



REGULATION BEST INTEREST DISCLOSURES

March 30, 2021

Dunham & Associates Investment Counsel, Inc. (“Dunham” or “we”) is registered with the Securities and Exchange Commission (“SEC”) as both a broker-dealer and an investment adviser and is a member of the Financial Industry Regulatory Authority (“FINRA”) and the Securities Investor Protection Corporation (“SIPC”).

We offer limited brokerage services as well as investment advisory services. Depending on your needs and objectives, we can provide you with services in a brokerage account, investment advisory account or both types of accounts at the same time. You may elect to work with a dedicated financial advisor (“Advisor”) or independently handle your investments on a self-directed or self-guided basis. Depending on the type of account through which an investment is made (i.e., a brokerage account or an investment advisory account), your investments may be subject to different fees.

This disclosure document provides more detailed information regarding the compensation that Dunham and your Advisor receive in connection with your investments and the conflicts of interest that such compensation creates. **Dunham and your Advisor will be acting in the broker-dealer capacity with respect to the investments discussed below.**

In a brokerage account, you will receive brokerage and custody services. Your Advisor may recommend investments discussed below for your account but you make the final decision to buy, sell, or hold them. Your Advisor may also make recommendations of account types, including recommendations to roll over or transfer assets from one type of account to another. **Dunham or your Advisor will not monitor your brokerage account on an ongoing basis.**

While we will take reasonable care in developing and making recommendations to you, securities involve risk, and you may lose money. There is no guarantee that you will meet your investment goals, or that our recommended investment strategy will perform as anticipated. Please consult any available offering documents for any security we recommend for a discussion of risks associated with the product. We can provide those documents to you, or help you to find them.

MUTUAL FUNDS

Limitations on Recommendations

We believe that a relatively small menu of carefully chosen investment options should yield the best results rather than an array of overlapping and redundant investment choices. Based on these philosophies, Dunham limits the fund choices available to its proprietary family of sub-advised mutual funds (the “Dunham Funds”) with the exception of the unaffiliated money market fund(s). While new Dunham Funds may be added, Dunham has no current plans of adding third-party funds in the future. As a result, your Advisor’s recommendations will be limited to the Dunham Funds and unaffiliated money market fund(s).

Compensation

Your Advisor does not receive any commissions from the Dunham Funds or the unaffiliated money market fund(s). Dunham receives on-going compensation from the Dunham Funds for as long as you are invested in a fund. This compensation (commonly known as trail commissions or Rule 12b-1 fees) is typically paid from the assets of the Dunham Funds and is calculated as an annual percentage of assets invested by you. The on-going payment depends on what type of fund (fixed income versus equity) you select and is between 0.75% and 1% of assets annually. The more money invested in the Dunham Funds, the more you will pay in fees to Dunham and your Advisor since the fee is a percentage of the value of your account. Therefore, there is an incentive to encourage you to increase the size of your investment.

Different share classes of the Dunham Funds will generally have different associated ongoing expenses and your Advisor will receive more or less compensation depending on the mutual fund share class you purchase and the period of time for which you hold the investment. Class C shares of the Dunham Funds are not assessed an upfront sales charge, but have higher ongoing expenses. Class C shares do not convert into another share class. For more information about the sales charges and commissions that apply to a particular transaction, please refer to the Dunham Funds' Prospectus.

In addition, the Dunham Funds will also charge Rule 12b-1 fees, sub-transfer agent fees, management fees and administrative expenses, and any other charges required by law. Dunham may receive all or a portion of these fees. For more information about these expenses, please refer to the Dunham Funds' Prospectus.

Finally, you are able to invest in a limited number of unaffiliated money market mutual fund(s). Your Advisor does not receive any sales charge or commissions from the sale of shares of the unaffiliated money market fund(s). Dunham receives an amount up to 0.15% annually of the value of the shares of the unaffiliated money market fund(s) held in your account. This payment is for certain sub-accounting, record keeping, and other administrative services Dunham provides. This creates a conflict of interest, as there is an incentive for Dunham to include the money market fund(s) in the program rather than other similarly-situated mutual funds.

Conflicts of Interest

Dunham receives compensation as a result of your investment in the Dunham Funds. This compensation can be significant. This creates a conflict of interest, as it provides an incentive for Dunham or your Advisor 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.

CUSTOM C-SHARE ASSET ALLOCATION PROGRAM (“C-CAAP”)

Your Advisor may access the Dunham Funds through C-CAAP, which is an asset allocation program that utilize Class C shares. Class C shares of the Dunham Funds charge higher internal expenses than other share classes, which will reduce returns. Your Advisor may recommend strategic asset allocation strategies and/or customize his selection based on your tolerance for risk. A benefit of the program includes rebalancing. Dunham, as program sponsor, may automatically rebalance your account to the original strategy or specified percentages (if customized) on a quarterly basis. Switching to a different strategy or asset allocation will only occur at the request of the Advisor or you.

Limitations on Recommendations

We believe that a relatively small menu of carefully chosen investment options should yield the best results rather than an array of overlapping and redundant investment choices. Based on these philosophies, Dunham limits the fund choices available in the programs to the Dunham Funds with the exception of the unaffiliated money market fund(s). While new Dunham Funds may be added, Dunham has no current plans of adding third-party funds in the future. As a result, your Advisor’s recommendations will be limited to the Dunham Funds and unaffiliated money market fund(s).

Compensation

If you are investing through C-CAAP, your Advisor and Dunham may share in the trail commissions or 12b-1 fees. Out of the trail commissions or 12b-1 fees, Dunham receives a sponsor fee of 0.25% of the average daily net asset value of your account. The sponsor fee covers brokerage and custodial services related to the Dunham Funds and unaffiliated money market fund(s), shareholder servicing and distribution, and client communications. The sponsor fee does not cover SEC fees, electronic fund and wire transfer fees, and any other account charges.

For C-CAAP, Dunham Trust Company (“DTC”), an affiliate of Dunham, 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 establishment fee and a \$25 annual fee. A \$10 fee will be charged for each excess distribution (distributions in excess of four (4) 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 DTC’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. This creates a conflict of interest in that your Advisor may recommend purchasing shares of the Dunham Funds through C-CAAP rather than outside the program. This will result in an affiliate, DTC, receiving the fees described above, which would not be incurred if you invested in the Dunham Funds outside the program.

Conflicts of Interest

Dunham and your Advisor receive compensation as a result of your investment in the Dunham Funds through the program. This compensation can be significant. This creates a conflict of interest, as it provides an incentive for Dunham or your Advisor 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. In addition, Dunham is subject to competing interests that have the potential to influence its decision-making with regard to the selection of the Dunham Funds. For example, one of the Dunham Funds may provide a higher management fee to Dunham than another fund. This provides Dunham with an incentive to use a fund with the higher fee.

ALTERNATIVE INVESTMENTS

Deciding if a particular alternative investment is appropriate for you is an involved decision. It is important for you to work with your Advisor to evaluate how a particular alternative investment and its features fit your individual needs and objectives. An important component of the selection process includes carefully reading the accompanying offering documents (if any) and documents containing disclosures regarding key information and potential conflicts of interest prior to making a purchase decision. These documents contain important information that will help you make an informed choice. As part of your review process, you will need to consider the fees and expenses associated with a particular alternative investment, along with the fact that your Advisor and Dunham (or an affiliate or related party) may receive compensation. It is important to note that the fees and expenses related to alternative investments are often higher than those of more traditional investments. Your Advisor will answer any questions that you have regarding the total fees and expenses and the compensation (direct or indirect) your Advisor and Dunham receives.

Limitation on Recommendations

Dunham offers alternative investments on a limited basis and only to certain qualified clients. Your Advisor may recommend these investments to you if you have expressed an interest in alternatives to the stock market and are seeking an investment that provides provide current income while achieving a consistent return.

Dunham limits alternative investments to promissory notes, trust deeds and interests in limited liability companies ("LLCs") investing in real estate, all of which are offered by an affiliate of Dunham or a related party. As a result, your Advisor's recommendations will be limited to these alternative investments.

Compensation

While each investment will differ in terms of both total fees and expenses and how those fees and expenses are calculated, the following section will discuss the primary categories of fees and expenses that are common to alternative investments offered by Dunham and the different ways that Dunham and your Advisor are compensated.

Hold Us To Higher Standards

Trust Deeds. Neither your Advisor nor Dunham receives any direct compensation for the sale of a trust deed. However, all or some of the proceeds will be distributed to an affiliate of Dunham since the affiliate owns directly or indirectly all or a portion of the trust deed.

Promissory Notes. Neither your Advisor nor Dunham receives any direct compensation for the sale of a promissory note. However, because the promissory notes are issued by an affiliate of Dunham, your Advisor and Dunham are indirect beneficiaries of the loans.

LLCs. Neither your Advisor nor Dunham receives any direct compensation for the sale of interests in LLCs. However, certain related parties and affiliates of Dunham are indirectly paid by granting such person or entity an interest in the LLC or certain other fees. Since the related parties and affiliates of Dunham did not contribute any capital for their interests, this dilutes (reduces) your interest in the LLC. The fees are more fully described below.

- **Finder's Fee.** A finder's fee of up to 2.00% of the initial capital contributions made by investors purchasing interests in the LLC will be paid to a related person of your Advisor. The finder's fee is for identifying the property, negotiating the purchase of the property and negotiating the leases with tenants.
- **Due Diligence Fee.** A due diligence fee of up to 8.00% of the initial capital contributions made by investors purchasing interests in the LLC will be paid to an affiliate of Dunham. The due diligence fee is for conducting initial and on-going due diligence on the property, assisting with bridge loan financing, loan servicing and resolving any issues that arise as a result.
- **Management Fee.** A management fee based on a percentage of the gross rents will be paid to a related person of your Advisor. The related person serves as the Manager of the LLC and provides on-going management of the property and LLC.

Conflicts of Interest

Trust Deeds. Your Advisor may recommend that you invest in a trust deed. Dunham 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 Dunham may acquire a smaller interest in a trust deed ("fractionalized trust deed") from a Private Fund in private transactions. This results in a conflict of interest because Dunham owes a fiduciary duty to the Private Fund and must act in the best interests of the individual purchasing the fractionalized trust deed, which may have competing interests. For example, since the Private Funds are in the process of liquidating, Dunham and its affiliates (including your Advisor) are incentivized to facilitate investment in fractionalized trust deeds in order to quicken the pace of liquidation and distributions to 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. Also, the Private Funds may have access to insider information or non-public information that is not generally available to other investors about the fractionalized trust deeds. Finally, your Advisor is conflicted in the following ways: (i) recommending that you liquidate lower risk investments (such as



Hold Us To Higher Standards

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 you than the trust deed.

Promissory Notes. Your Advisor may recommend that you invest in promissory notes issued by an affiliate of Dunham. Dunham's affiliates may periodically borrow money in private transactions from individuals who are clients of Dunham. The notes create a conflict of interest because of your Advisor's ownership of Dunham's affiliate and your Advisor are an indirect beneficiary of the loans. In addition, your Advisor is conflicted in the following ways: (i) recommending you to liquidate lower risk investments (such as Dunham Mutual Funds, third-party mutual funds or other assets) 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 you than the note; (iii) strong incentive to negotiate the most advantageous terms (e.g., lowest possible interest rate) of the note in favor of Dunham's affiliate as opposed to you; and (iv) inability to provide you with impartial guidance in the event Dunham's affiliate encounters financial difficulties and needs to restructure or re-negotiate the note.

LLCs. Your Advisor may recommend that you invest in interests in LLCs investing in real estate. Such investments are illiquid and have not been registered pursuant to the Securities Act of 1933. Prior to investing, you must qualify as an "accredited" 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. Your Advisor and certain related parties may in the future or currently have personally invested in a LLC they also recommend to you. A related person of your Advisor receives a membership interest in the LLC for identifying the property, negotiating the purchase of the property and negotiating the leases with tenants. A related person of your Advisor also serves as Manager of the LLC and receives a management fee based on a certain percentage of the gross rents for on-going management of the property and LLC. An affiliate of Dunham also 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 conflict of interest in that your Advisor's personal investment and/or compensation paid to related person of the Advisor or an affiliate may motivate him to recommend the LLC over other private placement investments they have not personally invested in but may be better suited for you. Finally, your Advisor is conflicted in the following ways: (i) recommending you to 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 you than the LLC.

ACCOUNT TYPES

When considering rolling over assets from a qualified employer-sponsored retirement plan (“Employer Plan”) or transferring assets to an Individual Retirement Account (“IRA”), you should review and consider the advantages and disadvantages. At a minimum, you should consider such things as fees and expenses, available investment options and available services.

If you roll over your Employer Plan assets to an IRA, you will also want to consider the availability or lack of availability of penalty-free withdrawals, issues surrounding protection from creditors and legal judgments, required minimum distributions, and, if applicable, the tax treatment of employer stock.

We encourage you to discuss your options and review all applicable considerations with your own tax and other advisors to the extent you consider necessary or appropriate. To be clear, Dunham does not provide any legal advice whatsoever.

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) roll over the assets to a new employer’s plan (if available and rollovers are permitted); (3) roll over Employer Plan assets to an IRA; and (4) cash out the Employer Plan assets without effecting a rollover (and generally pay the required taxes on the distribution). You may face increased fees when you move 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 and investment management.

Limitation on Recommendations

When your Advisor makes a recommendation to roll over or transfer assets in an ERISA account to an IRA, the IRA will invest only in the Dunham Funds and unaffiliated money market fund(s). While new Dunham Funds may be added, Dunham has no current plans of adding third-party funds in the future. As a result, your investments in the IRA will be limited to the Dunham Funds and unaffiliated money market fund(s).

Compensation

Investing in an IRA that invests in the Dunham Funds will typically be more expensive than investing through an Employer Plan.

If you roll over or transfer your retirement assets to an IRA, Dunham will earn sponsor fees and trail commissions or Rule 12b-1 fees as a result. Dunham will also receive advisory fees for providing investment management services to the Dunham Funds. In contrast, leaving assets in your Employer Plan or with the previous advisor or rolling the assets to a plan sponsored by your new employer results in no compensation to Dunham or your Advisor.

In addition to the fees charged by Dunham, the Dunham Funds will also charge Rule 12b-1 fees, sub-transfer agent fees, and administrative expenses, and any other charges required by law.



Conflicts of Interest

A conflict of interest exists to the extent that your Advisor recommends that you roll over assets from an Employer Plan or transfer assets in an IRA from another financial professional to an IRA account that invests in the Dunham Funds. Dunham and your Advisor receive compensation as a result of your participation, and have a financial incentive to recommend the roll over or transfer.

This compensation can be significant. This creates a conflict of interest, as it provides an incentive for Dunham or your Advisor 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.