

# **2020 Firm Brochure**

(Part 2A of Form ADV)

## **MUTUAL FUND PROTECTION SERVICE**

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This brochure provides information about the qualifications and business practices of Mutual Fund Protection Service. If you have any questions about the contents of this brochure, please contact us at: 303-697-3174, or by email at: [info@investps.com](mailto:info@investps.com). 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 Mutual Fund Protection Service is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

Mutual Fund Protection Service is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

## Item 2. Material Changes

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### Annual Update

Form ADV Part 2A requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last updating amendment dated March 11, 2019, there are the following material changes to report:

- Kendra Bayens, Chief Compliance Officer and Client Service Specialist, left the firm in March 2019. Patrick Hennessy, Head Trader, took over the role of Chief Compliance Officer.
- The firm began running a new equity hedging overlay for select clients in 2019. The details are covered in the investment strategies section of the ADV.

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### Full Brochure Available

Whenever you would like to receive a complete copy of our Firm Brochure, please contact us by telephone at: 303-697-3174 or by email at: [info@investps.com](mailto:info@investps.com).

## Item 3. Table of Contents

<b>Item 1. Cover Page</b> .....	<b>i</b>
<b>Item 2. Material Changes</b> .....	<b>ii</b>
Annual Update.....	ii
Full Brochure Available.....	ii
<b>Item 3. Table of Contents</b> .....	<b>1</b>
<b>Item 4. Advisory Business</b> .....	<b>i</b>
Firm Description .....	i
Principal Owners .....	i
Types of Advisory Services .....	i
Tailored Relationships .....	ii
Types of Agreements .....	ii
Financial Planning Agreement.....	ii
Advisory Service Agreement .....	ii
Hourly Planning Engagements .....	ii
Asset Management.....	iii
Termination of Agreement .....	iii
<b>Item 5. Fees and Compensation</b> .....	<b>iii</b>
Fee Billing.....	iii
Description.....	iv
Other Fees.....	iv
<b>Item 6. Performance-Based Fees and Side-By-Side Management</b> .....	<b>v</b>
Description.....	v
<b>Item 7. Types of Clients</b> .....	<b>v</b>
Description.....	v
Account Minimums .....	v
<b>Item 8. Methods of Analysis, Investment Strategies and Risk of Loss</b> .....	<b>vi</b>
Methods of Analysis .....	vi
Investment Strategies .....	vi
Risk of Loss.....	vii
<b>Item 9. Disciplinary Information</b> .....	<b>viii</b>
Legal and Disciplinary.....	viii
<b>Item 10. Other Financial Industry Activities and Affiliations</b> .....	<b>viii</b>
Description.....	viii

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

Code of Ethics ..... ix

Participation or Interest in Client Transactions ..... ix

Personal Trading ..... ix

**Item 12. Brokerage Practices ..... ix**

Selecting Brokerage Firms ..... ix

Best Execution..... X

Soft Dollars ..... X

Brokerage for Client Referrals ..... X

Directed Brokerage..... X

Order Aggregation ..... X

**Item 13. Review of Accounts..... X**

Periodic Reviews ..... X

Regular Reports ..... xi

**Item 14. Client Referrals and Other Compensation ..... xi**

Incoming Referrals ..... xi

Referrals Out ..... xi

**Item 15. Custody ..... xi**

Account Statements ..... xi

Performance Reports..... xi

**Item 16. Investment Discretion ..... xi**

Discretionary Authority for Trading ..... xi

Limited Power of Attorney..... xii

**Item 17. Voting Client Securities ..... xii**

Proxy Votes ..... xii

**Item 18. Financial Information ..... xii**

Financial Condition ..... xii

**Brochure Supplement (Part 2B of Form ADV)..... 1**

## Item 4. Advisory Business

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### Firm Description

Mutual Fund Protection Service, DBA Investment Protection Service, and DBA Integrity Prosperity Security (IPS) Strategic Capital, was founded in 1993.

Mutual Fund Protection Service provides personalized confidential financial planning and investment management to individuals, pension and profit sharing plans, trusts, estates, charitable organizations and small businesses. The firm also provides investment management services as an adviser and/or sub-adviser to an investment company through its mutual fund the IPS Strategic Capital Absolute Return Fund (the "Fund") which is a series of the WP Trust, a Delaware Statutory Business Trust (the "Trust"). Advice is provided through consultation with the client and may include: determination of financial objectives, identification of financial problems, cash flow management, tax planning, insurance review, investment management, education funding, retirement planning, and estate planning.

Mutual Fund Protection Service is a fee-only financial planning and investment management firm however, the firm may sell annuities and insurance.

Investment advice is an integral part of financial planning. In addition, Mutual Fund Protection Service advises clients regarding cash flow, college planning, retirement planning, tax planning and estate planning.

Investment advice is provided, along with discretionary investment management through a limited power of attorney assignment by the client. Mutual Fund Protection Service does not act as a custodian of client assets. The client always maintains asset control. Mutual Fund Protection Service places trades for clients under the limited power of attorney assignment.

Periodic reviews are also communicated to provide reminders of the specific courses of action that need to be taken. More frequent reviews occur but are not necessarily communicated to the client unless immediate changes are recommended.

Other professionals (e.g., lawyers, accountants, insurance agents, etc.) are engaged directly by the client on an as-needed basis. Conflicts of interest will be disclosed to the client in the unlikely event they should occur.

The initial meeting, which may be by telephone, is free of charge and is considered an exploratory interview to determine the extent to which financial planning and investment management may be beneficial to the client.

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### Principal Owners

Dominick Paoloni is a 100% stockholder.

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### Types of Advisory Services

Mutual Fund Protection Service provides investment supervisory services, also known as asset management services; manages investment advisory accounts not involving investment supervisory services; furnishes investment advice through consultations; issues periodicals about securities by subscription; issues special reports about securities; and issues, charts, graphs, formulas, or other devices which clients may use to evaluate securities.

On more than an occasional basis, Mutual Fund Protection Service furnishes advice to clients on matters not involving securities, such as financial planning matters, taxation issues, and trust services that may include estate planning.

Mutual Fund Protection Service provides investment management services for the IPS Strategic Capital Absolute Return Fund. These services include the investment and reinvestment of the

assets of the Fund; the continuous review, supervision, and administration of the investment program of the Fund; and the selection of securities to be purchased, retained or sold.

As of 12/31/2019, Mutual Fund Protection Service manages approximately \$72,236,240 in assets for approximately 203 clients. Approximately \$62,878,234 is managed on a discretionary basis, and \$9,358,006 is managed on a non-discretionary basis. There is approximately an additional \$7,248,664 of non-advisory client assets invested in the IPS Strategic Capital Absolute Return Fund (IPSAX).

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### **Tailored Relationships**

The goals and objectives for each client are documented in our client relationship management system. Investment policy statements may be created that reflect the stated goals and objective. Clients may impose restrictions on investing in certain securities or types of securities.

Agreements may not be assigned without client consent.

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### **Types of Agreements**

The following agreements define the typical client relationships.

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### **Financial Planning Agreement**

A financial plan is designed to help the client with all aspects of financial planning without ongoing investment management after the financial plan is completed.

The financial plan may include, but is not limited to: a net worth statement; a cash flow statement; a review of investment accounts, including reviewing asset allocation and providing repositioning recommendations; strategic tax planning; a review of retirement accounts and plans including recommendations; a review of insurance policies and recommendations for changes, if necessary; one or more retirement scenarios; estate planning review and recommendations; and education planning with funding recommendations.

Detailed investment advice and specific recommendations are provided as part of a financial plan. Implementation of the recommendations is at the discretion of the client.

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### **Advisory Service Agreement**

Most clients choose to have Mutual Fund Protection Service manage their assets in order to obtain ongoing in-depth advice and life planning. Realistic and measurable goals are set and objectives to reach those goals are defined. As goals and objectives change over time, suggestions are made and implemented on an ongoing basis.

The scope of work and fee for an Advisory Service client includes: insurance review; investment management (including performance reporting); education planning; retirement planning; and estate planning as well as the implementation of recommendations within each area.

Although the Advisory Service Agreement is an ongoing agreement and constant adjustments are required, the length of service to the client is at the client's discretion. The client or the investment manager may terminate an Agreement by written notice to the other party. At termination, fees will be rebated on a pro rata basis for the uncompleted portion of the quarter. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination. The Advisory Service Agreement dictates a one-year fee commitment, even if the client terminates the relationship in the first year.

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### **Hourly Planning Engagements**

Mutual Fund Protection Service may provide hourly planning services for clients who need advice on a limited scope of work. The hourly rate for limited scope engagements is \$250.

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## **Asset Management**

Assets may be invested in no-load mutual funds and exchange-traded funds, usually through discount brokers or fund companies. Fund companies charge each fund shareholder an investment management fee that is disclosed in the fund prospectus. Discount brokerages may charge a transaction fee for the purchase of some funds.

Stocks and bonds may be purchased or sold through a brokerage account when appropriate. The brokerage firm charges a fee for stock and bond trades. Mutual Fund Protection Service does not receive any compensation, in any form, from the purchase and sale of stocks and bonds.

Options may be purchased or sold in client accounts in order to provide protection and income. The brokerage firm charges a fee for options trades. Mutual Fund Protection Service does not receive any compensation, in any form, from the purchase and sale of options.

Mutual Fund Protection Service may recommend our clients' invest in mutual funds where Mutual Fund Protection Service serves as the investment manager. As a result, Mutual Fund Protection Service receives management fees paid by the Fund. Mutual Fund Protection Service does not charge clients any management fees on the value of the shares of the Fund held by the client.

Investments may also include: equities (stocks), warrants, corporate debt securities, commercial paper, certificates of deposit, municipal securities, investment company securities (variable life insurance, variable annuities, and mutual funds shares), U. S. government securities, options contracts, futures contracts, and interests in partnerships.

Initial public offerings (IPOs) are not available through Mutual Fund Protection Service.

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## **Termination of Agreement**

A Client may terminate any of the aforementioned agreements at any time by notifying Mutual Fund Protection Service in writing and paying the rate for the time spent on the investment advisory engagement prior to notification of termination. If the client made an advance payment, Mutual Fund Protection Service will refund any unearned portion of the advance payment. As mentioned above, a year commitment is required.

Mutual Fund Protection Service may terminate any of the aforementioned agreements at any time by notifying the client in writing. If the client made an advance payment, Mutual Fund Protection Service will refund any unearned portion of the advance payment.

## **Item 5. Fees and Compensation**

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### **Fee Billing**

Investment management fees are billed quarterly, in advance, meaning that we bill when the three-month billing period begins. Fees are deducted from a designated client account to facilitate billing. The client must consent in advance to direct debiting of their investment account.

Mutual Fund Protection Service will submit and invoice directly to the custodian, which only indicates the fee payment amount. The custodian agrees to send the client a statement, at least quarterly, indicating all amounts dispersed from the account including the amount of the management fee paid. The custodian does not verify the fee calculation; therefore, it is the client's responsibility to review and confirm the accuracy of the fee payment.

For clients with assets invested in the IPS Strategic Capital Absolute Return Fund, when calculating the monthly value for the quarterly management fee, the value of any shares that the client holds in the Fund are excluded from the monthly value and no additional fees are charged on those invested dollars.

Fees for financial plans are billed 50% in advance, billed separately from investment accounts, with the balance due upon delivery of the financial plan.

At termination, fees will be rebated on a pro rata basis for the uncompleted portion of the quarter. The portfolio value at the completion of the prior full billing quarter is used as the basis for the fee computation, adjusted for the number of days during the billing quarter prior to termination.

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## Description

Mutual Fund Protection Service bases its fees on a percentage of assets under management, hourly charges, and fixed fees (not including subscription fees). Exceptions to this are client assets that the firm invests into its IPS Strategic Capital Absolute Return Fund. The firm will not charge fees directly on these assets since the firm will receive advisory and administration fees indirectly from the Fund. A complete explanation of fees and expenses charged by the Fund is contained in the Fund's prospectus or offering memorandum.

This Fee Schedule is subject to negotiation, depending on a number of factors of which some were discussed previously, but not limited to, the size, nature and the scope of complexity of a relationship.

Assets Under Management	Fee Schedule*
Less than \$100,000	2.00%
\$100,000 to \$500,000	\$5,000/year or 2.00%
Greater than \$500,000	1.00%

\* The standard annual Advisory Service Agreement fee is based on 1% of the AUM annually. The minimum annual fee is \$5,000 and is negotiable. In some instances, where the AUM is below the minimum, a 2% annual fee may be assessed. Current client relationships may exist where the fees are lower than the fee schedule above. Under certain circumstances the fee will be waived all together. Mutual Fund Protection Service reserves the right to charge between 1% and 3% of AUM per year depending on the scope of work and AUM of a client. Fees are assessed in advance.

Financial plans are priced according to the degree of complexity associated with the client's situation. The fee for a financial plan is predicated upon the facts known at the start of the engagement. Mutual Fund Protection Service charges a fee which ranges from \$1,000 to \$3,500 and is negotiable.

Since financial planning is a discovery process, situations occur wherein the client is unaware of certain financial exposures or predicaments. In the event that the client's situation is substantially different than disclosed at the initial meeting, a revised fee will be provided for mutual agreement. The client must approve the change of scope in advance of the additional work being performed when a fee increase is necessary.

After delivery of a financial plan, future face-to-face meetings may be scheduled as necessary for up to one month. Changes to the plan after delivery may be charged at a \$250/hour rate.

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## Other Fees

Mutual Fund Protection Service, in its sole discretion, may waive its minimum fee and/or charge a lesser investment advisory fee based upon certain criteria (e.g., historical relationship, type of assets, anticipated future earning capacity anticipated future additional assets, dollar amounts of assets to be managed, related accounts, account composition, negotiations with clients, etc.). Some advisory agreement clients may have the fee waived for financial planning services.

Custodians may charge transaction fees on purchases or sales of certain mutual funds and exchange-traded funds. These transaction charges are usually small and incidental to the



purchase or sale of a security. The selection of the security is more important than the nominal fee that the custodian charges to buy or sell the security.

Mutual funds generally charge a management fee for their services as investment managers. The management fee is called an expense ratio. For example, an expense ratio of 0.50 means that the mutual fund company charges 0.5% for their services. These fees are in addition to the fees paid by you to Mutual Fund Protection Service, with the exception of client assets invested in the IPS Strategic Capital Absolute Return Fund.

Mutual Fund Protection Service is the investment adviser to the IPS Strategic Capital Absolute Return Fund. As such, Mutual Fund Protection Service receives a management fee paid to it by the Fund. The management fee paid by the Fund to the firm will be a 1% annual management fee at all asset levels. This fee will be accrued and calculated daily and payable monthly. This is comparable to the management fees charged to clients of the firm for advisory services. Mutual Fund Protection Service does not participate, share or materially benefit, in any of the other costs to operate or manage the mutual fund, including commissions. Mutual Fund Protection Service does not charge clients any advisory management fees on the value of the shares of the Fund held by the client.

Persons providing investment advice on behalf of the firm may be licensed as insurance agents. These persons may earn commission-based compensation for selling insurance products, including insurance products sold to clients. Insurance commissions earned by these persons are separate from our advisory fees. This practice presents a conflict of interest because persons providing investment advice on behalf of our firm who are insurance agents have an incentive to recommend insurance products to you for the purpose of generating commissions rather than solely based on your needs. However, you are under no obligation, contractually or otherwise, to purchase insurance products through any person affiliated with our firm.

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

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### **Description**

Mutual Fund Protection Service does not use a performance-based fee structure or participate in side-by-side management because of the potential conflicts of interest.

Performance-Based Fees are fees that are based on a share of capital gains or appreciation of the assets of a client's account which may create an incentive for the adviser to recommend an investment that may carry a higher degree of risk to the client. Side-By-Side Management refers to the practice of charging accounts a performance-based fee arrangement while charging other accounts under a different fee arrangement.

## **Item 7. Types of Clients**

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### **Description**

Mutual Fund Protection Service generally provides investment advice to individuals, high net worth individuals and families, investment companies, financial advisers, pension and profit sharing plans, trusts, estates, charitable organizations, corporations and other business entities.

Client relationships vary in scope and length of service.

### **Account Minimums**

The minimum account size is \$500,000 of assets under management, which equates to an annual fee of \$5,000.

When an account falls below \$500,000 in value, the minimum annual fee of \$5,000 is charged.

Mutual Fund Protection Service has the discretion to waive the account minimum. Accounts of less than \$500,000 may be set up when the client and the adviser anticipate the client will add additional funds to the accounts bringing the total to \$500,000 within a reasonable time. Other exceptions will apply to employees of Mutual Fund Protection Service and their relatives, or relatives and certain referrals of existing clients.

Clients receiving ongoing asset management services will be assessed a \$5,000 minimum annual fee. This fee may be negotiated. Clients with assets below the minimum account size may pay a higher percentage rate on their annual fees than the fees paid by clients with greater assets under management.

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

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### **Methods of Analysis**

Security analysis methods may include back testing, regression analysis, charting, fundamental analysis, technical analysis, and cyclical analysis. The firm will utilize proprietary models to help with options valuation, optimal portfolio positioning, and dynamic hedging.

The main sources of information may include empirical historical data, financial newspapers and magazines, inspections of corporate activities, research materials prepared by others, corporate rating services, annual reports, prospectuses, and analysis of performance data.

Other sources of information that Mutual Fund Protection Service may use include but are not limited to: Bloomberg Professional®, Option Net Explorer, Microsoft Excel, Python, TD Ameritrade VEO, TD Ameritrade ThinkPipes, Interactive Brokers Trader Workstation, and Financial Websites.

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### **Investment Strategies**

Mutual Fund Protection Service has implemented an options based strategy intended to help generate returns with a risk managed approach within the portfolio. The firm primarily trades index options which are taxed at 60% long term gains/40% short term gains, providing clients with a strategy that is tax beneficial relative to the holding period of the options traded. The IPS Strategic Capital Absolute Return Fund will also utilize this same investment practice.

Mutual Fund Protection Service may also employ several different investment strategies. An example of one that may be used in client accounts is top-down tactical asset allocation utilizing dynamic conditional correlation. This means that Mutual Fund Protection Service continually looks at macroeconomic events and considers how they will affect its assets, coupled with technical analysis and asset correlation analysis. Portfolios are globally diversified to control the risk associated with traditional markets.

Mutual Fund Protection Service builds custom structured investments in client accounts, upon request by the client, that create synthetic buffered portfolios. These strategies use a combination of fixed income and option securities.

Mutual Fund Protection Service also runs a hedge overlay strategy for select clients that involves the use of exchange-listed options contracts to hedge equity risk. The strategy is intended to provide downside protection from the volatility that is associated with equity investing. The hedging approach used is similar to the one implemented in the mutual fund (IPSAX) managed by the firm but can be run as an overlay directly in a clients' separately managed account.

The investment strategy for a specific client is based upon the objectives stated by the client during consultations. The client may change these objectives at any time. The client may execute an Investment Policy Statement that documents their objectives and their desired investment strategy.

Other strategies may include long-term purchases, short-term purchases, trading, short sales, margin transactions, and option writing (including covered options, uncovered options or spreading strategies).

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## **Risk of Loss**

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following investment risks:

- **Default Risk:** The event in which companies or individuals will be unable to make the required payments on their debt obligations. Lenders and investors are exposed to default risk in virtually all forms of credit extensions.
- **Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.
- **Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.
- **Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.
- **Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.
- **Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.
- **Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.
- **Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasury Bills are highly liquid, while real estate properties are not.
- **Financial Risk:** Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.
- **Counterparty Risk:** the likelihood or probability that one of those involved in a transaction might default on its contractual obligation. While all products traded on behalf of clients are exchange listed and centrally cleared, it is still possible that a centralized clearing house can fail, thus leading to counterparty risk.

## Item 9. Disciplinary Information

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### Legal and Disciplinary

The firm and its employees are not aware of any legal or reportable disciplinary events that are material to a client's (past or present) or prospective client's evaluation of our advisory business or the integrity of our management.

## Item 10. Other Financial Industry Activities and Affiliations

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### Description

Mutual Fund Protection Service and its employees are not registered, nor has an application pending to register, as a securities broker-dealer. No employees are registered, nor have an application pending to register as a registered representative of a broker-dealer.

Mutual Fund Protection Service and its employees are not registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator, commodity trading adviser, or an associated person of the foregoing entities.

Mutual Fund Protection Service and its employees do not have any arrangements that are material to its advisory business or its clients with a related person who is a broker-dealer, municipal securities dealer, or government securities dealer or broker, financial planner, commodity pool operator, commodity trading adviser or futures commission merchant, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or a sponsor or syndicator of limited partnerships.

Persons providing investment advice on behalf of the firm may be licensed as insurance agents. These persons may earn commission-based compensation for selling insurance products, including insurance products sold to clients. Insurance commissions earned by these persons are separate from our advisory fees.

Mutual Fund Protection Service, as previously disclosed, is the investment adviser and/or sub-adviser to the WP Trust, a Delaware Statutory Business Trust, an investment company, for the IPS Strategic Capital Absolute Return Fund. As such, Mutual Fund Protection Service receives management fees paid to it by the Fund. The WP Trust is an open-ended management investment company, registered under the Investment Company Act of 1940.

This relationship may cause a conflict of interest in that Mutual Fund Protection Service may make more or less in fees from the Fund than it would from its advisory clients, depending on the size and fee for the client accounts. The Fund may provide additional benefits to the clients, which may or may not outweigh other funds costs as well. There is no guarantee that any benefit will be realized. Mutual Fund Protection Service does not participate, share or materially benefit, in any of the other costs to operate or manage the mutual fund, including commissions. Mutual Fund Protection Service does not charge clients any management fees on the value of the shares of the Fund held by the client.

Mutual Fund Protection Service does not recommend or select other investment advisers for its clients and therefore does not receive compensation directly or indirectly from other advisers that creates a material conflict of interest.

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

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### **Code of Ethics**

The employees of Mutual Fund Protection Service have committed to a Code of Ethics which is in compliance with Rule 204A-1 under the Investment Advisers Act of 1940, which establishes standards of conduct for the employees and any other persons considered “access person” of the firm. These standards of conduct include, but are not limited to, fiduciary obligations to clients and compliance with applicable securities laws.

It is the goal of Mutual Fund Protection Service to always act and conduct business in a manner that is in the best interest of our clients.

Mutual Fund Protection Service will provide a copy of the Code of Ethics to any clients and prospective clients upon request.

Mutual Fund Protection Service may recommend our clients’ invest in mutual funds where Mutual Fund Protection Service serves as the investment manager, if it serves the best interest of the client. As a result, Mutual Fund Protection Service receives a monthly management fee paid by the Fund which is based on an annualized rate of the average daily net asset value of the Fund. Mutual Fund Protection Service does not charge clients any management fees on the value of the shares of the Fund held by the client. Included in the expense ratio for the Fund is a 1% management fee, similar to advisory clients, as well as costs related to the administration of the Fund. Further information regarding the fee schedule and costs can be found in the prospectus for the Fund.

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### **Participation or Interest in Client Transactions**

Mutual Fund Protection Service nor its employees have any material financial interest in client transactions beyond the provision of investment advisory services as disclosed in this Brochure.

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### **Personal Trading**

Mutual Fund Protection Service and its employees may buy or sell securities that are also held by clients. Employees may not trade their own securities ahead of client trades. In order to mitigate any risks that may occur from this conflict of interest all employee accounts are frequently reviewed to ensure that no trading activity is occurring that is not in the best interest of our clients.

Employees of the firm comply with the provisions set forth in the Mutual Fund Protection Service Code of Ethics which strive to insure that the interests of our clients come first.

## **Item 12. Brokerage Practices**

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### **Selecting Brokerage Firms**

Mutual Fund Protection Service does not have any affiliation with product sales firms. Specific custodian recommendations are made to clients based on their need for such services. Mutual Fund Protection Service recommends custodians based on the proven integrity and financial responsibility of the firm and the best execution of orders at reasonable commission rates.

Mutual Fund Protection Service recommends discount brokerage firms and trust companies (qualified custodians), such as TD Ameritrade, Charles Schwab, Nationwide (formerly Jefferson National), Fidelity and Interactive Brokers.

Mutual Fund Protection Service does not receive fees or commissions from any of these arrangements.

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**Best Execution**

Mutual Fund Protection Service reviews the execution of trades at each custodian each year. The review is documented in the Mutual Fund Protection Service Policies and Procedures Manual. Trading fees charged by the custodians are also reviewed on a quarterly basis. Mutual Fund Protection Service does not receive any portion of the trading fees.

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**Soft Dollars**

Mutual Fund Protection Service does not have any soft dollar arrangements.

The firm does receive the following brokerage and investment services at no cost from the custodians it uses: block trading (which provides the ability to aggregate securities transactions for execution and then allocate the appropriate shares to client accounts); the ability to have advisory fees deducted directly from client accounts, duplicate account statements, access to an electronic communications network for client order entry and account information.

These brokerage and investment services will generally be used in servicing all of our clients' accounts and are not limited to only accounts generating commissions for the custodians.

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**Brokerage for Client Referrals**

Mutual Fund Protection Service does not receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research.

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**Directed Brokerage**

Mutual Fund Protection Service's policy and practice is to not accept advisory clients' instructions for directing a client's brokerage transactions to a particular broker-dealer.

Not all advisers require their clients to direct brokerage. By directing brokerage, the firm may be unable to achieve the most favorable execution of client transactions, and this practice may cost clients more money.

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**Order Aggregation**

The aggregation or blocking of client transactions allows an adviser to execute transactions in a more timely, equitable, and efficient manner and seeks to reduce overall commission charges to clients.

As a matter of policy, Mutual Fund Protection Service allocation procedures must be fair and equitable to all clients with no particular group or client(s) being favored or disfavored over any other clients. In an effort to execute fair trading to all clients Mutual Fund Protection Service aggregates most of its equity and option trades and then allocates to individual client accounts. Mutual Fund Protection Service policy prohibits any allocation of trades in a manner that Mutual Fund Protection Service proprietary accounts, affiliated accounts, or any particular client(s) or group of clients receive more favorable treatment than other client accounts. Mutual Fund Protection Service has adopted a clear written policy for the fair and equitable allocation of transactions, (e.g., pro-rata allocation, rotational allocation, or other means).

Most trades are options or exchange-traded funds where trade aggregation does not garner any client benefit.

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**Item 13. Review of Accounts**

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**Periodic Reviews**

Account reviews are performed at least quarterly by adviser Dominick Paoloni, President and CEO. Account reviews are performed more frequently when market conditions dictate. Clients may also

request additional reviews in cases where they have experienced significant changes such as employment status, financial situation or other personal events.

Other conditions that may trigger a review are changes in the tax laws, new investment information, and changes in a client's own situation.

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### **Regular Reports**

Account reviewers are the firm's portfolio manager and portfolio analysts. They are instructed to consider the client's current security positions and the likelihood that the performance of each security will contribute to the investment objectives of the client.

Clients receive periodic communications on at least an annual basis. Advisory Service Agreement clients receive written quarterly updates. The written updates may include a net worth statement, portfolio statement, and a summary of objectives and progress towards meeting those objectives.

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

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### **Incoming Referrals**

Mutual Fund Protection Service has been fortunate to receive many client referrals over the years. The referrals came from current clients, estate planning attorneys, accountants, employees, personal friends of employees and other similar sources. The firm does not compensate referring parties for these referrals.

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### **Referrals Out**

Mutual Fund Protection Service does not accept referral fees or any form of remuneration from other professionals when a prospect or client is referred to them.

## **Item 15. Custody**

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### **Account Statements**

All assets are held at qualified custodians, which means the custodians provide account statements directly to clients at their address of record at least quarterly. Clients should carefully review those statements when they are received.

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### **Performance Reports**

Clients are urged to compare the account statements received directly from their custodians to the performance report statements provided by Mutual Fund Protection Service.

## **Item 16. Investment Discretion**

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### **Discretionary Authority for Trading**

Mutual Fund Protection Service accepts discretionary authority to manage securities accounts on behalf of clients. Mutual Fund Protection Service has the authority to determine, without obtaining specific client consent, the securities to be bought or sold, and the amount of the securities to be bought or sold. However, Mutual Fund Protection Service consults with the client prior to each trade to obtain concurrence if a blanket trading authorization has not been given.

The client approves the custodian to be used and the commission rates paid to the custodian. Mutual Fund Protection Service does not receive any portion of the transaction fees or commissions paid by the client to the custodian on certain trades.

Discretionary trading authority facilitates placing trades in your accounts on your behalf so that we may promptly implement the investment policy that you have approved in writing.

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#### **Limited Power of Attorney**

A limited power of attorney is a trading authorization for purposes as described above. Our clients sign a limited power of attorney so that Mutual Fund Protection Service may execute trades in their accounts that they have approved based on their investment strategy.

### **Item 17. Voting Client Securities**

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#### **Proxy Votes**

Mutual Fund Protection Service does not vote proxies on securities. Clients are expected to vote their own proxies which they will receive by mail from the custodian of their accounts.

When assistance on voting proxies is requested, Mutual Fund Protection Service will provide recommendations to the client. Clients may contact our office at 303-697-3174 if such assistance is needed. If a conflict of interest exists, it will be disclosed to the Client.

### **Item 18. Financial Information**

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#### **Financial Condition**

Mutual Fund Protection Service does not have any financial impairment that will preclude the firm from meeting contractual commitments to clients.

A balance sheet is not required to be provided because Mutual Fund Protection Service does not serve as a custodian for client funds or securities, and does not require prepayment of fees of more than \$1,200 per client, six months or more in advance.

Mutual Fund Protection Service has not been the subject of a bankruptcy petition at any time during the past ten years or since its inception.



**2020 Firm Brochure Supplement**  
(Part 2B of Form ADV)

**DOMINICK PAOLONI**

**MUTUAL FUND PROTECTION SERVICE**

**215 S WADSWORTH BLVD STE 540**

**LAKEWOOD, CO 80226**

**Phone: 303-697-3174**

**Fax: 303-697-3751**

**[www.investps.com](http://www.investps.com)**

**[info@investps.com](mailto:info@investps.com)**

March 2020

This brochures supplement provides information about Dominick Paoloni that supplements the Mutual Fund Protection Service brochure. You should have received a copy of that brochure. Please contact the firm at: 303-697-3174, or by email at: [info@investps.com](mailto:info@investps.com) if you did not receive the Mutual Fund Protection Service's brochure or if you have any questions about the contents of this supplement.

Additional information about Dominick Paoloni is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 2. Educational Background and Business Experience

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### Education and Business Standards

Mutual Fund Protection Service requires that advisers in its employ have a bachelor's degree and may have further coursework demonstrating knowledge of financial planning and tax planning. Examples of acceptable coursework include: an MS, a MBA, a CFP®, a CFA, a ChFC, JD, CTFA, CIMA®, EA or CPA. Additionally, advisers must have work experience that demonstrates their aptitude for financial planning and investment management.

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### Professional Certifications

Employees have earned certifications and credentials that are required to be explained in further detail.

Certified Investment Management Analyst (CIMA®): Credential designed specifically for financial professionals to attain a level of competency and advanced investment consulting.

- Completion of the CIMA certification education program.
- Completion of qualified exam.

Chartered Market Technician (CMT®): Completing the CMT Program demonstrates mastery of a core body of knowledge of investment risk in portfolio management.

- Three years of professional analytical or investment management experience.
  - Membership of the Market Technicians Association.
  - Completion of qualified exams including: CMT Level 1, CMT Level 2 and CMT Level 3.
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### Dominick Paoloni, CIMA®

Educational Background:

- Year of birth: 1958
- University of Colorado, Boulder

Business Experience (last 5 years):

- President & CIO, Mutual Fund Protection Service (1993-Present)

Other Business Activities:

- Adjunct Professor, University of Denver
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### Patrick Hennessy, CMT®

Educational Background:

- Year of birth: 1991
- University of Denver, BSBA

Business Experience (last five years):

- Marketing Coordinator, Mutual Fund Protection Service (2013- Jun 2015)
- Head Trader, Mutual Fund Protection Service (Jun 2015 – Present)
- Chief Compliance Officer, Mutual Fund Protection Service (Mar 2019 – Present)

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**Kirk Glienke, M.S.**

## Educational Background:

- Year of birth: 1963
- Northwestern University, MS
- University of Urbana-Champaign, BS

## Business Experience (last five years):

- Marketing Coordinator, Mutual Fund Protection Service (Nov 2016 – Present)
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**Mahdi Mahjoub, M.S.**

## Educational Background:

- Year of birth: 1987
- University of Denver, MS

## Business Experience (last five years):

- Quantitative Analyst, Mutual Fund Protection Service (Jan 2017 – Present)
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**Thomas Cusack**

## Educational Background:

- Year of birth: 1990
- University of Colorado Denver

## Business Experience (last five years):

- Sales Coordinator, Mutual Fund Protection Service (Dec 2019 – Present)
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**Alexis Downing**

## Educational Background:

- Year of birth: 1996
- University of Central Michigan

## Business Experience (last five years):

- Client Service Specialist, Mutual Fund Protection Service (Jun 2019 – Mar 2020)
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**Mallory Agnew**

## Educational Background:

- Year of birth: 1995
- Metropolitan State University of Denver

## Business Experience (last five years):

- Client Service Specialist, Mutual Fund Protection Service (Mar 2020 – Present)
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**Item 3. Disciplinary Information**

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## Legal and Disciplinary

There are no legal or reportable disciplinary events that are material to a client's (past or present) or prospective client's evaluation of Dominick Paoloni, or any supervised employee of the Firm.

## Item 4. Other Business Activities

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### Description

Dominick Paoloni, nor any employees of the Firm, has any outside business activities.

## Item 5. Additional Compensation

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### Description

Dominick Paoloni, nor any employees of the Firm, receives an economic benefit for providing advisory services from someone who is not a client. Economic benefits include sales awards and other prizes, but do not include the employee's regular salary. Employees of the firm are not provided bonuses based, even in part of, on the number or amount of sales, client referrals, or new accounts.

## Item 6. Supervision

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### Description

Dominick Paoloni is supervised by Patrick Hennessy. He reviews Dominick's work through frequent office interactions as well as remote interactions. He also reviews Dominick's activities through our client relationship management system which provides details of client's suitability, financial status and additional notations that can be used to ensure advice given by Dominick follows the needs of the client.

Kirk Glienke, Mahdi Mahjoub, Thomas Cusack, and Mallory Agnew are supervised by Dominick Paoloni. Dominick reviews their work through frequent office interactions as well as remote interactions. Dominick also reviews their activities through our client relationship management system.

Patrick Hennessy is supervised by Dominick Paoloni and by Matrix 360 Distributors, LLC. Dominick reviews his work through frequent office interactions as well as remote interactions. Matrix 360 Distributors monitors Patrick through quarterly filings and audits as well as onsite visits.

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### Contact Information

Dominick Paoloni, Founder and CIO

- Phone: 303-697-3174
- Email: [dominick@investps.com](mailto:dominick@investps.com)

Patrick Hennessy

- Phone: 303-697-3174
- Email: [patrick@investps.com](mailto:patrick@investps.com)

Matrix 360 Distributors, LLC

- Phone: 877-244-6235
- Address: 4300 Shawnee Mission Parkway Ste 100, Fairway, KS 66205