



# Linden Thomas Advisory Services, LLC

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## Form ADV Part 2A Brochure

March 27, 2020

This Brochure provides information about the qualifications and business practices of Linden Thomas Advisory Services, LLC (“LTAS”). If you have any questions about the contents of this Brochure, please contact us at (704) 554-8150. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

LTAS is a registered investment adviser. Registration as an investment adviser does not imply any level of skill or training. The oral and written communications of an adviser provide you with information from which you can determine whether to hire or retain an adviser.

Additional information about LTAS is also available on the SEC website at: [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

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## Item 2 – Material Changes

This Brochure dated March 27, 2020, represents the annual amendment Brochure for Linden Thomas Advisory Services, LLC.

There have been no material changes made affecting the operations of LTAS, or the services or products made available to its clients.

Pursuant to regulatory requirements, LTAS will deliver to you a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. LTAS may further provide other ongoing disclosure information about material changes as necessary. All such information will be provided free of charge.

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#### Item 4 – Advisory Business

Linden Thomas Advisory Services, LLC (CRD # 288557) is an investment adviser registered with the U.S. Securities and Exchange Commission (“SEC”). LTAS is based in North Carolina and began operations in 2018.

Stephen L. Thomas is the founder and managing principal of LTAS. Stephen has been working with high-net worth individuals, families, and businesses for more than 30 years.

LTAS’s goal is to help clients build a long-term portfolio by working with each client individually to develop an investment plan that is customized to help meet that client’s particular needs. Once an investment plan is developed, LTAS works to build, deploy and rebalance a sound asset allocation strategy. LTAS’s philosophy is to identify opportunities for capital appreciation combined with an eye on mitigating risk. Goals include lowering portfolio fees and transactional costs of managed products while tailoring the portfolio to each individual’s tax and investment needs.

LTAS provides general wealth management services to individual investors including portfolio management services, investment advisory services, and financial planning services. LTAS also provides retirement plan services to businesses and other institutional investors. LTAS has created a variety of proprietary index-enhanced portfolios designed to outperform their benchmark index. Assets under management may include brokerage assets under continuous and regular supervisory management services and advisory assets.

##### Portfolio Management Services

LTAS provides ongoing discretionary and non-discretionary portfolio management services to individuals, families, and businesses. When providing portfolio management services, LTAS not only makes recommendations related to investments and outside third-party money managers, but also implements these recommendations and provides ongoing monitoring and reporting. Clients may elect to give the Firm discretion to make decisions (discretionary management) or may prefer to approve decisions before implementation (non-discretionary management). Investment management services are generally provided in one of three programs:

- a) Separately Managed Account Platform – Under this program, LTAS manages accounts by delegating individual investment selection responsibilities to outside third-party money managers while retaining responsibility for overall asset allocation, manager review, and client relationship management. The delegation of responsibility to LTAS is non-discretionary in nature in that LTAS does not have the authority to delegate to outside third-party money managers without the Client’s approval.

b) LTAS Managed Index Program – Under this program, LTAS manages accounts using its proprietary enhanced-index investment management process. Such engagements are not discretionary in nature. LTAS only has the authority to manage the individual security selection or individual trades within the index investment product and not necessarily to the client's allocation and selection of the various index portfolios.

c) Passive Index Program – Under this program, LTAS manages accounts using outside Vanguard and DFA index funds. Such engagements are discretionary in nature in that LTAS has the authority to manage the Client's account without approval for individual security selection or individual trades.

#### Investment Advisory Services

LTAS provides in-house (not utilizing an outside third-party money manager) investment advisory services to individuals, families, and businesses. LTAS makes ongoing investment recommendations on a non-discretionary basis, which then requires the client to accept and implement such recommendations.

#### Financial Planning Services

LTAS provides project oriented and ongoing financial planning services to individuals and families where the Firm offers advice or other strategic assistance in areas such as education funding, retirement planning, estate planning, risk management, employee benefits planning, tax planning, etc. When engaged to provide financial planning assistance, clients are responsible for determining whether or not to implement a recommendation, and if they decide to do so, are responsible for implementation. The details of an engagement vary on a case by case basis depending on the complexity of the client's financial situation. An engagement generally involves the identification of goals and objectives, collection and analysis of data, formulation of a strategy, and preparation of a written plan.

#### Retirement Plan Services

LTAS also provides retirement plan services to businesses which may include plan level services such as discretionary management services, non-discretionary management services, and investment advisory/consulting services related to different types of retirement plans. When providing management services, LTAS is responsible for implementing recommendations. When LTAS is providing advisory services, the client is responsible for implementation of recommendations.

Regardless of the services provided, each is tailored to the individual needs of a particular client (whether an individual, a family, or a business) through an assessment conducted prior to an engagement. Clients may impose restrictions related to the level of discretion granted, the types of investments used, etc. Terms of an actual engagement, including

description of service, limitations and restrictions, fees, etc., are all detailed before any engagement begins in a written client agreement.

The Firm does not currently sponsor a “wrap fee” program, although platform providers, sub- advisors or third-party managers recommended or used by the Firm may do so.

For information regarding such programs provided by such outside parties, please refer to the applicable party’s ADV Part 2 Disclosure Brochure which is available upon request.

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## Item 5 – Fees and Compensation

### Investment Management Services

Fees charged for discretionary and non-discretionary investment management services are negotiated prior to the engagement depending on the type of investment program used.

As mentioned above, investment management services are generally provided in one of three programs:

- a) Separately Managed Account Platform – Under this program, LTAS delegates individual investment selection responsibilities to outside third-party money managers while retaining responsibility for overall asset allocation, review of the third-party money manager, and client relationship management. Fees charged range from 0.20% to 1.6% annually, with a portion of the fee retained by LTAS and a portion paid to the applicable outside third-party money manager. Final fee details are provided to clients in advance. (For investment management engagements that have been assigned to LTAS, fees are charged according to the terms of the assigned agreement.)
- b) LTAS Managed Index Program – Under this program, LTAS manages accounts using its proprietary enhanced index investment management process. Fees charged range from 0.20% to 1.6% annually. Final fee details are provided to clients in advance.
- c) Passive Index Program – Under this program, LTAS manages accounts using outside Vanguard and DFA index funds. Fees charged range from 0.0% to 1.6% annually. Final fee details are provided to clients in advance.

Fees for programs listed above are generally calculated and charged quarterly in advance based on period ending balance of assets under management at the end of the preceding quarter. Fees for partial quarters are prorated based on the number of days assets are under management. Fees are generally deducted directly from client accounts, but clients may elect to alternatively pay fees by check.

Services may be terminated at any time by either party with 30 days written notice to the other party, and fees will be prorated accordingly. Upon termination, any unearned fees paid in advance will be prorated and refunded to the client.

All management fees paid to LTAS are separate and unrelated to any fees or expenses assessed by mutual funds or exchange-traded funds, or to any trade commission charged by an account custodian, although trade commissions may at times be paid by LTAS at the Firm's discretion. Fees for outside third-party money managers (if separate and to be paid by the client) are disclosed to the client in advance in the applicable client agreement. Information pertaining to fund-generated fees and expenses can be found in mutual fund and exchange-traded fund prospectuses.

#### Investment Advisory Services

Fees charged for advisory services may be charged in advance or in arrears depending on the service provided. Fees are negotiated in advance, and generally range from .30% to 1.00% depending on the level of complexity of the engagement. Fee rates are based on actual services provided rather than being based on the level of assets managed as detailed above for investment management services.

In some cases, fees may be deducted directly from client accounts, but clients generally are billed directly on a quarterly basis.

Services may be terminated at any time by either party with 30 days written notice to the other party, and fees will be prorated accordingly. Any payments made in advance will be prorated and refunded to the client.

All advisory fees paid to LTAS are separate and unrelated to any fees or expenses assessed by any broker, custodian, or other outside party.

#### Financial Planning Services

Fees charged for financial planning services are quoted in advance and charged at a fixed amount. Quoted fixed fees will be based on the complexity and level of service provided on a case by case basis. As mentioned above, services may include planning in areas such as education funding, retirement planning, estate planning, risk management, employee benefits planning, tax planning, etc. Since each of these areas can vary in complexity depending on the complexity of the client's financial situation, cost will vary as well. Fees are negotiable depending on the circumstances of the engagement, location, etc.

Fees are generally billed directly to the client in arrears, although a portion of which may be billed in advance.

Services may be terminated at any time by either party with 30 days written notice to the other party, and fees will be prorated based on the degree to which services have been completed. Any payments made in advance will be prorated and refunded to the client.

All financial planning fees paid to LTAS are separate and unrelated to any fees or expenses assessed by any broker, custodian, or other outside party.

### Retirement Plan Services

Fees charged for retirement plan services may be charged in advance or in arrears depending on the service provided. Fees may be fixed or asset-based (not to exceed 1.00% annually), and are negotiable depending on the complexity of the service. Fee levels (whether fixed or asset-based) are primarily based on actual services to be provided.

Fees may be deducted directly from client accounts on a quarterly basis, or clients may elect to alternatively pay fees by check or wire transfer. There is a minimum annual fee of \$1,000 per plan.

Services may be terminated at any time by either party with 30 days written notice to the other party, and fees will be prorated accordingly. Any payments made in advance will be prorated and refunded to the client.

All retirement plan fees paid to LTAS are separate and unrelated to any fees or expenses assessed by any broker, custodian, or other outside party.

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

LTAS does not charge performance-based fees (fees based on a share of capital gains on or capital appreciation of the assets of a client), and consequently does not simultaneously manage performance-based and non-performance-based accounts.

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## Item 7 – Types of Clients

LTAS provides services to individuals, businesses, and retirement plans.

For its investment management services, LTAS has a minimum account size of \$400,000 in assets for establishing or maintaining a client's account, but the Firm reserves the right to waive account minimums at its discretion.

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

LTAS's general investment strategy, consistent with the tenets of modern portfolio theory, is to attempt to reduce risk and volatility by building globally diversified portfolios. To implement



this strategy, LTAS primarily uses fundamental security methods of analysis, as well as market trend and economic cycle analysis.

LTAS may use or recommend various other investment vehicles or outside third-party money managers in the implementation of our strategies. Strategies may also include long-term purchases (securities held at least a year), short-term purchases (securities sold within a year), trading (securities sold within 30 days), margin and options. Information about strategies used by outside third-party money managers can be found in that manager's Form ADV Part 2 Disclosure Brochure which is available upon request.

Investing in securities involves risk of loss that clients should be prepared to bear. Such risks include market risk, interest rate risk, currency risk, political risk, and loss of capital, among others. Additionally, certain trading strategies can affect investment performance through increased brokerage and other transactions. Each client's propensity for risk however is thoroughly evaluated, documented, and considered throughout the portfolio implementation process.

Although LTAS intends to manage risk through the careful selection of investments, no investment strategy can ensure a profit or avoid a loss.

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#### Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the Firm or the integrity of its management. LTAS is currently not subject to, nor has ever been subject to, any legal or disciplinary events of a material nature.

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

Linden Thomas and Company Securities, LLC

Some affiliated persons of LTAS will also be registered representatives of LTAS's affiliate, Linden Thomas and Company Securities, LLC ("LTC Securities"), a securities broker-dealer and member of the Financial Industry Regulatory Authority, Inc. ("FINRA"). As such, these individuals, in their separate capacities as registered representatives and/or principals, will be able to effect securities transactions and will receive separate customary compensation for effecting any securities transactions. They may also from time to time receive 12b-1 distribution fees from investment companies in connection with the placement of client funds into investment companies. They do not, receive these fees for investments placed in accounts which LTAS manages.

While these individuals endeavor at all times to put the interest of the clients first as part of LTAS's fiduciary duty, clients should be aware that the receipt of additional compensation creates a potential conflict of interest and may affect the judgment of these individuals when making recommendations. Clients are under no obligation to purchase products recommended by the registered representatives or to purchase products through the registered representatives.

#### Linden Thomas Financial Group, LLC

Linden Thomas Financial Group, LLC is a holding company which owns both Linden Thomas Advisory Services, LLC and Linden Thomas and Company Securities, LLC. Stephen L. Thomas is the sole owner of the holding company, Linden Thomas Financial Group, LLC.

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### Item 11 – Code of Ethics

#### Code of Ethics

LTAS has adopted a Code of Ethics (“the Code”) expressing the Firm's commitment to ethical conduct. The Code describes the LTAS's fiduciary duties and responsibilities to clients and details practices for reviewing the personal securities transactions of supervised persons with access to client information. The Code also requires compliance with applicable securities laws, addresses insider trading, and details possible disciplinary measures for violations. LTAS will provide a complete copy of the Code to any client upon request to the Chief Compliance Officer.

#### Trading Conflicts of Interest

Individuals associated with LTAS are permitted to buy or sell securities for their personal accounts identical or contrary to those recommended to clients. However, no person employed by LTAS is allowed to favor his or her own interest over that of a client or make personal investment decisions based on the investment decisions of advisory clients.

In order to address potential conflicts of interest, LTAS requires that supervised persons with access to advisory recommendations provide annual securities holdings reports and quarterly transaction reports to LTAS's Chief Compliance Officer. LTAS also requires prior approval from the Chief Compliance Officer for investing in any IPOs or private placements (limited offerings).

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### Item 12 – Brokerage Practices

#### The Custodian and Brokers Used

LTAS does not maintain custody of client assets and is not affiliated with any particular custodian. All client assets are maintained in an account at a non-affiliated “qualified

custodian,” generally a broker-dealer or bank. The custodian will hold client assets in a brokerage account where LTAS will be able to effect transactions. LTAS may recommend the use of a particular custodian/broker for ease of operations, but the client will ultimately decide whether to do so. Clients will open their accounts with the custodian/broker of their choosing by entering into an account agreement directly with the custodian/broker. LTAS cannot actually open accounts for clients but can assist in opening an account at whichever custodian/broker selected by the client.

### How LTAS Selects Custodians and Brokers

LTAS will consider the following factors when recommending a custodian or broker for its clients: quality of service, types of services offered, overall capability, execution quality, competitiveness of transaction costs, availability of investment research, reputation of the Firm, and financial resources, among other things. In determining the reasonableness of a broker’s compensation, LTAS considers the overall cost to its clients relative to the benefits received, both directly and indirectly, from the broker.

### Brokerage and Custody Costs

Clients receive various services directly from custodians. For clients’ accounts that the custodian maintains, they generally do not charge separately for custody services but instead are compensated by charging commissions or other fees on trades that it executes or trades that are executed by other brokers to and from the custodial accounts. Fees applicable to client accounts were negotiated based on the condition that clients collectively maintain a certain level of assets at the custodian. LTAS believes this commitment benefits clients because the expected overall rates clients pay will be lower than they might be otherwise.

Since custodians often charge clients a fee for each trade executed by a different broker-dealer, LTAS has the custodian execute most client trades in order to minimize trading costs.

LTAS has determined that having the custodian execute most trades is consistent with its duty to seek “best execution” for client’s trades. Best execution means seeking the most favorable terms for a transaction based on all relevant factors, including those listed above.

### Products and Services Available from Brokers/Custodians

The custodian provides LTAS and its clients with access to their institutional brokerage services, including trading, custody, reporting, and related services, many of which are not typically available to retail customers. The custodian also makes available various support services, some of which may help LTAS manage or administer its clients’ accounts, while others may help LTAS manage and grow its business.

Other institutional brokerage services which may benefit clients directly include access to a broad range of investment products, execution of securities transactions, and asset custody. The investment products available through the custodian include some to which LTAS might not

otherwise have access or that would require a significantly higher minimum initial investment by its clients.

The custodian may also make available to LTAS other products and services of benefit, which may not directly benefit its clients. These products and services assist LTAS in managing and administering its clients' accounts. They include investment research, both the custodian's own and that of third parties. LTAS may use this research to service all or a substantial number of its clients' accounts, including accounts not maintained at the custodians. In addition to investment research, the custodian may also make available software and other technology that provide access to client account data, facilitates trade execution for multiple client accounts, provides pricing and other market data, facilitates payment of fees from clients' accounts, and assists with back-office functions, recordkeeping, and client reporting.

The custodian may also offer other services intended to help LTAS manage and further develop its business. These services include educational conferences and events, consulting on technology, compliance, legal, and business needs, publications and conferences on practice management and business succession, and access to employee benefits providers, human capital consultants, and insurance providers.

The availability of these services from the custodian benefits LTAS, as they do not have to produce or purchase such services themselves. This may give LTAS an incentive to recommend clients maintain their account with a particular custodian based on LTAS's interests rather than their client's, which is a potential conflict of interest. LTAS believes, however, that the recommendation of a custodian is in the best interests of its clients, and is primarily supported by the scope, quality, and price of the custodian's services and not the custodian's services that benefit only LTAS.

### Aggregation of Transactions

LTAS may, from time to time, aggregate client orders into blocks in order to facilitate more efficient account management and execution. When aggregating orders, an average price is given to all participants in the block, or other measures are taken, in order to treat all accounts fairly.

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## Item 13 – Review of Accounts

### Review of Accounts

Accounts are generally reviewed on a weekly, monthly, quarterly, or semi-annual basis, depending on the type of account. Reviews may be general in nature, addressing investment objectives, risk tolerances or asset allocations, or they may be more detailed, depending on circumstances. The level of detail of the review is generally triggered by factors such as market, political, or economic conditions, or the client's individual financial situation. Clients should notify LTAS of any material personal financial changes.

## Regular Reports Provided to Clients

In addition to the monthly statements and confirmations of transaction that clients receive from the custodian, LTAS may provide other reports directly to the client from time to time depending on the type of engagement. Investment management clients for example may receive periodic holdings and or performance related reports. Financial planning clients may receive a planning analysis but do not receive regular reports from LTAS.

LTAS urges clients to carefully review custodial statements and compare them to the reports LTAS may provide.

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## Item 14 – Client Referrals and Other Compensation

LTAS does not compensate any outside parties for client referrals, nor does it receive any compensation or non-cash economic benefit for client referrals. LTAS may, however, share fees with outside third-party money managers.

LTAS does, however, receive economic benefits from its custodian in the form of the support products and services that are made available to LTAS and to other independent investment advisors. These products and services, how they benefit LTAS, and the related conflicts of interest are described in Item 12 above. LTAS may also on limited occasions receive travel expense reimbursements for industry meetings related to market analysis, investment strategies, and practice management. The availability to LTAS of these economic benefits is not based on LTAS giving particular investment advice, such as buying or recommending particular securities for its clients. Furthermore, LTAS's representatives are required to make all investment decisions and recommendations based solely on the interests of the applicable client.

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## Item 15 – Custody

As noted in Item 12, LTAS recommends that clients' assets be held by a qualified custodian. Although LTAS does not hold assets, it may have limited control in some instances to trade on a client's behalf, to deduct advisory fees from a client's account with proper authorization, or to request disbursements on a client's behalf (although various types of written authorizations are required depending on the type of disbursements).

Clients will receive account statements directly from their custodian at least quarterly, which will be sent to the email or postal mailing address provided. LTAS urges clients to carefully review custodial statements and compare them to any account reports that LTAS might provide.

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## Item 16 – Investment Discretion

LTAS will accept discretionary authority to manage securities accounts on behalf of clients, although it will also accept non-discretionary accounts. LTAS and its clients may also delegate authority to outside third-party money managers.

When granted authority to manage accounts, LTAS customarily has the authority to determine which securities and the amounts that are bought or sold. Any discretionary authority accepted by LTAS, however, is subject to the client's risk profile and investment objectives and may be limited by any other limitations provided by the client in writing.

Neither LTAS nor outside third-party money managers will exercise discretionary authority until they have been given authority to do so in writing. Such authority is granted in the written agreement with the client, and in the written agreement with the third-party custodian.

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#### Item 17– Voting Client Securities

LTAS does not vote proxies on behalf of clients.

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#### Item 18 – Financial Information

Registered investment advisers are required in some cases to provide certain financial information and/or disclosures about their financial condition. For example, if LTAS requires prepayment of fees for six months in advance, has custody of client funds, or has a condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients, it must provide financial information and make disclosures.

LTAS has no financial or operating conditions which trigger such additional reporting requirements.