DunhamDC

Buy Fear, Sell Greed

DUNHAM
Trust and Investment Services

Forward Thinking

"PEOPLE AT DUNHAM WORK HERE TO CHALLENGE THE INDUSTRY'S THINKING AND CREATE WHAT WE CONSIDER BETTER RESULTS FOR INVESTORS, COUPLED WITH ACCOUNTABILITY AND FAIRNESS."

We are not just another asset management firm. We have been challenging the industry's thinking for almost four decades now.

What drives us is our desire to:

- **Enhance the intricate world of investing.**
- **Relieve investment stress.**
- **And strive to secure the best possible outcomes for our clients.**

We firmly believe Dunham has once again created a genuinely distinctive strategy that may reframe how the entire industry views investing.

DunhamDC
Buying Fear and Selling Greed

This innovative investment from Dunham is called DunhamDC, and at its core, it is an investment strategy inspired by Warren Buffett's timeless advice:

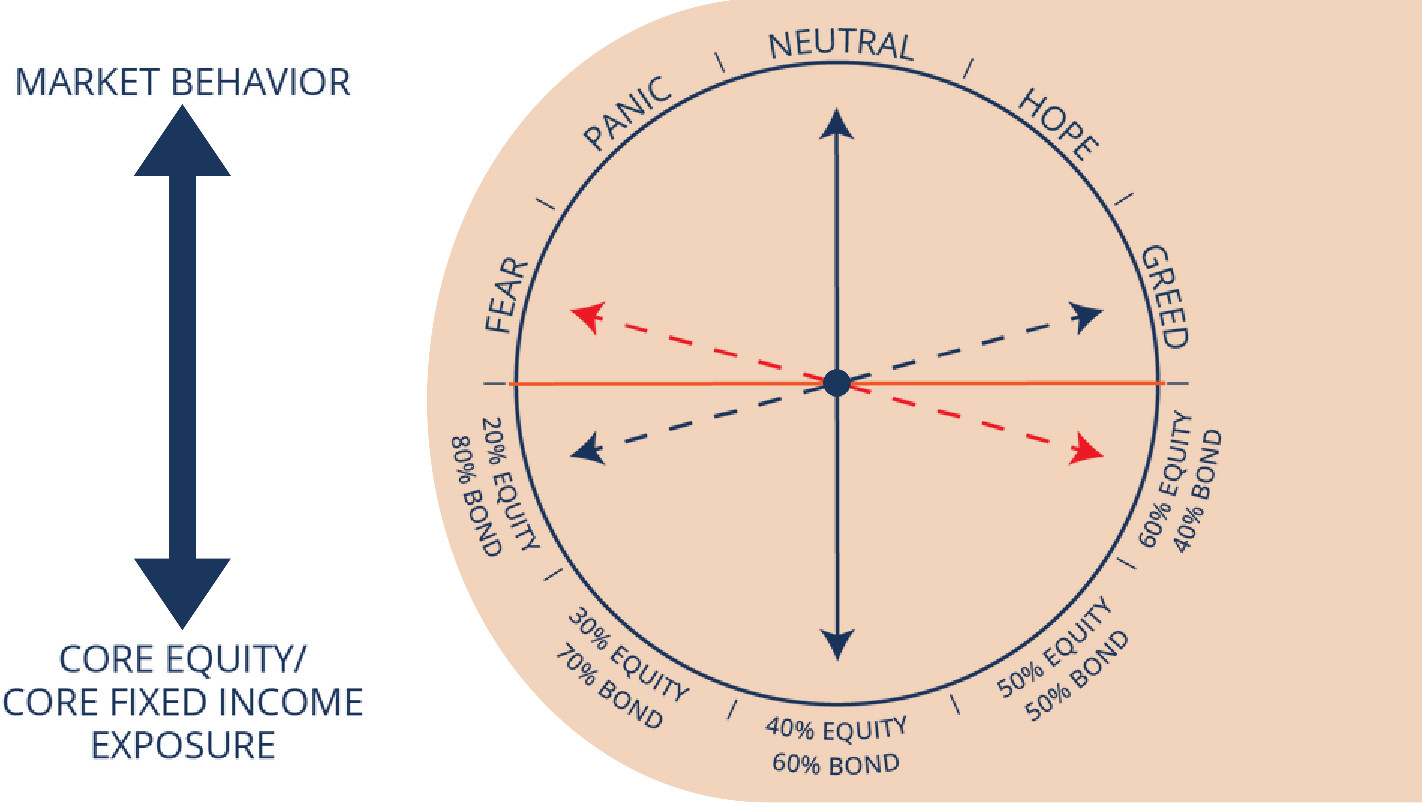
"Be fearful when others are greedy and greedy when others are fearful."

Recognizing the limitations of traditional methods of investing and market timing strategies, we developed what we view as a groundbreaking approach to potentially decrease some of the risks in stock market investing without, in our view, substantially compromising the historically strong returns the stock market can offer.

DunhamDC Explained

DunhamDC employs a multi-level algorithm to drive its relatively simple strategy as it attempts to buy Fear and sell Greed.

Based on 40% Core Equity / 60% Fixed Income Allocation



Source: Dunham & Associates Investment Counsel, Inc.

Figure 1: For Illustrative Purposes Only

The wisdom in Warren Buffett's "Be Fearful when others are Greedy and Greedy when others are Fearful" is that it challenges conventional market behavior.

When he says to be "Fearful when others are Greedy," he implies caution when the stock market is exhibiting what Alan Greenspan once called "Irrational Exuberance" – such as during the dot com mania in the 1990s or housing market in the early 2000s.

This stage of a market cycle may imply a potential risk of inflated stock prices driven by euphoria rather than underlying value.

This **Buy Fear and Sell Greed** is the significance of DunhamDC – and we are not aware of another systemic and unemotional strategy like this.

The Dykmans Curve

DunhamDC utilizes a multi-level algorithm for a straightforward strategy that attempts to buy stocks when investors are fearful and sell stocks when investors appear greedy.

Dunham's Chief Investment Officer, Ryan Dykmans, CFA, designed this algorithm. It provides what we consider prudent investing, enabling the investment strategy to unemotionally buy equities at potentially lower prices when Fear prevails in the market and emotionally seeks to sell when optimism drives prices higher.

The Dykmans Curve attempts to seize opportunities when others might panic and capitalize on market euphoria.

DunhamDC In Action

With DunhamDC, together with your financial advisor, you select the level of risk you are willing to take within this innovative strategy.

The chart below shows the risk ranges available to you and illustrates your stock exposure moving from a bull market to a bear market, and vice versa.

For example, let us consider a conventional DunhamDC 40% equity and 60% fixed income. This portfolio is generally considered to have a lower level of risk with a balanced growth investment objective.

At the top of the bull market, the 40/60 portfolio may have as little as 13% exposure to equities. However, during the bottom of a bear market, the same portfolio has the potential to allocate up to 67% in equities.

DunhamDC Buys Fear and Sells Greed

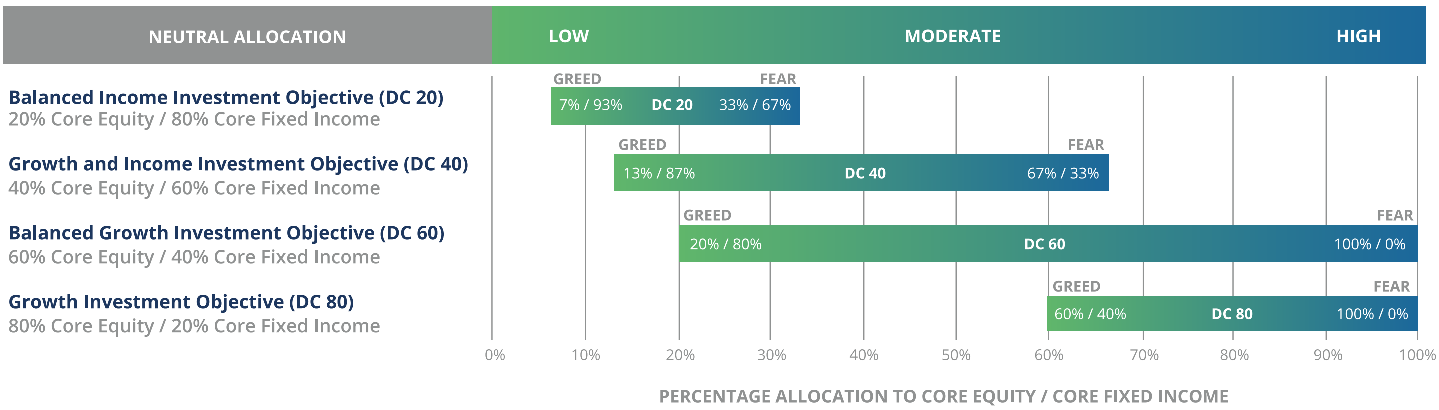


Figure 2: Investors should understand the minimum and maximum levels of equities and fixed income in each strategy

There are different portfolios for different risk tolerances and investment objectives – all of which can be tailored to your specific needs.

Our aim is to have DunhamDC function as a reliable friend of market cycles, seeking to limit equities at market highs and increase them at market lows, potentially making it a valuable strategy for investors seeking to adapt and thrive in changing market conditions.

A Strategy That Could Revolutionize Investing

DunhamDC tackles what we consider critical oversights in traditional investment programs:

Sequence Risk Mitigation: Reducing equity exposure during market peaks to assist with income instability.

Potentially Accelerated Recovery Time: Its unemotional equity reduction at what DunhamDC identifies market highs could possibly speed up the post-bear market recovery, lessening losses and reducing the necessary return to break even.

Concentration Risk Mitigation: DunhamDC ensures a diverse portfolio of stocks, bonds, and alternative investments based on personalized decisions you make with your financial advisor.

Emotionless Investment Approach: The Dykmans Curve algorithm dynamically adjusts equity allocation, eliminating emotional decisions, and offers what we view as a tailored investment plan that potentially takes some of the edge off market volatility.

Speak to Your Financial Advisor Today

At Dunham, our innovative strategy signifies a redefinition of investing with an objective emphasizing your financial security.

Our strategy, centered on the innovative Dykmans Curve algorithm, is what we consider a transformative approach to managing your investment portfolio's risk and reward.

Working with your financial advisor, you can determine the level of risk appropriate for you and your family and enjoy what we believe is a better investment experience that offers the potential of lower volatility.

DunhamDC Disclosures

This communication is general in nature and provided for educational and informational purposes only. It should not be considered or relied upon as legal, tax or investment advice or an investment recommendation. Any investment products or services named herein are for illustrative purposes only, and should not be considered an offer to buy or sell, or an investment recommendation for, any specific security, strategy or investment product or service. Always consult a qualified professional or your own independent financial professional for personalized advice or investment recommendations tailored to your specific goals, individual situation, and risk tolerance.

Past performance may not be indicative of future results.

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment. There may be economic times where all investments are unfavorable and depreciate in value.

DunhamDC (“DunhamDC”) is a proprietary algorithm of Dunham & Associates Investment Counsel, Inc. (“Dunham”) that seeks to mitigate sequence risk, which poses a threat to an investor's returns due to the timing of withdrawals. The algorithm employs what Dunham considers to be a pragmatic strategy, generally making incremental increases to the equity allocation when global stock market prices decrease and decreasing it when global stock prices increase. This approach is objective, unemotional, and systematic. Rebalancing is initiated based on the investment criteria set forth in the investors application and is further influenced by the DunhamDC algorithm.

DunhamDC allocation changes are made only if they result in an allocation value shift at the fund level of 1% or greater of total account value. This includes if non-Dunham fund investments are in the Dunham account and the allocation value shift per fund is more than 1%.

Due to the large deviation in equity to fixed income ratio at any given time, investor participating in DunhamDC understands that a large deviation in equity to fixed income ratio can have significant implications for the risk and return profile of the account. Accordingly, during periods of strong market growth the account may underperform accounts that do not have the DunhamDC feature. Conversely, during periods of strong market declines, the account may also be underperforming, as the account continues to decline, due to the higher exposure in equities. Similarly, if the fixed income investments underperform the equity investments, it is possible that the accounts using the DunhamDC feature may underperform accounts that do not have the DunhamDC feature, even though they may have adjusted the exposure to equity investment before a decline. Therefore, the investor must be willing to accept the highest risk tolerance and investment objective the account can range for the selected strategy. Please see the Account Application for the various ranges.

DunhamDC uses an unemotional, objective, systematic approach. The algorithm does not use complex formulas and is designed to create a consistent process with limited assumptions based on historical data.

DunhamDC may make frequent purchases and redemptions at times which may result in a taxable event in the account and may cause undesired tax-related consequences.

Trade signals for DunhamDC are received at the end of each trading day with the implementation of the trades not occurring until the next business day, which means that there is a one-day lag that may result in adverse prices.

DunhamDC operates within predefined parameters and rules, some or all of which may not be available to review. While this approach can reduce emotional biases and enhance consistency, it may limit adaptability to changing market conditions, economic considerations, or unforeseen events. Extreme conditions may require deviations from the program's prescribed approach, and such adaptability may be challenging to incorporate. The DunhamDC algorithm is programmed based on specific criteria and rules, it may not capture certain qualitative or contextual factors that can impact investment decisions or movement in the markets. Beyond the initial assumptions used to develop the algorithm, it lacks other inputs or considerations that human judgement and discretion may be necessary to evaluate. DunhamDC may utilize historical data, statistical analysis, and predefined rules. It does not make any predictions and may add to certain investments before they perform poorly or may divest from other investments before they perform well. Dunham makes no predictions, representations, or warranties as to the future performance of any account.

Accounts invested in DunhamDC are subject to a quarterly rebalance to its target allocation at the time based on DunhamDC in addition to the signals provided by DunhamDC at any given time. Dunham makes no representation that the program will meet its intended objective. Market conditions and factors that influence investment outcomes are subject to change, and no program can fully account for all variables and events. The program requires making investment decisions based on factors and conditions that are beyond the Account Owner's and Dunham's control. DunhamDC is NOT A GUARANTEE against market loss or declines in the value of the account or a timing strategy. Investor may lose money.

Asset allocation models are subject to general market risk and risks related to economic conditions. DunhamDC has a limited track record, with an inception date of November 30, 2022.

DUNHAM

Trust and Investment Services

(858) 964-0500

BDteam@dunham.com

6256 Greenwich Dr. Ste. 550
San Diego, CA 92122