



Potentia RIA, LLC dba Potentia Wealth

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Form ADV Part 2A – Disclosure Brochure

Effective: March 2026

This Brochure provides information about the qualifications and business practices of Potentia RIA, LLC. dba Potentia Wealth (“Potentia” or “us” or “we” or the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (408) 288-7886 or ask@potentiawealth.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Potentia RIA also is available on the SEC’s website at www.adviserinfo.sec.gov. The site may be searched by using a unique identifying number known as a CRD number. Potentia RIA’s CRD number is 329135.

References herein to Potentia RIA, LLC as a “registered investment adviser” or any reference to being "registered" does not imply a certain level of skill or training.

ITEM 2: MATERIAL CHANGES

This section of the Brochure describes the material changes to this Brochure since Potentia last amended it as part of its annual updating amendment on March 2025.

- Item 4 – Updated to include a description of Potentia’s Wrap and Non-Wrap Fee Investment Management Services. We also updated our assets under management as of December 31, 2025.
- Item 5 – Updated to reflect revised Financial Planning fee range.
- Item 8 – included additional risks associated with investing in strategies or securities that are utilized or recommended by Potentia.

In addition, we have made non-material changes to clarify or enhance existing disclosures throughout this Disclosure Brochure.

For additional details, please see the item in this Brochure referenced in the summary above. Additional editorial and non-material changes were made throughout the Brochure.

At any time, you may contact Kevin Swanson, Potentia’s Chief Compliance Officer by phone at (408) 288-7886, if you have any additional questions or concerns regarding the contents of this Brochure.

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ITEM 4: ADVISORY BUSINESS

A. FIRM DESCRIPTION

Potentia RIA, LLC dba Potentia Wealth (“Potentia” or “Firm” or “us” or “we”) is a California Limited Liability Company founded in October 2023. Potentia became an SEC-Registered Investment Adviser in January 2024, and is based in San Jose, California.

Potentia is principally owned and managed by Kevin C. Swanson. Potentia is not owned by LPL Financial LLC, member FINRA / SIPC (the “Custodian” or “LPL”).

B. TYPES OF ADVISORY SERVICES

OVERVIEW OF SERVICES

As discussed below, Potentia offers investment management and financial consulting services. The investment management services and recommendations offered by Potentia are based on the individual needs of our clients and the suitability of products and services. Specific client financial plans and their implementation are dependent upon the client’s risk assessment which outlines each client’s current situation (income, objectives, and risk tolerance levels) and is used to construct a client-specific plan to aid in the selection of a portfolio that matches restrictions, needs, and targets.

INVESTMENT MANAGEMENT SERVICES

Prior to engaging Potentia to provide investment advisory services, including wealth management, each client will be required to enter into Potentia’s written Investment Management Agreement (IMA”) setting forth the terms and conditions under which Potentia will manage the client’s assets, including client specific fee and expense information.

Upon signing the IMA and before providing investment advisory services, we will discuss and review each client’s particular investment objectives and risk tolerances. This information will include, but not be limited to investment objectives, investment horizons, financial needs and goals, current financial situation, existing resources, risk tolerance, and any reasonable guidelines and restrictions a client may impose. Based on this information, an investment approach is presented to the client. Client investment portfolios are regularly monitored and, if necessary, rebalanced based upon the client’s individual needs, stated goals, and objectives.

Potentia’s Wrap and Non-Wrap Fee Investment Management Services

Potentia primarily offers advisory clients discretionary investment management services, in a wrap fee account, through LPL’s Strategic Wealth Management platform (“SWM”). When clients engage Potentia on a discretionary basis, the Investment Advisor Representative (“IAR”) will make investment decisions, including determining which securities to purchase or sell for the client’s account, without further approval from the client. Clients who decide to engage Potentia on a non-discretionary investment advisory basis must be willing to accept that Potentia cannot affect any account transactions without obtaining the client’s prior consent.

Potentia typically manages wrap fee accounts similarly to non-wrap fee accounts. The difference between a wrap fee account and a non-wrap fee account is whether Potentia or the client pay for the custodial transaction-based charges. **Note:** Both wrap fee and non-wrap fee accounts held at LPL the client will incur account maintenance, cash management services, and other investment-specific fees as outlined in the LPL disclosures and account agreements. *The overall cost you will incur if you participate in a wrap fee account may be higher or lower than you might incur by paying transaction costs separately in a non-wrap fee account.* To compare the cost of the wrap fee program with non-wrap fee investment management services, you should consider the anticipated frequency of trading activity associated with your investment strategies and the transaction charges involved in the anticipated securities/transactions in the account. **For additional information on Potentia’s wrap fee account services, please refer to Potentia’s Wrap Fee Program Brochure.**

LPL Managed Programs:

In addition, Potentia provides advisory services to clients through certain (non-wrap fee) programs managed by LPL, including, but not limited to:

Model Wealth Portfolios Program (“MWP”) – The MWP platform is a professionally managed mutual fund and exchange-traded fund (“ETF”) asset allocation program. Potentia will obtain the necessary financial data from the client, assist the client in determining the suitability of the MWP program and assist the client in setting an appropriate investment objective. Our IARs will initiate the steps necessary to open an MWP account and will have discretion to select a model portfolio designed by LPL’s Research Department or a third-party investment strategist, consistent with the client’s stated investment objective. LPL’s Research Department or third-party portfolio strategists are responsible for selecting the mutual funds or ETFs within a model portfolio and for making changes to the mutual funds or ETFs selected. The client will authorize LPL to act on a discretionary basis to purchase and sell mutual funds and ETFs and to liquidate previously purchased securities. The client will also authorize LPL to effect rebalancing for MWP accounts. MWP requires a minimum asset value for a program account to be managed. The minimums vary depending on the portfolio(s) selected and the account’s allocation amongst portfolios. The lowest minimum for a portfolio is \$25,000. In certain instances, a lower minimum for a portfolio is permitted.

Optimum Market Portfolios Program (“OMP”) - The OMP platform is a managed mutual fund asset allocation platform using Optimum Funds shares. Under OMP, the client authorizes LPL on a discretionary basis to purchase and sell Optimum Funds pursuant to investment objectives chosen by the client. Potentia will assist the client in determining the suitability of OMP for the client and assist the client in setting an appropriate investment objective. Clients invest in one or more model portfolios designed by LPL’s Research Department, each consisting of up to six mutual funds from the Optimum Family of Funds. LPL will also have authority to rebalance the account. A minimum account value of \$10,000 is required for OMP. In certain instances, LPL will permit a lower minimum account size.

Manager Access Select Program (“MAS”) - The MAS platform provides clients with access to the investment advisory services of third-party asset managers (“TPAMs”) for the individual management of client accounts. Potentia will assist clients in identifying a TPAM from a list made available by LPL. TPAM manages the client’s assets on a discretionary basis. Potentia will provide initial and ongoing assistance regarding the TPAM selection process. A minimum account value

of \$100,000 is required for Manager Access Select; however, in certain instances, the minimum account size may be lower or higher.

FINANCIAL PLANNING SERVICES

Financial planning services do not involve active management of client accounts but instead focus on a client's overall financial situation. Financial planning can be described as helping an individual to determine and set their long-term financial goals through investments, tax planning, asset allocation, risk management, retirement planning, and other means. The role of the financial planner is to find ways to help the client understand their overall financial situation and set investment objectives.

Prior to engaging Potentia to provide financial planning or consulting services, clients are generally required to enter into Potentia's written Financial Planning Agreement setting forth the terms and conditions of the engagement (including termination), describing the scope of the services to be provided, and establishing the fee. Potentia provides clients with an in-depth analysis of their current financial situation, as well as detailed recommendations relating to the client's financial goals. Financial Planning services offered by the Firm are provided either on a stand-alone fixed fee basis or on an ongoing subscription fee basis.

Subscription fees allow an advisor to spread the billing of their consulting and financial planning fees out over a longer term for convenience to a client/family. The fees are billed monthly for subscription financial planning services. The Firm also offers stand-alone financial plans. The financial planning fee will consist of a deposit, and balance due upon presentation of plan to the client.

An inherent conflict exists between the interests of Potentia and the interests of the client when we make investment recommendations in the financial plan. However, the client is under no obligation to act upon Potentia's recommendations. Furthermore, should the client elect to act on any recommendation made by Potentia, the client is under no obligation to affect the transaction through the Firm.

C. ASSETS UNDER MANAGEMENT

As of December 31, 2025, Potentia managed \$569,095,699 in client assets on a discretionary basis and \$0.00 on a non-discretionary basis.

ITEM 5: FEES AND COMPENSATION

A. FEE SCHEDULE

INVESTMENT MANAGEMENT SERVICES

Potentia will charge clients ongoing fees for investment management services based on the total assets held in all household accounts under Potentia's management. The investment management fees are calculated as a percentage of the Client's assets under management, including all cash and

other assets in the Account(s) (the “Account Value”). Legacy clients may be subject to a fee schedule that differs from the below-stated fee schedule, based on the investment management agreement signed at time of engagement.

Clients are generally billed in advance from their advisory accounts and will also have the option for direct billing or flexible billing from another account, if applicable. The client’s first billing cycle will be prorated based on the number of days the client’s account was opened and how much money was funded into the account during their first quarter. For Clients billed in advance, upon the termination of an account, any prepaid Investment management fees will be prorated according to the days the account was opened during the billing period, and excess fees will be refunded to the Client.

Fees due to Potentia are typically deducted by the custodian directly from the client’s account under management and will be paid to Potentia as appropriate. **Note:** At LPL, Potentia may choose a different billing cycle (e.g., February, May, August, November or March, June, September, December); however, Potentia’s investment advisory fee will still be calculated using the last valuation date in the 3-month period and billed in advance. The client will provide written authorization permitting the fees to be paid directly from the account. Both Potentia’s IMA and the custodial / clearing agreement authorize the custodian to debit the account for Potentia’s investment management fees and to directly remit that fee to Potentia in compliance with regulatory procedures.

Annual Advisory Fee (Non-Wrap):

Clients pay an annual advisory fee in advance on a quarterly basis between 2.0% and 0.6%. The investment management fee charged is subject to negotiation with each client based on the client’s characteristics and may differ from client to client. Lower fees for investment management services may be available from other sources. **NOTE:** Under either a wrap or non-wrap account, Potentia will charge an annual investment management fee based on a percentage of the assets to be managed, unless other services and/or fee structure have been negotiated by the client and Potentia. When managing a client’s account on a wrap fee basis, Potentia receives the balance of the wrap fee after deducting the custodial transaction-based charges. The corresponding terms and conditions pertaining to wrap fee account are discussed in Potentia’s Wrap Fee Program Brochure, a copy of which is presented to all prospective clients considering a wrap fee account.

Custodial account and other service fees are not covered by the annual advisory fee in a non-wrap account, including, but not limited to, mutual fund fees and exchange traded fund charges imposed directly at the fund level (e.g., management fees and other fund expenses), margin interest, account activity fees, and any fee associated with maintaining a retirement account charged by the custodian of the qualified account. Additionally, for wrap accounts held at LPL the client will incur investment-specific fees for foreign stocks transactions. See Other Fees and Payments below.

Fees for LPL Managed Programs:

Clients with assets in the MAS, MWP, and OMP Programs will also pay fees to other third parties, such as a Portfolio Manager fee, and platform fee which typically ranges from 0.15% to 1% of account assets per year. On occasion, a Portfolio Manager may agree not to receive a fee. Our

broker/custodians will charge you a flat dollar amount as a “prime broker” or “step-out” fee for each trade that a Portfolio Manager executed by a different broker-dealer, but where the securities bought, or the funds sold are settled into your account. These fees are in addition to the fee you pay us. Clients are encouraged to review the disclosure brochures for selected third parties before investing, for more information regarding the additional fees and expenses they will be paying. Since Potentia began providing these services, it has had other fee structures in effect, which may have been lower or higher, as the case may be, than that described above. As new fee structures are put into effect, they are generally made applicable only to new Clients, and fees to existing Clients are generally not affected.

The above fees are due quarterly and paid in advance. If the client does not receive this Brochure at least forty-eight (48) hours prior to signing the IMA with Potentia, the client may terminate the agreement within five (5) business days of signing the IMA without incurring any penalties. After five (5) business days, you will receive pro-rata refund, which takes into account work we completed on your behalf. You will incur charges for bona fide advisory services rendered to the point of termination and such fees will be due and payable by you. Refunds will be given on a pro-rata basis.

The client and Potentia may voluntarily terminate the engaged investment management services for any reason with thirty (30) days’ notice to the other party. The date of receipt of the notice will be the effective date of termination. Upon the termination of an account, any prepaid, investment management fees will be prorated according to the days the account was opened during the billing period, and unearned, prepaid fees will be promptly refunded to the Client.

FINANCIAL PLANNING SERVICES

Potentia’s Financial Planning Services are charged through a fixed fee or subscription fee arrangement as agreed upon between the client and the IAR. Fees are negotiable and vary depending upon the complexity of the client’s situation and the services provided. Fixed fees for stand-alone financial plans typically range from \$2,500 to \$50,000 depending on the complexity and the scope of the project and services rendered. If additional services or changes to the engagement which exceed the estimated fee are required, Potentia will notify the client as soon as possible to discuss the necessary additional fees. Stand-alone financial plans can be updated for a minimum fee of \$500, depending on the complexity of the changes needed. A time estimate is provided prior to initiating additional work, and client approval is required. Clients’ subscription based financial planning fees can range from \$250 to \$3500 billed monthly.

Potentia reserves the right to reduce the financial planning fees at the advisor’s discretion. All fees will be disclosed and agreed upon before services are provided. Clients will pay a deposit up front and will receive an invoice for the balance due upon completion of the service. Payment must be remitted within ten (10) days from receipt of invoice. Payment may be made by credit card, check or ACH. Financial plans are generally delivered within 30 days of engagement.

B. OTHER FEES AND PAYMENTS

There may be additional fees or charges that result from the maintenance of or trading within a client's account. These are fees that are imposed by third parties in connection with investments made through a client's account, such as trading, exchange, custodial and investment management fees. In addition to our investment management fees, clients are responsible for paying all fees associated with investing their accounts. When a client chooses to pay financial planning fees through ACH or by credit card, there are additional processing and transaction fees incurred.

Mutual funds and/or exchange traded funds ("ETFs") pass along costs to investors by imposing fees and expenses, such as shareholder fees, operating expenses and/or transaction costs. These costs reduce the returns on mutual funds and ETFs. Therefore, clients should fully understand the costs incurred through these investments, as fully described in the mutual fund or ETF prospectus that is available upon request from your Financial Professional and fully discuss these costs with your Financial Professional. Clients may invest in many of the ETFs and mutual funds that APP makes available through another broker-dealer, custodian, investment adviser or another financial institution and, as a result, the client's fees may be higher or lower than those charged through LPL. Additionally, Mutual funds and ETFs have different share classes with different fee structures and costs. Some share classes of a fund charge higher internal expenses, whereas other share classes of a fund charge lower internal expenses. Institutional and advisory share classes typically have lower expense ratios and are less costly for a client to hold than Class A shares or other share classes that are eligible for purchase in an advisory account. In some instances, a mutual fund offers only Class A Shares, but another similar mutual fund may be available that offers institutional shares. Some share classes incur a ticket charge (commonly described as TF shares). Other share classes incur no ticket charges (commonly described as NTF shares), but usually have higher underlying costs, and the associated costs would ultimately be incurred by the client. ▪ While Potentia strives to utilize the lowest cost share class available through LPL, there may be other less costly share classes offered by a fund that are 1) not available for use by Potentia due to constraints imposed by the terms of the fund's prospectus, 2) not available on the custodial platform, and/or 3) subject to other conditions or restrictions that make utilizing such share class unreasonable, costly or prohibitive. A conflict of interest exists in those limited situations in which Potentia elects to utilize a share class more costly to the client than the lowest cost share class available at the custodian.

Clients are responsible for their own legal fees regarding private placements and alternative investments that are recommended by the Firm. These fees are not billed by the Firm and are the direct responsibility of the client.

C. OTHER COMPENSATION

Certain IARs of Potentia are also registered with LPL Financial as FINRA broker-dealer registered representatives. This information is further detailed as disclosed in Item 10. In these capacities, individuals will collect additional compensation in the form of commissions. Depending on, among other things, the size of the account, type of securities held in the account, changes in its value over time, the ability to negotiate fees or commissions, the historical or expected size or number of transactions, and the number of and range of supplementary advisory and client-related services

provided to the client, the amount of this compensation may be more or less than what we would receive if the client participated in other programs, whether through LPL or another sponsor, or paid separately for investment advice, brokerage and other services. Even though we believe LPL's fee are competitive, lower fees for similar services may be available from other sources.

Additional compensation is also being received for Investment Advisor Representatives that provide tax services under Potentia Tax. See Item 10 for additional details.

Some of Potentia's IARs provide insurance services as independent insurance agents. When Potentia's IARs act in this capacity, they will receive additional compensation in the form of commissions. See Item 10 for additional details.

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Potentia does not charge its clients performance-based fees. Performance-based fees are based on a share of capital gains on or capital appreciation of the assets.

ITEM 7: TYPES OF CLIENTS

Potentia generally provides financial and investment management services to high-net-worth individuals, and individuals.

Potentia does not require an annual minimum fee or minimum asset level for investment advisory services. Certain investment programs or investment products require annual minimum fees or minimum asset levels for participation. Clients should thoroughly review disclosure materials or relevant Form ADV Part 2A brochures and consult with their IAR about the implications of such minimum requirements before investing in such programs or products.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. METHODS OF ANALYSIS & INVESTMENT STRATEGIES

Methods of Analysis

Potentia uses the methods of analysis identified below to determine the proper investment strategy for each client. Our strategies are heavily based on each client's personal circumstances, financial goals, and their risk tolerance. We utilize a blend of strategic approaches and strategies that enable us to allocate client assets by liquidity and time horizon.

Fundamental analysis concentrates on factors that determine a company's value and expected future earnings. It involves analyzing its financial statements and health, its management and competitive advantages and its competitors and markets. Fundamental analysis is performed on historical and present data but with the goal of making financial forecasts. There are several possible objectives: to conduct a company stock valuation and predict its probable price evolution; to make a projection on its business performance; to evaluate its management and make internal

business decisions and to calculate its credit risk. This strategy would normally encourage equity purchases in stocks that are undervalued or priced below their perceived value. The risk assumed is that the market will fail to reach expectations of perceived value.

Technical analysis is a method of evaluating securities by relying on the assumption that market data, such as charts of price, volume and open interest can help predict future (usually short-term) market trends. It attempts to predict a future stock price or direction based on market trends. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. Technical analysis methods employ software and other financial data management tools to assess various aspects of the marketplace. The risk is that markets do not always follow patterns and relying solely on this method may not work long term.

Top-Down analysis is a method of analyzing securities by starting with the big picture and then narrowing down to the specific details. This strategy includes macroeconomic analysis, geopolitical and capital market conditions, business regulations and industry developments. The analysis is used to determine what areas have the most favorable conditions for investing. The next step is to analyze the sectors or industries within the selected area that are expected to benefit from the macroeconomic trends. The final step in the analysis is to evaluate individual stocks or securities within the chosen sectors or industries based on fundamental analysis. This may include looking at financial statements, earning reports, valuation ratios, competitive advantages, growth prospects and dividend policies. These factors are compared across different stocks or securities to select the ones that have the most attractive features and potential returns.

Investment Strategy

Our approach to investment management is derived from the belief that hard work is rewarded, a clear mind makes the best decisions, and that people are deeper than their pockets. We know our clients and they know us. It is a bond of mutual trust and appreciation - something we do not take for granted. We strive to minimize fees and tax implications but recognize that the ultimate goal for our clients is not the mitigation of costs, but the overall growth of their assets. We focus on what has been proven, over time, to produce results. We believe the most effective means of outperforming the market is to use creative analysis, to research our investments diligently, and to exercise cautious decisiveness.

B. RISK OF LOSS

Every method of analysis has its own inherent risks. To perform an accurate investment analysis Potentia must have access to current market information. Potentia has no control over the dissemination rate of market information; therefore, unbeknownst to Potentia certain analyses may be compiled with old and inaccurate market information, severely limiting the value of Potentia's analysis. Furthermore, an accurate investment analysis can only produce a forecast of the direction of market values. There can be no assurances that a forecasted change in market value will materialize into actionable and/or profitable investment opportunities.

Different types of investments involve varying degrees of risk, and it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended or undertaken by Potentia) will be profitable or equal

any specific performance level(s). Potentia does not represent, warrant, or imply that its services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. Notwithstanding Potentia's method of analysis or investment strategy, the assets within the client's portfolio are subject to risk of devaluation or loss. The client should be aware that there are many different events that can affect the value of the client's assets or portfolio including, but not limited to, changes in financial status of companies, market fluctuations, changes in exchange rates, trading suspensions and delays, economic reports, and natural disasters.

The list below is not intended to be exhaustive of all of the risks associated with investing in strategies or securities that are utilized or recommended by Potentia. Rather, it is a general description of the nature and risks of the investment advisory services provided by Potentia and the related investments.

General Risks:

- **Risks of Investing in Securities:** Securities markets are volatile and investing in securities involves the risk of loss that clients should be prepared to bear. Potentia cannot guarantee that the strategies offered will be able to achieve a particular level of return or maintain a particular risk profile.
- **Market Risk:** The direction of the capital markets (e.g., stock, credit, interest rate, real estate, private equity, volatility, etc.) are difficult to predict and are dependent upon changes in a number of factors, including, but not limited to, interest rates, inflation, and a host of additional economic and political factors. There is always a risk that the capital markets as a whole will decline, bringing down the value of individual securities regardless of their fundamental characteristics. Market risk is also known as systematic risk or undiversifiable risk. This risk is both unpredictable and impossible to completely eliminate.
- **Investment Adviser Selection Risk:** The investment performance of a client's investment program will vary with the success or failure of the investment adviser that Potentia or a client selects to manage their assets. An investment adviser's past performance is never indicative of future results. Current and prospective clients should not assume that the future performance of any specific investment adviser, investment strategy, recommendation or investment will be profitable.
- **Asset Allocation Risk:** A portfolio that holds large cash positions may deviate from the stated benchmark and could underperform as a result. Differences in the security holdings and weights of a portfolio versus the strategy benchmark will result in disparities between a portfolio's performance relative to its benchmark.

A portfolio may perform better or worse than a similarly managed account for various reasons including, but not limited to, the frequency and timing of rebalancing and trading each portfolio and the size and number of positions in each portfolio.

- **Portfolio Concentration Risk:** Strategies that are concentrated in only a few securities, sectors or industries, regions or countries or asset classes could expose a portfolio to greater risk and may cause the portfolio value to fluctuate more widely than a portfolio

that is diversified. Overexposure to certain sectors or asset classes (e.g., MLPs, REITs, etc.) may prove to be detrimental to an investor if there is a negative sector move.

- **Company Specific Risk:** The risk related to a firm's business plans, stock valuation, profitability, accounting practices, growth strategy, and other factors particular to a company rather than to the overall market. Some of these risks cannot be predicted, such as the retirement or death of a senior executive, which may lead to negative performance in the future.
- **Stock, Security, ETF or Fund Selection Risk:** The risk that Potentia or a client chooses a security that underperforms the market for unanticipated reasons. There can be no assurance that clients will ever come to realize the value of some of these investments, and that the investment will ever increase in value. During this time, the client may have funds locked up in an underperforming investment, which presents an opportunity cost for other investments.
- **Timing Risk:** The risk that an investment performs poorly after its purchase or better after its sale. Moreover, if a redemption is required by the client, the client may face a loss due to poor overall market performance or security performance at that time.
- **Data Risk:** Potentia's securities analysis relies on data that is provided by third-party vendors and publicly available sources of information. Information that is incomplete, inaccurate or outdated would affect the efficacy of that analysis.
- **Counterparty Risk:** A portfolio is subject to risk with respect to the counterparties. Risks affecting counterparties such as brokers, custodians, clearing banks or agents, escrow agents or issuers, foreign exchanges or securities lending programs could result in failure by the counterparty to honor its obligations. A portfolio may experience significant delays in obtaining any recovery (including recovery of posted collateral) during insolvency, bankruptcy or other reorganization proceedings and might realize only a limited recovery or no recovery at all. If the credit rating of a counterparty is lowered, a portfolio would be exposed to any increased credit risk associated with that counterparty.
- **Credit Risk:** The credit rating of an issuer of a security is based on, among other things, the issuer's historical financial condition and the rating agencies' investment analyses at the time of rating. An actual or perceived deterioration of the ability of an issuer to meet its obligations would have an adverse effect on the value of the issuer's securities.
- **Liquidity Risk:** Low trading volume, large positions or legal restrictions are some conditions which could limit or prevent a portfolio manager from selling particular securities or closing positions at desirable prices. Securities that are relatively liquid when acquired could become illiquid over time. The sale of any such illiquid investment might be possible only at substantial discounts or might not be possible at all. Further, such investments may be difficult to value.
- **Global and National Crisis Risk:** Ongoing or future global or national crises including, but not limited to, pandemic, cyberattack, sabotage, terrorism, and acts of war could result in disruptions to the economies of many nations, individual companies, and can

negatively impact global markets in an unforeseeable manner. Such disruptions include, but are not limited to, travel restrictions; quarantines; supply chain disruptions; and workforce inefficiencies, absenteeism, distraction or general anxiety. Such unpredictable, but no longer unprecedented, crises may exacerbate other pre-existing political, social, and economic risks in certain countries. The impact of such crises may be quick, severe and of unknowable duration. Ongoing or future crises could result in the temporary or permanent disruption of Potentia's ability to provide investment advice and volatility in the financial markets and could have a negative impact on investment performance.

Investment Risks:

- **Equity Securities:** Equity instruments are subject to equity market risk, which is the risk that common stock prices will fluctuate over short or even extended periods. Equity securities generally have greater price volatility than fixed income securities. The market price of equity securities may increase or decrease, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting markets generally, particular industries, sectors or geographic regions represented in those markets, or individual security concerns.
- **Exchange Traded Funds (“ETF”):** ETFs are a recently developed type of investment security, representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or the Dow Jones Industrial Average, or to represent exposure to a particular industry or sector. Unlike open-end mutual funds, the shares of ETFs and closed-end investment companies are not purchased and redeemed by investors directly with the fund but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs intended to replicate a securities index bear the risk that the ETF's performance may not correctly replicate the performance of the index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs, and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.
- **Complex Exchange-Traded Products (“Complex ETPs”):** Complex ETPs are a category of exchange-listed investment securities that may include leveraged or inverse ETFs, volatility-linked products, commodity- or cryptocurrency-linked products, and exchange-traded notes (“ETNs”). Often use derivatives or other specialized investment techniques that can cause performance to differ significantly from the underlying reference asset, particularly over periods longer than one trading day. Due to daily reset features and the effects of compounding, these products may experience losses even when the underlying asset or index performs favorably. Some complex ETPs are designed primarily for short-term trading and may not be appropriate for long-term investment strategies. Certain complex ETPs, such as ETNs, are unsecured debt obligations of the issuing financial institution and are subject to the issuer's credit risk. Because complex ETPs are traded on an exchange, their market prices may fluctuate and may trade at a premium or discount to their indicative or net asset values. Investments in complex ETPs involve a heightened risk of loss, including the possible loss of principal, and may not be suitable for all clients.

- **An Inverse ETF** generally seeks to deliver the opposite of the daily performance of the index or benchmark that it tracks. Inverse ETFs often are marketed as a way for investors to profit from, or at least hedge their exposure to, downward-moving markets. Some ETFs are both inverse and leveraged, meaning that they seek a return that is a multiple of the inverse performance of the underlying index. To accomplish their objectives, leveraged and inverse ETFs use a range of investment strategies, including swaps, future contracts and other derivative instruments. ETFs (including leveraged, inverse, and leveraged inverse) trade on an auction market. Therefore, there is more price fluctuation with ETFs than with mutual funds since ETFs trade throughout the day, whereas mutual funds are priced once a day. Also, since most ETFs only mirror a market index, such as the S&P 500, they won't outperform the index. A significant amount of principal could be lost in these securities rapidly and tax laws could change and affect the tax treatment of this investment.
- **Non-traditional ETFs**, including leveraged and inverse ETFs, are not suitable for most investors. Non-traditional ETFs are trading vehicles in which daily rebalancing and market volatility have a significant impact on the realized return. The effects of mathematical compounding can grow significantly over time, leading to scenarios whereby performance over the long run can differ significantly from the performance (or inverse performance) of their underlying index or benchmark during the same period of time. Leveraged, inverse, and leveraged inverse ETFs are more volatile and riskier than traditional ETFs due to their exposure to leverage and derivatives, particularly total return swaps and futures. In addition, these instruments are typically designed to achieve their desired exposure on a daily (in a few cases, monthly) basis. Holding leveraged, inverse, and leveraged inverse ETFs for longer periods of time increases their risk due to the effects of compounding and the inherent difficulty in market timing. Non-traditional ETFs should be monitored closely due to their volatile nature and inability to track the underlying index over an extended period of time. Non-traditional ETFs are not intended to be held long term. ETFs over a period longer than one day can differ significantly from their stated performance objectives.
- **Fixed Income Securities Risk:** Prices of fixed income securities tend to move inversely with changes in interest rates. Typically, a rise in rates will adversely affect fixed income security prices. The longer the effective maturity and duration of the client's portfolio, the more the portfolio's value is likely to react to interest rates. For example, securities with longer maturities sometimes offer higher yields, but are subject to greater price shifts because of interest rate changes than debt securities with shorter maturities. Some fixed income securities give the issuer the option to call, or redeem, the securities before their maturity dates. If an issuer calls its security during a time of declining interest rates, we might have to reinvest the proceeds in an investment offering a lower yield and therefore might not benefit from any increase in value because of declining interest rates. During periods of market illiquidity or rising interest rates, prices of callable issues are subject to increased price fluctuation.
- **Municipal Bond Risk:** Municipal securities issuers may face local economic or business conditions (including bankruptcy) and litigation, legislation or other political events that could have a significant effect on the ability of the municipality to make payments on the interest or principal of its municipal bonds. In addition, because municipalities issue municipal securities to finance similar types of projects, such as education, healthcare, transportation, infrastructure and utility projects, conditions in those sectors can affect the overall municipal bond market. Furthermore, changes in the financial condition of one municipality may affect the overall municipal bond market. The municipal obligations in

which clients invest will be subject to credit risk, market risk, interest rate risk, credit spread risk, selection risk, call and redemption risk and tax risk, and the occurrence of any one of these risks may materially and adversely affect the value of the client's assets or profits.

- **Mutual Fund Shares:** In addition to underlying investment risks, some of the risks of investing in mutual fund shares include: (i) the price to invest in mutual fund shares is the fund's per share net asset value (NAV) plus any shareholder fees that the fund imposes at the time of purchase (such as sales loads), (ii) investors must pay sales charges, annual fees, and other expenses regardless of how the fund performs, and (iii) investors typically cannot ascertain the exact make-up of a fund's portfolio at any given time, nor can they directly influence which securities the fund manager buys and sells or the timing of those trades.

Procedural and Operational Risks:

- **Operational Risk:** Portfolios are exposed to operational risk introduced through human intervention or the failure of automated processes. Operational risks include, but are not limited to, reconciliation errors, trading the wrong security, trading a security for an unintended portfolio or purchasing a security that a portfolio was intended to sell, or vice versa.
- **System Failures and Reliance on Technology Risks:** Potentia relies on technology, including hardware, software, telecommunications, internet-based platforms, and other electronic systems. Additionally, some of the technology used is provided by third-party service providers and is, therefore, beyond Potentia's direct control. Potentia seeks to ensure adequate backups of hardware, software, telecommunications, internet-based platforms, and other electronic systems, through its vendor due diligence procedures, but there is no guarantee that any or all third-party service provider risks will be mitigated. In addition, natural disasters, power interruptions and other events may cause system failures, which will require the use of backup systems. Backup systems may not operate as well as the primary systems and may fail to properly operate, especially when used for an extended period. To reduce the impact a system failure may have, Potentia continually evaluates its backup and disaster recovery systems and performs periodic testing of its backup systems operations. Despite Potentia's continued monitoring of hardware, telecommunications, or other electronic systems malfunctions may be unavoidable and result in consequences such as the inability to execute client transactions or monitor client accounts.
- **Cybersecurity Risk:** A portfolio is susceptible to operational and information security risks due to the increased use of the Internet. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyberattacks include, but are not limited to, infection by computer viruses or other malicious software code, gaining unauthorized access to systems, networks, or devices through "hacking" or other means for the purpose of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cybersecurity failures or breaches by third-party service providers may cause disruptions and impact on the service providers' and our business operations, potentially resulting in financial losses, the inability to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement, or other compensation costs, and/or additional compliance costs. While we have established business-continuity plans and risk management systems designed to prevent or reduce the impact of such cyberattacks, there are inherent limitations in such plans and systems due in part to the ever-changing nature of technology and cyberattack tactics.

The above list of risk factors does not purport to be a complete list or explanation of the risks involved in an investment strategy. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above. Our investment approach constantly keeps the risk of loss in mind. Investing in securities involves risk of loss that clients should be prepared to bear.

You are encouraged to consult your financial advisor, legal counsel, and tax professional on an initial and continuous basis in connection with selecting and engaging in the services we provide. In addition, due to the dynamic nature of investments and markets, strategies may be subject to additional and different risk factors not discussed above.

ITEM 9: DISCIPLINARY INFORMATION

Registered investment advisers are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our investment management business or the integrity of our management. Neither Potentia nor any of its supervised persons have been the subject of disciplinary action.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

- A. LPL.** Certain of Potentia's IARs are also registered with LPL Financial as broker-dealer registered representatives. LPL is independently owned and operated and is not affiliated with Potentia. Clients may, but are in no way required to, choose to engage Potentia's IARs in their individual capacities as registered representatives of LPL and to implement investment recommendations on a commission basis.
- B.** Neither Potentia, nor its supervised persons, are registered or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or a representative of the foregoing.
- C. Other Material Relationships or Arrangements.**

Licensed Insurance Agents. Certain of Potentia's supervised persons are, in their separate individual capacities, licensed insurance agents. As discussed above, clients can choose to engage these representatives, in their individual capacities to affect the purchase of insurance products on a commission basis. The recommendation by Potentia that a client purchase an insurance commission product through one of its representatives presents a conflict of interest. No client is under any obligation to engage the services of our representatives to purchase insurance products. Clients can purchase insurance products through other, non-affiliated insurance agents.

Potentia Tax. Potentia is related through common ownership and control to Enabled Nation, Inc., DBA name "Potentia Tax." Though not owned by Potentia, Potentia Tax is a separate entity owned by the principal owner of Potentia and is under common control. This entity prepares and files federal income tax returns, and applicable tax returns for the state and local taxing authorities in which individuals declare residency. Owner Kevin Swanson acts in a separate capacity for this entity. Because of the affiliated nature, referral to Potentia Tax presents a conflict of interest as both firms have an economic incentive to refer clients to each other as opposed to other tax providers.

Use of Potentia Tax requires separate engagement with this company. It's important that you know that when we recommend the services of Potentia Tax, you are never obligated or required to use their services. However, these services are included in the subscription financial plan services and Potentia Tax will charge their hourly fees to Potentia RIA and not the client. There are other tax preparation firms that offer similar services to Potentia Tax, and those services may be available for less expensive rates. Whenever we recommend Potentia Tax, we encourage you to consider other tax preparers as well.

D. Other Investment Advisors. Potentia does not recommend or select other investment advisors for its clients for which it receives a fee.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Potentia maintains an investment policy relative to personal securities transactions. This investment policy is part of Potentia's overall Code of Ethics, which serves to establish a standard of business conduct for Potentia's IARs that is based upon fundamental principles of openness, integrity, honesty and trust. A copy of Potentia's Code of Ethics is available upon request using the information on the cover page of this Brochure.

Potentia has policies and procedures in place for: the protection of personal and confidential information; the prevention of insider trading; gifts and entertainment; contributions to elected public officials and personal securities trading practices. In accordance with Section 204A of the Investment Advisers Act of 1940, as amended (the "Advisers Act"), Potentia also maintains and enforces written policies reasonably designed to prevent the misuse of material non-public information by Potentia or any person associated with Potentia.

The following includes a brief description of certain aspects of Potentia's Code of Ethics.

- A. Neither Potentia nor any related person of Potentia recommends, purchases, or sells for client accounts, securities in which Potentia or any related person of Potentia has a material financial interest.
- B. Potentia and/or its supervised persons may purchase or sell securities that are also recommended to clients. This practice may create a situation where Potentia and its supervised persons are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. Potentia has implemented procedures that are designed to help detect insider trading, "front-running" (*i.e.*, personal trades executed prior to those of Potentia's clients) and other potentially abusive practices.

Potentia has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each of the Potentia's "supervised persons." Potentia's securities transaction policy requires that Supervised Person of Potentia must provide the Chief Compliance Officer or his/her designee with a written report of their current securities holdings within ten (10) days after becoming a Supervised Person. Additionally, each Supervised Person must provide the Chief Compliance Officer or his/her designee with a

written report of the Supervised Person's current securities holdings at least once each twelve (12) month period thereafter on a date Potentia selects.

- C. Potentia and its supervised persons may purchase or sell securities, at or around the same time as those securities are recommended to clients. This practice creates a situation where Potentia and its supervised persons are in a position to materially benefit from the sale or purchase of those securities. Therefore, this situation creates a potential conflict of interest. As indicated above in Item 11.B., Potentia has a personal securities transaction policy in place to monitor the personal securities transactions and securities holdings of each Potentia Supervised Person.
- D. Potentia does not engage in principal or agency cross transactions for any client account. Potentia does not cross-trade between any client accounts.

ITEM 12: BROKERAGE PRACTICES

A. SELECTION AND RECOMMENDATION

Potentia does not recommend or require that clients use any particular broker-dealer or custodian to hold client assets or execute transactions. However, with client authorization, Potentia may also select additional broker-dealers or financial institutions to execute transactions. In exercising this authority, Potentia considers a range of qualitative factors including, among others, execution capabilities, clearance and settlement, ability to function in difficult market environments, accuracy of trade confirmations, quality of reporting, value-added services, error resolution, financial condition, business reputation, and Potentia's prior experience with the broker-dealer or custodian.

To this end Potentia has selected LPL as its preferred custodian to provide brokerage and custodian services. Potentia is independently owned and operated and is not affiliated with LPL. A client may pay a commission that is higher than another broker-dealer might charge to facilitate the same transaction where Potentia determines, in good faith, that the commission and transaction fee is reasonable in relation to the value of the brokerage and services received by the custodian. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of services. Custodian recommendations are based on the client's account size, investment objectives, trading frequency and overall portfolio strategy.

B. RESEARCH AND OTHER SOFT DOLLAR BENEFITS

Although not a material consideration when determining whether to recommend that a client utilize the services of a particular custodian, Potentia receives research and other benefits from the custodians.

Such research and other benefits include, but are not limited to, investment-related research, pricing information and market data, software and other technology that provide access to client account data, compliance and/or practice management-related publications, discounted or free consulting services, discounted and/ or free attendance at conferences, meetings, and other educational and/or social events, marketing support, computer hardware and/ or software and/or other products used by Potentia in furtherance of its investment advisory business operations. Other benefits include facilitating payment of Potentia's fees from its clients' accounts, assisting with back-office training and support functions, recordkeeping and client reporting, and institutional trading and custody services, which are typically not available to retail investors.

The custodian also makes available to Potentia other services intended to help Potentia manage and further develop its business enterprise. These services include professional, compliance, legal and business consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, employee benefits providers, human capital consultants, insurance and marketing.

In addition, custodians make available, arrange and/or pay vendors for the above-referenced types of services rendered to Potentia by independent third parties. Where such services are provided by a third-party vendor, the custodian makes a payment to Potentia to cover the cost of such services, reimburse Potentia for the cost associated with the services, or pay the third-party vendor directly on behalf of Potentia.

The products and services described above are provided to Potentia as part of its overall relationship with the custodians. The receipt of these benefits creates a conflict of interest because any advice from Potentia's IAR that leads clients to custody their assets at a particular custodian may be based in part on the benefit to Potentia or its IARs and the availability of the foregoing research and other benefits and not solely on the nature, cost or quality of custody or brokerage services provided by the custodian. Potentia's receipt of some of these benefits may be based on the amount of Potentia's advisory assets held at the custodian. Furthermore, the receipt of some of these benefits by a dually registered person is based on that person's relationship with LPL and not as an IAR of Potentia.

C. BROKERAGE FOR CLIENT REFERRALS

Potentia does not receive client referrals from third parties for recommending the use of specific broker-dealer brokerage services.

D. DIRECTED BROKERAGE

Potentia does not generally accept directed brokerage arrangements, which is where a client requires that account transactions be affected through a specific broker-dealer. Furthermore, Potentia's IARs, who are also broker-dealer registered representatives of LPL are not able to participate in brokerage arrangements away from LPL. Typically, client transactions are executed through LPL. In the event Potentia accepts a client-directed brokerage arrangement, Potentia will not seek alternative pricing from other executing broker-dealers.

Please Note: In the event that the client directs Potentia to affect securities transactions for the client's accounts through a specific broker-dealer, the client correspondingly acknowledges that such direction may cause the accounts to incur higher commissions or transaction costs than the accounts would otherwise incur had the client determined to affect account transactions through alternative execution and clearing arrangements that may be available through Potentia.

E. ORDER AGGREGATION

From an order aggregation perspective, IARs generally operate independently of other IARs when implementing investment strategies involving the purchase and sale of securities. Where IARs have the ability to aggregate or "bunch" client transactions, aggregated transactions will be averaged as to price and will be allocated among clients in proportion to the purchase and sale orders placed for each client account on any given day.

As a result, clients may pay higher commissions or other transaction costs or greater spreads, or receive less favorable net prices, on transactions for their account than would otherwise be the case. Potentia will not receive any additional compensation or remuneration whether or not client orders are aggregated. Clients should discuss Potentia's order aggregation practices with their IAR or with Potentia's Chief Compliance Officer.

F. TRADE ERROR POLICY

Potentia maintains a record of any trading errors that occur in connection with investment activities of its clients. Potentia will bear and reimburse client accounts for losses resulting from trading errors. For any market gains generated as a result of a trade error, Potentia will either: (i) follow the custodian's policy; (ii) be credited to the client's account; or (iii) be donated to charity. The Firm does not retain any gains associated with trade errors.

ITEM 13: REVIEW OF ACCOUNTS

A. PERIODIC REVIEWS

For those clients to whom Potentia provides investment management services, account reviews are conducted on a periodic basis by the IAR, at least annually. All investment management clients are advised that it remains their responsibility to advise Potentia of any changes in their investment objectives or financial situation. All clients (in person or via telephone) are encouraged to review financial planning issues (to the extent applicable), investment objectives and account performance with Potentia on an annual basis. Periodic reviews do not necessarily result in transactions or changes in the client's investment allocation. We may utilize an investment strategy that generally seeks investments that are long term in nature with a buy and hold basis. Due to the nature of these strategies, investments in accounts could incur low turnover.

B. INTERMITTENT REVIEW FACTORS

The Registrant may conduct account reviews on other than a periodic basis upon the occurrence of a triggering event, such as a change in client investment objectives and/or financial situation, market corrections and client request. Each client is responsible for promptly notifying Potentia of any change in financial situation or investment objectives.

C. REPORTS

Clients are provided with written transaction confirmations and account statements directly from the custodian. Potentia also provides written periodic reports summarizing account activities and performance. Clients are urged to compare any report provided by Potentia with the confirmations and statements received from the custodian.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

A. ECONOMIC BENEFITS FROM OTHERS

As referenced in Item 12.A. above, Potentia may receive an economic benefit from LPL Financial. Potentia, without cost (and/or at a discount), may receive support services and/or products from LPL Financial. Potentia's clients do not pay more for investment transactions effected and/or assets maintained at LPL Financial because of this arrangement. There is no corresponding commitment made by Potentia to LPL Financial or any other 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.

From time to time, product sponsors pay for client luncheons, educational meetings, customer appreciation events, marketing events or advertising initiatives, including services for identifying prospective clients. This includes third-party speakers that Potentia or its IARs do not have to compensate (although Potentia or its IARs may also pay consultants to attend these events or other client meetings to offer their expertise). These arrangements may give rise to conflicts of interest, or perceived conflicts of interest in that Potentia and its IARs have an incentive to invest client assets in investment products or services managed, sold or offered by such product sponsors that provide these benefits to Potentia and/or its IARs. Potentia's commitment to its clients and the policies and procedures it has adopted that require the review of such arrangements are designed to limit any interference with Potentia and its IARs' independent decision making when choosing investment products and/or services for clients.

B. COMPENSATION TO UNAFFILIATED THIRD PARTIES

Potentia does not compensate, directly or indirectly, any person who is not a supervised person for client referrals.

ITEM 15: CUSTODY

Potentia does not have custody of client funds or securities, except in the circumstances detailed below. Client investment funds are held by a custodian in accounts identified individually to the client. Some investments are custodied by or through the issuer, for example mutual funds or variable annuity products.

Potentia has the ability to have its fees for each client debited by the custodians. Where Potentia to have its advisory fee for each client debited by the custodian on a quarterly basis, it is deemed to have custody but is not subject to the regulatory surprise audit requirement. Clients are provided, at least quarterly, with written transaction confirmation notices and regular written summary account statements directly from the custodian for the client accounts. The account custodian does not verify the accuracy of Potentia's fee calculation. In some cases, the payment of fees will be made directly to Potentia by clients, but never directly by a client to a Potentia IAR.

Clients are provided with written transaction confirmations and accounts statements directly from the custodian. Potentia also provides written periodic reports summarizing account activities and performance. Clients are urged to compare any report provided by Potentia with the confirmations and statements received from the custodian. Each client is responsible for promptly notifying Potentia of any change in financial situation or investment objectives.

ITEM 16: INVESTMENT DISCRETION

A client can engage Potentia to provide investment management services on a discretionary basis. Prior to engaging Potentia to provide investment management services, the client will be required to execute Potentia's written IMA setting forth the terms and conditions under which Potentia will manage the client's assets, and a separate custodial agreement(s), account application or other applicable documentation, depending on the type of account, with each designated custodian. Potentia's IMA for discretionary investment advisory services, designates Potentia as the client's agent and attorney-in-fact, granting Potentia and the client's IAR full authority to purchase, sell, or otherwise facilitate investment transactions involving the assets in the client's name within the discretionary account.

Clients who engage Potentia on a discretionary basis may, at any time, impose restrictions, in writing, on Potentia's discretionary authority (e.g., limit the types/amounts of particular securities purchased or sold for the account, exclude the ability to purchase or sell securities with an inverse relationship to the market or proscribe Potentia's use of margin, etc.). Client restrictions can affect the account's performance.

ITEM 17: VOTING CLIENT SECURITIES

Potentia does not vote client proxies. Clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client will be voted, and (2) making all elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Generally, clients will receive proxy materials directly from the applicable custodian(s) or issuer's proxy agent and should direct any questions as instructed in the specific proxy matter.

Potentia does not provide legal advice or represent or facilitate class action claims or participate in other similar legal proceedings on behalf of clients. Furthermore, Potentia and its IARs do not instruct or give advice as to whether or not a client should participate as a member of a class action lawsuit or participate in other legal proceedings and will not file claims on behalf of its clients. The responsibility and authority for responding to class actions and other legal proceedings rests solely with the registered shareholder (e.g., client) or legally appointed agent (e.g., custodian) of the client or the client's attorney.

As it pertains to proxy voting matters, class action claims, and other similar legal proceedings, Potentia and its IARs retain no authority, through the investment advisory relationship, and therefore have no responsibility for reviewing any proxy materials, corporate action materials, prospectuses and/or other offering documents and any other related information related to such.

ITEM 18: FINANCIAL INFORMATION

A. BALANCE SHEET REQUIREMENT

Potentia does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

B. FINANCIAL CONDITION

Potentia has no financial commitment or condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

C. BANKRUPTCY PETITION

Potentia has not been the subject of a bankruptcy petition at any time during the last 10 years.