

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

A. Adviser Name: Potomac Wealth Management LLC

Address: 737 Walker Rd. Suite 1B, Great Falls, Virginia 22066 Phone: (202) 236 9667

Website: www.potomacwealthmanagementllc.com Dated: February 21, 2020

The founding principal at Potomac Wealth Management LLC is Kurt Eric Laubinger. He can be reached at the telephone number above or by e-mail: kurt@potomacwealthmanagementllc.com.

B. This brochure provides information about the qualifications and business practices of Potomac Wealth Management LLC. If you have any questions about the contents of this brochure, please contact us at (202) 236 9667 and/or e-mail us at potomacwealthmanagementllc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

C. We are a Registered Investment Adviser registered in the state of Virginia. This registration does not imply a certain level of skill or training.

Item 2 Material Changes

Material Changes: There are no material changes from previously reported registration statements.

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Item 4 Advisory Business

A. Potomac Wealth Management LLC is a fee only Registered Investment Adviser in the state of Virginia. It was established in 2009 by its principal owner Kurt E. Laubinger as an objective fee based alternative to broker dealers and other commissioned based investment providers. We offer investment management services to individuals, trusts, company retirement plans and non-profit organizations.

B. We provide investment advisory services using predominately a passive investment approach to investing with a focus on asset allocation. We provide financial planning services either formally or informally depending on the client's needs and desires. We also serve company retirement plans helping to streamline costs, reduce fiduciary burdens on plan sponsors and educate plan participants on topics relevant to investing and planning for retirement. The educational seminars we provide are designed to educate plan participants on the basics of investing and how they may use their employer's plan to help them plan for their own financial future. There is no cost for this service we provide our clients.

C. Our services are tailored to meet the individual needs of our clients. We conduct interviews with our clients and encourage them to do the same with us, in order to understand risk tolerances, investment goals and objectives, estate planning considerations, charitable intentions and the like before discussing and recommending investment solutions. We typically implement our strategies using broadly diversified institutional share class and or no-load mutual funds. With company retirement plans, we may structure a menu of funds that offer revenue sharing or 12(b)(1) fees in order to help off-set recordkeeping, administrative and advisory fees if the client so desires. They also have the option of charging participant accounts on a pro-rat a basis or paying the fees with assets outside of the plan. We may serve as an ERISA section 3(21) or 3(38) Investment Adviser depending on the mandate issued by the client.

D. We do not participate in wrap fee programs.

E. We typically exercise discretion over client accounts and manage them in accordance with client preferences based on our conversations around risk tolerances and return expectations. We can however manage accounts on a consultative basis which involves client input for each transaction. As of 02/21/2020, our current assets under management are \$56,963,217 managed on a discretionary and non-discretionary basis.

Item 5 Fees and Compensation

A. Potomac Wealth Management LLC charges an asset based fee on the amount of assets under management. For individual accounts, trusts, foundations, endowments, we charge based on the following schedule;

1% on the first \$500,000

.75% on the next \$2,000,000

.5% on the balance

Accounts over \$10,000,000 are quoted individually

On Participant directed retirement plans, the following schedule applies

.5% on the first \$3 million

.35% on the next \$5 million

.25% on amounts over \$8 million

Retirement plans with assets over \$10 Million will be quoted individually.

For educational seminars and workshops conducted in conjunction with servicing our retirement plan accounts, there is no additional charge.

All fees are negotiable and discounts may apply for multiple related accounts, or based on other services requested or required.

On occasions where an hourly fee may be a more appropriate method of charging for services rendered, an hourly charge of \$200 applies.

B. Fees are pro-rated and taken quarterly in arrears based on account balances at the end of the quarter. They are typically deducted from client accounts but may be paid by check or other means if the client desires to do so.

C. Brokerage transactions assessed by the custodian for account related activities are charged to client accounts. See attachment to Investment Advisory contract for a list of charges and expenses related to custodial services and brokerage transactions.

D. Not Applicable

E. Not Applicable

Item 6 *Performance-Based Fees* and Side-By-Side Management

Potomac Wealth Management LLC does not charge performance based fees.

Item 7 Types of *Clients*

Potomac Wealth Management LLC provides investment advice and portfolio management services to high net-worth individuals, trusts and qualified retirement plans. We believe that removing conflicts of interest faced by investment providers is a critical component of providing objective advice and therefore, we work on a fee basis only and do not accept commissions or other incentives for recommending one investment over another. Our minimum initial account size is \$250,000 for individuals and \$1.5 million for qualified retirement plans although exceptions can be made.

We believe in a passive approach to investing and that asset allocation (how an investor's funds are divided between stocks, bonds, cash and other asset classes) is the primary determinant of investment results. In addition, we strive to find low cost investments that minimize transaction costs, management fees and expenses as well as tax implications resulting in, what we refer to, as an efficient investment portfolio. Our process begins with a discussion with our prospective client(s) to determine their investment needs, goals and objectives and also their ability and or willingness to accept risk. Once we have determined the desired investment objective(s) and settled on the amount of volatility the client is willing to accept, we construct a portfolio structured to meet those objectives. We do this first by constructing sample portfolios using index data available for the asset classes to be represented in the portfolio. Next, we look for investments that closely match the performance and behavior of the index data used to create the sample portfolio. This often means we deploy index funds, exchange traded funds (ETF) and other broadly diversified mutual funds designed to provide investment exposure to specific asset classes as a means of building client portfolios. When investments fluctuate in value, we periodically rebalance the portfolio back to the original proportion of stocks, bonds and cash to maintain the desired investment objectives and risk tolerances. All clients should be aware that investing in securities involves risk of loss. Past performance is not reflective of future returns and clients should be prepared to withstand a fluctuating account balance which could be positive or negative.

We take a similar approach to constructing portfolios for pension plans. Since many of them are participant directed plans, we strive to provide plan participants with an investment menu that allows them to broadly diversify their account balances. We typically use a traditional MorningStar type of style box as an outline and provide mutual funds and ETFs as the individual investment choices for the plan. In addition, we construct model portfolios for investors whose objectives are either Conservative, Moderately Conservative, Moderate, Moderately Aggressive or Aggressive. The more aggressive the objective, the more heavily weighted the portfolio is toward equities, smaller capitalized stocks, international and emerging market stocks. The more conservative objectives emphasize larger holdings in bonds and cash by under emphasizing stocks, smaller capitalized companies and international and emerging market investments. There is no additional charge for our model portfolios which are constructed from the same investments available to the other plan participants. As with our individual clients, we believe that removing the conflicts of interest faced by many retirement plan providers allows plan fiduciaries to better execute their duties under the Employee Retirement Income Security Act (ERISA). Revenue-sharing credits available from mutual fund companies, if any, are credited to a separate account by the recordkeeper and can be used to off-set plan expenses as determined by the plan sponsor. Our goal for our pension plan clients is to help them satisfy their fiduciary obligations under ERISA, provide cost effective investments, participant guidance and or advice to assist plan beneficiaries in identifying and achieving their investment goals and objectives.

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

A. Once we have determined the desired investment objective(s) and settled on the amount of volatility that a client or prospective client is willing to accept, we construct a portfolio structured to meet those objectives. We do this first by constructing sample portfolios using index data available for the asset classes to be represented in the portfolio. Next, we look for investments that closely match the performance and behavior of the index data used to create the sample portfolio. We attempt to control investment risk by using broadly diversified Index funds, ETFs and other mutual funds designed to provide exposure to particular asset classes. Further, we look for investments that are not directly correlated to one another as a means of decreasing portfolio volatility. There are risks associated with investing in these types of securities including the risk of loss of principal.

B. We do not attempt to time the market and rarely recommend individual stocks or sectors to our clients for investment. However on those occasions when clients, for one reason or another, desire to hold individual stocks and bonds, we will do our best to provide third party research and guidance to assist them in accomplishing their objectives. Our analysis instead consists of reviewing the performance of asset classes and indexes both individually and when combined as a portfolio. We look at the historical beta (or volatility of an investment relative to its benchmark) of a given portfolio to estimate its volatility and return characteristics and build a balance of securities designed to meet the risk and return requirements identified during our discussions with the client. After finding various ETFs and mutual funds that satisfy our requirements, we review expense ratios, portfolio turnover, variance from its benchmark and tax efficiency ratios before making final security selections. We often use data available from MorningStar and Dimensional Fund Advisers (DFA) as well as Yahoo finance, Google finance and other on-line sources. Investors should always keep in mind that past performance is not an indicator of future returns and investing in securities involves risk of loss.

C. While we attempt to diversify investment risk by investing in mutual funds and ETFs, there are risks that the funds will not achieve their objectives or may not perform in line with the index(s) they are attempting to track.

Item 9 Disciplinary Information

A. There is no disciplinary action to report for Potomac Wealth Management LLC or its principal, Kurt E. Laubinger.

B. N/A

C. N/A

Item 10 Other Financial Industry Activities and Affiliations

The President and founder of Potomac Wealth Management LLC, Kurt E. Laubinger holds the necessary securities licenses needed to satisfy the registration requirements of a Virginia based Registered Investment Adviser.

A. We do not maintain a Broker Dealer affiliation

B. Not Applicable

C. 1. Potomac Wealth Management LLC maintains a custodial relationship with Shareholders Service Group (SSG) in San Diego, CA. which also serves as our broker dealer. Aside from maintaining our client accounts, they execute client transactions based on our instructions. We do not believe this relationship represents any conflicts of interest.

2. From time to time, during the course of advising clients, we find the need for estate planning, tax advice, recordkeeping or Third Party Administrative (TPA) work which may fall outside the scope of our expertise. On such occasions, we may refer a client to a local law firm, accounting firm, TPA firm or Recordkeeper. We do not believe this referral activity represents any conflicts of interest with our clients.

3. N/A

4. N/A

5. Potomac Wealth Management LLC maintains a commercial banking relationship with Chainbridge Bank in McLean, Virginia and also a Master custodial account with SSG to facilitate the payment of fees and other business expenses. We do not believe these financial relationships represent a conflict of interest.

6. O'Conner and Desmarais in McLean, Va. is our accounting firm.

7. N/A

8. N/A

9. N/A

10. N/A

11. N/A

D. N/A

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

A. N/A

B. N/A

C. From time to time, Potomac Wealth Management LLC may recommend a reportable security for purchase by clients. When an employee of Potomac Wealth Management LLC also owns or is considering a transaction in the same security for his or her own account, a conflict of interest could exist. In such situations, employees of Potomac Wealth Management LLC are required to have security transactions approved in advance of their execution to ensure adequate compliance with the company's code of ethics and its fiduciary statement. In situations where management has determined a conflict of interest or the appearance of a conflict exists, client transactions are entered before the personal transactions of employees so any movement in securities prices that could be caused by entering such transactions would not be exacerbated by the added volume of personal transactions of employees. Due to our relatively small size, the low volume of individual reportable securities transactions we conduct, and the large number of shares held by the public in those few companies in which we do own shares, we do not believe a material conflict of interest exists with regard to personal transactions.

Item 12 Brokerage Practices

A. Potomac Wealth Management LLC maintains its client accounts with its custodian, Shareholders Service Group (SSG) in San Diego, California. SSG also serves as the broker dealer for client transactions as a matter of convenience.

1. Potomac Wealth Management LLC does not receive any compensation from the commissions charged by SSG nor do we receive any soft dollar benefits from them. We use SSG because they accommodate the custodial needs of smaller, independent Registered Investment Advisory practices and can also transact business in certain mutual funds we use to manage client accounts that not all custodians or broker dealers are authorized to trade; in particular, this is a reference to Dimensional Fund Advisers (DFA) family of mutual funds. While we believe the fees charged to client accounts are reasonable in light of the services provided, we make no assurance that the commissions are the lowest cost or that SSG necessarily provides the most favorable execution that could be obtained. We do not prohibit our clients from using other broker dealers to execute transactions and settle them with our custodian; however, additional charges may apply that would make doing so more costly.

B. Since transactions charged by our custodian are assessed at the individual account level, we do not aggregate transactions as it would result in no economic benefit to the client.

Item 13 Review of Accounts

A. Client accounts are reviewed on a regular basis but not less than quarterly by Kurt Laubinger, President, Potomac Wealth Management LLC. The accounts are reviewed for asset allocation and rebalancing needs as security positions fluctuate in value. Typically, a change of over 5% in a particular security position will trigger a discussion with the client to determine if a reallocation of assets is warranted. Among considerations in determining whether or not assets should be reallocated are transaction costs, the dollar amount of the transaction(s) and a discussion/determination of the suitability of client's overall asset allocation.

B. Client accounts are reviewed at least quarterly but significant market fluctuations may cause us to perform reviews at any time.

C. Clients will receive a quarterly statement from our custodian detailing security positions and performance. Not less than annually, we will request a meeting in person to revisit account performance, asset allocation and client goals and objectives to ensure client accounts are properly allocated and continue to be invested appropriately.

Item 14 *Client Referrals and Other Compensation*

A. N/A

B. N/A

Item 15 *Custody*

Potomac Wealth Management LLC does not maintain custody of client accounts but instead has engaged in a contractual relationship with Shareholders Service Group (SSG) who serves as the custodian for client accounts. Clients receive statements at least quarterly directly from SSG. Potomac Wealth Management LLC does not send statements to clients. We do however send a quarterly fee memo to clients detailing the amount of our fee and how it was calculated. You should check your quarterly statement and compare it to the fee memo you receive from us promptly to be sure you have been charged appropriately. If you feel you have not been charged the correct amount, please contact us at (202) 236 9667 or by e-mail to kurt@potomacwealthmanagementllc.com. SSG's offices are located at 9845 Erma Road, Suite 312, San Diego, Ca. 92131. Their telephone number is 1(800) 380 7370.

Item 16 Investment Discretion

Potomac Wealth Management LLC prefers a consultative approach to investing and discusses portfolio changes with clients prior to implementing an investment program. Accordingly, for individual clients, we often serve in a discretionary capacity but can serve in a non-discretionary capacity as well if the client desires. Once a determination has been made with regard to capacity in which Potomac Wealth Management LLC is to serve, there is a space on the new account opening agreement to indicate that capacity. When a discretionary capacity is selected, the client is authorizing and activating a Limited Power of Attorney capacity for Potomac Wealth Management LLC that allows us to enter transactions in the account without the need for individual client approval for each one. For company retirement plans, plan sponsors are often seeking a way to limit their fiduciary liabilities with regard to investment selection, monitoring and the processes used for the selection and replacement of securities and managers in their plan(s). When that is the case, Potomac Wealth Management LLC has the capacity to serve as a Registered Investment Advisor (RIA) under ERISA sections 3:38 and 3:21(a). When serving as an advisor under section 3:38, we are serving in a discretionary capacity.

Item 17 Voting *Client* Securities

A. Potomac Wealth Management LLC does not vote client securities.

B. Clients will receive proxies directly from our custodian, SSG. Clients can contact Potomac Wealth Management LLC directly at (202) 236 9667 if they have questions about proxy voting or they can e-mail us at: kurt@potomacwealthmanagementllc.com with any questions you may have.

Item 18 Financial Information

A. N/A

B. N/A

C. N/A

Item 19 Requirements for State-Registered Advisers

A. The principal officer and founder of Potomac Wealth Management LLC is Kurt E. Laubinger. He is a graduate of Old Dominion University with a Bachelors Degree in Business Administration. He received additional training in personal trust and estate planning and employee benefits from the Cannon Trust School located in Athens Georgia. His recent employment history is as follows:

05/2009 to Present Potomac Wealth Management LLC, Great Falls, Va.

11/2008 to 03/2009 Unemployed

11/2007 to 10/2008 HSBC Securities McLean, Va.

11/2004 to 11/2007 Wachovia Bank, N.A. McLean, Va.

11/2004 to 12/2005 Wachovia Securities, McLean, Va.

09/2002 to 11/2004 Uvest Securities, Olney, Md.

08/2002 to 11/2004 Sandy Spring Bank, Olney, Md.

02/1996 to 08/2002 SunTrust Bank/ Trusco Capital Management, Washington, DC

B. N/A

C. N/A

E. N/A

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