

# Quantitative Investment Decisions LLC

## Firm Brochure - Form ADV Part 2A

*This brochure provides information about the qualifications and business practices of Quantitative Investment Decisions LLC. If you have any questions about the contents of this brochure, please contact us at (239) 529-2019 or by email at: [ron.santangelo@qidllc.com](mailto:ron.santangelo@qidllc.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 Quantitative Investment Decisions LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Quantitative Investment Decisions LLC's CRD number is: 175114.*

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*Registration does not imply a certain level of skill or training.*

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## **Item 2: Material Changes**

Quantitative Investment Decisions LLC has the following material changes to report. This list summarizes changes to policies, practices or conflicts of interests only.

- Charles Bradley Campbell and Troy M. Mailloux are investment adviser representatives with another investment advisory firm and licensed insurance agents (Item 10.C)

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## **Item 4: Advisory Business**

### **A. Description of the Advisory Firm**

Quantitative Investment Decisions LLC (hereinafter “QID”) is a Limited Liability Company organized in the State of Delaware.

The firm was formed in January 2015, and the principal owners are SFF Holdings LLC and CF Funds Holdings LLC.

### **B. Types of Advisory Services**

#### ***Licensing Services***

QID researches, develops, evaluates, and uses various proprietary trading signals, algorithms, and strategies relating to, among other things, the trading of securities of which QID will license out various proprietary signals to other advisers for a fee. The fees shall be set forth in Exhibit B of the license agreement.

#### ***Subadviser Services***

QID may also act as a subadviser to advisers unaffiliated with QID. These third-party advisers would outsource portfolio management services to QID. This relationship will be memorialized in each contract between QID and the third-party adviser.

#### ***Services Limited to Specific Types of Investments***

QID generally limits its investment advice to mutual funds, fixed income securities, equities, ETFs (including ETFs in the gold and precious metal sectors), treasury inflation protected/inflation linked bonds and commodities. QID’s investment recommendations are primarily based on signals from a quantitative engine which is an algorithmic formula that uses a combination of various technical indicators to signal whether to enter (buy) or exit (sell) individual portfolio positions. As the portfolio’s quantitative engine produces sell signals the portfolio may go to all cash in times of capital market distress. The portfolio or signals may be provided for the management of a blended global portfolio consisting of 60% U.S. equity and 40% international equity when fully invested), or to manage a separate U.S. equity portfolio and a separate international equity portfolio. QID may use other securities as well to help diversify a portfolio when applicable.

### **C. Client Tailored Services and Client Imposed Restrictions**

QID offers the same suite of services to all of its clients. However, specific client investment strategies and their implementation are dependent upon the client Investment Policy Statement which outlines each client's current situation (income, tax levels, and risk tolerance levels). Clients may impose restrictions in investing in certain securities or types of securities in accordance with their values or beliefs if the particular strategy permits such restrictions.

### **D. Wrap Fee Programs**

A wrap fee program is an investment program where the investor pays one stated fee that includes management fees, transaction costs, fund expenses, and other administrative fees. QID does not participate in any wrap fee programs.

### **E. Assets Under Management**

QID has the following assets under management:

Discretionary Amounts:	Non-discretionary Amounts:	Date Calculated:
\$0	\$0	March 2015

## **Item 5: Fees and Compensation**

### **A. Fee Schedule**

#### ***Licensing Services Fees***

Fees for licensing services are calculated annually, paid quarterly in arrears based on the market value of the securities on the last day of the measurement period. QID will charge a fee of 65 basis points based on the assets under management of the licensing adviser utilizing this service. These fees are negotiable and the final fee schedule is attached as Exhibit B of the licensing agreement.

#### ***Sub-adviser Services Fees***

QID may also act as a subadviser to unaffiliated third-party advisers and QID would receive a share of the fees collected from the third-party adviser's client. The fees charged will not exceed any limit imposed by any regulatory agency. The notice of termination requirement and payment of fees for subadviser services will depend on the specific third-party investment adviser engaging QID as subadviser. This relationship will be memorialized in each contract between QID and each third-party adviser. The fees will not exceed any limit imposed by any regulatory agency.

## **B. Payment of Fees**

### ***Payment of Licensing Services Fees***

Licensing services fees are paid via check, wire transfer or ACH payments. Fees are paid quarterly.

### ***Payment of Subadviser Fees***

Subadviser fees may be withdrawn from clients' accounts or clients may be invoiced for such fees, as disclosed in each contract between QID and the applicable third-party adviser.

## **C. Client Responsibility For Third Party Fees**

Clients are responsible for the payment of all third party fees (i.e. custodian fees, brokerage fees, mutual fund fees, transaction fees, etc.). Those fees are separate and distinct from the fees and expenses charged by QID. Please see Item 12 of this brochure regarding broker-dealer/custodian.

## **D. Prepayment of Fees**

QID collects its fees in arrears. It does not collect fees in advance.

## **E. Outside Compensation For the Sale of Securities to Clients**

Neither QID nor its supervised persons accept any compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## **Item 6: Performance-Based Fees and Side-By-Side Management**

QID does not accept performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## Item 7: Types of Clients

QID generally provides advisory services to the following types of clients:

- ❖ Other Investment Advisers

### *Minimum Account Size for Portfolio Management*

There is an account minimum of \$25,000, which may be waived by QID in its discretion.

## Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss

### A. Methods of Analysis and Investment Strategies

#### *Methods of Analysis*

QID's methods of analysis include technical analysis and quantitative analysis.

**Technical analysis** involves the analysis of past market data; primarily price and volume.

**Quantitative analysis** deals with measurable factors as distinguished from qualitative considerations such as the character of management or the state of employee morale, such as the value of assets, the cost of capital, historical projections of sales, and so on.

#### *Investment Strategies*

QID uses long term trading and short term trading in the pursuit of long term capital growth.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

### B. Material Risks Involved

#### *Methods of Analysis*

**Technical analysis** attempts to predict a future security price or direction based on Observed security price data patterns. The assumption is that the market follows discernible patterns and if these patterns can be identified then a prediction can be made. The risk is that markets do not always follow patterns and relying solely on this method may not take into account new patterns that emerge over time.



**Quantitative Model Risk:** Investment strategies using quantitative models may perform differently than expected as a result of, among other things, the factors used in the models, the weight placed on each factor, changes from the factors' historical trends, and technical issues in the construction and implementation of the models that through their policies and procedures, trade less frequently than daily are subject to market fluctuations within the stated trading periods such as a week or month.

### ***Investment Strategies***

**Long term trading** is designed to capture market rates of both return and risk. Due to its nature, the long-term investment strategy can expose clients to various types of risk that will typically surface at various intervals during the time the client owns the investments. These risks include but are not limited to inflation (purchasing power) risk, interest rate risk, economic risk, market risk, and political/regulatory risk.

**Short term trading** risks include liquidity, economic stability, and inflation, in addition to the long term trading risks listed above. Frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.

**Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **C. Risks of Specific Securities Utilized**

Clients should be aware that there is a material risk of loss using any investment strategy. The investment types listed below (leaving aside Treasury Inflation Protected/Inflation Linked Bonds) are not guaranteed or insured by the FDIC or any other government agency.

**Mutual Funds:** Investing in mutual funds carries the risk of capital loss and thus you may lose money investing in mutual funds. All mutual funds have costs that lower investment returns. The funds can be of bond "fixed income" nature (lower risk) or stock "equity" nature.

**Equity** investment generally refers to buying shares of stocks in return for receiving a future payment of dividends and/or capital gains if the value of the stock increases. The value of equity securities may fluctuate in response to specific situations for each company, industry conditions and the general economic environments.

**Fixed income** investments generally pay a return on a fixed schedule, though the amount of the payments can vary. This type of investment can include corporate and government debt securities, leveraged loans, high yield, and investment grade debt and structured products, such as mortgage and other asset-backed securities, although individual bonds may be the best known type of fixed income security. In general, the fixed income market is volatile and fixed income securities carry interest rate risk. (As interest rates rise, bond

prices usually fall, and vice versa. This effect is usually more pronounced for longer-term securities.) Fixed income securities also carry inflation risk, liquidity risk, call risk, and credit and default risks for both issuers and counterparties. The risk of default on treasury inflation protected/inflation linked bonds is dependent upon the U.S. Treasury defaulting (extremely unlikely); however, they carry a potential risk of losing share price value, albeit rather minimal. Risks of investing in foreign fixed income securities also include the general risk of non-U.S. investing described below.

**Exchange Traded Funds (ETFs):** An ETF is an investment fund traded on stock exchanges, similar to stocks. Investing in ETFs carries the risk of capital loss (sometimes up to a 100% loss in the case of a stock holding bankruptcy). Areas of concern include the lack of transparency in products and increasing complexity, conflicts of interest and the possibility of inadequate regulatory compliance. Precious Metal ETFs (e.g., Gold, Silver, or Palladium Bullion backed “electronic shares” not physical metal) specifically may be negatively impacted by several unique factors, among them (1) large sales by the official sector which own a significant portion of aggregate world holdings in gold and other precious metals, (2) a significant increase in hedging activities by producers of gold or other precious metals, (3) a significant change in the attitude of speculators and investors.

**Commodities** are tangible assets used to manufacture and produce goods or services. Commodity prices are affected by different risk factors, such as disease, storage capacity, supply, demand, delivery constraints and weather. Because of those risk factors, even a well-diversified investment in commodities can be uncertain.

**Past performance is not indicative of future results. Investing in securities involves a risk of loss that you, as a client, should be prepared to bear.**

## **Item 9: Disciplinary Information**

### **A. Criminal or Civil Actions**

There are no criminal or civil actions to report.

### **B. Administrative Proceedings**

There are no administrative proceedings to report.

### **C. Self-regulatory Organization (SRO) Proceedings**

There are no self-regulatory organization proceedings to report.

## **Item 10: Other Financial Industry Activities and Affiliations**

### **A. Registration as a Broker/Dealer or Broker/Dealer Representative**

Neither QID nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer.

### **B. Registration as a Futures Commission Merchant, Commodity Pool Operator, or a Commodity Trading Advisor**

Neither QID nor its representatives are registered as or have pending applications to become either a Futures Commission Merchant, Commodity Pool Operator, or Commodity Trading Advisor or an associated person of the foregoing entities.

### **C. Registration Relationships Material to this Advisory Business and Possible Conflicts of Interests**

Ronald Francis Santangelo, Nicholas Edward Day, Charles Bradley Campbell and Troy M. Mailloux are investment adviser representatives with CapitalRock Investments, LLC. From time to time, they may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest.

Ronald Francis Santangelo is an investment adviser representative with Santangelo Research & Investment Management. From time to time, he may offer clients advice or products from those activities and clients should be aware that these services may involve a conflict of interest.

Charles Bradley Campbell and Troy M. Mailloux are licensed insurance agents. From time to time, they will offer clients advice or products from those activities. Clients should be aware that these services pay a commission or other compensation and involve a conflict of interest, as commissionable products conflict with the fiduciary duties of a registered investment adviser.

QID always acts in the best interest of the client; including the sale of commissionable products to advisory clients. Clients are in no way required to purchase such services or products through any representative of QID in such individual's outside capacities.

### **D. Selection of Other Advisers or Managers and How This Adviser is Compensated for Those Selections**

QID does not utilize nor select third-party investment advisers. All assets are managed by QID management.

## **Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

### **A. Code of Ethics**

QID has a written Code of Ethics that covers the following areas: Prohibited Purchases and Sales, Insider Trading, Personal Securities Transactions, Exempted Transactions, Prohibited Activities, Conflicts of Interest, Gifts and Entertainment, Confidentiality, Service on a Board of Directors, Compliance Procedures, Compliance with Laws and Regulations, Procedures and Reporting, Certification of Compliance, Reporting Violations, Compliance Officer Duties, Training and Education, Recordkeeping, Annual Review, and Sanctions. QID's Code of Ethics is available free upon request to any client or prospective client.

### **B. Recommendations Involving Material Financial Interests**

QID does not recommend that clients buy or sell any security in which a related person to QID or QID has a material financial interest.

### **C. Investing Personal Money in the Same Securities as Clients**

From time to time, representatives of QID may buy or sell securities for themselves that they also recommend to clients. This may provide an opportunity for representatives of QID to buy or sell the same securities before or after recommending the same securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest. QID will always document any transactions that could be construed as conflicts of interest and will never engage in trading that operates to the client's disadvantage when similar securities are being bought or sold.

### **D. Trading Securities At/Around the Same Time as Clients' Securities**

From time to time, representatives of QID may buy or sell securities for themselves at or around the same time as clients. This may provide an opportunity for representatives of QID to buy or sell securities before or after recommending securities to clients resulting in representatives profiting off the recommendations they provide to clients. Such transactions may create a conflict of interest; however, QID will never engage in trading that operates to the client's disadvantage if representatives of QID buy or sell securities at or around the same time as clients.

## **Item 12: Brokerage Practices**

### **A. Factors Used to Select Custodians and/or Broker/Dealers**

Custodians/broker-dealers will be recommended based on QID's duty to seek "best execution," which is the obligation to seek execution of securities transactions for a client on the most favorable terms for the client under the circumstances. Clients will not necessarily pay the lowest commission or commission equivalent, and QID may also consider the market expertise and research access provided by the broker-dealer/custodian, including but not limited to access to written research, oral communication with analysts, admittance to research conferences and other resources provided by the brokers that may aid in QID's research efforts. QID will never charge a premium or commission on transactions, beyond the actual cost imposed by the broker-dealer/custodian.

QID recommends Schwab Institutional, a division of Charles Schwab & Co., Inc.

#### ***1. Research and Other Soft-Dollar Benefits***

While QID has no formal soft dollars program in which soft dollars are used to pay for third party services, QID may receive research, products, or other services from custodians and broker-dealers in connection with client securities transactions ("soft dollar benefits"). QID may enter into soft-dollar arrangements consistent with (and not outside of) the safe harbor contained in Section 28(e) of the Securities Exchange Act of 1934, as amended. There can be no assurance that any particular client will benefit from soft dollar research, whether or not the client's transactions paid for it, and QID does not seek to allocate benefits to client accounts proportionate to any soft dollar credits generated by the accounts. QID benefits by not having to produce or pay for the research, products or services, and QID will have an incentive to recommend a broker-dealer based on receiving research or services. Clients should be aware that QID's acceptance of soft dollar benefits may result in higher commissions charged to the client.

#### ***2. Brokerage for Client Referrals***

QID receives no referrals from a broker-dealer or third party in exchange for using that broker-dealer or third party.

#### ***3. Clients Directing Which Broker/Dealer/Custodian to Use***

QID may permit clients to direct it to execute transactions through a specified broker-dealer. If a client directs brokerage, then the client will be required to acknowledge in writing that the client's direction with respect to the use of brokers supersedes any authority granted to QID to select brokers; this direction may result in higher commissions, which may result in a disparity between free and directed accounts; the

client may be unable to participate in block trades (unless QID is able to engage in “step outs”); and trades for the client and other directed accounts may be executed after trades for free accounts, which may result in less favorable prices, particularly for illiquid securities or during volatile market conditions. Not all investment advisers allow their clients to direct brokerage.

#### **B. Aggregating (Block) Trading for Multiple Client Accounts**

If QID buys or sells the same securities on behalf of more than one client, then it may (but would be under no obligation to) aggregate or bunch such securities in a single transaction for multiple clients in order to seek more favorable prices, lower brokerage commissions, or more efficient execution. In such case, QID would place an aggregate order with the broker on behalf of all such clients in order to ensure fairness for all clients; provided, however, that trades would be reviewed periodically to ensure that accounts are not systematically disadvantaged by this policy. QID would determine the appropriate number of shares and select the appropriate brokers consistent with its duty to seek best execution, except for those accounts with specific brokerage direction (if any).

### **Item 13: Reviews of Accounts**

#### **A. Frequency and Nature of Periodic Reviews and Who Makes Those Reviews**

All client accounts for QID's advisory services provided on an ongoing basis are reviewed at least quarterly by Ronald F Santangelo, CCO with regard to clients' respective investment policies and risk tolerance levels. All accounts at QID are assigned to this reviewer.

#### **B. Factors That Will Trigger a Non-Periodic Review of Client Accounts**

Reviews may be triggered by material market, economic or political events, or by changes in client's financial situations (such as retirement, termination of employment, physical move, or inheritance).

#### **C. Content and Frequency of Regular Reports Provided to Clients**

Each client of QID's advisory services provided on an ongoing basis will receive a quarterly report detailing the client's account, including assets held, asset value, and calculation of fees. This written report will come from the custodian.

## **Item 14: Client Referrals and Other Compensation**

### **A. Economic Benefits Provided by Third Parties for Advice Rendered to Clients (Includes Sales Awards or Other Prizes)**

QID does not receive any economic benefit, directly or indirectly from any third party for advice rendered to QID's clients.

### **B. Compensation to Non – Advisory Personnel for Client Referrals**

QID does not directly or indirectly compensate any person who is not advisory personnel for client referrals.

## **Item 15: Custody**

When advisory fees are deducted directly from client accounts at client's custodian, QID will be deemed to have limited custody of client's assets and must have written authorization from the client to do so. Clients will receive all account statements and billing invoices that are required in each jurisdiction, and they should carefully review those statements for accuracy.

## **Item 16: Investment Discretion**

QID provides discretionary investment advisory services to clients. The Investment Advisory Contract established with each client sets forth the discretionary authority for trading. Where investment discretion has been granted, QID generally manages the client's account and makes investment decisions without consultation with the client as to when the securities are to be bought or sold for the account, the total amount of the securities to be bought/sold, what securities to buy or sell, or the price per share.

## **Item 17: Voting Client Securities (Proxy Voting)**

QID will not ask for, nor accept voting authority for client securities. Clients will receive proxies directly from the issuer of the security or the custodian. Clients should direct all proxy questions to the issuer of the security.

## **Item 18: Financial Information**

### **A. Balance Sheet**

QID neither requires nor solicits prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet with this brochure.

### **B. Financial Conditions Reasonably Likely to Impair Ability to Meet Contractual Commitments to Clients**

Neither QID nor its management has any financial condition that is likely to reasonably impair QID's ability to meet contractual commitments to clients.

### **C. Bankruptcy Petitions in Previous Ten Years**

QID has not been the subject of a bankruptcy petition in the last ten years.