

## **FORM ADV PART 2 CLIENT BROCHURE**

**BBAE ADVISORS, LLC**

**10800 SIKES PLACE, SUITE 300  
CHARLOTTE, NC 28277**

**[WWW.BBAE.COM](http://WWW.BBAE.COM)**

**Form ADV Part 2A**

**Client Brochure**

**June 2016**

This brochure (“Brochure”) provides information about the business practices of BBAE Advisors, LLC. (“BBAE”), a registered investment adviser. Registration does not imply a certain level of skill or training but only indicates that BBAE has registered its business with federal regulatory authorities, including the United States Securities and Exchange Commission (our CRD# 269900). 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.

If you have any questions about the contents of this Brochure, please contact us at 1-888-840-3137 or [xibo.zhe@bbae.com](mailto:xibo.zhe@bbae.com)

Additional information about BBAE is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 2 - Material Changes**

BBAE will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business' fiscal year. Furthermore, BBAE will provide you with other interim disclosures about material changes as necessary.

This Brochure, dated June 2016 and is prepared in accordance with the SEC's requirements. Material changes have been made to the following sections:

### **Item 4 – Business:**

#### **A. Change of Name, Address and Ownership**

- The Firm has changed its name from Jimustock Securities, LLC to BBAE Advisors, LLC as of March 2016. The Firm did not change its tax identification number ("EIN").
- The Firm has updated its SEC Registration from an offshore advisor headquartered in Beijing, China to a US domiciled advisor located in North Carolina. The Firm has amended its address on the ADV Part 1.
- The Firm has noticed filed in North Carolina.
- BBAE Advisors LLC (formerly named Jimustock Securities LLC) has recently changed its ownership structure. This ownership structure effectively changed the control of the company, and thereby effected an assignment of the Agreement. The change in ownership did not alter the management structure within the company.
- BBAE Advisor LLC's direct ownership structure has changed. The Firm was previously directly owned by Jimustock Holdings Ltd. This has been replaced by a new Delaware entity, BBAE Holdings LLC that owns 100% of BBAE Advisors, LLC. The Form ADV Part 1 Schedule A will be amended for this change.
- Jimustock Holdings Ltd. has filed for a name change to BBAE Holdings Ltd. BBAE Holdings Ltd. is the indirect owner of BBAE Holdings LLC and the indirect owner of BBAE Advisors LLC. The Form ADV Part 1 Schedule B will be updated to disclose indirect owners.
- The Firm's indirect ownership has changed. BBAE Holdings Ltd is 67% owned by PENG XiaoMei. As an owner of 25% or more, Ms. Peng's ownership will be disclosed on the ADV Part 1, Schedule B as an indirect owner.
- The Firm has designated Brian Donovan as the Chief Compliance Officer. The Form ADV Part 1 has been amended to include Mr. Donovan.

#### **B. Summary of BBAE's Services**

- The BBAE Asset Allocator product offered by BBAE Advisors LLC was initially a non-discretionary product and has now been converted to a discretionary product. Client grants

## **FORM ADV PART 2 CLIENT BROCHURE**

BBAE full discretionary authority to invest and to reinvest assets that comprise Client's BBAE Asset Allocator Account.

- For the BBAE Asset Allocator product, BBAE shall provide to the Client a tailored investment portfolio and investment advice with respect to the assets to be contained in the Client's BBAE Asset Allocator account. Client grants BBAE full discretionary authority to invest, and to reallocate and/or reinvest those assets that comprise Client's BBAE Asset Allocator account.

Client's BBAE Asset Allocator account shall therefore be subject to BBAE's management (which assets, together with all additions, substitutions and/or alterations thereto are hereinafter referred to as the "Assets" or "Account").

### **Item 5 - Fees and Compensation**

- The BBAE Asset Allocator product was initially offered with a single fee schedule and has now been changed to reflect both asset based and performance based fees depending on the financial background of the client.
- BBAE's annual fee for the BBAE Asset Allocator provided under this Agreement shall be 50 bps (0.5%) for residents of the United States that are not "qualified clients", as such term is defined in section 205-3(D)(1) of the Investment Advisers Act of 1940. BBAE's annual fee shall be 15 bps (0.15%) of the market value of the Assets in the Client's BBAE Asset Allocator Account plus ten percent (10%) of the positive performance in such account for non-U.S. residents and all qualified clients. This annual fee shall be prorated and paid yearly, in arrears, based upon the daily average market value of the assets. No increase in the annual fee shall be effective without prior written notification to the Client. For BBAE Asset Allocator Accounts, Client authorizes Apex Clearing Corporation, "Apex", the FINRA registered broker dealer of record for the Client accounts, to charge the Account for the amount of BBAE's fee and to remit such fee electronically to BBAE in accordance with required regulatory procedures. In addition to BBAE's annual fee for the BBAE Asset Allocator, for each Client account with total assets of less than one-thousand dollars (USD \$1,000.00) BBAE shall also charge Client a monthly data usage fee of \$3.00. Client's total assets shall be based on the average daily asset total of the prior month. BBAE shall pro-rate the data usage fee for partial months.

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

BBAE does not guarantee the future performance of the Client's account. Client understands that investments made via the BBAE Asset Allocator product or via the BBAE Self-Direct product involve substantial risk and are subject to various market, currency, economic, political and business risks, and that those investment decisions and actions will not always be profitable. Client may not get back the amount invested in either account. Subject to the Investment Advisers Act of 1940, BBAE shall have no liability for any losses in Client's account. The price of any security or the value of an entire asset class can decline for a variety of reasons outside of BBAE's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market

## **FORM ADV PART 2 CLIENT BROCHURE**

sentiment, forecasted or unforeseen economic developments, interest rate changes, regulatory changes, and domestic or foreign political, demographic, or social events. There is no guarantee that BBAE's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. BBAE's judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling her securities at all, or at an advantageous time or price because BBAE and the Client's Broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Finally, performance based fees can increase the risk of excessive trading in Client accounts. The BBAE Asset Allocator by its automated nature limits excessive trading risk, although human programming error may result in excessive trading.

Non-material updates that have been included in the brochure to enhance descriptions of the Firm's programs include general name changes from Jimustock or JIMU to BBAE.

## **FORM ADV PART 2 CLIENT BROCHURE**

### Table of Contents

<b>Item 2 - Material Changes .....</b>	<b>2</b>
<b>Item 4 – Business: .....</b>	<b>2</b>
<b>Item 5 - Fees and Compensation .....</b>	<b>3</b>
<b>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>3</b>
<b>Item 4 - Business .....</b>	<b>6</b>
<b>Item 5 - Fees and Compensation .....</b>	<b>9</b>
<b>Item 6 - Performance-Based Fees and Side-by-Side Management .....</b>	<b>11</b>
<b>Item 7 - Types of Clients .....</b>	<b>12</b>
<b>Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss .....</b>	<b>13</b>
<b>Item 9 - Disciplinary Information .....</b>	<b>17</b>
<b>Item 10 - Other Financial Industry Activities and Affiliations .....</b>	<b>18</b>
<b>Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....</b>	<b>19</b>
<b>Item 12 - Brokerage Practices .....</b>	<b>20</b>
<b>Item 13 - Review of Accounts .....</b>	<b>21</b>
<b>Item 14 - Client Referrals and Other Compensation .....</b>	<b>22</b>
<b>Item 15 - Custody.....</b>	<b>23</b>
<b>Item 16 - Investment Discretion .....</b>	<b>24</b>
<b>Item 17 - Voting Client Securities .....</b>	<b>25</b>
<b>Item 18 - Financial Information .....</b>	<b>26</b>
<b>Item 19 - Privacy Policy .....</b>	<b>27</b>

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 4 - Business**

#### **A. Ownership of the Firm**

BBAE Advisors LLC (“BBAE” or the “Firm”) is a Delaware entity previously known as Jimustock Securities LLC that was formed in June 2015. The Firm underwent a name change in March 2016. The Firm did not change its tax identification number during name change.

As of March 2016, BBAE Advisors LLC (formerly named Jimustock Securities LLC) has recently changed its ownership structure. This ownership structure effectively changed the control of the company, and thereby effected an assignment of the Agreement. The change in ownership did not alter the management structure within the company.

BBAE Advisors, LLC is now 100% directly owned by BBAE Holdings, LLC. This represents a new direct owner to the Firm. BBAE Holdings, LLC is directly owned by BBAE Holdings, Ltd. This entity was previously known as Jimustock Holdings, Ltd. The Entity underwent a name change in March 2016. BBAE Holdings, Ltd is an indirect owner of BBAE Advisors, LLC. BBAE Holdings Ltd is 67% owned by Peng XiaoMei.

The Firm has relocated their headquarters from Beijing, China to North Carolina. Barry Freeman remains the Firm’s President. Brian Donovan is the CCO.

#### **B. Summary of BBAE’s Services**

BBAE is an investment advisor registered with the Securities and Exchange Commission (“SEC”). BBAE is a Robo Advisor and offers clients two options – discretionary portfolio management services and client self-direct trading. Both services are provided via BBAE’s proprietary platform. Additional information about BBAE’s products and services is provided on the SEC website Form ADV Part 1 of BBAE’s <http://www.adviserinfo.sec.gov>. We encourage visiting our website [www.BBAE.com](http://www.BBAE.com) for additional information.

As stated above, BBAE offers clients two investment options using BBAE’s proprietary technology:

- **BBAE Asset Allocator**
- **BBAE Self-Direct**

**BBAE Asset Allocator** – BBAE offers discretionary services to clients by providing access to affordable, professional portfolio management. Each client’s customized portfolio is created to be in alignment with clients’ acceptable risk parameters and financial objectives. BBAE will develop a customized investment program and guide the Client’s investments by recommending:

## **FORM ADV PART 2 CLIENT BROCHURE**

- A customized portfolio of Exchange Traded Funds (“ETFs”);
- A customized portfolio of publicly traded equities (“Stocks”);
- BBAE Asset Allocator recommendations do not include margin (leverage) or options;

BBAE Asset Allocator is a proprietary program which will allocate how much a client should allocate to each investment program based upon BBAE’s review of a client’s financial resources and risks. This is a **discretionary** asset allocation program.

BBAE begins by assessing a client’s risk profile through an online questionnaire via the BBAE website. The questionnaire which gauges the client’s desire to maximize returns vs. their desire to minimize losses. Once the risk profile is established, a customized portfolio (ranging from highly conservative to very aggressive) will be developed by BBAE. Trades will be executed through BBAE’s preferred brokerage firm, Apex Clearing Corporation, a non-affiliated, US registered broker-dealer firm.

The BBAE website allows clients to update their risk profiles online, and this will typically effect a change in their portfolio composition based upon the new risk profile. BBAE provides clients with a dedicated login to its website where clients can view their holdings and their account history. BBAE rebalances on a discretionary basis each client’s portfolio periodically to realign the portfolio to the desired weighting across investments.

BBAE tailors its service to the individual needs of each of its Clients. To tailor its portfolio offering to each Client, BBAE uses a process that identifies key elements of the client’s investing profile.

In its management of clients’ portfolios, BBAE will seek to ensure that the following conditions are met and maintained:

- The client will notify BBAE in writing if there have been changes in the client’s financial situation or investment objectives and whether the client wishes to impose reasonable investment restrictions or modify existing restrictions. BBAE will be reasonably available to consult with the client;
- Each client will receive a monthly statement with a description of all account activity.

BBAE will buy or sell ETFs and Stocks on a discretionary basis to seek an investment return suitable to the investment objectives and goals of each distinct clients’ account. The BBAE platform reviews each client’s individual account and suitability parameters. This review may include type of account, investment objectives, overall financial condition, personal and business assets, risk tolerance, and other factors unique to the individual client’s situation. Based on client suitability parameters, BBAE will develop a customized investment portfolio. BBAE provides investment advice on a discretionary basis only. Periodic reviews of the client’s investment program may result in the client’s program being revised, from time to time.

Clients must notify BBAE of specific Restricted Securities they are prohibited from investing in. If a

## **FORM ADV PART 2 CLIENT BROCHURE**

client instructs BBAE not to purchase certain Restricted Securities, BBAE will search for an alternate Security to purchase on their behalf. Clients shall notify BBAE immediately if they consider any investments to violate such restrictions.

**BBAE Self-Direct** – BBAE’s “BBAE Self-Direct” product enables the Client to trade independently of BBAE’s BBAE Asset Allocator product, and is a separate and distinct product offered by BBAE. A Client of BBAE Self-Direct shall be provided with direct access to BBAE’s proprietary technology and access to BBAE’s preferred brokerage firm, Apex Clearing Corporation. Apex is a non affiliated, U.S. registered broker-dealer firm. BBAE Self-Direct clients can place trades in ETFs, Mutual Funds and single securities with a market value of greater than \$1.00 USD. Client **shall be solely responsible for all investment decisions** and reinvestment of those assets that comprise Client’s BBAE Self-Direct account. BBAE Self-Direct Clients are not subject to BBAE’s management and or management fees.

### **C. Assets Under Management**

As disclosed in BBAE’s Form ADV Part 1, BBAE has \$24,500,000 in client assets under management on a discretionary or non-discretionary basis as of February 29, 2016.



## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 5 - Fees and Compensation**

#### **A. Fees**

##### **BBAE Asset Allocator Fee Schedule**

BBAE's annual fee for the BBAE Asset Allocator provided under this Agreement shall be 50 bps (0.5%) for residents of the United States that are not "qualified clients", as such term is defined in section 205-3(D)(1) of the Investment Advisers Act of 1940. BBAE's annual fee shall be 15 bps (0.15%) of the market value of the Assets in the Client's BBAE Asset Allocator Account plus ten percent (10%) of the positive performance in such account for non-U.S. residents and all qualified clients. This annual fee shall be prorated and paid yearly, in arrears, based upon the daily average market value of the assets. No increase in the annual fee shall be effective without prior written notification to the Client. For BBAE Asset Allocator Accounts, Client authorizes Apex to charge the Account for the amount of BBAE's fee and to remit such fee electronically to BBAE in accordance with required regulatory procedures. In addition to BBAE's annual fee for the BBAE Asset Allocator, for each Client account with total assets of less than one-thousand dollars (USD \$1,000.00) BBAE shall also charge Client a monthly data usage fee of \$3.00. Client's total assets shall be based on the average daily asset total of the prior month. BBAE shall pro-rate the data usage fee for partial months.

BBAE reserves the right, in its sole discretion, to negotiate the fee for certain Client Accounts for any period of time determined by BBAE. In addition, BBAE may reduce or waive its fees for the Accounts of some Clients without notice to, or fee adjustment for, other Clients.

Client authorizes Apex Clearing Corporation, the custodian of the Assets to charge the Account for the amount of BBAE's fee and to remit such fee electronically to BBAE in accordance with required regulatory procedures

Other than its fees described above, neither BBAE nor its employees receive or accept any direct or indirect compensation related to investments that are purchased or sold for Client Accounts. This means that Clients will not be sold products or services that create additional fees or compensation to benefit BBAE or its employees or its affiliates other than those described in this Brochure and on the Site.

##### **BBAE Self-Direct Fee Schedule**

- BBAE **shall not receive an advisory or management fees** for providing access to the BBAE Self-Direct.
- BBAE will charge Clients with total assets of less than one-thousand dollars (USD \$1,000.00) a monthly data usage fee of \$3.00.
- No portion of BBAE's fee shall be based on capital gains or capital appreciation of the Assets except as provided for under the Investment Advisers Act of 1940

## **FORM ADV PART 2 CLIENT BROCHURE**

### **B. Other Account Fees**

BBAE's fees are exclusive of brokerage commissions, transaction fees, and other related costs and expenses which shall be incurred by the client, if so charged by broker-dealer. 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.

Exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. Such charges, fees and commissions are exclusive of and in addition to BBAE's fee, and BBAE does not receive any portion of these commissions, fees, and costs.

The issuer of some of the securities or products we purchase for Clients, such as ETFs or other similar financial products, may charge product fees that affect Clients. BBAE does not charge these fees to Clients, and does not benefit directly or indirectly from any such fees. An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison.

**BBAE Self-Direct** – BBAE shall not receive any advisory or management fees for providing access to BBAE Self-Direct. Apex Clearing Corporation will charge BBAE Self-Direct clients a commission based upon the clients' trading activity. APEX will charge BBAE Self-Direct clients' the greater of \$1.99 or \$.005 per share. APEX reserves the right to waive the above referenced commission for a trial period or change the commission rate in the future. As previously stated, BBAE will charge Clients with total assets of less than one-thousand dollars (USD \$1,000.00) a monthly data usage fee of \$3.00 in addition to those fees charge by Apex describe above.

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 6 - Performance-Based Fees and Side-by-Side Management**

BBAE's annual fee for the BBAE Asset Allocator provided under this Agreement shall be 50 bps (0.5%) for residents of the United States that are not "qualified clients", as such term is defined in section 205-3(D)(1) of the Investment Advisers Act of 1940. BBAE's annual fee shall be 15 bps (0.15%) of the market value of the Assets in the Client's BBAE Asset Allocator Account plus ten percent (10%) of the positive performance in such account for non-U.S. residents and all qualified clients. This annual fee shall be prorated and paid yearly, in arrears, based upon the daily average market value of the assets. No increase in the annual fee shall be effective without prior written notification to the Client. For BBAE Asset Allocator Accounts, Client authorizes Apex to charge the Account for the amount of BBAE's fee and to remit such fee electronically to BBAE in accordance with required regulatory procedures. In addition to BBAE's annual fee for the BBAE Asset Allocator, for each Client account with total assets of less than one-thousand dollars (USD \$1,000.00) BBAE shall also charge Client a monthly data usage fee of \$3.00. Client's total assets shall be based on the average daily asset total of the prior month. BBAE shall pro-rate the data usage fee for partial months.

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 7 - Types of Clients**

**BBAE Asset Allocator** - BBAE asset allocation program is available to individuals (which includes all Natural Persons) via the BBAE Asset Allocator. There presently is a \$10,000.00 USD minimum required to open an investment account with BBAE Asset Allocator. At any time, a Client may terminate an Account, or full withdraw all of an Account, or update their investment profile, which may initiate an adjustment in the Accounts' holdings. In that case, BBAE may sell the securities in the Client Account at market prices at the time of the termination, withdrawal or update.

**BBAE Self-Direct** – BBAE's access to their self-directed trading platform is available to individuals (which includes all Natural Persons) via the BBAE Self-Direct product. There is no minimum balance requirement to open an investment account with BBAE Self-Direct.

## **FORM ADV PART 2 CLIENT BROCHURE**

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

**BBAE Asset Allocator** provides Clients with discretionary asset allocation based on Modern Portfolio Theory (MPT). MPT attempts to maximize a portfolio's expected return for a given amount of portfolio risk, or equivalently minimize risk for a given level of expected return, by selecting the proportions of various asset classes rather than selecting individual securities.

Historically, rigorous MPT-based financial advice has only been widely available through high-end financial advisors who typically require minimum account sizes of at least \$1 million and charge annual fees of at least 1% of assets under management.

To employ MPT properly, one must start with an accurate determination of an individual's objective and subjective tolerance for risk. Achieving accuracy requires sophisticated algorithms applied to more detailed questions than are typically asked by advisors. Based on this risk analysis, BBAE seeks to create an individualized investment plan using the optimal asset classes in which to invest, the most efficient and inexpensive securities to represent each of those asset classes, and the ideal mix of asset classes based on the Client's specific risk tolerance.

BBAE periodically reviews a very broad population of securities to identify the most appropriate securities to represent each asset class. BBAE continuously monitors our Clients' portfolios and periodically rebalances them back to the Clients' target mix in an effort to optimize returns for the intended level of risk.

**BBAE Self-Direct** - BBAE **does not provide investment advice** to clients of BBAE Self-Direct product. BBAE Self-Direct is a non-discretionary program. Clients are solely responsible for all investment decisions and trades. BBAE provides BBAE Self-Direct clients with access to their proprietary platform for trade execution through Apex Clearing Corporation.

### **Risk Considerations**

BBAE does not guarantee the future performance of the Client's account. Client understands that investments made via the BBAE Asset Allocator product or via the BBAE Self-Direct product, involve substantial risk and are subject to various market, currency, economic, political and business risks, and that those investment decisions and actions will not always be profitable. Client may not get back the amount invested in either account. Subject to the Investment Advisers Act of 1940, BBAE shall have no liability for any losses in Client's account. The price of any security or the value of an entire asset class can decline for a variety of reasons outside of BBAE's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. There is no guarantee that BBAE's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. BBAE's judgment may prove to be incorrect, and a Client might not achieve his or her investment

## **FORM ADV PART 2 CLIENT BROCHURE**

objectives. High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling her securities at all, or at an advantageous time or price because BBAE and the Client's Broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Finally, performance based fees can increase the risk of excessive trading in Client accounts. The BBAE Asset Allocator by its automated nature limits excessive trading risk, although human programming error may result in excessive trading

BBAE cannot guarantee any level of performance or that any Client will avoid a loss of Account assets. Any investment in securities involves the possibility of financial loss that Clients should be prepared to bear.

When evaluating risk, financial loss may be viewed differently by each Client and may depend on many different risk items, each of which may affect the probability of adverse consequences and the magnitude of any potential losses. The following risks may not be all-inclusive, but should be considered carefully by a prospective Client before retaining BBAE's services. These risks should be considered as possibilities, with additional regard to their actual probability of occurring and the effect on a Client if there is in fact an occurrence.

**Market Risk** - The price of any security or the value of an entire asset class can decline for a variety of reasons outside of BBAE's control, including, but not limited to, changes in the macroeconomic environment, unpredictable market sentiment, forecasted or unforeseen economic developments, interest rates, regulatory changes, and domestic or foreign political, demographic, or social events. If a Client has a high allocation in a particular asset class it may negatively affect overall performance to the extent that the asset class underperforms relative to other market assets. Conversely, a low allocation to a particular asset class that outperforms other asset classes in a particular period will cause that Client Account to underperform relative to the overall market.

**Investment Risk** - There is no guarantee that BBAE's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. BBAE's judgment may prove to be incorrect, and a Client might not achieve his or her investment objectives. BBAE may also make future changes to the investing algorithms and services that it provides. In addition, it is possible that Clients or BBAE itself may experience computer equipment failure, loss of internet access, viruses, or other events that may impair access to BBAE's software based financial service. BBAE and its representatives are not responsible to any Client for losses unless caused by BBAE breaching its fiduciary duty.

**Volatility and Correlation Risk** - Clients should be aware that BBAE's asset selection process is based in part on a careful evaluation of past price performance and volatility in order to evaluate future probabilities. However, it is possible that different or unrelated asset classes may exhibit similar price changes in similar directions which may adversely affect a Client, and may become more acute in times of market upheaval or high volatility. Past performance is no guarantee of future results, and any historical returns, expected returns, or probability projections may not reflect actual future performance.

## **FORM ADV PART 2 CLIENT BROCHURE**

**Liquidity and Valuation Risk** -High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling her securities at all, or at an advantageous time or price because BBAE and the Client's Broker may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. While BBAE values the securities held in Client Accounts based on reasonably available exchange-traded security data, BBAE may from time to time receive or use inaccurate data, which could adversely affect security valuations, transaction size for purchases or sales, and/or the resulting fees paid by a Client to BBAE.

**Credit Risk** - BBAE cannot control and Clients are exposed to the risk that financial intermediaries or security issuers may experience adverse economic consequences that may include impaired credit ratings, default, bankruptcy or insolvency, any of which may affect portfolio values or management. This risk applies to assets on deposit with any Broker utilized by Client, notwithstanding asset segregation and insurance requirements that are beneficial to Broker clients generally. In addition, exchange trading venues or trade settlement and clearing intermediaries could experience adverse events that may temporarily or permanently limit trading or adversely affect the value of Client securities. Finally, any issuer of securities may experience a credit event that could impair or erase the value of the issuer's securities held by a Client. BBAE seeks to limit credit risk by generally adhering to the purchase of securities, which are subject to regulatory limits on asset segregation and leverage such that fund shareholders are given liquidation priority versus the fund issuer; however, certain funds and products may involve higher issuer credit risk because they are not structured as a registered fund.

**Legislative Risk** - Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities. BBAE does not engage in financial or tax planning, and in certain circumstances a Client may incur taxable income on her investments without a cash distribution to pay the tax due.

**Foreign Investing and Emerging Markets Risk** - Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

**ETF Risks, including Net Asset Valuations and Tracking Error** - ETF performance may not

## **FORM ADV PART 2 CLIENT BROCHURE**

exactly match the performance of the index or market benchmark that the ETF is designed to track because 1) the ETF will incur expenses and transaction costs not incurred by any applicable index or market benchmark; 2) certain securities comprising the index or market benchmark tracked by the ETF may, from time to time, temporarily be unavailable; and 3) supply and demand in the market for either the ETF and/or for the securities held by the ETF may cause the ETF shares to trade at a premium or discount to the actual net asset value of the securities owned by the ETF. Certain ETF strategies may from time to time include the purchase of fixed income, commodities, foreign securities, American Depositary Receipts, or other securities for which expenses and commission rates could be higher than normally charged for exchange-traded equity securities, and for which market quotations or valuation may be limited or inaccurate.

Clients should be aware that to the extent they invest in ETF securities they will pay two levels of compensation - fees charged by BBAE plus any management fees charged by the issuer of the ETF. This scenario may cause a higher cost (and potentially lower investment returns) than if a Client purchased the ETF directly.

An ETF typically includes embedded expenses that may reduce the fund's net asset value, and therefore directly affect the fund's performance and indirectly affect a Client's portfolio performance or an index benchmark comparison. Expenses of the fund may include investment advisor management fees, custodian fees, brokerage commissions, and legal and accounting fees. ETF expenses may change from time to time at the sole discretion of the ETF issuer. BBAE discloses each ETF's current information, including expenses, on the Site. ETF tracking error and expenses may vary.

**Inflation, Currency, and Interest Rate Risks** - Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by BBAE may be affected by the risk that currency devaluations affect Client purchasing power.

**Leverage** - BBAE may recommend leveraged ETFs for a clients' portfolios. This can amplify exposure to the market, meaning that a percentage of market loss may be greater in a client's portfolio.

**Short Positions** - BBAE may in the future recommend client's short a security. With a short position, the potential for loss is unlimited.

**Derivatives** - BBAE may in the future recommend the use of options within client portfolios. Options can serve to mitigate risk, but they can also enhance risk by amplifying losses.



## **FORM ADV PART 2 CLIENT BROCHURE**

### **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 BBAE or the integrity of BBAE's management. We do not have any legal, financial, regulatory, or other "disciplinary" item to report to any Client. This statement applies to our firm and to every employee of our firm

## **FORM ADV PART 2 CLIENT BROCHURE**

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

BBAE does not have any Financial Industry activities to disclose at this time.

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

BBAE has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. 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 BBAE must acknowledge the terms of the Code of Ethics annually, or as amended.

BBAE anticipates that, in appropriate circumstances, consistent with clients' investment objectives, it will cause accounts over which BBAE has authority to effect the purchase or sale of securities in which BBAE, its management persons and/or clients, directly or indirectly, have a position of interest. BBAE's employees and persons associated with BBAE are required to follow BBAE's Code of Ethics. Subject to satisfying this policy and applicable laws, officers, directors and employees of BBAE and its employees may trade for their own accounts in securities which are recommended to and/or purchased for BBAE's clients. The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of the employees of BBAE will not interfere with (i) making decisions in the best interest of clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. Under the Code certain classes of securities have been designated as exempt transactions, based upon a determination that these would materially not interfere with the best interest of BBAE's clients. Employee trading is continually monitored under the Code of Ethics, and to reasonably prevent conflicts of interest between BBAE and its clients.

Employees' accounts may trade in the same securities with client accounts on an aggregated basis when consistent with BBAE's obligation of best execution. In such circumstances, employee and client accounts will share commission costs equally and receive securities at a total average price. BBAE will retain records of the trade order (specifying each participating account) and its allocation, which will be completed prior to the entry of the aggregated order. Completed orders will be allocated as specified in the initial trade order. Partially filled orders will be allocated on a pro rata basis. Any exceptions will be explained on the Order.

It is BBAE's policy that the firm will not affect any principal or agency cross securities transactions for client accounts. BBAE will also not cross trades between client accounts

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 12 - Brokerage Practices**

BBAE directs all its brokerage and custody of client assets to Apex Clearing Corporation. Apex provides trade execution and clearing services in addition to traditional brokerage and custody services.

BBAE will seek the best execution of transactions for Client Accounts consistent with its judgment as to the business qualifications of Apex or other Brokers. “Best execution” means the best overall qualitative execution, not necessarily the lowest possible commission cost. Accordingly, the factors that BBAE considers when selecting or recommending Brokers are matters that directly benefit Client Accounts, and consistent with obtaining the best execution of their transactions. These factors include: execution capability and available liquidity; timing and size of particular orders; commission rates; responsiveness; trading experience; reputation, integrity and fairness in resolving disputes; quality of their application programming interfaces and technology; and other factors.

BBAE does not engage in any “soft dollar” practices involving the receipt of research or other brokerage service in relation to client commission money, nor do we receive any research or other products in connection with Client transactions. BBAE also does not use Client commission money to compensate or otherwise reward any brokers for client referrals.

BBAE may, but is not required to, aggregate orders for a Client’s Account with orders of other Clients. BBAE may aggregate securities sale and purchase orders for a Client with similar orders being made contemporaneously for other Client Accounts. In such event, the average price of the securities purchased or sold in such a transaction may be determined and a Client may be charged or credited, as the case may be, the average transaction price. As a result, however, the price may be less favorable to the Client than it would be if similar transactions were not being executed concurrently for other Accounts.

BBAE may use block trades when advantageous to clients. Block trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any such block. Block trading allows BBAE to execute trades in a more timely, equitable manner and to reduce overall commission charges to clients.

BBAE does not have any arrangements to compensate any broker dealer for client referrals.

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 13 - Review of Accounts**

BBAE provides all clients with continuous access to the website regarding information about account status, portfolio allocations, securities, and balances. Proprietary as well as commercially available software is used to review the portfolios quarterly to ensure that they are in line with investment objectives. Additional reviews may be triggered by material changes in variables such as a client's individual circumstances, or the market, political or economic environment.

Clients have access to current account balances and positions through the BBAE website. Apex prepares account statement showing all transactions and account balances during the prior quarter. All information relating to Client accounts are provided on the BBAE website and/or sent via email, as agreed to with each client at the time of their account opening. On a quarterly basis, BBAE may review each Client account and remind them to review and update the profile information previously provided. BBAE requests that Clients reconfirm their current profile information as needed and on an annual basis. BBAE conducts reviews when material changes may have occurred to a Client's portfolio or investment objectives. BBAE will retain the client account review documentation in its database. We consider implications and the volatility associated with each of our chosen asset classes when deciding when and how to rebalance.

## **FORM ADV PART 2 CLIENT BROCHURE**

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

BBAE does not presently pay for third-party client referrals.

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 15 - Custody**

BBAE does not maintain custody of any Client funds or securities. BBAE has selected Apex to custody client assets.

Each Client will receive Account information, including trade confirmations and monthly account statements, directly from Apex or by logging into their account. Each Client should carefully review this information and compare it with information provided by BBAE when they are evaluating Account performance, securities holdings, and transactions.

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 16 - Investment Discretion**

**BBAE Asset Allocator** – The Client hereby authorizes and appoints BBAE to provide the BBAE Asset Allocator on a discretionary basis, and BBAE accepts such appointment. Through the BBAE Asset Allocator BBAE shall provide to the Client a tailored investment portfolio and investment advice with respect to the assets to be contained in the Client’s BBAE Asset Allocator account. Specifically with regard to the BBAE Asset Allocator, Client hereby grants BBAE full discretionary authority to invest, and to reallocate and/or reinvest those assets that comprise Client’s BBAE Asset Allocator account. Client’s BBAE Asset Allocator account shall therefore be subject to BBAE’s management (which assets, together with all additions, substitutions and/or alterations thereto are hereinafter referred to as the “Assets” or “Account”).

**BBAE Self-Direct** - Through the BBAE Self-Direct product, Client shall be solely responsible for all investment decisions and reinvestment of those assets that comprise Client’s BBAE Self-Direct account. BBAE Self-Direct is not subject to BBAE’s active portfolio management. BBAE Self-Direct platform provides Clients with access to transactions in ETFs, Mutual Funds and single securities with a market value of over \$1.00 USD.



## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 17 - Voting Client Securities**

As a matter of firm policy and practice, BBAE does not have any authority to and does not vote proxies on behalf of BBAE Asset Allocator or BBAE Self-Direct Clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in client portfolios. Clients will receive proxies and other solicitations directly from the designated custodian.

.

BBAE will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held or previously were held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements.

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 18 - Financial Information**

BBAE does not require or solicit the prepayment of any fees, and does not have any adverse financial condition that is reasonably likely to impair our ability to continuously meet our contractual commitments to our Clients.

Registered investment advisers are required in this Item to provide you with certain financial information or disclosures about an adviser's financial condition. BBAE 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

## **FORM ADV PART 2 CLIENT BROCHURE**

### **Item 19 - Privacy Policy**

BBAE does not disclose nonpublic personal information about its clients or former clients to any persons other than as described below. BBAE collects information about its clients (such a name, address, social security number, assets and income) from its website, discussions with clients, from documents that clients may deliver to BBAE (such as account applications) and in the course of providing services. In order to service its client accounts and effect client transactions, BBAE may provide client personal information to its affiliates and to firms that assist it in servicing client accounts and which have a need for such information. BBAE does not otherwise provide information about its clients to outside firms, organizations or individuals except as required by law. Any party that receives this information will use it only for the services and as allowed by applicable law or regulations, and is not permitted to share or use this information for any other purpose.