



Potomac Fund Management, Inc. (“Potomac”) is registered with the United States Securities and Exchange Commission as an investment adviser. Brokerage and investment advisory services/fees differ, and it is important for the retail investor to understand the differences.

Free and simple tools are available to research firms and financial professionals at [Investor.gov/CRS](https://investor.gov/CRS), which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

We offer investment advisory services to retail investors. We primarily offer retail investors our investment management services, specifically tactical and custom strategies. Our services to retail investors are almost exclusively delivered through Union UMA (the Strategist Program) where you can select strategies (1) managed directly by Potomac, (2) created by an unaffiliated investment adviser but implemented by Potomac, 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. All these services are rendered on a discretionary basis. Investors may request to impose reasonable restrictions on the management of their account, which will only be honored if Potomac acknowledges acceptance in writing.

As part of our standard service in Union UMA, 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.

We typically invest in mutual funds and exchange traded funds, including the Potomac Funds, our affiliated funds. Accounts invested in multiple strategies (sleeved accounts) have a \$20,000 minimum for the combined value of the sleeves.

For more information about our services, please review our Form ADV Part 2A, Items 4 and 7, which is available here: <https://adviserinfo.sec.gov/firm/summary/105413>

- ***Given my financial situation, should I choose an investment advisory service? Why or why not?***
- ***How will you choose investments to recommend to me?***
- ***What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?***

What fees will I pay?

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”). 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 more assets there are in a retail investor’s advisory account, the more a retail investor will pay in fees, and Potomac therefore has an incentive to encourage retail investors to increase the assets in their account.

In addition to these fees, you may be charged by the custodian of your assets for transactions in your accounts, margin fees, custodial fees, or other charges as detailed separately for you on your custodial account application.

Potomac serves as the investment adviser to the Potomac Managed Volatility, Potomac Tactical Rotation, Potomac Tactical Opportunities, Potomac Defensive Bull, and Potomac Tactically Passive Funds. Potomac is entitled to receive an annual advisory fee of up to 1.25% based on these Funds' average daily net assets but may receive less due to waivers. The Potomac Funds are used exclusively in Potomac Strategies in Union UMA.

Under a services agreement with the Potomac Funds, Potomac also stands to receive an additional fee, which may vary year to year. As of October 1, 2023, the additional fee range was 0.20% to 0.50% depending on each Potomac Fund’s average daily net

assets for services provided under the services agreement. In exchange, Potomac is obligated to pay the operating expenses of each Potomac Fund excluding management fees, brokerage fees and commissions, 12b-1 fees (if any), taxes, borrowing costs, ADR fees, the cost of acquired funds and extraordinary expenses. The service fee agreement and our receipt of revenue create a conflict of interest as it results in our receipt of additional compensation. While the additional fee is intended to compensate us for expenses incurred in supervising the Potomac Funds' business affairs, it may not always operate as a one-to-one offset. The R share class of the Potomac Funds, used solely for self-directed brokerage accounts, also has a 1% administrative fee. For additional information about the Potomac Funds, please see the funds' Prospectus and Statement of Additional Information.

You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

For more detailed information, please review Form ADV 2A, specifically Item 5 available here:

<https://adviserinfo.sec.gov/firm/summary/105413>

- ***Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?***

What are your legal obligations to me when acting as my investment adviser? How else does your firm make money and what conflicts of interest do you have?

When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means:

(1) Proprietary Products. Our strategies invest exclusively in the Potomac Funds. When we invest in these funds, we receive management, services fees, and an administrative fee on the R share classes of the funds, which is a conflict of interest. We have determined not to charge a Strategy Fee to mitigate this conflict.

(2) Revenue Sharing. We also may retain a portion of a Strategy Fee for Non-Potomac Strategies and SMA Strategies. This incentivizes us to make these Strategists available on the platform over others. These are not our only conflicts.

- ***How might your conflicts of interest affect me and how will you address them?***

For more information about our conflicts of interest, please review our Form ADV Part 2A (Item 4 – Use of Affiliated Funds in Potomac Strategies, and Item 5 – The Strategy Fee), available here:

<https://adviserinfo.sec.gov/firm/summary/105413>

How do your financial professionals make money?

For advisory services provided to retail investors, Potomac employees are paid a salary and are eligible for a discretionary bonus. Owners of the firm also share in profits of the firm.

Do you or your financial professionals have legal or disciplinary history?

No. You should visit Investor.gov/CRS for a free and simple search tool to research us and our financial professionals.

- ***As a financial professional, do you have any disciplinary history?***
- ***For what type of conduct?***

You can find more information about our services, fees, and conflicts by requesting a copy of our Form ADV 2A or this Client Relationship Summary by contacting us at info@potomac.com or calling us at 301-901-3466.

- ***Who is my primary contact person?***
- ***Is he or she a representative of an investment adviser or a broker dealer?***
- ***Who can I talk to if I have concerns about how this person is treating me?***