DUNHAM & ASSOCIATES

WHEN PERFORMANCE COUNTS

CUSTOM ASSET ALLOCATION PROGRAM
Fee Options

Dunham Gives You and Your Client a Choice

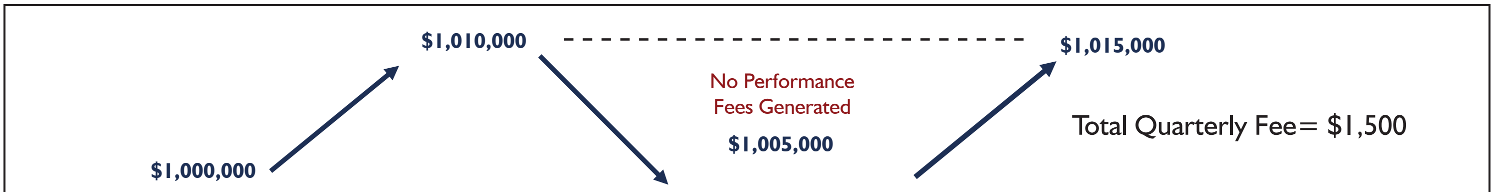
Dunham's Asset Allocation Program generally offers two fee options:

1. Performance-based Fee Option. Available to investors with a minimum inclusive net worth of $2.0 million (excluding primary residence). The fee is equal to 10% of the net increase of the account value calculated on a monthly basis and charged quarterly.

2. Assets Under Management-based fee. Fee ranges from 0.25% to 2.25% annually (determined by advisor with client), calculated monthly and charged quarterly using average account balance. This option is available to all investors.

How Does the Performance-based Fee Option Work?

Below is a hypothetical example using an initial investment of $1,000,000 and does not include the effects of contributions, withdrawals, fee deductions, etc.



$1,000,000 Initial Investment	**January** Account value grows to $1,010,000. The performance fee is 10% of the increase, or $1,000.	**February** Account value decreases to $1,005,000. Therefore, no advisory fee is generated.	**March** Account value grows to $1,015,000. The performance fee is 10% of the account increase over the previous high-watermark* or $500.** * January's ending $1,010,000 **10% of $5,000

- In general, available to investors with an all inclusive net worth of $2.0 million (excluding primary residence) and above.
- An account is charged 10% of the total net increase in the market value of the account using "high-water" marks.
- The fee is split equally between Dunham & Associates and the financial advisor.
- The fee is calculated monthly and charged quarterly.

Variable Investment Compensation

In addition, if you choose the Performance-based Fee Option, Dunham recognizes your hard work and success with an extra 5 basis points above and beyond your compensation for every $5 million you place in the Performance-based Fee Option (with a maximum of 25 basis points).

$5 million (+5 basis pts.) = $2,500	$10 million (+10 basis pts.) = $10,000	$15 million (+15 basis pts.) = $22,500
$20 million (+20 basis pts.) = $40,000	$25 million (+25 basis pts.) = $62,500	$100 million (+25 basis pts.)=$250,000

It's All About Choice. Your Choice.

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