



POTOMAC

Form ADV Part 2A

Item 1 Cover Page

Potomac Fund Management

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July 9, 2021

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

This Brochure is dated July 9, 2021. Since Potomac’s annual updating amendment of Form ADV on February 1, 2021, this Brochure has been amended as follows:

- We amended the entirety of this Brochure to better describe the Union UMA program and our participation in Third-Party Sponsored Advisory Programs. We inserted new headings to make reviewing our Brochure more reader friendly.
- To make the Brochure more reader friendly, we moved the description of our strategies to Exhibit A, which is included with this Brochure.
- We amended Item 8 to provide more information about our methods of analysis in formulating the Potomac Strategies (defined below) and the risks associated with these methods. We also provided additional information about the material risks associated with our investment strategies in Item 8. Additional information about the Conquer Risk Funds (defined below) are available in their Prospectuses and Statements of Additional Information.
- We amended Item 12 to provide additional information about our practices on block trading and regarding the timing of our model portfolio trading decisions.
- In Item 17, we simplified our disclosure regarding the fact that Potomac does not accept proxy voting authority except for the Conquer Risk Funds.

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Item 4 Advisory Business

Introduction

Potomac Fund Management, Inc. (“We”, “Our,” “Us” or “Potomac”) was founded in 1987. Potomac specializes in portfolio management and offers its services through various platforms and to different clients. The investment strategies currently offered by Potomac are described on Exhibit A to this Brochures, may be amended from time to time without notice to current clients, and may differ in availability from program to program. These strategies span a wide range of risk and performance objectives.

The firms’ owners are Manish Khatta (90%) and Jeff Goodnow (10%).

Assets Under Management

As of June 30,2021, Potomac oversaw total assets of \$501,051,232 which includes the following:

Discretionary assets totaling \$320,210,008. Discretionary Assets are those accounts where Potomac has direct authority over an account and provides continuous and ongoing management of the account.

Assets under advisement, totaling approximately \$180,841,224. Assets under advisement are where we provide administration or act as a model strategy provider but do not have the ability to execute transactions on the accounts.

Potomac’s Services

Potomac offers the following services:

1) Union UMA (The Strategist Program)

Background. Potomac sponsors a turnkey asset management program, called Union UMA, where it provides discretionary investment advisory services. We provide investors with a means to access professional investment management services from Potomac and other investment advisers.

Types of Clients. In Union UMA, Potomac provides its services to: (1) investors introduced by persons unaffiliated with Potomac (which it refers to as “external clients”), and (2) clients that it has originated (which it refers to as “internal clients”). External clients and internal clients are referred to collectively as “clients”.

Methods of Advice. There are three different methods by which you can receive investment advice. You may select from strategies (1) managed directly by Potomac (“Potomac Strategies”), (2) created by an unaffiliated investment adviser but implemented by Potomac (“Non-Potomac Strategies”), and (3) managed on a discretionary basis by another investment adviser where the investment adviser is responsible for implementing their own advice and executing trades in the client’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.” Strategists other than Potomac are referred to as “Non-Potomac Strategists”.

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Determining Investment Objectives; Suitability of the Program; Selecting Investment Strategies. As part of the client onboarding process, clients must assess their needs, objectives, the suitability of the program, and select Strategies. Potomac assists internal clients in determining their investment needs and objectives, the suitability of Union UMA and its investment strategies and selecting appropriate investment strategies. External clients are assisted by their primary advisor, known as their “Client Advisor” in determining their investment needs and objectives, the suitability of Union UMA and its Strategies, and selecting appropriate Strategies. As between Potomac, an external client, and a Client Advisor, the external client and Client Advisor are exclusively responsible for: (1) determining the client’s initial and ongoing suitability for the program and its Strategies, and selecting one or more Strategies; (2) for receiving all client directions, notices and instructions, and forwarding them to Potomac, in writing, (3) remaining reasonably available to discuss the client’s account and to answer questions about the program and its Strategies, determining whether there have been any changes in the client’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. For more information about Potomac’s relationship with Client Advisors, see the ‘Other Financial Industry Activities and Affiliations’ section of this document, Item 10. Internal clients should contact Potomac to address any changes in their financial situation or investment objectives or should they have any questions.

As part of the account onboarding process, clients will deposit funds and securities in their account(s) and agree that Potomac may, without further authorization, liquidate any other assets deposited in their account(s). Clients acknowledge and agrees that liquidation of these securities may result in tax consequences, for which they should consult with their Client Advisor or other tax advisors.

Management of Accounts and Strategies. Potomac Strategies are managed by Potomac on an ongoing, discretionary basis. Potomac retains discretion for buying and selling securities in the Strategy, which are then executed in your account (subject to accepted restrictions). Potomac Strategies are managed by Potomac according to the Strategy’s investment objectives and not necessarily the individual’s personal financial situation or investment objectives. Clients may request to impose reasonable restrictions on the management of their account, which will only be honored if Potomac acknowledges acceptance in writing. For Non-Potomac Strategies, the other investment adviser provides Potomac with investment signals on 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, which means that the performance can differ from the performance of having your account managed directly by the Strategist. In each of the Potomac Strategies and the Non-Potomac Strategies, Clients or their Client Advisor select a Strategy, but security selection for a Strategy is based upon the Strategy’s objectives and not upon the individual financial situation or suitability of a client who has chosen to invest in the Strategy. For SMA Strategies, Clients and Client Advisors are responsible for obtaining information from the Strategist on how their account will be managed. Clients and Client Advisors should be guided accordingly.

Use of Affiliated Funds in Strategies. The Conquer Risk Funds are used exclusively in certain Strategies in the Union UMA. The specific strategies are identified in Item 5 under the “Strategist Program Fees” heading.

Clients and Client Advisors should understand that Strategies suggesting that Conquer Risk Funds may be used exclusively mean that in some cases, up to 100% of an account may be invested in Conquer Risk Funds. There

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are two primary reasons Potomac uses the Conquer Risk Funds in certain Strategies. First, the use of Conquer Risk Funds improves the speed of execution. Capital markets move fast, and to capitalize on market inefficiencies managers must react accordingly. By using the funds trading and security selection are more efficient for Potomac. Instead of (i) placing numerous trades in Client accounts, or (ii) identifying Client accounts to aggregate and trade on a block basis, Potomac can place trades in the account of the specific Conquer Risk Fund—which is then held by the Client. Second, the use of the Conquer Risk Funds in certain Strategies allows Potomac to offer and manage its Strategies more consistently across various platforms which normalizes the client experience regardless of how Potomac strategies are accessed. Clients and Client Advisors should not invest in these Strategies unless they are comfortable holding an investment portfolio that is comprised almost exclusively of the Conquer Risk Funds. For more information about the conflicts of interest this arrangement creates and how Potomac mitigates this conflict, clients and Client Advisors should review Item 5 below.

In other Strategies, we use unaffiliated mutual funds and exchange traded funds.

- 2) **Third-Party Sponsored Advisory Programs** – Potomac also provides non-discretionary investment advisory services, including model portfolio management, through separately managed account programs sponsored by other broker/dealers and investment advisers.

Through these programs, the "sponsor" of the program, contracts directly with their clients to perform various types of investment management services. Potomac delivers model portfolios to the investment platform. The sponsor or another financial professional is responsible for obtaining the necessary financial information from the client, assisting the client in determining the suitability of the program, establishing their investment objective, and opening an account.

Potomac's model portfolios generally reflect the investment strategies described on Exhibit A to this Brochures subject to any restrictions, limitations, or specific directions that the sponsor or their clients give to us. The Conquer Risk Funds are used exclusively in certain Strategies. Clients and prospective Clients should review the disclosure under "Use of Affiliated Funds in Strategies" above.

Potomac continuously reviews, supervises, and updates the model portfolios pursuant to agreements with each sponsor. However, Potomac does not implement the model portfolios on behalf of client accounts and does not have access to information about the underlying clients in the sponsor's programs. Please refer to each sponsor's Form ADV Part 2A, Form CRS, or other disclosure documents, for additional information about the services offered through each sponsor's programs.

- 3) **The Conquer Risk Funds** - Potomac also serves as investment adviser to a series of mutual funds, called the Conquer Risk Funds. For additional information about the Conquer Risk Funds¹, including fees, expenses, and risk factors, please see each funds' Prospectus and Statement of Additional Information.

¹ As of July 2020, the Conquer Risk Funds included the Conquer Risk Managed Volatility Fund, the Conquer Risk Tactical Rotation Fund, the Conquer Risk Tactical Opportunities Fund and the Conquer Risk Defensive Bull Fund.

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Risks About Potomac's Investment Strategies

The investment strategies managed by Potomac, and referenced on Exhibit A, 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 investment strategies recommended or made by Potomac) will be profitable. Investment returns will fluctuate, and you may lose money. Investing involves risk that you should be prepared to bear. All investments in securities 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.

Not Legal Advice or Tax Advice

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 legal or accounting advice.

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. Alternatively, you may engage in a combination of these options. 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

The Union UMA Fees and Expenses

The fees for the Union UMA 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"). Each of these fees is described in greater detail below.

The Platform 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 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

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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%

The Strategy Fee

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's Strategy Fees are listed below.

Strategy Fees	
Income Plus	0% ²
Guardian	0% ³
Navigrowth	0% ⁴
Bull Bear	0% ⁵
Focused Growth	0.50%
Advisor Express	0.50%
Custom SMA	0.20%

Potomac is entitled to receive from each Conquer Risk Fund an annual advisory fee of 1.25% based on each 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.

The Strategy Fee can also include Non-Potomac Strategies and SMA Strategies that will range from 0.10%-0.50%. 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 make these Strategists available on the platform over another model. In addition, some Strategists may select their own affiliated mutual funds when developing their models. We don't impose any limitations on Strategist's use of affiliated funds in their models, but they have disclosure obligations to investors, and clients and Client Advisors should review a Strategist's Form ADV Part 2 prior to investing. Some of these Strategists may share a portion of the fees they collect from their own affiliated mutual funds with us. These fee sharing arrangements create a conflict of interest since we have an incentive to continue to make these Strategists available in the Union UMA. Additionally, Strategists may refer or recommend their clients to invest via our platform. This arrangement creates an incentive for us to continue to make these Strategists available 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.

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.

⁵ Strategy uses mutual funds exclusively managed by Potomac.

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The Client Advisor Fee

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 other investors receiving the same or similar services from Potomac.

Other Program Expenses

Clients are responsible for all fees imposed by custodians and the indirect expense of any investments that they own, including mutual funds and exchange traded 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.

Additional Information about Strategist Program's Fees and Expenses

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%.

Unless other arrangements are made, the custodian will debit these fees from your account. If a client has more than one account with Potomac, all account balances will be aggregated to determine which Program Fee (and potentially the Client Advisor Fee and Strategist Fee) 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. 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, Potomac will charge client a prorated advisory fee based upon the number of days services were rendered in the billing period in addition to an 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 reduce its fees 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, Client Advisors, and certain other persons may be charged less than the full fee, as previously detailed, upon approval of an authorized Potomac executive.

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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.

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 asset level to open an account.

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

Methods of Analysis and Investment Strategies Used in Formulating Advice and Managing Assets

For Potomac Strategies, we use charting, technical analysis, fundamental analysis, and cyclical analysis to formulate our advice. Each of these methods of analysis are described in more detail below. In implementing Non-Potomac Strategies, we generally implement the Non-Potomac Strategists advice subject to our discretion. In almost all instances, we will implement their advice without deviation. However, in certain instances, we may implement their advice the following business day due to delays in the receipt of information or for other reasons. Our investment strategies are more thoroughly described in Exhibit A. ***Investing in securities involves risk of loss that clients should be prepared to bear.***

Charting Analysis

We analyze price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to charts, which is used to predict future price movements based on price patterns and trends. Charts may not accurately predict future price movements. Current prices of securities may not reflect all information about the security and day-to-day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

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Technical Analysis

We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement. Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

Fundamental Analysis

We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell). Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

Cyclical Analysis

We seek to evaluate recurring price patterns and trends. Economic/business cycles may not be predictable and may have many fluctuations between long- term expansions and contractions. The lengths of economic cycles may be difficult to predict with accuracy and therefore the risk of cyclical analysis is the difficulty in predicting economic trends and consequently the changing value of securities that would be affected by these changing trends.

Material Risks Associated with Investment Strategies

Defensive Positions of the Strategies. Potomac's Tactical Asset Allocation Strategies and Market Timing Strategies referenced on Exhibit A may hold all or a portion of its assets in cash or cash-equivalents like money market funds, certificates of deposit, short-term debt obligations, and repurchase agreements, either due to pending investments, when investment opportunities are limited, or market conditions are adverse. Under these circumstances, your account may not participate in stock market advances or declines to the same extent it would, had it remained more fully invested in common stocks. When invested in shares of a money market fund, you will generally be subject to duplicative management and other fees and expenses. As a result of engaging in these temporary measures, a strategy may not achieve its investment objective.

Non-Diversification. Each of the Conquer Risk Funds are classified as "non-diversified" portfolios, which means they can invest in fewer securities at any one time than a diversified portfolio and can invest more of their assets in securities of a single issuer than a diversified portfolio. If you invest in a strategy that uses the Conquer Risk Funds, you may hold a non-diversified portfolio that can invest in a smaller number of securities. Non-diversification increases the risk that the value of a fund could go down because of the poor performance of a single investment. Because a Conquer Risk Fund may invest a significant percentage of its assets in a single ETF, mutual fund and/or money market fund, and at times may hold only one such position along with a cash or cash equivalent position, there is a risk that events negatively affecting these fewer positions will have a greater negative impact on your account's performance.

Management Risk. Potomac's implementation of a strategy may fail to produce the intended results. In circumstances where Potomac establishes high conviction positions, it is possible the results of the trend analysis will be incorrect and the high-conviction trade (i.e., the leveraged position) will not produce the desired results; in such circumstances, the losses that you may incur will be greater than they would otherwise be had Potomac not taken the leveraged position.

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At times, Potomac may determine to hold significant portions of an account in cash and cash equivalents, and in such scenarios may detract from a strategy's ability to achieve its objectives.

Risks in General. Domestic and foreign economic growth and market conditions, interest rate levels, and political events are among the factors affecting the securities markets of client investments. There is risk that these and other factors may adversely affect your account's performance. You should consider your own investment goals, time horizon, and risk tolerance before investing with Potomac. An investment with Potomac may not be appropriate for all investors and is not intended to be a complete investment program.

Risks of Equity Securities. Overall stock market risks may affect the value of your account. These risks include the financial risk of selecting securities that do not perform as anticipated, the risk that the stock markets in which we invest may experience periods of turbulence and instability, and the general risk that domestic and global economies may go through periods of decline and cyclical change. Many factors affect the performance of each company, including the strength of the company's management or the demand for its product or services. You should be aware that the value of a company's share price may decline as a result of poor decisions made by management or lower demand for the company's products or services. In addition, a company's share price may also decline if its earnings or revenues fall short of expectations. There are overall stock market risks that may also affect the value of your account. Over time, the stock markets tend to move in cycles, with periods when stock prices rise generally and periods when stock prices decline generally. The value of your investments may increase or decrease more than the stock markets in general. Common stocks, preferred securities, and warrants are examples of equity securities.

Risks of Fixed Income Securities. Fixed income securities fluctuate with changes in interest rates. Typically, a rise in interest rates causes a decline in the value of fixed income securities. In general, the market price of fixed income securities with longer maturities will increase or decrease more in response to changes in interest rates than the market price of shorter-term securities. Other risk factors include credit risk (the debtor may default) and prepayment risk (the debtor may pay its obligation early, reducing the amount of interest payments). These risks could affect the value of a particular investment, possibly causing both the fund's and your account's total return to be reduced and fluctuate more than other types of investments. "Junk bonds" are speculative investments that carry greater risks and are more susceptible to real or perceived adverse economic and competitive industry conditions than higher quality debt securities. Government bonds, corporate bonds and high yield bonds are examples of fixed income securities.

Risks of Small and Medium Capitalization Companies. Your account may have exposure to funds that invest in the stocks of small and medium capitalization companies, which may subject your account to additional risks. The earnings and prospects of these companies are more volatile than larger companies. Small and medium capitalization companies may have limited product lines and markets and may experience higher failure rates than do larger companies.

Emerging Markets Risk. Emerging market issuers may be subject to a greater risk of loss than investments in issuers located or operating in more developed markets. Emerging markets may be more likely to experience inflation, political turmoil and rapid changes in economic conditions than more developed markets. Emerging markets often have less uniformity in accounting and reporting requirements, less reliable securities valuations and greater risk associated with custody of securities than developed markets.

Risks of Derivatives. Underlying funds in which your account may be invested in may use derivative instruments such as put and call options on stocks and stock indices, and index futures contracts and options thereon. There is no guarantee such strategies will work. If the underlying fund is not successful in employing such instruments in managing its

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portfolio, your account's performance will be worse than if it did not invest in underlying funds employing such strategies. Successful use by an underlying fund of options on stock indices, index futures contracts (and options thereon) will be subject to its ability to correctly predict movements in the direction of the securities generally or of a particular market segment. In addition, underlying funds will pay commissions and other costs in connection with such investments, which may increase your investment expenses and reduce the return. In using certain derivatives, an underlying fund's losses are potentially unlimited. Derivative instruments may also involve the risk that other parties to the derivative contract may fail to meet their obligations, which could cause losses.

Material Risks Associated with Types of Securities

Mutual Fund and Exchange Traded Fund Risk. Potomac's investment strategies are implemented through mutual funds and exchange traded funds, including our Conquer Risk Funds. Mutual funds and exchange traded funds have internal expenses, and some funds and custodians 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. In all instances, Potomac seeks to invest in mutual funds that are the least expensive at the time of purchase and reviews its 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. Third-Party Sponsored Advisory Programs may impose limitations on the securities and share classes that Potomac may select in implementing its strategies and creating model portfolios. In those cases, Potomac may select a more expensive share class in managing its strategy or creating its model portfolio, and the sponsor remains responsible for disclosing its practices to the investor.

Leveraged ETF Risks. Each of the Conquer Risk Funds may purchase leveraged ETFs. The Conquer Risk Funds may be used in managing your account. The net asset value and market price of leveraged ETFs are usually more volatile than the value of the tracked index or of other ETFs that do not use leverage. Leveraged ETFs use investment techniques and financial instruments that may be considered aggressive, including the use of derivative transactions. Most leveraged ETFs are designed to achieve their stated objectives on a daily basis. Their performance over long periods of time can differ significantly from the performance of the underlying index during the same period of time. This effect can be magnified in volatile markets.

Inverse ETF Risks. Each of the Conquer Risk Funds may purchase inverse ETFs. The Conquer Risk Funds may be used in managing your account. Inverse ETFs seek investment results that are the opposite of the daily performance of an underlying index or basket of stocks. Investors will lose money when the Index rises — a result that is the opposite from traditional funds.

Sector Risk. Sector risk is the possibility that stocks within the same group of industries will decline in price due to sector-specific market or economic developments. If Potomac invests a significant portion of your assets, directly or indirectly, in ETFs in a particular sector, your account will be subject to the risk that companies in the same sector are likely to react similarly to legislative or regulatory changes, adverse market conditions and/or increased competition affecting that market segment. The sectors in which the Potomac may be over-weighted will vary.

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Potomac’s Process for Non-Potomac Strategies and SMA Strategies in Union UMA

For Non-Potomac strategies and SMA strategies, Potomac conducts initial and ongoing due diligence following our “Firm CPR” process. The due diligence focuses on the firm structure, communication, program design, and returns of each Strategist. Potomac uses specific qualitative and quantitative screening criteria to identify appropriate Strategists for the Union UMA. 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. The inclusion of a Strategist in the Union UMA should not be viewed as a recommendation by Potomac of the Strategist and for external clients, it remains the external client and their Client Advisor’s determination of whether to select any Strategist.

Each Strategist is reviewed and analyzed, in detail, by the Potomac’s 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.

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.

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 enters into written agreements with certain individuals and entities who introduce external clients to Potomac. As noted above, we call these individuals and entities 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. 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. Your Client Advisor has an obligation to discuss his or her commissions with you. 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 these meetings. The purpose of these meetings will be to provide general market and industry information as well as information about Potomac’s advisory services.

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Potomac Fund Management serves as the investment adviser to the Conquer Risk 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.

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 an account custodian to a client or Client Advisor, but the client remains responsible for the selection and account application. Custodians 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. Potomac typically will execute transactions through an account's custodian, subject to its obligation to seek best execution.

Research services are usually not factors in selecting account custodians or broker/dealers. Commissions are customary, although Potomac does not receive any portion of said commission and there is no additional research fee.

Certain conflicts of interest arise based on Potomac's Strategist Program and its participation in Third-Party Sponsored Advisory Programs. These are discussed in greater detail in Item 14.

Research and Additional Benefits (Soft Dollars). Although not a material consideration when determining whether to recommend that a client use the services of a particular broker/dealer, custodian, product sponsor, investment strategist, or other service provider, Potomac may receive from unaffiliated entities, without cost (and/or at a discount),

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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, 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.

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.

Aggregation of Orders

Potomac may, but is not required to, block trades where possible and when advantageous to clients. This blocking of trades permits the trading of aggregate blocks of securities composed of assets from multiple client accounts, so long as transaction costs are shared equally and on a pro-rated basis between all accounts included in any block. Block trading may allow us to execute equity trades in a timelier, more equitable manner, at an average share price. Potomac can only aggregate trades among clients whose accounts are maintained at the same custodian. The timing that Potomac trades at different custodians is intended to be done on a fair and equitable basis.

Accounts for Potomac employees and their family members will be included in a block trade with client accounts.

Model Portfolio Trading Timing

Potomac attempts to communicate information regarding model portfolios or any updates thereto at or around the same time it trades its discretionary accounts. However, the timing of trading of model portfolios at sponsor firms may differ from the timing of the same or similar models within the Union UMA due to the speed of trades, the vehicles in which the models invest, trading and/or custodial arrangements, among other factors. It is possible that Potomac will act on such recommendations before sponsors who make execution decisions for the implementation of model portfolios commence trading based on the Potomac's recommendations. As a result, the performance of accounts participating in Third-Party Sponsored Advisory Programs may not track the performance of accounts managed in the Union UMA.

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.

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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

Economic Benefits Received by Potomac

As described in Item 12, Potomac receives certain benefits from broker/dealers and other parties.

Potomac offers its investment strategies through the Union UMA and Third-Party Sponsored Advisory Programs. For the Union UMA, Potomac has an incentive to increase the amount of assets it manages at Fidelity, TD Ameritrade, and other custodians to potentially improve the level of service, research, and additional benefits it may receive that are described in Item 12 above. Similarly, for Third-Party Sponsored Advisory Programs, Potomac may also pay a broker/dealer a platform fee for access to its customers and platform that is based on the aggregate amount of assets managed by Potomac. In those cases, Potomac is incentivized to recommend that broker/dealer and its platform to others in order to potentially reduce its fees. Lastly, Potomac receives sponsorship from third parties in hosting marketing events, including its annual conference. Potomac addresses these conflicts of interest by disclosing them to clients and by attempting to not let any of them compromise its independent judgment when rendering investment advice.

Potomac's Compensation of Others

Potomac enters into written agreements with individuals and entities who refer investors to Potomac. 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 referral agreement. Clients will receive a separate written disclosure statement from their Client Advisor, 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.

Potomac may also reimburse a representative of a Client Advisor for expenses incurred by such representative when marketing Potomac's investment advisory services.

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 and the client will become an internal client.

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Item 15 Custody

Potomac is deemed to have 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 immediately.

Item 16 Investment Discretion

In the Union UMA, Potomac has the authority to determine the securities bought or sold when managing a Potomac Strategy and Non-Potomac Strategy. 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. For SMA Strategies, the Strategist will maintain investment discretion.

Item 17 Voting Client Securities

Potomac, as a matter of policy and practice has no authority to vote proxies on behalf of its clients, except the Conquer Risk Funds. Potomac may offer assistance as to proxy matters upon a client's request, but the client always retains the proxy voting responsibility. Potomac's proxy voting policies and procedures relating to the Conquer Risk Funds are available in each Funds' Statement of Additional Information.

Clients may obtain a copy of Potomac's proxy voting policies and procedures by contacting Potomac.

Item 18 Financial Information

Potomac does not solicit fees of more than \$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.

Exhibit A – Investment Strategies



Tactical Asset Allocation Strategies

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%.

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%.

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.

Custom Strategies

Custom SMA - Through discussions with Potomac and the Client Advisor, clients can create their own strategies to account for exclusions or preferences for certain securities and industries or other considerations. Potomac will only agree to manage a Custom SMA in writing. Clients are advised that if as a result of any change in their personal circumstances, financial situation, investment goals or objectives, tolerance for risk, or the characteristics of the Custom SMA are no longer suitable for the client, the client should contact their Client Advisor or Potomac promptly in order to revise the current Custom SMA or identify another strategy that meets the client's needs.

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 is also responsible for supervising all supervised persons and enforcing the Firm's Written Supervisory Procedures/Code of Ethics. Mr. Khatta may be reached at 888-768-6622.

Potomac Fund Management

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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 is also responsible for supervising all supervised persons and enforcing the Firm's Written Supervisory Procedures/Code of Ethics. Mr. Khatta may be reached at 888-768-6622.