

# **Puplava Financial Services, Inc.**

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**March 24, 2017**

This brochure provides information about the qualification and business practices of Puplava Financial Services Inc. If you have any questions about the contents of this brochure, please contact us at 858-487-3939. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Puplava Financial Services Inc is also available on the Internet at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

Puplava Financial Services, Inc. (PFS) is a Registered Investment Advisor, registered with the United States Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940. This designation does not imply a certain level of skill or training.

## **Item 2 - Material Changes**

This Brochure dated March 24, 2017 is prepared in accordance with the requirements and rules adopted by the United States Securities and Exchange Commission ("SEC"). Part 2A of Form ADV requires investment advisers to provide narrative, plain English disclosures regarding their advisory business in order to provide clients and prospective clients with more meaningful information about the adviser and its business practices.

Because of the amount of information provided within the brochure, Puplava Financial Services, Inc. ("PFS") encourages each client to read this brochure carefully and to call us with any questions you may have.

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## Item 4 - Advisory Business

Puplava Financial Services, Inc. (PFS), a Registered Investment Advisor, registered with the United States Securities and Exchange Commission (SEC) under the Investment Advisers Act of 1940, provides investment supervisory and financial planning services.

PFS has been in business since 1985.

James J. Puplava, the President of PFS owns 100% of the firm.

PFS provides investment advisory services through a variety of investment vehicles including but not limited to equities, options and bonds. We predominately use fundamental and technical analysis methods.

These investment advisory services are tailored to meet the individual clients' investment objectives, risk tolerance and time horizon. These services may include asset management services, financial planning and consulting. PFS through its management committee makes investment decisions on a discretionary basis for Clients pursuant to investment objectives chosen by the Clients. Clients are able to impose restrictions on investing in certain securities and types of securities.

As of December 31, 2016 we manage \$394,554,044 on a discretionary basis. There are no assets managed on a non discretionary basis.

## Item 5 - Fees and Compensation

PFS offers investment advisory asset management services for a percentage of assets under management through its Premier Asset Management ("PAM") Accounts.

Investment Management Fees for PAM Accounts:

PFS charges the Client a fee based on the assets under management. As a participant in PAM accounts, the Client will pay an annualized fee ("Account Fee") as follows depending on account value:

Income with Capital Preservation	0.50%
Income with Moderate Growth	0.75% - 1.00%
Strategic Real Return	0.75% - 1.00%
Growth with Income	1.00% - 1.40%
Growth	1.20% - 1.60%
Tactical Opportunities	1.10% - 1.50%

Annual management fees are dependent on the account objective and can be negotiated. The annual fee breakdown will be identified on the PAM Account Agreement's Exhibit A "Investment Guidelines & Restrictions" which must be completed by the Client prior to opening a PAM account.

Fees are charged either monthly or quarterly in advance based on the average daily balance of the account during the prior month or calendar quarter, respectively. All PAM Accounts will receive a statement at the end of the month showing the amount of the fee. An Initial Account Fee is due at the beginning of the month/quarter in which the PAM Agreement is executed and will include the prorated fee for the initial month/quarter at the next billing cycle. Additional deposits of funds and/or securities will be subject to the same billing procedures. Fees are predominately billed to the account directly unless the client specifically requests an alternate payment method.

#### Transaction Charges for PAM Accounts:

PAM Accounts will be assessed transaction charges associated with trade executions as follows:

EQUITIES	
Purchase or Liquidation	\$15.00 per trade
OPTIONS	
Purchase or Liquidation	\$20.00 per trade
MUTUAL FUNDS	
Purchase or Liquidation (Non NTF Funds)	\$25.00 per trade
FIXED INCOME	
Purchase or Liquidation	\$30.00 per trade
FOREIGN SECURITIES	
Developed Countries (Excludes ADR's)	\$62.00 Additional*
BULLION	
Purchase or Liquidation	\$60.00 per trade**

Bullion Bars - Gold, Silver, Platinum and Palladium\*\*\*

Coins – No foreign coins allowed in IRA accounts.

\*Additional charge applied to trading in equities, options, funds, and fixed income for developed countries such as Canada, Japan, Mexico, United Kingdom, and other European countries. Trades in all other countries are subject to higher fees for which PSI reserves the right to pass-through to the Client such charges by third party providers for execution of transactions in foreign marketplaces. Please contact us if you'd like to learn more.

\*\*In addition, annual storage fees of 0.50% (50 Basis Points) of the value of the bullion owned and stored with the third party facility apply and shall be billed quarterly (billed directly to the account unless requested otherwise). There is a \$3.75 minimum quarterly storage fee. All such fees are paid to the bullion storage facility. Additional fees apply when requesting delivery of bullion; please contact us for more details.

\*\*\*Palladium is only available as fractional ownership.

The trade execution transaction charges noted above will be identified under the commission column on the confirmation statement. This charge represents a reimbursement of the transaction costs of National Financial Services LLC ("NFS"), the clearing firm and Puplava Securities, Inc. (PSI), the broker-dealer and not commissions payable to the Advisor Representative or PFS.

PFS will give thirty (30) days written notification of any change in the amount of the investment management fees by PFS or transaction charges by NFS as the clearing firm, or by PSI as the introducing broker-dealer when applicable to the PAM Account. The new Fees and Charges will become effective unless the Client notifies PFS, PSI, and Advisor Representative in writing that the PAM Account is to be terminated.

PFS may offer PAM accounts to clients of other advisors in a sub advisor capacity with a reduction in the annual management fee.

#### Miscellaneous Transaction Charges and Fees:

PAM Accounts may also incur certain charges imposed by PSI and third parties other than PFS, in connection with investments made in a PAM Account, including among others, the following types of charges: shipping and handling, mutual fund 12(b)1 service fees, certain deferred sales charges on previously purchased mutual funds, service fees, and IRA/Qualified Retirement Plan fees. Please consult the appropriate prospectus for further details. PSI may receive a portion of these third party fees.

#### PAM Account Termination:

PAM accounts may be terminated at any time upon written request of the Client. However, in the event that an Account is terminated within one (1) year from the date the Account is opened, a fee for early termination equal to 1% of the asset value of the Account will be assessed at the time of termination. Upon termination, Client shall receive a pro-rata refund of that portion of any prepaid advisory fees that have yet to be earned by Adviser. Such refund will be calculated from the date of receipt of the written termination notice or other agreed upon date.

PFS executes securities transactions through its wholly-owned subsidiary, Puplava Securities, Inc. (PSI), an introducing broker-dealer and a member firm with FINRA. Most Advisor Representatives with PFS are also Registered Representatives with PSI and affect securities transactions for compensation with clients other than advisory clients.

A conflict of interest exists because of Registrant's (PFS) and the Advisory Representative's fiduciary duty to provide unbiased advice to clients and the adviser's self-interest in receiving income on transactions effected through PSI. Registrant's and advisory representative's recommendations are limited to securities offered through PSI and other suitable investment products might be available through other brokers.

PFS, in its capacity as an investment advisor, will direct all investments to PSI in its capacity as introducing broker-dealer. All clients are required to use PSI as broker-dealer. Other broker-dealers may provide identical services at costs lower than those charged by PSI. PSI will in turn clear all securities transactions through NFS. PSI and Representative will make every attempt to obtain the best execution possible. PSI may aggregate transactions for a Client with other Clients to improve the quality of execution.

No Principal transactions (as such term is defined in Rule 206(3)-2(b) under the Investment Advisers Act of 1940) for Client's Managed Accounts shall be affected by PFS and PSI.

PFS also provides advice in the form of Comprehensive Financial Planning. Clients purchasing this service will receive a written financial plan or summary providing clients with detailed financial planning services designed to achieve their stated financial goals and objectives.

Fees for Comprehensive Financial Planning and Consulting will be charged in one of two ways listed below, upon mutual agreement with the client:

1. Fixed fee: A fixed fee, typically ranging from \$1,500 to \$5,000, depending on the nature and complexity of each client's circumstances and upon mutual agreement with the client. Typically, 100% of this fee is due upon signing the advisory agreement, with the balance due upon completion of the advisory service; and/or
2. Hourly basis: On an hourly basis, ranging from \$100 to \$200 per hour, depending on the nature and complexity of each client's circumstances and upon mutual agreement with the client. An estimate for total hours will be determined at the start of the advisory relationship.

PFS will never hold client funds greater than \$500 for more than six months in advance of completion of the financial plan.

The Client has the right to terminate the financial planning/consulting agreement at any time and a refund of the unearned fees will be made based on time and effort expended before termination, or will be charged for any earned unpaid fee for work performed by PFS.

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

Not Applicable

## **Item 7 - Types of Clients**

PFS provides investment advice to individuals, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities other than those listed here.

Generally the minimum account size ranges from \$50,000 to \$250,000 depending on account type. In some cases, the minimum account size may be negotiable at the discretion of PFS.

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

PFS's security analysis methods include fundamental and technical analysis.

The main sources of information for analysis include financial newspapers and magazines, research material provided by others, corporate ratings services and company filings (including annual reports, prospectuses, and filings with the Securities and Exchange Commission).

PFS's investment strategies used to implement any investment advice given to clients includes long term purchases (securities held at least a year), short term purchases (securities sold within a year), trading (securities sold within 30 days), margin transactions and option writing (including covered options, uncovered options or spreading strategies).

PFS offers advice on the following securities: equity securities including exchange-listed securities, securities traded over-the-counter and foreign issuers, warrants, corporate bonds, municipal securities, non-rated bonds, investment company securities including variable life insurance, variable annuities and mutual fund shares, United States government securities, and option contracts on securities.

Investing in securities involves risk of loss that clients should be prepared to bear.

**Income with Capital Preservation Account** Primary emphasis is on generation of current income. Fixed income investments can include government bonds, municipal bonds, corporate bonds, preferred securities, mortgage backed securities, CDs, and money market funds. In rising interest rate environments floating rate debt securities may also be used. High exposure to interest rate risk and may at times have exposure to foreign risk and/or currency risk when using foreign government bonds. Investments will focus on investment grade securities but can include non-rated and lower quality rated securities that manager believes are attractively priced. Portfolio ratings distribution, maturity ranges, and security type exposures will be custom tailored to meet the client's specific needs and goals.

The **Income with Moderate Growth Account** invests primarily in investment-grade debt securities, but may invest a portion of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's Investors Service, Inc., or equivalently rated by Standard & Poor's Ratings Services or Fitch, Inc. Account at times will also invest in Fixed Income "like" securities such as Preferred Securities and Master Limited Partnerships as well as securities denominated in foreign currencies.

Primary emphasis is on safety by focusing on fixed income and fixed income like investments, with specific attention on providing maximum income yield commensurate with client's risk tolerance. Emphasis on capital appreciation may occur during certain periods. A higher portfolio turnover rate may result in higher taxes in a taxable account. Significant exposure to interest rate risk; conservative to moderate exposure to market risk. Exposure to foreign risk and/or currency risk is possible.

For the **Strategic Real Return Account** we begin with a macro picture that helps determine tactical weightings between asset classes such as stocks, bonds, commodities and money markets. At the micro level, we use fundamental and technical analysis to narrow our selection within each asset class. Risk management is as important as asset selection. During times of increased volatility, we employ inverse ETFs, put option purchases, large amounts of cash, and treasuries to offset market exposure. These strategies are designed and employed with the intent of reducing the volatility of a portfolio. In volatile markets, our risk management strategy can create higher than normal trading activity; therefore, volatile markets can increase transaction costs for managing the account. The primary emphasis is on safety by focusing on moderate capital growth, with specific attention paid to preserving asset purchasing power in an inflationary environment; some emphasis is on the generation of current income. There is moderate exposure to interest rate risks and conservative to moderate exposure to market risk. The exposure to foreign risk and/or currency risk is possible.

For the **Growth with Income Account** we start with our macro economic outlook. This work establishes parameters for weights between different asset classes and asset types within the



classes. We emphasize investments in long-trending sectors and layer portfolios in long-term, intermediate-term, and short-term opportunities. We use fundamental and technical analysis in conjuncture with our macroeconomic work. Traditional fundamental analysis is used to select companies in sectors with strong long term prospects. Technical analysis is used to help determine entry and exit points in positions. The growth of portfolio assets is the primary consideration; income generation is a secondary objective. During times of increased volatility, we employ inverse ETFs, put option purchases, large amounts of cash, and treasuries to offset market exposure. These strategies are designed and employed with the intent of reducing the volatility of a portfolio. There is low to moderate exposure to interest rate risk and moderate to high exposure to market risk. Exposure to foreign risk and/or currency risk is likely.

The **Growth Account** strategy begins with a macro picture that helps determine tactical weightings between asset classes such as stocks, bonds, and commodities. We emphasize stocks during the bullish cycle of the economy and emphasize bonds during the bearish cycles of the economy. Our top down approach then filters each asset class into its sub components such as sectors for stocks, corporate or tax-free for bonds, and soft versus hard assets for commodities. At the micro level, we use fundamental and technical analysis to decide which specific stock, bond, or commodity to add to the portfolio. Risk management is as important as asset selection. We can employ put protection, short ETFs, and large amounts of cash and treasuries to offset market exposure. These methods can lose value if the market does not fall. In volatile markets, our risk management strategy can create higher than normal trading activity; therefore, volatile markets can increase transaction costs for managing the account. The primary emphasis is on achieving long-term growth and capital appreciation; there is generally little focus on the generation of current income. There is a focus on moderate to aggressive equities and/or moderate to aggressive fixed-income instruments. There is low to high exposure to interest rate risk and moderate to extremely high exposure to market risk. The exposure to foreign risk and/or currency risk is highly likely.

For the **Tactical Opportunities Account** the strategy begins with macro-economic analysis to help determine strategic and tactical weightings of assets. Leading Economic Indicators (LEIs) are used to determine the current state of the economy. The general trend of these indicators and the rate of change of the updated readings are used to get a real time picture of the economy. Technical analysis is used to help determine the strength of overall market, sector and individual stocks. These steps are taken to emphasize the appropriate assets classes, sectors and individual securities. The strategy will update our models to take advantage of perceived opportunities stocks, bonds, and commodities. Due to the nature of markets today this strategy will, at times, exhibit more trading activity and potential volatility than current strategies. The Tactical Opportunities Account will actively search for opportunities in a variety of assets classes to achieve superior price appreciation situations. Also, when the situation dictates we will enter into hedging and alternative strategies in an effort to protect client assets.

## **Item 9 - Disciplinary Information**

James Puplava was found to be involved in a violation of an investment related activity. In October of 2006 he agreed to join several other shareholders (the "Dissidents") of Royal Standard Minerals, Inc. ("RSM") in submitting letters to RSM management requesting a special shareholders meeting for the purpose of electing new directors. RSM is a Canadian company, and most of the shares trade in Canada. Canadian counsel informed the Dissidents that they did

not need to file a Schedule 13-D (A 13D is filed with the SEC when any person acquires more than 5% of an equity security). RSM subsequently filed a lawsuit in the United States District Court, Central District of California, case number CV 06-6855 PSG, alleging that the Dissidents were a “group,” and had been required to file a 13-D. The suit did not seek monetary damages, but sought to block the Dissidents from voting their RSM shares at the annual meeting. Most of the Dissidents reside outside of the United States, and they failed to adequately comply with certain discovery orders of the Court. As a result, on June 19, 2007, RSM’s request for a preliminary injunction was granted without a hearing on the merits. The injunction made a finding that the Dissidents, including James Puplava, should have filed a 13-D but failed to do so, and enjoined the Dissidents from voting their shares at the June 26, 2007 annual RSM shareholders meeting. James Puplava sold his shares on November 7, 2006 (the letter to Royal Standard was dated October 10, 2006) and he never received any proxy voting material which was stated in a declaration filed with the court on June 22, 2007. In supporting some of the other shareholders he had no idea he was becoming part of a “group” with a requirement to file a 13D. His percentage of ownership only amounted to approximately 1% of the outstanding shares. The Court indicated, however, that it was inclined to resolve the case on the merits, and would schedule further proceedings after the shareholder’s meeting. A stipulated final judgment was filed on May 15, 2008.

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

PFS has an affiliation with a broker-dealer and an insurance agency.

PFS has a wholly-owned subsidiary, Puplava Securities, Inc., which is a broker-dealer registered with FINRA and a licensed insurance agency. Puplava Securities, Inc. is a fully disclosed broker-dealer with an agreement for clearing services with National Financial Services LLC. James J. Puplava is president of both PSI and PFS. James J. Puplava is also a licensed insurance agent.

James J. Puplava, as President is also a registered representative with Puplava Securities, Inc. and sells insurance and securities products. James Puplava is also involved in the educational website, Financial Sense. These other business activities comprise approximately 50% of his time. 50% of his time is spent on advisory services.

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

To avoid any potential conflicts of interest involving personal trades, PFS has adopted a Policy & Procedures Manual (“Compliance Manual”), which includes a formal Code of Ethics and insider trading policies and procedures. PFS’s Compliance Manual requires, among other things, that Employees and Investment Advisor Representatives (“IAR”):

- Act with integrity, competence, diligence, respect, and in an ethical manner with the public, clients, prospective clients, employers, employees, colleagues in the investment profession, and other participants in the global capital markets;
- Place the integrity of the investment profession, the interests of clients, and the interests of Registrant above their own personal interests;

- Adhere to the fundamental standard that they should not take inappropriate advantage of your position;
- Avoid any actual or potential conflict of interest;
- Conduct all personal securities transactions in a manner consistent with this policy;
- Use reasonable care and exercise independent professional judgment when conducting investment analysis, making investment recommendations, taking investment actions, and engaging in other professional activities;
- Practice and encourage others to practice in a professional and ethical manner that will reflect credit on themselves and the profession;
- Promote the integrity of and uphold the rules governing capital markets;
- Maintain and improve their professional competence and strive to maintain and improve the competence of other investment professionals.
- Comply with applicable provisions of the federal securities laws.

PFS's Code of Ethics also requires IARs and Employees to: 1) pre-clear certain personal securities transactions, 2) report personal securities transactions on at least a monthly basis, and 3) provide PFS with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such Employees have a direct or indirect beneficial interest.

A copy of PFS's Code of Ethics shall be provided to any client or prospective client upon request.

PFS buys or sells for itself securities that it also recommends to clients. While a security is being recommended to clients, there will be a blackout period for all IARs and employee trades including the firm's personal trading accounts until the recommendation period is over and all client trades have been entered and executed. The only exception to this rule is on occasion an advisor, employee, or the firm may be allowed to participate in a block trade where all trades are executed with the same average price to ensure the representative and firm do not receive a better price on the transaction. Employee, IARs, and firm trades must be pre-cleared with the senior trader to ensure that the security is not on the current buy list and there are no trades being entered for clients on the same day.

Trading is monitored daily through reports received from the clearing firm, NFS, to avoid any conflicts that may arise.

## **Item 12 - Brokerage Practices**

PFS executes securities transactions through its affiliated broker-dealer, Puplava Securities, Inc. Clients are not able to use an unaffiliated broker-dealer and are required to use PSI as broker-dealer. Other broker-dealers may provide identical services that cost lower than those charged by PSI. A conflict of interest exists because of Puplava Financial Services' and the investment

advisor representative's fiduciary duty to provide unbiased advice to clients and James Puplava's self-interest in receiving income on transactions effected through Puplava Securities, Inc. Also, PFS' and advisory representative's recommendations are limited to securities offered through Puplava Securities, Inc. and other suitable investment products might be available through other brokers.

Orders of two or more clients may be bunched (blocked) only if the firm has determined, on an individual basis, that:

- A. The aggregation is in the best interests of all participating clients. Subsequent orders for the same security entered during the same trading day may be aggregated with any previously unfilled orders; filled orders shall be allocated separately from subsequent orders. One exception is that subsequent orders may be aggregated with filled orders if the market price for the security has not materially changed and the aggregation does not cause any unintended duration exposure. All clients participating in each aggregated order shall receive the average price and be subject to minimum ticket charges.
- B. Consistent with the Company's duty to obtain best execution; and
- C. Consistent with the terms of the investment advisory agreement of each participating client.

### **Item 13 - Review of Accounts**

Accounts are reviewed daily as needed with due diligence reviews monthly to ensure accounts are allocated according to the current model for that particular account strategy. The portfolio managers are responsible for conducting the reviews.

If the client's investment objectives change, a review is recommended. Changes in marital status, employment, or other major changes would trigger the need for a review.

The number of reviews varies as requested by the client or as circumstances make a review necessary.

All investment advisory clients, for whom a fee is paid, receive on-going monthly reports and trade confirmations directly from our custodian, NFS. PFS also provides clients with semiannual performance reports.

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

PFS or a related person does not have any arrangement, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients or directly.

PFS or a related person does not have any arrangement, oral or in writing, where it directly or indirectly compensates any person for client referrals.

## **Item 15 - Custody**

PFS is deemed to have custody of client funds solely because of the authority and ability to debit fees directly from clients' accounts. To mitigate any potential conflicts of interests, all client account assets will be maintained with an independent qualified custodian.

Payment of fees will be made by the client's custodian provided the client has given the custodian written authorization permitting such fees to be deducted and paid directly from the client's account to PFS. PFS will not have access to client account assets for payment of fees without client consent in writing. Further, the custodian will deliver a periodic account statement directly to each client, which will include all transactions that took place in the account during the period covered and reflects any advisory fees deducted and paid to PFS. Clients are encouraged to review their account statements for accuracy and compare them to the reports received by PFS.

## **Item 16 - Investment Discretion**

The Client grants PFS discretionary trading authority with regard to the assets in the client's managed account pursuant to the terms of a written agreement with the client and in accordance with client's stated investment objectives.

If at any time the Client wants trading discretion removed they must notify the firm in writing. The client is also able to establish trading restrictions on their account which must also be in writing.

## **Item 17 - Voting Client Securities**

PFS does not vote proxies on behalf of their clients and clients are expected to vote on their own. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Clients are able to contact the firm if they have questions about a particular solicitation.

## **Item 18 - Financial Information**

Not Applicable