

Wrap Fee Program Brochure

Dunham & Associates Investment Counsel, Inc.

SEC File No. 801-25803

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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.

Material Changes

Annual Update

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure. The last annual update was March 31, 2011.

Material Changes since the Last Annual Update

The U.S. Securities and Exchange Commission issued a final rule in July 2010 requiring advisers to provide a Firm Brochure in narrative “plain English” format. The new final rule specifies mandatory sections and organization.

1. Reference to Dispute Resolution Arbitration Number 09-05641 was reported on the previous version of the firm brochure contrary to the requirements of SEC rule 3060 and accordingly it has been removed

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Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at (858) 964-0500 or by email

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Services, Fees and Compensation

Founded in 1985, Dunham & Associates Investment Counsel, Inc. (“DAIC” or “Firm”) is a private wealth management firm, Registered Investment Adviser and Broker/Dealer. DAIC is wholly-owned by Dunham & Associates Holdings, Inc. (“DAHI”). The principal owner of DAHI is Jeffrey A. Dunham, Chief Executive Officer of DAIC. The Firm primarily features a proprietary family of sub-advised mutual funds, Dunham Funds, which operate on performance-based advisory fees, also commonly known as fulcrum fees. The Dunham Funds are available individually or as part of a turn-key asset allocation program offered by DAIC.

DAIC serves as Investment Adviser (“Adviser”) to the Dunham Funds. DAIC is primarily a manager of managers, and as such, recommends and monitors third-party investment advisers (“Sub-Advisers”) for each of the Dunham Funds. Each Sub-Adviser (subject to the approval of the Board of Trustees) is given investment discretion based on a stated objective for each respective Dunham Fund as discussed in the Prospectus. DAIC does not have direct trading discretion over these funds for which it advises.

NOTE: The Asset Allocation Program “AAP” is the “Wrap” program offered by DAIC. The following is a description of DAIC’s program. The firm has \$902,216,297 in assets under management as of 12/31/2010. Of this figure, \$890,482,685 was in discretionary accounts \$11,733,612 was in non-discretionary accounts

DAIC’s AAP is an asset allocation and advisory wrap program using a series of proprietary mutual funds (i.e., Dunham Funds, Class “N” shares) and other funds chosen at the sole discretion of DAIC, the Program Sponsor (collectively, “Eligible Funds”). Any combination of the Eligible Funds, representing different asset classes, may be utilized to diversify client portfolios based on long-term investment objectives. In addition, Core Fixed Income Allocations and Core Equity Allocations may be used to create a blend of fixed income and equity funds. A portion of the Core Fixed Income Allocation may include equities. As Program Sponsor, DAIC monitors and adjusts the Core Allocations, generally quarterly, as deemed necessary to reflect market conditions, performance and other factors.

As Program Sponsor, DAIC provides quarterly (or more frequent) statements and access to daily online account viewing. DAIC also offers tailored investment advisory proposals and provides periodic performance reports to the Financial Advisors for their clients as requested. In addition, DAIC hosts periodic Investor and Advisor Symposiums where Financial Advisors and their clients are invited to “Meet the Advisers” (the Dunham Funds’ Sub-Advisers) to discuss stock, economic or other issues.

Financial Advisors may choose between a Performance-Based Advisory Fee for "Qualified Clients" (as defined in the 1940 Act) or a flat, AUM-Based Advisory Fee. Accounts participating in AAP may hold only the Eligible Funds. None of the Eligible Funds are "load" funds. The Class N shares of the Dunham Funds do not include upfront or deferred sales charges or other fees to cover promotion, distribution and marketing expenses pursuant to SEC Rule 12b-1. Other costs (e.g. internal fund fees and expenses) generally associated with mutual funds apply. Assets are held in a custodial account maintained by DTC, an affiliate of DAIC. There is no additional custodian fee for holding AAP Eligible Funds.

In connection with the AAP, for Financial Advisors' clients who qualify (see below) and elect to pay a Performance-Based Fee, DAIC and the Financial Advisor each receive one-half of any performance fees attributable to the 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 AAP documents with their Financial Advisor. This option is available only to account owners who meet the qualifications in Rule 205-3 of the 1940 Act for "qualified client" by being a natural person having a net worth, together with assets held jointly with a spouse, of more than \$ 2 million (excluding the value of the primary residence. The amount of debt on the primary residence may be excluded in the calculation provided the amount of debt is no greater than the property's current market value. If the debt exceeds the current market value, the excess is considered a liability when calculating the client's net worth) at the time the account is opened or for whom, after opening this account, total assets under management with DAIC will at least be \$1,000,000.

For Financial Advisors' clients who elect to pay an asset-based fee, DAIC receives a program fee equal to 0.25% on an annualized basis of the average daily net assets held in the client's account during the prior quarter. The Financial Advisor for the client may also charge an additional fee of up to 2.0% on an annualized basis and retains 100% of that amount. The total asset-based fee shall be accrued daily and charged quarterly in arrears. Fees shall be pro-rated and charged upon termination. AAP only includes Dunham Funds Class N shares and certain non-proprietary funds which may be made available by DAIC.

Fees may be deducted from client accounts directly or may be billed separately at the client's request.

Account Requirements and Types of Clients

DAIC provides different services to three types of clients: 1) clients of unaffiliated, independent investment advisory firms whose Financial Advisor has elected to use the AAP as an investment product/vehicle, and 2) direct or “private” clients of DAIC’s registered Investment Advisory Representatives (“IARs”) and 3) clients of DTC for whom DTC is serving as Trustee.

Initial minimum investment is generally \$50,000 for Qualified (Retirement) Accounts and \$100,000 for Non-Qualified accounts. These minimums may be waived at the discretion of the Program Sponsor.

Portfolio Manager Selection and Evaluation

DAIC utilizes a careful manager-of-managers (sub-adviser) approach that we believe continues to be successful to selection of investment managers with specialized expertise in particular asset classes. DAIC also uses performance-based fees to compensate such Sub-Adviser, which we believe best aligns the investment manager's goals with a client's goals.

As DAIC utilizes a manager-of-managers investment process, we do not directly decide the holding of securities or cash within a given mutual fund. Rather, we utilize the expertise of each Dunham Fund's Sub-Adviser, with each being uniquely knowledgeable in its respective asset class. We monitor each Sub-Adviser's investment process and results and may replace a Sub-Adviser should we find extended style drift or lacking performance (relative to both peers and the applicable benchmark). Ultimate portfolio manager discretion may vary by Sub-Adviser, as long as the investment policies and restrictions indicated by the prospectus and Statement of Additional Information (SAI) are correctly followed.

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. DAIC will communicate at all times with a financial advisor to ensure the client's investment objectives remain in-line with his or her investments.

Client Information Provided to Portfolio Managers

When DAIC provides direct investment advice to clients, it does so based on each client's individual needs. DAIC is generally guided by each client's investment profile/objectives. A client may request DAIC's assistance in the preparation of his/her investment profile.

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

Client Contact with Portfolio Managers

No restrictions are placed on a client as to their ability to contact their Portfolio Manager. They may contact the firm via phone, e-mail, or letter.

Additional Information

Disciplinary Information

09/22/2006

1. Alleged violations of Section 7(A) of the Investment Company Act and Sections 5(A) and 5(C) of the Securities Act - specifically that the respondents operated unregistered investment companies - SEC Administration proceeding releases 33-8740, 34-54489, 40-2552, AND 40-27495

Respondent consented to the entry of this order without admitting or denying the findings therein.

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

DAIC takes issues of regulatory compliance, fiduciary responsibility and public trust seriously. We seek the highest standards of ethics and conduct in all of our business relationships. DAIC's Code of Ethics has been adopted pursuant to SEC rule 402A-1 under the Investment Advisers Act of 1940 with the objectives of deterring wrongdoing and 1) promoting compliance with applicable governmental laws, rules and regulations, 2) providing standards of honest and ethical conduct, including ethical handling of actual or apparent conflicts of interest, 3) requiring all access persons to promptly report for review, personal transactions and holdings, 4) facilitating prompt internal reporting of violations of this Code, and 5) providing accountability for adherence to this Code. DAIC will provide a copy of our full Code of Ethics 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.

To help prevent conflicts of interest, as well as the appearance of conflicts of interest, employees and registered personnel of DAIC, must abide by the Code of Ethics (the "Code"). 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 under Rule 17j-1 of the Investment Company Act.

In addition, the Code limits employees' ability to invest in Initial Public Offerings and Private Placements by requiring the preapproval of the Chief Compliance Officer. In addition, 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 accounts are reviewed on an ongoing and continuous basis.

Our Asset Allocation strategy is implemented similarly across all accounts with like strategies. 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, cost basis of securities and projected income. Gain/loss statements are provided annually for taxable accounts. Financial Advisors may request special reports (i.e. performance reviews) to be delivered on a regular basis or as needed. Clients may also access account information via the DAIC website.

Client Referrals and Other Compensation

DAIC, as broker/dealer and distributor of the Mortgage Funds, also enters into agreements to pay securities broker/dealers that are registered as investment advisers, for the recommendation and/or referral of an investor in the Mortgage Funds.

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 at any time 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.