

Full name of applicant exactly as stated in Item 1A of Part 1 of Form ADV:

Baker Avenue Asset Management, LP

SEC File Number: 801-63576

IRS Empl. Ident. No.: 20-1735413

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Item 1A & 2      Services Provided:

Baker Avenue Asset Management, LP, a Delaware limited partnership, ("BAAM") provides investment advisory services to clients, including individuals, pension and profit sharing plans, trusts, estates, charitable organizations and corporations ("Clients"), on a discretionary or non-discretionary basis. The advisory services include, among other things, providing advice regarding asset allocation and the selection of investments and performance monitoring. Baker Avenue's Senior Adviser holds an insurance license and provides services in that area.

Item 1D              Compensation Payable:

Inconsideration for its services, BAAM receives a maximum management fee of 1.75% p.a. of assets under management, subject to an annual minimum fee of \$5000 per household.

The Management Fee shall be paid quarterly in advance. A pro-rated portion of the Management Fee will be refunded in the event that a Client withdraws all or any value in the Client's account during a quarter and requests a refund in writing. A pro-rated portion of the Management Fee will be charged to any account that opens during a quarter or to funds contributed to an existing account during any quarter. BAAM, in its sole discretion, may waive or reduce the Management Fee with respect to one or more Client, or agree to apply a different Management Fee for a Client. Lower fees for comparable services may be available from other sources.

BAAM acts as sub-adviser for certain accounts. BAAM's fees on these accounts are usually lower than those where BAAM is the principal adviser. However, the total fee to the end client is not necessarily either larger or smaller than if they were a principal BAAM client.

Item 4              BAAM's Core Equity investment objective is to seek consistent above-average returns primarily through capital appreciation, while also attempting to preserve capital and mitigate risk through hedging activities. No assurance can be given, however, that BAAM will achieve its objective, and investment results may vary substantially over time and from period to period.

In carrying out BAAM's Core Equity investment objective, BAAM will attempt to achieve above-average returns by using strong fundamental research coupled with technical analysis and market timing. BAAM

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anticipates that most of BAAM's Clients' assets will be invested in publicly traded securities.

Item 5              Education and Business Standards:  
Investment professionals associated with BAAM will be required to have at least a bachelor's degree and a solid understanding of investments and obtain any state licenses that are required.

Item 6              Education and Business Backgrounds:

Simon Baker – Senior Portfolio Manager and CEO  
Founder and Managing Member of BAAM GP, LLC, the general partner of BAAM

Birthdate - January 14, 1970

Mr. Baker is the Founder and Managing Member of BAAM GP, LLC, the general partner of BAAM. Mr. Baker is President and founder of Great Gable Partners, LP, an investment adviser registered with the SEC that provides investment advisory services to Great Gable Capital Fund, LP, a Delaware limited partnership, Great Gable Offshore Fund, Ltd, a Cayman Islands exempted company and Great Gable Master Fund, Ltd, a Cayman Islands exempted company. Prior to founding BAAM and Great Gable Partners, LP, Mr. Baker was a managing director at Banc of America Securities, where he advised and managed portfolios for the bank's high net worth clients. Prior to that, Simon was a director at Donaldson, Lufkin & Jenrette ("DLJ") and then Credit Suisse First Boston. Originally from Nottingham, England, Simon came to the United States in 1989 on a scholarship, graduating Cum Laude from Hartwick College in 1993 with a B.A. in Economics.

Eric Jardine - Portfolio Manager/Analyst

Birthdate – October 22, 1976

Mr. Jardine is a principal and portfolio manager at Baker Avenue Asset Management. He serves on the Investment Committee and is co-manager of the All Cap Core strategy. Prior to joining Baker Avenue in 2004, he was a proprietary derivatives trader at Wells Fargo Bank in the capital

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markets group. While at Wells Fargo, his role involved risk management of a \$500mm derivatives portfolio with products tied to the equity, interest rate and foreign exchange markets. In addition to investing the bank's capital in a proprietary options portfolio, he structured hedging solutions and equity linked notes for individuals and institutions. Mr. Jardine graduated from the University of Colorado with a B.S. in Business Administration. He is a CFA Charter holder and a member of the CFA society of San Francisco.

Stacey Kruus – Chief Compliance Officer

Birthdate – December 29, 1962

Stacey Kruus brings over 20 years of money market, fixed income, foreign exchange and derivatives experience. Prior to joining Great Gable, Ms. Kruus was a founder and principal at Global Traders FX, a commodity pool operator. Earlier, she was Director of Capital Markets at Transamerica, responsible for their debt and derivative portfolios, Commercial Paper program, and the establishment of their Euro-Commercial Paper program. Ms. Kruus oversaw all derivative-hedging activities, including interest rate risk management and portfolio sensitivity analysis. Before joining Transamerica, Ms. Kruus held senior trading positions at Westpac Banking Corp (London), Dresdner Bank AG (Frankfurt and New York) and The National Bank of Canada (New York). Ms. Kruus received a B.S. from Rensselaer Polytechnic Institute and has been registered by the Securities and Futures Authority in London.

King Lip

Birthdate – December 13, 1976

Mr. Lip is a portfolio manager and senior advisor at Baker Avenue Asset Management. He serves on the investment committee and is responsible for the management of our passive and tactical investment strategies. As a senior advisor with 11 years of market experience, Mr. Lip also provides wealth management and financial planning services to our private clients. Prior to joining Baker Avenue, he was responsible for managing over \$220 million in assets as a portfolio manager at Bingham, Osborn, and Scarborough, LLC (BOS). Prior to BOS, Mr. Lip served as the lead portfolio manager at the family office of a Forbes List ultra high net worth individual. As an analyst at Donaldson, Lufkin, & Jenrette (DLJ) and at Credit Suisse First Boston (CSFB), Mr. Lip worked closely with Mr.

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Baker managing BAAM's All Cap Core strategy. Mr. Lip earned a B.A. in Economics and a B.S. in Business Administration from the University of California at Berkeley, Haas School of Business and a M.S. in Banking and Financial Services Management from Boston University. He holds both the CERTIFIED FINANCIAL PLANNER™ (CFP®) and the Chartered Financial Analyst (CFA) credentials. Mr. Lip also holds the California real estate broker license and has experience with many forms of real estate investments.

Gerald Luff III – Senior Vice President – Wealth Management and Financial Planning

Birthdate – November 29, 1965

Mr. Luff is the Senior Adviser at Baker Avenue Asset Management, LP. Prior to joining Baker Avenue, Jerry spent five years in the Global Wealth and Investment Management department of Banc of America Investments. Earlier, Mr. Luff worked on the institutional sales sides at Bear Stearns and Morgan Stanley Dean Witter, concentrating on fixed income products. Mr. Luff earned a B.A. in Finance from the University of Texas and his M.B.A in Finance from Fordham University. He has his Series 7, 63 and 65 and is a registered CFP.

Item 7(A)(B) Baker Avenue offers insurance products as well as investment advisory services.

Item 8 Mr. Baker is the Managing Member of BAAM GP, LLC, a Delaware limited liability company. BAAM GP, LLC is the general partner of BAAM. Mr. Baker is also the President and a founder of Great Gable Partners, LP, a Delaware limited partnership. Great Gable Partners, LP is the investment manager of Great Gable Capital Fund, LP, a Delaware limited partnership, Great Gable Fund II, LP, a Delaware limited partnership, Great Gable Offshore Fund, Ltd, a Cayman Islands exempted company and Great Gable Master Fund, Ltd, a Cayman Islands exempted company.

The Great Gable Funds will invest and trade in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and

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descriptions, whether publicly traded or privately placed, including, but not limited to, common and preferred stocks, convertible securities, bonds, mutual fund shares, options, warrants, derivatives (including swaps, forward contracts and structured instruments), currencies and monetary instruments and cash equivalents.

Ms. Kruus is the Chief Compliance Officer of Great Gable Partners, LP.

Mr. Luff is an insurance agent for Genworth, Hartford and Transamerica insurance companies and offers their products to Baker Avenue clients. Mr. Luff is a registered representative of Purshe Kaplan Sterling Investments ("PKS"). As a representative of PKS, Mr. Luff may place clients in investment products sold through this broker-dealer and may receive a usual and customary commission for doing so. Many of these products will be sold through a prospectus and have fixed commissions. PKS is not involved in the RIA aspects, such as financial planning and investment selection, of Mr. Luff's work and Baker Avenue or with Baker Avenue in general.

In order to comply with NASD Conduct Rule 3040, an unaffiliated broker/dealer may periodically review the investment advisory transactions of Baker Avenue Asset Management, LP. This information will be viewed by compliance department personnel for supervisory purposes only. No information viewed will be utilized for purposes of solicitation or shared with any affiliation outside the scope of regulatory compliance.

Item 9      Personnel of BAAM may trade in the same securities traded for Clients. However, it is the policy of BAAM not to give preference to orders for personnel associated with the firm regarding such trading. BAAM and its employees (collectively "BAAM") may personally invest in the same securities that are purchased for Clients and may own securities that are subsequently purchased for Clients. If the purchase and sale of securities for a Client and BAAM are aggregated, either the Client and BAAM will pay or receive the same price or the Client will receive the more favorable price. BAAM employees may also buy or sell a specific security for their own account based on personal investment consideration which BAAM does not deem appropriate to buy or sell for a Client.

To avoid any potential conflicts of interest involving personal trades, BAAM has adopted a Personal Securities Policy which includes a formal

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Code of Ethics as well as an insider trading policy and procedures. BAAM's Personal Securities Policy requires, among other things, that Employees:

- 1) 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;
- 2) Place the integrity of the investment profession, the interest of Clients and the interest of BAAM above one own personal interests;
- 3) Adhere to the fundamental standard that you should not take inappropriate advantage of your position;
- 4) Avoid any actual or potential conflict of interest;
- 5) Conduct all personal securities transactions in a manner consistent with the Personal Securities Policy;
- 6) Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions and engaging in other professional activities;
- 7) Practice and encourage others to practice in a professional and ethical manner that will reflect credit on yourself and the profession;
- 8) Promote the integrity of and uphold the rules governing capital markets;
- 9) Maintain and improve your professional competence and strive to maintain and improve the competence of other investment professionals;
- 10) Comply with applicable provisions of federal securities laws.

BAAM's Personal Securities Policy also requires Employees to

- 1) pre-clear certain personal securities transactions;
- 2) report personal securities transactions on at least a quarterly basis;
- 3) provide BAAM with a detailed summary of certain holdings, both initially upon commencement of employment and annually thereafter) over which Employees have a direct beneficial interest.

The BAAM Personal Securities Policy shall be provided to any Client or prospective client upon request.

BAAM clients may also be investors in Great Gable Capital Fund, LP or Great Gable Offshore Fund, Ltd., both of which are managed by Great Gable Partners, LP. Mr. Baker is President and founder of Great Gable Partners, LP, an investment adviser registered with the SEC that provides investment advisory services to Great Gable Capital Fund, LP, a Delaware

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limited partnership, Great Gable Offshore Fund, Ltd, a Cayman Islands exempted company and Great Gable Master Fund, Ltd, a Cayman Islands exempted company.

Item 10            The minimum investment amount is \$500,000, although BAAM has discretion to accept lesser amounts

Item 12(A)      Brokerage Arrangements:  
BAAM is responsible for the placement of the portfolio transactions of each Client and negotiation of any commissions paid on such transactions. Portfolio securities normally are purchased through brokers on securities' exchanges or directly from the issuer or from an underwriter or market maker for the securities. Purchases of portfolio instruments through the brokers involve a commission to the broker. Purchases of portfolio securities from dealers serving as market makers include the spread between the bid and the asked prices. BAAM will not commit to provide any level of brokerage business to any broker. BAAM may utilize the services of one or more introducing brokers who will execute each Client's brokerage transactions through the broker and custodian who will clear each Client transaction.

Item 12(B)      Securities transactions for each Client are executed through brokers selected by BAAM in its sole discretion and without the consent of each Client. In placing Portfolio transactions, BAAM will seek to obtain the best execution for each Client, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of the order and the difficulty of the transactions; the financial strength, integrity and stability of the broker; the broker's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value and the competitiveness of commission rates in comparison with other brokers satisfying BAAM's other selection criteria.

BAAM is authorized to pay higher prices for the purchase of securities from or accept lower prices for the sale of securities to brokerage firms that provide it with such investment and research investment and research information or to pay higher commissions to such firms if BAAM determines such prices or commissions are reasonable in relation to the overall services provided. Research services furnished by brokers may

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include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing or appraisal services; discussions with research personnel; invitations to attend conferences or meetings with management or industry consultants. BAAM is not required to weigh any of these factors equally. Information so received is in addition to and not in lieu of services required to be performed by BAAM and the Management Fee is not reduced as a consequence of the receipt of such supplemental research information. Research services provided by broker-dealers used by each Client may be utilized by BAAM and its affiliates in connection with their investment services for other clients and, likewise, research services provided by broker-dealers used for transactions of other clients may be utilized by BAAM in performing services for each Client. Since commission rates in the United States are negotiable, BAAM's selection of brokers on the basis of considerations which are not limited to applicable commission rates may at times result in each Client being charged higher transaction costs than it could otherwise obtain.

Some clients, when undertaking an advisory relationship, already have a relationship with a broker and they will instruct Registrant to execute all transactions for their account through that broker. Such relationships include directed brokerage arrangements, commission recapture programs, or other similar arrangements ("directed brokerage"). In the event that a client directs Registrant to use a particular broker or dealer, it should be understood that the client has the sole responsibility for negotiating commission rates and other transaction costs with the directed broker and that a disparity may exist between the commissions borne by the account and the commissions borne by Registrant's other clients that do not direct Registrant to use a particular broker. The client should further understand that by instructing Registrant to execute all transactions through the directed broker, the client may not necessarily obtain commission rates and execution as favorable as those that would be obtained if Registrant was able to place transactions with other broker-dealers. The client also may forego benefits that Registrant may be able to obtain for its other clients through, for example, negotiating volume discounts or block trades. Further, it should be noted that when clients are referred by registered representatives of brokerage firms and the trades for those clients are placed through the referring broker, Registrant has a potential conflict of interest between the client receiving best execution and Registrant receiving future referrals from the brokerage firm. Finally,



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clients who have directed their brokerage to a specific broker will be traded after all non-directed clients on a rotational basis.

BAAM pays any trading costs associated with transactions in its managed accounts held at Fidelity. This does not directly affect the advisory fee paid by clients.

Allocation of Trades:

BAAM may at times determine that certain securities will be suitable for acquisition by each Client and by other accounts managed by BAAM, possibly including BAAM's own accounts or accounts of an affiliate. If that occurs, and BAAM is not able to acquire the desired aggregate amount of such securities on terms and conditions which BAAM deems advisable, BAAM will endeavor to allocate in good faith the limited amount of such securities acquired among the various accounts for which BAAM considers them to be suitable. BAAM may make such allocations among the accounts in any manner which it considers to be fair under the circumstances, including, but not limited to, allocations based on relative account sizes, the degree of risk involved in the securities acquired and the extent to which a position in such securities is consistent with the investment policies and strategies of the various accounts involved.

Aggregation of Orders:

BAAM may aggregate purchase and sale orders of securities held by each Client with similar orders being made simultaneously for other accounts or entities if, in BAAM's reasonable judgment, such aggregation is reasonably likely to result in an overall economic benefit to each Client based on an evaluation that each Client will be benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transaction or a combination of these and other factors. In many instances, the purchase or sale of like securities for other accounts or entities. Such transaction may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions may be determined, at BAAM's sole discretions, and each Client may be charged or credited, as the case may be, with the average transaction price.

Item 13

Referral of Investors:

BAAM may also direct some brokerage business to brokers who refer prospective investors to each Client. Because such referrals, if any, are likely to benefit BAAM but will provide insignificant (if any) benefits to Clients, BAAM will have a conflict of interest with each Client when

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allocating Client brokerage business to a broker who has referred investors to BAAM. To prevent Client brokerage commissions from being used to pay investor referral fees, BAAM will not allocate Client brokerage business to a referring broker unless BAAM determines in good faith that the commissions payable to such broker are reasonable in relation to those available from non-referring brokers offering services of substantially equal value to such Client.

BAAM may be introduced to Clients by a third-party marketer and other persons and pay a marketing fee or commission in connection with such activities, including ongoing payments, at BAAM's own expense (except in circumstances involving directed brokerage). In certain cases, BAAM reserves the right to pay a one-time fee or sales charge, on a fully disclosed basis, to a broker-dealer or placement agent based upon the capital contribution of the investor introduced by such broker-dealer or agent. Any such sales charge would be assessed against the referred investor and would reduce the amount actually invested by the investor in BAAM.

BAAM has a professional relationship with 1<sup>st</sup> Discount Brokerage, Inc. ("1DB"), Summit Capital Advisors, Inc. ("Summit") and Bright Asset Management, LP ("Bright"). BAAM is unrelated to any of the above.

1DB in its capacity as a broker-dealer has agreed to introduce potential qualified clients to the Advisor for purposes of providing investment management services to such clients. 1DB agrees that it is not a person subject to the disciplinary actions stated in Rule 206(4)-3(A)(1)(ii) of the Advisers Act. Advisor agrees to enter into an Investment Management Agreement (the "Agreement") with such clients when appropriate for which Advisor will manage Client's assets designated for management in the Agreement.

1DB and its Client will have executed a Freedom Account Customer Agreement ("1DB Agreement") for each account to be managed by the Advisor in addition to the separate Agreement, for each account, with the Advisor.

As noted in the 1DB Agreement, the Client will compensate 1DB based upon the Freedom Account Schedule of Fees. Client will compensate BAAM according to the Client's BAAM Investor Management Agreement. These fees are based upon the amount of assets in the account. 1DB will collect and forward to BAAM its portion of the fees. The fees allocated to

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BAAM for such accounts are generally below those of BAAM's standard fee schedule. The portion of the fee paid to the Advisor will not exceed 1.125% annually.

Summit and Bright in their capacity as investment advisors have agreed to introduce potential qualified clients to the Advisor for purposes of providing investment management services to such clients. Summit and Bright agree that each is not a person subject to the disciplinary actions stated in Rule 206(4)-3(A)(1)(ii) of the Advisers Act. Advisor agrees to enter into an Investment Management Agreement (the "Agreement") with such clients when appropriate for which Advisor will manage Client's assets designated for management in the Agreement.

Summit and Bright and their Clients will have executed an Investment Management Agreement for each account to be managed by the Advisor in addition to the separate Agreement, for each account, with the Advisor.

As noted in the Summit and Bright Agreements, the Client will compensate Summit or Bright based upon the Schedule of Fees set forth in the Agreement. Client will compensate Advisor based upon the Baker Avenue Asset Management Investment Management Agreement. Please note that these fees are based upon the amount of assets in the account. Summit or Bright will collect and forward to the Advisor the Advisor's fees. The fees allocated to the Advisor for such accounts are generally below those of the Advisor's standard fee schedule.