



Quarterly Pulse

Q2—2026

Part 1 - Economic Backdrop

Part 2 - Markets Update

Part 3 - Dunham Core Strategy Changes

Part 4 - DunhamDC Activity: Buy Fear, Sell Greed

Key Takeaways:

- **The Unemployment-Inflation Spread Is Entering the Danger Zone:** In May, headline inflation hit 4.2% while unemployment held at 4.3% — a spread of 0.1 percentage points from going negative. Every prior crossing below zero ended the same way: an inflation problem the Fed had to break with painful rate hikes — the mid-1970s, the 1980 Volcker recession, the 2021–22 shock. This time, public debt is near 100% of GDP. The higher rates go, the faster the federal budget bleeds. The Fed has faced this problem before. It has never faced it with less room to maneuver.
- **Equities Melted Up. The Data Underneath Didn't:** The S&P 500 gained 14.87% and the Nasdaq surged 21.41% — records set against reaccelerating inflation, a divided Fed, and a consumer splitting along income lines. The rally was narrow, driven by AI names pulling the index higher while the rest of the market waited. Goldman Sachs expects \$675 billion in total equity issuance this year — a record — and the buybacks meant to offset it require cash that AI capital spending is already consuming. The market is priced for a clean boom. The economy beneath it is not clean.
- **Two Spending Cycles Are Rewriting the Infrastructure Playbook:** Global defense spending hit a record \$2.887 trillion in 2025, growing at roughly 8% CAGR since 2020. The four largest U.S. cloud companies plan to spend a combined \$700 billion on capital projects this year, at roughly 40% CAGR over the same period. Both cycles are pulling hard on the same physical inputs — copper, steel, construction labor, grid power — simultaneously and independent of the business cycle. The picks and shovels of this era are not just chip stocks. They are power lines, transformers, gas turbines, and uranium.
- **International Markets Kept Pace — but the Volatility Was a Warning:** The MSCI ACWI Ex US returned 14.49% — but the gains masked a quarter of sharp dislocations beneath the surface. South Korea triggered circuit breakers as foreign investors pulled \$17 billion from emerging Asian markets in a single week, the second-largest outflow on record. Romania, the UK, and Mexico each showed a different kind of stress — political, fiscal, and trade-related. Then the dollar reversed from January lows to a 13-month high. That single move threatens to unwind the great rebalancing trade that drove early-year EM outperformance, and it happened fast.
- **Dunham Trims What Ran, Builds What's Left:** Q2 delivered strong gains and quietly compounding risks in the same quarter. The Investment Committee trimmed emerging market exposure after an exceptional run in South Korea and Taiwan — selling into strength rather than waiting for the turn. It added Large Cap Value and Dynamic Macro to widen the portfolio's footprint and build flexibility into a market defined by competing risks. In fixed income, the committee reduced duration exposure in DNIOX and DNCGX, and added to high yield and merger arbitrage where active managers can capture dislocation rather than absorb it. When the market runs fast and the risks compound quietly, rebalancing is not defensive. It is the offense.

Part 1 — Economic Backdrop

The Line About to Cross — A Spread Heading for the Danger Zone

The unemployment-inflation spread is almost back to zero.

In May 2026, U.S. unemployment rate sat near 4.3% while headline inflation rose to 4.2%. That left the spread at just plus 0.1 percentage points - one tenth of a point from turning negative.

This is a significant development as prior moves below zero has come with an inflation problem the Fed eventually had to deal with - the mid-1970s, the 1980 Volcker recession, and the 2021-22 inflation shock.

The period of note was the early 1990s, when a relatively short recession (8 months) and higher inflation from the Gulf War allowed the Fed to continue cutting interest rates without triggering a wider UE-CPI spread.

Over the last few months, the spread narrowed as inflation came back while unemployment stayed roughly flat. Headline CPI cooled through the winter, falling from 3.0% last September to 2.4% by February. Then it reversed - climbing to 3.3% in March, 3.8% in April, and 4.2% in May. Unemployment stayed stuck near 4.3%-4.4%.

That mix is harder for the Fed to manage, and it leaves less room for error.

There were two reasons for this: The first was energy, which moved from roughly flat in January to more than 20% year-over-year by May as the earlier oil shock fed through the data. The second was AI-related materials, with surging demand causing some memory chip prices to triple - thus lifting the cost of computers and electronics.

The 1970s offer the Fed a warning. Inflation cooled once, then came back. Many thought the worst had passed - but the second wave proved harder to break. The current setup does not have to follow that path, but the rhyme is clear — a short cooling phase is now giving way to a fresh inflation climb.

Core inflation still offers some relief. It sits at a more contained 2.9%, which tells us the recent pressure remains concentrated.

But concentrated pressure can still spread. If energy feeds into wages and expectations, the shock becomes a renewed cycle. That is what made the 1970s so difficult, and it is the channel investors need to watch now.



Figure 1: St. Louis Federal Reserve, Dunham 2026

Gasoline Shock, Consumer Cushion — Why This Oil Spike Hurt Less Than Prior Spikes

The U.S.-Iran conflict appears to be cooling, with tanker traffic through the Strait of Hormuz beginning to normalize as deal talks continue.

Oil prices have fallen sharply from their war-driven highs, offering a welcome reprieve after a sharp move in gasoline prices. The shock showed up clearly in the inflation data – yet it did not hit consumer spending with the same force.

Historically, oil shocks work like a tax. Households spend more at the pump, leaving less for restaurants, travel, retail, and services. Lower-income households feel it first because energy takes a larger share of their budgets, and they have fewer ways to absorb the hit through savings, remote work, or more fuel-efficient vehicles.

This time, the hit was cushioned by two offsets.

The first was **fiscal**. Larger tax refunds tied to the One Big Beautiful Bill Act (OBBBA) helped put cash back into household accounts as gasoline prices moved higher. That cash did

not remove the pain at the pump – but it helped blunt the drag on spending.

The second was **structural**. Energy spending now takes up a far smaller share of disposable personal income than it did during the 1970s oil shocks. In the 1970s, energy consumed about 6.0% of disposable personal income on average. In the 2020s, that share is closer to 3.5%.

That is why the oil spike looked severe in the inflation data but did less damage to consumer spending than past shocks might have implied. Gasoline prices rose. CPI felt it. But the consumer had more cushion than the headline price move suggested.

The risk is duration. Tax refunds are one-time support. Lower gasoline exposure helps, but it does not make energy irrelevant. If prices stay high long enough, the cushion fades. If prices fall, the pressure eases, and the May inflation spike may prove more temporary.

That makes energy the key swing factor for the next inflation prints — and for the Fed's reaction function.

Energy Spending Takes a Smaller Share of Disposable Income

Quarterly energy consumption expenditures as a share of disposable personal income



Figure 2: St. Louis Federal Reserve, Dunham 2026

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China's Weakness Remains The World's Problem

China posted 5% growth in the first quarter, but the headline strength hides a weaker core. Exports did the heavy lifting, surging 21.8% year-over-year, while domestic demand stayed flat. Chinese factories are producing far more than Chinese consumers are buying – and that surplus has to go somewhere, so it moves abroad at very low prices.

The weakness runs deeper than one quarter of soft demand. China endured 41 straight months of producer price deflation before an energy shock briefly pushed prices positive in March 2026. Youth unemployment sits at 15.6% officially, and likely above 30% when discouraged workers are included. And real estate investment fell 16.2% in the first five months of 2026 alone.

While we still wait to see if China can escape a deflation-

ary-property slowdown - the weak Chinese demand has helped hold down global goods prices.

Cheap EVs, solar panels, batteries, machinery, and industrial products have allowed China to export deflation abroad - which has helped mitigate price pressure for the rest of the world.

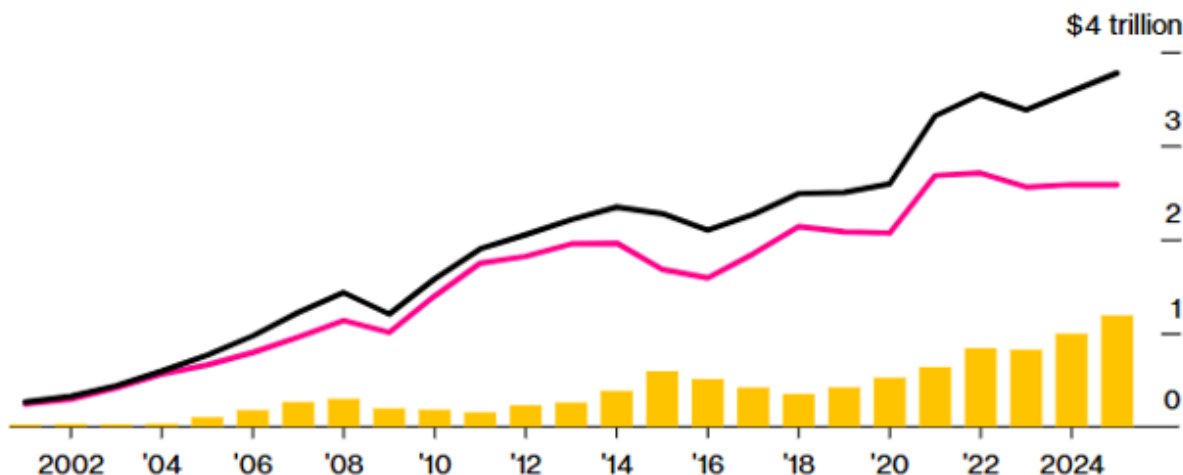
But that relief comes with a cost. The same export wave that helps suppress inflation also undercuts producers from Europe to Southeast Asia. China's slowdown is no longer contained inside China. It is moving through global trade, first as lower prices, then as political tension.

That is why the trade fight is unlikely to fade. China needs external demand because domestic demand is weak, and the rest of the world is starting to resist because its own industries are absorbing the pressure.

China's Net Exports Hit a Record \$1.2 Trillion in 2025

Despite US levies, China's trade surplus hits new record

Exports Imports Trade surplus



Source: China's General Administration of Customs

Figure 3: Bloomberg, June 2026

Workers Are Getting a Smaller Slice — and It's Not New

One of the least-discussed forces behind the “K-shaped” consumer may be hiding in plain sight.

The labor share of income - the fraction of economic output paid to workers as wages and salaries - now sits below 55% - its lowest level in the entire post-war World War 2 era.

The decline has two distinct structural chapters. The first meaningfully began in the early 2000s - driven by the rise of superstar firms, automation, and increasing market concentration. The second came post-COVID, when the labor share fell another ~2 percentage points below its pre-pandemic level - and hasn't recovered.

A recent Federal Reserve analysis found that the entire post-COVID decline happened within industries as wages grew more slowly than productivity. That means the corporation is keeping that surplus - which has boosted profits. But it comes with the downside risk that it puts pressure on wage-earning consumers - getting a smaller slice of the proverbial economic pie.

The labor share doesn't tend to recover quickly. After 2008 it barely bounced. History says a longer expansion is needed before workers reclaim ground - and with inflation reaccelerating and the Fed boxed in, that expansion isn't arriving on schedule.

Labor share (percent)

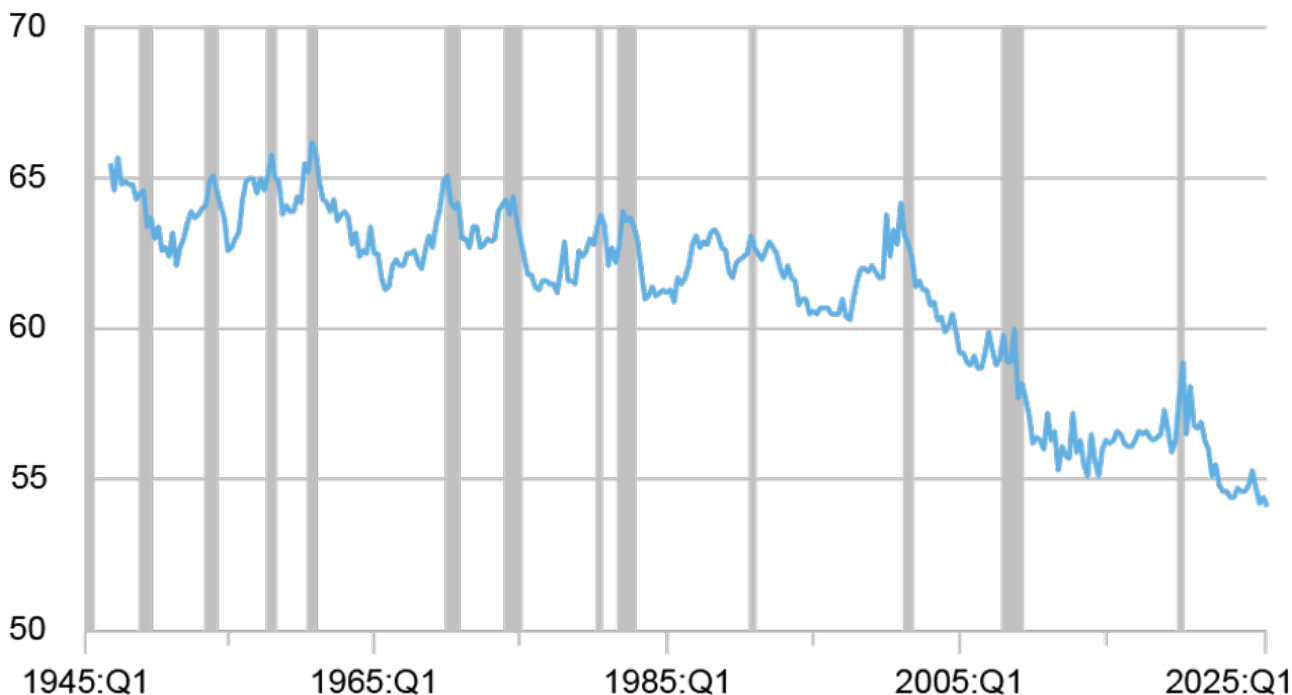


Figure 4: The Federal Reserve Bank of New York, Liberty Street Economics, June 2026

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Guns and Gigawatts — Two Cycles That Ignore the Weather

Two spending cycles are running outside the normal business cycle. Both are enormous demand machines for the physical world.

The first is defense. Global military spending hit a record \$2.887 trillion in 2025 - the eleventh straight year of increases, growing at roughly 8% CAGR since 2020. Europe led last year's move with a 14% jump, its largest single-year rise since the Cold War ended. NATO members have pledged to move spending toward ~5% of GDP over the next decade.

That is a procurement pipeline measured in trillions, backed by treaty. And it doesn't stay abstract for long. Defense dollars flow into steel, aluminum, copper, titanium, and specialized semiconductors - into shipyards, aerospace facilities, and the supply chains of everyone who makes the physical inputs of modern warfare. Authorizations become contracts. Contracts become production orders. Commodity producers and industrial manufacturers feel it - slowly at first, then steadily for years.

The second is artificial intelligence. The four largest U.S.

cloud companies plan to spend a combined \$700 billion or more on capital projects this year, up from roughly \$400 billion last year and growing at ~40% CAGR since 2020. Most of that is going into data centers.

But data centers are not software. They are buildings - poured concrete, structural steel, copper wiring. They run on power - natural gas, nuclear, grid infrastructure. They require cooling, land, and an electrical grid that cannot currently keep pace. By 2027, an estimated 40% of AI data centers may be constrained by a lack of electricity. Some companies are already restarting old nuclear plants just to feed the machines.

Every dollar of these two expenditures cycles is a payment to someone. Utilities. Grid equipment manufacturers. Nuclear operators. Natural gas producers. Copper miners. Construction firms.

What many investors may miss is that both cycles are pulling hard on overlapping physical inputs - copper, steel, rare earths, construction labor, grid power, etc. - simultaneously and independently of each other.

Defense is rearming. AI is building. Neither is waiting for the business cycle to give them permission.

GUNS & GIGAWATTS — 2020 TO 2026E

Two spending cycles. One business cycle. Zero correlation between them.



Sources: SIPRI (defense); Microsoft, Alphabet, Amazon, Meta earnings (AI capex). 2026 = projected. Dunham, June 2026.

Figure 5: SIPRI, Microsoft, Alphabet, Amazon, Meta earnings (AI Capex) projected for 2026, Dunham June 2026

Part 2 — Markets Update

U.S. Equity Markets — The Melt-Up That Came as a Surprise

U.S. equities surged despite the harder macro backdrop.

The S&P 500 closed the quarter with a gain of **14.87%** - sitting just below its all-time high. The Nasdaq Composite Index did even better, rising **21.41%** and pressing record territory.

The main driver was AI paired with potential de-escalation in the U.S.-Iran war. The capital-spending wave that is straining the power grid is also lifting the companies building the picks and shovels — chips, cloud, and data center hardware. Money continues chasing the AI theme.

The tension is that the market is priced for a boom while the consumer data points to strain. Both can be true at the same time. The top 10% that owns most of the stock market is doing well because the stock market is doing well. This creates a loop.

The question for the back half of the year is whether earnings can grow into these prices, or whether the gap closes the hard way.

Liquidity Crunch? A Record Supply Wave Meets an Expensive Market

Everyone wants to know which mega-IPO to get into. The better question is what all that new supply does to the stocks investors already own.

Here is the setup. Goldman Sachs expects roughly \$225 billion in U.S. IPOs this year and a record \$675 billion in total equity issuance once follow-ons and convertibles are included. The biggest deals have not even been priced yet.

New shares have to be bought by someone. To make room, funds raise cash. They rarely sell their best names first. Weaker holdings get cut, and that forced selling can ripple through the market.

For thirty years, one force helped propel markets higher - buybacks. Companies retired more stock than they issued - quarter after quarter. That kept net equity supply negative and gave prices a tailwind.

Net supply is new shares minus shares retired. A negative reading means the share count is shrinking, which supports

Low Issuance and Buybacks Have Kept Net Equity Supply -ve

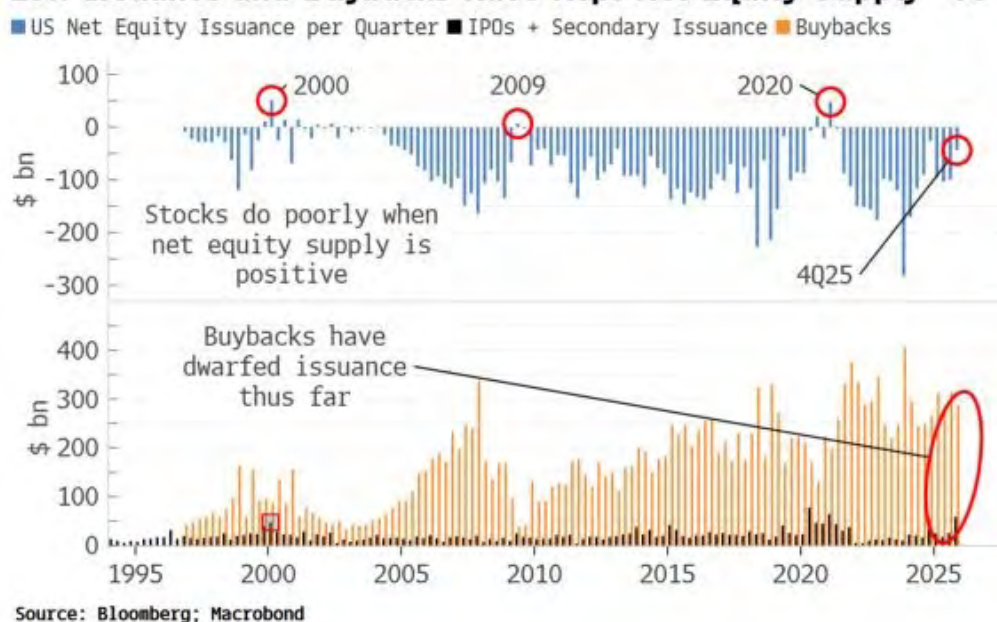


Figure 6: Bloomberg, June 2026

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prices. A positive reading means the share count is growing, which can weigh on prices. The rare periods when net supply flipped positive – 2000, 2009, and 2020 – were all rough stretches for stocks.

Goldman now expects net supply to go roughly flat in 2026. That would be the first time it has not been firmly negative since 2003. The counterweight is still buybacks, pegged near \$1 trillion or more for the year.

But announced buybacks are intentions. They still require cash. With AI capital spending absorbing free cash flow by the quarter, executing those repurchases gets harder.

Late-cycle sentiment. Stretched valuations. Cash-strapped firms. Record issuance. Any one of those pressures can be absorbed. All four together deserve attention. The thesis now rests on execution – the buybacks must actually materialize.

The Dollar's Comeback Is Reversing the Year's Biggest Trade

The dollar staged a sharp reversal this quarter. The DXY broke above 100 in June, touching a 13-month high near 101.80, after sitting near four-year lows in the mid-90s as recently as January.

The two key drivers were a flight to safety amid the U.S.-Iran war and a Fed that turned hawkish rather than dovish, holding rates at 3.50%-3.75% with nine of eighteen FOMC participants now projecting at least one hike in 2026 rather than the cuts markets had priced earlier in the year.

This reversal has led to some volatility abroad. The dollar's weakness had fueled a significant emerging-market rally with the "great rebalancing" trade, where capital rotated out of U.S. assets into higher-growth, currency-sensitive markets like Brazil, Mexico, and South Korea. A stronger dollar can create headwinds for this momentum as it raises the cost of dollar-denominated debt for foreign borrowers, pressures commodity prices that trade in dollars, and tends to pull capital back toward U.S. assets.

The dollar remains the market's default safe haven even amid U.S. fiscal and political noise – the "prettiest mare in the slaughterhouse" dynamic, where every major currency has its own structural problem and the dollar simply has the fewest, or the most yield to compensate for them. Whether this strength persists depends largely on incoming inflation data and the Fed's next moves. But for now, it's the single dollar-denominated headwind every international holding in the portfolio has to contend with simultaneously.

U.S. Dollar Index (\$DXY) Moved Higher Over the Last Year

Daily close, Jun 30, 2025 to Jun 29, 2026 • 96.88 to 101.11 • +4.23 points



Figure 7: MarketWatch, Dunham 2026

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The Yen Can't Catch a Bid — Even With the BOJ Hiking

The yen hit its weakest level since 1986 this quarter - just before the Plaza Accord (the 1985 structural currency deal that triggered the yen's decade-long rally) - even after the Bank of Japan raised rates to 1%, a three-decade high. Normally, a rate hike strengthens a currency - but in Japan's case, it's not working.

Even with BOJ hikes, the Fed still sits at 3.50%-3.75%, leaving a roughly 300 basis point gap that keeps the yen carry trade alive - borrow cheap yen, buy higher-yielding dollars, pocket the spread. Japan's real rate remains negative once adjusted for inflation, so even domestic investors have little tolerance for negative returns and are joining the outflow.

Energy compounds the problem. Japan imports nearly all its

oil, and this year's Iran war pushed prices higher at the worst possible time - a weaker yen makes those imports cost more, widening the trade deficit and pressuring the currency further.

The Ministry of Finance spent a record ¥11.73 trillion (~\$72 billion) defending the yen in a single month.

But there was one winner - Japan's export sector saw growth from a weaker yen. Toyota alone stands to gain an estimated \$5.8 billion in profit purely from currency translation. The clearest loser is the Japanese consumer, paying more for imported fuel and food, and increasingly the source of political pressure on the Takaichi government.

Until the Fed cuts meaningfully or the BOJ hikes well beyond what's priced in, the yen remains the world's preferred funding currency - and Japan keeps absorbing the cost of everyone else's carry trade.

Yen Hits Weakest Level Since 1986

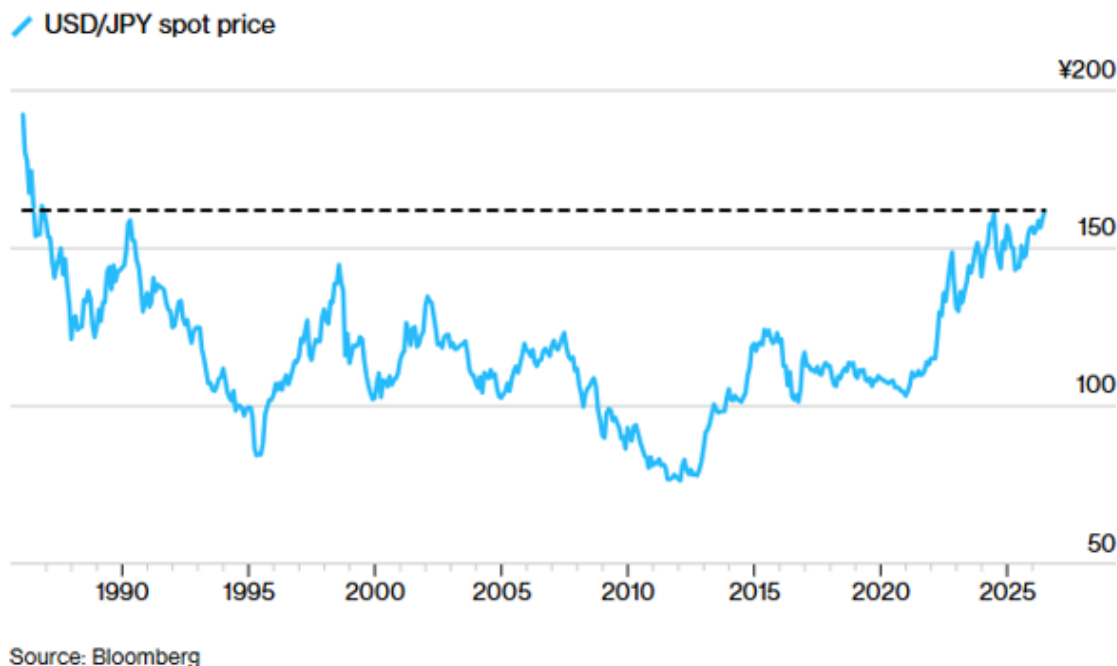


Figure 8: Bloomberg, June 2026

International Markets — Keeping Pace, but With Fault Lines

The MSCI ACWI Ex US returned **14.49%** for the quarter. Foreign stocks held their own, helped by an AI spending boom and Europe's defense-spending surge. The case for looking abroad remains stronger than it has been in years - U.S. markets are priced richly and concentrated in a small group of AI names, while international markets trade cheaper and offer differentiated exposures (albeit South Korea and Taiwan).

But the quarter also showed how quickly international gains can reverse — and how concentrated some of the best-performing markets have become.

South Korea's KOSPI saw ~\$13 billion in foreign selling in a single week, triggering circuit breakers and violent intraday swings. Samsung fell 10% before recovering 9% the following session; SK Hynix fell 7.7% before surging 16% - the KOSPI's strongest single-day rebound of 2026. The index has nearly doubled since January, but that kind of move cuts both ways. Overseas investors pulled roughly \$17 billion from emerging Asian markets excluding China in a single week - the second-largest weekly outflow on record.

The vulnerability is structural. Korea's index is roughly 40%

semiconductor names, meaning it amplifies every move in U.S. chip sentiment rather than diversifying away from it.

Meanwhile, Romania saw sovereign credit pressure deepen as the country's political impasse raised concerns about fiscal consolidation and access to European Union recovery funds.

In the UK, gilts sold off more sharply than U.S. Treasuries due to greater sensitivity to energy-price shocks, compounded by political uncertainty as Starmer faced internal party dissent and markets began pricing in a leadership risk premium.

Mexico absorbed the quarter's trade volatility differently — its economy remains structurally exposed to U.S. tariff policy, with industrial activity and foreign direct investment both under pressure from an uncertain trade framework that hasn't fully resolved.

Thus, International markets looked both interesting yet volatile.

Fixed-Income Markets — A Steeper Curve With a Muddier Signal

The 10-year Treasury yield ended the quarter near 4.45% - with the Bloomberg U.S. Aggregate Bond Index slightly up at **0.67%**. With the Fed holding short rates at 3.50%–3.75% in

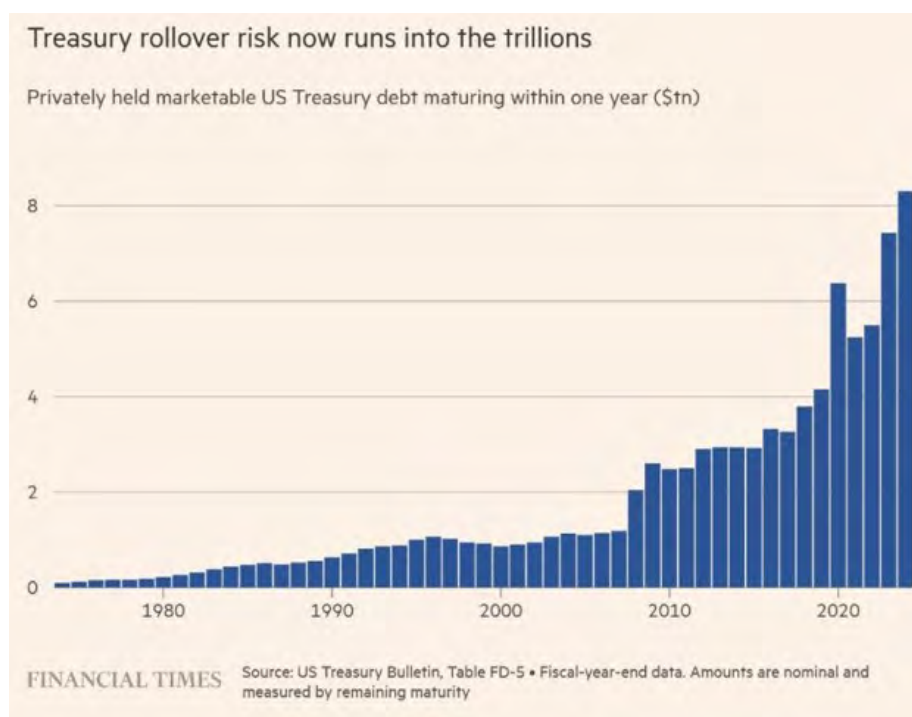


Figure 9: Financial Times, June 2026

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fear of lingering war-induced inflation, bond markets looked nervous.

With inflation near 4% and the policy rate near 3.75%, the real return on cash is close to zero. Bonds are paying again. The path from here depends on whether inflation cools as oil falls, or stays sticky as the dollar weakens.

Adding to that pressure is a refinancing calendar that doesn't wait for conditions to improve. Roughly \$9 trillion in Treasury debt is set to mature in 2026 - the legacy of pandemic-era

short-term borrowing that was never converted into long-dated funding when rates were near zero. That debt now rolls at rates meaningfully above what it was issued at, and the average interest rate across outstanding marketable debt has already climbed to 3.39% — with short-term refinancing costs running higher still.

With fiscal deficits set to widen, this could pose a bigger problem in the coming years.

Part 3 — Dunham Core Strategy Changes

The committee's decision last quarter to rotate meaningfully into the Dunham Focused Large Cap Growth Fund at compressed SaaS valuations proved well-timed — the Nasdaq surged 21.41% in Q2, validating the thesis that the selloff was indiscriminate rather than fundamental. With that position having delivered its move, the committee trimmed modestly to lock in gains and redeploy toward broader exposure.

After evaluating the global economic backdrop and the fast-moving market dynamics of Q2 2026, the Dunham Investment Committee moved toward a more risk-aware posture entering Q3 — taking chips off the table where positions had run furthest and preparing for higher volatility instead of chasing the rally.

The macro backdrop framed every decision. Inflation is reaccelerating. The labor market remains stuck. The Federal Reserve is divided and leaning hawkish. Emerging markets ran well ahead of fundamentals. The U.S.-Iran conflict also proved far more complex to end than it was to begin.

Taken together, these conditions tilt the balance of risk toward the downside. The theme this quarter was disciplined rebalancing rather than directional positioning. The committee trimmed appreciated positions, realized gains, and reallocated toward areas offering a more favorable balance of risk and reward should conditions deteriorate. This is the discipline at the core of our investment process — balancing relative opportunities with risk.

Dunham Core Equity Strategy Adjustment

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

Decreases:

- **Dunham Emerging Markets Stock Fund (DNEMX)** — The Investment Committee meaningfully reduced emerging market exposure following an exceptional run led by South Korea and Taiwan. When a position has already delivered its move, the balance between risk and reward becomes less favorable. The committee viewed this as the right moment to sell into strength, realize gains, and redeploy capital toward lagging areas with more attractive upside.

The committee retains a constructive long-term view on select emerging market economies. But the aggregate index does not distinguish between the winners and the more fragile importers. A period of geopolitical energy risk tends to create very different outcomes across countries, and that spread is difficult to harvest passively. Taking partial profits allows the committee to maintain selective conviction while reducing broad exposure.

Increases:

- **Dunham Large Cap Value Fund (DNLVX)** — The committee added to large-cap value to broaden the portfolio's exposure across the U.S. market. The fund provides participation in technology without concentrating the portfolio in the small group of mega-cap AI names that have led the index. After a rally driven by relatively few stocks, a wider footprint offers more durable exposure. Value also tends to hold up better than high-multiple growth if rates stay high and inflation remains sticky.
- **Dunham Dynamic Macro Fund (DNAVX)** — The committee increased its allocation to a macro strategy designed to adapt to the cross-currents described in this report — rate uncertainty, currency movement, and geopolitical risk. The goal is not to anchor the portfolio to a single outcome. The committee favored a holding capable of adjusting as conditions change, providing a flexible counterweight in a quarter defined by competing risks.

Dunham Core Fixed Income Strategy Adjustment

On the fixed income side, the committee found enough dispersion this quarter to act — leaning into income and credit where opportunity is widening, while paring duration-sensitive exposure where the higher-for-longer rate path raises the risk.

Decreases:

- **Dunham International Opportunity Bond Fund (DNIOX)** — Inflation is proving stickier abroad than many expected, narrowing the path for a rapid easing cycle across global markets. With rate cuts less likely to materialize quickly, the committee pared international bond exposure to limit downside should foreign rates remain elevated and bond prices stay under pressure.

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- **Dunham Corporate/Government Bond Fund (DNCGX)** — The same dynamic is playing out domestically. With U.S. inflation reaccelerating and the Fed on hold, duration-sensitive exposure carries more risk than reward in the near term. The committee reduced this position to limit downside if rates move higher from here and the higher-for-longer path extends further than the market currently expects.

Increases:

- **Dunham High-Yield Bond Fund (DNHYX)** — Double-B credit has become the higher-quality tier within high yield, and the committee believes the fund's sub-advisor is well positioned to take advantage of dislocation in the high-yield market. With rates likely higher for longer and credit turbulence likely to persist, the environment creates openings for a capable active manager to capture yield while managing default risk.
- **Dunham Monthly Distribution Fund (DNMDX)** — The committee sees a positive environment for merger and acquisition activity, supported by healthy deal spreads and a level of market volatility that creates opportunity. These are the conditions in which this absolute-return strategy is designed to perform, offering an income stream less dependent on the direction of rates.

Parting Comments

As Q3 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.

Q2 delivered a contradiction. Equities melted up. The consumer split in two. Inflation turned higher. The Fed stayed boxed in. The S&P 500 and Nasdaq pressed records while the unemployment-inflation spread moved toward the danger zone.

Both situations have played out - and the gap between them is exactly the kind of condition where disciplined rebalancing can create long-term value.

By trimming from strength, favoring breadth and flexibility, and leaning into credit where dispersion is widening, the committee aims to position portfolios to withstand near-term volatility while compounding toward long-term outperformance.

Put simply, Q2 gave us a market priced for a clean boom and an economy showing strain. That is when balance matters most.

Fund tickers reflect the Dunham Fund N-Share classes. Exact weighting changes and the full Allocation Rebalancing tables to be added by the editorial team, in the same format as Q1.

Part 4 – DunhamDC Activity: Buy Fear, Sell Greed

Q2 2026 was a quarter where markets moved fast, headlines even faster, and sentiment swung from extreme fear to extreme greed and back again.

Against that backdrop, DunhamDC registered one signal - and ignored everything else.

On May 22nd, **DunhamDC US** triggered a **SELL** signal as markets surged on news of U.S.-Iran de-escalation. The signal was not a prediction about whether the ceasefire would hold or whether the rally had further to run. It was the algorithm doing exactly what it was built to do - recognizing that greed had reached a threshold and acting on it, without hesitation and without emotion.

That is the discipline. When markets price in relief rapidly and sentiment shifts from fear toward euphoria, DunhamDC trims. It doesn't need to know what comes next. It only needs to know that the risk-reward has shifted.

DunhamDC Global recorded no activity this quarter. The strategy has already reduced equity exposure through prior sell signals and currently sits at its minimum equities threshold - meaning the next directional move, when triggered, will be a **BUY**.

Positioned for What Comes Next

The conditions that tend to produce DunhamDC buy signals are forming in front of us.

Equities are richly priced. Corporations are issuing shares at a record pace while free cash flow is being consumed by AI capital spending. Geopolitical uncertainty hasn't resolved — it has merely paused.

Each of those forces, individually, can be absorbed. But together, they raise the probability of the kind of broad sentiment-driven decline that moves markets past DunhamDC's Buy thresholds.

When that happens - and every decline in prices moves us closer - DunhamDC will buy. Systematically. Without hesitation. And without emotion.

That is the point of the discipline. Not to predict the timing. But to be ready when the market hands us the opportunity.

Allocation Rebalancing

		Dunham Investment Committee Allocations		Changes With Rebalancing	
Dunham Fund (N-Shares)	Ticker	Decreased	Increased	Percentage Change From Q2 2026	New Weighting For Q3 2026
Core Equity					
Large Cap Value Fund	DNLVX	●	●	1.8%	17.0%
Real Estate Stock Fund	DNREX	●	●	0.5%	7.0%
International Stock Fund	DNINX	●	●	-0.7%	13.0%
Small Cap Value Fund	DNSVX	●	●	-0.3%	7.0%
Focused Large Cap Growth Fund	DNFGX	●	●	-0.2%	17.0%
Small Cap Growth Fund	DNDGX	●	●	-0.4%	5.0%
Emerging Markets Stock Fund	DNEMX	●	●	-3.4%	11.0%
Dynamic Macro Fund	DNAVX	●	●	2.6%	12.0%
U.S. Enhanced Market Fund	DNSPX	●	●	-0.1%	11.0%
Core US Equity					
Large Cap Value Fund	DNLVX	●	●	2.7%	29.8%
Small Cap Value Fund	DNSVX	●	●	-0.7%	12.3%
Focused Large Cap Growth Fund	DNFGX	●	●	-0.8%	29.8%
Small Cap Growth Fund	DNDGX	●	●	-0.8%	8.8%
U.S. Enhanced Market Fund	DNSPX	●	●	-0.4%	19.3%
Core Foreign					
International Stock Fund	DNINX	●	●	5.3%	54.2%
Emerging Markets Stock Fund	DNEMX	●	●	-5.3%	45.8%

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		Dunham Investment Committee Allocations		Changes With Rebalancing	
Dunham Fund (N-Shares)	Ticker	Decreased	Increased	Percentage Change From Q2 2026	New Weighting For Q3 2026
Core Alternative					
Dynamic Macro Fund	DNAVX	●	●	3.5%	30.2%
Long/Short Credit Fund	DNAIX	●	●	0.2%	13.2%
Monthly Distribution Fund	DNMDX	●	●	0.8%	11.3%
Real Estate Stock Fund	DNREX	●	●	-0.8%	17.6%
U.S. Enhanced Market Fund	DNSPX	●	●	-3.8%	27.7%
Core Fixed Income					
International Opportunity Bond Fund	DNIOX	●	●	-1.1%	8.0%
Floating Rate Bond Fund	DNFRX	●	●	-0.1%	14.0%
Corporate/Government Bond Fund	DNCGX	●	●	-0.9%	22.0%
High-Yield Bond Fund	DNHYX	●	●	0.9%	17.0%
Monthly Distribution Fund	DNMDX	●	●	1.1%	18.0%
Long/Short Credit Fund	DNAIX	●	●	0.1%	21.0%
Core Fixed Light					
Monthly Distribution Fund	DNMDX	●	●	0.1%	25.0%
Long/Short Credit Fund	DNAIX	●	●	0.1%	25.0%
Corporate/Government Bond Fund	DNCGX	●	●	0.0%	30.0%
Floating Rate Bond Fund	DNFRX	●	●	-0.3%	20.0%

IMPORTANT DISCLOSURES

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

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

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

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

Past performance is not indicative of future results.

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

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

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

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

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

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

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

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

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

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

Core Fixed Income Strategy

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

Core Fixed Light Strategy

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

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

Core Equity Strategy

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

Core U.S. Equity Allocation

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

Core Foreign Equity Allocation

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

Core Alternatives Allocation

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

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

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

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

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

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

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

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

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

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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

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

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

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

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

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

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

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

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

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

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

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

Index Definitions:

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

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

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

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

Investors cannot invest directly in an Index.

DunhamDC Disclosure

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

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

Past performance may not be indicative of future results.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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.