BULL BEAR: The mechanics of a mechanical strategy

Technical analysis is at the heart of Potomac Fund Management's investment process. Over our 27-year history, we have evaluated and employed different technical indicators of internal market strength and incorporated combinations of these indicators into our strategies. The insight these indicators provide help us determine where to put investors' capital to work in the markets.

We also believe in the power of composite technical systems, comprised of a variety of market indicators that when analyzed together help us identify return opportunities. Our research pinpoints which combination of indicators will produce relevant and impactful results for a specific strategy.

After many years of testing, Potomac introduced our Bull Bear strategy in 2002. Bull Bear brings our experience in technical analysis to a tactically managed strategy using leveraged equity index funds. We developed the Bull Bear strategy by taking many of the market indicators we've followed over our 27-year history and running performance iterations with different combinations of these indicators. The combinations that passed our benchmarks for total return, probability and drawdown were selected for inclusion in the Bull Bear strategy.

UNLOCK THE POWER OF COMBINATIONS

Many market indicators have great track records on their own, but you can't base an investment strategy on one standalone indicator. One is too simple for the complexities investors face in today's markets. For Bull Bear, we use a combination of 15 different market indicators selected from the categories below to help us identify growth opportunities and attempt to avoid catastrophic losses.

Emphasis of indicators in Bull Bear strategy

High

TECHNICAL INDICATORS

NYSE advances/declines and new high/lows
Trading volume
Moving averages
Bollinger bands
Market sentiment

FUNDAMENTAL INDICATORS

Federal Reserve discount rate
Commodities
30-year bond yields

SEASONAL INDICATORS

Holiday trading
Presidential election cycles
Window dressing

Low

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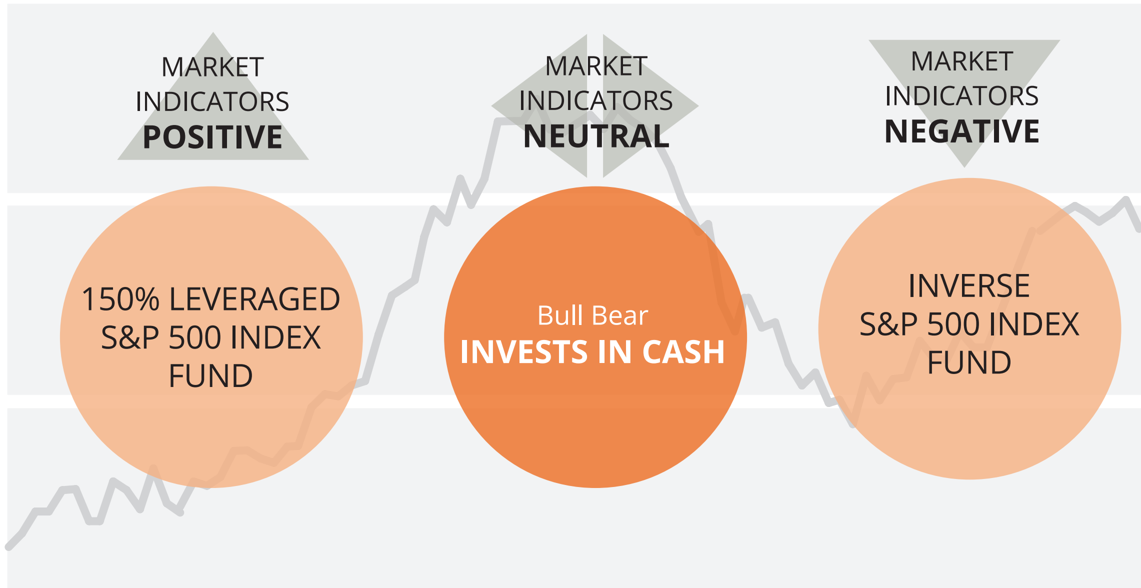
HOW BULL BEAR WORKS

When our market indicators are favorable, Bull Bear invests in an S&P 500 Index fund that is leveraged at 150% of the market index.

If market risk increases and our indicators turn negative, we seek to protect capital primarily by using cash equivalents to exit the market. However, Bull Bear also has the ability to use inverse equity index funds to seek positive returns even when equity market conditions are negative.

Because of the use of leveraged equity funds to seek returns, Bull Bear is suitable for growth-oriented investors who have a higher tolerance for risk. As a strategy, it is meant to complement core investments. We recommend pairing Bull Bear with one of our core strategies to balance out a portfolio.



Learn more about Bull Bear by visiting potomacfund.com or call toll free 888-768-6622.

DISCLOSURE STATEMENT: Past performance does not guarantee future results. There is no guarantee that any investment strategy or account will be profitable or will not incur loss. Investors should consider the investment objectives, risks, charges and expenses of the underlying funds that make up the investment strategies carefully before investing. Prospectuses or offering documents contain this and other important information about the fund. Please call your financial advisor to obtain the prospectuses of the current underlying funds. Prospectuses should be read carefully before investing.

S&P 500 Index: The S&P 500 index is a basket of 500 stocks that are considered to be widely held. The S&P 500 index is weighted by market value, and its performance is thought to be representative of the stock market as a whole. The S&P 500 is one of the most commonly used benchmarks for the overall U.S. stock market. S&P 500 Div is a total return index adjusted for distributions (i.e., assuming that all distributions are reinvested).

Leverage: The use of various financial instruments or borrowed capital to increase the potential return of an investment. If an investor uses leverage to make an investment and the investment moves against the investor, his or her loss is much greater than it would've been if the investment had not been leveraged- leverage magnifies both gains and losses.

Bear or inverse investments: Are constructed by using various derivatives for the purpose of profiting from a decline in the value of an underlying benchmark. Investing in these is similar to holding various short positions, or using a combination of advanced investment strategies to profit from falling prices.