

OMB APPROVAL

OMB Number: 3235-0049  
Expires: February 28, 2011  
Estimated Average burden  
Hours per response.....4.07

**FORM ADV**

**Uniform Application for Investment Adviser Registration**

**Part II - Page 1**

Name of Investment Adviser: Custodio Asset Management, LLC						
Address:	(Number and Street)	(City)	(State)	(Zip Code)	Area Code:	Telephone Number:
9510 Rommel Drive		Columbia	MD	21046	410.988.2511	

**This part of FORM ADV gives information about the investment adviser and its business for the use of clients.  
The information has not been approved or verified by any government authority.**

**Table of Contents**

<u>Item Number</u>	<u>Item</u>	<u>Page</u>
1	Advisory Services and Fees .....	2
2	Types of Clients .....	2
3	Types of Investments .....	3
4	Methods of Analysis, Sources of Information and Investment Strategies .....	3
5	Education and Business Standards .....	4
6	Education and Business Background .....	4
7	Other Business Activities .....	4
8	Other Financial Industry Activities or Affiliations .....	4
9	Participation or Interest in Client Transactions .....	5
10	Conditions for Managing Accounts .....	5
11	Review of Accounts .....	5
12	Investment or Brokerage Discretion .....	6
13	Additional Compensation .....	6
14	Balance Sheet .....	6
	Continuation Sheet .....	Schedule F

(Schedule A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

**Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

Applicant: <b>Custodio Asset Management, LLC</b>	SEC File Number: 801-	Date: 11/8/08
--	--------------------------	------------------

- 1. A. Advisory Services and Fees.** (check the applicable boxes) For each type of service provided, state the approximate % of total advisory billings from that service. (See instruction below.)
- Applicant:**
- (1) Provides investment supervisory services ..... 100 %
  - (2) Manages investment advisory accounts not involving investment supervisory services..... \_\_\_\_\_ %
  - (3) Furnishes investment advice through consultations not included in either service described above... \_\_\_\_\_ %
  - (4) Issues periodicals about securities by subscription ..... \_\_\_\_\_ %
  - (5) Issues special reports about securities not included in any service described above..... \_\_\_\_\_ %
  - (6) Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities..... \_\_\_\_\_ %
  - (7) On more than an occasional basis, furnishes advice to clients on matters not involving securities... \_\_\_\_\_ %
  - (8) Provides a timing service ..... \_\_\_\_\_ %
  - (9) Furnishes advice about securities in any manner not described above..... \_\_\_\_\_ %

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term? . . . . .  Yes  No

C. Applicant offers investment advisory services for: (check all that apply)

- (1) A percentage of assets under management  (4) Subscription fees
- (2) Hourly charges  (5) Commissions
- (3) Fixed fees (not including subscription fees)  (6) Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

**2. Types of clients** - Applicant generally provides investment advice to: (check those that apply)

- A. Individuals  E. Trusts, estates, or charitable organizations
- B. Banks or thrift institutions  F. Corporations or business entities other than those listed above
- C. Investment companies  G. Other (describe on Schedule F)
- D. Pension and profit sharing plans

**Answer all items. Complete amended pages in full, circle amended items and file with execution page (page 1)**

Applicant: **Custodio Asset Management, LLC**

SEC File Number:  
801-

Date:  
11/8/08

**3. Types of Investments.** Applicant offers advice on the following: (check those that apply)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> A. Equity securities<br>(1) exchange-listed securities<br><input type="checkbox"/> (2) securities traded over-the-counter<br><input type="checkbox"/> (3) Foreign issuers | <input checked="" type="checkbox"/> H. United States government securities   |
| <input type="checkbox"/> B. Warrants  | <input type="checkbox"/> I. Options contracts on:<br>(1) securities<br><input type="checkbox"/> (2) commodities  |
| <input type="checkbox"/> C. Corporate debt securities (other than commercial paper)   | <input type="checkbox"/> J. Futures contracts on:<br>(1) tangibles<br><input type="checkbox"/> (2) intangibles   |
| <input type="checkbox"/> D. Commercial paper  | <input type="checkbox"/> K. Interests in partnerships investing in:<br>(1) real estate<br><input type="checkbox"/> (2) oil and gas interests<br><input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> E. Certificates of deposit   | <input type="checkbox"/> L. Other (explain on Schedule F)  |
| <input type="checkbox"/> F. Municipal securities  |  |
| <input type="checkbox"/> G. Investment company securities:<br>(1) variable life insurance<br><input type="checkbox"/> (2) variable annuities<br><input checked="" type="checkbox"/> (3) mutual fund shares    |  |

**4. Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- |   |  |
|---|--|
| (1) <input checked="" type="checkbox"/> Charting    | (4) <input checked="" type="checkbox"/> Cyclical           |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input checked="" type="checkbox"/> Technical   |  |

B. The main sources of information applicant uses include: (check those that apply)

- |   |   |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines    | (5) <input checked="" type="checkbox"/> Timing services   |
| (2) <input type="checkbox"/> Inspections of corporate activities              | (6) <input type="checkbox"/> Annual reports, prospectuses, filings with the<br>Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases  |
| (4) <input type="checkbox"/> Corporate rating services                        | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F)   |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- |  |  |
|--|--|
| (1) <input checked="" type="checkbox"/> Long term purchases<br>(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions   |
| (2) <input checked="" type="checkbox"/> Short term purchases<br>(securities sold within a year)  | (6) <input type="checkbox"/> Option writing, including covered options,<br>uncovered options or spreading strategies |
| (3) <input checked="" type="checkbox"/> Trading (securities sold within 30 days)                 | (7) <input type="checkbox"/> Other (explain on Schedule F)   |
| (4) <input type="checkbox"/> Short sales   |  |

Applicant: <b>Custodio Asset Management, LLC</b>	SEC File Number: 801-	Date: 11/8/08
--	--------------------------	------------------

**5. Education and Business Standards.**

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients? .....  Yes  No

(If yes, please describe these standards on Schedule F)

**6. Education and Business Background.**

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the:

- name
- year of birth
- formal education after high school
- business background for the preceding five years

**7. Other Business Activities.** (check those that apply)

- A. Applicant is actively engaged in a business other than giving investment advice.
- B. Applicant sells products or services other than investment advice to clients.
- C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

**8. Other Financial Industry Activities or Affiliations.** (check those that apply)

- A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
 

<input type="checkbox"/> (1) broker-dealer	<input type="checkbox"/> (7) accounting firm
<input type="checkbox"/> (2) investment company	<input type="checkbox"/> (8) law firm
<input type="checkbox"/> (3) other investment adviser	<input type="checkbox"/> (9) insurance company or agency
<input type="checkbox"/> (4) financial planning firm	<input type="checkbox"/> (10) pension consultant
<input type="checkbox"/> (5) commodity pool operator, commodity trading adviser or futures commission merchant	<input type="checkbox"/> (11) real estate broker or dealer
<input type="checkbox"/> (6) banking or thrift institution	<input type="checkbox"/> (12) entity that creates or packages limited partnerships

(For each checked box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?..  Yes  No

(If yes, describe on Schedule F the partnerships and what they invest in.)

Applicant: Custodio Asset Management, LLC	SEC File Number: 801-	Date: 11/8/08
---	--------------------------	------------------

**9. Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- A. As principal, buys securities for itself from or sells securities it owns to any client.
- B. As broker or agent effects securities transactions for compensation for any client.
- C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- E. Buys or sell for itself securities it also recommended to clients.

(For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.)

Describe, on Schedule F, your code of ethics, and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

**10. Conditions for Managing Accounts.** Does the applicant provide investment advisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other condition for starting or maintaining an account?

Yes  No

(If yes, describe on Schedule F)

**11. Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory account, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each.

For those clients to whom Registrant provides investment supervisory services, account reviews are conducted on an ongoing basis by one of the Registrant's investment adviser representatives. All investment supervisory clients are encouraged to discuss with Registrant his/her/their/its investment objectives, needs, goals and to keep the Registrant informed of any changes regarding same. All clients are encouraged to meet, at least annually, with the Registrant to comprehensively review investment objectives and account performance.

- B. Describe below the nature and frequency of regular reports to clients on their accounts.

Clients are provided with transaction confirmation notices and regular summary account statements directly from the broker-dealer/custodian for the client accounts. Those clients to whom Registrant provides investment supervisory services will also receive a report from the Registrant summarizing account activity and performance on a quarterly basis. Upon client request, Registrant will furnish a supporting schedule for capital gains and losses realized in the account for the year.

Applicant: <b>Custodio Asset Management, LLC</b>	SEC File Number: 801-	Date: <b>11/8/08</b>
--	--------------------------	-------------------------

**12. Investment or Brokerage Discretion.**

- A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:
- |  |   |  |
|--|---|--|
| (1) securities to be bought or sold? .....           | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| (2) amount of securities to be bought or sold? ..... | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/>            |
| (3) broker or dealer to be used? .....               | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |
| (4) commission rates paid? .....                     | Yes <input type="checkbox"/>            | No <input checked="" type="checkbox"/> |

- B. Does applicant or a related person suggest brokers to clients? ..... Yes  No

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of products, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

**13. Additional Compensation.**

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? ..... Yes  No
- B. directly or indirectly compensates any person for client referrals? ..... Yes  No

(For each yes, describe the arrangements on Schedule F.)

**14. Balance Sheet.** Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities (unless applicant is registered or registering only with the Securities and Exchange Commission); or
  - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- Has applicant provided a Schedule G balance sheet?..... Yes  No

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

Applicant: Custodio Asset Management, LLC	SEC File Number: 801-	Date: 11/8/08
--	--------------------------	------------------

(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: <b>Custodio Asset Management, LLC</b>	IRS Empl. Ident. No.: <b>20-8770362</b>
--	--

Item of Form (identify)	Answer
Item 1D	<p>Custodio Asset Management, LLC (the "Registrant") is an investment adviser providing discretionary management of investment portfolios for individuals, pension and profit sharing plans, trusts, estates, charitable organizations, and business entities in accordance with the investment objective(s) of the client. Registrant does not provide financial planning or estate planning services. To the extent specifically requested by a client, Registrant may provide limited consultation services to its investment management clients on investment and non-investment related matters. Any such consultation services, to the extent rendered, shall be rendered exclusively on an unsolicited basis, for which Registrant shall not receive any separate or additional fee.</p> <p>In the event the client determines to engage Registrant to provide investment management services, Registrant shall do so on a fee-only basis. Registrant shall charge an annual investment management fee based upon a percentage of the net value of the assets being managed by Registrant. The investment management fee shall vary depending upon the net value of the assets under management. The fee is 3% of the net value of all assets under management annually. Registrant's annual investment management fee shall be prorated and paid monthly, based upon the net value of the assets on the last day of the previous month. Registrant, in its sole discretion, may negotiate or charge a lesser management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, pre-existing client, pro-bono accounts, etc.). The investment management fee shall vary depending upon the net value of the assets under management at the end of each month. The monthly prorated payment is 0.00250%, payable to Registrant on the first of the month and every month thereafter. For example, an account's net value of \$1,000,000 would be required to pay \$2,500.00 per month in fees. If the account's net value grows to \$1,025,000 the client will be required to pay \$2562.50 (Formula: \$1,025,000 x .0025% = \$2562.50).</p> <p>Registrant's custodian of choice, which registrant intends to recommend to its advisory clients, Rydex Investments, does not provide the option to open margin-enabled accounts. All accounts created with or transferred to Rydex are non-margin accounts, therefore clients ALWAYS pay an asset under management fee based on net value of an account. Furthermore, there are no additional fees because Registrant does not buy securities on margin. There is no conflict of interest regarding the increase in advisory fees from buying securities on margin because Registrant does not service margin-enabled accounts nor intends to service margin-enabled accounts in the future. The client may make additions to and withdrawals from the account at any time, subject to Registrant's right to terminate an account. If assets are deposited into, or withdrawn from, an account after the inception of a month, the Registrant's fee for such month shall be prorated and, if such amount is greater than \$25, any balance shall be charged or refunded to the client, as appropriate, in a timely manner. Clients may withdraw account assets on notice to the Registrant, subject to the usual and customary securities settlement procedures. Additions may be in cash or securities, provided that Registrant reserves the right to decline to accept particular securities into a client's account. As further discussed in response to Item 12B (below), Registrant shall generally recommend that clients utilize the brokerage, custodial, and clearing services of Rydex Investments and its investment management accounts. Prior to engaging Registrant to provide investment management services, the client will be required to enter into a formal agreement with Registrant setting forth the terms and conditions under which Registrant shall manage the client's investments, and a separate agreement for brokerage, custodial, and clearing services with Rydex Investments.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

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

Applicant: Custodio Asset Management, LLC	SEC File Number: 801-	Date: 11/8/08
--	--------------------------	------------------

(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: <b>Custodio Asset Management, LLC</b>	IRS Empl. Ident. No.: <b>20-8770362</b>
--	--

Item of Form (identify)	Answer
	<p>Currently, Registrant intends to primarily allocate its client's investment management assets, on a discretionary basis, among various low-load, no-load, and load-waived mutual fund classes and exchange traded funds ("ETFs"). The Registrant shall manage client portfolios by allocating portfolio assets on a discretionary basis using one or more of its proprietary investment strategies ("collectively referred to as investment strategy"). In so doing, the Registrant shall buy, sell, exchange and/or transfer securities based upon the investment strategy. The Registrant's management using the investment strategy has been designed to comply with the requirements of Rule 3a-4 of the Investment Company Act of 1940, as amended. Rule 3a-4 provides similarly-managed accounts, such as the investment strategy, with a safe harbor from the definition of an investment company. In accordance with Rule 3a-4, the following features have been specifically included in the Registrant's management using the investment strategy:</p> <ol style="list-style-type: none"> <li>1. Initial Interview – an initial interview is conducted with each client to determine the client's financial circumstances, goals, acceptable levels of risk, any reasonable restrictions on the management of their account, and other relevant circumstances;</li> <li>2. Notice of Transactions – the client shall receive notice of all transactions in their account as if they had maintained a similar account outside of the program;</li> <li>3. Quarterly Statement – the client shall be provided with a statement at least quarterly, containing a description of all activity in the their account including all fees imposed;</li> <li>4. Ability to Impose Restrictions – the client shall have the ability to impose reasonable restrictions on the management of their account, including the ability to instruct the Registrant not to purchase certain securities or types of securities;</li> <li>5. No Pooling – the client's beneficial interest in a security does not represent an undivided interest in all the securities held by the custodian, but rather represents a direct and beneficial interest in the securities which comprise the client's account;</li> <li>6. Separate Account – a separate account is maintained for the client with the custodian; and</li> <li>7. Ownership - each client retains indicia of ownership of the account (e.g. right to withdraw securities or cash, exercise or delegate proxy voting, and receive transaction confirmations).</li> </ol> <p>The investment strategy may involve an above-average portfolio turnover that could negatively impact the net after-tax gain experienced by an individual client. Securities in the investment strategy are usually exchanged and/or transferred without regard to a client's individual tax ramifications. Certain investment opportunities that become available to the Registrant's clients may be limited. For example, various mutual funds may limit the ability of the Registrant to buy, sell, exchange or transfer securities consistent with its investment strategy. As further discussed in response to Item 12B (below), in order to meet its fiduciary duties to all of its clients, the Registrant will endeavor to allocate investment opportunities among its clients on a fair and equitable basis.</p>

**(Complete amended pages in full, circle amended items and file with execution page (page 1).)**

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

Applicant: Custodio Asset Management, LLC	SEC File Number: 801-	Date: 11/8/08
--	--------------------------	------------------

(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: <b>Custodio Asset Management, LLC</b>		IRS Empl. Ident. No.: <b>20-8770362</b>
Item of Form (identify)	Answer	
Item 4B (8)	Most of Registrant's investment research and decision-making data is proprietary. However, certain information is obtained from common external sources such as newspapers and computer databases.	
Item 5	All individuals that give investment advice on behalf of the Registrant must have earned a college degree and/or have substantive investment-related experience. In addition, all such individuals shall have attained all required investment-related licenses and/or designations.	
Item 6	<p>Acener R. Custodio Born: 1978 Post-Secondary Education: Mount St. Mary's University - 2001, BS Finance Recent Business Background: Custodio Asset Management, LLC., Co-Founder President/CEO December 2006 - Present Plexus Scientific Corporation, Network/Systems Administrator 2001 - 2006</p> <p>Almond R. Custodio Born: 1981 Post-Secondary Education: Penn State University - 2004, BS Economics Recent Business Background: Custodio Asset Management, LLC., Co-Founder, Fund Manager December 2006 - Present Rydex Investments, Operations Specialist July 2005 - December 2006</p>	
Item 9E	The Registrant is permitted to buy or sell securities that it also recommends to clients consistent with the Registrant's policies and procedures. Unless specifically permitted in the Registrant's policies and procedures, none of the Registrant's Access Persons may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the Access Person) any transactions in a security which is being actively purchased or sold, or is being considered for purchase or sale, on behalf of any of the Registrant's clients. Clients may contact the Registrant to request a copy of its policies and procedures.	

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

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

Applicant: Custodio Asset Management, LLC	SEC File Number: 801-	Date: 11/8/08
--	--------------------------	------------------

(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: Custodio Asset Management, LLC	IRS Empl. Ident. No.: 20-8770362
---	-------------------------------------

Item of Form (identify)	Answer
Items 12A and 12B	<p>Factors which the Registrant considers in recommending Rydex Investments to clients include the respective financial strength, reputation, execution, pricing, research, and service. Rydex Investments enables Registrant to obtain many no-load mutual funds without transaction charges and other no-load and load-waived funds at nominal transaction charges. Registrant, in its investment decision-making process for the client, such transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended. Transactions for each client generally will be effected independently, unless Registrant decides to purchase or sell the same securities for several clients at approximately the same time. Registrant may (but is not obligated to) combine or "batch" such orders to obtain best execution and to allocate equitably among Registrant's clients differences in prices and commissions or other transaction costs that might have been obtained had such orders been placed independently. Under this procedure, transactions will generally be averaged as to price and allocated among Registrant's clients pro rata to the purchase and sale orders placed for each client on any given day.</p> <p>In the event that Registrant determines that a pro rata allocation is not appropriate under the particular circumstances, the allocation will be made based upon other relevant factors, which may include: (i) when only a small percentage of the order is executed, shares may be allocated to the account with the smallest order or the smallest position or to an account that is out of line with respect to security or sector weightings relative to other portfolios, with similar mandates; (ii) allocations may be given to one account when one account has limitations in its investment guidelines which prohibit it from purchasing other securities which are expected to produce similar investment results and can be purchased by other accounts; (iii) if an account reaches an investment guideline limit and cannot participate in an allocation, shares may be reallocated to other accounts (this may be due to unforeseen changes in an account's assets after an order is placed); (iv) with respect to sale allocations, allocations may be given to accounts low in cash; (v) in cases when a pro rata allocation of a potential execution would result in a de minimis allocation in one or more accounts, Registrant may exclude the account(s) from the allocation; the transactions may be executed on a pro rata basis among the remaining accounts; or (vi) in cases where a small proportion of an order is executed in all accounts, shares may be allocated to one or more accounts on a random basis. Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for research products and/or services which assist the Registrant in its investment decision-making process. Such research generally will be used to service all of Registrant's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. Clients may pay to a broker-dealer a commission greater than another qualified broker-dealer might charge to effect the same transaction where the Registrant determines in good faith that the commission is reasonable in relation to the value of the brokerage and research services received.</p> <p>The client may direct Registrant in writing to use a particular broker-dealer to execute some or all transactions for the client. In that case, the client will negotiate terms and arrangements for the account with that broker-dealer, and Registrant will not seek better execution services or prices from other broker-dealers or be able to "batch" client transactions for execution through other broker-dealers with orders for other accounts managed by Registrant. As a result, client may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for the account than would otherwise be the case.</p>

(Complete amended pages in full, circle amended items and file with execution page (page 1).)

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

Applicant: Custodio Asset Management, LLC	SEC File Number: 801-	Date: 11/8/08
--	--------------------------	------------------

(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: <b>Custodio Asset Management, LLC</b>		IRS Empl. Ident. No.: <b>20-8770362</b>
Item of Form (identify)	Answer	
Item 13A	<p>Please see the previous responses set forth on this Schedule F to Item 1D relative to investment research products and/or services which assist the Registrant in its investment decision-making process for its clients. Such transactions shall be in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended. Specifically, although not a material consideration when determining whether to recommend that a client utilize the services of Rydex Investments, Registrant may receive from Rydex Investments, without cost, computer software and related systems support, which allows Registrant to better monitor client accounts maintained at Rydex Investments. Registrant may receive the software and related support without cost, because Registrant renders investment management services to clients that maintain accounts at Rydex Investments, whose aggregate total assets at Rydex Investments exceed the established minimum required for an investment manager to receive software and related support without cost. Specifically, Registrant may receive the following benefits from Rydex through its Institutional Brokerage Group: receipt of duplicate client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its Institutional Brokerage Group participants; access to block trading which provides the ability to aggregate securities transactions and then allocate the appropriate shares to client accounts; and access to an electronic communication network for client order entry and account information.</p>	
Item 13B	<p>If a client is introduced to the Registrant by either an unaffiliated or an affiliated solicitor, Registrant may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Investment Advisers Act of 1940, as amended, and any corresponding state securities law requirements. Any such referral fee shall be paid solely from the Registrant's investment management fee, and shall not result in any additional charge to the client. If the client is introduced to the Registrant by an unaffiliated Solicitor, the Solicitor shall provide the client with a copy of the Registrant's Form ADV Part II and a copy of the disclosure statement between the Registrant and the solicitor containing the terms and conditions of the solicitation arrangement, including compensation. Any affiliated solicitor of the Registrant shall disclose the nature of his/her relationship to prospective clients at the time of the solicitation and will provide all prospective clients with a copy of the Registrant's Form ADV Part II, including this Schedule F, at the time of the solicitation.</p>	

(Complete amended pages in full, circle amended items and file with execution page (page 1).)