

Inkstone Securities, LLC

FORM ADV PART 2A WRAP FEE PROGRAM BROCHURE May 2020

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This wrap fee brochure provides information about the qualifications and business practices of Inkstone Securities, LLC and its registered investment adviser representatives. If you have any questions about the contents of this brochure, please contact us at (425) 495-9335 or ivan@inkstone-capital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority. Registration does not imply a certain level of skill or training. Additional information about Inkstone Securities, LLC also is available on the SEC's website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as a CRD number. Inkstone Securities, LLC's CRD number is 301827.

ITEM 2 MATERIAL CHANGES

There have been no material changes since the last filing.

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ITEM 4 SERVICES, FEES & COMPENSATION

A. FIRM DESCRIPTION

Inkstone Securities, LLC (or “the Firm” or “Inkstone”) was founded in March 2019 as a Delaware limited liability company. Inkstone is an investment advisor registered with the Securities and Exchange Commission (“SEC”). Inkstone is a Robo-Advisor and is a portfolio manager to the Inkstone Securities, LLC Wrap Fee Program.

B. ASSET MANAGEMENT SERVICES

Inkstone offers individuals and high net worth individuals (“Clients”) investment advisory services to provide Clients convenient and personalized access to portfolio management. This Wrap Fee Brochure is meant to help our Clients understand the nature of the advisory services offered by Inkstone, whether the advisory services offered by Inkstone are right for you, and the potential conflicts of interest associated with your participation in the Inkstone Securities LLC Wrap Fee Program. You should review it carefully.

Inkstone’s investors will be part of the Inkstone Securities LLC Wrap Fee Program. A wrap fee program is a common alternative to a typical advisory fee structure that provides Clients with advisory, execution and clearing and custodial services for one all-inclusive bundled fee with no additional account activity charges. In exchange for these “bundled” services, Clients pay an all-inclusive (or “wrap”) fee determined as a percentage of the assets held in the wrap account. As such, Inkstone charges Clients a management fee that covers the investment advisory services it provides, as well as the brokerage and custodial services provided by Redbridge Securities LLC, an unaffiliated broker-dealer (“Redbridge” or “Broker”). Your fee is bundled with our costs for executing transactions in your account(s). Please see Item 6 for additional information on brokerage consideration.

Prior to providing any services, Inkstone will provide Clients with an Investment Management Agreement (the “Agreement”). Under the Agreement, the Clients provide their current and anticipated financial condition as well as their investment objectives and risk tolerance. Inkstone begins by assessing our Clients’ risk profiles. The Clients are also provided a Customer Brokerage and Custody Agreement (the “Brokerage Agreement”) with Redbridge, which establishes the Client accounts and through which Redbridge provides the brokerage services.

Clients for whom Inkstone is providing investment management services under the wrap fee program grant Inkstone a limited power of attorney permitting BBAE Advisors, LLC (“BBAE” or the “Sponsor”) to buy and sell securities on Clients’ behalf, which are custodied with Redbridge. Redbridge was selected by the “Sponsor. The Sponsor is an investment advisor registered with the SEC. Inkstone’s Clients will have their trades executed through the Sponsor’s preferred broker, Redbridge, pursuant to the sub-advisor agreement between Inkstone and the Sponsor (the “Sub-Advisor Agreement”). Pursuant to the Sub- advisor agreement, Inkstone appoints the Sponsor as limited agent of the Advisor solely for the purpose of implementing the Advisor’s Program as follows:

- a. Reflect Advisor’s configuration of Advisor’s Program on the Client Portal;
- b. Implement the Questionnaire;

- c. Operate the Asset Allocator Program to (i) implement Advisor's selections, modifications and replacement of Portfolios for Clients' Program Accounts, and (ii) perform the automatic rebalancing for Clients' Program Accounts; and
- d. Carry out the trade order management process via its clearing firm.

The Inkstone platform maintains and monitors Clients' individual account parameters. This review may include types of account, investment objectives, overall financial conditions, personal and business assets, risk tolerances, and other factors unique to Clients' individual situations. Based on our Clients' parameters, the Sponsor will develop customized investment portfolios. Periodic reviews of Clients' investment programs may result in our Clients' programs being revised by the Sponsor, from time to time.

Portfolio Models

Inkstone offers portfolio management services to Clients by providing real-time access to affordable, professional and customized portfolio management, ranging from highly conservative to very aggressive.

Under the Inkstone Consultancy Limited Wrap Fee Program, the Firm will be offering its Clients four general investment models to choose between, three of which are generated by BlackRock; Long Horizon and Target Income and Target Allocation.

Target Income ETF Model

The Target Income ETF Model is based on a fixed-income investment strategy. We will be offering a range of model income returns with varying levels of risk, including:

- Core Income – seeks to generate a yield similar to the Bloomberg Barclays U.S. Aggregate Bond Index with less risk;
- Moderate Income – seeks to generate more yield than the Bloomberg Barclays U.S. Aggregate Bond Index with approximately the same risk;
- High Income – seeks to generate significantly more yield than the Bloomberg Barclays U.S. Aggregate Bond Index with more risk;
- Aggressive Income – seeks to generate substantially more yield than the Bloomberg Barclays U.S. Aggregate Bond Index by taking on significantly more credit and rate risk to achieve that objective.

This model utilizes ETFs that contain a combination of Treasuries, Mortgage-Backed Securities, Credit, and Non-U.S. Government Funds.

Long Horizon ETF Model

The Long Horizon ETF Model is designed to provide comprehensive, long-term asset allocation. The strategy offers a range of solutions across multiple client risk profiles

- The Model accommodates a spectrum of risk tolerance levels. As a client's risk tolerance level increases, the equity to bond ratio for the client increases from a lower concentration in equity and higher concentration in bonds.
- The Model utilizes a combination ETFs that contain U.S. Fixed Income, U.S. Equities, and International Equity securities.

Target Allocation ESG ETF Model

- Designed to help assemble foundational portfolios using ESG ETFs
- Models are designed to offer exposure to companies that exhibit environment, social, and governance (ESG) characteristics
- Utilizes a combination of U.S. Fixed Income, International Fixed Income, U.S. Equity, and International Equity.

Modern Portfolio Model

The Firm utilizes an affiliated third party algorithm vendor, Polaris, which implements Modern Portfolio Theory ("MPT") in its portfolio construction. 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.

The MPT strategy is a robo-adviser generated portfolio. Accordingly, Clients should be aware that the MPT strategy uses an algorithm to manage individual Client accounts. The algorithm generates five recommended portfolios that are categorized based on the risk levels in the portfolios. Individual Client accounts are assigned to one of these five portfolios based upon the outcome of the investor questionnaire and are invested and rebalanced by the algorithm. The algorithm relies on back-tested information, and, thus, may not operate as expected or intended when events having few or no historical antecedents occur.

Without rebalancing, the portfolio generated by the algorithm will not stay optimized over time. The algorithm used to manage Client accounts might rebalance Client accounts without regard to market conditions or on a more frequent basis than the Client might expect and the algorithm may not address prolonged changes in market conditions. The Sponsor may halt trading or take other temporary defensive measures in stressed market conditions.

Polaris, an affiliated third party, owns and manages the algorithm and provides Inkstone with access to the algorithm used to manage accounts that have selected the MPT strategy option. Accordingly, Inkstone is relying upon information provided by Polaris in providing investment advice to Clients. Inkstone currently is not charged by Polaris for use of this algorithm, but this may change in the future. Polaris has the right to terminate Inkstone's use of and access to the algorithm with the consent of the Sponsor and 12 months advance notice. In such event, Inkstone will use its best efforts to seek a replacement algorithm for use in the MPT strategy as soon as possible. The questionnaire is used by Inkstone that is offered to Clients as the sole basis for Inkstone's advice, and if and when a Client has a material change to its financial standing or risk tolerance the Client should promptly update information he or she has provided to Inkstone.

In its management of Clients' portfolios, Inkstone will seek to ensure that certain conditions are met and maintained. Clients have to ability to manually adjust their risk levels for their portfolio. The Client's portfolios will automatically recalibrate based on their selections to be adjusted and tailored to the Client's risk level. The software-based advisory services generally include preselected ETFs and/or stocks for each asset class within the plans recommended to Clients by Inkstone. Clients must promptly notify Inkstone of any change to their financial situations or investment objectives that might require a review or revision of their portfolios. The investment advisor representative will be reasonably available to Clients for consultation on these matters and will act on any changes in financial circumstances deemed to be material or appropriate as soon as practical after the investment advisor representative is notified in writing by Clients.

At any time, Clients may terminate an account or withdraw all or part of an account, or update their investment profits, which may initiate an adjustment in the account holdings. Unless otherwise directed by Clients, Inkstone will sell the securities in their accounts (or a portion of the account in the case of a partial withdrawal or update) at market price at or around the time of termination, withdrawal or update.

The Client will answer several questions about their risk tolerance levels, investment objectives, financial information and personal information, including age, income and assets. Based on the responses provided by the Client, an algorithm will recommend a portfolio suitable for the Client. However, based on communications with the Client, Inkstone has the ability to override the algorithm,

Inkstone currently does not have any assets under management.

Self-Directed Services

Included in the Wrap-Fee program, Inkstone is offering clients to open an account with Redbridge to perform self-directed trading. Inkstone will not have discretionary authority on any assets under the self-directed services. There will be an \$8.00 monthly operational fee on any assets involved in the self-directed program.

C. FEES AND COMPENSATION

The annual account fee is non-negotiable and is based on the following chart for the Inkstone asset management service (the "Wrap Fee"):

Type of Clients	Management Fee	Performance Fee	Operational Fee
Non-Qualified U.S. Residents*	2.0% of assets under management per year	0	\$8 on a monthly basis
Qualified U.S. Residents*	1.0% of assets under management per year	10%	\$8 on a monthly basis
Non-U.S. Residents	1.0% of assets under management per year	10%	\$8 on a monthly basis

*Qualified clients are defined by the S.E.C. as clients with at least \$1 million of assets under management with the adviser, or a net worth of at least \$2 million.

Our firm's fees are billed on a pro-rata annualized basis monthly in arrears based on the value of your account on the last day of the previous month. Fees will be automatically deducted from your managed account. Please note that fees will be adjusted for deposits and withdrawals made during the month. As part of this process, Clients must understand and acknowledge the following:

1. Redbridge sends statements at least quarterly to you showing all disbursements for your account, including the amount of the advisory fees paid;
2. Clients provide authorization permitting fees to be directly paid by these terms; and
3. Redbridge calculates the advisory fees and deducts them from the Client accounts.

Pursuant to the Sub-Advisor Agreement, Redbridge, as the preferred broker and custodian for the Sponsor, will first pay the advisory fees deducted from Client accounts to the Sponsor. Per the sub-advisory agreement, the Sponsor receives 30% of all income from Inkstone.

Clients will not have to pay any fees in addition to the Wrap Fee, which includes the Sponsor's fee. However, other advisers providing similar services may require clients to pay for their own transaction expenses, including, but not limited to, investment-related expenses (such as brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments); any applicable tax liabilities (including transfer taxes and withholding taxes); and other similar expenses related to their account in addition to advisory fees.

A wrap fee program allows our Clients to pay a specified fee for investment advisory services and the execution of transactions. The advisory services may include portfolio management and the fee is not based directly upon transactions in your account. Your fee is bundled with our costs for executing transactions in your account(s). This results in a higher advisory fee to you.

Inkstone does not charge Clients higher advisory fees based on their trading activity, but you should be aware that we may have an incentive to limit our trading activities in your account(s) because we are charged for executed trades. By participating in a wrap fee program, you may end up paying more or less than you would through a non-wrap fee program where a lower advisory fee is charged, but trade execution costs are passed directly through to you by the executing broker.

You may pay product or custodial fees, charges imposed directly by a mutual fund, index fund, or exchange traded fund which shall be disclosed in the fund's prospectus (i.e., fund management fees and other fund expenses), mark-ups and mark-downs, spreads paid to market makers, wire transfer fees and other fees and taxes on brokerage accounts and securities transactions. These fees are not included within the wrap-fee you are charged by our firm and Inkstone does not benefit directly or indirectly from any such fees. An ETF typically includes embedded expenses that may reduce the ETF's net asset value, and therefore may directly affect the ETF's performance and indirectly affect Clients' portfolio performances or an index benchmark comparison. Expenses of an ETF may include 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 issuers.

Our investment advisory representatives receive a portion of the advisory fee that you pay us, either directly or as a percentage of your overall fee or as their salary from our firm. In cases where our investment advisory representatives are paid a percentage of your overall advisory fee, this may create an incentive to recommend that you participate in a wrap fee program rather than a non-wrap fee program (where you would pay for trade execution costs) or brokerage account where commissions are charged. This is because, in some cases, we may stand to earn more compensation from advisory fees paid to us through a wrap fee program arrangement if your account is not actively traded.

ITEM 5 ACCOUNT REQUIREMENTS & TYPES OF CLIENTS

A. ACCOUNT REQUIREMENTS

Inkstone requires a minimum account size of US \$5000. All Client accounts are opened and maintained according to the Agreement between Clients and Inkstone.

In order to open a Wrap Fee Program account with Inkstone, Clients must establish a brokerage relationship with Redbridge, a FINRA member broker-dealer. By entering into the Agreement with Inkstone, Clients authorize and direct Inkstone to place all trades in their accounts through Redbridge. As such, Redbridge will maintain all Client accounts and execute all securities transactions in their accounts without separate commission costs or other fees. Redbridge's procedures are designed to make every attempt to obtain the best execution possible, although there can be no assurance that it can be obtained. Clients should understand that the appointment of Redbridge as the sole broker for their accounts under this Wrap Fee Program may result in disadvantages to Clients as a possible result of less favorable executions than may be available through the use of a different broker-dealer.

The Sponsor trades in Client accounts for any number of reasons, including in response to Client actions such as asset allocation changes, deposits or withdrawals. The Sponsor also trades in order to rebalance Client accounts, to change investment options or otherwise to further the investment objectives that Clients specify via the Inkstone website. The portfolio is adjusted in real time upon (1) receiving initial Client information from Inkstone, (2) receiving updated information from Clients about their risk tolerances or (3) receipt of risk related adjustments from Inkstone. However, transactions will be subject to processing delays in certain circumstances. Trading for new portfolios and adjustments to existing portfolios will generally occur on the same business day, subject to the Sponsor's and Inkstone's trading policies, except where Clients have not yet funded their accounts.

B. TYPES OF CLIENTS

Inkstone's Clients include individuals and high net worth individuals.

ITEM 6 PORTFOLIO MANAGER SELECTION AND EVALUATION

Inkstone and its related persons act as sponsor for the Wrap Fee Program and have selected BBAE as the Sponsor. The Sponsor directly manages the portfolios of Clients pursuant to their Client Agreements. This may create a conflict of interest in that other investment advisory firms may charge the same or lower fees than our firm for similar services. Inkstone requires its portfolio managers to meet firm or industry experience levels and complete specialized training unless they possess equivalent portfolio management experience. Inkstone evaluates a variety of information which may include the portfolio manager's investment strategies, past performance returns and financial strength, technology, portfolio customization model and portfolio rebalancing decision model, among other factors. Inkstone will consider replacing a portfolio manager if, based on its independent judgment, the portfolio manager does not meet return expectations.

Inkstone will use industry standards to calculate portfolio manager performance to determine and verify its accuracy and compliance with presentation standards. The performance information is reviewed at least monthly and is reviewed by Inkstone.

ITEM 7 CLIENT INFORMATION PROVIDED TO SPONSOR

Inkstone communicates with the Sponsor on a regular basis as needed (daily, weekly, monthly, etc.) to ensure our Clients' most current investment goals and objectives are understood by the Sponsor. In most cases, Inkstone will communicate such information as part of its regular investment management duties. Nevertheless, Inkstone will also communicate information to the Sponsor when requested by Clients, when market or economic conditions make it prudent to do so, etc.

Inkstone's investment advisers have access to all Client information obtained by Inkstone, in order to be able to communicate with Clients should any questions about their accounts arise. Because BBAE is the sponsor for Inkstone Clients, BBAE will also have access to Client information obtained by Inkstone for the particular accounts they manage. Such information includes Client identifying information such as name, address and tax ID; investment profile information such as investment objective and risk tolerance; and administrative information such as disbursement requests, statements, confirmations and other documents prepared by the custodian or Broker.

ITEM 8 CLIENT CONTACT WITH PORTFOLIO MANAGERS

For the programs described in this Brochure, most Client contacts and communications regarding participation in the Wrap Fee Program will occur through contact with Inkstone via email, the Inkstone website, or the Inkstone website. However, Clients may contact Inkstone at any time during normal business hours. Normal business hours are 10 am to 6 pm Beijing Time. Inkstone will generally conduct all communications with Clients, except that Clients may be referred to the Sponsor directly for complex and non-routine questions or communications. Inkstone will

make reasonable efforts to be available to Clients to discuss management of their accounts, their financial situation and investment objectives. If Inkstone is not available, calls will automatically be forwarded to the Sponsor who will respond to Client communications.

ITEM 9 ADDITIONAL INFORMATION

A. DISCIPLINARY INFORMATION

Inkstone is required to disclose whether there are legal or disciplinary events that are material to our Clients' or prospective Client' evaluation of Inkstone's advisory business or the integrity of its management. None of Inkstone, its principals, or its employees have been involved in any legal or disciplinary proceedings related to past or present investment advisory Clients.

B. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Inkstone is not a registered broker-dealer and does not have an application pending to register as a broker-dealer. Furthermore, none of Inkstone management or supervised persons is a registered representative of a broker-dealer and no such person has an application pending to become a registered representative of a broker-dealer.

Inkstone is not a registered futures commission merchant, commodity pool operator, or commodity trading advisor and does not have an application pending to register as such. Furthermore, none of Inkstone's principals or supervised persons is registered as, or has an application pending to register as, an associated person of any of the foregoing types of firms.

Inkstone is not affiliated with an insurance company or agency which receives commissions or fees. Inkstone does not have any other arrangements with a related person who is a broker- dealer, investment company, other investment advisor, financial planning firm, commodity pool operator, commodity trading adviser, futures commission merchant, banking or thrift institution, accounting firm, law firm, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships other than those already disclosed herein.

As discussed in Item 4 above, Inkstone uses BBAE as its Sponsor and pays BBAE a fee. Inkstone and BBAE are otherwise unaffiliated and are not related persons.

C. CODE OF ETHICS, PARTICIPATION IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Inkstone has adopted a Code of Ethics (the "Code") for all supervised persons of the Firm. The Code summarizes the Firm's values, ethical standards and commitment to address potential conflicts of interest that arise from its activities. Policies and procedures have been designed to implement the principles in the Code. Inkstone will provide a copy of its Code of Ethics to Clients or prospective Clients upon request.

Inkstone does not manage any "proprietary" investment accounts; i.e., accounts that are funded with the Firm's own money and are intended to create profits for the Firm. Accordingly, Inkstone in the ordinary course does not compete with Clients in the market for securities. Similarly, Inkstone does not use its own money to trade as a counterparty with Client accounts.

Inkstone's employees may at any time buy or sell securities that are also held by Clients. This practice may present a conflict of interest in that employees may have an incentive to place trades in order to benefit from any price movements resulting from Client trades. However, our Code of Ethics requires employees to act in the best interests of Clients.

D. REVIEW OF ACCOUNTS

Inkstone regularly reviews and evaluates Client accounts for compliance with Clients' investment objectives, policies and restrictions. The Firm analyzes rates of return and allocation of assets to determine model strategy effectiveness. Such reviews are conducted by I-Fa Chang.

In all cases, portfolios are reviewed when significant cash or securities are added to or withdrawn from the account or when Inkstone is advised of a change in circumstances that warrants a change in management of the account. Other events that may trigger a review include asset allocation imbalances or significant model or investment strategy changes. Inkstone utilizes various tools and quality control reports available with its custodians and broker-dealers to identify these triggers.

Inkstone has adopted policies and procedures governing the review of its Clients' accounts. Inkstone may not review each individual Client's account, but rather will make sure the underlying algorithms for its model portfolios are working properly to manage the Clients' assets according to their investment guidelines.

Inkstone will provide real-time account balances and returns to Clients via their online console, which is also available through their website and is supported by the Sponsor. Redbridge will also provide Clients at least quarterly statements. Additionally, Clients will receive written statements detailing the portfolio performance no less than quarterly from Redbridge. Clients are advised to carefully review and compare reports and statements provided by Redbridge.

E. CLIENT REFERRALS AND OTHER COMPENSATION

Inkstone and its related persons do not receive an economic benefit (such as sales awards or other prizes) from any third party for providing investment advice or other advisory services to its Clients. However, we may receive from a broker-dealer or a fund company, without cost and/or at a discount, certain services and/or products, to assist in monitoring and servicing Client accounts. These may include investment-related research, pricing information and market data, software and other technology that provide access to Client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted or free attendance at conferences, meetings, and other educational or social events, marketing support, computer hardware or software, and other products used by us to assist us in our investment advisory business operations. Inkstone and its related persons currently have no arrangements with unaffiliated third parties in order to market the firm or its investment strategies. We do not pay referral fees (non-commission based) to independent solicitors (non-registered representatives) for the referral of their Clients to Inkstone.

F. FINANCIAL INFORMATION

Inkstone does not require nor solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance. Inkstone is not presently aware of any financial condition that is reasonably likely to impair our ability to meet contractual commitments to our Clients.

Inkstone has not been the subject of a bankruptcy petition at any time during the last 10 years.

PRIVACY POLICY

Inkstone Securities, LLC does not disclose nonpublic personal information about its Clients or former Clients to third parties other than as described below. Inkstone collects information about its Clients (such as name, address, social security number, assets and income) from the Firm's discussions with Clients, from documents that Clients may deliver to the Firm (such as subscription documents) and in the course of providing services to Clients. In order to service Clients' accounts and effect investment transactions, Inkstone may provide Clients' personal information to the Firm's affiliates and to firms that assist Inkstone in servicing Client accounts and have a need for such information, such as portfolio managers, brokers, distributors, legal counsel, fund administrators, or accountants. Inkstone does not otherwise provide information about Clients to outside firms, organizations, or individuals except as required or permitted by law. Any party that receives this information will use it only for the services required and as allowed by applicable law or regulation, and is not permitted to share or use this information for any other purpose.