Dunham Emerging Markets Stock Fund (DNEMX)

NS Partners Ltd.

Hold Us To Higher Standards

Investment Objective

The objective of the Fund is to maximize capital appreciation by investing in emerging market equity securities traded on foreign exchanges.

Sub-Adviser Background

NS Partners Ltd. ("NS Partners"), was founded in 1988. NS Partners is an investment manager based in London, England providing investment management services to pension funds, foundations, mutual funds and insurance companies around the world.

N-SHARE Fund Performance As of 7/31/2022

Quarter: -4.80%	1-Year: -24.13%	3-Year: 0.79%
5-Year: -0.64%	Since Inception (12/10/04): 4.18%	Total Expense Ratio: 1.69%
10-Year: 1.51%		

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

Emerging markets equities moved higher in May as lockdown measures in China began to be lifted, and authorities increased stimulus measures. President Xi Jinping reassured investors that regulation on key sectors would ease and they would prioritize economic growth. Xi reiterated the commitment to achieving 5 percent GDP growth in 2022, indicating that he anticipates 7 percent growth for the second half of 2022. Emerging market equities meaningfully reversed course in June as a strong U.S. dollar weighed on sentiment for the asset class. Particular weakness in June was found in Latin America as Colombia, Peru, and Brazil delinked during the month amid concerns over a global recession, political uncertainty, and falling industrial metals prices. In Europe, equity markets in Poland and Hungary also underperformed as geopolitical risks stemming from Russia's invasion of Ukraine persisted. An outlier in June was China, as investors continued to cheer the additional economic support and the reduction in quarantine times. The rally in Chinese equities stalled in July to close the fiscal quarter, leading the asset class lower. During the month, investors digested mixed economic data, reports of continued issues in the property sector, and new lockdown measures imposed in several cities in response to the spread of the Omicron variant. Over the most recent fiscal quarter ended July 31, 2022, emerging markets stocks, as measured by the MSCI Emerging Markets Index, declined 6.5 percent. Emerging markets stocks underperformed international developed markets, as measured by the MSCI EAFE Index, as it decreased 3.9 percent over the fiscal quarter.

Allocation Review

Over the most recent fiscal quarter, stock selection strongly contributed to Fund performance. The Fund experienced positive contributions from stock selection within the Philippines, Greece, and India, overshadowing the adverse effect of stock selection in China, Gulf Markets, and Indonesia. Conversely, The Fund's country allocation detracted from performance, with the most meaningful negative impact coming from the underweight to China. Throughout the fiscal quarter, the Sub-Adviser increased the exposure to China amid a slew of encouraging signs. The Sub-Adviser believes that regulatory risk and the Covid-zero policy are not going away, but these risks are easing. Additionally, they view the uptick in liquidity as a positive sign for future spending in the country. Outside of China, the Sub-Adviser increased the exposure to Taiwan, Brazil, and Qatar, while reducing the weighting to India, Indonesia, and the Philippines. From a sector perspective, the exposure to the utilities and healthcare sectors detracted from Fund performance, while the exposure to the consumer staples and technology sectors aided positive Fund performance.

Holdings Insights

Many of the strongest performing positions within the Fund over the fiscal quarter are related to the renewable energy industry as rising oil prices strengthened the push for renewables. Also adding to enthusiasm for the industry were signs that the Biden Administration may remove tariffs on solar products exported from the U.S. to China. LONGi Green Energy Technology Company Ltd. (BRTL411) (holding weight*: 1.81 percent), a major developer of solar power projects, was the top performer within the Fund as it added 24.5 percent over the fiscal quarter. Other positions related to renewable energy that positively contributed to Fund performance include Sociedad Quimica y Minera de Chile S.A. (SQM) (holding weight*: 1.11 percent), a Chilean chemical company and supplier of lithium and industrial chemicals, and Sungrow Power Supply Company Ltd. (BD5CGB4) (holding weight**: 0.27 percent), a company that develops, produces, sells and provides services for solar PV inverters, wind power converters, and other power supply, which added 24.5 percent and 71.3 percent, respectively.

Positions that detracted from Fund performance over the fiscal quarter were far more idiosyncratic. The most significant adverse effect came from the exposure to Alibaba Group Holding Ltd. (9988 HK) (holding weight*: 5.58 percent), a Chinese multinational technology e-commerce company. After coming under pressure amid threats of delisting in the United States, 9988 HK declined 8.9 percent over the most recent fiscal quarter amid continued regulatory scrutiny in China. China's State Administration for Market Regulation announced a wave of penalties for improperly reporting past deals. Another poor performer over the fiscal quarter was Max Healthcare Institute Ltd. (BMB2291) (holding weight*: 1.58 percent), an operator of hospitals and specialty clinics in India, as it gave back 10.7 percent. The Sub-Adviser believes that the management for BMB2291 is high quality and the sell-off is primarily due to investors taking profits after a strong run. Prior to the most recent fiscal quarter, BMB2291 surged over 80 percent in the trailing twelve-month period. Lastly, Wizz Air Holdings plc (WIZZ LN) (holding weight*: 0.30 percent), an Eastern European airline, struggled during the fiscal quarter by falling 30.1 percent amid geopolitical tensions, high oil prices, and labor shortages.

During the fiscal quarter, the Sub-Adviser added NIO, Inc. (NIO) (holding weight*: 1.29), a company that designs, manufactures, and sells electric vehicles. The Sub-Adviser is optimistic about this

**Holdings percentage(s) of total investments, cash and unsettled trades excluding collateral for securities loaned as of 7/31/2022.*

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

position moving forward due to multiple tailwinds for the company. The Sub-Adviser believes that NIO has successfully positioned itself as China's premium electric vehicle brand and impellent hard-to-replicate ancillary service that enhances the customer experience and also creates a barrier to exit. The Sub-Adviser also believes that profit margins may rise in the future as a result of their move to subscriptions for driver assistance and battery services, leading them to profitability by 2024 with positive free cash flow. From a macro perspective, the Sub-Adviser is confident NIO may get a boost from policy stimulus, a steadily rising car buying budget in China, and a convergence in affordability between electric vehicles and internal combustion engine vehicles. Since being added to the Fund, NIO increased 22 percent. CTBC Financial Holding Company Ltd. (2891 TT) (holding weight*: 2.04 percent), a Taiwanese financial holding company, was also added to the Fund over the fiscal quarter. Since purchase, this position has declined 10.7 percent, however, the Sub-Adviser's conviction remains as the company is experiencing 10 percent loan growth, high margins on rising interest rates, and paying a 5 percent yield.

Sub-Adviser Outlook

The Sub-Adviser believes a global recession is likely the base, and security and country selection will be critical for the rest of 2022. The Sub-Adviser will focus on high-quality stocks with stable return on invested capital. The Sub-Adviser views global real money momentum to bottoming as inflation peaks and is optimistic of economic stabilization in the first half of 2023. The Sub-Adviser will remain defensive until they uncover evidence of yields peaking, inflation easing, a pickup in earnings revisions, and a softening of the U.S. dollar. The Sub-Adviser will likely look to add to emerging market cyclical sectors, which are trading at historically cheap levels relative to defensive sectors. The Sub-Adviser has identified positive diverging money trends in China, and it will continue to add exposure if data improves further.

**Holdings percentage(s) of total investments, cash and unsettled trades excluding collateral for securities loaned as of 7/31/2022.*

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