

## A Summary of Your Advisory Relationship with The Baker Group LP 08/02/2021

### **Introduction**

The Baker Group LP (“TBG”) is registered as a broker-dealer with the U.S. Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority. The services, fees and method of payment for services offered by a broker-dealer differs from the services, fees and method of payment for services offered by an investment adviser. As the retail investor, it is important that you understand the difference. Free and simple tools to assist you in researching broker-dealers and their financial professional employees are available at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

### **Relationship Services**

#### ***What investment services and advice can you provide me?***

TBG makes available to retail investors two levels of brokerage services: a traditional full-service brokerage relationship and a limited self-directed service relationship.

Our **Full-Service** brokerage relationship makes available basic traditional brokerage amenities that include buying and selling certain securities. As a broker-dealer, TBG’s primary role is effecting securities transactions for a fixed commission or sales credit. Because it is acting as a broker-dealer and not an investment adviser, its secondary role includes voluntarily reviewing the holdings in a retail customer’s account on a periodic basis solely for the purpose of determining whether to provide a buy, sell, or hold recommendation to the account holder. Retail investors are permitted to buy and/or sell any security type they wish. However, our equity recommendations are limited to only stocks, exchange-traded funds, and open-end mutual funds. Our fixed income recommendations are limited to U.S. Agency mortgage-backed securities and collateralized mortgage obligations, municipal bonds, corporate bonds, as well as U.S. Treasury and Agency bonds. We also offer FDIC insured certificates of deposit. Active<sup>1</sup> Full-Service accounts are periodically reviewed no less than once per calendar quarter. Inactive Full-Service accounts are not monitored on a routine basis, but these investors may be contacted by their financial professional when an appropriate investment strategy presents itself or an event such as a stock split, a dividend payment, the call of a bond, or the maturity of a bond occurs in their account(s). Our **Self-Directed** brokerage relationship includes the buying and selling of the same type of equity and fixed-income securities available under the Full-Service level of services but on an unsolicited basis only, meaning that trades are placed only at your explicit request and instruction. This level of limited service includes neither the monitoring of accounts nor the provision of recommendations. However, Self-Directed investors are welcome to proactively seek the guidance of their financial professional on any specific security they wish to buy or sell, with the understanding that if the security is not one of the security types listed above in the “Full Service” section, the financial professional may be unable to provide in-depth guidance. We have no account or investment minimum, however, we currently only accept new accounts on a case-by-case basis taking into consideration factors such as the investor’s relationship to the firm (e.g. has an active account with the firm, or is a family member of the financial professional), as well as the investor’s experience, objectives, and desired level of service. We do not currently accept discretionary authority over any investor’s account.

**Additional Information:** Accounts held at Pershing LLC will receive account statements, trade confirmations, and all other information related to their account directly from Pershing LLC. Accounts that settle on a delivery-versus-payment basis through TBG will receive account statements, trade confirmations, and all other information related to their account directly from TBG.

**Conversation Starters** - *Given my financial situation, should I choose an investment advisory service? Why or why not? How will you choose investments to recommend to me? What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

### **Fees, Costs, Conflicts and Standard of Conduct**

#### ***“What fees will I pay?”***

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying. We receive compensation for the sale of products and services which include commissions on equity securities, markups on fixed income securities and 12b-1 fees for mutual funds. We charge a minimum \$25 transaction fee for each stock, open-end mutual

<sup>1</sup> For purposes of this summary, the term “active account” is defined as any account that executes more than four (4) transactions during a calendar year. Further, the term “inactive account” is defined as any account that executes four (4) or fewer transactions during a calendar year.

fund, and exchange-traded fund transaction. This fee increases incrementally based on a transaction's volume and the level of service provided to the investor in relation to the transaction, not to exceed 2% of the total transaction. Fixed income transactions include a markup that varies based on the type of fixed income security and the total amount of the transaction. When TBG buys or sells a fixed income security to/from a retail investor, it will do so at a price, including any markup or markdown, that is fair and reasonable. Investors that hold mutual funds typically pay an annual fund management fee that is generally between 0.25% and 0.75% of a mutual fund's net assets

Pershing LLC fees and costs: a transaction fee per trade; an annual custodial fee for tax-qualified accounts; an annual inactivity fee for accounts that do not trade at least once during a calendar year; a one-time fee to process any outgoing full account transfer; and a one-time fee to close any tax-qualified account. TBG is not paid any portion of these fees.

**Conversation Starter - "Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?"**

### **Standard of Conduct/Conflicts of Interest**

***"What are your legal obligations to me when providing recommendations? How does your firm make money and what conflicts of interest do you have?"***

*When we provide you with a recommendation, we have to act in your best interest and not put our interest ahead of yours. At the same time, the fees we earn may create some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the recommendations we provide you. Here are some examples to help you understand what this means.*

TBG profits from transactions and distributes profits to its general partner, James Baker Group ("JBG"). Your financial professional may be a shareholder of JBG and may receive residual profits. Supervisors and financial professionals benefit financially from the recommendations provided and a financial professional's payout may increase with overall production. Compensation arrangements can create incentive for financial professional to recommend products that generate greater revenues. To mitigate the impact of conflicts of interest that arise from a financial professional's compensation, TBG will monitor transactions and periodically review compensation arrangements to ensure compensation is not excessive. TBG has implemented markup policies, financial professional training and continuing education, customer disclosure about compensation practices, suitability reviews of recommended transactions, and surveillance for activity inconsistent with client interests to ensure investors are charged fair prices.

**Conversation Starter - How might your conflicts of interest affect me, and how will you address them?**

***"How do your financial professionals make money?"***

Our financial professionals get paid a percentage commission of the total profit of a trade as agreed upon by TBG and the financial professional. TBG's profit is based upon the type and amount of security traded.

### **Disciplinary History**

***"Do you or your financial professionals have legal or disciplinary history?"***

Yes. Free and simple tools to assist you in researching broker-dealers and their financial professional employees is available at [Investor.gov/CRS](http://Investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

**Conversation Starter - As a financial professional, do you have any disciplinary history? For what type of conduct?**

**Additional Information:** If you have any questions about our services, need up-to-date information, or if you wish to request a copy of the relationship summary, please contact us at (800) 937-2257 or (405)415-7202, or via email at [compliance@gobaker.com](mailto:compliance@gobaker.com). Additional information about TBG is also available on FINRA's website at [https://files.brokercheck.finra.org/firm/firm\\_7888.pdf](https://files.brokercheck.finra.org/firm/firm_7888.pdf)

**Conversation Starter – Who is my primary contact person? Is he or she a representative of an investment adviser or broker-dealer? Who can I talk to if I have concerns about how this person is treating me?**



**EXHIBIT A - Summary of Material Changes  
Made to Client Relationship Summary Dated  
June 30, 2020**

Below is a summary of the material differences between the June 30, 2020 version of The Baker Group LPs Client Relationship Summary ("Form CRS") and the August 2, 2021 version of the same.

Amendments were made to the "Relationship Services" section of the Form CRS to explicitly state that, in the provision of its services, The Baker Group LP and its agents are acting as a broker-dealer and not as an investment adviser and, as such, reviews holdings in a retail customer's account on a voluntary basis and solely for the purpose of determining whether to provide a buy, sell, or hold recommendation to the account holder.