

MARQUETTE ASSET MANAGEMENT, INC.



Investment Management and Trust Services for Individuals, Families and Institutions • Trust Services provided by Marquette Trust

FEATURED

Client Confidence

John Pohlad and Jean Gullikson Page 1

IN THIS ISSUE

Economic Update

John Beuerlein Page 2

INTEGRITY + OVERSIGHT + TRANSPARENCY = CLIENT CONFIDENCE

John Pohlad
Managing Director

Jean Gullikson
Chief Compliance Officer

Reports of deplorable behavior by a number of firms in the financial services industry have filled the news recently. No doubt the most prominent example is that of Madoff Investment Securities LLC. The Chairman, Mr. Bernard Madoff, estimated the losses to his investors at some \$50 billion. Without question, the debacle is resulting in financial tragedy and, in many cases, complete financial ruin for the individuals, families and charities who placed their trust in the firm. Madoff's business practices should have raised a number of 'red flags', and it is now most appropriate for investors to review the integrity, operations, and oversight of wealth management firms they engage with a heightened level of scrutiny.

At Marquette Asset Management, we are committed to our guiding principles of Integrity, Expertise, Advocacy, and Confidentiality. At the end of the day, it is this commitment which is most important. However, we want you, our valued clients and associates, to also understand the structural and regulatory standards that set us apart as a wealth manager and advisor. Among the "red flags" that should have raised questions about Mr. Madoff's practices was the fact that the firm not only managed its clients' assets, but also purported to custody those assets, and prepare all account and performance reports. It is now easy to see how such a system would allow dishonesty to proceed without discovery for some time. We believe the structural safeguards and regulatory oversight in place at Marquette Asset Management provide the security which was so sorely lacking in many of the horror stories we've all been reading about.

Regulatory and Internal Oversight

In our April 2008 Perspectives article on the importance of compliance, we discussed how we incorporate the fiduciary requirements imposed by our primary regulator, the Securities and Exchange Commission (SEC), into the fabric of our interactions with clients and our investment management process. In addition to regulation by the SEC, because our firm also offers trust services through an affiliate, Marquette Trust (an office of Meridian Bank, N.A.), Marquette Asset Management is also subject to oversight by the Office of the Comptroller of the Currency (OCC) and the Federal Reserve.

We are audited annually by the OCC and the Federal Reserve. Added to this governmental oversight, our parent, Marquette Financial Companies, and the independent auditors it retains conduct periodic audits and reviews of our operations. We are proud to report that we have consistently received satisfactory ratings from all of our regulators and auditors.

Independent Custodial Services

Client assets managed by Marquette Asset Management are held by independent third party custodians in segregated accounts. Client assets are not part of the Marquette balance sheet and are not subject to Marquette's general creditors. Likewise, independent money managers that we have hired on your behalf hold no client assets in their company accounts.

Clients of Marquette Asset Management typically utilize SEI Private Trust Company as their qualified custodian; however, some of our institutional clients choose other banks, trust companies and brokerage firms to serve in this role. SEI is a leading global provider of outsourced solutions to corporations, financial advisors, and financial institutions. As of December 31, 2008, SEI through its subsidiaries and partnerships, administered \$380 billion in financial assets.

SEI segregates the assets it custodies on behalf of its clients from its own assets. In the unlikely event of SEI's insolvency, its creditors would have no legal claim to the assets in segregated accounts custodied by SEI. This segregation of client accounts insulates client assets from the financial status of Marquette and, in the case of SEI, the custodian. The custodian also provides independent tax reporting and statements that reflect trades, holdings, and all activity in the account. Performance information for most clients is also computed by SEI. These are separate and independent reports from any additional analysis provided by Marquette Asset Management.

At Marquette Asset Management, our most valuable resources are our clients and our employees. We pride ourselves on the deep personal relationship we have with our clients, and remain committed to servicing their needs with personal attention and communication. We are part of Marquette Financial Companies, a privately held financial services company with strong financial backing of the Carl R. Pohlad family. With over 2000 employees in 42 states, Marquette Financial Companies has a 50+ year tradition of operating successful financial services companies for the long term by putting the needs and concerns of our clients first.



ECONOMIC UPDATE

John C. Beuerlein
Chairman, Chief Investment Officer

The recent dose of economic reports from the government paints the picture of an economy that weakened substantially in the fourth quarter of 2008. Importantly, over the past two quarters, payroll employment has declined at one of the fastest rates over the past 50 years and, not surprisingly, personal consumption expenditures have declined at the second fastest rate over the same period.

There is a crisis in confidence that is reflected in the credit markets, the equity markets, and in overall economic activity.

However, as the bad news continues to emanate, the equity markets recorded their lows of this cycle in mid-November. This is noteworthy because equity markets typically reach their nadir six to eight months before economic activity begins to improve. With the magnitude of the current economic weakness, it's considered a good sign that equity markets have not made new lows.

Additionally, we are seeing some signs that the credit markets are beginning to thaw a little bit. Credit spreads have started to narrow and the recent survey of senior lending officers indicates that fewer banks are tightening their lending standards.

Make no mistake, much more improvement is needed, and the overall economy has shown no inclination to inspire any hope in the near term. Nevertheless, the free-fall conditions that we experienced from September through November appear to have abated.

The economic indicators making today's headlines are simply quantifying history. The Federal Reserve has been providing unprecedented amounts of liquidity to the banking system in an effort to stabilize economic activity. Unfortunately, with billions of dollars of toxic securities and loans on their balance sheets, banks are not in a position to perform their typical role of lending. At the same time, the credit-worthiness of many potential borrowers has deteriorated to levels that make them poor credit risks.

While aggressive monetary policy by the Fed is critical, it has not been sufficient enough to produce stability. Experiences in Japan have showed us that without the cleansing of financial sector balance sheets, banks will use the liquidity to buy risk free government securities. As a result, the liquidity does not flow into the market- the situation in which we find ourselves today.

The recently enacted stimulus package, while aggressive, will not provide a long term boost to the economy unless the credit crisis is resolved.

In short, there is no quick fix, no silver bullet that will change the situation over night. Patience and prudence remain our best responses. Find spots of optimism where you can; continue to look forward to get a sense of where we are headed. After all, we can't drive this car by solely looking in the rearview mirror.

INDEX PERFORMANCE THROUGH JANUARY 31, 2009

Domestic Equity Indices	QTD	YTD	TTM*
S&P 500	-8.43	-8.43	-38.63
Dow Jones	-8.56	-8.56	-34.85
NASDAQ	-6.38	-6.38	-38.22
Russell 1000	-8.16	-8.16	-39.04
Russell 2000	-11.12	-11.12	-36.84
Russell 3000	-8.39	-8.39	-38.86
International Equity Index			
MSCI EAFE	-9.88	-9.88	-45.45
Domestic Fixed Income Indices			
Barclays Aggregate Bond	-0.88	-0.88	2.59
Merrill Lynch 1-12 Yr Mt	3.02	3.02	5.51

**Trailing 12 Months*

OUR GUIDING PRINCIPLES

Integrity	The core of who we are and the way we live
Expertise	Knowing our profession and practicing it with passion
Advocacy	Being active champions of our clients' financial interests
Confidentiality	Ensuring client privacy

These statements are the opinion of Marquette Asset Management, Inc. and are subject to change without notice. This information is not intended to be used as the primary basis for investment decisions and should not be construed as advice designed to meet the particular investment needs of any investor, as individual investment plans will vary based on investment objectives and a number of additional factors. Please remember that past performance is no indication of future results and this publication makes no representation concerning actual future performance of the markets or economy. Please consult with your tax preparer and/or legal counsel as appropriate. Trust services are provided by Marquette Trust, an office of Meridian Bank, N.A.

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