POTOMAC

INVESTMENT STRATEGIES AND SOLUTIONS FOR FINANCIAL ADVISORS.

BUILT TO CONQUER RISK®

A tactical 'total return' strategy with the goal of providing stable and absolute returns, under all market conditions.

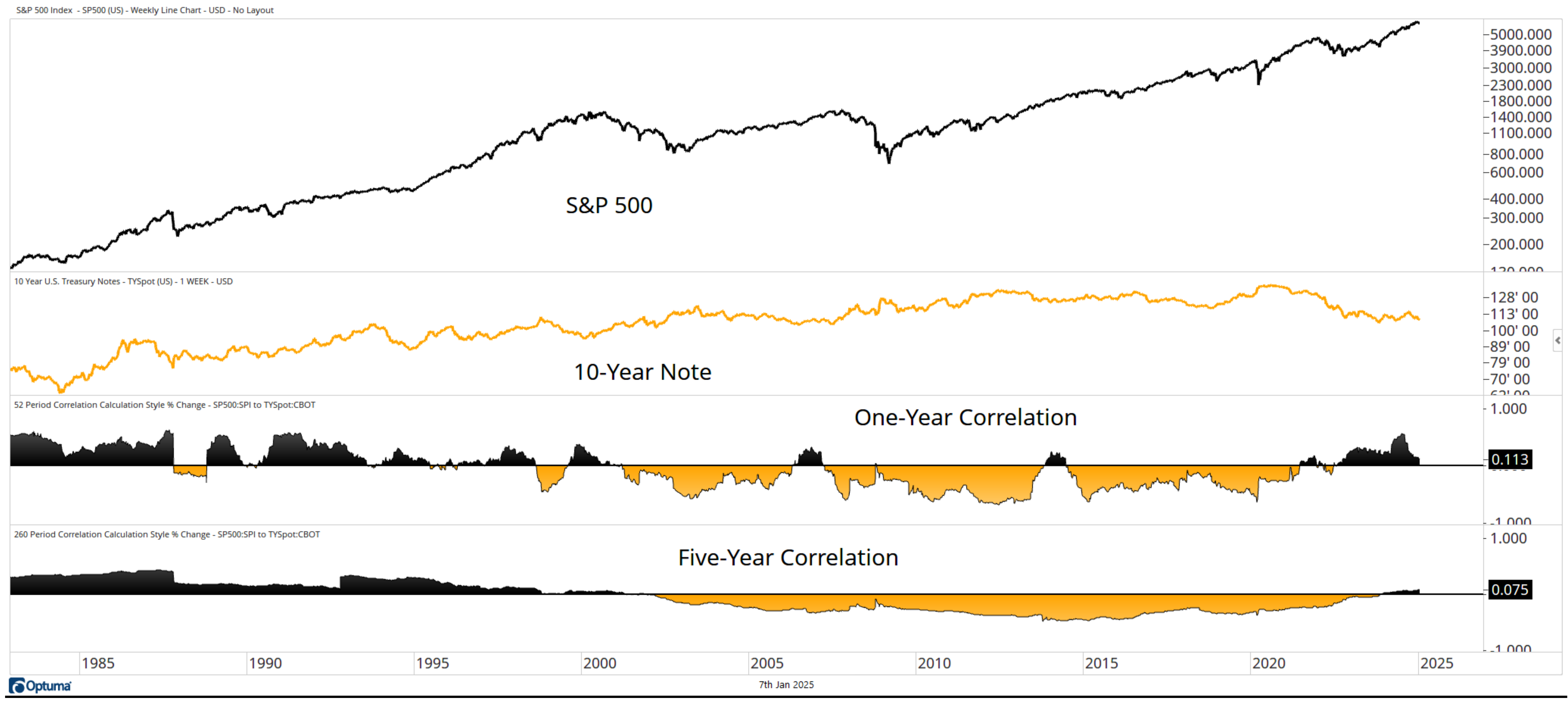
Not all bonds are created equal.

INCOME PLUS

The regime may be shifting.

Post-2000, the perfect environment for traditional balanced allocations i.e. 60/40.

What if correlations are turning positive again?

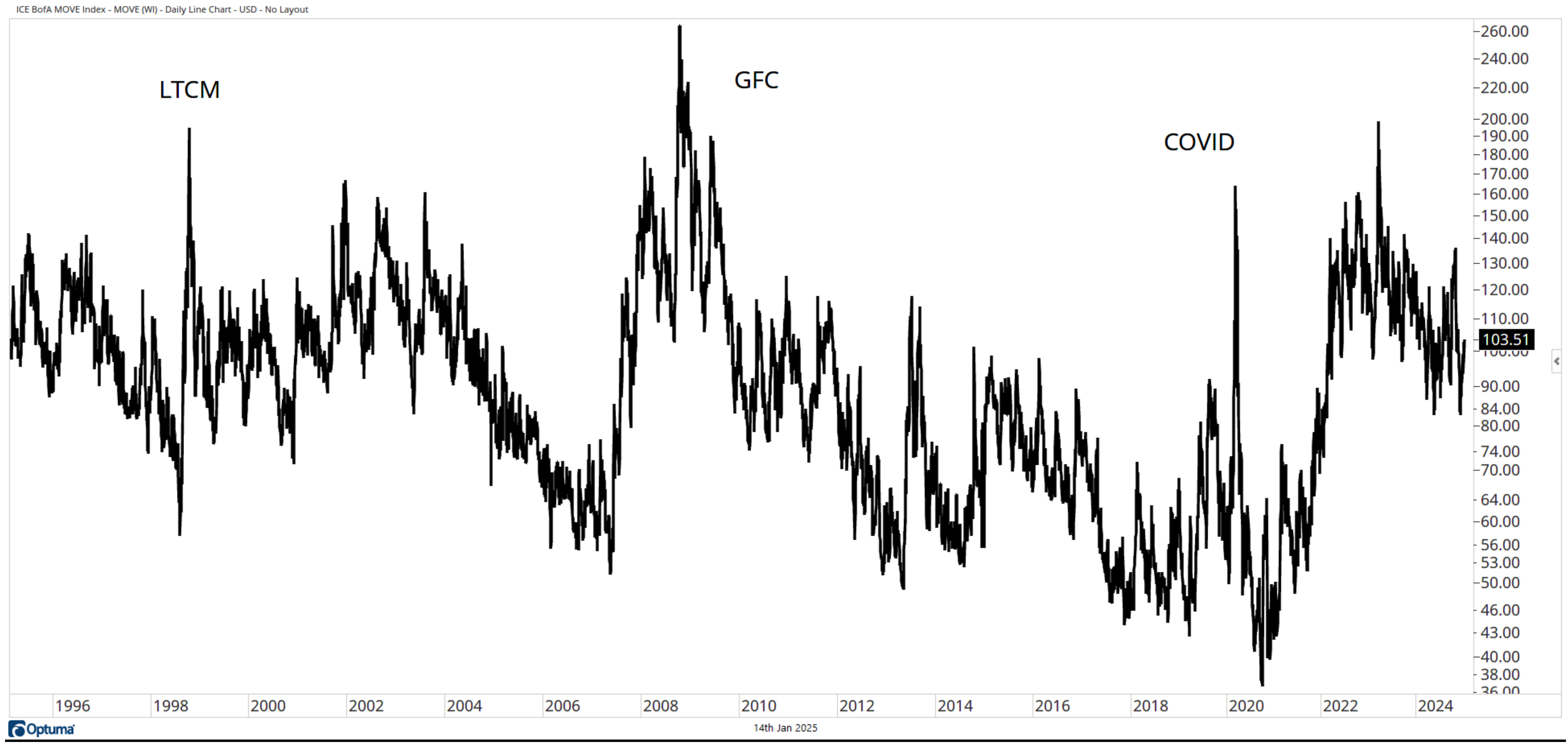


Please see disclosure.

"Safe" assets are not always safe.

ICE BofA MOVE Index (VIX for Bonds) at Covid Levels.

Treasury Volatility Remains Elevated.



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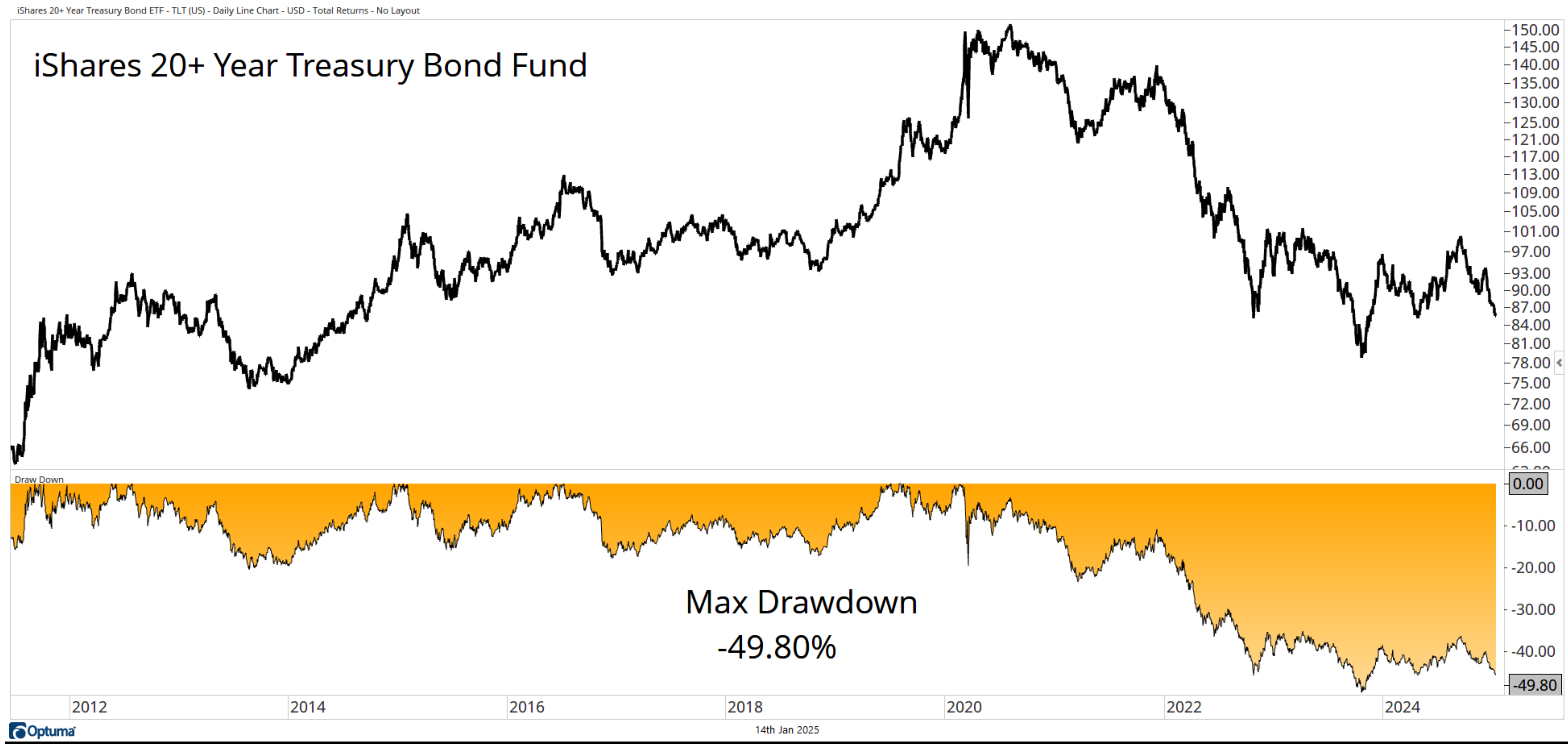
“Safe” assets are not always safe.

Long duration Treasuries are usually considered “risk-off.”

In 2022, the drawdown approached -50%



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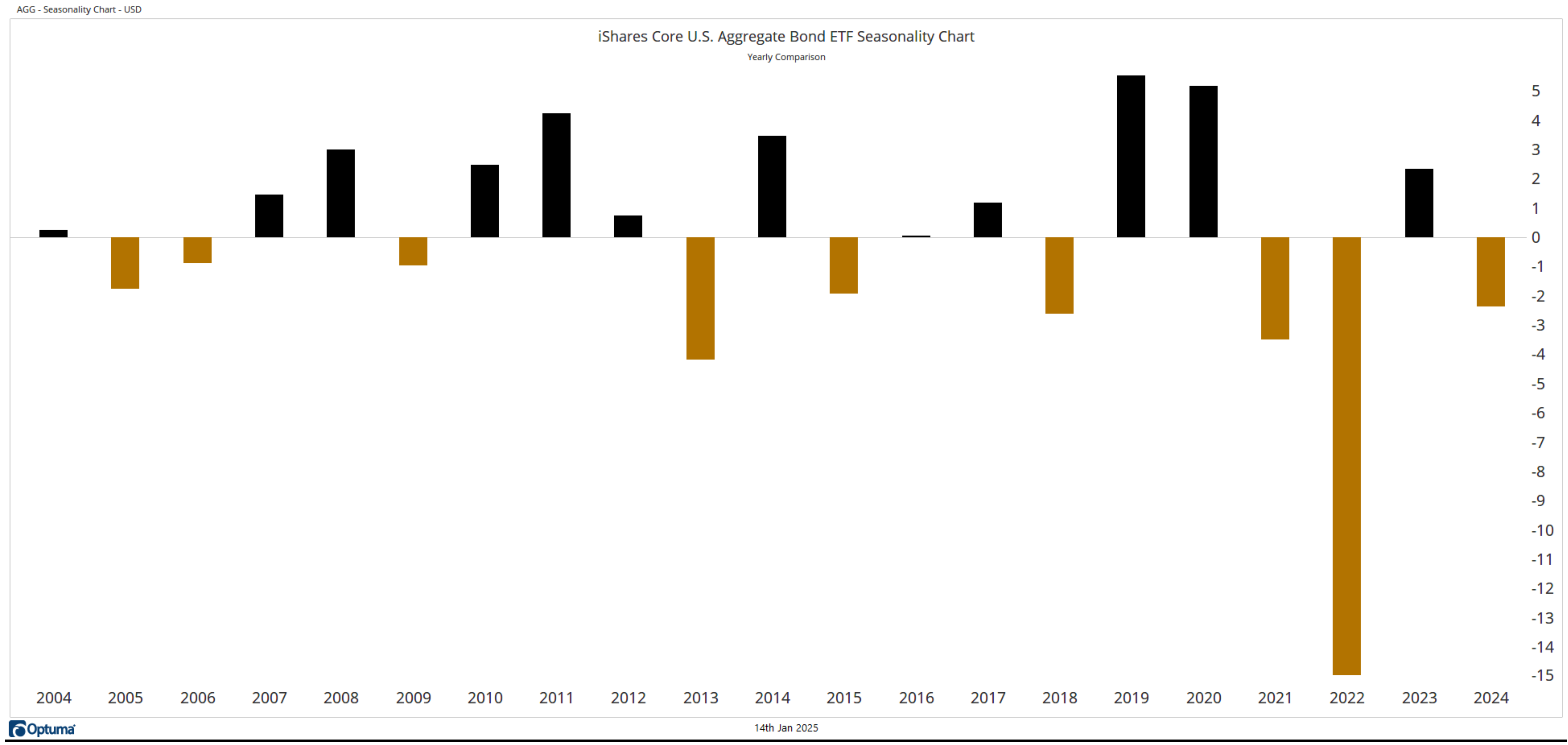
“Safe” assets are not always safe.

Outliers can and do happen.
Often when you least expect it.

U.S. Aggregate Bond ETF (AGG) has been lower in the three of the past four years.



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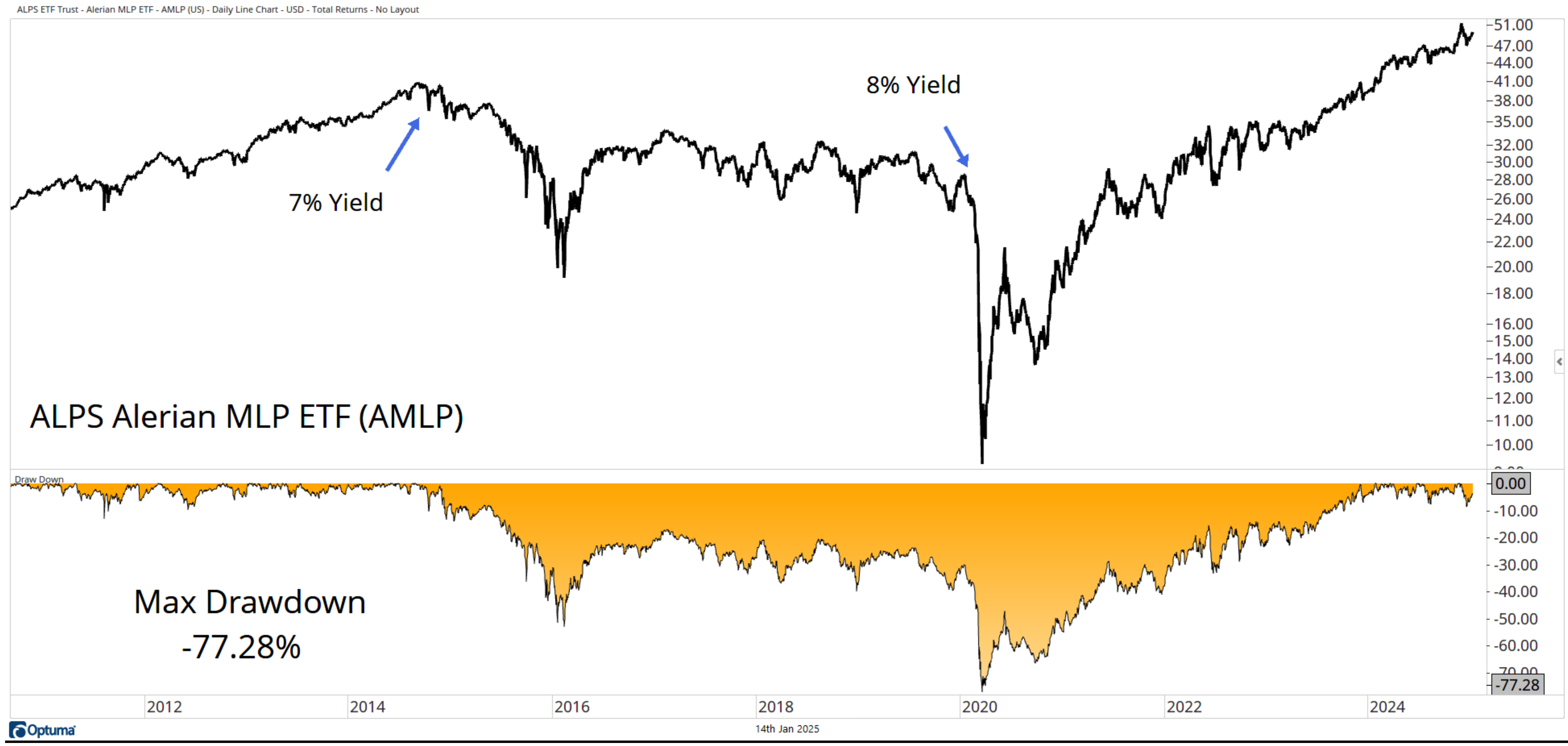
Should you reach for yield?

Reaching for yield can be dangerous.

Large drawdowns often occur in markets with the highest yield.



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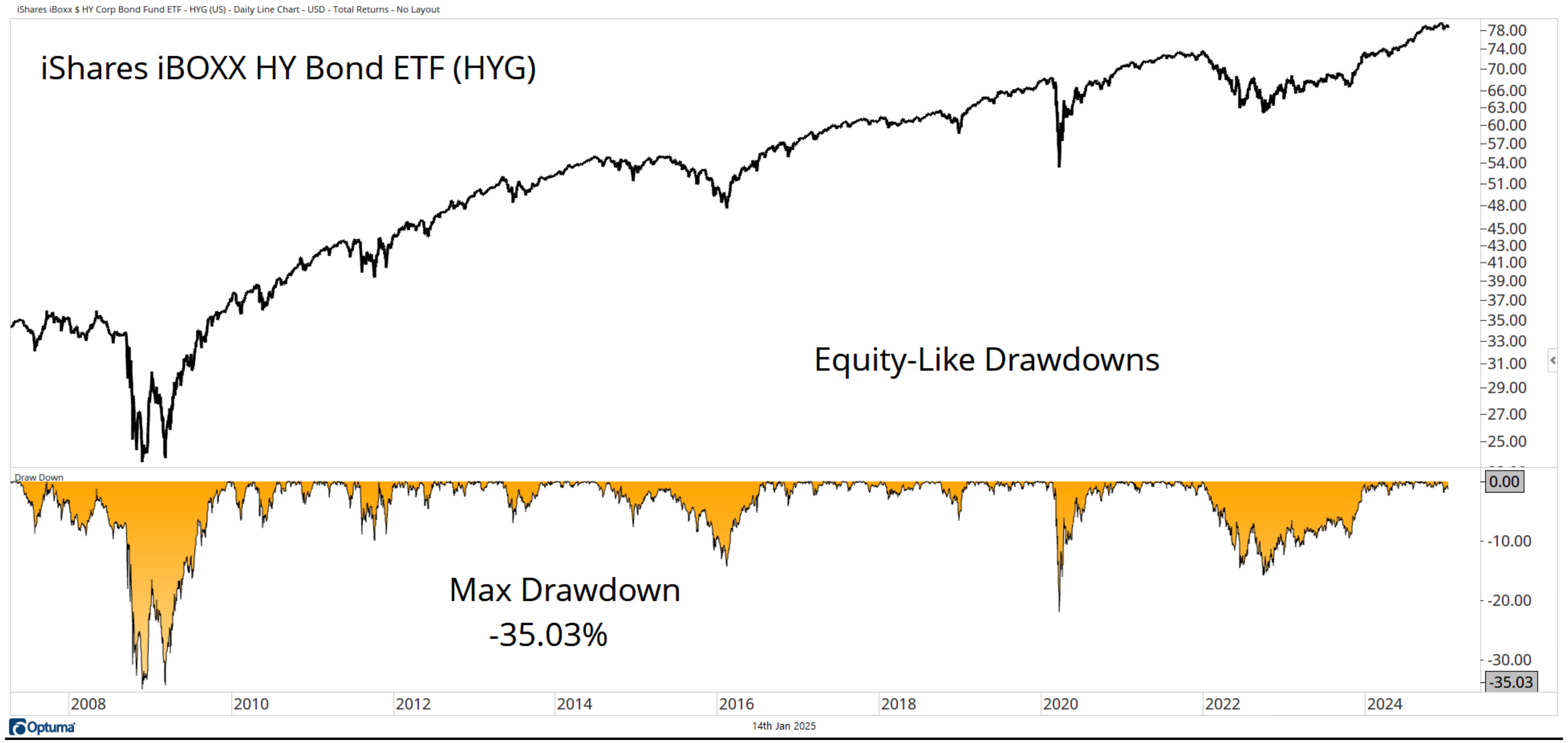
Should you buy and hold riskier bond funds?



Please see disclosure.

Risk-on and risk-off.

The strategy allocates using a suite of affiliated tactical mutual funds. Income Plus will hold a core position that will focus on absolute return and low daily volatility. The remainder will be allocated among a diverse group of tactical funds.

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

Alternate between RISK-ON and RISK-OFF

RISK-ON

- HIGH-YIELD
- EMERGING MARKETS INCOME
- HIGH-YIELD MUNICIPAL

RISK-OFF

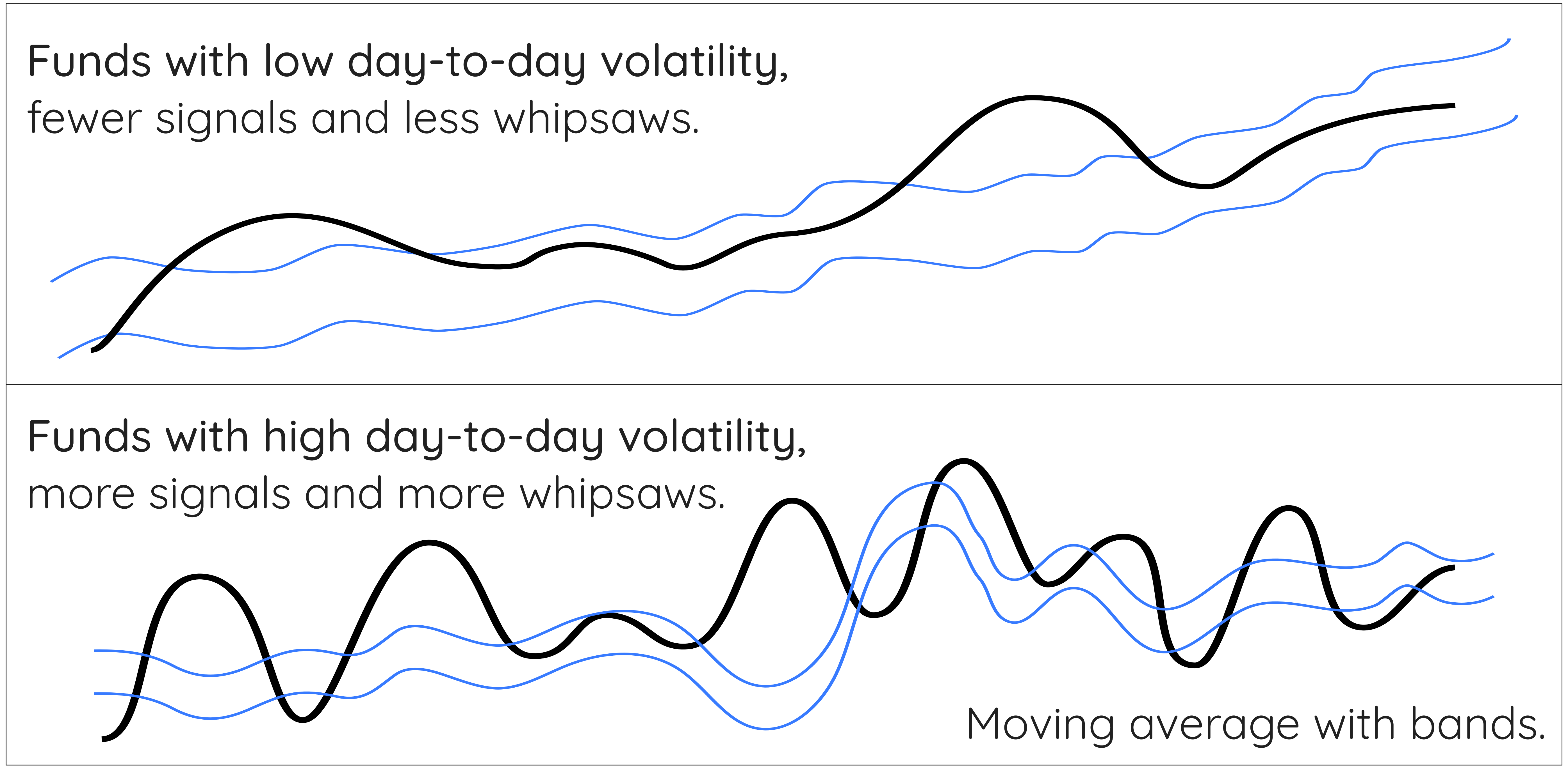
- CASH
- CORPORATE BONDS
- TIPS
- TREASURIES
- MANAGED FUTURES
- CURRENCY
- HEDGED FIXED INCOME
- OPTIONS

A tactical approach to risk management.

Trend following allocations to HY Bond, HY Municipal, and EM Bond Funds.

Lower volatility funds allow for uptrend participation with a built-in risk management process.

Higher volatility funds = more signals, trades, and costs.



For illustrative purposes.

A tactical approach to risk management.

The core fund will utilize momentum and trend analysis on a basket of investments.

Investments are ranked by combining their momentum and trend strength scores.

A trend filter is applied to avoid funds in confirmed downtrends.

Income Plus investment opportunities.

Fund Type	Momentum Score	Uptrend?
Long Duration Treasury Bond	75%	Yes
Short-Term Treasuries	72%	Yes
High Yield Bonds	64%	Yes
Commodity Index	62%	No
Bullish U.S. Dollar	58%	Yes
Convertible Securities	51%	No
Preferred Stocks	48%	No
Emerging Market Bonds	42%	No
Managed Futures	38%	No

For illustrative purposes.

If you want Bonds, just buy Bonds!

RISK STATISTICS	NET
Max Drawdown	-11.02%
Correlation*	0.44

*Calculated using Bloomberg US Agg. Please see disclosure. Data since inception 01/01/2009. As of 12/31/2024.

How are advisors using Income Plus?

Tactical risk-off allocations.

Complement to traditional diversified fixed income investments.

Alternative/ complement to traditional HY timing strategies.

DISCLOSURES

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Performance results reflect the composite performance of all fully discretionary portfolios managed by Potomac according to the strategy subject to policies that may require the exclusion of certain accounts. All returns are time-weighted and reflect the reinvestment of dividends and capital gain distributions. Gross performance returns do not reflect the payment of investment advisory fees but reflect the underlying fund management fees, other fund (administrative) expenses, and redemption or 12b1 (fund marketing) fees, if any. Net performance reflects the deduction of a model fee (the highest investment advisory fee charged by Potomac), underlying fund management fees, other fund (administrative) expenses and, if any, redemption or 12b1 (fund marketing) fees. Net of fee returns are calculated using a model fee of 2.5%. The model fee, applied monthly, is the highest fee that may be or has been charged to an investor in this composite. Actual investment advisory fees incurred may vary. Past performance does not guarantee future results. There is no guarantee that any investment strategy or account will be profitable or will avoid loss. Individual investors' objectives, financial situations, their specific instructions, or restrictions on investments, or the time at which an account is opened, or additions are made may result in different trades and returns. Performance for the strategy presented may differ materially (more or less) from the performance of the comparable benchmark and other Potomac investment strategies. Market and economic conditions could change in the future producing materially different returns. Results do not reflect the impact of taxes for taxable accounts or their owners. You cannot invest directly in an index. This presentation is supplemental to the composite report. The Annual GIPS® Report is available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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