

## **Fiduciary Consultants, Inc.**

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### **FORM ADV PART 2A BROCHURE**

This brochure provides information about the qualifications and business practices of Fiduciary Consultants, Inc. ("FCI"). If you have any questions about the contents of this brochure, please contact Tim Hamann at (312) 527-5500 or at [thamann@marquetteassociates.com](mailto:thamann@marquetteassociates.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.

Additional information about FCI is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for this Adviser is 106956.

FCI is a Registered Investment Adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

**March 27, 2020**

## Item 2: Material Changes

This Brochure dated March 27, 2020, contains the following material changes since the filing of our Annual Amendment dated March 29, 2019:

- Item 4 updated the amount of assets under advisement
- Item 10 updated to denote FCI's parent company's relationship with Operose Advisors
- Item 13 updated to reflect new procedure on reviewing accounts
- Item 14 updated to denote compensation received by FCI's parent company

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## Item 4: Advisory Business

Fiduciary Consultants, Inc. ("FCI" or "we" or "us") is registered as an investment adviser with the SEC under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). We specialize in providing investment consulting services to institutions. Our firm is wholly-owned by Marquette Associates, Inc., ("Marquette"), an SEC-registered investment adviser based in Chicago, Illinois.

FCI is headquartered in St. Louis, Missouri. Our company (and its predecessors) has been serving client needs since 1988. We are a pension consultant with respect to assets of plans (as set forth in Rule 203A-2(a) of the Advisers Act) having an aggregate value of at least \$200,000,000.

### Investment Consulting Services

FCI offers both non-discretionary and discretionary investment consulting services, although MAI, FCI's owner, provides primarily non-discretionary consulting services. These services include:

- Asset allocation modeling / asset-liability studies
- Manager search, selection, and oversight
- Performance reporting and attribution analysis
- Firm-conducted research and educational training for clients
- Investment policy development and oversight
- Fee negotiation and cost management
- Custom benchmark development and peer comparison
- Review and selection of custodial bank

FCI provides customized services to its clients and no two investment programs are alike. Our consultants take into consideration factors such as the client's risk tolerance, forecasted liability, and return expectations when making recommendations. Clients are allowed to designate reasonable restrictions on their accounts. FCI may also work on special projects for prospective clients wherein FCI is retained to provide certain, discrete consulting services.

FCI does not participate in wrap fee programs or accept soft dollar payments for its services.

### Assets Under Advisement

As of December 31, 2019, FCI had \$3,853,255,528 in assets under advisement on a non-discretionary basis.

## Item 5: Fees and Compensation

### Investment Consulting Fees

FCI charges fees in three separate ways: 1) as a flat fee, 2) as a percentage of assets under advisement, and 3) hourly charges. Fees are negotiable. In the first instance, FCI negotiates a flat fee with clients for its provision of investment consulting services, depending upon the value of the client's assets under advisement, complexity of portfolio, travel required, number of meetings per year, and various other relevant factors. Fees are billed quarterly in advance or in arrears dependent upon the client's choice. In that way, the annual agreed upon fee is billed to the client in four separate installments. In the event, the contract with FCI is terminated prior to the end of the agreed upon period, FCI will prorate the fee accordingly and either bill the pro-rated fee to the client or reimburse the client for the pro-rated amount already paid. Fees may range from \$3,000 to \$150,000 per year.

FCI also charges fees based upon a percentage of a client's assets under advisement. FCI charges a client quarterly based upon the value of the client's assets under advisement as of the last day of the previous quarter. Fees are billed in advance or in arrears dependent upon the client's choice. Fee percentages may range from .05% to 0.10% of assets under advisement on an annual basis.

Lastly, FCI may charge fees on an hourly basis for discrete projects for consulting services. These fees will be based upon a determination of the specific nature and circumstances of the relationship between FCI and the client. These hourly charges are billed upon the conclusion of the services and are payable within 30 days of completion of the services.

**Terminations and Refunds.** A client agreement may be canceled at any time and for any reason, by either party, for upon at least 30 days' written notice. Upon termination, any paid but unearned fees will be promptly refunded, and any unpaid fees will be due and payable.

### Other Costs

Outside of the annual fee paid to FCI, clients may also incur additional charges from investment service providers, such as investment manager fees, transaction costs, or custodial fees. If a client invests in mutual funds with the selected manager it may incur mutual fund ticket charges and other transaction charges. These fees are in addition to the fees paid by the client to FCI.

None of FCI's supervised persons receives compensation for the sale of securities or other investment products, nor by recommending managers for selection. Our firm does not offer any proprietary products for investment.

## Item 6: Performance-Based Fees

FCI does not manage any performance-based account and, as such, neither our firm nor our advisory personnel receive performance-based fees.

## Item 7: Types of Clients

As set forth in Item 4, we provide investment consulting services to institutions, including to public and private retirement systems, foundations and endowments.

FCI does not have a minimum annual fee or account size.

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

### Methods of Analysis, Investment Strategies and Risk of Loss

FCI provides customized investment advice for each of our clients. Typically, we evaluate an organization's cash flow needs, spending policy, liquidity constraints, and operating results to help determine an overall strategic plan.

Our asset allocation studies evaluate potential client portfolios under a variety of macroeconomic environments, which directly impact the performance of asset classes. The studies are built to analyze often overlooked – but critical – features of portfolio construction, including liquidity, rebalancing, and net cash flow. We offer customized reports and analytics to evaluate circumstances unique to each plan, such as spending policies for endowments and funding ratios for pension funds. More generally, our asset allocation studies offer a comprehensive and rigorous analysis that will formulate the most effective portfolios to achieve client goals. Specifically, the following initiatives are included in our asset allocation studies:

- Identify and quantify sources of risk, beyond the use of standard deviation as the sole risk metric
- Establish a forward looking methodology that is not anchored by pre-determined expected returns, standard deviations and correlations
- Recognize the illiquid nature of alternative asset classes, along with the liquidity needs of each client
- Incorporate the client's return goals, liabilities, and cash flows
- Allow for portfolio re-balancing to keep asset allocations within target ranges
- Allow for non-normal return patterns
- Reflect current economic conditions in the analysis.

Our software is based on a Monte Carlo simulation of macroeconomic factors, which are used to model monthly return outcomes of capital markets. The simulations are created by a powerful economic scenario generator ("ESG"), which is the driving force behind our asset allocation model. The economic scenario generator simulates the future performance of the capital markets and macro-economy; the underlying models are calibrated based on the long-term historical record, so that they will reproduce the kinds of volatility and stress scenarios that have been observed over the 20th and 21st centuries. The models are linked and correlated so that the behavior of different asset classes and economic variables is consistent within each random scenario.

Portfolio performance over the course of the study reflects projected net cash flows—using actual benefit payments and contributions / historical cash flows—as well as overall portfolio composition, rebalancing rules, and beginning market value. When coupled with the simulated returns, these inputs provide the monthly market value of all asset



classes for each proposed portfolio and of the total fund. We also calculate average annualized returns and standard deviations for each portfolio. These statistics allow us to calculate risk adjusted returns that figure heavily into determining the recommended portfolio.

## Item 9: Disciplinary Information

Neither FCI nor any of its owners has any material legal or disciplinary events to report.

## Item 10: Other Financial Industry Activities and Affiliations

FCI is a wholly-owned subsidiary of Marquette Associates, Inc., an SEC-registered investment adviser based in Chicago, Illinois. Brian Goding, formerly the President of FCI, is now a Managing Partner of Marquette. Marquette may receive fees and income from FCI from its consolidated operations as the parent of FCI. In addition, FCI is an affiliate of Peirce Park Group, Inc., an SEC-registered investment adviser, based in West Chester, Pennsylvania, by virtue of common ownership under Marquette Associates, Inc. FCI's fees and income will be consolidated with those of its affiliate PPG, and its parent, Marquette Associates, Inc.

FCI's parent, Marquette has partnered with Operose Advisors, LLC, an SEC-registered organized as a Wisconsin limited liability company. The adviser is principally owned by Nicholas C. Bauer through his interest in the Adviser's holding company, Beulah Holdings LLC ("Beulah Holdings") of which Marquette is a minority owner. As part of this partnership, Marquette participates in the Adviser's Investment and Operating Committees and provides economic analysis and investment research and shares the construct of its discretionary portfolios.

FCI may receive items of value from advisors that it may recommend in the form of manager sponsored outings or events that its employees may attend. FCI has a Code of Ethics that puts restrictions on the attendance at these events, including the requirement that a representative from the donor of the tickets to the events be present at the event. Overall, the value of these outings or events is de minimis in relation to FCI's overall operations.

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

FCI has adopted a Code of Ethics & Conflict of Interest Policy that sets forth the standards of conduct expected of its employees and requires compliance with applicable securities laws. The Code also addresses the issues of the confidentiality of and the safeguarding of client information, the payment or receipt of gifts by FCI or its employees, and the recordkeeping requirements for all of the above.

The document establishes firm policies in the following areas:

- Standards of behavior regarding financial and vendor relationships, securities trading, and use of confidential information
- Ethics Training Program requirement for all employees
- Personal trading (“insider trading”) policy regarding publicly traded companies for whom we are contracted for investment consulting services
- Whistleblower protection
- Internal enforcement of and compliance with aforementioned policies

Current employees are required to sign the Code of Ethics & Conflict of Interest Policy on a quarterly basis, complete an annual Ethics Training Program organized by the CCO, or his or her designee.

The firm will provide a copy of the Code of Ethics & Conflict of Interest Policy to current and prospective clients upon request.

## Item 12: Brokerage Practices

In general, FCI does not execute client securities transactions and therefore is not involved with brokerage practices.

FCI does not receive compensation, research or other products or services from broker-dealers or other third parties in connection with client securities transactions or client referrals. The firm's interests are aligned with that of clients, and consultants strive to negotiate the lowest possible fees in all brokerage practices.

## Item 13: Review of Accounts

Client accounts are subject to review by FCI's consultants and committee research team on a periodic basis. The overall committee research team oversees this process and facilitates communication among the consultants and research team on issues relevant to our clients.

In general, the lead consultant on the relationship reviews the client's accounts on a monthly and quarterly basis, as well as when clients are contemplating asset allocation and/or investment manager changes. These reviews are complemented by proprietary manager searches and asset allocation studies.

On a quarterly or monthly basis, FCI's consultants prepare investment reports in hard copy or electronic form based on the client's preferences. By the standard consulting agreement, quarterly reports are made available to clients within a timely fashion of the quarter end. Monthly "flash" reports are made available to clients soon after month end. Clients are urged to compare the reports provided by FCI with those statements that derive from the client's custodian of record.

## Item 14: Client Referrals and Other Compensation

FCI does not directly or indirectly compensate any non-supervised persons or entities for client referrals.

FCI may receive items of value from advisors that it may recommend in the form of manager sponsored outings or sporting events that its employees may attend. FCI has a Code of Ethics that puts restrictions on the attendance at these events, including the requirement that a representative from the donor of the tickets to the events be present at the event. Overall, the value of these outings or events is de minimis in relation to FCI's overall operations.

FCI's parent, Marquette Associates, receives monetary compensation from its partnership with Operose Advisors, LLC, for services rendered, including, but not limited to, economic analysis, investment research and the construction of its discretionary portfolios.

## Item 15: Custody

FCI does not maintain custody of client funds, securities or assets. FCI ensures that clients' assets are held by qualified custodians and that the custodian is sending to both our firm and the client directly statements of the client accounts. FCI recommends that clients review these statements and compare data with the reports prepared by our firm.



## Item 16: Investment Discretion

We do not serve as clients' portfolio managers and, as such, we do not have discretionary authority to determine the particular investment to be made, or the broker-dealers to be used in connection with such transactions.

## Item 17: Voting Client Securities

It is the policy of FCI to not accept any authority to vote proxies on behalf of clients. Clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios. Nevertheless, FCI may, in limited circumstances, accept authority to vote proxies in connection with certain investments. Accordingly, FCI has adopted this policy to reflect its commitment in such circumstances to vote all client proxies for which it exercises voting authority in a manner consistent with the best interest of the client.

When exercising its authority, FCI will generally vote proxies consistent with management unless the proxy voting committee determines that voting with management is not in the best interest of the underlying shareholder.

A copy of FCI's proxy voting policy is available from a client upon request.

## Item 18: Financial Information

We do not bill clients six months in advance and, as such, we are not required to provide a balance sheet to clients.

FCI has never been the subject of a bankruptcy petition at any time. FCI has no financial circumstances to report and is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments with our clients.

## Additional Information/Privacy Policy

### PRIVACY NOTICE (Regulation S-P)

Pursuant to Regulation S-P adopted by the Securities and Exchange Commission, it is the policy of FCI to keep confidential nonpublic personal information ( "*information*" ) pertaining to each current and former client (i.e., *information* and records pertaining to personal background, investment objectives, financial situation, investment holdings, account numbers, account balances, etc.) unless FCI is (1) previously authorized by the client to disclose *information* to individuals and/or entities not affiliated with FCI, including, but not limited to the client's other professional advisors and/or service providers (i.e., attorney, accountant, insurance agent, broker-dealer, investment advisor account custodian, etc.); (2) required to do so by judicial or regulatory process; or (3) permitted to do so in accordance with the parameters of Regulation S-P. The disclosure of *information* contained in any document completed by the client for processing and/or transmittal by FCI in order to facilitate the commencement/ continuation/ termination of a business relationship between the client and nonaffiliated third party service provider (i.e. broker-dealer, investment adviser, account custodian, insurance company, etc.), including *information* contained in any document completed and/or executed by the client for FCI (i.e., advisory agreement, client information form, etc.), shall be deemed as having been automatically authorized by the client with respect to the corresponding nonaffiliated third party service provider. Each individual and/or entity affiliated with FCI is aware of FCI's *privacy policy*, and has acknowledged his/her/its requirement to comply with same. In accordance with the FCI *privacy policy*, each such affiliated individual and/or entity shall have access to *information* to the extent reasonably necessary for FCI to perform its services for the client, and to comply with applicable regulatory procedures and requirements.

If you have any questions, please contact Brian Wrubel at (312) 527-5500 or at [bwrubel@marquetteassociates.com](mailto:bwrubel@marquetteassociates.com).