



Quarterly Pulse

Q3—2026

Part 1 - Economic Backdrop

Part 2 - Markets Update

Part 3 - Dunham Core Strategy Changes

Part 4 - DunhamDC Activity: Buy Fear, Sell Greed

Quarterly Pulse — Q3

Key Takeaways:

- **The Fed Hiked Into a Supply Shock — and the Price Level Is Already Doing Damage:** On September 16, the Federal Reserve raised its target range to 3.75%–4.00%, unanimously, as August CPI ran 3.4% year over year — driven by energy costs rising 16.3%, not a demand surge. Raising rates does not produce more diesel or reopen tanker routes. But the Fed's institutional memory of the 1970s argues for erring too tight rather than too loose, and it moved accordingly. The more durable number sits beneath the monthly print: since January 2020, the cumulative rise in prices has been 29.9%. A dollar in August 2026 buys 23% less than it did six years ago. The Fed can slow further increases. It cannot reverse six years of compounding — and that reality is now embedded in consumer behavior, wage demands, and political tolerance for the next inflation burst.
- **Equities Held — But the Bar for Earnings Has Risen Considerably:** The S&P 500 returned 2.30% and the Nasdaq 2.61% for Q3 — a result that held up despite a Fed hike and a 10-year yield that crossed 5.20%. The resilience rests entirely on one thing: earnings. Analysts projected 28.2% year-over-year growth for Q3, and at that growth rate the rate move can be absorbed. But the earnings yield on the S&P 500 ended the quarter at 3.82% — below the 10-year Treasury at 5.29%, leaving the spread at -1.47%, a multidecade low. For the first time in years, Treasuries offer a higher stated yield than equities without the earnings risk. That does not make stocks a sell. It does mean Q4 earnings need to deliver — because the cushion that absorbed prior disappointments is gone.
- **Global Liquidity Is Tighter Than It Appears — and the KOSPI Made the Risks Visible:** Global M2 reached \$103.5 trillion as of August — but at constant exchange rates, the 3-month growth rate is running significantly below its historical average, with China's monetary deceleration the primary driver. China accounts for over half of global M2 and its 3-month z-score sits at -0.64 — deeply below trend. Separately, South Korea's KOSPI delivered the quarter's starkest lesson in concentration risk: the index fell nearly 11% over two consecutive sessions in late July, wiping \$2.18 trillion from the market, with the monthly decline of 31.8% surpassing the 1997 Asian financial crisis. The world's best-performing major market became one of Asia's worst in a single quarter — driven down by the same semiconductor and AI concentration that drove it up.
- **Dunham Converts the Q2 Cushion Into Q3 Buying Power — and DunhamDC Executes Both Sides of the Trade:** The Dynamic Macro position added in Q2 did its job. The committee drew on it in Q3 to buy equity areas where rate-driven pressure had created more attractive entries: Small Cap Growth, Real Estate, and Emerging Markets. In fixed income, it reduced Long/Short Credit and added Floating Rate Bond and International Opportunity Bond — leaning into income that benefits from higher rates rather than absorbing duration risk the market is now pricing more expensively. DunhamDC US executed both sides of the sentiment cycle within a single quarter — selling into greed, buying into fear — while DunhamDC Global held its minimum equity position, with the next triggered move a Buy. The discipline did exactly what it was designed to do.

Quarterly Pulse – Q3

Part 1 — Economic Backdrop

The Fed Raised Rates Into a Supply Shock

On September 16, the Federal Reserve raised its target range by 25 basis points to 3.75%–4.00%. The vote was unanimous. August CPI had risen 0.4% month over month and 3.4% year over year while Core CPI (ex. food and energy) ran 2.4% year over year. Inflation has now been above the Fed's 2% target for 66 straight months as of August 2026.

The inflation the Fed is fighting in Q3 is not the broad-based demand surge of 2021–2022. Energy CPI rose 16.3% year over year in August – implying this is a supply problem – and the Fed's tools were not designed to produce more diesel, reopen tanker routes, or cool a commodity market responding to geopolitics rather than credit conditions.

Put simply, raising rates does not increase distillate inventories. It can only hopefully slow down the amount of credit circulating around.

The central bank now faces an ugly choice. It can look through another energy shock and risk inflation expectations drifting upward, repeating the mistake of the

1970s. Or it can hike into an economy where there's a growing affordability crisis – potentially slowing the parts of the economy that were never the problem to begin with.

The 1970s-80s offers an eerily similar picture of what the Fed now faces. Oil shocks from the 1970s Fed allowed supply-driven inflation to run longer than it should have, twice. When it finally moved — under Volcker — the correction required a recession and high oil

prices to bring on marginal oil wells. The September decision reflects that institutional memory. The Fed would rather on the side of too tight than risk embedding expectations that require a harder correction later.

Core inflation at 2.4% is not the crisis. The issue is what happens if energy feeds into wages and services before the base effects fade and inflation becomes further entrenched.

The next inflation fight will not be decided by demand alone. Supply is back in the room.

Inflation's Long Descent Looks Familiar

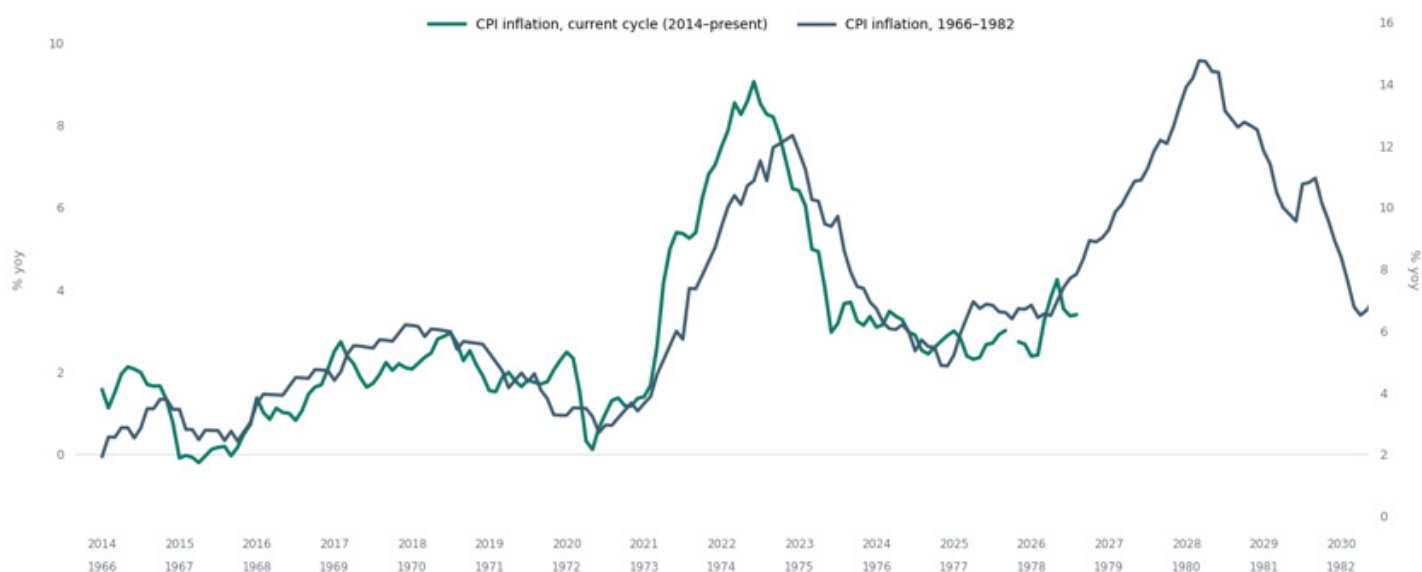


Figure 3: Bloomberg, June 2026

Quarterly Pulse – Q3

Global M2 — The Liquidity Headline Flatters the Underlying Picture

Global M2 money supply reached \$103.5 trillion as of August 2026 - the aggregate of money in circulation, savings, and short-term deposits across the U.S., Euro Zone, China, and Japan. It is the broadest proxy for global liquidity conditions.

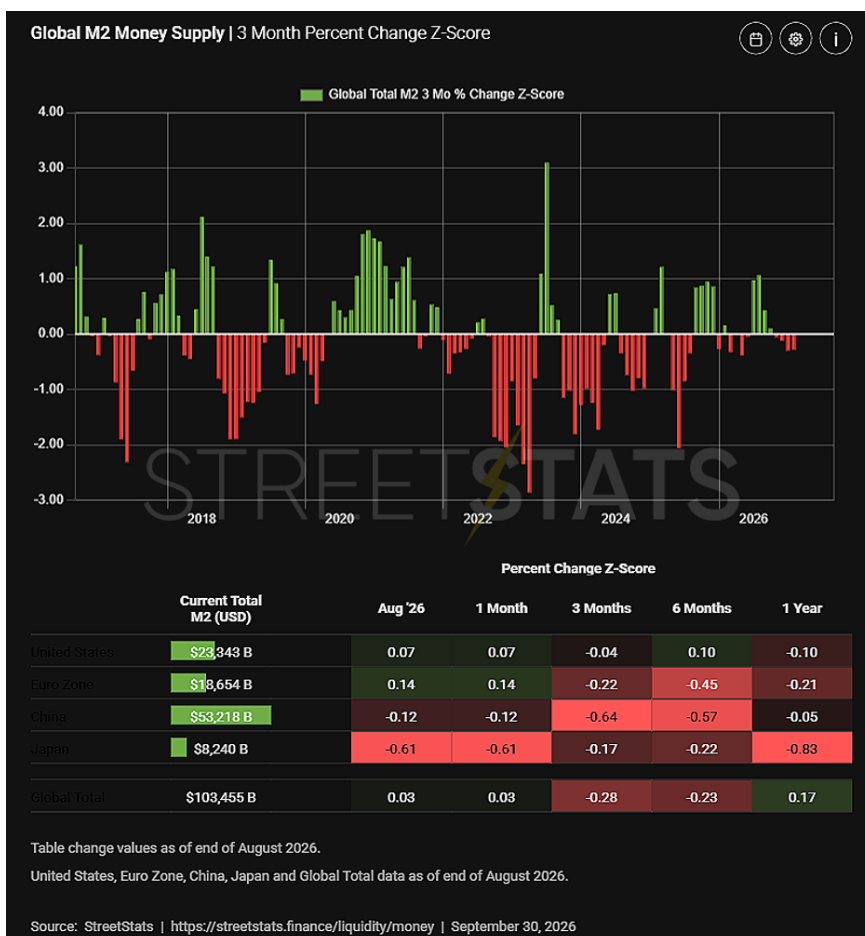
And its rate of change – which has recently turned negative - is the more important signal as it dictates the liquidity momentum.

The global 3-month z-score sits at -0.28 - below its historical average and declining. A negative z-score does not mean M2 is contracting in absolute terms – but rather the pace of monetary expansion is running below what history says is needed to sustain nominal growth at the pace markets are currently pricing.

China is the number that demands attention. At \$53.2 trillion, China accounts for more than half of global M2. Its 3-month z-score is -0.64 - deeply below trend and

highlighted as such. China's monetary deceleration is not a peripheral data point. It is the primary driver of the global reading. A country that represents over 50% of the world's M2 running well below its historical monetary growth rate is a global liquidity story - regardless of what the headline dollar-denominated total suggests.

Six months of negative M2 momentum across three of the four largest monetary systems - with the largest carrying the most negative reading - is the kind of situation that tends to matter with a lag for asset prices.



Quarterly Pulse – Q3

The Consumer Is Increasingly Strained

While the U.S. consumer continues spending – outpacing most estimates – the underlying credit of households continues growing fragile.

The share of credit-card balances 90 or more days delinquent rose from 7.6% in Q3 2022 to 12.8% in Q1 2026. More than 23 million Americans had charged-off credit-card debt still

appearing on their credit reports. Consumer sentiment registered 48.1 in August – well below its long-run norm and a level inconsistent with a consumer who feels optimistic about their financial position.

A positive note, though, is that the rate at which credit-card debt entered severe delinquency remained broadly stable since early 2024. The rising stock of reported delinquent balances partly reflects old debt that charged off years ago and stays visible on credit reports – a mechanical feature of how credit bureaus report rather than evidence that deterioration is accelerating at the pace the headline implies.

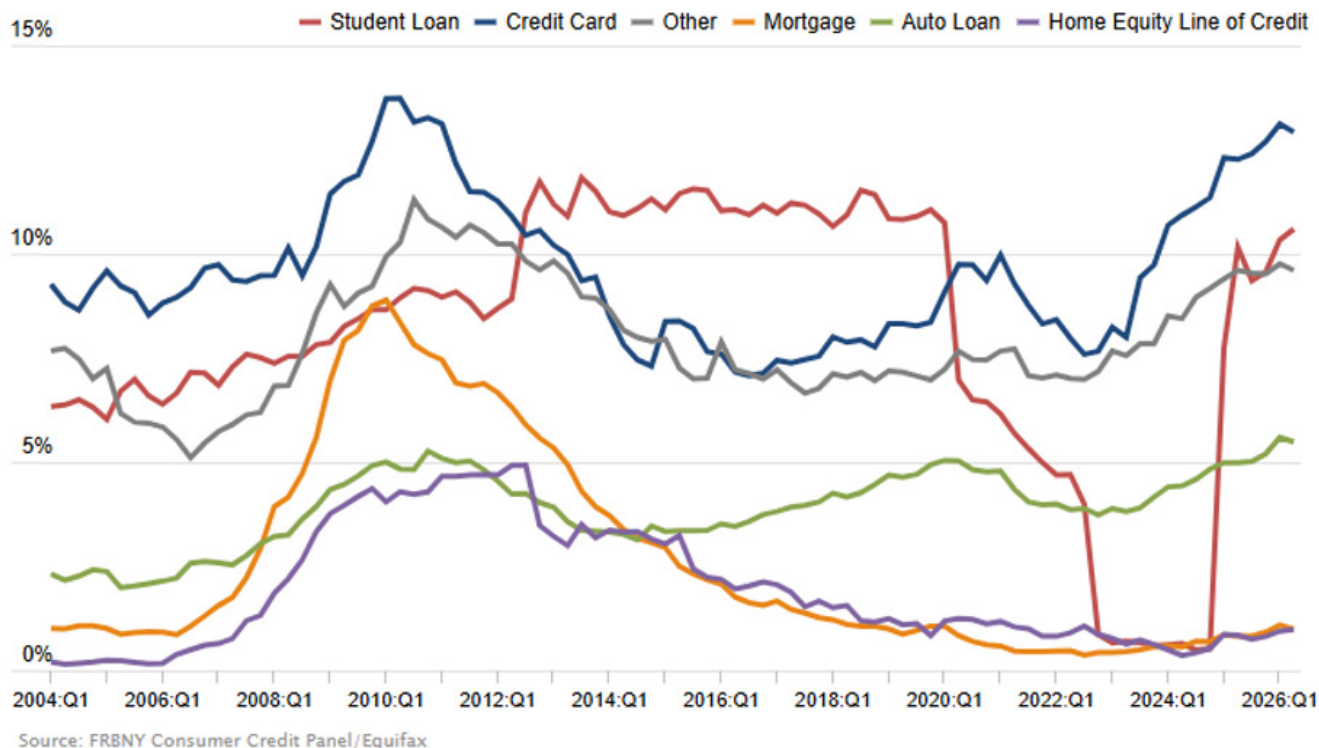
Still, there's ample evidence that the average consumer is not fine.

Revolving credit costs are the highest in decades (over 20% APR) as well as monthly carried balances between **\$5,300 and \$6,768 per person** (or roughly **\$11,153 to \$11,313 per household**), with roughly **45% to 48% of cardholders** carrying a balance month-to-month. The personal saving rate fell to 4.1% in August – its lowest level since 2008, excluding the 2022 decline. Wage growth is positive but not uniform – and the households absorbing the most pressure in fuel, food, and rent are typically the ones with the thinnest credit buffers and the fewest refinancing options.

What the data shows is a chronic problem instead of imminent collapse. The share of Americans under real financial stress has grown – but the pace of fresh deterioration has held rather than accelerated.

Whether the Fed's September hike tips chronic into acute is the question Q4 will begin to answer.

Percent of Balance 90+ Days Delinquent



Quarterly Pulse – Q3

The Dollar Lost Nearly a Quarter of Its Buying Power

Since January 2020, the cost of ordinary life in the United States has risen almost 30%.

CPI-U stood at 257.971 in January 2020. By August 2026, it reached 334.980 - a cumulative increase of 29.9%.

In purchasing power terms - a dollar in August 2026 buys approximately **23% less** than it did six years ago.

Annual inflation rates are useful for tracking the pace of change. But what they cannot capture is what's already happened - the price level that households now face every time they buy groceries, pay rent, fill the tank, or write a check for childcare.

Thus, the monthly inflation rate matters, but the cumulative increase in prices matters more for households.

For example, a 3% annual inflation rate going forward compounds on the roughly 23% loss in purchasing power already experienced since 2020 - meaning prices rise from an already much higher base, further reducing what each dollar can buy.

This is not an abstract statistical exercise. It has consequences that persist regardless of whether the next CPI

print comes in at 3.4% or 2.8%. The price level does not roll back unless there's steep deflation - which would have its own set of problems on corporate profits and asset values.

Thus, the Fed can only try to slow the rate of further increase - but it cannot reverse six years of compounding.

Workers who received 4% wage increases during a 5% inflation period are still falling behind in real terms. Retirees living on fixed income have absorbed the full rise in the cost of living unless their income increased at a comparable pace.

Meanwhile, the burden has also been uneven across income groups.

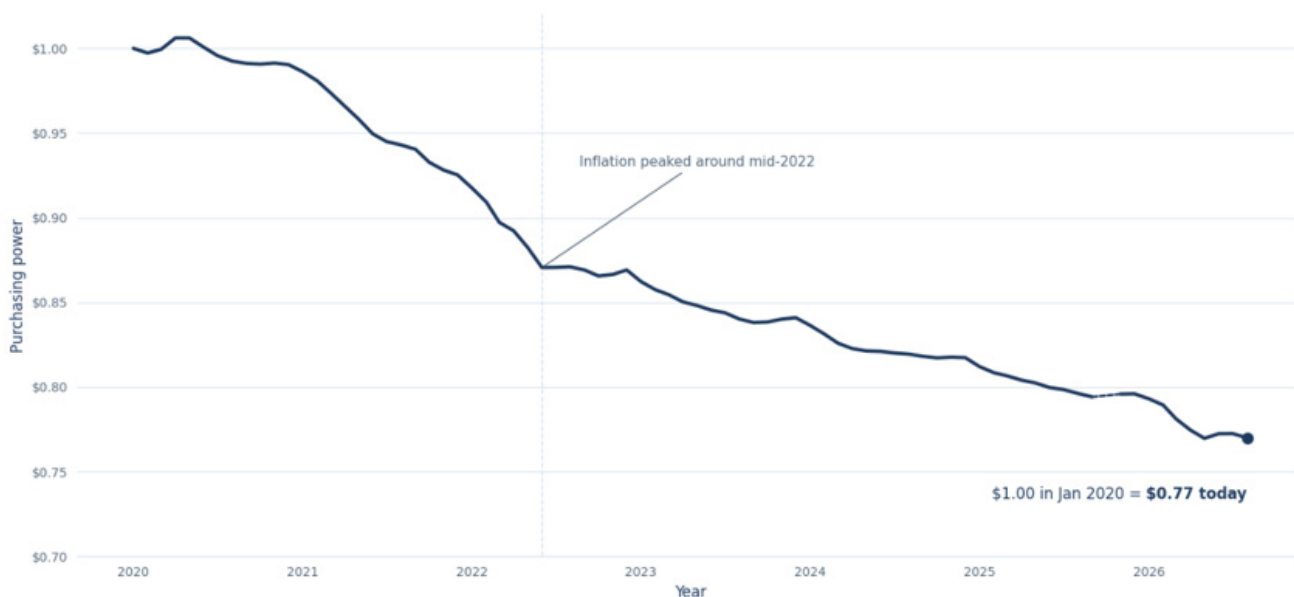
The New York Fed estimated that inflation for low-income households - defined as the bottom 40% of the income distribution - was 0.6% higher than for high-income households in August 2026. Lower-income households spend more of their budgets on necessities, including gasoline, leaving them more exposed when those costs rise.

For investors, household health is critical because it shapes demand durability. A consumer who feels poorer - even with nominal income higher - behaves differently than one who feels financially whole.

Inflation may slow. But the higher price level stays, further causing inequality in the system which has unintended consequences - both economically and politically.

What a 2020 dollar buys today

Purchasing power of the U.S. dollar, Jan 2020 = \$1.00



Dashed segment: no CPI data published for October 2025.

Source: U.S. Bureau of Labor Statistics, CPI-U All Items, via FRED. Not seasonally adjusted.

Quarterly Pulse – Q3

Part 2 — Markets Update

U.S. Equity Markets — Earnings Hold, Liquidity Tightens

U.S. equities posted a positive quarter against a more demanding backdrop.

The S&P 500 returned **2.30%** for Q3 2026. The Nasdaq Composite returned **2.61%** - result that held up despite a Fed rate hike and a 10-year yield that went over 5.28%.

The equity market's resilience is seemingly due to one thing - earnings.

Analysts projected 28.2% year-over-year earnings growth for Q3 2026 as of early September. At that growth rate, even a meaningful move in interest rates can be absorbed.

But the risk entering Q4 is whether that earnings growth materializes - and whether the market's willingness to own equities at current valuations holds if it does not.

The broader tension is structural. Higher yields raise the cost of the buybacks that have supported equity prices for three decades. They raise refinancing costs across the corporate sector for debt issued at near-zero rates in 2020-2021. And they pull capital toward investment-grade bonds that now offer real yields competitive with equities - for the first time in years, without the earnings risk.

The equity market's optimism is not irrational. Earnings growth at the projected level is a powerful counterweight to rising rates. But the margin for disappointment - on earnings delivery, on Fed trajectory, on the geopolitical and energy environment - has narrowed considerably from where it stood at the start of the year.

The market still expects earnings to do the heavy lifting. But higher yields leave less room for disappointment.

For instance, at the end of Q3, the S&P 500's estimated trailing earnings yield was 3.82%, below the 10-year Treasury yield of 5.29%. That put the earnings-yield spread at **-1.47%** - a multidecade low - meaning investors could earn a higher stated yield from a 10-year Treasury than from the S&P 500's trailing earnings.

A negative spread does not predict equity returns. Stocks can still work if earnings growth comes through. But it does raise the bar. At current valuations, the market needs earnings to deliver because Treasuries now offer a higher yield without the same earnings risk.

S&P 500 Earnings-Yield Premium Over 10-Year Treasuries

S&P 500 trailing earnings yield minus the 10-year U.S. Treasury yield



Positive values mean the S&P 500 earnings yield exceeded the 10-year Treasury yield. This comparison is one valuation measure and does not predict future market returns.

Sources: MSCI and Federal Reserve Bank of St. Louis. S&P 500 earnings yield equals trailing 12-month earnings divided by the S&P 500 index level. Treasury yields are 10-year constant-maturity Treasury rates. For January 1 observations yields reflect the most recent prior business day. Yields after June 2026 are estimated using the latest reported 12-month S&P 500 earnings through June 2026.

Quarterly Pulse – Q3

The Dollar — Yield Support Returns

The dollar found its footing in Q3 - and then extended it.

The DXY ended the quarter at 101.45 – indicating a stronger dollar.

The flight to safety amid the U.S.-Iran war and the Federal Reserve's September rate hike reinforced the rush into dollars – reversing the "weak dollar" that took hold between annuary 2025 to 2026.

The Fed's rate increase to 3.75%–4.00% on September 16 widened the gap against economies still holding lower rates and signaled a more persistent higher-for-longer posture to markets that had been pricing cuts as recently as January.

This means that investors holding dollars earn more – and investors borrowing in lower-yielding currencies (like the yen) to fund dollar assets face a persistent and widening carry incentive. Both forces point in the same direction - and neither is easily reversed by a single foreign central bank decision.

The transmission to the rest of the world is complicated. A stronger dollar raises the effective cost of dollar-denominated debt for foreign governments and corporations that issued in dollars when the rate environment was favorable. Commodities that settle in

dollars become relatively more expensive in local currency terms even when the underlying price has not moved. Capital that rotated toward international equities in January - when the dollar was weak and the rebalancing trade was in full momentum - faces a currency headwind on the return trip (as we saw with emerging markets selling off)

The dollar's strength is also a policy export.

When the Fed tightens and the dollar appreciates, foreign central banks must choose between hiking their own rates to defend their currency or absorbing the inflationary pressure of a weaker exchange rate. Several are choosing the former. The September decision was not just domestic policy.

The dollar is once again a tightening mechanism for the rest of the world.

U.S. Dollar Index (DXY)

2026 highlighted from January 1 | Earlier observations shown in gray

101.90 latest | +3.6% since Dec 31, 2025



Source: User-provided U.S. Dollar Index historical-data CSV. Uses the Price column.
2026 change uses Dec 31, 2025 (98.32) as the baseline. No Jan 1 observation in the file.
Latest observation may be intraday. Axis does not start at zero.

Quarterly Pulse – Q3

The Yen — A Rate Hike Did Not Fix the Currency

The Bank of Japan raised its policy rate to 1.25% on September 18 - a 7-2 vote and the highest level in 31 years. The yen traded near 156.64 per dollar after the announcement.

Japan hiked rates to a multi-decade high and the currency barely moved.

The explanation is straightforward. The Fed now sits at 3.75%-4.00%. The spread between U.S. and Japanese policy rates is roughly 250 to 275 basis points even after the BOJ's hike. Investors who borrow in yen and deploy into dollar-denominated assets still capture a

significant spread. One BOJ rate move does not erase the incentive - and the market priced it accordingly.

Japanese currency officials warned against excessive yen weakness, with the yen briefly trading near 156.75 per dollar on September 28 - essentially unchanged from before the rate decision. Japan had spent approximately ¥27.13 trillion supporting the yen through September 28, including ¥11.73 trillion in April-May and ¥15.40 trillion in July-August.

The results were temporary, as they have been across every intervention cycle in this era.

The structural problem has not changed. Japan's real interest rate - nominal rate adjusted for inflation - remains negative. The carry trade remains profitable. And as long as the Fed holds at current levels while the BOJ moves in increments constrained by decades of debt accumulation and fragile domestic demand, the yen is unlikely to recover durable ground.

Japan's export sector continues to benefit from the currency translation effect - with manufacturing and automotive exporters capturing meaningful margin gains on overseas revenue converted back into yen. Japanese households pay the other side of that trade in higher import costs for fuel and food. The distributional consequence is the same as it has been all year: corporate balance sheets gain while household purchasing power erodes.

Japan raised rates. The carry trade still had room to run.

The yen after U.S. Treasury signals

USD/JPY | Lower values mean a stronger yen against the dollar

USD/JPY -0.4% since Jan 22, 2026

USD/JPY -1.1% since Jul 30, 2026



Shading marks the periods after each signal, not the effect caused by either event.

Changes use prior-day reported values: Jan 22 (158.41) and Jul 30 (159.54).

Source: User-provided USD/JPY CSV (Price column). Event descriptions: Reuters.

Signals do not establish executed U.S. currency purchases. Latest value may be intraday. Y-axis does not start at zero.

Quarterly Pulse – Q3

International Markets — Opportunity With Fault Lines

The MSCI ACWI Ex US returned **0.48%** for Q3 2026. The quarter's international story was not uniform - and reading the aggregate return as a single trade misses what is happening beneath it.

South Korea's KOSPI delivered the quarter's sharpest reminder of what concentration risk looks like when the trade reverses. The index - which had climbed roughly 50% through mid-2026 on the strength of the AI and semiconductor cycle— fell nearly 11% over two consecutive sessions in late July, wiping approximately \$2.18 trillion from the market and pushing the monthly decline to roughly -22%. Circuit breakers triggered repeatedly, leveraged retail positions unwound, and by September the index had declined for three consecutive months — the world's best-performing major market becoming one of Asia's worst in the span of a quarter.

Japan presented the clearest case of currency stress. The BOJ's hike to 1.25% was a genuine policy shift — but the yen remained near 157 per dollar after the decision, as the yield gap with the United States left the carry trade structurally intact. Export-oriented sectors continued to benefit from currency translation while domestic households absorbed the cost in higher import prices. The tension is there - and the resolution is not imminent.

China remained a structural concern. Domestic demand has not recovered. The property sector has not stabilized. Exports continue to carry the growth headline — the same dynamic documented in Q2, where surplus production moves abroad at prices that suppress global goods inflation while simultaneously undercutting industrial producers in Europe and Southeast Asia. Producer deflation pressure in China continues, with the brief relief from the Q2 energy spike fading.

Mexico carried trade-policy exposure into Q3. U.S. tariff and trade-framework uncertainty continued to weigh on industrial activity and foreign direct investment across the manufacturing sector, which had attracted significant near-shoring capital in prior years

The dollar's strength added a uniform headwind across all four. Dollar-denominated debt costs more to service. Local currencies weaken. Capital positioned for a rate-cut cycle that did not arrive is now repricing expectations in the other direction.

Foreign markets offer more than one trade as each country carries its own pressure point.

The yen after U.S. Treasury signals

USD/JPY | Lower values mean a stronger yen against the dollar

USD/JPY -0.4% since Jan 22, 2026

USD/JPY -1.1% since Jul 30, 2026



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Quarterly Pulse – Q3

Fixed Income — Duration Finally Has a Cost Again

The 10-year Treasury yield ended the quarter near **5.28%**, with the Bloomberg U.S. Aggregate Bond Index returning approximately **-3.51** through September 30th.

For most of the post-2008 era, owning duration was effectively free. Rates were low, central banks were buyers, and the opportunity cost of sitting in long bonds was minimal. Q3 confirmed that era has not resumed.

The 10-year reached almost 5.3% at the end of Q3, a level last seen before the financial crisis. Much of this sell off was due to inflation and bond supply.

The Treasury's Q3 borrowing estimate of \$739 billion came in \$68 billion above its own May forecast. Foreign central banks that once recycled trade surpluses into Treasuries have reduced participation. The Fed is not a buyer. Investors who remain in the market are demanding more compensation for time - and they are getting it.

Investors who extended duration in early 2026 - when the 10-year was near 4.45% and the market was pricing rate cuts - faced meaningful mark-to-market losses in Q3 as yields moved roughly 70 basis points higher from the quarter's start. That is the price of being wrong on duration in a supply-driven rate environment.

The rollover dynamic compounds the pressure. Every Treasury bill that matures has to be refinanced at the current rate. With fiscal deficits set to widen and the refinancing calendar unrelenting, the supply pressure on the long end is not a quarterly event. It is structural — and unlikely to resolve within the quarter or the one that follows.

Bonds can still provide income. The price of duration has risen.

\$9.36 trillion in U.S. Treasuries maturing by March 31, 2027

Outstanding as of March 31, 2026 | Privately held marketable Treasury debt

Each bar shows debt due within one year of its observation date.



Earlier bars: fiscal-year-end snapshots. Final bar: March 2026 month-end. Nominal dollars in trillions.

Source: U.S. Treasury, Treasury Bulletin, Table FD-5. User-provided figures. Author calculations.

Dates below the bars are maturity cutoffs, not single repayment dates. Maturity windows overlap.

Quarterly Pulse – Q3

Part 3 — Dunham Core Strategy Change

After evaluating the global economic backdrop and the fast-moving market dynamics of Q3 2026, the Dunham Investment Committee turned its prior defensive positioning into a source of buying power.

The Q2 Pulse documented the decision to add Dynamic Macro as a flexible counterweight in a market defined by competing risks. That position held up as equities faced rate and inflation headwinds through Q3, and the committee redeployed a portion of the allocation to Dynamic Macro – drawing on the ‘dry powder’ to buy equity areas where rate-driven pressure had created more attractive entries than were not as prevalent a quarter ago. In fixed income, the committee moved toward more targeted income, favoring floating-rate exposure over duration and reallocating toward international bonds where a distinct opportunity emerged outside the domestic rate environment.

The rebalancing thread in Q3 runs center around evaluating opportunities with risk as a key context: a prior defensive allocation becoming the capital that acts when markets hand the opportunity.

Dunham Core Equity Strategy Adjustments

To capitalize on emerging opportunities while diversifying downside risk exposures, the Investment Committee implemented the following adjustments.

Decrease:

- **Dunham Dynamic Macro Fund (DNAVX)**
The committee added to Dynamic Macro at the end of Q2 to give the portfolio flexibility through rate and market uncertainty. That position performed its role – holding up through Q3’s turbulence. With clearer equity entry points now visible, the committee meaningfully reduced Dynamic Macro to fund those positions. This is the intended function of a lower-correlated allocation – it may perform as a defensive hold that can be a source of buying power when the market creates the conditions the investment committee looks to take advantage of.

Increases:

- **Dunham Small Cap Growth Fund (DNDGX)**
Higher rates and elevated inflation may put particular pressure on smaller growth companies, where future earnings expectations are discounted at a greater rate, and access to capital is more constrained. The committee used that pressure on current small cap valuations as an entry point – attempting to take advantage of some of the depressed valuations that the rate anxiety created.
- **Dunham Real Estate Stock Fund (DNREX)**
Rising long-term yields weighed on real estate broadly, compressing valuations across sub-sectors regardless of the underlying demand picture. The committee added where it judged that pressure had created a more attractive entry than the prior quarter offered. The committee is not calling a top in rates – it is buying structural demand at a price the rate environment made available.
- **Dunham Emerging Markets Stock Fund (DNEMX)**
The committee trimmed emerging market exposure at the end of Q2 after an exceptional run in the asset class and foreign markets as a whole, primarily led by South Korea and Taiwan. Rate-hike anxiety and a firmer US dollar amid geopolitical turbulence and inflation then gave it a chance to rebuild at a price it found more attractive. This is a disciplined return to a prior holding – as the move at the end of Q2 was not a reversal of the committee’s view of emerging markets long-term.

Quarterly Pulse — Q3

Dunham Core Fixed Income Strategy Adjustments

To capitalize on emerging opportunities while diversifying downside risk exposures, the Investment Committee implemented the following adjustments.

Decrease:

- **Dunham Long-Short Credit Fund (DNAIX)**
Long-Short Credit provided flexibility as the committee assessed where fixed-income opportunities had widened. With clearer targets now visible in specific bond categories, the committee reduced this position to fund more targeted allocations. The move deploys the prior quarter's optionality rather than holding the portfolio in a waiting posture.

Increases:

- **Dunham Floating Rate Bond Fund (DNFRX)**
The Fed's September hike and the move in long yields make fixed-rate bonds more exposed to further rate increases. The committee added to Floating Rate Bond to seek income with less direct rate sensitivity - a direct response to the higher-for-longer rate environment the September hike confirmed. The tradeoff is credit risk: loans and CLOs in the fund carry exposure to weaker borrowers if economic conditions deteriorate, and the committee holds that risk knowingly.
- **Dunham International Opportunity Bond Fund (DNIOX)**
Rate paths and return opportunities differ across countries when supply pressures, demand conditions, and central bank responses diverge. The committee added to International Opportunity Bond to pursue income and price opportunities beyond the U.S. market - a deliberate move away from reliance on a single domestic rate outcome. Foreign rates, credit conditions, and currencies remain part of the trade.

Parting Comments

As Q4 begins, the Investment Committee remains focused on what it has always focused on - positioning for a range of outcomes rather than betting on a single scenario.

Q3 delivered a cleaner test than Q2. Rates rose, duration was punished, and equities held (narrowly, and with earnings expectations that leave little margin for error). The gap between what the market needs earnings to deliver and what a 5% 10-year yield now demands in compensation may not be a comfortable one.

With that backdrop, the committee's response was to lean more active. It converted some of the Q2 cushion into equity buying power, favored floating-rate income over duration, and moved toward international bonds at a moment when the domestic rate picture is more uncertain than it has been in years. Every move reflects the same underlying view - rate pressure that is indiscriminate at the margin creates the conditions the process was designed to act on.

Put simply, Q3 gave us higher yields, a Fed that moved again, and equity markets that held on the strength of earnings expectations. Q4 will tell us whether those expectations were right.

Quarterly Pulse – Q3

Part 4 — DunhamDC Activity: Buy Fear, Sell

Q3 2026 was a quarter where volatility returned with purpose. The KOSPI collapsed ~30% in a single month. The 10-year yield touched levels not seen since before the financial crisis. And markets that had sprinted through the first half of the year started moving sideways — digesting a Fed hike, a diesel shortage, and an earnings season that kept beating numbers while sentiment kept deteriorating.

Against that backdrop, DunhamDC US acted twice. And DunhamDC Global held its ground.

DunhamDC US triggered a **SELL** signal on August 11, 2026, as a short-term surge in equity sentiment — driven by greed — pushed the greed threshold past the algorithm's calibrated level. The signal was not a macro forecast. It was the system recognizing that the risk-reward had shifted and acting on it, without hesitation and without emotion.

When sentiment repriced and fear returned, **DunhamDC US** triggered a **BUY** signal on September 16, 2027 — buying back into a market that had handed the opportunity back. Sell greed. Buy fear. That is the complete loop — and Q3 delivered both sides of it within a single quarter.

DunhamDC Global registered no activity. The strategy remains at its minimum equities threshold — the lowest equity position in its history. The next directional move, when triggered, will be a **BUY**.

Positioned for What Comes Next

Benjamin Graham described Mr. Market as a business partner who shows up every day with a new price — sometimes euphoric, sometimes despondent, always driven by sentiment rather than fundamentals. The investor's edge, Graham argued, is not in predicting Mr. Market's mood. It is in having the discipline to take advantage of it when his price is wrong. Warren Buffett built a career on that discipline. DunhamDC is built on the same logic — systematic, unemotional, and indifferent to narrative.

The setup entering Q4 deserves attention. The Nasdaq has been broadly flat since May — roughly five months of range-bound trading following one of the sharpest rallies in recent history. Flat markets are not neutral markets. They are markets where leverage accumulates, expectations compress, and the next catalyst — in either direction — tends to produce an outsized move. A Fed that has hiked already once in 2026, a 10-year yield at 5.28%, a consumer running below trend, and global M2 decelerating across three of the four largest monetary systems are not the conditions that resolve quietly.

Mr. Market will return with a new price. He always does. DunhamDC will be ready when he does.

Quarterly Pulse – Q3

Allocation Rebalancing

		Dunham Investment Committee Allocations		Changes With Rebalancing	
Dunham Fund (N-Shares)	Ticker	Decreased	Increased	Percentage Change From Q2 2026	New Weighting For Q3 2026
Core Equity					
Large Cap Value Fund	DNLVX	●	●	-0.5%	17.0%
Real Estate Stock Fund	DNREX	●	●	1.1%	8.0%
International Stock Fund	DNINX	●	●	0.1%	13.0%
Small Cap Value Fund	DNSVX	●	●	-0.1%	7.0%
Focused Large Cap Growth Fund	DNFGX	●	●	-0.9%	17.0%
Small Cap Growth Fund	DNDGX	●	●	1.4%	6.0%
Emerging Markets Stock Fund	DNEMX	●	●	2.0%	12.0%
Dynamic Macro Fund	DNAVX	●	●	-3.0%	9.0%
U.S. Enhanced Market Fund	DNSPX	●	●	-0.1%	11.0%
Core US Equity					
Large Cap Value Fund	DNLVX	●	●	-0.8%	29.3%
Small Cap Value Fund	DNSVX	●	●	-0.1%	12.1%
Focused Large Cap Growth Fund	DNFGX	●	●	-1.4%	29.3%
Small Cap Growth Fund	DNDGX	●	●	2.5%	10.3%
U.S. Enhanced Market Fund	DNSPX	●	●	-0.2%	19.0%
Core Foreign					
International Stock Fund	DNINX	●	●	-4.4%	52.0%
Emerging Markets Stock Fund	DNEMX	●	●	4.4%	48.0%
Core Alternative					

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Allocation Rebalancing

Dunham Fund (N-Shares)	Ticker	Dunham Investment Committee Allocations		Changes With Rebalancing	
		Decreased	Increased	Percentage Change From Q2 2026	New Weighting For Q3 2026
Dynamic Macro Fund	DNAVX	●	●	-6.0%	24.2%
Long/Short Credit Fund	DNAIX	●	●	-0.5%	12.8%
Monthly Distribution Fund	DNMDX	●	●	0.8%	12.1%
Real Estate Stock Fund	DNREX	●	●	4.1%	21.5%
U.S. Enhanced Market Fund	DNSPX	●	●	1.6%	29.5%
Core Fixed Income					
International Opportunity Bond Fund	DNIOX	●	●	1.1%	9.0%
Floating Rate Bond Fund	DNFRX	●	●	0.8%	15.0%
Corporate/Government Bond Fund	DNCGX	●	●	0.3%	22.0%
High-Yield Bond Fund	DNHYX	●	●	0.0%	17.0%
Monthly Distribution Fund	DNMDX	●	●	-0.1%	18.0%
Long/Short Credit Fund	DNAIX	●	●	-2.2%	19.0%
Core Fixed Light					
Monthly Distribution Fund	DNMDX	●	●	0.0%	25.0%
Long/Short Credit Fund	DNAIX	●	●	-0.2%	25.0%
Corporate/Government Bond Fund	DNCGX	●	●	0.5%	30.0%
Floating Rate Bond Fund	DNFRX	●	●	-0.3%	20.0%

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IMPORTANT DISCLOSURES

The views set forth in The Quarterly Pulse are current as of September 30, 2026, are subject to change based on market conditions and other factors and should not be construed as investment advice.

This communication contains general market information only, should not be considered as a comprehensive statement on any matter and should not be relied upon as such. Nor should it be relied upon in any way as a forecast or guarantee of future events regarding a particular investment or the markets in general. This video is for informational purposes only and does not constitute a solicitation or an offer to sell securities or advisory services nor is it an offer to purchase an interest in any Dunham Fund or Program. Sources of data are all public and may include but are not limited to Reuters, Bloomberg, Standard and Poor's, U.S. Bureau of Labor Statistics, Federal Open Market Committee, Yahoo Finance and NASDAQ.

Investing in a mutual fund involves risks, including the possible loss of principal. Investors should consider the investment objectives, risk factors, charges, and expenses of the Dunham Funds carefully before investing. This and other important information is contained in the Fund's summary prospectus and/or prospectus, which may be obtained by calling (800) 442-4358. Please read prospectus materials carefully before investing or sending money. Investing involves risk, including possible loss of principal.

The Dunham Asset Allocation program is a turnkey wrap fee program comprised of the Dunham Funds. A wrap fee program is defined as a program offered by an investment adviser that wraps several services together for a fee based on the size of the client's account, asset allocation, which is driven by complex mathematical models, should not be confused with the much simpler concept of diversification, asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns. Rebalancing may be a taxable event. Before taking any specific action, be sure to consult with your tax professional. The Dunham Asset Allocation program currently utilizes the Dunham Fund N Class Shares, each representing a different asset class, and only available to clients of fee-based advisory programs. The seven strategic allocations represent varying % allocations to the asset classes, with rebalancing to a quarter 's target allocations occurring on the first business day of each quarter, the reinvestment of dividends on the date of the payment is also assumed.

Past performance is not indicative of future results.

The information in this video is provided for informational purposes only by Dunham & Associates Investment Counsel, Inc. solely in its capacity as a Registered Investment Adviser and should not be construed as legal and/or tax advice.

Dunham Asset Allocation Program: The Adviser is the sponsor of the Dunham Asset Allocation Program ("Program"), an advisory wrap program using the Dunham Funds, N share class.

As the program sponsor, Dunham charges the Investor a Program Fee covering limited discretionary investment management, brokerage and custodial services related to Dunham Funds, shareholder servicing and distribution, and client communications. Dunham will be paid a Program Fee option of 0.25% for the Asset Based Advisory Fee or 1/2 of the Performance Based Advisory Fee option. Investor understands that the Performance Based Fee may create an incentive for the financial advisor or Registered Investment Adviser ("RIA") and Dunham to increase the level of risk that the account may incur. The Investor further understands that the Performance Based Advisory and Program Fees may result in higher fees than an Asset-Based Advisory Fee and the RIA and Dunham, may receive increased compensation with the Performance-Based Advisory Fee.

The Program may be used by financial advisors to diversify client portfolios among the various asset classes represented by the Funds. The Adviser takes a portion of the revenues it receives from the Program and may reimburse certain non-affiliated financial advisors for their marketing and business development efforts. For the Performance Advisory Fee Option, reimbursements are from 0 to 25 basis points a year, depending on the dollar amount of client assets in the program. The Adviser also sponsors due diligence trips and conferences designed to enhance the financial advisor's understanding of the offerings. Certain costs associated with attendance at these meetings may be paid by the Adviser.

The Adviser also supports industry conferences and sponsors educational events attended by clients of the financial advisors as well as the financial advisors themselves.

The Investor pays no additional fees to Dunham or to the non-affiliated financial advisor or their RIA. However, these payments may create a potential conflict of interest by influencing a non-affiliated financial advisor to invest in the Custom Asset Allocation Program. The Advisory fees and potential conflicts of interest are described in greater detail in Part 2 of Dunham's Form ADV or WRAP Fee Brochure.

Dunham offers sub-advised mutual funds in the Custom Asset Allocation Program in which Sub-Advisers' compensation is tied to their success versus an established benchmark. The Sub-Adviser receives a fulcrum fee, which will vary based on the Sub-Adviser's performance against the benchmark. The Sub-Adviser is rewarded when performance exceeds the benchmark and penalized when performance is short of the benchmark. Some Sub-Advisers may get paid a minimum fee even if they don't meet the benchmark. The Adviser is paid a separate fee.

The Dunham Monthly Distribution Fund, an investment in the Core Fixed Income and Core Fixed Light Strategy, utilizes

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an absolute return style to achieve its investment objective and may invest a significant portion of its assets in equity securities. However, its volatility (risk) has historically exhibited a low correlation to both the broad equity and the broad fixed income markets.

The Dunham Core Fixed Light Custom Core Allocation strategy has a limited track record, with an inception date of 1/1/2021. It was added as a Custom Core Allocation strategy on 9/30/2022, which means that prior to that date, accounts allocated in this strategy did not benefit from the firm's continuous monitoring and quarterly adjustments to reflect market conditions, performance, and other factors.

Core Fixed Income Strategy

The Dunham Core Fixed Income Strategy is constructed using Dunham funds that primarily invest in fixed income securities and fixed income alternatives. Investors in this Strategy generally prioritize capital preservation over maximizing total returns.

Core Fixed Light Strategy

The Dunham Core Fixed Light Strategy is constructed using Dunham funds that primarily invest in fixed income securities and fixed income alternatives.

Investors in this Strategy generally prioritize capital preservation over maximizing total returns by investing in asset classes that generally exhibit less volatility and less return than the typical core fixed income strategy.

Core Equity Strategy

The Core Equity Strategy is constructed using Dunham funds that primarily invest in equity securities and equity alternatives. Investors in these strategies generally prioritize maximizing total returns.

Core U.S. Equity Allocation

The Core U.S. Equity Allocation Strategy is constructed using Dunham funds that primarily invest in domestic equity securities. Investors in these strategies generally prioritize maximizing total returns Core Foreign Equity Allocation.

Core Foreign Equity Allocation

The Core Foreign Equity Allocation Strategy is constructed using Dunham funds that primarily invest in foreign equity securities. Investors in these strategies generally prioritize maximizing total returns.

Core Alternatives Allocation

The Core Alternatives Allocation Strategy is constructed using Dunham funds that primarily invest in alternative strategies. Investors in the Core Alternatives Allocation Strategy generally seek a balance of alternative strategies that have a goal of exhibiting a low to moderate correlation to both equity and fixed income markets across market cycles.

Expense ratios are gross of any fee waivers and reflect those in Dunham's most recent Prospectus.

RISK CONSIDERATIONS: An Investment in the strategies and the Dunham Funds involves risks, including the risks listed below:

Active Management Risk – The Fund is subject to management risk because it is an actively managed investment portfolio. The Sub-Adviser will apply its investment techniques and risk analyses in making investment decisions for the Fund, but there is no guarantee that its decisions will produce the intended result. The successful use of hedging and risk management techniques may be adversely affected by imperfect correlation between movements in the price of the hedging vehicles and the securities being hedged.

Asset Allocation Risk – In allocating the Fund's assets, the Sub-Adviser may favor markets or asset classes that perform poorly relative to other markets and asset classes. The Sub-Adviser's investment analysis, its selection of investments, and its assessment of the risk/return potential of asset classes and markets may not produce the intended results and/or can lead to an investment focus that results in the Fund underperforming other funds with similar investment strategies and/or underperforming the markets in which the Fund invests.

Call or Redemption Risk – If interest rates decline, issuers of debt securities may exercise redemption or call provisions. This may force the Fund to reinvest redemption or call proceeds in securities with lower yields, which may reduce Fund performance.

Changing Fixed Income Market Conditions Risk – During periods of sustained rising rates, fixed income risks will be amplified. If the U.S. Federal Reserve's Federal Open Market Committee ("FOMC") raises the federal funds interest rate target, interest rates across the U.S. financial system may rise. Rising rates tend to decrease liquidity, increase trading costs, and increase volatility, all of which make portfolio management more difficult and costly to the Fund and its shareholders.

China Risk – The Fund's investments in companies or issuers economically tied to China are subject to the country/regional, emerging markets, currency, cybersecurity, and geopolitical risks, in addition to unique risks. They are associated with considerable degrees of social and humanitarian, legal, regulatory, political, and economic uncertainty which could have negative impacts on the Fund. They may be (or become in the future) restricted or sanctioned by the U.S. government or another government.

China Related Variable Interest Entity Risk – The Fund could seek to gain economic exposure to certain operating companies in China through legal structures known as variable interest entities ("VIEs"). In a VIE structure, a series of contractual arrangements are entered into between a holding company domiciled outside of China and a Chinese operating company or companies. VIE structures and these contractual arrangements are not equivalent to equity ownership in the operating

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company, which presents additional risks. The market value and liquidity of the associated investments could fall, causing substantial or total investment losses for investors with no recourse available.

CLO Risk – Negative economic trends nationally as well as in specific geographic areas of the United States could result in an increase in loan defaults and delinquencies. There is a material possibility that economic activity will be volatile or will slow significantly, and the CLO performance will likely be significantly and negatively impacted by such conditions. Such effects may include an inability for Obligor to obtain refinancing of their debt obligations. A decreased ability of Obligor to obtain refinancing may cause a deterioration in loan performance generally and for CLOs. It is not possible to determine whether or when such trends will improve or worsen in the future. CLOs may include underlying securities, which are investments in foreign countries. These factors could detract from CLO's performance.

Commodity Risk – Investing in the commodities markets may subject the Fund to greater volatility than investments in traditional securities. Commodity prices may be influenced by unfavorable weather, animal and plant disease, geological and environmental factors as well as changes in government regulation such as tariffs, embargoes or burdensome production rules and restrictions.

Corporate Loans Risk — Derivatives or other similar instruments (referred to collectively as “derivatives”), such as futures, forwards, options, swaps, structured securities and other instruments, are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Derivatives may involve costs and risks that are different from, or possibly greater than, the costs and risks associated with investing directly in securities and other traditional investments. Derivatives prices can be volatile, may correlate imperfectly with price of the applicable underlying asset, reference rate or index and may move in unexpected ways, especially in unusual market conditions, such as markets with high volatility or large market declines. Some derivatives are particularly sensitive to changes in interest rates. Other risks include liquidity risk which refers to the potential inability to terminate or sell derivative positions and for derivatives to create margin delivery or settlement payment obligations for the Fund. Further, losses could result if the counterparty to a transaction does not perform as promised. Derivatives that involve a small initial investment relative to the risk assumed may be considered to be “leveraged,” which can magnify or otherwise increase investment losses. In addition, the use of derivatives for nonhedging purposes (that is, to seek to increase total return) is considered a speculative practice and may present an even greater risk of loss than when used for hedging purposes. Derivatives are also subject to operational and legal risks.

Credit Risk – Issuers of debt securities may suffer from a reduced ability to repay their interest and principal obligations.

They may even default on interest and/or principal payments due to the Fund. An increase in credit risk or a default will cause the value of Fund debt securities to decline. Issuers with lower credit quality are more susceptible to economic or industry downturns and are more likely to default.

Currency Risk - Adverse changes in currency exchange rates (relative to the U.S. dollar) may erode or reverse any potential gains from the Fund's investments denominated in a foreign currency or may widen existing losses. Exchange rate movements are volatile, and it may not be possible to effectively hedge the currency risks of many countries.

Derivatives Risk - Derivatives or other similar instruments (referred to collectively as “derivatives”), such as futures, forwards, options, swaps, structured securities and other instruments, are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. Derivatives may involve costs and risks that are different from, or possibly greater than, the costs and risks associated with investing directly in securities and other traditional investments. Derivatives prices can be volatile, may correlate imperfectly with price of the applicable underlying asset, reference rate or index and may move in unexpected ways, especially in unusual market conditions, such as markets with high volatility or large market declines. Some derivatives are particularly sensitive to changes in interest rates. Other risks include liquidity risk which refers to the potential inability to terminate or sell derivative positions and for derivatives to create margin delivery or settlement payment obligations for the Fund. Further, losses could result if the counterparty to a transaction does not perform as promised. Derivatives that involve a small initial investment relative to the risk assumed may be considered to be “leveraged,” which can magnify or otherwise increase investment losses. In addition, the use of derivatives for nonhedging purposes (that is, to seek to increase total return) is considered a speculative practice and may present an even greater risk of loss than when used for hedging purposes. Derivatives are also subject to operational and legal risks.

Distribution Policy Risk – The Fund's distribution policy is not designed to generate, and is not expected to result in, distributions that equal a fixed percentage of the Fund's current net asset value per share. Shareholders receiving periodic payments from the Fund may be under the impression that they are receiving net profits. However, all or a portion of a distribution may consist of a return of capital (i.e., from your original investment). Shareholders should not assume that the source of a distribution from the Fund is net profit. Shareholders should note that return of capital will reduce the tax basis of their shares and potentially increase the taxable gain, if any, upon disposition of their shares.

ETF Risk – ETFs are subject to investment advisory and other expenses, which will be indirectly paid by the Fund. As a result, the cost of investing in the Fund will be higher than the cost of investing directly in ETFs and may be higher

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than other mutual funds that invest exclusively in common stocks. The ETFs in which the Fund invests will not be able to replicate exactly the performance of the indices they track and the market value of ETF shares may differ from their net asset value.

ETFs are subject to specific risks, depending on the nature of the fund. For instance, investing in inverse ETFs is similar to holding various short positions, or using a combination of advanced investment strategies to profit from falling prices. When the value of ETFs held by the Fund declines, the value of your investment in the Fund declines.

ETN Risk – ETNs are securities that combine aspects of a bond and an ETF. ETN returns are based upon the performance of a market index or other reference asset less fees, and can be held to maturity as a debt security. ETNs are traded on a securities exchange. Their value is based on their reference index or strategy and the credit quality of the issuer. Because ETNs are debt instruments of the issuer of the ETN, they are subject to the credit risk of the issuer. ETNs are also subject to the risk that they may trade at a premium or discount to value attributable to their reference index. When the Fund invests in an ETN, shareholders of the Fund bear their proportionate share of the ETN's fees and expenses, as well as their share of the Fund's fees and expenses. There may also not be an active trading market available for some ETNs. Additionally, trading of ETNs may be halted and ETNs may be delisted by the listing exchange.

Emerging Markets Risk – Emerging market countries may have relatively unstable governments, weaker economies, and less-developed legal systems which do not protect securities holders. Emerging market economies may be based on only a few industries and security issuers may be more susceptible to economic weakness and more likely to default. Emerging market securities also tend to be less liquid.

Event Risk – Event risk is the risk that corporate issuers may undergo restructurings, such as mergers, leveraged buyouts, takeovers, or similar events financed by increased debt. As a result of the added debt, the credit quality and market value of a company's bonds and/or other debt securities may decline significantly.

Financial Services Sector Risk – The profitability of many types of financial services companies may be adversely affected in certain market cycles. For example, periods of rising interest rates may restrict availability and increase the cost of capital for these companies. Moreover, when interest rates rise, the value of securities issued by many types of financial services companies generally falls. Declining economic conditions may cause credit losses due to financial difficulties of borrowers. In addition, financial services companies often are regulated by governmental entities, which can increase costs for new services or products and make it difficult to pass increased costs on to consumers. In certain areas, deregulation of financial services companies has resulted in increased competition and reduced profitability.

Floating Interest Rates Risk – Certain of the Fund's investments, payment obligations and financing terms may be based on floating interest rates, such as the Euro Interbank Offer Rate ("EURIBOR"), the Sterling Overnight Interbank Average Rate ("SONIA"), the Secured Overnight Financing Rate ("SOFR") and other similar types of reference rates ("Reference Rates"). The elimination of a Reference Rate or any other changes or reforms to the determination or supervision of Reference Rates could have an adverse impact on the market for, or value of, any securities or payments linked to those Reference Rates. Any substitute Reference Rate and any pricing adjustments imposed by a regulator or by counterparties or otherwise may adversely affect the Fund's performance and/or net asset value.

Foreign Investing Risk – Investments in foreign countries are subject to currency risk and country-specific risks such as political, diplomatic, regional conflicts, terrorism, war, social and economic instability, and policies that have the effect of decreasing the value of foreign securities. Foreign countries may be subject to different trading settlement practices, less government supervision, less publicly available information, limited trading markets and greater volatility than U.S. investments.

Forward Contract Risk – Forward contracts involve a number of the same characteristics and risks as futures contracts but there also are several differences. Forward contracts are not market traded, and are not necessarily marked to market on a daily basis. They settle only at the pre-determined settlement date. This can result in deviations between forward prices and futures prices, especially in circumstances where interest rates and futures prices are positively correlated. Second, in the absence of exchange trading and involvement of clearing houses, there are no standardized terms for forward contracts. Accordingly, the parties are free to establish such settlement times and underlying amounts of a security or currency as desirable, which may vary from the standardized provisions available through any futures contract. Finally, forward contracts, as two party obligations for which there is no secondary market, involve counterparty credit risk not present with futures.

IBOR Risk – The risk that the elimination of the London Interbank Offered Rate ("LIBOR") or similar interbank offered rates ("IBORs"), such as the Euro Overnight Index Average ("EONIA"), or any other changes or reforms to the determination or supervision of such rates, could have an adverse impact on the market for, or value of, any securities or payments linked to those rates. While some instruments may contemplate a scenario where LIBOR or a similar rate is no longer available by providing for an alternative rate setting methodology, not all instruments have such fallback provisions. Moreover, the effectiveness of replacement rates is uncertain.

Information Technology Sector Risk – Investments in

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technology companies exposed to special risks, such as rapid advances in technology that might cause existing products to become obsolete. Companies in a number of technology industries are also subject to more government regulations and approval processes than many other industries. This fact may affect a company's overall profitability and cause its stock price to be more volatile. Additionally, technology companies are dependent upon consumer and business acceptance as new technologies evolve.

Interest Rate Risk – In general, the price of a debt security falls when interest rates rise. Debt securities have varying levels of sensitivity to changes in interest rates. Securities with longer maturities may be more sensitive to interest rate changes.

IPO Risk – The Fund invests in IPOs at the time of the initial offering and in post-IPO trading. The stocks of such companies are unseasoned equities lacking a trading history, a track record of reporting to investors and widely available research coverage. IPOs are thus often subject to extreme price volatility and speculative trading. These stocks may have above-average price appreciation in connection with the initial public offering prior to inclusion in the Fund. The price of stocks included in the Fund may not continue to appreciate. In addition, IPOs share similar illiquidity risks of private equity and venture capital. The free float shares held by the public in an IPO are typically a small percentage of the market capitalization. The ownership of many IPOs often includes large holdings by venture capital and private equity investors who seek to sell their shares in the public market in the months following an IPO when shares restricted by lock-up are released, causing greater volatility and possible downward pressure during the time that locked-up shares are released.

Japan Risk – The Fund may invest a significant portion of its assets in securities issued by Japanese issuers. The Japanese economy may be subject to considerable degrees of economic, political, and social instability, which could have a negative impact on Japanese securities. Since the year 2000, Japan's economic growth rate has remained relatively low, and it may remain low in the future. In addition, Japan is subject to the risk of natural disasters, such as earthquakes, volcanic eruptions, typhoons, and tsunamis, which could negatively affect the Fund.

Large Cap Stock Risk – Because the investment focus of the Fund is on large cap stocks, the value of the Fund may be more volatile than the market as a whole and can perform differently from the value of the market as a whole.

Leveraging Risk – Using derivatives can create leverage, which can magnify the Fund's potential for gain or loss and, therefore, amplify the effects of market volatility on the Fund's share price.

Limited History of Operations Risk – The Fund is a new mutual fund and has a limited history of operations for

investors to evaluate.

Liquidity Risk – Some securities may have few market-makers and low trading volume, which tend to increase transaction costs and may make it impossible for the Fund to dispose of a security position at all or at a price which represents current or fair market value.

Long-Term Maturities/Durations Risk – The risk of greater price fluctuations than would be associated with securities having shorter maturities or durations.

Lower-Rated Securities Risk – Securities rated below investment-grade, sometimes called "high-yield" or "junk" bonds, are speculative investments that generally have more credit risk than higher-rated securities. Companies issuing high-yield fixed-income securities are not as strong financially as those issuing securities with higher credit ratings and are more likely to encounter financial difficulties. Lower rated issuers are more likely to default, and their securities could become worthless.

Management Risk – The Fund is subject to management risk because it is an actively managed investment portfolio. The Sub-Adviser will apply its investment techniques and risk analyses in making investment decisions for the Fund, but there is no guarantee that its decisions will produce the intended result. The successful use of hedging and risk management techniques may be adversely affected by imperfect correlation between movements in the price of the hedging vehicles and the securities being hedged.

Merger and Event-Driven Risk – Investments in companies that are expected to be, or already are, the subject of a publicly announced merger, takeover, tender offer, leveraged buyout, spin-off, liquidation or other corporate reorganizations carry the risk that the proposed or expected corporate event may not be completed or may be completed on less favorable terms than originally expected.

Micro Capitalization Risk – The purchase or sale of more than a limited number of shares of the securities of a micro-cap company may affect its market price. Micro-cap companies are generally followed by few, if any, securities analysts, and there tends to be less publicly available information about them. Their securities generally have even more limited trading volumes and are subject to even more abrupt or erratic market price movements than small and mid-capitalization companies. Such companies may also have limited markets, financial resources, or product lines, may lack management depth and may be more vulnerable to adverse business or market developments.

Money Market/Short-Term Securities Risk – To the extent the Fund holds cash or invests in money market or short-term securities, the Fund may be less likely to achieve its investment objective. In addition, it is possible that the Fund's investments in these instruments could lose money.

Mortgage-Backed and Asset-Backed Securities Risk

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– Mortgage-backed and asset-backed securities often involve risks that are different from or more acute than risks associated with other types of debt instruments. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-backed securities, making them more sensitive to changes in interest rates. As a result, the Fund may exhibit additional volatility in a period of rising interest rates if it holds mortgage-backed securities (known as “extension risk”). Mortgage-backed securities may also be subject to prepayment risk; when interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the Fund’s returns because the Fund may have to reinvest that money at the lower prevailing interest rates. Non-agency mortgage-backed securities generally have greater credit risk than government issued mortgage-backed securities.

Natural Disaster/Epidemic Risk – Natural or environmental disasters, such as earthquakes, fires, floods, hurricanes, tsunamis, and other severe weather-related phenomena generally, and widespread disease and illness, including pandemics and epidemics (such as the novel coronavirus), have been and can be highly disruptive to economies and markets.

Non-Diversification Risk – A Fund that is a non-diversified investment company means that more of the Fund’s assets may be invested in the securities of a single issuer than a diversified investment company. This may make the value of the Fund’s shares more susceptible to certain risk than shares of a diversified investment company. As a non-diversified fund, the Fund has a greater potential to realize losses upon the occurrence of adverse events affecting a particular issuer.

Options Risk – The Fund may use options to enhance return and or mitigate risk. However, options can fall rapidly in response to developments in specific companies or industries and the Fund’s investments may be negatively impacted by unexpected market conditions.

Private Placement Risk – Privately issued securities, including those which may be sold only in accordance with Rule 144A under the Securities Act of 1933, are restricted securities that are not registered with the U.S. Securities and Exchange Commission (“SEC”). Accordingly, the liquidity of the market for specific privately issued securities may vary. Delay or difficulty in selling such securities may result in a loss to the Fund. Privately issued securities that the Sub-Adviser determines to be “illiquid” are subject to the Fund’s policy of not investing more than 15% of its net assets in illiquid securities.

Portfolio Turnover Risk – The frequency of a Fund’s transactions will vary from year to year. Increased portfolio turnover may result in higher brokerage commissions, dealer mark-ups and other transaction costs and may result in taxable capital gains. Higher costs associated with increased portfolio turnover may offset gains in a Fund’s performance.

Real Estate Industry Concentration Risk – By concentrating in a single sector, the Fund carries much greater risk of adverse developments in that sector than a fund that invests in a wide variety of industries. Real estate values rise and fall in response to a variety of factors, including local, regional and national economic conditions, interest rates and tax considerations.

Real Estate Investment Trust Risk – A REIT’s performance depends on the types and locations of the rental properties it owns and on how well it manages those properties. A decline in rental income may occur because of extended vacancies, increased competition from other properties, tenants’ failure to pay rent or poor management.

Regional/Country Risk – The Fund generally has greater exposure to market, currency, economic, political, regulatory, geopolitical, and other risks in the regions or countries where it invests. Consequently, compared with a more geographically diversified fund, it may experience increased volatility, or reductions in the value of its investments.

Senior Bank Loans Risk – Senior loans are subject to the risk that a court could subordinate a senior loan, which typically holds the most senior position in the issuer’s capital structure, to presently existing or future indebtedness or take other action detrimental to the holders of senior loans. Senior loans settle on a delayed basis, potentially leading to the sale proceeds of such loans not being available to meet redemptions for a substantial period of time after the sale of the senior loans. The market prices of floating rate loans are generally less sensitive to interest rate changes than are the market prices for securities with fixed interest rates. Certain senior loans may not be considered “securities,” and purchasers, such as the Fund, therefore, may not be entitled to rely on the protections of federal securities laws, including anti-fraud provisions.

Securities Lending Risk – The risk of securities lending is that the financial institution that borrows securities from the Fund could go bankrupt or otherwise default on its commitment under the securities lending agreement and the Fund might not be able to recover the loaned securities or their value.

Short Selling Risk – If the price of the security sold short increases between the time of the short sale and the time the Fund covers its short position, the Fund will incur a loss which may be unlimited. Also, the Fund is required to deposit collateral in connection with such short sales and may have to pay a fee to borrow particular securities.

Small and Medium Capitalization Risk – The Fund’s investments in smaller and medium-sized companies carry more risks than investments in larger companies. Companies with small and medium-sized market capitalization often have narrower markets, fewer products or services to offer and more limited managerial and financial resources than larger, more established companies do. Investing in lesserknown, small and medium-sized capitalization companies

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involve a greater risk of volatility of the Fund's net asset value than is customarily associated with larger, more established companies. Often smaller and medium capitalization companies and the industries in which they are focused are still evolving and, while this may offer better growth potential than larger, more established companies, it also may make them more sensitive to changing market conditions.

Small Capitalization Risk – The Fund's investments in small cap companies carry more risks than investments in larger companies. Small cap companies often have narrower markets, fewer products, or services to offer and more limited managerial and financial resources than larger, more established companies do.

Software Industry Risk – Technological developments, fixed-rate pricing and the ability to attract and retain skilled employees can significantly affect the software industry. The success of companies in the industry is also subject to the continued demand for internet services.

Stock Market Risk – Stock markets can be volatile. In other words, the prices of stocks can fall rapidly in response to developments affecting a specific company or industry, or to changing economic, political or market conditions. The Fund's investment may decline in value if the stock markets perform poorly.

Structured Note Risk – Structured notes involve tracking risk, issuer default risk and may involve leverage risk.

Tactical Asset Allocation Risk – Tactical asset allocation is an investment strategy that actively adjusts a portfolio's asset allocation. The Fund's tactical asset management discipline may not work as intended. The Fund may not achieve its objective and may not perform as well as other funds using other asset management styles, including those based on fundamental analysis (a method of evaluating a security that entails attempting to measure its intrinsic value by examining related economic, financial and other factors) or strategic asset allocation (a strategy that involves periodically rebalancing the portfolio in order to maintain a long-term goal for asset allocation). The Sub-Adviser's evaluations and assumptions in selecting investments may be incorrect in view of actual market conditions and may result in owning securities that underperform other securities.

Upside Participation Risk/Downside Loss Risk – There can be no guarantee that the Fund will be successful in its strategy to provide shareholders with a total return that matches the increase of the underlying index over a given period. In the event an investor purchases shares of the Fund after securities transactions were entered into or does not stay invested in the Fund for the long term or a full-market cycle, the returns realized by the investor may not match those that the Fund seeks to achieve.

In addition, there can be no guarantee that the Fund will be successful in its strategy to provide protection against underlying index losses. The Fund's strategy seeks to deliver

returns that participate in the returns of the underlying index while limiting downside losses if shares are held over long periods of time. The Fund does not provide principal protection or non-principal protection, and an investor may experience significant losses on its investment, including the loss of its entire investment.

U.S. Government Securities Risk – The risk that U.S. Government securities in the Fund's portfolio will be subject to price fluctuations, or that an agency or instrumentality will default on an obligation not backed by the full faith and credit of the United States.

Index Definitions:

Bloomberg Global Aggregate Bond Index – The Bloomberg Global Aggregate Bond Index measures the performance of the global investment grade, fixed-rate bond markets. The benchmark includes government, government-related and corporate bonds, as well as asset-backed, mortgage-backed and commercial mortgage-backed securities from both developed and emerging markets issuers.

MSCI All Country World ex US Index (net) – The MSCI All Country World ex US Index (net) is a free float-adjusted market capitalization index designed to measure equity market performance in the global developed and emerging markets excluding holdings in the United States and is net of any withholding taxes.

The NASDAQ Composite Index is a broad-based capitalization-weighted index of stocks in all three NASDAQ tiers: Global Select, Global Market and Capital Market. The index was developed with a base level of 100 as of February 5, 1971.

S&P 500 Index – The S&P 500, or the Standard & Poor's 500, is a stock market index based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The S&P 500 Index components and their weightings are determined by S&P Dow Jones Indices. It differs from other U.S. stock market indices, such as the Dow Jones Industrial Average or the Nasdaq Composite index, because of its diverse constituency and weighting methodology. It is one of the most commonly followed equity indices, and many consider it one of the best representations of the U.S. stock market, and a bellwether for the U.S. economy.

Investors cannot invest directly in an Index.

DunhamDC Disclosure

This communication is general in nature and provided for educational and informational purposes only. It should not be considered or relied upon as legal, tax or investment advice or an investment recommendation. Any investment products or services named herein are for illustrative purposes only, and should not be considered an offer to buy or sell, or an investment recommendation for, any specific security, strategy or investment product or service. Always

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consult a qualified professional or your own independent financial professional for personalized advice or investment recommendations tailored to your specific goals, individual situation, and risk tolerance.

Past performance may not be indicative of future results.

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. There may be economic times where all investments are unfavorable and depreciate in value.

DunhamDC is a proprietary algorithm of Dunham & Associates Investment Counsel, Inc. ("Dunham") that seeks to mitigate sequence risk, which poses a threat to an investor's returns due to the timing of withdrawals. The algorithm employs what Dunham considers to be a pragmatic strategy, generally making incremental increases to the equity allocation when global stock market prices decrease and decreasing it when global stock prices increase. This approach is objective, unemotional, and systematic. Rebalancing is initiated based on the investment criteria set forth in the investors application and is further influenced by the DunhamDC algorithm.

Due to the large deviation in equity to fixed income ratio at any given time, investor participating in DunhamDC understands that a large deviation in equity to fixed income ratio can have significant implications for the risk and return profile of the account. Accordingly, during periods of strong market growth the account may underperform accounts that do not have the DunhamDC feature. Conversely, during periods of strong market declines, the account may also be underperforming, as the account continues to decline, due to the higher exposure in equities. Similarly, if the fixed income investments underperform the equity investments, it is possible that the accounts using the DunhamDC feature may underperform accounts that do not have the DunhamDC feature, even though they may have adjusted the exposure to equity investment before a decline. Therefore, the investor must be willing to accept the highest risk tolerance and investment objective the account can range for the selected strategy. Please see the Account Application for the various ranges.

DunhamDC uses an unemotional, objective, systematic approach. The algorithm does not use complex formulas and is designed to create a consistent process with limited assumptions based on historical data.

DunhamDC may make frequent purchases and redemptions at times which may result in a taxable event in the account and may cause undesired tax-related consequences.

Trade signals for DunhamDC are received at the end of each trading day with the implementation of the trades not occurring until the next business day, which means that there is a one-day lag that may result in adverse prices.

DunhamDC operates within predefined parameters and rules, some or all of which may not be available to review. While this approach can reduce emotional biases and enhance consistency, it may limit adaptability to changing

market conditions, economic considerations, or unforeseen events. Extreme conditions may require deviations from the program's prescribed approach, and such adaptability may be challenging to incorporate. The DunhamDC algorithm is programmed based on specific criteria and rules, it may not capture certain qualitative or contextual factors that can impact investment decisions or movement in the markets. Beyond the initial assumptions used to develop the algorithm, it lacks other inputs or considerations that human judgement and discretion may be necessary to evaluate. DunhamDC may utilize historical data, statistical analysis, and predefined rules. It does not make any predictions and may add to certain investments before they perform poorly or may divest from other investments before they perform well. Dunham makes no predictions, representations, or warranties as to the future performance of any account.

Accounts invested in DunhamDC are subject to a quarterly rebalance to its target allocation at the time based on DunhamDC in addition to the signals provided by DunhamDC at any given time.

If the variance between any Dunham Mutual Fund's target percentage of the total account value compared to the current percentage of the account value is greater than 1.00% at the time of the trigger point, the account in DunhamDC will be updated to the new target allocation.

Accounts invested in DunhamDC may contain non-Dunham Mutual Funds, which may materially impact if the account is being rebalanced at the trigger point.

Dunham makes no representation that the program will meet its intended objective. Market conditions and factors that influence investment outcomes are subject to change, and no program can fully account for all variables and events. The program requires making investment decisions based on factors and conditions that are beyond the Account Owner's and Dunham's control.

DunhamDC is NOT A GUARANTEE against market loss or declines in the value of the account or a timing strategy. Investor may lose money.

Asset allocation models are subject to general market risk and risks related to economic conditions.

DunhamDC has a limited track record, with an inception date of November 30, 2022.

DunhamDC US has a limited track record, with an inception date of July 31, 2024.

Dunham & Associates Investment Counsel, Inc. is a Registered Investment Adviser and Broker/Dealer. Member FINRA/ SIPC.

Dunham & Associates Investment Counsel, Inc. serves as adviser and distributor of the Dunham Funds.

An Investment in the Dunham Funds is not insured or guaranteed by the federal deposit insurance corporation or any other governmental agency.