



Wrap Fee Program Brochure

**Form ADV Part 2A Appendix 1
Item 1 — Cover Page**

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This wrap fee program brochure provides information about the qualifications and business practices of Dunham & Associates Investment Counsel, Inc. If you have any questions about the contents of this brochure, please contact us at compliance@dunham.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Dunham & Associates Investment Counsel, Inc. is also available on the SEC's website at www.adviserinfo.sec.gov.

Dunham & Associates Investment Counsel, Inc. is a registered investment adviser.

Registration of an investment adviser does not imply any level of skill or training.

Item 2 — Material Changes

Dunham & Associates Investment Counsel, Inc. (“DAIC”) filed its annual update for fiscal year 2020 in March 2021. This publication of the Wrap Fee Brochure contains highlights of the changes that have been made to this brochure since that time. Some of these items may be deemed material changes from our last filing.

- Fees and Compensation was updated to include disclosure information regarding DAIC’s fiduciary role when providing services to retirement investors and retirement accounts.
- Updated description of the Dunham Donor-Advised Fund (“DAF”) powered by University Impact (“UI”), a registered 501(c)(3) nonprofit in the United States to add related conflicts of interest.

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Item 4 — Services, Fees and Compensation

Introduction

Dunham & Associates Investment Counsel, Inc. (“DAIC”) is a private wealth management firm that offers two “wrap” programs (the “Programs”):

1. Standard Asset Allocation Program (“Standard Program”); and
2. Custom Asset Allocation Program (“Custom Program”).

DAIC has limited the fund choices available in the Programs to its proprietary family of sub-advised mutual funds (the “Dunham Funds”) with the exception of the unaffiliated money market fund(s). DAIC serves as investment adviser to the Dunham Funds. While new Dunham Funds may be added to the Programs, DAIC has no current plans of adding third-party funds in the future.

DAIC is primarily a manager-of-managers, and as such, recommends and monitors a third-party sub-adviser (“Sub- Adviser”) for each of the Dunham Funds.

The following chart highlights the key different features of the Standard Program and the Custom Program:

<i>Features</i>	<i>Standard Program</i>	<i>Custom Program</i>
Dunham Fund Investments	√	√
Standard Dunham Asset Allocation Models	√	√
Custom Asset Allocation Models		√
Quarterly Rebalancing	√	√
Flat Advisory Fee Option	√	√
Performance Advisory Fee Option		√
Quarterly Account Statements	√	√
Monthly Account Statement Option		√
On-Line Account Access	√	√
Qualified (Retirement) Account Minimum	\$ 5,000	\$ 50,000
Non-Qualified Account Minimum	\$ 10,000	\$100,000

Portfolio Management Services

DAIC – as the Program Sponsor – selects the Dunham Funds and unaffiliated money market fund(s) that are offered in the Programs. DAIC also determines the allocations and sector weights of the core asset allocation models (“Core Allocations”). DAIC maintains a Core Fixed Income Allocation, Core US Equity Allocation, Core Foreign Equity Allocation, Core

Alternative Allocation and Core Equity Allocation that may be used to create a blend of fixed income, equity and alternative funds. A portion of the Core Fixed Income Allocation may include equities. DAIC continually monitors the Core Allocations and adjusts them generally on a quarterly basis to reflect market conditions, performance and other factors. Clients choose from the Core Allocations and/or any combination of funds available in their selected Program, representing different asset classes, to diversify their portfolios based upon the long-term investment objectives selected by the client.

The Standard Program uses Dunham Funds Class “A” shares. For Program investors, the Class A shares’ upfront and deferred sales charges are waived. The Custom Program uses Dunham Funds Class “N” shares. Class N shares do not include upfront or deferred sales charges.

The Programs are designed to provide investment strategies appropriate for different investors. DAIC may recommend the same or substantially similar Program Core Allocations to different investors with substantially similar investment objectives. The Standard Program features six Allocation models with or without a cash component. The Custom Program allows clients to invest in any combination of the funds and/or Core Allocations.

Within the Core Allocation models, risk classification may range from a “capital preservation” investor at the most risk-averse end of the spectrum, to an “aggressive growth” investor with the highest relative risk appetite. A Financial Advisor will regularly communicate with his or her client to ensure the client’s investments remain in-line with the client’s investment objectives. If the client’s objectives change, the Financial Advisor will work with DAIC to change the allocation.

Clients may place reasonable restrictions, or make reasonable modifications to existing restrictions, regarding the management of their account. Any reasonable restriction a client may wish to impose regarding the management of his or her account is subject to DAIC review and approval. DAIC will not accept any restrictions that are inconsistent with the applicable Program’s stated investment strategy or philosophy or that are inconsistent with the nature or operation of that Program. If a client chooses to apply for or eliminate a restriction placed on the client’s account, please contact an investment representative. If DAIC accepts a restriction on a client account, the account’s performance may differ from similar unrestricted Program accounts.

Account Statements and On-Line Access

Program clients are sent quarterly statements, showing all transactions occurring in the account during the period covered by the account statement, all contributions and withdrawals made by a client during the period, the holdings in the account at the end of the period, all fees and expenses charged to the account including all advisory fees paid, and the value of the account at the beginning and end of the period. For the Custom Program, clients have the option to receive monthly account statements. Each Program client may access his or her account information online.

For the Custom Program, DAIC also provides requested periodic performance reports to the Financial Advisors for their clients.

Death of a Program Client

When DAIC, as the Program Sponsor, receives official notice (e.g., death certificate) that the Program client of an individual account has died, DAIC will freeze the account, no longer charge an advisory fee, and will await instructions from the executor or designated administrator of the deceased's estate. DAIC is not responsible for taking any action with respect to such account prior to its receipt of appropriate instructions, which means that DAIC will not take action in response to market fluctuations or other factors that may adversely impact the market value of the account.

Upon receipt of appropriate instructions, an account will be created to hold each beneficiary's portion. If the beneficiary wants to maintain an account, DAIC must receive the necessary account opening documents.

Custody

For the Standard Program, the Dunham Funds' transfer agent, Gemini Fund Services, LLC ("Gemini"), serves as the custodian for Funds' shares held in a client account. Client shall be solely responsible for paying all fees or charges of Gemini, including all transaction fees and trading costs if applicable. Accounts below the applicable minimums (\$5,000 for Qualified Accounts and \$10,000 for Non-Qualified Accounts) will be charged an annual \$50 below minimum fee.

For the Custom Program, Dunham Trust Company ("DTC"), an affiliate of DAIC, serves as custodian of account assets. There are no annual or establishment fees for DTC's services so long as the assets in an account at the end of each quarter exceed the applicable minimum (\$50,000 for Qualified (Retirement) Accounts and \$100,000 for Non-Qualified Accounts) and include only the Dunham Funds. Accounts below the minimum will be charged a \$25 annual fee. A \$10 fee will be charged for each excess distribution (distributions in excess of twelve (12) per year unless part of a recurring systematic withdrawal). The Account termination fee is \$25. Accounts that hold other Non-Dunham Assets are subject to the Custodian's regular Custody Fee Schedule which is available upon request. Clients shall be responsible for paying any additional (non-Program) fees or charges of the custodian, including transaction fees, IRA custodial fees and trading costs, if applicable.

Program Fees and Expenses

Program Fee

As the Program Sponsor, DAIC charges each client a single service program fee ("Program Fee") covering limited discretionary investment management, brokerage and custodial services related to the Dunham Funds and unaffiliated money market fund(s), shareholder servicing and distribution, and client communications. The Program Fee does not cover SEC fees, electronic fund and wire transfer fees, and any other account charges.

- *Standard Program.* The Program Fee is 0.25% of the average daily net asset

value of a client account paid by the respective Fund.

- *Custom Program.* A client may choose between (a) 0.25% of the average daily net asset value of the client account if choosing an asset-based fee or (b) ½ of the performance-based fee if the client is a “qualified client” (as defined in the Investment Advisers Act).

Program Fees are not negotiable. However, DAIC reserves the right to waive a portion of a Program Fee in limited circumstances including in connection with promotional efforts.

As with other wrap programs of this type, participation in the Program may cost a client more or less than purchasing these services separately. For example, if there is heavy trading activity in a client account and high custodial charges, the Program Fee may cost the client less than if the client purchased advisory and custodial services separately and were charged brokerage commissions for each trade. Conversely, little trading activity and low custodial fees could result in the Program Fee exceeding the cost of the services being charged separately.

The client may be able to purchase shares of the Dunham Funds offered through the Program outside of the Program directly from DAIC without paying any Program Fees on such shares (subject to any applicable sales charges). This could result in lower fees being paid by the client. However, the client would not receive all of the benefits provided by the Program.

The applicable Program Fee is calculated on the average daily balance based upon the market value of the assets in a client account, including cash balances and money market fund shares and, when applicable, is prorated based on the number of days the account is managed. The Custom Program Fee shall be accrued daily and charged quarterly in arrears.

Advisory Fee

The Financial Advisor may charge a client an asset-based advisory fee (“Advisory Fee”) up to 2.0% on an annualized basis and retain 100% of that amount. Additionally, if using the Custom Program there is a Performance Fee option for qualified clients.

The Advisory Fee shall be accrued daily and charged quarterly in arrears. Unless otherwise specified by a client in writing, the Advisory Fee shall be paid first by debiting the Advisory Fee from any cash balance. If the cash balance is insufficient to pay the entire Advisory Fee, then the remainder of the Advisory Fee shall be paid either by redeeming Fund shares on a dynamic basis, i.e., by redeeming shares of Funds necessary to return the allocation of Account assets to the client’s current target allocation percentages, or on a pro rata basis. If the Fund shares redeemed on a dynamic or pro rata basis are insufficient to pay the remainder of the Advisory Fee, then the Advisory Fee shall be paid by redeeming other Fund shares held in the Account. The redemption of Fund shares may cause a client to incur a capital gain or loss for tax purposes. To the extent all or any portion of a fee is unpaid, each client participating in the Account, will be jointly and severally liable for the entire unpaid fee or portion thereof. If in any quarter, the amount of the Advisory Fee is less than \$100, the custodian may defer deduction of the client’s Advisory Fee and the amount due will be carried forward to the next quarter, or until the date the account is terminated, whichever is earlier.

Regarding a performance-based fee for the Custom Program, a “qualified client” is defined generally as (a) a natural person having a net worth, together with assets held jointly with a spouse, of more than \$2.2 million (excluding the value of the primary residence) at the time the account is opened or (b) a natural person, after opening this account, who has total assets under management with DAIC of at least \$1.1 million. DAIC, with its Program Fee, and a client’s Financial Adviser each receive one-half of any performance fees attributable to a client’s account. The client is charged 10% of the total net increase in the market value of the account using “high-water” marks. The fee is calculated monthly and charged quarterly. As fees are calculated monthly and charged quarterly, in arrears, an account may incur a fee for a given month during the quarter even though the account value at quarter-end may be below the account value at the beginning of the quarter. DAIC provides detailed fee calculations on a quarterly basis. Clients should carefully review the fee calculation methodology described in the Program documents with their Financial Advisor.

Performance-based advisory fees paid to a Financial Advisor may be higher than the asset-based advisory fees. Accordingly, certain performance-based advisory fee arrangements can create an incentive for the Financial Advisor to recommend investments that are riskier or more speculative than those which would be recommended under a different fee arrangement. However, DAIC’s procedures are designed and implemented, in part, to ensure that all clients are treated in a fair and equitable manner over time.

Other Fees Paid to DAIC

As investment adviser to the Dunham Funds, DAIC receives the investment advisory compensation described in the Funds’ prospectuses and such fees are borne by all shareholders in the Funds, including the client. Also, as distributor of Dunham Fund shares, DAIC may receive compensation in connection with the sale of the Fund shares. DAIC may receive all or a portion of these fees. These payments can be significant.

In addition, DAIC, as the Program Sponsor, has entered into an agreement with BlackRock Liquidity Funds whereby the money market fund’s investment adviser pays DAIC an amount up to 0.15% (15 basis points) annually of the value of the shares of the unaffiliated money market fund(s) held in a client’s account. This payment is for certain sub-accounting, recordkeeping and other administrative services DAIC provides in connection with the omnibus arrangement it has with the BlackRock Liquidity Funds.

Rollover to IRAs

When DAIC’s investment advisors provide investment advice regarding a retirement plan account or individual retirement account, the associated person is a fiduciary within the meaning of Title I of the Employee Retirement Income Security Act (“ERISA”) and/or the Internal Revenue Code section 4975(c) (1) (IRC), as applicable, which are laws governing retirement accounts (“Qualified Account”). DAIC and its investment advisors who act as a fiduciary by providing investment advice for such retirement accounts are generally prohibited from receiving compensation unless in compliance with applicable prohibited transaction exemptions under ERISA or the IRC as authorized by the U.S. Department of Labor.

The way DAIC is compensated creates some conflicts of interests, so for retirement accounts, DAIC operates under a special rule that requires DAIC to act in the client's best interest and not put DAIC's or DAIC's investment advisor's interest ahead of the clients.

A conflict of interest exists to the extent that DAIC's associated persons recommend that a client roll over assets from a qualified employer-sponsored retirement plan ("Employer Plan") to an Individual Retirement Account ("IRA") that invests in the Programs. DAIC and its associated persons receive compensation as a result of a client's participation in the Programs and have a financial incentive to recommend the roll over.

When considering rolling over assets from an Employer Plan to an IRA, a client should review and consider the advantages and disadvantages of an IRA rollover from the Employer Plan. A plan participant leaving an employer typically has four options (and may engage in a combination of these options): (1) leave the money in the former employer's plan, if permitted; (2) rollover the assets to a new employer's plan (if available and rollovers are permitted); (3) rollover Employer Plan assets to an IRA; or, (4) cash out the Employer Plan assets and pay the required taxes on the distribution. At a minimum, a client should consider fees and expenses, investment options, services, penalty-free withdrawals, protection from creditors and legal judgments, required minimum distributions, and employer stock. DAIC encourages clients to discuss their options and review the above listed considerations with an accountant, third-party administrator, investment advisor to your Employer Plan (if available), or legal counsel, to the extent necessary.

A client may face increased fees when he/she moves retirement assets from an Employer Plan to a Rollover IRA account. Even if there are no costs associated with the IRA rollover itself, there will be costs associated with account administration, investment management, or both. Investing in an IRA that invests in the Programs will typically be more expensive than an Employer Plan.

By recommending that a client rollover his/her Employer Plan assets to an IRA, DAIC will earn Program Fees and Advisory Fees. In addition to these fees, the underlying investment in the Programs, the Dunham Funds, may charge Rule 12b-1 and sub-transfer agent fees, management fees and administrative expenses, and other charges required by law. DAIC will receive a portion of these fees. These payments are significant. This has the potential to create a conflict of interest, as it will provide an incentive for DAIC to recommend the purchase of the Dunham Funds rather than other similarly-situated mutual funds. While the Dunham Funds' fees are competitive, they are not meant to be low-cost investment options. Fees charged by comparable third-party funds may be lower.

As a result, DAIC has an economic incentive to encourage an individual to rollover Employer Plan assets into an IRA that invests in the Programs. In contrast, leaving assets in the Employer Plan or rolling the assets to a plan sponsored by the new employer results in no compensation to DAIC.

Item 5 — Account Requirements and Types of Clients

Account Requirements

The Programs require the stated minimum account size to open and maintain an account:

<i>Account Requirements</i>	<i>Standard Program</i>	<i>Custom Program</i>
Qualified (Retirement) Account Minimum	\$ 5,000	\$ 50,000
Non-Qualified Account Minimum	\$ 10,000	\$100,000

For the Standard Program, accounts below the applicable minimum will be charged an annual \$50 below minimum fee. Accounts will be assessed this fee on the anniversary date of the account.

These minimums may be waived at the discretion of the Program Sponsor.

Types of Clients

DAIC provides Program services to three types of clients:

- Clients of unaffiliated, independent investment advisory firms whose Financial Advisor has elected to use a Program as an investment product/vehicle;
- Direct or “private” clients of DAIC’s registered investment advisory representatives; and
- Clients of Dunham Trust Company for whom DTC is serving as trustee.

Item 6 — Portfolio Manager Selection and Evaluation

DAIC utilizes a careful manager-of-managers (Sub-Adviser) approach that it believes continues to be successful in the selection of investment managers with specialized expertise in particular asset classes. DAIC uses performance-based fees (“fulcrum fees”) to compensate such Sub-Advisers, which DAIC believes best aligns the investment manager’s goals with a client’s goals.

As DAIC utilizes a manager-of-managers investment process, it does not directly decide the selection of securities or cash within a given mutual fund. Rather, it utilizes the expertise of each Dunham Fund’s Sub-Adviser, with each being uniquely knowledgeable in its respective asset class. DAIC monitors each Sub-Adviser’s investment process and results and may replace a Sub-Adviser should it find extended style drift or lacking performance (relative to both peers and the applicable benchmark). Ultimate portfolio manager discretion may vary by Sub-Adviser, within the stated investment policies and restrictions as disclosed in the Prospectus and Statement of Additional Information (SAI).

Neither DAIC nor any of its supervised persons act as a Sub-Adviser for the Dunham Funds or unaffiliated money market fund(s).

DAIC implements and manages the Program’s Core Allocation models, including revising the asset class weightings and adding and/or removing certain Dunham Funds. DAIC will be subject to competing interests that have the potential to influence its decision making with regard to selection of the Dunham Funds. For example, if one of the Dunham Funds has a higher advisory fee to DAIC than another Fund, this will provide DAIC with incentive to use the Fund with the higher fee. Likewise, the impact of any fee waivers or expense reimbursements will provide an incentive to allocate assets to Dunham Funds that lower the waiver or reimbursement obligations of DAIC. In addition, DAIC may believe that certain Dunham Funds may benefit from additional assets or could be harmed by redemptions. DAIC seeks to identify and address any potential conflicts in a manner that is equitable for Program participants and the Dunham Funds.

Item 7 — Client Information Provided to Portfolio Managers

DAIC generally does not communicate client-specific information to a Program’s portfolio management team, including Sub-Advisers of Dunham Funds.

Item 8 — Client Contact with Portfolio Managers

No restrictions are placed on a client’s ability to contact or consult with a member of their portfolio management team, including Sub-Advisers of Dunham Funds.

Item 9 — Additional Information

Disciplinary Information

There are no legal or disciplinary events that are material to a client’s or prospective client’s evaluation of our investment advisory business or integrity of our management.

Other Financial Industry Activities and Affiliations

DAIC is a dually registered broker-dealer and investment adviser. DAIC is a wholly-owned subsidiary of the parent company Dunham & Associates Holdings, Inc. (“Dunham Holdings”) and an affiliate of DTC, Dunham & Associates, Inc. (“DASI”) and Asset Managers, Inc. (“AMI”). Jeffrey Dunham is an officer, director, and principal shareholder of Dunham Holdings. As a registered representative, Mr. Dunham does not receive directly, sales commissions from sales of the Dunham Funds, however, DAIC may as disclosed in this brochure.

DTC is a privately held trust company licensed by the Nevada Department of Business & Industry, Financial Institutions Division. DTC provides a variety of trust and custodial services, including serving as administrator, trustee and/or investment manager of a trust. DTC generally provides investment management services through DAIC, however, may also delegate investment management to other approved Financial Advisors. A conflict of interest exists to the extent that DAIC’s associated persons recommend that a client utilize the trust services provided by DTC. By recommending that a client utilize the trust services and such client agreeing or selecting DTC as trustee, DAIC may receive advisory fees and DTC will receive trustee and/or administration

fees. These payments may be significant. In contrast, recommending that a client use another trust company results in no compensation to DAIC or DTC. DTC and DAIC mitigate any potential conflicts by providing adequate disclosures and other information to clients. DTC may also pay a portion of its administration fees to non-affiliated financial services firm(s). These payments relate to DTC's inclusion as a featured exhibitor on the financial services firm's wealth management platform. Clients pay no additional fees to DTC or to the Financial Advisors at these firm(s) who utilize the platform. However, these payments will create a conflict of interest by influencing the financial services firm(s) to promote DTC's trust and custodial services over another trust company. DTC also serves as custodian for certain DAIC clients.

Dunham offers a donor-advised fund to help clients with charitable giving. The Dunham Donor-Advised Fund ("Dunham DAF"), is a charitable fund that may be used for philanthropy and impact investing and is powered by University Impact ("UI"), a registered 501(c)(3) nonprofit in the United States. Dunham can facilitate the opening and management of the Dunham DAF account with UI. A donor-advised fund account allows clients to contribute cash or other assets to a charitable account to realize potential, immediate tax benefits and then support their charities over time. UI charges fees to the Dunham DAF for administrative services in accordance with the Fee Schedule as outlined in the UI Donor Advised Fund Agreement ("Agreement"). Accounts are required to maintain a \$1,000 minimum balance to support investment fees as explained in the Agreement. There may be additional fees charged by the Financial Advisor that are separate from UI's administrative and impact investment fees. Contributions to the Dunham DAF are irrevocable contributions made to UI, a public charity.

Assets contributed to the Dunham DAF (once liquidated, if applicable) will be invested in the Dunham Asset Allocation Program sponsored by Dunham. Investment allocations may be changed according to Dunham's standard policies and procedures. UI may hold up to 5% of the Dunham DAF assets in non-interest bearing cash at any time.

As the Program Sponsor, Dunham charges each donor a single service program fee ("Program Fee") not exceeding 0.25% of the average daily net asset value of the account. In addition, a Financial Advisor may charge a donor an asset-based advisory fee ("Advisory Fee") as specified in the Advisory Agreement.

If a Financial Advisor is no longer willing or able to advise on distributions for charitable giving and no successor Financial Advisor is named, provided that certain conditions are met, DAIC's affiliate DTC will assume responsibility for grant making as outlined in the DAF Agreement. A conflict of interest exists to the extent that donated assets may stay longer in the Dunham Dunham DAF absent of specific instructions on file, resulting in compensation to DAIC as described above. DAIC mitigates any potential conflicts by providing adequate disclosures and other information to clients.

As investment adviser to the Dunham Funds, Dunham receives the investment advisory compensation described in the Dunham Funds' prospectuses and such fees are borne by all shareholders in the Dunham Funds, including the donor. These payments may be significant. A conflict of interest exists to the extent that DAIC's associated persons recommend that a client utilize the Dunham DAF. In contrast, recommending that a client use another donor advised fund

results in no compensation to DAIC. DAIC mitigates any potential conflicts by providing adequate disclosures and other information to clients.

DASI may have previously identified proprietary opportunities to invest in securities products, either directly or through Dunham Holdings. In addition, clients of DAIC may have invested along with DASI in such securities products. As a result, DAIC or its associated persons may have access to insider information or to non-public information that is not generally available to other investors. In an effort to reduce any possible conflict of interest, Mr. Dunham is subject to a Code of Ethics and Insider Trading Policy that prevents him from using this information to his advantage. Mr. Dunham may operate in various capacities including, but not limited to, as an investment advisor recommending the purchase or sale of securities products, which poses a conflict of interest. DASI addresses this potential conflict by providing adequate disclosures.

DAIC, in its capacity as a broker-dealer, may recommend that a client invest in a trust deed. DAIC previously served as investment adviser and distributor for four private funds (the "Private Funds"). The Private Funds invested in first and second trust deeds. Individuals who are also clients of DAIC may acquire a smaller interest in a trust deed ("fractionalized trust deed") from a Private Fund in private transactions. This will result in a conflict of interest because DAIC must act in the best interests of both the Private Fund and the individual purchasing the fractionalized trust deed, which may have competing interests. For example, since the Private Funds are in the process of liquidating, DAIC and its affiliates (including Mr. Dunham) will be incentivized to facilitate investment in fractionalized trust deeds in order to quicken the pace of liquidation and distributions to AMI or an affiliate. To the extent that the Private Fund holds a majority of the interest in the fractionalized trust deed, the Private Fund is entitled to take certain actions, such as to commence and direct proceeding about the investment regardless if the other investors agree with such decisions. In addition, DAIC is conflicted in the following ways: (i) recommending that a client liquidate lower risk investments (such as Dunham Mutual Funds, third-party mutual funds or other assets) to raise funds to invest in the trust deed; and (ii) foregoing the opportunity to invest in an alternative trust deed or other investment that has more attractive terms (e.g., interest rate, collateralization, etc.) to the client than the trust deed. Finally, the Private Funds will have access to insider information or non-public information that is not generally available to other investors about the fractionalized trust deeds. DAIC mitigates any potential conflicts by providing adequate disclosures and other information to clients.

DAIC, in its capacity as a broker-dealer, may recommend that a client invest in promissory notes issued by Dunham Holdings and/or its affiliates. Dunham Holdings and its affiliates may periodically borrow money in private transactions from individuals who are clients of DAIC. The notes create a conflict of interest because of Mr. Dunham's ownership of Dunham Holdings and Mr. Dunham is an indirect beneficiary of the loans. Mr. Dunham must make full disclosure of all material conflicts of interest to a client that could affect the relationship. Such conflicts include the following: (i) recommending a client to liquidate lower risk investments (such as Dunham Mutual Funds) to raise funds to invest in the note; (ii) foregoing the opportunity to invest in an alternative loan or other investment that has more attractive terms (e.g., interest rate, collateralization, etc.) to the client than the note; (iii) strong incentive to negotiate the most advantageous terms (e.g., lowest possible interest rate) of the note in favor of the borrower as

opposed to the client; and (iv) inability to provide client with impartial guidance in the event the borrower encounters financial difficulties and needs to restructure or re-negotiate the note. Dunham Holdings and its affiliates address these conflicts by providing adequate disclosures, financial and other information to clients at the time of the loan. The terms of the notes as well as any conflicts are reviewed by the Chief Compliance Officer of DAIC.

DAIC, in its capacity as a broker-dealer, may recommend that a client invest in interests in limited liability companies (“LLCs”) investing in real estate. Such investments are illiquid and have not been registered pursuant to the Securities Act of 1933. Prior to investing, a client must qualify as an “qualified” investor (as defined by applicable law and rules and regulations) and acknowledge that he or she is aware of the various risk factors and conflicts associated with such an investment. Mr. Dunham and certain related parties may in the future or currently have personally invested in a LLC they also recommend to a client. Chad Dunham and/ or Rex Dunham (Mr. Dunham’s son(s)) receive a membership interest in the LLC for identifying the property, negotiating the purchase of the property and negotiating the leases with tenants. Chad Dunham and/ or Rex Dunham also serve as Manager of the LLC and receive a management fee based on a certain percentage of the gross rents for on-going management of the property and LLC. AMI (an affiliate of DAIC) receives a membership interest in the LLC for conducting due diligence on the property, assisting with bridge loan financing, loan servicing and resolving any issues that arise as a result. This creates a natural conflict of interest in that their personal investment will motivate them to recommend the LLC over other private placement investments they have not personally invested in but may be better suited for you. In addition, DAIC is conflicted in the following ways: (i) recommending that a client liquidate lower risk investments (such as Dunham Mutual Funds, third-party mutual funds or other assets) to raise funds to invest in the LLC; and (ii) foregoing the opportunity to invest in an alternative LLC or other investment that has more attractive terms (e.g., distributions) to the client than the LLC. DAIC mitigates any potential conflicts by providing adequate disclosures and other information to clients.

DAIC may also pay a portion of its compensation to non-affiliated registered investment advisers. This compensation varies from 5 basis points to 25 basis points and is based on the total dollar amount of client assets in the flat and performance-based fee options of the Custom Program.¹ Clients pay no additional fees to DAIC or to the advisors who participate in this program. However, these payments will create a conflict of interest by influencing the advisor to invest in the Custom Program over another investment.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

DAIC takes issues of regulatory compliance, fiduciary responsibility and public trust seriously. DAIC seeks the highest standards of ethics and conduct in all of its business relationships. DAIC’s Code of Ethics (“Code”) seeks to deter wrongdoing and (1) promote compliance with applicable governmental laws, rules and regulations, (2) provide standards of honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest, (3) require all access persons to promptly report for review, personal transactions and holdings, (4) facilitate prompt internal reporting of violations of this Code, and (5) providing accountability for

¹ For client assets in the Custom Program prior to October 1, 2019, the compensation is based **only** on the total dollar amount in the performance-based fee option.

adherence to this Code. DAIC will provide a copy of our full Code to any client or prospective client upon request.

No employee or registered personnel of DAIC or its affiliates shall take action with regard to securities for themselves, DAIC, or any client account unless they are certain that the information in their possession is available to the investing public.

The Code imposes restrictions on the purchase or sale by access persons of securities for their own accounts and accounts in which he/she has a beneficial interest. Subject to the Code, certain employees of DAIC may recommend to clients the discretionary purchase or sale of securities in which DAIC's employees may have a beneficial interest. The Code includes preclearance of personal trades, blackout restrictions, and reporting requirements.

In addition, the Code prohibits employees from investing in initial public offerings and limits their ability to invest in private placements by requiring the preapproval of the Chief Compliance Officer. Finally, all DAIC access persons must certify annually their acknowledgment of and adherence to the Code and DAIC's policy on insider trading.

Review of Accounts

DAIC's Program accounts are reviewed on a periodic basis, but no less frequently than annually. The Core Allocations are implemented similarly across all accounts with like investment objectives. Equity/fixed income/cash ratios are reviewed regularly and adjusted when appropriate. Any change in a client's financial or personal situation that affects investment objectives or cash flow needs will trigger additional reviews.

Clients receive monthly or quarterly account statements which include current valuation of assets. Gain/loss statements are provided annually for Custom Program taxable accounts. In the Custom Program, Financial Advisors may request special reports (i.e. performance reviews) to be delivered on a regular basis or as needed or may access such information themselves on the Dunham Portal. Clients may also access account information via the DAIC and/or transfer agent website.

Client Referrals and Other Compensation

DAIC may pay a non-affiliated third party ("Solicitor") a fee or compensation for referral of a client to the Program. The Solicitor is required to provide prospective clients with a current copy of DAIC's wrap fee program brochure and the Solicitor's written disclosure statement. The Solicitor's statement will disclose the particulars of the referral relationship and the compensation DAIC will pay to the Solicitor.

DTC enters into referral agreements with broker-dealers, registered investment advisers, CPAs or other professionals ("Financial Professionals") for the referral of potential clients for trust services. In all cases there will be a written agreement between DTC and the Financial Professionals making the referral which shall stipulate the compensation payable, and the activities permitted, among other specifics. In addition, associated persons at DAIC generally receive between \$500 and \$5,000, and potentially additional compensation based on the

estimated annual fees for account referrals over a certain fee threshold, subject to the annual compensation plan, for each trust they help establish at DTC for clients of these Financial Professionals. This creates a conflict of interest, as it provides an incentive for both the associated persons at DAIC and the Financial Professionals to recommend DTC rather than another trust company. DTC mitigates any potential conflicts by providing adequate disclosures and other information to clients.

Financial Information

DAIC does not require the prepayment of fees six months or more in advance. DAIC has never been the subject of a bankruptcy petition and there is no condition that is reasonably likely to impair our ability to meet contractual commitments to clients.

Neither DAIC, nor any of its investment professionals are registered as or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser or have any association with the foregoing entities.