



POTOMAC
FUND MANAGEMENT

Form ADV Part 2A

Item 1 Cover Page

Potomac Fund Management

SEC# 801-31311

777 Brickell Ave. Suite #500 – 9455

Miami, FL 33131

Phone 888-768-6622

Email: info@potomacfund.com

Web: www.potomacfund.com

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This brochure provides information about the qualifications and business practices of Potomac Fund Management. If you have any questions about the contents of this brochure, please contact us at info@potomacfund.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state's securities authority.

Additional information about Potomac Fund Management also is available on the SEC's website at www.adviserinfo.sec.gov.

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Item 2: Material Changes

Annual Update:

The Material Changes section of this brochure will be updated annually when material changes occur since the previous release of the Firm Brochure.

Material changes since the last update:

- Since the last filing on October 1, 2020, there have been no material changes.

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Potomac Fund Management (SEC No. 801-31311)

Item 4 Advisory Business

Potomac Fund Management, Inc. (Potomac) was founded in 1987. The primary service offered by the Adviser, Potomac, is a portfolio management service through numerous investment strategies, through the Strategist Program or model delivery via UMA platforms. These strategies span a wide range of risk and performance objectives. We manage mutual funds, the “Affiliated Funds,” and offer investment strategies that include these Affiliated Funds. Our other investment strategies primarily hold third-party mutual funds and/or exchange traded funds. Our services are offered on a discretionary basis. For discretionary accounts, Potomac will have the authority to supervise and direct the portfolio without prior consultation with the client. As a Registered Investment Adviser, Potomac is a Fiduciary, meaning it is required by law to put client needs above its own. The principal owner of Potomac is Manish Khatta.

Neither Potomac, nor any of its representatives, serves as an attorney, accountant, or insurance agent, and no portion of Potomac’s services should be construed as same.

We provide these services as follows:

- 1) through solicitors, also known as Client Advisors, acting as independent contractors and not as employees of the applicant (whose accounts are referred to as external clients);
- 2) as a Model Strategy Provider for various broker/dealers or registered investment advisory firms on their respective platforms; and
- 3) we also provide these services to direct clients (referred to as internal clients).

As of December 31, 2020, Potomac oversaw total assets of \$304,729,590.

As of December 31, 2020, Potomac oversaw discretionary asserts totaling \$230,308,489. Discretionary Assets are those accounts where Potomac has direct authority over an account and provides continuous and ongoing management of the account.

As of December 31, 2020, Potomac also has assets under advisement, totaling approximately \$74,421,100. These assets are where we provide administration and act as Model Strategy Provider but do not have the ability to affect transactions on the accounts.

Investment Management Services

Potomac offers several investment strategies, with various degrees of risk. At the time each client opens an account, the client is asked to provide information regarding client’s investment experience, liquidity requirements, tolerance for risk and general financial condition. The client decides on the investment strategy and can make reasonable restrictions. Fund selection for a strategy is based upon the strategy and its objectives, not upon the individual suitability of a client who has chosen to invest in the strategy. As noted above, some of our investment Strategies use affiliated mutual funds managed exclusively by our firm.

The Strategist Program

We offer a Strategist Program (the “Program”) which provides investors with a means to access professional investment management services from Potomac and other investment advisers. There are three different methods by which you can receive investment advice through the Program. You may select from strategies managed directly by Potomac

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(“Potomac Strategies”) or strategies created by an unaffiliated investment adviser but implemented by Potomac (“Non-Potomac strategies”).

For Non-Potomac Strategies, the other investment adviser provides Potomac with investment signals pertaining to how the account should be constructed and Potomac implements those instructions in your account. Potomac retains discretion on whether to implement the advice and the timing for implementing the advice it receives from the other adviser. Investors may also select an investment adviser to provide ongoing, discretionary account management where the investment adviser is responsible for implementing their own advice and executing trades in the Investor’s Account, (an “SMA Strategy”). Each of the Potomac Strategies, Non-Potomac Strategies, and SMA Strategies are referred to as a “Strategy” and each investment adviser participating in the program is referred to as a “Strategist.”

Our Investment Management Services/Potomac Strategies are described below:

Tactical Asset Allocation Strategies:

Income Plus

Income Plus is a tactical ‘total return’ strategy with the goal of providing stable and absolute returns under all market conditions.

The strategy will rotate among a suite of affiliated tactical mutual funds overweighting positions that focus on low daily volatility.

The underlying funds utilize a combination of dynamic asset allocation and mechanical system trading. Additionally, they employ risk management techniques including the use of inverse and cash positions during adverse market conditions; cash positions could at times be 100%.

Guardian

Guardian is a tactical ‘growth and income’ strategy with the goal of conservatively participating in both equity and income markets, while avoiding catastrophic bear market losses.

The strategy will rotate among a suite of affiliated tactical mutual funds overweighting positions that focus on balanced and conservative equity growth.

The underlying funds utilize a combination of dynamic asset allocation and mechanical system trading. Additionally, they employ risk management techniques including the use of inverse and cash positions during adverse market conditions; cash positions could at times be 100%.

Navigrowth

Navigrowth is a tactical ‘moderate growth’ strategy with the goal of pursuing growth, primarily in the equity markets, while avoiding catastrophic bear market losses.

The strategy will rotate among a suite of affiliated tactical mutual funds, overweighting positions that focus on opportunistic domestic and global growth.

The underlying funds utilize a combination of dynamic asset allocation and mechanical system trading. Additionally, they employ risk management techniques including the use of inverse and cash positions during adverse market conditions; cash positions could at times be 100%.

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Bull Bear

Bull Bear is a tactical 'moderate growth' strategy with the goal of systematically pursuing growth, in the equity markets, while avoiding catastrophic bear market losses.

The strategy will rotate among a suite of affiliated tactical mutual funds, overweighting positions that focus on providing targeted leveraged exposure to a major market index.

The underlying funds utilize a combination of dynamic asset allocation and mechanical system trading. Additionally, they employ risk management techniques including the use of inverse and cash positions during adverse market conditions; cash positions could at times be 100%.

Advisor Express

Advisor Express is a tactical 'conservative growth and income' strategy where investments are limited to mutual funds available in the large and broad-based Fidelity Funds universe. The strategy is unconstrained in nature which allows it to invest in a variety of asset classes both domestic and internationally.

The goal is to conservatively participate in both the equity and income markets while avoiding catastrophic bear market losses.

Risk managed policies employ the use of cash during adverse conditions; these positions could at times be 100%.

Market Timing Strategies:

Focused Growth:

Focused growth is a tactical 'moderate growth' strategy that invests in mutual funds and ETF's. The strategy is highly concentrated and invests in a single S&P 500 Index fund when opportunities for growth appear to be strong.

During a higher risk environment or the potential for a significant downturn, the strategy will move the portfolio to a money market or low volatility fund to minimize exposure to catastrophic losses.

The decision to invest in the market is based on the evaluation of technical market indicators.

High Yield Plus

High Yield Plus is a tactical 'total return' strategy that will invest in mutual funds and ETF's. The strategy is a highly concentrated strategy that invests in one or more high yield bond funds when opportunities for growth appear to be strong.

During a higher risk environment or the potential for a significant downturn, the strategy will move the portfolio to a money market or low volatility fund to minimize exposure to catastrophic losses.

The decision to invest in the market is based on the evaluation of technical market indicators.

Most of our clients are referred to us by unaffiliated third parties, but we also offer our services through Investment Platforms. Through these platform providers, we participate in a Unified Managed Account Program (UMA). In this case, the "sponsor" of the program, has contracts directly with their clients to perform various types of investment management services. The UMA combines the investment expertise of asset managers, ETFs, and mutual funds into a

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single portfolio services to their clients where Potomac delivers "model" portfolios to the investment platform. As part of this UMA, the adviser typically obtains the necessary financial data from the client, assists the client in determining the suitability of the program, assists the client in setting an appropriate investment objective and assists the client in opening an account. Potomac generally applies the same investment philosophy and strategy for clients of UMA program as is done for our other clients, depending upon any restrictions, limitations, or specific directions that the sponsor or their clients give to us. It is the sponsor that has client authority to purchase and sell securities on a discretionary or non-discretionary basis pursuant to the investment objective chosen by the client. For specific details regarding the managers, Potomac recommends the clients review the individual companies ADV Part 2A brochure. The Sponsor of the UMA program generally charges their clients an aggregated or "all-inclusive" fee, and Potomac may receive a portion of those fees.

Affiliated Funds

Potomac Fund Management serves as the investment adviser to the Conquer Risk Managed Volatility, Conquer Risk Tactical Rotation, Conquer Risk Tactical Opportunities and Conquer Risk Defensive Bull funds.

These funds are a series of PFS Funds Trust, an open-end investment management company. Potomac is entitled to receive an annual advisory fee of 1.25% based on these Funds' average daily net assets but may receive less due to waivers.

For additional information about the Conquer Risk Funds, please see the funds' Prospectus and Statement of Additional Information.

MISCELLANEOUS

Client Responsibility: It remains the client's responsibility to advise Potomac (and/or the Client Advisor that introduced the client to Potomac), in writing, of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review investment objectives and account performance on an annual basis. If the client is referred to Potomac by a Client Advisor, the client should direct all such communications to the Client Advisor. (For more information about Potomac's relationship with Client Advisor, see the 'Other Financial Industry Activities and Affiliations' section of this document, Item 10).

Please note: At all times, the Client Advisor et al., shall be exclusively responsible for: (1) determining initial and ongoing client suitability for the Strategist Program (the "Program") and its investment strategies, and selecting one or more investment strategies through the Program; (2) for receiving/ascertaining all client directions, notices and instructions, and forwarding them to Advisor, in writing, (3) reasonably available to discuss Investor's Account and to answer questions about the Program and its strategies, determine whether there have been any changes in the Investor's investment objectives or risk tolerance, and determine whether to change the Account's strategy. Potomac is entitled to rely upon any such direction, notice, or instruction until it has been duly advised in writing of changes. Client Advisor et al., shall defend, indemnify and hold harmless Potomac for failure to timely and adequately perform any of the items referenced above or for failing to deliver any notice or instructions to Potomac.

Please note: Inverse/Enhanced Market Strategies. Potomac may also utilize leveraged long and short mutual funds and/or exchange traded funds that are designed to perform in either an : (1) inverse relationship to certain market indices (At a rate of 1 or more times the inverse [opposite] result of the corresponding index) as an investment strategy and/or for the purpose of hedging against downside risk; and (2) enhanced relationship to certain market indices (at a rate of 1 or more times the actual result of the corresponding index) as an investment strategy and/or for the purpose of

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increasing gains in an advancing market. There can be no assurance that any such strategy will prove profitable or successful. In light of these enhanced risks/rewards, a client may direct Potomac, in writing, not to employ any or all such strategies for his/her/their/its accounts.

Please note: The investment strategies listed above may not be appropriate for all investors. Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Potomac) will be profitable or equal to any specific performance level(s). Investment returns will fluctuate, and you may lose money. Investing involves risk that you should be prepared to bear. All investments in securities and/or investment products include possible risk of loss of your principal and profits.

Additional information regarding the risks associated with the investments that may be owned are more fully explained in the prospectus provided by the investment companies. Please read the prospectus of the individual funds for more information.

NOTE: Employer-Sponsored Retirement Accounts - If you are leaving your employer, you have various options regarding your employer sponsored retirement plan. You may have the option to leave your money in the former plan. You may be able to roll over the assets to a new employer's plan. It may be possible to cash out your account value and there may be tax consequences associated with that choice. You may instead opt to roll over the retirement assets into another account, and you may choose to have that account managed by Potomac. If Potomac recommends you roll over your retirement plan into an account this creates a conflict of interest in that Potomac will receive advisory fees from your account. Please ensure you have reviewed your options and made the best choice for your situation prior to making a decision about your retirement plan. **You are under no obligation to rollover assets into an account managed by Potomac.**

Item 5 Fees and Compensation

Strategist Program Fees

The Program Fees for the Strategist Program are comprised of three parts: the "Platform Fee," the "Client Advisor Fee", and one or more fees based on the investment strategies that you and the Client Advisor select, (each a "Strategy Fee").

The Platform Fee provides compensation to Potomac for maintaining the Program and providing administrative services to your account. These administrative services include but are not limited to: providing access to technology that enables account trading, rebalancing, servicing, billing, reporting and general operations; arranging for custodial services to be provided by various custodians pursuant to a separate agreement between you and your Custodian; coordinating with Custodians regarding the delivery of comprehensive account services; and maintenance and access to an electronic or web-based system that provides detailed information on each Investor Account on a daily basis. The annual rate of the Platform Fee is administrative in nature and based on the amount of assets under Potomac's management or administration. This fee schedule is listed below. We retain the right to reduce our administrative fee with Client Advisors at our sole discretion.

Program Fees and Expenses	
Platform Fee	
\$0 - \$100,000	0.40%
\$100,000 - \$500,000	0.32%
\$500,000 - \$1,000,000	0.28%
Over \$1,000,000	0.20%

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The Strategy Fee is designed to compensate Potomac with respect to its investment management and due diligence services for the Program. Certain strategies in the Program use mutual funds exclusively managed by Potomac, for which it receives a management fee from the mutual fund. In these strategies, Potomac has waived the Strategy Fee and will be compensated exclusively through the Conquer Risk Funds. Potomac Fund Management serves as the investment adviser to the Conquer Risk Managed Volatility, Conquer Risk Tactical Rotation, Conquer Risk Tactical Opportunities and Conquer Risk Defensive Bull funds.

These funds are a series of PFS Funds Trust, an open-end investment management company. Potomac is entitled to receive an annual advisory fee of 1.25% based on these Funds' average daily net assets but may receive less due to waivers. For additional information about the Conquer Risk Funds, please see the funds' Prospectus and Statement of Additional Information.

Strategy Fees	
Income Plus	0% ¹
Guardian	0% ²
Navigrowth	0% ³
Bull Bear	0% ⁴
Focused Growth	0.90%
High Yield Plus	0.90%
Advisor Express	0.90%

The Strategy fee can also include Non-Potomac/SMA Strategies and will range from 0.10%-0.90%. In certain cases, we may retain a portion of the Strategy Fee. This creates a conflict of interest in that we may have an incentive to encourage investing in a Strategists model over another model. In addition, some Strategists select affiliated mutual funds when developing their Strategist model. Some of these Strategists may share a portion of the fees they collect from mutual funds they manage with us. These fee sharing arrangements create a conflict of interest since we have an incentive to continue to recommend these Strategists for the Strategist Program. Additionally, Strategists may refer or recommend their clients to invest via our platform.

This arrangement creates an incentive for us to keep these Strategists over others that we may be considering. To mitigate these conflicts, we do not take revenue sharing payments into account when determining whether to retain Strategists.

The Client Advisor Fee is an annual fee of between 0.00% and 1.50%, which is charged in the same manner as detailed below. The Client Advisor Fee is detailed on the Client Advisor's Disclosure Statement provided to clients by their Client Advisor. Client Advisors determine the Client Advisor's Fee rate. Due to the variability of each of these fees, your total annual fee will be more or less than Advisor's other investors receiving the same or similar services from Advisor.

INFORMATION ABOUT FEES

The Platform Fee, the Client Advisor Fee and each Strategy Fee are prorated and paid monthly, in arrears, based upon the average daily balance of the Account. The total all-in fee charged to the client will never exceed 2.50%.

¹ Strategy uses mutual funds exclusively managed by Potomac.

² Strategy uses mutual funds exclusively managed by Potomac.

³ Strategy uses mutual funds exclusively managed by Potomac.

⁴ Strategy uses mutual funds exclusively managed by Potomac.

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Unless other arrangements are made, the Custodian will debit these fees from the Account. If a client has more than one account with Potomac, all account balances will be aggregated to determine which rate scale applies. Potomac may negotiate fees in certain cases. In such instances, the fee is stipulated and agreed upon with the client's acceptance of the Investment Advisory Agreement.

The Platform Fee, and potentially the Client Advisor Fee and Strategist Fee, are tiered so that, subject to certain exceptions, the first dollar under management receives the highest fee and only those assets over the breakpoints receive the reduced fees. Under certain circumstances, assets held in one Program Account may be considered when determining breakpoints relating to another Account held for the benefit of the same or a related person.

All payments for services are due on the first day of the billing period. In the event of termination by investor within five business days of the effective date of the agreement, no fee will be charged. All agreements remain in full force until terminated by either party. Either party may terminate the agreement at any time by giving written notice. **Upon termination, accounts are subject to a termination-administrative processing fee of \$100. Potomac reserves the right to waive the administrative fee (or any portion thereof) at its discretion.** As of the effective date of termination of our investment management services, we will have no obligation or authority to take any action with regard to your previously managed assets. You will bear the sole responsibility to work with your custodian for proper liquidation and/or management of your assets upon termination. We advise you to immediately contact your custodian to ensure your account is allocated according to your wishes.

We previously offered our services under other fee schedules and your account may be subject to a legacy fee schedule. For complete information about our legacy fee schedules, please contact us at 888-768-6622.

Potomac, in its sole discretion, may charge a lesser investment management fee based upon certain criteria (i.e. anticipated future earning capacity, anticipated future additional assets, dollar amount of assets to be managed, related accounts, account composition, negotiations with clients, etc.). Officers and Directors of Potomac, Sales Representatives and certain other persons may be charged less than the full fee, as previously detailed, upon approval of an authorized Potomac executive. **Clients are responsible for all fees imposed by custodian and mutual funds. These fees may include, but are not limited to, transaction fees, account service fees, loads, and redemption fees.** Account service fees may include items such as IRA custodial fees, wire transfer fees, etc. Some funds carry short-term redemption fees up to 2%, which vary by fund in terms of percentage and minimum required holding period. Mutual funds not included on institution's No-Transaction Fee Network are subject to a transaction fee upon purchase or sale. Clients are responsible for any fees associated with load funds or insurance products.

Investors should be aware that the fees charged by Potomac may be higher or lower than those charged by others in the industry and that it may be possible to obtain the same or similar services from other investment advisers at lower or higher rates. An Investor may be able to obtain some or all of the types of services available through Potomac on an "unbundled" basis either through other firms or through other separately managed account platforms, and, depending on the circumstances, the aggregate of any separately-paid fees, or bundled fees may be lower or higher than our fees.

An account may be an investment subaccount of a variable annuity or life insurance contract that has been purchased by you with the assistance of the Client Advisor or another investment or insurance professional. The commissions and fees charged by these products and the other advisors are unrelated to the services rendered by Potomac and Potomac has no responsibility to review those initial or ongoing expenses.

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Item 6 Performance-Based Fees and Side-by-Side Management

Potomac does not charge performance-based fees (performance-based fees are fees that are based on the capital appreciation of the assets of an account). Potomac does not use a performance-based fee structure because of the conflict of interest. Performance based compensation creates an incentive for Potomac to recommend an investment that may carry a higher degree of risk to the client.

Item 7 Types of Clients

Potomac provides investment advice to individuals, pensions, profit sharing plans, trusts, estates, other investment advisors, and to corporations and other business entities.

Potomac does not require a minimum to open an account.

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

For Non-Potomac Strategies available in our Strategist Program, our designee, Orion Portfolio Solutions, uses specific qualitative and quantitative screening criteria to identify appropriate Strategists for the Strategist Program. The quantitative review focuses on the performance and track record of the Strategist as compared against benchmarks. The qualitative analysis reviews information surrounding the operations of the Strategists, including history, experience, firm size and structure investment analysis and decision-making process, and portfolio risk review. Qualitative screening includes a review of each strategist's organizational history and stability, including depth/experience of investment team and research group, investment process and strategy, internal resource allocation, legitimacy of track record, experience with taxable clients, client servicing capabilities, and other characteristics.

Each Strategist is reviewed and analyzed, in detail, by the Orion Portfolio Solutions' Investment Committee. On at least an annual basis, the Investment Committee will review the performance of each Strategist Model along with any organizational changes that may have occurred during the year.

For any Non-Potomac Strategy and SMA Strategy, Potomac will conduct its initial and ongoing due diligence following our "Firm CPR" process. The due diligence will focus on the firm structure, communication, program design, and returns of each manager.

If your Client Advisor determines a Strategist Model is appropriate based on your investment needs, you should consult your Client Advisor's Form ADV Part 2A for a description of their methodology for determining investment needs and risk tolerance.

The Non-Potomac Strategists are not provided your individual information or investment goals and objectives and do not have an advisory relationship with you. Questions regarding the management of your model portfolios or your account should be directed to your Client Advisor.

For our Potomac-Managed accounts, we use the following methods to analyze securities: charting, fundamental, technical, and cyclical information. The main sources of information we use are financial newspapers and magazines, research materials prepared by others, and annual reports/prospectuses/filings with the Securities and Exchange Commission. The investment strategies used to implement any investment advice include long-term purchases (securities held at least a year), short term purchases (securities sold within a year), and trading (securities sold within 30 days).

Potomac's investment strategies are implemented through mutual funds and exchange traded funds, including our Affiliated Funds. Mutual funds and exchange traded funds have internal expenses, and some funds and custodians

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impose additional fees such as short-term redemption fees. Mutual funds may be offered in many share classes with varying internal and custodial expenses. The mutual funds we select are no-transaction fee funds, which based upon our analysis, provide a better value than funds for which a transaction fee is imposed. New share classes are often added to the no-transaction fee fund list. Clients are advised that Potomac will make a best effort at the time of a purchase to determine the lowest available share class for a selected fund and will review our holdings on a quarterly basis to determine if a lower cost basis fund is available. There is no guarantee that we will always be invested in the fund share class with the lowest overall cost.

Please note, investing in securities involves risk of loss that clients should be prepared to bear.

If no transactions are warranted, significant periods of time may go by without any transactions taking place. If there is no account activity, Potomac is still supervising the assets.

Item 9 Disciplinary Information

Potomac Fund Management does not have any legal or disciplinary events to disclose.

Item 10 Other Financial Industry Activities and Affiliations

Potomac's services are primarily marketed by solicitor agreements. Potomac enters into written agreements with certain individuals and entities who will act as solicitors of Potomac's investment advisory services. We call these Solicitors, Client Advisors. Client Advisors are compensated for referrals by receiving a portion of the fee paid by clients to Potomac in accordance with a written referral agreement which complies with Rule 206(4)-3 of the Investment Advisors Act of 1940. Such an agreement requires the Client Advisor to (1) provide the client with a separate Client Advisor's written disclosure document, prior to or at the time of entering into any advisory contract and (2) provide Potomac with a signed and dated acknowledgement of receipt of the same disclosure document by the client. Client Advisors who are separately licensed as registered representatives of a broker/dealer may receive or have received commissions for customer's initial purchase, depending on the strategy entered into by the client. Neither Potomac nor any related person receives any portion of these commissions. Certain Client Advisors may be invited to attend seminars and meetings hosted by Potomac in which we may bear the full costs associated with Client Advisor's attendance of such meetings. The purpose of these meetings will be to provide general market and industry information as well as information about Potomac's advisory services.

Potomac Fund Management serves as the investment adviser to the Conquer Risk Managed Volatility, Conquer Risk Tactical Rotation, Conquer Risk Tactical Opportunities and Conquer Risk Defensive Bull funds. These funds are a series of PFS Funds Trust, an open-end investment management company. Potomac is entitled to receive an annual advisory fee of 1.25% based on these Funds' average daily net assets but may receive less due to waivers. For additional information about the Conquer Risk Funds, please see the funds' Prospectus and Statement of Additional Information.

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

Potomac Fund Management has adopted a code of ethics pursuant to SEC Rule 204A-1. The Code of Ethics serves to establish a standard of business conduct for all of Potomac's Associated Persons that is based upon fundamental principles of openness, integrity, honesty and trust. The Code of Ethics must be signed by all employees and by doing so they agree to the following: Employees cannot seek to benefit from insider information, all client information is strictly confidential, employees must provide a personal securities transaction report on a quarterly basis. A copy of Potomac's Code of Ethics is available upon request to any client or prospective client.

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Potomac or any officer, employee, or sales representative may buy or sell any investments that are recommended to clients.

Potomac believes that no conflict of interest would exist in these practices because:

- 1) Transactions involving money market, other non-affiliated mutual funds and exchange traded funds do not present the same opportunities for abuse as could result from transactions involving underlying portfolio securities of mutual funds.
- 2) The secondary market shares of such mutual funds are neither nonexistent nor insignificant to the extent that the Adviser may make trades in anticipation of the market activity which may follow an advisory recommendation.
- 3) And Potomac makes every attempt to effect transactions in mutual funds at the same daily or hourly price for its clients, its officers and/or employees. Furthermore, prices of the open-end funds traded are determined by the value of the underlying portfolio securities of the mutual fund rather than by an open auction of the fund shares.

Item 12 Brokerage Practices

At times Potomac may suggest a Broker to a client. Broker/Dealers may be recommended but the advisory client remains responsible for the selection and account application. Brokers are recommended based on the variety and range of mutual funds and exchange traded funds available, relative commission rates, financial condition, operations, compliance, due diligence, trading practices, and the efficiency and accuracy of effecting transactions. Products and research services are usually not factors in selecting the brokers. Full disclosure is maintained. Commissions are customary, although Potomac Fund Management, Inc. does not receive any portion of said commission and there is no additional research fee. As always, full disclosure is exercised.

Please note: Potomac offers its investment strategies through the investment platforms sponsored and/or offered by broker/dealers. In addition to the referral fee described immediately above that is paid by Potomac to Client Advisors, Potomac may also pay a broker-dealer a platform fee based upon the aggregate amount of such assets referred to Potomac by all representatives of a specific broker/dealer. In addition, Potomac may also reimburse a representative of a Client Advisor for expenses incurred by such representative when marketing Potomac's investment advisory services.

Research and Additional Benefits (Soft Dollars). Although not a material consideration when determining whether to recommend that a client utilize the services of a particular broker/dealer, custodian, product sponsor, or other service provider, Potomac may receive from unaffiliated entities, without cost (and/or at a discount), support services, financial assistance for the purpose of offsetting costs associated with our annual conference or other marketing, and/or products, certain of which assist Potomac to better monitor and service client accounts maintained at such institutions. Included within the support services that may be obtained by Potomac may be investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or gratis consulting services, discounted and/or gratis attendance at conferences, meetings, and other educational and/or social events, marketing support (including sponsorship of Potomac's annual conference), computer hardware and/or software and/or other products used by Potomac in furtherance of its investment advisory business operations.

As indicated above, certain of the support services and/or products that may be received may assist Potomac in managing and administering client accounts. Others do not directly provide such assistance, but rather assist Potomac to manage and further develop its business enterprise.

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Potomac's clients do not pay more for investment transactions effected and/or assets maintained at Fidelity or TD Ameritrade because of this arrangement. There is no corresponding commitment made by Potomac to any entity to invest any specific amount or percentage of client assets in any specific mutual funds, securities or other investment products because of the above arrangement.

Potomac's Chief Compliance Officer, Manish Khatta, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Item 13 Review of Accounts

Strategist portfolios are subject to initial and ongoing due diligence following our "Firm CPR" process. The due diligence will focus on the firm structure, communication, program design, and returns of each manager.

All securities held in various client accounts are reviewed on a daily basis by one of the investment committee members. All accounts participating in the same investment strategy are managed in a similar manner. The daily reviews focus on the analysis of all investment positions with respect to price action of securities. Individual accounts are reviewed by trading personnel before and after a trade is made along with the normal monthly and quarterly reviews conducted by administrative staff. Monthly reviews focus on reviewing and confirming monthly account balances. Quarterly reviews focus on confirming performance is in alignment with the majority of client accounts traded similarly. Events triggering additional reviews include client requests, changes in client objectives or financial status, world and political events, and other events that may affect investment positions.

It remains the client's responsibility to advise Potomac (and/or the Client Advisor that introduced the client to Potomac), in writing, of any changes in their investment objectives and/or financial situation. All clients (in person or via telephone) are encouraged to review investment objectives and account performance on an annual basis. If the client is referred to Potomac by a solicitor, the client should direct all such communications to the Client Advisor.

The Custodian provides statements detailing transactions and account positions at the end of each month, and in some cases at the end of each quarter.

Item 14 Client Referrals and Other Compensation

Potomac's services can be marketed by solicitor agreements. Potomac enters into written agreements with certain individuals and entities who will act as solicitors of Potomac's investment advisory services. We refer to these solicitors as Client Advisors. Client Advisors are compensated for referrals by receiving a portion of the fee paid by clients to Potomac in accordance with a written solicitor's referral agreement. Clients will receive a separate Client Advisor's written disclosure statement, which details the relationship between the solicitor and Potomac and will sign that disclosure statement. A copy of the disclosure statement is then provided to Potomac. Client Advisors who are separately licensed as registered representatives of a broker/dealer may receive or have received commissions for customer's initial purchase, depending on the strategy entered by the client. Neither Potomac nor any related person receives any portion of these commissions.

Should a Client Advisor no longer be qualified to receive referral fees, clients are advised that Potomac and its representatives are available to assist them with their financial needs and will become the primary point of contact. This includes facilitating any directions, notices or instructions or changes to a client's financial situation. In such instances, the Client Advisor's fee will then be retained by Potomac.

Form ADV – Part 2A

Item 15 Custody

Potomac has custody of client assets solely due to its ability to withdraw fees from accounts. Clients will receive a monthly statement from the custodian where the client's assets are held. In some cases, the client will receive quarterly statements from the custodian. At times, the client's financial adviser may provide an account statement generated from Potomac's website. Please review and compare this statement to the statement provided by your custodian. If there is a discrepancy between the statements, please contact your financial adviser or Potomac Fund Management immediately.

Item 16 Investment Discretion

Potomac retains limited discretion. In other words, Potomac has the authority to determine the securities bought or sold in a client's account. The Investment Advisory Agreement limits this discretion to investment selection and execution, as well as distribution of funds solely to the client address of record.

Item 17 Voting Client Securities

Potomac will have no authority or obligation to make any decisions regarding the voting of proxies with respect to securities in the Account, except for affiliated mutual funds, in which Potomac serves as investment advisor. Clients shall retain the right to vote on all proxies solicited with respect to securities in the Account. Client retains the responsibility for receiving and voting proxies for any and all securities maintained in their Account. In certain circumstances, Potomac may be required to vote proxies as part of its fiduciary duties under advisory agreements with benefit plans governed by ERISA. In such instances, Potomac, on an exception basis, will vote proxies in a manner consistent with its fiduciary duty to any applicable benefit plans. Potomac will not advise or act for Clients in any legal proceedings, including bankruptcies or class actions, involving securities and other property held or previously held by the Account or the issuers of those securities and other property.

Clients may obtain a copy of Potomac's proxy voting policies and procedures upon their request.

Item 18 Financial Information

Potomac does not solicit fees of \$1,200, per client, more than six months in advance. We do not have any financial condition that is reasonably likely to impair our ability to meet contractual commitments to client accounts. Potomac has not been subject to a bankruptcy petition.

If you have any questions, Potomac's Chief Compliance Officer, Manish Khatta, remains available to address any questions that a client or prospective client may have regarding the above arrangement and any corresponding perceived conflict of interest such arrangement may create.

Potomac Fund Management

**Form ADV Part 2B
Brochure Supplement**

Manish Khatta

777 Brickell Ave., Suite # 500 – 9455

Miami, FL 33131

Phone: 888-768-6622

This brochure supplement provides information about Manish Khatta that supplements the Potomac Fund Management brochure. You should have received a copy of that brochure. Please contact us at the above number if you did not receive Potomac Fund Management’s brochure or if you have any questions about the contents of this supplement.

**Additional information about Manish Khatta is available on the SEC’s website at
www.adviserinfo.sec.gov.**

Form ADV – Part 2B

Item 2 Educational Background and Business Experience

Manish Khatta, President, Chief Investment Officer, Investment Advisor Representative was born January 10, 1980. Mr. Khatta holds a BS degree in Finance from the University of Maryland. He has been a full-time employee with Potomac since January 2002 and in January 2013 he became President.

Item 3 Disciplinary Information

There is no disciplinary information to disclose.

Item 4 Other Business Activities

There are no other business activities to disclose.

Item 5 Additional Compensation

There is no additional compensation to disclose.

Item 6 Supervision

Potomac's investment committee makes decisions as a team. The investment committee is supervised by Manish Khatta, President of Potomac. Mr. Khatta also supervises the associates by monitoring their emails, reviewing paperwork, meeting routinely, and enforcing the Firm's Written Supervisory Procedures/Code of Ethics. Mr. Khatta may be reached at 888-768-6622.

Potomac Fund Management

Form ADV Part 2B

Brochure Supplement

Jeffrey Goodnow

777 Brickell Ave., Suite #500 – 9455

Miami, FL 33131

Phone: 888-768-6622

This brochure supplement provides information about Jeffrey Goodnow that supplements the Potomac Fund Management brochure. You should have received a copy of that brochure. Please contact us at the above number if you did not receive Potomac Fund Management’s brochure or if you have any questions about the contents of this supplement.

Additional information about Jeffrey Goodnow is available on the SEC’s website at

www.adviserinfo.sec.gov.

Form ADV – Part 2B

Item 2 Educational Background and Business Experience

Jeff Goodnow, Director of Advisor Education and Investment Advisor Representative was born on January 20, 1970. Mr. Goodnow holds a BA degree in Psychology from the University of Kansas. He has been a full-time employee with Potomac since September 2015 and in 2017 became a minority owner of the firm.

Item 3 Disciplinary Information

There is no disciplinary information to disclose.

Item 4 Other Business Activities

There are no other business activities to disclose.

Item 5 Additional Compensation

There is no additional compensation to disclose.

Item 6 Supervision

Potomac's investment committee makes decisions as a team. The investment committee is supervised by Manish Khatta, President of Potomac. Mr. Khatta also supervises the associates by monitoring emails, reviewing paperwork, meeting routinely, and enforcing the Firm's Written Supervisory Procedures/Code of Ethics. Mr. Khatta may be reached at 888-768-6622.