

Investment Objective

The Fund seeks to maximize total return from capital appreciation and dividends. A secondary investment objective of the Fund is to exceed, over the long-term, the total return available from direct ownership of real estate with less risk than direct ownership.

Sub-Adviser Background

American Assets Capital Advisers, LLC ("AACA") is an investment adviser specializing in publicly traded real estate securities, which include Real Estate Investment Trusts, real estate operating companies, lodging and gaming, housing, land development and real estate services. AACA manages separate accounts and mutual funds for institutions and individuals focusing on global real estate securities.

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

Quarter: 4.45%	1-Year: 32.81%	3-Year: 18.13%
5-Year: 11.19%	Since Inception (12/10/04): 8.22%	Total Expense Ratio: 1.20%
10-Year: 11.25%		

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

Although real estate stocks, as measured by the Dow Jones U.S. Real Estate Total Return Index, have historically exhibited periods of differentiated returns versus the broad U.S. stock market, as measured by the S&P 500 Index, this most recent fiscal quarter did not highlight how real estate can differ. Following a very similar ebb and flow to broad U.S. stocks, real estate stocks ended the most recent fiscal quarter up 3.2 percent. Although the broad U.S. stock market ended the same period up 5.1 percent, the majority of the difference was due to a slightly worse September for real estate stocks. When exploring below the surface, there was sizable dispersion within the real estate stock universe, as overarching themes such as the economic recovery and political focus intertwined with company-specific issues. Very few real estate industries saw a "rising tide lifts all boats" scenario, nor were there many instances where declines were widespread. Therefore, while the space as a whole appeared to behave much like the broad U.S. stock market, this may have been coincidental as opposed to being viewed the same as the average stock by investors.

Allocation Review

The Sub-Adviser is selective in its approach to real estate stocks, focusing on what it perceives to be real estate companies that have pricing power over their tenants. The Sub-Adviser seeks to identify stocks with oligopolistic traits that may be inherent in the type of real estate it owns or that are unique to its business structure. One of the largest examples of this in the Fund is the exposure to real estate stocks in the telecommunications industry, primarily related to cell towers. The Sub-Adviser generally avoids stocks of companies with little pricing power, such as retail real estate stocks. In areas such as office or residential real estate stocks, the Sub-Adviser generally seeks individual stocks that it believes exhibit qualities that may allow it to better retain tenants and have more control over pricing than its industry peers. One of the areas that had been a significant detractor from the Fund earlier in the fiscal year was the casinos and gaming industry, but during the most recent fiscal quarter, this proved to be one of the strongest performing areas for the Fund.

Holdings Insights

Although the telecommunications industry group detracted from Fund performance overall, the Fund's holdings within the industry has materially different experiences during the fiscal quarter. For

example, the Fund held Switch Inc. – A (SWCH) (holding weight*: 4.41 percent), a data center operator that provides colocation and cloud services, as well as Vnet Group, Inc. ADR (VNET) (holding weight*: 5.22 percent), the leading carrier-neutral and cloud-neutral Internet data center services provider in China, and Chindata Group Holdings – ADR (CD) (holding weight*: 6.93 percent), a hyperscale data center solution provider in Asia-Pacific emerging markets. As political pressures in China focused on slowing the stream of its tech companies listing in the U.S., VNET and CD dropped precipitously, declining 9.5 percent and 20.2 percent, respectively during the fiscal quarter. However, SWCH beat analyst earnings expectations early in the fiscal quarter and surged 22.6 percent.

Real estate gaming stocks comprise approximately 2 percent of the benchmark index, but the Fund's exposure was closer to 14 percent. Therefore, the Fund's strong performance within the industry during the fiscal quarter meaningfully improved relative performance. For example, the Fund held Caesars Entertainment Inc. (CZR) (holding weight*: 9.27 percent), an American hotel and casino entertainment company, MGM Resorts International (MGM) (holding weight*: 2.85 percent), a global hospitality and entertainment company, and Wynn Resorts Ltd. (WYNN) (holding weight*: 1.16 percent), a developer and operator of high end hotels and casinos, including Macau. Although WYNN declined 8.7 percent during the fiscal quarter as China has been regulating gaming, over-spending, and private tutoring to support Xi Jinping's common prosperity agenda, this loss was more than made up by the strong performance of both CZR and MGM. During the fiscal quarter, CZR and MGM surged 25.3 percent and 25.7 percent, respectively, as CZR expanded its capabilities in the sports betting world and MGM cleaned up some lower performing business lines.

Residential is one of the largest real estate industries in the benchmark index at approximately 15 percent. The Fund maintained an approximate 7 percent exposure to the industry over the most recent fiscal quarter. Overall, the Fund's exposure detracted from relative and absolute performance as American Homes 4 Rent – A (AMH) (holding weight*: 2.51 percent), a collection of more than 50,000 single-family rentals across 22 states, declined 3.1 percent during the most recent fiscal quarter. This stock represented only one of two declining stocks within the residential real estate industry during the fiscal quarter. The Fund had the opposite experience in the office real estate industry as it owned one of the only two positive performers within the space. The Fund held Alexandria Real Estate

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

Equities (ARE) (holding weight*: 3.67 percent), an owner of office buildings and laboratories leased to tenants in the life science and technology industries. During the fiscal quarter, ARE appreciated 2.0 percent while the industry group as a whole declined 1.6 percent.

Sub-Adviser Outlook

The Sub-Adviser believes that real estate performs better over time when it is more difficult to supply, the demand is less cyclical, and tenants are reluctant to leave. Therefore, the Fund generally has higher weightings in real estate sectors that share these four characteristics: oligopoly or duopoly sector structure; high barriers to entry for new owners/developers; high barriers to exit for tenants; and secular demand drivers underlying the user side of the business. The Sub-Adviser is confident that it may continue to find combinations of these four characteristics (or some subset), which creates a competitive landscape where tenants have fewer options to move or play one building owner against another. The Sub-Adviser believes that over the long-term, the properties with these characteristics may potentially command higher occupancy rates and better rents.