

Investment Objective

The investment objective of the Fund is to maximize capital appreciation. The Fund seeks to achieve this by investing in domestic growth-oriented, small capitalization common stocks of companies traded on the U.S. stock exchanges or in over-the-counter markets.

Sub-Adviser Background

Pier Capital, LLC (Pier) formerly known as SEB Asset Management America, Inc., is an independent investment adviser which was originally founded in 1987. Pier specializes in small cap growth stocks. Pier searches for companies that exhibit a long-term sustainable business model and invests at a discount to the growth rate.

N-SHARE Fund Performance As of 10/31/2021

Quarter: 4.21%	1-Year: 49.33%	3-Year: 27.69%
5-Year: 26.18%	Since Inception (12/10/04): 12.36%	Total Expense Ratio: 1.78%
10-Year: 17.73%		

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

Small cap growth stocks, as measured by the Russell 2000 Growth Index, rose marginally after falling 2.0 percent the previous fiscal quarter. Despite the asset class's bounce back this fiscal quarter, small cap growth stocks have lagged small cap value stocks, as measured by the Russell 2000 Value Index, for four consecutive fiscal quarters. Small cap value stocks continue to climb back from their March 2020 lows, despite supply chain disruptions, rising input costs, and persistent COVID cases. These headwinds affected growth stocks more than value stocks, as traditional value sectors, such as financial services and energy, two sectors which have historically outperformed in times of economic growth, much like the last year and a half, outpaced the broader stock market. Additionally, the Federal Reserve announced that they would begin to taper their bond-buying program, starting as early as November of 2021. Following this announcement, the 10-year U.S. Treasury yield rose to 1.7 percent, a level not reached in nearly six months. Growth stocks, which have historically fallen in rising interest rate environments, underperformed their value stock peers, however, still finished the fiscal quarter in positive territory. Over the fiscal quarter ending October 31, 2021, small cap growth stocks rose 2.5 percent, while small cap value stocks rose 4.5 percent.

Allocation Review

The sector that contributed the most to Fund performance over the fiscal quarter was the health care sector. The health care sector, which is the largest sector by weighting in the benchmark index, fell 4.6 percent over the fiscal quarter, while the Fund's exposure to the health care sector gained 2.8 percent. The Fund's relative underweight in the sector, coupled with superior stock selection contributed meaningfully to performance. Stellar stock selection within the biotechnology and medical devices industries added to the sector's relative outperformance. Additionally, the Fund benefitted from strong stock selection within the financial services sector, with the Fund up 21.4 percent over the fiscal quarter, compared to the benchmark up 10.1 percent, more than doubling the benchmark's sector performance. The sector that detracted the most from Fund performance over the fiscal quarter was producer durables. The Fund's relative underweight to the sector, in addition to poor stock selection, weighed on relative performance. Also, the Fund's relative underweight to the materials and processing and energy sectors detracted from Fund performance.

Holdings Insights

The largest contributor over the fiscal quarter was Codexis Inc. (CDXS) (holding weight*: 1.37 percent). CDXS is a protein engineering company that develops enzymes for pharmaceutical, food, and medical applications. CDXS recently reported stellar earnings, with revenues up 40 percent year-over-year, as the company continued to deepen its roots within the pharmaceutical manufacturing industry, now partnering with 21 of the 25 largest pharmaceutical companies in the world. Over the fiscal quarter, CDXS increased 64.3 percent. The next largest contributor was Jamf Holding Corp. (JAMF) (holding weight*: 1.26 percent), a provider of Apple Inc. (AAPL) enterprise management that helps remotely connect, manage, and protect AAPL users, devices, and services. Over the fiscal quarter, JAMF reported earnings that exceeded expectations, as JAMF's customer base rose to 53,000. JAMF also announced that 23.2 million AAPL devices were now managed on its platform. Over the fiscal quarter, JAMF gained 45.2 percent. The third-largest contributor over the fiscal quarter was Kornit Digital (KRNT) (holding weight*: 1.35 percent). KRNT, a developer of digital printing solutions for the printed textile industry, rose 26.6 percent over the fiscal quarter after the company announced revenue surged 118 percent year-over-year, with growth across all geographic regions. KRNT also announced a strategic acquisition that would help expand the company's footprint into new, lucrative markets.

One of the largest detractors to Fund performance over the fiscal quarter was Wix.com Ltd. (WIX) (holding weight*: 1.01 percent). WIX develops and markets a cloud-based platform that enables anyone to create a website or web application, with over 200 million users in 190 countries. WIX's platform saw an influx of users at the onset of the COVID pandemic, as many turned to the platform to start their own personal business. Recently, WIX management announced that they expect user growth could slow, as users contemplate whether it is best to build a physical storefront or digital presence following COVID uncertainty. Over the fiscal quarter, WIX lost 37.8 percent. Another detractor over the fiscal quarter was Lifestance Health Group Inc. (LFST) (holding weight*: not held). LFST, a provider of mental health services, announced disappointing earnings, as revenues came in below expectations, while operating expenses surged. Following the earnings announcement, LFST management issued lower guidance, causing the stock to crater over 40 percent. The Sub-Adviser fully exited the position on August 13, 2021, after

*Holdings percentage(s) As of 10/31/2021.

losing 43.3 percent since the beginning of the fiscal quarter. Within the technology sector, Bandwidth Inc. (BAND) (holding weight*: 1.09 percent), a cloud communications platform enabling voice, messaging, and emergency services into software and applications, detracted from relative performance. BAND has pulled back in recent months, selling off with other cloud communications platforms, as valuations appear lofty, leading to investors allocating elsewhere. Over the fiscal quarter, BAND lost 34.2 percent.

Sub-Adviser Outlook

The Sub-Adviser believes volatility may persist in the near term, as uncertainty surrounding the supply chain, rising input costs, and historically high inflation keep investors on edge. Additionally, developments out of the White House in regards to various economic initiatives and fiscal policy, coupled with the Federal Reserve's handling of the numerous challenges that remain in today's economic environment, could be worth monitoring. As always, the Sub-Adviser will continue to seek those companies and industries with what it believes are the most attractive growth prospects, while remaining vigilant on valuations.