

To Shareholders of the Dunham Monthly Distribution Fund:

**Distribution Policy.** The Fund's distribution policy is to make monthly distributions to shareholders at an annual rate expected to be at or near the level of the prime interest rate.

**SEC Disclosure Requirements.** This notice complies with Section 19(a) of the Investment Company Act and Rule 19a-1 there-under, and provides Fund shareholders with important information concerning the distributions made in the month of May 2012. The following is an estimate of the source of the distributions made in May for the Fund.

Record Date – May 30, 2012; Ex-Date – May 31, 2012; Payable Date – May 31, 2012

<b>Dunham Monthly Distribution Fund – Class N</b>				
	Current Distribution Per Share (\$)	Breakdown of Current Distribution Per Share (%)	Fiscal YTD Cumulative Distributions Per Share (\$)*	Breakdown of Fiscal YTD Cumulative Distributions Per Share (%)*
Net Investment Income	\$0.00	0%	\$0.2211	32%
Net Realized Short-Term Capital Gains	\$0.00	0%	\$0.2210	32%
Net Realized Long-Term Capital Gains	\$0.00	0%	\$0.00	0%
Return of Capital	\$0.1007	100%	\$0.2487	36%
<b>Dunham Monthly Distribution Fund – Class A</b>				
Net Investment Income	\$0.00	0%	\$0.2211	32%
Net Realized Short-Term Capital Gains	\$0.00	0%	\$0.2210	32%
Net Realized Long-Term Capital Gains	\$0.00	0%	\$0.00	0%
Return of Capital	\$0.1007	100%	\$0.2487	36%
<b>Dunham Monthly Distribution Fund – Class C</b>				
Net Investment Income	\$0.00	0%	\$0.2211	32%
Net Realized Short-Term Capital Gains	\$0.00	0%	\$0.2210	32%
Net Realized Long-Term Capital Gains	\$0.00	0%	\$0.00	0%
Return of Capital	\$0.1007	100%	\$0.2487	36%

\* The fiscal year for the Dunham Monthly Distribution Fund began on November 1, 2011.

**Return of Capital.** The Fund may make distributions that are treated as return of capital. *A return of capital may occur for example, when some or all of the money that you invested in a Fund is paid back to you.* A return of capital distribution does not necessarily reflect a Fund's investment performance and should not be confused with "yield," "income" or "profit." You should not draw any conclusions about a Fund's investment performance from the amount of this distribution or from the terms of the Funds' distribution policy.

**Not Tax Reporting.** The amounts and sources of distributions reported in this notice are only estimates in order to comply with SEC regulations and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon each Fund's investment experience during the remainder of its fiscal year and may be subject to changes based on tax regulations. The Fund will send you a Form 1099-DIV in early 2013 for the 2012 calendar year that will tell you how to report these distributions for federal income tax purposes (e.g., ordinary income, long-term capital gain or return of capital).