

## **Budd, Melone & Co. LLC**

### **Form ADV Part 2A – Disclosure Brochure**

**Effective: May 22, 2020**

This Form ADV 2A ("Disclosure Brochure") provides information about the qualifications and business practices of Budd, Melone & Co. LLC ("Budd-Melone" or the "Advisor"). If you have any questions about the content of this Disclosure Brochure, please contact the Advisor at (877) 293 5830 or (888) 310-8910.

Budd-Melone is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Disclosure Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Disclosure Brochure provides information through Budd-Melone to assist you in determining whether to retain the Advisor.

Additional information about Budd-Melone and its Advisory Persons is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 288233.

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#### **Budd, Melone & Co. LLC**

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<http://www.buddmelone.com>

## Item 2 – Material Changes

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Form ADV 2 is divided into two parts: *Part 2A (the "Disclosure Brochure")* and *Part 2B (the "Brochure Supplements")*. The Disclosure Brochure provides information about a variety of topics relating to an advisor's business practices and conflicts of interest. The Brochure Supplements provide information about the Advisory Persons of Budd-Melone. For convenience, the Advisor has combined these documents into a single disclosure document.

Budd-Melone believes that communication and transparency are the foundation of its relationship with Clients and will continually strive to provide you with complete and accurate information at all times. Budd-Melone encourages all current and prospective clients to read this Disclosure Brochure and discuss any questions you may have with the Advisor. And of course, we always welcome your feedback.

### Material Changes

The following material changes have been made to this Disclosure Brochure since the last filing and distribution to Clients:

- The Advisor has imposed a minimum relationship size. Please see Item 7 for additional information.
- The Advisor has amended its maximum fixed fee for ongoing financial planning services. Please see Item 5 for additional information.
- The Advisor has amended its phone numbers. Please see the cover page for additional information.

### Future Changes

From time to time, the Advisor may amend this Disclosure Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Disclosure Brochure or a Summary of Material Changes shall be provided to you annually and if a material change occurs in the business practices of Budd-Melone.

At any time, you may view the current Disclosure Brochure on-line at the SEC's Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 288233. You may also request a copy of this Disclosure Brochure at any time, by contacting the Advisor at (877) 293 5830 or (888) 310-8910.

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## **Item 4 – Advisory Services**

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### **A. Firm Information**

Budd, Melone & Co. LLC (“Budd-Melone” or the “Advisor”) is a registered investment advisor with the U.S. Securities and Exchange Commission (“SEC”). The Advisor is organized as a limited liability company (“LLC”) under the laws of the State of Tennessee. Budd-Melone was founded in May 2009. Budd-Melone became a registered investment advisor in May 2017. Budd-Melone is owned and operated by Joseph G. Budd (Managing Partner) and Louis J. Melone Jr (Managing Partner and Chief Compliance Officer). This Disclosure Brochure provides information regarding the qualifications, business practices, and the advisory services provided by Budd-Melone.

### **B. Advisory Services Offered**

Budd-Melone offers advisory services to individuals, high net worth individuals, families, trusts, estates, businesses and retirement plans (each referred to as a “Client”).

The Advisor serves as a fiduciary to Clients, as defined under the applicable laws and regulations. As a fiduciary, the Advisor upholds a duty of loyalty, fairness and good faith towards each Client and seeks to mitigate potential conflicts of interest. Budd-Melone’s fiduciary commitment is further described in the Advisor’s Code of Ethics. For more information regarding the Code of Ethics, please see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

#### Financial Planning Services

Financial planning serves as the foundation of Budd-Melone’s services to individuals and families. Client engagements will typically commence with a financial plan to gain a full understanding of the Clients unique situation.

Financial planning services may also be included as part of the Advisor’s investment advisory services or provided as a separate service, pursuant to the terms of the agreement with the Client. Services are offered in several areas of a Client’s financial situation, depending on their goals and objectives. Planning may encompass one or more areas of need, including, but not limited to investment planning, retirement planning, distributions, personal savings, education savings, spending, insurance needs and other areas of a Client’s financial situation. Budd-Melone may deliver specific planning modules to the Client or a comprehensive plan, based on the needs of the Client.

In certain circumstances, Budd-Melone may also refer Clients to an accountant, attorney or other specialist, as appropriate for the Client’s unique situation. For certain financial planning engagements, the Advisor will generally provide a written report that contains observations and recommendations. For consulting or ad-hoc engagements, the Advisor may not provide a written summary. Plans or consultations are typically completed within six months of contract date, assuming all information and documents requested are provided promptly.

Financial planning recommendations pose a conflict between the interests of the Advisor and the interests of the Client. For example, the Advisor has an incentive to recommend that Clients engage the Advisor for investment management services or to increase the level of investment assets with the Advisor, as it would increase the amount of advisory fees paid to the Advisor. Clients are not obligated to implement any recommendations made by the Advisor or maintain an ongoing relationship with the Advisor. If the Client elects to act on any of the recommendations made by the Advisor, the Client is under no obligation to implement the transaction through the Advisor.

#### Investment Advisory Services

Budd-Melone provides customized investment advisory solutions for its Clients. This is achieved through continuous personal Client contact and interaction while providing discretionary investment management and related advisory services. Budd-Melone works with each Client to identify their investment goals and objectives as well as risk tolerance and financial situation in order to create an investment strategy. Budd-Melone will implement the investment strategy with its internal management and/or the use of unaffiliated money managers or investment platforms (“Independent Managers”).

*Internal Investment Management* – Budd-Melone customizes its investment management services for its Clients. Portfolios are primarily constructed using exchange-traded funds (“ETFs”), open-end mutual funds, closed-end mutual funds, and municipal securities. The Advisor blends active and passive strategies to develop Client portfolios. Investment portfolios are reviewed at least annually in connection with an update to the financial plan or in connection with annual Client meetings. The Advisor may also utilize individual stocks, other fixed income securities, variable annuities and other types of investments, as appropriate, to meet the needs of each particular Client. The Advisor may retain certain legacy investments based on portfolio fit and/or tax considerations.

Budd-Melone’s investment approach is primarily long-term focused, but the Advisor may buy, sell or re-allocate positions that have been held for less than one year to meet the objectives of the Client or due to market conditions. Budd-Melone will construct, implement and monitor the portfolio to ensure it meets the goals, objectives, circumstances, and risk tolerance agreed to by the Client. Each Client will have the opportunity to place reasonable restrictions on the types of investments to be held in their respective portfolio, subject to acceptance by the Advisor.

At no time will Budd-Melone accept or maintain custody of a Client’s funds or securities. All Client assets will be managed within their designated account[s] at the Custodian, pursuant to the terms of the Client investment advisory agreement. Please see Item 12 – Brokerage Practices and Item 15 – Custody.

*Use of Independent Managers* – When deemed to be in the Client’s best interest, Budd-Melone will recommend that Clients utilize one of more Independent Managers for all or a portion of Client’s investment portfolio. Independent Managers will be sourced directly or accessed through an investment management platform. Budd-Melone serves as the Client’s primary advisor and relationship manager and will perform initial and ongoing oversight and due diligence over each Independent Manager to ensure the strategy remains aligned with the Client’s investment objectives and overall best interests. However, the Independent Manager will assume the discretionary authority for the day-to-day investment management of those assets placed in their control. Budd-Melone will assist and advise the Client in establishing investment objectives for their account[s], the selection of the Independent Manager[s], and in defining any restrictions on the account[s]. Budd-Melone will continue to provide oversight of the Client’s account[s] and ongoing monitoring of the activities of the Independent Manager[s]. The Client will be provided with the Form ADV Part 2A (or a brochure that makes the appropriate disclosures) of those parties.

#### Retirement Plan Advisory Services

Budd-Melone provides retirement plan advisory services on behalf of the retirement plans (each a “Plan”) and the company (the “Plan Sponsor”). The Advisor’s retirement plan advisory services are designed to assist the Plan Sponsor in meeting its fiduciary obligations to the Plan and its Plan Participants. Each engagement is customized to the needs of the Plan and Plan Sponsor. Services generally include:

- Plan Participant Enrollment and Education Tracking
- Investment Policy Statement (“IPS”) Design and Monitoring
- Investment Supervision and Monitoring (ERISA 3(21))
- Performance Reporting
- Ongoing Investment Recommendation and Assistance

These services are provided by Budd-Melone serving in the capacity as a fiduciary under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). In accordance with ERISA Section 408(b)(2), the Plan Sponsor is provided with a written description of Budd-Melone’s fiduciary status, the specific services to be rendered and all direct and indirect compensation the Advisor reasonably expects under the engagement.

#### **C. Client Account Management**

Prior to engaging Budd-Melone to provide advisory services, each Client is required to enter into one or more agreements with the Advisor that define the terms, conditions, authority and responsibilities of the Advisor and the Client. These services may include:

- Establishing an Investment Strategy – Budd-Melone, in connection with the Client, will develop a strategy that seeks to achieve the Client's investment goals and objectives.
- Asset Allocation – Budd-Melone will develop a strategic asset allocation that is targeted to meet the investment objectives, time horizon, financial situation and tolerance for risk of each Client.
- Portfolio Construction – Budd-Melone will develop a portfolio for the Client that is intended to meet the stated goals and objectives of the Client.
- Investment Management and Supervision – Budd-Melone will provide investment management and ongoing oversight of the Client's investment portfolio.

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

Budd-Melone will generally include securities transaction fees together with investment advisory fees to provide the Client with a single, bundled fee structure. This combination of fees is typically referred to as a "Wrap Fee Program". Budd-Melone customizes its investment advisory services for Clients. This Wrap Fee Program Brochure is included as Appendix 1 to this Disclosure Brochure solely to discuss the fees and potential conflicts associated with a bundled fee. Please see Appendix 1, which is always included with this Disclosure Brochure.

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

As of December 31, 2019, Budd-Melone manages approximately \$225,000,000 in Client assets, \$205,000,000 of which is managed on a discretionary basis and \$20,000,000 on a non-discretionary. Clients may request more current information at any time by contacting the Advisor.

### **Item 5 – Fees and Compensation**

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The following paragraphs detail the fee structure and compensation methodology for services provided by the Advisor. Each Client shall sign one or more agreements that detail the responsibilities of Budd-Melone and the Client.

#### **A. Fees for Advisory Services**

##### Financial Planning Services

Budd-Melone offers one-time financial planning services on an hourly basis or for a fixed fee. Hourly fees range from \$250 to \$400 per hour. Fixed fee engagements are negotiated based on the expected number of hours to complete the engagement at the Advisor's hourly rate, but typically range from \$850 to \$4,800. An estimate for total hours and/or costs will be provided to the Client prior to engaging for these services. Budd-Melone also offers ongoing financial planning services based on a negotiated annual fee that typically ranges from \$2,000 to \$20,000 annually. Fees may be negotiable at the sole discretion of the Advisor, depending on the nature and complexity of the services to be provided.

##### Investment Advisory Services

Investment advisory fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the investment advisory agreement. Fees are based on the market value of assets under management at the end of the prior quarter and are based on the following schedule:

<b>Assets Under Management</b>	<b>Annual Rate (%)</b>
Up to \$250,000	1.45%
\$250,001-\$500,000	1.25%
\$500,001-\$750,000	1.15%
\$750,001-\$1,000,000	1.05%
\$1,000,001-\$1,500,000	1.00%
\$1,500,001-\$2,000,000	0.95%
\$2,000,001-\$3,000,000	0.90%
\$3,000,001-\$4,000,000	0.85%
\$4,000,001-\$5,000,000	0.80%
\$5,000,001-\$6,000,000	0.70%

\$6,000,001-\$8,000,000	0.65%
Over \$8,000,000	0.59%

The investment advisory fee in the first quarter of service is prorated from the inception date of the Client's account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. Certain Clients may be offered a fixed annual fee or alternative fee methodology. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by Budd-Melone will be independently valued by the Custodian. Budd-Melone will not have the authority or responsibility to value portfolio securities.

Clients may make additions to, and withdrawals from, their account[s] at any time, subject to Budd-Melone's right to terminate an account. Additions may be in cash or securities provided that Budd-Melone reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account[s]. Clients may withdraw account assets on notice to Budd-Melone, subject to the usual and customary securities settlement procedures. However, Budd-Melone designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. Budd-Melone may consult with its Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

*Use of Independent Managers* – As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its investment advisory fee as described above. Independent Managers typically do not offer any fee discounts but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee arrangements are included in the Independent Manager's disclosure brochure and applicable contract[s] with the Independent Manager. The total blended fee, including the Advisor's fee and the Independent Manager's fee, will not exceed 2.00% annually.

#### Retirement Plan Advisory Services

Retirement plan advisory fees are based on the scope of services as well as the size and complexity of the Plan. Fees are generally billed as an asset-based fee pursuant to the terms of the retirement plan advisory agreement. Asset-based fees are billed quarterly, in advance of each calendar quarter, based on the market value of assets in the Plan at the end of the prior quarter. Fees range from 0.25% to 0.75% annually. Retirement plan advisory fees may also be offered for a fixed annual fee, billed quarterly in advance at one fourth of the annual fee. Fees may be negotiable based on the nature and complexity of the services to be provided and the overall relationship with the Advisor. For certain engagements, retirement plan advisory services may be offered on an hourly basis a rate of up to \$400 per hour.

### **B. Fee Billing**

#### Financial Planning Services

Fees for one-time financial planning services are invoiced up to 50% upon execution of the financial planning agreement with the balance due upon completion of the engagement deliverable[s]. Ongoing financial planning services are typically billed in advance of each calendar quarter or 90-day period from the date of engagement. Certain Clients may have their financial planning fees included with their overall investment advisory fees.

#### Investment Advisory Services

Investment advisory fees are typically calculated by the Custodian and deducted from the Client's account[s]. The Client shall instruct the Custodian to automatically deduct the investment advisory fee from the Client's account[s] for each billing period and pay the investment advisory fee[s] to the Advisor. The amount due is calculated by applying the quarterly rate (annual rate divided by 4) to the total assets under management with Budd-Melone at the end of the prior quarter. Clients will be provided with a statement, at least quarterly, from the Custodian reflecting deduction of the investment advisory fee. Clients provide written authorization permitting advisory fees to be deducted by Budd-Melone directly from their accounts held by the Custodian as part of the investment advisory agreement and separate account forms provided by the Custodian.



*Use of Independent Managers* – For Client account[s] implemented through an Independent Manager, the Client's overall fees will include Budd-Melone's investment advisory fee (as noted above) plus management fees and/or platform fees charged by the Independent Manager. The Independent Manager will assume the responsibility for calculating the Client's fees and deducting all fees from the Client's account[s].

#### Retirement Plan Advisory Services

Retirement plan advisory fees may be directly invoiced to the Plan Sponsor or deducted from the assets of the Plan, depending on the terms of the retirement plan advisory agreement.

### **C. Other Fees and Expenses**

Clients may incur certain fees or charges imposed by third parties, other than Budd-Melone, in connection with investments made on behalf of the Client's account[s]. Budd-Melone generally includes securities transactions costs as part of its overall investment advisory fee. The inclusion of securities transaction fees into a single bundled fee may cost the Client more or less than if paid separately. Please see Item 4.D. above as well as Appendix 1 – Wrap Fee Program Brochure.

In addition, all fees paid to Budd-Melone for investment advisory services are separate and distinct from the expenses charged by mutual funds and ETFs to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. The Client should review both the fees charged by the fund[s] and the fees charged by Budd-Melone to fully understand the total fees to be paid. Please refer to Item 12 – Brokerage Practices for additional information.

### **D. Advance Payment of Fees and Termination**

#### Financial Planning Services

Budd-Melone may be partially compensated for its financial planning services in advance of the engagement. Either party may terminate the financial planning agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the financial planning agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client.

Upon termination of one-time financial planning services, the Client shall be billed for actual hours logged on the planning project times the contractual hourly rate or in the case of a fixed fee engagement, the percentage of the engagement scope completed by the Advisor. If applicable, the Advisor will also refund any unearned, prepaid financial planning fees. The Client's financial planning agreement with the Advisor is non-transferable without the Client's prior consent.

#### Investment Advisory Services

Budd-Melone is compensated for its investment advisory services in advance of the quarter in which investment advisory services are rendered. Either party may terminate the investment advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the investment advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Advisor will refund any unearned, prepaid investment advisory fees from the effective date of termination to the end of the quarter. The Client's investment advisory agreement with the Advisor is non-transferable without the Client's prior consent.

#### Use of Independent Managers

In the event that a Client should wish to terminate their relationship with an Independent Manager, the terms for termination will be set forth in the respective agreements between the Client and the Independent Manager. Budd-Melone will assist the Client with the termination and transition as appropriate.



### Retirement Plan Advisory Services

Budd-Melone is compensated for its services in advance of the quarter in which retirement plan advisory services are rendered. Either party may terminate the retirement plan advisory agreement, at any time, by providing advance written notice to the other party. The Client may also terminate the retirement plan advisory agreement within five (5) business days of signing the Advisor's agreement at no cost to the Client. After the five-day period, the Client will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by the Client. The Advisor will refund any unearned, prepaid retirement plan advisory fees from the effective date of termination to the end of the quarter. The Client's retirement plan advisory agreement with the Advisor is non-transferable without the Client's prior consent.

### **E. Compensation for Sales of Securities**

Budd-Melone does not buy or sell securities and does not receive any compensation for securities transactions in any Client account, other than the investment advisory fees noted above.

Advisory Persons of Budd-Melone are also registered representatives of LPL Financial LLC ("LPL Financial"), a securities broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC"). Advisory Persons of Budd-Melone will conduct this business under the business name Budd-Melone & Company Financial Consulting Group. In one's separate capacity as a registered representative of LPL Financial, an Advisory Person will implement securities transactions under LPL Financial and not through Budd-Melone. In such instances, an Advisory Person will receive commission-based compensation in connection with the purchase and sale of securities, including 12b-1 fees for the sale of investment company products. Compensation earned by an Advisory Person in one's capacity as a registered representative is separate from and in addition to Budd-Melone's advisory fees. This practice presents a conflict of interest because Advisory Persons who are registered representatives have an incentive to effect securities transactions for the purpose of generating commissions rather than solely based on your needs. Budd-Melone mitigates this conflict in two ways. First, Clients are under no obligation, contractually or otherwise, to purchase securities products through one of our Advisory Persons. Second, Budd-Melone will not charge an ongoing investment advisory fee on any assets implemented in the separate capacity of one of our Advisory Persons. Please see Item 10 – Other Financial Industry Activities and Affiliations.

Advisory Persons are also licensed as independent insurance professionals. These persons will earn commission-based compensation for selling insurance products, including insurance products they sell to Clients. Insurance commissions earned by these persons are separate and in addition to our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of the Advisor who are insurance agents have an incentive to recommend insurance products to Clients for the purpose of generating commissions rather than solely based on the Client's needs. However, Clients are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with the Advisor. Please see Item 10 – Other Financial Industry Activities and Affiliations.

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

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Budd-Melone does not charge performance-based fees for its investment advisory services. The fees charged by Budd-Melone are as described in Item 5 above and are not based upon the capital appreciation of the funds or securities held by any Client.

Budd-Melone does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients.

### **Item 7 – Types of Clients**

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Budd-Melone offers investment advisory services to individuals, high net worth individuals, families, trusts, estates, businesses and retirement plans. The amount of each type of Client is available on the Advisor's Form ADV Part 1A. These amounts may change over time and are updated at least annually by the Advisor. Budd-Melone generally imposes a minimum relationship size of \$500,000, which can be waived at the sole discretion of the Advisor.

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

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### **A. Methods of Analysis**

Budd-Melone primarily employs fundamental analysis in developing investment strategies for its Clients. Research and analysis from Budd-Melone are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others.

*Fundamental analysis* utilizes economic and business indicators as investment selection criteria. These criteria are generally ratios and trends that may indicate the overall strength and financial viability of the entity being analyzed. Assets are deemed suitable if they meet certain criteria to indicate that they are a strong investment with a value discounted by the market. While this type of analysis helps the Advisor in evaluating a potential investment, it does not guarantee that the investment will increase in value. Assets meeting the investment criteria utilized in the fundamental analysis may lose value and may have negative investment performance. The Advisor monitors these economic indicators to determine if adjustments to strategic allocations are appropriate. More details on the Advisor's review process are included below in Item 13 – Review of Accounts.

As noted above, Budd-Melone generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Budd-Melone will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Budd-Melone may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

### **B. Risk of Loss**

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Budd-Melone will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

The risks associated with a particular strategy are provided to each Client in advance of investing Client accounts. The Advisor will work with each Client to determine their tolerance for risk as part of the portfolio construction process. Following are some of the risks associated with the Advisor's investment approach:

#### Market Risks

The value of a Client's holdings may fluctuate in response to events specific to companies or markets, as well as economic, political, or social events in the U.S. and abroad. This risk is linked to the performance of the overall financial markets.

#### ETF Risks

The performance of ETFs is subject to market risk, including the possible loss of principal. The price of the ETFs will fluctuate with the price of the underlying securities that make up the funds. In addition, ETFs have a trading risk based on the loss of cost efficiency if the ETFs are traded actively and a liquidity risk if the ETFs has a large bid-ask spread and low trading volume. The price of an ETF fluctuates based upon the market movements and may dissociate from the index being tracked by the ETF or the price of the underlying investments. An ETF purchased or sold at one point in the day may have a different price than the same ETF purchased or sold a short time later.

### Mutual Fund Risks

The performance of mutual funds is subject to market risk, including the possible loss of principal. The price of the mutual funds will fluctuate with the value of the underlying securities that make up the funds. The price of a mutual fund is typically set daily therefore a mutual fund purchased at one point in the day will typically have the same price as a mutual fund purchased later that same day.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor.**

## **Item 9 – Disciplinary Information**

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**There are no legal, regulatory or disciplinary events involving Budd-Melone or any of its Supervised Persons.** Budd-Melone values the trust Clients place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 288233.

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

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### Broker-Dealer Affiliation

As noted in Item 5.E, Advisory Persons of Budd-Melone are also registered representatives of LPL Financial conducting business under the name Budd-Melone & Company Financial Consulting Group. In an Advisory Person's separate capacity as a registered representative, Advisory Persons will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by an Advisory Person of Budd-Melone. Neither Budd-Melone nor Advisory Persons will earn ongoing investment advisory fees in connection with any services implemented in an Advisory Person's separate capacity as a registered representative. Under supervision by LPL Financial, LPL Financial may have access to certain confidential information of the Client, including, but not limited to financial information, investment objectives, transactions and holdings information.

### Insurance Agency Affiliations

As noted in Item 5.E, Advisory Persons of Budd-Melone serve as insurance professionals conducting business under the name Budd-Melone & Company Financial Consulting Group. Implementations of insurance recommendations are separate and apart from an Advisory Person's role with Budd-Melone. As an insurance professional, an Advisory Person will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular advisory fees. This practice presents a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made the Advisor or its Advisory Persons.

### Use of Independent Managers

As noted in Item 4, the Advisor may implement all or a portion of a Client's investment portfolio with one or more Independent Managers. The Advisor does not receive any compensation nor does this present a material conflict of interest. The Advisor will only earn its investment advisory fee as described in Item 5.A.

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

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

Budd-Melone has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all persons associated with Budd-Melone ("Supervised Persons"). The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each Client. Budd-Melone and its personnel owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Budd-Melone associates to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (877) 293 5830 or (888) 310-8910.

## **B. Personal Trading with Material Interest**

Budd-Melone allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Budd-Melone does not act as principal in any transactions. In addition, the Advisor does not act as the general partner of a fund, or advise an investment company. Budd-Melone does not have a material interest in any securities traded in Client accounts.

## **C. Personal Trading in Same Securities as Clients**

Budd-Melone allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a potential conflict of interest that, as fiduciaries, must be disclosed to Clients and mitigated through policies and procedures. As noted above, the Advisor has adopted the Code, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. When trading for personal accounts, employees of Budd-Melone have a conflict of interest if trading in the same securities. The fiduciary duty to act in the best interest of its Clients can be violated if personal trades are made with more advantageous terms than Client trades, or by trading based on material non-public information. This risk is mitigated by Budd-Melone requiring reporting of personal securities trades by its Supervised Persons for review by the Chief Compliance Officer ("CCO") or delegate. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information.

## **D. Personal Trading at Same Time as Client**

While Budd-Melone allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients, such trades are typically aggregated with Client orders or traded afterward. At no time will any associated person of Budd-Melone, transact in any security to the detriment of any Client.

## **Item 12 – Brokerage Practices**

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### **A. Recommendation of Custodian[s]**

Budd-Melone does not have discretionary authority to select the broker-dealer/custodian for custody and execution services. The Client will engage the broker-dealer/custodian (herein the "Custodian") to safeguard Client assets and authorize Budd-Melone to direct trades to the Custodian as agreed upon in the investment advisory agreement. Further, Budd-Melone does not have the discretionary authority to negotiate commissions on behalf of Clients on a trade-by-trade basis.

As its Advisory Persons are also registered representatives of LPL Financial, Budd-Melone and its Advisory Persons are limited in the custodian in which they can recommend to Clients. Typically, Budd-Melone will recommend that Clients establish their accounts at LPL Financial, where Budd-Melone has access to LPL Financial's systems, back office support, research and other benefits. While Budd-Melone receives these economic benefits from LPL Financial, we believe LPL Financial provides quality execution and related services for our Clients at competitive prices. Price is not the sole factor Budd-Melone considers in evaluating best execution and the recommendation of a custodian. Budd-Melone also considers the quality of the brokerage services provided by LPL Financial, including the firm's reputation, execution capabilities, commission rates, and responsiveness to our Clients and our firm. Clients are free to use whatever custodian they choose to implement financial planning recommendations. For investment advisory services, Budd-Melone would be required to obtain permission to use a custodian other than LPL Financial due to the oversight role LPL Financial assumes over the Advisory Persons. Please see Item 14 below.

Following are additional details regarding the brokerage practices of the Advisor:

**1. Soft Dollars** – Soft dollars are revenue programs offered by broker-dealers/custodians whereby an advisor enters into an agreement to place security trades with a broker-dealer/custodian in exchange for research and other services. Budd-Melone does not participate in soft dollar programs sponsored or offered by any broker-dealer, but does receive economic benefits from LPL Financial. Please see Item 14 below.

**2. Brokerage Referrals** – Budd-Melone does not receive any compensation from any third party in connection with the recommendation for establishing an account.

**3. Directed Brokerage** – All Clients are serviced on a “directed brokerage basis,” where Budd-Melone will place trades within the established account[s] at the Custodian designated by the Client. Further, all Client accounts are traded within their respective account[s]. The Advisor will not engage in any principal transactions (i.e., trade of any security from or to the Advisor’s own account) or cross transactions with other Client accounts (i.e., purchase of a security into one Client account from another Client’s account[s]). Budd-Melone will not be obligated to select competitive bids on securities transactions and does not have an obligation to seek the lowest available transaction costs. These costs are determined by the Custodian.

## **B. Aggregating and Allocating Trades**

The primary objective in placing orders for the purchase and sale of securities for Client accounts is to obtain the most favorable net results taking into account such factors as 1) price, 2) size of the order, 3) difficulty of execution, 4) confidentiality and 5) skill required of the Custodian. Budd-Melone will execute its transactions through the Custodian. Budd-Melone may aggregate orders in a block trade or trades when securities are purchased or sold through the Custodian for multiple (discretionary) accounts. If a block trade cannot be executed in full at the same price or time, the securities actually purchased or sold by the close of each business day must be allocated in a manner that is consistent with the initial pre-allocation or other written statement. This must be done in a way that does not consistently advantage or disadvantage particular Client accounts.

## **Item 13 – Review of Accounts**

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### **A. Frequency of Reviews**

Securities in Client accounts are monitored on a regular and continuous basis by the Managing Partners of Budd-Melone. The CCO also has oversight of investment advisory processes. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client. Clients are offered an annual financial plan, subject to scope of their agreement with the Advisor.

### **B. Causes for Reviews**

In addition to the investment monitoring noted in Item 13.A., each Client account shall be reviewed at least annually. Reviews may be conducted more or less frequently at the Client’s request. Accounts may be reviewed as a result of major changes in economic conditions, known changes in the Client’s financial situation, and/or large deposits or withdrawals in the Client’s account[s]. The Client is encouraged to notify Budd-Melone if changes occur in the Client’s personal financial situation that might adversely affect the Client’s investment plan. Additional reviews may be triggered by material market, economic or political events.

### **C. Review Reports**

The Client will receive brokerage statements no less than quarterly from the Custodian. These brokerage statements are sent directly from the Custodian to the Client. The Client may also establish electronic access to the Custodian’s website so that the Client may view these reports and their account activity. Client brokerage statements will include all positions, transactions and fees relating to the Client’s account[s]. The Advisor may also provide Clients with periodic reports regarding their holdings, allocations, and performance.

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

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### **A. Compensation Received by Budd-Melone**

Budd-Melone does not receive securities commissions from product sponsors, broker-dealers or any un-related third party. Budd-Melone may refer Clients to various third parties to provide certain financial services necessary to meet the goals of its Clients. Likewise, Budd-Melone may receive referrals of new Clients from a third-party. However, Budd-Melone and certain Supervised Persons do receive compensation and other economic benefits from LPL Financial as detailed below.

#### Participation in Institutional Advisor Platform

Budd-Melone has established institutional relationship with LPL Financial to assist the Advisor in managing Client account[s]. The Advisor receives access to software and related support as part of its relationship with LPL

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**Budd, Melone & Co. LLC**  
<http://www.buddmelone.com>



Financial. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of the Custodian over one that does not furnish similar software, systems support, or services. Additionally, the Advisor may receive the following benefits from LPL Financial: financial start-up support; reimbursement to Clients for transfer costs to the platform/custodian; financing services, receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional 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.

In transitioning its business to LPL Financial, the Managing Partners received financial incentives and support in the form of start-up capital and forgivable loans. The receipt of such compensation presents a conflict of interest. Additional information regarding the financial start-up capital and forgivable loans is available in the Brochure Supplement of each Managing Partner below.

## **B. Client Referrals from Solicitors**

The Advisor does not engage paid solicitors for Client referrals.

## **Item 15 – Custody**

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Budd-Melone does not accept or maintain custody of any Client accounts. All Clients must place their assets with a “qualified custodian.” Clients are required to engage the Custodian to retain their funds and securities and direct Budd-Melone to utilize the Custodian for the Client’s security transactions. Clients with their account[s] established with an Independent Manager shall be maintained at a “qualified custodian” as the Client agrees with those parties, pursuant to separate agreements between the Client and the Independent Manager. Budd-Melone encourages Clients to review statements provided by the Custodian. For more information about custodians and brokerage practices, see Item 12 – Brokerage Practices.

If the Client gives the Advisor authority to move money from one account to another account, the Advisor may have custody of those assets. In order to avoid additional regulatory requirements in these cases, the Custodian and the Advisor have adopted safeguards to ensure that the money movements are completed in accordance with the Client’s instructions.

## **Item 16 – Investment Discretion**

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Budd-Melone generally has discretion over the selection and amount of securities to be bought or sold in Client accounts without obtaining prior consent or approval from the Client. However, these purchases or sales may be subject to specified investment objectives, guidelines, or limitations previously set forth by the Client and agreed to by Budd-Melone. Discretionary authority will only be authorized upon full disclosure to the Client. The granting of such authority will be evidenced by the Client's execution of an Investment Advisory Agreement containing all applicable limitations to such authority. All discretionary trades made by Budd-Melone will be in accordance with each Client's investment objectives and goals. For Clients with account[s] established at an Independent Manager, those account[s] will also be managed by those parties on a discretionary basis.

## **Item 17 – Voting Client Securities**

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Budd-Melone does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. The Advisor will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

## **Item 18 – Financial Information**

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Neither Budd-Melone, nor its management, have any adverse financial situations that would reasonably impair the ability of Budd-Melone to meet all obligations to its Clients. Neither Budd-Melone, nor any of its advisory persons, has been subject to a bankruptcy or financial compromise. Budd-Melone is not required to deliver a

balance sheet along with this Disclosure Brochure as the Advisor does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.



# **Budd, Melone & Co. LLC**

## **Form ADV Part 2A Appendix 1 ("Wrap Fee Program Brochure")**

**Effective: May 22, 2020**

This Form ADV 2A - Appendix 1 ("Wrap Fee Program Brochure") provides information about the qualifications and business practices of Budd, Melone & Co. LLC ("Budd-Melone" or the "Advisor") when offering services where securities transaction fees are combined with investment advisory fees into single fee (a "Wrap Fee Program"). If you have any questions about the contents of this Wrap Fee Program Brochure, please contact the Advisor at (877) 293 5830 or (888) 310-8910.

Budd-Melone is a registered investment advisor with the U.S. Securities and Exchange Commission ("SEC"). The information in this Wrap Fee Program Brochure has not been approved or verified by the SEC or by any state securities authority. Registration of an investment advisor does not imply any specific level of skill or training. This Wrap Fee Program Brochure provides information through Budd-Melone to assist you in determining whether to retain the Advisor.

Additional information about Budd-Melone and its Advisory Persons are available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD# 288233.

## **Item 2 – Material Changes**

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Form ADV 2 – Appendix 1 provides information about a variety of topics relating to an Advisor’s business practices and conflicts of interest. In particular, this Wrap Fee Program Brochure discusses the wrap fee program sponsored by the Advisor.

### Material Changes

There have been no material changes to this Wrap Fee Program Brochure since the last filing and distribution to Clients.

### Future Changes

From time to time, the Advisor may amend this Wrap Fee Program Brochure to reflect changes in business practices, changes in regulations or routine annual updates as required by the securities regulators. This complete Wrap Fee Program Brochure (along with the complete Budd-Melone Disclosure Brochure) or a Summary of Material Changes shall be provided to you annually and if a material change occurs in the business practices of Budd-Melone.

At any time, you may view the current Disclosure Brochure on-line at the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor’s firm name or firm CRD# 288233. You may also request a copy of this Wrap Brochure at any time, by contacting the Advisor at (877) 293 5830 or (888) 310-8910.

## **Item 3 – Table of Contents**

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## Item 4 – Services Fees and Compensation

### A. Advisory Services

Budd, Melone & Co. LLC (“Budd-Melone” or the “Advisor”) provides customized investment advisory services for its Clients. This Wrap Fee Program Brochure is provided as a supplement to Budd-Melone’s Form ADV Part 2A (“Disclosure Brochure”). This Wrap Fee Program Brochure is provided along with the complete Disclosure Brochure to provide full details of the business practices and fees when selecting Budd-Melone as your investment advisor.

Budd-Melone offers advisory services to individuals, high net worth individuals, families, trusts, estates, businesses and retirement plans (each referred to as a “Client”).

As part of the investment management fees noted in Item 5 – Fees and Compensation of the Disclosure Brochure, Budd-Melone includes normal securities transaction fees as part of the overall investment advisory fee. Securities regulations often refer to this combined fee structure as a “Wrap Fee Program.” The Advisor sponsors the Budd-Melone Wrap Fee Program.

The sole purpose of this Wrap Fee Program Brochure is to provide additional disclosure relating to the combination of securities transaction fees into the single “bundled” investment management fee. This Wrap Fee Program Brochure references back to the Budd-Melone Disclosure Brochure in which this Wrap Fee Program Brochure serves as an Appendix. **Please see Item 4 – Advisory Services of the Disclosure Brochure for details on Budd-Melone’s investment philosophy and related services.**

### B. Program Costs

Advisory services provided by Budd-Melone are offered in a Wrap Fee Program structure whereby normal securities transaction costs are included in the overall investment advisory fee paid to Budd-Melone. As the level of trading in a Client’s account[s] may vary from year to year, the annual cost to the Client may be more or less than engaging for advisory services where the transactions costs are borne separately by the Client. The cost of the Wrap Fee Program varies depending on services to be provided to each Client, however, the Client is not charged more if there is higher trading activity in the Client’s account[s]. A Wrap Fee Program structure presents a conflict of interest as the Advisor may have an incentive to limit the number of trades placed in the Client’s account[s]. **Please see Item 5 – Fees and Compensation of the Disclosure Brochure for complete details on fees.**

### C. Fees

Investment advisory fees are paid quarterly, in advance of each calendar quarter, pursuant to the terms of the investment advisory agreement. Fees are based on the market value of assets under management at the end of the prior quarter and are based on the following schedule:

Assets Under Management	Annual Rate (%)
Up to \$250,000	1.45%
\$250,001-\$500,000	1.25%
\$500,001-\$750,000	1.15%
\$750,001-\$1,000,000	1.05%
\$1,000,001-\$1,500,000	1.00%
\$1,500,001-\$2,000,000	0.95%
\$2,000,001-\$3,000,000	0.90%
\$3,000,001-\$4,000,000	0.85%
\$4,000,001-\$5,000,000	0.80%
\$5,000,001-\$6,000,000	0.70%
\$6,000,001-\$8,000,000	0.65%
Over \$8,000,000	0.59%

The investment advisory fee in the first quarter of service is prorated from the inception date of the Client’s account[s] to the end of the first quarter. Fees may be negotiable at the sole discretion of the Advisor. Certain

Clients may be offered a fixed annual fee or an alternative fee methodology. The Client's fees will take into consideration the aggregate assets under management with the Advisor. All securities held in accounts managed by Budd-Melone will be independently valued by the Custodian, as discussed in Item 12 – Brokerage Practices. Budd-Melone will not have the authority or responsibility to value portfolio securities.

Clients may make additions to and withdrawals from their account[s] at any time, subject to Budd-Melone's right to terminate an account. Additions may be in cash or securities provided that Budd-Melone reserves the right to liquidate any transferred securities or decline to accept particular securities into a Client's account[s]. Clients may withdraw account assets on notice to Budd-Melone, subject to the usual and customary securities settlement procedures. However, Budd-Melone designs its portfolios as long-term investments and the withdrawal of assets may impair the achievement of a Client's investment objectives. Budd-Melone may consult with its Clients about the options and ramifications of transferring securities. However, Clients are advised that when transferred securities are liquidated, they are subject to transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

The Advisor may implement all or a portion of a Client's investment portfolio utilizing one or more Independent Managers. To eliminate any conflict of interest, the Advisor does not earn any compensation from an Independent Manager. The Advisor will only earn its investment advisory fee as described above. Independent Managers typically do not offer any fee discounts but may have a breakpoint schedule which will reduce the fee with an increased level of assets placed under management with an Independent Manager. The terms of such fee arrangements are included in the Independent Manager's disclosure brochure and applicable contract[s] with the Independent Manager. The total blended fee, including the Advisor's fee and the Independent Manager's fee, will not exceed 2.00% annually.

As noted above, the Wrap Fee Program includes normal securities trading costs incurred in connection with the discretionary investment management services provided by Budd-Melone. Securities transaction fees for Client-directed trades may be charged back to the Client. Clients may incur certain fees or charges imposed by third parties in connection with investments made on behalf of the Client's account[s]. Under this Wrap Fee Program, Budd-Melone includes securities transactions costs as part of its overall investment advisory fee.

In addition, all fees paid to Budd-Melone for investment management services or part of the Wrap Fee Program are separate and distinct from the expenses charged by mutual funds and exchange-traded funds ("ETFs") to their shareholders, if applicable. These fees and expenses are described in each fund's prospectus. These fees and expenses will generally be used to pay management fees for the funds, other fund expenses, account administration (e.g., custody, brokerage and account reporting), and a possible distribution fee. The Client may also incur other costs assessed by the Custodian or other parties for account related activity fees, such as wire transfer fees, fees for trades executed away from the Custodian and other fees. The Advisor does not control nor share in these fees. The Client should review both the fees charged by the fund[s] and the fees charged by Budd-Melone to fully understand the total fees to be paid. Please see Item 5.C. – Other Fees and Expenses of the Disclosure Brochure.

#### **D. Compensation**

Budd-Melone is the sponsor and portfolio manager of this Wrap Fee Program. Budd-Melone receives investment advisory fees paid by Clients for participating in the Wrap Fee Program and pays the Custodian for the costs associated with the normal trading activity in the Client's account[s].

### **Item 5 – Account Requirements and Types of Clients**

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Budd-Melone offers investment advisory services to individuals, high net worth individuals, families, trusts, estates, businesses and retirement plans. Please see Item 7 – Types of Clients of the Disclosure Brochure for additional information.

### **Item 6 – Portfolio Manager Selection and Evaluation**

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#### **A. Portfolio Manager Selection**

Budd-Melone serves as the sponsor and a portfolio manager for the Budd-Melone Wrap Fee Program. The Advisor also serves as the sponsor in conjunction with Independent Managers for the Wrap Fee Program.

The Advisor may recommend that a Client utilize an Independent Manager for all or a portion of a Client's investment portfolio. The Advisor will assist in the development of the initial policy recommendations and managing the ongoing Client relationship. The Advisor will also perform initial and ongoing oversight and due diligence over the selected Independent Managers to ensure the Independent Managers' strategies and target allocations remain aligned with its Clients' investment objectives and overall best interests.

#### **B. Related Persons**

Budd-Melone personnel or affiliates serve as portfolio manager[s] for services under this Wrap Fee Program. Budd-Melone only manages this wrap fee program. Budd-Melone does not act as portfolio manager for any third-party wrap fee programs.

#### **C. Supervised Persons**

Budd-Melone Supervised Persons serve as portfolio managers for the Budd-Melone Wrap Fee Program described in this Wrap Fee Program Brochure. Please refer to the Item 4 – Advisory Services and Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss of the Disclosure Brochure for details on the services provided by Budd-Melone. For information related to the background of Budd-Melone supervised persons, please see Item 9 - Disciplinary Information and Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading of the Disclosure Brochure.

#### Performance-Based Fees

Budd-Melone does not charge performance-based fees for its investment advisory services. The fees charged by Budd-Melone are as described in Item 5 – Fees and Compensation of the Disclosure Brochure and are not based upon the capital appreciation of the funds or securities held by any Client. Budd-Melone does not manage any proprietary investment funds or limited partnerships (for example, a mutual fund or a hedge fund) and has no financial incentive to recommend any particular investment options to its Clients. Please see Item 6 - Performance-Based Fees and Side-By-Side Management of the Disclosure Brochure.

#### Methods of Analysis

Budd-Melone primarily employs fundamental analysis in developing investment strategies for its Clients. Research and analysis from Budd-Melone are derived from numerous sources, including financial media companies, third-party research materials, Internet sources, and review of company activities, including annual reports, prospectuses, press releases and research prepared by others. As noted above, Budd-Melone generally employs a long-term investment strategy for its Clients, as consistent with their financial goals. Budd-Melone will typically hold all or a portion of a security for more than a year, but may hold for shorter periods for the purpose of rebalancing a portfolio or meeting the cash needs of Clients. At times, Budd-Melone may also buy and sell positions that are more short-term in nature, depending on the goals of the Client and/or the fundamentals of the security, sector or asset class.

#### Risk of Loss

Investing in securities involves certain investment risks. Securities may fluctuate in value or lose value. Clients should be prepared to bear the potential risk of loss. Budd-Melone will assist Clients in determining an appropriate strategy based on their tolerance for risk and other factors noted above. However, there is no guarantee that a Client will meet their investment goals.

Each Client engagement will entail a review of the Client's investment goals, financial situation, time horizon, tolerance for risk and other factors to develop an appropriate strategy for managing a Client's account[s]. Client participation in this process, including full and accurate disclosure of requested information, is essential for the analysis of a Client's account[s]. The Advisor shall rely on the financial and other information provided by the Client or their designees without the duty or obligation to validate the accuracy and completeness of the provided information. It is the responsibility of the Client to inform the Advisor of any changes in financial condition, goals or other factors that may affect this analysis.

**Past performance is not a guarantee of future returns. Investing in securities and other investments involve a risk of loss that each Client should understand and be willing to bear. Clients are reminded to discuss these risks with the Advisor. Please see Item 8.B. – Risk of Loss of the Disclosure Brochure for details on investment risks.**

#### Voting Client Securities

Budd-Melone does not accept proxy-voting responsibility for any Client. Clients will receive proxy statements directly from the Custodian. Budd-Melone will assist in answering questions relating to proxies, however, the Client retains the sole responsibility for proxy decisions and voting.

### **Item 7 – Client Information Provided to Portfolio Managers**

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Clients participating in the Wrap Fee Program generally grant Budd-Melone the authority to discuss certain non-public information with Independent Managers engaged to manage their account[s]. Depending upon the specific arrangement, the Advisor is authorized to disclose various personal information including, without limitation: names, phone numbers, addresses, social security numbers, driver's license, tax identification numbers and account numbers. Budd-Melone may also share certain information related to its Clients' financial positions and investment objectives in an effort to ensure that the Independent Managers' investment decisions remain aligned with its Clients' best interests. This information is communicated on an initial and ongoing basis, or as otherwise necessary to the management of its Clients' portfolios.

### **Item 8 – Client Contact with Portfolio Managers**

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There are no restrictions on the Client's ability to contact Budd-Melone.

### **Item 9 – Additional Information**

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#### **A. Disciplinary Information and Other Financial Industry Activities and Affiliations**

##### Disciplinary Information

There are no legal, regulatory or disciplinary events involving Budd-Melone or any its management persons. Budd-Melone values the trust you place in the Advisor. The Advisor encourages Clients to perform the requisite due diligence on any advisor or service provider that the Client engages. The backgrounds of the Advisor and its Advisory Persons are available on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with the Advisor's firm name or CRD #288233.

##### Other Financial Activities and Affiliations

*Broker-Dealer Affiliation* – Advisory Persons of Budd-Melone are also registered representatives of LPL Financial conducting business under the name Budd-Melone & Company Financial Consulting Group. In an Advisory Person's separate capacity as a registered representative, an Advisory Person will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by an Advisory Person of Budd-Melone. Neither Budd-Melone nor an Advisory Person will earn ongoing investment advisory fees in connection with any services implemented in an Advisory Person's separate capacity as a registered representative. Under supervision by LPL Financial, LPL Financial may have access to certain confidential information of the Client, including, but not limited to financial information, investment objectives, transactions and holdings information. Please see our Privacy Policy, which is included with this Disclosure Brochure.

*Insurance Agency Affiliations* – Advisory Persons of Budd-Melone also serve as licensed insurance professionals conducting business under the name Budd-Melone & Company Financial Consulting Group. Implementations of insurance recommendations are separate and apart from an Advisory Person's role with Budd-Melone. As insurance professionals, Advisory Persons will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Commissions generated by insurance sales do not offset regular advisory fees. This creates a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by the Advisor or its Advisory Persons.

#### **B. Code of Ethics, Review of Accounts, Client Referrals, and Financial Information**

##### Code of Ethics

Budd-Melone has implemented a Code of Ethics (the "Code") that defines the Advisor's fiduciary commitment to each Client. This Code applies to all Supervised Persons associated with Budd-Melone. The Code was developed to provide general ethical guidelines and specific instructions regarding the Advisor's duties to each



Client. Budd-Melone and its Supervised Persons owe a duty of loyalty, fairness and good faith towards each Client. It is the obligation of Budd-Melone Supervised Persons to adhere not only to the specific provisions of the Code, but also to the general principles that guide the Code. The Code covers a range of topics that address employee ethics and conflicts of interest. To request a copy of the Code, please contact the Advisor at (877) 293 5830 or (888) 310-8910.

#### Personal Trading and Conflicts of Interest

Budd-Melone allows Supervised Persons to purchase or sell the same securities that may be recommended to and purchased on behalf of Clients. Owning the same securities that are recommended (purchase or sell) to Clients presents a conflict of interest that, as fiduciaries, must be disclosed and mitigated through policies and procedures. As noted above, the Advisor has adopted a Code, which addresses insider trading (material non-public information controls) and personal securities reporting procedures. The Advisor has also adopted written policies and procedures to detect the misuse of material, non-public information. the Advisor may have an interest or position in certain securities, which may also be recommended to Clients. At no time, will Budd-Melone or any Supervised Person of Budd-Melone, transact in any security to the detriment of any Client. Please see Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading of the Disclosure Brochure for additional disclosures.

#### Review of Accounts

Securities in Client accounts are monitored on a regular and continuous basis by the Managing Partners of Budd-Melone. Formal reviews are generally conducted at least annually or more frequently depending on the needs of the Client. Financial planning engagements for ongoing planning support are reviewed at least annually, as per the terms of the financial planning agreement. The Client is encouraged to notify Budd-Melone if changes occur in his/her personal financial situation that might adversely affect his/her investment plan. Additional reviews may be triggered by material market, economic or political events.

#### Other Compensation

As noted throughout this Disclosure Brochure, Advisory Persons of Budd-Melone may also be registered representatives of LPL Financial and/or licensed insurance professionals. For information on the conflicts of interest this presents, and how we address these conflicts, please refer to the Item 10 - Other Financial Industry Activities and Affiliations of the Disclosure Brochure.

*Participation in Institutional Advisor Platform* – Budd-Melone has established institutional relationship with LPL Financial to assist the Advisor in managing Client account[s]. The Advisor receives access to software and related support as part of its relationship with LPL Financial. The software and related systems support may benefit the Advisor, but not its Clients directly. In fulfilling its duties to its Clients, the Advisor endeavors at all times to put the interests of its Clients first. Clients should be aware, however, that the receipt of economic benefits from a Custodian creates a potential conflict of interest since these benefits may influence the Advisor's recommendation of the Custodian over one that does not furnish similar software, systems support, or services.

Additionally, the Advisor may receive the following benefits from LPL Financial: financial start-up support; reimbursement to Clients for transfer costs to the platform/custodian; receipt of duplicate Client confirmations and bundled duplicate statements; access to a trading desk that exclusively services its institutional 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.

In transitioning its business to LPL Financial, the Managing Partners of Budd-Melone received financial incentives and support in the form of start-up capital and forgivable loans. The receipt of such compensation presents a conflict of interest.

#### Client Referrals from Solicitors

The Advisor does not engage paid solicitors for Client referrals.



#### Financial Information

Neither Budd-Melone, nor its management, have any adverse financial situations that would reasonably impair the ability of Budd-Melone to meet all obligations to its Clients. Budd-Melone is not required to deliver a balance sheet along with this Disclosure Brochure, as Budd-Melone does not collect advance fees of \$1,200 or more for services to be performed six months or more in the future.

## **Form ADV Part 2B – Brochure Supplement**

**for**

**Joseph G. Budd  
Managing Partner**

**Effective: May 22, 2020**

This Form ADV 2B (“Brochure Supplement”) provides information about the background and qualifications of Joseph G. Budd (CRD# 2581569) in addition to the information contained in the Budd, Melone & Co. LLC (“Budd-Melone” or the “Advisor”, CRD# 288233) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the Budd-Melone Disclosure Brochure or this Brochure Supplement, please contact the Advisor at (877) 293 5830 or (888) 310-8910.

Additional information about Mr. Budd is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 2581569.

## Item 2 – Educational Background and Business Experience

Joseph G. Budd, born in 1963, is dedicated to advising Clients of Budd-Melone as a Managing Partner. Mr. Budd earned a Masters of Science in Financial Services from American College in 2007 and a Bachelor of Science in Business Administration from Walsh College of Accountancy in 1988. Additional information regarding Mr. Budd's employment history is included below.

### Employment History:

Managing Partner, Budd, Melone & Co., LLC	06/2017 to Present
Registered Representative, LPL Financial LLC	06/2017 to Present
Financial Advisor, Wells Fargo Advisors Financial Network, LLC	05/2009 to 06/2017
Financial Advisor, Citigroup Global Markets, Inc.	08/2001 - 05/2009

### CERTIFIED FINANCIAL PLANNER™ (“CFP®”)

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP® (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP® Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP® Board's studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor's Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP® Board's financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one's ability to correctly diagnose financial planning issues and apply one's knowledge of financial planning to real world circumstances;
- **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- **Ethics** – Agree to be bound by CFP® Board's *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- **Ethics** – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP® Board's enforcement process, which could result in suspension or permanent revocation of their CFP® certification.

### Chartered Financial Consultant® (ChFC®)

The Chartered Financial Consultant® (ChFC®) program prepares you to meet the advanced financial planning needs of individuals, professionals and small business owners. You'll gain a sustainable advantage in this competitive field with in-depth coverage of the key financial planning disciplines, including insurance, income taxation, retirement planning, investments and estate planning. The ChFC® requires three years of full-time, relevant business experience, nine two-hour course specific proctored exams, and 30 hours of continuing education every two years. Holders of the ChFC® designation must adhere to The American College's Code of Ethics.

#### Program Objectives:

- Function as an ethical, competent and articulate practitioner in the field of financial planning
- Demonstrate mastery of the core financial planning knowledge required of a CERTIFIED FINANCIAL PLANNER™ by passing the CFP® certification exam
- Utilize the intellectual tools and framework needed to maintain relevant and current financial planning knowledge and strategies.
- Apply financial planning theory and techniques through the development of case studies and solutions
- Apply in-depth knowledge in a holistic manner from a variety of disciplines; namely, estate planning, retirement planning or non-qualified deferred compensation.

### **Item 3 – Disciplinary Information**

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***There are no legal, civil or disciplinary events to disclose regarding Mr. Budd.*** Mr. Budd has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Budd. Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. ***As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Budd.*** However, the Advisor does encourage you to independently view the background of Mr. Budd on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 2581569.

### **Item 4 – Other Business Activities**

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#### Broker-Dealer Affiliation

Mr. Budd is also a registered representative of LPL Financial LLC ("LPL Financial") conducting business under the name Budd-Melone & Company Financial Consulting Group. LPL Financial is a registered broker-dealer (CRD# 6413), member FINRA, SIPC. In Mr. Budd's separate capacity as a registered representative, Mr. Budd will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Mr. Budd. Neither the Advisor nor Mr. Budd will earn ongoing investment advisory fees in connection with any products or services implemented in Mr. Budd's separate capacity as a registered representative.

#### Insurance Agency Affiliations

Mr. Budd is also a licensed insurance professional conducting business under the name Budd-Melone & Company Financial Consulting Group. Implementations of insurance recommendations are separate and apart Mr. Budd's role with Budd-Melone. As an insurance professional, Mr. Budd will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Mr. Budd is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This creates a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Mr. Budd or the Advisor.

### **Item 5 – Additional Compensation**

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Mr. Budd has additional business activities where compensation is received that are detailed in Item 4 above.

Additionally, in connection with the transition of Budd-Melone's clients to the LPL Financial custodial platform and Mr. Budd's association as a registered representative of LPL Financial, Mr. Budd received financial transition support from LPL Financial in the form of a 5-year forgivable loan that may be forgiven over time depending on the length of his tenure with LPL Financial.

The amount of the loan, paid to Mr. Budd in June 2017, represents a substantial payment. Forgiveness of the loan, in whole or in part, is conditioned on Mr. Budd remaining affiliated with LPL Financial and based on the amount of business Budd-Melone engages in with LPL Financial, including, but not limited to, the amount of client assets Mr. Budd maintains with LPL Financial and/or using LPL Financial as the custodian for a certain percentage of all new client accounts, and as such, Mr. Budd has a financial incentive to recommend that its clients maintain their accounts with LPL Financial.

The payment Mr. Budd received is in addition to the production bonuses, stock options and other economic benefits that he is entitled to receive as a registered representative of LPL Financial. The amount of these payments are significant in relation to the overall revenue earned or compensation received by Mr. Budd at his prior firm. Such payments are generally based on the size of the representative's business established at his prior firm and/or assets expected to be under custody on the LPL Financial platform. As a result, Mr. Budd has a financial incentive to recommend that clients maintain their accounts with LPL Financial.

The Advisor encourage you to discuss any such conflicts of interest with Mr. Budd before making a decision to custody your assets at LPL Financial.

## **Item 6 – Supervision**

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Mr. Budd serves as a Managing Partner of Budd-Melone and is supervised by Louis Melone, the Chief Compliance Officer. Mr. Melone can be reached at (877) 293-5830.

Budd-Melone has implemented a Code of Ethics, an internal compliance document that guides each Supervised Person in meeting their fiduciary obligations to Clients of Budd-Melone. Further, Budd-Melone is subject to regulatory oversight by various agencies. These agencies require registration by Budd-Melone and its Supervised Persons. As a registered entity, Budd-Melone is subject to examinations by regulators, which may be announced or unannounced. Budd-Melone is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

## **Form ADV Part 2B – Brochure Supplement**

**for**

**Louis J. Melone Jr.  
Managing Partner  
Chief Compliance Officer**

**Effective: May 22, 2020**

This Form ADV 2B (“Brochure Supplement”) provides information about the background and qualifications of Louis J. Melone Jr. (CRD# 2700797) in addition to the information contained in the Budd, Melone & Co. LLC (“Budd-Melone” or the “Advisor”, CRD# 288233) Disclosure Brochure. If you have not received a copy of the Disclosure Brochure or if you have any questions about the contents of the Budd-Melone Disclosure Brochure or this Brochure Supplement, please contact the Advisor at (877) 293 5830 or (888) 310-8910.

Additional information about Mr. Melone Jr. is available on the SEC’s Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 2700797.

## Item 2 – Educational Background and Business Experience

Louis J. Melone Jr., born in 1969, is dedicated to advising Clients of Budd-Melone as a Managing Partner and the Chief Compliance Officer. Mr. Melone Jr. earned a Bachelor of Science from Northern Michigan University in 1992. Additional information regarding Mr. Melone Jr.'s employment history is included below.

### Employment History:

Managing Partner and Chief Compliance Officer, Budd, Melone & Co. LLC	06/2017 to Present
Registered Representative, LPL Financial LLC	06/2017 to Present
Financial Advisor, Wells Fargo Advisors Financial Network, LLC	05/2009 to 06/2017
Financial Advisor, Citigroup Global Markets, Inc.	08/2001 - 05/2009

### CERTIFIED FINANCIAL PLANNER™ (“CFP®”)

The CERTIFIED FINANCIAL PLANNER™, CFP® and federally registered CFP® (with flame design) marks (collectively, the “CFP® marks”) are professional certification marks granted in the United States by Certified Financial Planner Board of Standards, Inc. (“CFP® Board”).

The CFP® certification is a voluntary certification; no federal or state law or regulation requires financial planners to hold CFP® certification. It is recognized in the United States and a number of other countries for its (1) high standard of professional education; (2) stringent code of conduct and standards of practice; and (3) ethical requirements that govern professional engagements with clients. Currently, more than 71,000 individuals have obtained CFP® certification in the United States.

To attain the right to use the CFP® marks, an individual must satisfactorily fulfill the following requirements:

- **Education** – Complete an advanced college-level course of study addressing the financial planning subject areas that CFP® Board’s studies have determined as necessary for the competent and professional delivery of financial planning services, and attain a Bachelor’s Degree from a regionally accredited United States college or university (or its equivalent from a foreign university). CFP® Board’s financial planning subject areas include insurance planning and risk management, employee benefits planning, investment planning, income tax planning, retirement planning, and estate planning;
- **Examination** – Pass the comprehensive CFP® Certification Examination. The examination includes case studies and client scenarios designed to test one’s ability to correctly diagnose financial planning issues and apply one’s knowledge of financial planning to real world circumstances;
- **Experience** – Complete at least three years of full-time financial planning-related experience (or the equivalent, measured as 2,000 hours per year); and
- **Ethics** – Agree to be bound by CFP® Board’s *Standards of Professional Conduct*, a set of documents outlining the ethical and practice standards for CFP® professionals.

Individuals who become certified must complete the following ongoing education and ethics requirements in order to maintain the right to continue to use the CFP® marks:

- **Continuing Education** – Complete 30 hours of continuing education hours every two years, including two hours on the *Code of Ethics* and other parts of the *Standards of Professional Conduct*, to maintain competence and keep up with developments in the financial planning field; and
- **Ethics** – Renew an agreement to be bound by the *Standards of Professional Conduct*. The *Standards* prominently require that CFP® professionals provide financial planning services at a fiduciary standard of care. This means CFP® professionals must provide financial planning services in the best interests of their clients.

CFP® professionals who fail to comply with the above standards and requirements may be subject to CFP® Board’s enforcement process, which could result in suspension or permanent revocation of their CFP® certification.



### Item 3 – Disciplinary Information

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***There are no legal, civil or disciplinary events to disclose regarding Mr. Melone.*** Mr. Melone has never been involved in any regulatory, civil or criminal action. There have been no client complaints, lawsuits, arbitration claims or administrative proceedings against Mr. Melone. Securities laws require an advisor to disclose any instances where the advisor or its advisory persons have been found liable in a legal, regulatory, civil or arbitration matter that alleges violation of securities and other statutes; fraud; false statements or omissions; theft, embezzlement or wrongful taking of property; bribery, forgery, counterfeiting, or extortion; and/or dishonest, unfair or unethical practices. ***As previously noted, there are no legal, civil or disciplinary events to disclose regarding Mr. Melone.*** However, the Advisor does encourage you to independently view the background of Mr. Melone on the Investment Adviser Public Disclosure website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) by searching with his full name or his Individual CRD# 2700797.

### Item 4 – Other Business Activities

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#### Broker-Dealer Affiliation

Mr. Melone is also a registered representative of LPL Financial LLC (“LPL Financial”) conducting business under the name Budd-Melone & Company Financial Consulting Group. LPL Financial is a registered broker-dealer (CRD# 6413), member FINRA, SIPC. In Mr. Melone’s separate capacity as a registered representative, Mr. Melone will receive commissions for the implementation of recommendations for commissionable transactions. Clients are not obligated to implement any recommendation provided by Mr. Melone. Neither the Advisor nor Mr. Melone will earn ongoing investment advisory fees in connection with any products or services implemented in Mr. Melone’s separate capacity as a registered representative.

#### Insurance Agency Affiliations

Mr. Melone is also a licensed insurance professional conducting business under the name Budd-Melone & Company Financial Consulting Group. Implementations of insurance recommendations are separate and apart from Mr. Melone’s role with Budd-Melone. As an insurance professional, Mr. Melone will receive customary commissions and other related revenues from the various insurance companies whose products are sold. Mr. Melone is not required to offer the products of any particular insurance company. Commissions generated by insurance sales do not offset regular advisory fees. This creates a conflict of interest in recommending certain products of the insurance companies. Clients are under no obligation to implement any recommendations made by Mr. Melone or the Advisor.

### Item 5 – Additional Compensation

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Mr. Melone has additional business activities where compensation is received that are detailed in Item 4 above.

Additionally, in connection with the transition of Budd-Melone’s clients to the LPL Financial custodial platform and Mr. Melone’s association as a registered representative of LPL Financial, Mr. Melone received financial transition support from LPL Financial in the form of a 5-year forgivable loan that may be forgiven over time depending on the length of his tenure with LPL Financial.

The amount of the loan, paid to Mr. Melone in June 2017, represents a substantial payment. Forgiveness of the loan, in whole or in part, is conditioned on Mr. Melone remaining affiliated with LPL Financial and based on the amount of business Budd-Melone engages in with LPL Financial, including, but not limited to, the amount of client assets Mr. Melone maintains with LPL Financial and/or using LPL Financial as the custodian for a certain percentage of all new client accounts, and as such, Mr. Melone has a financial incentive to recommend that its clients maintain their accounts with LPL Financial.

The payment Mr. Melone received is in addition to the production bonuses, stock options and other economic benefits that he is entitled to receive as a registered representative of LPL Financial. The amount of these payments are significant in relation to the overall revenue earned or compensation received by Mr. Melone at his prior firm. Such payments are generally based on the size of the representative’s business established at his prior firm and/or assets expected to be under custody on the LPL Financial platform. As a result, Mr. Melone has a financial incentive to recommend that Clients maintain their accounts with LPL Financial.

The Advisor encourages you to discuss any such conflicts of interest with Mr. Melone before making a decision to custody your assets at LPL Financial.

## **Item 6 – Supervision**

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Mr. Melone serves as a Managing Partner and the Chief Compliance Officer and Chief Compliance Officer of Budd-Melone. Mr. Melone can be reached at (877) 293-5830.

Budd-Melone has implemented a Code of Ethics, an internal compliance document that guides each Supervised Person in meeting their fiduciary obligations to Clients of Budd-Melone. Further, Budd-Melone is subject to regulatory oversight by various agencies. These agencies require registration by Budd-Melone and its Supervised Persons. As a registered entity, Budd-Melone is subject to examinations by regulators, which may be announced or unannounced. Budd-Melone is required to periodically update the information provided to these agencies and to provide various reports regarding the business activities and assets of the Advisor.

## Privacy Policy

Effective Date: May 22, 2020

### Our Commitment to You

Budd, Melone & Co. LLC ("Budd-Melone" or the "Advisor") is committed to safeguarding the use of personal information of our Clients (also referred to as "you" and "your") that we obtain as your Investment Advisor, as described here in our Privacy Policy ("Policy").

Our relationship with you is our most important asset. We understand that you have entrusted us with your private information, and we do everything that we can to maintain that trust. Budd-Melone (also referred to as "we", "our" and "us") protects the security and confidentiality of the personal information we have and implements controls to ensure that such information is used for proper business purposes in connection with the management or servicing of our relationship with you.

Budd-Melone does not sell your non-public personal information to anyone. Nor do we provide such information to others except for discrete and reasonable business purposes in connection with the servicing and management of our relationship with you, as discussed below.

Details of our approach to privacy and how your personal non-public information is collected and used are set forth in this Policy.

### Why you need to know?

Registered Investment Advisors ("RIAs") must share some of your personal information in the course of servicing your account. Federal and State laws give you the right to limit some of this sharing and require RIAs to disclose how we collect, share, and protect your personal information.

### What information do we collect from you?

Social security or taxpayer identification number	Assets and liabilities
Name, address and phone number[s]	Income and expenses
E-mail address[es]	Investment activity
Account information (including other institutions)	Investment experience and goals

### What Information do we collect from other sources?

Custody, brokerage and advisory agreements	Account applications and forms
Other advisory agreements and legal documents	Investment questionnaires and suitability documents
Transactional information with us or others	Other information needed to service account

### How do we protect your information?

To safeguard your personal information from unauthorized access and use we maintain physical, procedural and electronic security measures. These include such safeguards as secure passwords, encrypted file storage and a secure office environment. Our technology vendors provide security and access control over personal information and have policies over the transmission of data. Our associates are trained on their responsibilities to protect Client's personal information.

We require third parties that assist in providing our services to you to protect the personal information they receive from us.

### How do we share your information?

An RIA shares Client personal information to effectively implement its services. In the section below, we list some reasons we may share your personal information.

Basis For Sharing	Do we share?	Can you limit?
<b>Servicing our Clients</b> We may share non-public, personal information with non-affiliated third parties (such as administrators, broker-dealers, custodians, regulators, credit agencies, other financial institutions) as necessary for us to provide agreed upon services to you, consistent with applicable law, including but not limited to: processing transactions; general account maintenance; responding to regulators or legal investigations; and credit reporting. Budd-Melone shares Client information with LPL Financial LLC ("LPL Financial") due to the oversight LPL Financial has over certain supervised persons of the Advisor. You may also contact us at any time for a copy of the LPL Financial Privacy Policy.	Yes	No
<b>Marketing Purposes</b> Budd-Melone does not disclose, and does not intend to disclose, personal information with non-affiliated third parties to offer you services. Certain laws may give us the right to share your personal information with financial institutions where you are a customer and where Budd-Melone or the Client has a formal agreement with the financial institution. <b>We will only share information for purposes of servicing your accounts, not for marketing purposes.</b>	No	Not Shared
<b>Authorized Users</b> Your non-public, personal information may be disclosed to you and persons that we believe to be your authorized agent[s] or representative[s].	Yes	Yes
<b>Information About Former Clients</b> Budd-Melone does not disclose and does not intend to disclose non-public, personal information to non-affiliated third parties with respect to persons who are no longer our Clients.	No	Not Shared

### Changes to our Privacy Policy

We will send you a copy of this Policy annually for as long as you maintain an ongoing relationship with us.

Periodically, we may revise this Policy, and will provide you with a revised policy if the changes materially alter the previous Privacy Policy. We will not, however, revise our Privacy Policy to permit the sharing of non-public, personal information other than as described in this notice unless we first notify you and provide you with an opportunity to prevent the information sharing.

### Any Questions?

You may ask questions or voice any concerns, as well as obtain a copy of our current Privacy Policy by contacting us at (877) 293 5830 or (888) 310-8910.