Quarterly Pulse: Q1 2025

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Key Takeaways:

- **Global Growth Faces Headwinds Amid Trade Disruptions**
- **Market Volatility Surges as Economic Uncertainty Peaks**
- **Rising Debt, Slowing Growth, and a Widening Trade Deficit**
- **Portfolio Strategy Adapts to Market Dislocations**

Q1 2025:

Key Takeaways:

- **Global Growth Faces Headwinds Amid Trade Disruptions**
  While global GDP is projected to grow 3.3% (IMF), Fitch Ratings downgraded its outlook to 2.3%, citing weak demand and escalating trade tensions. U.S. tariff escalations have fueled supply chain disruptions and inflation risks, with retaliatory measures from Canada and the EU adding further pressure.

- **Market Volatility Surges as Economic Uncertainty Peaks**
  The Global Economic Policy Uncertainty Index hit a record 460.1, surpassing even COVID-era highs. Meanwhile, the S&P 500 and Nasdaq posted sharp declines, and the VIX surged 51% year-over-year to 21.7 by mid-March. Notably, the VIX remained above 20 for 11 consecutive trading days - the longest stretch since March 2023, when the collapse of Silicon Valley Bank triggered a regional banking crisis. While anxiety is running high, history shows that such pullbacks often present long-term buying opportunities.

- **Rising Debt, Slowing Growth, and a Widening Trade Deficit**
  The U.S. economy showed mixed signals in Q1, with consumer spending holding steady and the labor market remaining resilient, but corporate debt levels rising and the trade deficit widening sharply - jumping from $98.1 billion in December to $131.4 billion in January. Additionally, consumer debt stress is mounting, with delinquencies hitting a five-year high and credit access tightening, raising concerns about weaker future spending and slowing economic momentum.

- **Portfolio Strategy Adapts to Market Dislocations**
  With Fed rate cuts still uncertain, the Dunham Investment Committee adjusted its fixed-income strategy, slightly reducing high-yield credit and event-driven strategy exposure while increasing the floating-rate bond allocation to hedge against potential rate volatility. At the same time, the committee trimmed international equity exposure after a strong relative run and slightly reduced exposure to dynamic macro and small-cap value. These were reallocated toward U.S. large-cap growth and small-cap growth, aiming to capitalize on tech sector weakness and small-cap potential. These adjustments are designed to manage risk while positioning portfolios for future upside in a volatile market environment.

Part 1 - Economic Backdrop:

Global Growth Trends

The global economy in Q1 2025 remains on an unbalanced footing, with growth projections widening among key institutions. The IMF expects global GDP growth to hold steady at 3.3%, while Fitch Ratings has downgraded its 2025 forecast to 2.3%, citing sluggish demand and escalating trade tensions. While developed markets face the challenge of balancing inflation with stagnating growth, central banks remain cautious, with few signs of an aggressive policy shift in the near term.

In contrast, emerging markets are easing monetary policies to stimulate economic activity. India's Reserve Bank cut its repo rate to 6.25%, projecting GDP growth of 6.7% for the 2025-26 fiscal year, highlighting strength in key emerging economies. Meanwhile, Brazil continues to struggle, caught between a weakening currency and rising inflation, thereby fueling concerns about economic stability in Latin America. China, still grappling with a post-pandemic slowdown reminiscent of 2008, remains a wildcard - its sluggish recovery could ripple through emerging markets that depend on Chinese demand.

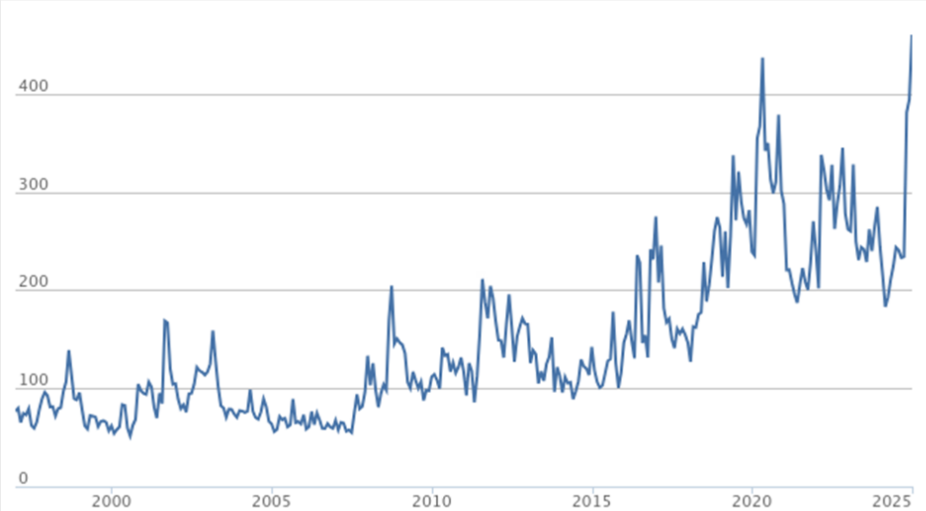
On a broader scale, escalating trade barriers - particularly those imposed by the U.S. – would weigh on global trade, potentially hitting emerging economies hardest. As both developed and emerging markets try maneuvering around economic uncertainty, the key question remains: *Will policymakers find the right balance between growth, inflation, and trade? Or will financial conditions tighten and uncertainty spread, amplifying global volatility?*

Escalating Trade Tensions and Global Fallout

In Q1 2025, President Donald J. Trump reignited trade tensions with sweeping tariff hikes – amplifying economic uncertainty and fueling concerns of a global slowdown. **For instance, in February, the administration announced a 25% tariff on imports from Canada and Mexico, a 10% tariff on Chinese goods, and additional duties on energy imports, marking a sharp escalation in protectionist trade policies.** Shortly after, the U.S. extended a 25% tariff on all steel and aluminum imports, removing previous exemptions and quota agreements. In response, Canada announced retaliatory tariffs on U.S. goods ranging from liquor to consumer goods, while the European Union unveiled a $28 billion tariff package on American imports set to take effect in April. These retaliatory measures, coupled with mounting trade barriers, heighten the risk of supply chain disruptions, increased costs for businesses, and weaker global trade volumes. As tensions escalate, investors remain wary of potential market volatility, inflationary **pressures, and reduced economic growth prospects,** reinforcing trade policy as a key risk factor in 2025.

Global Economic Uncertainty Hits A Record High

Monthly Global Economic Policy Uncertainty Index



Source: Economic Policy Uncertainty, March 2025

The **Global Economic Policy Uncertainty Index (GEPUI) surged to 460.1**, marking an all-time high and surpassing COVID-era levels. Rising trade tensions - particularly U.S. tariff escalations - have heightened market anxiety, while geopolitical instability and abrupt policy shifts continue to unsettle investor sentiment. This growing uncertainty has weighed on corporate decision-making, slowed capital expenditures, and fueled market volatility - especially in economies dependent on stable trade relationships. Yet, while uncertainty breeds volatility, we believe it also presents **opportunities** - markets often overreact, **creating mispriced assets and attractive long-term investment openings** for those prepared to stomach the turmoil.

U.S. Monetary Policy and Inflation

In Q1 2025, the Federal Reserve held interest rates steady at 4.25% to 4.50%, signaling caution as economic uncertainty looms. While inflation eased to 2.8% in February, edging closer to the Fed's 2% target, policymakers revised GDP growth projections downward to 1.7% and raised inflation expectations to 2.7% - sparking concerns about a potential **stagflationary environment** (i.e. a period of low growth combined with higher inflation). The latest Fed dot plot suggests the possibility of two quarter-point rate cuts later this year, though divisions remain, with some Fed officials advocating for a more measured approach given ongoing trade policy uncertainty. As the Fed seeks to balance inflation control with economic growth, its next moves will be pivotal in shaping financial conditions for businesses and households alike.

U.S. Domestic Drivers

In Q1 2025, the U.S. economy showed mixed signals - balancing some resilience with some emerging risks. Consumer spending remained stable and the labor market held relatively firm, but the trade deficit widened sharply from $98.1 billion in December to $131.4 billion in January - implying potential strain on economic momentum. A less noticed but growing risk is rising corporate debt - many firms leveraged low rates in previous years for expansion and share buybacks, pushing debt-to-equity ratios higher. As refinancing becomes more expensive, companies carrying high debt loads may scale back investment and hiring, creating potential headwinds for future growth. With inflationary pressures, trade imbalances, and corporate leverage all in focus, economic conditions remain fragile, requiring a careful watch in the months ahead.

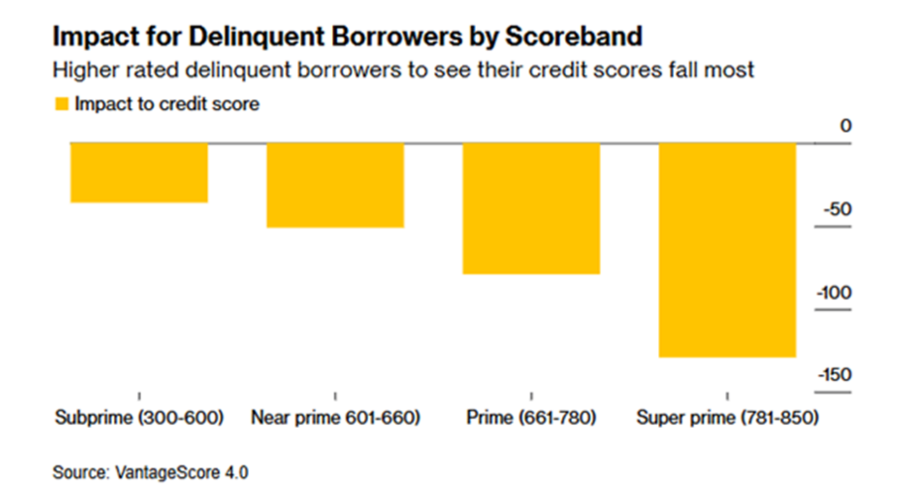
Consumer Debt: Rising Risks and Credit Squeeze

Americans are feeling the financial strain as high borrowing costs, a slowing job market, and rising delinquencies put pressure on household finances. Delinquency rates have hit a five-year high, and lenders are responding by tightening credit, making it harder to access loans.

According to the recent New York Fed survey:

- 8.5% of consumers skipped applying for credit out of fear of rejection, while rejection rates for credit cards, home loans, and auto loans continue to climb.
- Mortgage refinance denials have risen four-fold since late 2023.
- Emergency savings have hit a record low - with only 63% of consumers able to cover a $2,000 unexpected expense.

Adding to the concern, millions of Americans with student debt may see their credit scores plunge as repayments resume. **Recent VantageScore data suggests some delinquent borrowers could see scores drop by as much as 129 points - pushing many into subprime territory, making credit more expensive and harder to obtain.** This could tighten lending, weaken consumer spending, and even dampen home sales, as younger buyers struggle to qualify for mortgages. With banks exposed to rising delinquencies and credit markets under pressure, this trend could amplify financial instability - or be just another minor shock. Time will tell.



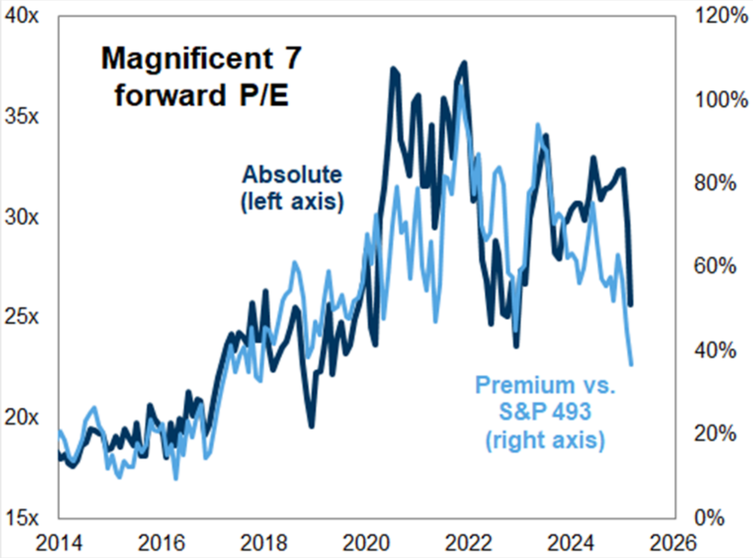
Part 2 - Markets Update:

Equity Markets:

The S&P 500 and Nasdaq Composite faced a harsh first quarter, with the **S&P 500 falling 4.28%** in the quarter and the **Nasdaq dropping 10.26%** – both declines reflecting investor concerns over interest rates, trade policies, and global economic conditions.

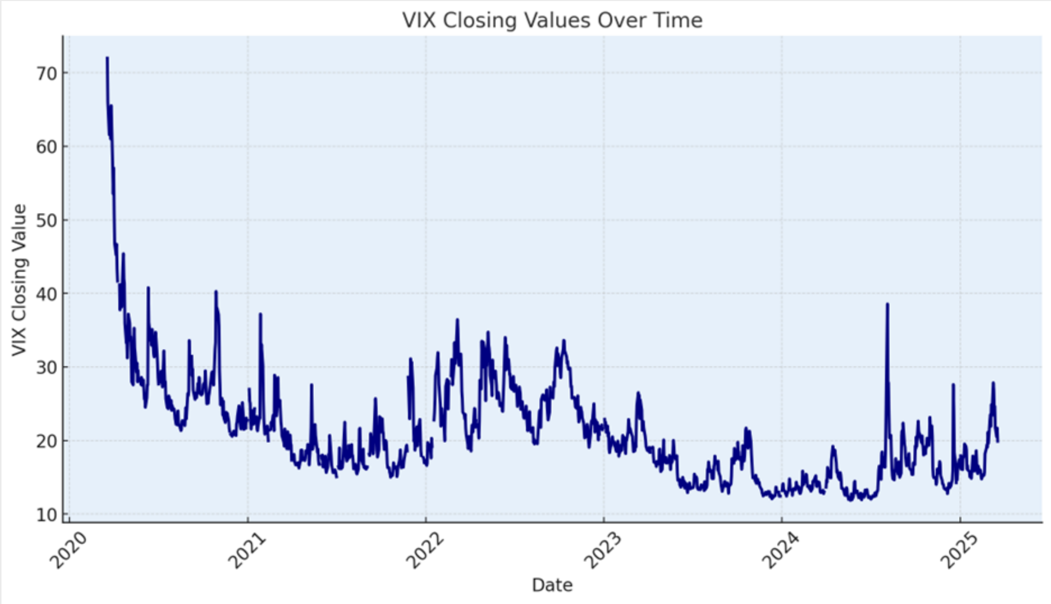
While technology stocks - particularly the "Magnificent Seven" (aka Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) - continued to drive market sentiment, their performance was mixed amid all of this volatility.

- Magnificent 7 Valuations Drop to Lowest Since Early 2023 – Due to the recent sell-off, the Magnificent 7 now trades at an average P/E of 26x as of mid-March 2025 - their lowest valuation since early 2023. This pullback follows a stretch of underperformance, creating a relative discount even as consensus forecasts project the group will continue to outpace the S&P 493 in EPS growth.
- At the same time, the unwinding of crowded positions has contributed to the recent underperformance of the so-called "Magnificent" U.S. mega-cap tech stocks, which are now trading at their lowest valuation premium relative to the rest of the S&P 500 since 2017.



Source: FactSet, Goldman Sachs Global Investment Research, 2025

Mentioning volatility, the **Cboe Volatility Index (VIX)** climbed to 21.7 by mid-March - marking a 51% increase year-over-year. The VIX remained above 20 for 11 straight trading days - the longest stretch since March 2023 when Silicon Valley Bank failed and sparked a regional banking crisis.



Source: Dunham, March 2025

Historically, elevated VIX levels have often preceded market rebounds, hinting at potential buying opportunities for willing investors.

Meanwhile, international markets rallied – but mixed picture in Q1, with European markets outperforming on the back of government stimulus and looser fiscal policies, pushing the Euro Stoxx 50, Germany's DAX, and the UK's FTSE 100 higher.

In Asia, Hong Kong's Hang Seng Index surged, fueled by advancements in Chinese AI, while export-driven economies like Japan and South Korea struggled amid escalating trade tensions.

Emerging markets faced steeper losses, with both Thailand and Indonesia suffering large losses due to domestic instability and slowing growth.

Because of this diversity, the **MSCI All Country World ex USA Index experienced a 5.23% increase** in Q1-2025.

Fixed-Income Markets:

The bond market saw a modest rebound in Q1, with the **Bloomberg US Aggregate Bond Index gaining 2.78%** amid investor caution, inflation concerns, and geopolitical risks. Emerging market debt faced headwinds from a stronger U.S. dollar and global trade tensions, tightening spreads, and limiting upside potential. However, select opportunities emerged, with Nigeria's local bonds offering yields up to 25%, drawing in investors willing to take on risk investors, while Turkey's debt market saw volatility amid political uncertainty.

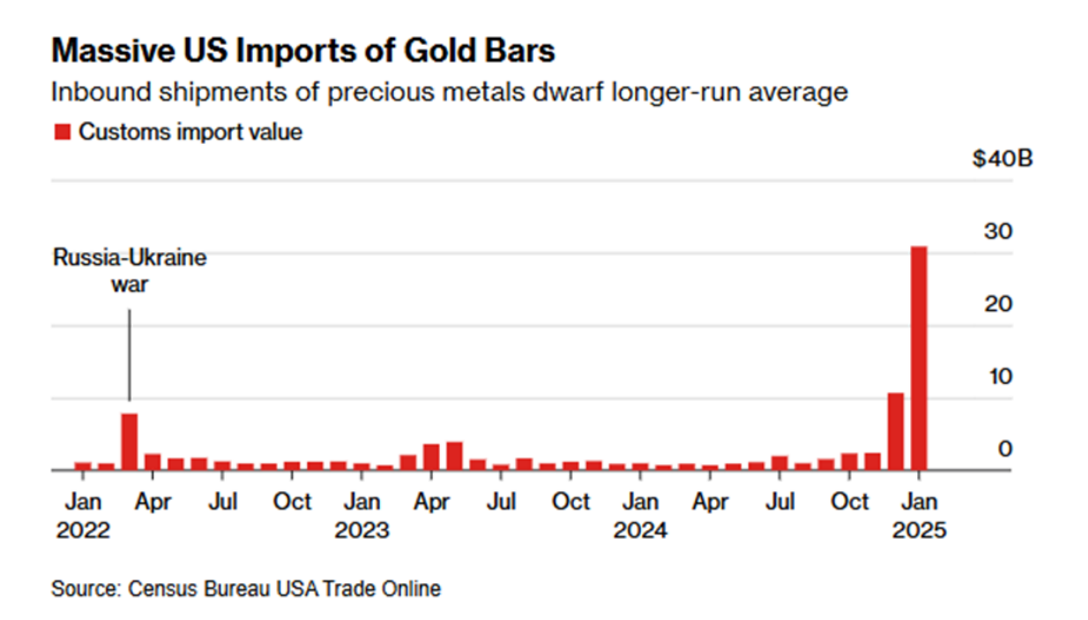
As U.S. Treasury yields remained elevated, fixed-income markets demanded a careful balance between risk and opportunity, making strategic positioning essential.

Gold Imports Surge, Driving U.S. Trade Deficit

A massive influx of gold shipments has played a key role in pushing the U.S. trade deficit to a record high as international traders scrambled to move bullion into New York vaults.

Highlighting this, in January 2025, U.S. imports hit $329.5 billion, a $36 billion surge from the previous month - with precious metal shipments alone accounting for nearly 60% of the increase. Customs data reveals that gold and other precious metal bar imports skyrocketed to $30.8 billion, up from $10.7 billion at the end of 2024 - a staggering increase compared to the $1.7 billion monthly average seen in 2022 and 2023.

It's clear that **tariff uncertainty is acting as a suction pump, pulling in gold from across the globe,** further distorting U.S. trade flows, pushing the price of bullion to record highs, and adding to economic uncertainty.



And when adjusting the trade deficit to exclude the recent surge in gold imports - which aren't counted in GDP - underlying U.S. growth may be stronger than it looks. As of March 26th, real GDP is projected to fall by 1.8%, but that figure may understate the economy's true momentum after adjusting for gold.

Looking Ahead

As the new year begins, the road ahead looks mixed. The Fed walks a tightrope, balancing the health of the labor market with moderating inflation. Globally, economies wrestle with their own demons like geopolitics, trade shifts, and China's struggles.

Part 3 - Dunham Core Strategy Changes:

After assessing the global economic backdrop and market dynamics, the **Dunham Investment Committee** remains confident in its current positioning.

Recent market dislocations have created strategic opportunities for portfolio realignment. The decline in U.S. equities, contrasted with the strength in international markets, has widened the performance gap between asset classes. Notably, the **Dunham Focused Large Cap Growth Fund returned -11.93%,** while the **Dunham International Stock Fund gained 10.04% — marking a significant performance spread of -21.97%.**

Meanwhile, over the last year - the committee proactively adjusted for duration risk, shifting its focus toward yield opportunities in fixed-income markets while carefully managing credit risk.

In response to all these variables, the Investment Committee has implemented several meaningful adjustments to the **Dunham Core Equity Strategy-** positioning our portfolios to capitalize on potentially undervalued areas while locking in some profits from outperforming segments.

Dunham Core Equity Strategy Adjustments

To capitalize on **emerging opportunities** and **manage downside risk, the Investment Committee** implemented the following adjustments:

Reductions:

1. **Dunham International Stock Fund** – Trimmed exposure to lock in substantial relative gains from the last quarter and rebalance toward more attractively valued opportunities.
2. **Dunham Dynamic Macro Fund** – As an alternative strategy, the Dunham Dynamic Macro Fund performed relatively well during recent global market volatility. Therefore the Investment Committee believes maintaining a meaningful allocation remains key, while modestly shifting a portion toward more opportunistic opportunities.
3. **Dunham Small Cap Value Fund** – The Investment Committee reduced its meaningful overweight allocation to small-cap value, while still maintaining a healthy overweight position. The shift was made to free up allocation for relatively more attractive opportunities elsewhere in the portfolio.

Increases:

1. **Dunham Focused Large Cap Growth Fund – Increased exposure** to take advantage of the recent U.S. large-cap growth stock sell-off. The committee views this as a strategic entry point into a concentrated and actively managed large-cap growth strategy.
2. **Dunham Small Cap Growth Fund** – The Investment Committee increased its allocation to small-cap growth following a meaningful pullback in the asset class. The committee also remains overweight U.S. small caps relative to benchmarks, reflecting continued conviction in the long-term opportunity.

These adjustments meaningfully impacted the Dunham Core U.S. Portfolio, reflecting a thoughtful calibration away from areas that experienced outsized returns and toward opportunities with relatively more potential.

Core Fixed Income Strategy Adjustments

Turning to fixed income, the Investment Committee made strategic adjustments to the **Dunham Core Fixed Income Strategy** to better align with evolving market conditions.

Reductions:

1. **Dunham High Yield Bond Fund** – The Investment Committee reduced exposure to high-yield credit amid heightened credit and duration risk. The potential for prolonged higher interest rates - whether due to stubborn inflation or an emerging economic slowdown - adds further pressure to this segment of the bond market.
2. **Dunham Monthly Distribution Fund** – Reduced allocation to the merger-arbitrage sector after a strong Q1 2025, as Trump's pro-business agenda spurred more deal activity. While the committee

remains confident in the strategy, maintaining a 20% allocation, they see an opportunity to slightly reallocate into underweight opportunities.

Increases:

1. **Dunham Floating Rate Bond Fund** – The Investment Committee substantially increased its allocation to floating-rate bonds due to its lower volatility, higher yield, and built-in hedge against potentially rising interest rates. This move reflects the committee's view that Fed rate cut expectations remain uncertain, and that floating-rate exposure offers protection against potential market-driven rates and volatility increases.

These adjustments reflect the committee's commitment to managing risk while capitalizing on strategic income opportunities, ensuring the fixed-income portfolio remains well-positioned in an evolving rate environment.

Core Fixed Income Light Strategy

In the **Dunham Core Fixed Income Light Portfolio**, there was a meaningful change as the committee:

1. **Reduced** exposure to the **Dunham Long/Short Credit Fund**.
2. **Increased** exposure to the **Dunham Floating Rate Bond Fund** to emphasize yield while maintaining a moderated overall interest rate sensitivity in a volatile environment.

Parting Comments

As we move into Q2 2025, the Investment Committee remains vigilant, closely monitoring sticky inflation, market sentiment, interest rate risk, and political uncertainty.

While such risks persist, market dislocations continue to present opportunities, and history shows that S&P 500 pullbacks, much like what we've seen year-to-date, often create attractive entry points for long-term investors.

By maintaining a balanced, risk-aware, and opportunistic approach, the committee aims to reduce volatility, mitigate downside risks, and position portfolios for sustainable growth from a potential rebound in the months ahead.

Part 4 - DunhamDC Activity: Buy Fear, Sell Greed

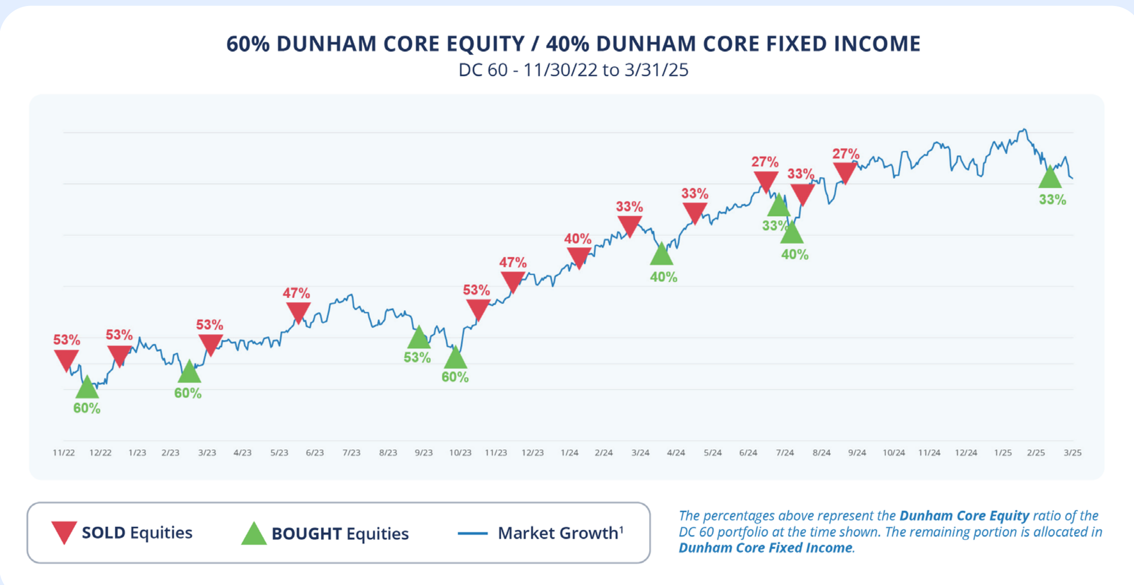
Q1-2025 featured pronounced market fluctuations driven by uncertainty surrounding tariff negotiations, valuation adjustments in the AI sector, and concerning economic indicators. This turbulent environment presented clear examples of **"Mr. Market"** at work.

- ***Who exactly is Mr. Market?*** He is a fictional character created by legendary investor Benjamin Graham to represent the stock market's irrational behavior - flipping unpredictably between greed (buying at elevated prices during euphoria) and fear (selling too cheaply during panic). Mr. Market's emotional swings consistently provide disciplined investors with opportunities to purchase equities at discounted valuations and trim positions when valuations become stretched.

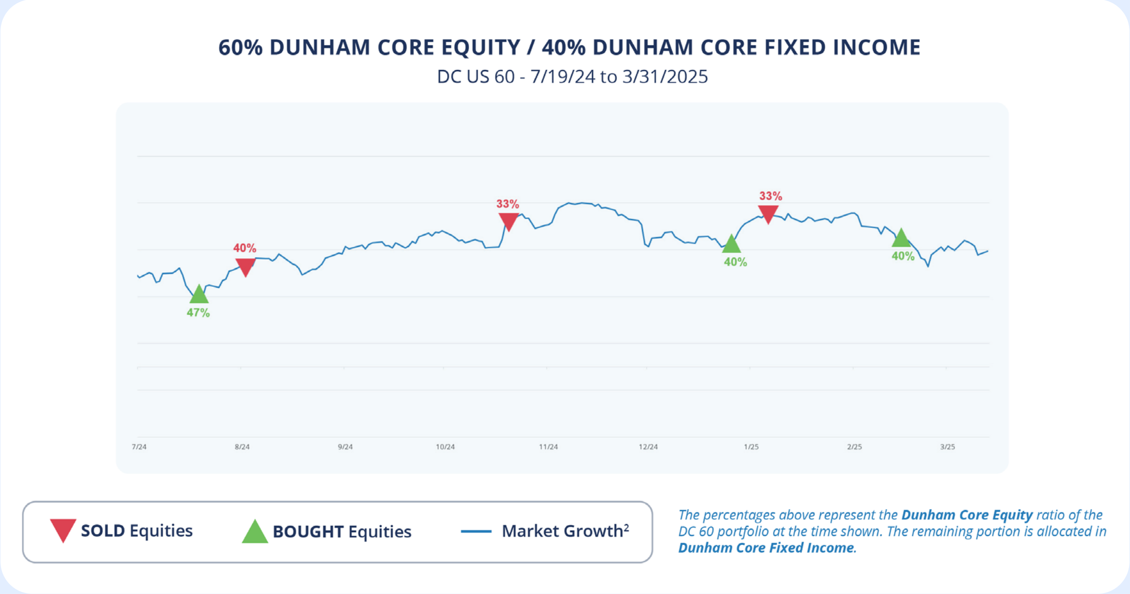
DunhamDC - our investment overlay strategy designed to systematically remove emotion from investing - strategically capitalized on these conditions by adhering strictly to its guiding principle: **"Buy Fear and Sell Greed."**

Throughout the quarter

DunhamDC triggered an automatic **BUY signal in March** amid the significant market sell-off, prudently increasing equity exposure precisely as investor pessimism peaked and others exited positions.



DunhamDC US, our U.S.-focused strategy, demonstrated even greater activity, triggering **three BUY/SELL signals**. Early in the year, it strategically increased equity holdings as fear gripped markets, sold positions back to Mr. Market following price increases, and subsequently took advantage of the mid-March panic to increase equity exposure once again.



*The percentages above represent the **Dunham Core Equity** ratio of the DC 60 portfolio at the time shown. The remaining portion is allocated in **Dunham Core Fixed Income**.*

This automatic and disciplined approach of buying market dips and trimming during surges clearly reinforces **DunhamDC's primary objective: strategically buying fear (low) and selling greed (high)**.

As a result, **DunhamDC entered market peaks holding fewer equities before declines and now holds <u>increased</u> positions at market bottoms**, positioning itself effectively for the inevitable market rebound or preparing to continue buying at even lower prices should markets decline further.

Moving forward, DunhamDC will continue leveraging volatility and investor biases to position portfolios for long-term investment success while mitigating sequence risk.

Closing

As we head into 2025, the Investment Committee remains vigilant. Sticky inflation, heightened political volatility, and elevated market valuations present unique challenges - but also opportunities.

By maintaining a balanced and opportunistic approach, the committee aims to mitigate risks while positioning portfolios to capitalize on long-term growth.

As always, our priority remains helping you navigate uncertainty while achieving your financial goals."

		Dunham Investment Committee Allocations		Changes With Rebalancing	
Dunham Fund (N-Shares)	**Ticker**	**Decreased**	**Increased**	**Percentage Change** From Q1 2025	**New Weighting** For Q2 2025
Core Equity					
Large Cap Value Fund	DNLVX	·	·	-0.1%	15.0%
Real Estate Stock Fund	DNREX	·	·	0.1%	5.0%
International Stock Fund	DNINX	●	·	-3.1%	15.0%
Small Cap Value Fund	DNSVX	●	·	-0.4%	9.0%
Focused Large Cap Growth Fund	DNFGX	·	●	3.1%	13.0%
Small Cap Growth Fund	DNDGX	·	●	1.5%	6.0%
Emerging Markets Stock Fund	DNEMX	·	·	-0.6%	16.0%
Dynamic Macro Fund	DNAVX	●	·	-1.1%	10.0%
U.S. Enhanced Market Fund	DNSPX	·	·	0.6%	11.0%
Core US Equity					
Large Cap Value Fund	DNLVX	●	·	-2.9%	27.8%
Small Cap Value Fund	DNSVX	●	·	-2.4%	16.7%
Focused Large Cap Growth Fund	DNFGX	·	●	4.0%	24.1%
Small Cap Growth Fund	DNDGX	·	●	1.9%	11.1%
U.S. Enhanced Market Fund	DNSPX	·	·	-0.6%	20.4%

Dunham Fund (N-Shares)	Ticker	Dunham Investment Committee Allocations: Decreased	Increased	Changes With Rebalancing: Percentage Change From Q1 2025	New Weighting For Q2 2025
Core Alternative					
Dynamic Macro Fund	DNAVX	●	•	-2.4%	27.8%
Long/Short Credit Fund	DNAIX	•	●	0.1%	13.9%
Monthly Distribution Fund	DNMDX	●	•	-0.7%	13.9%
Real Estate Stock Fund	DNREX	•	•	0.6%	13.9%
U.S. Enhanced Market Fund	DNSPX	•	•	2.4%	30.6%
Core Fixed Income					
International Opportunity Bond Fund	DNIOX	•	•	0.1%	7.0%
Floating Rate Bond Fund	DNFRX	•	●	2.1%	15.0%
Corporate/Government Bond Fund	DNCGX	•	•	-0.1%	21.0%
High-Yield Bond Fund	DNHYX	●	•	-1.0%	17.0%
Monthly Distribution Fund	DNMDX	●	•	-1.1%	20.0%
Long/Short Credit Fund	DNAIX	•	•	0.1%	20.0%
Core Fixed Light					
Monthly Distribution Fund	DNMDX	•	•	-0.1%	25.0%
Long/Short Credit Fund	DNAIX	●	•	-4.9%	25.0%
Corporate/Government Bond Fund	DNCGX	•	•	-0.2%	30.0%
Floating Rate Bond Fund	DNFRX	•	●	5.1%	20.0%

Disclosures

Hold Us To Higher Standards

The views set forth in The Dunham Quarterly Pulse are current as of March 31, 2025, are subject to change based on market conditions and other factors and should not be construed as investment advice.

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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.

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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 DAIC's Form ADV or WRAP Fee Brochure.

DAIC 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 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.

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 Obligors to obtain refinancing of their debt obligations. A decreased ability of Obligors 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 non-hedging 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 non-hedging 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 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 decline, 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 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.

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 – 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.

Risk of Investing in Asia – The value of the Fund’s assets may be adversely affected by political, economic, social and religious instability; inadequate investor protection; changes in laws or regulations of countries within the Asian region (including countries in which the Fund invests, as well as the broader region); international relations with other nations; natural disasters; corruption and military activity. The Asian region, and particularly China, Japan and South Korea, may be adversely affected by political, military, economic and other factors related to North Korea. In addition, China’s long-running conflict over Taiwan, border disputes with many of its neighbors and historically strained relations with Japan could adversely impact economies in the region. The economies of many Asian countries differ from the economies of more developed countries in many respects, such as rate of growth, inflation, capital reinvestment, resource self-sufficiency, financial system stability, the national balance of payments position and sensitivity to changes in global trade.

Risk of Investing in Japan – 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.

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 lesser-known, small and medium-sized capitalization companies 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.

DunhamDC Disclosure

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.

[1] Market Growth represents the MSCI All Country World Index (ACWI)

[2] Market Growth represents the MSCI USA Equal Weighted Index

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.

Cboe Volatility Index (VIX Index) – The VIX Index is a calculation designed to produce a measure of constant, 30-day expected volatility of the U.S. stock market, derived from real-time, mid-quote prices of S&P 500® Index (SPX℠) call and put options. On a global basis, it is one of the most recognized measures of volatility -- widely reported by financial media and closely followed by a variety of market participants as a daily market indicator.

DAX Index – The DAX Index is the benchmark index for the German equity market. It tracks the performance of 30 selected German blue chip stocks traded on the Frankfurt Stock Exchange, which represent around 80 percent of the market capitalization listed in Germany. The Index is free floating and has a base value of 1000 as of December 31, 1987.

FTSE 100 Index – The FTSE 100 Index is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investability weighting in the index calculation. The index was developed with a base level of 1000 as of December 30, 1983.

The Global Economic Policy Uncertainty Index – The GEPU Index is a GDP-weighted average of national EPU indices for 16 countries that account for two-thirds of global output. Each national EPU index reflects the relative frequency of own-country newspaper articles that contain a trio of terms pertaining to the economy, uncertainty and policy-related matters.

Hang Seng Index – The Hang Seng Index ("HSI") is one of the earliest stock market indexes in Hong Kong. Publicly launched on 24 November 1969, the HSI has become the most widely quoted indicator of the performance of the Hong Kong stock market.

MSCI All Country World Index – The MSCI ACWI Index is a flagship global equity index, designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 24 emerging markets. As of June 2021, it covers more than 2,900 constituents across 11 sectors and approximately 85% of the free float-adjusted market capitalization in each market. The index is built using MSCI's Global Investable Market Index (GIMI) methodology, which is designed to take into account variations reflecting conditions across regions, market cap sizes, sectors, style segments and combinations.

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.

STOXX 600 Index – The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 17 countries of the European region.

Investors cannot invest directly in an Index.