

**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](http://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**

Since the filing of our last annual update dated February 28, 2013, we have the following material changes to report:

In Item 5 we have added additional parsing of the levels to the Fee structure to cover accounts for between \$250,001 and \$1 Million and for accounts between \$100,000 and \$250,000.

**Item 3. Table of Contents**

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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 U.S. Securities and Exchange Commission in February 2009. David Maurice Masten Montero-Rosen is the sole owner and Managing Director.

##### Model Portfolio Management Services

GDF is currently in the business of managing long-only portfolios focused on Large Cap U.S. equities. This 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, as 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.

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.

Assets under our firm's management as of December 31, 2013 were \$\_\_\_\_\_, all of which were managed on a discretionary basis. We do not manage any non-discretionary accounts.

#### **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 and below	1.25%
\$250,001 to \$1 Million	1.00%
\$1,000,001 to \$3 Million	0.80%
\$3,000,001 to \$5 million	0.70%
\$5,000,001 to \$10 million	0.60%
\$10,000,001 and above	Negotiable

Depending on specific contractual provisions, portfolio management fees for retail clients are either invoiced or directly debited from a client's account, in advance, at the beginning of each quarter. Fees are calculated 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 provided with an invoice for advisory fee 90 days in arrears.

#### Fees in General

Advisory 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 of such termination in accordance with the terms of our advisory agreement with the client. 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, as set forth above, clients will also be responsible for all costs related to the execution of a securities transaction, including, but not limited to, brokerage costs, trade-away and custodial fees incurred as part of their account management. Please see Item 12 of this Brochure for a more detailed discussion on 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 that 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 financial condition, its management and competitive advantages, and its competitors and markets. This type of analysis assumes that markets may mis-price a security in the short term and 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 recognize that such 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 for the purpose of holding them in the clients' account for a period of a year or longer. We may do this because we believe the securities to be currently undervalued, or because we want exposure to a particular asset class over time, regardless of the current projection for this class. The risk associated with this strategy is that, by holding the security for this length of time, we may not always take advantage 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: We may also purchase securities with the intention of re-selling such 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, including the possible risk of loss of your entire investment, including any gains realized thereon.*

#### **Item 9. Disciplinary Information**

There are no legal, disciplinary or administrative events affecting GDF or any of its management persons.

#### **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 "best execution", i.e. seeking to obtain not necessarily the lowest commission but the best overall qualitative execution in the particular circumstances. 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 and as a matter of policy, GDF does utilize research, research-related products and other brokerage services on a soft dollar commission basis. It is GDF's soft dollar policy is to make a good faith determination of the value of the research product or services in relation to the commissions paid. GDF also maintains soft dollar arrangements for those research products and services which assists it in its investment decision-making process.

In the event that GDF obtains any mixed-use products or services on a soft dollar basis, we will make a reasonable allocation of the cost between that portion which is eligible as research or brokerage services and that portion which is not so qualified. The portion eligible as research or other brokerage services will be paid for with discretionary client commissions and the non-eligible portion, e.g., computer hardware, accounting systems, etc., which is not eligible for the Section 28(e) safe harbor will be paid for with GDF's own funds. For any mixed-use products or services, we will maintain appropriate records of its reviews and good faith determinations of its reasonable allocations.

GDF periodically reviews the firm's soft dollar arrangements, budget, allocations, and monitors the firm's policy.

GDF also 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 FOLIOfn Institutional platform offered by FOLIOfn Investments, Inc., member FINRA/SIPC (hereinafter "FOLIOfn") to the RIA firms on their platform. All client transactions implemented through the FOLIOfn 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 FOLIOfn 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. In these instances clients participating in any aggregated transactions will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the event transactions for an adviser, its employees or principals ("proprietary accounts") are aggregated with client transactions, conflicts arise and it is GDF's policy that such proprietary accounts shall not receive more favorable treatment than other client accounts.

**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 agreed upon at the time of engagement.

**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**

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. The qualified custodians send quarterly account statements directly to clients, and we urge all of our clients to carefully review and compare the statements received from the qualified custodians with any holdings and/or performance results received from us.

**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 a manner consistent with the best economic interests of the clients. 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.