

Part 2A of Form ADV: *Firm Brochure*

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This brochure provides information about the qualifications and business practices of Graham & Dodd Fund®, LLC (hereinafter “GDF” or “firm” or “we”). If you have any questions about the contents of this brochure, please contact us at (212) 649-5884. 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 GDF is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for GDF is 148285. Registration with the Securities and Exchange Commission does not imply any level of skill or training.

Item 2. Summary of Material Changes

On July 21, 2010, the U. S. Securities and Exchange Commission (the "SEC") unanimously adopted changes to Form ADV, Part II. All fifty states have also adopted the new format, with some additional state-specific disclosures mandated. The new Part 2, also known as the "Brochure" has 18 separate items that our firm must address (19 for state-registered advisers), each of which requires disclosure on a distinct topic, and answers must be presented in the order of the items in the form, using the headings in the form. Our goal is to provide you with easy-to-understand "plain-English disclosure," using an easy-to-read format and definite, concrete, everyday words.

Our current (updated) Form ADV, Part 2 will be available to our existing and prospective clients 24 hours a day through the Investment Adviser Public Disclosure website. Additionally, we will annually and within 120 days of the end of our fiscal year, provide you either: (i) a copy of our Form ADV, Part 2 that includes or is accompanied by a summary of material changes; or (ii) a summary of material changes that includes an offer to provide a copy of the current Form ADV, Part 2. We urge you to carefully review all subsequent summaries of material changes, as they will contain important information about any significant changes to our advisory services, fee structure, business practices, conflicts of interest, and disciplinary history.

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Item 4. Advisory Business

GDF is a fee-only SEC-registered investment adviser with its principal place of business located in New York, New York. We have been in business since 2001 and registered with the SEC in February 2009. David Maurice Masten Montero-Rosen is the sole owner and Managing Director.

Discretionary assets under our firm's management were \$123,785,178 as of December 31, 2011.

We do not manage any non-discretionary accounts.

Model Portfolio Management Services

GDF is currently in the business of managing a U.S. Large Cap Value model portfolio. This model portfolio is designed to meet a particular investment goal and typically serves as a portion of a larger more diversified investment portfolio. Since the portfolio will be managed based on the portfolio's goal, rather than on each client's individual needs, it is the responsibility of the clients to determine the suitability of the model portfolio to their overall investment objectives and overall asset allocation.

In addition to having direct advisory relationships with clients, we also provide portfolio management services as a sub-adviser or one of several managers in third-party manager programs and/or platforms. In these programs, the client's primary adviser will work with the client to determine the client's investment objectives, risk tolerance, liquidity requirements and investment restrictions, as well as other relevant suitability factors. Based on this information, the client's primary adviser may then recommend placing all or a portion of the client's assets with our firm for management. Under the terms of some programs, we will provide our model to third-party managers who will then implement trades for advisory clients.

Clients and/or their primary advisers will have the opportunity to place reasonable restrictions on the types of investments to be held in the client's account. Clients will retain individual ownership of all securities.

We will manage advisory accounts on a discretionary basis only. For these discretionary accounts, we will implement transactions without seeking prior client consent.

Our investment recommendations are not limited to any specific product or service offered by a broker dealer or insurance company and will typically focus on large capitalization value equity securities.

Item 5. Fees and Compensation

For our Portfolio Management services, we charge an annual fee based on a percentage of assets under our management or advisement, in accordance with the fee schedule below:

<u>Assets under Management/Advisement (\$)</u>	<u>Annual Fee (%)</u>
\$250,000 \$3 Million	1.20%
\$3 Million to \$5 million	1.00%
Up to \$10 million	0.80%
\$10 million to \$15 million	0.70%
Above \$15 million	Negotiable

Depending on specific contractual provisions, portfolio management fees for retail clients are either invoiced or directly debited in advance, at the beginning of each quarter, based upon the net value of the assets in the client account on the last business day of the prior quarter's end. Institutional clients are invoiced 90 days in arrears.

Fees in General

Fees and annual minimums for all services are negotiable based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, client net worth, related accounts, account composition, negotiations with client, etc.). Discounts, not always available to our advisory clients, may be offered to family members and firm's employees.

We may group certain related client accounts for the purposes of determining the annualized fee or annual minimum fee.

Certain legacy client agreements may be governed by fee schedules different from those listed above.

Account Termination

Client may terminate the agreement by providing us written notice at our principal place of business. Specific notice conditions vary based on the terms of each advisory contract. Upon termination of any account, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable immediately.

Mutual Fund and Exchange Traded Fund (ETF) Fees and Expenses: Although we don't typically transact in mutual funds or ETFs, clients should be aware that all fees paid to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and ETFs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee and other fund expenses. A client could invest in a mutual fund or an ETF directly, without the services of our firm. In that case, the client would not receive the services provided by us which are designed, among other things, to assist the client

in determining which mutual fund or ETFs are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by mutual funds and ETFs and the fees charged by us to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

Brokerage and Custodial Fees

In addition to advisory fees paid to our firm, clients will also be responsible for all transaction, brokerage, trade-away and custodial fees incurred as part of their account management. Please see Item 12 of this Brochure for important disclosures regarding our brokerage practices.

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

We do not charge any fees based on a share of capital gains on or capital appreciation of the assets of a client.

Item 7. Types of Clients

Our firm generally provides advisory services to Institutional Clients, plan sponsors of pension and profit sharing plans, Taft-Hartley plans, family offices and state corporate and municipal government entities as well as high net worth individuals through their RIA advisors.

We generally require a minimum aggregated account size of \$3 million from institutional clients and other investment advisers which invest with us. Retail client account minimums range from \$100,000 to \$250,000, depending on the platform utilized by the client.

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

Our firm employs the following types of analysis to formulate client recommendations:

Fundamental Analysis: Fundamental analysis of a business involves analyzing its income statement, financial statements and health, its management and competitive advantages, and its competitors and markets. Fundamental analysis school of thought maintains that markets may mis-price a security in the short run but that the "correct" price will eventually be reached. Profits can be made by trading the mis-priced security and then waiting for the market to recognize its "mistake" and re-price the security. However, fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock. Therefore, unforeseen market conditions and/or company developments may result in significant price fluctuations that can lead to investor losses.

Risks for all forms of analysis: Our securities analysis method relies on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Our firm employs the following investment strategies to implement investment advice given to clients:

Long-term purchases: We mostly purchase securities with the idea of holding them in the clients account for a year or longer. We may do this because we believe the securities to be currently undervalued. We may do this because we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that, by holding the security for this length of time, we may not always take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline in value before we make the decision to sell.

Short-term purchases: Although this is not part of our strategy, we may also purchase securities that we have to sell within a relatively short time (typically a year or less). Such short-term purchases may result in increased brokerage and other transaction-related costs, as well as less favorable tax treatment of short-term capital gains.

Clients should understand that investing in any securities involves a risk of loss of both income and principal that a client should be prepared to bear.

Item 9. Disciplinary Information

Our firm has no disciplinary events to disclose.

Item 10. Other Financial Industry Activities and Affiliations

Neither our firm nor our employees engage in any other financial industry activities or have any other financial industry affiliations.

Item 11. Code of Ethics, Participation in Client Transactions and Personal Trading

Code of Ethics Disclosure

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws. Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings

reports that must be submitted by the firm's access persons. Among other things, our Code of Ethics also requires the prior approval of any acquisition of securities in a limited offering (e.g., private placement) or an initial public offering. Our code provides for oversight, enforcement and recordkeeping provisions. A copy of our Code of Ethics is available to our advisory clients and prospective clients upon request to David Maurice Masten Montero-Rosen, Managing Member and Chief Investment Officer, at the firm's principal office address.

To ensure the fulfillment of our fiduciary responsibilities, we have established the following restrictions:

1. Unless an employee has an account managed by the firm, he/she shall not purchase or sell, directly or indirectly, any security in which he or she has, or by reason of such transaction acquires, any direct or indirect beneficial interest within five (5) calendar days before or after any client trades in that security.
2. No principal or employee of our firm may buy or sell securities for their personal portfolio(s) where their decision is substantially derived, in whole or in part, by reason of his or her employment unless the information is also available to the investing public on reasonable inquiry. No principal or employee of our firm may prefer his or her own interest to that of the advisory client;
3. We maintain a list of all securities holdings for our firm and anyone associated with this advisory practice with access to advisory recommendations;
4. All of our principals and employees must act in accordance with all applicable Federal and State regulations governing registered investment advisory practices; and
5. Any individual not in observance of the above may be subject to disciplinary action or termination.

Item 12. Brokerage Practices

We endeavor to select those brokers or dealers which will provide the best services at the lowest prices and commission rates possible. The reasonableness of commissions is based on the broker's ability to provide expert execution skills, professional services, competitive commission rates, research, timeliness and record of investment ideas, portfolio strategies, forecasts and other services which will help us in providing investment management services to clients. We also direct business to brokers that are minority registered (MWBE firms, Minority or Women Owned Business Enterprises) by either a recognized Municipality or State Governmental Organization in accordance with our contracts with some of our institutional clients.

Research and Other Soft Dollar Benefits

Consistent with obtaining best execution for clients, we may direct brokerage transactions for clients' portfolios to brokers who provide research and execution services to our firm. Such services include:

- Analyses or reports concerning issuers, industries, securities, economic factors and trends, portfolio strategy, and the performance of accounts;
- Reports concerning interrelated political and economic factors;
- Access to research analysts;
- Software that provides analyses of securities portfolios and assists with pre- and post-trade analytics, clearance, settlement and custody;
- Corporate governance research; and
- Data services providing stock quotes, last sale prices, trading volumes.

These services are of the type described in Section 28(e) of the Securities Exchange Act of 1934 and are designed to augment our own internal research and investment strategy capabilities. This may be done without prior agreement or understanding by the client and at our sole discretion. We do not attempt to put a specific dollar value on the services rendered or to allocate the relative costs or benefits of those services among clients, believing that the research we receive will help our firm to fulfill its overall duty to its clients. We may not use each particular research service, however, to service each client. As a result, a client may pay brokerage commissions that are used, in part, to purchase research services that are not used to benefit that specific client. Brokers selected by us may be paid commissions for effecting transactions for our clients that exceed the amounts other brokers would have charged for effecting these transactions if we determine in good faith that such amounts are reasonable in relation to the value of the brokerage and/or research services provided by those broker, viewed either in terms of a particular transaction or our overall duty of best execution.

Our firm participates in the Schwab Market Place program offered to independent investment advisers by Charles Schwab & Company, Inc. ("Schwab"), an unaffiliated FINRA-registered broker dealer. As part of this program, independent investment advisers can select our model(s) and our firm to manage a portion of their clients' assets. Although we have the ability and the authority to trade-away, for clients custodial assets at Schwab, trades will typically be executed through Schwab as well.

Our firm also provides a model portfolio to the FOLIO*fn* Institutional platform offered by FOLIO*fn* Investments, Inc., member FINRA/SIPC (hereinafter "FOLIO*fn*") to the RIA firms on their platform. All client transactions implemented through the FOLIO*fn* platform must utilize the twice-a-day trading windows offered by the platform sponsor. Our firm does not have any discretion to select the broker dealers used by the platform.

This means that for clients custodial assets at Schwab or participating in the FOLIO*fn* program, we will not survey or shop the brokerage market place for best execution on a transaction-by-transaction basis. Consequently, it should be understood

that we will not have the ability to negotiate commissions among various brokers, and best execution may not be achieved, resulting in higher transaction costs for clients.

Trade Aggregation

We will typically aggregate client trades when doing so is advantageous to our clients. Mostly, we will batch client transactions to receive volume discounts and to obtain better and more uniform pricing across client accounts. If we determine that aggregation of trades in a certain situation will be beneficial to our clients, transactions will be averaged as to price and will be allocated among our clients in proportion to the purchase and sale orders placed from each client account on any given day.

Item 13. Review of Accounts

David Maurice Masten Montero-Rosen and his staff will continuously monitor the underlying securities in the model and pre-screen a large universe of prospective securities for possible inclusion into the model's holdings. He and/or his staff will review accounts in the context of the investment objectives and guidelines of the model portfolio as well as any investment restrictions provided by the client. Domestic, geopolitical and macroeconomic events may also trigger reviews.

Clients will receive at least quarterly statements from their custodian, as well as any additional statements or reports as contracted-for at the inception of the advisory relationship.

Item 14. Client Referrals and Other Compensation

Other than that already described in this Brochure, our firm does not receive any additional compensation from third parties for providing investment advice to its clients and does not compensate anyone for client referrals.

Item 15. Custody

Custody is defined as any legal or actual ability by our firm to access client funds or securities. Since all client funds and securities are maintained with a qualified custodian, we don't take physical possession of client assets. However, because we directly debit client fees from some custodial accounts, our firm is deemed to have constructive custody of client funds. We urge all of our management clients to carefully review and compare their reviews of account holdings and/or performance results received from us to those they receive from their custodian. Should you notice any discrepancies, please notify us and/or your custodian as soon as possible.

Item 16. Investment Discretion

For clients granting us discretionary authority to determine which securities and the amounts of securities that are to be bought or sold for their account(s), we request that

such authority be granted in writing, typically in the executed investment management agreement.

Should the client wish to impose reasonable limitations on this discretionary authority, such limitations shall be included in this written authority statement. Clients may change/amend these limitations as desired. Such amendments must be submitted to us by the client in writing.

Item 17. Voting Client Securities

Advisory clients may elect to delegate their proxy voting authority to us. Alternatively, clients may, at their election, choose to receive proxies related to their own accounts, in which case we may consult with clients as requested. (With respect to ERISA accounts, we will vote proxies unless the plan documents specifically reserve the plan sponsor's or Trustee's right to vote proxies.) To direct us to vote a proxy in a particular manner, clients should contact the firm by telephone, electronic mail, or in writing.

When we have discretion to vote proxies for our clients, we will vote those proxies in the best interests of its clients and in accordance our established policies and procedures. Our firm will retain all proxy voting books and records for the requisite period of time, including a copy of each proxy statement received, a record of each vote cast, and a copy of each written client request for information on how the adviser voted proxies. If our firm has a conflict of interest in voting a particular action, we will notify the client of the conflict and retain an independent third-party to cast a vote.

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting the firm directly. Clients may request, in writing, information on how proxies for his/her shares were voted. If any client requests a copy of our complete proxy policies and procedures or how we voted proxies for his/her account(s), we will promptly provide such information to the client.

We will neither advise nor act on behalf of the client in legal proceedings involving companies whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner.

Item 18. Financial Information

Under no circumstances will we earn fees in excess of \$1,200 more than six months in advance of services rendered, and therefore we have no obligation to disclose our firm financials as part of this brochure. Our firm has no financial condition that impairs our ability to meet our contractual obligations to you, and have never been the subject of a bankruptcy proceeding.