

**Schedule F of
Form ADV**Continuation Sheet for Form **ADV Part II**

Applicant:	SEC File Number:	Date:
Spence Asset Management	801- 43661	01/31/2010

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV: Spence Asset Management	IRS Empl. Ident. No.: 85-0408533
Item of Form (identify)	Answer

Part II Page 2 item 1B

Financial Planning Services

Spence Asset Management (SAM) offers full financial planning services to existing clients and prospective clients. Advice provided is based on the client's own stated objectives. The client determines what firm(s) will implement the plan. The fee for this service is based on an hourly charge of \$150 per hour for the services of a Certified Financial Planner. The fee is negotiable based on the total estimated time and complexity of the plan, and whether any investment assets are managed by SAM. There is a minimum fee of \$300 which may be negotiated at SAM's discretion. The minimum fee is due at the time of engagement. The remainder will be due when the completed plan has been delivered to the client. These services require a separate Financial Planning agreement. The plan may be terminated by the client or by SAM upon giving written notice to the other party.

Part II Page 2 Item 1D

Investment Advisory Services

Investment advisory services encompass developing active investment strategies for clients taking into consideration their financial capacity, investment experience, investment objectives, and risk tolerance. Spence Asset Management typically employs active management disciplines that should be clearly understood before investing in any of our disciplined programs. Following is a brief description of each Management program and its associated Fee Schedule. Fees, as described for each program, may be negotiated at SAM's discretion. Neither SAM nor Cambridge Investment Research, Inc (CIR) will have custody of assets regarding any of the following programs. Fees are subject to applicable New Mexico gross receipts tax.

Fee Schedule for Investment Management Programs

	Quarterly	Annual
First \$200,000	.500%	2.00%
Next \$300,000	.375%	1.50%
Over \$500,000	.250%	1.00%

Discounts to this schedule may be negotiated based on size, circumstances or limited investment mix such as fixed income only accounts.

NOTE: INSTITUTIONAL FEE SCHEDULE AVAILABLE UPON REQUEST.

FOCUS Account

Minimum Investment: \$50,000 (minimum may be negotiated at SAM's discretion)

SAM provides a discretionary (or non-discretionary) account in which the client is provided with on-going investment advice and monitoring with respect to their security holdings. SAM may employ several different trading disciplines within the FOCUS Account. The Stock Management discipline owns a very concentrated portfolio of stocks (typically only 6-15 stocks are held at any one time). This discipline borrows heavily from the philosophies of Warren Buffett on fundamental selection criteria, but are then applied to industry groups not typical to Buffett, such as Technology. SAM then applies technical momentum tools to create buy and sell trigger points. The Stock Management discipline tends to be quite volatile and due to heavy concentrations in few stocks may be inappropriate for certain investors with a more conservative risk tolerance. It should be noted that Warren Buffett does not endorse the FOCUS Stock Management discipline. Also, when stocks are purchased or sold, an average price is calculated for the transaction and shares are allocated to the client accounts. Further, the client has the right to place reasonable restrictions on their investments. The Income Management Discipline owns various income producing securities including short, intermediate and long-term bonds, closed-end funds and open-end funds. This discipline attempts to mitigate both the interest rate and credit risks present when maintaining income oriented accounts. SAM attempts to identify experienced and superior management companies that have demonstrated capabilities as managers of diverse portfolios of income producing assets. Also included in this discipline is an investment in an inverse mutual fund. Such a fund is designed to move inversely to the price performance of the 30-year U.S.

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Answer

Treasury bond and is used in the program in an attempt to reduce duration of the account. SAM will then monitor the accounts for their own subjective determinations of imbalances in the income positions relative to the inverse fund positions. The client can designate a tax exempt strategy or a taxable strategy based on the type of account and current personal income tax situation. The majority of the investments made in the tax exempt program will feature investments in open and closed end funds that invest primarily in instruments that pay income that is exempt from federal income tax. The bulk of the investments made in the taxable program will be made in open and closed end funds that invest primarily in securities that pay interest or dividends that are subject to federal income tax. The Income Management Discipline tends to be quite volatile. SOME OF THE SECURITIES USED IN THIS PROGRAM ARE CONSIDERED ILLIQUID AND THUS PRESENT PRICE RISK TO THE INVESTOR. No assumptions can be made that any of the objectives can be achieved by using the investment tactics mentioned in this program description. A number of complex factors are involved in successfully investing for income; managing credit and interest rate risks involve constantly changing conditions. While SAM believes this approach to the tasks is reasonable, only risk oriented investors should consider investing in the Focus Income Programs. A No-load Fund option allows a client access to over 900 no-load mutual funds offered through National Financial Services Corp. SAM may offer active management strategies using these funds or the client may asset allocate among the funds. Clients may also buy fixed income securities or other securities allowed under the FOCUS Account agreement. The client is provided with quarterly portfolio summaries and performance analysis. There is a nominal transaction charge for executing certain trades paid to Cambridge Investment Research, Inc (CIR) for brokerage execution services. A portion of this charge may be used to defray costs of research and information systems used in support of the FOCUS Stock Management program, and thereby does not represent the actual transaction cost SAM pays to CIR.

The annual fee schedule for this program ranges from 2.0% to 1.0%. Fees are subject to automatic reduction based upon the size of the account. Fees are paid quarterly in arrears based upon the ending market value of the account on the last day of the quarter. A full description of fees and services is provided in the FOCUS Account Agreement which is needed to open an account.

Compensation is payable when services are performed or upon a planned frequency when the fee is based on assets under management. Any client that enters into an agreement for services with SAM has five days after the date of the agreement to terminate the agreement without payment of fees. The client is still liable for any investment losses that exist at the time the client should terminate the agreement. After this five day period has expired, the client or SAM may terminate any agreements by notifying the other party in writing. Hourly fees would be due for the services performed. Fees based on percentage of assets will be pro-rated to the date of termination.

NOTE: All programs may be subject to transaction fees charged by fund administrators, custodians or brokerage firms. These charges are separate from management fees paid to SAM. SAM frequently uses investment companies (mutual funds) to implement investment advisory programs. Most of these products assess charges to recover their management and administrative fees, and sales charges. These charges are generally deducted from the performance of the fund; therefore, our firm may receive a portion of these assessments. Clients need to be aware that they will pay their proportionate share of these assessments as well as the firm's advisory fee. Please review the prospectus carefully to determine the expenses for each specific mutual fund and any compensation that SAM may receive.

Part II Page 3 Item 4 B. (8)

SAM uses various sources of information covering a broad sector of financially related matters. These sources may be publicly available. In addition, SAM considers the general overall economic climate and its potential positive or negative effects on the client's financial condition. Information sources include but are not limited to prospectuses, press releases, financial newsletters, newspapers,

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Part II Page 4 Item 5	<p>magazines, commercially available databases, etc. In addition, SAM utilizes Morningstar and Value Line Investment Services.</p> <p><u>Education and Business Standards</u> Any employee that provides investment advice to clients is required to have a college degree and/or appropriate experience in the industry servicing clients and holding appropriate professional licenses.</p> <p>All employees of SAM are expected to conduct business according to high standards of honesty and fairness and to render that service to their customers which, in the same circumstances, they would apply to or demand for themselves. SAM has adopted the CFA Institute Code of Ethics and Standards of Professional Conduct. The Code of Ethics states employees of SAM shall: 1) Act with integrity, competence, dignity and in an ethical manner when dealing with the public, clients, prospects, employers, and fellow employees. 2) Practice and encourage others to practice in a professional and ethical manner that will reflect credit on SAM and its employees. 3) Strive to maintain and improve their competence and competence of others at SAM. 4) And use reasonable care and exercise independent professional judgment. Also under this code, all employees are required to report all personal securities transactions to the firm's compliance officer no less than quarterly. Some transactions including initial public offerings and limited offerings require preapproval. Violations could result in dismissal.</p>
Part II Page 4 Item 6	<p><u>Principal Investment Advisor</u> James W. Spence, born in 1956 Bachelor of Arts in Individual Studies from New Mexico State University, Las Cruces, NM, - 1980 Owner/Investment Advisor Representative, Spence Asset Management - 1993 Registered Principal, Cambridge Investment Research, Inc., Broker/Dealer - 1999 Licensed Life Agent, TBS Agency, Inc. (Cambridge Affiliate) - 1999</p> <p><u>Other Investment Advisors:</u> Charles J. Wagner, born in 1946 Bachelor/Masters of Business in Management from New Mexico State University, Las Cruces, NM – 1985 Investment Advisor Representative, Spence Asset Management - 1993 Registered Representative, Cambridge Investment Research, Inc., Broker/Dealer – 1999 Licensed Life Agent, TBS Agency, Inc. (Cambridge Affiliate) – 1999</p> <p>John S. Spence, born in 1953 Attended University of New Mexico, Albuquerque, NM Investment Advisor Representative, Spence Asset Management - 1994 Registered Representative, Cambridge Investment Research, Inc., Broker/Dealer – 1999 Licensed Life Agent, TBS Agency, Inc. (Cambridge Affiliate) – 1999</p> <p>Eric M. Walton, born in 1976 Bachelor of Business in Finance from New Mexico State University, Las Cruces, NM – 2002 Investment Advisor Representative, Spence Asset Management - 2002 Registered Representative, Cambridge Investment Research, Inc., Broker/Dealer – 2002 Licensed Life Agent, TBS Agency, Inc. (Cambridge Affiliate) – 2003</p> <p><u>Investment Committee:</u> Sheila C. Walton, born in 1974 Bachelor of Arts in Economy from New Mexico State University, Las Cruces, NM – 1996</p>

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Part II Page 4 Item 7B	<p>Registered Representative, Cambridge Investment Research, Inc., Broker/Dealer – 1999</p> <p>Scott F. Kozney, born in 1976 Bachelor of Science in Finance from University of Colorado, Boulder, CO - 1998</p> <p>James Spence (see information above) Eric Walton (see information above)</p> <p>SAM Representatives are also Registered Representatives or Registered Principals of Cambridge Investment Research, Inc., a broker/dealer, member FINRA & SIPC. Commissionable securities products and services are offered through Cambridge. Commission income received is normal and customary and may include product commissions from mutual fund companies, variable annuity sponsors, and 12b-1 fees. Commission securities products may not constitute investment advice when purchased by investors outside of a managed account. The SAM Representative who is also a Registered Representative or Principal may receive fee and commission income from the same client for separate services.</p>
Part II Page 4 Item 8C	<p>SAM conducts the majority of its activities through a broker-dealer relationship with Cambridge Investment Research, Inc. (CIR), member FINRA/SIPC. Our agreement requires Exclusive use of CIR for all broker/dealer transactions. SAM representatives are licensed through CIR to offer a full array of services and products to clients on a commission basis. Compensation would include commissions on individual securities transactions and 12-b1 fees paid by mutual fund companies.</p> <p>As discussed above, Representatives are licensed to sell securities in the capacity of a Registered Representative/Principal through its broker/dealer. Representatives who are also Registered Representatives/Principals are restricted by certain FINRA rules and policies from maintaining client investment advisory accounts at or executing client transactions in such client accounts through any broker/dealer or custodian that is not approved by the broker/dealer. The broker/dealer may, from time to time add or remove custodial platforms. The broker/dealer permits Representatives to use National Financial Services, LLC (NFS) because it has a fully disclosed clearing arrangement with NFS, which include services such as, but not limited to, account custody, trade execution services, clearing services, access to information and, for a fee, electronic trade entry and account information look-up services for Registered Representatives and clients, record-keeping services, exception reporting and access to various financial products, including "no transaction fee" mutual funds ("NTF'S"). NTF'S are standard mutual funds that may be purchased for investment advisory accounts at no cost to neither SAM, the Representative nor the Client. Clients should be aware that mutual funds in this NTF program may have higher internal expenses than mutual funds that are not in the NTF Program.</p> <p>SAM Representatives are also licensed life agents with TBS Agency, Inc, a Cambridge affiliated entity. As such, Representatives as licensed life agents may receive normal and customary commission income for the sale of various fixed and annuity insurance products, including on-going trail income from the sale of those products from a SAM advisory client for these separate products. SAM and Cambridge/TBS are not affiliated.</p> <p>A small segment of SAM's activities involve Financial Planning Services. These services are offered to existing and new clients. Compensation for these services is paid directly to SAM and does not involve Cambridge or TBS, or the separate capacities of the SAM Representatives. It is possible that a client may elect to implement the plan recommendations through the SAM Representative. If so elected, the SAM Representative may receive a fee for the financial plan, and commission income as a Registered Representative/Principal of the broker/dealer or a as a licensed life agent for commissionable product sales.</p>

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Part II Page 5 Item 9	<p>To avoid confusion about the individual capacities of the SAM Representatives of Registered Representatives/Principals, clients will execute an appropriate agreement for the specific service or product selected by client. If client engages financial planning or investment advisory services, client will execute SAM Agreements, as applicable. If client elects to purchase commissionable products or services, client will complete broker/dealer, custodian and other documentation.</p> <p>If client engages SAM, client will be provided SAM's Form ADV Part II disclosure document 48 hours prior to or at execution of an agreement. Clients should read carefully this disclosure document and address any concerns with SAM's Representative.</p> <p>As described above, SAM will receive compensation from the sale of products and services offered through a broker/dealer relationship with Cambridge Investment Research, Inc. This relationship is fully disclosed to every client. Representatives of the firm often have positions in securities that are recommended to clients. All client orders are given priority and employee trading is carefully monitored to detect any potential conflict of interest or improper trading practices. All SAM employees report all personal transactions no less than quarterly.</p> <p>Spence Asset Management will occasionally sell a fixed income security for one client and buy it for another if the following requirements are met:</p> <ol style="list-style-type: none">1. The selling client initiates the transaction based on a liquidity need.2. Both the selling client and the purchasing client have signed a cross trading disclosure3. A minimum of 2 bids from 2 separate fixed income brokers are obtained for documentation4. Purchase and sale transactions are cash transactions5. Transaction are effected at the highest bid price provided by an independent broker/dealer6. No brokerage commissions are paid to Spence Asset Management in connection with the transaction
Part II Page 5 Item 10	<p>Generally, the minimum size account for the firm is \$5,000. Fees, including minimums may be negotiated at SAM's discretion.</p>
Part II Page 6 Item 12	<p>Frequently client assets managed by SAM are managed under a discretionary account agreement whereby the client grants the firm discretion to implement investment strategies and transactions without specific approval from the client. This includes, without limitation, the authority to determine the securities and amounts of securities to be bought or sold. Since clients pay asset management fees in our discretionary programs, SAM has negotiated transaction fees with Cambridge Investment Research. Even though SAM has attempted to negotiate these transaction charges, the client may still pay higher transaction fees through CIR than those obtainable from other broker/dealers in return for similar products and services. And, although SAM executes trades in order to receive an average price for all accounts, this practice does not lower the cost of the trade per share. Regardless of the number of shares, clients will pay the previously disclosed transaction fee per trade and may pay a higher transaction cost per share than could be received elsewhere. Our broker/dealer relationship with Cambridge Investment Research, Inc. requires exclusive use of Cambridge Investment Research, Inc. for all broker-dealer transactions. This arrangement is disclosed to each client in writing by providing the ADV Part II to all investment advisory clients. SAM does not direct brokerage execution for soft dollars or access to research.</p>
Part II Page 6 Item 12B	<p>Clients wishing to implement the advice of the applicant's associated persons are free to select any</p>

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	<p>broker they wish and are so informed. If clients wish to have the associated persons implement the advice in their capacities as registered representatives, their broker/dealer, Cambridge Investment Research, Inc. (CIR), will be used. CIR has a wide range of approved securities products for which CIR performs due diligence when selecting. CIR's registered representatives are required to adhere to these products when implementing securities transactions. The commissions earned for these products may be higher or lower than commissions earned through another broker/dealer.</p> <p>In addition, some of the applicant's associated persons have entered into an Equity Participation Plan with CIR. Under this arrangement, the applicant's associated persons have the ability to earn a percentage of CIR's overall profit ratio. The applicant's associated persons are not owners or officers of CIR. However, the applicant's associated persons are eligible to participate in the Equity Participation Plan due to their affiliation as registered representatives of CIR. This arrangement between the applicant's associated persons and CIR is a potential conflict of interest between the applicant and its clients in that it may inhibit the applicant's independent judgment concerning the best execution services offered by CIR.</p> <p>While the applicant has an arrangement with CIR, and the clearing broker/dealers that have contracted with CIR, at least annually, the applicant will review alternative broker/dealers and custodians in the marketplace to ensure CIR and its custodians are meeting the applicant's duty to provide best execution for client accounts. The review will include a comparison to CIR and the currently used custodians which involve evaluating criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by CIR and custodians will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate nor invalidate a custodian, but rather, all criteria taken together will be used in evaluating the currently utilized custodian. The recommendation of CIR is not influenced by any soft dollar services or benefits provided to the advisor.</p>
Part II Page 6 Item 13	SAM has an agreement with Cambridge Investment Research, Inc. (CIR), member FINRA/SIPC, which requires that all broker/dealer transactions originated by SAM representatives be executed through CIR (see explanation Part II Page 4 Item 8C). As such, SAM and its representatives may receive compensation on a commission basis for implementing investment advice using broker/dealer products through CIR. Compensation would include commissions on individual securities transactions and 12-b1 fees paid by mutual fund companies.
Part II Page 6 Item 13B	Spence Asset Management, Inc. has entered into a third party marketing arrangement with Artemis Global Partners, LLC. Artemis Global Partners, LLC will receive an annual retainer and incentive compensation for all marketing efforts that lead to investment in Spence Asset Management's FOCUS Product. Artemis Global Partners, LLC incentive compensation for referral of investment management services is equal to 30% of management fees billed to referred accounts. Compensation paid by Spence Asset Management to Artemis Global Partners, LLC is derived from management fee revenue Spence Asset Management receives from referred accounts. Spence Asset Management's management fee schedule is the same for non-referred clients as it is for clients referred to Spence Asset Management by Artemis Global Partners, LLC.

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