we do acquire and develop, which could adversely affect our results of operations.

We may encounter significant delays and expense in reletting vacant space, or we may not be able to relet space at existing rates, in each case resulting in losses of income: When leases expire, we will incur expenses in retrofitting space and we may not be able to re-lease the space on the same terms. Certain leases provide tenants with the right to terminate early if they pay a fee. As of June 30, 2009, our properties generally had lower vacancy rates than the average for the markets in which they are located, and leases accounting for 10.0% of our total annualized rental income expire during the remainder of 2009 and 24.1% in 2010. While we have estimated our cost of renewing leases that expire during the remainder of 2009 and in 2010, our estimates could be wrong. If we are unable to re-lease space promptly, if the terms are significantly less favorable than anticipated or if the costs are higher, we may have to reduce our distributions to shareholders.

Tenant defaults and bankruptcies may reduce our cash flow and distributions: We may have difficulty collecting from tenants in default, particularly if they declare bankruptcy. This could affect our cash flow and our ability to fund distributions to shareholders. Since many of our tenants are non-rated private companies, this risk may be enhanced. There is inherent uncertainty in a tenant's ability to continue paying rent if they are in bankruptcy. As of July 31, 2009, the Company had approximately 42,000 square feet of leased space that is occupied by tenants that are protected by Chapter 11 of the U.S. Bankruptcy Code. In addition, we had tenants occupying approximately 628,000 square feet who vacated their space during the six months ended June 30, 2009 as a result of business failures. A number of other tenants have contacted us requesting early termination of their lease, reduction in space under lease, or rent deferment or abatement. At this time, the Company cannot anticipate what effect, if any, the ultimate outcome of these discussions will have on our operating results.

We may be adversely affected by significant competition among commercial properties: Many other commercial properties compete with our properties for tenants. Some of the competing properties may be newer and better located than our properties. We also expect that new properties will be built in our markets. In addition, we compete with other buyers, many of which are larger than us, for attractive commercial properties. Therefore, we may not be able to grow as rapidly as we would like.

We may be adversely affected if casualties to our properties are not covered by insurance: We could suffer uninsured losses or losses in excess of our insurance policy limits for occurrences such as earthquakes or hurricanes that adversely affect us or even result in loss of the property. We might still remain liable on any mortgage debt or other unsatisfied obligations related to that property.

The illiquidity of our real estate investments may prevent us from adjusting our portfolio to respond to market changes: There may be delays and difficulties in selling real estate. Therefore, we cannot easily change our portfolio when economic conditions change. Also, tax laws limit a REIT's ability to sell properties held for less than two years.

We may be adversely affected by changes in laws: Increases in income and service taxes may reduce our cash flow and ability to make expected distributions to our shareholders. Our properties are also subject to various federal, state and local regulatory requirements, such as state and local fire and safety codes. If we fail to comply with these requirements, governmental authorities could fine us or courts could award damages against us. We

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believe our properties comply with all significant legal requirements. However, these requirements could change in a way that would reduce our cash flow and ability to make distributions to shareholders.

We may incur significant environmental remediation costs: Under various federal, state and local environmental laws, an owner or operator of real estate may have to clean spills or other releases of hazardous or toxic substances on or from a property. Certain environmental laws impose liability whether or not the owner knew of, or was responsible for, the presence of the hazardous or toxic substances. In some cases, liability may exceed the value of the property. The presence of toxic substances, or the failure to properly remedy any resulting contamination, may make it more difficult for the owner or operator to sell, lease or operate its property or to borrow money using its property as collateral. Future environmental laws may impose additional material liabilities on us.

We depend on external sources of capital to grow our company.

We are generally required under the Internal Revenue Code to distribute at least 90% of our taxable income. Because of this distribution requirement, we may not be able to fund future capital needs, including any necessary building and tenant improvements, from operating cash flow. Consequently, we may need to rely on third-party sources of capital to fund our capital needs. We may not be able to obtain the financing on favorable terms or at all. Access to third-party sources of capital depends, in part, on general market conditions, the market's perception of our growth potential, our current and expected future earnings, our cash flow, and the market price per share of our common stock. If we cannot obtain capital from third-party sources, we may not be able to acquire properties when strategic opportunities exist, satisfy any debt service obligations, or make cash distributions to shareholders.

Our ability to control our properties may be adversely affected by ownership through partnerships and joint ventures.

We own most of our properties through our Operating Partnership. Our organizational documents do not prevent us from acquiring properties with others through partnerships or joint ventures. This type of investment may present additional risks. For example, our partners may have interests that differ from ours or that conflict with ours, or our partners may become bankrupt.

We can change our business policies and increase our level of debt without shareholder approval.

Our board of directors establishes our investment, financing, distribution and our other business policies and may change these policies without shareholder approval. Our organizational documents do not limit our level of debt. A change in our policies or an increase in our level of debt could adversely affect our operations or the price of our common stock.

We can issue additional securities without shareholder approval.

We can issue preferred stock, common stock and equity stock without shareholder approval. Holders of preferred stock have priority over holders of common stock, and the issuance of additional shares of stock reduces the interest of existing holders in our company.

Increases in interest rates may adversely affect the market price of our common stock.

One of the factors that influences the market price of our common stock is the annual rate of distributions that we pay on our common stock, as compared with interest rates. An increase in interest rates may lead purchasers of REIT shares to demand higher annual distribution rates, which could adversely affect the market price of our common stock.

Shares that become available for future sale may adversely affect the market price of our common stock.

Substantial sales of our common stock, or the perception that substantial sales may occur, could adversely affect the market price of our common stock. As of July 31, 2009, Public Storage and its affiliates owned 26.4% of the outstanding shares of the Company's common stock and 26.2% of the outstanding common units of the Operating Partnership (100% of the common units not owned by the Company). Assuming conversion of its

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partnership units, Public Storage would own 45.7% of the outstanding shares of the Company's common stock. These shares, as well as shares of common stock held by certain other significant shareholders, are eligible to be sold in the public market, subject to compliance with applicable securities laws.

We depend on key personnel.

We depend on our key personnel, including Joseph D. Russell, Jr., our President and Chief Executive Officer. The loss of Mr. Russell or other key personnel could adversely affect our operations. We maintain no key person insurance on our key personnel.

Change in taxation of corporate dividends may adversely affect the value of our shares.

The Jobs and Growth Tax Relief Reconciliation Act of 2003, enacted on May 28, 2003, generally reduces to 15% the maximum marginal rate of federal tax payable by individuals on dividends received from a regular C corporation. This reduced tax rate, however, does not apply to dividends paid to individuals by a REIT on its shares except for certain limited amounts. The earnings of a REIT that are distributed to its shareholders are generally subject to less federal income taxation on an aggregate basis than earnings of a regular C corporation that are distributed to its shareholders net of corporate-level income tax. The Jobs and Growth Tax Act, however, could cause individual investors to view stocks of regular C corporations as more attractive relative to shares of REITs than was the case prior to the enactment of the legislation because the dividends from regular C corporations, which previously were taxed at the same rate as REIT dividends, now will be taxed at a maximum marginal rate of 15% while REIT dividends will be generally taxed at a maximum marginal rate of 35%.

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USE OF PROCEEDS

The net proceeds from this offering will be approximately \$133.4 million (or \$153.4 million if the underwriters exercise their option to purchase additional shares in full), after deducting estimated underwriting discounts and offering expenses payable by us. The net proceeds of the sale of common stock to Public Storage will be approximately \$15.5 million (or \$17.8 million if the underwriters exercise their option to purchase additional shares in full). We will contribute all of these net proceeds to our Operating Partnership in exchange for common partnership units of the limited partnership. Our Operating Partnership intends to use the net proceeds for general corporate purposes, which may include property acquisitions. Neither we nor our Operating Partnership have any agreements or commitments with respect to any property acquisitions. Pending application of the net proceeds as described above, we expect that the net proceeds of this offering and the sale of common stock to Public Storage will be deposited in interest bearing accounts or invested in certificates of deposit, United States government obligations or other short-term, high-quality debt instruments selected at our discretion.

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The following table sets forth our cash and cash equivalents and capitalization as of June 30, 2009:

on an actual basis; and

on an as adjusted basis giving effect to the issuance of 3,000,000 shares of common stock in this offering and the sale of common stock to Public Storage, each at the public offering price per share, after deducting estimated underwriting discounts and offering expenses payable by us.

The following data should be read in conjunction with Use of Proceeds included elsewhere in this prospectus and with Management's Discussion and Analysis of Financial Condition and Results of Operations, and our consolidated financial statements and related notes included in our Form 10-Q for the quarter ended June 30, 2009 and incorporated by reference into this prospectus supplement.

	June 30, 2009	
	Actual	As Adjusted
	(In thousands)	
Cash and cash equivalents	\$ 21,998	\$ 170,869
Mortgage notes payable	\$ 53,519	\$ 53,519
Equity:		
PS Business Parks, Inc.'s shareholders' equity:		
Preferred stock, \$0.01 par value, 50,000,000 shares authorized, 25,042 shares issued and outstanding at June 30, 2009	626,046	626,046
Common stock, \$0.01 par value, 100,000,000 shares authorized, 20,547,592 shares issued and outstanding at June 30, 2009	205	238
Paid-in capital	396,930	545,768
Cumulative net income	659,028	659,028
Cumulative distributions	(614,518)	(614,518)
Total PS Business Parks, Inc.'s shareholders' equity	1,067,691	1,216,562
Noncontrolling interests:		
Preferred units	73,418	73,418
Common units	157,036	157,036
	230,454	230,454
Total equity	1,298,145	1,447,016
Total capitalization	\$ 1,351,664	\$ 1,500,535

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The company and the underwriters named below have entered into an underwriting agreement with respect to the shares being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Credit Suisse Securities (USA) LLC, Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, are the joint book-running managers and representatives of the underwriters.

Underwriters	Number of Shares
Credit Suisse Securities (USA) LLC	750,000
Goldman, Sachs & Co.	750,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	750,000
Wells Fargo Securities, LLC	750,000
Total	3,000,000

The underwriters are committed to take and pay for all of the shares being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

If the underwriters sell more shares than the total number set forth in the table above, the underwriters have an option to buy up to an additional 450,000 shares from us. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase 450,000 additional shares.

	No Exercise	Full Exercise
Per Share	\$ 1.9762	\$ 1.9762
Total	\$ 5,928,600	\$ 6,817,890

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to \$1.1858 per share from the initial public offering price. If all the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms. The offering of the shares by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We have agreed, and we expect each of our directors and executive officers will agree, with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their common stock or securities convertible into or

exchangeable for shares of common stock during the period from the date of this prospectus supplement continuing through the date 60 days after the date of this prospectus supplement, except with the prior written consent of all of the representatives. This agreement does not apply to any existing employee benefit plans.

In connection with the offering, the underwriters may purchase and sell shares of common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Covered short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares from the company in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option granted to them. Naked short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be

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downward pressure on the price of the common stock in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for or purchases of common stock made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the company's stock, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the common stock. As a result, the price of the common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time. These transactions may be effected on the New York Stock Exchange, in the over-the-counter market or otherwise.

The company may enter into derivative transactions with third parties, or sell securities not covered by this prospectus supplement to third parties in privately negotiated transactions. In connection with those derivatives, the third parties may sell securities covered by this prospectus supplement, including in short sale transactions. If so, the third party may use securities pledged by the company or borrowed from the company or others to settle those sales or to close out any related open borrowings of stock, and may use securities received from the company in settlement of those derivatives to close out any related open borrowings of stock. The third party in such sale transactions will be an underwriter or will be identified in a post-effective amendment.

The company estimates that its share of the total expenses of the offering, excluding underwriting discounts and commissions, will be approximately \$200,000.

The company has agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

Other Relationships

The underwriters and their affiliates have provided and may continue to provide certain commercial banking, financial advisory and investment banking services for us for which they receive customary fees and expenses. An affiliate of Wells Fargo Securities, LLC is a lender under our credit facility. The underwriters and their affiliates may from time to time in the future engage in transactions with us and perform services for us in the ordinary course of their business.

Selling Restrictions

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) has not made and will not make an offer of shares to the public in that Relevant Member State prior to the publication of a prospectus in relation to the shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of shares to the public in that Relevant Member State at any time:

(a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than \$43,000,000 and (3) an annual net turnover of more than \$50,000,000, as shown in its last annual or consolidated accounts;

(c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or

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(d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an offer of shares to the public in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe the shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Each underwriter:

has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the shares in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and

has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the shares in, from or otherwise involving the United Kingdom.

The shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures P
 VALIGN="bottom">#^¥Ð 01/15/2047 432,513 3,488,650 JPMBB Commercial Mortgage Securities Trust, Series 2014-C19-E 4.00% #^¥Ð 04/15/2047 2,466,817 1,938,200 JPMBB Commercial Mortgage Securities Trust, Series 2014-C19-F 3.75% #^¥Ð 04/15/2047 1,114,899 6,202,105 JPMBB Commercial Mortgage Securities Trust, Series 2014-C19-NR 3.75% #^¥Ð 04/15/2047 2,138,424 5,169,590 JPMBB Commercial Mortgage Securities Trust, Series 2014-C26-XA 1.09% #I/O 01/15/2048 205,738 500,000 JPMBB Commercial Mortgage Securities Trust, Series 2015-C27-D 3.84% #^ 02/15/2048 455,494 20,920,000 JPMBB Commercial Mortgage Securities Trust, Series 2015-C29-XE 0.27% #^I/O¥ 05/15/2048 406,130 775,000 JPMBB Commercial Mortgage Securities Trust, Series 2015-C32-C 4.67% # 11/15/2048 764,078 16,358,000 JPMBB Commercial Mortgage Securities Trust, Series 2015-C32-XD 0.50% #^I/O¥ 11/15/2048 465,886 1,766,171 Lone Star Portfolio Trust, Series 2015-LSP-D (1 Month LIBOR USD + 4.25%, 4.00% Floor) 6.71% ^ 09/15/2028 1,783,684 5,079,926 LSTAR Commercial Mortgage Trust, Series 2016-4-XA 1.89% #^I/O 03/10/2049 338,692 1,220 Merrill Lynch Mortgage Trust, Series 2007-C1-AM 5.79% # 06/12/2050 1,219 500,000 Morgan Stanley Bank of America Merrill Lynch Trust, Series

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2014-C15-D 4.91% #^ 04/15/2047 490,830 500,000 Morgan Stanley Bank of America Merrill Lynch Trust, Series 2014-C19-C 4.00% 12/15/2047 480,378 595,000 Morgan Stanley Bank of America Merrill Lynch Trust, Series 2015-C26-D 3.06% ^ 10/15/2048 508,180 804,000 Morgan Stanley Bank of America Merrill Lynch Trust, Series 2015-C27-D 3.24% #^¥ 12/15/2047 684,422 525,000 Morgan Stanley Capital Trust, Series 2014-CPT-G 3.45% #^¥ 07/13/2029 503,379 1,191,000 Morgan Stanley Capital Trust, Series 2017-ASHF-G (1 Month LIBOR USD + 6.90%, 6.90% Floor) 9.36% ^ 11/15/2034 1,172,598 467,000 Wells Fargo Commercial Mortgage Trust, Series 2012-LC5-E 4.76% #^¥P 10/15/2045 458,996 23,293,000 Wells Fargo Commercial Mortgage Trust, Series 2015-C28-XF 1.13% #^I/O 05/15/2048 1,374,650 747,000 Wells Fargo Commercial Mortgage Trust, Series 2015-NXS4-D 3.60% # 12/15/2048 683,566 55,709,145 Wells Fargo Commercial Mortgage Trust, Series 2018-C43-XA 0.71% #I/O 03/15/2051 2,813,735

Total Non-Agency Commercial Mortgage Backed Obligations (Cost \$52,017,141)

48,494,674

Non-Agency Residential Collateralized Mortgage Obligations - 36.6%

2,144,530 Adjustable Rate Mortgage Trust, Series 2006-1-2A1 5.10% # 03/25/2036 1,742,706 1,103,289 Banc of America Alternative Loan Trust, Series 2005-8-2CB1 6.00% 09/25/2035 1,092,693 12,693,563 BCAP LLC Trust, Series 2007-AB1-A5 4.93% #B 03/25/2037 8,308,328 5,269,567 BCAP LLC Trust, Series 2010-RR6-2216 3.63% #^P 06/26/2036 5,048,126 1,053,920 BCAP LLC Trust, Series 2010-RR6-6A2 9.30% #^ 07/26/2037 911,894 1,929,071 Chase Mortgage Finance Trust, Series 2007-S1-A7 6.00% 02/25/2037 1,451,952 2,036,149 Chase Mortgage Finance Trust, Series 2007-S3-1A5 6.00% 05/25/2037 1,528,886 2,152,103 CHL Mortgage Pass-Through Trust, Series 2007-4-1A35 (-1 x 1 Month LIBOR USD + 6.70%, 6.70% Cap) 4.19% I/FI/O 05/25/2037 431,623 7,000,000 CIM Trust, Series 2016-1RR-B2 8.02% #^P 07/26/2055 7,008,581 7,000,000 CIM Trust, Series 2016-2RR-B2 7.40% #^P 02/25/2056 7,106,432 7,000,000 CIM Trust, Series 2016-3RR-B2 7.54% #^P 02/27/2056 7,087,920 6,010,000 CIM Trust, Series 2017-3RR-B2 11.04% #^P 01/27/2057 6,718,785 556,279 Citigroup Mortgage Loan Trust, Inc., Series 2006-8-A4 (-3 x 1 Month LIBOR USD + 19.66%, 19.66% Cap) 12.77% ^I/F 10/25/2035 641,065 3,668,740 Citigroup Mortgage Loan Trust, Inc., Series 2010-9-3A7 5.55% ^ 01/25/2036 3,687,298 2,541,185 CitiMortgage Alternative Loan Trust, Series 2007-A4-1A6 5.75% 04/25/2037 2,352,331 2,009,536 CitiMortgage Alternative Loan Trust, Series 2007-A6-1A16 6.00% 06/25/2037 1,943,152 1,342,427 Countrywide Alternative Loan Trust, Series 2005-85CB-2A5 (1 Month LIBOR USD + 1.10%, 1.10% Floor, 7.00% Cap) 3.61% 02/25/2036 1,166,446 283,499 Countrywide Alternative Loan Trust, Series 2005-85CB-2A6 (-4 x 1 Month LIBOR USD + 21.63%, 21.63% Cap) 12.44% I/F 02/25/2036 330,439 2,645,707 Credit Suisse First

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Boston Mortgage Securities Corporation, Series 2005-11-7A1 6.00% 12/25/2035 2,203,746 3,375,641 Credit Suisse Mortgage Capital Certificates, Series 2006-5-3A3 6.50% 06/25/2036 1,537,566 1,023,188 Credit Suisse Mortgage Capital Certificates, Series 2006-9-2A1 5.50% 11/25/2036 859,944 491,366 Credit Suisse Mortgage Capital Certificates, Series 2006-9-6A14 6.00% 11/25/2036 472,598 1,782,742 IndyMac Mortgage Loan Trust, Series 2005-AR23-6A1 3.74% # 11/25/2035 1,643,604 278,425 JP Morgan Alternative Loan Trust, Series 2006-S1-2A5 5.50% 02/25/2021 287,356 3,092,302 JP Morgan Resecuritization Trust, Series 2011-1-1A10 6.00% #^ 12/26/2036 2,960,318 3,262,164 JP Morgan Resecuritization Trust, Series 2011-1-2A10 6.00% #^ 06/26/2037 3,050,455 1,308,542 Lehman Mortgage Trust, Series 2007-10-1A1 6.00% 01/25/2038 1,337,372 1,866,962 Lehman Mortgage Trust, Series 2007-4-1A3 5.75% 05/25/2037 1,515,750 311,145 Lehman XS Trust, Series 2005-2-1A2 (1 Month LIBOR USD + 0.70%, 0.35% Floor) 3.21% 08/25/2035 308,910 5,800,000 PNMAC GMSR Trust, Series 2018-FT1-A (1 Month LIBOR USD + 2.35%) 4.86% ^ 04/25/2023 5,807,987 1,514,756 RBSGC Structured Trust, Series 2008-B-A1 6.00% ^ 06/25/2037 1,444,485 2,170,913 Residential Accredit Loans, Inc., Series 2005-QS13-2A3 5.75% 09/25/2035 2,098,664 1,375,201 Residential Accredit Loans, Inc., Series 2005-QS14-3A1 6.00% 09/25/2035 1,290,946 1,686,606 Residential Accredit Loans, Inc., Series 2006-QS10-A1 6.00% 08/25/2036 1,530,815 3,330,683 Residential Accredit Loans, Inc., Series 2006-QS7-A3 6.00% 06/25/2036 3,019,558 861,044 Residential Accredit Loans, Inc., Series 2007-QS1-1A1 6.00% 01/25/2037 795,935 3,710,883 Residential Accredit Loans, Inc., Series 2007-QS3-A1 6.50% 02/25/2037 3,410,716 1,479,345 Residential Accredit Loans, Inc., Series 2007-QS6-A1 (1 Month LIBOR USD + 0.33%, 0.33% Floor, 7.00% Cap) 2.84% 04/25/2037 1,165,712 1,566,169 Residential Accredit Loans, Inc., Series 2007-QS6-A102 5.75% 04/25/2037 1,431,327 337,002 Residential Accredit Loans, Inc., Series 2007-QS6-A2 (-8 x 1 Month LIBOR USD + 55.58%, 55.58% Cap) 34.70% I/F 04/25/2037 606,184 1,766,663 Residential Asset Securitization Trust, Series 2006-A6-1A12 (-1 x 1 Month LIBOR USD + 7.10%, 7.10% Cap) 4.59% I/FI/O 07/25/2036 549,737 1,746,796 Residential Asset Securitization Trust, Series 2006-A6-1A9 6.00% 07/25/2036 847,226 992,553 Residential Funding Mortgage Securities Trust, Series 2007-S2-A4 6.00% 02/25/2037 919,953 951,628 Structured Adjustable Rate Mortgage Loan Trust, Series 2006-1-2A2 4.12% # 02/25/2036 918,294 1,192,285 Velocity Commercial Capital Loan Trust, Series 2018-1-M4 5.01% ^ 04/25/2048 1,168,040 704,161 Velocity Commercial Capital Loan Trust, Series 2018-1-M5 6.26% ^ 04/25/2048 685,538 1,593,243 Velocity Commercial Capital Loan Trust, Series 2018-1-M6 7.26% ^ 04/25/2048 1,539,108 4,182,743 Washington Mutual Mortgage Pass-Through Certificates, Series 2006-8-A4 4.51% #B 10/25/2036 2,418,401 2,228,813 Wells Fargo Alternative Loan Trust, Series 2007-PA3-2A1 6.00% 07/25/2037 2,166,678

Total Non-Agency Residential Collateralized Mortgage Obligations (Cost \$104,702,216)

108,551,580

US Government and Agency Mortgage Backed Obligations - 37.8%

750,206 Federal Home Loan Mortgage Corporation, Series 3211-SI (-4 x 1 Month LIBOR USD + 27.67%, 27.67% Cap) 17.34% I/FI/O 09/15/2036 507,391 1,533,685 Federal Home Loan Mortgage Corporation, Series 3236-ES (-1 x 1 Month LIBOR USD + 6.70%, 6.70% Cap) 4.24% I/FI/O 11/15/2036 251,221 980,617 Federal Home Loan Mortgage Corporation, Series 3256-S (-1 x 1 Month LIBOR USD + 6.69%, 6.69% Cap) 4.23% I/FI/O 12/15/2036 158,877 799,899 Federal Home Loan Mortgage Corporation, Series 3292-SD (-1 x 1 Month LIBOR USD + 6.10%, 6.10% Cap) 3.64% I/FI/O 03/15/2037 109,764 6,527,878 Federal Home Loan Mortgage Corporation, Series 3297-BI (-1 x 1 Month LIBOR USD + 6.76%, 6.76% Cap) 4.30% I/FI/O 04/15/2037 1,123,631 4,738,215 Federal Home Loan Mortgage Corporation, Series 3311-BI (-1 x 1 Month LIBOR USD + 6.76%, 6.76% Cap) 4.30% I/FI/O 05/15/2037 752,896 4,698,548 Federal Home Loan Mortgage Corporation, Series 3311-IA (-1 x 1 Month LIBOR USD + 6.41%, 6.41% Cap) 3.95% I/FI/O 05/15/2037 700,649 1,056,013 Federal Home Loan Mortgage Corporation, Series 3314-SH (-1 x 1 Month LIBOR USD + 6.40%, 6.40% Cap) 3.94% I/FI/O 11/15/2036 144,317 106,963 Federal Home Loan Mortgage Corporation, Series 3317-DS (-3 x 1 Month LIBOR USD + 15.00%, 15.00% Cap) 8.86% I/F 05/15/2037 120,061 655,780 Federal Home Loan Mortgage Corporation, Series 3330-KS (-1 x 1 Month LIBOR USD + 6.55%, 6.55% Cap) 4.09% I/FI/O 06/15/2037 79,239 156,166 Federal Home Loan Mortgage Corporation, Series 3339-AI (-1 x 1 Month LIBOR USD + 6.55%, 6.55% Cap) 4.09% I/FI/O 07/15/2037 22,431 3,169,172 Federal Home Loan Mortgage Corporation, Series 3339-TI (-1 x 1 Month LIBOR USD + 6.14%, 6.14% Cap) 3.68% I/FI/O 07/15/2037 471,622 2,223,450 Federal Home Loan Mortgage Corporation, Series 3374-SD (-1 x 1 Month LIBOR USD + 6.45%, 6.45% Cap) 3.99% I/FI/O 10/15/2037 234,363 406,355 Federal Home Loan Mortgage Corporation, Series 3382-SU (-1 x 1 Month LIBOR USD + 6.30%, 6.30% Cap) 3.84% I/FI/O 11/15/2037 47,762 5,433,980 Federal Home Loan Mortgage Corporation, Series 3404-SA (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.54% I/FI/O 01/15/2038 703,769 367,664 Federal Home Loan Mortgage Corporation, Series 3423-GS (-1 x 1 Month LIBOR USD + 5.65%, 5.65% Cap) 3.19% I/FI/O 03/15/2038 33,334 4,259,407 Federal Home Loan Mortgage Corporation, Series 3435-S (-1 x 1 Month LIBOR USD + 5.98%, 5.98% Cap) 3.52% I/FI/O 04/15/2038 559,210 288,940 Federal Home Loan Mortgage Corporation, Series 3508-PS (-1 x 1 Month LIBOR USD + 6.65%, 6.65% Cap) 4.19% I/FI/O 02/15/2039 31,807 1,343,779 Federal Home Loan Mortgage Corporation, Series 3725-CS (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.54% I/FI/O 05/15/2040 133,013 2,955,619 Federal Home Loan Mortgage Corporation, Series 3728-SV (-1 x 1 Month LIBOR USD + 4.45%, 4.45% Cap) 1.99% I/FI/O 09/15/2040 193,721 12,120,353 Federal Home Loan Mortgage Corporation, Series 3736-SN (-1 x 1 Month LIBOR USD + 6.05%, 6.05% Cap) 3.59% I/FI/O 10/15/2040 1,743,223 4,650,266 Federal Home Loan Mortgage Corporation, Series 3753-SB (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.54% I/FI/O 11/15/2040 708,301 5,147,323 Federal Home Loan Mortgage Corporation, Series 3780-SM (-1 x 1 Month LIBOR USD + 6.50%, 6.50% Cap) 4.04% I/FI/O 12/15/2040 816,259 1,718,775 Federal Home Loan Mortgage Corporation, Series 3815-ST (-1 x 1 Month LIBOR USD + 5.85%, 5.85% Cap) 3.39% I/FI/O 02/15/2041 208,842 1,174,966 Federal Home Loan Mortgage Corporation, Series 3905-SC (-5 x 1 Month LIBOR USD + 22.75%, 22.75% Cap) 11.00% I/F 08/15/2041 1,617,072 1,764,296 Federal Home Loan Mortgage Corporation, Series 3924-SJ (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.54% I/FI/O 09/15/2041 240,514 6,669,780 Federal Home Loan Mortgage Corporation, Series 3960-ES (-1 x 1 Month LIBOR USD + 5.95%, 5.95% Cap) 3.49% I/FI/O 11/15/2041 785,247 3,724,388 Federal Home Loan Mortgage Corporation, Series 4064-SA (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.54% I/FI/O 06/15/2042 648,012 2,735,909 Federal Home Loan Mortgage Corporation, Series 4155-GS (-1 x 1 Month LIBOR USD + 5.46%, 5.46% Cap) 2.64% I/F 01/15/2033 2,500,965 12,445,609 Federal Home Loan Mortgage Corporation, Series 4217-CS (-1 x 1 Month LIBOR USD + 5.28%, 5.28% Cap) 2.33% I/F 06/15/2043 9,749,906 3,353,202 Federal Home Loan Mortgage Corporation, Series 4225-BS (-3 x 1 Month LIBOR USD + 11.87%, 11.87% Cap) 5.60% I/F 12/15/2040 3,470,862 4,407,459 Federal Home Loan Mortgage Corporation, Series 4291-MS (-1 x 1 Month LIBOR USD + 5.90%, 5.90% Cap) 3.44% I/FI/O 01/15/2054 680,437 9,423,963 Federal Home Loan Mortgage Corporation, Series 4302-GS (-1 x 1 Month LIBOR USD + 6.15%, 6.15%

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Cap) 3.69% I/FI/O 02/15/2044 1,306,658 199,145 Federal National Mortgage Association, Series 2005-72-WS (-1 x 1 Month LIBOR USD + 6.75%, 6.75% Cap) 4.24% I/FI/O 08/25/2035 21,772 2,074,009 Federal National Mortgage Association, Series 2005-90-SP (-1 x 1 Month LIBOR USD + 6.75%, 6.75% Cap) 4.24% I/FI/O 09/25/2035 180,979 809,968 Federal National Mortgage Association, Series 2006-117-SQ (-1 x 1 Month LIBOR USD + 6.55%, 6.55% Cap) 4.04% I/FI/O 12/25/2036 82,849 406,758 Federal National Mortgage Association, Series 2006-119-HS (-1 x 1 Month LIBOR USD + 6.65%, 6.65% Cap) 4.14% I/FI/O 12/25/2036 54,516 6,470,608 Federal National Mortgage Association, Series 2006-123-CI (-1 x 1 Month LIBOR USD + 6.74%, 6.74% Cap) 4.23% I/FI/O 01/25/2037 1,088,925 2,946,535 Federal National Mortgage Association, Series 2007-15-BI (-1 x 1 Month LIBOR USD + 6.70%, 6.70% Cap) 4.19% I/FI/O 03/25/2037 450,966 1,037,236 Federal National Mortgage Association, Series 2007-20-S (-1 x 1 Month LIBOR USD + 6.74%, 6.74% Cap) 4.23% I/FI/O 03/25/2037 131,104 543,382 Federal National Mortgage Association, Series 2007-21-SD (-1 x 1 Month LIBOR USD + 6.48%, 6.48% Cap) 3.97% I/FI/O 03/25/2037 60,690 1,254,078 Federal National Mortgage Association, Series 2007-30-IE (-1 x 1 Month LIBOR USD + 6.74%, 6.74% Cap) 4.23% I/FI/O 04/25/2037 214,846 3,334,358 Federal National Mortgage Association, Series 2007-32-SA (-1 x 1 Month LIBOR USD + 6.10%, 6.10% Cap) 3.59% I/FI/O 04/25/2037 422,408 1,589,129 Federal National Mortgage Association, Series 2007-40-SA (-1 x 1 Month LIBOR USD + 6.10%, 6.10% Cap) 3.59% I/FI/O 05/25/2037 200,830 255,928 Federal National Mortgage Association, Series 2007-48-SE (-1 x 1 Month LIBOR USD + 6.10%, 6.10% Cap) 3.59% I/FI/O 05/25/2037 22,245 543,787 Federal National Mortgage Association, Series 2007-64-LI (-1 x 1 Month LIBOR USD + 6.56%, 6.56% Cap) 4.05% I/FI/O 07/25/2037 65,293 247,900 Federal National Mortgage Association, Series 2007-68-SA (-1 x 1 Month LIBOR USD + 6.65%, 6.65% Cap) 4.14% I/FI/O 07/25/2037 32,201 7,571,862 Federal National Mortgage Association, Series 2007-75-PI (-1 x 1 Month LIBOR USD + 6.54%, 6.54% Cap) 4.03% I/FI/O 08/25/2037 1,192,452 4,351,061 Federal National Mortgage Association, Series 2008-33-SA (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.49% I/FI/O 04/25/2038 584,713 3,507,901 Federal National Mortgage Association, Series 2008-42-SC (-1 x 1 Month LIBOR USD + 5.90%, 5.90% Cap) 3.39% I/FI/O 05/25/2038 449,822 776,023 Federal National Mortgage Association, Series 2008-5-GS (-1 x 1 Month LIBOR USD + 6.25%, 6.25% Cap) 3.74% I/FI/O 02/25/2038 100,018 2,380,537 Federal National Mortgage Association, Series 2008-62-SD (-1 x 1 Month LIBOR USD + 6.05%, 6.05% Cap) 3.54% I/FI/O 07/25/2038 304,014 1,454,975 Federal National Mortgage Association, Series 2008-68-SB (-1 x 1 Month LIBOR USD + 6.10%, 6.10% Cap) 3.59% I/FI/O 08/25/2038 187,451 354,799 Federal National Mortgage Association, Series 2009-111-SE (-1 x 1 Month LIBOR USD + 6.25%, 6.25% Cap) 3.74% I/FI/O 01/25/2040 40,005 1,284,980 Federal National Mortgage Association, Series 2009-12-CI (-1 x 1 Month LIBOR USD + 6.60%, 6.60% Cap) 4.09% I/FI/O 03/25/2036 170,904 331,585 Federal National Mortgage Association, Series 2009-47-SA (-1 x 1 Month LIBOR USD + 6.10%, 6.10% Cap) 3.59% I/FI/O 07/25/2039 28,929 356,174 Federal National Mortgage Association, Series 2009-48-WS (-1 x 1 Month LIBOR USD + 5.95%, 5.95% Cap) 3.44% I/FI/O 07/25/2039 35,318 171,167 Federal National Mortgage Association, Series 2009-67-SA (-1 x 1 Month LIBOR USD + 5.15%, 0.25% Floor, 5.15% Cap) 2.64% I/FI/O 07/25/2037 12,031 715,473 Federal National Mortgage Association, Series 2009-87-SA (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.49% I/FI/O 11/25/2049 83,684 1,326,840 Federal National Mortgage Association, Series 2009-91-SD (-1 x 1 Month LIBOR USD + 6.15%, 6.15% Cap) 3.83% I/FI/O 11/25/2039 150,731 332,945 Federal National Mortgage Association, Series 2010-109-BS (-11 x 1 Month LIBOR USD + 55.00%, 55.00% Cap) 29.16% I/F 10/25/2040 978,093 299,424 Federal National Mortgage Association, Series 2010-115-SD (-1 x 1 Month LIBOR USD + 6.60%, 6.60% Cap) 4.09% I/FI/O 11/25/2039 36,632 489,579 Federal National Mortgage Association, Series 2010-11-SC (-1 x 1 Month LIBOR USD + 4.80%, 4.80% Cap) 2.29% I/FI/O 02/25/2040 35,722 2,517,397 Federal National Mortgage Association, Series 2010-134-SE (-1 x 1 Month LIBOR USD + 6.65%, 6.65% Cap) 4.14% I/FI/O 12/25/2025 208,774 8,287,208 Federal National Mortgage Association, Series 2010-142-SC (-1 x 1 Month LIBOR USD + 6.60%, 6.60% Cap) 4.09% I/FI/O 12/25/2040 1,453,868 3,038,157 Federal National Mortgage Association, Series 2010-150-MS (-1 x 1 Month LIBOR USD + 6.53%, 6.53% Cap) 4.02% I/FI/O 01/25/2041 443,940 1,360,373 Federal National Mortgage Association, Series 2010-15-SL (-1 x 1 Month LIBOR USD + 4.95%, 4.95%

Cap) 2.44% I/FI/O 03/25/2040 124,693 379,341 Federal National Mortgage Association, Series 2010-19-SA (-1 x 1 Month LIBOR USD + 5.40%, 5.40% Cap) 2.89% I/FI/O 03/25/2050 45,013 1,234,654 Federal National Mortgage Association, Series 2010-31-SB (-1 x 1 Month LIBOR USD + 5.00%, 5.00%

Cap) 2.68% I/FI/O 04/25/2040 122,781 2,002,713 Federal National Mortgage Association, Series 2010-39-SL (-1 x 1 Month LIBOR USD + 5.67%, 5.67% Cap) 3.16% I/FI/O 05/25/2040 207,420 385,418 Federal National Mortgage Association, Series 2010-8-US (-1 x 1 Month LIBOR USD + 4.80%, 4.80%

Cap) 2.29% I/FI/O 02/25/2040 23,816 358,644 Federal National Mortgage Association, Series 2010-9-GS (-1 x 1 Month LIBOR USD + 4.75%, 4.75% Cap) 2.24% I/FI/O 02/25/2040 20,544 1,729,052 Federal National Mortgage Association, Series 2011-114-S (-1 x 1 Month LIBOR USD + 6.00%, 6.00%

Cap) 3.49% I/FI/O 09/25/2039 200,028 2,297,005 Federal National Mortgage Association, Series 2011-146-US (-1 x 1 Month LIBOR USD + 7.00%, 7.00% Cap) 3.49% I/F 01/25/2042 2,098,970 157,371 Federal National Mortgage Association, Series 2011-40-SA (-3 x 1 Month LIBOR USD + 10.00%, 10.00%

Cap) 3.73% I/F 09/25/2040 146,452 1,649,178 Federal National Mortgage Association, Series 2011-58-SA (-1 x 1 Month LIBOR USD + 6.55%, 6.55% Cap) 4.04% I/FI/O 07/25/2041 265,738 1,058,028 Federal National Mortgage Association, Series 2011-5-PS (-1 x 1 Month LIBOR USD + 6.40%, 6.40%

Cap) 3.89% I/FI/O 11/25/2040 109,862 458,711 Federal National Mortgage Association, Series 2012-29-SG (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.49% I/FI/O 04/25/2042 40,305 5,692,555 Federal National Mortgage Association, Series 2012-56-SN (-1 x 1 Month LIBOR USD + 6.05%, 6.05%

Cap) 3.54% I/FI/O 06/25/2042 714,745 5,976,993 Federal National Mortgage Association, Series 2012-76-SC (-1 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 3.49% I/FI/O 07/25/2042 873,605 5,907 Federal National Mortgage Association, Series 2012-82-SC (-2 x 1 Month LIBOR USD + 7.53%, 7.53%

Cap) 3.41% I/F 08/25/2042 5,634 6,666,782 Federal National Mortgage Association, Series 2013-17-MS (-1 x 1 Month LIBOR USD + 5.40%, 5.40% Cap) 2.58% I/F 03/25/2043 5,411,912 4,134,825 Federal National Mortgage Association, Series 2013-18-BS (-1 x 1 Month LIBOR USD + 5.40%, 5.40%

Cap) 2.39% I/F 03/25/2043 3,429,475 2,668,267 Federal National Mortgage Association, Series 2013-41-SC (-2 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 2.24% I/F 05/25/2043 2,156,427 3,152,491 Federal National Mortgage Association, Series 2013-51-SH (-2 x 1 Month LIBOR USD + 6.00%, 6.00%

Cap) 2.24% I/F 05/25/2033 2,792,936 10,316,596 Federal National Mortgage Association, Series 2013-55-KS (-2 x 1 Month LIBOR USD + 6.00%, 6.00% Cap) 2.24% I/F 06/25/2043 8,326,442 9,953,709 Federal National Mortgage Association, Series 2013-83-US (-1 x 1 Month LIBOR USD + 5.00%, 5.00%

Cap) 2.49% I/F 08/25/2043 8,332,855 376,407 Federal National Mortgage Association, Series 374-19 6.50% I/O 09/25/2036 86,849 966,762 Government National Mortgage Association, Series 2009-104-SD (-1 x 1 Month LIBOR USD + 6.35%, 6.35% Cap) 3.89% I/FI/O 11/16/2039 125,306 222,626 Government National Mortgage Association, Series 2010-98-IA 5.74% #I/O 03/20/2039 28,006 113,658 Government National Mortgage Association, Series 2011-56-KS (-1 x 1 Month LIBOR USD + 6.10%, 6.10%

Cap) 3.64% I/FI/O 08/16/2036 183 1,258,143 Government National Mortgage Association, Series 2011-69-SB (-1 x 1 Month LIBOR USD + 5.35%, 5.35% Cap) 2.88% I/FI/O 05/20/2041 138,569 7,603,666 Government National Mortgage Association, Series 2011-70-WS (-2 x 1 Month LIBOR USD + 9.70%, 9.70%

Cap) 4.76% I/F 12/20/2040 7,708,817 1,856,235 Government National Mortgage Association, Series 2011-71-SG (-1 x 1 Month LIBOR USD + 5.40%, 5.40% Cap) 2.93% I/FI/O 05/20/2041 198,356 2,171,426 Government National Mortgage Association, Series 2011-72-AS (-1 x 1 Month LIBOR USD + 5.38%, 5.38%

Cap) 2.91% I/FI/O 05/20/2041 255,957 2,533,626 Government National Mortgage Association, Series 2011-89-SA (-1 x 1 Month LIBOR USD + 5.45%, 5.45%

Cap) 2.98% I/FI/O 06/20/2041 268,247 1,213,248 Government National Mortgage Association, Series 2012-34-LI (-20 x 1 Month LIBOR USD + 122.00%, 6.00%

Cap) 6.00% I/FI/O 12/16/2039 278,099 9,386,213 Government National Mortgage Association, Series 2013-119-TZ 3.00% > 08/20/2043 8,945,865 5,053,419 Government National Mortgage Association, Series 2013-188-MS (-1 x 1 Month LIBOR USD + 5.55%, 5.55%

Cap) 3.09% I/FI/O 12/16/2043 612,355 39,649,153 Government National Mortgage Association, Series 2013-39-HS (-1 x 1 Month LIBOR USD + 4.75%, 4.75%

Cap) 2.28% I/FI/O 03/20/2041 3,541,799 7,125,233 Government National Mortgage Association, Series

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					2014-39-SK (-1 x 1 Month LIBOR USD + 6.20%, 6.20%
Cap)	3.73%	I/FI/O	03/20/2044	912,105	10,192,739 Government National Mortgage Association, Series
					2014-59-DS (-1 x 1 Month LIBOR USD + 6.25%, 6.25%
Cap)	3.79%	I/FI/O	04/16/2044	1,477,186	7,098,061 Government National Mortgage Association, Series
					2014-63-SD (-1 x 1 Month LIBOR USD + 5.55%, 5.55%
Cap)	3.08%	I/FI/O	04/20/2044	1,227,533	6,394,701 Government National Mortgage Association, Series
					2014-69-ST (-1 x 1 Month LIBOR USD + 6.10%, 6.10%
Cap)	3.64%	I/FI/O	12/16/2039	821,484	7,841,682 Government National Mortgage Association, Series 2015-148
					(-1 x 1 Month LIBOR USD + 5.69%, 5.69% Cap) 3.22% I/FI/O 10/20/2045 1,061,739 49,085,247 Government
					National Mortgage Association, Series 2018-111-SA (-1 x 1 Month LIBOR USD + 4.55%, 4.55%
Cap)	2.08%	I/FI/O	08/20/2048	3,336,825	92,294,305 Government National Mortgage Association, Series
					2018-48-SD (-1 x 1 Month LIBOR USD + 3.90%, 3.90% Cap) 1.43% I/FI/O 04/20/2048 5,107,152

Total US Government and Agency Mortgage Backed Obligations (Cost \$119,908,921)

111,964,186

US Government and Agency Obligations - 6.7%

20,000,000 United States Treasury Notes 1.38% 12/15/2019 19,763,567

Total US Government and Agency Obligations (Cost \$19,746,033)

19,763,567

Short Term Investments - 0.6%

612,083	First American Government Obligations Fund - Class X	2.30%	612,083	612,083	JP Morgan U.S.
	Government Money Market Fund - Institutional Share Class	2.28%	612,083	612,083	Morgan Stanley
	Institutional Liquidity Funds Government Portfolio - Institutional Share Class	2.28%		612,083	

Total Short Term Investments (Cost \$1,836,249)

1,836,249

Total Investments - 125.3% (Cost \$383,152,716)

371,367,116 Liabilities in Excess of Other Assets - (25.3)% (74,872,122)

NET ASSETS - 100.0%

\$ 296,494,994

Coupon rate is variable based on the weighted average coupon of the underlying collateral. To the extent the weighted average coupon of the underlying assets which comprise the collateral increases or decreases, the coupon rate of this security will increase or decrease correspondingly. The rate disclosed is as of

December 31, 2018.

[^] 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 December 31, 2018, the value of these securities amounted to \$138,360,152 or 46.7% of net assets.

[¥] Illiquid security

[@] 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 December 31, 2018.

^ß The interest rate may step up conditioned upon the aggregate remaining principal balance of the underlying mortgage loans being reduced below a targeted percentage of the aggregate original principal balance of the mortgage loans. The interest rate shown is the rate in effect as of December 31, 2018.

^Ð Value determined using significant unobservable inputs.

I/O Interest only security

I/F Inverse floating rate security whose interest rate moves in the opposite direction of reference interest rates. Reference interest rates are typically based on a negative multiplier or slope. Interest rate may also be subject to a cap or floor.

All or partial amount transferred for the benefit of the counterparty as collateral for reverse repurchase agreements.

Seven-day yield as of December 31, 2018

[>] This U.S. Agency bond accrues interest which is added to the outstanding principal balance. The interest payment will be deferred until all other tranches in the structure are paid off. The rate disclosed is as of December 31, 2018.

SECURITY TYPE BREAKDOWN as a % of Net Assets:

US Government and Agency Mortgage Backed Obligations	37.8%
Non-Agency Residential Collateralized Mortgage Obligations	36.6%
Non-Agency Commercial Mortgage Backed Obligations	16.4%
Collateralized Loan Obligations	13.7%
Bank Loans	8.8%
US Government and Agency Obligations	6.7%
Asset Backed Obligations	4.1%
Foreign Corporate Bonds	0.6%
Short Term Investments	0.6%
Other Assets and Liabilities	(25.3)%
	100.0%

Reverse Repurchase Agreements

Counterparty	Rate	Trade Date	Maturity Date	Principal &	
				Principal	Interest
JP Morgan Securities LLC	2.94%	12/6/2018	1/4/2019	\$ 40,067,000	\$ 40,148,718
Goldman Sachs	2.72%	12/18/2018	3/19/2019	19,552,000	19,571,204
Goldman Sachs	3.29%	12/26/2018	1/28/2019	10,907,000	10,911,984
JP Morgan Securities LLC	2.89%	12/6/2018	1/4/2019	7,418,000	7,432,872
				\$ 77,944,000	\$ 78,064,778

The weighted average daily balance of reverse repurchase agreements during the reporting period ended December 31, 2018 was \$80,730,641, at a weighted average interest rate of 2.73%. Total market value of underlying collateral (refer to the Schedule of Investments for positions transferred for the benefit of the counterparty as collateral) for open reverse repurchase agreements at December 31, 2018 was \$94,680,441.

Securities Accounted for as Secured Borrowings

	Remaining Contractual Maturity of the Agreements				Total
	Overnight and Continuous	Up to 30 days	31-90 days	Greater than 90 days	
Reverse Repurchase Agreements					
US Government and Agency Mortgage Backed Obligations	\$ -	\$ 58,392,000	\$ -	\$ -	\$ 58,392,000
US Government and Agency Obligations	-	-	19,552,000	-	19,552,000
Total Borrowings	\$ -	\$ 58,392,000	\$ 19,552,000	\$ -	\$ 77,944,000
Gross amount of recognized liabilities for reverse repurchase agreements					\$ 77,944,000

Notes to Schedule of Investments

December 31, 2018 (Unaudited)

Organization

DoubleLine Opportunistic Credit Fund (the Fund) was formed as a closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act), and originally classified as a non-diversified fund. The Fund is currently operating as a diversified fund. The Fund has previously operated as a non-diversified fund and may operate as a non-diversified fund in the future to the extent permitted by applicable law. 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 (NYSE) 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.

Significant Accounting Policies

The Fund is an investment company that applies the accounting and reporting guidance issued in Topic 946, Financial Services Investment Companies, by the Financial Accounting Standards Board (FASB). 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).

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 for identical securities

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

Level 3 Significant unobservable inputs (including the reporting entity's estimates and assumptions)

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 typically value such securities based on one or more inputs described in the following table which is not intended to be a complete list. 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. To the extent the significant inputs are unobservable, the values generally would be categorized as Level 3.

Fixed-income class	Examples of 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 inputs)
Corporate bonds and notes; convertible securities	Standard inputs and underlying equity of the issuer
US bonds and notes of government and government agencies	Standard inputs
Residential and commercial mortgage-backed obligations; 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 net asset value (NAV) of such investments and are categorized as Level 1 of the fair value hierarchy.	

The Fund may enter into reverse repurchase agreements. In a reverse repurchase agreement, the Fund sells to a financial institution a security that it holds with an agreement to repurchase the same security at an agreed-upon price and date. A reverse repurchase agreement involves the risk that the market value of the security may decline below the repurchase price of the security. The Fund will segregate assets determined to be liquid by the Adviser or otherwise cover its obligations under reverse repurchase agreements. Due to the short term nature of the reverse repurchase agreements, face value approximates fair value at December 31, 2018

Securities may be fair valued in accordance with the fair valuation procedures approved by the Board of Trustees (the Board). The valuation committee is generally responsible for overseeing the day to day valuation processes and reports periodically to the Board. The valuation committee and the pricing group are 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 or fair value.

The following is a summary of the fair valuations according to the inputs used to value the Fund's investments as of December 31, 2018¹:

Category

Investments in Securities

Level 1

Money Market Funds	\$	1,836,249
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Total Level 1		1,836,249
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Level 2

US Government and Agency Mortgage Backed Obligations		111,964,186
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Non-Agency Residential Collateralized Mortgage Obligations		75,581,736
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Collateralized Loan Obligations		40,604,440
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Non-Agency Commercial Mortgage Backed Obligations		39,605,049
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Bank Loans		26,018,941
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US Government and Agency Obligations	19,763,567
Asset Backed Obligations	12,200,739
Foreign Corporate Bonds	1,932,740
Total Level 2	327,671,398
Level 3	
Non-Agency Residential Collateralized Mortgage Obligations	32,969,844
Non-Agency Commercial Mortgage Backed Obligations	8,889,625
Total Level 3	41,859,469
Total	\$ 371,367,116

Certain of the Fund's assets/liabilities are held at face value, which approximates fair value for financial statement purposes. The following is a summary of such assets/liabilities as of December 31, 2018.

Other Financial Instruments	
Level 1	\$ -
Total Level 1	-
Level 2	
Reverse Repurchase Agreements	77,944,000
Total Level 2	77,944,000
Level 3	-
Total	\$ 77,944,000

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

¹ *There were no transfers into or out of Level 1 during the period ended December 31, 2018.*

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

	Fair Value as of 9/30/2018	Net Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation) ¹	Net Amortization (Accretion) ²	Purchases Sales ²	Transfers Out Into of Level 3 ⁴	Level 3 ⁴	Fair Value as of 12/31/2018	Net Change in Unrealized Appreciation (Depreciation) on securities held at 12/31/2018 ³
Investments in Securities									
Non-Agency Residential Collateralized Mortgage Obligations	\$ 31,761,185	\$ -	\$ 1,128,371	\$ 80,288	\$ -	\$ -	\$ -	\$ 32,969,844	\$ 1,128,371
Non-Agency Commercial Mortgage Backed Obligations	8,831,349	-	3,432	54,844	-	-	-	8,889,625	3,432
Asset Backed Obligations	535,850	(3,124,021)	3,313,158	-	(724,987)	-	-	-	-
Total	\$ 41,128,384	\$ (3,124,021)	\$ 4,444,961	\$ 135,132	\$ -	\$ (724,987)	\$ -	\$ 41,859,469	\$ 1,131,803

¹ Purchases include all purchases of securities and payups.

² Sales include all sales of securities, maturities, and paydowns.

³ Any difference between net change in unrealized appreciation (depreciation) and net change in unrealized appreciation (depreciation) on securities held at December 31, 2018 may be due to a security that was not held or categorized as Level 3 at either period end.

⁴ Transfers into or out of Level 3 can be attributed to changes in the availability of pricing sources and/or in the observability of significant inputs used to measure the fair value of those instruments.

The following is a summary of quantitative information about Level 3 Fair Value Measurements:

Fair Value as of 12/31/2018 *	Valuation Techniques	Unobservable Input	Unobservable Input Values	Impact to valuation from an
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				(Weighted Average) ⁺	increase to input
Non-Agency Residential Collateralized Mortgage Obligations	\$ 32,969,844	Market Comparables	Market Quotes	\$95.80 - \$111.79 (\$102.38)	Significant changes in the market quotes would have resulted in direct and proportional changes in the fair value of the security
Non-Agency Commercial Mortgage Backed Obligations	\$ 8,889,625	Market Comparables	Yields	5.46% - 77.69% (18.38%)	Increase in yields would have resulted in the decrease in the fair value of the security

* Level 3 securities are typically valued by pricing vendors. The appropriateness of fair values for these securities is monitored on an ongoing basis by the Adviser, which may include back testing, results of vendor due diligence, unchanged price review and consideration of market and/or sector events.

⁺ Unobservable inputs were weighted by the relative fair value of the instruments.

Item 2. Controls and Procedures.

- (a) The Registrant's principal executive and principal financial officers have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "1940 Act") (17 CFR 270.30a-3(c)) are effective as of a date within 90 days of the filing date of this Form N-Q based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(d)).
- (b) There were no changes in the Registrant's internal controls over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) (17 CFR 270.30a-3(d)) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

Item 3. Exhibits.

Separate certifications for each principal executive officer and principal financial officer of the Registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)). Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) DoubleLine Opportunistic Credit Fund

By (Signature and Title) /s/ Ronald R. Redell

Ronald R. Redell, President and Chief Executive Officer

Date 2/26/2019

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Ronald R. Redell

Ronald R. Redell, President and Chief Executive Officer

Date 2/26/2019

By (Signature and Title) /s/ Susan Nichols

Susan Nichols, Treasurer and Principal Financial and Accounting Officer

Date 2/26/2019