



Quarterly Pulse Q1–2026

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Part 1 - Economic Backdrop

Part 2 - Markets Update

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Key Takeaways:

- **The Iran War's Impact on Global Trade, Prices, and Monetary Policy:** The U.S.-Israeli war on Iran effectively closed the Strait of Hormuz — the chokepoint for 20% of the world's daily oil supply. Brent crude surged over 75% year-to-date by end of March. Disrupted tanker routes rippled into fertilizer supply chains, shipping costs, and import prices worldwide. Central banks that were cutting are now frozen or pricing hikes. A regional war landed on every monetary policy table in the world.
- **The 'SaaSocalypse' Erases Trillions in Tech Value:** AI displacement fears triggered the worst enterprise software selloff since the dot-com era. The iShares Software ETF fell over 23%, with Salesforce, Adobe, and Microsoft each down double digits. The contagion spread into private credit, where an estimated 20–26% of direct lending books carry software exposure. The selloff was indiscriminate — and created opportunity.
- **The Consumer at the Margin Is Breaking:** Subprime delinquency crossed 10% of outstanding debt in February — the highest in over a decade — before \$4 gasoline arrived. Lower-income households have no refinancing path, no energy buffer, and a softening job market ahead of them. The financial system is not at risk of 2008. The consumer at the margin is. That consumer tends to break before the headline GDP data catches up.
- **International Equities Keep Leading — But the Fault Lines Are Visible:** International markets continued to outperform U.S. benchmarks, with the iShares Europe ETF up over 25% since the start of 2025. But the Iran war introduced a direct risk to the trade: Europe is an energy importer. Emerging markets remain bifurcated between oil exporters that benefit from elevated prices and oil importers absorbing the full weight of currency depreciation, higher debt-service costs, and accelerating inflation.
- **Dunham Sells High, Buys Low — Fixed Income Holds Steady:** The Investment Committee trimmed international and emerging market exposure to lock in gains, and rotated meaningfully into Focused Large Cap Growth as SaaS-driven valuation compression created a compelling entry point. Fixed income positioning was held steady — with component strategies offering insufficient dispersion to warrant reallocation. DunhamDC remained patient, positioned from prior sells, and prepared to buy when fear reaches the threshold.

Part 1 — Economic Backdrop

The Iran War: Trade Flows, Prices, and a Fed Trapped in Place

The U.S.-Israeli war on Iran effectively closed the Strait of Hormuz - the chokepoint for 20% of the world's daily oil supply and 20-30% of global LNG exports.

Brent crude surged over 75% year-to-date by end of March – **making it one of the sharpest and quickest increases ever, which has shocked global markets.**

But the deeper consequence is structural – such as disrupting tanker routes rippling into fertilizer supply chains, shipping

costs, and import prices across every energy-dependent economy.

Global inflation - already above target in the U.S. - got a second wind. Central banks that were cutting may now pause or even reverse course. The Fed held rates steady. The ECB's probability of a 2026 cut collapsed from 50% to nearly zero.

A war that started in the Middle East landed directly on every monetary policy table in the world and will likely remain a major theme for the foreseeable future.



Figure 1: St. Louis Federal Reserve. Dunham, March 2026

Central Banks: From Cutting to Hiking

At the start of 2026, the Federal Reserve had roughly 50 basis points of cuts priced for the year. The Bank of England and ECB were expected to ease. Then the war started. By early March, every major central bank's rate expectation swung sharply higher. The Fed moved from pricing cuts to flat. The ECB and Bank of Canada shifted into hike territory. The Reserve Bank of Australia surged past 100 basis points of hikes priced. The Bank of England went from two cuts to over three hikes in a matter of days.

The Fed hike scenario is likely a step too far. The central bank has rarely raised rates in response to oil shocks - 2022 was the exception, driven by 9%+ inflation and unprecedented fiscal stimulus. Neither condition applies today. Long-run inflation expectations remain anchored. A prolonged energy shock that genuinely threatens growth would push the Fed toward its labor mandate - cuts in the extreme scenario, not hikes. A prolonged hold is the more probable outcome.

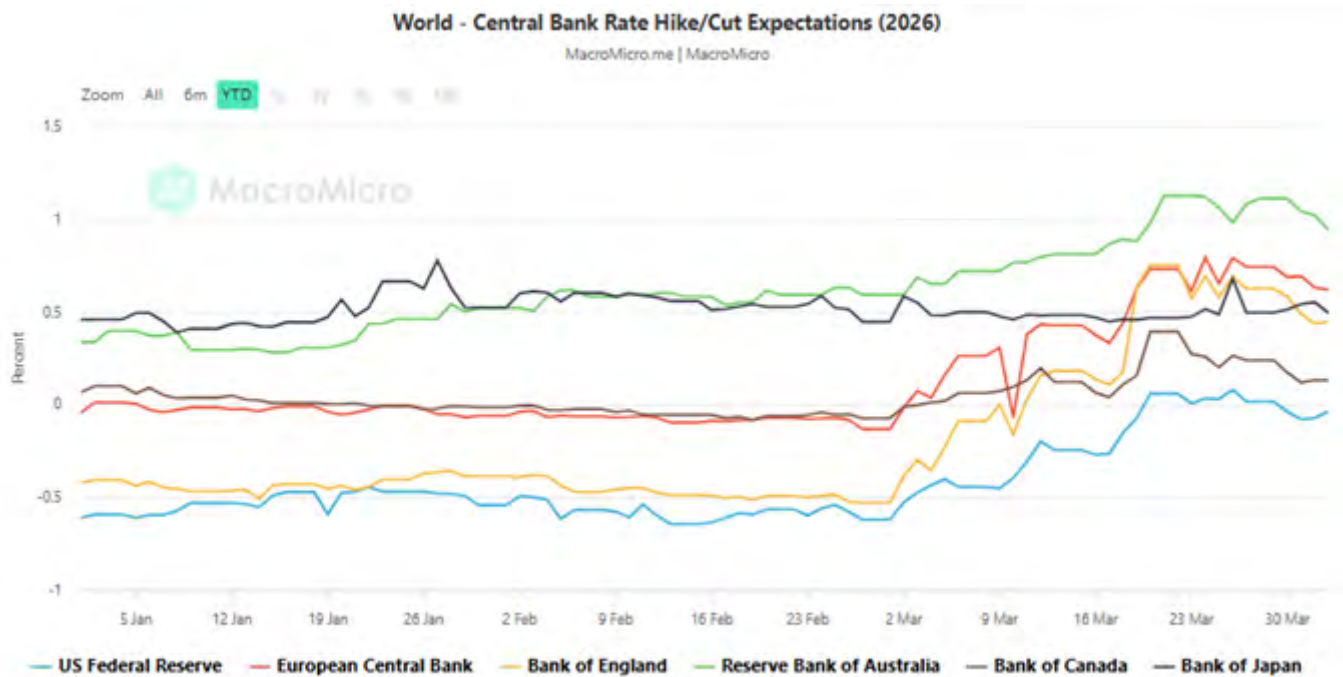


Figure 2: Macromicro.me, March 2026

The front end of the U.S. yield curve now offers its best starting yield since 2023. If tensions de-escalate - still the base case - hawkish pricing reverts and short-duration positions capture both income and price appreciation. The rates market is pricing a policy response unlikely to fully materialize.

Such uncertainty alone, however, may keep the Fed frozen entering Q2.

The Subprime Signal

Before the missiles sent gasoline to \$4 - subprime borrowers were already under stress.

More than 10% of outstanding debt to borrowers below a 660-credit score was delinquent as of February - the highest reading in over a decade. Overall loan delinquency hit 4.8% of all U.S. household debt in Q4 2025, the highest since 2017. Among the lowest-income ZIP codes, 90-day mortgage delinquency rates have risen six-fold since 2021.

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This is happening with unemployment still at 4.4%. Now add \$4 gasoline - up roughly a dollar in a month. Energy costs hit lower-income households hardest. An oil shock is a regressive tax. And with subprime APRs elevated and no realistic path to refinancing, higher rates offer no relief either.

Consumer health - at the margins - looks worrying. Subprime debt at \$2.7 trillion is 15% of total outstanding debt today - versus 30% before 2008.

So, while the financial system may not appear to be on the same precipice as it was leading into the GFC, some cracks are forming at the margins for consumers—and that weakness may emerge before it shows up in the GDP data.

Subprime Borrowers are Under Financial Stress

Subprime loan delinquency rate, % of \$ outstanding

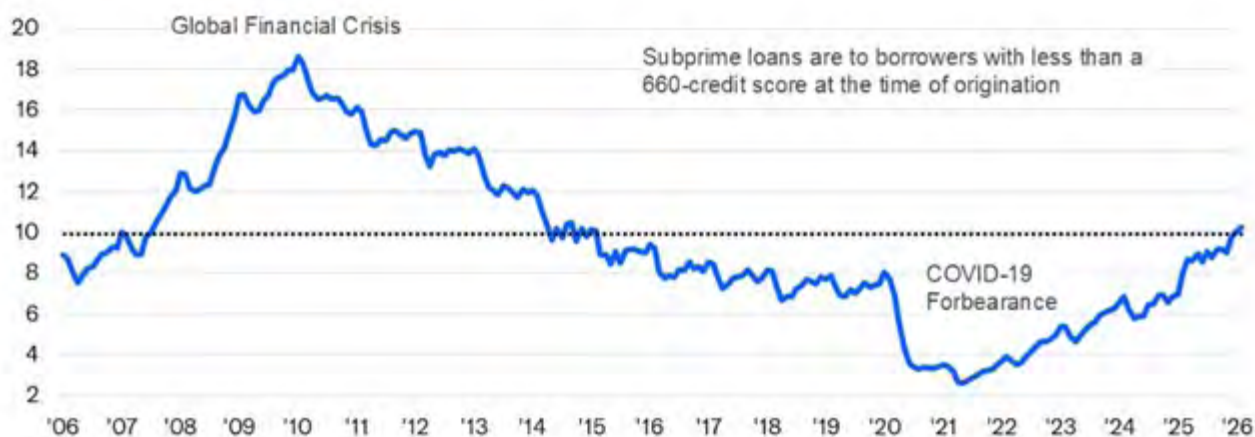


Figure 3: Mark Zandi, Moody's Analytics, March 2026

The Fiscal Weight Gets Heavier

Global government debt hit **\$111 trillion in 2025**. In 2000 it was \$19.7 trillion. That's a 463% increase in 25 years — and the trajectory has only steepened. Every crisis added a new floor: the financial crisis pushed debt from \$35.8 trillion to \$45.5 trillion in two years. COVID added \$11 trillion in a single year, the largest one-year increase on record. The 2022–2025 era brought something new — **high debt and rising costs simultaneously**. The U.S. alone now carries \$38.3 trillion in public debt, growing at 8% annually since 2000, more than twice the pace of its peers.

The pressure this creates at the **long end of the yield curve** is real. With inflation sticky and the Fed constrained, investors financing this debt demand higher compensation for duration risk. Interest on the federal debt is now the **third-largest**

federal expense, trailing only Social Security and Medicare. Debt-servicing costs compound against a deficit already running above 6% of GDP — and they don't shrink when rates stay elevated.

There is a counterintuitive side to this worth acknowledging. **Government deficits inject money into the private sector.** Every dollar the government spends in excess of what it collects flows into household incomes, corporate revenues, and ultimately asset prices. This is the reality of deficit spending - and it has been a meaningful tailwind for equity markets and growth over the past several years, and investors would be wrong to ignore it. The deficit is simultaneously a fiscal risk and a stimulus.

The problem arrives when deficits meet sticky inflation. When deficits persist alongside sticky inflation, the money inject-

ed into the system builds upward pressure on prices, which keeps rates higher, thus raising debt-servicing costs further. The feedback loop tightens. The margin for error shrinks. The

system remains functional and growth remains positive. But the runway is shorter than the headline numbers suggest.

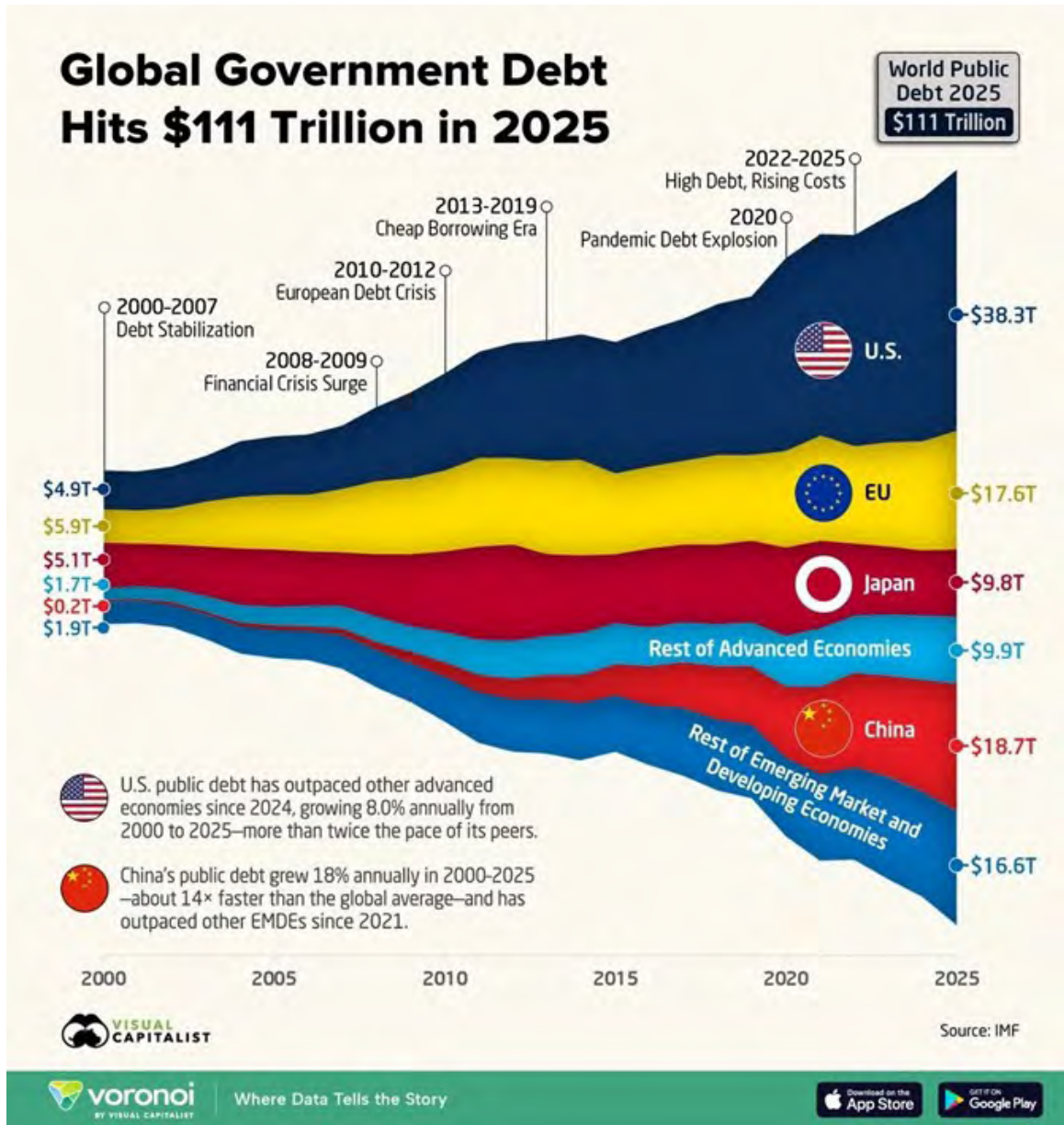


Figure 4: Visual Capitalist, 2026

Part 2 — Markets Update:

U.S. Equity Markets: Technology in the Crossfire

U.S. equities delivered a mixed quarter defined almost entirely by sector. The S&P 500 finished Q1 down **4.35%** - a headline that masked profound internal divergence. The Nasdaq Composite underperformed materially, weighed down by the software selloff and a broader reassessment of AI-exposed valuations.

The S&P 500's apparent resilience was supported by rotation. As SaaS and high-multiple growth stocks fell, capital rotated into **large-cap value, energy, financials, and defensive sectors** — areas that benefited from higher nominal yields, rising commodity prices, and their distance from the AI disruption narrative. This internal rotation kept the index afloat even as the technology complex suffered.

The Nasdaq-100, by contrast, declined **-6.96%** in Q1 – squeezed between tighter financial conditions and SaaS

fears that dragged it lower.. The selloff was indiscriminate - affecting both companies with direct AI disruption exposure and those whose valuation multiples simply looked vulnerable in a higher-for-longer rate environment.

The 'SaaSpocalypse': When AI Eats Its Own

Q1 2026 opened with a shock that cut straight through the heart of U.S. equity markets. The release of new autonomous AI tools — capable of replacing entire categories of enterprise software functionality - sent investors scrambling out of software-as-a-service (SaaS) stocks in what traders at Jefferies quickly coined the **"SaaSpocalypse."** The iShares Expanded Tech-Software ETF (IGV) fell more than **23% year-to-date**, entering a technical bear market. Roughly **\$1 trillion** in market capitalization was erased in a matter of weeks.

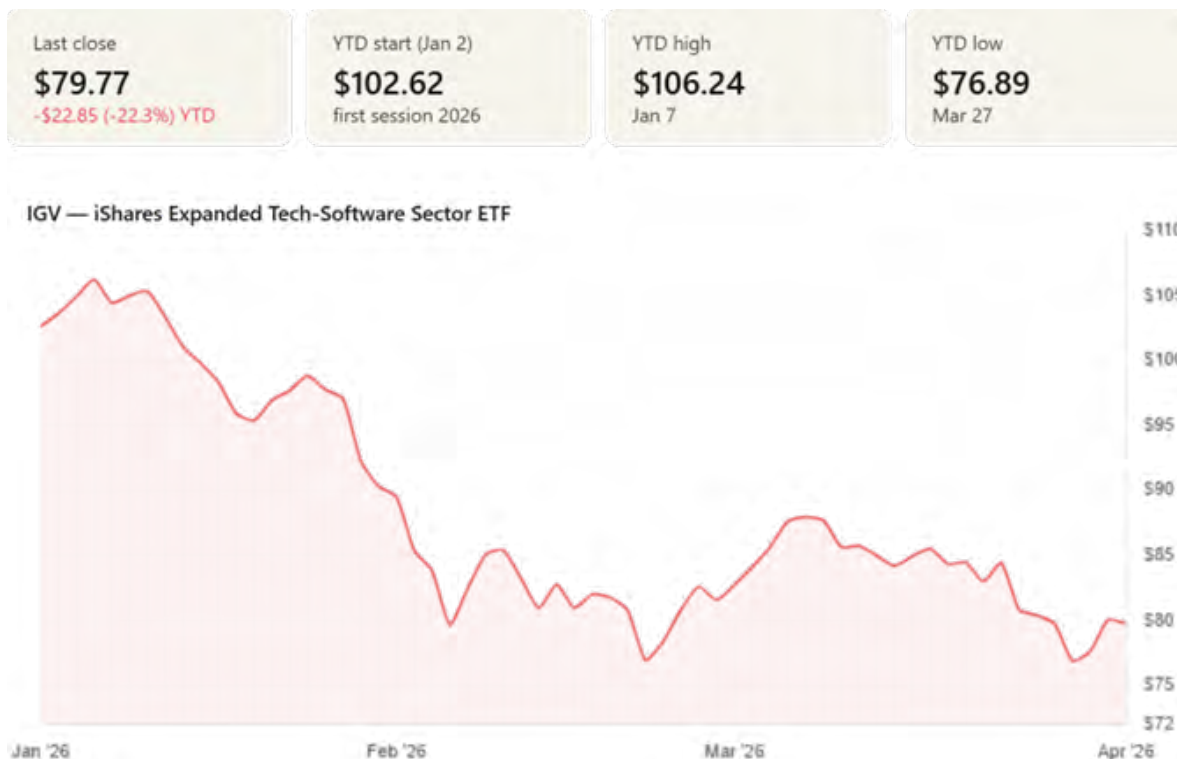


Figure 5: MarketWatch, Dunham, March 2026

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The fear driving the selloff has **two** legs.

First, investors are pricing in the risk that AI tools are good enough, fast enough, and will soon make conventional enterprise software subscriptions redundant, compressing the recurring-revenue models that justified premium valuations.

Second, investors are simultaneously worried that hyperscalers are overspending on AI infrastructure that may never deliver the expected returns. J.P. Morgan Research described this as **“broken logic”** - the market is effectively selling indiscriminately, pricing in two mutually exclusive doomsday scenarios at once.

That said, the pain is real for concentrated portfolios. And it has spread beyond equities into **private credit** - a \$3 trillion market with an estimated 20–26% exposure to software companies through direct lending at risk.

Not everyone agrees that the selloff is rational. Many have pushed back publicly, calling the decline overdone, arguing that fundamentals remain intact, and that AI is far more likely to complement software than displace it wholesale. But in markets, perception shapes positioning - and for Q1, the SaaS complex was priced for disruption regardless of whether disruption arrives on schedule. In that sense, the sharp moves in markets may reflect a rapid repricing of uncertainty rather than a definitive deterioration in fundamentals.

The Dollar: Still Slipping, Stakes Getting Higher

The trade-weighted U.S. Dollar Index continued its descent in Q1 2026, extending the decline that began from its January 2025 peak near 130. The dollar has dropped roughly **8–10% from its highs** - marking one of the most sustained period of dollar weakness since the early 2000s. The drivers remain consistent - narrowing rate differentials as other central banks catch up with easing, rising fiscal deficit concerns, and a gradual reassessment of U.S. exceptionalism in the wake of tariff-driven uncertainty.

A weaker dollar has functioned as a meaningful tailwind for U.S. investors holding unhedged international equity positions. It has also complicated matters for foreign institutions holding unhedged U.S. assets — hit from two sides by equity weakness in SaaS-exposed names and currency translation losses. The early **global currency hedging cycle** we highlighted in Q2 2025 continues to unfold. Only roughly **23% of foreign-held U.S. exposures** are currently hedged versus pre-pandemic norms of 45–50%.

But it's important to note that since the U.S.-Iran war broke out, the USD has surged as investors flee to safety.



Figure 6: St. Louis Federal Reserve, Dunham 2026

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Oil, Energy, and a New Inflation Input

Rising energy prices emerged as one of Q1's most consequential macro developments. Geopolitical flare-ups in the Middle East pushed oil prices higher, triggering concern across financial markets about an **energy-driven stagflationary impulse** that the Federal Reserve is poorly equipped to address. Elevated oil prices act as a tax on every household and every business with energy cost exposure - draining the excess savings cushion that has propped up consumption through 2025.

This matters for portfolio positioning in a specific way: **international equities, while outperforming U.S. benchmarks broadly, carry meaningful sensitivity to oil supply disruptions** - particularly European economies heavily reliant on energy imports. Any sustained supply shock has the potential to compress European corporate margins and slow the region's momentum. The outperformance of international names that has driven the "great rotation" narrative is real — but it is not invulnerable to energy-price headwinds.

International Markets: Still Leading, But Watch the Fault Lines

International equities again outperformed U.S. benchmarks in Q1 2026, extending a streak that has now lasted multiple quarters. Even among the chaos in markets, the MSCI World ex USA Index was still **-0.71%** in Q1.

European equities continued to benefit from a weaker dollar, accommodative fiscal policy in Germany following its fiscal reform, and valuations that remain attractive relative to U.S. counterparts. **The iShares Europe ETF (IEV)** has now climbed well above 25% since the start of 2025 - a dramatic outperformance gap versus the S&P 500 that has shifted consensus views on international allocation.

In Asia, **Japan** continues to struggle between rising domestic yields - which tighten financial conditions for a heavily indebted economy - and the tailwinds of a weaker yen for exporters.

China remains a market driven more by sentiment and policy intervention than by organic economic momentum, making it a source of volatility rather than a reliable source of return.

Emerging markets remain split in a way that demands attention. **Oil-exporting EMs** - countries like Saudi Arabia, the UAE, Nigeria, and Colombia (on balance) - benefit from

elevated energy prices through improved current accounts and fiscal revenues (that is, assuming the infrastructure holds).

Oil-importing EMs face the opposite - higher energy costs weigh on already fragile current account positions, currency depreciation accelerates domestic inflation, and dollar-denominated debt becomes more expensive to service as local currencies weaken.

The aggregate EM index blends both groups together - concealing the divergent dynamics that determine which countries win and which ones break.

This difference is the core reason why emerging market equity allocation requires precision rather than a broad-brush approach.

Fixed-Income Markets: Volatility Without Direction

Bond markets in Q1 2026 were characterized by elevated volatility and limited net movement. U.S. Treasury yields remained range-bound, with the 10-year note oscillating between 4.1% and 4.5% as incoming data alternated between inflationary readings and softer labor market prints. The **Bloomberg U.S. Aggregate Bond Index** delivered **-0.05%** returns for the quarter, supported by its income component rather than meaningful price appreciation.

The **private credit stress** discussed in the equity section spilled into broader credit markets, widening spreads on high-yield and leveraged loan indices as investors priced in rising default risks among software and AI-exposed borrowers. Investment-grade credit remained more stable but was not entirely immune - particularly for issuers with concentrated SaaS exposure in their customer bases.

The Fed's on-hold posture in Q1 kept short-term rates anchored while longer-term yields remained sensitive to each new inflation reading. Until the Fed resumes cutting - or until inflation data convincingly breaks lower — fixed income markets are likely to remain in a holding pattern: generating income but offering limited capital appreciation.

Part 3 — Dunham Core Strategy Changes:

After evaluating the global economic backdrop and the rapidly shifting market dynamics of Q1 2026, the **Dunham Investment Committee** remains confident in its core positioning entering Q2 - while acting decisively on the dislocations that Q1's volatility produced.

The SaaS selloff, combined with the continued outperformance of international and emerging market holdings, created a **classic rebalancing opportunity**: the international and EM side offered a chance to lock in gains, while the compression in U.S. large-cap growth multiples, particularly within the concentrated mandate of the Dunham Focused Large Cap Growth Fund, opened a window to add at relatively more attractive entry points. This is the discipline at the core of our investment process — **balance relative opportunities with risk**.

On the fixed income side, the Investment Committee evaluated whether the current environment offered sufficient spread dispersion or valuation gaps to warrant reallocation. It did not. With the core fixed income strategy already well-positioned across its component strategies, and with no meaningful overperformers creating an obvious source of reallocation capital, the committee held positioning steady.

Dunham Core Equity Strategy Adjustment

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

Decreases:

- **Dunham International Stock Fund (DNINX):** The Investment Committee modestly trimmed exposure to international equities to lock in the substantial relative gains generated over the past several quarters. International markets have delivered exceptional performance fueled by a weaker U.S. dollar, attractive valuations, and accelerating fiscal policy in Europe. However, **oil supply sensitivity** represents a meaningful risk to continued outperformance. European economies are energy importers by nature, and any sustained disruption to Middle East supply chains or further price escalation carries the potential to erode corporate margins and dampen the growth momentum that has driven returns. Trimming from strength — rather than waiting for that risk to materialize - reflects a disciplined approach to managing the asymme-

try of the current environment. The committee continues to maintain a meaningful position in international equities, reflecting a favorable long-term view of the rotation thesis.

- **Dunham Emerging Markets Stock Fund (DNEMX):** The Investment Committee also reduced emerging market exposure following a period of meaningful outperformance. While the committee retains a constructive long-term view on select EM economies, **the current environment presents risks that warrant caution at the margin**. The U.S. dollar - while below its 2025 highs - remains historically elevated, and an elevated dollar creates twin pressures for EM economies: it inflates the real cost of servicing dollar-denominated debt, and it contributes to domestic currency weakness that can reignite local inflation. Emerging markets are also bifurcated by their energy position. Oil importers face headwinds from elevated energy prices in the form of wider current account deficits and inflationary pressure, while oil exporters benefit. The aggregate EM index does not distinguish between these dynamics — and a period of geopolitical energy risk tends to create differentiated performance that is difficult to harvest passively. Taking partial profits allows the committee to maintain selective conviction while reducing undifferentiated exposure.

Increases:

- **Dunham Focused Large Cap Growth Fund (DNFGX):** The Investment Committee **substantially** increased allocation to the Focused Large Cap Growth Fund. The group's rationale is that the SaaS-driven selloff compressed valuations, particularly those within the concentrated Dunham Focused Large Cap Growth Fund, to levels not seen in several years. Price-to-sales ratios in software fell from approximately 9x to 6x during the selloff - approaching levels last seen in the mid-2010s, well before the AI-driven expansion of the past several years.

The Investment Committee's view is that the market's reaction was **indiscriminate**. Selling quality businesses with durable competitive advantages - strong cash flows, sticky customer relationships, pricing power, and demonstrated earnings - simply because they share a sector label with more vulnerable SaaS models is a pricing error that disciplined long-term

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investors can exploit.

The committee views the more likely outcome as AI complementing, rather than wholesale replacing, enterprise software - and believes select large-cap growth names now offer compelling risk-adjusted upside from these compressed valuation levels.

The committee also notes that any resumption of Federal Reserve rate cuts - which remain in the market's base case for 2026 - would provide a particularly strong tailwind to longer-duration growth assets.

Buying into that optionality at compressed multiples is consistent with the committee's mandate to **identify asymmetric opportunities** in dislocated markets.

Core Fixed Income Strategy: No Changes

Following a thorough review, the Investment Committee determined that **no meaningful changes** were warranted to the **Core Fixed Income** or **Core Fixed Income Light** strategies.

The investment committee believes that - at this time - for a reallocation within fixed income to be warranted, there should be a meaningful dispersion - either an overperformer generating capital that can be redeployed, or an underperformer offering compelling relative value.

But in Q1 2026, the dispersion between the component strategies was **narrow**. No single position had stretched dramatically away from its peers in a way that created an obvious sell-high, buy-low opportunity. The private credit stress in software - while real and worth monitoring - was an external market event rather than a reflection of the positioning within the Core Fixed Income portfolio, which carries its exposure through diversified, actively managed vehicles.

The committee will continue to monitor fixed income conditions closely. Should rate dynamics change materially

- whether through a Fed resumption of cuts, a breakout in credit spreads, or a significant move in the yield curve - the committee is prepared to act.

But for now, it believes that the portfolio enters Q2 appropriately balanced.

Parting Comments

As Q2 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.

Q1 delivered a vivid reminder that markets can reprice **violently and indiscriminately**. The SaaS selloff, the energy price shock, and the Fed's constrained policy space are all serious risks - but they are also the conditions under which disciplined rebalancing can create long-term value.

The rotation trade - international outperformance relative to the U.S. - remains intact in our view, though it is no longer a free lunch at previous entry prices.

The dollar's decline, Europe's fiscal acceleration, and the valuation gap between domestic and international equities are structural forces that don't reverse quickly. But at the same time, the compression in U.S. large-cap growth valuations has created opportunities that weren't available a quarter ago.

By staying balanced, risk-aware, and opportunistic - identifying asymmetric opportunities when Mr. Market overcorrects - the committee aims to position portfolios to withstand near-term volatility while compounding toward long-term outperformance.

Put simply, Q1 gave us more of both challenge and opportunity.

Part 4 – DunhamDC Activity: Buy Fear, Sell Greed

Q1 2026 tested investors in a specific way. The SaaS apocalypse erased roughly \$1 trillion in software market capitalization. Energy prices climbed. Stagflation fears resurfaced. Broad equity indices swung between sharp declines and partial recoveries driven more by sentiment than fundamentals.

And DunhamDC did not fire a single signal yet - marking a deliberate pause that reflects exactly the kind of discipline the strategy was built to maintain.

Why No Activity Is the Right Answer

DunhamDC triggered multiple Sell signals in the second quarter of 2025 - trimming equity exposure as markets climbed toward peak valuations and greed took hold. Those who stayed invested in the strategy entered Q1 2026 with **reduced equity exposure** relative to a standard static allocation. Thus, when the SaaS selloff hit and broad markets pulled back, those accounts declined less. Not because DunhamDC predicted the selloff. But because it had already acted - months earlier - when the signals said greed had run too far.

This is the core mechanism - **selling greed buys time and capital when fear eventually arrives**.

The discipline of the prior sells is what makes the potential buys ahead meaningful. DunhamDC is now positioned - re-

duced in equities, holding a cushion - with the flexibility to add meaningfully when markets move far enough lower to trigger a Buy signal.

The Virtue of Patience

This is where investors sometimes lose patience with rules-based systems. The market falls, no signal fires, and the question becomes: *why isn't it doing anything?*

That's because the trigger hasn't been hit yet. DunhamDC doesn't react to every pullback - it reacts to extremes.

- A 10% decline in stocks is a repricing. But a broad, sentiment-driven capitulation - the kind that moves aggregate global equity indices past the thresholds the algorithm is calibrated against - becomes a potential buying opportunity.

Q1 2026's volatility, while real, has not yet produced that kind of broad capitulation signal.

When it does - which every drop in prices moves us closer - DunhamDC will buy.

Systematically. Without hesitation. And without emotion.

Allocation Rebalancing

		Dunham Investment Committee Allocations		Changes With Rebalancing	
Dunham Fund (N-Shares)	Ticker	Decreased	Increased	Percentage Change From Q1 2026	New Weighting For Q2 2026
Core Equity					
Large Cap Value Fund	DNLVX	●	●	-0.1%	16.0%
Real Estate Stock Fund	DNREX	●	●	-0.3%	7.0%
International Stock Fund	DNINX	●	●	-1.7%	13.0%
Small Cap Value Fund	DNSVX	●	●	0.0%	7.0%
Focused Large Cap Growth Fund	DNFGX	●	●	5.0%	17.0%
Small Cap Growth Fund	DNDGX	●	●	0.1%	5.0%
Emerging Markets Stock Fund	DNEMX	●	●	-3.2%	13.0%
Dynamic Macro Fund	DNAVX	●	●	-0.3%	11.0%
U.S. Enhanced Market Fund	DNSPX	●	●	0.6%	11.0%
Core US Equity					
Large Cap Value Fund	DNLVX	●	●	-3.4%	28.6%
Small Cap Value Fund	DNSVX	●	●	-1.4%	12.5%
Focused Large Cap Growth Fund	DNFGX	●	●	6.6%	30.4%
Small Cap Growth Fund	DNDGX	●	●	-0.8%	8.9%
U.S. Enhanced Market Fund	DNSPX	●	●	-1.0%	19.6%
Core Foreign					
International Stock Fund	DNINX	●	●	2.4%	50.0%
Emerging Markets Stock Fund	DNEMX	●	●	-2.4%	50.0%

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		Dunham Investment Committee Allocations		Changes With Rebalancing	
Dunham Fund (N-Shares)	Ticker	Decreased	Increased	Percentage Change From Q1 2026	New Weighting For Q2 2026
Core Alternative					
Dynamic Macro Fund	DNAVX	•	•	-0.8%	28.6%
Long/Short Credit Fund	DNAIX	•	•	0.0%	13.6%
Monthly Distribution Fund	DNMDX	•	•	-0.1%	11.0%
Real Estate Stock Fund	DNREX	•	•	-0.7%	18.2%
U.S. Enhanced Market Fund	DNSPX	•	•	1.6%	28.6%
Core Fixed Income					
International Opportunity Bond Fund	DNIOX	•	•	0.0%	9.0%
Floating Rate Bond Fund	DNFRX	•	•	0.1%	14.0%
Corporate/Government Bond Fund	DNCGX	•	•	0.2%	23.0%
High-Yield Bond Fund	DNHYX	•	•	0.1%	16.0%
Monthly Distribution Fund	DNMDX	•	•	-0.2%	17.0%
Long/Short Credit Fund	DNAIX	•	•	-0.1%	21.0%
Core Fixed Light					
Monthly Distribution Fund	DNMDX	•	•	-0.2%	25.0%
Long/Short Credit Fund	DNAIX	•	•	-0.1%	25.0%
Corporate/Government Bond Fund	DNCGX	•	•	0.2%	30.0%
Floating Rate Bond Fund	DNFRX	•	•	0.1%	20.0%

IMPORTANT DISCLOSURES

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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 an absolute return style to achieve its investment

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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

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operating 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 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

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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 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.

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 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.

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.