

**Item 1: Cover Page.**

West Potomac Capital LLC

Form ADV Part 2A

Uniform Application for Investment Adviser Registration

**March 2024**

This Brochure provides information about the qualifications and practices of West Potomac Capital LLC (“West Potomac” or the “Firm”), an Investment Adviser registering with the State of Virginia. Registration with the State of Virginia does not imply that West Potomac or its employees possess a certain level of skill or training. The information in this Brochure has not been approved or verified by the State of Virginia or by any states securities authority. Please contact West Potomac if you have any questions about the contents of this Brochure.

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

West Potomac Capital LLC  
4250 Fairfax Drive, Suite 600  
Arlington, VA 22203  
Phone 703-850-5533  
[www.westpotomaccap.com](http://www.westpotomaccap.com)  
CRD number: 309094

Email: [info@westpotomaccap.com](mailto:info@westpotomaccap.com)

**Item 2: Material Changes.**

This Brochure represents the Firm's change from an SEC Registered Investment Adviser to a Registered Investment Adviser registering with the State of Virginia. In the future any material changes that require updating will be included in this section of the Brochure.

**Item 3: Table of Contents.**

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#### **Item 4: Advisory Business.**

West Potomac Capital LLC is a Limited Liability Company organized in the State of Virginia. West Potomac was formed in December 2019, and the principal owner is Trevor Montano, Founder and Managing Member.

The Firm currently manages Separately Managed Accounts (“SMA”) under a non-discretionary cash management strategy as well as other discretionary investments strategies. It has also begun offering a private investment fund, the WPC Financials Impact Fund I LP (the “Fund”) that is in the fundraising process.

West Potomac may in the future provide portfolio and asset management services on a discretionary and non-discretionary basis to other Clients.

West Potomac does not participate in any wrap fee programs.

##### Assets Under Management

As of February 29, 2024, West Potomac managed approximately \$ 5,293,000 of Client assets on discretionary basis.

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

For both SMA and Fund Clients, West Potomac may receive a management fee and/or a performance fee on an annual basis. For non-discretionary cash management SMAs, management fees are negotiated individually with each Client and generally range from 0.15% to 0.40% annually. For investment strategy SMAs, fees are negotiated individually with each Client, and management fees generally range from 0% to 1.5% with performance fees from 10%-20% annually. The Fund will generally charge a management fee of 1.5% based on the amount of total committed capital during the investment period and invested capital thereafter. The Fund’s performance fee will depend on meeting certain impact performance targets, up to a maximum of 1% on invested capital annually. All fees are payable in arrears.

West Potomac does not act in any capacity as a broker-dealer, and accordingly, West Potomac does not receive any compensation for acting as a broker-dealer. In addition, neither West Potomac nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds or other pooled investment vehicles.

For more information see Item 12.

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

West Potomac undertakes to act in a fair and equitable manner and to resolve and mitigate conflicts or potential conflicts in a timely manner. Because the Firm has the responsibility for managing more than one account, sometimes with different fee structures, (e.g., side-by-side management), potential conflicts of interest can arise, including but not limited to the potential for providing preferential treatment to one account over others in terms of allocation of management time, resources, and investment opportunities.

To mitigate this risk, West Potomac has policies and procedures in place so that investment strategies are systematically applied at an account level to minimize any potential for bias. The Firm has also put in place policies and procedures to address trade allocation decisions and block trading. These policies and procedures (discussed more fully in Item 12) seek to ensure fair allocation of investment opportunities among all Clients. West Potomac periodically examines accounts managed according to similar risk and return parameters to ensure that any material divergence in portfolio holdings is adequately understood.

## Item 7: Types of Clients.

West Potomac provides services to SMAs and the Fund. In the future, the Firm may manage other types of Clients, including additional Funds or other SMAs.

The Firm does not have a minimum investment requirement for SMA Clients, and the Fund has a \$5 million minimum investment for Limited Partners.

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

The Fund and SMAs will follow a financial services sector investment strategy, with both liquid and private equity style investments. Analysis will focus on fundamental research, macroeconomic backdrop, recent events that may drive opportunities and in certain instances, the ability of an institution to impact the community it serves.

### Risk of Loss

Current and prospective Clients should never assume that future performance of any specific investment or investment strategy will be profitable. Investing in securities (including stocks, bonds, and pooled investment vehicles) involves risk of loss. Further, depending on the different types of investments there may be varying degrees of risk. Clients and prospective Clients should be prepared to bear investment loss including loss of original principal.

Below are certain risks associated with investing in securities.

- Market Risk – Any market, whether stocks, bonds, or other asset classes goes up and down as a result of overall market conditions. When markets go down, this can result in a decrease in the value of Client investments. This is also referred to as systemic risk.
- Equity (stock) market risk – Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change. If you held common stock, or common stock equivalents, of any given issuer, you would generally be exposed to greater risk than if you held preferred stocks and debt obligations of the issuer.
- Fixed Income Risk – When investing in bonds, there is the risk that issuer will default on the bond and be unable to make payments. Further, individuals who depend on set amounts of periodically paid income face the risk that inflation will erode their spending power. Fixed-income investors receive set, regular payments that face the same inflation risk.
- ETF and Mutual Fund Risk – Investing in an ETF or mutual fund will bear additional expenses based on the Client's pro rata share of the ETF's or mutual fund's operating expenses, including the potential duplication of management fees. The risk of owning an ETF or mutual fund generally reflects the risks of owning the underlying securities held by the ETF or mutual fund, including equities, fixed income, commodities, and derivatives on such securities.
- Liquidity Risk – High volatility and/or the lack of deep and active liquid markets for a security may prevent a Client from selling their securities at all, or at an advantageous time or price because West Potomac may have difficulty finding a buyer and may be forced to sell at a significant discount to market value. Some securities (including ETFs) that hold or trade financial instruments may be adversely affected by liquidity issues as they manage their portfolios. West Potomac uses the value of the securities held in Client Accounts provided by the Client's account custodian.
- Concentration Risk – Portfolios managed by West Potomac may from time to time be concentrated in a single security, geographic region, or asset class. The value of Client accounts will vary considerably in response to changes in the market value of that individual security, region or asset class. This may result in higher volatility.
- Foreign Investing and Emerging Markets Risk – Foreign investing involves risks not typically associated with U.S. investments, and the risks may be exacerbated further in emerging market countries. These risks may include, among others, adverse fluctuations in foreign currency values, as well as adverse political, social and economic developments affecting one or more foreign countries. In addition, foreign investing may involve less publicly available information and more volatile or less liquid securities markets, particularly in markets that trade a small number of securities, have unstable governments, or involve limited industry. Investments in foreign countries could be affected by factors not present in the U.S., such as restrictions on receiving the investment proceeds from

a foreign country, foreign tax laws or tax withholding requirements, unique trade clearance or settlement procedures, and potential difficulties in enforcing contractual obligations or other legal rules that jeopardize shareholder protection. Foreign accounting may be less transparent than U.S. accounting practices and foreign regulation may be inadequate or irregular.

- **Inflation, Currency, and Interest Rate Risks** – Security prices and portfolio returns will likely vary in response to changes in inflation and interest rates. Inflation causes the value of future dollars to be worth less and may reduce the purchasing power of an investor's future interest payments and principal. Inflation also generally leads to higher interest rates, which in turn may cause the value of many types of fixed income investments to decline. In addition, the relative value of the U.S. dollar-denominated assets primarily managed by West Potomac may be affected by the risk that currency devaluations affect Client purchasing power.
- **Legislative and Tax Risk** – Performance may directly or indirectly be affected by government legislation or regulation, which may include, but is not limited to: changes in investment advisor or securities trading regulation; change in the U.S. government's guarantee of ultimate payment of principal and interest on certain government securities; and changes in the tax code that could affect interest income, income characterization and/or tax reporting obligations (particularly for ETF securities dealing in natural resources). In certain circumstances a Client may incur taxable income on their investments without a cash distribution to pay the tax due.
- **Counterparty Risk** – Counterparty risk is the risk to West Potomac that the counterparty to a services contract will not fulfill its contractual obligations. Should the counterparty fail to fulfill its obligations to West Potomac, Clients could potentially incur significant losses and may have access to their accounts and investments limited or restricted.
- **Advisory Risk** – There is no guarantee that West Potomac's judgment or investment decisions about particular securities or asset classes will necessarily produce the intended results. West Potomac's judgment may prove to be incorrect, and a Client might not achieve their investment objectives. In addition, it is possible that the Firm fails to manage our business such that West Potomac remains a going concern which would be disruptive to our Clients as they would need to find a new investment advisor.
- **Cybersecurity Risk** – West Potomac and third-party service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons, and security breaches and usage errors by their respective professionals. A cybersecurity breach could expose West Potomac to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity services, identity theft, unauthorized access to and use of proprietary information, litigation, the dissemination of confidential and proprietary information, and reputational damage), civil liability, and regulatory inquiry and/or action. While West Potomac has established a business continuity plan and cybersecurity policy including risk management strategies, systems, and policies and procedures to seek to prevent cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, and policies and procedures including the possibility that certain risks have not been identified. In addition, since West Potomac does not directly control the cybersecurity systems of third-party service providers, there can be no assurance that the cybersecurity practices of these providers will protect West Potomac from any potential breaches.

**The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in any investment or investment strategy. Prospective Clients should read this entire Form ADV and all accompanying materials provided by West Potomac before deciding whether to invest with us. In addition, as our investment philosophy develops and changes over time, an investment with West Potomac may be subject to additional and different risk factors. West Potomac will promptly amend this Brochure if and when any information regarding its investment risks becomes materially inaccurate.**

## **Item 9: Disciplinary Information.**

As a Registered Investment Adviser, we are required to disclose all material facts regarding any legal or disciplinary events that would be material to our Clients' evaluation of West Potomac or any of our management persons (as identified above).

Neither West Potomac nor West Potomac's supervised persons have any disclosures applicable to this item.

## **Item 10: Other Financial Industry Activities and Affiliations.**

As a Registered Investment Adviser, we are required to disclose under this Item outside financial services activities or affiliations. Mr. Montano serves on the Board of Trustees of George Mason University. In order to avoid any potential conflicts of interest with respect to this activity, West Potomac has in place a Conflict of Interest Certification form to be completed whenever a potential conflict of interest arises related to Mr. Montano's activities related to the university.

Neither West Potomac nor its representatives are registered as, or have pending applications to become, a broker/dealer or a representative of a broker/dealer, a Futures Commission Merchant, a Commodity Pool Operator or a Commodity Trading Adviser, nor do they have any relationships material to West Potomac's advisory business required to be disclosed under this Item.

The Firm does not utilize nor select third-party investment advisers.

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

The Firm has a written Code of Ethics, which serves to establish a standard of business conduct for all of West Potomac's employees that is based upon fundamental principles of openness, integrity, honesty and trust.

West Potomac's personal securities transaction policy requires that employees of the Firm must periodically (at least once every quarter) provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings. This review will allow the Chief Compliance Officer to identify instances where our Code of Ethics might have been violated such as front running Client trades.

In accordance with Section 204A of the Investment Advisers Act of 1940, West Potomac also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by West Potomac or any person associated with West Potomac. In this respect, the Code generally requires:

- Confidential treatment of non-public and confidential information on all Clients
- A prohibition on trading (for West Potomac, their personal accounts or any Client account when we are in possession of material, non-public information on an issuer of a security, until such time the information is generally available to the investing public)
- Recertification of the Code (and compliance with the Code) on at least an annual basis and whenever the Code is materially updated

A copy of the Code of Ethics is available upon request by submitting a request to West Potomac's Chief Compliance Officer at [compliance@westpotomaccap.com](mailto:compliance@westpotomaccap.com).

## **Item 12: Brokerage Practices.**

In the cases where it selects brokers and negotiates commission rates, consistent with its duty of best execution, West Potomac will take into account a number of factors. In selecting brokers, West Potomac will consider the value of brokerage (such as efficiency of execution, order routing, clearing and settlement services) and research products and services (collectively, "research") received by a broker, either directly provided by the broker (proprietary research), or paid for by the broker to be provided by others (third party research). By its receipt and use of research or certain brokerage services, West Potomac may be considered to be receiving "soft dollar" benefits from the brokers it utilizes. West Potomac, however, does not participate in any formal soft dollar arrangements, earn soft dollar credits or pay specific additional brokerage commissions for research or other types of soft dollar benefits. To the extent the receipt of research or brokerage by West Potomac are deemed to be soft dollar benefits, such benefits fall within the safe harbor of Section 28(e) of the Securities Exchange Act of 1934.

West Potomac does not adhere to any specific allocation criteria or other formulas in selecting brokers and will weigh a combination of the criteria described herein. In selecting brokers, the Firm need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. West Potomac does not select brokers on the

basis of the commission rates only, thus a Client may be deemed to be paying for brokerage and/or research provided by the broker, which is or may be deemed to be included in the commission rate. West Potomac will make a good faith determination that the amount of commission is reasonable in relation to the value of the brokerage and research received, viewed in terms of either the specific transaction or series of transactions or the Firm's overall responsibility to its Clients.

Brokerage and research services provided by broker/dealers generally benefit all the Firm's Clients. In certain circumstances, West Potomac may execute transactions for only some Clients through broker/dealers who provide brokerage or research services and the brokerage or research services may be used for the benefit of one or more other Clients.

The Firm may have an incentive to select a broker based on the fact that it will receive research. Therefore, West Potomac may have a potential conflict of interest between its duty to obtain best execution for a Client and its interest in receiving such benefits. West Potomac's expenses could increase materially if it attempted to generate such additional information and services on its own. The Firm at least annually evaluates its brokerage practices and the reasonableness of commissions paid by its Clients. The extent to which commission rates charged by brokers reflect the value of brokerage and research received cannot be readily determined. Although the commission rates charged by such brokers are represented by such brokers as not specifically reflecting such additional benefits, the commission rates charged by such brokers may be higher or lower than other brokers.

#### Block Trading Procedures

West Potomac seeks to execute trades in a way that minimizes transaction and booking costs and that seeks to achieve fair treatment for all accounts when allocating individual executions. The Firm often executes orders in blocks (i.e., trades for multiple accounts grouped into single orders) to achieve execution efficiency and cost efficiency, and to minimize volatility in prices across accounts. When the Firm encounters investment opportunities that are appropriate for more than one Client, or when an aggregated order is only partially filled, West Potomac will allocate the investment opportunity or a partially filled order on a fair and equitable basis, which will generally involve proportionally allocating fills. The Firm periodically evaluates this process to ensure the goal of fairness to all Clients.

#### Agency or Cross Transactions

West Potomac does not generally enter into cross trades and does not anticipate doing so. If a situation develops that might involve a cross trade and West Potomac believes such trade would be in the best interests of the affected Clients, West Potomac will make such trades in compliance with applicable law, including full disclosure to the Clients involved.

#### Principal Transactions

The Firm does not place transactions as principal for our own account or any other party or purchase or sell securities from or to any advisory account.

### **Item 13: Review of Accounts.**

#### Account Reviews

West Potomac periodically reviews accounts for purposes of identifying emerging risks and other investment changes that may be appropriate depending on the specific Client needs and circumstances. The Firm may conduct account reviews more frequently based upon the occurrence of a triggering event, such as a change in Client investment objectives and/or financial situation, market corrections and Client request.

#### Client Reporting

Clients receive portfolio reporting and market commentary at least quarterly and more frequently as the market and client situation may require.



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

Except as set forth with respect to potential soft dollar benefits in Item 12, West Potomac does not receive any economic benefits from any non-Client for providing investment advisory services to the Firm's Clients. West Potomac does not compensate any person who is not an employee of the Firm, either directly or indirectly, for client referrals.

#### **Item 15: Custody.**

The WPC Financials Impact I GP LLC, an affiliate of West Potomac, serves as the General Partner of the Fund, and as such is deemed to have custody of the Fund's funds and securities. Investors in the Fund will receive audited financial statements prepared in accordance with US generally accepted accounting principles within 120 days of the Fund's fiscal year-end.

For SMAs, the Firm may be deemed to have custody of Client asset if a Client authorizes the Firm to instruct the account custodian to deduct advisory fees directly from the Client's account. In this case, the Client's account custodian will maintain actual custody of the assets, and the Client will receive account statements directly from the account custodian at least quarterly. The statements will be sent to the email or postal mailing address the Client provides to the account custodian, and these should be carefully reviewed promptly when received.

In the event West Potomac provides statements or reports directly to Clients, the Clients are urged to compare any such statements or reports with the account statements received from the account custodian. The account custodian also does not verify the accuracy of the Firm's advisory fee calculation.

#### **Item 16: Investment Discretion.**

West Potomac provides discretionary or non-discretionary services to SMAs and only provides discretionary services to the Fund. The Investment Management Agreement between the Firm and its Clients specifies whether West Potomac is delegated discretionary or non-discretionary authority over the Client's account. In some cases, West Potomac may be granted discretionary authority over certain assets in a Client's account and non-discretionary authority over others. The Investment Management Agreement can be amended at any point during the relationship if the Client wishes to change the authority given to West Potomac. Clients have the ability to place reasonable restrictions on the types of investments that may be purchased in an account. Clients may also place reasonable limitations on the discretionary power granted to the Firm so long as the limitations are specifically set forth or included as an attachment to the Investment Management Agreement.

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

The Firm will provide advice and guidance on any proxy voting situations that arise with respect to its Clients, but West Potomac will not vote any proxies for its Clients. It is West Potomac's policy to not vote proxies on behalf of non-ERISA Clients. All proxy materials received on behalf of a Client account will be sent directly to the Client or a designated representative of the Client, who is responsible for voting the proxy. For those Clients governed by ERISA, the Firm will follow the proxy voting policies as defined by ERISA. West Potomac personnel may answer Client questions regarding proxy-voting matters in an effort to assist the Client in determining how to vote the proxy. However, the final decision of how to vote the proxy rests with the Client.

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

West Potomac neither requires nor solicits prepayment of more than \$500 in fees per client, six months or more in advance, and, therefore, is not required to include a balance sheet with this brochure.

As described above, West Potomac bills all fees in arrears. West Potomac is not aware of having any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Clients.

West Potomac has not been subject to a bankruptcy petition at any time.

### **Item 19: Requirements for State Registered Advisers**

Information on the biographies of key management personnel within the Firm is set forth in the ADV Part 2B for West Potomac. To request a copy of the Firm's ADV Part 2B, please contact us at [compliance@westpotomaccapital.com](mailto:compliance@westpotomaccapital.com) or by phone at (703) 850-5533.