Item 1 - Cover Page

Ab Initio Financial LLC

Registered Investment Adviser
CRD # 325309

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Form ADV Part 2A
Firm Brochure

April 19, 2023

This brochure provides information about the qualifications and business practices of Ab Initio Financial LLC. Please contact Brett Showalter, President and Chief Compliance Officer, at 630-346-8919 if you have any questions about the content of this brochure.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (SEC) or any state securities administrator. Additional information about Ab Initio Financial LLC is available on the SEC's website at www.adviserinfo.sec.gov. Click on the "Investment Adviser Search" link and then search for "Investment Adviser Firm" using the firm's IARD ("CRD") number, which is 325309.

While the firm and its associates may be registered and/or licensed within a particular jurisdiction, that registration and/or licensing itself does not imply an endorsement by any regulatory authority, nor does it imply a certain level of skill or training on the part of the firm or its associated personnel.

Item 2 - Material Changes

This is an original filing; there are no material changes to disclose. For future filings, this section of the brochure may address only those material changes that have occurred since the firm's last annual update.

The firm may at any time update this document and either send a copy of its updated brochure or provide a summary of material changes to its brochure and an offer to send an electronic or hard copy form of the updated brochure. Clients are also able to download this brochure from the SEC's website at www.adviserinfo.sec.gov or may contact our firm at 630-346-8919 to request a copy at any time.

As with all firm documents, clients and prospective clients are encouraged to review this brochure in its entirety and are encouraged to ask questions at any time prior to or throughout the engagement.

Item 3 - Table of Contents

Information/Terms Found in Brochure

Throughout this document Ab Initio Financial LLC may be referred to as “the firm,” “firm,” “our,” “we,” or “us.” The client or prospective client may be also referred to as “you,” “your,” etc., and refers to a client engagement involving a single *person* as well as two or more *persons*, including legal entities and natural persons. In addition, the term “advisor” and “adviser” are used interchangeably where accuracy in identification is necessary (i.e., firm name, internet address, regulatory term/reference, etc.).

Our firm maintains a business continuity and succession plan that is integrated within the organization to ensure it appropriately responds to events that pose a significant disruption to its operations. A statement concerning the current plan is available under separate cover upon request.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may be obtained by reviewing information available on the SEC’s website at www.adviserinfo.sec.gov.

Item 4 - Advisory Business

Description of Firm

Ab Initio Financial LLC is an Illinois domiciled limited liability company formed in January of 2023 for general business purposes and became registered as an investment adviser during April of 2023. Our firm is not a subsidiary of, nor controls, another financial services industry entity.

Brett M. Showalter is the firm's President, Chief Compliance Officer (supervisor), and Managing Member. He maintains controlling interest in the firm. Additional information about Mr. Showalter, his education and professional experience can be found toward the end of this brochure in Item 19 and in his accompanying Form ADV Part 2B brochure supplement.

Description of Services

Ab Initio Financial LLC is a fee-only financial planning firm that focuses on areas such as cash flow and budgeting, funding a college education, retirement planning, risk management, and estate or tax planning, among others. We periodically present educational workshops involving various financial topics. Our services are described in this section (Item 4), and our fee schedule can be found in Item 5.

Our firm does not sponsor or serve as portfolio manager for an investment program involving wrapped (bundled) fees, nor do we provide ongoing and continuous supervision of a client's investment account. Due to the nature of our advisory services, we do not have reportable assets under management.

An initial interview with the prospective client is conducted to discuss their current situation, long-term goals, and the scope of services that may be provided by our firm. Prior to or during this first meeting the client will be provided with this Form ADV Part 2 firm brochure that includes a statement involving the firm's privacy policy (see Item 11), as well as a brochure supplement about the client's representative. Any material conflicts of interest will be disclosed involving the firm and its associates that could be reasonably expected to impair the rendering of unbiased and objective advice, such as information found in Item 10 of this firm brochure.

If the prospective client wishes to engage our firm for its services, we must first enter into a written agreement. Thereafter, further discussion and analysis will be conducted to determine financial needs, goals, holdings, etc. Depending on the scope of the engagement, the client may be asked to provide copies of the following documents early in the process:

- wills, codicils, and trusts
- insurance policies, including information about riders, loans, and amendments
- mortgage information
- tax returns
- student loans
- divorce decree or separation agreement
- current financial specifics including W-2s, 1099s, K-1 statements, etc.
- information on current retirement plans and other benefits provided by an employer
- statements reflecting current investments in retirement and non-retirement accounts
- employment or other business agreements, and
- completed risk profile questionnaires or other forms provided by our firm.

It is important that we are provided with an adequate level of information and supporting documentation throughout the term of the engagement including but not limited to source of funds, income levels, among other information that may be necessary for our services. The information and/or financial statements provided to us needs to be accurate. Our firm may, but is not obligated to, verify the information that has been provided to us which will then be used in the advisory process.

Financial Planning

A description of our services is provided in the following paragraphs, and an estimate of the time needed to complete each component is shown, although the time needed to complete these services may vary depending on the complexity of the engagement. Our services may be broad-based or more narrowly focused as the client desires. If several or all the services described below are provided together, the total time needed to complete these services may be less than the time it would take to complete each service separately over time because of the efficiency gained by combining more than one service. Each client receives a written plan in printed or digital format at the end of the process that is tailored to their situation.

Cash Flow Analysis and Debt Management (5-10 Hours)

A review of income and expenses may be conducted to determine the client's current surplus or deficit. Based upon the results, we might recommend prioritizing how any surplus should be used, or how to reduce expenses if they exceed income. In addition, advice on the prioritization of which debts to repay may be provided, based upon such factors as the debt's interest rate and any income tax ramifications. Recommendations may also be made regarding the appropriate level of cash reserves for emergencies and other financial goals. These recommendations are based upon a review of cash accounts (such as money market funds) for such reserves and may include strategies to save desired reserve amounts.

Risk Management (2-5 Hours)

A risk management review includes an analysis of exposures to major risks that could have a significant adverse impact on the client's financial picture, such as premature death, disability, or the need for long-term care planning. Advice may be provided on ways to minimize such risks and about weighing the costs of purchasing insurance versus the benefits of doing so and, likewise, the potential cost of not purchasing insurance ("self-insuring"). We are not an insurance agency, nor do we have licensed insurance agents on staff, but we will assist the client in finding a licensed agent if they are interested in acquiring an insurance contract. We do not receive compensation from an insurance entity for such introductions.

Employee Benefits (2-5 Hours)

A review is conducted, and analysis is made as to whether the client, as an employee, is taking maximum advantage of their employee benefits. We will also offer advice on the client's employer-sponsored retirement plan, deferred compensation, stock options, along with other benefits that may be available.

Personal Retirement Planning (5-10 Hours)

Retirement planning services typically include projections on the likelihood of achieving a financial goal(s), with financial independence usually the primary objective. For situations where projections show less than the desired results, a recommendation may include showing the impact on those projections by making changes in certain variables (i.e., working longer, saving more, spending less, taking more risk with investments). If a client is near retirement or already retired, advice may be given on appropriate distribution strategies to minimize the likelihood of running out of money or having to adversely alter spending during retirement years.

Education Planning (2-5 Hours)

Advice may include projecting the amount that will be needed to achieve post-secondary education funding goals, along with savings strategies and the "pros-and-cons" of various college savings vehicles that are available. We are also available to review a client's financial picture as it relates to eligibility for financial aid or the best way to contribute to other family members.

Tax Planning Strategies (2-5 Hours)

General advice may include ways to minimize current and future income taxes as a part of the client's overall financial planning picture. For example, recommendations may be offered as to which type of account or specific investments should be owned based in part on their "tax efficiency," with consideration that there remains the possibility of future changes to federal, state, or local tax laws and rates that may impact the client's situation. We are not an accounting firm, nor do we provide tax preparation services. Contact information for an accountant or tax attorney is available if you do not have one on retainer (we do not receive compensation for these introductions).

Estate Planning and Charitable Giving (5-10 Hours)

Our review typically includes an analysis of a client's exposure to estate taxes and their current estate plan, which may include whether they have a will, powers of attorney, trusts, and other related documents. We may assess ways to minimize or avoid estate taxes by implementing appropriate estate planning and charitable giving strategies. We are not a law firm, and we encourage clients to consult with an experienced attorney when they initiate, update, or complete estate planning activities, and we may provide contact information for attorneys who specialize in estate planning (we are not compensated for these referrals).

Divorce Planning (5-10 Hours)

Separation or divorce can have a major impact on a client's goals and plans. We will work with the client to help them gain an understanding of their unique situation and provide them with a realistic financial picture so that they are in a better situation to communicate with legal counsel, a mediator or soon to be ex-spouse. We can assist in the completion of cash flow and net worth projections, budgetary analysis, as well as help them to understand the financial consequences of a settlement.

Investment Consultation (3-5 Hours)

The Investment consultation component of our financial planning services often involve providing information on the types of investment vehicles available, an investment analysis and strategy, portfolio design, as well as limited assistance if a client investment account is maintained at another broker/dealer or custodian ("held-away" account). Our portfolio strategies and types of investments that may be recommended are further discussed in Item 8 of this brochure.

Business Consultation (5-10 Hours)

We are available to assist businesses in a variety of ways to include corporate finance advice and budgeting, employee retention and retirement strategies, as well as coordination with financial institutions, corporate attorney, or an accounting firm. We do not however serve as a retirement plan fiduciary, plan adviser or retirement plan investment manager as defined in § 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA) or as an ERISA § 3(38), nor do we serve as an ERISA § 3(16) plan third-party administrator, but we will assist in identifying these entities if they are of interest to the plan sponsor.

Broad-Based versus Modular Planning

A financial plan requires detail and certain variables can affect the time involved in the development of the plan, such as the quality of your own records, complexity and number of current investments, diversity of insurance products and employee benefits you currently hold, size of the potential estate, and special needs of the client or their dependents, among others. At your request, we may concentrate on reviewing only a specific area (limited or "modular" planning), such as focusing on your employer's retirement plan allocation, funding a child's education, etc. Note that when our services focus only on certain areas of your interest or need, your overall situation or needs may not be fully addressed due to limitations you may have established. Whether we have created a broad-based or modular plan, we will present you with a summary of our recommendations and guide you in their implementation when appropriate. In all instances involving our engagements, our clients retain full discretion over all planning implementation decisions and are free to accept or reject any planning recommendation that we make.

Educational Workshops

We provide periodic complimentary educational seminar sessions about personal finance and investing. Topics may include issues related to general financial planning, educational funding, estate planning, retirement strategies, implications involving changes in marital status, and various other current economic or investment topics. Our workshops are educational in nature and do not involve the solicitation of insurance or investment products, nor do our general sessions offer specific advice to attendees.

Retirement Plan Advice and Rollovers

As a registered investment adviser, our firm is a fiduciary to every client, thus we are obligated to always act in our clients' best interest. In addition to our fiduciary status as an investment advisory firm, when our firm provides advice to retirement investors, such as advice about an employer-sponsored retirement plan, individual retirement account (IRA) or other qualified retirement plan, we may also be considered by the US Department of Labor and the Internal Revenue Service to be acting as a fiduciary under Title I of Employee Retirement Income Security Act of 1974 (ERISA) and the Internal Revenue Code. These fiduciary obligations include requirements that we disclose our services and fees, conflicts of interest, and the reasons our recommendations are in the client's best interests.[1] After an analysis of the client's situation and their retirement plan documents, we will consider relevant factors including but not limited to the following:

- alternatives to rolling the employer plan to an IRA, including leaving the money in an employer's retirement plan (if permitted); rolling the money to a new employer plan if available; or cashing out
- fees and expenses associated with both the employer's plan and the rollover IRA (or other alternatives such as noted above) and whether the employer currently pays for some or all the plan's expenses
- different levels of services and investments available under the employer plan and the rollover IRA, and other alternatives
- whether the rollover is appropriate considering any additional costs and the resultant decrease in the client's return
- treatment of withdrawals under each alternative (e.g., penalties up to age 55 vs. 59½ years old)
- protection from creditors and legal judgments (unlimited vs. bankruptcy only; federal- and state-specific)
- required minimum distributions

[1] This Form ADV Part 2A firm brochure serves as our ERISA §408(b)(2) disclosure in accordance with the US Department of Labor.

- tax implications of rolling shares of employer stock, and
- impact of economically significant investment features such as surrender schedules and index annuity cap and participation rates (such as in an employer-sponsored § 403(b) plan account).

The potentially affected client will be made aware of conflicts of interest including but not limited to whether our firm will profit from a recommendation through financial planning fee, and whether services we offer are already provided by or available through the client's current retirement plan, and potentially at no additional cost.

Item 5 - Fees and Compensation

Forms of payment are based on the types of services being provided, term of service, etc., and will be stated in our engagement agreement. Our published fees are negotiable, and we may waive or discount our fees for our associates, their family members, as well as military personnel/veterans. We strive to offer fees that are fair and reasonable considering the experience of our firm and the services to be provided; similar services may be made available from other advisers and potentially at a lesser fee.

Our firm does not accept cash, money orders or similar forms of payment for its engagements. Fees are to be paid to our firm by check or bank draft from US-based financial institutions. With the client's prior authorization, payment may also be made by credit or debit card through a qualified, unaffiliated PCI compliant[2] third-party processor. We do not withdraw our fees from a client's investment account held at their custodian of record. Payment requests for our advisory fees will be preceded by our invoice.

Fee Schedule

Broad-Based Plans

We encourage clients to complete a broad-based plan to identify and plan for a range of key financial and investing matters. Our fee for the plan is $5,500 for a single-member household and $6,300 for married households. A deposit equaling one-half of the quoted fee will be due upon execution of the engagement agreement, and the remaining portion upon plan delivery. We will discount the fee by $500 if the client utilizes our online planning data gathering tool. The financial planning engagement ends upon plan delivery.

Retainer Services

We understand that some clients prefer to work on their plan in segments and have us assist them over the course of the year to ensure various planning action items are accomplished. To do this we are paid a fixed ("retainer") fee at the rate of $4,200 for a single-member household and $5,000 for married households. We will discount the planning fee by $500 if the client utilizes our online planning data gathering tool. The fee is paid to our firm on a quarterly basis, in arrears, and is due within the first 10 calendar days following each quarter. If we begin the engagement mid-cycle, will prorate the first quarter's fee based on the number of days remaining in the first billing cycle. The engagement ends at the anniversary date of the initial engagement unless the client agrees, in writing, to continue the relationship.

Hourly/Limited Planning

Clients interested in a limited number of planning components (e.g., retirement planning only engagement, etc.) will be assessed an hourly fee at the rate of $200 per hour; billed in 30-minute increments, and partial increments (e.g., 10 minutes) will be treated as a whole increment (rounded up). We ask clients to refer to

[2] We do not retain debit/credit card data. For an explanation of the term "PCI," the PCI Security Standards Council, and comprehensive standards to enhance payment card data security, go to https://www.pcisecuritystandards.org/security_standards/index.php

our explanation of financial planning services components and the estimated time involved for each. Prior to entering into an agreement with our firm, the client will receive an estimate of the overall cost based on their planning requirements and the time involved. A deposit equaling one-half the quoted fee will be due upon execution of the engagement agreement, and the remaining portion upon plan delivery. However, an hourly engagement lasting more than one month will be billed at the end of each month for time incurred. Our financial planning invoice will be provided each time we assess our fee, and it will include the fee to be charged, the time period covered by the fee, and the fee calculation itself. The financial planning engagement ends upon plan delivery.

Note that we will not collect an advanced fee from a client of $500 or more for a planning service that we have agreed to perform six months or more into the future.

Educational Workshops

Workshops sessions are complimentary; no fee is assessed.

Termination of Services

An agreement is considered entered into when all parties to the agreement have signed it. However, either party may terminate the agreement at any time by communicating the intent to terminate in writing. If a client of our firm does not receive our Form ADV Part 2 firm brochure at least 48 hours prior to entering into our firm's agreement, then that client has the right to terminate the engagement by written notice without penalty within five business days after entering into the contract. If a client terminates a broad-based or hourly planning service after this five business-day rescission period, the client is assessed fees at the firm's hourly rate, less any prepaid amount, for any time incurred in the preparation of the client's analysis or plan. When a retainer services client terminates the agreement after the five business-day rescission period, that client will be assessed fees on a prorated basis for services incurred from either (*i*) as a new client, the date of the engagement to the date of the firm's receipt of the written notice of termination, or (*ii*) thereafter, the last billing period to the date of the firm's physical or constructive receipt of written termination notice.

Our firm will return any prepaid, unearned fees within 30 calendar days of the firm's receipt of termination notice. If there is to be a refund, the returned fee will be accompanied by a terminating invoice containing the fee charged by our firm (if any), less any prepaid amount, as well as the formula used to calculate our fee, the time period covered by the fee, and the fee calculation itself. Any earned fees by our firm, in excess of a prepaid deposit, will be billed at the time of termination and will be due by the client upon receipt of our terminating invoice.

Potential Additional Fees

Any custodian transactional or service fees (termed *brokerage fees*), individual retirement account fees, qualified retirement plan fees, account termination fees, or wire transfer fees will be borne by the account holder per the custodian of record's separate fee schedule. Fees paid by our clients to our firm for our advisory services are separate from any internal fees or charges a client may pay for mutual funds, exchange-traded funds (ETFs) or other similar investments. Additional information about our fees in relationship to our "brokerage practices" are noted in Item 12 of this document.

External Compensation involving Securities

Our advisory firm does not charge or receive a commission or a mark-up on securities transactions, nor will the firm or an associate be paid a commission on the purchase of a securities holding that is recommended to a client. We do not receive SEC Rule 12b-1 fees ("trails") from a mutual fund company that may be recommended to a client. Fees charged by such issuers are detailed in prospectuses or product descriptions and interested investors are always encouraged to read these documents before investing. Our firm and its associates receive none of these described or similar fees or charges. Our clients have the right to purchase recommended or similar investments through their own service provider (i.e., brokers, agents, etc.).

Item 6 - Performance-Based Fees and Side-By-Side Management

Our firm's advisory fees will not be based on a share of capital gains or capital appreciation (growth) of any portion of managed funds also known as performance-based fees. Our fees will also not be based on side-by-side management, which refers to a firm simultaneously managing accounts that do pay performance-based fees (such as a hedge fund) and those that do not.

Item 7 - Types of Clients

Ab Initio Financial LLC provides its services to individuals, high net worth individuals, as well as small businesses. We do not require minimum income, minimum asset levels or other similar preconditions for our services. Our firm reserves the right to decline services to any prospective client for any non-discriminatory reason.

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

Methods of Analysis

We utilize what we think is an appropriate blend of fundamental, technical, and cyclical analyses. For example, fundamental analysis may involve evaluating economic factors including interest rates, the current state of the economy, or the future growth of an industry sector. Technical and cyclical analysis may involve studying the historical patterns and trends of securities, markets, or economies as a whole in an effort to determine potential future behaviors, the estimation of price movement, and an evaluation of a transaction before entry into the market in terms of risk and profit potential. In addition to our own research, we may draw from sources that include:

- financial periodicals
- research reports from economists and other industry professionals
- company press releases and annual reports, and
- regulatory filings (i.e., prospectus, financial filings, etc.).

Investment Strategy

Ab Initio Financial LLC investment recommendations are based on the individual needs and goals of each client, and in a tax-efficient manner. Through personal discussions and fact gathering with clients, we determine the client's investment risk tolerance, investment time horizon, and investment objectives. We then develop portfolios tailored for each client. Based on a client's asset allocation requirements, our firm will recommend a portfolio that consists of a broad range of open and closed-ended mutual funds and ETFs, individual equities and fixed income securities (*aka*. stocks and bonds), options, master limited partnerships (MLPs), listed unit investment trusts (REITs), certificates of deposit (CDs), [3] as well as cash or similar holdings. The following information depicts the types of investment strategies we may suggest:

[3] Ab Initio Financial LLC does not issue CDs or other similar instruments, and is not a financial institution, nor a member of the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Association (NCUA), nor is required to be an FDIC or NCUA member. You may learn more about the FDIC or NCUA and how they serve financial institution depositors/members by going to their website at www.fdic.gov or www.ncua.gov. Securities recommended through our advisory firm are not FDIC or NCUA/NCUSIF-insured.

Modern Portfolio Theory

Modern Portfolio Theory centers around the idea of creating an efficient, or optimized, portfolio by combining various securities, asset classes, and investing styles with the goal of maximizing expected future return for each unit of expected risk. Long-term historical risk, return, and cross-asset correlation data and trends are utilized as a baseline for developing forward-looking risk and return expectations for individual investment categories or styles. These assumptions may then be adjusted to account for prevailing market or economic conditions, anticipated demographic shifts or changes in investor demand and fund flows, and shifts in perceived tail-risk probabilities to better account for current market environments. Modern Portfolio Theory influences asset allocation approach, but it traditionally does not incorporate specific consideration for the downside risk of portfolio components and the portfolio as a whole. Our firm believes that attention should be focused on the potential for "tail risk"[4] or "black swan"[5] events when constructing asset allocation portfolios and delivering investment advice to clients. This is accomplished with scenario analysis and portfolio stress testing via a thorough and critical review of back-tested portfolio performance at various points in history, coupled with real-world observations and insights regarding any unique risk factors present in the contemporary market environment.

Passive Management

Passive management involves investing in a portfolio intended to mirror the returns and risk characteristics of a broad-market index such as the S&P 500, NASDAQ 100, Russell 2000, etc. Various approaches are employed to achieve this result with varying levels of success. With passive strategies, the primary two factors for consideration are the strategies' success with replicating benchmark risk and return profiles, and the cost associated with employing the strategy. Clients more concerned with excessive fees than excess or risk-managed returns will generally prefer to invest through these types of strategies.

Core + Satellite Strategy

A Core + Satellite investment strategy blends passive and active investing, where passive investments are used as the basis or "core" of a portfolio and actively managed investments are added as "satellite" positions. The portfolio core holdings are indexed to potentially more efficient asset classes, while outlying selections are generally limited to active holdings to attempt to outperform a particular category (sector), or a selection of particular positions to increase core diversification, or to improve portfolio performance. For example, the core of a portfolio may be built with index funds or ETFs; then satellite holdings would include active investments (e.g., equities, equity funds, etc.) with unique strategies that are believed capable of adding value beyond a stated benchmark over a full market cycle.

Cash Management Positions

In an attempt to preserve capital during periods of higher market risk, we suggest the use cash or cash equivalents, such as US treasuries funds, money market funds, and even short or ultra-short duration corporate bond funds. The percentage of a portfolio's cash holdings may vary substantially based on what we think is the prevailing risk in the market and the client's risk tolerance. For example, when market risk is considered high, all or a portion of a portfolio's equity exposure could be moved to more stable short-term fixed income instruments and cash equivalent alternatives to preserve capital.

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[4] **Tail Risk** is a form of portfolio risk that arises when the possibility that an investment will move more than three standard deviations from the mean is greater than what is shown by a normal distribution.

[5] A **Black Swan** is an unpredictable event that is beyond what is normally expected of a situation and has potentially severe consequences. Black swan events are characterized by their extreme rarity, severe impact, and the widespread insistence they were obvious in hindsight.

Risk of Loss

Our firm believes its investment strategies are designed to produce the appropriate potential return for the given level of risk; however, there is no guarantee that a planning goal or investment objective will be achieved. Past performance is not necessarily indicative of future results. Investing in securities involves risk of loss that clients should be prepared to bear. While the following list is not exhaustive, we provide examples of such risk in the following paragraphs, and we believe it is important that our clients review and consider each prior to investing. Keep in mind that the following discussions involving stocks, bonds, currencies, etc., are often the underlying security(ies) of a mutual fund or ETF.

Active Management

A portfolio that employs an active management strategy at times may outperform or underperform various benchmarks or other strategies. In an effort to meet or surpass these benchmarks, active portfolio management may require more frequent trading or "turnover." This may result in shorter holding periods, higher transactional costs and/or taxable events generally borne by the client, potentially reducing, or negating certain benefits of active asset management.

Catastrophic Risk

Natural or man-made catastrophes can disrupt financial markets and impact securities prices. Examples include terrorist attacks, natural disasters, war, etc. Investment companies can use "exigent circumstances" or "force majeure" as a defense against claims of loss by investors.

Company Risk

When investing in securities, such as stocks, there is always a certain level of company or industry-specific risk that is inherent in each company or issuer. There is the risk that the company will perform poorly or have its value reduced based on factors specific to the company or its industry. This is also referred to as *unsystematic risk* and can be reduced or mitigated through diversification.

Core + Satellite Risk

Strategies involving Core + Satellite investing may have the potential to be affected by "active risk" (or "tracking error risk"), which might be defined as a deviation from a stated benchmark. Since the core portfolio attempts to closely replicate a stated benchmark, the source of the tracking error or deviation may come from a satellite portfolio or position, or from a "sample" or "optimized" index fund or ETF that may not as closely align the stated benchmark.

Country/Regional Risk

World events such as political upheaval, financial troubles, or natural disasters will adversely affect the value of securities issued in foreign countries or regions. This risk is especially high in emerging markets where securities may be substantially more volatile and less liquid than securities in more developed countries. Because registered investment company securities (e.g., a mutual fund) may invest a large portion of its assets in securities located in any one country or region, including emerging markets, its performance may be hurt disproportionately by the poor performance of its investments in that area.

Currency Risk

The risk of loss from fluctuating foreign exchange rates when a portfolio has exposure to foreign currency or in foreign currency traded investments is known as currency risk.

Cyclical Analysis

Cyclical analysis (form of technical analysis) may experience risk due to an economic cycle that may not be as predictable as preferred; many fluctuations may occur between long term expansions and contractions. The length of an economic cycle may be difficult to predict with accuracy and therefore the risk of cyclical analyses is the difficulty in predicting economic trends. Consequently, the changing value of securities is affected.

Derivatives Risks

The use of futures contracts, forward contracts, options, and swaps is subject to market risk, leverage risk, correlation risk, liquidity risk and hedging risk. Market risk is the risk that the market value of an investment may move up and down, sometimes rapidly and unpredictably. Leverage risk is the risk that since derivatives may be purchased for a fraction of their value, a relatively small price movement in a derivative may result in an immediate and substantial loss or gain for an account and may cause an account to liquidate portfolio positions when this would not be advantageous to do so in order to satisfy account obligations. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly or at all with the underlying asset, rate, or index. Liquidity risk is described below. Hedging risk is the risk that derivative instruments used for hedging purposes may also limit any potential gain that may result from the increase in value of the hedged asset. To the extent that an account engages in hedging strategies, there can be no assurance that these strategies will be effective or that there will be a hedge in place at any given time. An account's use of forwards and swaps also is subject to credit risk and valuation risk. Credit risk is the risk that the counterparty to a derivative contract will default or otherwise become unable to honor a financial obligation. Valuation risk is the risk that the derivative may be difficult to value. Options risk is described below. Each of these risks could cause an account to lose more than the principal amount invested in a derivative instrument.

Emerging Markets Securities

Investments in emerging markets securities are considered speculative and subject to heightened risks in addition to the general risks of investing in foreign securities. Unlike more established markets, emerging markets may have governments that are less stable, markets that are less liquid, and economies that are less developed. In addition, the securities markets of emerging market countries may consist of companies with smaller market capitalizations and may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; and possible restrictions on repatriation of investment income and capital. Foreign investors may be required to register the proceeds of sales, and future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies.

Equity (Stock) Risk

Common stocks are susceptible to general stock market fluctuations and to volatile increases or decreases in value as market confidence in and perceptions of their issuers change. If an investor held common stock or common stock equivalents of any given issuer, they may be exposed to greater risk than if they held preferred stocks and debt obligations of the issuer.

Preferred stocks can be affected by interest rate and liquidity risks (described in adjacent paragraphs). Also note that their dividend payment is not guaranteed; some are subject to a call provision, meaning the issuer can redeem its preferred shares on demand, and usually when interest rates have fallen.

Exchange-Traded Funds

ETF risks include risks due to their underlying securities (e.g., stocks, bonds, etc.), and can be affected by risks such as market, currency, credit, political, interest rate, etc., that are described in adjacent paragraphs. The liquidity of the underlying stocks in the index can affect "ETF liquidity." Liquidity risk can result from an insufficient number of "active participants" performing their duties as intermediaries and liquidity providers in the ETF market. "Spread risk" may also occur, which is the difference between the bid and the ask price of a security. Since ETF transactions are priced throughout the day and are traded on the exchanges like stocks, widening spreads may occur and have impact on certain portfolios or transactions. As with any security, if the ETF "fails," the investor may lose their gains and invested principal. ETFs can carry additional expenses based on their share of operating expenses and certain brokerage fees. Indexed ETFs have the potential to be affected by "active risk;" a deviation from its stated index.

Leveraged and/or inverse ETFs attempt to achieve multiples of the performance of an index or benchmark or the opposite (inverse) of the performance of the tracked index or benchmark. This strategy attempts to increase profit from upward drifting markets, or hedge exposures to, downward drifting markets. There is risk involving this strategy and part of the concern is due to leveraged and inverse exchange traded funds "reset" daily, which means they are designed to achieve their stated objectives on a *daily basis.* It is due to the compounding effect of daily adjustments that ETF performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of an underlying index or benchmark during the same period. This effect is potentially magnified during volatile markets. If effects contrary to the ETF strategy occur, losses may be significant; therefore, leveraged and/or inverse ETFs will be considered for portfolios either properly hedged or for clients able to sustain potentially higher risks.

Failure to Implement

Each financial planning client is free to accept or reject any or all recommendations made by our firm. While no advisory firm can guarantee future performance, no plan can succeed if it is not implemented. Clients who choose not to take the steps recommended in their financial plan may face an increased risk that their stated goals and objectives will not be achieved.

Financial Risk

Excessive borrowing to finance business operations increases the risk of profitability, because a company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

Fixed Income Risks

Various forms of fixed income instruments, such as bonds, money market or bond funds may be affected by various forms of risk, including:

- <u>Call Risk</u> - During periods of falling interest rates, issuers of callable bonds may call (redeem) securities with higher coupons or interest rates before their maturity dates. The owner of the bond would then lose any potential price appreciation above the bond's call price and would be forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the owner's income.
  Call risk is generally low for short-term bond funds, moderate for intermediate-term bond funds, high for long-term bond funds, and high for high-yield bonds.

- *Credit Risk* - The potential risk that an issuer would be unable to pay scheduled interest or repay principal at maturity, sometimes referred to as "default risk." Credit risk may also occur when an issuer's ability to make payments of principal and interest when due is interrupted. Bondholders are creditors of an issuer and have priority to assets before equity holders (e.g., stockholders) when receiving a payout from liquidation or restructuring. When defaults occur due to bankruptcy, the type of bond held will determine seniority of payment.

- *Interest Rate Risk* - The risk that the value of the fixed income holding will decrease because of an increase in interest rates. The longer the maturity of the bond, the more sensitive its value is to changes in interest rates. Bond prices and interest rate changes are inversely correlated.

- *Prepayment Risk* - The prepayment risk is the premature return of principal on a fixed-income security. When principal is returned early on a security, future interest payments will not be paid on that part of the principal. The owner of the security would lose any price appreciation above the principal and be forced to reinvest the unanticipated proceeds possibly at lower interest rates, resulting in a decline of dividends, income, and returns. The risk of prepayment is most prevalent in fixed-income securities such as callable bonds and mortgage-backed securities.

- *Reinvestment Risk* - With declining interest rates, investors may have to reinvest interest income or principal at a lower rate.

- *State Government and Municipal Securities Risk* - State government and municipal securities are subject to various risks based on factors such as economic and regulatory developments, changes or proposed changes in the federal and state tax structure, deregulation, court rulings and other factors. Repayment of state and municipal securities depends on the ability of the issuer or project backing such securities to generate taxes or revenues. There is also a risk the interest on an otherwise tax-exempt municipal security may be subject to federal income tax. Unfavorable developments in any economic sector may have far-reaching ramifications on the overall state and municipal market.

- *US Government Securities Risk* - US government securities are subject to varying interest rates and inflation risks. Not all US government securities are backed by the full faith and credit of the US government. Certain securities issued by agencies and instrumentalities of the US government are only insured or guaranteed by the issuing agency or instrumentality, which must rely on its own resources to repay the debt. As a result, there is risk these entities will default on a financial obligation.

Foreign Securities Risk

Investments in securities of foreign companies, including direct investments as well as investments through American Depository Receipts (ADRs), can be more volatile than investments in US companies. Diplomatic, political, or economic developments, including nationalization or appropriation, could affect investments in foreign companies. Foreign securities markets generally have less trading volume and less liquidity than US markets. In addition, the value of securities denominated in foreign currencies, and of dividends from these securities, can change significantly when foreign currencies strengthen or weaken relative to the US dollar. Financial statements of foreign issuers are governed by different accounting, auditing, and financial reporting standards than the financial statements of US issuers and may be less transparent and uniform than in the United States. Thus, there may be less information publicly available about foreign issuers than about most US issuers. Transaction costs generally are higher than those in the US and expenses for custodial arrangements of foreign securities may be somewhat greater than typical expenses for custodial arrangements of similar US securities. Some foreign governments levy withholding taxes against dividend and interest income. Although in some countries a portion of these taxes are recoverable, the non-recovered portion will reduce the income received from the securities comprising an account's portfolio. These risks may be heightened with respect to emerging market countries since political turmoil and rapid changes in economic conditions are more likely to occur in these countries.

Fundamental Analysis

The challenge involving fundamental analyses is that information obtained may be incorrect; the analysis may not provide an accurate estimate of earnings, which may be the basis for a security's value. When a security's price adjusts rapidly to new information, such an analysis may result in unfavorable performance.

Index Investing

Index ETFs and indexed mutual funds have the potential to be affected by "active risk" or "tracking error risk" (see Core + Satellite risks).

Inflation Risk

Also called *purchasing power risk*, inflation risk is the chance that the cash flows from an investment will not be worth as much in the future because of changes in purchasing power due to inflation.

Legal or Legislative Risk

Legislative changes or court rulings may adversely impact the value of individual investments, market sectors, or the overall market.

Liquidity Risk

Liquidity risk is the inability to readily buy or sell an investment for a price close to the true underlying value of the asset due to a lack of buyers or sellers. There are times when there is no trading volume/market depth to support a security's current price. As such, the true value of the bond (for example) may not be supported by the current price. Conversely, when trading volume is high, there is also a risk of not being able to purchase a particular issue at the desired price.

Macroeconomic Risk

Macroeconomic risk derives from the behavior of industries and governments and the relationships between them rather than from individual companies. It concerns fiscal and monetary policies, trade and investment flows and political developments on a national and international scale. Business cycles, depressions, inflation, unemployment, interest rates, valuations, prices, and imports/exports volumes are all unpredictable and can lower or destroy investment portfolios. Central banks and governments often resort to inflationary policies and excessive fiat currency issuance through borrowing and printing. These macroeconomic maneuvers may possibly support or increase the nominal value of investment assets short term but lead to inflation and asset bubbles and later crashes.

Market Risk

This is also called systematic risk. In cases where markets are under extreme duress, many securities lose their ability to provide diversification benefits.

Master Limited Partnerships

Investing in MLPs involves certain risks related to investing in their underlying assets, as well as the risks associated with pooled investment vehicles (certain pooled investments may be less regulated than others). In addition, MLPs that concentrate in a particular industry, or a particular geographic region are subject to risks associated with the specific industry or region. A potential benefit derived from a MLP is also dependent on the holding being treated as a partnership for federal income tax purposes; if part or all the MLP is not it may have potential adverse tax effects on a portfolio.

Money Market Funds

A money market fund is managed to maintain a stable net asset value (NAV) of $1 per share, the value of the fund may fluctuate, and you could lose money (termed "breaking the buck"). Money market funds are a type of mutual fund investing in high-quality, short-term debt securities, pays dividends that generally reflect short-term interest rates and seeks to maintain a stable NAV per share (typically $1). An investment in a money market mutual fund is generally not insured or guaranteed by the Federal Deposit Insurance Corporation, National Credit Union Share Insurance Fund, or any government agency.

Mutual Funds

As with ETFs, the risk of owning a mutual fund is reflected in the underlying security(ies). Mutual funds are affected by risks such as market, interest rate, currency, credit, political, active risk, etc., as described in adjacent paragraphs. It is important to note that even "conservative" funds, such as a money market fund or fixed income fund, can and have lost their value below the principal amount invested. Mutual funds typically carry additional expenses based on their share of operating expenses and trading (brokerage) fees, which may result in the potential duplication of certain fees paid by the investor. Indexed mutual funds can also be adversely affected by "QDI ratios" that are described in a following paragraph.

There are essentially nine main types of mutual fund shares classes, as well as sub-classes for some of these. Some open and closed-ended funds are sold through brokerage firms and assess a commission ("load) in addition to their underlying fees earlier noted, while others are offered through investment advisers, retirement plans and other institutions. "No load" funds are also available to the public through brokerage firms, and they usually incur trading (brokerage) fees. If a client chooses to purchase a mutual fund on their own through a broker/dealer, they should consider the trading fees, internal operating costs, as well as potential commissions they pay through that executing firm. Our firm is not a broker/dealer, nor is the firm or its staff associated with a broker/dealer, and no one in our firm is compensated by a "loaded" fund.

Operational Risk

The potential for loss resulting from inadequate or failed internal processes, systems, actions of people, or external events. Many industries institute policies and procedures to respond and initiate alternative or supporting operations following a significant business disruption, while others do not. The level of operational risk and appropriate response are not uniform in definition, requirement, or measurement, including within the financial services sector.

Options Risks

Options may be employed as an underlying asset in a mutual fund. Risks involving options trading are detailed in the Chicago Board Options Exchange's "The Characteristics and Risks of Standardized Options" brochure that we will provide to you upon request or may be found at their website at: http://www.cboe.com.

Passive Management Risks

If a portfolio employs a passive and/or efficient markets approach, there is a risk of generating lower-than-expected returns due to its broad diversification when compared to a portfolio more narrowly focused.

Political Risk

The risk of financial and market loss because of political decisions or disruptions in a particular country or region, and may also be known as "geopolitical risk."

Qualified Dividend Income Ratios

While ETFs and mutual funds are known for their potential tax-efficiency and higher "qualified dividend income" (QDI) percentages, there are asset classes within these investment vehicles or holding periods that do not benefit. Shorter holding periods, as well as commodities and currencies (possible underlying holding of an ETF or mutual fund), may be considered "non-qualified" under certain tax code provisions. We will consider a holding's QDI when tax-efficiency is an important aspect of the client's portfolio.

Real Estate Investment Trusts

Risks involved in REIT investing may include *(i)* following the sale or distribution of assets an investor may receive less than their principal invested, *(ii)* a lack of a public market in certain issues, *(iii)* limited liquidity and transferability, *(iv)* fluctuations involving the value of the assets within the REIT, *(v)* a reliance on the investment manager to select and manage assets, *(vi)* changes in interest rates, laws, operating expenses, and insurance costs, *(vii)* tenant turnover, and *(viii)* the impact of current market conditions.

Research Data

When research and analyses are based on commercially available software, rating services, general market and financial information, or due diligence reviews, a firm is relying on the accuracy and validity of the information or capabilities provided by selected vendors, rating services, market data, and the issuers themselves. While our firm makes every effort to determine the accuracy of the information received, we cannot predict the outcome of events or actions taken or not taken, or the validity of all information researched or provided which may or may not affect the advice on or investment management of an account.

Sequence of Return Risk

The risk of receiving lower or negative returns due to early withdrawals from an investment account.

Settlement Risk

Also called *delivery risk*. The risk that one party will fail to deliver the terms of an investment contract with another party (contra-party) at the time of settlement. Settlement risk can be a risk associated with default, along with any timing differences in a settlement between the two parties.

Small- and Mid-Capitalization Company Risk

The small- and mid-capitalization companies in which an account may invest may be more vulnerable to adverse business or economic events than larger, more established companies. Investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets, and financial resources, and may depend upon a relatively small management group. Small- and mid-cap stocks, therefore, may be more volatile than those of larger companies. These securities may be traded over the counter or listed “off-exchange.”

Sociopolitical Risk

The risk of instability in a region due to war, terrorism, pandemics, etc., that might affect investment markets.

Technical Analysis

The risk of investing based on technical analyses and their supporting charts is that these analyses may not consistently predict a future price movement and the current price of a security may reflect all known information. Further, a particular change in the market price of a security may follow a random pattern and may not be as predictable as desired. This may occur due to analyst bias or misinterpretation, a sector analysis error, late recognition of a trend, etc.

Item 9 - Disciplinary Information

Neither the firm nor its management has been involved in any material criminal or civil action in a domestic, foreign, or military jurisdiction, an administrative enforcement action, or self-regulatory organization proceeding that would reflect poorly upon our offering advisory business or its integrity.

Item 10 - Other Financial Industry Activities and Affiliations

Our firm and its management are not registered nor have an application pending to register as a Financial Industry Regulatory Authority (FINRA) or National Futures Association (NFA) member firm or as an associated person of such firms. We are not required to be registered with a FINRA or NFA regulated firm, nor do they supervise our firm, its activities, or our associates. Neither the firm nor its management is or has a material relationship with any of the following types of entities:

- accountant or accounting firm
- another investment adviser, to include financial planning firms, municipal advisers, sub-advisers, or third-party investment managers (nor do we recommend/refer, select, or utilize their services)
- bank, credit union or thrift institution, or their separately identifiable department or division
- insurance company or insurance agency
- lawyer or law firm
- pension consultant (other than our own services)
- real estate broker, dealer, or adviser
- sponsor or syndicator of limited partnerships
- trust company, or an
- issuer of a security, such as an investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund).

Mr. Showalter is a Quality Manager III for Ecolab Inc. (ECL NYSE). He is not a “company insider” or in a control capacity of this organization, nor does he solicit business on behalf of Ecolab Inc. Therefore, our firm does not think this activity creates a conflict of interest with its clients.

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

Ab Initio Financial LLC is a fiduciary and will act in the utmost good faith, performing in a manner we believe to be in the best interest of our clients. We have designed our business methodologies, ethics rules, and policies in order to eliminate or at least minimize material conflicts of interest, and to appropriately manage any material conflicts of interest that may remain. It is important to point out that no set of rules can anticipate or relieve all material conflicts of interest. Our firm will disclose to its advisory clients any material conflict of interest relating to the firm, its representatives, or any of its employees which could reasonably be expected to impair the rendering of unbiased and objective advice.

Code of Ethics

We have adopted a Code of Ethics that establishes policies for ethical conduct for our personnel. Our firm accepts the obligation not only to comply with applicable laws and regulations but also to act in an ethical and professionally responsible manner in all professional services and activities. For example, our firm policies include prohibitions against insider trading, circulation of industry rumors, and certain political contributions, among others. We periodically review and amend our Code of Ethics to ensure that they remain current, and we require firm personnel to annually attest to their understanding of and adherence to the firm's Code of Ethics. A copy of the firm's Code of Ethics is made available to any client or prospective client upon request.

Privacy Policy Statement

We respect the privacy of all clients and prospective clients both past and present (collectively termed "customers" per federal guidelines). It is recognized that clients have entrusted our firm with non-public personal information, and it is important that both access persons and customers are aware of firm policy concerning what may be done with that information.

We collect personal information about our clients from the following sources:

- information our clients provide to us in agreements and other documents in connection with their engagement
- information our clients provide to us to complete their planning or investment recommendation
- information our clients provide to us orally, and
- information we may receive from service providers, such as custodians, about client transactions.

We may disclose non-public personal information about a client to unaffiliated third parties in certain circumstances. For example, for us to provide our financial planning services we may need to share information in limited circumstances to a service provider, such as a client's accountant or insurance agent. If it is necessary to share client non-public personal information with an unaffiliated third party, we will first inform the client and gain permission via a client-signed statement. Unless this "opt-in" statement is signed, we will not share client non-public information with an unaffiliated third party. We only disclose non-public personal information about our clients in the following circumstances:

- when required to provide services our clients have requested
- when our clients have specifically authorized us to do so in writing
- when required during a firm assessment (e.g., independent audit), and
- when permitted or required by law (e.g., periodic regulatory examination).

To ensure security and confidentiality, we maintain physical, electronic, and procedural safeguards to protect the privacy of client information. Within our firm, we restrict access to client information to staff that need to know that information. All personnel and our service providers understand that everything handled in our office is confidential and they are instructed to not discuss a client's information or situation with someone else unless they are specifically authorized in writing by the client to do so. This includes, for example, providing information to a family member.

Firm Recommendations and Conflicts of Interest

Our associates are prohibited from borrowing from or lending to a client unless the client is an approved financial lending institution (e.g., bank, broker/dealer, etc.).

Neither our firm nor its associates are authorized to recommend to a client, or effect a transaction for a client, involving any security in which our firm or a "related person" (associates, their immediate family members, etc.) has a material financial interest, such as in the capacity as an underwriter, adviser to the issuer, etc.

Ab Initio Financial LLC does not invest for its own account (e.g., principal trading). Our firm's related persons may buy or sell securities that are the same as, similar to, or different from, those we recommend to clients for their accounts. A recommendation made to one client may be different in nature or in timing from a recommendation made to a different client. Clients often have different objectives and risk tolerances. At no time will our firm or any related party receive preferential treatment over our clients. We mitigate this conflict by ensuring that we have policies and procedures in place to ensure that the firm or a related person will not receive preferential treatment over a client. In order to reduce or eliminate certain conflicts of interest involving personal trading (e.g., trading ahead of client recommendations or trades, "cherry picking," trading on insider information, etc.), firm policy requires that we restrict or prohibit certain related parties' transactions. Any exceptions must be approved in writing by our Chief Compliance Officer, and personal trading accounts are reviewed on a quarterly or more frequent basis. Please refer to Item 6 of accompanying Form ADV Part 2B brochure supplements for further details.

Item 12 - Brokerage Practices

Broker/Dealers Used for Client Transactions

The client's account must be separately maintained by a qualified custodian (generally a broker/dealer, futures commission merchant, national bank, or trust company) that is frequently reviewed for its capabilities to serve in that capacity by their respective industry regulatory authority. Our firm is not a custodian or broker/dealer, there is not an affiliate that is a custodian or broker/dealer, nor does a custodian or broker/dealer supervise our firm, its activities, or our associates.

We do not receive referrals from a custodian or broker/dealer, nor would client referrals be a factor in our recommendation of a custodian or broker/dealer.

Our clients have the right to keep their assets with their present custodian/service provider. If the client prefers a new service provider, a recommendation may be made by our firm that is based on client need, overall costs, ease of use, and following our review of the recommended provider.

Best Execution

In light of the nature of our firm's advisory services, it is believed "best execution" review obligations with regard to client transactions are not required under current industry guidelines.

Directed Brokerage

Our firm does not require or engage in directed brokerage involving client accounts. Clients are free to use any particular service provider to execute their transactions and they are responsible for negotiating any terms or arrangements for their account. Our firm will not be obligated to conduct due diligence of the client's selected service provider, seek better execution services or prices from any provider, or aggregate client transactions for trade execution. Since clients' transactions are completed at a service provider of their choosing, the client may pay more for transaction or experience wider price spreads.

Aggregating Securities Transactions

Our firm is not engaged for ongoing portfolio management, nor do we serve an account on a discretionary basis. We are therefore unable to aggregate ("batch") trades on behalf of client accounts. Since transactions may be completed independently at a service provider of the client's choosing, they may potentially pay more for transactions or experience wider price spreads than those accounts where trades have been aggregated.

Item 13 - Review of Accounts

Scheduled Reviews

Periodic plan reviews are encouraged, and we recommend they occur on at least a scheduled, annual basis. Reviews are conducted with Brett Showalter (President and Chief Compliance Officer). A copy of revised plans and/or asset allocation reports generated from these review sessions are provided in printed or digital format.

We do not manage or supervise clients' investment accounts; subsequently, there should not be an expectation from a client that our firm is regularly reviewing/supervising their investment portfolio(s).

Unscheduled (Interim) Reviews

As a reminder, Ab Initio Financial LLC is not engaged to provide ongoing supervision of an investment portfolio. If there are events that impact a specific holding, a client's view of an investment's merits, or news related to the macroeconomic climate affecting a sector or holding within that sector, each client is encouraged to meet with our firm to conduct a review and perhaps suggest the addition or elimination of a holding. Account cash levels above or below what may be deemed appropriate for the investment environment, given the client's stated tolerance for risk and investment objectives, may also warrant the client asking us to conduct a review. However, there should never be an expectation from a client that our firm is regularly reviewing their specific portfolio and automatically making adjustments.

Interim reviews are conducted by Mr. Showalter at the rate agreed upon and noted in the client's engagement agreement. A copy of revised plan or asset allocation report in printed or digital format will be provided.

Client Reports

We do not create investment performance reports. Clients are reminded to carefully review and compare account statements provided to them by their custodian of record with any report they have received from any source containing investment performance information.

Item 14 - Client Referrals and Other Compensation

We do not engage in solicitation activities. If we receive or offer an introduction to a client, we do not pay or earn a referral fee, nor are there established *quid pro quo* arrangements. Each client has the right to accept or deny such referral or subsequent services.

Item 15 - Custody

Ab Initio Financial LLC does not take physical custody of a client account. Our clients' accounts must be maintained by an unaffiliated, qualified custodian. Accounts are not to be maintained by our firm or any associate of our firm. In keeping with this policy involving our clients' funds or securities, our firm:

- restricts the firm or an associate from serving as trustee or having general power of attorney over a client account
- does not accept or forward client securities (i.e., stock certificates) erroneously delivered to our firm
- prohibits the firm or an associate to have the client's bank or investment account access information (e.g., passwords and user identification)
- does not allow standing letters of authorization (SLOAs)
- will not collect advance fees of $500 or more for services that are to be performed six months or more into the future, and
- prohibits associates from having authority to withdraw securities or cash assets from a client account.

The account custodian of record will provide clients with their investment account transaction confirmations and account statements, which will include debits and credits as well as advisory fees withdrawn for each period. Statements are provided on at least a quarterly basis or as transactions occur within an account. Our firm will not create a separate account statement for a client nor serve as the sole recipient of a client account statement.

We want to remind our clients that if they receive a report from any source that includes investment performance information, they are urged to carefully review and compare the report with their account statements that they have received directly from their custodian of record.

Item 16 - Investment Discretion

We require our clients to execute trades in their accounts on a self-directed basis. We do not conduct trading for a client.

Item 17 - Voting Client Securities

Clients periodically receive proxies or other similar solicitations sent directly from the custodian of record or transfer agent. If our firm should ever receive a duplicate copy, we do not forward these or any similar correspondence relating to the voting of clients' securities, class action litigation, or other corporate actions.

Our firm does not vote proxies on behalf of its clients. We do not offer guidance on how to vote proxies, nor will we offer guidance involving any claim or potential claim in any bankruptcy proceeding, class action securities litigation, or other litigation or proceeding relating to securities held at any time in a client account, including, without limitation, to file proofs of claim or other documents related to such proceeding, or to investigate, initiate, supervise, or monitor class action or other litigation involving client assets. We will answer limited questions during a scheduled meeting with respect to what a proxy voting request or other corporate matter may be and how to reach the issuer or the issuer's legal representative.

Each account holder of record maintains responsibility for directing the manner in which proxies solicited by issuers of securities that are beneficially owned by them shall be voted, as well as making all other elections relative to mergers, acquisitions, tender offers or other legal matters or events pertaining to holdings. Clients should consider contacting the issuer or their legal counsel involving specific questions they may have with respect to a particular proxy solicitation or corporate action.

Item 18 - Financial Information

Engagements with our firm do not require that we collect advance fees from a client of $500 or more for our advisory services that we have agreed to perform six months or more into the future.

Our advisory firm will not take custody of client assets, nor do we have the type of account authority to have such control.

Neither our firm nor its management serve as general partner for a partnership or trustee for a trust in which the firm's advisory clients are either partners of the partnership or beneficiaries of the trust.

Our firm and its management do not have a financial condition likely to impair our ability to meet commitments to clients, nor has the firm and our management been the subject of a bankruptcy petition or other material reportable financial event.

Due to the nature of our firm's advisory services and operational practices, an audited balance sheet for the firm is not required nor included in this brochure.

Item 19 - Requirements for State-Registered Advisers

Principal Executives and Management Persons - Brett M. Showalter. Please see Item 4 of this brochure and the cover page (Item 1) of his accompanying Form ADV Part 2B brochure supplement.

Other Business Activities - Ecolab Inc. Quality Manager III. Please refer to Item 10 of this firm brochure and Items 2 and 4 of the accompanying Form ADV Part 2B brochure supplement for Mr. Showalter.

Performance-Based Fees - Neither the firm nor its management is compensated based on performance-based fees. It is perceived that performance-based compensation may create an incentive for an adviser to recommend an investment that may carry a higher degree of risk to a client; an activity contrary to the firm's business practices.

Material Disclosure Matters involving Firm Management - Please refer to Item 9 of this firm brochure and Items 3 and 7 of the accompanying Form ADV Part 2B supplement that immediately follows this brochure. The firm's management has not been the subject of an award or otherwise been found liable in an arbitration claim alleging damages in excess of $2,500, involving any of the following:

(a) an investment or an investment-related business or activity
(b) fraud, false statement(s), or omissions
(c) theft, embezzlement, or other wrongful taking of property
(d) bribery, forgery, counterfeiting, or extortion, or
(e) dishonest, unfair, or unethical practices.

Firm management has not been the subject of an award or otherwise been found liable in a civil, self-regulatory organization, or administrative proceeding involving any of the following:

(a) an investment or an investment-related business or activity
(b) fraud, false statement(s), or omissions
(c) theft, embezzlement, or other wrongful taking of property
(d) bribery, forgery, counterfeiting, or extortion, or
(e) dishonest, unfair, or unethical practices.

Material Relationship with an Issuer of a Security - Please refer Item 10 of this firm brochure and Item 4 of the accompanying Form ADV Part 2B brochure supplement. Firm management does not have a control relationship with the issuer of a security.

Item 1 - Cover Page

Ab Initio Financial LLC

Registered Investment Adviser
CRD # 325309

Main Office
1610 Scottdale Cir
Wheaton, IL 60189

Mailing Address
20 Danada Sq West Box 241
Wheaton, IL 60189

Tel: 630-346-8919
Email: Brett@abinitiofinancial.com
Web: www.abinitiofinancial.com

Brett M. Showalter

President
Chief Compliance Officer
Investment Adviser Representative
Managing Member
CRD # 7702493

Form ADV Part 2B

Brochure Supplement

April 19, 2023

This brochure provides information about Brett Showalter that supplements Ab Initio Financial LLC Form ADV Part 2A firm brochure. You should have received a copy of that brochure. Please contact Mr. Showalter at 630-346-8919 if you did not receive the full brochure or if you have any questions about the contents of this supplement. Additional information about Brett Showalter is available on the Securities and Exchange Commission's (SEC) website at www.adviserinfo.sec.gov under CRD # 7702493.

Item 2 - Educational Background and Business Experience

Regulatory guidance requires the firm to disclose post-secondary education and professional training for each principal executive and associate of the firm, as well as their business experience for at least the most recent five years.

Principal Executive Officers and Management Persons

President/Chief Compliance Officer (Illinois Designated Principal)/Investment Adviser Representative/Managing Member

Brett Michael Showalter

Year of Birth: 1973

CRD Number: 7702493

Educational Background and Business Experience

Educational Background

Doctorate of Philosophy (Ph.D) (Physical Organic Chemistry), Johns Hopkins University; Baltimore, MD (2002)
Master of Science (Synthetic Organic Chemistry), Johns Hopkins University; Baltimore, MD (1997)
Bachelor of Science (Chemistry), Washington College; Chestertown, MD (1995)
Uniform Investment Adviser Law Examination/NASAA Series 65 (2022) [1]

Business Experience

Ab Initio Financial LLC (01/2023-Present)
Wheaton, IL
President/Managing Member (01/2023-Present)
Chief Compliance Officer/Investment Adviser Representative (04/2023-Present)

Ecolab Inc. (11/2006-Present)
Naperville, IL
Quality Manager III

Item 3 - Disciplinary Information

Registered investment advisers are required to disclose certain material facts about its associated personnel regarding any legal or disciplinary events, including criminal or civil action in a domestic, foreign, or military court, or any proceeding before a state, federal or foreign regulatory agency, self-regulatory organization, or suspension or sanction by a professional association for violation of its conduct rules material to the evaluation of each officer or a supervised person providing investment advice. Brett Showalter has not been the subject of any such event.

Item 4 - Other Business Activities

Investment adviser representatives are required to disclose outside business activities that account for a significant portion of their time or income, or that may present a conflict of interest with their advisory activities.

[1] North American Securities Administrators Association (NASAA) examinations are "criterion based;" candidates who pass the exam are considered to have met the minimum competency level. The completion of an industry examination does not constitute or imply a person is “approved” or “endorsed” by a state, federal or industry regulatory body.

Brett Showalter is not registered, nor has an application pending to register, as a registered representative of a broker/dealer or associated person of a futures commission merchant, commodity pool operator, or commodity trading adviser, nor is he supervised by such a firm. He does not receive commissions, bonuses, or other compensation based on the sale of securities, including that as a registered representative of a broker/dealer or the distribution or service fees (“trails”) from the sale of mutual funds.

Mr. Showalter is a Quality Manager III for Ecolab Inc. (ECL NYSE); an activity involving up to 70% of his time each month, including during traditional business/market hours. He is not a “company insider” or in a control capacity of this organization, nor does he solicit business on behalf of Ecolab Inc. Our firm does not think this other business activity creates a conflict of interest with its clients.

Item 5 - Additional Compensation

Neither our advisory firm nor Brett Showalter are compensated for advisory services involving performance-based fees. Firm policy does not allow associated persons to accept or receive additional economic benefit, such as sales awards or other prizes, for providing advisory services to firm clients.

Item 6 - Supervision

Brett Showalter serves as the firm’s Chief Compliance Officer. Because supervising oneself poses a conflict of interest, the firm has adopted policies and procedures to mitigate this conflict. Mr. Showalter adheres to these policies and our firm’s Code of Ethics. Questions relative to the firm, its range of services, or this Form ADV Part 2 may be made to the attention of Mr. Showalter at 630-346-8919.

Additional information about the firm, other advisory firms, or an associated investment adviser representative is available at www.adviserinfo.sec.gov. A search of this site for firms may be accomplished by firm name or a unique firm identifier, known as an IARD or CRD number. The IARD number for Ab Initio Financial LLC is 325309. Brett Showalter’s CRD number is 7702493.

The business and disciplinary history, if any, of an investment advisory firm and its representatives may be obtained by may be obtained by reviewing information that is available on the SEC’s website noted above or by contacting the state securities commissioner where the client resides. If a person is or has been associated as registered representative of a FINRA-member broker/dealer, that person’s information may be found at https://brokercheck.finra.org/. If a representative is or has been an associated person of an NFA-member firm, that person’s information may be found at https://www.nfa.futures.org/BasicNet/.

Item 7 - Requirements for State-Registered Advisers

There have been neither awards nor sanctions or other matters where Brett Showalter or Ab Initio Financial LLC has been found liable in an arbitration, self-regulatory, or administrative proceeding. Neither Mr. Showalter nor Ab Initio Financial LLC has been the subject of a bankruptcy petition or any other material reportable financial events.