



## Form ADV, Part 2A Brochure

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This brochure provides information about the qualifications and business practices of Euro Pacific Capital, Inc. If you have any questions about the contents of this brochure, please contact Robert Decker, at 800-727-7922 or by email at [bdecker@europac.net](mailto:bdecker@europac.net). The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission or by any state securities authority.

Any reference to or use of the terms “registered investment adviser” or “registered,” does not imply that Euro Pacific Capital, Inc. or any person associated with Euro Pacific Capital, Inc. has achieved a certain level of skill or training.

Additional information about Euro Pacific Capital, Inc. is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2 - MATERIAL CHANGES

**Revised August 14, 2017**

The purpose of this page is to inform you of material changes since the last annual update to this brochure. If you are receiving this brochure for the first time, this section may not be relevant to you.

Euro Pacific Capital, Inc. ("Euro Pacific") reviews and updates our brochure at least annually to confirm that it remains current. This section of the brochure discusses only the material changes Euro Pacific made to the brochure since the last annual update. We have not made material changes since the annual update to our brochure dated August 5, 2016.

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## ITEM 4 - ADVISORY BUSINESS

### (a) Description of Advisory Firm

Euro Pacific Capital, Inc. (“Euro Pacific,” “we,” “our,” “us,” or “the firm”) is a privately owned corporation. Euro Pacific is dually registered as an investment advisor and broker-dealer. The firm is headquartered in Westport, Connecticut, and our investment advisory unit is based out of Newport Beach, California.

Founded in 1997, Euro Pacific is a full-service broker-dealer specializing in international markets and securities. We are registered as a broker-dealer with the U.S. Securities and Exchange Commission (“SEC”) and a member of the Financial Industry Regulatory Authority (“FINRA”). Peter Schiff, Euro Pacific’s President and CEO is the firm’s majority owner. Euro Pacific has grown to include multiple branches and three divisions – Retail Brokerage, Wealth Management and Capital Markets. In June of 2009, Euro Pacific registered with the SEC as an investment adviser.

### (b) Advisory Services Offered

Euro Pacific’s Wealth Management unit offers investment management and supervisory services to clients on a discretionary basis in separately managed accounts (SMAs). Euro Pacific primarily invests in international securities and certain domestic securities with exposure to international markets. Our strategies may not be appropriate for clients seeking exposure to the U.S. domestic securities markets.

When an advisory account is opened, Euro Pacific will perform an assessment of the client’s financial information, which may include the client’s overall investment objectives, tax considerations, risk tolerance and any investment restrictions the client may have. From there, Euro Pacific will develop a written Investment Policy Statement (“IPS”) that reflects the client’s investment objectives and performance goals for the assets to be managed, and also includes the client’s risk profile, liquidity needs, general time horizon, tax considerations, legal considerations and any special investment circumstances (**Please note:** Euro Pacific does not provide specific legal or tax related advice and clients should consult their independent tax and/or legal practitioners for such advice). The IPS is then used to implement and monitor the investments in a client’s account. Generally, Euro Pacific believes we can best meet the financial needs of our clients by building a portfolio of investments that we believe are best suited for the economic climate and in line with each IPS.

Management of advisory client accounts is performed by third party investment advisors through a sub-advisory agreement. The Investment Management Agreement (“IMA”) between Euro Pacific and the client gives Euro Pacific the authority and discretion to determine the sub-advisor(s) to use and the amount of client assets that will be managed by sub-advisor(s). Euro Pacific remains the primary investment manager of the client’s account and pays the sub-advisor fees from Euro Pacific’s management fees listed below. All sub-advisors we utilize will be licensed or registered as investment advisors or exempt from such registration.

Euro Pacific utilizes Euro Pacific Asset Management, LLC (“EPAM”), a related investment advisory firm, as sub-advisor for advisory client accounts. Peter Schiff is the Investment Committee Chairman for EPAM. In addition to acting as sub-advisor to Euro Pacific’s advisory accounts and Wrap Fee Program, EPAM is the advisor of certain proprietary mutual funds (“Euro Pacific Funds” or “the Funds”). EPAM has entered into a sub-advisory agreement with Euro Pacific to provide investment supervisory and management services for individual clients of Euro Pacific that are similar in investment strategy to the strategy of the Euro Pacific Funds. Peter Schiff as an owner of EPAM would benefit from EPAM being selected as a sub-advisor over an unrelated sub-advisor, presenting a potential conflict of interest. However, clients whose assets or portion of assets are managed by EPAM will not pay a higher fee than if an unrelated sub-advisor managed the client assets.

Euro Pacific’s investment strategies are implemented in advisory client accounts primarily utilizing foreign equities through our International SMAs. Euro Pacific’s investment strategies are discussed below under **Item 8 - Methods of Analysis, Investment Strategies, and Risk of Loss**. We describe the material investment risks for the primary securities that we utilize under **Item 8(c) - Investing Involves Risk**.

If determined appropriate for the client and consistent with the client’s IPS or written investment guidelines, EPAM as sub-advisor may invest a portion or all of the client’s account in one or more of the Euro Pacific Funds described above managed by EPAM. The accounts of clients participating in Euro Pacific’s Wrap Fee Program will be allocated solely among the Euro Pacific Funds (see **Item 4(d) - Wrap Fee Programs** below). EPAM has incentive to recommend Euro Pacific Funds because EPAM receives internal advisory fees from each Fund based on the level of assets in the Fund and Euro Pacific may receive commissions or other compensation for selling shares of the Fund. EPAM manages this conflict of interest by reducing the management fees they receive by the amount of the advisory fees EPAM receives from the Funds in which the client’s account is invested. In addition, for client accounts subject to ERISA, Euro Pacific may not receive commissions on shares in the Funds purchased as a result of EPAM’s discretionary authority.

Euro Pacific may also occasionally utilize additional types of investments if they are appropriate to address the individual needs, goals, and objectives of the client or in response to client inquiry. For example, we may incorporate fixed income securities in a client’s portfolio. If appropriate for the client’s overall situation, we may recommend that clients invest in other types of securities such as mutual funds, exchange traded funds (“ETFs”), or different types of private placements and other limited offerings, such as initial public offerings (“IPOs”). Typically, mutual funds and private placements/limited offerings are maintained in a separate brokerage account of the client and are not part of the client’s managed advisory account. Euro Pacific may offer investment advice on any investment held by the client at the start of the advisory relationship.

Euro Pacific’s portfolio management is performed on a discretionary basis. Our discretionary authority is described below under **Item 16 - Investment Discretion**. We describe the fees charged for investment management services below under **Item 5 - Fees and Compensation**.

### **(c) Tailored Services and Client Imposed Restrictions**

Euro Pacific assists the client in selecting an investment strategy suitable for the client's individual circumstances and financial situation. The sub-advisor then manages the client's account according to the selected strategy for the client. Euro Pacific makes investment decisions for clients based on information the client supplies about their financial situation, goals, and risk tolerance. Our investment decisions may not be suitable if the client does not provide us with accurate and complete information. It is the client's responsibility to keep Euro Pacific informed of any changes to their investment objectives or restrictions.

Clients may also request restrictions on the account, such as when a client needs to keep a minimum level of cash in the account or does not want Euro Pacific to buy or sell certain specific securities or security types in the account. Euro Pacific reserves the right to not accept and/or terminate management of a client's account if we feel that the client-imposed restrictions would limit or prevent us from meeting or maintaining the client's investment strategy.

### **(d) Wrap Fee Programs**

Euro Pacific sponsors a Wrap Fee Program to which EPAM acts as sub-advisor. As part of the Wrap Fee Program, the client pays a single bundled fee to Euro Pacific, instead of paying separately for Euro Pacific's advisory services, commissions on transactions, custodian fees, and other transaction-related fees. Euro Pacific then pays EPAM a portion of the wrap fee for their sub-advisory services.

Typically, clients with account values of \$50,000 or more will participate in the Wrap Fee Program. Under the Wrap Fee Program, the client's account will be invested according to one of six Portfolio Wrap strategies designed by EPAM. Each Portfolio Wrap strategy is allocated among various Euro Pacific Funds. Client accounts under Euro Pacific's traditional SMA service (not participating in the Wrap Fee Program) will instead typically be invested in individual stocks and bonds.

This Brochure does not provide a full description of the Wrap Fee Program. Euro Pacific's Wrap Fee Program, including the fees charged to clients and investment strategy utilized in the program, is described in our Form ADV Part 2A Appendix 1 Wrap Fee Program Brochure, which is provided to all clients participating in the program and available upon request.

### **(e) Assets Under Management**

Euro Pacific manages client assets in both discretionary and non-discretionary accounts on a continuous and regular basis. As of June 30, 2017, the total amount of assets under our management was:

Discretionary Assets	\$ 474,949,014.00
<u>Non-Discretionary Assets</u>	<u>\$ 0.00</u>
Total Assets	\$ 474,949,014.00

## ITEM 5 - FEES AND COMPENSATION

### (a) Fee Schedule

Euro Pacific's advisory fees are charged based on a percentage of the client's assets under management, per the following schedule:

<u>Assets Under Management</u>	<u>Basic Annual Fee Schedule</u>
First \$250,000	2.00%
Next \$250,000	1.75%
Next \$250,000	1.50%
Next \$250,000	1.25%
Any additional amount over \$1 million	1.00%

Euro Pacific may aggregate related client accounts for purposes of calculating the advisory fee applicable to the client. The actual fee charged to a client will be outlined in the IMA. Euro Pacific reserves the right to negotiate fees with clients, and may waive fees or charge higher or lower fees than those described above, at our discretion. The fees are subject to change with sixty (60) days prior written notice to the client.

Fees charged to clients participating in the wrap fee program are described in the wrap fee program brochure.

### (b) Billing Method

Euro Pacific's advisory fees are payable quarterly in advance at the beginning of each calendar quarter based on the value of the client's account as of the close of business on the last business day of the previous calendar quarter. Quarterly fees are not adjusted for contributions or withdrawals made during the quarter, except for new or terminated accounts.

For new client accounts, the initial fee is based on the value of the account as of the day the account's assets are placed under the supervision of Euro Pacific, prorated for the balance of the calendar quarter.

The market value of the assets in the account is determined by the custodian in accordance with its standard policies and practices. In the event the custodian does not provide a value for any asset(s) in the account, those asset(s) will be valued at a market value as determined in good faith by Euro Pacific.

Initial deposit or subsequent additions may be in cash or securities, provided that Euro Pacific reserves the right to liquidate any transferred securities, or decline to accept particular securities into a client's account. Transferred securities may be liquidated without regard to any transaction fees, fees assessed at the mutual fund level (i.e. contingent deferred sales charge) and/or tax ramifications.

Typically, clients give Euro Pacific the authority to instruct the custodian to automatically withdraw our quarterly advisory fee from the client's account. All clients will receive account statements from the



custodian no less frequently than quarterly. The custodian statement will show the deduction of the advisory fee. At our discretion, Euro Pacific may make alternative billing arrangements for clients upon request.

### **(c) Other Fees and Expenses**

Euro Pacific's fees do not include custodian fees. Clients pay all brokerage commissions, margin charges and/or other charges incurred in connection with transactions in accounts, from the assets in the account. Transaction fees for securities traded on foreign exchanges may be higher than fees for securities traded through US domestic exchanges, and may include such additional charges as foreign settlement costs, account movement charges and foreign exchange fees. Fees for each trade will vary. For transactions executed through Euro Pacific as broker-dealer, these fees will be passed through to clients without markup. For aggregated trades, these fees will be allocated on a pro-rata basis based on each client's participation and the principal amount of the total transaction. See **Item 12 - Brokerage Practices** below for more information.

In addition, any mutual fund shares held in a client's account may be subject to deferred sales charges, 12b-1 fees, early redemption fees, and other fund-related expenses. The fund's prospectus fully describes the fees and expenses. All fees paid to Euro Pacific for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds. Mutual funds pay advisory fees to their managers, which are indirectly charged to all holders of the mutual fund shares. Consequently, clients with mutual funds in their portfolios are effectively paying both Euro Pacific and the mutual fund manager for the management of their assets. See **Item 4 - Advisory Business** above for Euro Pacific's policies when the mutual fund recommended for a client's account is a Euro Pacific Fund managed by EPAM.

### **(d) Termination**

Either party may terminate the IMA upon ten (10) days written notice to the other party. The client may terminate the agreement by writing to Euro Pacific at our office. Euro Pacific does not charge any termination fees. Upon termination of the agreement, Euro Pacific will refund any prepaid, unearned advisory fees based on the effective date of termination.

Terminations will not affect liabilities or obligations from transactions initiated in the client's account prior to termination. In the event a client terminates the IMA, Euro Pacific will not liquidate any securities in the account unless instructed by the client in writing to do so. Clients should understand that in the event a client requests that their account(s) be fully liquidated, it may take Euro Pacific a number of days or more to sell all the securities in the account(s) depending on the types of securities in a client's account. In the event of client's death or disability, Euro Pacific will continue management of the account until we are notified of the client's death or disability and given alternative instructions by an authorized party.

## **(e) Other Compensation**

As a brokerage firm, Euro Pacific accepts compensation from brokerage clients for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds. This practice presents a conflict of interest and gives individuals an incentive to recommend investment products based on the compensation received, rather than on a client's needs. If an advisory client maintains a separate brokerage account through Euro Pacific and trades securities in that account, the client would pay commissions to Euro Pacific on transactions in the brokerage account. Euro Pacific currently does not receive commissions on transactions placed in advisory accounts, but, as described above, client transactions in advisory accounts may incur trading charges and commissions that the client would pay to unrelated broker-dealers and/or the client's custodian.

There may be times when some of the private placements and/or IPOs that Euro Pacific recommends are obtained through Euro Pacific's investment banking division or where Euro Pacific as a registered broker-dealer serves as one of the placement agents (or lead placement agent) for the issuer of the private placement or IPO. In both cases, Euro Pacific will receive compensation from the issuer of the securities for providing such services. Although Euro Pacific will only recommend that clients invest their assets in limited offerings if Euro Pacific deems the investment suitable for the client's account, clients should be aware that the additional compensation that the firm will receive creates a conflict of interest between Euro Pacific and those clients investing in the limited offerings. Clients have the option to purchase investment products that Euro Pacific recommends through any broker or agent they desire.

## **ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

Euro Pacific does not charge performance-based fees or other fees based on a share of capital gains on or capital appreciation of the assets of a client.

## **ITEM 7 - TYPES OF CLIENTS**

Euro Pacific provides investment advisory services to individuals, high net worth individuals, trusts and estates, and businesses. At this time, Euro Pacific does not accept retirement plan accounts subject to ERISA, and only accepts owner-only or sole proprietor plans.

## **(a) Account Requirements**

In order to become a Euro Pacific advisory client, initial client household balances (sum of all accounts) generally must contain a minimum of \$50,000 in assets to participate in the Wrap Fee Program or \$250,000 in assets to be invested in individual securities within an SMA. Accounts below these minimums may be negotiable and accepted on an individual basis at Euro Pacific's discretion. In addition, the minimum amount may be adjusted upwards during periods of high market volatility to allow for more time to be dedicated to managing existing clients' assets.

## ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### (a) Euro Pacific International Separately Managed Accounts (SMAs)

The Euro Pacific International SMA is a product offered exclusively at Euro Pacific that is intended to match the investment philosophy of our President and CEO, Peter Schiff. The actively managed product provides turn-key access to Peter Schiff's investment philosophy, attempting to generate income and capital appreciation over a long-term investment horizon by selectively choosing foreign companies with minimal exposure to the US Dollar.

#### Strategy Overview

The Euro Pacific International strategy attempts to provide capital appreciation and income outside of the United States, using a top-down analysis to select countries and industries and a bottom-up analysis to select securities. The strategy seeks to diversify currency risk and takes a long-term investment view with low portfolio turnover.

#### **International Dividend Payers SMA**

The International Dividend Payers strategy is designed to maximize dividend income by selectively choosing foreign companies that the portfolio management team believes have the capacity to consistently pay high dividends.

#### **International Value SMA**

The International Value strategy is designed to provide exposure to international equity with a balanced percentage of the portfolio allocated across cyclical and non-cyclical sectors.

#### **Other Model Portfolio Investment Styles**

In addition to the styles above, Euro Pacific also offers an allocation to a core of stocks under the Value strategy or Dividend Payers strategy, with various Euro Pacific mutual funds included in the portfolio to achieve our client's overall asset allocation strategy. For example, Euro Pacific offers a blended investment style that allocates 50% of the portfolio to the International Dividend Payers SMA and 50% to the EuroPac International Bond Fund. The various styles available to clients in addition to the ones listed above can be found at [www.europac.com](http://www.europac.com). Certain clients may also be invested according to investment strategies that are no longer actively offered by the firm.

#### Investment Process

The strategy adheres to a controlled investment process with Peter Schiff serving as the Investment Committee Chairman. Euro Pacific's investment committee identifies major global macro investment themes as a basis for long-term investing. However, Euro Pacific uses both fundamental and technical analysis in the ongoing management of client accounts. The fundamental approach emphasizes top-down analysis with a focus on country outlook, industry outlook and then asset class valuations versus historical norms as well as other investment criteria.

The investment committee typically meets on a monthly basis to review the fundamentals of the portfolio. Decisions regarding country, sector and stock allocation are presented to the committee for approval following the screening of fundamentals on over 3,000 securities by the Portfolio Manager. Approximately 50 to 60 recommendations will be provided to the investment committee for inclusion in the portfolio.

#### *Sample Country Criteria*

- Expected 1-2 year trade surplus
- Real interest rates exceed those of the U.S.
- Low debt-GDP ratio
- Favorable GDP growth estimates

#### *Sample Industry Criteria*

- Favorable growth rate
- Well-positioned against anticipated secular shifts in supply/demand
- Resource availability
- Favorable political and regulatory environment

#### *Sample Security Criteria*

- Favorable dividend yield
- Attractive valuation
- Strong balance sheet
- Superior management

#### Model Portfolio Composition

The model portfolios are balanced across Asia, Europe and the Resource Countries (Australia, New Zealand and Canada) to diversify currency risk, while remaining appropriately balanced between non-cyclical and cyclical industries. Please reference the style descriptions above for more information.

#### Portfolio Rebalancing

Portfolios are rebalanced on a calendar quarter basis. Individual positions may be rebalanced when their current allocations exceed the original intended portfolio allocation by 10%, provided the portfolio manager determines the benefits of rebalancing exceed the additional cost of the transaction(s).

### **(b) Investing in Related Mutual Funds**

Under their discretionary authority as sub-advisor, EPAM may invest client assets in Euro Pacific Funds to which EPAM provides investment management services. EPAM will generally invest in Euro Pacific Funds for client accounts when they determine that investing in the Fund provides the client with better execution or diversification than could be achieved by investing directly in individual securities. The amount of the client's portfolio that is allocated to Euro Pacific Funds will be determined by EPAM based on the client's risk tolerance and investment objectives. Clients cannot restrict EPAM from investing in Euro Pacific Funds; however, due to the conflict of interest this practice presents, EPAM has

implemented controls to mitigate these conflicts, including rebating to the client the amount of the annual advisory fee on that portion of the client's assets that is invested in Euro Pacific Funds. (See also *Item 4 – Advisory Business*, above.)

### **(c) Investing Involves Risk**

Prior to entering into an agreement with Euro Pacific, the client should carefully consider:

1. That investing in securities involves risk of loss which clients should be prepared to bear;
2. That securities markets experience varying degrees of volatility;
3. That over time the client's assets may fluctuate and at any time be worth more or less than the amount invested; and
4. That clients should only commit assets that they feel are available for investment on a long-term basis. This is typically a minimum of five to seven years.

Investors should carefully consider these facts before implementing our strategies.

#### **Investing in Foreign Securities**

Investing in foreign securities involves risks, including but not limited to currency controls and fluctuation, political risk, economic changes and market risks, as well as different legal standards governing accounting, auditing, financial reporting, disclosure and regulatory practices. Various administrative difficulties, such as delays in clearing and settling portfolio transactions or in receiving payment of dividends can also lead to additional risk. Investments in developing countries can further heighten these risks. The prices of securities and the income they generate (such as dividends) may fluctuate based on events specific to the company that issued the shares, conditions affecting the general economy and overall market changes, changes or weakness in the company's relevant business sector and other factors. Further, prices of these securities can be affected by financial contracts held by the issuer or third parties (such as derivatives) relating to the security or other assets or indices. There may be little trading in the secondary market for particular equity securities, which may adversely affect the ability to value accurately or dispose of those equity securities. Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may decrease the value and/or liquidity of equity securities. As with all investments, an investor should carefully consider his/her investment objectives and risk tolerance as well as any fees and/or expenses associated with such an investment before investing. International investing may not be suitable for all investors.

Dividend yields change as stock prices change, and companies may change or cancel dividend payments in the future. The fluctuation of foreign currency exchange rates will impact your investment returns if measured in US dollars. Past performance does not guarantee future returns; investments may increase or decrease in value and you may gain or lose money.

As a result of our buy-and-hold strategy, during those time periods when the US dollar is rising in value, or when global stock markets are in decline, our portfolios may lose value, priced in US dollars. Though such declines may be partially offset by dividends, investors unwilling to assume short-term volatility as a trade-off for potential absolute long-term performance should not implement this strategy.

### Mutual Funds

A mutual fund is a company that pools money from many investors and invests the money in stocks, bonds, short-term money-market instruments, other securities or assets, or some combination of these investments. The portfolio of the fund consists of the combined holdings it owns. Each share represents an investor's proportionate ownership of the fund's holdings and the income those holdings generate. The price that investors pay for mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads).

The benefits of mutual funds include professional management, diversification, affordability, and liquidity. Mutual funds also have features that some investors might view as disadvantages:

1. **Costs Despite Negative Returns** - Mutual funds pay operating and other expenses from fund assets regardless of the fund's performance. These expenses are indirectly charged to all holders of the mutual fund shares. Depending on the timing of their investment, investors may also have to pay taxes on any capital gains distribution they receive. This includes instances where the fund went on to perform poorly after purchasing shares.
2. **Lack of Control** - Investors typically cannot ascertain the exact makeup of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.
3. **Price Uncertainty** - With an individual stock, investors can typically obtain real-time (or close to real-time) pricing information with relative ease by checking financial websites or by calling a broker or investment advisor. Investors can also monitor how a stock's price changes from hour to hour—or even second to second. By contrast, the price at which an investor purchases or redeems shares of a mutual fund will typically depend on the fund's NAV, which the fund might not calculate until multiple hours after the investor placed the order. In general, mutual funds must calculate their NAV at least once every business day, typically after the major U.S. exchanges close.

## **ITEM 9 - DISCIPLINARY INFORMATION**

On June 2, 2015, the New Hampshire Bureau of Securities Regulation issued a cease and desist order and fined the firm \$1,250 for failing to pay a \$1,625 penalty in connection with the late filing of financial

statements. It should be noted that this situation was the result of clerical error and personnel transition.

On May 21, 2014, FINRA alleged the following violations: during the relevant period (October 24, 2009 - March 27, 2011), (1) the firm failed to timely report statistical and summary information to FINRA regarding 94 customer complaints it had received, representing a violation of NASD Conduct Rule 3070(c) and FINRA Rule 2010; and (2) the firm failed to establish and maintain systems and establish, maintain and enforce procedures that were reasonably designed to comply with its obligation to report customer complaints, constituting a violation of NASD Conduct Rule 3010 and FINRA Rule 2010. Without admitting to or denying the allegations, the firm consented to sanctions and to the entry of findings; therefore, the firm was censured and fined \$40,000. In connection with this event, the Broker-Dealer Chief Compliance Officer was suspended from acting in a principal capacity for 20 business days and fined \$7,500.

On July 12, 2012, FINRA alleged the following violations of FINRA Rules 2010 and 7450, and NASD Rule 3010: (1) the firm failed to transmit all of its reportable order events (ROEs) that it was required to transmit to the order audit trail system (OATS) on 273 business days; and (2) the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and FINRA rules concerning OATS reporting. Without admitting to or denying the allegations, the firm consented to sanctions and to the entry of findings; therefore, the firm was censured, fined \$15,000 and required to revise its written supervisory procedures regarding OATS reporting within 30 business days of acceptance of the letter of acceptance, waiver and consent (AWCs) by the National Adjudicatory Council (NAC).

On September 19, 2011, FINRA alleged the following violations of SEC Rules 17a-3(a)(18)(i), 17a-4(b), 17a-5, 17a-10, FINRA By-laws Article V, Section 2(c), FINRA Rule 2010, NASD Rules 2110, 2210, 3010(a), 3011(a), 3011(b), 3011(e), 3012(a), 3013, 3070, 3110, 3110(d), and MSRB Rule G-41: (1) the firm did not report timely quarterly statistical information concerning the customer complaints it received to FINRA's Rule 3070 system (since superseded by FINRA's Rule 4530 system); (2) the firm did not maintain complete complaint files and did not enforce its written supervisory procedures pertaining to customer complaint reporting and timely reporting of the complaints on Form U4 for those representatives who were the subject of such complaints; (3) the firm did not enforce its written supervisory control policies and procedures for testing and verifying that the firm's supervisory control procedures and policies were reasonably designed with respect to the activities of the firm to achieve compliance with applicable securities laws, regulations and SRO rules; (4) the firm's annual Rule 3012 Report did not comport with the firm's supervisory control procedures requirements for the preparation of a Rule 3012 Report; (5) the firm did not implement its supervisory control procedures to review the customer account activity of its producing managers; (6) the firm prepared a deficient Rule 3013 Certification as it did not document the firm's processes for establishing, maintaining, reviewing, testing and modifying compliance policies that are reasonably designed to achieve compliance with applicable securities laws, regulations and SRO Rules; (7) the firm did not timely file a Focus Report and Schedule I Report; (8) the firm did not preserve, in an easily accessible place, electronic emails for one of its representatives; (9) the firm offered and sold precious metal related products through an Australian entity but did not develop and implement anti-

money laundering (AML) procedures related to such business;(10) the firm did not implement and enforce its AML procedures and policies related to monitoring accounts for suspicious activity, monitoring employee conduct and accounts, red flags and control/restricted securities; (11) the firm's procedures contained a non-exclusive list of numerous possible red flags that could signal possible money laundering, however, the firm did not take consistent steps to ensure that red flags in accounts were looked at; (12) the firm's AML procedures reference that Suspicious Activity Report (SAR-SF) filings are required under the Bank Secrecy Act; however, because the firm was not consistently reviewing exception reports or red flags, it could not consistently identify and evaluate circumstances that might warrant a SAR-SF filing; (13) the firm did not establish and implement risk based Customer Identification Program (CIP) procedures that were appropriate to the firm's size and type of business and to provide ongoing training to appropriate personnel regarding the use of the firm's internal monitoring tools as required by its AML program; and (14) certain pages of the firm's website contained statements that did not comport with applicable standards. Without admitting to or denying the allegations, the firm consented to the described sanctions and the entry of findings; therefore the firm was censured and fined \$150,000 (\$3,000 of which pertains to the violations of MSRB Rule G-41).

On July 28, 2010, FINRA alleged the following violations of FINRA Rule 2010, and NASD Rules 1017 and 2110: (1) the firm increased its number of sales personnel, a material change in its business operations, prior to filing an application and receiving FINRA's approval for such change; and (2) applicant continued to add sales personnel after FINRA alerted it that such activity was not in compliance with Rule 1017. Without admitting to or denying the allegations, the firm consented to the described sanctions and the entry of findings; therefore, the firm was censured and fined \$15,000.

On February 20, 2009, the Commissioner of the Connecticut Department of Banking (the "Department") entered a Consent Order (No. CO-08-7611-S) with respect to Euro Pacific Capital, Inc. The Consent Order alleged that (1) the firm violated Section 36b-16 of the Connecticut Uniform Securities Act (the "Act") by effecting transactions in unregistered non-exempt securities; and (2) the firm acted in contravention of Section 36b-14(d) of the Act and Section 36b-31-14f(b) of the Regulations of Connecticut State Agencies promulgated under the Act by failing to promptly provide records to the Securities and Business Investments Division (the "Division") of the Department when requested. The Consent Order directed the firm to cease and desist from engaging in conduct constituting a violation of the Act or any regulation promulgated by the Act, and required that it retain an independent consultant to review its internal supervisory and compliance procedures for conformity with applicable legal requirements. The Consent Order also required that the firm pay \$7,500 to the Department. Of that amount, \$6,500 constituted an administrative fine and \$1,000 would be applied to reimburse the Division for agency examination costs.

On February 4, 2009, FINRA alleged the following violations of NASD Rules 1017, 2110, 2210(d)(1)(A), 2210(d)(1)(B), 2210(d)(2)(B), 3010, 3011(a), 3011(b) and 3011(e): (1) the firm failed to timely develop and implement a written AML program and provide AML training; (2) the firm failed to receive and respond to requests from the Financial Crimes Enforcement Network of the U.S. Department of the Treasury; (3) the firm failed to file an application to obtain approval from FINRA for a material change in its business operations when it accepted client funds requiring an increase in its net capital requirement,



which it met; (4) the firm's website did not present balanced discussions of risks and contained certain misleading and unwarranted statements, and contained comparisons of services that failed to disclose all material differences; and (5) the firm failed to establish and maintain a supervisory system and written procedures that were reasonably designed to ensure compliance with rules concerning best execution of customer foreign securities transactions. Without admitting to or denying the allegations, the firm consented to the described sanctions and to the entry of findings; therefore, the firm was censured and fined \$37,500.

On October 21, 2008, FINRA alleged the following violations of SEC Rule 17a-3, and NASD Rules 2110, 3010 and 3110: (1) the firm failed, within 90 seconds after execution, to transmit to the OTC reporting facility last sales reports of transactions in OTC equity securities; (2) the firm failed to show the correct time of execution on brokerage order memoranda; and (3) the firm's supervisory system did not provide for supervision reasonably designed to achieve compliance with applicable securities laws, regulations and NASD rules concerning trade reporting. It should be noted that there was never any type of concern expressed that the firm was attempting to manipulate markets or clients in any way whatsoever. Without admitting to or denying the allegations, the firm consented to the described sanctions and to the entry of findings; therefore, it was censured, fined \$14,500 and required to revise its written supervisory procedures regarding trade reporting within 30 business days of acceptance of the AWC by the NAC. It should also be noted that the required changes were made in 2006, well before the end of the reporting period in question. The problem was detected and clearly corrected well before the end of the reporting period that was reviewed, and there were no instances of reports after the 90 second limit after the correction occurred on October 6, 2006. The late reports represented less than 3% of the total trades executed by the firm during the reporting period. This was strictly a matter of regulatory trade reporting.

On January 19, 2007, NASD alleged the following violation of NASD Rule 6130(d): the firm failed to report to the NASDAQ Market Center the execution time in transactions in eligible securities. Without admitting to or denying the allegations, the firm consented to the described sanctions and to the entry of findings; therefore, the firm was censured and fined \$7,500.

On September 18, 2006, the Secretary of State of Illinois entered a Consent Order (No. 0600201) with respect to Euro Pacific Capital, Inc. The Consent Order alleged that the firm failed to file the Designated Principals Form as required by Section 8.B(9)(a) of the Illinois Securities Law of 1953. This form consisted of only contact information for a designated principal. The action was solely administrative in nature, and did not involve clients or trading in any way whatsoever. The firm was ordered to pay a monetary fine of \$1,500, and levied \$500 for investigative costs.

On August 10, 2005, NASD alleged the following violation of NASD Marketplace Rule 6130(b) and NASD Rule 2110: the firm failed to accept or decline, within twenty minutes after execution, transactions in eligible securities in the NASDAQ Market Center. Without admitting to or denying the allegations, the firm consented to the described sanctions and to the entry of findings; therefore, the firm was censured and fined \$6,000.

## ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

### (a) Dual Registration as Broker-Dealer

Euro Pacific is also registered as a full service broker-dealer with the SEC and is a member of FINRA. Euro Pacific spends approximately 50% of our time on providing brokerage services to clients. As a full service broker-dealer, Euro Pacific sells a variety of products and services to our brokerage clients. In addition, a number of our personnel perform various advisory services in addition to their brokerage services. These registered representatives of Euro Pacific may execute securities brokerage transactions on a fully disclosed commission basis; however, they will not receive any commissions on transactions in advisory client accounts.

Euro Pacific, as a registered broker-dealer, also participates in the Perth Mint Certificate Program. Through this program, Euro Pacific sells gold certificates for bullion stored at the Perth Mint in Western Australia.

Euro Pacific Capital is engaged as a Placement Agent for Euro Pacific Energy, LLC, a Delaware limited liability company formed in December of 2009. Euro Pacific Energy is raising a minimum of \$20 million in capital to drill for oil within the Williston Basin in North Dakota. As a Placement Agent, Euro Pacific Capital will receive a commission of 7% of the proceeds of the offering and a profits interest in Euro Pacific Energy, allowing Euro Pacific Capital to benefit from the future value and profits of Euro Pacific Energy. Peter Schiff is a Member of the Advisory Board of Euro Pacific Energy.

A conflict of interest exists to the extent that Euro Pacific recommends the purchase of securities where Euro Pacific's personnel receive commissions or other additional compensation as brokerage representatives. However, clients are under no obligation to act on any recommendations of the individuals or place any transactions through them if they decide to follow their recommendations.

### (b) Related Investment Advisor

Euro Pacific is related to EPAM, an SEC registered investment advisor that acts as sub-advisor to Euro Pacific advisory clients and as advisor to proprietary mutual funds. Euro Pacific and EPAM are under joint ownership and control. Peter Schiff is the majority owner of EPAM and serves as its Investment Committee Chairman. Euro Pacific, as registered broker-dealer, has entered into a selling agreement with the EPAM-managed Funds and will be the primary distributor for the Funds. The Funds are also available through various other unrelated broker-dealers. Euro Pacific, as a registered investment advisor, will not be providing any services to the Funds. Euro Pacific may recommend the Funds to our brokerage clients, based on a client's needs and objectives.

#### Dual Chief Compliance Officer (CCO)

Robert Decker, the Chief Compliance Officer ("CCO") for Euro Pacific's advisory business, is also the CCO of Euro Pacific's broker dealer. Mr. Decker allocates time as needed for each entity.

### **(c) Other Related Businesses**

Euro Pacific is also related to/under common control with the following entities majority owned by Peter Schiff:

1. Schiff Gold (formerly known as Euro Pacific Precious Metals, LLC) sells gold and silver coins and bullion and receives sales commissions on purchases of coins and bullion. Clients who desire to purchase coins and/or bullion may transact with any dealer, and are under no obligation to purchase products through Schiff Gold.
2. Euro Pacific Bank Ltd., a licensed offshore bank which owns majority interests in Euro Pacific Funds SCC Ltd., Euro Pacific Advisors Ltd., Euro Pacific International Ltd. and Global Trading Ltd., and minority interest in Euro Pacific Canada. These entities offer investment-related products and services to non-U.S. investors only; therefore the products and services of these companies will not be offered to Euro Pacific's advisory clients.

## **ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

### **(a) Code of Ethics**

Euro Pacific believes that we owe clients the highest level of trust and fair dealing. As part of our fiduciary duty, we place the interests of our clients ahead of the interests of the firm and our personnel. We have adopted a Code of Ethics (the "Code") that outlines the high standards of conduct that Euro Pacific seeks to observe. Euro Pacific's personnel are required to conduct themselves with integrity at all times and follow the principles and policies detailed in our Code of Ethics.

Euro Pacific's Code of Ethics attempts to address specific conflicts of interest that either we have identified or that could likely arise. Euro Pacific's personnel are required to follow guidelines from the Code in areas such as gifts and entertainment, other business activities, prohibitions of insider trading and adherence to applicable federal securities laws.

When associated persons engage in the types of activity described below, they must adhere to the following general principles as well as to the Code's specific provisions:

1. At all times, the interests of Euro Pacific's clients must come first;
2. Employee personal security transactions must be conducted consistent with the Code in a manner that avoids actual or potential conflict of interest; and
3. No inappropriate advantage should be taken of any position of trust and responsibility.

#### **Procedures Regarding Trading by Access Persons in Personal Accounts**

Euro Pacific's Access Persons are subject to personal trading policies governed by the Code of Ethics. Euro Pacific or our personnel may trade in securities for our/their own accounts. The securities we trade

in may be the same securities recommended to clients. Personal trading activities present a potential conflict of interests as we may have an incentive to take investment opportunities from clients for our own benefit or to use the information about the transactions we intend to make for clients to our personal benefit by trading ahead of clients. We have adopted policies to address these conflicts. Day-to-day management of client accounts is delegated to a sub-advisor, and Euro Pacific personnel do not generally have access to information about intended trades for clients. In addition, no Access Person may purchase or sell shares of certain securities in an Initial Public Offering or Limited Offering without pre-approval from the advisory CCO.

### *Gifts*

No advisory associate will give or receive any gift or other item of more than \$100 in value to/from any person or entity that does business with or on behalf of Euro Pacific without prior approval from the advisory CCO. All gifts given and received, of any value, must be reported to the advisory CCO.

### *Misuse of Non-Public Information*

No advisory associate will divulge or act upon any material, non-public information, as such activity is defined under relevant securities laws and in Euro Pacific's written Insider Trading Policy.

### *Reporting and Compliance Procedures*

Submission of Quarterly and Annual Reports: All Access Persons are required to report to Euro Pacific's Compliance Department complete information regarding security transactions in their personal accounts that took place during the preceding quarter. In addition, all Access Persons are required to submit to the Compliance Department, on an annual basis, a complete report of all their security holdings and brokerage accounts.

Annual Acknowledgement of Code of Ethics: Every advisory associate will receive a copy of the Code initially upon hire and at any time an amendment takes place. Every advisory associate is required to read and understand the requirements of the Code, and then submit to the Compliance Department a signed certification acknowledging receipt of the Code.

Sanctions: If it is determined that a violation of the Code has occurred, Euro Pacific's senior management may impose such sanctions as it deems appropriate, including, but not limited to, disgorging profits made by the violator, suspension of employment and/or dismissal from Euro Pacific.

A complete copy of Euro Pacific's current Code of Ethics is available by sending a written request to the CCO at our main office or by calling Euro Pacific at 800-727-7922.

## **(b) Participation or Interest in Client Transactions**

The following items represent situations where a conflict of interest may exist between the client and Euro Pacific and/or our personnel.

### *Riskless Principal Transactions*

There may be times when the sub-advisor feels it is in the best interest of certain clients to have Euro Pacific execute a riskless principal transaction (i.e. where Euro Pacific, acting as broker-dealer, purchases a security from one advisory client into our inventory and simultaneously sells the security out of our inventory to another advisory or brokerage client). We only consider executing principal transactions when a clear benefit exists to the client and never for the sole benefit of Euro Pacific. One advantage of principal transactions is the ability to narrow spreads on thinly traded positions, potentially receiving more favorable pricing on both the buy and sell sides than the market currently offers. In addition, principal transactions can provide greater liquidity for clients than may have existed otherwise.

Potential conflicts that can exist when conducting principal transactions include the incentive to favor proprietary accounts when establishing pricing or to dispose of underperforming assets from proprietary portfolios, as well as other abuses in the absence of full market disclosure. In advance of each principal transaction, Euro Pacific provides participating clients with important details of the proposed trade and obtains the client's consent.

### *Agency Cross Transactions*

There may be times when the sub-advisor feels it is in the best interest of clients to have Euro Pacific perform an agency cross transaction (i.e. where Euro Pacific, acting as broker-dealer, sells a security from one advisory account to another advisory account and receives a brokerage commission). Agency cross transactions pose a conflict of interest between the interests of Euro Pacific and our clients.

Euro Pacific's practice is to engage in these types of transactions in very limited circumstances, and we will only perform agency cross transactions when the proposed transaction is in the best interests of both clients. Cross transactions prevent market impact (potentially lower price) on a sale transaction and allow potential price improvement on a purchase. In effect, the price sold and the price paid as part of the "cross" is at a better price (bid/ask) than would be achievable if the security is sold to the market and then re-purchased. Euro Pacific will provide details pertaining to all agency cross trades to participating clients prior to or promptly following each crossed transaction. We will request client consent and provide applicable disclosures any time we engage in agency cross transactions.

## **ITEM 12 - BROKERAGE PRACTICES**

### **(a) Factors Considered in Selecting Broker-Dealers for Client Transactions**

Euro Pacific requires clients to establish a brokerage account with our brokerage division and custody their assets with a third-party custodian/broker chosen by Euro Pacific ("Custodial Broker"). Euro Pacific requires that clients maintain their accounts with Euro Pacific's clearing firm National Financial Services, LLC ("NFS"), a subsidiary of Fidelity Investments. Factors considered by Euro Pacific in choosing the Custodial Broker include, but are not limited to, the reasonableness of their commissions, product availability, research and other services available to both the client and Euro Pacific. Euro Pacific continually attempts to obtain any and all services available from the Custodial Broker.

As an investment advisor and broker-dealer, Euro Pacific has a duty to seek best execution for client transactions. While best execution is difficult to define and challenging to measure, there is some consensus that it does not solely mean the achievement of the best price on a given transaction. Rather, it appears to be a collective consideration of factors concerning the trade in question. Such factors include the security being traded, the price of the trade, the timelines of the execution, apparent market conditions at the time the trade is placed (including the float and efficiency of the market) and the need of the particular client. Euro Pacific seeks to obtain best execution for our clients' transactions, which may not necessarily mean the best price or lowest commission available but rather the best overall qualitative execution given the particular circumstances. The sub-advisor is responsible for managing client accounts on a day-to-day basis and selecting the broker-dealer for client transactions in accordance with their best execution policies.

### Support Products and Services

The Custodial Broker may provide Euro Pacific with access to their institutional trading and custody services, which are typically not available to retail investors. These services are generally available to independent investment advisors on an unsolicited basis. Some of the services provided by Custodial Broker also include brokerage, custody, research and access to certain mutual funds and other investments that may not otherwise be available to non-institutional investors or would require a significantly higher minimum initial investment.

The Custodial Broker may also make available to Euro Pacific other products and services that benefit Euro Pacific but may not benefit our clients' accounts. Some of these other products and services may assist Euro Pacific in managing and administering clients' accounts. These may include software and other technology that provide access to client account data (such as trade confirmations and account statements), facilitation of trade execution (and allocation of aggregated trade orders for multiple client accounts), providing research pricing information and other market data and assisting with back-office functions, recordkeeping and client reporting. Many of these services may be used to service all or a substantial number of Euro Pacific's accounts, including accounts not maintained at the Custodial Broker providing the services. The Custodial Broker may also make available to Euro Pacific other services intended to help Euro Pacific manage and further develop our business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance and marketing. In addition, the Custodial Broker may make available, arrange and/or pay for these types of services rendered to Euro Pacific by other independent third parties. While as a fiduciary, Euro Pacific endeavors to act in our clients' best interests, Euro Pacific's requirement that clients maintain their assets in accounts at the Custodial Broker may be based in part on the benefit to Euro Pacific of the availability of some of the foregoing products and services.

In addition, due to the fact that Euro Pacific does not directly pay for these services, including any research received, it may be construed as receipt of an economic benefit by Euro Pacific and therefore, a conflict of interest between Euro Pacific and the client.

### Research and Other Soft Dollar Benefits

Euro Pacific does not currently participate in soft dollar arrangements. The sub-advisor may utilize soft dollars in accordance with their soft dollar policies.

## **(b) Aggregation and Allocation of Transactions**

### Trade Aggregation

The sub-advisor is responsible for managing client portfolios and entering client transactions on an individual or aggregated basis, according to the sub-advisor's policies.

### Allocation of Initial Public Offerings and Private Offerings

If appropriate for the client's overall situation, we may recommend that clients invest in other types of securities such as an initial or secondary public or private offering ("Limited Offering"). Typically, such securities are maintained in a separate brokerage account of the client and are not part of the client's managed advisory account.

## **ITEM 13 - REVIEW OF ACCOUNTS**

### **(a) Advisory Account Reviews**

Accounts are reviewed on an ongoing basis to ensure their conformity with the client's IPS. The review process is based on a variety of factors, which include but are not limited to the client's investment objectives, the economic environment, outlook for the securities markets and the merits of the securities in which the accounts are invested. In addition, a special review of an account may be triggered by one or more of the following: (1) a change in the client's investment objectives, guidelines and/or financial situation communicated by the client; (2) a change in diversification; (3) tax considerations; (4) cash added to or withdrawn from account; (5) a purchase or sale of a security in the account; (6) a major change in the markets; and (7) a request by a client. Reviews of accounts are usually performed by the investment advisor representative ("IAR") assigned to the account. There is no limit to the number of accounts that could be assigned to an individual IAR.

The IAR typically offers one-on-one client portfolio reviews to the clients at least annually. Clients are encouraged to contact Euro Pacific at any time via email or phone to address any questions or concerns.

### **(b) Account Reporting**

Clients receive quarterly written reports from Euro Pacific showing the client's account balance, activity during the quarter and the amount of advisory fees paid to Euro Pacific. Clients also will receive monthly and/or quarterly written account statements from their custodian.

## ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

### (a) Support Products and Services

We receive an economic benefit from Custodial Brokers in the form of the support products and services they make available to us and other independent investment advisors whose clients maintain their accounts at the custodian. These products and services, how they benefit us and the related conflicts of interest are described above (see **Item 12 – Brokerage Practices**). We do not base particular investment advice, such as buying particular securities for our clients, on the availability of the Custodial Broker's products and services to us.

## ITEM 15 - CUSTODY

Euro Pacific has limited custody of some of our clients' funds or securities when the clients authorize us to deduct our management fees directly from the client's account. A qualified custodian (generally a broker-dealer, bank, trust company or other financial institution) holds clients' funds and securities. Clients will receive statements directly from their qualified custodian at least quarterly. The statements will reflect the funds and securities held with the qualified custodian as well as any transactions that occurred in the account, including the deduction of our advisory fee.

Clients should carefully review the account statements they receive from their qualified custodian. When clients receive statements from Euro Pacific as well as from the qualified custodian, clients should compare these two reports carefully. Clients with any questions about their statements should contact us at the address or phone number on the cover of this brochure. Clients who do not receive statements from their qualified custodian at least quarterly should also notify us.

## ITEM 16 - INVESTMENT DISCRETION

Unless specifically agreed upon in advance in writing, Euro Pacific has full discretion to decide the specific security to trade, the quantity and the timing of transactions for client accounts. Euro Pacific will not contact clients before placing trades in their account. Clients will receive confirmations directly from the broker for any trades placed. Clients grant us discretionary authority in the IMA they sign with us, and clients also give us trading authority within their accounts when they sign the custodian paperwork.

Certain client-imposed conditions may limit our discretionary authority, such as where the client prohibits transactions in specific security types. See also **Item 4(c) - Tailored Services and Client Imposed Restrictions** above.

It is Euro Pacific's intention to keep all clients informed, usually via email updates, webinars and reports published on the Internet, of the basic structure of investment portfolios and possible future changes that may be made to those portfolios. Investment and brokerage discretion is maintained legally in order to facilitate the ability to make changes quickly to client accounts should market conditions warrant. The intent of discretion is one of speed and efficiency rather than a desire to reduce communication and interaction with clients. Prospective clients are encouraged to discuss the use of



Euro Pacific's discretion in managing their accounts prior to becoming a client. Discretion is used primarily for the timing, magnitude, and scope of portfolio changes. Euro Pacific maintains an open door policy in terms of the client's ability to ask questions concerning their account(s) or their current investment strategy. In order to faithfully execute a fiduciary duty and allocate the proper amount of time to investment research and client account management, Euro Pacific seeks to find a reasonable balance between one-on-one client interaction and maintaining a focus on the primary task of money management.

Through the IMA, clients have granted trading authority to Euro Pacific and our IARs. Since Euro Pacific is compensated on advisory accounts based on the value of the client's account, Euro Pacific is financially motivated to reduce third-party custodial fees (just as an individual investor would be). Euro Pacific feels that the best way to make a prudent business decision on third-party custodial fees (or any third-party fee) is to review the fee in terms of the percentage of the client's principal.

## **ITEM 17 - VOTING CLIENT SECURITIES**

### **(a) Proxy Voting**

Euro Pacific does not accept or have the authority to vote client securities. However, clients may call us if they have questions about a particular solicitation. Euro Pacific will not be deemed have proxy voting authority solely as a result of providing advice or information about a particular proxy vote to a client. Clients will receive their proxies or other solicitations directly from their custodian or a transfer agent. Our investment advisory agreement and/or the plan's written documents will evidence and outline this authority.

Where clients own Euro Pacific Funds in their accounts, EPAM will vote the proxies of the underlying securities within the funds in accordance with their proxy voting policies and procedures, but will not vote the proxies of the fund shares held by the client.

### **(b) Class Actions**

Euro Pacific does not instruct or give advice to clients on whether or not to participate as a member of class action lawsuits, and will not automatically file claims on the client's behalf. However, if a client notifies us that they wish to participate in a class action, we will provide the client with any transaction information pertaining to the client's account that is required by the client to file a proof of claim in a class action.

## **ITEM 18 - FINANCIAL INFORMATION**

Registered investment advisors are required to provide clients with certain financial information or disclosures about the firm's financial condition. Euro Pacific does not require the prepayment of more than \$1,200 in fees per client, six months or more in advance, and does not have or foresee any financial condition that is reasonably likely to impair our ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy proceeding.

## PRIVACY POLICY STATEMENT

We recognize the importance of protecting the confidentiality of nonpublic personal information that we collect about our customers (for the purpose of this document, the term “our customers” refers to you). The information is used to ensure accuracy in reporting and record keeping, to maintain our customers’ accounts, and to carry out requested transactions. Keeping this information secure is a top priority for us, and we are pleased to share with you our privacy policy.

1. We collect nonpublic personal information about our customers from the following sources:

- Applications or other forms (such as name, address, social security number, assets and income).
- Customers’ transactions with us, their financial organizations or others.
- Consumer reporting agencies (such as credit worthiness and credit history).

2. Our internal data security policies restrict access to nonpublic personal information to authorized employees only. We maintain physical, electronic and procedural safeguards that are designed to comply with federal standards to protect our customers’ nonpublic personal information. Employees who violate our data security policies are subject to disciplinary action, up to and including termination.

3. We may disclose nonpublic personal information about our customers to our affiliates, such as banks, mortgage lenders, and securities broker-dealers, in order to provide our customers with access to product offerings and product upgrades, and in order for our affiliates to provide services to us, such as data processing and loan servicing. We may disclose to our affiliates all of the information that we collect, as described above.

4. We may disclose nonpublic personal information about our customers to nonaffiliated third-parties with whom we have contracted to perform services on our behalf, such as, printing, mailing, fraud prevention, and data processing services, as well as nonaffiliated financial organizations with which we have clearing agreements. We may disclose all of the information that we collect, as described above. We may also disclose nonpublic personal information about our customers as permitted or required by law.

5. We do not disclose nonpublic personal information about former customers, except as permitted or required by law.

6. If our customers visit the Euro Pacific Capital website, we may occasionally use a “cookie” in order to provide better service, to facilitate our customers’ use of the website, to track usage of the website and to address security hazards. A cookie is a small piece of information that a website stores on a personal computer and which it can later retrieve. We may use cookies for some administrative purposes, for example, to store our customers’ preferences for certain kinds of information. None will contain information that will enable anyone to contact our customers via telephone, email, or any other means. If our customers are uncomfortable with the use of cookie technology, they can set their browsers to

refuse cookies. Certain of our services, however, may be dependent on cookies and our customers may disable those services by refusing cookies.