



Investment Objective

The Fund seeks to maximize capital appreciation.

Sub-Adviser Background

The Ithaka Group, LLC is an independent, employee-owned, investment management company focused on concentrated growth equity portfolios. Ithaka is located in Arlington, VA.

N-SHARE Fund Performance As of 04/30/23

Quarter: 9.64%	1-Year: 5.44%	3-Year: 7.29%
5-Year: 11.56%	Since Inception (12/9/11): 12.41%	Total Expense Ratio: 1.01%
10-Year: 12.71%		

Prices and returns quoted represent past results and are no guarantee of future results. Current performance may be higher or lower than the performance shown. Investment return and principal value will fluctuate, so your shares, when redeemed, may be worth more or less than their original cost. To obtain performance data current to the most recent month-end, call us at (800) 442-4358. Dunham Class N Shares have no initial sales charge or contingent deferred sales charge (CDSC).

Asset Class Recap

Large cap growth stocks, as measured by the Russell 1000 Growth Index, were modestly positive for the fiscal quarter ended April 30, 2023; up 2.0 percent. The positive return for the period came with some volatility, as February fell 3.5 percent, March rose 3.6 percent, and April rose 1.2 percent. Large cap growth stocks rose despite concerns of the U.S. banking sector, softer U.S. corporate earnings, severity of a U.S. recession, continued interest rate hikes by the Federal Reserve to potentially stem inflation, and lack of resolution to the Russia/Ukraine war. Much of the positive performance for the period coincided with U.S. corporate earnings not being as weak as expected, perception of short-term oversold market conditions, and optimism that the Federal Reserve may be near the end of its tightening schedule, thus the U.S. economy and financial markets may experience less of an impairment as a result.

Allocation Review

Excluding the sectors with weightings of less than 3.0 percent in the benchmark index (materials and processing, energy, and utilities), only the technology, consumer staples, and healthcare sectors were positive for the fiscal quarter, returning 15.3 percent, 9.1 percent, and 4.0 percent, respectively. The sectors that detracted were financial services, producer durables, and consumer discretionary, as they declined 3.3 percent, 2.1 percent, and 0.1 percent, respectively. The dispersion of returns among these sectors was not as severe as in previous fiscal quarters, as the difference between the best performing sector and worst performing sector was approximately 19.0 percent. The largest sector in the benchmark, technology, outperformed the benchmark index by 8.7 percent. Therefore, the Fund's 6.4 percent underweight technology, which comprises 44.4 percent of the benchmark index, detracted from Fund performance. Regarding allocation attribution, the largest contributor to the benchmark's performance was the 11.6 percent weight to healthcare which benefited Fund performance as it was overweight by 5.9 percent. Conversely, the largest detractor to the benchmark's performance was its 8.2 percent weight to financial services, which lowered Fund performance as it was overweight by 6.6 percent. The Fund's high concentration of holdings, approximately 10 stocks comprising 60 percent of the market value of the Fund's portfolio, generated materially different performance within each of the sectors as compared to the benchmark index. For example, the Fund's largest outperformance occurred within the technology sector, where it outperformed the benchmark index by 10.9 percent. In contrast, the Fund's poorest performance during the fiscal quarter, was in the financial services sector, where the Fund underperformed the benchmark by 8.5 percent.

Holdings Insights

Within the technology sector, much of the Fund's outperformance was attributed to strong performers such as Nvidia Corp. (NVDA) (holding weight*: 8.31 percent), a designer of graphics processing units and application programming interfaces, returned 42.1 percent as it benefited from the signing of a 10-year agreement with Microsoft's Activision Blizzard and favorable market sentiment around artificial intelligence-oriented companies. The Fund performance was also supported by solid absolute performers such as Microsoft Corp. (MSFT) (holding weight*: 8.22 percent), the multinational technology company, and Salesforce, Inc. (CRM) (holding weight*: 3.64), a provider of cloud-based customer relationship management software that returned 24.3 percent and 18.1 percent for the period, respectively. Conversely, Qualcomm Inc. (QCOM) (holding weight**): 2.98 percent), a designer and licensor of wireless communication technologies, was the loss leader among the technology names. The Sub-Advisers' decision to completely liquidate the Fund's holdings in QCOM in late February, due to slower smartphone market growth, proved to be beneficial as it declined 7.3 percent versus the benchmark decline 11.8 percent for the period. In addition, ServiceNow, Inc. (NOW) (holding weight*: 5.92 percent) a digital workflow company, also detracted from Fund performance as the company beat expectations but lowered forward guidance as it returned 0.9 percent for the fiscal quarter.

The healthcare sector was the second largest contributor to Fund performance for the fiscal quarter. Dexcom Inc. (DXCM) (holding weight*: 3.56 percent), a company that develops, manufactures, produces, and distributes continuous glucose monitoring systems for diabetes management, rose 13.3 percent as it beat earnings and revenue expectations and received new expanded Medicare coverage for its G7 device. One of the strongest performers within the sector was Intuitive Surgical, Inc. (ISRG) (holding weight*: 3.75 percent), a company that develops, manufactures, and markets robotic products designed to improve clinical outcomes of patients through minimally invasive surgery, and gained 22.6 percent for the period as it surpassed revenue and earnings expectations. On the other hand, the only healthcare detractor to Fund performance during the fiscal quarter was, Veeva Systems Inc. (VEEV) (holding weight*: 3.07 percent), a provider of cloud solutions for the life sciences industry, returned 5.0 percent as it modestly beat expectations.

Despite being the largest sector overweight in the Fund, the financial services sector only had four holdings represented. All holdings were affiliated with payment processing, including Mastercard, Inc. (MA) (holding weight*: 7.17 percent) and Visa Inc. (V) (holding weight*: 4.42 percent), two global payment-processors, primarily between banks, merchants, and card-carrying customers of those



merchants, representing approximately 82.7 percent of the Fund's exposure in the sector. In the fiscal quarter, MA and V increased 2.7 percent and 1.3 percent, respectively. The other two holdings in the sector were Block Inc. (SQ) (holding weight*: 1.21 percent), known for its payments platform aimed at small and medium businesses that allows them to accept credit card payments and use smartphones and tablet computers as payment registers, and PayPal Holdings Inc. (PYPL) (holding weight*: 1.22 percent), an online payments system facilitating money transfers. Over the same three-month period SQ and PYPL fell 25.6 percent and 6.7 percent, respectively.

Sub-Adviser Outlook

The Sub-Adviser maintains a concentrated portfolio of holdings, which may result in large variations in the Fund performance compared to the benchmark index's performance, especially in short-term time periods. The Sub-Adviser remains confident in the prospects of many of the holdings that declined in the past fiscal year, and the Fund continues to hold what the Sub-Adviser believes to be the strongest growth stocks, primarily focusing on free-cash-flow and fundamental factors that traditionally support long-term growth. The Fund continues to hold an array of stocks ranging from cloud-based technologies to brick-and-mortar retailers. The Sub-Adviser is optimistic that remaining concentrated in the Fund's number of holdings may prove to be more impactful to the Fund's outperformance relative to its benchmark index over the long term than the impact of sector weightings.

* Holdings percentage(s) of total investments, cash and unsettled trades excluding collateral for securities loaned as of 4/30/2023.

** Holdings percentage(s) as of the date prior to the sale of the security.