

Item 1 - Cover Page

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BROCHURE
Part 2 of Form ADV

Grant Investment Management
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This brochure provides information about the qualifications and business practices of Grant Investment Management. If you have any questions about the contents of this brochure, please contact us at 630-986-1948. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state authority.

Additional information about Grant Investment Management also is available on the SEC's [website at www.advisorinfo.gov](http://www.advisorinfo.gov)

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Item 2 - Material Changes

There were no material changes since the last annual update of the brochure on October 28, 2011.

Item 4 - Advisory Business

Grant Investment Management is a Registered Investment Adviser was founded in 1982 and is wholly owned by Edmund H. Grant.

Discretionary investment advisory services are provided to individuals and corporations on a continuing basis after a determination of the needs and goals of the customer and a review of the client's assets and obligations. The Adviser provides portfolio management services and primarily invests the client's managed assets in exchange-listed equity securities, equity securities traded over-the-counter and foreign issued equity securities. Additional investments are made in money market funds, commercial paper, certificates of deposits, United States government securities, exchange traded funds and mutual funds. Occasionally investments are made in equity option contracts, rights to purchase equity securities and warrants. In the case of option contracts, investments are limited to covered calls on a particular equity that is already held in the portfolio and the amount of calls that are sold is limited to the existing number of shares in that particular equity. With the exception of covered call option, there are no securities sold short.

Fixed income and short term funds are reviewed in terms of yield, quality ratings, debt burden and interest coverage.

Clients may restrict the investment in certain assets or the maturity of certain assets.

The Adviser provides accounting services to reconcile the reports of custodian banks and brokerage firms who hold the client's securities and funds. Client assets totaling \$ 68,000,000 are managed on a discretionary basis as of April 30, 2012.

The Adviser does not sell any information regarding clients to any party. Client information is used and disclosed by the Adviser only to the extent required by law or necessary to manage client accounts and operate the business in the ordinary course. The foregoing policy descriptions are set forth in more detail in the firm's Code of Ethics which is described later.

Item 5 - Fees and Compensation

Fees are based on a percentage of the value of the client's assets under management and are collected after the management services are provided. Clients are billed for the services and the Adviser is compensated after the client has authorized payment by the custodian or issues a check in payment of the fee. The current annual fee schedule is one half of 1% of the assets under management on the first \$ 10,000,000 of assets. The fee is negotiated on assets above \$ 10,000,000. Alternatively, a negotiated hourly rate is charged clients where appropriate or for certain limited portfolio review or consulting services. Percentage fees are assessed at the end of the quarter or the year. Hourly fees are assessed after

the requested work is completed. There are no other fees or expenses charged the clients by the Adviser. However the client will incur additional charges such as fees and transaction costs that are assessed by brokerage firms and bank custodians. Section 8, Brokerage Practices, of this brochure discusses brokerage information. Either the Adviser or the client may terminate the relationship at anytime and all Adviser fees will be prorated to the date of termination. In Illinois, unless a client has received the firm's disclosure brochure at least 48 hours prior to signing the investment advisory contract, the investment advisory contract may be terminated by the client within five (5) business days of signing the contract without incurring any advisory fees.

Fee Schedule:

0.50% on the first \$ 10,000,000
negotiable above \$ 10,000,000.

Item 6 - Performance Based Fees and Side-By-Side Management

The Adviser does not charge performance based fees.

Item 7 - Types of Clients

The Adviser provides supervisory and investment management services to individuals, trusts, estates, profit sharing plans, individual retirement accounts and corporations. The Adviser generally requires a \$250,000 account size. Although exceptions are made for the minimum dollar amount, the Adviser prefers to work with accounts that can be easily diversified. The Adviser believes that to effectively diversify an account should have at least \$250,000 in assets.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

The Adviser uses fundamental security analysis which includes income statement and balance sheet analysis, operating margin analysis, debt to equity ratios, accounting policies, cash flow analysis, reported earnings and expected future earnings growth, tax rates and acquisitions and divestitures. Sources of information used in the fundamental analysis are the security issuer's quarterly and annual reports, corporate filings with the Securities and Exchange Commission, prospectuses, the issuer's press releases, financial and daily newspapers.

The Adviser seeks to reduce risk with a diversified portfolio of high quality securities which include equity securities and fixed income securities. Normally the Adviser does not recommend a portfolio of primarily equity securities but clients have requested such portfolios and admit to the riskiness of such accounts.

Item - Disciplinary Information

There has been no regulatory, administrative, civil, legal or disciplinary activity that involved the Adviser.

Item 10 - Other Financial Industry Activities and Affiliations

The Adviser is not a registered broker-dealer or registered representative of a broker-dealer. Adviser does not recommend or select other investment Advisers for their clients.

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

The Adviser has developed written policies and procedures to ensure compliance with applicable securities laws and regulations when providing investment management services to clients. It is also the policy of the Adviser to conduct business in a manner that meets the highest standards of commercial honor and just and equitable principles of trade. The Adviser has adopted a Code of Ethics that describes the conduct and professionalism expected of the Adviser or any employees of the Adviser. The Code of Ethics is designed to place the interest of the clients before the interest of the Adviser or the Adviser's employees. All personal securities transactions are to be consistent with the Code of Ethics and are to avoid any actual or potential conflict of interest or any abuse of trust or responsibility. The Adviser has a fiduciary obligation that information concerning the identity of security holdings and financial circumstances of the clients are confidential. The Adviser will provide a copy of the Code of Ethics to any client or prospective client upon request.

The Adviser may have a financial interest in securities or investment products that are recommended to a client. Such an interest has the possibility of placing the interest of the Adviser ahead of the client by trading the Adviser's interest first before the client. This activity would be using the knowledge of the client's transactions as a way to benefit the Adviser. It is the Adviser's policy to not purchase or sell securities or investment products until the day after all of the clients have completed their transactions. The foregoing policy description is set forth in more detail in the firm's Code of Ethics.

Item 12 - Brokerage Practices

The Adviser has the authority to determine the client's securities to be bought or sold, the broker or dealer to be used and the rate at which commissions are charged. When the Adviser is involved in selecting a broker or dealer for the client, the Adviser has negotiated with the broker or dealer. It is the Adviser's opinion that the broker or dealer provides discount commissions at rates competitive with other discount brokers. None of the Adviser's clients have paid commissions that were in return for investment research that was received by the Adviser. The Adviser's authority is limited to instructing the broker or dealer to purchase or sell a security on behalf of the client. The Adviser does not accept referral of clients from broker-dealers.

Some new clients already have a broker or dealer when they first become clients. In some cases, the client will ask that the existing broker or dealer retain custody of the assets and receive commissions for all transactions. The client's request is honored after the Adviser discusses with the client the implications of directing the use of a specific broker or dealer. If a client selects its broker or dealer, this may impede the Adviser in obtaining the best available price and execution for the client's trades. For instance, the broker or dealer may be reluctant to negotiate commissions, additional time may be required for trades through such broker or dealer and price disparities among the various brokers utilized by the Adviser's clients are possible. The Adviser's inability to combine or batch trades from a number of accounts in order to obtain a volume discount or a more favorable price are also negatives. There may be some delay in contacting

brokers who are not readily available. Some directed brokers require the use of electronic order entry systems. Electronic executions of multiple buy and sell orders are more time consuming and may lead to a disparity in trade prices obtained. Electronic systems vary from one broker to another and require deliberateness, patience and caution in entering each trade in order to prevent errors. In highly volatile markets, telephone systems and internet systems may delay or prevent transactions made through a number of different broker-dealers.

The detail, comprehensiveness and variety of the brokers' monthly statements or lack thereof may cause the client to be confused or overwhelmed.

Other new clients may request a specific broker or dealer although no relationship existed prior to the establishment of investment advisory services. The foregoing issues are discussed with these clients. The foregoing policy descriptions are set forth in more detail in the firm's Code of Ethics.

Item 13 - Review of Accounts

Each account is reviewed at least quarterly by the Adviser to assure that the assets in the account are conforming to the needs and objectives of the client. The allocation of the assets between short-term funds, fixed income and equities is considered in conjunction with the expectation for future economic and market conditions. The accounts are also reviewed on a more frequent basis if there are additions or withdrawals, change in investment objectives, changes in the outlook for a particular investment, purchase or sale of a currently held issue or the purchase of an issue for the first time. In the purchase of an investment, the appropriateness of the investment is considered in relation to the client's needs and objectives. In taxable accounts, the capital gain condition for each asset and the account in total is reviewed with the objective of meeting the client's desire for proper tax planning. Individual common stocks are assessed in terms of concentration, reported operating results, yield and goals established by the company's management. The current value of the companies is analyzed in conjunction with anticipated operating results.

Fixed income and short term funds are reviewed in terms of yield, quality ratings, debt burden and interest coverage.

Written statements listing all of the client's assets under supervision of the Adviser are provided quarterly. The statement serves as a basis for calculating the annual fee if the fee is determined by a percentage of the assets. The statement allows the client an opportunity to compare it to the reports from the custodian. The statement is a confirmation by the Adviser on the accuracy and completeness of the custodian's statement.

Item 14 - Client Referrals and Other Compensation

The Adviser rejects any economic benefit from a third party who provides advice or service to the client. The Adviser does not compensate any person or organization for client referrals.

Item 15 - Custody

Custody of all the clients' assets is held either by broker-dealers, bank custodians or commercial banks. It is the policy of the Adviser to have custody of all the clients' assets to be held by third party custodians.

Item 16 - Investment Discretion

The clients provide the Adviser with discretionary authority to manage the securities in their accounts. Clients may limit this authority in terms of specific issues, industries, companies, types of investments or allocation of assets between equities and fixed income securities. Limitations on the Adviser's discretion are expressed at the initiation of the client relationship or through discussions with the client. A limited power of attorney, issued by the custodian and signed by the client, is the main instrument that places limits on the discretion of the Adviser.

Item 17 - Voting Clients Securities

It is the Adviser's general policy that the client should vote all proxies. In all but one client relationship, the client has directed the custodian to send all proxies to the client. In the one relationship where the Adviser votes the proxy at the request of the client, the specific guidelines to be considered in voting each proxy in addition to the General Policy on Proxies are detailed below.

In regard to members of the Board of Directors, the Adviser will decide whether to vote for a proposed Board Member, withhold a vote or abstain based on that person's qualifications. Certain qualifications are business experience, education, the professional variety of the existing board, positions on boards of other companies and institutions, reputation and standing in the community.

In regard to the auditors, professional standing and reputation of the accounting firm are the primary considerations. The adopted accounting policies of the company stated in the annual report are reviewed to determine if the interests of the stockholder are protected.

In regard to mergers, stock options and executive compensation, the proxy will be voted on a case by case basis keeping in mind the General Policy on Proxies. In general there is a limitation to be considered on stock options and executive compensation.

In regard to stockholder proxy proposals, the flexibility of the management to run the company is the major criteria in deciding the proxy item as long as the interests of the shareholder remain paramount.

In voting a proxy consideration should be given to financial restatements, options backdating, poison pills, majority voting, outside directors and shareholder ability to amend charters and bylaws.

Item 18 – Financial Information

The clients' accounts are held in custody by broker-dealers, bank custodians or commercial banks. The Adviser is not required to provide the client with a balance sheet or other financial information. The Adviser receives a fee after the service is provided and does not accept prepayment of the fees.

Item 19 – Requirements for State Registered Advisers

19A: Edmund H. Grant is the sole owner and only employee of Grant Investment Management. He received a Masters in Business Administration from the University of Chicago in 1965 and a Bachelor of Arts from the University of Notre Dame in 1961. Grant Investment Management was established in April of 1982 after Mr. Grant resigned from the Harris Bank of Chicago, where he was a Vice President.

19B: Grant Investment Management is the only business in which Mr. Grant is engaged.

19C: The Adviser does not offer advisory services with performance-based fees.

19D: There has been no regulatory, administrative, civil, legal or disciplinary activity that involved the Adviser. There has been no award or finding of liability in an arbitration claim. There has been no award or finding of liability in a civil, self- regulatory organization or administrative proceeding.

19E: The Adviser has no relationship or arrangement with any issuer of securities.