

## **Marquette Associates, Inc.**

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

This brochure provides information about the qualifications and business practices of Marquette Associates, Inc. ("MAI", "Marquette"). If you have any questions about the contents of this brochure, please contact Linsey Schoemehl Payne at (312) 527-5500 or at [lpayne@marquetteassociates.com](mailto:lpayne@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 MAI 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 21572.

MAI 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 24, 2023**

## Item 2: Material Changes

This brochure dated March 24, 2023 contains the following material changes since the filing of our Annual Amendment dated March 25, 2022:

- Item 4 updated to reflect: the amount of assets under advisement and management.
- Item 5 updated to reflect: the flat fees range.

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## Item 4: Advisory Business

Marquette Associates, Inc. ("MAI") is an investment adviser registered with the Securities and Exchange Commission. MAI's primary service is to provide investment consulting services to institutions, individuals, families, family offices, registered investment advisors, trusts, and charitable organizations or other business entities. The firm was founded and began providing investment advice in 1986 under the same name.

MAI is headquartered at 180 N. LaSalle Street, Suite 3500, Chicago, IL 60601 and has additional offices located in Baltimore, Maryland, St. Louis, Missouri, and Milwaukee, Wisconsin. MAI has one wholly-owned subsidiary adviser: Peirce Park Group, Inc. ("PPG") located in West Chester, Pennsylvania. MAI is 100% employee owned; all 25 owners work full-time at the firm. The principal owner of the firm is Brian Wrubel.

### Investment Consulting Services

MAI offers both non-discretionary and discretionary investment consulting services, although MAI 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 advisement
- Custom benchmark development and peer comparison
- Review and selection of custodial bank

MAI 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.

In addition, MAI will provide fiduciary services which allows MAI to have the discretionary authority to rebalance accounts and hire and fire third party managers. Lastly, MAI may also work on special projects for prospective clients wherein MAI is retained to provide certain, discrete consulting services.

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

## **QPAM Services/Consulting**

In addition to MAI's investment consulting business, MAI serves as a consultant to various pension plans and as a Qualified Professional Asset Manager ("QPAM") under the Employee Retirement Income Act of 1974, as amended ("ERISA") with regard to various matters in which the services of a QPAM are required. This service may be outsourced to a third-party. Such services include:

- Reviewing and advising on the client's proposed real estate transactions
- Evaluating and advising on conflicts of interest in real estate related transactions
- Providing oversight of the development of real estate construction projects
- Conducting due diligence for potential real estate investments
- Providing analysis of various strategic decisions associated with leases investments, development, dispositions and evaluation of investment decisions
- Evaluating real estate investments which have been completed to determine whether they meet various industry and fiduciary standards
- Overseeing the operations of two real estate properties

## **Investment Supervisory Services**

MAI provides investment supervisory services in the direct management of client portfolios to institutions, individuals, families, family offices, registered investment advisors, trusts, and charitable organizations or other business entities on a discretionary basis.

Prior to engaging MAI to provide any of the foregoing investment advisory services, the client will be required to enter into one or more written agreements with MAI setting forth the terms and conditions under which MAI shall render its services. Likewise, MAI will use certain investment tools to determine the clients' risk parameters, time horizon and investment objectives. These include in person meetings, a risk profile, client questionnaire and other documentation.

MAI's clients are advised to properly notify MAI if there are ever any changes in their financial situation or investment objectives or if they wish to impose any reasonable restrictions upon MAI's management services. In general, MAI does permit restrictions upon the type of security or particular security that the client requests.

## **Assets Under Management and Assets under Advisement**

As of December 31, 2022, MAI had \$13,307,527,239 in client assets under management on a discretionary basis and as of the same date, Marquette provided traditional investment consulting services to \$321,649,671,506 in client assets under advisement.

## Item 5: Fees and Compensation

### Investment Consulting and Management Fees

MAI charges fees in three separate ways: 1) as a flat fee, 2) as a percentage of assets under advisement or management and 3) billed at an hourly rate. Fees are negotiable. For most clients, MAI negotiates a flat fee for its provision of investment consulting services, dependent upon the value of the client's assets under management or advisement, complexity of portfolio, travel required, number of meetings per year, and various other relevant factors. Flat 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. Flat fees may range from \$0-959,000 per year.

For some clients, MAI negotiates a fee based upon a percentage of the client's assets under advisement or management. This fee is based upon the same factors used to determine the flat fee. MAI charges a client quarterly based upon the value of the client's assets under advisement or management 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 .90% of assets under advisement or management on an annual basis.

Lastly, MAI may charge fees based upon an hourly rate negotiated with the client. This type of fee arrangement is typically used for ad hoc projects pertaining to consulting services. These fees will be based upon a determination of the specific nature and circumstances of the relationship between MAI 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.** Generally, a client agreement may be canceled at any time and for any reason, by either party, upon at least 30 days' written notice. However, terms related to termination and refunds are negotiated on a case-by-case basis and are contract specific. 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 MAI, 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 MAI.

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

## Item 6: Performance-Based Fees

MAI does not charge or collect performance-based fees; therefore, this section is not applicable.

## Item 7: Types of Clients

MAI provides services to institutions, individuals, families, family offices, registered investment advisors, trusts, and charitable organizations or other business entities.

MAI does not have a minimum account size.



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

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

MAI provides customized investment advice for each of our clients. Typically, we evaluate an organization's cash flow needs, spending policy, liquidity constraints, risk tolerance, and operating results, as applicable, 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, 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.

Investing in securities involves risk of loss that clients should be prepared to bear. Below is a description of several of the principal risks that client investment portfolios face.

**Management Risks.** While MAI manages client investment portfolios based on MAI's experience, research and proprietary methods, the value of client investment portfolios will change daily based on the performance of the underlying securities in which they are invested. Accordingly, client investment portfolios are subject to the risk that MAI allocates client assets to asset classes that are adversely affected by unanticipated market movements, and the risk that the managers MAI selects to invest the account could underperform their relevant indexes.

**Risks of Investments in Mutual Funds, ETFs and Other Investment Pools.** MAI may invest or recommend investing client portfolios in mutual funds, ETFs and other investment pools ("pooled investment funds"). Investments in pooled investment funds are often considered less risky than investing in individual securities because of their diversified portfolios; however, these investments are still subject to risks associated with the markets in which they invest. In addition, pooled investment funds' success will be related to the skills of their particular managers and their performance in managing their funds. Pooled investment funds are also subject to risks due to regulatory restrictions applicable to registered investment companies under the Investment Company Act of 1940.

**Equity Market Risks.** MAI may invest or recommend investing portions of client assets into the equity market using third party managers and/or pooled investment funds that invest in the stock market. The value of equity securities will decline from time-to-time due to daily fluctuation in the market. Stock prices change daily as a result of many factors, including developments affecting the condition of both individual companies and the market in general. General market decline in the stock prices for all companies may cause stock values to decline over longer periods (e.g., bear markets), regardless of an individual security's long-term prospects.

**Fixed Income Risks.** MAI may invest or recommend investing portions of client assets into the fixed income market using third party managers and/or pooled investment funds that invest in bonds and notes. While investing in the fixed income market is generally less volatile than investing in stock (equity) markets, fixed income investments

nevertheless are subject to risks. These risks include, without limitation, interest rate risks (risks that changes in interest rates will devalue the investments), credit risks (risks of default by borrowers), or maturity risk (risks that bonds or notes will change value from the time of issuance to maturity).

**Foreign Securities Risks.** MAI may invest or recommend investing portions of client assets into the foreign securities market using third party managers and/or pooled investment funds that invest internationally. While foreign investments are important to the diversification of client investment portfolios, they carry risks that may be different from U.S. investments. For example, foreign investments may not be subject to uniform audit, financial reporting or disclosure standards, practices or requirements comparable to those found in the U.S. Foreign investments are also subject to foreign withholding taxes and the risk of adverse changes in investment or exchange control regulations. Finally, foreign investments may involve currency risk, which is the risk that the value of the foreign security will decrease due to changes in the relative value of the U.S. dollar and the security's underlying foreign currency.

**Private Funds Risks.** MAI may invest or recommend investing portions of client assets into private funds. Private investment funds generally involve various risk factors, including, but not limited to, potential for complete loss of principal, liquidity constraints and lack of transparency, a complete discussion of which is set forth in each fund's offering documents, which will be provided to each client for review and consideration. Unlike other liquid investments that a client may maintain, private investment funds do not provide daily liquidity or pricing. Each prospective client investor will be required to complete a subscription document, pursuant to which the client shall establish that he/she is qualified for investment in the fund, and acknowledges and accepts the various risk factors that are associated with such an investment.

## Item 9: Disciplinary Information

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

## Item 10: Other Financial Industry Activities and Affiliations

MAI has one wholly-owned subsidiary: Peirce Park Group, Inc. ("PPG"), an SEC-registered investment adviser based in West Chester, Pennsylvania. MAI may receive fees and income from PPG from their consolidated operations as a wholly-owned subsidiary of MAI.

Marquette has partnered with Operose Advisors, LLC, an investment adviser registered with the SEC and 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.

In addition, Marquette 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. Marquette 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 Marquette's overall operations.

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

MAI has adopted a Code of Ethics (the “Code”) 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 MAI or its employees, and the recordkeeping requirements for all of the above.

The Code 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
- Gifts and business entertainment
- Personal trading (“insider trading”) policy regarding publicly traded companies for whom we are contracted for investment consulting services as well as initial public offerings and limited offerings
- Whistleblower protection
- Internal enforcement of and compliance with aforementioned policies

Current employees are required to sign the Code upon initial hire, attest to compliance on a quarterly basis, and complete an annual Ethics Training Program organized by the CCO, or his or her designee.

The firm will provide a copy of the Code to current and prospective clients upon request.

## Item 12: Brokerage Practices

### Brokerage Practices Generally

Generally, MAI clients have independently procured a custodian; nonetheless, in some instances MAI may institute a custodial search and recommendation for a client. In the process of recommending a custodian, MAI will take into consideration a number of different factors. These include:

- Execution of securities transactions
- Custody services
- Access to mutual funds and other investments generally available only to institutional investors or individual investors with significantly higher minimum initial investment requirements
- Administrative support
- Record-keeping and related services that are intended to support intermediaries like MAI in conducting business and in serving the best interests of MAI clients but that may also benefit MAI

The broker-dealers MAI uses charge brokerage commissions and transaction fees for effecting certain securities transactions on behalf of MAI clients. For example, transaction fees and commissions may be charged for certain no-load mutual funds and exchange traded funds. The broker-dealer platforms that MAI uses may enable the firm to obtain many no-load mutual funds without transaction charges and other no-load funds at nominal transaction charges. The commissions and transaction fees charged by the broker-dealers may be higher or lower than those charged by other custodians and broker-dealers.

#### 1. Research and Soft Dollar Benefits

Investment managers and separate account managers may have soft-dollar arrangements with broker-dealers. Those arrangements should be disclosed in their Form ADV Part 2A. MAI does not maintain soft dollar arrangements or agreements with any broker-dealer.

Large retail broker-dealers may also provide MAI with products and services that assist the firm in managing and administering account(s). This includes software and technology that:

- Provides access to client account data including trade confirmations and account statements
- Facilitates trade execution
- Facilitates payment of our fees from client accounts
- Assists with back-office functions, recordkeeping, and client reporting

2. Brokerage for Client Referrals

MAI does not receive or participate in any program whereby we receive client referrals in exchange for using any particular broker-dealer.

3. Directed Brokerage

MAI does not accept directed brokerage arrangements from clients.

4. Trade Aggregation and Allocation

MAI generally executes transactions in open and closed-end mutual funds, exchange traded funds, and other pooled investment vehicles that generally receive same end of day pricing. However, the firm may aggregate trades if it beneficial to the clients.

Separate account managers may aggregate and allocate MAI client investment transactions with like transactions for their other clients. If these separate account managers do aggregate and allocate some or all of their transactions in order to seek "best execution", that information, as well as information detailing other specifics of their trade aggregation and allocation policies and under what circumstances they may not aggregate and allocate trades, will be disclosed in their Form ADV Part 2A.

5. Trade Errors

MAI corrects all MAI-initiated trade errors through its Trade Error Account. MAI shall be responsible for any losses in the accounts.



## Item 13: Review of Accounts

Client accounts are subject to review by MAI's consultants and research team on a periodic basis.

In general, the lead consultant on the relationship reviews the client's accounts on a 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 and overseen by our research team.

On a quarterly or monthly basis, MAI's consultants prepare investment reports in hard copy or electronic form based on the client's preferences. Clients are urged to compare the reports provided by MAI with those statements that derive from the client's custodian of record.

## Item 14: Client Referrals and Other Compensation

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

MAI 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.

In addition, Marquette 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. Marquette 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 Marquette's overall operations.

## Item 15: Custody

MAI maintains custody of certain client assets for the purpose of assisting in bill paying and to facilitate the transfer of assets. MAI ensures that clients' assets are held by qualified custodians and that the custodian is sending to both the firm and the client directly statements of the client accounts. In addition, MAI recommends that clients review these statements and compare data with the reports prepared by MAI for accuracy. Finally, MAI has a surprise verification audit conducted annually on those client accounts over which it has a custody arrangement.

## Item 16: Investment Discretion

MAI offers a discretionary outsourced investment service option to its clients who want to delegate decision-making authority for their investment program to MAI. In this capacity, MAI may be responsible for asset allocation and rebalancing decisions, and investment manager review and selection.

MAI's discretionary committee meets on a weekly basis internally (or as market actions warrant) to review its discretionary programs. All decisions are communicated to the client on a timely basis, ensuring the client is always aware of what decisions have been made and where their assets are currently invested. Monthly reporting supplements the flow of information, helping to ensure the appropriate amount of transparency in the investment process.

## Item 17: Voting Client Securities

It is the policy of MAI 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, Marquette may, in limited circumstances, accept authority to vote proxies in connection with certain investments. Accordingly, MAI 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, Marquette 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 MAI's proxy voting policy is available upon request.

## Item 18: Financial Information

MAI does not bill clients six months in advance and, as such, is not required to provide a balance sheet to clients.

MAI has never been the subject of a bankruptcy petition at any time. Neither MAI nor its owners have any financial circumstances to report. MAI is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its 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 MAI 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 MAI is (1) previously authorized by the client to disclose *information* to individuals and/or entities not affiliated with MAI, 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 MAI 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 MAI (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 MAI is aware of MAI's *privacy policy*, and has acknowledged his/her/its requirement to comply with same. In accordance with the MAI *privacy policy*, each such affiliated individual and/or entity shall have access to *information* to the extent reasonably necessary for MAI 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).