



**BAKER STREET ADVISORS**

*Independent. Customized. Focused.*

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## **Part 2A of Form ADV The Brochure**

575 Market Street, Suite 600  
San Francisco, CA 94105  
[BakerStreetAdvisors.com](http://BakerStreetAdvisors.com)

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This brochure provides information about the qualifications and business practices of Baker Street Advisors, LLC (the "Advisor," "We" or "Baker Street"). If you have any questions about the contents of this brochure, please contact us at 415.344.6180. 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 the Advisor is also available on the SEC's website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Material Changes**

No material changes have been made to Part 2A of the Form ADV. Modifications reflected in this Part 2A of Form ADV were made for Client clarity. The Advisor's business activities have not changed materially since the time of the update.

## **Advisory Business**

Baker Street provides investment supervisory services primarily on a discretionary basis to a variety of clients. See the “Types of Clients” section for more information with respect to our clients. Services are provided in accordance with Baker Street’s investment advisory agreement and account supervision is guided by the stated investment objectives of the Client (i.e., maximum capital appreciation, growth, etc.). As of December 31, 2023, Baker Street had assets under management of approximately \$14.5 billion on behalf of approximately 504 Clients.

## **Principal Ownership**

Baker Street was founded in 2003. In April 2015, Affiliated Managers Group, Inc. (“AMG”) acquired an equity interest in the Advisor. The remaining equity interests are held by Baker Street’s Partners. AMG, a publicly traded asset management company (NYSE: AMG), also holds equity interests in certain other investment management firms (“AMG Affiliates”). Further information on AMG and the AMG Affiliates is provided in the “Other Financial Industry Activities and Affiliations” section of this Brochure. In connection with the transaction, Baker Street Advisors converted from a California Limited Liability Company (LLC) to a Delaware LLC.

## **Advisory Services**

As a general matter, Baker Street does not recommend investing in specific securities. We prepare strategic plans for our Clients by determining our Client’s long-term and short-term financial needs and objectives, risk tolerance or risk-aversion, and tax status. Strategic plans are based on information provided to us by our Clients, financial records, responses to our questionnaires and personal interviews. We design each Client’s investment portfolio based on a thorough evaluation of the individual goals and objectives of the Client.

We formulate an investment policy statement and/or asset allocation plan for each Client after analyzing the Client’s financial situation and understanding the Client’s individual investment objectives. The investment objectives, investment restrictions, regulatory restrictions, risk tolerances or other circumstances for each Client are generally documented by the Advisor in an investment policy statement. Following Client approval, Baker Street will implement each aspect of the strategy set forth in the investment policy statement, as appropriate. In connection with the implementation of a Client’s investment policy statement, Baker Street will typically identify unaffiliated independent, third-party investment advisors, mutual funds, or private investment pools, including hedge funds, funds of funds, private equity funds, and other similar investments (collectively “third-party investment managers and funds”) that are believed to be compatible with the Client’s investment objectives, risk tolerances and other Client criteria. As part of the process, we evaluate, select, and oversee these investment managers and funds which we utilize to manage a portion of the Client’s account. We will monitor the investment managers’ and funds’ performance, as well as the various investment markets, to determine if the allocation among these investment options is appropriate or if changes to those options are necessary due to various factors, including changes in macro-economic indicators, interest rates, fiscal policy, geo-political or other factors. Except as noted below in “Other Financial Industry Activities and Affiliations”, the Advisor typically utilizes investment managers and funds which are independent of and unaffiliated with the Advisor when managing Client portfolios.

In directing a portion of a Client’s account to be managed by an investment manager (with the approval of the Client), the investment manager will have full investment discretion and trading authority and shall have sole responsibility for the implementation of the investment program with respect to the assets delegated to the investment manager to be managed. In such cases, we will not place orders for transactions in the delegated

portion of the Client's account or otherwise exercise trading authority over the delegated assets at any time when such assets are being managed by the investment manager. If a Client should need cash from the portion of the Client's account managed by an investment manager, the Advisor will inform the investment manager of the amount needed by the Client, but at no time will we place orders for transactions in the Client's account where the investment manager has trading authority.

Investment managers and funds considered for our Clients will be subjected to a due diligence process. Factors considered will include, but not be limited to: reputation, performance record, philosophy, continuity of management, service to Clients, awareness of after tax performance objectives (as appropriate), minimum dollar investment requirement and fees. Information with respect to investment managers and funds (e.g., performance figures, investment style, etc.) will be obtained from tracking organizations, business publications, investment managers, personal interviews, and other sources which we believe are reliable. We may also consider other criteria, including, but not limited to, the administration, recordkeeping and reporting services provided by a manager or a fund. We may retain outside consultants to assist in preparing investment manager and fund search lists. In the event that we retain an outside consultant, we will make the final determination regarding which investment managers and funds that we will make available to our Clients. In certain cases when managing Client assets, the Advisor may select AMG Affiliates or funds managed by AMG Affiliates. Neither AMG nor any AMG Affiliate has any involvement or influence in the Advisor's selection of investment managers or funds. As such, AMG's ownership interest in the Advisor does not, in the Advisor's view, present any potential conflict of interest for the Advisor with respect to our Clients.

The Advisor also provides financial planning services, which may include estate and trust services, risk management and insurance services, philanthropy services, income tax consulting, and bill paying services. These services are provided by the Advisor under a separate agreement between the Client and Baker Street. Estate and trust services may require that the Client obtain his or her own independent legal counsel. Baker Street does not provide legal advice or draft legal documents.

## Fees and Compensation

For investment supervisory services, compensation is derived as fee income based upon a percentage of a Client's assets under management. In each instance, the compensation method is explained and agreed with Clients in advance of any services being rendered.

The compensation for our services, which include developing and implementing an investment policy and objectives, monitoring a Client's investment results, selecting and monitoring investment managers, and reporting to the Client on a quarterly basis, is as follows:

Assets Under Management	Annual Fee
\$0 - \$4,000,000	0.75%*
\$4,000,001 - \$15,000,000	0.50%
\$15,000,001 - \$25,000,000	0.40%
\$25,000,001 - \$50,000,000	0.30%
\$50,000,001 - \$75,000,000	0.20%



\$75,000,001 - \$100,000,000	0.10%
\$100,000,001 - \$200,000,000	0.07%
\$200,000,001 - \$500,000,000	0.05%
\$500,000,001 - \$1,000,000,000	0.03%
Above \$1,000,000,000	0.01%

\* For amounts less than \$4 million, the fee will be 0.75% not to exceed \$20,000 annually. This tier does not apply to Clients with more than \$4,000,000 under management. Clients that have assets under management of over \$4 million dollars will be subject to an annual fee of .50% on the first \$15 million of assets under management.

Baker Street management fees are for advisory services only and are separate and distinct from third-party investment manager fees which include additional management fees and may include performance-based fees. Clients will also incur any applicable custodial fees, transaction fees and commissions for securities transactions recommended by Baker Street or the investment managers. Clients investing in mutual funds (including money market funds) and exchange-traded funds will typically pay management and/or other fees to each such fund. Those fees are described in each fund's prospectus. Clients investing in private funds, including hedge funds, private equity funds and funds of funds will incur expenses associated with the pooled investment vehicle, which may include audit, legal, custodial, and other types of fees. Clients investing in private funds should refer to the private placement memorandum or limited partnership agreement for a detailed description of additional expenses incurred.

Fees for Clients, who do not have accounts at SEI, are billed quarterly in advance of one fourth of the annual rate based on a percentage of the Client's assets under management at the end of the calendar quarter. Investment advisory services begin with the effective date of the Investment Advisory Agreement, which is the date the Client signs the Investment Advisory Agreement. For that calendar quarter, fees will be adjusted pro-rata, based upon the number of calendar days in the calendar quarter that the Investment Advisory Agreement was effective.

Fees for Clients, who have accounts at SEI, are billed quarterly in arrears of one fourth of the annual rate based on a percentage of the Client's assets under management at the end of the calendar quarter. Investment advisory services begin with the effective date of the Investment Advisory Agreement, which is the date the Client signs the Investment Advisory Agreement. For that calendar quarter, fees will be adjusted pro-rata, based upon the number of calendar days in the calendar quarter that the Investment Advisory Agreement was effective.

Clients that have assets under management of less than \$4 million will be subject to an annual fee of .75%, not to exceed \$20,000 annually, calculated as described in the previous paragraph. Clients that have assets under management of over \$4 million dollars will be subject to an annual fee of .50% on the first \$15 million of assets under management.

The portfolio value upon which the percentage fee is based will include the current fair market value of all of the Clients' investments managed by Baker Street. These investments may include mutual funds, exchange traded funds, limited partnerships, fixed and variable annuity accounts, stocks, bonds, and other securities, selected by the investment managers. While the majority of holdings in Client portfolios are readily priced by

the Clients' custodians, certain investments, such as private funds, may require Baker Street to obtain valuations from the fund investment managers, utilize the investment cost, or utilize fair valuation based on estimates received from the investment managers. As such, valuation utilized for the purpose of reporting and fee calculation may differ from that reflected on a Client's custodial statement. Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to their custodians by the Advisor, as the custodian will not determine whether the fee has been properly calculated.

As previously described, Baker Street also provides financial planning services, which may include estate and trust services, risk management and insurance services, philanthropy services, income tax consulting, and bill paying services. These services are provided by Baker Street under a separate agreement between the Client and Baker Street. Fees for these services are based on a retainer, hourly rate, or annual fee based on assets under management, as agreed upon between Baker Street and the Client.

The Advisor's service may be terminated by either party upon written notification in accordance with the applicable contractual notice of termination. Upon termination, the fees charged for advisory services will be pro-rated. The Client can cancel the Agreement without penalty within the first five days after the signing of the Agreement. Should the Client be invested in a private fund, separate account manager or other vehicle, Baker Street will provide contact information for that investment manager so that the Client can determine with the investment manager if the Client's funds will be/could be redeemed or if the Client will continue to work with that investment manager or remain invested in the particular investment vehicle.

Fees may be negotiated for Clients where specialized investment services are needed or for family members of employees of the Advisor. The Advisor reserves the right to adjust the fee schedule for accounts depending on the size and type of account and the services required. In some cases, negotiation of fees may result in different fees being charged for similar services and may be less than the stated fees.

## **Performance-Based Fees and Side-by-Side Management**

The Advisor does not charge any performance fees; however, some investment managers or funds recommended by Baker Street may charge performance fees.

## **Types of Clients**

The Advisor primarily provides investment supervisory services to high-net-worth individuals and associated trusts, estates, pension and profit sharing plans, and other legal entities.

The Advisor requires a minimum account size of \$5,000,000; however, the Advisor has discretion to waive the account minimum.

## **Methods of Analysis, Investment Strategies and Risk of Loss**

Baker Street allocates (and/or recommends that the Client allocate) the Client's investment assets among investment managers and funds in accordance with the Client's designated investment objectives. In such situations, the investment managers (or, in the case of funds, the fund investment managers) shall have day-to-day responsibility for the active discretionary management of the allocated assets. The Advisor will provide the names of the investment managers selected from the investment manager search lists after considering the compatibility of the investment managers' investment philosophy, minimum investment requirements and other factors with the Client's investment objectives, risk tolerances and other Client criteria. As a general matter, the Advisor expects that the factors that will be used to determine the names of investment

managers and funds to be included on the investment manager and fund search lists will include, but will not necessarily be limited to: reputation, management strength, performance record, philosophy, the continuity of management, service to Clients, minimum dollar investment requirement, and fees. This determination is facilitated through a proprietary quantitative analysis, in-person meetings, and statistical screening prior to the engagement of any investment manager or the selection of any fund. In addition, periodic performance and logistical updates are conducted in order to confirm that the investment manager or fund continues to fulfill a Client's mandate and goals.

Although the investment managers and/or fund investment managers shall have day-to-day responsibility for the active discretionary management of our Clients' allocated assets, Baker Street shall continue to render investment advisory services to each Client relative to the ongoing monitoring and review of account performance, asset allocation and Client investment objectives.

***Investment Manager Risk:*** All investing involves risk of loss and the investment strategy offered by Baker Street could lose money over short or even long periods. Additionally, Baker Street relies on the investment expertise and day-to-day management of investments to selected investment managers, subjecting Clients to manager risk. The investment performance of each Client's portfolio is affected by the investment performance of the underlying securities in which the portfolio invests, as selected by the investment managers. The ability of the portfolio to achieve its investment objective depends on the ability of the underlying securities to meet the Client's investment objectives and the allocation of the portfolio's assets among the underlying securities. There can be no assurance that the investment objective of each Client account or any underlying securities will be achieved. Through its investments in underlying securities, as selected by investment managers, each Client's account is subject to the risks of the underlying securities' investments and can experience losses. Certain risks of the underlying securities' investments are described below.

***Market Risk:*** Even a long-term investment approach cannot guarantee a profit. Economic, political, and issuer-specific events will cause the value of securities, and the funds that own them, to rise or fall. Because the value of Client's investments will fluctuate, there is the risk that the Client will lose money.

***Investing in securities is inherently risky:*** An investment in individual securities or in a portfolio of securities could lose money. The individual investments selected by Baker Street and the investment managers should be deemed speculative investments and are not intended as a complete investment program. The Advisor cannot give any guarantee that any Client will achieve the Client's investment objectives or that any Client will receive a return of the Client's investment.

***Generation of multiple levels of fees and expenses:*** By investing with investment managers and funds, Clients bear Baker Street fees as well as investment manager and fund fees and, in some instances, expenses. Thus, Baker Street Clients may be subject to higher fees than if the Client invested with an investment manager or in a fund directly. In addition, certain of the private funds may be subject to a performance-based fee or allocation, irrespective of the performance of other portfolio funds. Generally, fees payable to private funds' investment managers will range from 0.625% to 3.25% (per annum). In addition, certain investment managers to private funds charge an incentive allocation or fee generally ranging from 5% to 25% of a private fund's net profits or realized return. The performance-based compensation received by an investment manager to a private fund may also create an incentive for that investment manager to make investments that are riskier or more speculative than those it might have made in the absence of the performance-based allocation. Such compensation may be based on calculations of realized and unrealized gains made by the Advisor without independent oversight.





*Each portfolio fund invests independently:* Each investment manager and fund will generally invest completely independently of one another and may at times hold economically offsetting positions. To the extent that investment managers and funds hold such positions, Client accounts may not achieve any gain or loss despite incurring fees and expenses in connection with such positions.

In performing its services, Baker Street shall not be required to verify any information received from the Client or from the Client's other professionals and is expressly authorized to rely on such information. Moreover, each Client is advised that the Client retains his/her/its responsibility to promptly notify Baker Street if there is ever any change in his/her/its financial situation or investment objectives for the purpose of reviewing, evaluating, or revising Baker Street's previous recommendations and/or services.

*Cybersecurity Risk:* With the increased use of technologies to conduct business, Baker Street is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber incidents impacting Baker Street have the ability to cause disruptions and impact business operations, potentially resulting in the inability to transact business, financial losses, violations of applicable privacy and other laws, regulatory fines, penalties or reputational damage. While Baker Street has established a business continuity plan and risk management systems intended to identify and mitigate the risks associated with cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, Baker Street cannot control the cybersecurity plans and systems put in place by third-party service providers, including recommended investment managers and issuers in which client portfolios invest. Clients could be negatively impacted as a result.

## **Disciplinary Information**

The Advisor and its employees have not been involved in any legal or disciplinary events in the past 20 years that would be material to a Client's evaluation of the company or its personnel.

## **Other Financial Industry Activities and Affiliations**

As noted in "Principal Ownership" above, AMG holds an equity interest in the Advisor. AMG's equity interest in the Advisor is structured so that the Advisor maintains operational autonomy in managing its business. AMG does not have any role in the day-to-day management of the Advisor. AMG also holds equity interests in certain other investment managers, the AMG Affiliates. In certain cases, the Advisor may select investment managers that are AMG Affiliates to manage Client assets, or may invest Client assets in funds managed by AMG Affiliates. Each of the AMG Affiliates, including the Advisor, operates autonomously and independently of AMG and of each other. The Advisor's selection of investment managers does not include any involvement or influence from AMG or any AMG Affiliate. As such, AMG's ownership interest in the Advisor does not, in the Advisor's view, present any potential conflict of interest for the Advisor's selection of investment managers or otherwise with respect to our clients. More information regarding AMG, including its public filings and a list of all AMG Affiliates is available at [www.amg.com](http://www.amg.com) or upon the Advisor's Clients upon request.



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

The Advisor, its Partners and employees may, on a limited basis, buy or sell, for their personal accounts the same securities that may be recommended to Clients. To avoid any potential conflicts of interest involving personal trades, the Advisor has adopted a formal code of ethics (the “Code”) which includes personal securities transactions and insider trading policies and procedures. The Advisor’s Code requires, among other things, that employees:

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, Clients, prospective Clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of Clients, and the interests of the Advisor above one’s own personal interests;
- Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to act in a professional and ethical manner that will reflect positively on yourself and the profession;
- Promote the integrity of, and uphold the rules governing, capital markets;
- Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals; and
- Comply with applicable provisions of the federal securities laws.

Baker Street’s Securities Compliance Policy requires employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide the Advisor with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest. All employees of the Advisor are also subject to the AMG Insider Trading Policy and Procedures (the “AMG Insider Trading Policy”). The AMG Insider Trading Policy broadly prohibits the use of material, non-public information, and also imposes restrictions on the trading of AMG’s stock. In addition, the Advisor’s Code of Ethics also includes policies and procedures prohibiting the use of material non-public information that are designed to prevent insider trading by an officer or employee of the Advisor.

In the normal course of business, Baker Street is an allocator of Client funds to investment managers and funds. In certain circumstances, however, Baker Street and/or representatives of Baker Street *may* buy or sell securities that are also recommended to Clients. This practice may create a situation where Baker Street and/or representatives of Baker Street are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest.



Baker Street has established procedures intended to limit conflicts of interest in cases where Baker Street is a related person, or any of its employees buys or sells securities recommended by Baker Street to its Clients. These procedures include the obligation to pre-clear transactions in private placements (which include interests in private investment funds) through Baker Street's Chief Compliance Officer and a quarterly review of investment activity within the personal accounts of Baker Street Partners and employees.

Baker Street utilizes an Advisory Committee which consults on Baker Street's model portfolios and asset allocation. In certain instances, Baker Street recommends Clients invest with investment managers whose employees serve as members of the Advisory Committee. Baker Street's relationship with investment managers that serve as Advisory Committee members creates a potential conflict of interest. As Baker Street receives consulting services from the Advisory Committee members, it benefits from the relationship with the investment managers.

A copy of the Advisor's Code shall be provided to any Client or prospective Client upon request.

## **Brokerage Practices**

When a Client agrees to discretionary management, Baker Street will be responsible for asset allocation and selecting investment managers and funds. The only limitations on our investment authority will be those limitations imposed in writing by the Client.

We may recommend that the Client retain an investment manager directly. In those cases, the Client will engage the investment manager directly, and the Advisor will not be a party to that agreement. The Client will retain discretion to engage or disengage the investment manager. The Advisor will charge the Client an advisory fee for the assets managed by the investment manager.

Clients should review the disclosure document(s) of the investment managers we recommend to manage their assets for more information on their policies with regard to investment or brokerage discretion. In the course of providing our services, the investment managers we recommend to manage a portion of the Client's assets will execute trades through broker-dealers. We expect our investment managers to trade through broker-dealers who offer the best overall execution under the particular circumstances. The Advisor will not place orders for transactions in the Client's account or otherwise exercise trading authority over the Account at any time when a third party investment manager has trading authority over the Account.

Absent an existing brokerage relationship, the Advisor will assist the Client with developing a relationship with brokers that the Advisor has a relationship with, which include: Fidelity Institutional ("Fidelity") and Charles Schwab & Co. ("Schwab"). Baker Street may recommend that a Client establish brokerage accounts with Schwab or Fidelity to maintain custody of the Client's assets and to effect trades for the account(s). The Advisor will make recommendations based on the needs of the Client and the services provided by the broker/custodian such as the ability to execute trades, margin rates, on-line access to accounts, transaction charges, consolidated reporting, duplicate monthly statements, access to mutual funds, including lower sales charges than for direct purchases and lower minimum purchase amounts. Baker Street has no affiliation with Schwab or Fidelity and receives no monetary remuneration from Schwab or Fidelity, either directly or indirectly. However, Schwab and Fidelity may provide services of value to our Clients and Baker Street; these are described in more detail below.



As part of the programs offered by Fidelity and Schwab, the Advisor receives benefits that it would not receive if it did not provide investment advice to Clients. While there is no direct affiliation or fee sharing arrangement between Fidelity, Schwab and the Advisor, economic benefits are received by the Advisor which would not be received if the Advisor did not have an established relationship with Fidelity and Schwab. These benefits do not depend on the amount of transactions directed by the Advisor to Fidelity or Schwab. These benefits may include: a dedicated trading desk that services the Advisor's Clients, a dedicated service group and an account services manager dedicated to the Advisor's accounts, access to a real time order matching system, ability to block Client trades, electronic download of trades, portfolio management software, access to an electronic interface, duplicate and batched Client statements, confirmations and year-end summaries, the ability to have advisory fees directly debited from Client accounts (in accordance with federal and state requirements), a quarterly newsletter, access to mutual funds, ability to have loads waived for the Advisor's Clients who invest in certain loaded funds when certain conditions are met and maintained, and the ability to have custody fees waived. Schwab or Fidelity may provide Baker Street with information and services intended to help Baker Street manage and further develop our business enterprise. Schwab or Fidelity may provide these services themselves or may arrange for third parties to provide the services. These services may include educational conferences and events; consulting on various topics such as information technology, compliance, strategic, legal, and business needs; presentations, consulting, publications and conferences on various topics such as regulatory compliance, practice management, human capital, and business succession; support, including financial assistance with mailing packages; and access to employee benefits providers, human capital consultants, and insurance providers.

The term "soft dollars" refers to a means of paying brokerage firms for products and services through commission revenue, based on the volume of brokerage commission revenues generated from securities transactions executed through brokers by an investment manager on behalf of advisory Clients. Section 28(e) of the Securities Exchange Act of 1934, as amended, allows Baker Street to pay broker-dealers more than the lowest commission available in order to obtain research and brokerage services without breaching its fiduciary duties to Clients or imposing a duty upon Baker Street to obtain the lowest commission if certain conditions are met and Baker Street makes a good faith determination that the commissions paid are reasonable in relation to the value of the brokerage or research services on behalf of its advisory Clients. In determining if something is research, thus falling within the safe harbor provisions, the controlling principle is whether it provides lawful and appropriate assistance to the investment manager in the performance of its investment decision-making responsibilities.

Baker Street currently does not maintain formal soft dollar agreements with Schwab nor Fidelity. However, Schwab and Fidelity provide Baker Street with proprietary research. Baker Street has determined that it would obtain this service regardless of the amount of commissions it generates at Schwab and Fidelity throughout the year. Therefore, Baker Street may not be "paying-up" for proprietary research.

Research services received from Schwab and Fidelity are supplemental to Baker Street's own research efforts, and, when utilized, are subject to internal analysis before being incorporated by Baker Street into its investment process. As a practical matter, it would not be possible for Baker Street to generate all of the information presently provided by broker-dealers. Baker Street may pay cash for certain research services received from external sources and also allocate brokerage for research services, which are available for cash. While the receipt of research services from brokerage firms has not reduced Baker Street's normal research activities, the expenses of Baker Street could be materially increased if it attempted to generate such additional information through its own staff. To the extent that broker-dealers provide research services of value, Baker Street is relieved of expenses, which it may otherwise bear. In addition, Baker Street has an incentive to select

a broker-dealer based on its interest in receiving research or other products or services, rather than Client's interests in receiving lower transaction costs.

The availability to Baker Street of the foregoing products and services is not contingent upon Baker Street committing to Schwab or Fidelity any specific future amount of business (assets in custody or trading) or upon Baker Street giving any particular investment advice. However, the terms of any alternative pricing that may apply to Baker Street or our Clients may be based upon the nature and scope of business that Baker Street transacts with Schwab or Fidelity.

## **Trade Error**

From time to time, Baker Street may make an error in submitting a trade order on a Client's behalf. When this occurs, Baker Street may place a correcting trade with the broker-dealer which has custody of the Client's account. For the purpose of reconciling trade errors, Baker Street will keep a trade error account with each custodian. If the trade error results in a debit balance, this amount will be resolved immediately. At Schwab, if the trade error results in a credit balance, the amount can either be withdrawn or remain in the account; money market rates may be paid on credit balances. At Fidelity, effective March 1, 2016, if the trade error results in a credit balance, the amount will remain in the account for one month and can be netted against any debit balances. At the end of each month, any credit balance will be donated to charity.

## **Review of Accounts**

All Client accounts are reviewed at least quarterly to ensure that an appropriate allocation is in place based on Baker Street's assessments of market conditions and the circumstances of the Client. Baker Street will provide more frequent reviews as appropriate and as agreed with the Client. General conditions in the stock and bond markets are continuously monitored. Factors triggering reviews, and perhaps triggering buy or sell recommendations of funds or changes in investment managers, include changed circumstances of the Clients, changed general conditions in the stock and bond markets, and changes in management of investment managers. All accounts are reviewed by one of the Partners. There is no set minimum or maximum in place with regard to the number of accounts that each Partner will review.

Clients are kept informed about their portfolio activity by receiving copies of transaction confirmations and monthly or quarterly statements from brokerage firms, mutual fund companies, or the custodian. Clients also receive quarterly reports prepared by the Advisor with their quarterly billing statements. The quarterly reports provided by the Advisor may vary from statements provided by brokerage firms, mutual fund companies or custodial statements based on accounting procedures, reporting dates, and/or valuation methodologies of certain securities.

## **Client Referrals and Other Compensation**

The Advisor does not directly or indirectly compensate any person, other than employees, for Client referrals.

## **Custody**

Baker Street does not directly or indirectly hold Clients' funds or securities and does not have the authority to obtain possession of Clients' funds or securities.

All Clients' accounts are held in custody by unaffiliated broker/dealers or banks, but the Advisor can access many Clients' accounts through its ability to debit advisory fees. For this reason the Advisor is considered to



have custody of Client assets. Account custodians send statements directly to the account owners on at least a quarterly basis. Clients should carefully review these statements, and should compare these statements to any account information provided by the Advisor.

In certain instances, Baker Street is deemed, under federal securities laws, to have custody of certain client accounts by virtue of Baker Street's specific Partners' roles as trustees to certain accounts, Baker Street's authority from clients to pay bills from certain accounts, and password access to certain client accounts. In such cases, the assets are maintained by independent, unaffiliated qualified custodians and are subject to an annual surprise custody examination in compliance with Rule 206(4)2 under the Investment Advisers Act.

Baker Street is also deemed, under federal securities laws, to have custody of certain client accounts based on the existence of standing letters of authorization ("SLOAs") authorizing Baker Street to direct client assets from certain accounts to client-approved third parties. In such cases, the assets are maintained by independent, unaffiliated qualified custodians. In lieu of an annual custody examination, Baker Street meets certain prescribed regulatory requirements with respect to such accounts.

Clients should be aware of their responsibility to verify the accuracy of the fee calculation submitted to the custodian by the Advisor, as the custodian will not determine whether the fee has been properly calculated.

## **Investment Discretion**

Baker Street provides investment supervisory services on a discretionary or non-discretionary basis as stated in the investment advisory agreement.

When a Client agrees to discretionary management, we will be responsible for asset allocation and selecting investment managers and funds. The Advisory Agreement between the Client's and Baker Street allows the Advisor Limited Power of Attorney ("LPOA") authority for discretionary and non-discretionary accounts. This LPOA grants Baker Street only trading and limited funds and fee disbursement authority. Other limitations, including investment restrictions, are those imposed in writing by the Client.

## **Voting Client Securities**

The Advisor will not vote (by proxy or otherwise) in any matter for which a shareholder vote is solicited by, or with respect to, issuers of securities beneficially held in the Client's account. With regard to all other matters for which shareholder action is required or solicited with respect to securities beneficially held by the Client's account such as (i) all matters relating to class actions, including without limitation, matters relating to opting in or opting out of a class and approval of class settlements and (ii) bankruptcies or reorganizations, the Advisor affirmatively disclaims responsibility for voting (by proxies or otherwise) on such matters and will not take any action with regard to such matters.

## **Financial Information**

The Advisor has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage Client accounts.