

2017

Spence Asset Management: Form ADV, Part 2



This brochure provides information about the qualifications and business practices of Spence Asset Management. If you have any questions about the contents of this brochure, please contact us at 575.556.8500 or at info@spenceassetmanagement.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 Spence Asset Management also is available on the SEC's website at www.adviserinfo.sec.gov.

3529 Foothills Rd.

Las Cruces, NM 88011

(575) 556.8500

www.spenceassetmanagement.com

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ITEM 2 MATERIAL CHANGES

This brochure replaces Form ADV, Part 2 and Schedule F which Spence Asset Management ("SAM") last updated January 18, 2016.

There are no material changes since the last annual update.

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ITEM 4 ADVISORY BUSINESS

- A. Business Description: Spence Asset Management ("SAM") is a registered investment advisor. Originally incorporated in 1992 as Lord, Spence & Associates, the business was formally a partnership between Roger Lord and James Spence. In 2000, James Spence and Kristi Spence became sole owners and changed the business' name to Spence Asset Management. Eric Walton and Sheila Walton, both long-time employees, became co-owners and managing partners in 2005. The firm's website is www.spenceassetmanagement.com. The firm also maintains a page on www.facebook.com.
- B. Advisory Services Offered: SAM offers asset management services to individuals and institutions through Spence Asset Management's FOCUS Program. The Focus Program offers four primary disciplines described in detail in Item 8, Page 7. Spence Asset Management implements a disciplined approach with a long-term orientation based on the clients' unique circumstances. SAM believes in paying fair prices for extraordinary investments and staying focused on investment principles regardless of short-term market fluctuations.
- C. Client Tailored Services: Investment advisory services encompass developing active investment strategies for clients, taking into consideration their financial capacity, investment experience, investment objectives, and risk tolerance. Clients may impose reasonable restrictions on their investments including but not limited to: specific securities, types of securities, tax considerations, religious restrictions, and liquidity considerations.
- D. Wrap Fee Programs: We do not participate in WRAP fee programs or manage WRAP fee accounts.
- E. Assets Under Management:

As of December 31, 2016:

Total Discretionary Assets Managed	\$143,070,891
Total Non-Discretionary Assets Managed	\$17,703,547
Total Assets Under Management	\$160,774,439

ITEM 5 FEES AND COMPENSATION

- A. Management Fees: Spence Asset Management is compensated for money management services through quarterly management fees. Fees may be negotiated at SAM's discretion. Fees are subject to applicable New Mexico gross receipts tax.

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Fee Schedule for Investment Management Programs

<u>Institutional</u>	<u>Quarterly</u>	<u>Annual</u>
First \$10 Million	.2125%	.85%
Next \$15 Million	.1875%	.75%
Next \$25 Million	.1625%	.65%
Balance	.1375%	.55%

<u>Individual</u>	<u>Quarterly</u>	<u>Annual</u>
First \$200,000	.500%	2.00%
Next \$300,000	.375%	1.50%
Over \$500,000	.250%	1.00%

- B. Payment of Fees: Discounts to this schedule may be negotiated based on size, circumstances or limited investment mix such as fixed income only accounts. Fees are paid quarterly in arrears based upon the ending market value of the account on the last day of the quarter. Clients may choose to have fees automatically deducted from their account or to be billed separately. Management fees are based on total account value, inclusive of both realized and unrealized gains and losses. A full description of fees and services is provided in the FOCUS Account Management Agreement which is required to open an account. The fee arrangement may create an incentive for the adviser to make riskier or more speculative investments than would be made under a different fee arrangement. In order to mitigate this incentive, clients complete a risk assessment upon initiation of the account.
- C. Other Fees and Expenses: All programs may be subject to fees charged by fund administrators, custodians or brokerage firms. These charges are separate from management fees paid to SAM. SAM frequently uses investment products (mutual funds and exchange traded funds "ETFs"), custodians or brokerage firms to implement investment advisory programs. Most of these products and entities assess charges to recover their management fees, administrative fees, and sales charges. If the strategy is executed using mutual funds or ETFs, these charges are generally deducted from the performance of the product. Clients need to be aware that they will pay their proportionate share of these assessments as well as SAM's advisory fee. Please review the prospectus carefully to determine the expenses for each specific investment product. SAM does

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not receive any compensation from mutual funds, ETFs, custodians or brokerage firms and SAM does not receive any compensation from transaction fees.

- D. Refunds and Contract Terminations: Fees are payable when services are performed or following the applicable billing period. Fees are based on assets under management at the end of the period adjusted for cash flows. 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 chooses to 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. Fees based on percentage of assets will be pro-rated to the date of termination. Since fees are billed in arrears, clients are charged only for the period that the agreement is in effect. Accordingly, there are no advance fees subject to refund.
- E. Other Compensation: Spence Asset Management, nor any of our supervised persons, accepts compensation for the sale of securities or other investment products. SAM does not receive commissions, markups or trails from the products recommended in the FOCUS programs. Clients may purchase investment products that Spence Asset Management recommends through other brokers or agents that are not affiliated with Spence Asset Management.

ITEM 6 PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Spence Asset Management does not accept performance-based fees. Spence Asset Management does not accept accounts that are charged an hourly fee or a flat fee.

ITEM 7 TYPES OF CLIENTS

Spence Asset Management provides investment advice and money management services to individuals, trusts, retirement plans and pension plans. Generally, the firm has a minimum account policy of \$50,000.

ITEM 8 INVESTMENT STRATEGIES AND RISK OF LOSS

- A. Investment Strategies:
1. The Stock Management Discipline – (For aggressive growth strategies)
- The Spence Asset Management FOCUS Equity Product seeks to maximize long-term capital appreciation and minimize turnover. The product is concentrated in predominately common stocks traded on U.S. based exchanges. The product seeks investments across all sectors and market capitalizations however, we will not compromise our investment philosophy to diversify holdings. In pursuit of the investment objective, the product utilizes the expertise of our investment team to apply twelve quantitative and qualitative principles (“Principles”) that help identify value, which we categorize as great businesses that can be purchased at reasonable prices.

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The Principles can be separated into four major categories: business aspects, management tendencies, financial characteristics and relative valuation. A more detailed description of these tenets is available upon request:

Business Aspects

1. Capital Intensity
2. Business Model
3. Consistent Operating History
4. Durable Competitive Advantage

Management Tendencies

5. Rationality of Management
6. Does Management Resist the Institutional Imperative?

Financial Characteristics

7. Return on Capital
8. Owner Earnings
9. High Profit Margins

Relative Valuation

10. Market Value
11. Intrinsic Value of a Company
12. Can the shares be bought at a significant discount to their intrinsic value?

SAM uses various sources of information covering a broad array of financially related matters. The original data is publicly available but is subject to interpretation, revision and compilation by third parties. In addition, SAM considers the general overall economic climate and its potential effects on the portfolio's holdings. Information sources used to compile SAM's proprietary database include but are not limited to U.S. Securities and Exchange Commission filings, prospectuses, press releases, financial newsletters, newspapers, magazines, commercially available databases, etc.

2. *The Income Management Discipline* – (For equity income, fixed income or investment grade income strategies) SAM invests in various income producing securities including short, intermediate and long-term bonds, municipal bonds, closed-end funds and open-end funds. This discipline attempts to mitigate both interest rate risk and credit risks present when managing income oriented accounts. Depending on a client's individual income needs SAM will work with the client to determine whether to purchase individual bonds or bond funds to meet the client's investment objectives. Such investment objectives should be defined as equity income, fixed income, investment grade income or tax-free income as defined in the FOCUS management agreement.

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Within closed-end and open-end funds SAM attempts to identify experienced, well-managed funds that have demonstrated the superior capabilities of its managers. We seek a diverse portfolio of income producing assets. SAM may enter into sub-advisory agreements in connection with such investments. Also included in this discipline are investments in inverse mutual funds. Such a fund is designed to move inversely to the price performance of fixed income securities and is utilized to attempt to reduce sensitivity to interest rate changes in the account. SAM will then monitor the accounts for our own subjective determinations or 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 municipal bonds that pay income that is exempt from federal income tax and, in most cases, state income taxes. Depending on the income needs of the client, the investments made in the taxable program will be in individual bonds or in open and closed-end funds. Open and closed-end funds invest primarily in securities that pay interest or dividends which are subject to federal income tax.

3. *The Balanced FOCUS Discipline- (For moderate growth or conservative growth strategies)* Based on allocations designated by the client according to their own assessment of risk tolerance, the Balanced FOCUS account combines the Equity strategy with the Income strategy. Clients whose investment objective can best be described as moderate growth or conservative growth (as defined in the FOCUS management agreement) may choose to participate in the Balanced Discipline.

4. *No-load Fund Discipline* SAM may execute a client's investment objective using No Transaction Fee funds, ETFs (Electronic Traded Funds) or No-load funds. No Transaction Fee Funds ("NTF") are standard mutual funds that may be purchased for investment advisory accounts at no transaction cost to neither Spence Asset Management nor the Client. SAM may offer active management strategies using these funds or the client may direct their investment among the funds. Clients may request exposure to certain funds, industries or market capitalizations.

B. Risk of Loss:

1. 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. The program also involves some trading which can result in increased brokerage and transaction costs as well as taxes. The Stock Management Discipline is appropriate for investors seeking aggressive growth.
2. The Income Management Discipline tends to be quite volatile as well. SOME OF THE SECURITIES USED IN THIS PROGRAM ARE CONSIDERED ILLIQUID AND THUS PRESENT PRICE

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RISK TO THE INVESTOR. No assumptions can be made that any of the objectives can be achieved by using the investment strategies mentioned in this program description. A number of complex factors are involved in successfully investing for income such as managing credit risks and interest rate risk. Interest rate risk, which is the risk that interest rates rise causing values of fixed income instruments to fall, is the most significant of these risks. While Spence Asset Management believes this approach is reasonable, only risk oriented investors should consider investing in the FOCUS Income Programs.

3. The Balanced FOCUS Discipline combines the concentration and volatility risks of the Stock Management Discipline with the credit and interest rate risks of the Income Management Discipline. The risks referenced above for the respective programs should be carefully considered before investing in the Balanced FOCUS Discipline. In addition, investors risk lower overall returns when compared to more aggressive strategies due to the portion of their investments allocated to income-oriented investments.
4. Clients should be aware that mutual funds in the No-load Fund Discipline may have higher internal expenses than mutual funds that are not in the "NTF" Program. Clients should also be aware of the internal expenses and fees inherent in Exchange Traded Funds. Investors in this discipline should also be prepared to bear the risk of loss inherent in investing in securities. Mutual funds and Exchange Traded Funds that invest in individual stocks can be very volatile. Mutual funds and Exchange Traded Funds that invest in income-oriented investments can also experience high volatility. In addition, all fund investors face redemption risk which is the risk that a large percentage of investors in the fund redeem their shares forcing fund managers to liquidate at unfavorable prices. Clients participating in the No-load Fund Discipline may also buy fixed income securities or other securities allowed under the FOCUS Account management agreement but must first understand the risks mentioned above in Item 8B, numbers one through three.

ITEM 9 DISCIPLINARY INFORMATION

- A. Criminal or Civil Action: Spence Asset Management, nor any of its management personnel, has been named in or been the subject of any criminal or civil action in a domestic, foreign or military court.
- B. Administrative Proceedings: Spence Asset Management, nor any of its management personnel, has been before the SEC or any other federal regulatory agency, state regulatory agency or foreign financial regulatory authority in an administrative proceeding.
- C. Self-Regulatory Organization Proceedings: Spence Asset Management, nor any of its management personnel, have been found to have caused an investment-related business to lose its authorization to do business nor was found to be in violation of the SRO's rules.

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ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Spence Asset Management has no other financial industry activities or affiliations.

ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

- A. Code of Ethics: All employees of Spence Asset Management 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. Spence Asset Management has adopted the CFA Institute Code of Ethics and Standards of Professional Conduct. The Code of Ethics states employees of Spence Asset Management 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 Spence Asset Management and its employees.
 - 3) Strive to maintain and improve their competence and competence of others at Spence Asset Management.
 - 4) And use reasonable care and exercise independent professional judgment.
- Also under the 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.
- B. Interest in Client Transactions: Spence Asset Management, nor any of its employees, has a material financial interest in any securities bought or sold for client accounts.
- C. Personal Trading: Spence Asset Management and its employees often invest in the firm's FOCUS Disciplines and are thus investing in the same securities that we recommend to clients. Securities for Spence Asset Management and its employees are bought or sold at the same time they are bought or sold for clients. When stocks are purchased or sold, an average price is calculated for the transaction and shares are allocated to the client accounts as well as employees accounts so ALL accounts receive the same price per share. Employee accounts are never permitted to buy or sell ahead of clients. We feel this is an important aspect of our strategies as well as affirmation of the conviction we have in our strategies. However, this co-investment presents a conflict of interest; clients who are new to the program often pay a higher price for shares than existing accounts, including employee accounts. Depending on liquidity, purchases can push the share price higher benefiting existing clients and employee accounts. In addition, weaker performance in client accounts would lead to lower management fee revenue to the firm accompanied by simultaneous weakness in employees' personal assets. This confluence of asset value declines could weaken the financial strength of the firm and its partners.

ITEM 12 BROKERAGE PRACTICES

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- A. Selecting or Recommending Broker-dealers for Client Transactions: Spence Asset Management, Inc. issues instructions to broker/dealers with respect to securities to be bought and sold. SAM has the ability to select the broker/dealer to be used as well as the commission rates paid. While SAM routinely recommends Charles Schwab for custodial services and broker/dealer trading, at least annually, SAM will review alternative broker/dealers and custodians to ensure Charles Schwab is meeting SAM's duty to provide best execution for client accounts. The factors considered during annual reviews to select broker/dealers and custodians is a comparison of Charles Schwab or currently used custodians to their competitors based on criteria such as overall expertise, cost competitiveness and financial condition. The quality of execution by Charles Schwab or other broker/dealers will be reviewed through trade journal evaluations. However, best execution does not simply mean the lowest transaction cost. Therefore, no single criteria will validate or invalidate the services of a broker/dealer or a custodian; rather, all criteria taken together will be used in evaluating the service provider.
1. Research and Other Soft Dollar Benefits: The recommendation of Charles Schwab or any other broker/dealer is not influenced by any research, soft dollar services or benefits provided to the advisor.
 2. Brokerage for Client Referrals: Spence Asset Management does not consider, in selecting or recommending broker/dealers, whether Spence Asset Management or a related person receives client referrals from a broker/dealer or third party. Spence Asset Management does have a solicitor's agreement with Wagner Financial Services LLC and Spence Advisors LLC (both non broker/dealer entities). No brokerage is directed to these firms. Specific details of these relationships can be found in Item 14, Page 13.
 3. Directed Brokerage: SAM does not recommend, request or require that a client direct transactions to be executed through a specified broker/dealer however, clients are permitted to direct brokerage. Clients should be aware that this practice may not result in the most favorable execution of client transactions. Also, a client who elects to direct brokerage may incur higher transactions costs and less favorable prices if orders cannot be aggregated.
- B. Aggregating Trades: Spence Asset Management aggregates the purchase or sale of securities when transacting for multiple accounts. Although SAM initiates and aggregates trades through licensed broker/dealers 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. This arrangement is disclosed to each client in writing by providing the ADV Part II to all investment advisory clients.
- C. Cross Trades: Spence Asset Management will occasionally facilitate the sale of a fixed income security for a client and simultaneously purchase it for another client through a broker/dealer who is not affiliated with SAM when the following requirements are met:
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 disclosure.

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3. A minimum of 2 bids from 2 separate fixed income brokers are obtained for documentation or if the trade is processed through the custodian's trade desk, the custodian has determined the best execution price.
4. Purchase and sale transactions are cash transactions.
5. Transactions are effected at the mid-point of the highest bid price and the lowest offer price provided by an independent broker/dealer or custodian trade desk.
6. SAM is not acting as a broker dealer and no brokerage commissions are paid to Spence Asset Management in connection with the transaction.

ITEM 13 REVIEW OF ACCOUNTS

- A. Client Account Reviews: Spence Asset Management's compliance officer reviews transactions in client accounts daily. Client accounts are reconciled weekly using data from the custodian and Spence Asset Management's accounting software. All accounts are reviewed quarterly for suitability with no special factors triggering this review. A change in the client's financial condition or objectives would also trigger a review.
- B. Client Reporting: The client is provided with written quarterly portfolio summaries and performance analysis. No less than quarterly, statements are provided by the custodian.

ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION

- A. Sub-Advisory Arrangement and Solicitor Agreement: Spence Asset Management, Inc. has entered into a sub-advisory arrangement on a discretionary basis with Cambridge Investment Research, Inc. (CIR). The agreement with CIR requires, among other things, that a copy of SAM's disclosure under ADV Part II, along with other disclosure requirements, is provided to each entity or individual who elects to participate in a SAM investment management program. CIR will impose and advise SAM of applicable investment objectives and restrictions as necessary from time to time. SAM's management fee for advisory services will be based on SAM's fee schedule. Spence Asset Management's management fee schedule is the same for sub-advisory referred clients as it is for non-referred clients.

Spence Asset Management, Inc. has entered into a solicitor agreement which includes the related solicitor disclosure statement with Cambridge Investment Research, Inc. acting through Wagner Financial Services LLC and Spence Advisors LLC, (as investment advisor representatives "IARs"), under which the IARs can recommend SAM's investment advisory services to potential clients. CIR will receive 42.5% of management fees billed to referred accounts. Compensation paid by SAM to CIR is derived from management fee revenue received from referred accounts.

Conflicts of interest inherent in this arrangement include: Charles J. Wagner of Wagner Financial Services LLC and John S. Spence of Spence Advisors LLC previously served as investment adviser representatives of Spence Asset Management. John S. Spence is a brother of James Spence who is a minority owner of Spence Asset Management.

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ITEM 15 CUSTODY

Spence Asset Management does not have custody of client funds or securities.

ITEM 16 INVESTMENT DISCRETION

Spence Asset Management accepts discretionary authority to manage securities accounts on behalf of clients. Client assets are managed under a discretionary account agreement in which the client grants the firm discretion to implement investment strategies and authorizes Spence Asset Management to execute transactions without specific approval from the client. This includes the securities and amounts of securities to be bought or sold. Clients may impose reasonable restrictions on their investments including but not limited to: specific securities, types of securities, tax considerations, religious restrictions, and liquidity considerations. Discretionary authority is assumed once the discretionary account agreement (or FOCUS agreement) is executed and assets are deposited into the account. If client engages SAM, client will be provided SAM's Form ADV Part 2 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.

ITEM 17 VOTING CLIENT SECURITIES

Spence Asset Management does not have or accept authority to vote client securities. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients can contact Spence Asset Management with questions regarding a particular solicitation by calling 575.556.8500 or emailing info@spenceassetmanagement.com.

ITEM 18 FINANCIAL INFORMATION

Spence Asset Management has no financial condition that would likely impair its ability to meet contractual commitments to clients.

Spence Asset Management has never been the subject of a bankruptcy petition.

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James W. Spence

1/1/2017

This brochure supplement provides information about James W. Spence that supplements the Spence Asset Management brochure. You should have received a copy of that brochure. Please contact Spence Asset Management if you did not receive Spence Asset Management's brochure or if you have any questions about the contents of this supplement. Additional information about James W. Spence is available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

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

ITEM 3 DISCIPLINARY INFORMATION

James Spence has no legal or disciplinary events.

ITEM 4 OTHER BUSINESS ACTIVITIES

1. Spence LLC- James Spence is the managing partner of Spence LLC. This entity owns the office building located at 2455 E. Missouri Avenue. This entity collects rent from tenants and these activities provide a substantial source of James Spence's income.

ITEM 5 ADDITIONAL COMPENSATION

James Spence does not receive any economic benefit for providing advisory services to anyone other than clients of Spence Asset Management.

ITEM 6 SUPERVISION

James Spence is supervised by Sheila Walton, the firm's compliance officer, who can be reached at 575.556.8500. Sheila Walton supervises the advisory activities of James Spence through daily review of all transactions in client accounts, review of discretionary management agreements and investment objectives upon initiation of the account and a monthly random review of 20 accounts, their holdings, their suitability, notes made by James Spence and the historical activity of the accounts.

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Eric M. Walton

1/1/2017

This brochure supplement provides information about Eric M. Walton that supplements the Spence Asset Management brochure. You should have received a copy of that brochure. Please contact Spence Asset Management if you did not receive Spence Asset Management's brochure or if you have any questions about the contents of this supplement. Additional information about Eric M. Walton is available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Eric M. Walton, born in 1976

Bachelor of Business in Finance from New Mexico State University, Las Cruces, NM – 2002

Owner/President/Investment Advisor Representative, Spence Asset Management – 2002

ITEM 3 DISCIPLINARY INFORMATION

Eric Walton has no legal or disciplinary events.

ITEM 4 OTHER BUSINESS ACTIVITIES

1. BenMol LLC- Eric Walton is a managing partner of BenMol LLC. This entity owns the office building located at 3529 Foothills Rd. This entity collects rent from Spence Asset Management which provides a portion of Eric Walton's income.
2. SKEW Properties LLC- Eric Walton is a managing partner of SKEW Properties LLC. This entity owns rental properties and collects rent from tenants that provide a portion of Eric Walton's income.

ITEM 5 ADDITIONAL COMPENSATION

Eric Walton does not receive any economic benefit for providing advisory services to anyone other than clients of Spence Asset Management.

ITEM 6 SUPERVISION

Eric Walton is supervised by Sheila Walton, the firm's compliance officer, who can be reached at 575.556.8500. Sheila Walton supervises the advisory activities of Eric Walton through daily review of all transactions in client accounts, review of discretionary management agreements and investment objectives upon initiation of the account and a monthly random review of 20 accounts, their holdings, their suitability, notes made by Eric Walton and the historical activity of the accounts.

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Scott F. Kozney

1/1/2017

This brochure supplement provides information about Scott Kozney that supplements the Spence Asset Management brochure. You should have received a copy of that brochure. Please contact Spence Asset Management if you did not receive Spence Asset Management's brochure or if you have any questions about the contents of this supplement. Additional information about Scott Kozney is available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Scot Kozney, born in 1976

Bachelor of Science in Finance from University of Colorado, Boulder, CO – 1998

Trader/Analyst, Cordillera Asset Management, 2002 – 2007

Trader/Analyst, Spence Asset Management – 2007

CFA Charter Holder- 2007

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 charterholders 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 charterholders 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 charterholders—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.

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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.

ITEM 3 DISCIPLINARY INFORMATION

Scott Kozney has no legal or disciplinary events.

ITEM 4 OTHER BUSINESS ACTIVITIES

SKEW Properties LLC- Scott Kozney is a managing partner of SKEW Properties LLC. This entity owns rental properties and collects rent from tenants that provide a portion of Scott Kozney's income.

ITEM 5 ADDITIONAL COMPENSATION

Scott Kozney does not receive any economic benefit for providing advisory services to anyone other than clients of Spence Asset Management.

ITEM 6 SUPERVISION

Scott Kozney is supervised by Sheila Walton, the firm's compliance officer, who can be reached at 575.556.8500. Sheila Walton supervises the advisory activities of Scott Kozney through daily review of all transactions in client accounts, review of discretionary management agreements and investment objectives upon initiation of the account and a monthly random review of 20 accounts, their holdings, their suitability, notes made by Scott Kozney and the historical activity of the accounts.

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Spence Asset Management: Form ADV, Part 2

Sheila C. Walton

1/1/2017

This brochure supplement provides information about Sheila Walton that supplements the Spence Asset Management brochure. You should have received a copy of that brochure. Please contact Spence Asset Management if you did not receive Spence Asset Management's brochure or if you have any questions about the contents of this supplement. Additional information about Sheila Walton is available on the SEC's website at www.adviserinfo.sec.gov.

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ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Sheila Walton, born in 1974

Bachelor of Arts in Economics from New Mexico State University, Las Cruces, NM – 1996

Owner/Analyst/Compliance Officer, Spence Asset Management – 1996

CFA Charter Holder- 2004

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 charterholders 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 charterholders 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 charterholders—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.

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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.

ITEM 3 DISCIPLINARY INFORMATION

Sheila Walton has no legal or disciplinary events.

ITEM 4 OTHER BUSINESS ACTIVITIES

1. BenMol LLC- Sheila Walton is a managing partner of BenMol LLC. This entity owns the office building located at 3529 Foothills Rd. This entity collects rent from Spence Asset Management. These activities provide a portion of Sheila Walton's income.
2. SKEW Properties LLC- Sheila Walton is a managing partner of SKEW Properties LLC. This entity owns rental properties and collects rent from tenants that provide a portion of Sheila Walton's income.

ITEM 5 ADDITIONAL COMPENSATION

Sheila Walton does not receive any economic benefit for providing advisory services to anyone other than clients of Spence Asset Management.

ITEM 6 SUPERVISION

Sheila Walton is the firm's compliance officer. She is not compensated or employed by any person other than Spence Asset Management. She is supervised by James Spence, the firm's chairman, who can be reached at 575.556.8500. James Spence supervises the advisory activities of Sheila Walton through monthly review of all transactions in client accounts. He also reviews notes on any client interaction in which Sheila takes part.

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SPENCE ASSET MANAGEMENT
3529 FOOTHILLS RD
LAS CRUCES, NM 88011
575.556.8500

Spence Asset Management: Form ADV, Part 2

Paul Hinde

1/1/2017

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ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Paul D. Hinde, born in 1983

Bachelor of Business in Marketing from New Mexico State University, Las Cruces, NM – 2010

Investment Advisor Representative, Spence Asset Management – 2015

ITEM 3 DISCIPLINARY INFORMATION

Paul Hinde has no legal or disciplinary events.

ITEM 4 OTHER BUSINESS ACTIVITIES

Paul Hinde has no other business activities.

ITEM 5 ADDITIONAL COMPENSATION

Paul Hinde does not receive any economic benefit for providing advisory services to anyone other than clients of Spence Asset Management.

ITEM 6 SUPERVISION

Paul Hinde is supervised by Sheila Walton, the firm's compliance officer, who can be reached at 575.556.8500. Sheila Walton supervises the advisory activities of Paul Hinde through daily review of all transactions in client accounts, review of discretionary management agreements and investment objectives upon initiation of the account and a monthly random review of 20 accounts, their holdings, their suitability, notes made by Paul Hinde and the historical activity of the accounts.

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Patrick M. Grooms

1/1/2017

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ITEM 2 EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE

Patrick Grooms, born in 1983

Bachelor of Business Administration in Finance and in Management from New Mexico State University, Las Cruces, NM – 2006

Masters of Business Administration from New Mexico State University, Las Cruces, NM -2008

Financial Business Analyst, Los Alamos National Laboratory, Los Alamos, NM – 2006-2009

Financial Advisor, Edward Jones, Las Cruces, NM – 2009-2012

Financial Advisor, US Bancorp Investments, Las Cruces, NM – 2013-2016

Investment Advisor Representative, Spence Asset Management – 2016

ITEM 3 DISCIPLINARY INFORMATION

Patrick Grooms has no legal or disciplinary events.

ITEM 4 OTHER BUSINESS ACTIVITIES

Patrick Grooms has no other business activities.

ITEM 5 ADDITIONAL COMPENSATION

Patrick Grooms does not receive any economic benefit for providing advisory services to anyone other than clients of Spence Asset Management.

ITEM 6 SUPERVISION

Patrick Grooms is supervised by Sheila Walton, the firm's compliance officer, who can be reached at 575.556.8500. Sheila Walton supervises the advisory activities of Patrick Grooms through daily review of all transactions in client accounts, review of discretionary management agreements and investment objectives upon initiation of the account and a monthly random review of 20 accounts, their holdings, their suitability, notes made by Patrick Grooms and the historical activity of the accounts.