



---

33 South Sixth Street  
Suite 4540  
Minneapolis, MN 55402  
612-661-3770  
[www.MarquetteAM.com](http://www.MarquetteAM.com)

***Disclosure Brochure***  
***June 1, 2016***

This Brochure provides information about the qualifications and business practices of Marquette Asset Management, LLC [“Marquette”]. If you have any questions about the contents of this Brochure, please contact us at 612-661-3783 or [jean.gullikson@marquetteam.com](mailto:jean.gullikson@marquetteam.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Marquette is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

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



---

## Item 2 – Material Changes

There has been one material change since our last update.

Effective June 1, 2016, Christopher Vernier is President of Marquette Asset Management. Mr. Vernier succeeds John Beuerlein, who chose to return to full-time employment with the family of our former owners, the Carl R. Pohlad family.

Mr. Beuerlein served as Marquette Asset Management's leader from its inception in 2005 through May 31, 2016. Mr. Vernier joined the firm at its inception and served most recently as a Managing Director of the firm. The remaining senior management team remains in place.

We will provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Our Brochure may be requested by contacting Jean Gullikson, Marquette's Chief Compliance Officer, at 612-661-3783 or [jean.gullikson@marquetteam.com](mailto:jean.gullikson@marquetteam.com).

Additional information about Marquette Asset Management, LLC is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The SEC's web site also provides information on all persons affiliated with Marquette who are registered as investment adviser representatives of Marquette.



---

### **Item 3 - Table of Contents**

Item 1 – Cover Page.....	i
Item 2 – Material Changes.....	ii
Item 3 - Table of Contents.....	iii
Item 4 – Advisory Business .....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	9
Item 7 – Types of Clients .....	10
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss....	10
Item 9 – Disciplinary Information .....	12
Item 10 – Other Financial Industry Activities and Affiliations.....	12
Item 11 – Code of Ethics.....	13
Item 12 – Brokerage Practices .....	15
Item 13 – Review of Accounts .....	223
Item 14 – Client Referrals and Other Compensation.....	24
Item 15 – Custody .....	25
Item 16 – Investment Discretion .....	27
Item 17 – Voting Client Securities .....	27
Item 18 – Financial Information .....	28
Item 19 – Requirements for State-Registered Advisers .....	29
Brochure Supplements.....	30



---

#### **Item 4 – Advisory Business**

We are a Minneapolis-based investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. We were founded in 2005 with a mission to be a premier wealth management provider by focusing on achieving individual client objectives, producing top quality risk-adjusted investment performance and providing superior client service. We are wholly owned by UMB Financial Corporation, a publicly traded company registered with NASDAQ (symbol: UMBF). UMB Financial Corporation is a bank holding company headquartered in Kansas City, Missouri.

Prior to June 1, 2015, we were a wholly owned subsidiary of Marquette Financial Companies, a bank holding company founded by the late Carl R. Pohlad. Mr. Pohlad established the first in a long tradition of successful banking and financial services companies in the 1950's.

We continue his legacy built on relationship-based service by helping clients create and sustain wealth. We use a team approach for wealth management relationships in excess of \$2,000,000. Each client is assigned a portfolio manager as well as a senior client service professional who provides ongoing administrative service, tax and financial planning support, and coordinates the overall client experience. We render discretionary investment management services pursuant to written contracts and specialize in constructing portfolios tailored to your preferences, constraints and income needs. Portfolios typically include investments in a mix of three to four asset classes. An asset class is a group of securities that share similar characteristics, behave similarly in the marketplace and are subject to the same rules and regulations. The most common asset classes are fixed income, equity securities, real assets and alternative investments. Real assets include investments such as real estate and precious metals while “alternative investments” may include hedge funds, Master Limited Partnerships (MLPs), private equity investments, and managed futures.



We manage portfolios by balancing risk and expected return. We recommend and come to agreement with you on a custom target allocation based on your unique situation. Portfolios are then populated with bonds, exchange traded funds (ETFs), mutual funds, and where appropriate, real and/or alternative assets.

We maintain sub-advisory arrangements as needed when a mutual fund or exchange traded fund vehicle is not available to diversify client portfolios across asset classes and categories.

We offer personal trust services through our affiliate, UMB Bank, n.a. (“UMB Bank”), which is also a wholly owned subsidiary of the UMB Financial Corporation. UMB Bank has been serving in a trustee capacity since 1927. In its capacity as trustee, UMB Bank holds title to assets on behalf of another party and has the legal duty to make prudent fiduciary decisions on behalf of the other party. Where permitted by the governing document and applicable state law, UMB Bank may engage Marquette Asset Management as investment manager. Various agreements executed between UMB Bank, Marquette Asset Management and certain of our employees enable those employees to coordinate trust and estate administrative services of the trustee, UMB Bank.

In certain estate planning situations, our clients may wish to use a corporate fiduciary based in a state having favorable trust administration laws. In those cases, we can offer personal trust services through our affiliate, UMB Trust Company of South Dakota (“UMB Trust Company”), which is also a wholly owned subsidiary of the UMB Financial Corporation. UMB Trust Company has been serving in a trustee capacity since 1997. In its capacity as trustee, UMB Trust Company holds title to assets on behalf of another party and has the legal duty to make prudent fiduciary decisions on behalf of the other party. Where permitted by the governing document and applicable state law, UMB Trust Company may engage Marquette Asset Management as investment manager.



We had \$682 million of assets under management as of December 31, 2015. We provide certain investment oversight activities for \$27 million in assets held in accounts for which UMB Bank serves as trustee. These are not included in our assets under management.

The value of assets under management is based on the market value of all assets held in discretionary accounts on that date. Prices for individual stocks, bonds, mutual funds, exchange traded funds and certain alternative investment are generally obtained from our primary custodian, Schwab Institutional, a division of Charles Schwab & Co., Inc. ("Schwab"). We obtain the value of marketable securities not priced by Schwab through independent pricing services such as Interactive Data Corporation. We obtain the market value of nonmarketable securities reflected on our reports but not held at Schwab from sources deemed to be reliable. Our market valuation methodology for those alternative investments is disclosed to participants on quarterly performance reports. We had approximately \$1.8 million of discretionary assets in such nonmarketable alternative investments as of December 31, 2015.

## **Item 5 – Fees and Compensation**

### **Balanced accounts**

The standard annual fee schedule for balanced accounts is based on the market value of assets managed as follows: 1.00% on the first \$3,000,000; 0.75% on the next \$2,000,000 and 0.50% thereafter. Fees for relationships above \$10,000,000 are negotiable. Our minimum annual fee is \$20,000. We offer a 10% discount on accounts for charitable and non-profit entities.

We reserve the right to charge additional fees for extraordinary services.

We are committed to providing superior risk- and fee-adjusted returns in balanced portfolios without conflicts of interest. In order to ensure our independence in selecting the best investment options for clients,



fees paid to us are the same regardless of whether an investment strategy is implemented using investments we select, or by third party managers, mutual funds or exchange traded funds. Where we use our discretion to utilize a third party manager(s) or funds within a client's overall strategy, the client pays our fee as well as the third party's fee.

#### Consulting arrangements

We render consulting services pursuant to fixed fee arrangements. Consulting fees are negotiated.

#### Trust accounts

The standard annual fee schedule for accounts where UMB Bank or UMB Trust Company is a trustee is based on the market value of assets managed as follows: 1.20% on the first \$3,000,000; 0.90% on the next \$2,000,000 and 0.60% thereafter. Fees for relationships above \$10,000,000 are negotiable. Our minimum annual per-account fee is \$750.

Trust accounts that do not directly hold marketable securities (*e.g.*, insurance trusts holding only insurance policies) pay a flat annual administration fee. The flat fee is negotiated based on complexity of the account. Fees on non-marketable securities may be negotiated depending on the size of the holdings and client relationship as well as the complexity of administration and risk factors for holding these assets.

#### Self-directed accounts

You may choose to open self-directed accounts to hold assets for which we have no investment responsibility or discretion but perform certain administrative tasks. We typically charge an annual fee of 0.10% of market value to cover administrative expenses; however, certain factors merit flexibility to negotiate a lesser fee, such as size of the overall relationship.

You may direct us to hold a small number of assets in an otherwise discretionary account. We do not charge a fee for such unsupervised



securities.

### *Calculation and billing process*

Our annual fee is prorated and charged quarterly, in arrears. Investment management fees for accounts held at Schwab are charged based on the average daily market value of the assets and cash in the account during the prior calendar quarter. The average daily balance of funds borrowed on margin against the holdings of the account ("margin balance") are added back to the account for purposes of determining the average daily market value of the account.

Investment management fees for accounts held elsewhere are charged at the end of each calendar quarter based on the market value of the assets and cash in the account on the last day of the calendar quarter. If an account is opened after the start of, or terminated prior to the end of, a quarter, the fee for such quarter is pro-rated based on the number of days during the quarter the account is open. Fee rates are guaranteed for a period of one (1) year after the investment management agreement is signed by us. Thereafter, fees may be changed with thirty (30) days written notice to you.

Fees for accounts where UMB Bank is trustee are prorated and charged quarterly in arrears, following the same methodology as accounts held at Schwab. Fees may be charged monthly, rather than quarterly, in arrears following the same methodology at the trustees' request.

Unless you direct the custodian otherwise in writing, you authorize the custodian of the account to pay the fees due directly from the custody account. We verify the accuracy of fees calculated prior to payment. To the extent that sufficient cash is not available to pay fees, the custodian redeems shares of "money market" mutual funds held in the account. To the extent cash and shares of "money market" mutual funds are not sufficient, we liquidate sufficient other assets in the account to pay fees.

### *Other fees and expenses*

Schwab serves as our preferred qualified custodian for your investment management accounts. You are responsible for paying trading expenses





for individual stocks, bonds and funds purchased and sold in your accounts. Other fees, such as cashiering, alternative investment custody and other administrative expenses, are included in the fees we charge. With the exception of the flat custody fees for certain alternative assets and market-value based fees for principal and income accounting for certain agency accounts which we pay, Schwab charges no custody fee.

You are not required to utilize Schwab as the custodian for your investment account and may negotiate such services and fees with other custodians of your choice for your investment management account. We reserve the right to charge additional fees as appropriate if clients choose a custodian other than Schwab.

UMB Bank serves as custodian of accounts for which it serves as a trustee or other fiduciary. You are responsible for paying trading expenses for individual stocks and bonds purchased and sold in trust accounts. Other fees, such as tax preparation and other administrative expenses are included in the fees we charge. UMB Bank charges no custody fee.

UMB Trust Company serves as custodian of accounts for which it serves as a trustee or other fiduciary. You are responsible for paying trading expenses for individual stocks and bonds purchased and sold in trust accounts. Other fees, such as tax preparation and other administrative expenses are included in the fees we charge. UMB Trust Company charges no custody fee.

Item 12 describes the factors that we consider in selecting broker-dealers for our clients' transactions and for determining the reasonableness of their compensation.

## **Item 6 – Performance-Based Fees and Side-By-Side Management**

We do not charge Performance Based Fees.



---

## **Item 7 – Types of Clients**

We provide portfolio management services to individuals, high net worth individuals, corporate pension and profit-sharing plans, Taft-Hartley plans, trusts, estates, charitable institutions, corporations and business entities, foundations, and endowments.

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

Our investment philosophy involves allocating your portfolio among a mix of asset classes based on objective academic principles. These principals recognize the different risk and reward interactions of various asset classes.

Investment risk is defined as fluctuation in price. For individuals, price fluctuations pose two types of risk:

- Objective risk — how much loss of value can you withstand in the short to medium term and still meet your long-term objectives?
- Subjective risk — how much loss of value can you sustain without serious harm to your emotional well-being and your ability to sleep at night?

Through discipline and objectivity, we help you keep your focus on your long-term goals.

Successful investing experiences rely on setting and maintaining optimal asset allocation and diversification. We work with you to understand your individual financial situation.

Three critical factors drive the way we allocate assets in your portfolio:

- your needs and goals;
- your time horizon; and
- your risk tolerance.

With your goals in mind, we rely on objective criteria to determine the right asset allocation for you. Through disciplined portfolio



management, we maintain asset-class consistency over time and keep costs low. This consistent, long-term investment strategy allows the markets to work for you.

The market is a complex mechanism that factors the knowledge and expectations of all investors into securities prices. Many investors try to outsmart the market, but no individual has yet proved able to predict which stocks will always perform best over time.

Investing involves taking risks. Not investing involves taking risks too. Differences in average risk create differences in the average returns of portfolios. Taking on increased levels of risk offers the potential to earn greater returns. Yet diversification plays a role, as well. Diversification reduces the impact of any one company's performance on your wealth. A well-diversified portfolio improves the odds of holding the best performers and provides the opportunity for a more stable outcome. We invest in a globally diversified portfolio positioning you to capture returns wherever they occur.

Asset allocation, not stock picking or market timing, accounts for most of the performance in a diversified investment strategy. We apply discipline to maintain your optimal asset allocation. A successful structure is one that you can hold with confidence as the market rises and falls.

Managing risk is part of our philosophy. We don't pick stocks for your portfolio. Instead, we focus on funds that provide diversification and emphasize areas of the market with higher expected return potential based upon decades of academic research and rigorous testing. We implement your investment strategy using best-of-class investment vehicles, such as bonds, funds or occasionally third party managers we have carefully vetted and continually monitor, to consistently work in your best interests.

The types of asset classes we use include, but are not limited to:

- Equities;
- Fixed Income;



- Real Assets;
- Alternatives; and
- Cash

In the past, we managed several equity strategies on behalf of our clients. However, as our investment approach transitioned from active management to the evidence-based approach outlined above, we discontinued all but one actively managed equity strategy, the Fed Focused Strategy. This legacy strategy, which seeks superior long-term risk-adjusted return by investing in a concentrated portfolio of companies and sectors that are well-positioned to capitalize on an expanding economy, is closed to new investors.

All portfolios involve investing in securities which present a risk of loss that clients should be prepared to bear.

#### **Item 9 – Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an evaluation of us or the integrity of our management. We have no information to disclose applicable to this Item.

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

As previously noted, we are a subsidiary of UMB Financial Corporation. UMB Financial Corporation provides human resources, information technology, finance and risk management support to us.

We offer personal trust services through our affiliate, UMB Bank. UMB Bank provides actively managed investment solutions to its trust clients and maintains explicit policies and procedures intended to ensure trust accounts are managed in the best interest of the beneficial owners while providing flexibility to provide for different investment options. Please see Item 4 for a complete description of our trust capabilities. Fee arrangements for trust account are outlined in Item 5.

In estate planning situations where our clients wish to use a corporate



fiduciary based in a state having favorable trust administration laws, we can offer personal trust services through our affiliate, UMB Trust Company of South Dakota. Please see Item 4 for a complete description of our trust capabilities. Fee arrangements for trust account are outlined in Item 5.

In addition to UMB Bank and UMB Trust Company, UMB Financial Corporation owns several other financial services companies. We have no material relationships with any of those entities, nor are we aware of any other material conflicts of interest with regard to any of the other affiliations.

As noted in Item 4, we maintain sub-advisory agreements with other registered investment advisors. We use these advisors to diversify client portfolios across asset classes and categories not covered by our investment strategies. We do not receive compensation from these advisors.

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

We maintain a formal Code of Ethics. The purpose of the Code of Ethics is to meet the requirements of Rule 204A-1 under the Investment Advisers Act of 1940 and to reinforce the fiduciary principles that govern our conduct. All employees, interns and contract employees are considered to be access persons and must, at all times, act in the best interest of the client, avoid any real or potential conflicts of interest and conduct their personal activities with the utmost integrity. Following is a summary of our Code of Ethics:

1. The Code contains standards of business conduct including prohibitions on insider trading, fraudulent or deceptive acts and statements, and the malicious creation or spreading of rumors. Employees are subject to restrictions on certain outside activities, securities transactions, and gifts to and from clients, broker-dealers, vendors or research providers;
2. The Code requires compliance with federal securities laws;



3. The Code requires review and reporting of personal securities transactions;
4. The Code obligates employees to report violations and Marquette to enforce sanctions; and
5. The Codes requires annual acknowledgement by employees of the provisions of the Code of Ethics as amended from time to time.

The Code of Ethics is designed to assure that the personal securities transactions, activities and interests of our employees will not interfere with (i) making decisions in the best interest of advisory clients and (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts.

When we have been given full investment discretion over employees' accounts, trades in those accounts are aggregated with client accounts when consistent with our obligation of best execution. In such circumstances, employee and client accounts receive securities at a total average price. We retain records of the trade order (specifying each participating account) and its allocation, which is completed prior to the entry of the aggregated order. Completed orders are allocated as specified in the initial trade order. Partially filled orders are allocated on a pro rata basis. Any exceptions will be explained on the order.

Unless an employee has given full investment discretion to us, our Code of Ethics requires pre-clearance of many employee transactions and prohibits employees from buying or selling securities on the same day as clients. The Code of Ethics designates certain classes of securities transactions as exempt from this requirement, based upon a determination that such transactions would not materially interfere with your best interest.

Employee trading is continually monitored under the Code of Ethics to reasonably prevent conflicts of interest between us and you.

Our employees are also subject to UMB Financial Corporation's Code of



## Ethics and related requirements.

Clients or prospective clients may obtain a copy of our Code of Ethics or UMB's Code of Ethics by contacting Jean Gullikson, our Chief Compliance Officer.

We will not affect any principal or agency cross securities transactions for client accounts. Principal transactions are generally defined as transactions where an adviser, acting as principal for its own account or the account of an affiliated broker-dealer, buys from or sells any security to any advisory client. A principal transaction may also be deemed to have occurred if a security is crossed between an affiliated fund and another client account. An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction. Agency cross transactions may arise where an adviser is dually registered as a broker-dealer or has an affiliated broker-dealer. Marquette is not dually registered as, or affiliated with, a broker-dealer.

## **Item 12 – Brokerage Practices**

We generally have two types of client accounts: Full discretion and directed. In full discretion accounts, we possess sole authority with respect to transactions, timing of transactions and choice of brokers. Such authority can be limited by you at any time with respect to any or all such factors. If you do not specify the broker who is to execute the transactions, then we determine the broker.

We allow you to maintain self-directed accounts when such accounts are merely part of an overall investment management relationship. You may execute trades directly with Schwab in those accounts or you may direct us to initiate trades on your behalf. You may also direct us to retain specific assets within an otherwise discretionary account. You must



direct us to initiate trades of those unsupervised securities on your behalf. We will use the same brokers for those trades as we use for discretionary trades.

### **The Custodians and Brokers We Use**

We do not maintain custody of your assets that we manage; however, we may be deemed by our regulators to have custody of your assets if you give us authority to withdraw assets from your account (*see Item 15 Custody, below*). Your assets must be maintained in an account at a “qualified custodian,” generally a broker-dealer or bank.

We recommend that our investment management clients use Schwab, a FINRA-registered broker-dealer and member SIPC, as the qualified custodian. We are not affiliated with Schwab. Schwab will hold your assets in a brokerage account and will buy and sell securities per our instructions. While we recommend that you use Schwab as custodian/broker, you will decide whether to do so and open your account with Schwab by entering into an account agreement directly with them. We do not open the account for you. Even though your account is maintained at Schwab, we can still use other brokers to execute trades for your account, as described in the next paragraph.

Accounts for which UMB Bank serves as trustee are held at UMB Bank. UMB Bank, or where permitted by the governing document and state law, Marquette Asset Management, selects the brokers used to execute trades in those accounts.

### **How We Select Brokers/Custodians**

We seek to recommend a custodian/broker who will hold your assets and execute transactions on terms that are most advantageous overall when compared to other available providers and their services.





We consider a wide range of factors, including, among others, these:

- combination of transaction execution services along with asset custody services (generally without a separate fee for custody);
- capability to execute, clear and settle trades (buy and sell securities for your account);
- ability to facilitate transfers and payments to and from accounts (wire transfers, check requests, bill payment, etc.);
- breadth of investment products made available (stocks, bonds, mutual funds, exchange traded funds (ETFs), etc.);
- quality of services;
- competitiveness of the price of those services (commission rates, margin interest rates, other fees, etc.) and willingness to negotiate them;
- reputation, financial strength and stability of the provider;
- knowledge of market, securities and industries;
- ability to get best price; and
- availability of other products and services that benefit us, as discussed below (*see “Products and Services Available to Us from Schwab”*).

### **Your Custody and Brokerage Costs**

For our clients' accounts it maintains, Schwab generally does not charge you separately for custody services but is compensated by charging you commissions or other fees on trades that it executes or that settle into your Schwab account. Schwab's commission rates applicable to our client accounts were negotiated based on our commitment to maintain \$800 million of our clients' assets statement equity in accounts at Schwab. This commitment benefits you because the overall commission rates you pay are lower than they would be if we had not made the commitment. In



addition to commissions, Schwab charges you a flat dollar amount as a “prime broker” or “trade away” fee for each trade that we have executed by a different broker-dealer but where the securities bought or the funds from the securities sold are deposited (settled) into your Schwab account. These fees are in addition to the commissions or other compensation you pay the executing broker-dealer. Because of this, in order to minimize your trading costs, we have Schwab execute most equity trades for your account. We will use brokers other than Schwab to execute fixed income trades if that yields the best overall result for our clients. Clients who select the broker that we should use for executing their transactions may eliminate or reduce our ability to negotiate commissions and otherwise obtain best price and execution.

### **Products and Services Available to Us from Schwab**

Schwab serves independent investment advisory firms like us. They provide us and our clients with access to its institutional brokerage – trading, custody, reporting and related services – many of which are not typically available to Schwab retail customers. Schwab also makes available various support services. Some of those services help us manage or administer our clients’ accounts while others help us manage and grow our business. Schwab’s support services are generally available on an unsolicited basis (we don’t have to request them) and at no charge to us as long as we keep a total of at least \$10 million of our clients’ assets in accounts at Schwab. If we have less than \$10 million in client assets at Schwab, it may charge us quarterly service fees.

Here is a more detailed description of Schwab’s support services:

Services that Benefit You. Schwab’s institutional brokerage services include access to a broad range of investment products, execution of securities transactions, and custody of client assets. The investment products available through Schwab include some



which we might not otherwise have access to or that would require a significantly higher minimum initial investment by our clients. Schwab's services described in this paragraph generally benefit you and your account.

Services that May Not Directly Benefit You. Schwab also makes available to us other products and services that benefit us but may not directly benefit you or your account. These products and services assist us in managing and administering our clients' accounts. They include investment research, both Schwab's own and that of third parties. We may use this research to service all or some substantial number of our clients' accounts, including accounts not maintained at Schwab.

In addition to investment research, Schwab also makes available software and other technology that:

- provides access to client account data (such as duplicate trade confirmations and account statements);
- facilitates trade execution and allocates aggregated trade orders for multiple client accounts;
- provides pricing and other market data;
- facilitates payment of our fees from our clients' accounts; and
- assists with back-office functions, recordkeeping and client reporting.

Services that Generally Benefit Only Us. Schwab also offers other services intended to help us manage and further develop our business enterprise. These services include:

- educational conferences and events;
- technology, compliance, legal, and business consulting;
- publications and conferences on practice management and business succession; and
- access to employee benefits providers, human capital consultants and insurance providers.



Schwab may provide some of these services itself. In other cases, it will arrange for third-party vendors to provide the services to us. Schwab may also discount or waive its fees for some of these services or pay all or a part of a third party's fees. Schwab may also provide us with other benefits such as occasional business entertainment of our personnel.

We use these services extensively in order to enhance our clients' overall experience.

### **Our Interest in Schwab's Services**

The availability of these services from Schwab benefits us because we do not have to produce or purchase them. We don't have to pay for Schwab's services so long as we keep a total of at least \$10 million of client assets in accounts at Schwab. Beyond that, these services are not contingent upon us committing any specific amount of business to Schwab in trading commissions or assets in custody. The \$10 million minimum may give us an incentive to recommend that you maintain your account with Schwab based on our interest in receiving Schwab's services that benefit our business rather than based on your interest in receiving the best value in custody services and the most favorable execution of your transactions. This is a potential conflict of interest. We believe, however, that our selection of Schwab as custodian and broker is in the best interests of our clients. It is primarily supported by the scope, quality and price of Schwab's services (based on the factors discussed above – see *"How We Select Brokers/Custodians to Recommend"*) and not Schwab's services that benefit only us. We have \$772 million of client assets under management and in directed accounts at Schwab and do not believe that maintaining at least \$10 million of those assets at Schwab in order to avoid paying Schwab quarterly service fees presents a material conflict of interest.



## **Other Brokerage Costs**

Where we use a broker other than Schwab to execute fixed income transactions, Schwab will place an allocation fee of \$25 for each bond per client account. We do not charge a commission for buying or selling fixed income securities. We purchase bonds from dealers with the same methodology as outlined in “*How we Select Brokers/Custodians*”. We use brokers who have expertise in the areas of the fixed income markets in which we purchase bonds on behalf of our clients. To the extent we participate in newly issued public fixed income securities, which are offered by one or more brokers, we will participate with those brokers involved in the transaction. When selling bonds in the secondary market we use a competitive bidding process, where the broker with the highest price will purchase the bonds from us. When we purchase bonds in the secondary market, we use dealers who have expertise in the markets we trade in and/or a cost advantage which allows us to purchase bonds at a more favorable price.

Where we use a broker other than Schwab to execute equity transactions, the broker receives trading commissions. While we could use part of those commissions to pay for certain research services, information, advice or data that meet the safe harbor provisions of Section 28(e) of the Securities and Exchange Act of 1934, we do not currently participate in such "soft dollar" relationships.

When we execute a block trade through a broker, we allocate the trade among a number of client accounts using an average price and charge proportionate transaction costs to each client.

We review all third party managers at least annually to evaluate and monitor their continued appropriateness for accounts managed on behalf of its clients. We request certification of our sub-advisors' trading policies, compliance program and



adherence to its Code of Ethics. Where sub-advisors use a portion of trading commissions to pay for certain research services, information, advice or data, we seek assurance from each sub-advisor that it follows safe harbor provisions discussed above.

### **Products and Services Available to Us from Other Third Parties**

Some of our providers give us opportunities to attend conferences, seminars and offer other resources and support services to us. Some of those services help us manage or administer our clients' accounts, while others help us manage and grow our business. Such services are generally available on an unsolicited basis (we don't have to request them) and at no charge to us as long as we express an interest in their investment offerings or continue to have an allocation to their investment products. Here is a more detailed description of support services:

Services that Benefit You (Clients). Some of the investment products we are able to offer our clients are not available to the general public. Since we are viewed as one client to our managers, we may be able to obtain these products at a lower institutional rate, which will benefit you and your account.

Services that May Not Directly Benefit You. These providers may allow us access to best practice studies and analytics that help us manage and administer our clients' accounts.

Services that Generally Benefit Only Us. There are other services that are intended to help us manage and further develop our business enterprise. Some of these services include:

- educational conferences and events;
- business consulting;
- publications and conferences on practice management; and business succession;



---

### **Item 13 – Review of Accounts**

Except where we are engaged to manage an account with a specific proprietary product, the initial portfolio review generally incorporates all your holdings we are aware of and is designed to identify the current and recommended overall asset allocation. Where appropriate, a transition plan is developed to communicate and manage tax implications of our recommendations. If the initial portfolio review is not completed prior to our engagement, it is done as soon as practical after accounts are transferred. Once we've reviewed our recommendations with you and made appropriate adjustments, we prepare a formal Investment Policy Statement ("IPS") for your account as outlined in Item 16. Initial portfolio reviews and related recommendations are reviewed by the portfolio manager for your account.

Our Investment Committee reviews accounts monthly to monitor adherence to their investment policy statements.

There are two members of our Investment Committee: Christopher Vernier (President) and Derek Hagen (Vice President – Investments and Planning). We expect to add another member in 2016. Investment Committee members also function as portfolio managers and analysts. Mr. Vernier serves as our chief fixed income trader.

Your relationship manager coordinates an overall relationship and planning review at least annually.

Interim reviews are performed at your request or as necessary due to a change in your financial situation or estate plan of which you inform us or upon significant economic or market events.

Where we are the primary investment manager, we issue quarterly investment reports for accounts over which we have discretion or other responsibility. The reports include a performance analysis as well as a



discussion of recent economic and market events. For certain accounts where we are one of several managers (*e.g.*, pension plans and other institutions), we provide performance data to account owners or other interested parties in other formats as requested. Where appropriate, you may also receive customized reports and summaries.

You receive tax information as required by law from your account custodian.

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

We receive an economic benefit from Schwab in the form of the support products and services it makes available to us and other independent investment advisors that have their clients maintain accounts at Schwab. These products and services, how they benefit us, and the related conflicts of interest are described above (*see Item 12 – Brokerage Practices*). The availability to us of Schwab's products and services is not based on us giving particular investment advice, such as buying particular securities for our clients.

We receive no other direct or indirect economic benefit, including but not limited to sales awards or other prizes, for providing investment advice or other advisory services to our clients from anyone that is not a client.

We may enter into arrangements whereby we provide cash or non-cash compensation to individuals, affiliated or unaffiliated firms. In no circumstance does the referring person/firm have authority to make representations or accept clients or accounts on our behalf. These are expenses paid by Marquette. You would not pay any additional or higher investment management fees as the result of a referral arrangement.

Prospective clients are informed of any referral arrangements in accordance with the requirements of SEC Rule 206(4)-3 and if required, state rules regarding solicitation arrangements. Prospective clients receive disclosures containing the details of relevant referral





arrangements and must acknowledge arrangements involving non-affiliated third parties.

We currently have no referral arrangements in place.

## **Item 15 – Custody**

### **Accounts held at Schwab**

We use Schwab as our primary qualified custodian. Under government regulations, we are deemed to have custody of your assets if you authorize us to instruct Schwab to deduct our advisory fees directly from your account. Schwab maintains actual custody of your assets. You will receive monthly account statements directly from Schwab. They will be sent to the mailing address you provided to Schwab or will be made available electronically upon your request. You should carefully review those statements promptly when you receive them. We also urge you to compare Schwab's account statements with the periodic portfolio reports you will receive from us. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies for certain securities. Schwab statements will generally exclude non-publicly tradable securities such as limited partnership interests, closely held stock, private promissory notes, etc.

### **Accounts held elsewhere**

You are not required to use Schwab as your qualified custodian and may negotiate such services and fees with other custodians. If you choose a custodian other than Schwab, you should receive at least quarterly statements from the broker-dealer, bank or other qualified custodian that holds and maintains your account(s). You should carefully review those statements promptly when you receive them. We also urge you to compare your account statements with the periodic portfolio reports you receive from us. Our reports may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies for certain securities.



---

### Accounts where UMB Bank is trustee

Accounts of which UMB Bank serves as trustee are held at UMB Bank. Our employees coordinate trust and estate administration services with the trustee, UMB Bank, as outlined in Item 4. You will receive account statements directly from UMB Bank at least quarterly. You should carefully review those statements promptly when you receive them. We also urge you to compare your account statements with the periodic portfolio reports you receive from us. Our reports may vary from bank statements based on accounting procedures, reporting dates, or valuation methodologies for certain securities.

We receive an annual written internal control report regarding the custodial services provided from UMB Bank.

### Accounts where UMB Trust Company is trustee

Accounts of which UMB Trust Company serves as trustee are held at UMB Trust Company. You will receive account statements directly from UMB Trust Company at least quarterly. You should carefully review those statements promptly when you receive them. We also urge you to compare your account statements with the periodic portfolio reports you receive from us. Our reports may vary from bank statements based on accounting procedures, reporting dates, or valuation methodologies for certain securities.

### Accounts owned or controlled by employees

We use Schwab as our qualified custodian for accounts we manage that are owned by our employees or over which an employee serves as trustee or authorized agent. Because employees have authority over such accounts, we have deemed custody over those accounts.

We are required by law to engage an independent certified public accountant to perform a verification of funds and securities held in those accounts. This verification must be performed at least annually; however, the timing of the examination must vary from year to year. The auditor



must commence the examination without prior notice to us. This verification is therefore referred to as a “Surprise examination”.

#### **Item 16 – Investment Discretion**

We usually receive discretionary authority from you at the outset of an advisory relationship permitting us to select the identity and amount of securities to be bought or sold. In all cases, however, we exercise such discretion in a manner consistent with the agreed-upon stated investment objectives for your particular account. Your investment objectives, time horizon, risk tolerance, cash requirements, tax status, applicable account benchmarks and other pertinent facts are reflected in the Investment Policy Statement (“IPS”). An IPS signed by you and by us must be on file before we begin management of your account.

When selecting securities and determining amounts to purchase or sell, we follow your investment limitations and restrictions. Such investment limitations and restrictions must be provided to us in writing and are generally incorporated into the Investment Policy Statement.

Your portfolio manager is responsible for ongoing management of your account accounts in accordance with the IPS.

#### **Item 17 – Voting Client Securities**

We generally vote proxies for discretionary client assets under management. We use an independent third party, Broadridge Investor Communication Solutions, Inc., to make recommendations on proxy votes and to handle the actual voting. However, we retain the ultimate authority in voting proxies for our clients’ accounts and may override Broadridge’s recommendations if we deem it appropriate.

For most accounts, Broadridge’s recommendations are based on its *Typical Investment Manager Policy* guidelines. The guidelines were designed to maximize returns by voting in a manner that generally



supports management while carefully limiting risk to investors to the greatest extent possible. The guidelines enable us to fulfill our fiduciary duty to vote independently while recognizing that our main goal is to enhance returns and to invest in companies in which it is generally comfortable with existing management and boards.

For Taft-Hartley clients, Broadridge's recommendations are based on its *Taft Hartley Policy*, which is fully compliant with the voting responsibility of the Taft-Hartley Labor Act and ERISA requirements governing the protection of labor fund assets. The policy is consistent with AFL-CIO guidelines and the AFL-CIO annual Key Vote Survey. The policy blends Glass Lewis' standard, comprehensive analysis of all financial and corporate governance issues up for a vote with a careful review of companies' labor practices, including compliance with EEOC, company treatment of union members and union members' job site safety.

You may choose to vote proxies instead of allowing us to do so.

You may obtain a copy of our Proxy Policies, as well as information about how your securities were voted by contacting your relationship manager.

**Class Actions.** We will file securities class action claims on your behalf, provided that all relevant transactions occurred while you were our client. We use the services of Chicago Clearing Corporation ("CCC") to file claims and collect proceeds. CCC receives a portion of proceeds collected as compensation. You are not required to use this service and must inform us in writing if you do not want CCC to file claims on your behalf.

For securities class actions that do not meet the above criteria, we will provide copies of confirmations or custodial statements to you upon your reasonable request.

## **Item 18 – Financial Information**

Registered investment advisers are required in this Item to provide you



with certain financial information or disclosures about their financial condition.

We have no financial commitment that impairs our ability to meet contractual and fiduciary commitments to you and we have not been the subject of a bankruptcy proceeding.

**Item 19 – Requirements for State-Registered Advisers**

We have no information applicable to this Item as we are registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.



---

## **Item 1 - General Information**

Christopher M. Vernier

Marquette Asset Management, LLC

33 South Sixth Street, Suite 4540

Minneapolis, MN 55402

612-661-3787

## **Item 2 - Educational Background and Business Experience**

Christopher M. Vernier - Born 1972

### **Education:**

University of St. Thomas: Accounting & Finance 1994

### **Business:**

Piper Jaffray, Minneapolis, MN: Internal Auditor 1995-1997

Eagle Capital Management, Bloomington, MN: Trading 1997-1998

US Bancorp, St. Paul, MN: Financial Analyst 1998-2000

Knelman Asset Management Group, Minneapolis, MN: Manager Operations 2000-2004

Marquette Asset Management: Vice President - Operations 1/05 - 1/09;  
Vice President - Trading and Investments 1/09 - 5/10; Senior Vice President  
- Trading and Investments 5/10 – 5/14; Managing Director – Investments  
5/14 – 5/16; President 6/16 - present

## **Item 3 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No



information is applicable to this Item.

#### **Item 4 - Other Business Activities**

Mr. Vernier is not engaged in any investment-related business activities other than his employment by us.

#### **Item 5 - Additional Compensation**

Mr. Vernier receives no economic benefit for providing advisory services from anyone that is not a client. He is compensated by us primarily through salary. In addition, he receives incentive compensation based on our revenues and net profit and individual performance of defined objectives for his job responsibilities.

#### **Item 6 - Supervision**

Mr. Vernier reports to Dana Abraham, President of Private Wealth Management, a division of UMB Bank, n.a. He is subject to our firm's compliance policies and procedures and is monitored through normal ongoing compliance reviews. Ms. Abraham can be reached at 816-860-1040.

#### **Item 7 - Requirements for State-Registered Advisers**

We have no information applicable to this Item as we are registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.



---

## **Item 1 - General Information**

Derek F. Hagen

Marquette Asset Management, LLC

33 South Sixth Street, Suite 4540

Minneapolis, MN 55402

612-661-3732

## **Item 2 - Educational Background and Business Experience**

Derek F. Hagen, CFA\*, CIPM, CFP – Born 1980

**Education:**

Minnesota State University, Moorhead: B.A. Economics 2005

**Business:**

Riverbridge Partners, LLC, Minneapolis, MN: Associate – Trading & Operations, 12/05 – 9/10

Slocum and Associates, Inc., Minneapolis, MN: Performance Associate – Investment Manager Performance, 9/10 – 5/11

Columbia Management Investment Advisors, LLC, Minneapolis, MN: Performance Analyst, 5/11 – 9/12

Marquette Asset Management: Senior Financial Analyst 10/12 – 11/15

Vice President – Investments and Planning 11/15 - present

\* The Chartered Financial Analyst (CFA) charter is a globally respected, graduate-level investment credential established in 1962 and awarded by CFA Institute — the largest global association of investment professionals.





There are currently more than 90,000 CFA charter holders working in 135 countries. To earn the CFA charter, candidates must: 1) pass three sequential, six-hour examinations; 2) have at least four years of qualified professional investment experience; 3) join CFA Institute as members; and 4) commit to abide by, and annually reaffirm, their adherence to the CFA Institute Code of Ethics and Standards of Professional Conduct.

### **High Ethical Standards**

The CFA Institute Code of Ethics and Standards of Professional Conduct, enforced through an active professional conduct program, require CFA charter holders to:

- Place their clients' interests ahead of their own
- Maintain independence and objectivity
- Act with integrity
- Maintain and improve their professional competence
- Disclose conflicts of interest and legal matters

### **Global Recognition**

Passing the three CFA exams is a difficult feat that requires extensive study (successful candidates report spending an average of 300 hours of study per level). Earning the CFA charter demonstrates mastery of many of the advanced skills needed for investment analysis and decision making in today's quickly evolving global financial industry. As a result, employers and clients are increasingly seeking CFA charter holders—often making the charter a prerequisite for employment.

Additionally, regulatory bodies in 19 countries recognize the CFA charter as a proxy for meeting certain licensing requirements, and more than 125 colleges and universities around the world have incorporated a majority of the CFA Program curriculum into their own finance courses.

### **Comprehensive and Current Knowledge**

The CFA Program curriculum provides a comprehensive framework of knowledge for investment decision making and is firmly grounded in the knowledge and skills used every day in the investment profession. The three levels of the CFA Program test a proficiency with a wide range of fundamental and advanced investment topics, including ethical and



professional standards, fixed-income and equity analysis, alternative and derivative investments, economics, financial reporting standards, portfolio management, and wealth planning.

The CFA Program curriculum is updated every year by experts from around the world to ensure that candidates learn the most relevant and practical new tools, ideas, and investment and wealth management skills to reflect the dynamic and complex nature of the profession. To learn more about the CFA charter, visit [www.cfainstitute.org](http://www.cfainstitute.org).

### **Item 3 - Disciplinary Information**

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of each supervised person providing investment advice. No information is applicable to this Item.

### **Item 4 - Other Business Activities**

Mr. Hagen is not engaged in any investment-related business activities other than his employment by us.

### **Item 5 - Additional Compensation**

Mr. Hagen receives no economic benefit for providing advisory services from anyone that is not a client. He is compensated by us primarily through salary. In addition, he receives incentive compensation based on individual performance of defined objectives for his job responsibilities.

### **Item 6 - Supervision**

Mr. Hagen reports to Christopher Vernier, our President. He is subject to our firm's compliance policies and procedures and is monitored through normal ongoing compliance reviews. Mr. Vernier can be reached at 612-661-3787.



---

### **Item 7 - Requirements for State Registered Advisors**

We have no information applicable to this Item as we are registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.