

Baker & Yoest Investment Advisers, Inc.  
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March 26, 2012

This Brochure provides information about the qualifications and business practices of Baker & Yoest Investment Advisers, Inc. If you have any questions about the contents of this Brochure, please contact us at 847-504-1455. 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.

Baker & Yoest Investment Advisers Inc. is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about Baker & Yoest Investment Advisers Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

On July 28, 2010, the United State Securities and Exchange Commission published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC Rules. This Brochure dated March 26, 2012 is a document prepared according to the SEC’s new requirements and rules, it is a revision of our prior brochure dated March 15, 2011.

This Item will discuss only specific material changes that are made to the Brochure and provide clients with a summary of such changes. We will also reference the date of our last annual update of our brochure.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. Pursuant to new SEC Rules, we will ensure that you receive a summary of any materials changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. We may further provide other ongoing disclosure information about material changes as necessary.

We will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, our Brochure may be requested by contacting Lisa Yoest at 847-504-1455 or [lyoest@bakeryoest.com](mailto:lyoest@bakeryoest.com). Our Brochure is also available on our web site, free of charge, [www.bakeryoest.com](http://www.bakeryoest.com).

Additional information about Baker & Yoest Investment Advisers Inc. is also available via the SEC’s web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC’s web site also provides information about any persons affiliated with Baker & Yoest Investment Advisers Inc. who are registered, or are required to be registered, as investment adviser representatives of Baker & Yoest Investment Advisers Inc.

As of March 27, 2012 we have begun the process of changing Registration from a Federally Registered Adviser with the SEC to a State Registered Adviser. Therefore you will see the addition of Item 19.

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## **Item 4 – Advisory Business**

Baker & Yoest Investment Advisers, Inc. has been in business since December 2008. The sole owner of the firm is Glenn A. Baker. Prior to this time Mr. Baker had been a fifty percent owner in the registered investment advisory firm Hochman & Baker Investment Advisers, Inc. since 1987. Additionally, clients of Mr. Baker's, previously with Hochman & Baker, moved to Baker & Yoest Investment Advisers, Inc. in 2009.

Baker & Yoest Investment Advisers, Inc. provides continuous advice to a client regarding investment of client funds based on the individual needs of the client. Baker & Yoest Investment Advisers, Inc. will conduct personal discussions with the client to establish the goals, objectives, risk tolerance and time horizon (suitability information) of the client based on his/her particular circumstances. Baker & Yoest Investment Advisers, Inc. will then create and manage a portfolio for the client based on this suitability information. Baker & Yoest Investment Advisers, Inc. will manage advisory accounts on a nondiscretionary basis only. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income). Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf.

As of December 31, 2011 client assets under management were \$45,467,040, all managed on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

### **FEE SCHEDULE**

#### **PORTFOLIO MANAGEMENT SERVICES:**

The annual fee for portfolio management services will be 1.00% of assets under management. A minimum of \$500,000 of assets under management is required for this service. The annual fee and minimum account requirement may be negotiable under certain circumstances. Baker & Yoest Investment Advisers, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

Unless otherwise agreed, client accounts will be directly debited quarterly in advance at the beginning of each calendar quarter based upon the value (market value or fair market value in the absence of market value) and weighting of the client's account at the end of the previous quarter. Clients should note that the principal executive officers or associates of Baker & Yoest Investment Advisers, Inc. may, from time to time, receive 12b-1 distribution

fees from investment companies in connection with the placement of client funds into investment companies. Typically, advisory fees are discounted for 12b-1 fees earned.

#### **FINANCIAL PLANNING/CONSULTING:**

Financial planning and consulting fees will be charged as a fixed fee, typically ranging from \$1,000 - \$5,000, depending on the nature and complexity of each client's circumstances. 50% of this fee will be due upon signing the financial planning or consulting services agreement, with the balance due upon presentation of the financial plan or consulting work to the client, however, advance payment will never exceed \$500 for work that will not be completed within six months.

Typically, for financial planning clients, the financial plan will be presented to the client within 90 days of the contract date, provided that all information needed to prepare the financial plan has been promptly provided by the client. There is a minimum fee of \$1,000 for financial planning/consulting services. This minimum fee may be negotiable in certain circumstances. In some cases, an hourly fee may be charged at a rate of \$250/hr.

#### **GENERAL INFORMATION:**

***Negotiability of Fees:*** In certain circumstances, all fees and account minimums may be negotiable.

***Calculation of Fees:*** The fee charged is calculated as described above and is not charged on the basis of a share of capital gains upon or capital appreciation of the funds or any portion of the funds of an advisory client (Section 205(a)(1) of the Advisers Act).

***Transitioned Account Fees:*** Client accounts transitioned from predecessor firms at which the principals of Baker & Yoest Investment Advisers, Inc. were employed prior to the formation of Baker & Yoest Investment Advisers, Inc. may be charged a fee different from the fee disclosed above because Baker & Yoest Investment Advisers, Inc. has decided to honor the fee schedule agreed upon between the client and the firm at which the account was previously serviced. This different fee schedule is not available to all or even most Baker & Yoest Investment Advisers, Inc. clients.

***Termination of Agreements:*** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable. The client has the right to terminate an agreement without penalty within five business days after entering into the agreement.

***Other Expenses:*** All fees paid to Baker & Yoest Investment Advisers, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual

funds and exchange traded funds to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without the services of Baker & Yoest Investment Advisers, Inc. In that case, the client would not receive the services provided by Baker & Yoest Investment Advisers, Inc. which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and the fees charged by Baker & Yoest Investment Advisers, Inc. to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

In addition to Baker & Yoest Investment Advisers, Inc.'s advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any stock and/or bond commissions that may be assessed to them by a broker dealer or clearing firm with which an independent investment manager effects transactions for the client's account(s). Clients may incur certain charges imposed by custodians, brokers, third party investment and other third parties such as fees charged by managers, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions.

Item 12 further describes the factors that Baker & Yoest Investment Advisers, Inc. considers in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

Baker & Yoest Investment Advisers, Inc. does not charge any performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client).

## **Item 7 – Types of Clients**

Baker & Yoest Investment Advisers Inc. generally provides portfolio management services to individuals, high net worth individuals, trusts, corporate pension and profit-sharing plans, charitable institutions, foundations. In general, a minimum of \$500,000 of assets under management is required for portfolio management services. The minimum account requirement may be negotiable under certain circumstances.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

Baker & Yoest Investment Advisers Inc. provides continuous advice to a client regarding investment of client funds based on the individual needs of the client. Baker & Yoest Investment Advisers Inc. will conduct personal discussions with the client to establish the goals, objectives, risk tolerance and time horizon (suitability information) of the client based on his/her particular circumstances. Baker & Yoest Investment Advisers Inc. will then create and manage a portfolio for the client based on this suitability information. Baker & Yoest Investment Advisers Inc. will manage advisory accounts on a nondiscretionary basis only. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income).

Baker & Yoest Investment Advisers Inc. will create a portfolio consisting of one or all of the following: individual equities, bonds, CDs, no-load or load-waived mutual funds, exchange-traded funds (ETFs) and other investment products. Information obtained and reviewed on specific investments that are recommended is public information such as prospectuses, annual reports, and marketing materials published by issuer of the security. Baker & Yoest Investment Advisers Inc. will allocate the client's assets among various investments taking into consideration the overall management style selected by the client. The mutual funds and exchange traded funds will be selected on the basis of any or all of the following criteria: the fund's performance history; the industry sector in which the fund invests; the track record of the fund's manager; the fund's investment objectives; the fund's management style and philosophy; and the fund's management fee structure. Portfolio weighting between funds and market sectors will be determined by each client's individual needs and circumstances. Information regarding the specific risks (ie; market, currency, etc.) of the mutual fund or exchange traded fund will be given to the client in the form of a prospectus provided by the fund company or fact sheet and other materials provided by the issuer of the exchange traded fund.

Investing in securities involves risk of loss that clients should be prepared to bear. Diversification and asset allocation may not protect against market risk.

The prices of, and the income generated by, common stocks, bonds and other securities fluctuates continuously based on a variety of factors, such as economic conditions, global events, investor sentiment, and other factors, including those directly involving the issuers of securities. This should be considered general market. Beyond general market risk, certain investments carry additional risk, discussed below.

*Stock market risk*, which is the chance that stock prices overall will decline. Stock markets tend to move in cycles, with periods of rising prices and periods of falling prices. Small companies are expected to be more volatile than large companies.

*Investing outside the United States* — Securities of issuers domiciled outside the United States, or with significant operations outside the United States, may lose value because of political, social or economic developments in the country or region in which the issuer operates. These securities may also lose value due to changes in the exchange rate of the country's currency against the U.S. dollar or differences in generally accepted accounting principles. Securities markets in certain countries may be more volatile and/or less liquid than those in the United States. These risks may be heightened in connection with investments in developing countries.

*Investing in individual bonds, bond mutual funds or bond ETFs* — Rising interest rates will generally cause the prices of bonds and other debt securities to fall. In addition, falling interest rates may cause an issuer to redeem, call or refinance a security before its stated maturity, which may result in the fund having to reinvest the proceeds in lower yielding securities. Longer maturity debt securities may be subject to greater price fluctuations than shorter maturity debt securities.

Bonds and other debt securities are subject to credit risk, which is the possibility that the credit strength of an issuer will weaken and/or an issuer of a debt security will fail to make timely payments of principal or interest and the security will go into default. Lower quality debt securities generally have higher rates of interest and may be subject to greater price fluctuations than higher quality debt securities. There may be little trading in the secondary market for particular individual bonds or other debt securities, which may make them more difficult to value or sell.

*Mutual Fund Management* — The investment adviser(s) to a fund actively manages the fund's investments. Consequently, the fund is subject to the risk that the methods and analyses employed by the investment adviser in this process may not produce the desired results. This could cause the fund to lose value or its results to lag relevant benchmarks or other funds with similar objectives.

ETF shareholders are subject to risks similar to those of holders of other portfolios, such as mutual funds. In addition to these general risks, there are risks specific to each ETF, which are described in the relevant prospectus. Risks may include the following:

- The general value of securities held may decline, thus adversely affecting the value of an ETF that represents an interest in those securities. This could occur



- with equities, commodities, fixed income, futures, or other investments the fund may hold on behalf of the shareholders.
- For ETFs for which the stated investment objective is to track a particular industry or asset sector, the fund may be adversely affected by the performance of that specific industry or sector.
  - Although ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indexes, the trusts may not be able to exactly replicate that performance because of trust expenses and other factors. This is sometimes referred to as “tracking error”.

Because some types of investments involve certain additional degrees of risk, they will only be implemented or recommended when consistent with the client’s stated investment objectives, tolerance for risk, liquidity and suitability. Although it is no guarantee against loss of principal, whenever possible Baker & Yoeast will attempt to minimize risk through adequate diversification over multiple investment classes.

Clients will have the opportunity to place reasonable restrictions on the types of investments which will be made on the client's behalf. Clients will retain individual ownership of all securities.

When appropriate to the needs of the client, Baker & Yoeast Investment Advisers Inc. may recommend the use of trading (securities sold within 30 days), short sales, margin transactions or option writing. Because these investment strategies involve certain additional degrees of risk, they will only be recommended when consistent with the client's stated tolerance for risk.

Baker & Yoeast Investment Advisers, Inc. may also utilize other sources of information gathered from industry seminars and conference attendance as well as discussions with unaffiliated portfolio managers.

## **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Baker & Yoeast Investment Advisers Inc. or the integrity of Baker & Yoeast Investment Advisers Inc.’s management. Baker & Yoeast Investment Advisers Inc. has no information applicable to this Item.

## **Item 10 – Other Financial Industry Activities and Affiliations**

The principal executive officers and associates of Baker & Yoest Investment Advisers Inc. are separately licensed as registered representatives of Genworth Financial Securities, Inc. (hereinafter, "Genworth BD"), an unaffiliated, FINRA registered broker dealer and as Investment Adviser Representatives of Genworth Financial Advisers Corporation (hereinafter "GFAC") an investment adviser unaffiliated with Baker & Yoest Investment Advisers Inc.. As previously disclosed Baker & Yoest Investment Advisers Inc. may recommend Genworth BD to clients for brokerage services. As Registered Representatives, of Genworth BD, the principal executive officers of Baker & Yoest Investment Advisers Inc. may receive a portion of any mutual fund sales charges or brokerage commissions from the implementation of securities recommendations. In addition, as appropriate, Baker & Yoest Investment Advisers Inc. may refer clients to GFAC for advisory services not otherwise offered by Baker & Yoest Investment Advisers Inc.. There are no referral fee arrangements, bonuses or incentive programs linked to referrals between Baker & Yoest Investment Advisers Inc. and Genworth BD or GFA. However, while acting in their separate capacities as registered representatives of Genworth BD, these principal executive officers or associates will be able to effect securities transactions for clients for which they will receive separate, yet customary, compensation. Similarly, should these principal executive officers or associates provide investment advisory services to a client referred to GFA in their separate capacities as an Investment Adviser Representatives of GFA, they will receive separate, yet customary compensation from GFA as appropriate.

In addition, Baker & Yoest Investment Advisers Inc. and/or its principal executive officers or associates may, from time to time, receive incentive awards for the recommendation/introduction of insurance products.

Finally, as disclosed above, the principal executive officers and associates of Baker & Yoest Investment Advisers Inc. may, from time to time, receive 12b-1 distribution fees from investment companies in connection with the placement of client funds into investment companies. Typically, advisory fees are discounted for 12b-1 or incentive fees but are not discounted for commissions earned by Baker & Yoest Investment Advisers Inc. and/or its principal executive officers nor are commissions credited toward future advisory fees.

Notwithstanding the above, advisory fees will always be offset for commissions or fees earned on securities transactions executed in pension, profit-sharing, 401(k) or other client accounts where to do otherwise would constitute a prohibited transaction under the

provisions of ERISA or the Internal Revenue Code and where an exemption does not otherwise apply.

The principal executive officers and associates of Baker & Yoest Investment Advisers Inc. are also insurance agents or brokers for one or more insurance companies. As such, these individuals, in their separate capacities as insurance agents or brokers, will be able to purchase insurance and insurance-related investment products (insurance) for clients, for which they will receive separate, yet customary compensation.

Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client. In addition, Glenn Baker, President and Chief Compliance Officer of Baker & Yoest Investment Advisers Inc., is separately licensed as a Certified Public Accountant (CPA) in the state of Illinois and an Attorney licensed to practice law in the state of Illinois. Mr. Baker does not currently maintain a separate professional practice as an accountant. However, Mr. Baker does serve as "of counsel" for Silver & Mishkin, LLC, a law firm unaffiliated with Baker & Yoest Investment Advisers Inc. As appropriate, Baker & Yoest Investment Advisers Inc. may recommend Silver & Mishkin, LLC to advisory clients in need of legal advice. Similarly, Silver & Mishkin, LLC may recommend Baker & Yoest Investment Advisers Inc. to its law clients in need of advisory services. Legal advice provided by Silver & Mishkin, LLC is separate and distinct from the advisory services of Baker & Yoest Investment Advisers Inc., and is provided for separate and typical compensation. If Mr. Baker refers advisory clients to Silver & Mishkin, LLC, he will receive a referral fee pertaining to any legal work performed for such clients. In addition, to the extent that legal advice is provided by Mr. Baker in his separate capacity as "of counsel" for Silver & Mishkin, LLC, he will receive compensation that is separate from and in addition to Baker & Yoest Investment Advisers Inc.'s advisory fees. No Baker & Yoest Investment Advisers Inc. client is obligated to use Silver & Mishkin, LLC or Mr. Baker for any legal services.

Baker & Yoest Investment Advisers Inc. also rents office space for its principal office from Silver & Mishkin, LLC.

While these individuals endeavor at all times to put the interest of the clients first as part of Baker & Yoest Investment Advisers Inc.'s fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

## **Item 11 – Code of Ethics**

Baker & Yoest Investment Advisers Inc. has adopted a Code of Ethics expressing the firm's commitment to ethical conduct. Baker & Yoest Investment Advisers Inc.'s Code of Ethics requires high standards of business conduct and compliance with federal and state securities laws. Baker & Yoest Investment Advisers Inc.'s Code of Ethics stresses that no person employed by Baker & Yoest Investment Advisers Inc. shall prefer his/her own interests to those of advisory clients and prohibits the use of material non-public information. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, a prohibition of rumor mongering, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at Baker & Yoest Investment Advisers, Inc. must acknowledge the terms of the Code of Ethics annually, or as amended.

To supervise compliance with its Code of Ethics, Baker & Yoest Investment Advisers Inc. requires that anyone associated with this advisory practice with access to advisory recommendations, client holdings or other specified information to submit initial and annual securities holdings reports and quarterly transaction reports of all reportable transactions. Baker & Yoest Investment Advisers Inc.'s Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code also includes oversight, enforcement and recordkeeping provisions.

Clients and prospective clients may obtain a copy of the firm's Code of Ethics upon request by contacting the Chief Compliance Officer at Baker & Yoest Investment Advisers Inc.'s principal office address.

It is Baker & Yoest Investment Advisers Inc.'s policy that the firm will not affect any principal or agency cross securities transactions for client accounts. Baker & Yoest Investment Advisers Inc. will also not cross trades between client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated hedge fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any

person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer.

## **Item 12 – Brokerage Practices**

### **PORTFOLIO MANAGEMENT SERVICES:**

As Baker & Yoest Investment Advisers Inc. does not have the discretionary authority to determine the broker-dealer to be used or the commission rates to be paid, clients must direct Baker & Yoest Investment Advisers, Inc. as to the broker-dealer to be used. Currently the principal executive officers and associates of Baker & Yoest Investment Advisers, Inc. are separately registered as representatives of Genworth Financial Securities Corporation (hereinafter, Genworth BD), a FINRA-member broker dealer unaffiliated with Baker & Yoest Investment Advisers, Inc. Under FINRA Rules, Genworth BD is required to supervise the securities trading activities of its representatives. Due to the administrative burden of attempting to supervise the securities trading activities of its registered representatives through multiple brokers, Genworth BD does not permit its registered representatives to place trades through broker-dealers other than Genworth BD. As such, Baker & Yoest Investment Advisers, Inc. may not accept accounts for clients who do not agree to direct the use of Genworth BD for securities transactions. Not all advisers require clients to direct the use of a particular broker dealer. In directing the use of Genworth BD it should be understood that Baker & Yoest Investment Advisers, Inc. will not have authority to negotiate commissions among various broker dealers or to necessarily obtain volume discounts, and best execution may not be achieved. In addition, a disparity in commission charges may exist between the commissions charged to the client and those charged to other clients (who may engage Baker & Yoest Investment Advisers, Inc. to provide a service not requiring the client to direct the use of Genworth BD). Clients should note, while Baker & Yoest Investment Advisers, Inc. has a reasonable belief that Genworth BD is able to obtain best execution and competitive prices, Baker & Yoest Investment Advisers, Inc. will not be independently seeking best execution price capability through other broker-dealers.

### **FINANCIAL PLANNING - CONSULTING SERVICES:**

The principals and associates of Baker & Yoest Investment Advisers, Inc. are also separately registered as representatives of Genworth BD, an FINRA-registered broker-dealer unaffiliated with Baker & Yoest Investment Advisers, Inc. In general, Baker & Yoest

Investment Advisers, Inc. will recommend the use of Genworth BD and these individuals to clients for implementation of financial planning and/or consulting recommendations, provided that this recommendation is consistent with Baker & Yoest Investment Advisers, Inc.'s fiduciary duty to the client. Any commissions or other compensation received from the implementation of financial planning recommendations is separate and distinct from Baker & Yoest Investment Advisers, Inc.'s advisory fee. No financial planning or consulting client is obligated to use Genworth BD to implement any recommended transactions. Clients should be aware that best execution and lower commissions may not necessarily be achieved if recommended transactions are placed through these individuals, in their separate capacities as registered representatives (or insurance agents/brokers).

### **Item 13 – Review of Accounts**

#### **PORTFOLIO MANAGEMENT SERVICES:**

REVIEWS: While the underlying securities within Portfolio Management Services accounts are continuously monitored, these accounts are reviewed at least quarterly by Glenn Baker, President of Baker & Yoest Investment Advisers, Inc. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment. Accounts are reviewed in random order. This also results in a random sequence for individual securities transactions.

REPORTS: In addition to the monthly statements and confirmations of transactions that Portfolio Management Services clients receive from their broker dealer, Baker & Yoest Investment Advisers, Inc. will provide quarterly reports summarizing account performance, balances and holdings.

#### **FINANCIAL PLANNING/CONSULTING SERVICES:**

REVIEWS: These client accounts will be reviewed as contracted for at the inception of the advisory relationship.

REPORTS: Financial Planning clients will receive a completed financial plan. Additional reports will not typically be provided unless otherwise contracted for. Consulting Services clients will not typically receive reports due to the nature of the service.

## **Item 14 – Client Referrals and Other Compensation**

### **CLIENT REFERRALS**

Baker & Yoest Investment Advisers, Inc. may from time to time compensate, either directly or indirectly, any person (defined as a natural person or a company) for client referrals. Baker & Yoest Investment Advisers, Inc. is aware of the special considerations promulgated under Section 206(4)-3 of the Investment Advisers Act of 1940 and similar state regulations. As such, appropriate disclosure shall be made, all written instruments will be maintained by Baker & Yoest Investment Advisers, Inc. and all applicable Federal and/or State laws will be observed.

Referral fees may be paid to a registered representative of Genworth Financial Securities Corp. who may also be a solicitor of Baker & Yoest Investment Advisers, Inc. Additionally, Genworth Financial Securities Corp. may receive a portion of the investment advisor fee charged by Baker & Yoest Investment Advisers, Inc. in exchange for client referrals. The client's fee will not be increased as a result of this referral fee being paid to these parties.

## **Item 15 – Custody**

Clients should receive at least quarterly statements from the broker dealer, bank or other qualified custodian that holds and maintains client's investment assets. Baker & Yoest Investment Advisers Inc. urges you to carefully review such statements and compare such official custodial records to the account statements that we may provide to you. Our statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 – Investment Discretion**

As a matter of firm policy and practice, Baker & Yoest Investment Advisers Inc. does not exercise investment discretion over investment advisory client's accounts.

## **Item 17 – Voting Client Securities**

As a matter of firm policy and practice, Baker & Yoest Investment Advisers Inc. does not have any authority to and does not vote proxies on behalf of advisory clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in

client portfolios. Baker & Yoest Investment Advisers Inc. may provide advice to clients regarding the clients' voting of proxies.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about Baker & Yoest Investment Advisers Inc.'s financial condition. Baker & Yoest Investment Advisers Inc. has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

## **Item 19 – State Registered Advisers**

Baker & Yoest Investment Advisers Inc. has become a state registered investment advisor with the state of Illinois as of 2012.

Following is a list of principal persons, their education and business background:

### **Glenn A. Baker:**

#### **EDUCATION:**

Graduated from Loyola University with a BBA in Accounting in 1976.

Graduated from John Marshall Law School with a JD (earned with distinction) in 1982.

#### **EXAMINATIONS AND PROFESSIONAL DESIGNATIONS:**

NASAA Series 65, Uniform Investment Advisor Law Examination, 1998

NASAA Series 63, Uniform Securities Agent State Law Examination, 1988

FINRA Series 7, General Securities Representative Examination, 1984

FINRA Series 24, General Securities Principal Examination, 1987

FINRA Series 27, Financial and Operations Principal, 1987

Attorney, admitted in the state of Illinois, 1982

Certified Public Accountant (CPA), 1979

Personal Financial Specialist (PFS), 2010

### **Lisa A. Yoest:**

#### **EDUCATION:**

Graduated from University of Illinois at Urbana-Champaign with a BA in Economics in 1987.

Graduated from University of Illinois at Urbana-Champaign with a MBA in Finance in 1989.



EXAMINATIONS AND PROFESSIONAL DESIGNATIONS:

FINRA Series 7, General Securities Representative, 1989

FINRA Series 63, Uniform Securities Agent State Law Exam, 1991

FINRA Series 24, General Securities Principal Exam, 1993

FINRA Series 53, Municipal Securities Principal Exam, 2001

Certified Financial Planner (CFP), 1994

Baker & Yoest Investment Advisers, Inc. does not charge performance based fees.

Baker & Yoest Investment Advisers, Inc. and its principals have not been involved in an arbitration case or civil proceedings where judgement was found against us. Also, neither Glenn A. Baker nor Lisa A. Yoest has filed a petition for bankruptcy.

Baker & Yoest Investment Advisers, Inc. and its principals do not have any relationships or arrangements with any issuer of securities.